

## **WARNING LETTER**

### **CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

February 22, 2012

Mr. Greg Smith  
President  
Shell Pipeline Co., LP  
Two Shell Plaza  
777 Walker, Rm. 1437  
Houston, TX 77002

**CPF 5-2012-6002W**

Dear Mr. Smith:

On September 12-15, 2011, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected your Portland Breakout Tanks facility in Portland, Oregon.

As a result of the inspection, it appears that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violations are:

- 1. §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 7½ 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.**

At the time of the inspection, Shell Pipeline Co., LP staff could not provide records showing they inspected and tested all of the facility's pressure control equipment (thermal relief devices) in 2008. The records were available, however, for the 2009 and 2010 years. Shell must ensure that all relief device inspection and testing is conducted at the required time interval.

**2. §195.583 What must I do to monitor atmospheric corrosion control?**

**(a) You must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion, as follows:**

<b><u>If the pipeline is located:</u></b>	<b><u>Then the frequency of inspection is:</u></b>
<b>Onshore</b>	<b>At least once every 3 calendar years, but with intervals not exceeding 39 months</b>
<b>Offshore</b>	<b>At least once each calendar year, but with intervals not exceeding 15 months</b>

**(b) During inspections you must give particular attention to pipe at soil-to-air interfaces, under thermal insulation, under disbonded coatings, at pipe supports, in splash zones, at deck penetrations, and in spans over water.**

During the inspection, it was identified that while the pipes and supports were recently painted (coated), however, there is metal to metal contact between the pipe and the pipe supports. The operator did not have atmospheric monitoring reports for this pipe to pipe support contact. Atmospheric corrosion monitoring is required at least once every three years, but with intervals not exceeding 39 months, to demonstrate that no atmospheric corrosion at the pipe to pipe support interface is taking place.

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 conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the item(s) identified in this letter. Failure to do so will result in Shell Pipeline Co., LP 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 5-2012-6002W**. 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,

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

cc: PHP-60 Compliance Registry  
PHP-500 J. Coleman (#132877)