

## WARNING LETTER

### CERTIFIED MAIL - RETURN RECEIPT REQUESTED

November 18, 2013

Mr. Greg Smith  
President  
Shell Pipeline Company  
777 Walker Street  
Houston, TX 77002

**CPF 4-2013-5029W**

Dear Mr. Smith:

Between February and August 29, 2013, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code were onsite and inspected Shell Pipeline systems in Louisiana, Texas and the GOM. The inspection consisted of procedure, record and field audits pursuant to Chapter 601 of 49 United States Code.

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 item inspected and the probable violation is:

**§195.264 Impoundment, protection against entry, normal/emergency venting or pressure/vacuum relief for aboveground breakout tanks.**

**Impoundment, protection against entry, normal/emergency venting**

**(b) After October 2, 2000, compliance with paragraph (a) of this section requires the following for the aboveground breakout tanks specified:**

**(1) For tanks built to API Specification 12F, API Standard 620, and others (such as API Standard 650 or its predecessor Standard 12C), the installation of impoundment must be in accordance with the following sections of NFPA 30:**

**(i) Impoundment around a breakout tank must be installed in accordance with section 4.3.2.3.2; and**

**(ii) Impoundment by drainage to a remote impounding area must be installed in accordance with section 4.3.2.3.1.**

**(2) For tanks built to API 2510, the installation of impoundment must be in accordance with section 5 or 11 of API 2510 (incorporated by reference, see §195.3).**

Shell Pipeline Company Tank Dike capacity or impoundment records indicated that they were insufficient and not in compliance with §195.264.

During the record inspection, PHMSA identified that the Tank Dike Capacities for the Tank 484 at Nairn Station located in Plaquemines parish, LA were insufficient.

In the summer of 2013, Shell began making plans to reconstruct the Tank Dike. Shell provided the Tank Dike Capacity calculations and an updated Tank Data sheet to PHMSA on October 29, 2013. PHMSA reviewed the Tank Capacity documentation and found it acceptable.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 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. We advise you to correct the item identified in this letter. Failure to do so will result in Magellan 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 4-2013-5029W**. 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,

R. M. Seeley  
Director, Southwest Region  
Pipeline and Hazardous Materials Safety Administration