

WARNING LETTER

VIA ELECTRONIC MAIL TO: steven.ledbetter@shell.com

July 16, 2021

Mr. Steven Ledbetter
Vice President, US Pipelines
Shell Pipeline Company, LP
150 North Dairy Ashford Road
WCK BLDG. A
Houston, TX 77079

CPF 1-2021-049-WL

Dear Mr. Ledbetter:

From August 18, 2020 to August 20, 2020, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected Shell Pipeline Company, LP's (Shell Pipeline) construction standards in Imperial, PA.

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. § 195.202 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.

Shell Pipeline failed to construct a pipeline system in accordance with its comprehensive written specifications or standards. Specifically, Shell failed to follow its *40 TS-002 Construction of New Onshore Pipelines and Related Facilities*, Approved for Use – 06/19 (40-TS-002), regarding support of coated pipe during handling.

Section 4.4.2 Coated Pipe, part 3b of 40-TS-002 stated in part, "...all skids used to support coated

pipe shall be padded.”

During the inspection on August 19, 2020 near Short Lane, Potter Township, PA, the PHMSA inspector observed that there were two instances where coated pipe was supported on skids that were not padded.

Therefore, Shell Pipeline failed to construct its pipeline in accordance with its comprehensive written specifications or standards as required by § 195.202, as it pertain to 40-TS-002.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are 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 violation 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 violation 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 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.

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 Shell Pipeline Company, LP 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 1-2021-049-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,

Robert Burrough
Director, Eastern Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration