



U.S. Department
of Transportation

**Pipeline and Hazardous
Materials Safety
Administration**

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

MAR 22 2017

Mr. Keith Meyer
President
Alaska Gasline Development Corporation
3201 C Street, Suite 200.
Anchorage AK 99503

Dear Mr. Meyer:

In a letter to the Pipeline and Hazardous Materials Safety Administration (PHMSA) dated October 16, 2015, Exxon Mobil Alaska LNG (Exxon Mobil) requested a two-part interpretation of 49 CFR 192.327(f)(2) to determine whether Exxon Mobil could use the cover requirement in § 192.327(f)(2) for a pipeline in Alaska's Cook Inlet. PHMSA understands that Alaska Gasline Development Corporation (Alaska Gasline) has purchased the project that was the subject of the October 16, 2015, letter. This letter is being addressed to you as the new owner/developer.

Exxon Mobil stated in their letter that the Alaska LNG project is being developed to condition Alaska North Slope natural gas and transport it to a tidewater port near Nikiski on the Cook Inlet for liquefaction and loading to liquefied natural gas (LNG) marine vessels. The proposed project facilities include a liquefaction facility on the eastern shore of Cook Inlet in the Nikiski area of the Kenai Peninsula, which will be supplied by an approximately 1,287 km (800-mile), large-diameter natural gas pipeline from the North Slope.

PHMSA understands that Alaska Gasline is now leading the design and engineering of the project facilities, including a large-diameter gas transmission pipeline that will cross the Cook Inlet in Alaska. Exxon Mobil Alaska LNG sought confirmation that:

1. The Cook Inlet is considered "Offshore" for purposes of 49 CFR Part 192; and
2. Section 192.327(f)(2) details the cover requirements for the pipeline segment that crosses the Cook Inlet.

In response to the first question, Exxon Mobil correctly notes that PHMSA has previously issued an interpretation that the Cook Inlet waters are considered "Offshore." In a September 16, 1997, letter of interpretation (#PI-97-010) to Mr. R.J. Redweik, Staff Environmental Engineer, Shell Western E&P Inc., PHMSA stated:

The pipeline facilities are subject to Part 195 requirements because, for purposes of the pipeline safety regulations, we do not consider the facilities to be located onshore. Although the pipeline safety regulations do not define onshore, offshore is defined in § 195.3 as being "beyond the line of ordinary low water along that portion of the coast of

the United States that is in direct contact with the open seas and beyond the line marking the seaward limit of inland waters.” The facilities are located in the waters of Cook Inlet, which average a depth of 100 feet, 35 foot tides, and 7 knot currents. Cook Inlet is in direct contact with the open seas, as evidenced by tides and currents. Recent pipeline safety legislation and regulations have focused on the potential hazards to navigation posed by submerged pipeline facilities. Thus, our intent in delineating onshore from offshore waters is to focus on waters where submerged pipeline facilities pose a risk to the public and the environment. The pipeline facilities in Cook Inlet pose a safety hazard to navigational traffic.

PHMSA had come to the same conclusion in an earlier May 19, 1997 letter of interpretation to Mr. Redweik (#PI-97-010), noting that the Coast Guard – which shares similar concerns about hazards to navigation – treats the Cook Inlet as “offshore” rather than “inland waters.”

For the reasons stated above, PHMSA continues to classify the Cook Inlet as “Offshore.” PHMSA acknowledges that the May 19, 1997, and September 16, 1997, interpretations address Part 195, not Part 192. However, neither Part defines the term “Onshore” and both include identical definitions of the term “Offshore,” and the 1997 interpretation therefore is fully applicable to Part 192.¹ For the reasons stated above, under the definition used in both Part 192 and Part 195, the Cook Inlet is “Offshore” – the inlet lies beyond the line of ordinary low water along the portion of the coast of the United States that is in direct contact with the open seas, and is beyond the line marking the seaward limit of inland waters.

Additionally, the conditions in the Cook Inlet are similar to open-sea operating conditions. Recent measurements from three localities on the Cook Inlet: Nikiski, Alaska; Seldovia, Alaska; and Tesoro Pier, Cook Inlet, Alaska, show that during September 2016, the Cook Inlet averaged tides of 20 feet, winds of 5 knots, wind gusts that can reach above 20 knots, and currents in excess of 5 knots.² Therefore, pursuant to previous PHMSA letters of interpretations and the current conditions in the Cook Inlet, the Cook Inlet waters are appropriately classified as “Offshore.”

¹ Compare 49 CFR 192.3 with 49 CFR 195.2 (“Offshore means beyond the line of ordinary low water along that portion of the coast of the United States that is in direct contact with the open seas and beyond the line marking the seaward limit of inland waters.”).

² National Oceanic and Atmospheric Administration, Tides and Currents Map, State of Alaska – Nikiski Station, Alaska, and Seldovia Station, Alaska. Available at <http://tidesandcurrents.noaa.gov/map/> (Site last visited September 22, 2016); See also 2016 Current Tables, Western Alaska: Icy Bay to The Bearing Sea – Tesoro Pier, Cook Inlet, Alaska. Pages 112-115. Approved by the United States Coast Guard.

As to the second question whether cover requirements in § 192.327(f)(2) apply to the pipeline segment for the Alaska LNG project. Section 192.327 states, in relevant part:

§ 192.327 Cover.

(a) ...

(f) All pipe installed offshore, except in the Gulf of Mexico and its inlets, under water not more than 200 feet (60 meters) deep, as measured from the mean low tide, must be installed as follows:

(1) ...

(2) Pipe under water at least 12 feet (3.66 meters) deep must be installed so that the top of the pipe is below the natural bottom, unless the pipe is supported by stanchions, held in place by anchors or heavy concrete coating, or protected by an equivalent means.

Per the interpretation #PI-97-010, the Cook Inlet waters average 100 feet in depth, which is less than 200 feet; therefore, PHMSA's cover requirement in § 192.327(f)(2) applies. Further, a pipeline crossing Cook Inlet – whether installed below the natural bottom or supported by stanchions, held in place by anchors or heavy concrete coating, as described by § 192.327(f)(2) – would also be required to meet all crossing and depth of cover requirements of any other agency with permitting authority for navigable offshore waters, such as the U.S. Coast Guard and U.S. Army Corp of Engineers.

I hope this interpretation has been helpful. If we can be of further assistance, please contact Tewabe Asebe at 202-366-5523.

Sincerely,



Cameron H. Satterthwaite
Acting Director
Office of Standards and Rulemaking

cc: Mr. Rick Noecker
PHMSA Filing Coordinator
Alaska LNG Project



Alaska LNG Project
Pipeline Engineering
237 4th Ave SW
Calgary, AB T2P 0H6
CANADA

16 October 2015

Mr. John A. Gale, Director
Office of Standards and Rulemaking (PHP-30)
PHMSA, U.S. Department of Transportation,
1200 New Jersey Avenue, SE
Washington, DC 20590-0001
USA

Re: Request for Interpretation of the cover requirements for the Cook Inlet pipeline crossing and the applicability of 49 CFR §192.327(f)(2)

Dear Mr. Gale:

The Alaska LNG (AKLNG) Project is being developed to condition Alaska North Slope (ANS) natural gas and transport it to a tidewater port near Nikiski on the Cook Inlet for liquefaction and loading to liquefied natural gas (LNG) marine vessels. The project participants include the Alaska Gasline Development Corporation (AGDC) and affiliates of ExxonMobil, ConocoPhillips, BP and TransCanada Pipelines. The proposed Project facilities include a Liquefaction Facility on the eastern shore of Cook Inlet in the Nikiski area of the Kenai Peninsula, which will be supplied by an approximately 1,287-km (800-mi), large-diameter natural gas pipeline from the North Slope.

ExxonMobil Alaska LNG LLC (EMALL) is leading the design and engineering of the Project facilities, including a large diameter gas transmission pipeline that will cross the Cook Inlet in Alaska. EMALL is seeking confirmation that 1) the Cook Inlet is considered "Offshore" for the purposes of CFR 192 and 2) that 49 CFR Part 192.327(f)(2) details the cover requirements for the pipeline segment that crosses the Cook Inlet.

Background

In response to Request for Interpretation PI-97-100, PHMSA identified the Cook Inlet waters as "Offshore" with the following statements:

"The lines in Cook Inlet are offshore... "Offshore" means beyond the line of ordinary low water along the portion of the coast of the United States that is in direct contact with the open seas and beyond the line marking the seaward limit of inland waters."

“Cook Inlet waters are considered offshore as they are in direct contact with the open sea and not categorized as “inland waters”. Inland waters are specifically established by the US Coast Guard under 33 CFR 80.01.”

U.S. Coast Guard Title 33 CFR 80.01 goes on to state:

The regulations in this part establish the lines of demarcation delineating those waters upon which mariners shall comply with the International Regulations for Preventing Collisions at Sea, 1972 (72 COLREGS) and those water upon which mariners shall comply with the Inland Navigation Rules.

The waters inside of the lines are Inland Rules waters. The waters outside the lines are COLREGS waters.

U.S. Coast Guard Title 33 CFR 80.1705 declares that:

The 72 COLREGS shall apply on all the sounds, bays, harbors, and inlets of Alaska.

For offshore pipelines, the requirements for cover are covered in 49 CFR 192.327(f)(2), which states:

(f) All pipe installed offshore, except in the Gulf of Mexico and its inlets, under water not more than 200 feet (60 meters) deep, as measured from the mean low tide, must be installed as follows:

(2) Pipe under water at least 12 feet (3.66 meters) deep must be installed so that the top of the pipe is below the natural bottom, unless the pipe is supported by stanchions, held in place by anchors or heavy concrete coating, or protected by an equivalent means.

Request for Interpretation

Based on the foregoing, the Cook Inlet is considered Offshore in the context of PHMSA's regulations per CFR 192. The Project pipeline as it crosses Cook Inlet, therefore, is an offshore pipeline that is subject to the cover requirements of 49 CFR Part 192.327(f)(2). According to that provision, the Cook Inlet crossing pipeline does not need to be buried so long as it is “supported by stanchions, held in place by anchors or heavy concrete coating, or protected by an equivalent means. EMALL respectfully requests PHMSA's confirmation of this interpretation.

Thank you for your consideration of this request for interpretation. If you have any questions, please contact me at 587-476-4891 or rick.noecker@exxonmobil.com.

Sincerely,



Rick Noecker
PHMSA Filing Coordinator
AKLNG Project, Pipeline Engineering
For and On Behalf of EMALL