



U.S. Department  
of Transportation

Pipeline and Hazardous Materials  
Safety Administration

1200 New Jersey Avenue SE  
Washington DC 20590

MAR 12 2018

Ms. Paulina Williams  
Baker Botts LLP  
98 San Jacinto Blvd.  
Suite 1500  
Austin, Texas 78701-4078

Dear Ms. Williams:

In an August 29, 2017, letter to the Pipeline and Hazardous Materials Safety Administration (PHMSA), you requested an interpretation of 49 CFR Part 195. Specifically, you requested for interpretation regarding the exemption in § 195.1(b)(3)(ii).

You provided the following information.

We are writing on behalf of our client, SI Group–Baytown (“SI Group”), to request a written regulatory interpretation regarding application of an exception from Part 195 applicability. Specifically, SI Group seeks an interpretation from Pipeline and Hazardous Materials Safety Administration (“PHMSA”) of the PHMSA pipeline safety regulation at 49 CFR 195.1(b)(3)(ii) as it applies to a 4-inch liquid propane pipeline SI Group now operates at a chemical manufacturing plant SI Group recently acquired in Baytown, Texas. This pipeline is less than one-mile long, does not cross any waterways, and it will be operated as a low stress pipeline. The pipeline transports propane from the plant a distance of approximately 1800 feet outside the plant boundary to a customer operated long-distance transportation line...

SI Group is requesting PHMSA guidance on whether the pipeline in question “serves” a manufacturing facility within the meaning of the [§ 195.1(b)(3)(ii)]. SI Group has reviewed the rule language and relevant guidance and believes that the outbound propane pipeline “serves” SI Group’s manufacturing plant and, therefore, provided the other conditions of 49 CFR § 195.1(b)(3)(ii) are properly satisfied, the propane pipeline would not be subject to Part 195. Because the regulation does not contain a definition of what constitutes “serving” a manufacturing facility, however, SI Group is requesting confirmation from PHMSA of the appropriate interpretation in this fact situation.

You also attached PHMSA rulemaking history and a February 1, 2001, interpretation on this exemption.

The section 195.1(b)(3)(ii) exemption reads as follows:

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.

§ 195.1 Which pipelines are covered by this Part?

(a) ...

(b) *Excepted*. This Part does not apply to any of the following:

(3) Transportation of a hazardous liquid through any of the following low-stress pipelines:

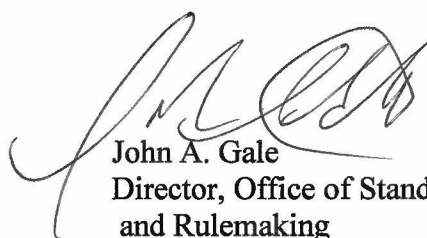
(ii) A pipeline that serves refining, manufacturing, or truck, rail, or vessel terminal facilities, if the pipeline is less than one mile long (measured outside facility grounds) and does not cross an offshore area or a waterway currently used for commercial navigation...

On September 2, 1998, PHMSA issued a final rule, "Low-Stress Hazardous Liquid Pipelines Serving Plants and Terminals," 63 FR 46692, whose purpose was to "exclude from [PHMSA's] safety standards for hazardous liquid... low-stress pipelines less than 1 mile long that serve certain plants and transportation terminals without crossing an offshore area or a waterway currently used for commercial navigation." The rule stated that this definition included "interfacility transfer lines" that "move hazardous liquids for short distances between truck, rail, and vessel transportation terminals, manufacturing plants (including petrochemical plants), and oil refineries, or between these facilities and associated storage or long distance pipeline transportation." 63 FR 46692. The rule included the current regulatory language excluding a low-stress pipeline that "serves refining, manufacturing, or truck, rail, or vessel terminal facilities, if the pipeline is less than 1 mile long (measured outside facility grounds) and does not cross an offshore area or a waterway currently used for commercial navigation." Therefore, the word "serve" includes both receiving and delivering regulated products through pipeline transportation.

In this case, the pipeline is 1800 feet (0.34 miles) long, does not cross any waterways, and it will be operated as a low stress pipeline. The pipeline transports propane a short distance between the plant and a customer operated long-distance transportation line. It therefore "serves" manufacturing facility within the meaning of the § 195.1(b)(3)(ii)]. Under § 195.1(b)(3)(ii), the line is therefore excluded from PHMSA's regulations.

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

August 29, 2017

Paulina Williams  
TEL: 5123222543  
FAX: 5123223643  
paulina.williams@bakerbotts.com

DOT/PHMSA/OPS

Attn: Information Resource Manager  
[informationresourcesmanager@dot.gov](mailto:informationresourcesmanager@dot.gov)

East Building, 2nd Floor  
PHP-20, E22-321  
1200 New Jersey Avenue, SE  
Washington, DC 20590-0001

Re: SI Group—Baytown Part 195 Interpretation Request

Dear Sir/Madam:

We are writing on behalf of our client, SI Group—Baytown (“SI Group”), to request a written regulatory interpretation regarding application of an exception from Part 195 applicability. Specifically, SI Group seeks an interpretation from Pipeline and Hazardous Materials Safety Administration (“PHMSA”) of the PHMSA pipeline safety regulation at 49 C.F.R. § 195.1(b)(3)(ii) as it applies to a 4-inch liquid propane pipeline SI Group now operates at a chemical manufacturing plant SI Group recently acquired in Baytown, Texas. This pipeline is less than one-mile long, does not cross any waterways, and it will be operated as a low stress pipeline. The pipeline transports propane from the plant a distance of approximately 1800 feet outside the plant boundary to a customer operated long-distance transportation line.

The relevant exception to Part 195 applicability set forth in 49 C.F.R. § 195.1(b) states:

This Part does not apply to any of the following: ...

(3) Transportation of a hazardous liquid through any of the following low-stress pipelines:...

(ii) A pipeline that serves refining, manufacturing, or truck, rail, or vessel terminal facilities, if the pipeline is less than one mile long (measured outside facility grounds) and does not cross an offshore area or a waterway currently used for commercial navigation

SI Group is requesting PHMSA guidance on whether the pipeline in question “serves” a manufacturing facility within the meaning of the above provision. SI Group has reviewed the rule language and relevant guidance and believes that the outbound propane pipeline “serves” SI Group’s manufacturing plant and, therefore, provided the other conditions of 49 C.F.R. § 195.1(b)(3)(ii) are properly satisfied, the propane pipeline would not be subject to Part 195.

Because the regulation does not contain a definition of what constitutes “serving” a manufacturing facility, however, SI Group is requesting confirmation from PHMSA of the appropriate interpretation in this fact situation.

We have attached additional details and explanation in support of this request and relevant preambles and guidance for ease of reference.

Please contact me at 512.322.2543 or [paulina.williams@bakerbotts.com](mailto:paulina.williams@bakerbotts.com) with any questions regarding this request for written interpretation. We appreciate your time and consideration.

Very truly yours,

A handwritten signature in black ink that reads "Paulina Williams". The signature is written in a cursive, flowing style.

Paulina Williams

cc: Charles Gardner, SI Group  
Gary Crabtree, SI Group

