



U.S. Department
of Transportation

**Pipeline and Hazardous
Materials Safety
Administration**

OCT 23 2017

Mr. Greg H. Williams
Counsel to North Dakota LNG, LLC
TemcoLegal, LLC
10440 Little Patuxent Parkway
Suite 300
Columbia, MD 21044

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

Dear Mr. Williams:

In a letter to the Pipeline and Hazardous Materials Safety Administration (PHMSA), dated August 12, 2016, you requested an interpretation of 49 CFR Part 193. Specifically, you requested an interpretation regarding the applicability of § 193.2001 to the North Dakota LNG LLC's (ND LNG) liquefied natural gas (LNG) facility located in Tioga, North Dakota.

In the letter, you stated:

The LNG facility in question is an LNG liquefaction plant, consisting of 3 production trains - two smaller N2 expander plant trains, and one larger mixed-refrigerant liquefaction train. The liquefaction trains share common LNG storage and truck loadout. Across the street from the ND LNG Facility is a Hess gas processing plant, which is the source of the natural gas feedstock for the ND LNG Facility. An underground pipeline runs from the Hess gas processing plant to the ND LNG Facility. The pipeline is owned by the Hess processing plant up to the meter located on the ND LNG property. LNG is unloaded from two 60,000 gallon storage tanks on the ND LNG property into transport trailers for truck transportation. The majority of the LNG is consumed on relatively nearby drill sites (within 200 miles of the LNG Facility).

ND LNG, owner of the ND LNG Facility, purchased the two smaller N2 expander trains from a prior owner/operator and moved them to the current location. ND LNG hired a third party¹ to: prepare the current site, assemble the two expander trains that were relocated to the current site in addition to assembling the new mixed-refrigerant train.

Additionally, on September 30, 2016, you provided the following additional information via email:

(1) Hess receives the gas from wells in the Williston Basin and refines the gas at its processing plant.

¹ The third party was the prior operator of the LNG facility until June 30, 2016. ND LNG assumed operations of the plant on July 1, 2016.

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.

- (2) The underground pipeline is about 2000 feet long in total length and Hess owns nearly all of it.
- (3) The portion of the underground pipeline Hess owns runs under a public roadway.
- (4) Fifteen percent of the LNG produced is picked up at the plant and shipped out of state (via truck), most of the time fuel for plant outages in other states or temporary projects. During the summer the plant ships a few loads a week to asphalt plants in Minnesota. Also, the facility has shipped LNG to coal mines in Colorado, pipeline outage projects in Canada, and has shipped about 20 loads over the past year to a BNSF rail yard for a pilot project to power trains with LNG
- (5) A layout of the LNG facility and the processing plant map is provided.

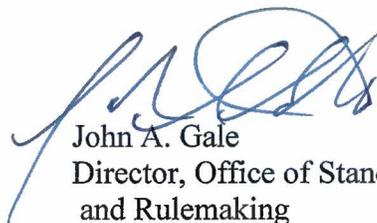
To such an extent that ND LNG has been able to determine, the prior operator had not explored whether DOT regulation apply to the LNG facility. Moreover, ND LNG has not been able to determine whether PHMSA regulations apply to the Hess processing plant. Therefore, based on the aforementioned information, ND LNG requests an interpretation of § 193.2001.

The LNG facility is regulated under 49 CFR Part 193 if the LNG facility either receives from or delivers to a 49 CFR Part 192 pipeline except when it meets the requirements in 193.2001(b). Typically, the processing and liquefaction plants are collocated and operated by one operator. In the case of the ND LNG facility, the processing plant is located on property owned by Hess and the liquefaction plant is owned by ND LNG.

The Hess processing plant is not regulated under Part 192 or Part 193, but the pipeline that transports the treated gas from the processing plant to the LNG plant is regulated under Part 192. The ND LNG facility is regulated under 49 CFR Part 193 because it receives natural gas from a Part 192 regulated pipeline and converts that gas into LNG for sale and delivery to customers outside of the LNG facility. Therefore, the LNG facility is used in the transportation of gas by pipeline for purposes of § 193.2001(a).

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

Sincerely,



John A. Gale
Director, Office of Standards
and Rulemaking

Mr. John Gale
U.S. Department of Transportation
Pipeline and Hazardous Materials Safety Administration
East Building, 2nd Floor
1200 New Jersey Ave. SE
Washington, DC 20590

AUG 17 2016

August 12, 2016

Dear Mr. Gale,

North Dakota LNG, LLC (ND LNG) requests a formal written letter of interpretation pursuant to 49 C.F.R. Part 190.11(b) concerning the applicability of the Department of Transportation's ("DOT") regulations at 49 C.F.R. Part 193 to ND LNG's liquefied natural gas ("LNG") manufacturing and storage terminal. We request expedited treatment of this request given that this is an existing facility.

The LNG Facility-

ND LNG owns and operates an LNG facility located in Tioga, North Dakota. The LNG Facility in question is an LNG liquefaction plant, consisting of 3 production trains—two smaller N2 expander plant trains, and one larger mixed-refrigerant liquefaction train. The liquefaction trains share common LNG storage and truck loadout.

Across the street from the ND LNG Facility is a Hess gas processing plant, which is the source of the natural gas feedstock for the ND LNG Facility. An underground pipeline runs from the Hess gas processing plant to the ND LNG Facility. The pipeline is owned by the Hess processing plant up to the meter located on the ND LNG property.

LNG is unloaded from two 60,000 gallon storage tanks on the ND LNG property into transport trailers for truck transportation. The majority of the LNG is consumed on relatively nearby drill sites (within 200 miles of the ND LNG Facility).

The DOT regulations-

Section 193 of DOT's regulations provides in relevant part:

§193.2001 Scope of part.

(a) This part prescribes safety standards for LNG facilities used in the transportation of gas by pipeline that is subject to the pipeline safety laws (49 U.S.C. 60101 *et seq.*) and Part 192 of this chapter.

According to a DOT website document entitled "49 CFR Part 193 LNG Facility Jurisdiction 6/17/15":

"Many LNG facilities are subject to the regulatory and enforcement authority of DOT through PHMSA. A simple but not complete test to determine if an LNG facility is regulated under 49 CFR Part 193 is to identify both the source and the consumer of the LNG. The facility is regulated under 49 CFR Part 193 if the LNG facility either receives from or delivers to a 49 CFR Part 192 pipeline."

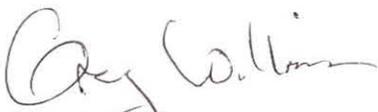
Definition of "pipeline" under 49 CFR 192:

Pipeline means all parts of those physical facilities through which gas moves in transportation, including pipe, valves, and other appurtenance attached to pipe, compressor units, metering stations, regulator stations, delivery stations, holders, and fabricated assemblies.

The request--

ND LNG, the owner of the ND LNG Facility, purchased the two smaller N2 expander trains from a prior owner/operator and moved them to the current location. ND LNG hired a third party to prepare the current site, assemble the two expander trains that were relocated to the current site in addition to assembling the new mixed-refrigerant train. The third party was also the operator of the plant until June 30, 2016. ND LNG assumed operations of the plant on July 1, 2016. Insofar as ND LNG has been able to determine, the prior operator had not explored whether DOT jurisdiction applied to the LNG Facility. Neither has ND LNG been able to determine whether PHMSA jurisdiction applies to the Hess processing plant. Based on the foregoing, it is not clear whether PHMSA jurisdiction applies to the ND LNG Facility. Accordingly, ND LNG respectfully makes the instant request for interpretation.

Respectfully submitted,



Greg H. Williams

Counsel to North Dakota LNG, LLC

