



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

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

DEC 02 2014

Mr. Jared Ellsworth, P.E.
Manager, Pipeline Safety
Williams West, Gas and Liquids
295 Chipeta Way
Salt Lake City, UT 84108

Dear Mr. Ellsworth:

In response to your request of August 27, 2013, by letter dated May 6, 2014, the Pipeline and Hazardous Materials Safety Administration (PHMSA) provided you with some information concerning the apparent regulatory status of certain pipeline facilities involved in the transportation and storage of highly volatile liquids (HVL). Specifically, the May 6, 2014, letter advised you that a 1,920-foot pipeline transporting HVLs across a stream and a tank connected to the pipeline appeared to be regulated under 49 CFR Part 195.

In a letter to the Pipeline and Hazardous Materials Safety Administration (PHMSA) dated June 26, 2014, you clarified that the product flows from the processing facility to the storage tank and not in the opposite direction.

We appreciate the clarification; however, it does not change our preliminary determination that the 1,920-foot HVL pipeline and the tank are not exempt from Part 195.

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

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.



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June 26, 2014

Mr. John A. Gale
Director, Office of Standards and Rulemaking
Pipeline and Hazardous Materials Safety Administration
1200 New Jersey Ave SE
Washington, DC 20590

Dear Mr. Gale:

Thank you for your letter dated May 6, 2014 responding to Williams' request for interpretation concerning the applicability of 49 CFR Part 195 regulations within Williams' Parachute Creek Gas Processing Plant located near Parachute, CO. In response to your letter, Williams respectfully submits this letter providing additional information necessary to clarify apparent misconceptions affecting the requested interpretation specific to 49 CFR Parts 195.1(b)(8) and 195.2.

Williams believes clarification of the Parachute Creek Gas Processing Plant function and process flow will assist in making an accurate regulatory determination. Specifically, your letter states the subject pipeline "transports highly volatile liquid (HVL) from a fenced product storage facility across river and private road crossings to another fenced location where HVL processing equipment is located." The actual product flow is opposite this description; Natural gas Liquids (NGLs) are produced at the plant, transported by in-plant piping to storage tanks and then injected into the Parachute Greasewood Express takeaway pipeline, utilizing pumps located downstream of the storage tanks (Please see attached figure). All plant facilities are located on privately owned land. Additional detail describing the functionality of Williams' Parachute Creek Gas Processing Plant is provided in the following paragraphs.

Parachute Creek Gas Processing Plant Purpose

The Williams Parachute Creek Gas Processing Plant consists of four parallel process trains and in-plant piping and storage facilities with a total inlet gas capacity of 1.2 BSCFD. The plant refines raw natural gas using treating and liquid extraction processes.

The plant processes consist of:

- Carbon dioxide removal – using an amine process
- Refrigeration - to remove some of the propane and heavier components
- Dehydration - to remove water from the product stream

NGLs produced at the Parachute Creek Gas Processing Plant are transported from the plant via tank truck and pipeline. Each of these shipment methods has dedicated plant storage. Plant

storage used for delivery to the PGX takeaway pipeline is not used to receive product from the PGX; only outbound shipments from the Parachute Creek Gas Processing Plant to the PGX pipeline are made from these storage tanks.

In-Plant Piping and Breakout Tanks

As discussed in prior correspondence, 49 CFR Part 195.1(b) (8) contains an exemption for "in-plant piping". As defined in 49 CFR 195.2 in-plant piping "means piping that is located on the grounds of a plant and used to transfer hazardous liquid or carbon dioxide between plant facilities or between plant facilities and a pipeline or other mode of transportation, not including any device and associated piping that are necessary to control pressure in the pipeline under §195.406(b). Further, breakout tank "means a tank used to (a) relieve surges in a hazardous liquid pipeline system or (b) receive and store hazardous liquid transported by a pipeline for reinjection and continued transportation by pipeline."

Clearly, the intent of this exclusion applies to in-plant piping and storage of plant produced product (NGL) within the plant boundaries and subservient to the plant facility. As defined, this means in-plant piping and storage necessary for internal transportation used in plant processes is exempt from regulation under 49 CFR 195. This scenario is consistent with operations at the Parachute Creek Gas Processing Plant; in-plant piping and storage is used for plant processes and to support plant operations only. The storage tanks are used to store produced product prior to injection into a takeaway pipeline, not to relieve surges in an incoming product stream.

Current Regulation of In-Plant Piping and Storage in Question

The in-plant piping and storage facilities in question are currently regulated by OSHA Process Safety Management (PSM) regulations. These regulations are well suited to process facilities and include protective, consistent, and effective standards. Additionally, the US EPA Risk Management Plan (RMP) program is in place as an additional protective program designed to ensure the safety of the general public.

The PSM /RMP programs provide guidance and details concerning compliance, operation and inspection activities, including mechanical integrity and personnel training. The result is safe, comprehensive practices and procedures unique to the Parachute Creek Gas Processing Plant plant facilities that are well established and have been successful in preventing or minimizing the consequences of releases.

Conclusion

In summary, Williams believes the in-plant piping systems and associated storage facility in question at Williams' Parachute Creek Gas Processing Plant are exempt from PHMSA regulation based on provisions described in 49 CFR 195.1(b)(8), facility purpose, regulation by other agencies and longstanding industry practice.

Williams would appreciate the opportunity to further discuss this matter and conduct a site visit with you and/or your staff at your convenience.

Should you need additional information or wish to schedule a meeting, please contact Joe Freisberg at (918) 573-0810.

Williams hereby formally reaffirms its desire to fully cooperate with the Pipeline and Hazardous Materials Safety Administration in all matters of regulatory compliance. Ongoing, Williams is

committed to safe and reliable operations, with protective regard to the public, the environment, and to its employees.

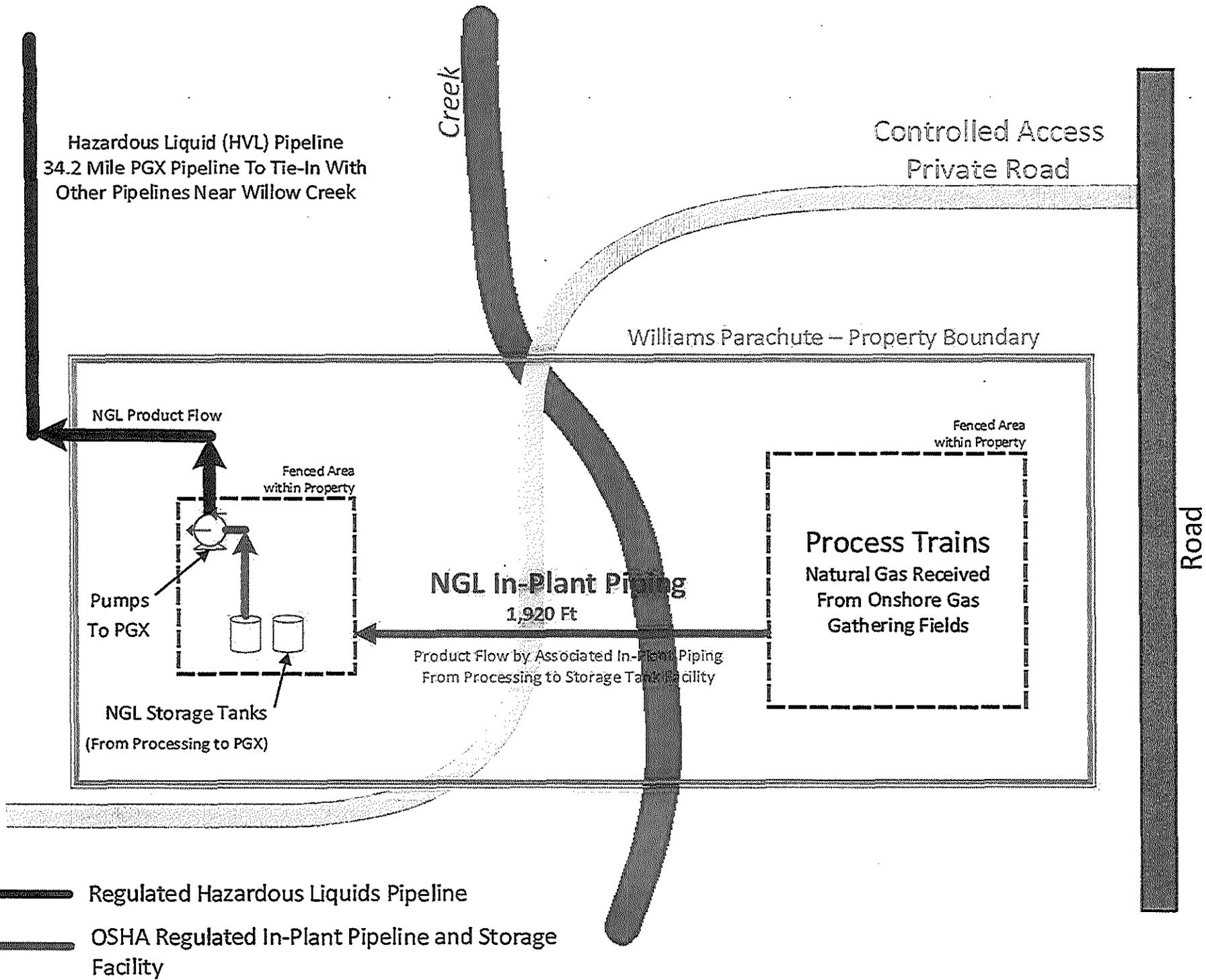
Sincerely,

A handwritten signature in black ink, appearing to read 'Jared Ellsworth', with a stylized flourish at the end.

Jared Ellsworth, P.E.
Williams West – Gas and Liquids
Manager – Pipeline Safety
295 Chipeta Way
Salt Lake City, UT 84108
Office: 801.584.6539
Mobile: 801.243.5365

Attachment (1)

cc: Chris Hoidal



Hazardous Liquid (HVL) Pipeline
34.2 Mile PGX Pipeline To Tie-In With Other Pipelines Near Willow Creek

Controlled Access Private Road

Creek

Williams Parachute – Property Boundary

NGL Product Flow

Fenced Area within Property

Pumps To PGX

NGL Storage Tanks (From Processing to PGX)

NGL In-Plant Piping
1,920 Ft

Product Flow by Associated In-Plant Piping From Processing to Storage Tank Facility

Fenced Area within Property

Process Trains
Natural Gas Received From Onshore Gas Gathering Fields

Road

-  Regulated Hazardous Liquids Pipeline
-  OSHA Regulated In-Plant Pipeline and Storage Facility