



U.S. Department
of Transportation

**Pipeline and Hazardous
Materials Safety
Administration**

1200 New Jersey Avenue, SE
Washington, D.C. 20590

SEP 10 2009

Mr. William H. Penniman
Sutherland Asbill & Brennan LLP
1275 Pennsylvania Avenue, NW
Washington, DC 20004-2415

Dear Mr. Penniman:

In a letter to the Pipeline and Hazardous Materials Safety Administration (PHMSA) dated March 4, 2009, you requested an interpretation of the applicability of the Federal pipeline safety regulations in 49 CFR Part 195 to a Questar Gas Management Company (QGM) in the State of Wyoming.

In your letter and subsequent communication, you provided the following information:

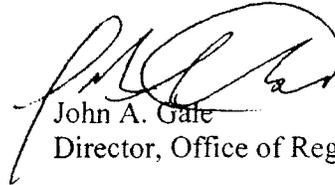
1. On December 27, 2006, you requested a determination as to the jurisdiction of QGM's No. 611 gathering line.
2. Based on the information provided, on June 4, 2007, PHMSA indicated that QGM's No. 611 gathering line was not regulated by the agency under Part 195.
3. In 2008, QGM connected its No. 611 pipeline to its 1.1 mile lateral pipeline. The 1.1 mile lateral pipeline receives petroleum (natural gas condensate liquids) from a truck-unloading facility owned by Plains Marketing, L.P. (The 1.1 lateral pipeline parallels to the No. 611 pipeline before connecting with it because Plains marketing's truck-unloading facility needed to be next to a road and because QGM had a pre-existing valve available for the interconnection 1.1 miles from the unloading facility.)
4. The 1.1 mile lateral pipeline has a nominal diameter of 6 5/8 inches.
5. The 1.1 mile lateral pipeline interconnects with the No. 611 pipeline at a point approximately 12.7 miles downstream from the start of the No. 611 gathering line.
6. The maximum operating pressure is 2,100 psig, the operating pressure ranges from 1,000 psig to 1350 psig, and the pump is rated at 1,400 psig.
7. The pipeline is operated above 20 percent of specified minimum yield strength (SMYS).

You expressed your view that even with the connection of the 1.1 mile lateral pipeline, the entire No. 611 gathering line should remain unregulated by Part 195 along with the lateral. You further stated that if PHMSA determines that the transportation of petroleum received from the truck-unloading facility via the lateral alters the June 4, 2007, determination, then Part 195 should only apply to (a) the lateral line or (b) the lateral line and the portion of QGM's No. 611 line downstream of the point at which the lateral line connects to the No. 611 gathering line. Based on the information you provided, PHMSA's determination is that the 1.1 mile lateral line and the No. 611 gathering line downstream from the connection point would be regulated under

Part 195 since these lines are operated at greater than 20% SMYS. The Part 195 regulations do not apply to the No. 611 gathering line upstream of the point at which it connects to the 1.1 mile lateral pipeline at this time. However, should a new unusually sensitive area be identified along this portion of the pipeline, the status may change.

If I can further assist you with this or any other pipeline safety regulatory matter, please contact me at (202) 366-4046.

Sincerely,

A handwritten signature in black ink, appearing to read "John A. Gale", is written over a horizontal line.

John A. Gale
Director, Office of Regulations



PHP Controlled Correspondence Sheet

PHMSA Control Number :

Action Office: PHP-30

PHP Control Number:09-0127

Due Date: 5/5/2009

Writer: William H. Penniman

Subject: RE: RE: Request for Determination of the Jurisdictional Status of Questar Gas Management Company's No. 611 Gathering Line

Action: Intepretation

Date	Action	Action by
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Date	Note	Note by
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For more information please contact:
Glenda Marshall, Glenda.marshall@dot.gov

March 4, 2009

MAR - 4 2009

Jeffrey D. Wiese
Associate Administrator
Pipeline and Hazardous Materials
Safety Administration
U.S. Department of Transportation
East Building, Second Floor
1200 New Jersey Ave., S.E.
Washington, D.C. 20590

RE: Request for Determination of the Jurisdictional Status of
Questar Gas Management Company's No. 611 Gathering Line

Dear Mr. Wiese:

Pursuant to Section 190.11(b) of the regulations of the Pipeline and Hazardous Materials Safety Administration ("PHMSA"), 49 C.F.R. § 190.11 (2007), Questar Gas Management Company ("QGM") respectfully requests a written interpretation to affirm, as determined by PHMSA by letter dated June 4, 2007 ("June 4, 2007 Determination"), that QGM's No. 611 Line continues to be deemed a rural gathering line within the meaning of 49 C.F.R. § 195.2 and thus not subject to the safety standards and reporting requirements of 49 C.F.R. Part 195. If a portion of the line is rural gathering and a portion is not, QGM requests clarification of that fact.

This request is necessitated by recent developments that alter one aspect of the factual scenario described in the December 27, 2006 request for determination as to the jurisdiction of Questar Gas Management's No. 611 gathering line ("December 27, 2006 Request").

In its June 4, 2007 Determination, PHMSA indicated that based on the facts outlined in the December 27, 2006 Request, QGM's No. 611 pipeline is exempt from regulation by PHMSA under 49 CFR Part 195. As outlined in the December 27, 2006 Request, the No. 611 Line has a nominal diameter of 6 inches; carries petroleum (natural gas condensate liquids) onshore, from production facilities at and upstream of Gobbler's Knob Station (located in the Pinedale Anticline Producing Area in Sublette County, Wyoming) to an interconnection with Plains Marketing, L.P. at Labarge Station, near Labarge, Wyoming; and, it does not pass through any cities, towns, villages or other designated residential or commercial areas. Based on these facts, PHMSA found that QGM's No. 611 pipeline "is not regulated by PHMSA under 49 CFR Part 195."

In 2008, QGM connected its No. 611 Line to a 1.1-mile lateral line which receives petroleum (natural gas condensate liquids) from a truck-unloading facility owned by Plains Marketing, L.P. (the "Lateral Line"). QGM owns this 1.1-mile Lateral Line, which has a nominal diameter of 6 5/8-inches. The Lateral Line interconnects with the No. 611 Line at a point approximately 12.7 miles downstream from the start of the No. 611 Line where it receives petroleum directly from production facilities.

Background

As previously outlined in the December 27, 2006 Request, Questar Exploration and Production Company ("QEP") owns and operates wells in the Pinedale Anticline Production Area in Southwest Wyoming that produce natural gas and associated liquid hydrocarbons. For purposes of 49 C.F.R. Part 195, the liquid hydrocarbons recovered during the natural gas production process constitute "petroleum." The liquids are petroleum in the form of "condensates." They exist in the reservoir and are recovered at the surface without resorting to processing (*see* Williams and Myers, Manual of Oil & Gas Terms, 9th ed.). They are sometimes referred to as "natural gas liquids." Condensates produced at natural gas wells located in the Pinedale Anticline Production Area are collected on well pads and carried via flow lines to Gobbler's Knob Station in Sublette County, Wyoming, where they are stabilized and prepared for transportation and delivery to Plains Marketing, L.P. at Labarge Station, near Labarge, Wyoming.

QGM owns and operates the system of flow lines that separately carry condensates, natural gas and water from the well pads to Gobbler's Knob Station. At the wellhead and at various points at and upstream of Gobbler's Knob Station, separation equipment removes water and natural gas from the condensate flow lines. At Gobbler's Knob Station, which is located midway in the production and gathering process, QGM operates stabilization facilities for the condensates. The stabilization facilities include a low pressure separator to remove any remaining water as well as strainers and filters to remove other impurities. The condensates are stabilized to a 10.5 psia true vapor pressure product. The stabilized condensates move directly into QGM's No. 611 Line, or are temporarily held in the condensate storage tank. QGM operates the condensate storage tank in an integrated manner with the stabilization facilities to ensure a consistent flow of condensates into QGM's No. 611 Line.

QGM's No. 611 Line is a nominal 6-inch line approximately 61 miles long that continues the gathering process by moving the stabilized condensate (crude petroleum) from the production facilities at Gobbler's Knob Station to an interconnection with Plains Marketing, L.P. at Labarge Station near Labarge, Wyoming.

The foregoing description of QGM's No. 611 Line and operations is reflected in its December 27, 2006 Request and was the basis for the June 4, 2007 Determination that the No. 611 Line is non-jurisdictional rural gathering.

In 2008, QGM acquired the 6 5/8-inch Lateral Line from Plains Marketing, L.P. and connected it to QGM's No. 611 Line in order to begin receiving crude petroleum from Plains Marketing, L.P. in addition to petroleum from QGM's traditional production sources. Plains Marketing, L.P. collects condensate from production facilities by truck, delivers those condensates to a truck-unloading facility owned and operated by Plains Marketing, L.P. and redelivers those liquids into QGM's Lateral Line. The petroleum is metered and pumped by Plains Marketing, L.P. into QGM's Lateral Line. (The Lateral Line parallels the No. 611 Line before connecting with it because Plains Marketing's truck-unloading facility needed to be next to a road and because QGM had a pre-existing valve available for the interconnection 1.1 mile from the unloading facility.) As noted above, the Lateral Line delivers into QGM's No. 611 Line at an interconnection located approximately 12.7 miles downstream from the start of the No. 611 Line. From that point of interconnection, petroleum from the Lateral Line and from upstream production sources on the No. 611 Line flow downstream to the interconnection with Plains Marketing, L.P. at LaBarge Station.

Two maps (8"X10") showing the No. 611 Line and the Lateral Line are attached as Attachments A and B. Attachment A shows the length of the No. 611 Line (blue) and the place where the much shorter Lateral Line (red) parallels and then connects to the No. 611 Line. Attachment B shows in greater detail how the Lateral Line parallels and connects with the No. 611 Line. (A series of nine (9) route maps for the No. 611 Line were included as Attachment B to the December 27 Request and may still be referred to if a detailed route map of the No. 611 Line is needed. Alternatively, if additional or updated copies are desired, QGM will supply them upon request.)

Analysis

In its June 4, 2007 Determination, PHMSA found that because QGM's No. 611 pipeline "is less than 8 5/8 inches in nominal outside diameter, lies entirely within rule areas, and transports condensate (petroleum) from Gobbler's Knob Station (production facility)...(it) is not regulated by PHMSA under 49 CFR Part 195."

The fact that QGM's No. 611 Line now also receives petroleum, over a 1.1-mile, 6 5/8-inch Lateral Line, from a truck-unloading facility should not alter the conclusion. QGM understands that the truck-unloading facility is located close to the production area, and it receives petroleum by truck directly from the production area. Trucking from the wells to the unloading facility performs a function similar to flow lines from wells to gathering lines. In this respect, the trucking and unloading is simply an economical method of delivering from the production facilities to the gathering line and should not alter the non-jurisdictional status of the No. 611 Line. Thus, as the Lateral Line is less than 8 5/8-inches in diameter, is located in rural areas, and transports condensates (petroleum) from a truck-unloading facility that serves a production area, the Lateral Line and the No. 611 Line should be deemed non-jurisdictional gathering.

Even if receipts from the truck-unloading facility were to affect the analysis for the Lateral Line and the downstream portion of the No. 611 Line, it certainly should not affect the

Mr. Jeffrey Wiese
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non-jurisdictional status of the portion of the No. 611 Line upstream from the interconnection with the Lateral Line.

Since the issuance of the June 4, 2007 Determination, PHMSA issued new regulations which, in § 195.11, introduce the concept of a “regulated rural gathering line.” That provision does not apply to either the No. 611 Line or to the Lateral Line since neither is located within one-quarter mile of an unusually sensitive area.

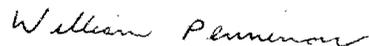
Accordingly, QGM submits that its No. 611 Line remains a rural gathering line within the meaning of 49 C.F.R. § 195.2 and is thus not subject to the safety standards and reporting requirements of 49 C.F.R. Part 195. If, however, the DOT determines that receipt of petroleum from the truck-unloading facility alters the jurisdictional analysis, then that assertion of jurisdiction should only apply (a) to the Lateral Line or (b) to the Lateral Line and the portion of QGM’s No. 611 Line downstream of the point at which the Lateral Line connects to the No. 611 Line.

Conclusion

Based on the foregoing, QGM requests an interpretive letter confirming QGM’s belief that its No. 611 Line and Lateral Line are gathering lines that are not subject to the safety standards and reporting requirements of Part 195. If you have further questions or any disagreement with that interpretation, QGM respectfully requests an opportunity to meet and discuss your analysis and potential implementation issues prior to your issuing your letter.

Thank you for your prompt attention to this matter.

Sincerely,



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Attorneys for Questar Gas Management Co.

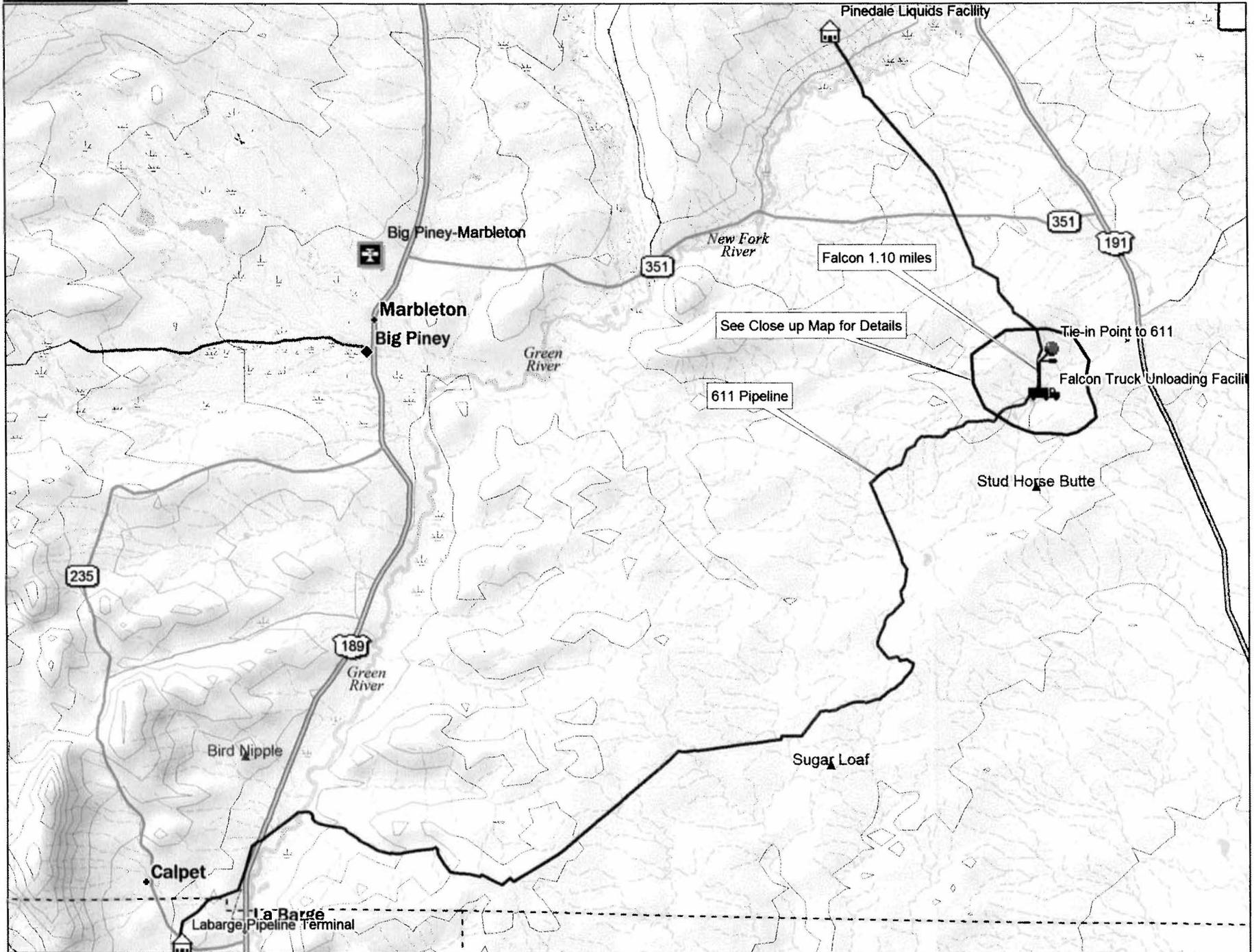
Mr. Jeffrey Wiese
March 4, 2009
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cc: Perry Richards
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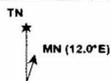
Attachment A



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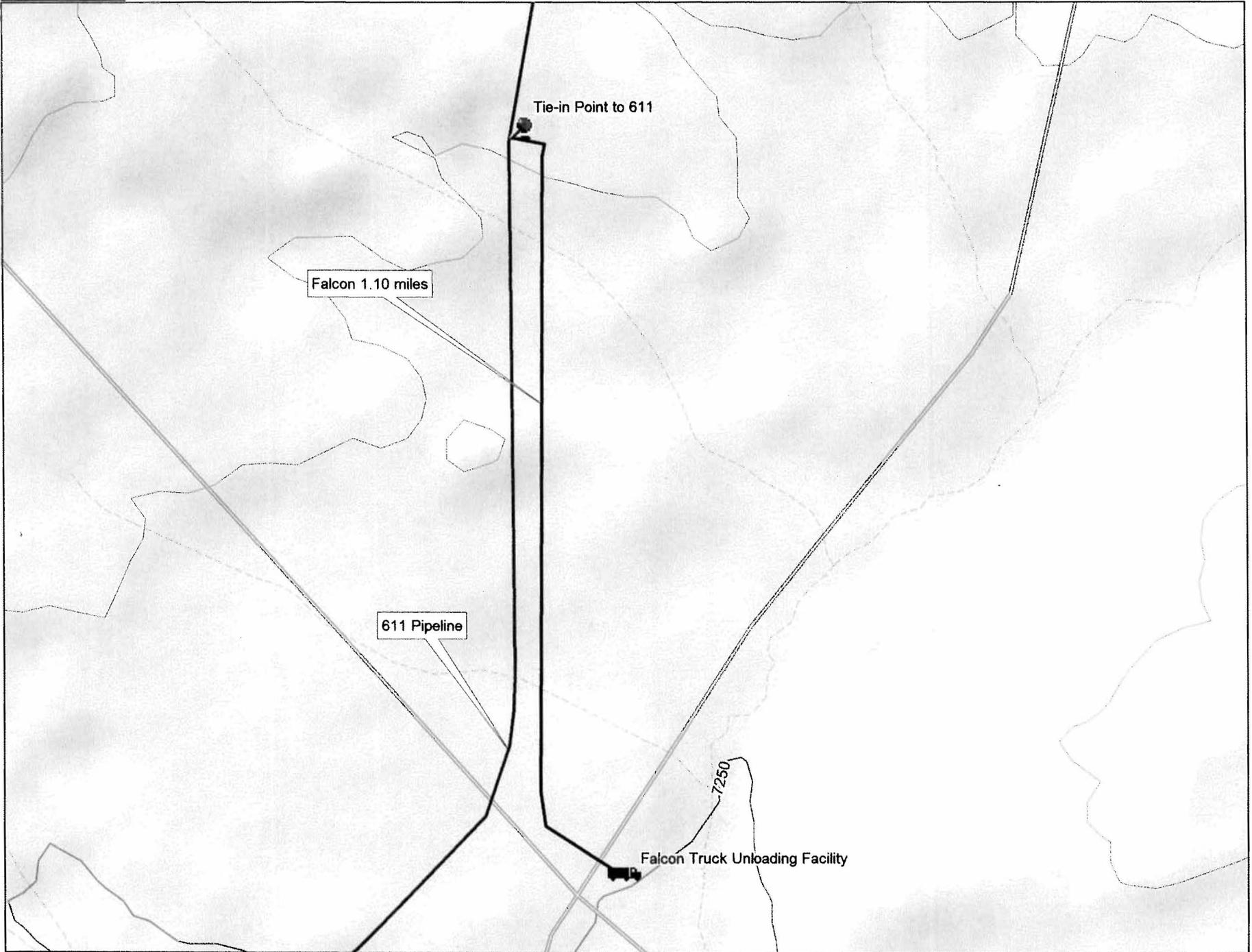
Scale 1 : 275,000



1" = 4.34 mi

Data Zoom 9-0

Attachment B



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