



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

1200 New Jersey Ave, S.E.
Washington, D.C. 20590

NOV 06 2014

Mr. Mark C. Wiggin
Engineering and Development Manager
Brooks Range Petroleum
510 L Street, Suite 601
Anchorage, AK 99501

Dear Mr. Wiggin:

In a letter to the Pipeline and Hazardous Materials Safety Administration (PHMSA) received on January 16, 2014, you requested an interpretation on whether two 6-inch diameter pipelines that Brooks Range Petroleum Company (BRPC) is planning to build in the Southern Miluveach Unit on the North Slope of Alaska would qualify for an exemption from the 49 CFR Part 195 pipeline safety regulations.

You stated that BRPC plans to build a 6-inch diameter oil pipeline and a 6-inch diameter seawater pipeline in early 2015 as part of a future oilfield development. Both pipelines will be elevated above the tundra at a level of approximately 7 feet and will be supported on shared piles for the length of the lines. The total length of each pipeline will be about 1,000 feet. These planned 6-inch pipelines will connect a future 15,000 barrel oil per-day Mustang central process facility to be located on the Mustang Pad to an existing Alpine Oilfield sales oil pipeline and an existing Alpine seawater pipeline.

The main BRPC Mustang process facility will produce sales quality crude that will be transported to market by the proposed 6-inch oil pipeline with a proposed tie-in to an existing 14-inch Department of Transportation regulated Alpine Transportation Company (ATC) crude oil pipeline. Seawater will be transported from Kuparuk River Unit by the proposed 6-inch water pipeline and a proposed tie-in to an existing 12-inch Alpine seawater pipeline. You asked whether the new pipelines would be exempt from the 49 CFR Part 195 regulations under the exemption set forth in § 195.1(b)(3)(ii) for certain low stress piping.

With respect to the seawater pipeline, BRPC does not have to comply with the Part 195 regulations at all because seawater is not a hazardous liquid. Therefore, while other permits and regulations of other agencies may apply to its construction, the seawater pipeline can be operated without regard to Part 195 regulations.

With respect to the proposed 6-inch diameter oil pipeline, we first note that it does not extend directly from a well or production facility so it is not exempt as a production or gathering line.

The Pipeline and Hazardous Materials Safety Administration, Office of Pipeline Safety provides written clarifications of the Regulations (49 CFR Parts 190-199) in the form of interpretation letters. These letters reflect the agency's current application of the regulations to the specific facts presented by the person requesting the clarification. Interpretations do not create legally-enforceable rights or obligations and are provided to help the public understand how to comply with the regulations.

It will connect with the 14-inch ATC regulated pipeline and would be considered part of that system for purposes of determining the threshold issue of whether it meets the definition of a low stress pipeline. Your letter did not indicate whether the 14-inch ATC pipeline is a low stress pipeline or not.

Even if the 14-inch ATC pipeline does meet the definition of a low stress pipeline, the proposed 6-inch pipeline would extend from a processing facility. Section 195.1(b)(3)(ii) states:

§ 195.1 Which pipelines are covered by this Part?

...

(b) Excepted. This Part does not apply to any of the following:

...

(3) Transportation of a hazardous liquid through any of the following low stress pipelines:

...

(ii) A pipeline that serves refining, manufacturing, or truck, rail, or vessel terminal facilities, if the pipeline is less than a mile long (measured outside facility grounds) and does not cross an offshore area or a waterway currently used for commercial navigation;

In this case, the 6-inch pipeline, even though it is less than a mile long, does not serve a refining, manufacturing, or truck, rail, or vessel terminal facility. In fact, the pipeline transports processed crude from the proposed Mustang central process facility to the existing 14-inch diameter DOT regulated ATC pipeline. Therefore, based on the information you provided, the 6-inch pipeline would be a part of the already regulated pipeline system and does not appear to qualify for the exemption in § 195.1(b)(3)(ii).

If we can be of further assistance, please contact Tewabe Asebe of my staff at 202-366-5523.

Sincerely,



John A. Gale
Director, Office of Standards
and Rulemaking

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Brooks Range Petroleum

Mr. Jeff Wiese—Office of Associate Administrator
US Department of Transportation - PHMSA
1200 New Jersey Ave. SE, East Bldg, 2nd Floor
Washington D. C. 20590

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RE: Clarification of Pipeline Regulatory Jurisdiction – Proposed 6" Oil and 6" Water Pipelines –
Brooks Range Petroleum Corporation – Mustang Oilfield Development– Southern Miluveach Unit --
North Slope of Alaska

Mr. Wiese:

I am writing to you as the *Engineering and Development Manager* for Brooks Range Petroleum Corporation [BRPC], an oil and gas operator with lease holdings on the North Slope of Alaska. This letter is a follow-up to a January 7, 2014 telephone conversation with Jon Strawn (907-271-6519) of the Anchorage DOT office. Mr. Strawn recommended that BRPC submit to you in writing BRPC's interpretations and conclusions to seek clarification of regulatory jurisdiction over two (2) proposed pipelines we plan to install as part of a future oilfield development. The below conclusions are based on our interpretation of 49CFR195.

Overview

BRPC is in the early stages of engineering and planning of surface facilities and pipelines needed to produce oil from the recently-delineated Mustang reservoir in the Southern Miluveach Unit [SMU], a hydrocarbon accumulation lying just to the west of the Kuparuk River Unit [KRU] on the North Slope (see *Exhibit 1* for a legal description of the development location). This letter is being sent to you to clarify the regulatory jurisdiction related to a single 6" diameter oil pipeline and a single 6" diameter seawater pipeline we propose to install in early-2015. Both pipelines will be elevated above the tundra at a level of approximately 7 feet and will be supported on shared piles for the length of the lines. The total pipeline length will be approximately 1,000 feet, depending on expansion loops and final design pipeline routing. These planned 6" pipelines will connect a future 15,000 barrel oil per day Mustang central process facility to be located on the Mustang Pad (see *Exhibit 2, "SMU Mustang Pad and Road and Vicinity Map"*) to an existing Alpine Oilfield (ConocoPhillips-operated on the North Slope) sales oil pipeline and an existing Alpine seawater pipeline. The main BRPC Mustang process facility will produce sales-quality crude that will be transported to market via the proposed 6" oil pipeline with a proposed tie-in to the existing 14" DOT-regulated *Alpine Transportation Company* crude oil pipeline. Seawater will be transported from KRU via the proposed 6" water pipeline and a proposed tie-in to an existing 12" Alpine seawater pipeline.

- 1) *Proposed 6" diameter Mustang Oil Pipeline* – This six inch (6" nominal diameter) oil pipeline will be approximately 1,000 feet in total length. The oil pipeline will transport sales-quality crude from the proposed Mustang central process facility crude shipping pumps and LACT skid to the existing 14" diameter DOT-regulated *Alpine Transportation Company* (ATC) sales oil line. Alpine Transportation Company is the owner of the Alpine Pipeline System, including the existing 14" diameter oil sales pipeline that transport Alpine crude to the regulated Kuparuk Pipeline in the KRU CPF2 area.



Brooks Range Petroleum

- 2) *Proposed 6" diameter Mustang Seawater Pipeline* – This six inch (6" nominal diameter) water pipeline will be approximately 1,000 feet in total length and will be supported above-tundra on the same vertical support members as the above-described 6" oil line. The new 6" Mustang seawater pipeline will transport seawater to the Mustang process facility from the Alpine 12" diameter seawater line that is adjacent to, and on the same vertical support members as, the 14" ATC sales crude line mentioned above. The 12" CPAI water line transports seawater from the KRU Central Process Facility 2 [CPF2] to the Alpine oilfield.

Summary of Analysis

This letter is sent to request Department of Transportation's concurrence with BRPC's contention that neither of the proposed pipelines should be subject to Department of Transportation regulation under CFP195.0. Both pipelines – water and oil – will be significantly less than 1 mile in total length as noted in the 195.1.b.3.ii reference below. Title 49 Part 195.1.b.3.ii states that a pipeline is an exception from Title 49 Part 195 if:

"A pipeline that serves refining, manufacturing, or truck, rail, or vessel terminal facilities, if the pipeline is less than one mile long (measured outside facility grounds) and does not cross an offshore area or a waterway currently used for commercial navigation."

Additionally, and based on our conclusion that both lines are not subject to DOT regulation, Brooks Range Petroleum, does not plan to apply for an Operator ID registered with the DOT.

- I ask that you validate our interpretation of the Title 49 Part 195 language that neither of the proposed 6" pipelines should be subject to US DOT oversight.

Thank you very much for your time and assistance with this matter. Please do not hesitate to contact me if you have any questions or concerns.

Sincerely,

Mark Wiggin – *Engineering and Development Manager*
Brooks Range Petroleum Corporation
510 L Street, Suite 601
Anchorage, Alaska 99501
MWiggin@BRP.CAK.Com
Office: 907.865.5808

Cc: Mr. Jon Strawn via Email -- Jon.Strawn@DOT.Gov

EXHIBIT 1
SMU PAD AND ROAD USE AGREEMENT
DESCRIPTION OF SMU INFRASTRUCTURE

1. Mustang Field Pad:

Mustang Field Pad is located in the Southern Miluveach Unit on State of Alaska Oil and Gas Lease ADL 390680 in Section 2 in Township 10 North, Range 7 East, Umiat Meridian.

2. Mustang Road:

Mustang gravel Road originates in the Kuparuk River Unit off the Tarn Road located on State of Alaska Oil and Gas Leases ADL's 25586, Section 33 in Township 11 North, Range 8 East, Umiat Meridian, on ADL 25585, Sections 31 and 32 in Township 11 North, Range 8 East, Umiat Meridian, and on ADL 25590, Section 6 in Township 10 North, Range 8 East, Umiat Meridian. It is located in the Southern Miluveach Unit on Lease ADL 390680 in Sections 1 and 2 in Township 10 North, Range 7 East, Umiat Meridian.

EXHIBIT 2
SMU Mustang Pad and Road and Vicinity Map

