

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

June 5, 2012

Mr. Greg Smith
President
Shell Pipeline Company, L.P.
Two Shell Plaza
777 Walker Street, Room 1437
Houston, TX 77002

CPF 2-2012-5006M

Dear Mr. Smith:

From April 9-11, 2012, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Southern Region, Office of Pipeline Safety inspected the Shell Pipeline Company, L.P. (Shell) Capline Pipeline system's written operations and maintenance procedures in Byhalia, MS, pursuant to Chapter 601 of 49 United States Code.

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

- 1. §195.571 What criteria must I use to determine the adequacy of cathodic protection? Cathodic protection required by this Subpart must comply with one or more of the applicable criteria and other considerations for cathodic protection contained in paragraphs 6.2 and 6.3 of NACE SP 0169 (incorporated by reference, see § 195.3).**

Shell's written procedures in its *Corrosion Control Inspection and Maintenance Manual* (i.e. *Procedure 571*) did not adequately address how Shell complied with one or more of the applicable criteria and other considerations for cathodic protection contained in paragraphs 6.2 and 6.3 of NACE SP 0169, which is incorporated by reference in §195.3.

Shell's written *Procedure 571 - Cathodic Protection Criteria* listed three different cathodic protection criteria to include "1. - 0.850 volts versus Copper/Copper Sulfate half-cell with IR [voltage drop] considered." The procedure further stated that "All are defined in NACE Standard Practice SP 0169. Detailed procedures for using these criteria are given in 27TG-001 External Corrosion Considerations from Pipeline Design and Construction."

However, neither *Procedure 571 - Cathodic Protection Criteria* or SPLC Standard 27TG-001 *External Corrosion Considerations from Pipeline Design and Construction* provided guidance or explanation on how Shell considered IR drop other than those across the structure-to-electrolyte boundary when using the - 0.850 volt criteria beyond the reference to NACE SP 0169.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237. 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. 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). 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.

If, after opportunity for a hearing, 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. § 190.237). 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 Company, 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 Wayne T. Lemoi, Director, Southern Region, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF 2-2012-5006M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Wayne T. Lemoi
Director, Office of Pipeline Safety
PHMSA Southern Region

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