U.S. Department
of Transportation

Pipeline and Hazardous Materials
Safety Administration

12300 W. Dakota Ave., Suite 110
Lakewood, CO 80228

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

June 8, 2010

Mr. Ian Scoble
Director, Refining Americas
ExxonMobil Refining and Supply Company
3225 Gallows Road, Room 6B2112
Fairfax, VA 22037

CPF 5-2010-5020M

Dear Mr. Scoble:

On July 31, 2009, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected ExxonMobil's procedures for operations and maintenance of Breakout Tank TK-002 in the ExxonMobil Refinery in Billings, Montana.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within ExxonMobil's procedures, as described below:

1. § 195.402 Procedural manual for operations, maintenance, and emergencies.

(c) *Maintenance and normal operations.* The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:
(3) Operating, maintaining, and repairing the pipeline system in accordance with each of the requirements of this subpart [subpart F] and subpart H of this part.

If, after opportunity for a hearing, your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.237). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 30 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

In correspondence concerning this matter, please refer to **CPF 5-2010-5020M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*

cc: PHP-60 Compliance Registry
PHP-500 M. Petronis (#123996)

Response Options for Pipeline Operators in Compliance Proceedings

The requirements of 49 C.F.R. Part 190, Subpart B (§§ 190.201–190.237) govern response to Notices issued by a Regional Director, Pipeline and Hazardous Materials Safety Administration (PHMSA).

Be advised that all material submitted by a respondent in response to an enforcement action is subject to being made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. 552(b), along with the complete original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b).

I. **Procedures for Responding to a NOTICE OF PROBABLE VIOLATION:**

Within 30 days of receipt of a Notice of Probable Violation, the respondent shall respond to the Regional Director who issued the Notice in the following way:

a. When the Notice contains a proposed **CIVIL PENALTY*** --

1. If you are not contesting any violations alleged in the Notice, pay the proposed civil penalty and advise the Regional Director of the payment. This authorizes PHMSA to issue an order making findings of violation and upon confirmation that the payment has been received PHMSA will close the case with prejudice to the respondent. Payment terms are outlined below;

2. If you are not contesting any violations alleged in the Notice but wish to submit written explanations, information, or other materials you believe warrant mitigation of the civil penalty, you may submit such materials. This authorizes PHMSA to make findings and to issue a Final Order assessing a penalty amount up to the amount proposed in the Notice. Refer to 49 C.F.R. § 190.225 for assessment considerations, which include the respondent's ability to pay and the effect on the respondent's ability to stay in business, upon which civil penalties are based;

3. If you are contesting one or more of the items in the Notice but are not requesting an oral hearing, submit a written response to the allegations and/or seek elimination or mitigation of the proposed civil penalty; or

4. Request a hearing as described below to contest the allegations and/or proposed assessment of a civil penalty.

Notice of Amendment, you may submit such materials. This authorizes PHMSA to make findings and issue an Order Directing Amendment;

c. If you are contesting the Notice of Amendment but are not requesting an oral hearing, submit written explanations, information, or other materials in answer to the allegations in the Notice and stating your reasons for objecting to the Notice of Amendment items in whole or in part; or

d. Request a hearing as described below to contest the allegations in the Notice.

* Failure of the respondent to respond to the Notice within 30 days of receipt constitutes a waiver of the right to contest the allegations in the Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in the Notice without further notice to the respondent and to issue a Final Order.

III. **Procedure for Requesting a Hearing**

A request for a hearing must be in writing and accompanied by a statement of the issues that the respondent intends to raise at the hearing. The issues may relate to the allegations, new information, or to the proposed compliance order or proposed civil penalty amount. Refer to 49 C.F.R. § 190.225 for assessment considerations upon which civil penalties are based. A respondent's failure to specify an issue may result in waiver of the right to raise that issue at the hearing. The respondent's request must also indicate whether or not respondent will be represented by counsel at the hearing. Failure to request a hearing in writing within 30 days of receipt of a Notice waives the right to a hearing. In addition, if the amount of the proposed civil penalty or the proposed corrective action is less than $10,000, the hearing will be held by telephone, unless the respondent submits a written request for an in-person hearing. Complete hearing procedures can be found at 49 C.F.R. § 190.211.

IV. **Extensions of Time**

An extension of time to prepare an appropriate response to a Notice may be granted, at the agency's discretion, following submittal of a written request to the Regional Director. The request must indicate the amount of time needed and the reasons for the extension. The request must be submitted within 30 days of receipt of the Notice.

V. **Freedom of Information Act**

Any material provided to PHMSA by the respondent, and materials prepared by PHMSA including the Notice and any order issued in this case, may be considered public information and subject to disclosure under the Freedom of Information Act (FOIA). If you believe the information you are providing is security sensitive, privileged, confidential or may cause your company competitive disadvantages, please clearly identify the material and provide justification why the documents, or portions of a document, should not be released under FOIA. If we receive a request for your material, we will notify you if PHMSA, after reviewing the materials and your provided justification, determines that withholding the materials does not meet any exemption

provided under the FOIA. You may appeal the agency's decision to release material under the FOIA at that time. Your appeal will stay the release of those materials until a final decision is made.

VI. **Small Business Regulatory Enforcement Fairness Act Information**

The Small Business and Agricultural Regulatory Enforcement Ombudsman and 10 Regional Fairness Boards were established to receive comments from small businesses about federal agency enforcement actions. The Ombudsman will annually evaluate the enforcement activities and rate each agency's responsiveness to small business. If you wish to comment on the enforcement actions of the Pipeline and Hazardous Materials Safety Administration, call 1-888-REG-FAIR (1-888-734-3247) or go to http://www.sba.gov/ombudsman/dsp_faq.html.

VII. **Payment Instructions**

Civil Penalty Payments of Less Than $10,000

Payment of a civil penalty of less than $10,000 proposed or assessed, under Subpart B of Part 190 of the Pipeline Safety Regulations can be made by certified check, money order or wire transfer. Payment by certified check or money order (containing the CPF Number for this case) should be made payable to the "Department of Transportation" and should be sent to:

Federal Aviation Administration
Mike Monroney Aeronautical Center
Financial Operations Division (AMZ-341) P.O. Box 269039
Oklahoma City, OK 73125-4915

Wire transfer payments of less than $10,000 may be made through the Federal Reserve Communications System (Fedwire) to the account of the U.S. Treasury. Detailed instructions are provided below. Questions concerning wire transfer should be directed to the Financial Operations Division at (405) 954-8893, or at the above address.

Civil Penalty Payments of $10,000 or more

Payment of a civil penalty of $10,000 or more proposed or assessed under Subpart B of Part 190 of the Pipeline Safety Regulations must be made wire transfer (49 C.F.R. § 89.21 (b)(3)), through the Federal Reserve Communications System (Fedwire) to the account of the U.S. Treasury. Detailed instructions are provided below. Questions concerning wire transfers should be directed to the Financial Operations Division at (405) 954-8893, or at the above address.

INSTRUCTIONS FOR ELECTRONIC FUND TRANSFERS

(1) RECEIVER ABA NO. 021030004	(2) TYPE/SUB-TYPE (Provided by sending bank)
(3) SENDING BANK ABA NO. (Provided by sending bank)	(4) SENDING BANK REF NO. (Provided by sending bank)
(5) AMOUNT	(6) SENDING BANK NAME (Provided by sending bank)
(7) RECEIVER NAME TREAS NYC	(8) PRODUCT CODE (Normally CTR, or as provided by sending bank)
(9) BENEFICIAL (BNF) = AGENCY LOCATION CODE BNF = /ALC-69-14-0001	(10) REASONS FOR PAYMENT Example: PHMSA - CPF # / Ticket Number/Pipeline Assessment number

INSTRUCTIONS: You, as sender of the wire transfer, must provide the sending bank with the information for blocks (1), (5), (7), (9), and (10). The information provided in Blocks (1), (7), and (9) are constant and remain the same for all wire transfers to the Pipeline and Hazardous Materials Safety Administration, Department of Transportation.

Block #1 - RECEIVER ABA NO. - "021030004". Ensure the sending bank enters this 9-digit identification number; it represents the routing symbol for the U.S. Treasury at the Federal Reserve Bank in New York.

Block #5 - AMOUNT - You as the sender provide the amount of the transfer. Please be sure the transfer amount is punctuated with commas and a decimal point. **EXAMPLE: $10,000.00**

Block #7 - RECEIVER NAME - "TREAS NYC". Ensure the sending bank enters this abbreviation. It must be used for all wire transfers to the Treasury Department.

Block #9 - BENEFICIAL - AGENCY LOCATION CODE - "**BNF=/ALC-69-14-0001**". Ensure the sending bank enters this information. This is the Agency Location Code for the Pipeline and Hazardous Materials Safety Administration, Department of Transportation.

Block #10 - REASON FOR PAYMENT - **"AC-payment for PHMSA Case # /** To ensure your wire transfer is credited properly, enter the case number/ticket number or Pipeline Assessment number, and country."

NOTE: A wire transfer must comply with the format and instructions or the Department cannot accept the wire transfer. You as the sender can assist this process by notifying the Financial Operations Division (405) 954-8893 at the time you send the wire transfer.

February 2009

ExxonMobil
Refining & Supply Company
700 ExxonMobil Road
P.O. Box 1163
Billings, Montana 59103-1163
406 657 5201 Telephone
406 657 5376 Facsimile

Jon R. Wetmore
Refinery Manager

July 9, 2010

ExxonMobil
Refining & Supply

Mr. Chris Hoidal
U.S. Department of Transport
Pipeline and Hazardous Materials Safety Administration
12300 W. Dakota Ave, Suite 110
Lakewood, CO 80228

Re: Response to Notice of Amendment dated June 8, 2010 (CPF 5-2010-5020M)

Dear Mr. Hoidal:

This letter is in response to the June 8, 2010 Notice of Amendment (NOA) from Pipeline and Hazardous Materials Safety Administration (PHMSA), concerning the July 31, 2009 inspection of the ExxonMobil Billings Refinery Breakout Tank 002 and subsequent review of the procedures for operations and maintenance of the tank.

For ease of response, below is a summary of the PHMSA NOA items in italics followed by ExxonMobil's response.

NOA Item 1: "ExxonMobil's O&S Procedure Manual for Breakout Tank TK-002 did not include all the provisions that are required to be performed on the breakout tank as specified by subpart F, section 195.432(b) of the safety code, i.e. the inspection frequency tables. ExxonMobil's procedures are inadequate because ExxonMobil did not accurately describe each of the tasks that are required to be performed in association with the operations and maintenance of Breakout Tank TK-002 as described in section 195.432(b)."

ExxonMobil Response: ExxonMobil believes inspection task frequency is adequately covered in Table 3-2 of the Operations, Maintenance and Emergency Response Manual (O&M Manual) (Attachment I), in procedure P195-432(b) (Attachment II) and in the task frequency form. The relevant provisions are highlighted in Attachments I and II.

During the review, it was noted that there was a discrepancy between the inspection frequencies in these three documents. Procedure P195.432 (b) and Table 3-2 have been updated to correct the discrepancy, as shown in redline in Attachments I and II, and the task frequency form was eliminated.

NOA Item 2: "ExxonMobil's monthly breakout tank inspection form did not include a section to address all the items on the tank that must be inspected each month to ensure it is operated and maintained properly, i.e. Section 6 (formerly Section 4)) of API 653 for the monthly tank inspection guidance. ExxonMobil's record-keeping procedures pertaining to section 195.432(b) are inadequate because they will not clearly record the condition of each of the elements of the tank that are required to be inspected during the monthly inspection of Breakout Tank TK-002."

ExxonMobil Response: Based on discussions with the inspector performing the monthly in-service inspection and with an API 653 certified inspector (Attachment III), ExxonMobil believes its monthly tank inspections met— and are adequate to meet—the API 653 requirements. However, certain monthly inspection items were not obvious on the previous form. Accordingly, the form has been updated to make it clear that all the required elements are being inspected (Attachment IV).

During the inspection and in a follow up call on July 17, 2010, the inspector noted that the O&M Manual would be more effective if it was updated to better reflect actual field operations. Based on this suggestion, the O&M Manual has been revised to clarify compliance and safety objectives and to make the manual more effective. We would be happy to discuss the improvements to the O&M Manual, during any future inspections and appreciate the feedback from PHMSA during the last inspection.

ExxonMobil believes that the information provided and procedure changes outlined above address the concerns expressed by PHMSA in its NOA. ExxonMobil requests that this enforcement action be closed and for PHMSA to provide a notice that it has been closed.

Please note that Ian Scoble is no longer Director of Americas Refining and that if possible, future correspondence should be sent to the ExxonMobil Billings Refinery Manager Jon Wetmore to facilitate a faster response to your correspondence.

Should you have any questions concerning this response, please call James Forsyth at 406-237-0595.

Sincerely,

J. Wet

Jon Wetmore, Refinery Manager

Attachments

ATTACHMENT I

Compliance Requirements

This is a summary of the tasks required for compliance. Refer to the Forms section for a Schedule of Responsibilities (Form F-195.RES) and Checklist of Routine Tasks (Form F-195.CHECK).

Routine Compliance Requirements

Readers needing to know who is responsible for tasks and what tasks need to be done should refer to the actual procedures.

Table 3-2 Routine Compliance Requirements

Frequency	Action	Procedure to refer to
Monthly	Routine in-service inspection of tanks	P195.432 b
Every 2 Months	Inspect Rectifiers/	P195.573c
Annually	Test Tank Overfill Protection Devices Review procedures	P195.428 P195.402
	Perform Cathodic Protection Survey Annual Inspection of Firefighting equipment	P195.573d P195.430
Every 5 years	External inspection of breakout tanks	P195.432b
	Ultrasonic inspection of breakout tanks[1]	P195.432b
Every 20 years	Internal inspection of breakout tanks[1]	P195.432b

Contingent Requirements

Table 3-3 If / Then Compliance Requirements

IF	THEN
There is a reportable accident on the pipeline	F-195.50
Breakout tank is being repair or reconstructed	F-195.205(b)(1), F-195.264(e)(2)a, F-195.264(e)(2)b, 307

Note: This list does not include contingency requirements that arise during an inspection.

Recordkeeping Requirements

Required recordkeeping includes maintaining records of pipeline startup, pressure testing, operation/maintenance, and operator qualification, which are reviewed below, with forms to use, length of retention, required data, and relevant regulation provision. The records listed below are not the only ones required by the rule, but are for these facilities.

Operation and Maintenance Records

A) Maps and records showing the following, per 195.404:
   1. Location and identification of the following pipeline facilities:
      (i) Breakout tanks;
B) Keep the records of repairs to non-pipe components showing the date, location, and description of each repair for at least one year.

[1] See Procedure #P-195.432(b) for exceptions.

Compliance Requirements

This is a summary of the tasks required for compliance. Refer to the Forms section for a Schedule of Responsibilities (Form F-195.RES) and Checklist of Routine Tasks (Form F-195.CHECK).

Routine Compliance Requirements

Readers needing to know who is responsible for tasks and what tasks need to be done should refer to Form F-195.RES: Schedule of Responsibilities and Form F-195.Check: Checklist of Routine Tasks in the Forms section.

Table 3-2 Routine Compliance Requirements

Frequency	Action	Form Number
Monthly	Routine in-service inspection of tanks	F-195.432(b)M
Every 2 Months	Inspect Rectifiers	F-195.573(c)
Annually	Review procedures	F-195.402(a)
	Perform Cathodic Protection Survey	F-195.573(a)
Every 5 years	External inspection of breakout tanks	F-195.432(b)I
	Ultrasonic inspection of breakout tanks[1]	F-195.432(b)U
Every 20 years	Internal inspection of breakout tanks[2]	F-195.432(b)O

Contingent Requirements

Table 3-3 If / Then Compliance Requirements

IF	THEN
There is a reportable accident on the pipeline	F-195.50
Breakout tank is being repair or reconstructed	F-195.205(b)(1), F-195.264(e)(2)a, F-195.264(e)(2)b, 307

Note: This list does not include contingency requirements that arise during an inspection.

Recordkeeping Requirements

Required recordkeeping includes maintaining records of pipeline startup, pressure testing, operation/maintenance, and operator qualification, which are reviewed below, with forms to use, length of retention, required data, and relevant regulation provision. The records listed below are not the only ones required by the rule, but are for these facilities.

Operation and Maintenance Records

A) Maps and records showing the following, per 195.404:
   1. Location and identification of the following pipeline facilities:
      (i) Breakout tanks;
B) Keep the records of repairs to non-pipe components showing the date, location, and description of each repair for at least one year.
C) Keep records of each inspection and test in Subpart F for at least two years or until the next inspection or test is performed, whichever is longer. This covers such areas as:
   1. Overfill protection systems
   2. Inspection of in-service breakout tanks
   3. Signs

[1] See Procedure #P-195.432(b) for exceptions.

ATTACHMENT II

Purpose:	This procedure gives the steps required for periodic in-service tank inspection.
Applies To:	Currently applies to Break Out Tank #2
Responsibility:	OM&S Operator and/or Certified Inspector(s)
Frequency:	Routine In-service Inspection – Monthly Rectifier and associated facilities - Every 2 months Cathodic Protection Survey - Annual External Inspection – Every 5 years Ultrasonic Thickness Inspection – Since the corrosion rate on the tank is known it is the lesser of 15 years or the value derived from the equation in API 653 6.3.3.2 b Corrosion Rate Unknown – Every 5 years Corrosion Rate Known – (remaining corrosion allowance/ (2 *shell corrosion rate in mils per year)) or 15 years whichever is smaller. Internal Inspection – Set to ensure that the bottom plate minimum thickness at the next inspection is not less than the values in Table 6-1, or 20 years whichever is sooner. If corrosion rates are not known and similar service experience is not available, the actual bottom thickness shall be determined by inspection within the next 10 years of tank operation to establish corrosion rates.
Reference:	Part 195 – Transportation Of Hazardous Liquids By Pipeline 49 CFR 195.432 *"Inspection of IN-service Breakout Tanks"* API Standard 653 "Tank Inspection, Repair, Alteration, and Reconstruction" API Standard 651 Cathodic protection of tanks Section 11 for inspection requirements
Prerequisites:	In order to complete this task, you must be qualified under the company's Operator Qualification Plan or be supervised by someone who is qualified. Certified inspectors are required for all but the monthly in service inspection
Forms:	F-195.432(b)I "Tank In-Service Inspection Checklist" F-195.432(b)M "Monthly Inspection of In-Service Tanks" F-195.432(b)O "Tank Out-of-Service Inspection Checklist" F-195.432(b)U "Ultrasonic Thickness Test"

Related Procedures:	API 653, API 651
Operator Qualification Task:	7 - Inspect Breakout Tank 8 – Inspect Breakout Tanks in Accordance with API 653

1.0 REQUIREMENTS

195.432 Inspection of in-service breakout tanks.

(a) Except for breakout tanks inspected under paragraphs (b) and (c) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, inspect each in-service breakout tank.

(b) Each operator shall inspect the physical integrity of in-service atmospheric and low-pressure steel aboveground breakout tanks according to section 4 of API Standard 653. However, if structural conditions prevent access to the tank bottom, the bottom integrity may be assessed according to a plan included in the operations and maintenance manual under §195.402(c)(3).

(c) Each operator shall inspect the physical integrity of in-service steel aboveground breakout tanks built to API Standard 2510 according to section 6 of API 510.

(d) The intervals of inspection specified by documents referenced in paragraphs (b) and (c) of this section begin on May 3, 1999, or on the operator's last recorded date of the inspection, whichever is earlier.

This procedure addresses API 653 inspection requirements and does not include all inspection requirements, such as tank seal inspections.

2.0 PROCEDURE

2.1 Monthly External Inspection

Note: This inspector must be qualified under the operator's Operator Qualification programs, but does not have to be an Authorized Inspector.

2.1.1 Visually inspect for leakage, exterior surface of tank looking for distortions of shell. Inspect for bulging, vertical alignment of shell plates or other abnormal condition, foundation of tank, exterior surface of tank shell looking for paint failures, exterior surface of tank looking for indications of pitting and/or corrosion, exterior insulation on tank looking for deterioration. Identify breaks in coverage, drooping of material, bubbling or other abnormal conditions, appurtenances connected to exterior of tank, including man-ways, nozzles, tank piping, valves, flanges, swing lines, etc. Identify leaks, component failure, corrosion or other abnormal conditions.

2.1.2 Check the general condition of the roof and make sure all vents and gauge hatches are closed

2.1.3 Complete Form F-195.432(b)M.

2.2 Visual External Inspection (must be conducted by an Authorized Inspector – see API 653 4.10)

2.2.1 Remove insulation to the extent necessary to determine the condition of the exterior wall of the tank or the roof.

2.2.2 Visually check shunts or mechanical connections of cables.

2.2.3 Complete Form F-195.432(b)I.

2.3 Ultrasonic Thickness Inspection (must be conducted by an ASNT Level II or III qualified inspector)

2.3.1 Take external, ultrasonic thickness measurements of the shell.

2.3.2 An internal inspection of the tank shell, when the tank is out-of-service can be substituted for these if the internal inspection interval is equal to or less than that required for these readings.

2.3.3 Complete Form F-195.432(b)U.

2.4 Internal Inspection (must be conducted by an Authorized Inspector – see API 653 4.10)

2.4.1 Visually inspect tank interior and assure the quality and completeness of the NDE results.

2.4.2 If the internal inspection is required solely for the purpose of determining the condition and integrity of the tank bottom, the internal inspection may be done with the tank in-service utilizing various ultrasonic methods capable of assessing the thickness of the tank bottom.

2.4.3 Complete Form F-195.432(b)O.

2.5 Cathodic Protection Survey (see API 651 11.3.2)

2.5.1 A third party has been contracted to conduct Cathodic protection surveys, and to measure corrosion protection of Tank 2. The third party will conduct, at least six times a year, rectifier readings and inspections. They will also also conduct cathodic protection surveys at least annually. Deficiencies will be reported promptly and they will submit inspection results to ExxonMobil Refinery for recordkeeping.

2.6 Whenever there is access to the tank bottom, corrosion will be checked in accordance with API 951 11.3.2.5.

ATTACHMENT III

Michael A Latham/MidWest-US/ExxonMobil

06/23/10 07:36 AM

To James W Forsyth/Baytown/ExxonMobil@xom
cc Duane Monroe/MidWest-US/ExxonMobil@XOM
bcc
Subject Re: DOT note

James,

Listed below is the section from API 653 that pertains to monthly inspection.

6.3 Inspections from the Outside of the Tank

6.3.1 Routine In-service Inspections

6.3.1.1 The external condition of the tank shall be monitored by close visual inspection from the ground on a routine basis. This inspection may be done by owner/operator personnel, and can be done by other than authorized inspectors as defined in 3.4. Personnel performing this inspection should be knowledgeable of the storage facility operations, the tank, and the characteristics of the product stored.

6.3.1.2 The interval of such inspections shall be consistent with conditions at the particular site, but shall not exceed one month.

6.3.1.3 This routine in-service inspection shall include a visual inspection of the tank's exterior surfaces. Evidence of leaks; shell distortions; signs of settlement; corrosion; and condition of the foundation, paint coatings, insulation systems, and appurtenances should be documented for follow-up action by an authorized inspector.

Stated above is the API 653 guideline. I feel the routine tank in service inspection report covers what is outlined in API 653.
Our report has four columns (column 3, 4, 5 & 6) to address the eight items listed above.
Column 3 External signs of Leakage addresses leaks.
Column 4 Noticeable shell Bulging of Deform. addresses shell distortions.
Column 5 Noticeable Damage to Insulation/Fireproofing addresses insulation systems, and appurtenances.
Column 6 Other Obvious External Problems addresses external surfaces, signs of settlement, corrosion, condition of foundation & paint coatings.
Each item is not addressed in its own column, however I believe each item is addressed. My recommendation is to create a Tank 2 check list that addresses each of the eight items separately. I have copied Duane on this note so he can comment on this situation.

Thank You
Michael A. Latham
ExxonMobil Billings Refinery
Phone: 406-237-0730

michael.a.latham@exxonmobil.com
James W Forsyth/Baytown/ExxonMobil

James W Forsyth/Baytown/Exxon Mobil

06/22/2010 02:37 PM

To Michael A Latham/MidWest-US/ExxonMobil@XOM

cc

Subject DOT note

Michael,

This is the citation from the DOT letter regarding the monthly inspection

2. § 195.432 Inspection of in-service breaki

(b) Each operator shall inspect the physic and low-pressure steel aboveground brea API Standard 653. However, if structural bottom, the bottom integrity may be asse the operations and maintenance manual

ExxonMobil's monthly breakout tank inspection fo all the items on the tank that must be inspected eacl maintained properly, i.e. Section 6 (formerly Sectio inspection guidance. ExxonMobil's record-keeping 195.432(b) are inadequate because they will not cle elements of the tank that are required to be inspecte Breakout Tank TK-002.

James W. Forsyth
Environmental Coordinator, Billings Refinery

ATTACHMENT IV

NEW FORM

ROUTINE TANK IN SERVICE API 653 INSPECTION REPORT

MONTH | **YEAR** | **OPERATOR INITIALS** | **Supervisor Signature** _____

Tank No/ Unit	Inspector Operator Initials	External signs of Leakage	Noticeable Shell Bulging or deforming.	Noticeable Damage to Insulation/ Fireproofing	Noticeable corrosion	Noticeable Foundation problems	Paint Coating	Signs of Settling	Other Obvious External Problems	Noticeable Dike Erosion	Inspector Follow-up		Comments
											Yes	No	
1/WTF													
2/WTF													
3/WTF													
4/WTF													
5/WTF													
6/WTF													
7/WTF													
8/WTF													
9/WTF													
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11/WTF													
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U.S. Department
of Transportation
**Pipeline and
Hazardous Materials Safety
Administration**

12300 W. Dakota Ave., Suite 110
Lakewood, CO 80228

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

January 6, ~~2010~~ 2011

Mr. John R. Wetmore
Refinery Manager
ExxonMobil Refining and Supply Company
700 ExxonMobil Road
PO Box 1163
Billings, MT 59103-1163

CPF 5-2010-5020M

Dear Mr. Wetmore:

On July 31, 2009, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, conducted an on-site inspection of procedures related to the operation and maintenance of ExxonMobil's Breakout Tank TK-002 in Billings, Montana. As a result of the inspection, ExxonMobil was issued a Notice of Amendment (NOA) on June 8, 2010, which proposed amendment of your procedures.

We received your amended procedures on July 12, 2010. My staff reviewed the amended procedures, and it appears that the inadequacies outlined in this Notice of Amendment have been corrected.

This letter is to inform you no further action is necessary and this case is now closed. Thank you for your cooperation.

Sincerely,

Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry

Tank In-Service External Inspection Checklist	Form # F-195.432(b)M

ROUTINE TANK IN SERVICE API 653 INSPECTION REPORT

(OLD FORM)

Supervisor Signature_____

MONTH			**YEAR**			**OPERATOR INITIALS**			
Tank No/ Unit	Inspector Operator Initials	External signs of Leakage	Noticeable Shell Bulging or deform.	Noticeable Damage to Insulation/ Fireproofing	Other Obvious External Problems	Noticeable Dike Erosion	Inspector Follow-up		Comments /Work Recommended (use back if needed)
							Y	N	
1/WTF									
2/WTF				N/A					
3/WTF									
4/WTF				N/A					
5/WTF				N/A					
6/WTF				N/A					
7/WTF									
8/WTF									
9/WTF				N/A					
10/WTF				N/A					
11/WTF	--------	--------	--------	N/A	--------	-------	---	---	Out for Repairs
13/WTF									
14/WTF									
15/WTF				N/A					
16/WTF				N/A					
17/WTF				N/A					
19/NTF				N/A					
21/NTF				N/A					
22/API									
23/API									
24/API									
26/NTF				N/A					
27/NTF				N/A					
28/NTR				N/A					
31/NTF				N/A					
32/NTF									Out of Service
33/NTF				N/A					
34/NTF				N/A					
35/NTF				N/A					
36/NTF	--------	-------	-------	N/A	--------	--------	---	---	Out for Repairs
37/NTF				N/A					
38//NTF				N/A					
40/NTF				N/A					
41/NTF									
42/NTF				N/A					
43/NTF				N/A					
44/NTF				N/A					

U.S. Department
of Transportation

Pipeline and Hazardous Materials
Safety Administration

12300 W. Dakota Ave., Suite 110
Lakewood, CO 80228

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

June 8, 2010

Mr. Ian Scoble
Director, Refining Americas
ExxonMobil Refining and Supply Company
3225 Gallows Road, Room 6B2112
Fairfax, VA 22037

CPF 5-2010-5019W

Dear Mr. Scoble:

On July 31, 2009, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected ExxonMobil's Breakout Tank TK-002 at the ExxonMobil Refinery in Billings, Montana.

As a result of the inspection, it appears that ExxonMobil has committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The item inspected and the probable violation is:

§ 195.401 General requirements.

(b) Whenever an operator discovers any condition that could adversely affect the safe operation of its pipeline system, it shall correct it within a reasonable time. However, if the condition is of such a nature that it presents an immediate hazard to persons or property, the operator may not operate the affected part of the system until it has corrected the unsafe condition.

During the field inspection of Breakout Tank TK-002, it was noted that the water draw valve near the tank mixer was not in good working condition, and it was leaking crude oil

onto the ground. Upon discovery, ExxonMobil initiated actions to repair the leaking valve and my staff was later notified that the valve had been successfully repaired. ExxonMobil should take the necessary steps to ensure that all equipment associated with your Breakout Tank TK-002 is repaired as soon as possible when it discovers that it is not functioning properly.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed $100,000 for each violation for each day the violation persists up to a maximum of $1,000,000 for any related series of violation. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the item identified in this letter. Failure to do so will result in ExxonMobil being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 5-2010-5019W.** Be advised that all material you submit in response to this enforcement action is subject to being made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. 552(b), along with the complete original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b).

Sincerely,

Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 M. Petronis (#123996)

Hanna 1/23/05

ExxonMobil Proprietary

09-29-03P12:37 RCVD

CPF No. 5-2003-5006

NOTICE OF PROBABLE VIOLATION
PROPOSED COMPLIANCE ORDER
AND
NOTICE OF AMENDMENT

DOT OPS Western Region Pipeline Safety Inspection
October 8 - 10 and November 21, 2002

ExxonMobil Pipeline Company
Montana Pipeline System

Office of Pipeline Safety ("OPS") Hearing
September 23, 2003
ExxonMobil Pipeline Company ("EMPCo")
OPS Case Number CPF No. 5-2003-5006
Related to October - November 2002
Montana Systems Safety Inspection

- Introductions

- Hearing Procedure and Protocol

  + Process for reviewing each allegation

  + Presentation of evidence

- EMPCo Presentation Regarding OPS Allegations

- Q & A, Additional Information Needed

- OPS Post Hearing Process

Attendees:

EMPCo	OPS
Karen R. Bailor	Gerald Davis
Brian T. Magruder	Chris Hoidal
Ted L. Marsh	Larry White
Don E. Drake	
Candice M. Frembling	
Kevin Garrity (CCT)	

EMPCo Response to OPS Allegations

Supplementing EMPCo Written Response To Allegations, By Letter To Mr. Chris Hoidal, Director, Western Region, Office of Pipeline Safety, March 17, 2003

1. §195.402 Procedural Manual for Operations, Maintenance, and Emergencies.

(a) General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

OPS Allegation:

Records indicate that ExxonMobil completed their 2001 Procedural Manual review on May 25, 2001. A letter to the Railroad Commission of Texas dated September 11, 2002 asserts that a new Procedural Manual was to become effective in October 2002. Between May 25, 2001 and October 2002 there was no review of the existing Procedural Manual which exceeds the requirement that a company review it's procedural manual once each calendar year not to exceed 15 months.

EMPCo Response to Allegation:

- EMPCo contests the allegation that a violation of the cited regulation occurred.
- EMPCo's DOT Liquids Procedural Manual ("Manual") was reviewed multiple times and was revised as appropriate during the period between May 25, 2001 and October 2002.
- The Manual underwent major modifications during that period to consolidate Mobil Pipe Line Company's and Exxon Pipeline Company's prior procedures. The Manual was reviewed numerous times by EMPCo staff and three pipeline safety consultants to consolidate best practices, and appropriate changes were made as necessary to ensure the Manual's effectiveness (See Exhibits A and B).
- The revised manual was thoroughly reviewed and found to be in compliance with all applicable requirements by a three member DOT review team during a comprehensive, focused Procedural Manual audit conducted November 4 - 7, 2002 at EMPCo's headquarters in Houston, Texas.

Exhibit A, Allegation #1:

- Timeline documenting the reviews and revisions to EMPCo's Procedural Manual from November 2000 through November 7, 2002, with Affidavit attesting to these reviews and revisions, dated August 25, 2003, signed by M.H. Adams, Pipeline Safety Advisor, ExxonMobil Pipeline Company.

Exhibit B, Allegation #1:

- Work Orders and Invoices for pipeline safety consultants who revised the Manual.

Exhibit C, Allegation #1:

- Index from EMPCo Reference Library for on-line company manuals, showing once per calendar year not to exceed 15-months review frequency, and September 2002 review date, for the Manual (see page 3 of 4, first entry under "Regulatory Compliance" - "DOT Liquids Manual").

2. §195.402 Procedural Manual for Operations, Maintenance, and Emergencies.

(c) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:

(3) Operating, maintaining, and repairing the pipeline system in accordance with each of the requirements of this subpart and subpart H of this part.

OPS Allegation:

ExxonMobil's CP monitoring procedures do not reference or use the monitoring criteria in NACE Standard RP0169-96 as required in 195.571. Specifically ExxonMobil's procedure does not have provisions for considering voltage drops. ExxonMobil must amend their procedures to include CP monitoring criteria as listed in NACE Standard RP0169-96 paragraphs 6.2 and 6.3.

EMPCo Response to Allegation:

- EMPCo contests the allegation that a violation of the cited regulation occurred.

- ExxonMobil Pipeline Company's procedures for cathodic protection monitoring directly and explicitly reference and incorporate the monitoring criteria in NACE Standard RP0169-96, as demonstrated in Exhibits D, E and F.

- EMPCo's DOT Liquids Procedural Manual, issued in its present form for company-wide use on October 1, 2002, states at page II-183:

  "**PROCEDURES:** Company will reference Sections 6.2 and 6.3 of NACE Standard RP0169-96 to provide the criteria for cathodic protection for its DOT and Intrastate regulated pipelines. According to Section 6.2.1 of the NACE Standard, criteria that are not given but have been successfully applied on existing pipeline system can continue to be used on those pipeline systems. For additional information on the Company's Cathodic Protection Program Procedures, refer to documents **CATHODIC PROTECTION PROGRAM** . . . in ExxonMobil Pipeline's . . . **FACILITIES INSPECTION AND MAINTENANCE MANAGMENT SYSTEM (FIMMS) Manual.**"

  The applicable portion of the DOT Liquids Procedural Manual is attached as Exhibit E.

- EMPCo's **FIMMS Manual - CATHODIC PROTECTION PROGRAM** procedures, Revision 1.21 (issued 10/18/01), in effect at the time of the OPS audit of

EMPCo's Montana Systems in October - November 2002, and provided to the inspector state at Section IV.D. **REFERENCE DOCUMENTS:**

"The following may be referred to concerning the Corrosion Control Program: NACE RP-0169 . . . "

Further, the Manual also specifically states at Section III.B.2 **Annual Cathodic Protection Surveys**, that electrical measurements used in annual cathodic protection inspections may include, among other types of measurement, structure-to-soil intermittent (instant-off) potential. The applicable portions of the FIMMS Manual are attached as Exhibit F.

- EMPCo's procedures for considering voltage drops, as well as the additional accepted CP monitoring criteria referenced in DOT regulation 49 CFR 195.571, listed in NACE Standard RP0169 paragraphs 6.2 and 6.3 and used by EMPCo, are discussed more fully below under Item 3.

Exhibit D, Allegation #2 (and #3):

- Power Point Presentation, EMPCo Procedural Manual and Cathodic Protection Practices Overview.

Exhibit E, Allegation #2:

- EMPCo Procedural Manual, pages 3, II-183, II-184, relating to cathodic protection criteria, and specifically referencing Sections 6.2 and 6.3 of NACE Standard RP0169-96.

Exhibit F, Allegation #2:

- EMPCo FIMMS Manual - Cathodic Protection Program, Revision 1.21, specifically referencing NACE RP0169 (page 8 of 8) and the use of intermittent (instant off) potential as one of several appropriate measures of cathodic protection effectiveness (page 2 of 8).

3. §195.571 What criteria must I use to determine the adequacy of cathodic protection?

Cathodic protection required by this subpart must comply with one or more of the applicable criteria and other considerations for cathodic protection contained in paragraphs 6.2 and 6.3 of NACE Standard RP0169-96 (incorporated by reference, see Sec. 195.3).

OPS Allegation:

CP monitoring records show that voltage drops are not being considered, as required in NACE Standard RP0169-96 paragraphs 6.2 and 6.3 when annual cathodic pipe to soil potentials are being taken. ExxonMobil is using the criteria of -850mV with the impressed cathodic protection current on and uninterrupted. RP0169-96 only allows the use of a -850mV criteria after voltage drops have either been accounted for or deducted.

EMPCo Response to Allegation:

- EMPCo contests the allegation that a violation of the cited regulation occurred.
- EMPCo's procedures for evaluating and implementing CP monitoring address all of the applicable criteria and other considerations for cathodic protection contained in NACE Standard RP0169 paragraphs 6.2 and 6.3. A copy of the NACE standard is included as Exhibit G for reference.
- NACE Standard RPO169-96, Section 6, specifically states that the criteria and other considerations for cathodic protection listed therein, when used *either separately or in combination*, will indicate whether adequate cathodic protection has been achieved. Section 6 states further that meeting *any criterion or combination of criteria in this section* is evidence that adequate cathodic protection has been achieved. (paragraphs 6.1.1 and 6.1.2)
- NACE Standard RP0169-96, paragraph 6.2, specifically states that *one of several accepted criteria* for demonstrating adequate cathodic protection has been achieved is a negative (cathodic) potential of at least 850 mV *with the cathodic protection applied (i.e., current on and uninterrupted).*
- NACE Standard RP0169-96, paragraph 6.3, states that when it is impractical or considered unnecessary to disconnect all current sources to correct for voltage drops (i.e., current off), sound engineering practices should be used to ensure adequate cathodic protection has been achieved (paragraph 6.3.2).
- The NACE standard specifically states that voltage drops must be *considered*, and that consideration is understood to mean the application of sound

engineering practice in determining the significance of voltage drops by methods *such as*:
(1) Measuring or calculating the voltage drop(s),
(2) Reviewing the historical performance of the cathodic protection system,
(3) Evaluating the physical and electrical characteristics of the pipe and its environment, and
(4) Determining whether or not there is physical evidence of corrosion.
(paragraph 6.2.2.1.1)

- In direct accordance with NACE Standard RP0169-96 paragraph 6.2, EMPCo's procedures do apply sound engineering practice in determining the significance of voltage drops by, among other things: measuring or calculating the voltage drop where appropriate, documenting and reviewing the historical performance of the CP system, evaluating the physical and electrical characteristics of the pipe and its environment, and determining whether or not there is physical evidence of corrosion (see Exhibits H - L).

- EMPCo does measure or calculate voltage drops under certain circumstances *where it is warranted and appropriate based on sound engineering practice*. For example, if a location exhibited a negative potential of approximately 900 mV with the cathodic protection applied (in some cases, dry conditions can prevent readings from reaching -850 mV), 100 mV decay potential readings may then be taken by cycling rectifiers to get an instant off reading. With respect to the Montana pipeline system, measuring / calculating IR drop with the use of synchronized current interruption has been performed where deemed appropriate using sound engineering practice (see Exhibit J, Close Interval Surveys). During the DOT inspection in October 2002, instant off readings were taken at the request of the inspector, and all met the negative 850 mV criterion.

- EMPCo's procedures for verifying the effectiveness of cathodic protection and external corrosion control also include the following additional sound engineering practices specifically listed in NACE Standard RP0169, Section 6: visual observation of aboveground components, measurements of pipe wall thickness, use of internal inspection devices, visual inspection when excavations are made for any purpose, and corrosion leak history documentation and analysis (see Exhibits K - M).

- Additional sound engineering practices used by EMPCo to achieve effective corrosion control include rectifier and ground bed installations and monthly rectifier readings, annual structure to earth surveys, and close interval surveys, as needed (see Exhibits H - J).

- 49 CFR 195.571 and NACE Standard RP0169-96 both explicitly acknowledge that *any one or more* of the criteria listed in NACE Standard RP0169-96, paragraph 6.2 and 6.3, can be used to determine the adequacy of cathodic protection. 49 CFR 195.571 states, "Cathodic protection required by this subpart

must comply with *one or more* (emphasis added) of the applicable criteria and other considerations . . . " in the NACE standard. DOT's explanation of the Section 195.571 requirement in the preamble to both the proposed and final rulemaking directly support this position (see 65 Fed. Reg. 76976 and 66 Fed. Reg. 66998). The NACE standard also states, "It is not intended that persons responsible for external corrosion control be limited to the criteria listed (in the standard). Other criteria that have been successfully applied on existing piping systems can continue to be used on those piping systems." (paragraph 6.2.1)

- EMPCo does use the criteria and procedures listed in NACE Standard RP0169, as well as others, to achieve adequate cathodic protection and corrosion control on its Montana pipeline system. These procedures are based on sound engineering practice and have achieved demonstrable success. This is clearly evidenced by the fact that EMPCo has recorded only one corrosion-related spill from the mainlline pipeline system since it was installed in the late 1940's. The last corrosion-related spill occurred over 30 years ago in 1971. In addition, electrical, visual and in-line inspection programs for this system have consistently shown that the pipe is in good overall condition and is not experiencing significant corrosion damage (see Exhibit M, Pipeline Leak History Summary Report).

- EMPCo applies the same cathodic protection and corrosion control procedures to all of its pipeline facilities nationwide. The DOT has inspected EMPCo facilities in all OPS Regions on a number of occasions (see Exhibit N), but EMPCo has not received any notices from OPS that its procedures were not in compliance with 49 CFR 195.571 or prior corrosion control regulations. The Western Region is inconsistent with all of the other OPS Regions with respect to its interpretation and enforcement of this provision.

Documentation of EMPCo's cathodic protection procedures, which demonstrates compliance with applicable criteria and other considerations for cathodic protection contained in paragraphs 6.2 and 6.3 of NACE Standard RP0169-96, is included below as Exhibits G through M. This data demonstrates that effective cathodic protection and corrosion control has been achieved for the Montana pipeline system.

Exhibit G, Allegation #3:

- NACE Standard RP0169-96, Paragraphs 6.2 and 6.3, and other excerpts.

Exhibit H, Allegation #3:

- Rectifier and Groundbed Installations and Monthly Rectifier Readings, 2000 - 2003

Exhibit I, Allegation #3:

- Structure to Earth Surveys, 2000 - 2002

Exhibit J, Allegation #3:

- Close Interval Surveys Summary Report, 1998 - 2001

Exhibit K, Allegation #3:

- Pipeline In-Line Inspections Summary Report, 1994 - 2001

Exhibit L, Allegation #3:

- EMPCo *Procedural Manual* Excerpts Relating to Inspection of Exposed Pipe and EMPCo Form PL-751, "Piping Inspection and Remedial Action Report"

Exhibit M, Allegation #3:

- Mainline Spills Summary Report, 1966 to date

Exhibit N, Allegation #3:

- EMPCo DOT / OPS Inspections, 2000 - 2003

EMPCo Request Regarding All Allegations:

- Based on the facts described above, EMPCo requests that the Notice of Probable Violation be rescinded and that all requirements of the Proposed Compliance Order ("PCO") be eliminated.

OPS Item of Concern:

ExxonMobil completed an API 653 out of service inspection of their Tank 319 (1 of 5 tanks at Silver Tip, Montana) on August 25, 1997. That inspection found an area in the floor of the tank that had a remaining thickness of .100 inch. This was the newer of the tanks and as such probably had the least amount of under floor corrosion. Table 4-1 of API 653 calls for inspection of a tank bottom when the predicted bottom plate thickness is .100 inch. Because of the age of the remaining 4 tanks it can be assumed that these tanks also have floor areas with a remaining thickness of .100 inch or less. Interviews with ExxonMobil indicate that the remaining 4 tanks have been budgeted to be taken out of service for inspection / repair in the next 4 years (one per year). OPS strongly supports ExxonMobil's effort to complete the inspection / repair of these remaining breakout tanks within the next 4 years.

EMPCo Response To Item of Concern:

EMPCo completed an API 653 out of service inspection of one of the four remaining tanks at Silver Tip, Montana, Tank 255, in June 2003, as planned. The bottom plates were examined utilizing Magnetic Flux Leakage (MFL), Ultrasonic (UT) and Visual methods. The bottom was examined for the detection of both product side and soil side metal loss. MFL scanning did not reveal any areas of metal loss with a remaining thickness of 0.200 inch or less. The nominal plate thickness was 0.250 inch for the interior plates and 0.312 inch for the sketch plates. MFL scan was limited due to plate deformations (wavy bottom). EMPCo plans to complete inspections of the three remaining tanks at Silver Tip, Montana, within the next three years (one per year).

OPS Item of Concern:

Results from the high-resolution MFL tool run show approximately 112 external metal loss anomalies on the top side of the pipeline between 10 to 30% of the wall thickness. There is a high probability that some or all of these anomalies are associated with mechanical damage. A few of these anomalies are located next to girth welds and some are located next to long seams. OPS suggests that ExxonMobil run a geometry tool in the near future to determine if the top side metal loss anomalies are associated with denting.

EMPCo Response To Item of Concern:

A Caliper / Geometry Tool Run currently is scheduled for 1Q2004.

ExxonMobil Proprietary

CPF No. 5-2005-5008

NOTICE OF PROBABLE VIOLATION
PROPOSED COMPLIANCE ORDER
PROPOSED CIVIL PENALTY
AND
NOTICE OF AMENDMENT

PHMSA OPS Western Region Pipeline Safety Inspection
June 28 through July 1, 2004

ExxonMobil Pipeline Company
Montana Silvertip to Billings Pipeline System

Office of Pipeline Safety ("OPS") Hearing
December 13, 2005
ExxonMobil Pipeline Company ("EMPCo")
OPS Case Number CPF No. 5-2005-5008
Related to June 28 through July1, 2004
Montana Silvertip to Billings Pipeline System
Pipeline Safety Inspection

- **Introductions**
- **Hearing Procedure and Protocol**

  + Process for reviewing each allegation

  + Presentation of evidence
- **EMPCo Presentation Regarding OPS Allegations**
- **Q & A, Additional Information Needed**
- **OPS Post Hearing Process**

Attendees: **EMPCo**

Joel Larkin
Jeffrey Janocik
Candice Frembling

OPS

Chris Hoidal
Jerry Davis

ExxonMobil Pipeline Company
Post Office Box 2220
Houston, Texas 77002
713 656 0227 Telephone
713 656 8232 Facsimile

Karen R. Bailor
Safety, Health and Environment
Manager

ExxonMobil
Pipeline

March 24, 2005

Sent Via Electronic Mail and Overnight Mail

Mr. Chris Hoidal, P.E.
Director, Western Region
Office of Pipeline Safety
12300 West Dakota Avenue, Suite 110
Lakewood, Colorado 80228-2585

Re: Notice of Probable Violation
Proposed Compliance Order and Proposed Civil Penalty
Notice of Amendment
DOT-OPS File Number CPF No. 5-2005-5008

Dear Mr. Hoidal:

Representatives of the Western Region, Office of Pipeline Safety ("OPS") conducted an onsite pipeline safety inspection of ExxonMobil Pipeline Company's ("EMPCo") Silvertip, Montana to Billings, Montana pipeline system between June 28, 2004 and July1, 2004 (the "OPS Inspection").

Pursuant to the OPS Inspection, on February 22, 2005 EMPCo received the a Notice of Probable Violation, Proposed Compliance Order, Proposed Civil Penalty and Notice of Amendment ("Notice") for alleged probable violations noted during the inspection. This letter serves as EMPCo's formal response to the Notice. This response letter is being issued to the OPS within the required 30 days, and is therefore timely.

We want to assure you that EMPCo shares with the OPS a commitment to safe operations. We have carefully reviewed the alleged probable violations contained in the Notice and we disagree with the OPS on a number of the allegations. It is our desire that both parties work cooperatively to resolve this matter. However, if a solution to this matter cannot be agreed upon based on the information provided in this letter, we reserve our right to a hearing on all the issues outlined in the Notice, at which time we would be represented by counsel.

The Notice identified thirteen probable violations. These allegations are outlined in detail below, followed by EMPCo's response.

1. **Reg Cite: §195.112 New Pipe.**

(c) Each length of pipe with a nominal outside diameter of 41/2 in. (114.3mm) or more must be marked on the pipe coating with the specification to which it was made, the specified minimum yield strength or grade, and the pipe size. The marking must be applied in a manner that does not damage the pipe or pipe coating and must remain visible until the pipe is installed.

OPS Allegation:

Several joints of pipe left from recent replacement projects were inspected and found not to have stenciling or markings that indicated diameter, thickness, or other mill specifications. This implies that pipe used during these projects was not properly marked prior to use.

EMPCo Response:

EMPCo does not dispute this finding. An inventory identification procedure does exist and is documented in our DOT Liquids Manual. The pipe identified during the inspection as improperly marked has been properly marked according to the aforementioned procedures.

2. **Reg Cite: §195.214 Welding: General**

(a) Welding must be performed by a qualified welder in accordance with welding procedures qualified to produce welds meeting the requirements of this subpart. The quality of the test welds used to qualify the procedure shall be determined by destructive testing.

OPS Allegation:

ExxonMobil's girth weld records of the 2000 line-lowering project did not indicate which welder performed each weld.

EMPCo Response:

EMPCo disagrees that the alleged violation has occurred. EMPCo has documentation identifying the two welders that performed the welding used for the 2000 line-lowering project. EMPCo also has records verifying that these welders were qualified accordingly to the requirements of §195.214 at the time of the project execution. We do not believe that the absence of records identifying what welder performed each specific weld is a violation of the cited regulation.

For the reasons outlined above, we request that Item #2 in the Notice be withdrawn.

3. **Reg. Cite: §195.214 Welding General**

(b) Each welding procedure must be recorded in detail, including the results of the qualifying tests. This record must be retained and followed whenever the procedure is used.

OPS Allegation:

Welding procedures were missing in the project documentation for the Sugar Plant reroute and the 2000 line lowering project.

EMPCo Response:

EMPCo disagrees that the alleged violation has occurred. EMPCo had in place at the time of the Sugar Plant reroute, which occurred in the year 2000, and the 2000-line lowering project, a detailed procedural manual for welding titled Exxon Pipeline Company Welding Manual. All welders involved in the aforementioned projects were certified according to the procedures outlined in this manual. EMPCo also disagrees that the regulations require us to keep copies of portions of our manual in each project file.

For the reasons outlined above, we request that Item #3 in the Notice be withdrawn.

4. **Reg Cite: §195.266 Construction Records.**

A complete record that shows the following must be maintained by the operator involved for the life of each pipeline facility:

(b) The amount, location; and cover of each size of pipe installed.

OPS Allegation:

ExxonMobil records lacked adequate "as built" drawings to determine the depth of cover profile for the 2000 line lowering project.

EMPCo Response:

EMPCo does not dispute this finding. EMPCo's utilizes a Pipeline and Facility Change Diagram (Form PL-18) and a Foreign Crossing of Pipeline R.O.W. (Form PL-733) to document the characteristics of pipe as it is installed. These forms typically include pipeline depth of cover when applicable to the pipe being installed. To ensure that proper information is captured in the future on PL-18 and PL-733 forms, we have reviewed our procedures for completion of these forms with area personnel.

5. **Reg Cite: §195.402 Procedural Manual for Operations, Maintenance, and Emergencies.**

(a) General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

OPS Allegation:

5a. Several of the procedure manuals referenced in ExxonMobil's DOT Liquids Manual are not reviewed once each calendar year not to exceed 15 months.

5b. ExxonMobil's procedures require that the valve immediately downstream of the flex-flo relief valve at the Billings station be locked open. At the time of this inspection this valve was not locked.

5c. ExxonMobil's procedures require that contractors on their contractors list who do not attend the Pipeline Group seminar will be provided information from the seminar. At the time of this inspection records indicate that contractors not in attendance at the Pipeline Group seminar are not being supplied with this information.

EMPCo Response:

5a.
EMPCo disagrees that the alleged violation has occurred. The EMPCo DOT Liquids Manual is utilized as the primary manual for documenting DOT required written procedures. This manual is reviewed at least once per calendar year at intervals not exceeding 15 months. EMPCo does make reference to other procedural manuals within the DOT Liquids Manuals and these manuals are also reviewed formally on a periodic basis.

At the time of the inspection, a limited number of manuals that were referenced in EMPCo's DOT Liquids Manual were not properly updated on EMPCo's web based Reference Library with the latest review date. However, these manuals had been reviewed by the manual owner on an annual basis for content.

As a result of this inspection, EMPCo intends to strengthen our processes that initiate and track review of Reference Library manuals. We will ensure that the date of the review of all manuals referenced within the DOT Liquids Manual is accurately captured in our Reference Library.

In reference to Probable Violation #5a, we believe that a $5,000 penalty given the minor technical nature of the alleged violation is excessive. We request that request that Item #5a in the Notice be withdrawn and that the penalty be eliminated.

5b.
EMPCo does not dispute this finding. The valve found to be unlocked was immediately locked during the inspeotion. We think is it relevant for the DOT to make note of the fact that the valve had been recently painted, within a week of the inspection. This was pointed out during the inspection, and the situation was remedied immediately.

5c.
EMPCo does not dispute this finding. EMPCo's procedures for Public Awareness have been reviewed with all employees in this operating area. Steps will be taken to ensure proper follow-up information is provided to contractors who fail to attend EMPCo sponsored Pipeline Group Seminars.

6. **Reg. Cite: §195.402 Procedural Manual for Operations, Maintenance, and Emergencies.**

(e) Emergencies. The manual required by paragraph (a) of this section must include procedures for the following to provide safety when an emergency condition occurs:

(7) Notifying fire, police, and other appropriate public officials of hazardous liquid or carbon dioxide pipeline emergencies and coordinating with them preplanned and actual responses during an emergency, including additional precautions necessary for an emergency involving a pipeline system transporting a highly volatile liquid.

OPS Allegation:

The emergency response plan contact information for the Silvertip pipeline has not been updated since 2000. The procedures, including contact information, for emergencies should be updated at least once per year at intervals not exceeding 15 months.

EMPCo Response:

EMPCo does not dispute this finding. We have updated the contact information in the Silvertip emergency response plan.

7. **Reg. Cite: §195.402 Procedural Manual for Operations, Maintenance, and Emergencies.**

(c) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:

(3) Operating, maintaining, and repairing the pipeline system in accordance with each of the requirements of this subpart and subpart H of this part.

And,

§195.420 Valve Maintenance.

(b) Each operator shall, at intervals not exceeding 7 1/2 months, but at least twice each calendar year, inspect each mainline valve to determine that it is functioning properly.

OPS Allegation:

ExxonMobil's DOT valve inspection procedures only include operation, i.e., cycling, of the valve. The DOT valve inspection procedures do not include inspection of the components of the valve nor do the procedures require any documentation of such inspections. ExxonMobil must amend their DOT valve procedure to include not only the operation of the valve but also the inspection of components.

EMPCo Response:

EMPCo disagrees that the alleged violation has occurred. The inspection requirements under §195.420 require verification that the valve is functioning properly. EMPCo's existing procedures require operation and inspection of each valve covered by §195.420 at least twice per year calendar year, at intervals not exceeding 7 1/2 months. EMPCo's DOT Liquids Manual describes valve conditions that should be checked during the inspection (condition of gears, ease of operation, condition and position of indicator, etc). EMPCo's existing procedures and records fulfill the requirements of §195.420 and §195.402. The DOT's request for a new valve inspection procedure and for creation of a specific type of inspection record is overly prescriptive and not supported by the regulation.

For the reasons outlined above, we request that Item #7 in the Notice be withdrawn and the requirements of Item #7 in the Notice of Amendment be eliminated.

8. **Reg. Cite: §195.403 Emergency Response Training**

(c) Each operator shall require and verify that its supervisors maintain a thorough knowledge of that portion of the emergency response procedures established under 195.402 for which they are responsible to ensure compliance.

OPS Allegation:

ExxonMobil's process for verifying a supervisor's knowledge of emergency response procedures currently requires self-verification, i.e., the supervisor must sign that he/she is familiar with procedures without any check or review process to validate his/her knowledge. ExxonMobil must amend their process for verifying a supervisor's knowledge of emergency response procedures to ensure there are adequate checks and balances.

EMPCo Response:

EMPCo disagrees that the alleged violation has occurred. EMPCo's procedures meet the requirements of the regulation by requiring supervisors to sign a statement affirming that they have a thorough knowledge of what is described in the regulation. This statement is also reviewed and signed by each supervisor's manager. The requirements under §195.403(c) do not prescribe the process by which knowledge of these procedures should be verified. The DOT's request for a modification to this process is overly prescriptive and not supported by the regulation. We also would like the DOT to make note of the fact that this procedure was reviewed carefully during the 2002 OPS HQ OM&E review in Houston, Texas, and endorsed by that OPS inspection team.

For the reasons outlined above, we request that Item #8 in the Notice be withdrawn and the requirements of Item #8 in the Notice of Amendment be eliminated.

9. **Reg. Cite: §195.410 Line Markers.**

(c) Except as provided in paragraph (b) of this section, each operator shall place and maintain line markers over each buried pipeline in accordance with the following:

(2) The marker must state at least the following on a background of sharply contrasting color:

(i) The word "Warning," "Caution," or "Danger" followed by the words "Petroleum (or the name of the hazardous liquid transported) Pipeline," or "Carbon Dioxide Pipeline," all of which, except for markers in heavily developed urban areas, must be in letters at least 1 inch (25 millimeters) high with an approximate stroke of 1/4 inch (6.4 millimeters).

(ii) The name of the operator and a telephone number (including area code) where the operator can be reached at all times.

OPS Allegation:

The ROW markers at several locations had phone number lettering that was severely faded making reading of the phone number difficult. Additionally several markers had the company name of Exxon and not ExxonMobil.

EMPCo Response:

EMPCo disagrees that the alleged violation has occurred. EMPCo acknowledges that accurate ROW signage is critical to safe operations of pipeline systems. All ROW markers inspected during the safety evaluation were in place and easily visible to the general public. We acknowledge that some markers had faded emergency contact numbers, but these numbers were still visible and not faded to the extent of not being legible. Thus, the signs provided information required by the regulation.

Also, we acknowledge that several markers did have the name of Exxon Pipeline Company instead of ExxonMobil Pipeline Company. ExxonMobil Pipeline Company is the successor-in-interest in name only; there has been no change in ownership. Thus, from a legal perspective, they are the same entity.

For the reasons outlined above, we request that Item #9 in the Notice be withdrawn.

10. **Reg. Cite: §195.428 Overpressure safety devices and overfill protection systems.**

(a) Except as provided in paragraph (b) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, or in the case of pipeline used to carry highly volatile liquids, at intervals not to exceed 7 1/2 months, but at least twice each calendar year, inspect and test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment to determine that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used.

OPS Allegation:

ExxonMobil only documents the data obtained during testing and calibration of the pressure transmitters on their pipeline that assist in metering. They do not document data obtained during the testing and calibration of other pressure transmitters on their pipeline system. If a pressure transmitter is sending signals to another device or a SCADA system that controls pressure then that transmitter is considered to be a pressure control device and as such must be tested and inspected and the data be recorded once each calendar

year not to exceed 15 months.

EMPCo Response:

EMPCo disagrees that the alleged violation has occurred. The pressure transmitters referenced in this allegation are not pressure control devices as defined in §195.428 and are not subject to this regulation.

11. **Reg. Cite: §195.555 What are the qualifications for supervisors?**

You must require and verify that supervisors maintain a thorough knowledge of that portion of the corrosion control procedures established under Sec. 195.402(c)(3) for which they are responsible for insuring compliance.

OPS Allegation:

ExxonMobil's process for verifying supervisor's knowledge of corrosion control procedures currently requires self-validation, i.e., the supervisor must sign that he/she is familiar with procedures without any check or review process to validate his/her knowledge. ExxonMobil must amend their process for verifying a supervisor's knowledge of corrosion control procedures to ensure there are adequate checks and balances.

EMPCo Response:

EMPCo disagrees that the alleged violation has occurred. EMPCo's procedures meet the requirements of the regulation by requiring our supervisors to sign a statement affirming that they have a thorough knowledge of what is described in the regulation. This statement is also reviewed and signed by each supervisor's manager. The requirements under §195.402(c)(3) and §195.555 do not prescribe the process by which knowledge of these procedures should be verified. Furthermore, pursuant to §195.223(d), EMPCo may not be cited twice for the same underlying action. Item 8 of the Notice is based upon the same underlying action, EMPCo's process for verifying a supervisor's knowledge. We object to the fact that EMPCo is being cited twice in this Notice for the same underlying action.

For the reasons outlined above, we request that Item #11 in the Notice be withdrawn and the requirements of Item #11 in the Notice of Amendment be eliminated.

12. **Reg. Cite: §195.573 What must I do to monitor external corrosion control?**

(e) Corrective action. You must correct any identified deficiency in corrosion control as required by Sec. 195.401(b). However, if the deficiency involves a

pipeline in an integrity management program under Sec. 195.452,you must correct the deficiency as required by Sec. 195.452(h).

OPS Allegation:

12a. ExxonMobil's cathodic protection (CP) monitoring procedures call for trending of current pipe to soil (P/S) readings with the last 3 years readings to determine if CP is adequate. Corrosion control records lack documentation of actions taken to correct deficiencies found when trending current monitoring levels.

12b. Additionally ExxonMobil preformed a close internal survey in 1999. That survey had several areas that did not meet a -.850mV with impressed current interrupted criteria Though ExxonMobil resolved several of these low areas during a resurvey in 2000, their records did not have corrective actions taken to mitigate those low areas that continued to have low CP monitoring levels during the 2000 resurvey. In particular were locations referred to as CIS Stations 564+00 to 565+89 and 2509+73 to 2518+90.

EMPCo Response:

12a.
EMPCo disagrees that the alleged violation has occurred. No deficiences were identified on the 2001, 2002 and 2003 pipe to soil readings. All measurements were found to be above -850mV in each of the three years that the survey was conducted. Therefore, no corrective action was necessary.

For the reasons outlined above, we request that Item #12a of the Notice be withdrawn and the requirements of Item #12a in the Notice of Amendment be eliminated.

12b.
EMPCo disagrees that the alleged violation has occurred as it pertains to alleged deficiencies in corrective actions between stations 564+00 and 565+89. EMPCo conducted three Close Interval Surveys (CIS) on portions of this system in 1999, 2000 and 2001. Summaries of these surveys have previously been submitted to the OPS in September 2003 during a hearing on other alleged violations associated with cathodic protection practices. (Note that these allegations were subsequently withdrawn by the Associate Administrator). After the 2000 CIS, the pipeline was examined and the coating was reconditioned as required in areas between stations 564+00 and 565+89.

A third CIS was conducted in 2001 and this survey included a reassessment of the cathodic protection between stations 564+00 and 565+89. All measurements in this area were found to meet either the .850 mV polarized criterion or the 100 mV decay criterion. Therefore, no deficiency exists and no corrective action is necessary for any alleged deficiencies between stations 564+00 and 565+89.

EMPCo has reviewed our records for the segment between stations 2509+73 and 2518+90. While our area personnel recall that adjustments were made to rectifiers subsequent to the 2000 survey to address some low areas, we are unable to locate the records to verify this. EMPCo, therefore, does not dispute the OPS findings with respect to this segment. EMPCo will implement additional potential corrective actions as appropriate based on a review of our records or additional survey results.

For the reasons outlined above, we request that the requirements of Item #12b in the Notice of Amendment be modified to reflect only those corrective actions pertaining to the pipeline segment between stations 2509+73 and 2518+90.

13. **Reg. Cite: §195.579 What must I do to mitigate internal corrosion?**

(c) Removing Pipe. Whenever you remove pipe from a pipeline, you must inspect the internal surface of the pipe for evidence of corrosion. If you find internal corrosion requiring corrective action under Sec. 195.585, you must investigate circumferentially and longitudinally beyond the removed pipe (by visual examination, indirect method, or both) to determine whether additional corrosion requiring remedial action exists in the vicinity of the removed pipe.

OPS Allegation:

ExxonMobil failed to inspect the internal condition of the pipe that was removed from their system during the Western Sugar Plant reroute.

EMPCo Response:

EMPCo does not dispute this finding. At the time of the project, EMPCo utilized a Piping Inspection and Remedial Action Report form (Form PL-751). Although these forms were completed for the Western Sugar Plant reroute, the information documenting visual internal inspection was not completed on the form. This procedure has been communicated with local personnel to ensure proper completion of PL-751's in the future.

Regarding the two concerns mentioned in CPR No. 5-2005-5008:

(1) As to EMPCo's processes for testing our company wide Computational Pipeline Monitoring (CPM) system, EMPCo rotates the testing of its CPM applications as required in API 1130. With a large operating organization such as that within EMPCo, it is not unusual that certain segments might not have had a CPM application test conducted on them. Further, the API 1130 standard does not require that each pipeline segment be tested on any specific interval, nor does the regulation require such specific testing. Based on a rotational schedule and over time, all systems will be tested. EMPCo will continue to test our systems fully as required under API 1130.

We disagree with the OPS in their finding that this was an "area of concern". No regulatory citations were violated. Implementation of this OPS suggestion would not "provide additional safety enhancing opportunities."

(2) As to condition of the 56th Street span, this pipe has been reconditioned.

We have attempted to provide a detailed response in the event some of these matters can be resolved outside of a hearing. However, we reserve our right to present the information presented in this letter and additional supporting materials should a hearing be necessary.

In the interim, should you have any questions, please feel free to contact me at 713-656-0227.

Sincerely,

K R Balin

U.S. Department
of Transportation

**Research and
Special Programs
Administration**

Western Region
Pipeline Safety

12300 W. Dakota Avenue
Suite 110
Lakewood, CO 80228-2585

3 Copies / Date 2-17-05
Sent To Compliance Registry

**NOTICE OF PROBABLE VIOLATION
PROPOSED COMPLIANCE ORDER
PROPOSED CIVIL PENALTY
AND
NOTICE OF AMENDMENT**

CERTIFIED - RETURN RECEIPT REQUESTED

February 18, 2005

Mr. John DuPre
Vice President – Operations, Northern
ExxonMobil Pipeline Company
3225 Gallows Road
Fairfax, VA 22037

CPF No. 5-2005-5008

Dear Mr. DuPre:

Between June 28, 2004 and July 1, 2004, representatives of the Western Region, Office of Pipeline Safety, pursuant to Chapter 601 of 49 United States Code, conducted an onsite pipeline safety inspection of ExxonMobil facilities, manuals, and records at the Silvertip Station, Bridger Booster Station, Cenex Refinery delivery point in Laurel, Montana and the ConocoPhillips Refinery and ExxonMobil Refinery delivery points in Billings, Montana.

As a result of the inspection, it appears that you have committed probable violations as noted below of the pipeline safety regulations, Title 49, Code of Federal Regulations Part 195. The items inspected and the probable violations are:

1. **§195.112 New pipe.**

(c) Each length of pipe with a nominal outside diameter of 4 ½ in (114.3 mm) or more must be marked on the pipe or pipe coating with the specification to which it was made, the specified minimum yield strength or grade, and the pipe size. The marking must be applied in a manner that does not damage the pipe or pipe coating and must remain visible until the pipe is installed.

Several joints of pipe left from recent replacement projects were inspected and found not to have stenciling or markings that indicated diameter, thickness, and other mill specifications. This implies that pipe used during these projects was not properly marked prior to its use.

2. **§195.214 Welding: General.**

(a) Welding must be performed by a qualified welder in accordance with welding procedures qualified to produce welds meeting the requirements of this subpart. The quality of the test welds used to qualify the procedure shall be determined by destructive testing.

ExxonMobil's girth weld records of the 2000 line lowering project did not indicate which welder performed each weld.

3. **§195.214 Welding: General.**

(b) Each welding procedure must be recorded in detail, including the results of the qualifying tests. This record must be retained and followed whenever the procedure is used.

Welding procedures were missing in the project documentation for the Sugar Plant reroute and the 2000 line lowering project.

4. **§195.266 Construction records.**

A complete record that shows the following must be maintained by the operator involved for the life of each pipeline facility:

(b) The amount, location; and cover of each size of pipe installed.

ExxonMobil records lacked adequate "as built" drawings to determine the depth of cover profile for the 2000 line lowering project.

5. **§195.402 Procedural manual for operations, maintenance, and emergencies.**

(a) General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

5a. Several of the procedure manuals referenced in ExxonMobil's DOT Liquids Manual are not reviewed once each calendar year not to exceed 15 months.

5b. ExxonMobil's procedures require that the valve immediately downstream of the flex flow relief valve at the Billings station be locked open. At the time of this inspection this valve was not locked.

5c. ExxonMobil's procedures require that contractors on their contractors list who do not attend the Pipeline Group seminar will be provided information from the seminar. At the time of this inspection records indicate that contractors not in attendance at the Pipeline Group seminar are not being supplied with this information.

6. **§195.402 Procedural manual for operations, maintenance, and emergencies.**

(e) Emergencies. The manual required by paragraph (a) of this section must include procedures for the following to provide safety when an emergency condition occurs:

(7) Notifying fire, police, and other appropriate public officials of hazardous liquid or carbon dioxide pipeline emergencies and coordinating with them preplanned and actual responses during an emergency, including additional precautions necessary for an emergency involving a pipeline system transporting a highly volatile liquid.

The emergency response plan contact information for the Silvertip pipeline has not been updated since 2000. The procedures, including contact information, for emergencies should be updated at least once per year at intervals not exceeding 15 months.

7. **§195.402 Procedural manual for operations, maintenance, and emergencies.**

(c) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:

(3) Operating, maintaining, and repairing the pipeline system in accordance with each of the requirements of this subpart and subpart H of this part.

and,

§195.420 Valve maintenance.

(b) Each operator shall, at intervals not exceeding 7 1/2 months, but at least twice each calendar year, inspect each mainline valve to determine that it is functioning properly.

ExxonMobil's DOT valve inspection procedures only include operation, i.e., cycling, of the valve. The DOT valve inspection procedures do not include inspection of the components of the valve nor do the procedures require any documentation such inspections. ExxonMobil must amend their DOT valve inspection procedure to include not only the operation of the valve but also the inspection of components.

8. §195.403 Emergency response training.

(c) Each operator shall require and verify that its supervisors maintain a thorough knowledge of that portion of the emergency response procedures established under 195.402 for which they are responsible to ensure compliance.

ExxonMobil's process for verifying a supervisor's knowledge of emergency response procedures currently requires self-validation, i.e., the supervisor must sign that he/she is familiar with procedures without any check or review process to validate his/her knowledge. ExxonMobil must amend their process for verifying a supervisor's knowledge of emergency response procedures to ensure there are adequate checks and balances.

9. §195.410 Line markers.

(a) Except as provided in paragraph (b) of this section, each operator shall place and maintain line markers over each buried pipeline in accordance with the following:

(2) The marker must state at least the following on a background of sharply contrasting color:

(i) The word ``Warning,'' ``Caution,'' or ``Danger'' followed by the words ``Petroleum (or the name of the hazardous liquid transported) Pipeline'', or ``Carbon Dioxide Pipeline,'' all of which, except for markers in heavily developed urban areas, must be in letters at least 1 inch (25 millimeters) high with an approximate stroke of \1/4\ inch (6.4 millimeters).

(ii) The name of the operator and a telephone number (including area code) where the operator can be reached at all times.

The ROW markers at several locations had phone number lettering that was severely faded making reading of the phone number difficult. Additionally several markers had the company name of Exxon and not ExxonMobil.

10. §195.428 Overpressure safety devices and overfill protection systems.

(a) Except as provided in paragraph (b) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, or in the case of pipelines used to carry highly volatile liquids, at intervals not to exceed 7 1/2 months, but at least twice each calendar year, inspect and test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment to determine that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used.

ExxonMobil only documents the data obtained during testing and calibration of the pressure transmitters on their pipeline that assist in metering They do not document data obtained during the testing and calibration of other pressure transmitters on their pipeline system. If a pressure transmitter is sending signals to another device or a SCADA system

that controls pressure then that transmitter is considered to be a pressure control device and as such must be tested and inspected and the data be recorded once each calendar year not to exceed 15 months.

11. §195.555 What are the qualifications for supervisors?

You must require and verify that supervisors maintain a thorough knowledge of that portion of the corrosion control procedures established under Sec. 195.402(c)(3) for which they are responsible for insuring compliance.

ExxonMobil's process for verifying a supervisor's knowledge of corrosion control procedures currently requires self-validation, i.e., the supervisor must sign that he/she is familiar with procedures without any check or review process to validate his/her knowledge. ExxonMobil must amend their process for verifying a supervisor's knowledge of corrosion control procedures to ensure there are adequate checks and balances.

12. §195.573 What must I do to monitor external corrosion control?

(e) Corrective action. You must correct any identified deficiency in corrosion control as required by Sec. 195.401(b). However, if the deficiency involves a pipeline in an integrity management program under Sec. 195.452, you must correct the deficiency as required by Sec. 195.452(h).

12a. ExxonMobil's cathodic protection (CP) monitoring procedures call for trending of current pipe to soil (P/S) readings with the last 3 years readings to determine if CP is adequate. Corrosion control records lack documentation of actions taken to correct deficiencies found when trending current monitoring levels.

12b. Additionally ExxonMobil preformed a close interval survey in 1999. That survey had several areas that did not meet a -.850 mV with impressed current interrupted criteria. Though ExxonMobil resolved several of these low areas during a resurvey in 2000, their records did not have corrective actions taken to mitigate those low areas that continued to have low CP monitoring levels during the 2000 resurvey. In particular were locations referred to as CIS Stations 564+00 to 565+89 and 2509+73 to 2518+90.

13. §195.579 What must I do to mitigate internal corrosion?

(c) Removing pipe. Whenever you remove pipe from a pipeline, you must inspect the internal surface of the pipe for evidence of corrosion. If you find internal corrosion requiring corrective action under Sec. 195.585, you must investigate circumferentially and longitudinally beyond the removed pipe (by visual examination, indirect method, or both) to determine whether additional corrosion requiring remedial action exists in the vicinity of the removed pipe.

ExxonMobil failed to inspect the internal condition of the pipe that was removed from their system during the Western Sugar Plant reroute.

Under 49 United States Code, §60122, you are subject to a civil penalty not to exceed $100,000 for each violation for each day the violation persists up to a maximum of $1,000,000 for any related series of violations. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to assess you a civil penalty for Items 1, 2, 3, 4, 5b, 5c, 9, 10, and 13. We advise you, however, that should you not correct the circumstances leading to these violations, we will take enforcement action when and if the continued violation comes to our attention.

Furthermore, the Compliance Officer has reviewed the circumstances and supporting documentation involved in item 5a., and it is recommended that, because this is a repeat violation, you be preliminarily assessed a civil penalty of $5,000.

Regarding Items 12a and 12b, pursuant to 49 United States Code §60118, the Office of Pipeline Safety proposes to issue to ExxonMobil a compliance order in the form of the Proposed Compliance Order that is attached to and made a part of this Notice of Probable Violation. Also, attached is a description of the response options available to you.

Please note that if you elect to make a response, you must do so within 30 days of your receipt of this Notice or waive your rights under 49 CFR §190.209. A response which does not contest the allegations in the Notice authorizes the Associate Administrator, Office of Pipeline Safety to find the facts to be as alleged herein and to issue an appropriate compliance order.

Regarding Items 6, 7, 8, and 11, as provided in 49 CFR §190.237, this notice serves as your notification that this office considers your procedures/plans inadequate. Under 49 CFR §190.237, you have a right to submit written comments or request an informal hearing. You must submit written comments or a request for a hearing within 30 days after receipt of this notice. After reviewing the record, the Associate Administrator for Pipeline Safety will determine whether your plans or procedures are adequate. The criteria used in making this determination are outlined in 49 CFR §190.237. If you do not wish to contest this notice, please provide your revised procedures within 30 days of receipt of this notice. When appropriate procedures have been prepared, submit them to:

Director, Western Region
Office of Pipeline Safety
Research and Special Programs Administration
12300 West Dakota Avenue, Suite 110
Lakewood, Colorado 80228

Following are areas of concern revealed during this inspection that are not regulatory violations but may provide additional safety enhancing opportunities if properly addressed:

Though ExxonMobil's company wide Computational Pipeline Monitoring (CPM) system has been tested there have not been any retests that include the Silvertip pipeline. API

1130 states under paragraph 6.2.3 Retesting. "CPM applications should be tested on a 5-year interval to demonstrate their continued effectiveness. It is not necessary to test each pipeline that used the same CPM application but consideration should be given to rotation of the tested pipeline and the location of the test from one test to the next. Consideration should be given to testing by actual removal of commodity from the pipeline." It would be prudent for ExxonMobil to test their CPM system on the Silvertip pipeline in the future.

The span north of 56th Street has questionable coating at the surface-to-air contact. ExxonMobil stated that this area is part of the maintenance plan for the year.

We hope that you will consider and address these items of concern to further improve your present level of safety. If you have any questions regarding this matter please contact me at (720) 963-3160.

Please refer to **CPF No. 5-2005-5008** in any correspondence or communication on this matter; and please submit three (3) copies of your response/correspondence.

Sincerely,

for
Hoy Van Nguyen

Chris Hoidal
Director

Enclosure: Response Options

cc: Compliance Registry
DPS-28 (Davis)

UNITED STATES DEPARTMENT OF TRANSPORTATION
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION
OFFICE OF PIPELINE SAFETY
HAZARDOUS LIQUID PIPELINE SAFETY VIOLATION REPORT

1. Inspector Name	2. Date of Inspection	3. CPF#
Kimbra Davis/Jerry Davis	June 28 - July 2, 2004	5-2005-5008

4. Pipeline Operator/Owner
ExxonMobil

5a. Headquarters Address	5b. Telephone No.
3225 Gallows Road, Fairfax, VA 22037	703-846-6692

6. Inspection Location	7. Inspection Unit
Bridger, Montana to Billings, Montana	No. 1 of 1

8. Portion of System Inspected (Describe location & facility)
Inspected records at Bridger, Montana and one call records at Billings, MT. Inspected the ExxonMobil Refinery terminus station, the Yellowstone River crossing, the ConocoPhillips stations, all in Billings, MT. Inspected several over-spans along the route, the Yellowstone River crossing at Laurel, MT, took several CP pipe to soil and casing readings along the route, inspected the Bridger booster station, and inspected the Silver Tip pump station.

9. Nature and Size of System

Number of Miles 69+ miles

Commodities Transported Crude Oil

Relevant Details with Respect to System:
The 12.75" pipeline originates at the Silvertip pump station (Elk Basin field) in Carbon County and terminates at the ExxonMobil refinery in Billings, MT. The line delivers crude oil into the Cenex refinery in Laurel, MT as well as the Conoco refinery in Billings, MT. A booster station is located in Laurel, Mt. At this station, crude can be delivered to the Cenex refinery or, taken from the Cenex refinery and delivered into Billings, MT. The pipeline runs in batch operation and can also gravity feed into the delivery points. Operating pressure ranges from 400-700 psi, depending on demand. (Per 2002 inspection notes: This pipeline is made up of approximately 22 miles of 12 3/4 inch diameter, .250 wt. X-42 and X-35 ERW pipe installed in 1949 and 1954, approximately 44.5 miles of 12 3/4 inch diameter, .312 wt. X-35 ERW pipe installed in 1949 and 1957, 2.5 miles of 12 3/4 inch diameter .375 inch pipe installed in the 50's and 60's. The balance of the 69 plus mile long pipeline is made up of both ERW and SMS 8 5/8 inch, .322 wt pipe and 12 3/4 inch .375 and .5 inch wt pipe. This system includes a pump station with 5 breakout tanks at the Silver Tip station, a booster station at Bridger, MT, and delivery points in the Cenex refinery in Laurel, MT and the Conoco refinery and Exxon refinery, both in Billings, MT.

10. Nature of Probable Violations (Check as many as applicable)
- __ 1. Problem in Design/Materials
- ✓ 2. Problem in Construction
- __ 3. Reporting Requirements
- __ 4. Test Requirements
- ✓ 5. Personnel Qualifications and Training
- __ 6. Anti-drug Program

__ 7. Other Operations
_✓_ 8. Corrosion Control
__ 9. Pressure Control
_✓_ 10. Other Maintenance/Monitoring
__ 11. Inadequate Procedures

_✓_ A. Construction	__ D. Training
__ B. Corrosion Control	_✓_ E. Maintenance
_✓_ C. Operations	

RSPA Form HLPS 101989

Violation No. 5a.

11a. CFR § Violated: §195.402 (a)
Procedural manual for operations, maintenance, and emergencies.

11b. Summarize what the regulation requires that operator did not do:

The regulation requires that each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

12. Provide detailed information about violation:
Several of the procedure manuals referenced in ExxonMobil's DOT Liquids Manual are not reviewed once each calendar year not to exceed 15 months. The DOT Liquids manual procedures requires that pipeline operators periodically review work performed by operator personnel to determine effectiveness of the procedures used in normal operations and maintenance and to take corrective action where deficiencies are found. According to ExxonMobil procedures, Area Supervisors are to review the various routine normal operations and maintenance work related procedures conducted during the prior year and discuss any items that may need further explanation or corrections where deficiencies were found. The Safety Meeting Report for the annual meeting conducted December 8, 2003, does not indicate any discussion of procedures or any review as required by ExxonMobil's DOT Liquids Manual. Additionally, the Emergency Response Plan phone list numbers have not been updated since May 18, 2000. There is a sticky note attached to the manual by ExxonMobil indicating "need to check #'s" although no check was apparently completed. Finally, on the ExxonMobil Manuals web page, dates were provided for review frequency of manuals. Many of the manuals were overdue for review. For example, the hydro-test manual had not been reviewed since 1993. The O&M manual for gas pipelines had not been reviewed since December 2001. Manu of the operator qualifications were slated for annual review but had not been completed since October, 2002. It should also be noted that ExxonMobil was cited for not reviewing their O&M manuals once each calendar year not to exceed 15 months in 2002, see CPF 5-2003-5006.

13. Public and/or environmental concerns in area of violation: Of the 69 miles of pipeline there is over twenty miles that could affect the Drinking Water USAs for Billings, Montana and outlying areas. There are two crossings of the Yellowstone River, and two crossings of tributaries to the Yellowstone River. The pipeline goes through the south side of Billings which is a High Population Area. Additionally there are at least two Other Population Areas, Bridger and Fromberg that could be affected by a crude oil release. There are also some environmentally sensitive USAs along this pipeline's route that could be affected by a release.

14a. Person Interviewed: Mike Adams **Title**: Operations Integrity Dept. P/L Safety Advisor
Also interviewed: Thad Massengale, Safety Health & Environmental P/L Safety Advisor
And James Althoff, Senior Operations Technician
14b. Comments of person interviewed: Thad Massengale indicated that the emergency response (OPA-90) manual was in a transition stage and a new manual had been submitted to Washington DC for approval.

Continuation Sheet
Violation No. 12a.

11a. CFR § Violated: §195.573 What must I do to monitor external corrosion control?

11b. Summarize what the regulation requires that operator did not do:
The regulation requires that you must correct any identified deficiency in corrosion control as required by Sec. 195.401(b). However, if the deficiency involves a pipeline in an integrity management program under Sec. 195.452, you must correct the deficiency as required by Sec. 195.452(h).

12. Provide detailed information about the violation: ExxonMobil's cathodic protection (CP) monitoring procedures call for trending of current pipe to soil (P/S) readings with the last 3 years readings to determine if CP is adequate. The review of ExxonMobil's corrosion control records appears to show areas where CP levels are not adequate. Corrosion records indicate that there has not been any action taken to correct these deficiencies.

13. Public and/or environmental concerns in area of violation: same as in Violation No. 5a.

14a. Person Interviewed: Maureen Burns **Title:** Corrosion Technician III
14b. Comments of person interviewed: Maureen Burns was going to try to find documentation of actions taken to correct deficiencies. No documentation has been provided to date.

Continuation Sheet
Violation No. 12b.

11a. CFR § Violated: §195.573 What must I do to monitor external corrosion control?

11b. Summarize what the regulation requires that operator did not do:
The regulation requires that you must correct any identified deficiency in corrosion control as required by Sec. 195.401(b). However, if the deficiency involves a pipeline in an integrity management program under Sec. 195.452, you must correct the deficiency as required by Sec. 195.452(h).

12. Provide detailed information about the violation: ExxonMobil performed a close-interval-survey (CIS) in 1999. That survey had several areas that did not meet a pipe-to-soil voltage criteria of at least as negative as -.850 mV with the protective current interrupted. Though ExxonMobil resolved several of these low areas during a resurvey in 2000, their records did not have corrective actions taken to mitigate those low areas that continued to have low CP monitoring levels during this 2000 resurvey. In particular, low areas were identified in locations referred to as CIS Stations 564+00 to 565+89 and 2509+73 to 2518+90. The ExxonMobil pipe to soil tests and trends for 2001-2003 were collected as evidence.

13. Public and/or environmental concerns in area of violation: same as Violation No. 5a.

14a. Person Interviewed: Maureen Burns **Title:** Corrosion Technician III
14b. Comments of person interviewed: Maureen Burns was going to try to find documentation of actions taken to correct deficiencies. No documentation has been provided to date.

15. Supporting Documents/Materials			
Item No.	**Description (Include date)**	**Source of Documents**	**Remarks**
1.	DOT Liquids Manual page 11-93.	Received during the inspection.	Manual gives ExxonMobil procedures for periodic review of work. We could not find any changes made to procedures or discussion of procedures during the Company Safety Meeting.
2.	Emergency Response Plan phone list and associated documents.	Received during the inspection.	Document indicates the lack of review and change to emergency response numbers as well as shows the last time the "working" Facility Response manual was updated: 5-18-00.
3.	Safety Meeting Report.	Received during the inspection.	Report does not indicate any discussion of procedure review as required by the ExxonMobil DOT Liquids manual
4.	Work process documentation form.	Received during the inspection.	Shows ExxonMobil's new process for project documentation. This form has not been used at the time of the inspection.
5.	Exxon Mobil Manuals web page	Received during the inspection.	The screen print of the web page contains dates for review frequency for manuals. Note that certain manuals are overdue for review. For example, the hydro-test manual has not been reviewed since 1993. The O&M manual for gas pipelines has not been reviewed since 12/01. Many of the operator qualifications were slated for annual review but had not been completed since 10/02.
6.	Exxon Mobil pipe to soil tests and trends for 2001- 2003.	Received from Maureen Burns during and after the inspection.	Exxon Mobil pipe to soil tests and trends for 2001- 2003. were lacking documentation of how deficiencies were corrected.
7.			
8.			
9.			
10.			

16. Inspector's Signature: **Date:** 2/17/05

17. Compliance History

Date	Place	Describe Violation/ Noncompliance	CPF No. Date WL	Outcome
Feb. 11, 2003	Montana	Notice of Probable Violation, Proposed Compliance Order, and Notice of Amendment	5-2003-5006	Final Order issued and closed.

18. Gravity of Offense

Violation Number 5a. – ExxonMobil was issued a Warning Letter, CPF 5-2003-5006, notifying them that they had not reviewed their Procedural Manual between May 25, 2001 and October 2002 which exceeds the requirement of reviewing their manual once each calendar year not to exceed 15 months, by 2 months.

Violations 12a. and 12b. – After the hearing for CPF 5-2003-5006 ExxonMobil provided OPS with revised procedures that require annual pipe-to-soil measurements to be plotted against the measurements for the preceding three years and require any significant deviations to be investigated and corrected. This procedure was the result of a Notice of Amendment that required ExxonMobil to develop a procedure for considering voltage drops and interpreting its annual pipe-to-soil measurements. This procedure appeared to be adequate and as such was accepted by OPS. Failure to follow through with this or any procedure can lead to integrity issues. Therefore it is critical that ExxonMobil follow through with there CP monitoring procedure and investigate and correct any significant deviations. All investigative and corrective actions must be recorded and should be retained as corrosion control records.

19. Degree of Culpability

Violation 5a. - The operator is culpable in that they received the above Warning Letter, but yet they appear to have chosen not to comply.

Violations 12a. and 12b. – The operator is culpable in that they have procedures, if followed, which would have ensured that identified deficiencies would have been corrected. They have not followed their procedures and their for have failed to correct CP deficiencies.

20. Ability to Continue in Business

I assume adequate.

21. Ability to Pay

I assume adequate.

22. Good Faith in Attempting to Achieve Compliance

Fair.

23a. Proposed Remedy

Civil Penalty: Item 5a. Recommended Amount $ 5,000.00
Compliance Order for Items 12a. and 12b.

23b. Analysis of Proposed Remedy

24. Regional Director's Signature: for Huy Van Nguyen

Date: 2/17/2005

U.S. Department of Transportation
Office of Pipeline Safety
Western Region

EXHIBIT TAB

Name of Operator: ExxonMobil

Exhibit No.	Evidence (include date)	Obtained from	Identifying Witness
1	DOT Liquids Manual page II-93.	Received during the inspection	none

Inspector's Signature: Kimberly Davis

Date: 5/10/2005

In the event of an emergency the Area Supervisor is responsible for notifying governmental authorities, appropriate fire, police, and other public officials of the emergency and for coordinating any necessary responses during the emergency.

Refer to Public Education Procedures **(195.440)** in this Manual for additional information.

13. Annual Performance Review - 195.402(c)(13)

PROCEDURES:

Pipeline operators are required to periodically review work performed by operator personnel to determine effectiveness of the procedures used in normal operations and maintenance and to take corrective action where deficiencies are found.

Once per calendar year, not to exceed 15 months, conduct a group review meeting in each location and document accordingly on the Company Safety Meeting Minute Form. Area Supervisors will review the various routine normal operations and maintenance work and related procedures conducted during the prior year and discuss any items that may need further explanation or corrections where deficiencies were found. Supervisors ask attendees for any additions or deletions to the procedures. The Company then reviews recommended procedure additions or deletions. Where deficiencies are found, appropriate corrective action shall be taken in the form of revising procedures, training, and/or individual counseling of the employee by his/her supervisor.

Once per calendar year, not to exceed 15 months, the Area Supervisors shall require and verify that Supervisors/Team Leads maintain a thorough knowledge of the procedures for normal and abnormal operations and maintenance. This will be documented on the Annual Compliance Statement.

U.S. Department of Transportation
Office of Pipeline Safety
Western Region

EXHIBIT TAB

Name of Operator: ExxonMobil

Exhibit No.	Evidence (include date)	Obtained from	Identifying Witness
2	Emergency Response Plan phone list and associated documents.	Received during the inspection	none

Inspector's Signature
Kimbra Dauer

Date
5/10/2005

TABLE 5-5

Montana-Wyoming
Oil Spill Cooperative Members

Company	City/State	Contact	Office	Home
Conoco Pipe Line Co.	Billings, MT	~~Jim Elise~~ ~~Jim Dosch~~ Stan Farnham	406-255-5601 406-255-5636 406-255-5675	
Emergency Equipment Access	Billings, MT	~~Jim Dosch~~ ~~Jim Elmore~~ Stan Farnham Shift Supv.	406-255-5636 406-255-5641 406-255-5675 406-657-5320	
Houston Oil Movements (Conoco P/L)	Houston, TX	OTTC Controller	800-231-2551 713-293-2600	
Conoco, Inc. Conoco Refinery	Billings, MT	Jim Dosch Dee Packard	406-255-5636 406-255-2561	
Cenex, Inc. Cenex Pipe Line	Laurel, MT	Mike Stahly Jeff Casey Jacob Seel	406-628-5209 406-628-5210 406-628-5361	
Cenex Refinery, Inc.	Laurel, MT	Pat Kimmet Ron Nissen Dave Jany Ron Pletcher	406-628-5347 406-628-5384 406-628-5276 406-628-5220	
Platte Pipe Line Co.	Powell, WY	~~John Hunt~~ Doug Warren	307-754-5761 307-261-7200	
ExxonMobil Pipeline Co.	Bridger, MT	Bernard Krnavek Doyle Jackson	406-662-3569 406-662-3569	
Exxon Billings Refinery	Billings, MT	Wes Simpson Russ Fowler	406-657-5267 406-657-5205	
Yellowstone Pipe Line Co. Parkwater Station	Billings, MT	~~Jim Elmore~~ Don Miller	406-255-5641 509-536-8412	
Marathon/Ashland Pipe Line LLC	Powell, WY	~~John Hunt~~ Doug Warren	307-754-5761 307-261-7200	
Express Pipeline	Powell, WY	~~John Hunt~~ Doug Warren	307-754-5761 307-261-7200	
Burlington Northern/Santa Fe	Havre, MT	Michael Perrodin	406-265-0483	
Amoco Pipeline	Billings, MT	~~Gregg James~~ ~~Dan Herdt~~	406-254-6966 307-864-5593	

Exemption 6 Privacy Act

U.S. Department
of Transportation
**Research and
Special Programs
Administration**

400 Seventh St., S.W.
Washington, D.C. 20590

March 9, 2004

Certified Mail – 7002 0510 0002 0439 3273 Return Receipt Requested

Mr. John W. Dunn, III
Emergency Response Advisor
ExxonMobil Pipeline Company
800 Bell Street, Room 603G
Houston, TX 77002

Re: RSPA Plan Sequence Number **848 Core Plan**

93 Collins	**105 Beaumont**
97 Northeast	**606 Bayport/Mid Texas**
98 New England	**839 SWLA/Longview**
100 Midwest	**843 Raceland**
102 West Texas	**847 Montana**
103 Corsicana	**1458 Corpus Christi**

Dear Mr. Dunn,

The Research and Special Programs Administration (RSPA) has received the [redacted] revised Facility Response Plan (FRP) referenced above with your letter dated 7 November 2002. According to the letter, Exxon Corporation and Mobil Corporation has merged and the revised June 2002 FRP represents ExxonMobil Pipeline Company's (EMPCo) integration of associated FRPs that were maintained by each corporation before the merger. In a 27 February 2004 telephone conversation between you and Ms. Porter, a RSPA representative, you indicated that the name change to EMPCo reflects an operator name change only and not a change in operator. Since this is only a name change, we have reassigned the previous sequence numbers to the response zones in the reorganized FRP based on your table in your 7 November 2002 letter (see our attached table). The reassigned sequence numbers are as listed above.

We will review the reorganized FRP submitted to address the findings in our 8 February 2001 letters for Exxon Corporation and 1 May 2001 letters for Mobil Corporation. After we complete the review, we will notify you of any remaining deficiencies for you to correct to bring the plan into full compliance. If there are no deficiencies, we will approve the plan for five years.

Please refer to the "RSPA Plan Sequence Numbers" listed above in all plan-related correspondence, including e-mails. E-mail is the preferred method for submitting inquiries, questions and comments to me at le.herrick@rspa.dot.gov. You can also telephone me at (202) 366-5523 or fax me at (202) 366-4566. Thank you for your cooperation.

Sincerely,

L. E. Herrick
Response Plans Officer

Enclosure

Ext. # 7746 File # 1963

12

FRP Review & Revision Logs

In This Section

OLD PLAN	TRACKING NUMBER	NEW PLAN	TRACKING NUMBER(S)	NEW TRACKING NUMBER
Core Manual	848	Core Manual	848	848
Mid-Tex Zone	606	Bayport/Mid-Tex	606 & 613	606
Bayport Zone	613			
Corpus Christi Zone	1458	Corpus Christi Zone	1458	1458
Longview Zone	839	SWLA/Longview	839 & 842	839
Sunset Zone	842			
Montana Zone	847	Montana Zone	847	847
Odessa Zone	844	West Texas Plan	844, 106, 102	102
Region 6 – Midland	106			
Region 6 – Seminole	102			
Raceland Zone	843	Raceland Zone	843	843
Region 1 – New England	98	New England Zone Plan	98	98
Region 2 – New York	99	Northeast Zone Plan	97 & 99	97
Region 3 – PA	97			
Region 4 – Collins	93	Collins Zone Plan	93	93
Region 5 – Mobil	101	Midwest Zone Plan	100 & 101	100
Region 5 – Mustang	101			
Region 7 – Missouri	100			
Region 6 – Beaumont	105	Beaumont	105	105
Region 6 – Corsicana	103 & 104	Corsicana	103 & 104	103
*Region 9 Pipeline Plan	*133	*West Coast Pipeline Zone Plan	*133, 134, 136 & 1439	*See note below.

*Note: Sequence Numbers 133, 134, 136, and 1439-West Coast Pipeline Response Zone FRP remains a separate plan. EMPCo will remove the information related to this plan from the Core Plan, Sequence Number 848, for the submitted June 2002 reorganized FRP. This information is based on the 2 March 2004 telephone conversation between Mr. Dunn, EMPCo and Ms. Porter, a RSPA representative.

ATTACHMENT TO RSPA LETTER DATED 3/9/04

OLD PLAN	TRACKING NUMBER	NEW PLAN	TRACKING NUMBER(S)	NEW TRACKING NUMBER
Core Manual	848	Core Manual	848	848
Mid-Tex Zone	606	Bayport/Mid-Tex	606 & 613	606
Bayport Zone	613			
Corpus Christi Zone	1458	Corpus Christi Zone	1458	1458
Longview Zone	839	SWLA/Longview	839 & 842	839
Sunset Zone	842			
Montana Zone	847	Montana Zone	847	847
Odessa Zone	844	West Texas Plan	844, 106, 102	102
Region 6 – Midland	106			
Region 6 – Seminole	102			
Raceland Zone	843	Raceland Zone	843	843
Region 1 – New England	98	New England Zone Plan	98	98
Region 2 – New York	99	Northeast Zone Plan	97 & 99	97
Region 3 – PA	97			
Region 4 – Collins	93	Collins Zone Plan	93	93
Region 5 – Mobil	101	Midwest Zone Plan	100 & 101	100
Region 5 – Mustang	101			
Region 7 – Missouri	100			
Region 6 – Beaumont	105	Beaumont	105	105
Region 6 – Corsicana	103 & 104	Corsicana	103 & 104	103
*Region 9 Pipeline Plan	*133	*West Coast Pipeline Zone Plan	*133, 134, 136 & 1439	*See note below.

*Note: Sequence Numbers 133, 134, 136, and 1439-West Coast Pipeline Response Zone FRP remains a separate plan. EMPCo will remove the information related to this plan from the Core Plan, Sequence Number 848, for the submitted June 2002 reorganized FRP. This information is based on the 2 March 2004 telephone conversation between Mr. Dunn, EMPCo and Ms. Porter, a RSPA representative.

ERP Review Log

Review this manual annually prior to the Tabletop Exercise and document the review using this form. Copy the completed form after the review and send to the EMPCo ER Advisor in Houston along with the proposed changes in the ERP.

Core Plan ERP Review Log

Assigned location of this manual is: Houston

The individual(s) designated to review this manual is:

Title of Identified Reviewer: Emergency Response Advisor
(Print title)

Name of Identified Reviewer: John W. Dunn, III
(Print name)

Date: 12 / 18 / 2003

Title of Identified Reviewer: _____
(Print title)

Name of Identified Reviewer: _____
(Print name)

Date: ____ / ____ / ____

This manual was reviewed as indicated below:

Name	Date	Remarks

FRP Review Log

FRP Review Log

Assigned location of this manual is: **Montana**

The individual(s) designated to review this manual is:

Title of Identified Reviewer: **ER Advisor and Field Supervisor**

(Print title)

Name of Identified Reviewer: John Dunn, Houston Office and Bernard Krnavek, Bridger, MT

(Print name)

Date: **10** / **08** / **2003**

Title of Identified Reviewer: _____

(Print title)

Name of Identified Reviewer: _____

(Print name)

Date: _____ / _____ / _____

This manual was reviewed as indicated below:

Name	Date	Remarks
JWD	10-08-03	No changes required

ExxonMobil Pipeline

Volume II, FRP Review & Revision Logs

Montana Response Zone

12

FRP Review & Revision Logs

In This Section

Record of Plan Revisions
Plan No. 7

Revision Number	Revision Date	Replacement Date	Page Number	Code Number	Initials
00-1	4/2000	5-18-00	i to v	2	Bh
00-1	4/2000		1-1 to 1-3	2	
00-1	4/2000		1-5, 1-6	2	
00-1	4/2000		All Sect. 2	2	
00-1	4/2000		All Sect. 3	2	
00-1	4/2000		4-2 to 4-4	2	
00-1	4/2000		4-6	2	
00-1	4/2000		All Sect. 5	2	
00-1	4/2000		A-1 to A-3	2	
00-1	4/2000	5-18-00	B-1	2	Bh

Code Descriptions:
1 [illegible]
2 [illegible]

* A manual is in the process of being renewed by RSPA.

TABLE 3-2

County Emergency Notification List
Montana Zone

County	Spill Availability	Local Emergency Planning Committee	Highway Patrol	Sheriff
Carbon	Yes	(406) 962-3522	(406) 245-6193	(406) 446-1234
Yellowstone	Yes	(406) 657-8420	(406) 245-6193	(406) 657-8414

TABLE 3-3

Facility Emergency Notification List
Montana Zone

EPC Facility	Facility Code	Local Police	Local Fire Department	Nearest Medical Facility/Ambulance	County
Billings Station 406-252-3967	25-006	Billings Police (406) 657-8459	Billings Fire Dept. (406) 657-8459	Ambulance (406) 248-4357	Yellowstone
Laurel Station 406-628-6016	25-003	Billings Police (406) 248-3181	Billings Fire Dept. (406) 657-8459	Ambulance (406) 248-4357	Yellowstone
Bridger Station 406-662-3569	25-007	Red Lodge Sheriff (406) 446-1234	Bridger Fire Dept. (406) 662-3333 Red Lodge Fire Dept. (406) 446-1212	Bridger Ambulance (406) 662-3333	Carbon
Silver Tip Station 307-754-9070	25-001	Red Lodge Sheriff (406) 446-1234 Joliet Police (406) 962-3133	Bridger Fire Dept. (406) 662-3333 Red Lodge Fire Dept. (406) 446-1212 Joliet Fire Dept (406) 962-3581	Bridger Ambulance (406) 662-3333	Carbon

U.S. Department of Transportation
Office of Pipeline Safety
Western Region

EXHIBIT TAB

Name of Operator: ExxonMobil

Exhibit No.	Evidence (include date)	Obtained from	Identifying Witness
3	Safety Meeting report	Received during the inspection	none

Inspector's Signature: Kimbra Dawn

Date: 5/10/2005

SAFETY MEETING REPORT

13

DEPARTMENT/AREA:	Montana
LOCATION:	Bridger
DATE:	08DEC2003
TIME:	0700-0930
CHAIRMAN:	Doyle Jackson
VISUAL AIDS USED:	Vehicle Inspections

SAFETY MEETING ATTENDANCE		
Employees fr. Location Attending:	6	
Employees fr. Location Absent:	0	
	0	
VISITORS:		
EMPCo Managers		0
EMPCo Employees		0
Contractors		0
Others		0
TOTAL ATTENDING		6

HAZARD STATUS	
OLD HAZARDS RESOLVED:	0
OLD HAZARDS UNRESOLVED:	0
NEW HAZARDS RESOLVED:	0
NEW HAZARDS UNRESOLVED:	0
TOTAL HAZARDS UNRESOLVED:	0

HAZARD PRIORITY RATING:

1 - **HIGH** (IMMEDIATE ACTION REQUIRED)
2 - **MEDIUM** (INCREASE AWARENESS UNTIL RESOLVED)
3 - **LOW** (MINIMAL RISK)
4 - **DETAILED EVALUATION REQUIRED**

OLD HAZARDS

HAZARD REPORTED/RESOLVED/ PRIORITY				HAZARD LOCATION/EXPLANATION/CORRECTIVE ACTION		
DATE HAZARD REPORTED	HAZARD RESOLVED		HAZARD PRIORITY	HAZARD LOCATION	HAZARD EXPLANATION	CORRECTIVE ACTION TAKEN
	YES	NO				
Oct 2003	yes		low	Silvertip	Lights shot out at Silvertip	New Lights installed

NEW HAZARDS

HAZARD REPORTED/RESOLVED/ PRIORITY				HAZARD LOCATION/EXPLANATION/CORRECTIVE ACTION		
DATE HAZARD REPORTED	HAZARD RESOLVED		HAZARD PRIORITY	HAZARD LOCATION	HAZARD EXPLANATION	CORRECTIVE ACTION TAKEN
	YES	NO				
None reported						

SAFETY CONCERNS

Icy Roads, take your time, keep your distance and leave yourself plenty of time to stop or turn. GET THE BIG PICTURE

NEAR MISSES

DESCRIPTION

PROGRAM

MAIN PROGRAM TOPIC	PROGRAM DISCUSSION
Vehicle Inspections quarterly New safety chairman elected Incidents	All vehicles inspected Jim Althoff new chairman Safety incidents discussed

RECORDER/APPROVAL

RECORDER	APPROVED: SUPERVISOR IN CHARGE
DOYLE C. JACKSON	Bernard Krnavek

2003
SAFETY MEETING ATTENDANCE SUMMARY

W = WORKING
P = PRESENT
S = SCHOOL
V = VACATION
I = ILLNESS

EMPLOYEE NAME	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	PA
MANAGER ATTENDING:													
# MANAGERS ATTENDING													
SUPERVISORS ATTENDING:													
Bernard Krnavek												P	
# SUPERVISORS ATTENDING												1	
EMPLOYEES ATTENDING:													
Doyle Jackson												P	
Jim Althoff												P	
Steve Everett												P	
Mike Thompson												P	
Tom Howard												P	
# NON-SUPERVISORS ATTENDING												5	
VISITORS NAME:	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	PA
# VISITORS ATTENDING													
TOTAL # ATTENDING												6	

U.S. Department of Transportation
Office of Pipeline Safety
Western Region

EXHIBIT TAB

Name of Operator: ExxonMobil

Exhibit No.	Evidence (include date)	Obtained from	Identifying Witness
4	Work process documentation form.	Received during the inspection	none

Inspector's Signature	Date
Kimberly Davis	5/10/2005

PL-2421

New Process for Project Documentation

(9)

ExxonMobil Pipeline Company
Work Process Documentation Form

Work Description: _____

Operator Qualification Task Identification

Enter an "X" next to each covered task that will be performed and the individual(s) that will serve as the qualified individual on the line next to the "X". There may not be more than 7 individuals working under the direction of one qualified individual.

1. Inspect, test, calibrate control devices (electrical)		23. Inspect exposed pipe/ atmos. surveys	
2. Start/Stop pumps/compressors		24. Install, replace, repair anodes, test leads and bonds	
3. Repairing breakout storage tanks		25. Install/remove coupons	
4. Open,close monitor valves		26. HUB Operations	
7. Install, maintain Field SCADA		27. Coating/recoating	
8. Purge, flare HVL/Natural Gas		28.Inspecting, routine maint. of valves	
9. Purging crude/products pipelines		29. Repair/Maintain Valves	
11. Launch/Receive inline inspection tools/scrapers		30. Inspect, test, replace control devices (mechanical)	
12. Pressure testing		31. Monthly Tank Inspections	
13. Patrolling lines		32. Clockspring Repairs	
14. Line locating, placing/maintaining markers		33. Excavating near Facilities/ Backfilling	
15. Leakage surveys		35. Annual Tank Inspection	
16. Inspect underwater pipelines		36. Moving Pipelines	
17. Measuring structure to soil		37. Welding/Weld Repairs	
18. Determining shorted casings		38. Perform NDT	
19. Inspecting/Monitoring shorted casings		39. Hot Taps/Stopple (>3")	
20. Repairing Casings		40. Measure Wall thickness	
21. Reading Rectifiers		41. Repair/Replace Lines	
22. Adjusting, installing, repairing rectifiers and groundbeds			

★ Are individuals qualified to identify and react appropriately to Abnormal Operating Conditions? ☐ Yes ☐ N/A

★ JSA Required: ☐ Yes ☐ No JSA Control Number: _____

★ Does this job require Work Permit? ☐ Yes ☐ No (If Yes, complete a Work Permit. If No complete the remainder of this form). Work Permit Number: _____

Location: _____ Date: _____ Time: _____

Lockout / Tagout: For activities involving individual LO/TO document below and complete the sequence of job steps for the work task. The following should be considered: Electrical, thermal, hydraulic, steam, gas, gravitational, mechanical, chemical, pneumatic, flammable, toxic or corrosive.

No.	Isolation Device (see below)	Status/ Position (see below)	Lock / Tag (check as appropriate)	Location / Identification / Equipment Identification # (attach sketch if applicable)	LO/TO Removed Y	LO/TO Removed N
			☐ ☐		☐	☐
			☐ ☐		☐	☐
			☐ ☐		☐	☐
			☐ ☐		☐	☐
			☐ ☐		☐	☐
			☐ ☐		☐	☐

Isolation Device: Blind = BL, Valve = V, Block & Bleed = BB, Spool = SP, Switch = SW, Breaker = BR, Chocks/Pins/other Mechanical Locking Device(s) = MLD Status/Position: Closed =CL, Open = O, Pulled = P, Installed = I, Off = Off, On = On.

PL-2421

★ Is this work inside a classified area involving potential ignition sources such as: combustion engines, battery or A/C driven electric tools, cell phones, computers, drills, radios (unless any are intrinsically safe), working on energized electrical equipment (MOV's, switches, arc making devices, etc.)?

☐ **No** Skip Gas Testing section and complete the balance of the form.

☐ **Yes** ☐ **N/A** (If area is inclusive of HVL, then complete the **Gas Testing** section below and record initial gas test as a minimum with periodic testing at appropriate intervals if the work scope changes, add additional pages if necessary).

☐ **Yes** ☐ **N/A** (If area is exclusive to Crude and/or Products then perform a site "walk-around" before work begins).

Gas Testing ☐ Initial only **OR** ☐ Initial with periodic monitoring as detailed below:
☐ Periodic with data recorded every _____ ☐ min. ☐ hr.
Gas Testing Equipment has been calibrated, functioning properly and is in good working condition.
Instrument or serial number of instrument used: _____ Initials: _____

Test	Oxygen	LEL	H2S	Total Hydrocarbons	Benzene	Butadiene
Safe Limit*	19.5-23.5%	<10%	<10 PPM	< 100 PPM	< 0.5 PPM	< 0.5 PPM
Time / Initials /						
Time / Initials /						
Time / Initials /						
Time / Initials /						

* "Safe Limit " indicates no special PPE / Respirator Required.

Employee Name	Contractor Name

Additional Information:

U.S. Department of Transportation
Office of Pipeline Safety
Western Region

EXHIBIT TAB

Name of Operator: ExxonMobil

Exhibit No.	Evidence (include date)	Obtained from	Identifying Witness
4	Work process documentation form.	Received during the inspection	none

Inspector's Signature	Date
Kimberla Davis	5/10/2005

PL-2421

New Process for Project Documentation

(9)

ExxonMobil Pipeline Company
Work Process Documentation Form

Work Description: _____

Operator Qualification Task Identification

Enter an "X" next to each covered task that will be performed and the individual(s) that will serve as the qualified individual on the line next to the "X". There may not be more than 7 individuals working under the direction of one qualified individual.

1. Inspect, test, calibrate control devices (electrical)		23. Inspect exposed pipe/ atmos. surveys	
2. Start/Stop pumps/compressors		24. Install, replace, repair anodes, test leads and bonds	
3. Repairing breakout storage tanks		25. Install/remove coupons	
4. Open,close monitor valves		26. HUB Operations	
7. Install, maintain Field SCADA		27. Coating/recoating	
8. Purge, flare HVL/Natural Gas		28.Inspecting, routine maint. of valves	
9. Purging crude/products pipelines		29. Repair/Maintain Valves	
11. Launch/Receive inline inspection tools/scrapers		30. Inspect, test, replace control devices (mechanical)	
12. Pressure testing		31. Monthly Tank Inspections	
13. Patrolling lines		32. Clockspring Repairs	
14. Line locating, placing/maintaining markers		33. Excavating near Facilities/ Backfilling	
15. Leakage surveys		35. Annual Tank Inspection	
16. Inspect underwater pipelines		36. Moving Pipelines	
17. Measuring structure to soil		37. Welding/Weld Repairs	
18. Determining shorted casings		38. Perform NDT	
19. Inspecting/Monitoring shorted casings		39. Hot Taps/Stopple (>3")	
20. Repairing Casings		40. Measure Wall thickness	
21. Reading Rectifiers		41. Repair/Replace Lines	
22. Adjusting, installing, repairing rectifiers and groundbeds			

★ Are individuals qualified to identify and react appropriately to Abnormal Operating Conditions? ☐ Yes ☐ N/A

★ JSA Required: ☐ Yes ☐ No JSA Control Number: _____

★ Does this job require Work Permit? ☐ Yes ☐ No (If Yes, complete a Work Permit. If No complete the remainder of this form). Work Permit Number: _____

Location: _____ Date: _____ Time: _____

Lockout / Tagout: For activities involving individual LO/TO document below and complete the sequence of job steps for the work task. The following should be considered: Electrical, thermal, hydraulic, steam, gas, gravitational, mechanical, chemical, pneumatic, flammable, toxic or corrosive.

No.	Isolation Device (see below)	Status/ Position (see below)	Lock / Tag (check as appropriate)	Location / Identification / Equipment Identification # (attach sketch if applicable)	LO/TO Removed Y	LO/TO Removed N
			☐ ☐		☐	☐
			☐ ☐		☐	☐
			☐ ☐		☐	☐
			☐ ☐		☐	☐
			☐ ☐		☐	☐
			☐ ☐		☐	☐

Isolation Device: Blind = BL, Valve = V, Block & Bleed = BB, Spool = SP, Switch = SW, Breaker = BR, Chocks/Pins/other Mechanical Locking Device(s) = MLD Status/Position: Closed =CL, Open = O, Pulled = P, Installed = I, Off = Off, On = On.

PL-2421

★ Is this work inside a classified area involving potential ignition sources such as: combustion engines, battery or A/C driven electric tools, cell phones, computers, drills, radios (unless any are intrinsically safe), working on energized electrical equipment (MOV's, switches, arc making devices, etc.)?

❒ **No** Skip Gas Testing section and complete the balance of the form.

❒ **Yes** ❒ **N/A** (If area is inclusive of HVL, then complete the **Gas Testing** section below and record initial gas test as a minimum with periodic testing at appropriate intervals if the work scope changes, add additional pages if necessary).

❒ **Yes** ❒ **N/A** (If area is exclusive to Crude and/or Products then perform a site "walk-around" before work begins).

Gas Testing ❒ Initial only **OR** ❒ Initial with periodic monitoring as detailed below:
❒ Periodic with data recorded every _____ ❒ min. ❒ hr.
Gas Testing Equipment has been calibrated, functioning properly and is in good working condition.
Instrument or serial number of instrument used: _____ Initials: _____

Test	Oxygen	LEL	H2S	Total Hydrocarbons	Benzene	Butadiene
Safe Limit*	19.5-23.5%	<10%	<10 PPM	< 100 PPM	< 0.5 PPM	< 0.5 PPM
Time / Initials /						
Time / Initials /						
Time / Initials /						
Time / Initials /						

* "Safe Limit " indicates no special PPE / Respirator Required.

Employee Name	Contractor Name

Additional Information:

U.S. Department of Transportation
Office of Pipeline Safety
Western Region

EXHIBIT TAB

Name of Operator: ExxonMobil

Exhibit No.	Evidence (include date)	Obtained from	Identifying Witness
5	ExxonMobil manuals web page	Received during the inspection	none

Inspector's Signature
Kimbla Dawn

Date
5/10/2005

19

Manuals

Select a Type of Manual...

Click here to learn how to add or revise manuals.

TITLE	BUSINESS AREA	CONTACT	REVIEW FREQUENCY	DATE REVIEWED
Administrative				
Code of Accounts (hExxon pre SAP)	Controllers	Vickie Cantrell	As required	02/02
Construction Industry Institute - Project Definition Rating Index for Industrial Projects	Business Development	Bill Patterson	2 years	04/01
Delegation of Authority Guide	Controllers	Charles Yeates	As required	10/20/02
DOAG Process	Controllers	Charles Yeates	As required	02/00
EMPCo Anti-Drug and Alcohol Misuse Plan	HR/OID	Catherine O Casey	Annual	02/20/04
Engineering Specialist White Papers	Engineering	John Gatlin	Annual	07/03
Materials and Services Procurement Manual	Materials and Services Group	Patricia Aiguier	As required	11/13/03
Maximum Operating Pressure System Users Guide	Engineering	Erastus Lloyd, (Junior)	5 years	02/03
Opportunity Planning and Progression Process (OP3) Manual	Business Development	Bill Patterson	2 years	04/01
Project Implementation Guide	Engineering Projects	Bill Lumpkin	As required	01/04
Policies and Procedures Manual	Controllers	Sandi Zaus	As required	03/02
Project System Manual	Business Development	Bill Patterson	As required	04/03
Project System User Guide	Business Development	Bill Patterson	As required	04/03

Safeguarding Information	Controllers	Charles Yeates	As required	03/94
Vehicle Policy	Operations-PM	Ted Marsh	As required	08/01/03
Warehouse Process	Engineering	Dorsey Allen	As required	07/03
Applications				
Revenue Accounting System (RAS)	Controllers	David Sokol	As Required	2003
Centralized Proving and Ticketing (CPTSe)	Controllers	David Sokol	As Required	2003
Construction				
[redacted]	Engineering	Steve Koetting	Annual	1993
[redacted]	Engineering	Don Drake	5 years	2003
Pipeline Welding Manual	Engineering	Don Drake	10 years	08/03
Contingency Plans				
Business Continuity Plan	EMPCo	Kim Baumbach	As required	04/03
OCC Contingency Plan Manual	OCC	Jim Leonard	Annual	07/03
Spill/Release Notification Guide	OID	David Sterling	Annual or when regulations change	12/04/03
Design				
E&I Design Guide	Engineering	David Shotwell	5 years	08/03
Standard for Automated Custody Transfer Units (GP 81-88-02) - Link to EMEPS Site	Engineering	Pat Abshire	5 years	03/02
Measurement Manual	OCC	Al Russell/Ken Wilson	3 years	06/1/03
Mechanical Design Guideline	Projects	Young Lee	5 years	11/10/94
Offshore Design Guide	Projects	Bill Lumpkin	5 years	12/02
Pipe Data Book	Engineering	Wayne Wischenewsky/Norm Yee	5 years	07/02
Pipeline Hydraulics Manual	Engineering	Norm Yee	3 years	07/03
Risk Assessment Procedures Manual	Engineering	Keith Blair	Annual	06/03/04
Standard for P&Ids	Projects	Young Lee	5 years	03/02
Temperature and Pressure Calibration Procedures	Engineering	Pat Abshire	As Required	8/28/03
OIMS				
FIMMS Manual	Operations	Wes Culbertson	Annual or with significant changes	04/19/04
Local OIMS Practices Guide	OID	M.L. Wilson	Annual	08/13/02
OIMS Assessment Guide	OID	M.L. Wilson	Annual	02/02
OIMS Awareness Training	OID	M.L. Wilson	Annual	4/1/02

OIMS Reference Manual	OID	M.L. Wilson	Annual	07/02
Regulatory Compliance				
DOT Gas Manual	OID	M. H. Adams	Once per calendar year, not to exceed 15 mo interval	09/01/03
DOT Liquids Manual	OID	M. H. Adams	Once per calendar year, not to exceed 15 mo interval	12/12/03
EMPCo Injury Illness Prevention Program	Operations	Ralph L. Mixon	Annually	09/02
Environmental Permit Handbook - Mt. Belvieu Station	OID	Wesley Crawford	As Required	12/98
Environmental Permit Handbook - Pasadena Station	OID	Wesley Crawford	As Required	01/21/02
Environmental Permit Handbook - Sorrento Station	OID	Wesley Crawford	As Required	12/01/01
Environmental Permit Handbook-Webster - Air-NSR/PSD Permits	OID	Wesley Crawford	As Required	10/01/01
Environmental Permit Handbook-Webster-Air-Title V	OID	Wesley Crawford	As Required	02/01/01
Field ERST Tech Regulatory Compliance Guidebook	OID	David Sterling	Annual	08/01/00
Incident Notification and Reporting Guide	OID	Eric Niederstadt	As Required	02/04
Integrity Management Program	OID	Johnita Jones	As Needed	06/29/04
One Call Procedures Manual	Operations	Teresa Anderson	Annual	04/01/04
[redacted]	OID	M. H. Adams	Once per calendar year, not to exceed 15 mo interval	12/01
Qualification of Pipeline Personnel Plan	OID	Paul Merritt	Annual	04/03
Qualification of Pipeline Personnel, Abnormal Operating Conditions Test	OID	Ron Walton	Annual	10/14/02
Qualification of Pipeline Personnel, Abnormal Operating Conditions Test w/ answers	OID	Ron Walton	Annual	10/14/02
Qualification of Pipeline Personnel, Abnormal Operating Conditions Training	OID	Ron Walton	Annual	10/14/02
Qualification of Pipeline Personnel Covered Tasks	OID	Paul Merritt	Annual	02/03
Qualification of Pipeline Personnel Guidance Document	OID	Paul Merritt	Annual	04/03
Source Inspection Handbook	OID	Wesley Crawford		10/00

U.S. Department of Transportation
Office of Pipeline Safety
Western Region

EXHIBIT TAB

Name of Operator: ExxonMobil

Exhibit No.	Evidence (include date)	Obtained from	Identifying Witness
6	Exxon Mobil pipe to soil tests and trends for 2001-2003	Received during the inspection	none

Inspector's Signature: Kimbra Davis

Date: 5/10/2005

Maureen Burns
Corrosion Technic[illegible]
Southern Area

ExxonMobil
Pipeline

7-7-04

Jerry

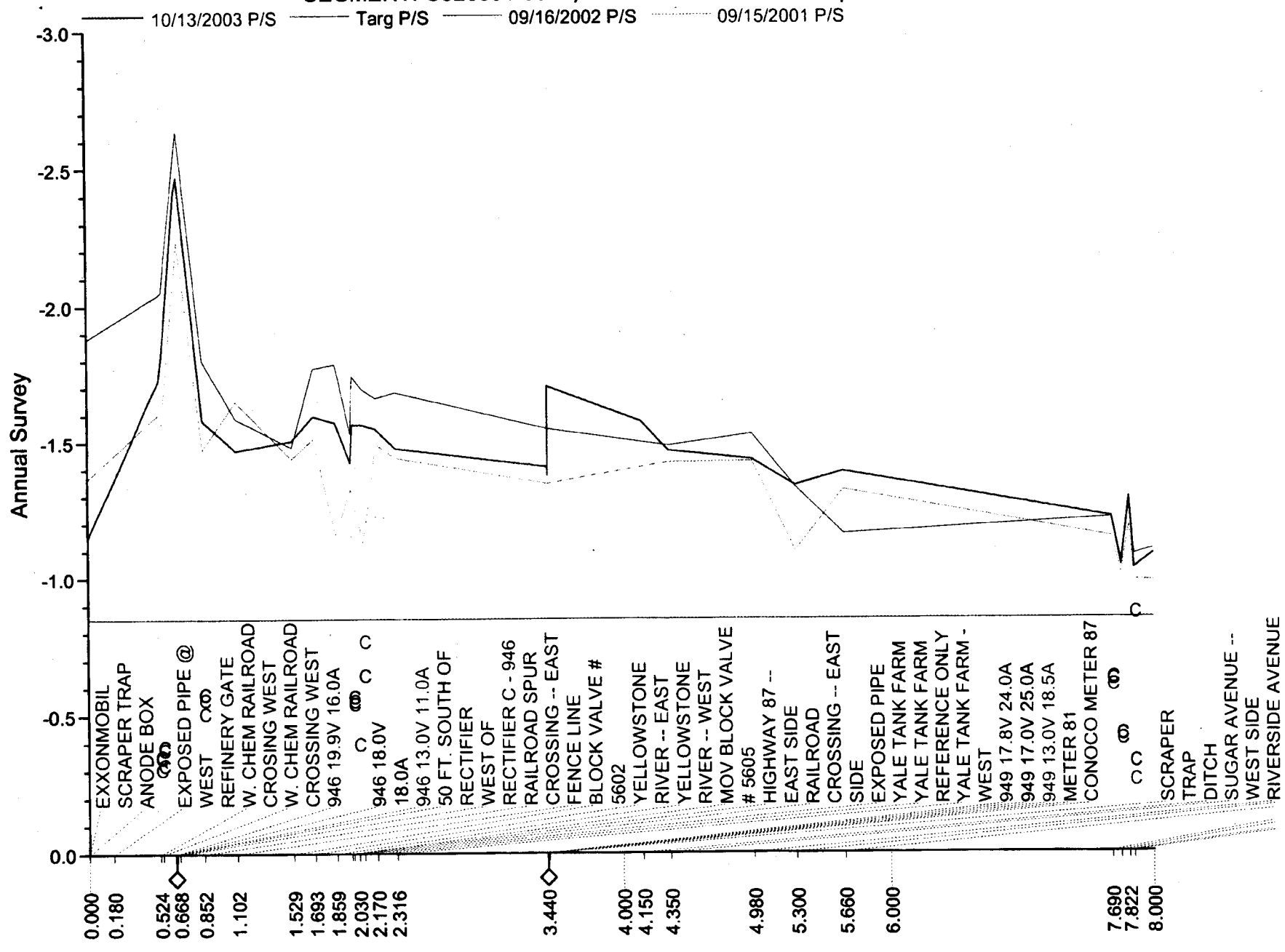
As requested, attached is a graph of '01-'03 annual surveys of our Silvertip Pipeline System. If you have any questions or require additional info., please don't hesitate to call—

Maureen

EXXONMOBIL PIPELINE COMPANY

(20)

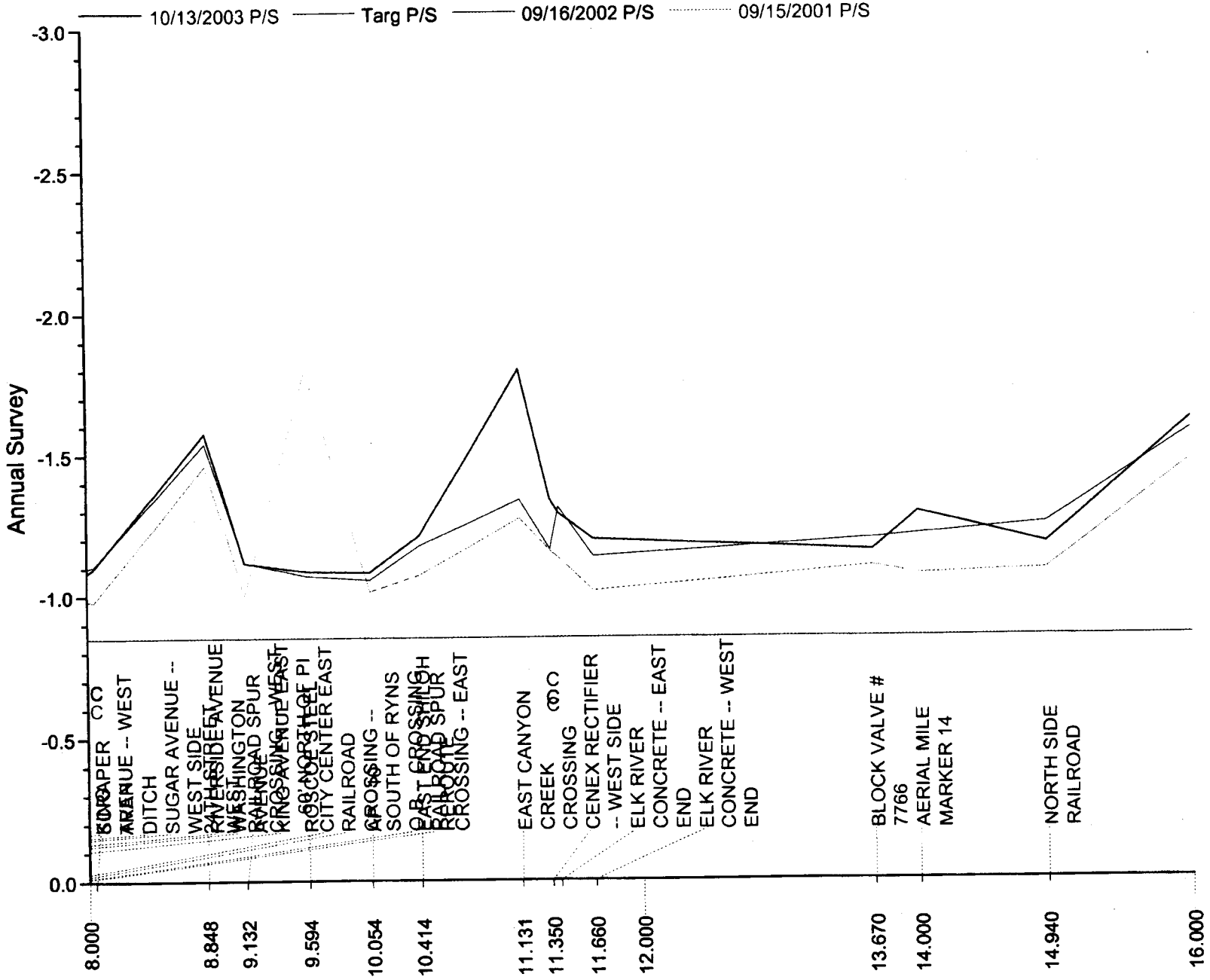
SEGMENT: C925301-0001; LAUREL - BILLINGS: - Pipe: 1



1 Miles/Inch

EXXONMOBIL PIPELINE COMPANY

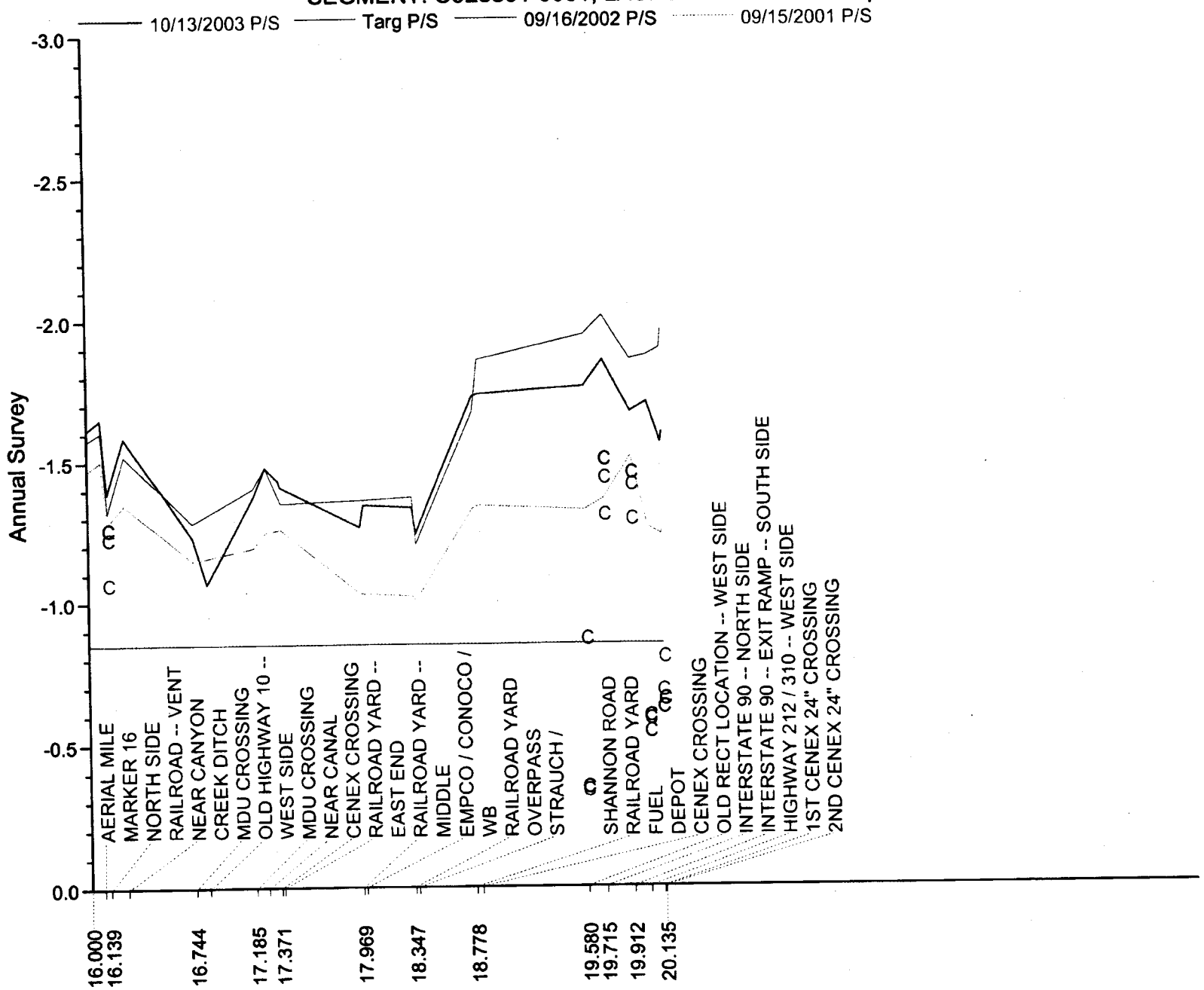
SEGMENT: C925301-0001; LAUREL - BILLINGS: - Pipe: 1



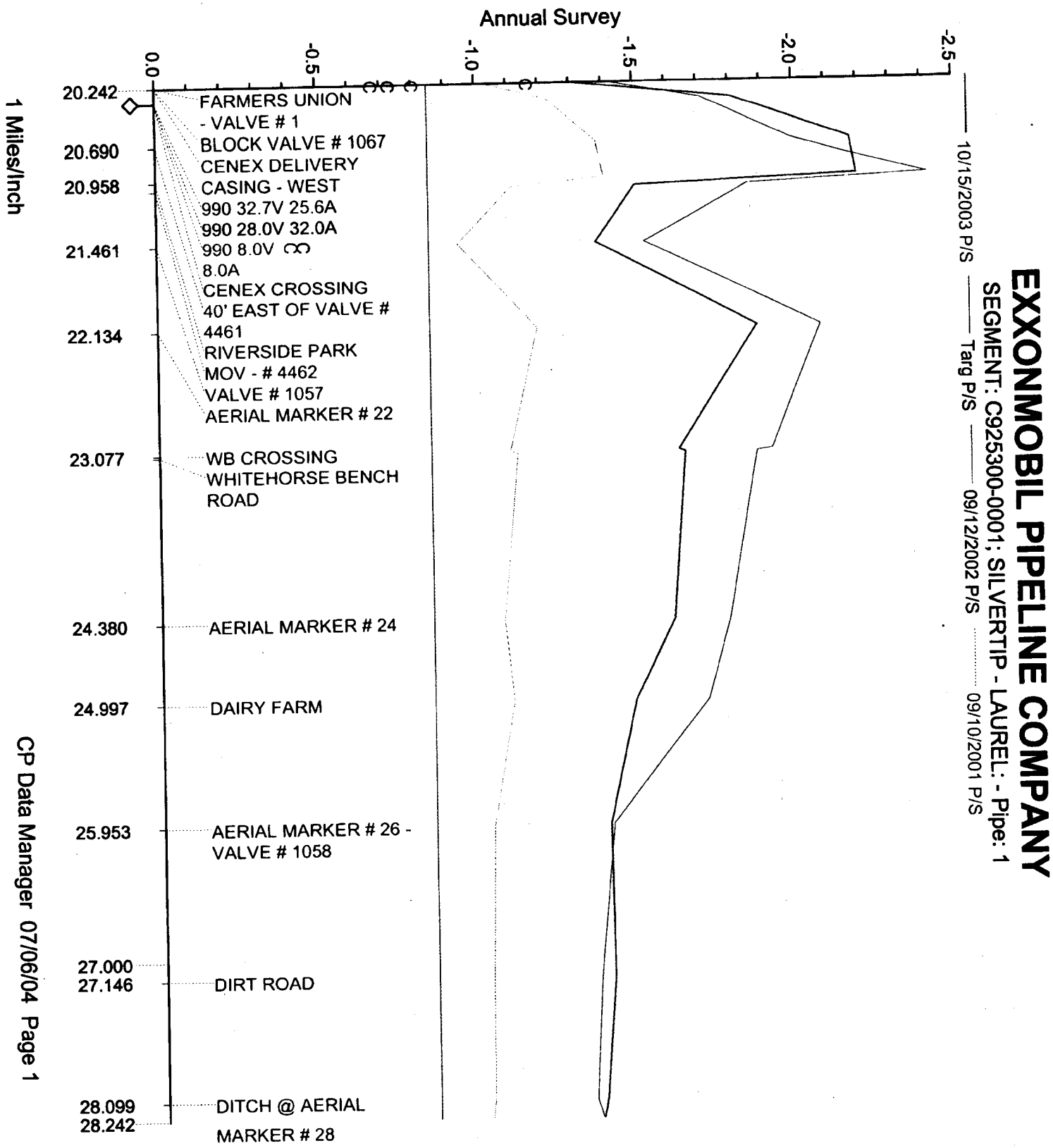
1 Miles/Inch

EXXONMOBIL PIPELINE COMPANY

SEGMENT: C925301-0001; LAUREL - BILLINGS: - Pipe: 1



1 Miles/Inch

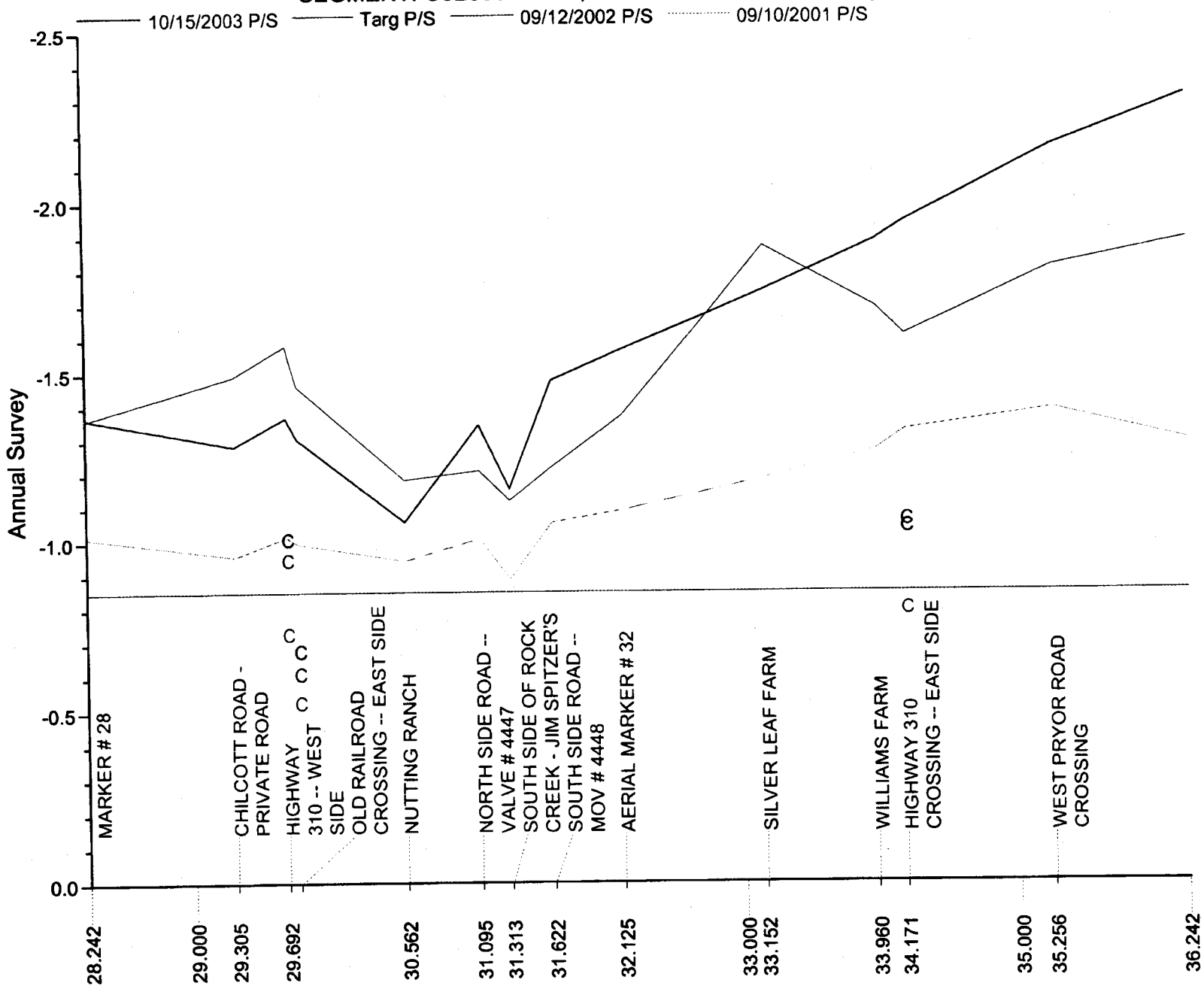


EXXONMOBIL PIPELINE COMPANY

SEGMENT: C925300-0001; SILVERTIP - LAUREL: - Pipe: 1

EXXONMOBIL PIPELINE COMPANY

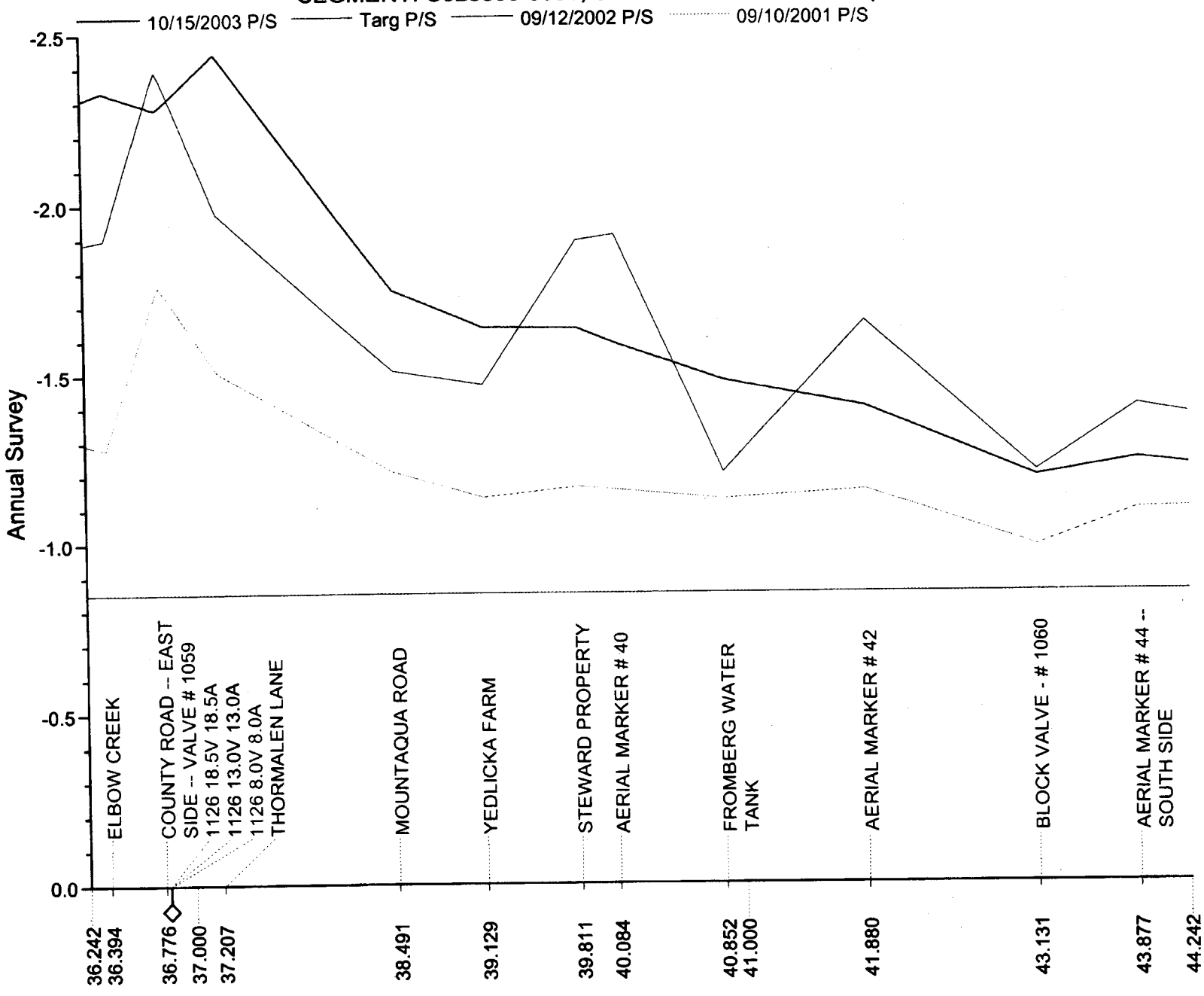
SEGMENT: C925300-0001; SILVERTIP - LAUREL: - Pipe: 1



1 Miles/Inch

EXXONMOBIL PIPELINE COMPANY

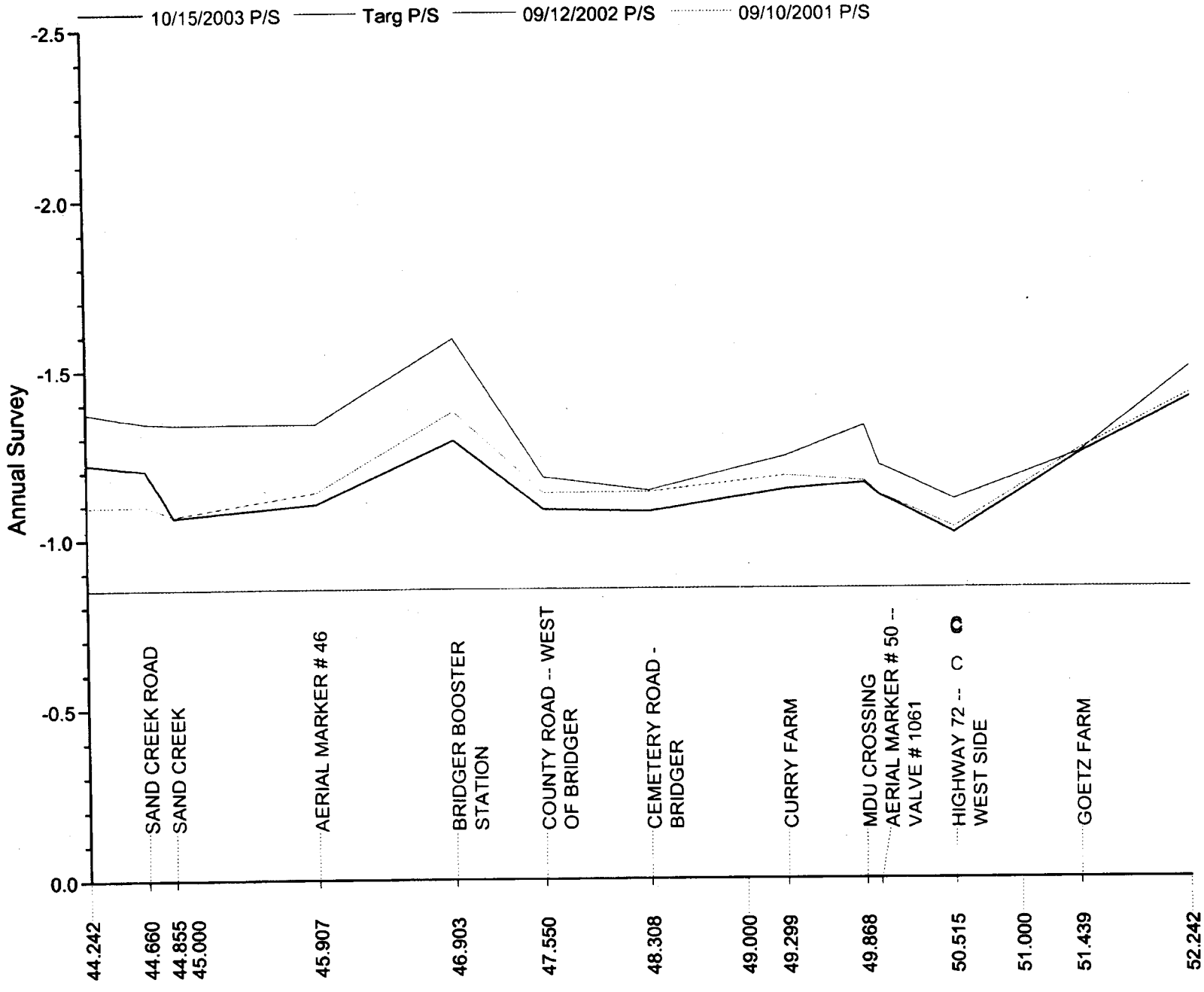
SEGMENT: C925300-0001; SILVERTIP - LAUREL: - Pipe: 1



1 Miles/Inch

EXXONMOBIL PIPELINE COMPANY

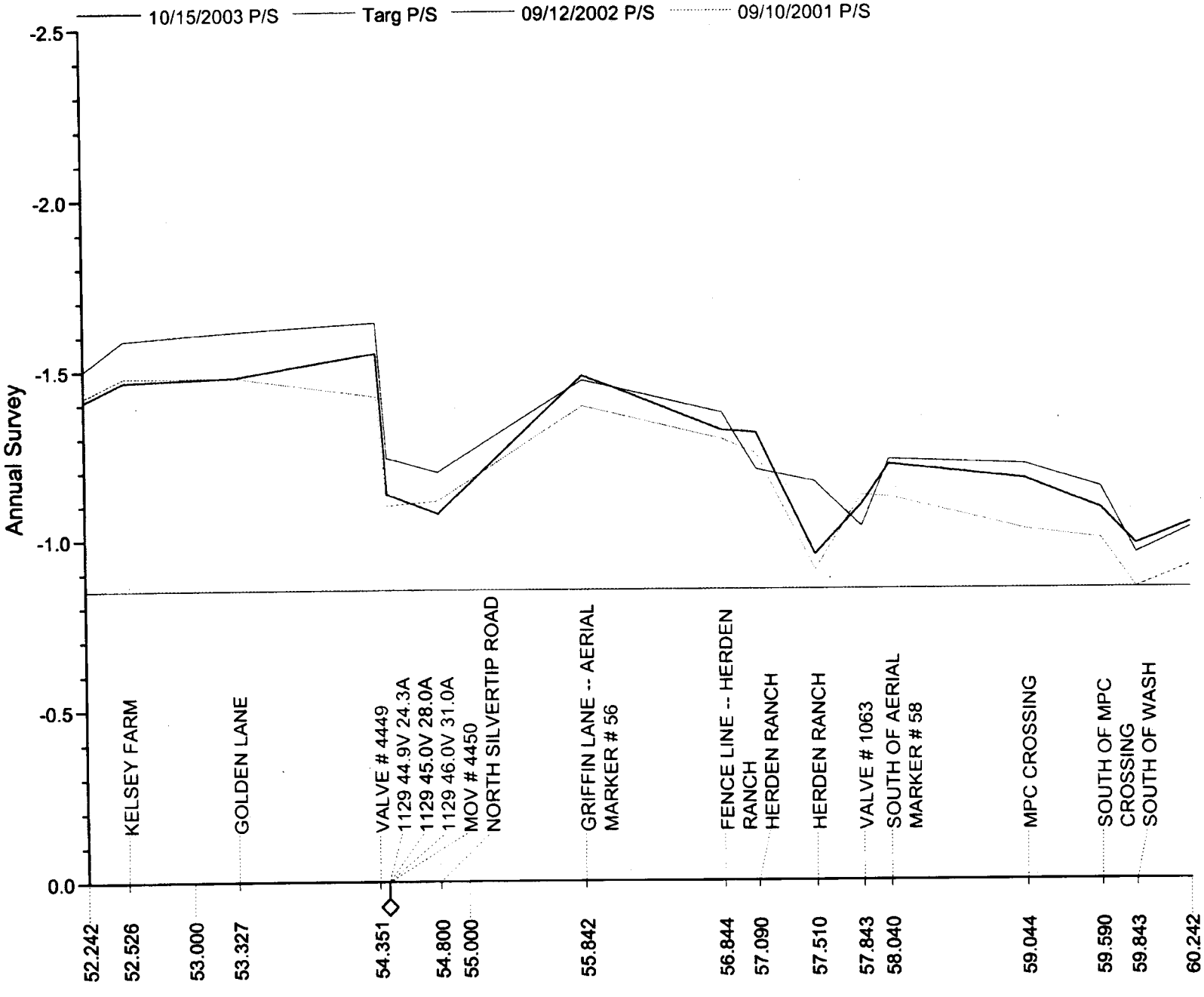
SEGMENT: C925300-0001; SILVERTIP - LAUREL: - Pipe: 1



1 Miles/Inch

EXXONMOBIL PIPELINE COMPANY

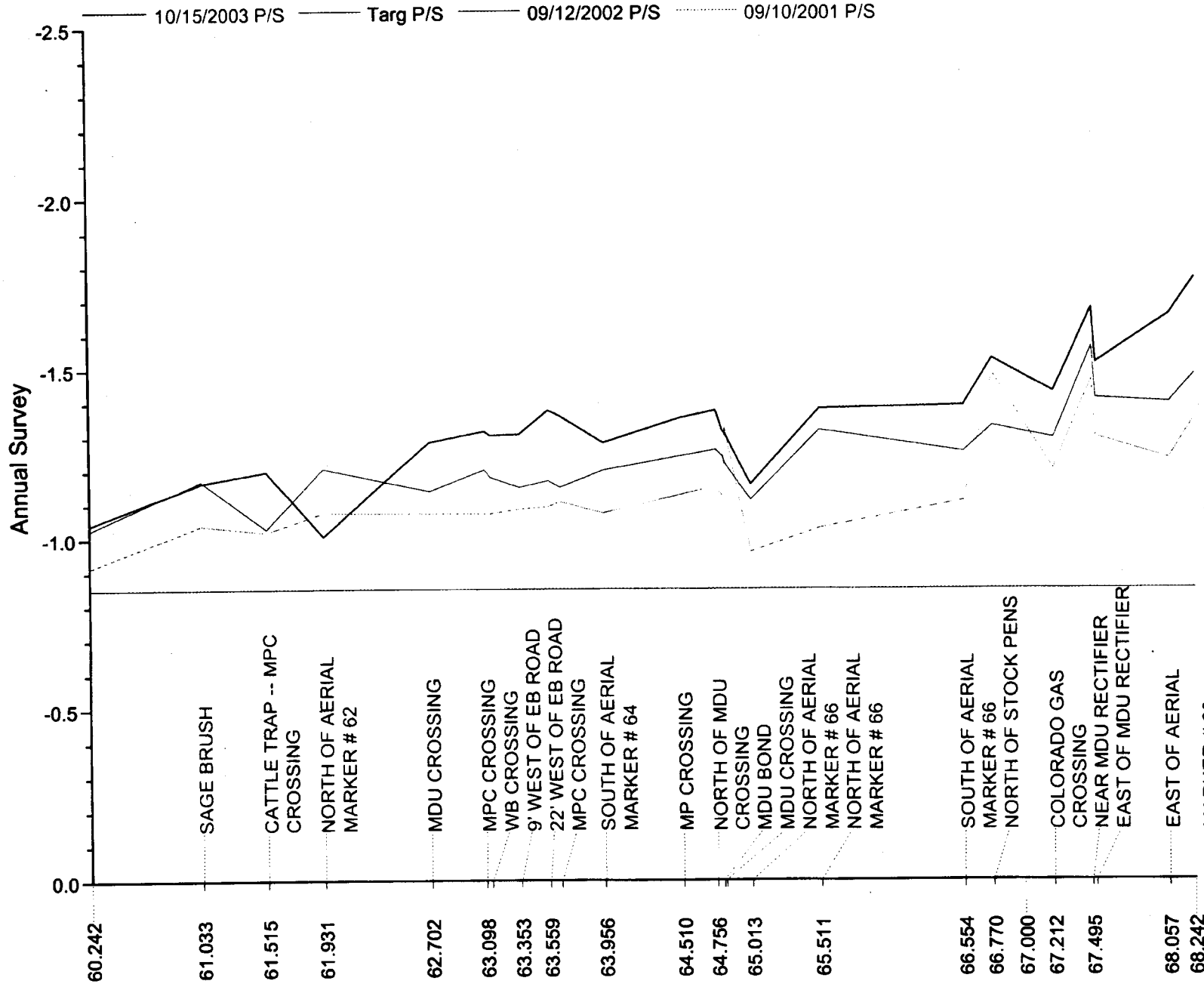
SEGMENT: C925300-0001; SILVERTIP - LAUREL: - Pipe: 1



1 Miles/Inch

EXXONMOBIL PIPELINE COMPANY

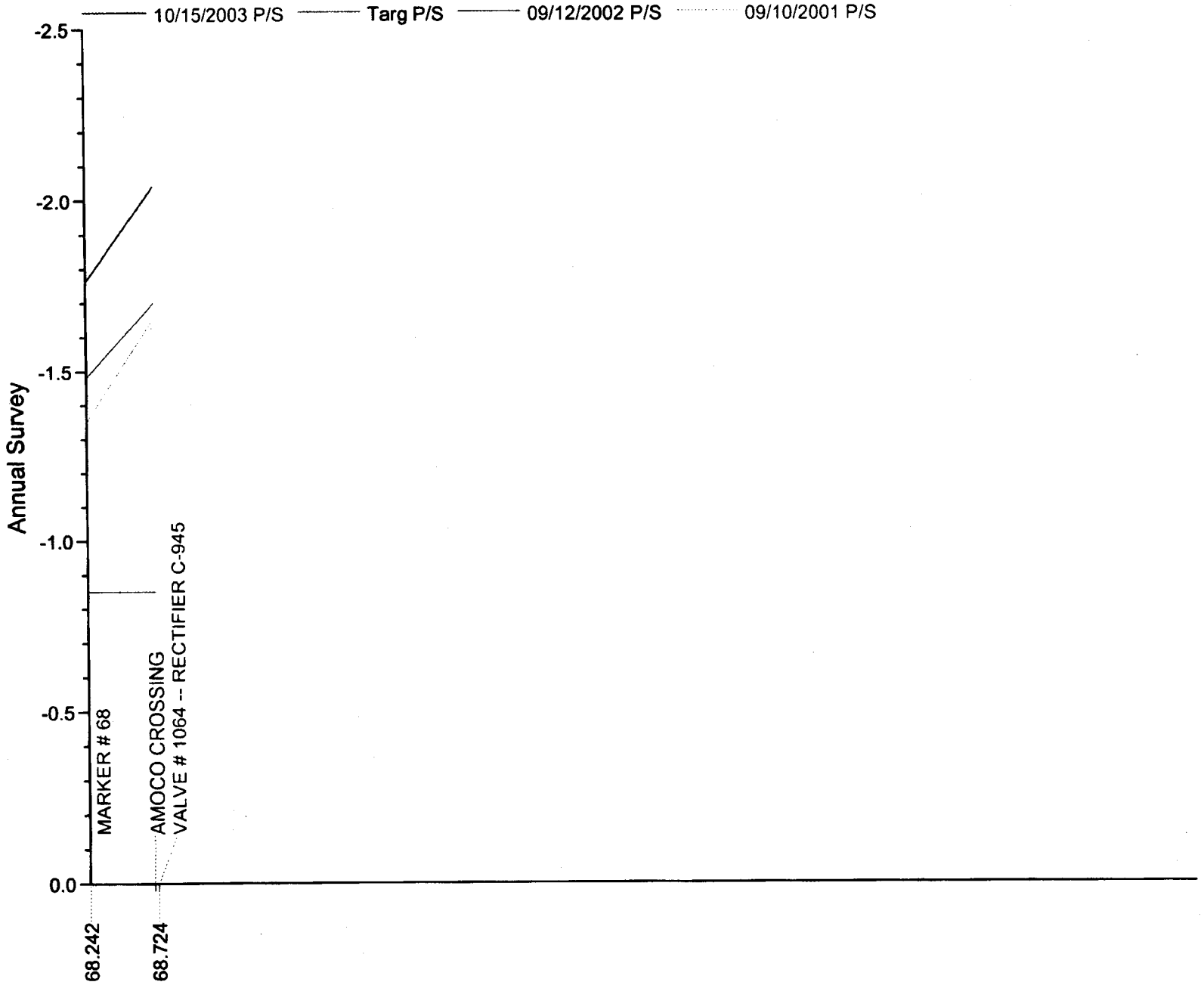
SEGMENT: C925300-0001; SILVERTIP - LAUREL: - Pipe: 1



1 Miles/Inch

EXXONMOBIL PIPELINE COMPANY

SEGMENT: C925300-0001; SILVERTIP - LAUREL: - Pipe: 1

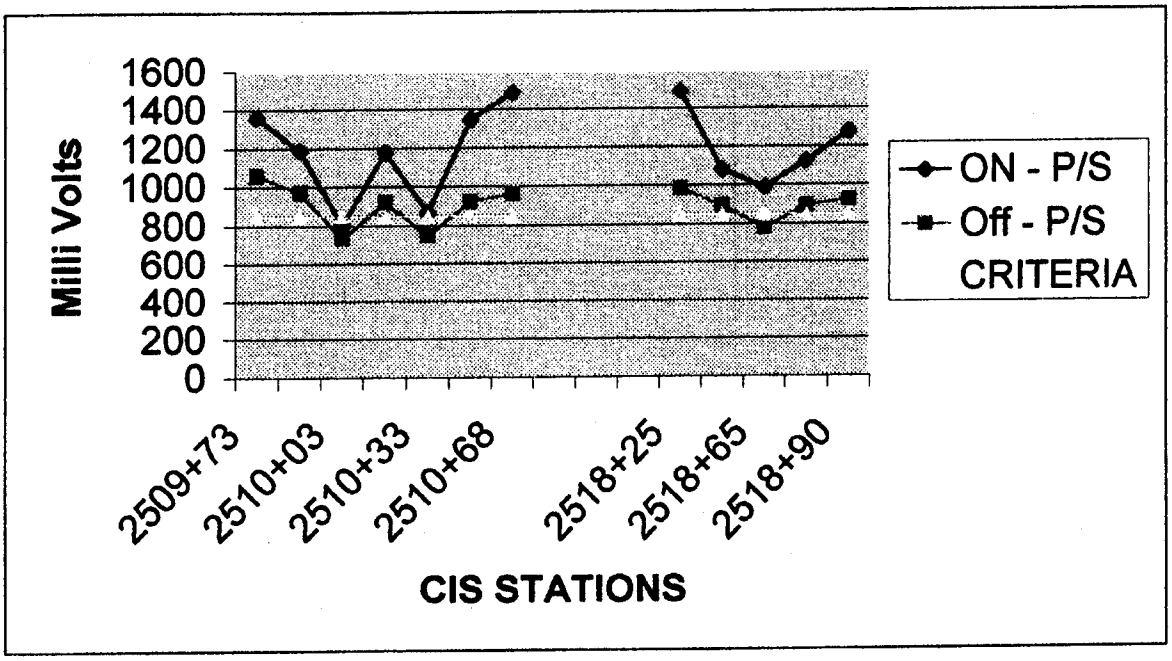


1 Miles/Inch

EXXON P.L. - LAUREL / SILVERTIP

Cathodic Protection Resurvey - Jan. 2000
Pipe Line stationing from Corrpro CIS of 1999 - Job 120-0681

Station	ON - P/S ON - P/S	Off - P/S Off - P/S	CRITERIA	Comments	
2509+73	1360	1060	850		
2509+93	1189	974	850		
2510+03	804	733	850		
2510+13	1177	920	850		
2510+33	866	749	850	exposed	2nd exposed N of Silvertip
2510+50	1345	923	850	exposed	
2510+68	1485	960	850	P.L. Mkr	
2518+25	1490	984	850	1st exposed pipe N of Silvertip	
2518+45	1081	896	850		
2518+65	989	778	850		
2518+85	1125	894	850	P.L. Mkr	
2518+90	1277	925	850	end exposed	



This was recorded

2500+ was very low for CIS and remains low for follow up

Need what Exxon Mobil did to fix this. (MP 68.2)

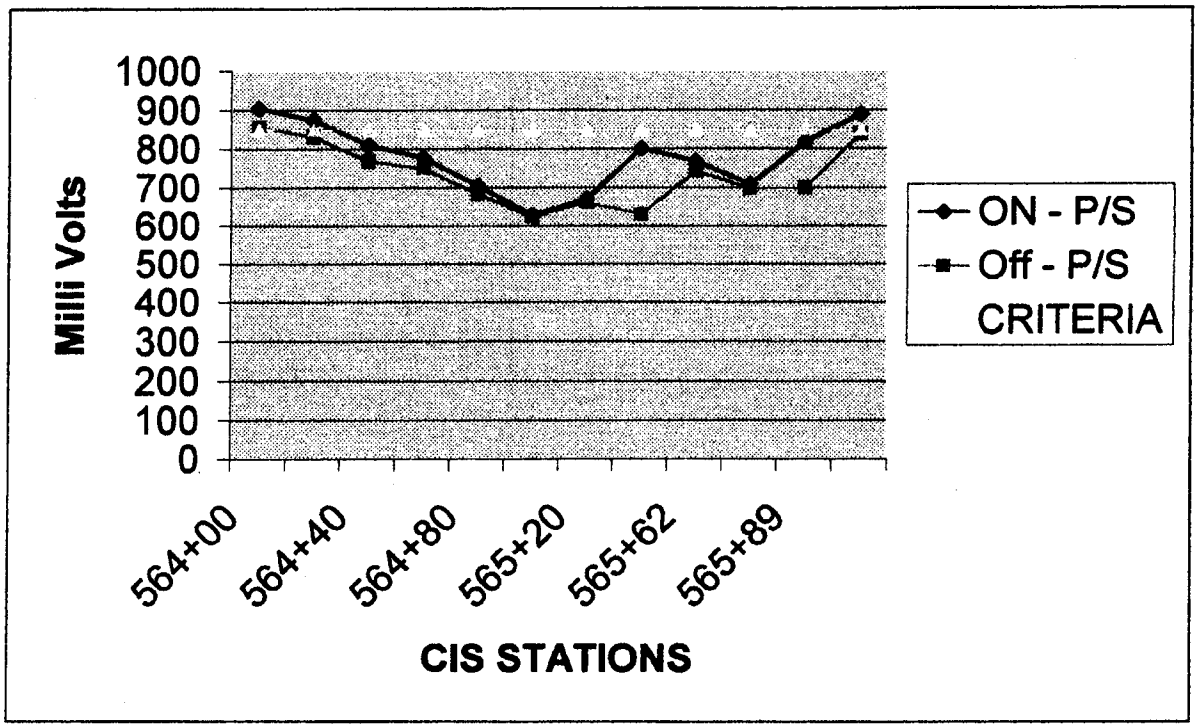
EXXON P.L. - LAUREL / SILVERTIP

Cathodic Protection Resurvey - Jan. 2000

Pipe Line stationing from Corrpro CIS of 1999 - Job 120-0681

MP 31.5

Station	ON - P/S ON - P/S	Off - P/S Off - P/S	OFF CRITERIA	Comments
564+00	904	856	850	Near S. bank Rock Creek crossing +- 100'
564+20	875	830	850	
564+40	809	769	850	
564+60	778	750	850	
564+80	705	683	850	
565+04	628	622	850	P.L. Mkr 1031' N. of MP 31.09
565+20	671	661	850	
565+40	801	630	850	Top of dike Rd.
565+62	769	743	850	P.L. Mkr
565+50	709	697	850	exposed pipe
565+89	818	700	850	swamp line Mkr
566+22	889	838	850	fence



800 Bell Street, Room 623-H
Houston, Texas 77002

ExxonMobil
Pipeline

3 Copies / Date 3-24-05
Sent To Compliance Recipient

Fax

To: MR. Chris Hoidal, PE
Fax: 720-963-3161
Phone:
Re: CPF No. 5-2005-5008

From: Mike Adams, Pipeline Safety Adv.
Phone #713-656-3926
Pages: 13 (Including Cover Sheet)
Date: 3/24/2005
CC:

☒ Urgent ☒ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

• **Comments**

a Hard copy in overnight mail to you.

thank you -

Mike Adams

ExxonMobil Pipeline Company
Post Office Box 2220
Houston, Texas 77002
713 656 0227 Telephone
713 656 8232 Facsimile

Karen R. Bailor
Safety, Health and Environment
Manager

ExxonMobil
Pipeline

March 24, 2005

Sent Via Electronic Mail and Overnight Mail

Mr. Chris Hoidal, P.E.
Director, Western Region
Office of Pipeline Safety
12300 West Dakota Avenue, Suite 110
Lakewood, Colorado 80228-2585

Re: Notice of Probable Violation
Proposed Compliance Order and Proposed Civil Penalty
Notice of Amendment
DOT-OPS File Number CPF No. 5-2005-5008

Dear Mr. Hoidal:

Representatives of the Western Region, Office of Pipeline Safety ("OPS") conducted an onsite pipeline safety inspection of ExxonMobil Pipeline Company's ("EMPCo") Silvertip, Montana to Billings, Montana pipeline system between June 28, 2004 and July1, 2004 (the "OPS Inspection").

Pursuant to the OPS Inspection, on February 22, 2005 EMPCo received the a Notice of Probable Violation, Proposed Compliance Order, Proposed Civil Penalty and Notice of Amendment ("Notice") for alleged probable violations noted during the inspection. This letter serves as EMPCo's formal response to the Notice. This response letter is being issued to the OPS within the required 30 days, and is therefore timely.

We want to assure you that EMPCo shares with the OPS a commitment to safe operations. We have carefully reviewed the alleged probable violations contained in the Notice and we disagree with the OPS on a number of the allegations. It is our desire that both parties work cooperatively to resolve this matter. However, if a solution to this matter cannot be agreed upon based on the information provided in this letter, we reserve our right to a hearing on all the issues outlined in the Notice, at which time we would be represented by counsel.

The Notice identified thirteen probable violations. These allegations are outlined in detail below, followed by EMPCo's response.

1. **Reg Cite: §195.112 New Pipe.**

(c) Each length of pipe with a nominal outside diameter of 41/2 in. (114.3mm) or more must be marked on the pipe coating with the specification to which it was made, the specified minimum yield strength or grade, and the pipe size. The marking must be applied in a manner that does not damage the pipe or pipe coating and must remain visible until the pipe is installed.

OPS Allegation:

Several joints of pipe left from recent replacement projects were inspected and found not to have stenciling or markings that indicated diameter, thickness, or other mill specifications. This implies that pipe used during these projects was not properly marked prior to use.

EMPCo Response:

EMPCo does not dispute this finding. An inventory identification procedure does exist and is documented in our DOT Liquids Manual. The pipe identified during the inspection as improperly marked has been properly marked according to the aforementioned procedures.

2. **Reg Cite: §195.214 Welding: General**

(a) Welding must be performed by a qualified welder in accordance with welding procedures qualified to produce welds meeting the requirements of this subpart. The quality of the test welds used to qualify the procedure shall be determined by destructive testing.

OPS Allegation:

ExxonMobil's girth weld records of the 2000 line-lowering project did not indicate which welder performed each weld.

EMPCo Response:

EMPCo disagrees that the alleged violation has occurred. EMPCo has documentation identifying the two welders that performed the welding used for the 2000 line-lowering project. EMPCo also has records verifying that these welders were qualified accordingly to the requirements of §195.214 at the time of the project execution. We do not believe that the absence of records identifying what welder performed each specific weld is a violation of the cited regulation.

For the reasons outlined above, we request that Item #2 in the Notice be withdrawn.

3. Reg. Cite: §195.214 Welding General

(b) Each welding procedure must be recorded in detail, including the results of the qualifying tests. This record must be retained and followed whenever the procedure is used.

OPS Allegation:

Welding procedures were missing in the project documentation for the Sugar Plant reroute and the 2000 line lowering project.

EMPCo Response:

EMPCo disagrees that the alleged violation has occurred. EMPCo had in place at the time of the Sugar Plant reroute, which occurred in the year 2000, and the 2000-line lowering project, a detailed procedural manual for welding titled Exxon Pipeline Company Welding Manual. All welders involved in the aforementioned projects were certified according to the procedures outlined in this manual. EMPCo also disagrees that the regulations require us to keep copies of portions of our manual in each project file.

For the reasons outlined above, we request that Item #3 in the Notice be withdrawn.

4. Reg Cite: §195.266 Construction Records.

A complete record that shows the following must be maintained by the operator involved for the life of each pipeline facility:

(b) The amount, location; and cover of each size of pipe installed.

OPS Allegation:

ExxonMobil records lacked adequate "as built" drawings to determine the depth of cover profile for the 2000 line lowering project.

EMPCo Response:

EMPCo does not dispute this finding. EMPCo's utilizes a Pipeline and Facility Change Diagram (Form PL-18) and a Foreign Crossing of Pipeline R.O.W. (Form PL-733) to document the characteristics of pipe as it is installed. These forms typically include pipeline depth of cover when applicable to the pipe being installed. To ensure that proper information is captured in the future on PL-18 and PL-733 forms, we have reviewed our procedures for completion of these forms with area personnel.

5. **Reg Cite: §195.402 Procedural Manual for Operations, Maintenance, and Emergencies.**

(a) General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

OPS Allegation:

5a. Several of the procedure manuals referenced in ExxonMobil's DOT Liquids Manual are not reviewed once each calendar year not to exceed 15 months.

5b. ExxonMobil's procedures require that the valve immediately downstream of the flex-flo relief valve at the Billings station be locked open. At the time of this inspection this valve was not locked.

5c. ExxonMobil's procedures require that contractors on their contractors list who do not attend the Pipeline Group seminar will be provided information from the seminar. At the time of this inspection records indicate that contractors not in attendance at the Pipeline Group seminar are not being supplied with this information.

EMPCo Response:

5a.
EMPCo disagrees that the alleged violation has occurred. The EMPCo DOT Liquids Manual is utilized as the primary manual for documenting DOT required written procedures. This manual is reviewed at least once per calendar year at intervals not exceeding 15 months. EMPCo does make reference to other procedural manuals within the DOT Liquids Manuals and these manuals are also reviewed formally on a periodic basis.

At the time of the inspection, a limited number of manuals that were referenced in EMPCo's DOT Liquids Manual were not properly updated on EMPCo's web based Reference Library with the latest review date. However, these manuals had been reviewed by the manual owner on an annual basis for content.

As a result of this inspection, EMPCo intends to strengthen our processes that initiate and track review of Reference Library manuals. We will ensure that the date of the review of all manuals referenced within the DOT Liquids Manual is accurately captured in our Reference Library.

In reference to Probable Violation #5a, we believe that a $5,000 penalty given the minor technical nature of the alleged violation is excessive. We request that request that Item #5a in the Notice be withdrawn and that the penalty be eliminated.

5b.
EMPCo does not dispute this finding. The valve found to be unlocked was immediately locked during the inspection. We think is it relevant for the DOT to make note of the fact that the valve had been recently painted, within a week of the inspection. This was pointed out during the inspection, and the situation was remedied immediately.

5c.
EMPCo does not dispute this finding. EMPCo's procedures for Public Awareness have been reviewed with all employees in this operating area. Steps will be taken to ensure proper follow-up information is provided to contractors who fail to attend EMPCo sponsored Pipeline Group Seminars.

6. **Reg. Cite: §195.402 Procedural Manual for Operations, Maintenance, and Emergencies.**

(e) Emergencies. The manual required by paragraph (a) of this section must include procedures for the following to provide safety when an emergency condition occurs:

(7) Notifying fire, police, and other appropriate public officials of hazardous liquid or carbon dioxide pipeline emergencies and coordinating with them preplanned and actual responses during an emergency, including additional precautions necessary for an emergency involving a pipeline system transporting a highly volatile liquid.

OPS Allegation:

The emergency response plan contact information for the Silvertip pipeline has not been updated since 2000. The procedures, including contact information, for emergencies should be updated at least once per year at intervals not exceeding 15 months.

EMPCo Response:

EMPCo does not dispute this finding. We have updated the contact information in the Silvertip emergency response plan.

7. **Reg. Cite: §195.402 Procedural Manual for Operations, Maintenance, and Emergencies.**

(c) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:

(3) Operating, maintaining, and repairing the pipeline system in accordance with each of the requirements of this subpart and subpart H of this part.

And,

§195.420 Valve Maintenance.

(b) Each operator shall, at intervals not exceeding 7 1/2 months, but at least twice each calendar year, inspect each mainline valve to determine that it is functioning properly.

OPS Allegation:

ExxonMobil's DOT valve inspection procedures only include operation, i.e., cycling, of the valve. The DOT valve inspection procedures do not include inspection of the components of the valve nor do the procedures require any documentation of such inspections. ExxonMobil must amend their DOT valve procedure to include not only the operation of the valve but also the inspection of components.

EMPCo Response:

EMPCo disagrees that the alleged violation has occurred. The inspection requirements under §195.420 require verification that the valve is functioning properly. EMPCo's existing procedures require operation and inspection of each valve covered by §195.420 at least twice per year calendar year, at intervals not exceeding 7 1/2 months. EMPCo's DOT Liquids Manual describes valve conditions that should be checked during the inspection (condition of gears, ease of operation, condition and position of indicator, etc). EMPCo's existing procedures and records fulfill the requirements of §195.420 and §195.402. The DOT's request for a new valve inspection procedure and for creation of a specific type of inspection record is overly prescriptive and not supported by the regulation.

For the reasons outlined above, we request that Item #7 in the Notice be withdrawn and the requirements of Item #7 in the Notice of Amendment be eliminated.

8. Reg. Cite: §195.403 Emergency Response Training

(c) Each operator shall require and verify that its supervisors maintain a thorough knowledge of that portion of the emergency response procedures established under 195.402 for which they are responsible to ensure compliance.

OPS Allegation:

ExxonMobil's process for verifying a supervisor's knowledge of emergency response procedures currently requires self-verification, i.e., the supervisor must sign that he/she is familiar with procedures without any check or review process to validate his/her knowledge. ExxonMobil must amend their process for verifying a supervisor's knowledge of emergency response procedures to ensure there are adequate checks and balances.

EMPCo Response:

EMPCo disagrees that the alleged violation has occurred. EMPCo's procedures meet the requirements of the regulation by requiring supervisors to sign a statement affirming that they have a thorough knowledge of what is described in the regulation. This statement is also reviewed and signed by each supervisor's manager. The requirements under §195.403(c) do not prescribe the process by which knowledge of these procedures should be verified. The DOT's request for a modification to this process is overly prescriptive and not supported by the regulation. We also would like the DOT to make note of the fact that this procedure was reviewed carefully during the 2002 OPS HQ OM&E review in Houston, Texas, and endorsed by that OPS inspection team.

For the reasons outlined above, we request that Item #8 in the Notice be withdrawn and the requirements of Item #8 in the Notice of Amendment be eliminated.

9. Reg. Cite: §195.410 Line Markers.

(c) Except as provided in paragraph (b) of this section, each operator shall place and maintain line markers over each buried pipeline in accordance with the following:

(2) The marker must state at least the following on a background of sharply contrasting color:

(i) The word "Warning," "Caution," or "Danger" followed by the words "Petroleum (or the name of the hazardous liquid transported) Pipeline," or "Carbon Dioxide Pipeline," all of which, except for markers in heavily developed urban areas, must be in letters at least 1 inch (25 millimeters) high with an approximate stroke of 1/4 inch (6.4 millimeters).

(ii) The name of the operator and a telephone number (including area code) where the operator can be reached at all times.

OPS Allegation:

The ROW markers at several locations had phone number lettering that was severely faded making reading of the phone number difficult. Additionally several markers had the company name of Exxon and not ExxonMobil.

EMPCo Response:

EMPCo disagrees that the alleged violation has occurred. EMPCo acknowledges that accurate ROW signage is critical to safe operations of pipeline systems. All ROW markers inspected during the safety evaluation were in place and easily visible to the general public. We acknowledge that some markers had faded emergency contact numbers, but these numbers were still visible and not faded to the extent of not being legible. Thus, the signs provided information required by the regulation.

Also, we acknowledge that several markers did have the name of Exxon Pipeline Company instead of ExxonMobil Pipeline Company. ExxonMobil Pipeline Company is the successor-in-interest in name only; there has been no change in ownership. Thus, from a legal perspective, they are the same entity.

For the reasons outlined above, we request that Item #9 in the Notice be withdrawn.

10. **Reg. Cite: §195.428 Overpressure safety devices and overfill protection systems.**

(a) Except as provided in paragraph (b) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, or in the case of pipeline used to carry highly volatile liquids, at intervals not to exceed 7 1/2 months, but at least twice each calendar year, inspect and test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment to determine that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used.

OPS Allegation:

ExxonMobil only documents the data obtained during testing and calibration of the pressure transmitters on their pipeline that assist in metering. They do not document data obtained during the testing and calibration of other pressure transmitters on their pipeline system. If a pressure transmitter is sending signals to another device or a SCADA system that controls pressure then that transmitter is considered to be a pressure control device and as such must be tested and inspected and the data be recorded once each calendar

year not to exceed 15 months.

EMPCo Response:

EMPCo disagrees that the alleged violation has occurred. The pressure transmitters referenced in this allegation are not pressure control devices as defined in §195.428 and are not subject to this regulation.

11. Reg. Cite: §195.555 What are the qualifications for supervisors?

You must require and verify that supervisors maintain a thorough knowledge of that portion of the corrosion control procedures established under Sec. 195.402(c)(3) for which they are responsible for insuring compliance.

OPS Allegation:

ExxonMobil's process for verifying supervisor's knowledge of corrosion control procedures currently requires self-validation, i.e., the supervisor must sign that he/she is familiar with procedures without any check or review process to validate his/her knowledge. ExxonMobil must amend their process for verifying a supervisor's knowledge of corrosion control procedures to ensure there are adequate checks and balances.

EMPCo Response:

EMPCo disagrees that the alleged violation has occurred. EMPCo's procedures meet the requirements of the regulation by requiring our supervisors to sign a statement affirming that they have a thorough knowledge of what is described in the regulation. This statement is also reviewed and signed by each supervisor's manager. The requirements under §195.402(c)(3) and §195.555 do not prescribe the process by which knowledge of these procedures should be verified. Furthermore, pursuant to §195.223(d), EMPCo may not be cited twice for the same underlying action. Item 8 of the Notice is based upon the same underlying action, EMPCo's process for verifying a supervisor's knowledge. We object to the fact that EMPCo is being cited twice in this Notice for the same underlying action.

For the reasons outlined above, we request that Item #11 in the Notice be withdrawn and the requirements of Item #11 in the Notice of Amendment be eliminated.

12. Reg. Cite: §195.573 What must I do to monitor external corrosion control?

(e) Corrective action. You must correct any identified deficiency in corrosion control as required by Sec. 195.401(b). However, if the deficiency involves a

pipeline in an integrity management program under Sec. 195.452,you must correct the deficiency as required by Sec. 195.452(h).

OPS Allegation:

12a. ExxonMobil's cathodic protection (CP) monitoring procedures call for trending of current pipe to soil (P/S) readings with the last 3 years readings to determine if CP is adequate. Corrosion control records lack documentation of actions taken to correct deficiencies found when trending current monitoring levels.

12b. Additionally ExxonMobil preformed a close internal survey in 1999. That survey had several areas that did not meet a -.850mV with impressed current interrupted criteria Though ExxonMobil resolved several of these low areas during a resurvey in 2000, their records did not have corrective actions taken to mitigate those low areas that continued to have low CP monitoring levels during the 2000 resurvey. In particular were locations referred to as CIS Stations 564+00 to 565+89 and 2509+73 to 2518+90.

EMPCo Response:

12a.
EMPCo disagrees that the alleged violation has occurred. No deficiences were identified on the 2001, 2002 and 2003 pipe to soil readings. All measurements were found to be above -850mV in each of the three years that the survey was conducted. Therefore, no corrective action was necessary.

For the reasons outlined above, we request that Item #12a of the Notice be withdrawn and the requirements of Item #12a in the Notice of Amendment be eliminated.

12b.
EMPCo disagrees that the alleged violation has occurred as it pertains to alleged deficiencies in corrective actions between stations 564+00 and 565+89. EMPCo conducted three Close Interval Surveys (CIS) on portions of this system in 1999, 2000 and 2001. Summaries of these surveys have previously been submitted to the OPS in September 2003 during a hearing on other alleged violations associated with cathodic protection practices. (Note that these allegations were subsequently withdrawn by the Associate Administrator). After the 2000 CIS, the pipeline was examined and the coating was reconditioned as required in areas between stations 564+00 and 565+89.

A third CIS was conducted in 2001 and this survey included a reassessment of the cathodic protection between stations 564+00 and 565+89. All measurements in this area were found to meet either the .850 mV polarized criterion or the 100 mV decay criterion. Therefore, no deficiency exists and no corrective action is necessary for any alleged deficiencies between stations 564+00 and 565+89.

EMPCo has reviewed our records for the segment between stations 2509+73 and 2518+90. While our area personnel recall that adjustments were made to rectifiers subsequent to the 2000 survey to address some low areas, we are unable to locate the records to verify this. EMPCo, therefore, does not dispute the OPS findings with respect to this segment. EMPCo will implement additional potential corrective actions as appropriate based on a review of our records or additional survey results.

For the reasons outlined above, we request that the requirements of Item #12b in the Notice of Amendment be modified to reflect only those corrective actions pertaining to the pipeline segment between stations 2509+73 and 2518+90.

13. Reg. Cite: §195.579 What must I do to mitigate internal corrosion?

(c) Removing Pipe. Whenever you remove pipe from a pipeline, you must inspect the internal surface of the pipe for evidence of corrosion. If you find internal corrosion requiring corrective action under Sec. 195.585, you must investigate circumferentially and longitudinally beyond the removed pipe (by visual examination, indirect method, or both) to determine whether additional corrosion requiring remedial action exists in the vicinity of the removed pipe.

OPS Allegation:

ExxonMobil failed to inspect the internal condition of the pipe that was removed from their system during the Western Sugar Plant reroute.

EMPCo Response:

EMPCo does not dispute this finding. At the time of the project, EMPCo utilized a Piping Inspection and Remedial Action Report form (Form PL-751). Although these forms were completed for the Western Sugar Plant reroute, the information documenting visual internal inspection was not completed on the form. This procedure has been communicated with local personnel to ensure proper completion of PL-751's in the future.

Regarding the two concerns mentioned in CPR No. 5-2005-5008:

(1) As to EMPCo's processes for testing our company wide Computational Pipeline Monitoring (CPM) system, EMPCo rotates the testing of its CPM applications as required in API 1130. With a large operating organization such as that within EMPCo, it is not unusual that certain segments might not have had a CPM application test conducted on them. Further, the API 1130 standard does not require that each pipeline segment be tested on any specific interval, nor does the regulation require such specific testing. Based on a rotational schedule and over time, all systems will be tested. EMPCo will continue to test our systems fully as required under API 1130.

We disagree with the OPS in their finding that this was an "area of concern". No regulatory citations were violated. Implementation of this OPS suggestion would not "provide additional safety enhancing opportunities."

(2) As to condition of the 56th Street span, this pipe has been reconditioned.

We have attempted to provide a detailed response in the event some of these matters can be resolved outside of a hearing. However, we reserve our right to present the information presented in this letter and additional supporting materials should a hearing be necessary.

In the interim, should you have any questions, please feel free to contact me at 713-656-0227.

Sincerely,

KRBahr

Logged 11/15/05

10-25-05 P01:32 RCVD

U.S. Department
of Transportation
**Pipeline and
Hazardous Materials Safety
Administration**

400 Seventh Street, S.W.
Washington, D.C. 20590

3 Copies / Date 11/15/05
Sent To Compliance Registry

OCT 20 2005

Ms. Candice M. Frembling
ExxonMobil Pipeline Company
800 Bell Street
Houston, Texas 77002

Re: CPF No. 5-2005-5008

Dear Ms. Frembling:

In accordance with 49 C.F.R. § 190.211, an informal hearing will be held regarding the Notice of Probable Violation, Proposed Compliance Order, Proposed Civil Penalty, and Notice of Amendment issued to ExxonMobil Pipeline Company on February 18, 2005. The hearing will take place on Tuesday, December 13, 2005 at 9:00AM MST. The hearing will be held at the Office of Pipeline Safety, Western Region, 12300 West Dakota Avenue, Suite 110, Lakewood, Colorado, 80228.

Upon arrival at the building, representatives of ExxonMobil may be required to present photo identification to the security personnel. Please inform the security personnel that you are there to see Mr. Chris Hoidal, Director, Office of Pipeline Safety. The security personnel may phone the Office of Pipeline Safety to request that a staff member escort you to the conference room.

I will serve as Presiding Official at the hearing. If you have any questions, please do not hesitate to contact me at (202) 366-9085.

Sincerely,

Ahren Tryon
Presiding Official

cc: Mr. Mike P. Tudor, President, EMPCO
Chris Hoidal, Director, Western Region, OPS

VIA CERTIFIED MAIL AND FACSIMILE

DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY

ExxonMobil Pipeline Company) CPF No. 5-2005-5008

SIGN IN

DEC 13, 2005, 9:00 AM MST: LAKEWOOD, CO, OPS WESTERN REGION OFFICE

Name	Organization & Position/Title	Signature	Date
JOEL LATKIN	EXXON MOBIL - AREA MGR		12/12/05
Jeff Janocik	ExxonMobil Pipeline Co. - SHE Mgr.	J. P. Janocik	12/13/05
Candice Frembling	ExxonMobil Pipeline Co- Counsel	Candice Frembling	12/13/05
Kimbra Davis	PHMSA / Office of Pipeline Safety - CATS	Kimbra Davis	12/13/05
Benjamin Fred	PHMSA/ Chief Counsel's Office	Benjamin Fred	12/13/05
Jerry Davis	PHMSA / Engineer	Jerry Davis	12/13/05
CHRIS HOUDAL	PHMSA / Director Western Region OPS	Chris Houdal	12/13/05

U.S. Department of Transportation
Pipeline and Hazardous Materials Safety Administration

1200 New Jersey Ave, S.E.
Washington, D.C. 20590

AUG 6 2009

Mr. Gary W. Pruessing
President
ExxonMobil Pipeline Company
800 Bell Street
Room 623F
Houston, TX 77002

Re: CPF No. 5-2005-5008

Dear Mr. Pruessing:

Enclosed is the Final Order issued in the above-referenced case. It withdraws the Notice and terminates this enforcement proceeding, without prejudice, as a matter of administrative discretion. Your receipt of the Final Order constitutes service of that document under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. Chris Hoidal, Director, Western Region, OPS
Candice Frembling Dykhuizen, Counsel, Law Department,
ExxonMobil Pipeline Company

CERTIFIED MAIL – RETURN RECEIPT REQUESTED [7005 0390 0005 6162 5678

U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590

In the Matter of	)	
ExxonMobil Pipeline Company,	)	**CPF No. 5-2005-5008**
Respondent.	)	

FINAL ORDER

From June 28 to July 1, 2004, pursuant to 49 U.S.C. § 60117, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), inspected the facilities and records of the ExxonMobil Pipeline Company (EMPCo or Respondent). EMPCo operates a 69-mile hazardous liquid pipeline system that runs from the Silver Tip Station in Carbon County, Montana, to the company's refinery in Billings, Montana.

As a result of that inspection, the Director, Western Region, OPS (Director), issued to EMPCo, by letter dated February 18, 2005, a Notice of Probable Violation, Proposed Compliance Order, Proposed Civil Penalty, and Notice of Amendment (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that EMPCo had violated Part 195 of the federal pipeline safety regulations, assessing a civil penalty of $5,000 for one of the violations, and ordering the company to take certain actions to correct one of the other violations. The Notice also ordered Respondent to amend its written procedures.

By letter dated March 24, 2005 (Response), EMPCo responded to the Notice by disputing some of the alleged violations, opposing the proposed compliance order and civil penalty, and requesting an informal hearing. On January 9, 2007, after a hearing was held, PHMSA issued a Final Order in this matter. As a courtesy to and at the request of EMPCo, however, PHMSA later withdrew the Final Order and held a new hearing on April 12, 2007.

The Director has informed PHMSA that a re-inspection of EMPCo's hazardous liquid pipeline system occurred from July 27 to 30, 2009.

WITHDRAWAL OF ALLEGATIONS

Citing the unusual procedural history of this case and the imminent re-inspection of EMPCo's facilities, the Director has recommended that these proceedings be terminated and that the Items in this Notice be addressed on re-inspection. Accordingly, upon consideration of his recommendation and the unique circumstances of this case, I hereby withdraw the February 2005 Notice without prejudice as a matter of administrative discretion.[1] This case is now closed.

[1] *Heckler v. Chaney*, 470 U.S. 821, 831 (1985).

Under 49 C.F.R. § 190.215, Respondent has a right to submit a Petition for Reconsideration of this Final Order. The petition must be received within 20 days of Respondent's receipt of this Final Order and must contain a brief statement of the issue(s). The terms of the order, including any required corrective action and amendment of procedures, shall remain in full force and effect unless the Associate Administrator, upon request, grants a stay.

The terms and conditions of this Final Order shall be effective upon receipt.

Byrne Wise FOR

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

08-06-2009

Date Issued

ExxonMobil
Pipeline

May 1, 2007

VIA FACSIMILE AND OVERNIGHT MAIL

Ms. Denise Desautels
Presiding Officer
Office of Chief Counsel
U.S. Department of Transportation
Pipeline and Hazardous Materials Safety Administration
400 Seventh Street, S.W. - Room 8417
Washington, D.C. 20590

Re: ExxonMobil Pipeline Company, CPF No. 5-2005-5008

Dear Ms. Desautels:

Pursuant to the Office of Pipeline Safety ("OPS") Inspection CPF No. 5-2005-5008 between June 28, 2004 and July 1, 2004, and the subsequent hearing on April 12, 2007, ExxonMobil Pipeline Company ("EMPCo") offers the following supplemental information:

OPS Allegation 2: §195.214 Welding: General.

EMPCo disagrees that a violation has occurred and requests removal of this item from the Notice. As presented at the hearing, the two welders that performed the welds during the 2000 line-lowering project were qualified according to the requirements of §195.214 at the time the project was performed. Documentation demonstrating the qualification of the two welders was included in Tab 6 of the binder provided at the hearing. Tab 7 contains an affidavit stating that these two welders were the only individuals to perform welds during the project.

OPS Allegation 3: §195.214 Welding: General.

EMPCo disagrees that a violation has occurred and requests removal of this item from the Notice. At the time of the 2000 line lowing project and the Sugar Plant reroute, also in 2000, EMPCo had in place a detailed procedural manual for welding. (Tab 8 of the hearing binder) All welders involved in the 2000 line lowering project and Sugar Plant reroute were certified according to the procedures outlined in this manual. The regulations do not require portions of the manual to be included in the project file.

OPS Allegation 5a: §195.402 Procedural manual for operations, maintenance, and emergencies.

EMPCo disagrees that a violation has occurred and requests removal of this item from the Notice. EMPCo's DOT Liquids Manual was reviewed, and if necessary, updated annually, as required by the regulations. Tab 11 of the hearing binder contains an affidavit stating that EMPCo's Pipeline Welding Manual and Pipeline Repair and Modification Manual were reviewed in 2004 and any required changes were made. Tab 12 contains an affidavit making the same statement with respect to EMPCo's Hydrostatic Test Manual. At the time of the inspection, a limited number of manuals that were referenced in EMPCo's DOT Liquids Manual were not properly updated on EMPCo's web based Reference Library with the latest review date.

EMPCo believes that a $5,000 penalty is excessive given the minor technical nature of the alleged violation.

OPS Allegation 7: §195.402 Procedural manual for operations, maintenance and emergencies. (Valve Maintenance); §195.402 Valve Maintenance.

EMPCo disagrees that a violation has occurred and requests removal of this item from the Notice and Notice of Amendment. The inspection requirements under §195.404 require verification that the valve is functioning properly. EMPCo's existing procedures require operation and inspection of each valve covered by §195.402 at least twice per calendar year, at intervals not exceeding 7 1/2 months. EMPCo's DOT Liquids Manual describes valve conditions that should be checked during the inspection (condition of gears, ease of operation, condition and position of indicator, etc.). The DOT's request for a new valve inspection procedure and specific type of inspection record is not supported by the regulation.

OPS Allegation 8: §195.403 Emergency response training.
OPS Allegation 11: §195.555 - What are the qualifications for supervisors?

EMPCo disagrees that a violation has occurred and requests removal of these items from the Notice and Notice of Amendment. EMPCo's procedures meet the requirement of the regulation by requiring supervisors to sign a statement affirming that they have a thorough knowledge of what is described in the regulation. This statement is also reviewed and signed by each supervisor's manager. The requirements under §195.403(c) and §195.555 do not prescribe a specific process by which knowledge of these procedures should be verified. The DOT's request for a modification to this process is not supported by the regulations.

EMPCo would also like to note that its procedure has been repeatedly reviewed and endorsed by other OPS inspection teams. In November 2002, OPS Headquarters OM&E Inspection in Houston, Texas was conducted by Mr. Buddy Sheets, Mr. Michael Schwarzkopf and Mr. Chuck Behounek who did not take exception to EMPCo's procedures for verifying a supervisor's knowledge of what is described in the regulations. Furthermore, the inspectors made a suggestion for modifying EMPCo's forms which EMPCo incorporated.

OPS Allegation 9: §195.410 Line markers.

EMPCo disagrees that a violation has occurred and requests removal of this item from the Notice. All ROW markers inspected during the safety evaluation were in place and easily visible to the general public. EMPCo acknowledges that some of the markers contained faded emergency contact numbers, but the necessary information was still legible. At the April 12, 2007, hearing, no allegations were made that the markers were illegible or lacked the required information.

Since the June 28, 2004 to July 1, 2004 inspection, EMPCo has replaced numerous faded makers. Attached are invoices evidencing the purchase of 200 and 150 signs in 2005 and 2006 respectively.

OPS Allegation 10: §195.428 Overpressure safety devices and overfill protection systems.

EMPCo disagrees that a violation has occurred and requests removal of this item in the Notice. The pressure transmitters referenced in this allegation transmit data and therefore are not pressure control devices as defined in §195.428. EMPCo relies upon separate mechanical switches to provide overpressure protection on its pipelines as indicated in the attached Piping and Instrumentation Diagrams (P&IDs) for the overpressure devices at Silvertip, Bridger, Laurel and Billings. Also attached are the associated inspection reports which document that that these devices have been inspected and tested once per calendar year, not to exceed 15 months.

OPS Allegation 12(a): §195.573 - What must I do to monitor external corrosion control?

EMPCo disagrees that a violation has occurred and requests removal of this item in the Notice and the proposed Consent Order. For cathodic protection monitoring, the 2003 survey did trend the current year's readings with those taken in the three previous years. Attached as further support are two graphs (Laurel - Billings and Silvertip - Laurel) containing the readings from 2000 - 2003.

As discusses at the April 12, 2007 hearing, to consider voltage drops, EMPCo uses sound engineering practices such as:

- Reviewing the historical performance of the cathodic protection system (e.g. reviewing annual surveys, monthly rectifier and critical bond readings).
- Inspecting for physical signs of active corrosion whenever the pipe is exposed.
- Implementing an Integrity Management Program prior to any such requirement.

OPS Allegation 12(b): §195.573 - What must I do to monitor external corrosion control?

EMPCo disagrees that a violation has occurred and requests removal of this item from the Notice and the proposed Consent Order. EMPCo has provided information on the area identified as 564+00 to 565+89. With respect to the area identified as 2509+73 to 2518+90, EMPCo performed an in-house close interval "On" survey for the two mile section downstream of Silvertip Station in 2005. (See attachment.) Readings were all more negative than -850mV. As

discussed at the April 12, 2007 hearing, and summarized in the response to OPS Allegation 12(a) above, EMPCo uses sound engineering practices to consider voltage drops.

I hope this additional information is of assistance. Please advise if you require further clarification.

Sincerely,

Michael G. Silver

c: Christopher Hoidal, Regional Director, OPS-Western Region
May Chiranand, Attorney Advisor, Office of Chief Counsel