



CERTIFIED MAIL - RETURN RECEIPT REQUESTED

July 28, 2016

Mr. R.M. Seeley
Director, Southwest Region
Pipeline and Hazardous Materials Safety Administration
8701 South Gessner, Suite 1110
Houston, TX 77074

Shell Pipeline Company LP

One Shell Plaza
910 Louisiana Street
42nd Floor
Houston, Texas 77002-5316

SUBJECT: NOPV-PCP-PCO, CPF 4-2016-5010

Dear Mr. Seeley:

Shell Pipeline Company LP (SPLC) acknowledges the receipt of **CPF 4-2016-5010** Notice of Probable Violation (NOPV) and Proposed Civil Penalty (PCP) from the Pipeline and Hazardous Materials Safety Administration (PHMSA) on July 7, 2016. SPLC is committed to operational excellence and full compliance with federal, state and local regulations, however there are some points in the Pipeline Violation Case File that SPLC would like to bring to PHMSA's attention for review.

Response to Notice of Proposed Violation

On April 15, 2014, SPLC submitted a notification of proposed construction for the reactivation and tie in of previously idled pipe and modifications and upgrades to an existing pump station. SPLC acknowledges that this notification was not within the 60 days prior to construction as required per the regulation. There was miscommunication about this requirement between the projects group and compliance group and this has been addressed internally to allow for timely notifications in the future.

PHMSA conducted a follow up investigation to review the construction activities. SPLC has reviewed the case file from the investigation and does take exception to some findings in the file.

SPLC disagrees with the assertion in the Pipeline Safety Violation Report "Section E6 – Circumstances" that the violation was discovered by PHMSA. SPLC believes in being open and fully cooperating with our regulators, and we believe that the record bears that out in this instance. There was no intent to hide a violation and by submitting the notification, SPLC went on record that the construction was to start less than 60 days from the submittal. Thus, it is unclear to SPLC what other notification could have been provided to PHMSA in this instance. SPLC would like to know what the expectation is to self-report this type of instance in the future if a deadline for a report is missed.

Also, in Part E1, Description of Violation, PHMSA asserts that SPLC did not provide a full description of the work that was to take place in the project. SPLC did not intend to misrepresent

the project and simply did not fully understand PHMSA's expectation of a description for the construction project. While new pumps were installed, that work was part of overall modifications to the pump station and was included as part of the phrase "modifications to the pump station." SPLC will endeavor to provide a more complete description on future notifications but did not realize how much detail PHMSA expected at the time of this notification.

Response to Proposed Civil Penalty

In accordance with the Response Options for Pipeline Operators in Compliance Proceedings, SPLC believes that the proposed penalty should be reduced in light of the contested allegations presented above. In addition, there is little precedent for a fine of this kind for a violation of this particular part of the code. Of the seven different enforcement actions for violations on this kind that were reviewed by SPLC, six were warning letters allowing the operator to adjust their policies to this fairly new regulatory requirement.

Thank you for your consideration. We look forward to hearing your response. If you have any questions regarding this response or need any additional information, please contact Deborah Price at (713) 241-2035.

Sincerely,

A handwritten signature in black ink, appearing to read "Deborah Price". The signature is written in a cursive style with a large initial "D" and "P".

Deborah Price
Integrity & Regulatory Services Manager
Shell Pipeline Company LP