

WARNING LETTER

ELECTRONIC MAIL – RETURN RECEIPT REQUESTED

August 12, 2021

Greg Smith
President
Shell Pipeline Company, L.P.
777 Walker Street, Two Shell Plaza
Houston, Texas 77002

CPF 4-2021-052-WL

Dear Mr. Smith:

From December 3, 2020 to July 2, 2021, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.), reviewed the Integrity Assurance notification submitted by Shell Pipeline Company, L.P.'s (Shell) for its Sorrento-Convent Ethylene Pipeline on December 3, 2020.

As a result of the review, it is alleged that Shell has 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. § 195.452 Pipeline integrity management in high consequence areas.

(a)...

(j) What is a continual process of evaluation and assessment to maintain a pipeline's integrity?

(1)...

(4) *Variance from the 5-year intervals in limited situations-*

(i)...

(ii) *Unavailable technology.* An operator may require a longer assessment period for a segment of line pipe (for example, because sophisticated internal inspection technology is not available). An operator must justify the reasons why it cannot comply with the required assessment period and must also

demonstrate the actions it is taking to evaluate the integrity of the pipeline segment in the interim.

An operator must notify OPS 180 days before the end of the five-year (or less) interval that the operator may require a longer assessment interval, and provide and estimate of when the assessment can be completed. An operator must send notice to the address specified in paragraph (m) of this section.

Shell failed to notify OPS of its variance from the five-year inspection interval on its Sorrento-Covent Ethylene Pipeline as required 180 days **before** the end of the five-year (or less) interval as required by § 195.452(j)(4)(ii). Shell submitted its Reassessment Delay notification on December 3, 2020, which was 171 days **after** the end of the five-year interval required for reassessment (June 16, 2015) rather than the required 180 **before** the end of the five-year assessment interval.

Shell's notification stated, "The purpose of this notification is to inform PHMSA of a reassessment that may be delayed past the 68-month mark. The assessment was delayed as [the] downstream plant is not receiving product" and that "The assessment will be done by the 5-year 8-month mark depending on [the] recommencement of plant operation."

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, Shell Pipeline Company, L.P. is subject to a civil penalty not to exceed \$225,134 per violation per day the violation persists, up to a maximum of \$2,251,334 for a related series of violations. For violations occurring on or after January 11, 2021, and before May 3, 2021, the maximum penalty may not exceed \$222,504 per violation per day the violation persists, up to a maximum of \$2,225,034 for a related series of violations. For violations occurring on or after July 31, 2019, and before January 11, 2021, the maximum penalty may not 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 violations 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 violations 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.

PHMSA has 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. PHMSA advises you to review your process for IM notifications and the associated deadlines. Failure to do so will 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 4-2021-052-WL**. 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,

Mary L. McDaniel, P.E.
Director, Southwest Region
Pipeline and Hazardous Materials Safety Administration

cc: Sonia Islam, Pipeline Ops Support Engineer – IM & Regulatory, Shell Pipeline Company, LP, Sonia.Islam@shell.com
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