

MAJORITY MEMBERS:

JOHN KLING, MINNESOTA, Chairman

THOMAS E. PETRI, WISCONSIN
HOWARD P. "BUCK" McKEON, CALIFORNIA
JUDY BIGGERT, ILLINOIS
TODD RUSSELL PLATT, PENNSYLVANIA
JOE WILSON, SOUTH CAROLINA
VIRGINIA FOXX, NORTH CAROLINA
BOB GOODLATTE, VIRGINIA
DUNCAN HUNTER, CALIFORNIA
DAVID P. ROE, TENNESSEE
GLENN THOMPSON, PENNSYLVANIA
TIM WALBERG, MICHIGAN
SCOTT DESJARLAIS, TENNESSEE
RICHARD L. HANNA, NEW YORK
TODD ROKITA, INDIANA
LARRY BUCSHON, INDIANA
TREY GOWDY, SOUTH CAROLINA
LOU BARLETTA, PENNSYLVANIA
KRISTI L. NOEM, SOUTH DAKOTA
MARTHA ROBY, ALABAMA
JOSEPH J. HECK, NEVADA
DENNIS A. ROSS, FLORIDA
MIKE KELLY, PENNSYLVANIA



COMMITTEE ON EDUCATION
AND THE WORKFORCE
U.S. HOUSE OF REPRESENTATIVES

2181 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-6100

MINORITY MEMBERS:

GEORGE MILLER, CALIFORNIA
Senior Democratic Member

DALE E. KILDEE, MICHIGAN, Vice Chairman
ROBERT E. ANDREWS, NEW JERSEY
ROBERT C. "BOBBY" SCOTT, VIRGINIA
LYNN C. WOODLEY, CALIFORNIA
RUBEN HINOJOSA, TEXAS
CAROLYN MCCARTHY, NEW YORK
JOHN F. TIERNEY, MASSACHUSETTS
DENNIS J. KUCINICH, OHIO
RUSH D. HOLT, NEW JERSEY
SUSAN A. DAVIS, CALIFORNIA
RAUL M. GRIJALVA, ARIZONA
TIMOTHY H. BISHOP, NEW YORK
DAVID LOEBSACK, IOWA
MAZIE K. HIRONO, HAWAII
JASON ALTMIRE, PENNSYLVANIA
MARCIA L. FUDGE, OHIO

December 18, 2012

Gayle McLaughlin, Mayor
Jim Rogers, Vice Mayor
Nathaniel Bates, Councilmember
Jovanka Beckles, Councilmember
Courtland "Corky" Booze, Councilmember
Thomas K. Butt, Councilmember
Jeff Ritterman, Councilmember

City Council Chambers
440 Civic Center Plaza
Richmond, CA 04804

Dear Mayor and Council Members:

Following the massive fire at the Chevron refinery on August 6, my office, like yours, has been following developments in the investigations and refinery repair closely, and I applaud your efforts and the efforts of your city manager to take prudent steps to assure greater accountability from our industrial neighbors. As you are well aware, Chevron has asked for permit approvals from the City for the repair and refitting of the refinery as it works to recover full scale production. I write to provide you with my observations of where issues affecting that permitting question currently stand.

The overarching concern following this incident should be how to best ensure the safety of the refinery workers and the public and prevent another potentially deadly fire from taking place. While investigations by various agencies continue, it would appear from preliminary laboratory results that the immediate cause of the August fire was a leak in piping in the Crude Unit, due to corrosion of carbon steel pipe caused by high temperature sulfidation. To return to full scale production, this piping must now be replaced. How the piping should be replaced – i.e., what specific materials should be used – and how it should be maintained – i.e., what inspections regime should be implemented to identify future leaks and dictate future replacement – are key safety issues.

December 18, 2012

Page 2

While corrective plans have been developed and arguments have been made why Chrome-9 piping is optimal, mere assurances from Chevron that its material and inspection decisions and processes will provide the margins of safety to which its workers and our community in West County are entitled are insufficient, particularly given the history of fires and explosions at this refinery. In addition, it is troubling that Chevron has been slow to respond to Chemical Safety Board subpoenas regarding the questions about the materials to be used in the piping, especially while Chevron is pressing the City to meet Chevron's timeline to approve the permit.

It is my understanding that Chevron made final decisions on the materials it would use to rebuild the refinery a few days after the explosion, even before the damaged piping had been removed for testing. Whether those decisions on pipe materials were correct or not is for experts to determine. However, these decisions were made without any consultation with the public or safety agencies. Now, when Chevron seeks a permit to proceed with already purchased and partially installed materials, questions are being asked about the technical basis for choosing these materials. Rationales for those decisions appear after-the-fact and are backed by dire warnings about layoffs and the likelihood of higher gasoline prices if Chevron's timelines are not met. What is important here is not Chevron's timelines but the safety of the workers and the public in West County.

I am concerned that the City, the sole authority for issuing permits for the rebuild, is now facing a situation where Chevron made unilateral decisions months ago, without examining alternatives or sharing detailed information with the public, and now, based on its own conclusions, is pressing for timely action on its permit request. Expediency should not be allowed to override transparency of the decision making process or concern for worker and public health and safety.

Furthermore, it is my understanding that, while Chevron had adopted an inspection strategy that calls for the inspection of each and every single piece of carbon steel piping and equipment for sulfidation corrosion, not just a sample, it did not implement that strategy at the Richmond Refinery. While the 12 inch line coming out of the Crude Unit was replaced during the last turnaround, a decision was made to monitor the 8 inch line that failed, rather than replace it. But when monitoring the 8 inch line, only 19 of 49 components (elbows, piping, etc) were monitored, according to Chevron, ignoring the strategy to inspect every component. And the component that failed had not been monitored. In addition, I understand that recommendations were made to replace that 8 inch line but were denied, as part of the most recent turnaround, according to information provided by Chevron. According to Chevron, there was no process for elevating risk-based decisions up to senior management. Apparently, the logic was that repairs could be done after the turnaround (i.e., through running maintenance).

These events raise a number of unanswered questions about the adequacy of Chevron's inspection system, its decision-making about mechanical integrity, and its willingness to tolerate unacceptable levels of risk. They also beg the question, going forward, of whether CAL OSHA and the City/County Board of Health have sufficient capacity to catch these shortcomings in their

December 18, 2012

Page 3

inspections, given that their limited resources only allow them to examine a small fraction of the piping circuits in a massive refinery. While the various investigations that are underway will help answer these questions, there is already evidence that Chevron's mechanical integrity management regime failed in a spectacular manner.

As the City contemplates requests for permit approvals, the burden rests with Chevron to demonstrate that the company is putting in place the appropriate materials and inspections systems, the integrity of which must be upheld over time. Chevron has briefed my office on its corrective action plan, which includes better oversight and an inspection of every component where sulfidation corrosion could occur. In my opinion, assurances alone about technical and organizational changes are not sufficient, and the City should consider whether any permit should be conditioned with strong accountability measures to better ensure that the outcome of this permitting process protects workers and the public.

As you oversee the reconstruction of the refinery, I stand ready to work with you on this effort.

Sincerely,



GEORGE MILLER

Senior Democratic Member

Committee on Education and the Workforce

cc: John Watson, CEO and Chairman, Chevron USA
Nigel Hearne, Richmond Refinery General Manager
Dave Sander, Federal Affairs Manager, Chevron USA
Bill Lindsay, Richmond City Manager