



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

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

MAR - 8 2011

Mr. Gregg Johnson
Senior Pipeline Compliance Advisor
Enbridge Offshore Pipelines (UTOS) L.L.C.
1100 Louisiana, Suite 3300
Houston, Texas 77002

Dear Mr. Johnson:

By letter dated May 4, 2009, you asked for a written interpretation on the application of the Pipeline Safety Regulations (49 CFR Parts 190-199) to the UTOS System (UTOS), a natural gas pipeline system operated by Enbridge Offshore Pipelines (UTOS) L.L.C. (Enbridge). Specifically, you asked whether the UTOS meets the definition of a “gathering line” under 49 CFR § 192.3.

The UTOS lies immediately downstream of the High Island Offshore System (HIOS), an offshore natural gas pipeline system operated by Enterprise Products Partners L.P. We agree with the Federal Energy Regulatory Commission (FERC) that certain portions of the HIOS are used for the gathering of gas, but that the pipeline segment that interconnects with the UTOS is a transmission line.¹ For that reason, we further conclude that the UTOS cannot be a gathering line under 49 CFR § 192.3.

Background

The UTOS is a 29-mile, 42-inch-diameter natural gas pipeline that originates on the Outer Continental Shelf (OCS) of the Gulf of Mexico. According to your letter, the UTOS receives “wet gas”² from four different sources on the OCS: the HIOS, which interconnects with the UTOS at West Cameron (WC) Block 167, and three other pipeline systems associated with current production facilities located in WC Block 130B, WC Block 116, and WC Block 61.

¹ High Island Offshore System, L.L.C., 128 FERC P 61292, 62369 (Sept. 30, 2009) (order determining jurisdictional status of facilities under section 1(b) of the Natural Gas Act).

² Wet gas is “[n]atural gas containing liquid hydrocarbons in solution which may be removed by a reduction of temperature and pressure or by a relatively simple extraction process.” See MANUAL OF OIL AND GAS TERMS, 1181 (10th ed. 1997).

The configuration of the HIOS is critical to the resolution of your request. In that regard:

[The HIOS] resembles a three-legged inverted Y, with three 41- to 54-mile segments of 30- to 36-inch diameter pipe converging at a compression and liquid handling complex consisting of three platforms located in [High Island Area (HIA)] Block A-264. Gas from this complex is discharged into approximately 66 miles of 42-inch diameter mainline which connects with three interstate pipelines for onshore delivery at WC Block 167.³

The UTOS is one of those interstate pipelines. In particular, your letter indicates that wet gas from HIA Block A-264 is delivered through the 66-mile HIOS mainline to a platform in WC Block 167, where liquids are temporarily separated for allocation purposes. Your letter further indicates that those liquids are then re-injected into the outgoing gas stream and delivered in the 29-mile UTOS to an onshore facility in Johnson's Bayou, Louisiana. Once at that facility, the gas is subject to permanent separation of liquids, dehydration, and processing.

We note that FERC recently issued an order determining the jurisdictional status of the HIOS under section 1(b) of the Natural Gas Act (NGA).⁴ In that order, FERC found that "the pipeline facilities located in and upstream of HIA Block A-264, except for the compression-related facilities located in HIA Block A-264, are gathering facilities exempt from the Commission's jurisdiction pursuant to NGA section 1(b)."⁵ FERC stated that these "pipeline facilities receive gas from various production platforms located at various points along their lengths," and that "this collection of gas continues until the lines deliver gas to a single, central aggregation point at HIA Block A-264."⁶ According to FERC, "[t]his collection of multiple production streams to one or more central points is entirely consistent with a gathering function."⁷

However, FERC also stated "that HIA Block A-264 exhibits a marked physical change from the upstream facilities . . . that may be interpreted as indicating a demarcation between gathering and transmission functions."⁸ FERC noted, for example, that "[t]he compression in HIA Block A-264 enables the transportation of large volumes of gas a relatively long distance, over 66 miles, from a central aggregation point, through a large diameter pipeline, in a straight line to an

³ 128 FERC P 62366.

⁴ 15 U.S.C. § 717(b) (depriving FERC of jurisdiction to regulate the production or gathering of gas). FERC issued that declaratory order in response to a March 31, 2009 petition from High Island Offshore System, L.L.C. 128 FERC P 62365-67. While not referenced in your original request or subsequent exchanges with PHMSA, we note that this order is relevant to the question presented, and that Enbridge participated as an intervenor in that FERC proceeding. *Id.*

⁵ 128 FERC P 62369.

⁶ *Id.* at P 62368.

⁷ *Id.*

⁸ *Id.*

interconnection with onshore pipeline companies.”⁹ FERC also stated that those “compression facilities are necessary, under normal operating conditions, to boost the pressure of the gas received at HIA Block A-264 to a level that allows the gas to flow into [the HIOS] mainline.”¹⁰ Accordingly, FERC found that the HIA Block A-264 compression facilities and 66-mile HIOS mainline are “jurisdictional transmission facilities” under section 1(b) of the NGA.¹¹

Analysis¹²

For purposes of the natural gas pipeline safety regulations, “gathering line” is generally defined in 49 CFR § 192.3 as “a pipeline that transports gas from a current production facility to a transmission line or main.”¹³ Onshore gas gathering lines are also subject to the provisions of American Petroleum Institute Recommended Practice 80, “Guidelines for the Definition of Onshore Gas Gathering Lines,” (1st Edition, April 2000) (API RP 80), an industry standard incorporated by reference, with certain limitations.¹⁴ A transmission line is generally defined as “a pipeline, other than a gathering line, that: (1) Transports gas from a gathering line or storage facility to a distribution center, storage facility, or large volume customer [(e.g., factories, power plants, and industrial users of gas)] that is not downstream from a distribution center; (2) operates at a hoop stress of 20 percent or more of specified minimum yield strength (SMYS); or (3) transports gas within a storage field.”¹⁵ The determination of whether a pipeline facility is a gathering line or a transmission line is made on a “case-by-case basis.”¹⁶

⁹ *Id.* at P 62369.

¹⁰ *Id.*

¹¹ *Id.* It should be noted that FERC’s determination of the jurisdictional status of the HIOS did not turn on non-physical factors, e.g., the general business activities of the owner. *Id.* at P 62367.

¹² In your May 4, 2009 letter, you refer to three PHMSA letters of interpretation on gas gathering lines. One of those letters is dated May 9, 1985, several years prior to the enactment of the Pipeline Safety Act of 1992 (Pub. L. No. 102-508, 106 Stat. 3289 (Oct. 24, 1992)). The other two letters are dated February 5, 1993, and September 25, 1996, respectively, several years prior to the issuance of the final rule that contained our initial definition for a gas gathering line, *Gas Gathering Line Definition; Alternative Definition for Onshore Lines and New Safety Standards* (71 Fed. Reg. 13289 (Mar. 15, 2006)).

¹³ 49 CFR § 192.3.

¹⁴ 49 CFR §§ 192.7-192.8; see *In the Matter of Mr. Greg Schrab*, PHMSA Interpretation #PI-09-0002 (Jul. 14, 2009).

¹⁵ 49 CFR § 192.3.

¹⁶ See *In the Matter of Unocal Corporation*, PHMSA Interpretation #PI-96-021 (Sep. 25, 1996) (available at <http://www.phmsa.dot.gov/pipeline/regs/interps>) (stating that the “determination of whether a pipeline is . . . transmission line” is made “on a case-by-case basis depending on the set of circumstances for each line”); *In the Matter of Mr. Glynn Blanton*, PHMSA Interpretation (Aug. 17, 2001) (noting that the endpoint of gathering “historically has [been] selected . . . on a case-by-case-basis”); but see 49 CFR § 192.8 (requiring the use of API RP 80 to determine if a pipeline is an onshore gathering line and prescribing additional limitations for determining the beginning and endpoint of gas gathering).

We agree with FERC that the HIA Block A-264 compression facilities are a point of operational and functional significance in the HIOS.¹⁷ Specifically, we conclude that the production platforms upstream of HIA Block A-264 are “current production facilities,” and that the three 30- to 36-inch pipeline segments that converge at HIA Block A-264 are “pipelines that transport gas” from those current production facilities. Accordingly, that portion of the HIOS is a “gathering line” under the general definition provided in 49 CFR § 192.3.¹⁸

However, we further conclude based on the information presented that the HIOS ceases to be a gathering line and becomes a “transmission line” at the HIA Block A-264 compression facilities. Several pipelines that transport gas from current production facilities converge at that point, and those compression facilities ensure that such transportation can continue through a 66-mile, 42-inch-diameter pipeline. Thus, the HIA Block A-264 compression facilities and HIOS mainline are part of a transmission line under 49 CFR § 192.3.

Having made these determinations, we must conclude that the UTOS is not a gathering line under 49 CFR § 192.3. The transportation of gas from a current production facility to a transmission line ends 66-miles upstream of the HIOS-UTOS interconnection at the HIA Block A-264 compression facilities. Therefore, the pipeline facilities located downstream from that location, including the UTOS, are transmission lines.¹⁹

¹⁷ 49 U.S.C. § 60101(b)(1)(B), (b)(2)(A) (requiring PHMSA to consider the functional and operational characteristics of a pipeline in defining the term “gathering line” and “such factors as location, length of the line from the well site, operating pressure, throughput, and composition of the transported gas” in prescribing pipeline safety standards for those lines, but noting that PHMSA is not “bound by a classification [FERC] establishes under the Natural Gas Act”); *but see* 49 U.S.C. § 60101(a)(6) (defining “interstate gas pipeline facility” as those “subject to the jurisdiction of [FERC] under the Natural Gas Act”), (a)(9) (defining “intrastate gas pipeline facility” as those “not subject to the jurisdiction of [FERC] under the Natural Gas Act”).

¹⁸ A different result might follow if the HIOS was an onshore pipeline system subject to the requirements of 49 CFR §§ 192.7-192.8 and API RP 80, as incorporated by reference.

¹⁹ *In the Matter of Mr. Glynn Blanton*, PHMSA Interpretation (Aug. 17, 2001) (noting that “once designated as a transmission line, no portion of the line may be redesignated as a gathering even if further commingling of gas occurs downstream”).

I hope that this information is helpful to you. If I can be of further assistance, please contact me at (202) 366-4046.

Sincerely,

A handwritten signature in black ink, appearing to read 'John A. Gale', is positioned above the printed name and title.

John A. Gale
Director, Office of Standards
and Rulemaking

cc: Mr. Raymond P. Albrecht
Attorney
Enterprise Products Partners, L.P.

PI-10-0008

ENBRIDGE™

Enbridge Offshore Pipelines (UTOS) L.L.C.
1100 Louisiana, Suite 3300
Houston, Texas 77002

May 4, 2009

CERTIFIED MAIL (7008 0150 0003 6095 0460)
RETURN RECEIPT REQUESTED

Office of Pipeline Safety (PHP-30)
PHMSA
U.S. Department of Transportation
1200 New Jersey Avenue SE
Washington DC 20590-0001

Re: Enbridge Offshore Pipelines (UTOS) L.L.C.

Enbridge Offshore Pipelines (UTOS) L.L.C. (UTOS) would like to reclassify the UTOS system from a transmission pipeline to a gathering pipeline. Currently, the UTOS system is classified as a 49 CFR Part 192 Transmission line jurisdictional to PHMSA. Enbridge believes the UTOS system functions as a gathering line per 49 CFR Part 192.3 definition of a gathering line ("a pipeline that transports gas from a current production facility to a transmission line or main"). Enbridge would continue to follow 49 CFR Part 192 regulations for a gathering pipeline and remain under the jurisdiction of PHMSA due to the fact that UTOS transports gas in the gathering mode from offshore to a processing plant onshore. The UTOS system consists of twenty nine total miles (28 offshore, 1 onshore) of 42 inch, X-60, 0.750 w.t. The pipeline lies entirely in a class 1 location as defined by 49 CFR 192 .5 Class Location. The pipeline starts at WC 167 where Enbridge takes gas and liquids then separates the liquids so they can be measured for allocation purposes. They are then re-injected back into the gas stream and sent to processing plants onshore. There are additional inputs into the pipeline along the way towards shore. Due to the lack of definitions to determine offshore gathering versus offshore transmission, we have researched interpretations for guidance on this subject. The following are some of the interpretations found:

PI-85-004 5/9/1985 Edward J. Ondak

"The gathering process terminates: 1. At the outlet of a processing plant. 2. At the outlet of a compressor station, if there is no upstream processing plant (this does not include compressor units at the well head to facilitate production or gathering). 3. At the point where two or more well lines converge. 4. At the point where there is a change in ownership of the pipeline. (as defined in a meeting on April 11, 1985)

PI-93-004 2/5/1993 Cesar De Leon

"Most gas gathering lines are connected to processing plants where heavier hydrocarbons are removed from the gas and sold separately." "Downstream of such processing plants, the gas is in a condition fit for use by gas customers. Beyond the processing plant, gas generally is transported in a transmission line for delivery to a distribution center or storage facility."

PI-96-021 9/25/1996 Richard D. Huriaux

"we consider that a gathering line ends and a transmission line begins at a point where the gas is ready for sale."

Enbridge asks for an interpretation on this subject and would like to have a written response.

Thank you for your time and consideration on this subject.

If you have any questions or need additional information, please call Gregg Johnson at 713-353-6369.

Sincerely,

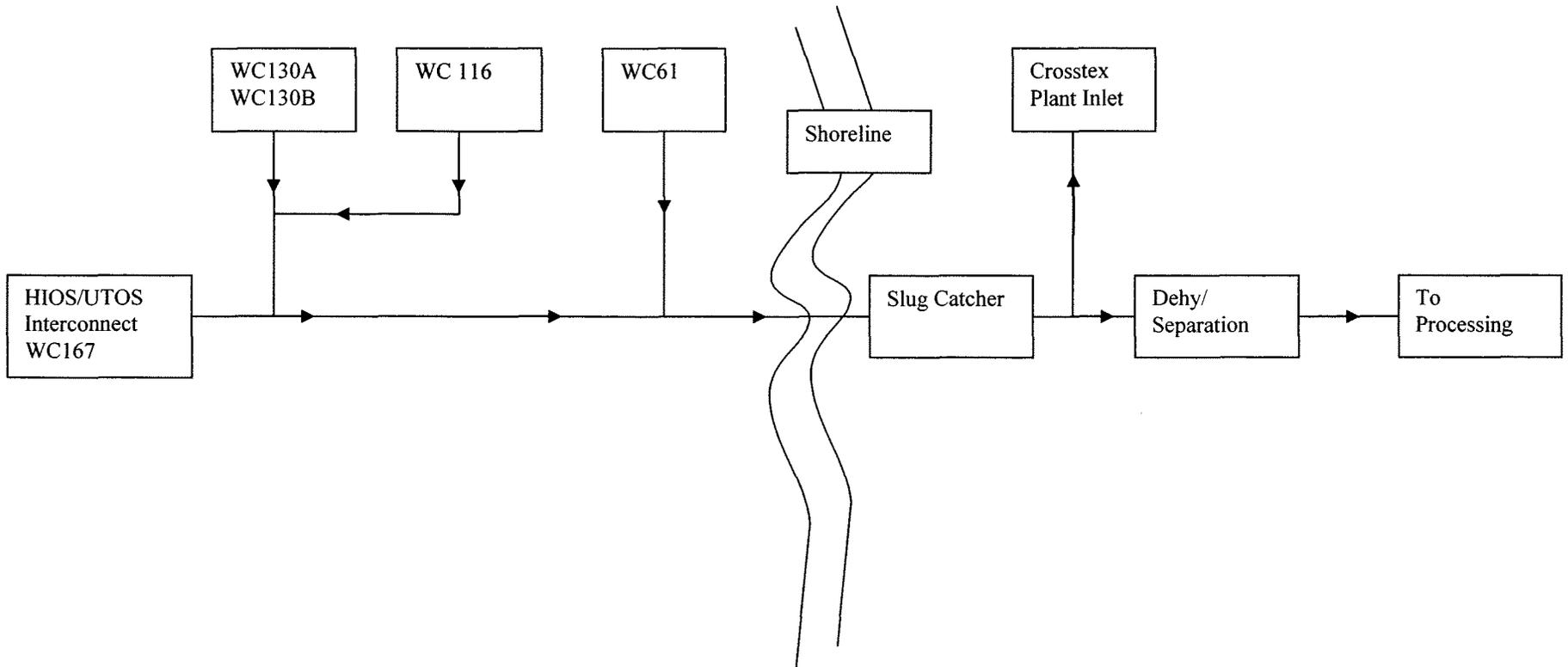
Gregg Johnson
Sr. Pipeline Compliance Advisor

Enbridge
1100 Louisiana Ste. 3300
Houston TX 77002

GJ

Attachments

Cc: Garry Worone
Christine Storm
David McQuade



HIOS is operated by Enterprise and is reported as gathering. UTOS carries the gas from HIOS and other inputs along the UTOS pipeline to shore where water and heavy liquids are separated and then continues to plants for processing. The offshore mileage is about 28 miles and the onshore about 1 mile in length.

The UTOS system consists of twenty nine total miles (28 offshore, 1 onshore) of 42 inch, X-60, 0.750 w.t. The pipeline lies entirely in a class 1 location as defined by 49 CFR 192 .5 Class Location. The pipeline starts at WC 167 where Enbridge takes gas and liquids then separates the liquids so they can be measured for allocation purposes. They are then re-injected back into the gas stream and sent to processing plants onshore. There are additional inputs into the pipeline along the way towards shore.