



U.S. Department  
of Transportation

1200 New Jersey Avenue, SE  
Washington, DC 20590

**Pipeline and Hazardous  
Materials Safety Administration**

**April 7, 2020**

Mr. Keith J. Coyle  
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Counsel for MarkWest  
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Dear Mr. Coyle:

In a letter to the Pipeline and Hazardous Materials Safety Administration (PHMSA), dated December 13, 2019, you provided supplemental information related to eight pipelines that transport off-gas from refineries to a natural gas processing plant (Javelin processing plant) located in Corpus Christi, Texas (MarkWest Javelin RG pipeline system). You provided the supplemental information in support of MarkWest's request that PHMSA reconsider a letter of interpretation dated October 15, 2019 (Interpretation), which stated that the eight pipelines at issue are transmission pipelines under Part 192. PHMSA's Interpretation was issued in response to MarkWest's request for interpretation dated October 10, 2016.

You stated MarkWest is requesting that PHMSA reconsider its Interpretation for the following reasons: (1) PHMSA has previously found that pipelines transporting gas from non-traditional sources of production can qualify as gathering lines under Part 192; and (2) PHMSA should clarify whether a gas processing plant that extracts natural gas liquids and removes other impurities to create pipeline quality gas should be treated as a large volume customer for purposes of the transmission line definition.

With regard to the first item, you stated that while the definition of onshore gas gathering line in Part 192 is typically applied to traditional oil and gas operations, PHMSA has acknowledged in prior interpretations that the definition applies to landfill gas systems. Therefore, you suggested that PHMSA should apply those same principles in determining whether a pipeline that transports off-gas from a refinery to a processing plant is an onshore gathering line. You requested PHMSA agree that the MarkWest Javelin RG pipeline system are onshore gas gathering lines.

Conventional natural gas is produced by a well drilled into a geologic formation in which the reservoir characteristics permit the natural gas to readily flow to the wellbore. Although landfill gas is produced by means that do not meet the criteria for conventional production, the gas is still produced from the landfill ground and the production of gas from a landfill is clearly a gathering process. MarkWest's system processes gas downstream from a Part 195 regulated pipeline in

refineries and then transports the off-gas downstream from the refineries through the MarkWest Javelin RG pipeline system to the Javelin processing plant in Corpus Christi, Texas. The gas does not originate from a gas or oil production facility and no gathering of gas is performed with the pipelines between the refineries and the processing plant. Therefore, PHMSA does not find the pipelines meet the § 192.3 definition of gathering line.

Your second question is whether a gas processing plant that extracts natural gas liquids and removes other impurities to create pipeline quality gas should be treated as a large volume customer for purposes of the transmission line definition. The refineries receive crude oil from upstream Part 195 regulated pipelines. Refined products exiting (downstream) the refineries are also transported by Part 195 regulated pipelines. In this case, the refineries send the off-gas through pipelines to a downstream facility. The gas processing plant produces approximately 28,000 bbl/day of liquid hydrocarbons and 32 mmscfd of hydrogen. Also, the gas processing plant uses the off-gas as chemical and plastic feedstocks and sends residue gas back to the refineries. Per definitions under § 192.3, the pipelines from the refineries to the processing plant are neither gathering lines nor distribution lines. Therefore, PHMSA disagrees with Markwest's assertion that the Corpus Christi processing plant cannot be considered a large volume customer for purposes of the transmission line definition in § 192.3. Similarly, PHMSA does not agree that such a finding will implicate other midstream processing plants that do not receive gas from a refinery as opposed to a production facility (conventional or otherwise). Since the pipelines do not meet the definition of a gathering line, are not downstream from a gas distribution system and serve a single processing plant (large volume customer<sup>1</sup>), the pipelines meet the § 192.3 definition of a transmission line.

In conclusion, after examining your latest request, PHMSA has determined that its October 15, 2019, response to MarkWest's original request is correct. That is, the pipelines from the refineries to the processing plant (the MarkWest Javelin RG pipeline system) are transmission lines as well as any pipelines from the processing plant to the refineries.

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

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<sup>1</sup> NOTE: A large volume customer may receive similar volumes of gas as a distribution center, and includes factories, power plants, and institutional users of gas.

December 13, 2019

John A. Gale  
Director, Office of Standards and Rulemaking  
Office of Pipeline Safety (PHP-30)  
Pipeline and Hazardous Materials Safety Administration  
U.S. Department of Transportation  
1200 New Jersey Avenue, S.E.  
Washington, DC 20590-0001

**Re: Supplemental Request for Written Regulatory Interpretation**

Dear Mr. Gale:

By letter dated October 15, 2019, the Office of Pipeline Safety (OPS) responded to a request for written regulatory interpretation from the MarkWest Javelina Pipeline Company, L.L.C. (MarkWest).<sup>1</sup> In that response, OPS addressed whether several pipelines that transport off-gas from refineries to a natural gas processing plant in Corpus Christi, Texas, should be classified as gathering or transmission lines under 49 C.F.R. Part 192. OPS ultimately concluded that the pipelines did not meet the general definition of a gathering line and should be classified as transmission lines transporting gas to a large volume customer that is not downstream from a distribution center.

MarkWest is respectfully requesting that OPS reconsider its response for the following reasons. OPS has previously found that pipelines transporting gas from non-traditional sources of production can qualify as gathering lines under Part 192. OPS should apply that principle in this case and conclude that the pipelines that transport off-gas from the refineries to the processing plant are gathering lines. MarkWest is also asking OPS to clarify whether a gas processing plant that extracts natural gas liquids (NGLs) and removes other impurities to create pipeline quality gas should be treated as a large volume customer for purposes of the transmission line definition. That position appears to conflict with the definition of onshore gas gathering in Part 192 and could require the re-classification of midstream pipeline systems throughout the United States without further clarification.

Background

In an October 10, 2016 request for a written regulatory interpretation, MarkWest asked OPS whether eight pipelines in Corpus Christi, Texas, could be classified as onshore gas gathering lines under Part 192. MarkWest explained that the pipelines transport off-gas produced by process units at six local refineries to a nearby processing plant for extraction of NGLs and other impurities to create pipeline quality gas. The processed gas is then returned to the refineries in other pipelines

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<sup>1</sup> 49 C.F.R. § 190.11(b) (2018) (authorizing OPS to respond to requests for written regulatory interpretations).



for local use. MarkWest further explained that the maximum allowable operating pressure (MAOP) of the off-gas pipelines produces a hoop stress of less than 20 percent of specified minimum yield strength (SMYS) of the pipe. Citing these facts, MarkWest asked OPS to agree that the off-gas pipelines did not meet the definition of a transmission line and should be classified as Type B regulated onshore gas gathering lines under Part 192.<sup>2</sup>

OPS responded to MarkWest's request for interpretation in an October 15, 2019 letter. After describing the basic characteristics of the pipelines, OPS observed that "[g]as gathering pipelines . . . are defined [in 49 C.F.R. § 192.3] as pipelines that transport gas from a production facility to a transmission line or main[.]" and that "[g]enerally, gathering pipelines collect gas from natural gas wells and transport them to a processing facility, refinery or a transmission pipeline."<sup>3</sup> OPS then stated without further explanation that "[t]ransporting off-gas from refineries does not qualify the pipelines in question as gathering pipelines."<sup>4</sup>

Having made that threshold determination, OPS turned to the definition of a transmission line in 49 C.F.R. § 192.3 and stated that the processing plant was "a large volume customer because it is a manufacturing facility that processes refinery off-gas, and with all six refineries on line, . . . can process up to 142 mmscfd of off-gas[.]"<sup>5</sup> OPS also stated that the processing plant "uses this off-gas as chemical and plastic feedstocks and sends residue gas back to the refineries."<sup>6</sup> Therefore, OPS concluded that the eight pipelines were transmission lines that "[t]ransport[] gas from a gathering line . . . to a . . . large volume customer that is not down-stream from a distribution center[.]"<sup>7</sup>

On November 19, 2019, MarkWest met with OPS at the Pipeline and Hazardous Materials Safety Administration's (PHMSA) headquarters in Washington, D.C., to discuss the response to the interpretation request. MarkWest provided additional information about the pipelines and gas processing plant and expressed concern with certain aspects of OPS's letter. OPS agreed that MarkWest could describe those concerns in greater detail in a supplemental request for interpretation.

MarkWest appreciates OPS's willingness to reconsider its response and is providing additional information and supporting analysis below.

### Analysis

Part 192 uses a multi-step framework for determining whether a pipeline is an onshore gas gathering line.<sup>8</sup> A gathering line is generally defined in 49 C.F.R. § 192.3 as a "pipeline that

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<sup>2</sup> The off-gas pipelines range in length from 0.2 to 1.54 miles. The lines traverse a Class 3 location and have an MAOP of 99 psig, which produces a hoop stress ranging from 9% to 14% of the SMYS of the pipe.

<sup>3</sup> PHMSA Letter of Interpretation to Ms. Leanne M. Meyer, MarkWest Javelina Pipeline Co. at 1, PI-16-0013 (Oct. 15, 2019).

<sup>4</sup> *Id.*

<sup>5</sup> *Id.* at 2.

<sup>6</sup> *Id.*

<sup>7</sup> *Id.* at 1 (quoting 49 C.F.R. § 192.3 (definition of transmission line)).

<sup>8</sup> 49 C.F.R. §§ 192.3, 192.7(b)(4), and 192.8(a).

transports gas from a current production facility to a transmission line or main.”<sup>9</sup> Onshore gathering line is further defined in 49 C.F.R. § 192.8(b) based on the provisions in API Recommended Practice 80, “Guidelines for the Definition of Onshore Gas Gathering Lines,” 1st edition, April 2000, (RP 80), an industry standard incorporated by reference into Part 192, subject to certain additional limitations.<sup>10</sup>

RP 80 defines an onshore gas gathering line as “any pipeline or part of a connected series of pipelines” that “transport[s] gas from the furthestmost downstream point in a production operation” to certain locations.<sup>11</sup> One of those locations is “the inlet of the furthestmost downstream natural gas processing plant, other than a natural gas processing plant located on a transmission line.”<sup>12</sup> Part 192 prescribes additional limitations on RP 80’s definition of an onshore gas gathering line.<sup>13</sup> One of those limitations states that “[t]he endpoint of gathering . . . may not extend beyond the first downstream natural gas processing plant, unless the operator can demonstrate, using sound engineering principles, that gathering extends to a further downstream plant.”<sup>14</sup>

While the definition of onshore gas gathering line in Part 192 is typically applied to traditional oil and gas operations, OPS has acknowledged in prior interpretations that the definition applies to non-traditional sources of gas production as well. In a March 2011 interpretation letter to the City of Glendale Water & Power (GWP), for example, OPS found that part of a pipeline transporting gas produced at a landfill was an onshore gathering line under Part 192.<sup>15</sup> Specifically, OPS found that several suction lines transporting gas from extraction wells to a compressor station located inside the boundaries of the landfill were onshore gas gathering lines.<sup>16</sup>

OPS took the same approach in applying the onshore gathering line definition to a landfill gas system in an August 2011 interpretation letter to the City of LaGrange, Georgia (LaGrange).<sup>17</sup> After receiving an interpretation a year earlier concluding that a pipeline delivering landfill gas from a compressor to a nearby power plant was a transmission line,<sup>18</sup> LaGrange asked OPS in a follow-up request to clarify whether the suction lines upstream of the compressor were part of an unregulated production facility. Citing the interpretation to GWP, OPS found that the suction lines were onshore gas gathering lines under Part 192 and RP 80.<sup>19</sup>

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<sup>9</sup> *Id.* § 192.3.

<sup>10</sup> *Id.* § 192.8(a).

<sup>11</sup> RP 80 § 2.2(a);

<sup>12</sup> *Id.* § 2.2(a)(1)(A).

<sup>13</sup> 49 C.F.R. § 192.8(a)(2)-(4).

<sup>14</sup> *Id.* § 192.8(a)(2); PHMSA Letter of Interpretation to Mr. Dan Green, Pacific Energy and Mining Co., PI-18-0015 (Aug. 15, 2019); PHMSA Letter of Interpretation to Mr. Greg Schrab, CDX Gas, PI-09-0002 (July 14, 2009).

<sup>15</sup> PHMSA Letter of Interpretation to Mr. Steven G. Lins, City of Glendale Water & Power, PI-10-0016 (Mar. 8, 2011).

<sup>16</sup> OPS found in the interpretation that the landfill gas gathering lines were not regulated due to an exemption in 49 C.F.R. § 192.1(b)(4)(i) that applies to onshore gas gathering in pipelines that operate at less than 0 psig, and that the pipeline delivering gas from the outlet of the landfill gas compressor station to a nearby power plant was a regulated transmission line transporting gas to a large volume customer that was not downstream from the distribution center under 49 C.F.R. § 192.3.

<sup>17</sup> PHMSA Letter of Interpretation to Mr. Patrick Bowie, City of LaGrange, PI-10-0014 (Aug. 11, 2011).

<sup>18</sup> PHMSA Letter of Interpretation to Mr. Patrick Bowie, City of LaGrange, PI-10-0007 (Aug. 10, 2010).

<sup>19</sup> As in the interpretation to GWP, OPS found that the landfill gas gathering lines were not regulated because of the exemption in 49 C.F.R. § 192.1(b)(4)(i) for onshore gas gathering in pipelines that operate at less than 0 psig.



As these two recent interpretations involving landfill gas systems show, OPS has acknowledged that PHMSA's definition of onshore gas gathering line applies in cases that do not involve traditional oil and gas production. The general definition of a gathering line in 49 C.F.R. § 192.3 does not clearly indicate that landfill gas extraction wells should qualify as production facility. Nor does RP 80 include any explicit references to gas produced at landfills in describing the kinds of activities that qualify as production operations. Nonetheless, OPS established the basic principle that landfill gas wells can be part of a production facility or production operation in the GWP and LaGrange interpretations, and that pipelines transporting landfill gas can be onshore gathering lines. That conclusion is consistent with the functional approach that Part 192 and RP 80 use in determining the classification of gas pipeline facilities.

OPS should apply those same principles in determining whether a pipeline that transports off-gas from a refinery to a processing plant is an onshore gathering line. Like a landfill gas system, the refinery process units produce gas from a source other than a traditional oil and gas well. OPS can rely on the principles laid out in the GWP and LaGrange interpretations to conclude that the refinery process units are part of a production facility or production operation under 49 C.F.R. §§ 192.3 and 192.8(a) and RP 80. The pipelines that transport the refinery off-gas to the processing plant also fall squarely within the definition of an onshore gathering line. The inlet of the first downstream natural gas processing plant is a well-established endpoint of onshore gas gathering, and the Corpus Christi processing plant is no different than the hundreds of other gas processing plants that are part of gathering systems located throughout the United States.

Indeed, MarkWest is particularly concerned by the OPS's conclusion that the Corpus Christi gas processing plant should be treated a large volume customer for purposes of the transmission line definition. That position appears to create a significant conflict with the definition of onshore gas gathering in PHMSA's regulations and, if given broad application, would require the midstream industry to reclassify many gathering lines as transmission lines. Unlike power plants, factories, and other institutional users of gas, processing plants do not receive gas for purposes of end use or consumption. Processing plants extract NGLs and other impurities to create pipeline quality gas, and that gas is then transported to an end user (including, in some cases, large volume customers like power plants, factories, or manufacturing facilities). The pipeline industry has long understood that processing plants performing these kinds of functions are part of gas gathering operations, and that understanding is reinforced by the language in RP 80 and 49 C.F.R. § 192.8(a).

For these reasons, MarkWest is respectfully requesting that OPS agree that the off-gas pipelines are onshore gas gathering lines. The pipelines transport gas from a non-traditional source of production (refinery process units) to a processing plant that clearly performs a gathering function (extracting NGLs and removing other impurities to create pipeline quality gas). As in the landfill gas context, OPS can apply the definitions in 49 C.F.R. §§ 192.3 and 192.8(a) and RP 80 to conclude that these pipelines are onshore gathering lines. MarkWest also notes that the pipelines that transport gas from the processing plant back to the refineries can be properly classified as large volume customer transmission lines if OPS adopts this interpretation.

### Conclusion

MarkWest appreciates the opportunity to submit this supplemental request to OPS for a written regulatory interpretation on the classification of the pipelines that transport refinery off-gas to the processing plant in Corpus Christi, Texas. If you have any additional questions or concerns, please feel free to contact me at 202-853-3460 or [kcoyle@babstcalland.com](mailto:kcoyle@babstcalland.com).

Respectfully Submitted,



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