



U.S. Department
of Transportation

**Pipeline and Hazardous
Materials Safety
Administration**

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

MAY 22 2012

Ms. Deborah Brunt, P.E.
Director, Engineering
New Mexico Gas Company
P.O. Box 97500
Albuquerque, NM 87199-7500

Dear Ms. Brunt:

In a letter to the Pipeline and Hazardous Materials Safety Administration (PHMSA), you asked for interpretation regarding classification of your pipelines. Specifically, you asked whether the following four pipelines are transmission or distribution lines.

Your Intel VHP line originates at a regulator station on your Alameda transmission line in the middle of your Albuquerque Metro distribution center. The Alameda transmission line operates above 20 percent of the specified minimum yield strength (SMYS) at a gauge pressure of 466 pound per square inch gauge (psig) and the Intel VHP line operates at 175 psig at 5.9 percent of SMYS. The Intel VHP line delivers gas to the Albuquerque Metro 60 psig distribution system and to the Intel factory (a large volume customer). All of the gas that travels through the Alameda transmission line and the Intel VHP line is delivered to customers who purchase the gas for consumption. You believe that the Intel VHP line is a distribution line because it delivers gas downstream of the Albuquerque distribution center and does not operate at a hoop stress of 20 percent or more of SMYS.

Your Santa Fe south feed line originates at a regulator station on your Santa Fe transmission line on the south side of your Santa Fe distribution center. The Santa Fe transmission line operates at above 20 percent SMYS at 600 psig and the Santa Fe South feed line operates at 250 psig or 18.8 percent of SMYS. The Santa Fe south feed line delivers gas to the Santa Fe 60 psig distribution system. All of the gas that travels through the Santa Fe South feed line is delivered to customers who purchase it for consumption. You believe that the Santa Fe south feed line is a distribution line because it delivers gas downstream of the Santa Fe distribution center and does not operate at a hoop stress of 20 percent or more of SMYS.

Your Gallup east feed starts at the East El Paso Natural Gas transmission line at the Gallup city gate station. The transmission line operates at 300 psig or 13.7 percent of SMYS. The Gallup East feed delivers gas to the Gallup 60 psig distribution system. All of the gas that travels through the Gallup east feed is delivered to customers who purchase it for consumption. You believe that the Gallup East feed line is a distribution line because it delivers gas downstream of the Gallup distribution center and does not operate at a hoop stress of 20 percent or more of SMYS.

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.

Your Ambrosia Lake line originates at a regulator station on the Grants transmission line on the north side of your Grants distribution center. The Grants transmission line operates at above 20 percent SMYS of 720 psig and the Ambrosia Lake line operates at 180 psig or 10.1 percent SMYS. The Ambrosia Lake line delivers gas to the Grants 50 psig distribution system and to several farm taps. All of the gas that travels through the Ambrosia Lake line is delivered to customers who purchase it for consumption. You believe that the Ambrosia Lake line is a distribution line because it delivers gas downstream of the Grants distribution center and does not operate at a hoop stress of 20 percent or more of SMYS.

We contacted you with a request to provide us with mileage information of these pipelines and you responded with an October 12, 2011, email. Also, we were able to get the information from the New Mexico Public Regulation Commission. The responses regarding the pipelines are as follows:

The Intel VHP line begins at a regulator station on New Mexico Gas Company's (NMGC's) Alameda transmission line where pressure is reduced from 466 psig to 175 psig. The pipeline runs approximately 1.1 miles to a regulator station located at Intel Corporation where it delivers natural gas to Intel's manufacturing facility (a large volume customer) and the Albuquerque Metro 60 psig distribution system. The pipeline has no service lines or farm taps upstream of its delivery to Intel's manufacturing facility and the natural gas distribution system.

The Santa Fe South feed line begins at a regulator station on NMGC's Santa Fe transmission line where pressure is reduced from 600 psig to 250 psig. The pipeline runs approximately 11 miles to a regulator station on the south end of Santa Fe where pressure is reduced to 60 psig to supply the Santa Fe distribution system. This pipeline segment was part of the Santa Fe transmission line and operated at 600 psig until a loop/bypass line was installed a couple of years ago. The pipeline has no service lines upstream of its delivery to the Santa Fe distribution system.

The Gallup east feed begins at NMGC's East Gallup El Paso Natural Gas Company's PNG backup regulator station at EPNG's transmission line and transports natural gas from the EPNG transmission line to NMGC's East Gallup border regulator station. NMGC's primary supply for the Gallup distribution system is its Gallup/Grants mainline which delivers natural gas at the East Gallup border regulator station. This pipeline serves as a back-up supply and also delivers natural gas at the East Gallup border regulator station. The pipeline has no service lines or farm taps upstream of its delivery to the East Gallup border regulator station.

The Ambrosia Lake line begins at a regulator station on NMGC's Gallup/Grants transmission line where pressure is reduced from 720 psig to 180 psig. The pipeline transports natural gas approximately 27 miles to NMGC's grants distribution system where pressure is reduced to 50 psig.

The definition for “transmission line” per § 192.3 is reprinted below:

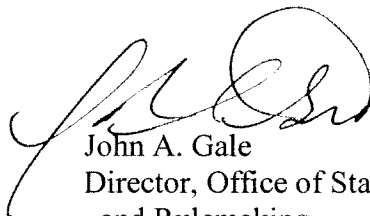
Transmission line means a pipeline, other than a gathering line, that:

- (1) Transports gas from a gathering line or storage facility to a distribution center, storage facility, or large volume customer that is not down-stream from a distribution center;
- (2) Operates at a hoop stress of 20 percent or more of SMYS; or
- (3) Transports gas within a storage field.

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.

Based on the information you and the New Mexico Public Regulation Commission provided, we believe that these pipelines downstream of the custody transfer point between the interstate transmission pipeline and the local distribution company are distribution lines. I hope that this information is helpful to you. If I can be of further assistance, please contact me at (202) 366-0434.

Sincerely,

A handwritten signature in black ink, appearing to read 'John A. Gale', with a large circular flourish at the end.

John A. Gale
Director, Office of Standards
and Rulemaking

cc: New Mexico Public Regulation Commission



New Mexico GAS COMPANY

PI-11-0013
AUG 09 2011

August 3, 2011

Jeffrey D. Wiese
Associate Administrator
Office of Pipeline Safety
Pipeline and Hazardous Materials Administration
U. S. Department of Transportation
1200 New Jersey Avenue, SE
Washington, D.C. 20590

RE: Interpretation of Transmission Lines

Dear Mr. Wiese:

New Mexico Gas Company (NMGC), is a local distribution company serving approximately 500,000 customers in the state of New Mexico. NMGC would like to request a formal interpretation of transmission lines as related to our company and system.

The confusion around the transmission definition relates to the lack of a written definition for a distribution center. Based on previous PHMSA interpretations it is NMGC's understanding that a distribution center commonly refers to that point where gas enters piping primarily to deliver gas to customers who purchase it for consumption as opposed to customers who purchase it for resale. Since the vast majority of the gas in NMGC's piping is delivered to customers who purchase it for consumption, we believe the distribution center can typically be represented by the point of transfer between an interstate pipeline and NMGC such as a city gate station or a regulator station unless the downstream piping operates at a hoop stress of 20 percent or more of SMYS. NMGC does not transport gas from a gathering line or storage facility and does not transport gas within a storage field.

Four specific examples are our Intel VHP line, our Santa Fe South Feed line, our Gallup East EPNG Feed, and our Ambrosia Lake line. The Intel VHP line originates at a regulator station on our Alameda transmission line in the middle of our Albuquerque Metro distribution center. The Alameda transmission line operates above 20% of SMYS at 466 psig and the Intel VHP line operates at 175 psig at 5.9% of SMYS. The Intel VHP line delivers gas to the Albuquerque Metro 60 psig distribution system and to the Intel factory (a large volume customer). Attached is a map showing the Alameda transmission line, the Intel VHP line, and a portion of the Albuquerque Metro 60 psig distribution system. All of the gas that travels through the Alameda transmission line and the Intel VHP line is delivered to customers who purchase it for consumption. NMGC's interpretation of the pipeline safety regulations is that the Intel VHP line is a distribution line because it delivers gas downstream of the Albuquerque distribution center and does not operate at a hoop stress of 20 percent or more of SMYS. We would appreciate an interpretation regarding whether the Intel VHP line is a distribution line.

The second example, the Santa Fe South Feed line, is similar to the first. The Santa Fe South Feed line originates at a regulator station on our Santa Fe transmission line on the south side of

our Santa Fe distribution center. The Santa Fe transmission line operates above 20% of SMYS at 600 psig and the Santa Fe South Feed line operates at 250 psig at 18.8% of SMYS. The Santa Fe South Feed line delivers gas to the Santa Fe 60 psig distribution system. Attached is a map showing the Santa Fe transmission line, the Santa Fe South Feed line, and a portion of the Santa Fe 60 psig distribution system. All of the gas that travels through the Santa Fe South Feed line is delivered to customers who purchase it for consumption. NMGC's interpretation of the pipeline safety regulations is that the Santa Fe South Feed line is a distribution line because it delivers gas downstream of the Santa Fe distribution center and does not operate at a hoop stress of 20 percent or more of SMYS. We would also appreciate an interpretation regarding the Santa Fe South Feed line.

The third example is the Gallup East EPNG Feed. The East EPNG Feed originates at the Gallup city gate station where NMGC takes delivery of gas from an interstate pipeline. The East EPNG Feed operates at 300 psig at 13.7% of SMYS. The East EPNG Feed delivers gas to the Gallup 60 psig distribution system. Attached is a map showing the East EPNG Feed and a portion of the Gallup 60 psig distribution system. All of the gas that travels through the East EPNG Feed is delivered to customers who purchase it for consumption. NMGC's interpretation of the pipeline safety regulations is that the East EPNG Feed line is a distribution line because it delivers gas downstream of the Gallup distribution center and does not operate at a hoop stress of 20 percent or more of SMYS. We would also appreciate an interpretation regarding the East EPNG Feed line.

The fourth example is the Ambrosia Lake line. The Ambrosia Lake line originates at a regulator station on the Grants transmission line on the north side of our Grants distribution center. The Grants transmission line operates above 20% of SMYS at 720 psig and the Ambrosia Lake line operates at 180 psig at 10.1 % of SMYS. The Ambrosia Lake line delivers gas to the Grants 50 psig distribution system and to several farm taps. Attached is a map showing the Ambrosia Lake line along with portions of the Grants 50 psig system and portions of the Grants and Gallup transmission lines. All of the gas that travels through the Ambrosia Lake line is delivered to customers who purchase it for consumption. NMGC's interpretation of the pipeline safety regulations is that the Ambrosia Lake line is a distribution line because it delivers gas downstream of the Grants distribution center and does not operate at a hoop stress of 20 percent or more of SMYS. We would also appreciate an interpretation regarding the Ambrosia Lake line.

If you have any questions regarding this matter, please call me at (505) 697-3585.

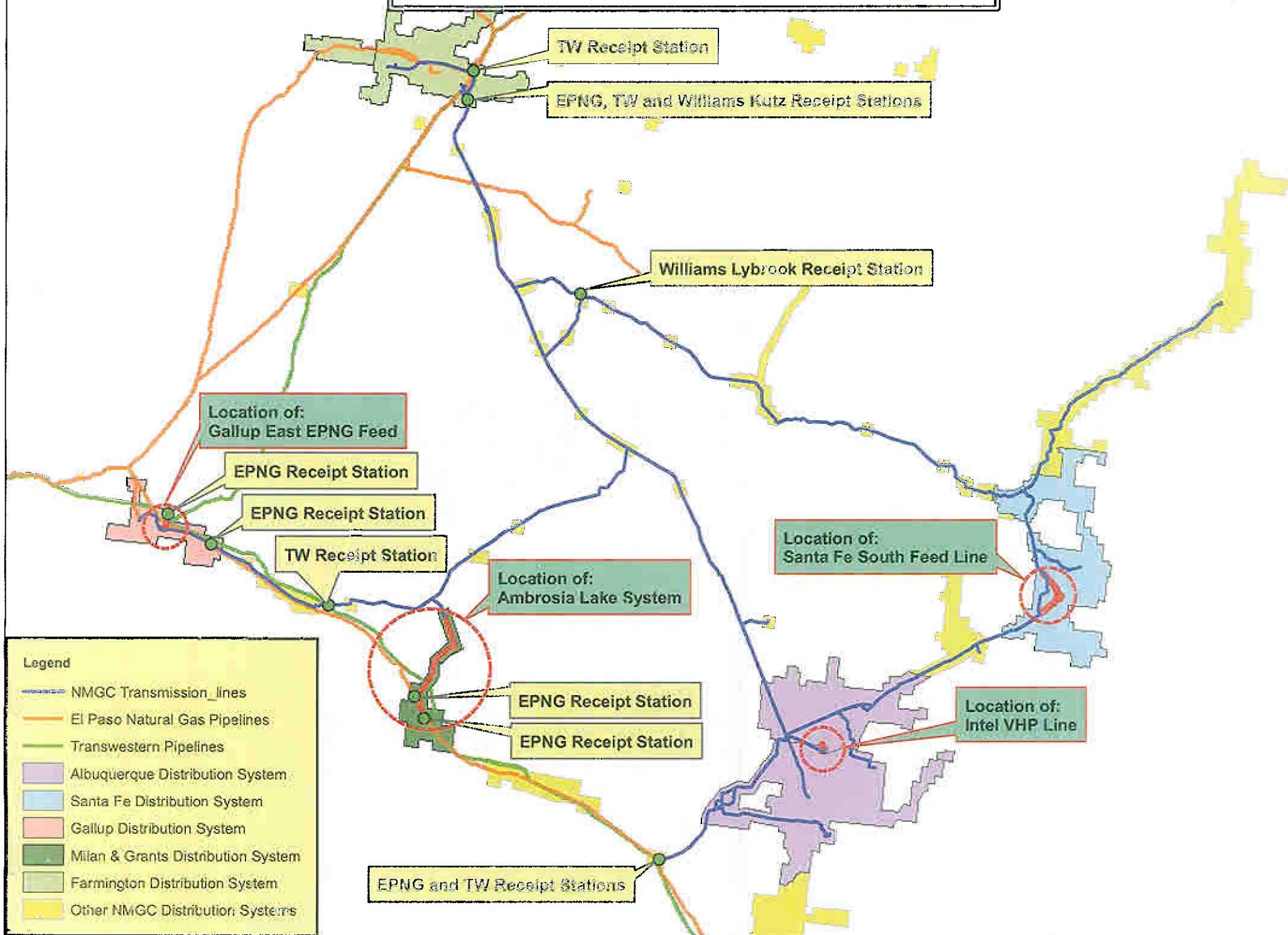
Sincerely,

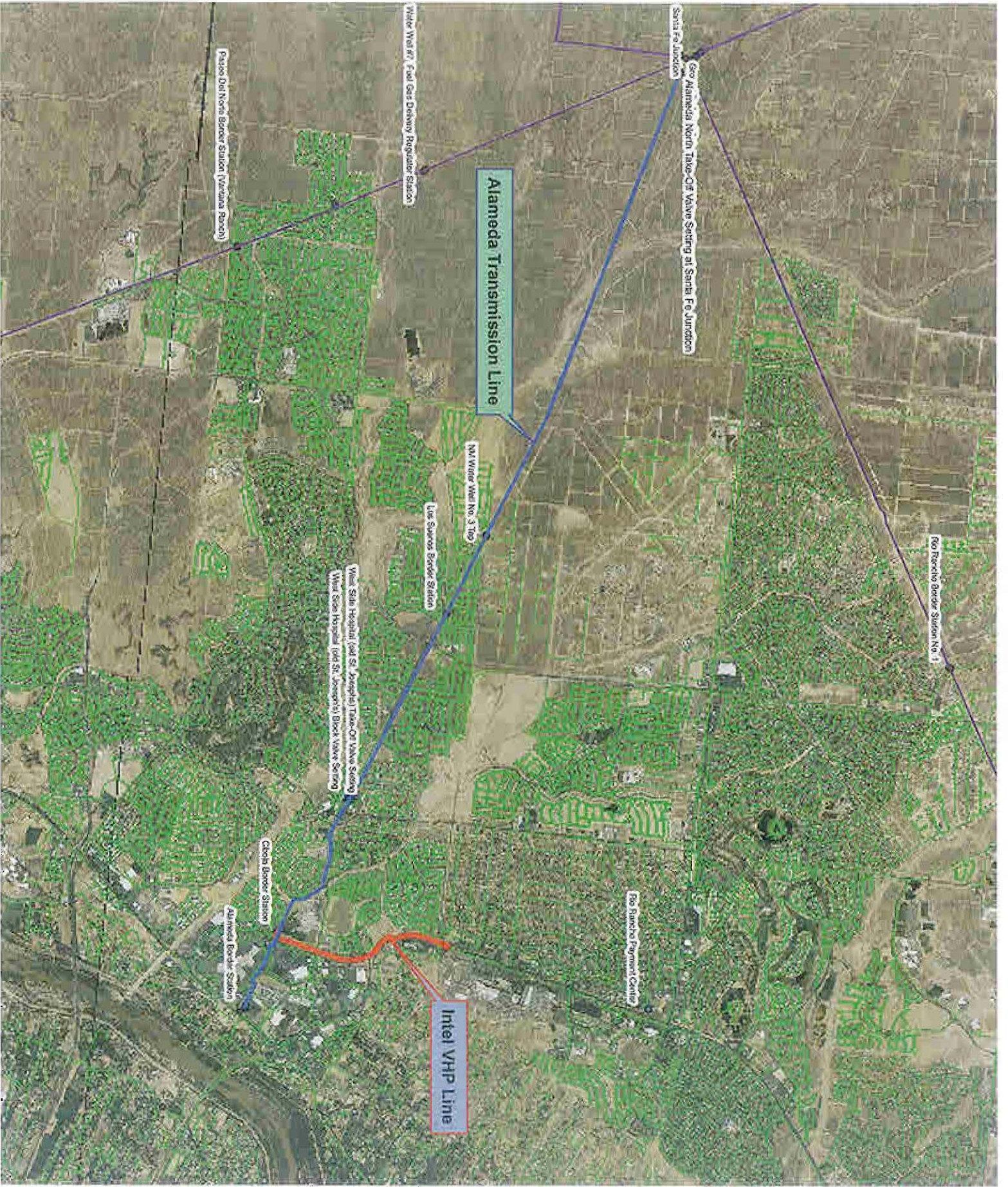


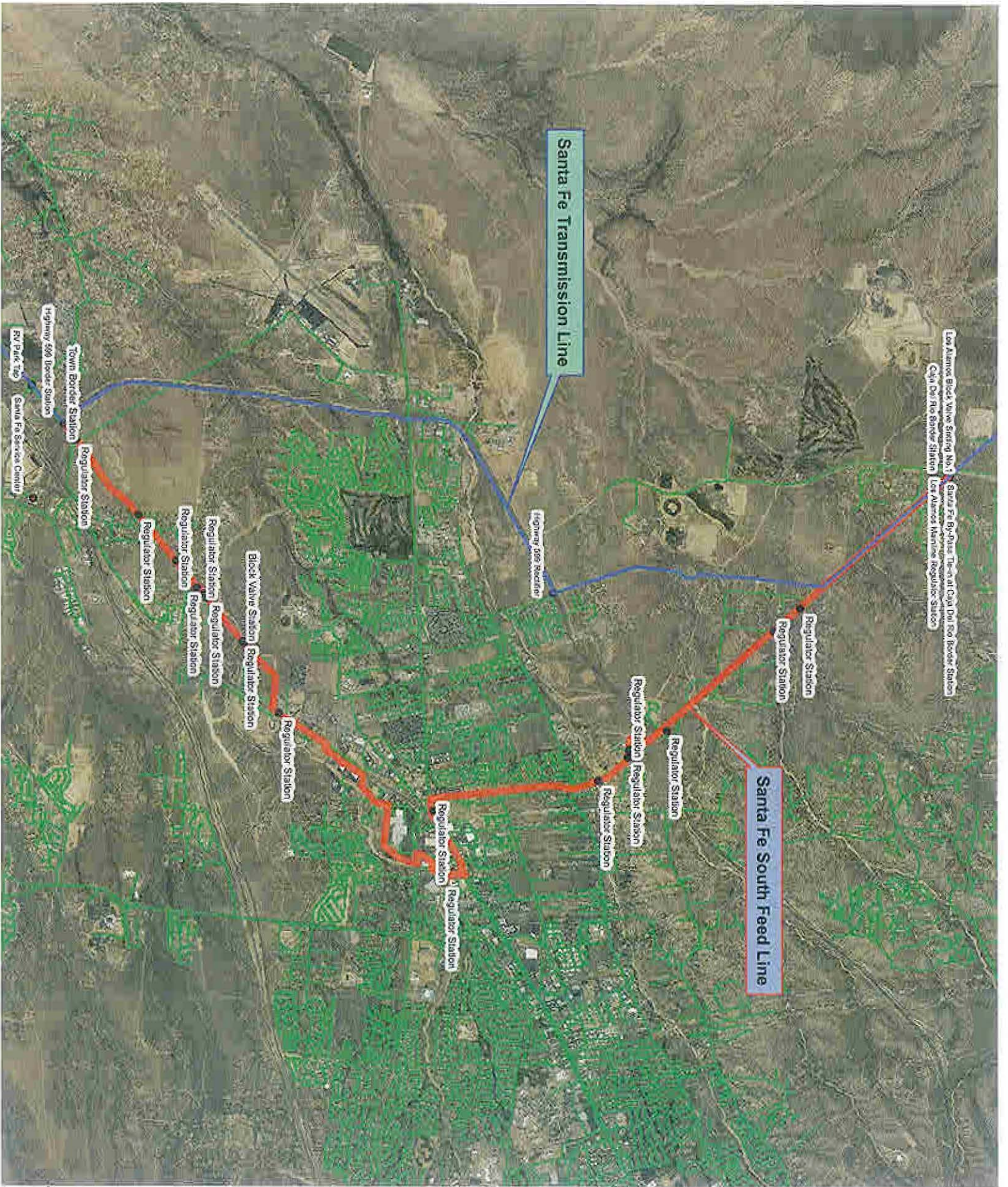
Deborah Brunt, P.E.
Director, Engineering

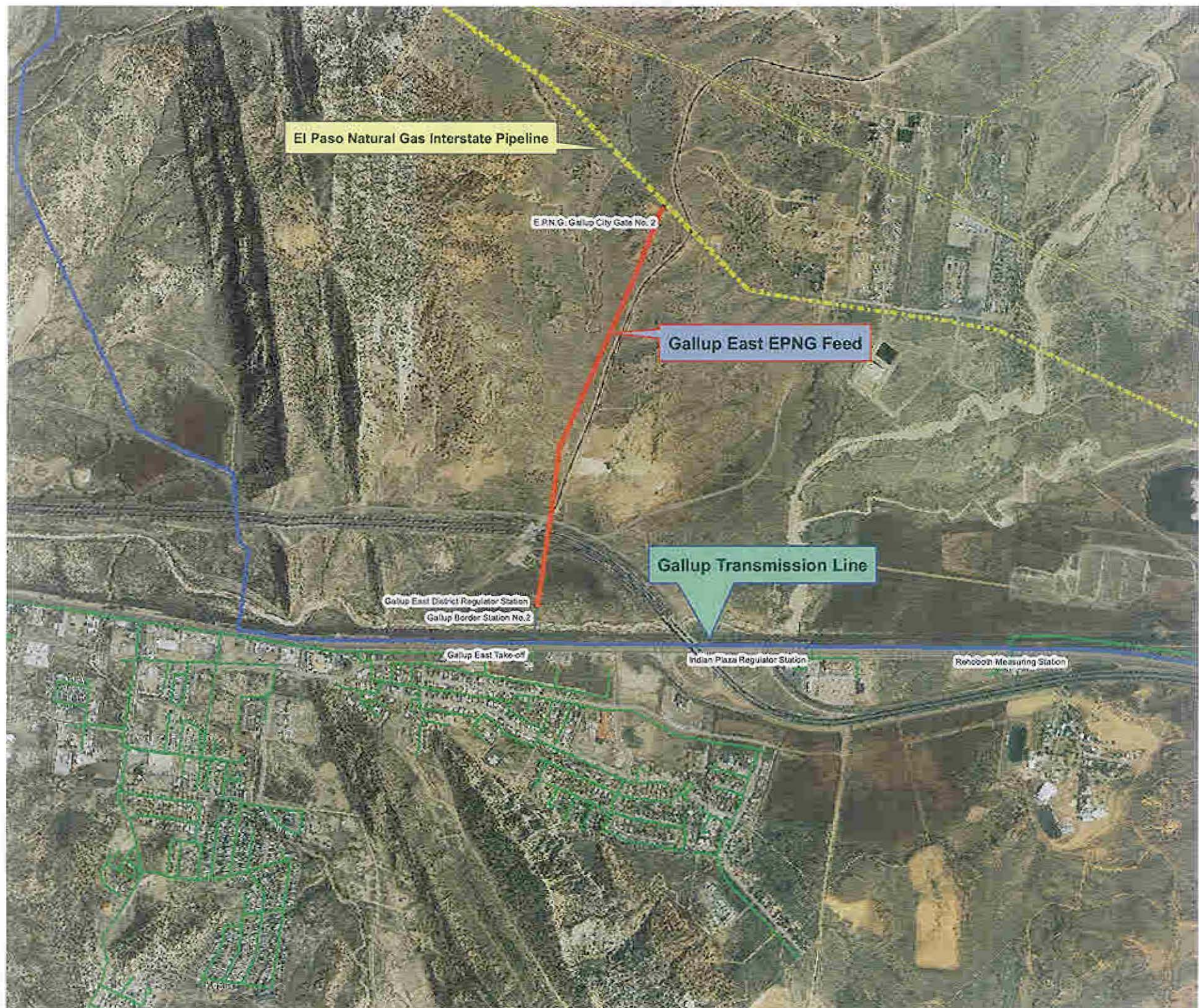
cc: John Gale- PHMSA
Jason Montoya - PSB
Ken Oostman - NMGC
Tom Bullard - NMGC
Gary Roybal - NMGC

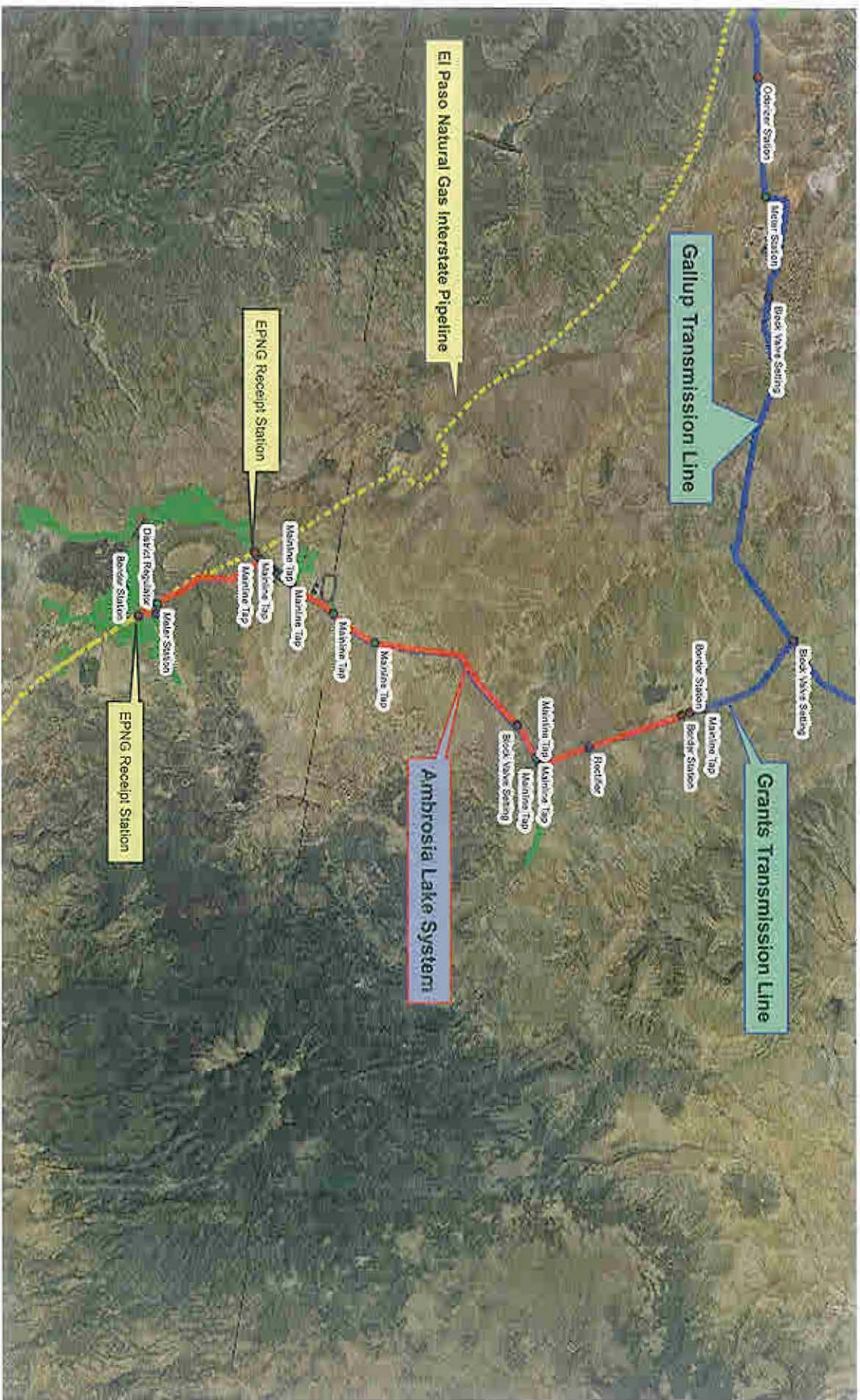
Overview of NMGC Transmission System













October 12, 2011

Mr. Tewabe Asebe
Office of Pipeline Safety
Pipeline and Hazardous Materials Administration
U.S. Department of Transportation
1200 New Jersey Avenue, SE
Washington, D.C. 20590

RE: Interpretation of Transmission Lines

Dear Mr. Asebe,

On September 21, 2011, you telephoned me and requested additional information with regard to the request for interpretation submitted by New Mexico Gas Company (NMGC). As I understand it, you requested the following for each of the line in question:

- Distance from the supplier's transmission line to the city gate.
- Distance from the city gate to the distribution system.

49 CFR 192.3 defines a transmission line as follows:

Transmission line means a pipeline, other than a gathering line, that: (1) transports gas from a gathering line or storage facility to a gas distribution center, storage facility, or large volume customer that is not down-stream from a gas distribution center; (2) operates at a hoop stress of 20 percent or more of SMYS; or (3) transports gas within a storage field.

NMGC does not transport gas from a gathering line or storage facility so that part of definition (1) does not apply. NMGC also does not transport gas within a storage field so definition (3) does not apply. The only portions of the definition which could apply to NMGC are the portion of definition (1) relating to large-volume customers not downstream of a distribution center and definition (2) for lines that operate at a hoop stress of 20 percent or more of SMYS.

New Mexico Gas Company's definition of a distribution center, based on previous PHMSA interpretations and general industry interpretations, is either a city gate station or the point in which gas flows into piping that is primarily delivered to customers who have purchased the gas for consumption. In most instances, NMGC's city gate stations are at the point of transfer between the interstate pipelines which supply our gas and NMGC's system, thus the distribution center is all of the systems downstream of those points of transfer. All lines within the NMGC'S distribution center are distribution lines, unless they operate at above 20% SMYS. NMGC's distribution centers typically consist of multiple distribution systems which operate at various pressures.

NMGC receives gas for its NW systems at three primary locations. These locations are two interstate pipelines (El Paso Natural Gas and TransWestern) at the Rio Puerco Receipt Station, the tailgate of the

Kutz processing plant in Bloomfield, NM (Kutz Receipt Station), and the tailgate of the Lybrook processing plant in Lybrook, NM (Lybrook Receipt Station). NMGC lines within the distribution center then bring this gas to NMGC's Santa Fe Junction, northwest of Albuquerque. Santa Fe Junction is the beginning of the Albuquerque Metro area distribution center and where the Santa Fe Mainlines head north towards Santa Fe.

Distance from the supplier's transmission line to the city gate

The Intel VHP line is within the Albuquerque Metro distribution system. The distance from the suppliers' pipelines to the city gate (Santa Fe Junction) is 35 miles for the Rio Puerco Receipt Station, approximately 135 miles for the Kutz Receipt Station, and approximately 89 miles for the Lybrook receipt Station.

The Santa Fe South Feed line is within the Santa Fe distribution system. The Santa Fe distribution system is served from Santa Fe Junction through the Santa Fe Mainlines to the Santa Fe city gate at the Highway 599 Regulator Station. The distance from Santa Fe Junction to the Santa Fe city gate (Highway 599 Regulator Station) is approximately 48 miles. So the distance from the suppliers' pipelines to the city gate is approximately 83 miles for the Rio Puerco Receipt Station, approximately 183 miles for the Kutz Receipt Station, and approximately 137 miles for the Lybrook Receipt Station.

The Gallup East EPNG Feed line is within the Gallup distribution system. The Gallup distribution system is served by the El Paso Natural Gas (EPNG) interstate pipeline. Since all of the gas provided by our suppliers is for customers' consumption and not for resale, the distribution center begins at the point of transfer from the supplier's transmission line. Thus the distance from the EPNG pipeline to the Gallup city gate is zero.

The Ambrosia Lake line is within the Grants area distribution center. The Ambrosia Lake city gate is the Ambrosia Border Station. This area is served from NMGC's transmission system which runs from northwest New Mexico. Since all of the gas provided by our suppliers is for customers' consumption and not for resale, the distribution center begins at the point of transfer from the suppliers' transmission lines. Thus the distance from the suppliers' pipelines to the city gate is zero.

Distance from the city gate to the distribution system

For the Intel VHP line, the applicable city gate is Santa Fe Junction. The distance from Santa Fe Junction to the distribution system at Cibola Border Station is approximately 6 miles. The length of the Intel VHP line is 1.4 miles and it operates at 175 psig (5.9% SMYS)

For the Santa Fe South Feed line, the city gate is the Highway 599 Regulator Station. The distance from the Highway 599 Regulator Station to the next regulator station (Santa Fe Airport distribution system) on the Santa Fe South Feed line is less than 1 mile. The length of the Santa Fe South Feed line is 11 miles. This line operates at 250 psig (18.8% SMYS).

For the Gallup East EPNG Feed, the city gate is the EPNG Gallup City Gate #2. The distance from the city gate to the distribution system is 1.1 miles. The Gallup East EPNG Feed operates at 300 psig (13.7% SMYS).

For the Ambrosia Lake line, the applicable city gate is the Ambrosia Lake Border Station. The distance from the Ambrosia Lake Border Station to the Milan distribution system is approximately 17 miles. The length of the Ambrosia Lake line is 27 miles and it operates at 180 psig (10.1% SMYS).

I have attached a map of our northwest system showing the distribution systems and receipt points. I hope that this answers your questions. If not, please contact me at 505-697-3585 or deborah.bruntonmgco.com

Sincerely,

A handwritten signature in black ink, reading "Deborah J. Brunt". The signature is fluid and cursive, with a long horizontal line extending from the end of the name.

Deborah J. Brunt, P.E.
Director of Engineering

cc: Ken Oostman – NMGC
Tom Bullard – NMGC
Gary Roybal – NMGC
Jason Montoya - NMPSB

Overview of NMGC Transmission System

