

Shell Offshore Inc.
An affiliate of Shell Oil Company



One Shell Square
PO Box 61933
New Orleans LA 70161-1933
(504) 728-6161

Department of the Interior;
Minerals Management Service;
ATTN: Regulations and Standards Branch (RSB)
Rules.comments@mms.gov

March 12, 2008

SUBJECT: RIN 1010-AD11.
30 CFR Parts 250, 253, 254, and 256 Oil and Gas and Sulfur
Operations in the Outer Continental Shelf – Pipelines and Pipeline
Rights-of-Way: Proposed Rule

Ladies and Gentlemen:

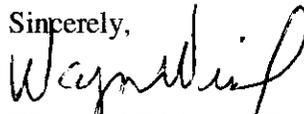
Shell Offshore Inc. (SOI) appreciates this opportunity to provide written comments on the proposed rule to amend regulations in 30 CFR250.1000 regarding pipelines and pipeline rights of way associated with Outer Continental Shelf oil and gas and sulfur operations. SOI owns and operates an extensive subsea pipeline infrastructure portfolio associated with its oil and gas production activities in the Gulf of Mexico. The comments respectfully submitted herein express our concerns regarding the impact of the proposed rule to pipeline regulation in general as well as our concerns regarding the impact of the proposed rule specifically to subsea pipeline systems. The attachment following this letter contains a detailed list of comments and feedback regarding this proposed rule.

SOI supports the effort that the MMS has made to enhance safety and protect the environment while at the same time endeavoring to create a more clear, comprehensive and detailed rule. A review of the general section in the proposed rule suggests that there will be some 27 added applications, information requests, plans, or notifications required. Though some of these submittals were required by existing NTL's and LTL's, many are new and SOI maintains concerns that such an increase in information requests will add a significant administrative burden to both the MMS and the operator. Further, our review found that the timelines for the required submittals have in many cases been shortened by 30 to 45 days. We do concur that today's technology often allows for more expedient information development and transfer; however, adding submittals and shortening deadlines on an already burdened process will certainly have significant cost and resource impacts with no apparent gains in safety or environmental performance.

As owner and operator of widespread subsea infrastructure in the GOM, SOI offers the MMS the feedback contained in the subsea comments section of Attachment A. In this section, we detail concerns regarding the classification, operation, maintenance, surveillance, monitoring and inspection requirements put forth in the proposed rule as they pertain to subsea pipelines. In general, it is our opinion that this proposed rule provides an excellent opportunity to define the subsea pipeline (flowlines) as a unique type of pipeline that often requires distinctive regulations regarding its operation, maintenance, surveillance and inspection. SOI urges the MMS to consider the comments that have been collated by our subsea engineering community.

In addition to the concerns discussed above, the general comments section of Attachment A contains feedback pertaining to definitions, construction and operations support information, jurisdiction for topsides equipment, documentation pertaining to pipeline internal corrosion control and flow assurance, documentation pertaining to pipeline operations and maintenance, and cessation of ROW pipelines. In some instances, the comments merely state a concern whereas in other instances there may be a request for clarity or a suggestion for proposed wording.

Again, SOI appreciates this opportunity to provide feedback to the MMS. We thank you for your consideration of these comments. If you have questions or need clarity regarding this feedback, please contact Tracey Burger with Shell Regulatory Affairs at (504)-728-0207 or tracey.burger@shell.com.

Sincerely,

Wayne M Weicks, PE
Permits and Issues Manager

Attachments

- Attachment A: SOI General and Subsea Specific Feedback

Attachment A

SOI General and Subsea Specific Feedback

ITEM #	PAGE #	SECTION #	COMMENT
1	26466	250.1000	It would be helpful to have a listing of acronyms included in this section.
2	26466	250.1000	Major subsea manifold is not clearly defined. Question - Can the MMS clarify how it would differentiate between major and minor subsea manifolds?
3	56467	250.1006	Note in the General Section table of applications/requests/plans that are required: 7 new Applications and Requests, 3 new Pipeline ROW Grant Applications and Requests, 4 new notifications, 13 new reports and plans. SOI is concerned about the added administrative burden with the significant addition of submittals.
4	56467	250.1006	Note in the General Section table of applications/requests/plans that are required that the time to submit the requested document is typically either shortened to either 30 or 45 days and deadlines are added where no time was previously specified. SOI is concerned that these condensed submittal timelines, along with the added number of submittal requirements, will overburden the current process of submission and approval. Proposal - We recommend keeping submittal timelines at their current requirements. Question - Considering the additional information requests and the reduced timeframes for submittals, will the MMS be able to resource a similar reduction in turnaround time on approvals?
5	56475	250.1022	Some of the information requested, such as "vessel name" and "capacity of fuel tanks," seems to be excessive and could easily change after the original submittal. Question - What is the intent for these information requests?
6	56476	250.1023 (a-d)	This is very dynamic information and data can change more often than is feasible to keep up with. Question - What is the specific expectation as to frequency of updating the information and will there be a standard format for submitting this information?
7	56475	250.1022 thru 250.1025	The amount of information requested under some of the existing categories has increased significantly. For example, the requirements in sections 250.1022b-e, 250.1023b-d, and 250.1025b-d are new to the rule. Again SOI is concerned that the additional information request will increase the administrative burden and, when compounded with the shortened submittal times, prove very costly both in time and resources to both the MMS and operator.
8	56486	250.1053 (a-c)	The design, fabrication, and installation verification plans for risers used to allow one plan for multiple risers on the same floating facility (for lease term). Now separate plans must be submitted for each riser. This will be an increased labor and cost burden to both the Operator and MMS. Question - What is the reason for the individual submittal requirement?

ITEM #	PAGE #	SECTION #	COMMENT
9	56487	250.1054-1056	<p>The MMS should be very clear regarding the minimum CVA requirements to prevent broad interpretation, unproductive work and extended Agency review time.</p> <ul style="list-style-type: none"> - CVA requirements will likely become impediments to deepwater developments on GoM OCS; program requires independent third party design review and analysis in lieu of validation of application of sound engineering principles in design. - The proposed program is not consistent in the level of details with the Platform CVA program (the intent is verification not re-analysis). - If Consulting Firms who are now doing riser design, fabrication and installation work, are providing CVA requirements to the MMS, this may be counter-productive. <ul style="list-style-type: none"> - Some consulting firms are expanding the scope of their design review beyond what we believe the intention of the MMS initially was. <p>Question - Do the review Agencies (MMS) have sufficient time and resources to actually verify the technical information requested?</p> <p>Proposal - The riser CVA program should follow the example of the platform CVA program in providing a third party verification and not a complete re-analysis.</p>
10	56492	250.1068	<p>Topside equipment is already regulated under 250.142. This appears to be redundant.</p> <p>Questions - Is this intended to regulate submersible pumps in subsea systems? Where will the jurisdiction lie for topside equipment such as this; with the district, the pipeline section or both?</p>
11	56492	250.1074/1075	<p>We are unclear as to the type of documentation/record keeping will the operator need to maintain in order to comply with this section on Pipeline Internal Corrosion Control and Flow Assurance.</p> <p>Questions - What will the regulator ask for to demonstrate compliance? Will MMS be auditing this and reviewing regularly?</p>
12	56492-56493	250.1078/1079	<p><u>Written Manuals and Program Documents</u> - We currently have plans and processes in place that represent the spirit of the above listed written procedures. We do not organize the various detailed elements of each desired plan into a common document but prefer to keep them in storage locations and included within processes we have established and have utilized for a substantial period which is also likely true for other mature offshore Operators. The generation of a separate document is not productive and offers no additional assurance.</p> <p>Questions - What will the regulator ask for to demonstrate compliance and does it have to be in one separate volume? Will MMS be auditing this and reviewing regularly?</p> <p>Proposal - It may be more appropriate for these topics to be discussed at some type of Annual Performance Review or similar venue.</p>
13	56496	250.1093	<p>(b) Modification Application - Currently, ROW pipeline modifications and new ROW pipeline applications do not require the items that are part of 250.1030 (EIA). Maintenance activities should be excluded from this topic. For example, if a modification is proposed for an existing ROW pipeline, the items listed in 250.1030 would be a burden; i.e. replacing or adding Anodes will be considered a modification (currently it is considered maintenance with no applicable fees and a notification only to MMS and lease owners and ROW holders, this is another issue as well), by adding the requirements listed below, this would slow down the application process. Reason - for existing ROW pipelines this information was not required in the original application process, therefore it is not readily available and will need to be created and put together in the application process. Recommend to delete this item as a requirement for lease or ROW pipeline modifications.</p>

ITEM #	PAGE #	SECTION #	COMMENT
14	56501	250.1110	Question - How long will it take to process a decommissioning application? Proposal - We suggest 30-45 days. General Proposal - Proposed rule should include language that establishes time clocks around permitting processes similar to that for EPs and DOCDs (i.e. Agency turnaround re: completeness, determination, approval, denial decisions) and more reasonable timelines for completion documentation submittals.
15	56501	250.1110	Proposal - It would be helpful for operators to know what stage of the approval process that applications are in at a given time. Similar in nature to eWell. Question - Has MMS considered developing an online forum/database for operators to get information regarding the status of an application?
16	56508	250.1133(d)(3)	Based on the proposed language regarding the "Obligations if MMS approves your application to modify the pipeline ROW grant to cease operations," it is our understanding that a cessation will be authorized for 5 years (from the date the well is shut in) unless otherwise specified by the Regional Supervisor. Questions - Is this understanding correct? Will cessations be typically authorized for 5 years?
17	56508	250.1133 (c)	Suggest that the MMS create a new fee for Cessations to eliminate confusion as to what fee to use and to set the cost consistent with the work required to approve.
18	56508	250.1133 (c)	Shell requests that the MMS provide a 90 day notification before the ROW grant expires.
19	56508	250.1133 (b)	Question - Does this Temporary Cessation 180 period require a formal notification or submittal?
20	56508	250.1133 (b)	Question - Is a cost recovery fee required for a Temporary Cessation?

ITEM #	PAGE #	SECTION #	COMMENT
Subsea Community Feedback			
1	56493	250.1079 (b) 1-iii	<u>Integrity Management Program</u> - Rewording suggestion "Using other technology that can provide an equivalent understanding of the condition of the pipeline <i>including an appropriate condition monitoring program.</i> "
2	56493	250.1079 (b) 2	<u>Integrity Management Program</u> : Information analysis - Rewording suggestion "An analysis <i>or tool</i> that integrates all other available information (e.g., inspections, tests, surveys, and monitoring results) about pipeline integrity."
3	56493	250.1079 (b) 5	<u>Integrity Management Program</u> : Periodic assessment and evaluation - Rewording suggestion "Provisions <i>or a condition monitoring program</i> for periodically reassessing and re-evaluating the integrity of the pipeline at a frequency based on specific risk factors such as proximity to environmentally sensitive areas, product being transported, previous failure history, and water depth."
4	56493	250.1079 (d)	<u>Personnel Qualification Program</u> - Rewording suggestion "You must have a written qualification <i>or certification program or defined processes</i> for individuals who perform pipeline operation, maintenance, and repair duties for you that may affect the safe operation or integrity of a pipeline."
5	56493	250.1079 (g)	<u>Inspection</u> - Aspects of the desired written plans may be confidential to the Operator therefore, any documents provided to the MMS should be maintained as confidential and not shared with others without written permission.
6	56493	250.1079 (b)	<p><u>Integrity Management Program</u> - Per comments from the DNV JIP meeting in December, 2007, Operators in the GoM have concern about MMS's strong steer for "direct verification" of system integrity. Concerned about the inadequacy of this technology to address subsea lines, the operators are looking to contract DNV to create a draft for Best Practices for ensuring integrity on subsea pipelines. It seems that the MMS has released the proposed Subpart J with rather specific language regarding the proposed "Integrity Management Program" that Operators are to develop. Rationale for this concern is as follows:</p> <ul style="list-style-type: none"> - Direct assessment methods have very limited application in deepwater due to: (1)Technical limitations of ILI & (2)Current and future design do not accommodate ILI (Intelligent Line Inspections) - Primary Industry concern is based on the inadequacy of current direct assessment technology to address the integrity of subsea flowlines. As a result a condition monitoring approach is required - The Operators generally support the DNV Best Practices JIP for developing a standardized process of ensuring integrity of subsea pipelines. <p>Proposal - We suggest that the MMS confirm support of a DNV Integrity Management Best Practices JIP for subsea pipelines to establish a guideline for integrity management that addresses the technical limitations of different assessment methods and lay the foundation for standard subsea pipeline integrity management procedures. Note: this was initiated pro-actively by the industry prior to the proposed modification of subpart J. The JIP is funded through the PRCI</p>
7	56493	250.1080.	<p>As we do not currently provide this marking in our Subsea Systems, SOI is concerned about how to comply with this rule with regards to subsea pipelines that do not attach to a surface location, but rather to a subsea manifold. SOI would like the MMS to reconsider the value of administrating this rule on subsea piping systems that will not terminate at a surface location.</p> <p>Questions - Will the rule, as dictated for "existing pipelines," be applied to subsea system pipelines? Is this rule to be applied to new subsea pipelines that will not terminate at a surface location?</p>

ITEM #	PAGE #	SECTION #	COMMENT
8	56494	250.1081	<p><u>Pipeline Design Pressure</u> – To prevent confusion we need to recognize that design pressure (and MAOP) varies along a deepwater flowline.</p> <p>Recommend that flowline coming from deepwater to surface define 2 MAOP's (a surface MAOP, and subsea termination MAOP)</p> <p>The detailed variation in MAOP along the flowline will be defined in the permit application.</p> <p><u>Rational:</u> Currently there is confusion with regard to variable design pressure along deepwater flowlines, which results in assigning flowline segments an incorrect single MAOP. Pipelines should be rated to the internal pressure service requirements.</p>
9	56495	250.1086 (a)	<p><u>Pipeline Classifications Designations</u> - By design subsea systems have sections that will not operate for extended periods of time. General policy is to ensure these sections contain fluids that are inert with respect to the risk of internal corrosion. This is achieved by either; displacing the section with dead oil (typical in looped systems), or ensuring that the production was fully inhibited with corrosion inhibitor prior to being isolated (non-looped systems). The requirement to treat these lines as out of service and the associated actions would result in significant downtime, cost and deferred production without any real improvement in integrity. We almost need an alternate definition to cover this type of situation.</p> <p>Question - Would the MMS consider a separate definition, or set of definitions, for Subsea Infrastructure such as flowlines and jumpers that would recognize the unique services that these pipelines have apart from hydrocarbon production? Subsea pipelines often perform a variety of vital functions in a subsea system while not transporting hydrocarbon under the existing "service" and "out-of service" definitions</p> <ul style="list-style-type: none"> - Proposed pipeline classifications are 1. Production-In Service, 2. Production-Out of Service, 3. Inactive-Integrity Ensured (instead of Not Producing) and 4. Service Lines. (SOI would suggest that MMS work with industry on determining the appropriate nomenclature) - A notification would be provide when an out of service line is returned to service.
10	56495	250.1086 (d)	<p>Question - Out-of-Service Report – What is the justification for the substantial reduction in reporting time from 60 days to 48 hours? Does this add any value? The Reactivation Report is not required for 30 days (250.1086 (g))</p>
11	56498	250.1101 (a)	<p><u>Surveying</u> - Survey requirement of once per month: The existing requirement for surveying is difficult to provide and results in significant costs and increased flight times (and associated risk to individuals). Further, when flying lines in significant water depths, it is improbable that a leak would be visually detected directly over the pipeline route. This may be a good opportunity to add a more pragmatic approach to the rule.</p> <p>Proposal - A more pragmatic approach would be to ensure that all marine transport flights in the GoM report any sightings of oil slicks or sheens and substantial gas venting likely resulting from a pipeline leak. We should minimize personnel exposure from flying in helicopters especially long distances from shore. All findings should be immediately reported and recorded.</p>
12	56499	250.1102 (b)	<p><u>Inspections Flex Joints</u> - Underwater flex joint inspections require mobilization of divers and all related support equipment. There is no historical precedence to suggest that annual visual inspections are necessary and offer any additional Integrity value.</p> <p>Proposal - We suggest that inspections be conducted every two years and if any deterioration is found an appropriate follow-up program be established (this is based on the fact that there is no definition for deterioration and it can be present in many forms that do not represent an integrity threat).</p>