



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

1200 New Jersey Avenue, SE
Washington, DC 20590

October 03, 2022

Mr. Justin Wheeler
Director of Environmental, Health and Safety
IACX Roswell, LLC
5001 LBJ Freeway
Suite 300
Dallas, TX 75244

Dear Mr. Wheeler:

In a letter to the Pipeline and Hazardous Materials Safety Administration (PHMSA), dated June 6, 2022, you requested an interpretation of the Federal pipeline safety regulations in 49 Code of Federal Regulations (CFR) Part 192 with respect to the scope of § 192.1 for your 12.750-inch diameter pipeline.

Your submitted documentation shows the pipeline named Bitter Lakes residue gas pipeline is located near Roswell, New Mexico and has the following characteristics: 3.68 miles long, 12.750-inch diameter, operated above 20 percent specified minimum yield strength (SMYS), and located in a Class 1 location. Also, the pipeline's established maximum allowable operating pressure is 1,200 pounds per square inch gauge (psig) with a nominal operating pressure of between 750 psig to 900 psig. The design pressure of the pipeline is 1,458 psig and the over pressure protection of the pipeline is through a relief valve that is set at 1,025 psig. The pipeline transports natural gas from the Bitter Lakes compressor station where the gas is treated to remove water, moisture, inert gas via membrane filtration, dew point control, liquids recovery, and compressed to flow directly to the end point where the pipeline terminates downstream at the Transwestern transmission line connection.

You believe the pipeline meets the definition of the API RP 80, Section 2.2.1.2.6 - Incidental Gathering and should be regulated as a Type C gathering pipeline and, therefore, request PHMSA's confirmation.

PHMSA's 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 are not generally applicable, do not create legally-enforceable rights or obligations, are not fact-finding tools, and are provided to help the specific requestor understand how to comply with the regulations.

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 are not generally applicable, do not create legally-enforceable rights or obligations, and are provided to help the specific requestor understand how to comply with the regulations.

Based on the information you provided, PHMSA agrees that a 12.750-inch diameter, 3.68-miles long pipeline, located in a Class 1 location, and operates at above 20% SMYS meets the regulatory requirements of a Type C gathering pipeline. For regulatory requirements, please refer to the November 15, 2021, final rule published in the Federal Register [86 FR 63266] (see §§ 192.8(a)(5), 192.8(c), 192.9(e), 192.9(g), 192.452(c), 192.619(a)(3) and 192.619(c)(2)).

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

June 06, 2022

Pipeline and Hazardous Materials Safety Administration
Office of Standards and Rulemaking
U.S. Department of Transportation
1200 New Jersey Avenue, SE
Washington, DC 20590
United States

Re: IACX Energy, LLC Request for Written Regulatory Interpretation

IACX Energy, LLC (IACX) is requesting a written regulatory interpretation on one of its pipelines (the "Roswell 12-inch Bitter Lakes line") relative to 49 CFR Part 192 Gas Gathering Line Definition for Onshore Gas Gathering Lines and Pipeline Safety: Safety of Gas Gathering Pipelines: Extension of Reporting Requirements, Regulation of Large, High-Pressure Lines, and Other Related Amendments, New Safety Standards, Final Rule, Federal Register, Vol. 86, No. 217, November 15, 2021. IACX's determination, in accordance with the above-referenced regulation, is that the Roswell 12-inch Bitter Lakes line will become a Type C regulated gathering line on May 16, 2022, the effective date of the above-referenced regulation (see attached IACX PSB Follow-up Letter and IACX Energy Roswell 12" Bitter Lakes Pipeline review documents, submitted to the New Mexico Public Regulation Commission on August 4, 2021 and December 16, 2021, respectively). IACX is making this request based at the direction of the New Mexico Public Regulation Commission, as the commission has not concluded an exact determination for the pipeline.

As illustrated in Figure 2-6 of section 2.2.1.2.6 of API RP-80, IACX's gathering endpoint is the Bitter Lakes treatment plant. The 12-inch Bitter Lakes line then directly connects to the Transwestern transmission line a distance of 3.68 miles away, therefore connecting "incidental gathering" line with the endpoint of gathering being its connection with the downstream Transwestern transmission line (see attached schematic of the Bitter Lakes Gathering System).

Based on previous PHMSA interpretations (PI-09-0008 July 30, 2009) and (PI-09-0002 July 14, 2009) incidental gathering designations were permissible due to what was considered a drafting error. To IACX's knowledge, no other related rulemaking has been issued until the November 2021 publication of the final gas gathering rule. IACX's understanding of Safety of Gas Gathering Pipelines: Extension of Reporting Requirements, Regulation of Large, High-Pressure Lines, and Other Related Amendments, New Safety Standards, Final Rule, Federal Register, Vol. 86, No. 217 is that the incidental gathering concept as described in API RP-80 may not be used for new, replaced, relocated, or otherwise changed gas gathering line installed after the effective date of the final rule (May 16, 2022) if the endpoint is 10 miles or more from the furthest downstream point where a gathering line begins as determined in paragraphs 2.2(a)(1)(A) through (a)(1)(D) of API RP-80. Incidental gathering lines existing on or before the effective date of the rule may continue to operate as a gathering line, regardless of length. The Roswell 12-inch Bitter Lakes Line was existing prior to the final rule.

IACX expects to operate the Roswell 12-inch Bitter Lakes line as a “regulated gas gathering line” under a Type C designation based on the final rule. IACX respectfully requests a written regulatory interpretation of its determination that the Roswell 12-inch Bitter Lakes line as of May 16, 2022, is a regulated, Type C gathering line. Please call me at 972-679-2147 with any questions regarding this request.

Sincerely,



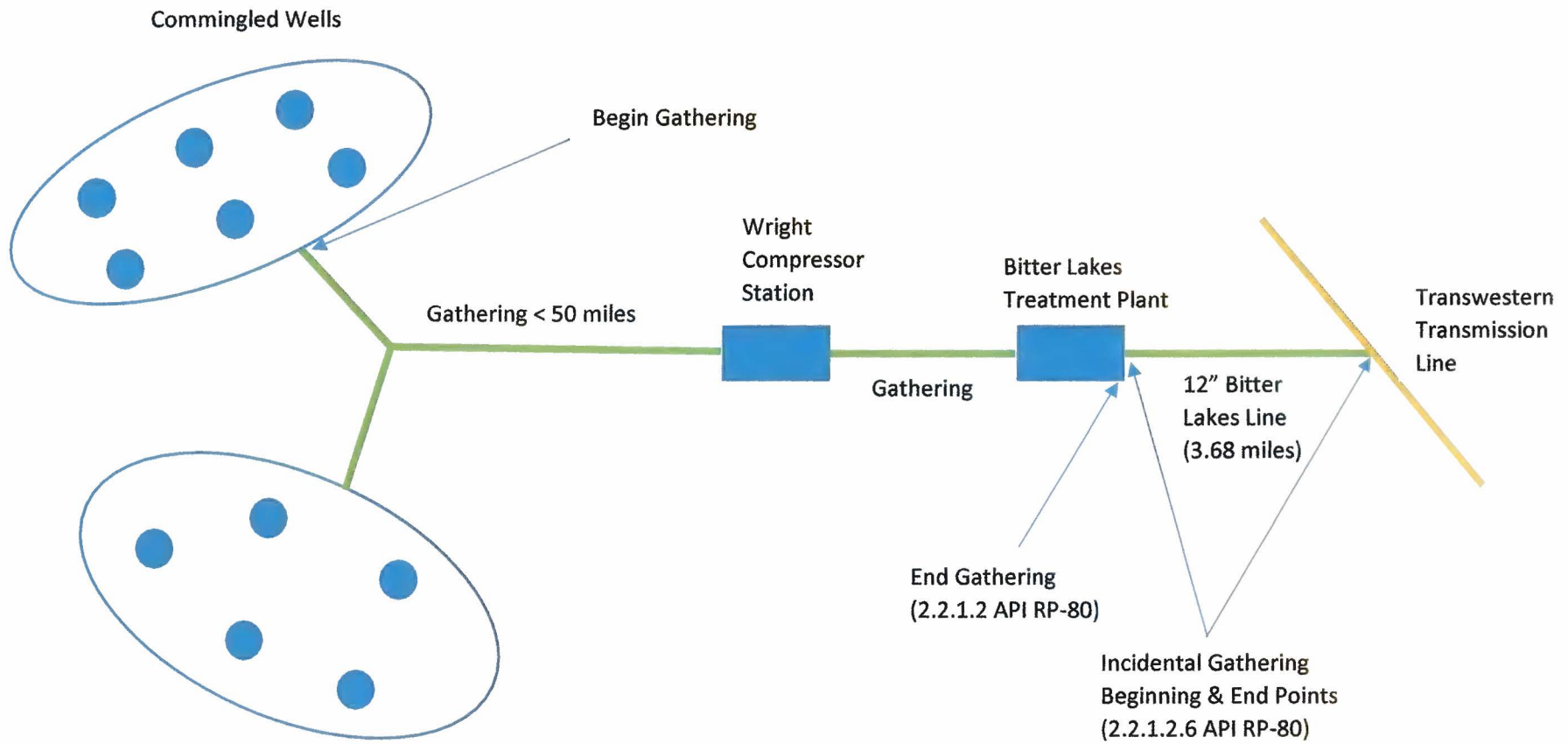
Justin Wheeler
Director of EHS
IACX Roswell, LLC
justinwheeler@iacx.com

Attachments:

Bitter Lakes System Schematic
API RP-80 2.2.1.2.6 Incidental Gathering Reference
August 2021 Letter to NM PRC
December 2021 Pipeline Review Letter to NM PRC

Attachment 1

Bitter Lakes Gathering System Schematic



Attachment 2

2.2.1.2.6 Incidental Gathering

In the case of gas processing or gas treatment, the connection to a transmission line is generally contained within the boundaries of the facility. This is not always the case, however. The gathering line operator may have to move the gas through a pipeline some additional distance from the plant to another pipeline. The pipeline moving the gas from the plant to another pipeline is termed "incidental gathering." The "incidental gathering" resumes at the plant outlet and continues to the other pipeline connection. Incidental gathering may

also occur when a compressor is a potential endpoint. Incidental gathering normally is present when the point of last commingling is the last "identified endpoint." From a functional standpoint, this section of incidental gathering line is no different from the rest of the gathering system. The definition, therefore, includes recognition that gathering may continue downstream of the last endpoint identified by processing, treatment, commingling, or compression activities to the connection with another pipeline. Figure 2-6 illustrates this concept.

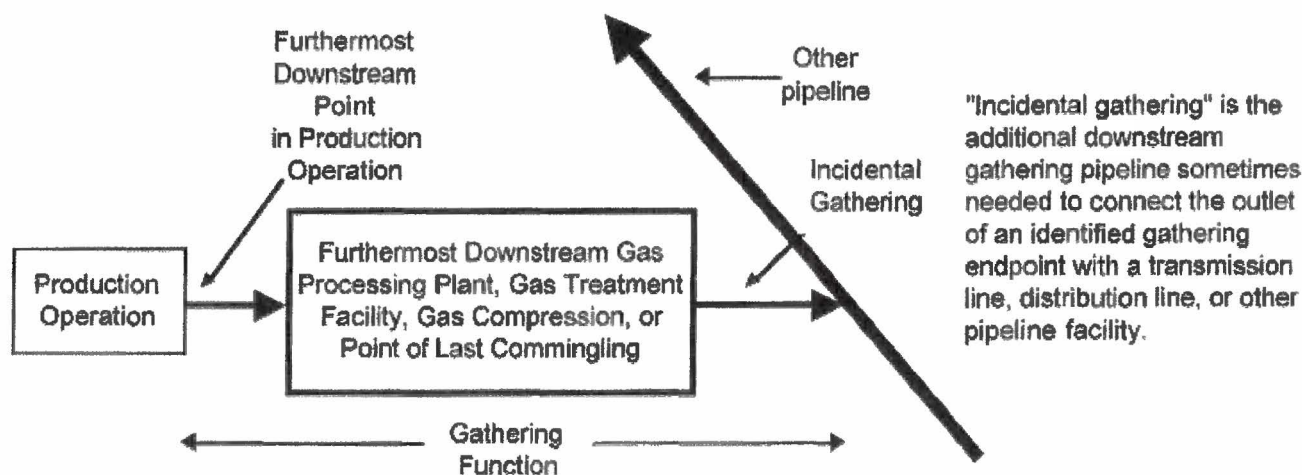


Figure 2-6—Incidental Gathering Downstream of an Identified Endpoint

Attachment 3



August 4, 2021

Kevin Duke, Pipeline Safety Inspector
Public Regulation Commission
Pipeline Safety Bureau
1120 Paseo De Peralta, Rm. 416
P.O. Box 1269
Santa Fe, NM 87504

Re: ***IACX-Roswell Standard Inspection***

Dear Mr. Duke,

This letter is to document the July 28, 2021, Zoom teleconference agreement between the IACX Roswell Operations Team and the NM-Pipeline Safety Bureau regarding the Bitter Lakes 12" line. In this discussion it was agreed that based on API RP-80 and 49 CFR 192.9, that the 12" discharge line from Bitter Lakes to the Transwestern line tie-in is, 1) classified as an incidental gathering line, and 2) the line is a non-regulated onshore gathering line.

This determination by your office, removes this line as a regulated line, thus not applicable to PHMSA and New Mexico Pipeline Safety Bureau purview.

Please let us know if you have any questions or if we need to make further clarification of this agreement.

Lastly, thank you for your time and assistance in helping us understand the applicable regulations.

Best Regards,

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

Justin Wheeler
Director of EHS
IACX Energy
972-679-2147
justinwheeler@iacx.com