

WARNING LETTER

VIA ELECTRONIC MAIL TO: Greg.Smith@shell.com and deborah.price@shell.com

October 29, 2020

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

CPF 3-2020-5025W

Dear Mr. Smith:

On July 22-25, 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 your Des Plaines fuel facility and dual 6-inch delivery pipelines to O'Hare International Airport in Arlington Heights and Chicago, Illinois.

As a result of the inspection, it is alleged that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The item inspected and the probable violation is:

1. §195.49 Annual report.

Each operator must annually complete and submit DOT Form PHMSA F 7000-1.1 for each type of hazardous liquid pipeline facility operated at the end of the previous year. An operator must submit the annual report by June 15 each year, except that for the 2010 reporting year the report must be submitted by August 15, 2011. A separate report is required for crude oil, HVL (including anhydrous ammonia), petroleum products, carbon

dioxide pipelines, and fuel grade ethanol pipelines. For each state a pipeline traverses, an operator must separately complete those sections on the form requiring information to be reported for each state.

Shell Pipeline Company (Shell) failed to report any breakout tanks at its Des Plaines facility in its annual report submission for 2018. At the time of the inspection, as well as in 2018, there were 11 DOT designated breakout tanks in service at the Des Plaines facility. Although the tanks were not reported, Shell continued to treat them as DOT regulated and has performed all required inspections.

Shell's annual report for 2019 has been updated with the correct number of breakout tanks currently in service at its Des Plaines facility.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations. For violation occurring on or after November 27, 2018 and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679. For violation occurring on or after November 2, 2015 and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022. For violations occurring prior to November 2, 2015, the maximum penalty may not exceed \$200,000 per violation per day, with a maximum penalty not to exceed \$2,000,000 for a 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. Shell has corrected the item identified in this letter. Failure to do so would result in Shell Pipeline Company L.P. 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 3-2020-5025W**. 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,

Gregory A. Ochs
Director, Central Region, OPS
Pipeline and Hazardous Materials Safety Administration

cc: Ms. Deborah Price, Integrity and Regulatory Services Manager - 910 Louisiana Street 42nd Floor, One Shell Plaza, Houston, TX 77002 deborah.price@shell.com