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

1200 New Jersey Ave, S.E.
Washington, D.C. 20590

Mr. John A. Jacobi
G2 Partners, LLC for
Freeport LNG
10850 Richmond Avenue
Houston, TX 77042

APR 07 2015

Dear Mr. Jacobi:

In a letter to the Pipeline and Hazardous Materials Safety Administration (PHMSA) dated October 8, 2014, on behalf of Freeport LNG Development, L.P. (FLNG), you requested an interpretation of the applicability of the control room management regulations in 49 CFR 192.631 to a natural gas pipeline monitored and controlled via a control center in a liquefied natural gas (LNG) import terminal subject to 49 CFR Part 193.

You stated that FLNG owns and operates an LNG import terminal located in Quintana, TX and has a Control Center from which facility operations and warning devices are monitored as required under Part 193. You noted that the FLNG controllers are subject to the Operator Qualification (OQ) requirements under § 193.2707 and that they are similar to the Part 192 OQ requirements.

Associated with the Freeport LNG Import Terminal is a 9.7 mile intrastate 42-inch natural gas transmission pipeline (the "FLNG pipeline") that connects the terminal to the Stratton Ridge meter station for delivery or storage regulated by the Texas Railroad Comission. You stated the FLNG pipeline does not have an independent supervisory control and data acquisition (SCADA) system, an independent control room or any controllers other than those provided by the FLNG Control Center. You explained that all monitoring and control associated with the FLNG pipeline is performed by the FLNG Control Center, in which we presume those pipeline monitoring and control functions are enabled by a SCADA or similar system.

You referenced the discussion in the preamble to the Control Room Management final rule (74 FR 63310; December 3, 2009) indicating that LNG terminals should not be subject to the control room management requirements established by the rule. You expressed the view that since an LNG terminal ordinarily would not be subject to the control room management requirements, a gas transmission pipeline such as the FLNG pipeline connected to an LNG terminal also should not be subject to the control room management requirements.

As you correctly noted, the rule does not apply to LNG terminal controllers that control the operations of LNG terminal facilities and equipment. In this case, however, control of the FLNG pipeline, which departs the grounds of the terminal, is the issue. Since the FLNG pipeline is a gas transmission pipeline regulated under Part 192 and controlled by a SCADA system, the Part 192 control room management requirements do apply insofar as the terminal controllers are controlling this pipeline regardless of the fact that the location of such control happens to be on

the grounds of an LNG terminal. Accordingly, in addition to meeting the control center requirements in § 193.2441 for terminal operations, the control room management requirements in § 192.631 must be met with respect to the control of the FLNG pipeline.

If we can be of further assistance, please contact Tewabe Asebe of my staff at 202-366-5523.

Sincerely,

John A. Gale
Director, Office of Standards
and Rulemaking

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October 8, 2014 VIA E-Mail

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

Re: Request for Interpretation under 49 CFR Part 193

Dear Mr. Gale:

Background:

Freeport LNG Development, L.P. (FLNG) owns and operates an LNG Import Terminal located at 1500 Lamar St, Quintana TX 77451 that is regulated under 49 CFR Part 193 (OPID 32206, Unit ID 70464). Under 49 CFR §193.2441, FLNG has a Control Center from which operations and warning devices are monitored as required under Part 193. The FLNG Control Center is the equivalent of a Control Room as defined by 49 CFR 192.3 ("*Control room* means an operations center staffed by personnel charged with the responsibility for remotely monitoring and controlling a pipeline facility."). All FLNG controllers are subject to Operator Qualification requirements under 49 CFR §193.2707. The Operator Qualification requirements under 49 CFR §193.2707 are substantially equivalent to the Operator Qualification requirements under 49 CFR Part 192, Subpart N.

Associated with the Freeport LNG Import Terminal is a 9.7 mile intrastate 42" natural gas pipeline (the "FLNG pipeline") that connects the Freeport LNG import Terminal to the Stratton Ridge meter station for delivery or storage (map attached). As an intrastate pipeline entirely within the state of Texas, the FLNG pipeline is regulated by the Texas Railroad Commission.

The FLNG pipeline does not have an independent SCADA system, an independent control room or any controllers other than those provided by the FLNG Control Center and regulated under 49 CFR Part 193.

All monitoring and control associated with the FLNG pipeline is performed by the FLNG Control Center and is regulated under 49 CFR Part 193.

Control Room Management Regulatory History:

The 49 CFR Parts 192 and 195 Control Room Management/Human Factors Rule was published December 3, 2009 (Docket ID PHMSA-2007-27954; Amdt. Nos. 192-112 and 195-93, 74 FR 63310 – 63330). The issue of the applicability of control room management to Liquefied Natural Gas (LNG) facilities was expressly addressed in the final rulemaking. That discussion is relevant to the request that

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is offered below, therefore the entire section of the preamble to the final rule relating to the exclusion of LNG facilities from Parts 192 and Part 195 is reproduced below. (74 FR 63316 and 63317)

> *"A. Liquefied Natural Gas (LNG) Facilities*
>
> The joint trade associations; the Iowa Utilities Board; 11 LNG facility and gas pipeline operators; AGA; APGA; and one individual opposed addition of requirements into 49 CFR part 193 addressing LNG facilities.
>
> AGA and the LNG facility operators stated that the LNG facilities should not be included in the final rule because: (1) It was not the intent of Congress or the NTSB to include LNG in this regulation; (2) Congress expressly limited the CCERT study in the Pipeline Safety Act of 2002 to three pipeline facilities; (3) LNG facilities were not to be included in the pilot study; (4) LNG facilities are operated as plant sites with local control rooms; (5) Almost all of the text in the proposed amendments to 49 CFR part 193 is copied verbatim from the language for gas and hazardous liquid pipelines, but many of the requirements that are logical for pipelines make no sense in operating LNG plants; (6) The agency's own Regulatory Impact Analysis (RIA) study of the proposed rule clearly demonstrates no benefit that would offset the cost of including LNG facilities in the NPRM; (7) LNG facilities are regulated by 49 CFR part 193 and NFPA 59A, as incorporated by reference; and (8) The very detailed proposed control room rule creates confusion when added to the existing regulations. AGA and the joint trade associations suggested that PHMSA should initiate a separate rulemaking action focused on issues relevant to LNG facilities if it concludes that control room management requirements are needed for these facilities.
>
> Agency response--PHMSA agrees that the PIPES Act requirement regarding control room management does not explicitly refer to LNG facilities, nor are such facilities referenced in the PSIA legislation with regard to the controller certification pilot study. Similarly, NTSB did not address LNG facilities in its SCADA safety study and related recommendations. At the same time, neither Congress nor NTSB explicitly stated that control room management requirements should not be included for LNG facilities. Given the broad authority of PHMSA to regulate pipeline safety, including the safety of LNG facilities, the silence of the PIPES Act and the NTSB safety study with respect to LNG is not, by itself, a compelling reason why these facilities should be excluded from this rulemaking. However, through further review and consideration of the comments, **PHMSA has determined that LNG should not be included in this rulemaking action at this time.** [emphasis added]
>
> After considering the comments and re-evaluating the basis for applying the same requirements to part 193 for LNG facilities, PHMSA is persuaded that there are several reasons why we should not have used the same requirements. LNG facilities are different from pipelines. As pointed out by commenters, LNG facilities exist on a single site, rather than dispersed over hundreds or thousands of miles, and LNG controllers thus have different knowledge of and working responsibilities for facility equipment. LNG controllers can, and do, walk to "field" equipment within minutes to monitor its condition or take local operating actions, whereas pipeline

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controllers may 'interact' with field equipment only via their SCADA systems. Because they operate equipment locally, LNG controllers have better operational knowledge of the equipment in their facilities, including its possible failure modes, than do most pipeline controllers. All of these differences diminish the value in improved safety that would result from implementing the proposed requirements at LNG facilities.

In addition, the regulations in part 193 do not parallel precisely those in the other parts. For example, part 193 includes specific requirements applicable to control centers \5\ (49 CFR 193.2441) that were not in parts 192 or 195 prior to this rulemaking. This could create some degree of overlap, and potential confusion, if the requirements included in this final rule for Parts 192 and 195 were also incorporated into part 193. PHMSA thus has not included requirements for part 193 in this final rule.

\5\ Control centers is the term used in part 193 to refer to what are called control rooms in this document."

Applicability to FLNG pipeline:

As of today, PHMSA has yet to change its position that LNG facilities should not be subject to 49 CFR Parts 192 and 195 control room management requirements. Clearly, the FLNG import terminal is not subject to the control room management requirements of 49 CFR §192.631.

The FLNG pipeline is only 9.7 miles long and entirely within the state of Texas. The FLNG Import Terminal controllers have an intimate operational knowledge of the FLNG pipeline and FLNG personnel are available 24/7 for immediate dispatch. The furthest point on the FLNG pipeline is only minutes away from the FLNG Import Terminal should an incident occur. For control room management purposes, the FLNG pipeline is part of the FLNG Import Terminal

In all other respects, the FLNG pipeline has been and is being treated as a 49 CFR Part 192 gas transmission line.

Conclusion:

The FLNG pipeline is ancillary to the FLNG import terminal and is entirely controlled by the FLNG Import Terminal control center. Therefore, the FLNG pipeline should not be subject to the control room management requirements of 49 CFR §192.631.

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Request:

Please confirm that the FLNG pipeline may be considered part of the FLNG import terminal for purposes of control room management.

Should you have any questions please do not hesitate to contact me at 832-712-3098 or via e-mail at john.jacobi@g2partnersllc.com..

Your prompt attention to this matter would be greatly appreciated.

Sincerely,

John A. Jacobi, P.E., J.D.
Representing Freeport LNG Development

Attachment
cc: Mike Stephenson, Regulatory Compliance Specialist
Freeport LNG

FREEPORT LNG PIPELINE

Stratton Ridge Pig Receiver

Freeport LNG Stratton Ridge Meter Station

Main Line Block Valve

Freeport LNG Compression Facility
(Associated With Underground Storage of Natural Gas)

Freeport LNG Terminal

Richwood
Lake Jackson
Clute
Oyster Creek
Jones Creek
Freeport
Surfside Beach
Cone Island
Salt Lake
Drum Bay
Christmas Bay
Follets
Rte 288 Business
332
36
288
3.64 mi
Data SIO, NOAA, U.S. Navy, NGA, GEBCO
© 2011 Google
©2010 Google
Imagery Date: 2/15/2010
28°59'51.82" N 95°19'20.78" W elev 5 ft
Eye alt 15.71 mi