U.S. Department
of Transportation

**Research and
Special Programs
Administration**

Office of the
Chief Counsel

400 Seventh St., S.W.
Washington, D.C. 20590

JUL - 1 2004

Mr. John Hollowell
President
Shell Pipeline Company, LP
777 Walker Street
Two Shell Plaza
Houston, TX 77252

Re: CPF No. 4-2002-5007M

Dear Mr. Hollowell:

Enclosed is the Final Order issued by the Associate Administrator for Pipeline Safety in the above-referenced case. The Order finds that you have addressed the inadequacies in your integrity management program segment identification procedures that were cited in the May 13, 2002 Notice of Amendment. Therefore, you need not take any further action with respect to the matters in this case. This enforcement action is now closed. Your receipt of the Final Order constitutes service of that document under 49 C.F.R. § 190.5.

Sincerely,

James Reynolds
Pipeline Compliance Registry
Office of Pipeline Safety

Enclosure

cc: Mr. David F. Sheaff
Compliance Assurance Manager

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

DEPARTMENT OF TRANSPORTATION
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, DC 20590

In the Matter of	)	
	)	
Shell Pipeline Company, LP	)	CPF No. 4-2002-5007M
	)	
Respondent	)	
	)	

ORDER DIRECTING AMENDMENT

On February 11-13, 2002, pursuant to 49 U.S.C. § 60117, representatives of the Western and Southwest Regions, Office of Pipeline Safety (OPS), inspected Shell Pipeline Company, LP's (Respondent's) pipeline integrity management program at Respondent's facility in Houston, Texas. As a result of the inspection, the Director, Southwest Region, OPS, issued to Respondent, by letter dated May 13, 2002, a Notice of Amendment (NOA). The NOA alleged that Respondent's integrity management procedures for identifying pipeline segments that could affect a high consequence area ("HCA segments") were inadequate in the following three areas: (1) the procedures failed to utilize air dispersion models for its highly volatile liquid (HVL) pipeline segments; (2) the procedures failed to consider spill migration via streams, waterways, and other drainage pathways; and (3) the procedures failed to fully identify all relevant Unusually Sensitive Areas (USAs) ("Items 1-3"). The NOA proposed to require amendment of Respondent's procedures to comply with the requirements of 49 C.F.R. § 195.452.

By letter dated June 11, 2002, Respondent submitted its response to the NOA. With respect to Item 1, Respondent disagreed that its segment identification procedures were inadequate. With respect to Items 2 and 3, Respondent presented explanations and information addressing the alleged inadequacies. Respondent also requested a hearing. The hearing was held on June 4, 2003 in Houston, Texas. By letter dated June 30, 2003, Respondent submitted additional information for the record in support of its position.

FINDINGS

Item 1. With respect to the utilization of air dispersion modeling, in determining how a release on a given pipeline segment could affect a HCA, HVL pipeline operators are required to use technically sound methods of accounting for the dispersion of commodity by air. In its response and at the hearing, Respondent demonstrated that its HCA segment identification procedures did in fact use a technically sound method of considering air dispersion for HVL segments. Specifically,

Respondent demonstrated that the sizes of the buffer zones it used were based on dispersion modeling of every commodity it transports–including HVLs–using PHAST software and conservative assumptions such as full rupture of its highest volume HVL lines under various discharge volumes and wind conditions. Respondent further demonstrated that the size of its buffer zones and the overall results of its HCA segment identification had been validated by subsequent site-specific dispersion modeling. Accordingly, I find that with respect to Item 1, Respondent's integrity management program segment identification procedures were not inadequate as alleged in the NOA.

Item 2. With respect to the consideration of spill migration via streams, waterways, and other drainage pathways, in determining how a release on a given pipeline segment could affect a HCA, operators are required to consider the topographic features surrounding the pipeline segment, including drainage systems such as small streams and other pathways such as roadside ditches and farm field drain tile that could act as a conduit to the HCA. In its response and at the hearing, Respondent acknowledged that the implementation process it had in place at the time it initially performed its HCA segment identification utilized software that did not have a hydrology component. Respondent asserted that these hydrologic conduits were generally discussed at various risk assessment meetings but acknowledged that at the time of the inspection, a standardized process for systematically incorporating hydrologic features was not included as a specific element of its written HCA segment identification procedures. Accordingly, I find that with respect to Item 2, Respondent's integrity management program segment identification procedures were inadequate as alleged in the NOA.

Item 3. With respect to the identification of USAs, in order to ensure that all HCA segments are identified, operators must identify every relevant USA–including any USAs that may not be listed in the National Pipeline Mapping System (NPMS). In its response and at the hearing, Respondent acknowledged that the implementation process it had in place at the time of the inspection did not provide for the acquisition of drinking water USA data for Michigan, Delaware, Kentucky, and Tennessee and ecological USA data for Pennsylvania. Accordingly, I find that with respect to Item 3, Respondent's integrity management program segment identification procedures were inadequate as alleged in the NOA.

In its response and at the hearing, Respondent demonstrated that since the time of the inspection, it has revised its HCA segment identification process with respect to Items 2 and 3. With respect to Item 2, Respondent has upgraded to site-specific spill trajectory modeling that incorporates small-stream pathways and other hydrologic features and this is now reflected in its written procedures. With respect to Item 3, Respondent has amended its procedures to direct the use of state agency data to ensure that all relevant USAs are properly identified on an ongoing basis regardless of whether they are identified in the NPMS. The Director, Southwest Region, has reviewed the revised procedures and accepted them as adequate. Accordingly, I find that Respondent has corrected the inadequacies cited in Items 2 and 3. Because Respondent's actions have satisfied the proposed amendment of procedures, it is unnecessary to issue an order directing amendment of Respondent's procedures. Therefore, Respondent need not take any further action with respect to the matters in this case.

Under 49 C.F.R. § 190.215, Respondent has a right to submit a petition for reconsideration of this Final Order. The petition must be received within 20 days of Respondent's receipt of this Final Order and must contain a brief statement of the issue(s). The terms and conditions of this Final Order are effective upon receipt.

Stacey Gerard
Associate Administrator
for Pipeline Safety

JUL - 1 2004
Date Issued