



U.S. Department
of Transportation

Pipeline and Hazardous
Materials Safety
Administration

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

DEC 07 2017

Mr. Frank T. Richards, P.E.
Senior Vice President, Program Management
Alaska Gasline Development Corp.
3201 C Street, Suite 200
Anchorage, AK 99503

Dear Mr. Richards:

In a June 5, 2017, letter to the Pipeline and Hazardous Materials Safety Administration (PHMSA), Alaska Gasline Development Corporation (AGDC) requested an interpretation of 49 CFR Part 192 to determine whether AGDC's Alaska LNG Gas Treatment Plant (GTP), would be regulated under the Part 192 regulations.

PHMSA has statutory jurisdiction over gas pipeline facilities and the transportation of gas. Furthermore, Part 192 applies to pipeline facilities that transport gas, including pipeline facilities and the transportation of gas within the limits of the Outer Continental Shelf (49 CFR § 192.1(a)). In the letter, AGDC stated that the GTP will process gas received from the Prudhoe Bay Unit and the Point Thompson Unit to meet the Alaska LNG Pipeline Mainline inlet specifications for carbon dioxide (CO₂), hydrogen sulfide (H₂S), water, pressure, and temperature. As AGDC has indicated that the function of the GTP will be to process gas before it enters the proposed AGDC transmission pipeline, PHMSA's interpretation is that the GTP would not be regulated under Part 192.

However, Part 192 requires that pipeline operators provide protection to control against accidental over-pressuring. For gas being treated within a processing plant and sent into a downstream regulated pipeline, Part 192 regulatory oversight is applied to the outlet piping leaving a processing plant, including the last pressure control device before the gas enters the regulated pipeline. Figure 1 GTP/Mainline High Level Process Flow Diagram identifying the proposed demarcation point in your June 5, 2017, letter does not provide sufficient detail to determine regulatory boundaries. In order for PHMSA to make a regulatory determination, it needs the details of the specific demarcation point.

PHMSA's interpretation is based on the information AGDC has provided to PHMSA as of the issuance of this letter, and may be subject to change if AGDC alters the planned design and operation of the proposed GTP as currently shared.

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

Sincerely,



Alan K. Mayberry
Associate Administrator
for Pipeline Safety



May 23, 2017

Sentho K. White, P.E.
General Engineer
Pipeline and Hazardous Materials Safety Administration
Engineering and Research
U.S. Department of Transportation
1200 New Jersey Avenue, SE
Washington DC 20590

Re: AKLNG Gas Treatment Plant (GTP) Jurisdiction

Dear Ms. White:

During our meeting of March 21, 2017, we discussed the PHMSA jurisdiction of the proposed Gas Treatment Plant (GTP) for the Alaska LNG project. Following that discussion, AGDC received an inquiry in this regard from PHMSA, which we understood was to clarify the extent of control the GTP Operational Control Center would exert over pipeline operations, i.e. control of the pipeline beyond the start of the pipeline at the boundary limits of the GTP. Please be advised of the following comments regarding the design basis and operational approach for the GTP.

The GTP will have its own control system centered in the control room within the GTP facilities that will be completely separate from control systems of the AKLNG Pipeline and AKLNG LNG facilities. The Pipeline will be controlled from the pipeline control center in Anchorage with backup controls at the pipeline operation / maintenance facility in Fairbanks. Control of the LNG facilities will be within the Nikiski LNG facility. There will be no control functions of the pipeline facilities from the GTP or LNG control rooms. The three control centers (GTP, Pipeline and LNG) will have the capability to notify the other centers as issues may arise so that any control actions, if needed, can be taken by the other control centers for the areas of their responsibility.

Pipeline facilities located near the GTP, primarily metering and pig launcher, will be isolated from the GTP facilities. All operation, maintenance and control of those Pipeline facilities will be the responsibility of the Pipeline O&M staff. The GTP O&M staff will have no responsibilities or authority for Pipeline facilities. Likewise, the Pipeline O&M staff will have no responsibilities or authority for the GTP facilities.

This approach is outlined in the AKLNG design basis documents, e.g.:

"The Project shall have a dedicated control room in each of the following areas for operations and to control their respective facility:

- 1) Gas Treatment Plant
- 2) Mainline
- 3) LNG/Marine

For each facility above, the respective control room shall have the ability to operate, monitor and shutdown all units, packages, processes and utilities within their plant.

Each facility (GTP, Mainline & LNG/Marine) shall have standalone Integrated Control & Safety System (ICSS)."

It should also be pointed out that this philosophy is consistent with the operations of the existing OSHA regulated North Slope facilities.

Regarding the Pipeline operations, control and abnormal conditions actions, please refer to the AKLNG submission to FERC, Resource Report 11 of April 17, 2017.

Sincerely,



Frank T. Richards, P.E.
Senior Vice President, Program Management



June 1, 2017

Sentho K. White, P.E.
General Engineer
Pipeline and Hazardous Materials Safety Administration
Engineering and Research
U.S. Department of Transportation
1200 New Jersey Avenue, SE
Washington DC 20590

Re: Department of Transportation jurisdictional limits

Dear Ms. White:

AGDC sent a letter (Frank Richards to White of 5/23/2017) which addressed PHMSA jurisdiction of the proposed North Slope Gas Treatment Plant (GTP). That letter had noted that the separation of Facilities from Pipeline for the proposed Alaska LNG project would be consistent with ongoing North Slope jurisdiction limits.

To provide further explanation of AGDC's position, the public *2013 BP Annual ADNR Surveillance and Monitoring Report* is attached. Please see Appendix A, "Pipeline Schematics", that depicts the DOT jurisdictional limits on existing North Slope facilities.

The full, electronic document may be found at:

<http://dog.dnr.alaska.gov/spcs/Documents/Publications/LesseeAnnualReports/2013/2013AnnualReport-BP-Combined.pdf>

Sincerely,

A handwritten signature in blue ink, appearing to read "F. Richards", is written over the typed name.

Frank T. Richards, P.E.
Senior Vice President, Program Management

June 5, 2017

REGULATORY JURISDICTION RATIONALIZATION GAS TREATMENT PLANT

SUMMARY

The Pipeline Hazardous Materials and Safety Administration (PHMSA) is asserting regulatory jurisdiction within the Alaska LNG Gas Treatment Plant (GTP). Regulatory jurisdiction for the GTP should be the same as other North Slope gas and oil processing facilities which are connected to PHMSA jurisdictional pipelines, principally Occupational Safety and Health Administration (OSHA) and the State Fire Marshall. PHMSA jurisdiction would only apply to the Alaska LNG Pipeline (“Mainline”) beginning at the demarcation point between pipeline and GTP facilities where ownership, control, safety systems, maintenance, and access of the GTP and the Mainline facilities is transitioned. Figure 1 depicts where the transition would take place from a process perspective, and Figure 2 depicts the physical location of the transition point.

ACTION REQUESTED

AGDC requires concurrence that PHMSA jurisdiction for the Alaska LNG project does not extend to the GTP facilities.

1. BACKGROUND

The Alaska LNG GTP will process gas received from the Prudhoe Bay Unit and the Point Thomson Unit to meet the Alaska LNG Mainline inlet specifications for CO₂, H₂S, water, pressure and temperature. The GTP will have its own control and safety systems centered in the control room within the GTP facilities that will be completely separate from control and safety systems of the Alaska LNG Pipeline and Plant Facilities. The Mainline will be controlled from the Mainline control center in Anchorage with backup controls at the Mainline operation/maintenance facility in Fairbanks. Control of the LNG facilities will be within the Nikiski LNG facility. There will be no control functions of the Mainline facilities from the GTP or LNG control rooms. The three control centers (GTP, Mainline, and LNG) will have the capability to notify the other centers as issues may arise so that any control actions, if needed, can be taken by the other control centers for the areas of their responsibility.

Mainline facilities located near the GTP, primarily metering and pig launcher, will be isolated from the GTP facilities. All operations, maintenance, and control of those Mainline facilities will be the responsibility of the Mainline operations and maintenance (O&M) staff. The GTP O&M staff will have no responsibilities or authority for Mainline facilities. Likewise, the Mainline O&M staff will have no responsibilities or authority for the GTP facilities. Figure 1 shows the demarcation of equipment from a process perspective. Figure 2 shows the physical location on pad of the demarcation point.

Figure 1. GTP/Mainline High Level Process Flow Diagram

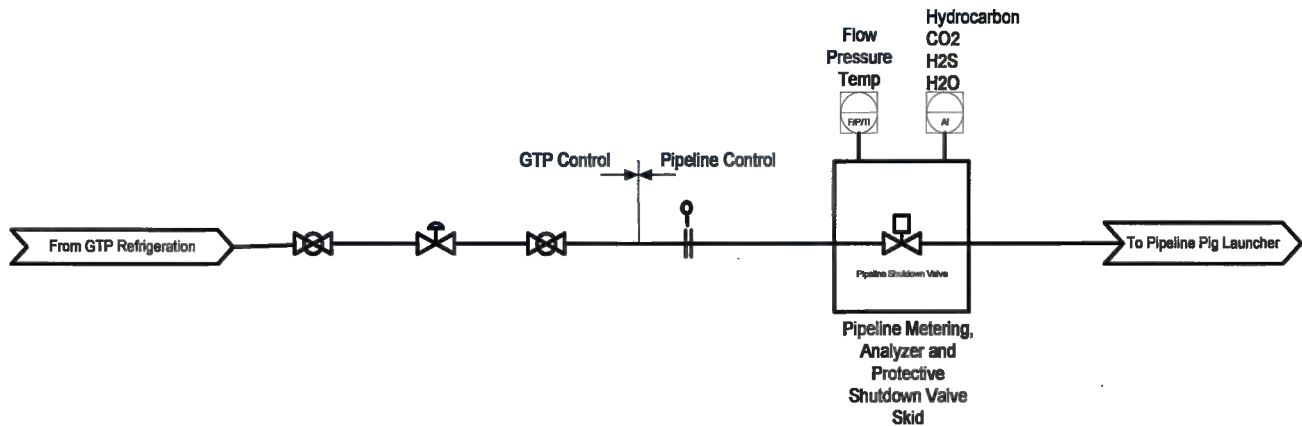
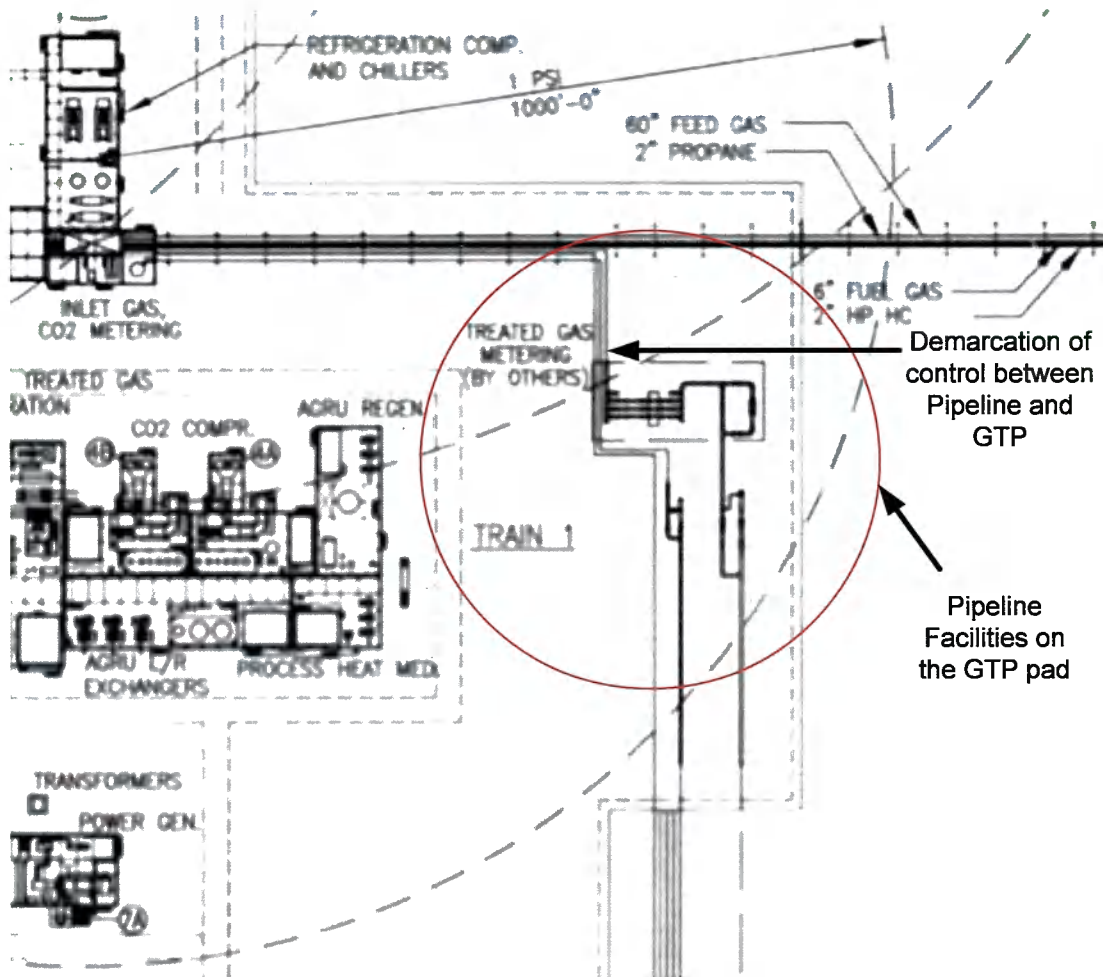


Figure 2. Partial GTP Plot Plan Showing Equipment Location on the GTP Pad



2. CONCLUSION

The Alaska LNG GTP and Mainline ownership, control, safety systems, maintenance, and access are independent of each other, and PHMSA jurisdiction should for be over the mainline facilities only, as with other North Slope facilities. Specifically, the Mainline would be regulated by PHMSA, but the upstream facilities, i.e. the GTP, would not be regulated by PHMSA.