

NOTICE OF AMENDMENT

OVERNIGHT EXPRESS DELIVERY

July 16, 2020

Greg Smith
President
Shell Pipeline Co., L.P.
777 Walker Street (Two Shell Plaza)
Houston, TX 77002

CPF 1-2020-5011M

Dear Mr. Smith:

From April 9, 2019 to April 11, 2019, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected Shell Pipeline Co., L.P. (Shell)'s Falcon Ethane Pipeline construction project in Houston, Texas.

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

1. § 195.202 Compliance with specifications or standards.

Each pipeline system must be constructed in accordance with comprehensive written specifications or standards that are consistent with the requirements of this part.

Shell's written specifications or standards for pipeline system construction were inadequate. Specifically, Shell could not provide construction specifications or standards that addressed visual inspection of pipelines at the site of installation as it pertains to § 195.206.

Section 195.206, Material inspection, states:

No pipe or other component may be installed in a pipeline system unless it has been visually inspected at the site of installation to ensure that it is not damaged in a manner that could impair its strength or reduce its serviceability.

During the inspection, a PHMSA inspector requested construction specifications or standards that would address visual inspection of pipelines at the site of installation as required by § 195.206. Shell was unable to provide the requested construction specifications or standards.

Thus, Shell's written construction specifications or standards required by § 195.202, as it pertains to §195.206, were inadequate. Therefore, Shell’s written construction specifications or standards must be amended to include procedures for the visual inspection of pipelines at the site of installation.

2. § 195.202 Compliance with specifications or standards.

Each pipeline system must be constructed in accordance with comprehensive written specifications or standards that are consistent with the requirements of this part.

Shell’s written specifications or standards for pipeline system construction were inadequate. Specifically, Shell could not provide construction specifications or standards that addressed pipeline location as it pertains to § 195.210.

Section 195.210, Pipeline location, states:

- (a) Pipeline right-of-way must be selected to avoid, as far as practicable, areas containing private dwellings, industrial buildings, and places of public assembly.
- (b) No pipeline may be located within 50 feet (15 meters) of any private dwelling, or any industrial building or place of public assembly in which persons work, congregate, or assemble, unless it is provided with at least 12 inches (305 millimeters) of cover in addition to that prescribed in §195.248.

During the inspection, a PHMSA inspector requested construction specifications or standards that would address pipeline location criteria as it pertain to § 195.210. Shell was unable to provide the requested construction specifications or standards.

Thus, Shell's written construction specifications or standards required by § 195.202, as it pertains to § 195.210, were inadequate. Therefore, Shell’s written construction specifications or standards must be amended to include criteria for pipeline location.

3. § 195.202 Compliance with specifications or standards.

Each pipeline system must be constructed in accordance with comprehensive written specifications or standards that are consistent with the requirements of this part.

Shell's written specifications or standards for pipeline system construction were inadequate. Specifically, Shell could not provide construction specifications or standards that specified what remedial actions to take if coating damage is observed during initial horizontal direction drill (HDD) pullback out of an exit pit as it pertains to § 195.206.

Section 195.206, Material inspection, states:

No pipe or other component may be installed in a pipeline system unless it has been visually inspected at the site of installation to ensure that it is not damaged in a manner that could impair its strength or reduce its serviceability.

During the inspection, a PHMSA inspector requested construction standards that would address damage to its coating that might be observed during initial pull-back of a HDD, wherein such damage might eventually impair the pipe's strength or reduce its serviceability. Shell was unable to provide the requested construction specifications or standards.

Thus, Shell's written construction specifications or standards required by § 195.202, as it pertains to § 195.206, were inadequate. Therefore, Shell's written construction specifications or standards must be amended to include procedures for the visual inspection of pipelines at the site of installation to ensure it is not damaged in a manner that could impair its strength or reduce its serviceability.

4. § 195.214 Welding procedures.

(a) ...

(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.

Shell's welding procedures were inadequate. Specifically, Minnesota Limited, LLC Welding Procedure Specification MNL-WPS-107; Revision: 0 and Date: 4/1/2019 (MNL_WPS_107) did not provide an accurate, detailed record regarding time between weld passes, as required by API Standard 1104 – Welding of Pipelines and Related Facilities, 20th Edition (API 1104), which is incorporated by reference.

During the inspection, a PHMSA inspector requested Shell's welding procedures for review. Shell provided MNL-WPS-107; however, the procedure did not designate the maximum time between the completion of the second bead and the start of other beads.

API 1104, Section 5.3.2.10 states:

The maximum time between the completion of the root bead and the start of the second bead, as well as the maximum time between the completion of the second bead and the start of other beads, shall be designated.

On January 15, 2016, API issued a technical interpretation clarifying the intent of Section 5.3.2.10 of API 1104 20th edition, stating "Yes, the intent of API 1104, Section 5.3.2.10 is to identify the maximum time between the 1st pass and 2nd pass and the maximum time between the 2nd pass and 3rd pass."

Thus, Shell did not adequately record details of its welding procedure as required by § 195.214 as it pertain to API 1104 Section 5.3.2.10 20th edition. Therefore, Shell's welding procedures must be amended to include the maximum time between the completion of the second bead and the start of other beads.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.206. Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Enforcement Proceedings*. Please refer to this document and note the response options. 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).

Following the receipt of this Notice, you have 30 days to submit written comments, revised procedures, or a request for a hearing under §190.211. 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 an Order Directing Amendment. If 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. § 190.206). 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.

It is requested (not mandated) that **Shell Pipeline Co., L.P.** maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Robert Burrough, Director, PHMSA Eastern Region, 840 Bear Tavern Road, Suite 300, West Trenton, NJ 08628. Please refer to **CPF 1-2020-5011M** on each document you submit, and whenever possible provide a signed PDF copy in electronic format. Smaller files may be emailed to robert.burrough@dot.gov. Larger files should be sent on USB flash drive accompanied by the original paper copy to the Eastern Region Office.

Additionally, if you choose to respond to this (or any other case), please ensure that any response letter pertains solely to one CPF case number.

Sincerely,

Robert Burrough
Director, Eastern Region
Pipeline and Hazardous Materials Safety Administration

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