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

1200 New Jersey Avenue SE
Washington DC 20590

SEP 10 2019

Mr. Thomas S. Collier
Buckeye Texas Processing LLC
7209 Up River Road
Corpus Christi, TX 77406

Dear Mr. Collier:

In a July 27, 2018, letter to the Pipeline and Hazardous Materials Safety Administration (PHMSA), you requested an interpretation of 49 Code of Federal Regulations (CFR) Part 195. Specifically, you requested interpretation for in-plant piping under 49 CFR § 195.1(b)(8).

In the letter, you stated Buckeye Texas Processing, LLC (BTP) owns and operates a crude oil refinery located in Corpus Christi, Texas, and the refinery is served by regulated crude oil pipelines and regulated refined petroleum products pipelines. You indicated the refinery has an in-plant piping system on plant grounds which moves hazardous liquids between plant facilities (including storage tanks) and between plant facilities and the regulated pipelines. Your interpretation request relates to the in-plant piping primarily to move crude oil to and from the refining operation and then from the in-plant piping to pipelines for loading onto marine vessels. The marine vessels outlet is Buckeye Texas Hub, LLC (BTH), a marine terminal located approximately 1 mile north of BTP.

Attached to the letter you provided a process flow diagram (Exhibit C) showing regulated pipelines coming into the refinery facility, in-plant piping and piping exiting the refinery facility identified by Modes A to E (with references to the valves by Mode and valve number, such that, for example, Valve 1 on the pipelines operating in Mode A is designated Valve A1 … etc.). Also, you described the layout of each Mode in the crude oil refinery in detail.

In follow-up letters, dated December 3, 2018, you further described the layout of the Mode D.

On March 22, 2019, you provided additional information in response to questions from PHMSA. Specifically, you indicated that pipelines operating in three of the Modes transport crude oil off refinery grounds. Those pipelines begin at the valves, i.e., pressure control devices, marking the end or beginning of in-plant piping as described above. You indicated that no pipeline enters, crosses, and exits the BTP refinery grounds. Additionally, you stated that any movement of crude oil, for any purpose, through the refining facility, i.e. plant-side of the pressure control devices, is made using the facility in-plant piping system. The first mode is crude oil that can be moved to BTH, a vessel terminal facility, via Mode B, which is representative of one of two 16-inch pipelines that operate below 20% SMYS (low stress) and are 0.69 miles in length. The

second mode is to BTH via a 20-inch, low-stress pipeline, 0.79 miles in length, which is represented by Mode C. The third mode is via a third party owned and operated pipeline to an off-site, third party refinery, which is represented by Mode E. Furthermore, you noted that none of the pipelines crosses a navigable waterway or goes offshore.

On April 29, 2019, you hosted a WebEx during which Buckeye provided an overview presentation of the refinery facility. Following the presentation, on June 6, 2019, you provided a revised process flow diagram and adjusted the starting point of in-plant piping after the launchers at Valves A2 and C2.

Part 195 defines in-plant piping as 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). (*See* 49 CFR § 195.2). Furthermore, Part 195 does not apply to transportation of hazardous liquid or carbon dioxide through onshore production (including flow lines), refining, or manufacturing facilities or storage or in-plant piping systems associated with such facilities. (*See* 49 CFR § 195.1(b)(8)). However, when crude oil enters from the regulated pipeline to the refinery and then is transported directly to, or stored at the refinery, where it is transported later to another refinery, that in-plant piping would be transporting the crude oil across the refinery's boundary – i.e. crude oil enters and exits the refinery without refining. In this case, the § 195.1(b)(8) exemption for both in-plant piping and a refinery facility would not apply.
In response to your request for interpretation, PHMSA has considered the following five (5) pipeline "Modes" as described in your July 17, 2018 letter and the additional information provided on December 8, 2018, April 29, 2019, and June 6, 2019, and provides the following response for each Mode:

- Mode A pipeline transports crude oil into the refinery from a customer- owned terminal 0.45 miles away from the refinery through two Buckeye pipelines; the two pipelines that make up Mode A terminate at pig receivers upon plant grounds at the point at which it connects with (a) in-plant piping leading to storage and refining, or (b) two pipelines operating in Mode B and one pipeline operating in Mode C.
    - PHMSA Response: Mode A is regulated through the launchers and receivers and any isolation or overpressure protection valves or isolation valves after the launcher and receiver under Part 195. (*See* 49 CFR § 195.1(a)).

- Mode B pipeline moves crude oil, beginning at the direct connection to the pipelines operating in Mode A, to and from BTH, which includes a Part 195 regulated storage facility and a marine loading dock, located 0.69 miles from the refinery.
    - PHMSA Response: Mode B is regulated under Part 195 from Mode A to the regulated storage tank. (*See* 49 CFR § 195.1(a)).

- Mode C pipeline moves crude oil, beginning at the direct connection to the pipelines operating in Mode A, to BTH (due to routing, the distance to BTH for the Mode C pipeline is 0.79 miles).
    - PHMSA Response: Mode C is regulated under Part 195 from Mode A to the regulated storage tank. (*See* 49 CFR § 195.1(a)).

- Mode D pipeline moves crude oil from a customer-owned pipeline and terminal into the BTP refinery; this pipeline terminates upon plant grounds where it connects into in-plant piping which moves crude oil either (a) to on-site storage for refining, (b) to a pipeline operating in Mode C for movement to BTH, or (c) to a pipeline operating in Mode E (see Mode E below).
    - PHMSA Response: Mode D is regulated under Part 195. (*See* 49 CFR § 195.1(a)).

- Mode E pipeline moves crude oil to an off-site, third party refinery.
    - PHMSA Response: Mode E is regulated under Part 195. (*See* 49 CFR § 195.1(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

BUCKEYE TEXAS PROCESSING LLC

7209 Up River Road
Corpus Christi, TX 77406

July 27, 2018

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

Re: Request for Written Regulatory Interpretation

Dear Sir or Madam:

This letter presents a request for an interpretation of the PHMSA pipeline safety regulations, under 49 CFR 190.11(b), specifically relating to a refining facility and the physical extent of certain of the refinery's crude oil in-plant piping system pursuant to 49 CFR 195.1(b)(8), the refining exception to Part 195 regulation.

Buckeye Texas Processing, LLC (BTP) owns and operates a crude oil refinery located at 7209 Up River Road in Corpus Christi, Texas. The attached Exhibit A presents an Energy Information Administration description of the facility. The attached Exhibit B depicts an aerial view of the refinery. The refinery is served by regulated crude oil pipelines and regulated refined petroleum products pipelines, all of which commodities are hazardous liquids as defined by 49 CFR 195.2.

The refinery has an in-plant piping system on plant grounds which moves hazardous liquids between plant facilities (including storage tanks) and between plant facilities and the regulated pipelines. Specific to this request is in-plant piping which has various functions that are more fully described in this request but primarily move crude oil to and from the refining operation and then from this in-plant piping to pipelines for loading onto marine vessels.

The BTP refinery was put in-service in November 2015 and can refine approximately 60,000 barrels per day of crude into a range of products including liquefied petroleum gas, light and heavy naphtha, kerosene, gas oil, and atmospheric tower bottoms. These products can then be sold locally or exported to markets around the world. One of BTP's outlets is Buckeye Texas Hub, LLC (BTH), a marine terminal located approximately 1 mile north of BTP. BTP has a total storage capacity of 750,000 barrels of crude oil, 1,000,050 barrels of LPG, 450,000 barrels of light/heavy naphtha, 250,000 barrels of kerosene, 250,000 barrels of gas oil, and 160,000 barrels of atmospheric tower bottoms which provide the BTP refinery with a total petroleum storage capacity of 2.86 million barrels.

Movement of crude oil into the BTP refinery is from Department of Transportation (DOT) jurisdictional pipelines. In-plant piping within the facility grounds moves crude oil into BTP storage tanks primarily for refining but also can be used to move crude oil between plant facilities or between plant facilities and pipelines or other modes of transportation. BTP is in the process of modifying the jurisdictional pipeline connections to facilitate in-line inspections of the pipelines as well as to provide additional interconnectivity between pipelines.

Regarding this interpretation request, BTP has identified, based upon its ultimate configuration of pipeline interconnections, the physical extent of in-plant piping by reference to the definition of "in-plant piping" (49 CFR 195.2), the regulatory history of the definition of in-plant piping (57 Fed Reg 56304 and 59 Fed Reg 33388), and relevant interpretations (195.1 75, Dec. 27, 1995; 195.406 5, Mar. 25, 1991); however, BTP wishes to confirm its conclusions with regard to the points at which in-plant piping ends and, conversely, at which regulation of the pipelines pursuant to Part 195 begins. As indicated above, all plant storage and in-plant piping is associated with the refining facility; i.e., it is used directly in the function of refining crude oil. Further, any piping and equipment which is not subject to Part 195 regulation would be subject to the safety regulatory regime of OSHA.

The following paragraphs describe the piping configuration, as well as anticipated movements of crude oil, as to which BTP seeks PHMSA's interpretation. In the following descriptions, reference is made to the attached Exhibit C which presents a comprehensive process flow diagram depicting piping and components, and crude oil flows.

- Mode A represents pipeline movements of crude oil into the refinery from a customer-owned terminal 0.45 miles away from the refinery through two Buckeye pipelines; the two pipelines that make up Mode A terminate at pig receivers upon plant grounds at the point at which it connects with (a) in-plant piping leading to storage and refining, or (b) two pipelines operating in Mode B and one pipeline operating in Mode C.
- Mode B represents pipeline movements of crude oil, beginning at the direct connection to the pipelines operating in Mode A, to and from BTH, which includes a regulated storage facility and marine loading dock, located 0.69 miles from the refinery.
- Mode C represents pipeline movements of crude oil, beginning at the direct connection to the pipelines operating in Mode A, to BTH (due to routing, the distance to BTH for the Mode C pipeline is 0.79 miles).
- Mode D represents movements of crude oil from a customer-owned pipeline and terminal into the BTP refinery; this pipeline terminates upon plant grounds where it connects into in-plant piping which moves crude oil either (a) to on-site storage for refining, (b) to a pipeline operating in Mode C for movement to BTH, or (c) to a pipeline operating in Mode E (see Mode E below).
- Mode E represents pipeline movements of crude oil to an off-site, third party refinery.
- Also depicted on Exhibit C are motor-operated valves which control movements on the pipelines. Reference to the valves is by Mode and valve number, such that, for example, Valve 1 on the pipelines operating in Mode A is designated Valve A1.

- In addition, Exhibit C depicts pig launchers and receivers (for maintenance pigs and in-line inspection tools) which are designated for the respective Modes as Receiver A, Launcher B, Launcher C, Receiver D, and Receiver E.

The Extent of In-Plant Piping

The sections below describe BTP's conclusions regarding points which mark the beginning and end of the subject in-plant piping and, conversely, the ending and beginning of Part 195 regulation. The conclusions below follow the concepts explained in 57 Fed Reg 56304 and 59 Fed Reg 33388 and relevant interpretations (195.1 75, Dec. 27, 1995; 195.406 5, Mar. 25, 1991). For simplicity, Exhibit C shows the piping associated with each Mode versus each pipeline entering or leaving BTP.

Mode A – Beginning of In-Plant Piping

With regard to the pipelines operating in Mode A, BTP has identified Receiver A as the beginning of in-plant piping since Receiver A marks the physical end of the pipelines operating in Mode A. Valve A1, however, is a more precise point at which to end Part 195 regulation; therefore, in-plant piping would begin at the outlet flange of Valve A1.

Mode B – End of In-Plant Piping

With regard to the pipelines operating in Mode B, BTP has identified Launcher B as the end of in-plant piping and the beginning of Part 195 regulation since Launcher B marks the physical beginning of the pipeline operating in Mode B. Valve B1, however, is a more precise point at which to end Part 195 regulation for movements on the pipeline operating in Mode B; therefore, in-plant piping would end at the inlet flange of Valve B1.

Mode C – End of In-Plant Piping

With regard to the pipeline operating in Mode C, BTP has identified Launcher C as the end of in-plant piping and the beginning of Part 195 regulation since Launcher C marks the physical beginning of the pipeline operating in Mode C. Valve C1, however, is a more precise point at which to end in-plant piping for movements from the pipeline operating in Mode A, and Valve C2 is the more precise point at which to end in-plant piping for movements outbound from BTP to BTH. On that basis, the inlet flange of Valve C1 would mark the end of in-plant piping, as would the inlet flange of Valve C2, respectively.

Mode D – Beginning of In-Plant Piping

With regard to the pipeline operating in Mode D, BTP has identified Receiver D as the end of Part 195 regulation and the beginning of in-plant piping since Receiver D marks the physical end of the pipeline operating in Mode D. Valve D1, however, is a more precise point at which to end Part 195 regulation for movements inbound on the pipeline operating in Mode D. In addition, Valve C2 would mark the end of in-plant piping for movements in Mode C outbound from BTP to BTH (as discussed above for Mode C).

Mode E – End of In-Plant Piping

With regard to the pipeline operating in Mode E, BTP has identified Receiver E as the end of in-plant piping and the beginning of Part 195 regulation since Receiver E marks the physical beginning of the pipeline operating in Mode E. Valve E1, however, is a more precise point at which to end in-plant piping for movements on the pipeline operating in Mode E; therefore, in-plant piping would end at the inlet flange of Valve E1.

BTP's Conclusions

To summarize, the points which would mark the transition between in-plant piping and Part 195 regulation would be as follows:

- Mode A: Outlet flange of Valve A1
- Mode B: Inlet flange of Valve B1
- Mode C: Inlet flanges of Valve C1 and Valve C2, respectively
- Mode D: Outlet flange of Valve D1
- Mode E: Inlet flange of Valve E1

BTP understands that the operators of the regulated pipelines are responsible for regulatory compliance with respect to the regulated pipelines up to the beginning or end of in-plant piping, as the case may be, even when located on the plant grounds, including on-site storage tanks if they are used to relieve surges in the regulated pipelines (along with associated piping).

BTP requests that PHMSA interpret its conclusions regarding the demarcation points it has established, between in-plant piping and regulated pipelines, pursuant to the refining exception at 49 CFR 195.1(b) (8).

Thank you for your consideration in this matter. Please do not hesitate to contact me with any questions you might have in this regard at (610) 904-4922 or tcollier@buckeye.com.

Sincerely,

Thomas S. Collier

Thomas S. (Scott) Collier

Enclosures

cc: Kevin Burke
Tim Manning
Vanessa Garcia-Silguero
Claudia Pankowski

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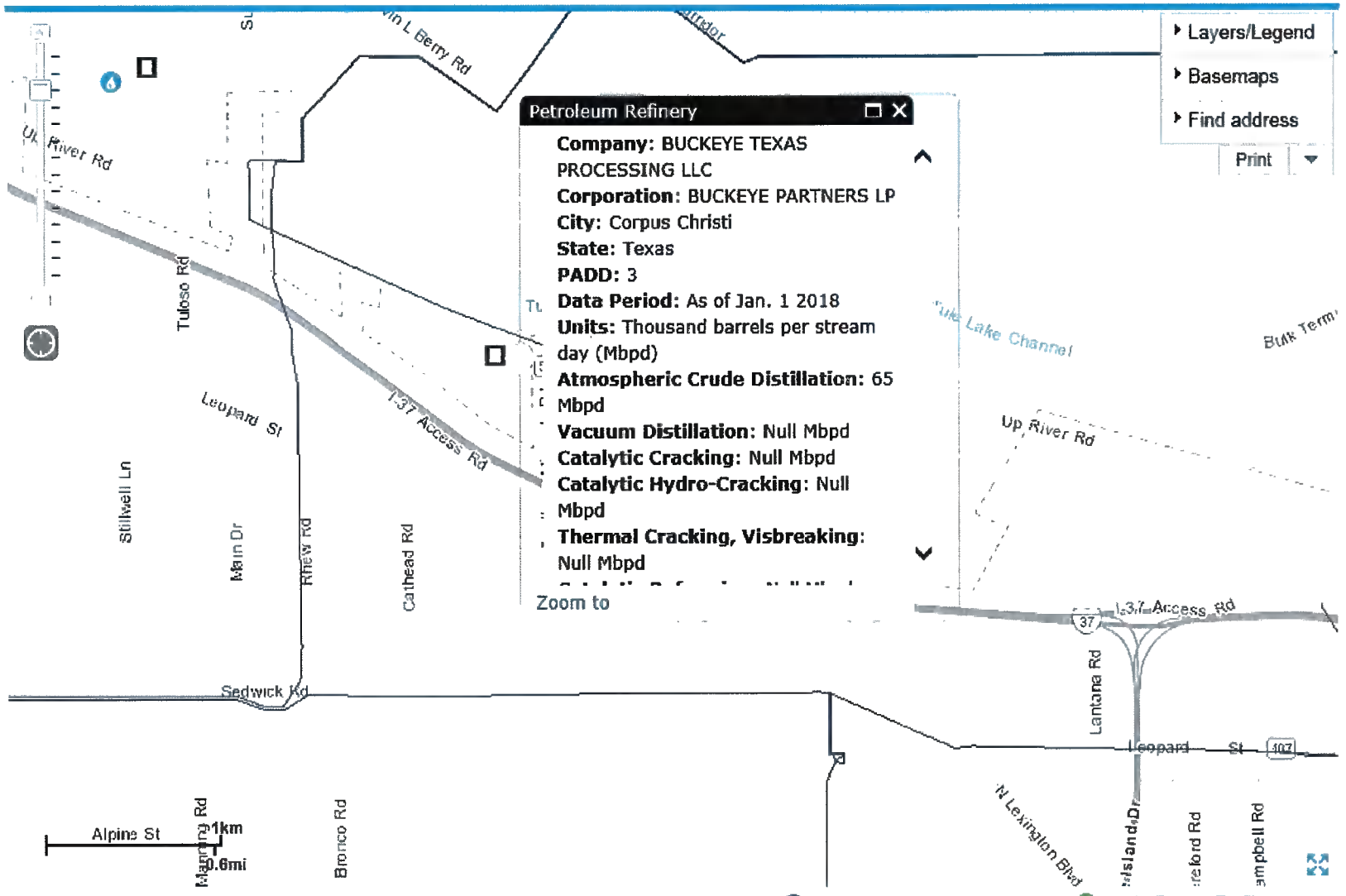

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