



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

8701 S. Gessner, Suite 630
Houston, TX 77074

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

May 3, 2017

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

CPF 4-2017-5016M

Dear Mr. Smith:

Between June and November 2016, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected Shell Pipeline Company's (Shell) operation and maintenance procedures in Houston, Texas.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within Shell's 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.

§ 195.248 Cover Over Buried Pipeline

- (a) Unless specifically exempted in this subpart, all pipe must be buried so that it is below the level of cultivation. Except as provided by paragraph (b) of this section, the pipe must be installed so that the cover between the top of the ground level, road bed, River bottom, or underwater natural bottom (as determined and generally accepted practices), as applicable, complies with the following table....**

Shell's procedure 40 TS-002 Construction of Onshore Pipelines and Related Facilities Section 17 Backfilling did not reference where to find depth of cover standards for use when backfilling operations are being performed.

Shell's Manual (40 TS-002), Section 17 Backfilling needs to include a reference to Pipeline I&M Manual section 3.7.6 Depth of Cover Requirements to adequately convey the required depth of cover when performing backfilling operations.

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.

§ 195.260 Valves: Location

A valve must be installed at each of the following locations:

- (a) On the suction end and the discharge end of a pump station in a manner that permits isolation of the pump station equipment in the event of an emergency.**
- (b) On each line entering or leaving a breakout storage tank area in a manner that permits isolation of the tank area from other facilities.**
- (c) On each mainline at locations along the pipeline system that will minimize damage or pollution from accidental hazardous liquid discharge, as appropriate for the terrain in open country, for offshore areas, or for populated areas.**
- (d) On each lateral takeoff from trunk line in a manner that permits shutting off the lateral without interrupting the flow in the trunk line.**
- (e) On each side of a water crossing that is more than 100 feet (30 meters) wide from high-water mark to high-water mark unless the Administrator finds in a particular case that valves are not justified.**
- (f) On each side of a reservoir holding water for human consumption.**

Shell's procedure ODM 05.01.T.00 Basic Design & Engineering Package did not specify where valves are to be placed during design and construction of their pipelines.

Shells' procedure ODM 05.01.T.00 Basic Design & Engineering Package needs to specify where valves are to be located in a manner that meets the requirements of §195.260 during the design and construction phase.

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.

§ 195.212 Bending of Pipes

(b) Each circumferential weld which is located where the stress during bending causes a permanent deformation in the pipe must be nondestructively tested either before or after the bending process.

Shell's procedure 40 TS-002 Construction of Onshore Pipelines and Related Facilities Section 14 Field Bends did not specify that circumferential welds located where the stress during bending causes a permanent deformation in the pipe must be nondestructively tested either before or after the bending process.

Shell's procedure 40 TS-002 Construction of Onshore Pipelines and Related Facilities Section 14 Field Bends needs to specify that circumferential welds located where the stress during bending causes a permanent deformation in the pipe must be nondestructively tested either before or after the bending process.

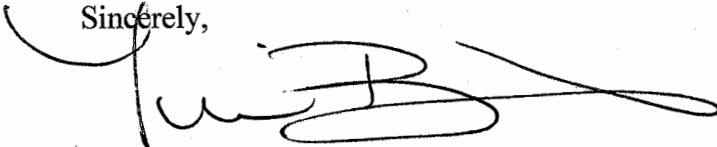
Response to this Notice

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 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).

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 Company maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Terri J. Binns, Acting Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF 4-2017-5016M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

A handwritten signature in black ink, appearing to read 'Terri J. Binns', written over a horizontal line.

Terri J. Binns
Acting Director, Southwest Region
Pipeline and Hazardous Materials Safety Administration

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