

**NOTICE OF PROBABLE VIOLATION  
and  
PROPOSED CIVIL PENALTY**

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

July 7, 2016

Mr. Greg Smith  
President  
Shell Pipeline Company, L.P.  
Two Shell Plaza  
777 Walker Street  
Houston, TX 77002

**CPF 4-2016-5023**

Dear Mr. Smith:

From April 14, 2016 to June 28, 2016, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code inspected the late submittal of operator registry notifications by Shell Pipeline Company, L.P. in Houston, TX.

As a result of the late submittal, it appears that Shell Pipeline Company, L.P. has committed probable violations of the Pipeline Safety Regulations, Title 49, and Code of Federal Regulations and Section 15 of the Pipeline Safety Improvement Act of 2002. The item inspected and the probable violation is:

**1. §195.64 National Registry of Pipeline and LNG Operators**

**(c) Changes. Each operator must notify PHMSA electronically through the National Registry of Pipeline and LNG Operators at <http://opsweb.phmsa.dot.gov>, of certain events.**

**(1) An operator must notify PHMSA of any of the following events not later than 60 days before the event occurs:**

**(i) Construction or any planned rehabilitation, replacement, modification, upgrade, uprate, or update of a facility, other than a section of line pipe that costs \$10 million or more. If 60 day notice is not feasible because of an emergency, an operator must notify PHMSA as soon as practicable;**

**(ii) Construction of 10 or more miles of a new hazardous liquid pipeline; or**

**(iii) Construction of a new hazardous liquid pipeline facility.**

Shell Pipeline Company, L.P. failed to provide adequate notification for the “Amberjack Debottleneck” construction project which consists of more than 30 miles of pipeline in the Gulf of Mexico as required by 49 CFR §195.64(c)(1). On August 12, 2015, Shell Pipeline submitted a late construction notification to PHMSA (G-20150812-8307) with an anticipated start date of field work activities of September 1, 2015. Through email correspondence between PHMSA and Shell personnel, it has been determined that this construction project actually started on February 20, 2015 which is prior to the notification. The notification should have been submitted no later than December 22, 2014 in order to provide PHMSA the required 60 day notice prior to construction. As a result, Shell Pipeline notified PHMSA 233 days late. Shell Pipeline must provide timely notification prior to construction as required by §195.64(c)(1).

#### Proposed Civil Penalty

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 for a related series of violations. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violation(s) and has recommended that you be preliminarily assessed a civil penalty of \$25,900.

#### Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. All material submit in response to this enforcement action may be 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). If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order.

In your correspondence on this matter, please refer to **CPF 4-2016-5023** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

R. M. Seeley  
Director, Southwest Region  
Pipeline and Hazardous Materials Safety Administration

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