



U.S. Department
of Transportation
**Pipeline and Hazardous
Materials Safety
Administration**

1200 New Jersey Avenue, SE
Washington, DC 20590

May 4, 2021

Mr. Brook Lenker
Executive Director
FracTracker Alliance
704 Lisburn Rd., Ste. 102
Camp Hill, PA 17011

Dear Mr. Lenker:

Thank you for your correspondence of March 17, 2021, expressing concerns regarding the Shell Pipeline Company's Falcon Pipeline, a 97-mile ethane pipeline system in Pennsylvania, West Virginia, and Ohio. I appreciate your commitment to safety and your concerns for the environment and the well-being of residents living near the Falcon Pipeline.

In your letter, you relay concerns that the pipeline may have been constructed with defective corrosion prevention coatings; that witnesses have reported instances of falsification of records and reports, including reports of inadvertent returns; and that witnesses have reported instances of retaliatory firings by Shell Pipeline Company.

The mission of the Pipeline and Hazardous Materials Safety Administration (PHMSA) is to protect people and the environment by advancing the safe transportation of energy and other hazardous materials that are essential to our daily lives. As part of this mission, PHMSA administers a national regulatory safety program for approximately 2.8 million miles of interstate and intrastate pipelines in the United States. This program requires that pipeline operators design, construct, operate, and maintain their pipeline facilities in compliance with the Federal Pipeline Safety Regulations found in 49 Code of Federal Regulations (CFR) Parts 190-199. To help ensure that operators comply with these regulations, PHMSA conducts compliance inspections during construction and operation of all regulated pipelines. PHMSA also conducts investigations when it becomes aware of safety concerns, such as whistleblower complaints.

In July 2019, PHMSA investigated a safety complaint regarding pipeline coatings, inadvertent returns, and allegations of falsified records. Between July and September of 2019, PHMSA conducted on-site inspections of the construction project and specifically sought evidence or records that would substantiate or refute the allegations of coating damage or falsified records. The issue of inadvertent returns was determined to fall outside of PHMSA's regulatory authority,

but was evaluated by the appropriate state environmental agency. In August 2019, PHMSA proactively reached out to the Pennsylvania Department of Environmental Protection to share information we had received regarding the inadvertent returns.

Regarding the coating concern, PHMSA conducted an investigation into the allegation but could not substantiate the allegation that a safety issue or non-compliance existed. The allegations included photos of two pieces of pipe. One photo showed pipe with scratch marks on top of a ditch. PHMSA's investigator determined that the pipe's coating had indeed been scratched, but that the scratches did not constitute a safety issue or require repair. The other photo (and associated records) depicted damage to a pipe's coating resulting from a horizontal directional drill (HDD) event. PHMSA's investigator determined the damage was to the abrasion resistant overcoat (ARO) and the primary coating of fusion bonded epoxy (FBE) remained intact. The ARO's intended purpose is protecting the FBE during the HDD. The investigator also found that the company began applying additional protective resin (ScarGuard) for added protection during subsequent HDD processes.

As part of its on-going inspections, PHMSA actively looks for indications of coating issues on buried pipelines, which would be evidenced by cathodic protection levels and other indirect data. **The company performed a baseline in-line inspection (ILI) in November 2020 and is expected to have completed a Close Internal Survey (CIS) by April 2021.** PHMSA has reviewed, and will continue to review, those tests for any indication of a coating or corrosion issue. To date, including the most recent inspection in August 2020 and a review of the November 2020 ILI results, PHMSA has not identified any indications of coating issues on the Falcon pipeline requiring repair.

PHMSA also investigated the allegation of falsification of coating inspection reports related to the "thickness of coating applied" but did not find any evidence supporting this allegation. PHMSA did identify a situation that warranted additional scrutiny. **In the process of evaluating whether the pipe has been adequately sandblasted and cleaned, test strips are applied to determine if the surface has attained a proper profile. Different test strips are used for different profiles. The company disclosed it did not have the appropriate test strip available, and an individual used an incorrect test strip, falsely recording the use of a proper test strip. The company discovered the issue, removed the incorrect record, and recovered the actual results so that the required record accurately reflected what had occurred.**

PHMSA is aware of at least one individual indicating that he or she had been fired by Shell Pipeline Company while working on this project. **Terminations that are potentially in retaliation for whistleblower complaints are reported to, and investigated by, the Occupational Safety and Health Administration (OSHA). We refer you to OSHA with respect to any investigation they have conducted.**

As you noted in your letter, PHMSA has issued a compliance action related to other identified inadequacies occurring during the construction of the Falcon Pipeline. PHMSA has not identified actionable non-compliance or safety concerns specifically related to the July 2019 allegations, but our safety oversight is an ongoing process. PHMSA will continue to look for any evidence of non-compliance or safety concerns and appreciates your sharing any pertinent

Mr. Brook Lenker

Page 3

information should it become available. PHMSA assures you that if we find any evidence of non-compliance or safety concerns, we will address it.

Thank you for your attention to pipeline safety. You may wish to share a copy of this letter with the other members of your group who indicated their support. If you require additional information or assistance, please contact Patricia Klinger, Deputy Director of Governmental, International, and Public Affairs, by phone at (202) 366-6374 or by email at Patricia.Klinger@dot.gov. I hope this information is helpful.

Sincerely,



Tristan Brown
Acting Administrator

CC: The Honorable Pete Buttigieg
Secretary, U.S. Department of Transportation

The Honorable Peter DeFazio
Chairman, Committee on Transportation and Infrastructure
U.S. House of Representatives

The Honorable Donald Payne, Jr.
Chairman, Subcommittee on Railroads, Pipelines, and Hazardous Materials
U.S. House of Representatives

The Honorable Carolyn Maloney
Chairman, Committee on Oversight and Reform
U.S. House of Representatives

The Honorable Jackie Speier
Member, Committee on Oversight and Reform
U.S. House of Representatives

Ms. M. Beth Trombold
Acting Chair, Public Utilities Commission of Ohio

Ms. Gladys Brown Dutrieuille
Chairman, Pennsylvania Public Utilities Commission

Ms. Charlotte Lane
Chairman, Public Service Commission of West Virginia