

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

April 19, 2011

Shell Pipeline Co., L.P.
Mr. Greg Smith
President
777 Walker
Room1437 Two Shell Plaza
Houston, TX 77002

CPF 4-2011-5007M

Dear Mr. Smith:

On March 25, 2011, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected Shell Pipeline Co., L.P. Operations and Maintenance procedures in Houston, TX.

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

- 1. §195.402 Procedural manual for operations, maintenance, and emergencies.**
 - (c) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:**
 - (5) Analyzing pipeline accidents to determine their causes.**
 - (6) Minimizing the potential for hazards identified under paragraph (c)(4) of this section and the possibility of recurrence of accidents analyzed under paragraph (c)(5) of this section.**

This Specialized Inspection centered around the operator's internal responses to two PHMSA reported accidents: Report# 20080026 related to a valve body drain leak and Report# 20070041 related to an external corrosion failure on the Bengal Pipeline. While the operator clearly had evaluated the accidents and instituted a number of changes, the procedural requirements to perform follow-up investigations and make appropriate operational and/or procedural changes are vague, along with the expected follow-up tracking of appropriate changes.

Shell's Procedure 3.3 – Release Reporting and Investigation does not adequately define and outline the need for analyzing pipeline accidents to determine their cause nor does it adequately describe a process by which the operator can minimize the potential for recurrence of accidents analyzed. Shell must revise its procedures to more clearly define when investigations are and are not required, along with associated justifications, and clearly define the subsequent tracking and follow-up of findings and remedial measures associated with investigations.

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 maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to R. M. Seeley, Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF 4-2011-5007M** 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*