

PI-97-0100

U.S. Department of Transportation
Research and Special Programs Administration
400 Seventh Street, S W
Washington, D.C. 20590

MAY 6

Mr. Chuck Hudson
Senior Pipeline Safety Engineer Utilities Division
Arizona Corporation Commission 1200 West Washington,
Pheonix, AZ 85007

Dear Mr. Hudson:

This is in response to your letter of March 26, 1997, in which you requested an interpretation of 49 CFR § 193.2001 in regard to an LNG facility shown on the drawing attached to your letter. According to your letter the transmission pipeline that supplies the natural gas for liquefaction is owned and operated by El Paso Natural Gas. The liquefaction facility and piping is owned and operated by a subsidiary of El Paso Natural Gas, and the LNG storage facility and truck transfer system is operated by a company independent from El Paso. However, the land on which the storage facility sits is owned by El Paso Natural Gas.

The Research and Special Programs Administration agrees with the Arizona Corporation Commission's conclusion that, regardless of who owns or operates different sections of an LNG facility, it is subject to Part 193 in its entirety. Part 193 covers all parts of an LNG facility from the point at which it receives gas from a Part 192 regulated gas transmission pipeline through the liquefaction process, storage, and transfer into a motor carrier vehicle.

If we can be of further assistance in this matter, please contact me or Mr. Mike Israni of my staff at (202)366-4571.

Sincerely,
Richard D. Huriaux
Director, Technology & Regulations

Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

March 26, 1997

Certified Mail

Mr. Richard Felders
Director, Office of Pipeline Safety
U. S. Department of Transportation
400 7th Street S.W.
Washington, DC 20590

RE: CLAIRIFICATION OF PART 193

Dear Mr. Felders:

Using the scope of 193.2001, please identify the facilities subject to the regulations of Part 193 on the enclosed drawing.

193.2001(a) states that this part is applicable to LNG facilities used in the transportation of LNG.
193.2001(b) states that this part does not apply to:

(1) LNG facilities used by the ultimate consumer of LNG or Natural Gas.

At this facility the LNG will be trucked out to be utilized by various consumers, therefore this does not apply.

(2) LNG facilities used in the course of natural gas treatment or hydrocarbon extraction which do not store LNG.

At this facility there is no treatment of natural gas or extraction of hydrocarbons, therefore this does not apply.

(3) In the case of a Marine Cargo Transfer System and associated facilities.

At this facility there are no Marine Cargo Transfer System, therefore this does not apply.

(4) Any LNG facility located in navigable waters.

At this facility there are no navigable waters, therefore this does not apply.

This facility will be connected to a transmission pipeline facility which is fully regulated by Part 192.

The LNG liquification facility is connected to the regulated pipeline and the LNG storage facility is connected to the liquification facility by a pipeline.

Section 193.2211 and 193.2213 defines how storage tanks must be constructed by referencing a Standard.

Section 193.2231 defines how a cargo transfer area must be designed.

Section 193.2513 defines requirements that must be met before transferring LNG from a storage facility into a cargo vehicle.

Section 193.2621 defines test requirements for the testing of transfer hoses.

The transmission pipeline that supplies the natural gas for liquification is owned and operated by a transmission pipeline company. The liquification and piping into the storage container is owned and operated by a *subsidiary of the* transmission pipeline company and the storage containers and transfer system utilized to transfer the LNG from the storage facility into a motor carrier vehicle is operated by a company independent from the other two operators. However, the land on which the storage facility sits is owned by the transmission pipeline company.

In review of the facts surrounding this facility the Arizona Corporation Commission's Office of Pipeline Safety feels that this facility from the point where it takes natural gas from the transmission pipeline (which is fully regulated under Part 192) through the liquification process, the storage facility right through the point of transfer into the motor carrier vehicle is fully regulated by Part 193.

Please identify on the enclosed drawing which facilities that are subject to the Pipeline Safety Regulations. If you find that any of the facilities on the enclosed drawing are not subject to the regulations, please provide an explanation as to why they are not subject to the Regulations.

Thank you for your consideration in this matter and your continued interest in Pipeline Safety. Should you have any questions on this matter, please contact me at (602) 542-3316.

Sincerely,
Chuck Hudson
Senior Pipeline Safety Engineer
Utilities Division