

May 30, 1979

Mr. Peter R. Monroe
General Counsel & Secretary
Exchange Oil & Gas Corporation
16th Floor - 1010 Common Street
New Orleans, Louisiana 70112

Dear Mr. Monroe:

We were recently asked to respond to the question in your letter of July 31, 1978, to Mr. Robert F. Aubry, Chief Southwest Region, asking whether the regulations in 49 CFR Part 195 would apply to a pipeline in which the liquid being transported is owned by the owners of the pipeline.

In accordance with 18 USC 834, the regulations in Part 195 are binding on all carriers engaged in interstate or foreign commerce by pipeline. The term "carrier" is defined in 18 USC 831 to include a common, contract, or private carrier as those terms are used in the Interstate Commerce Act. Under Section 203(a)(17) of this Act, A "private carrier" is defined as any person who transports for commercial purposes, property of which such person is the owner. Thus, under these provisions of law, a pipeline is not excluded from the applicability of Part 195 merely because the pipeline owners own the commodity being transported.

Sincerely,

Cesar DeLeon
Associate Director for
Pipeline Safety Regulation
Materials Transportation Bureau

July 31, 1978

Department of Transportation
Southwest Region
6622 Hornwood Drive
Houston, Texas 77004

Attention: Mr. Robert F. Aubry, Chief

RE: DMT-10
Safety Regulations
Offshore Pipelines

Gentlemen:

This is in response to your letters of July 7, 1978, addressed to the South Coast Corporation and Knob Hill Oil & Gas Co., Inc. Exchange Oil & Gas Corporation is answering your letters because it manages the oil and gas operations of South Coast and Knob Hill.

Based on our review of the regulations which were attached to your letters, it is our opinion that neither The South Coast Corporation nor Knob Hill Oil & Gas Co., Inc. are, at the present time, subject thereto. As we interpret these regulations, they would appear to apply only to those parties operating pipelines in the offshore area. While both South Coast and Knob Hill own an interest in one liquid line and in one gas line, these companies do not operate either line.

We do have one question for which we would like to have an answer. The regulations dealing with liquid lines appear to cover only those lines operated by a carrier as that term is defined in Sections 831-835 of Title 18, United States Code. Those sections of the United States Code are seemingly concerned with a common carrier. The one liquid line in which South Coast and Knob Hill have an interest in is not a common carrier line in any sense of the word. All of the liquids in this line are owned by the owners of the line. Accordingly, we request an indication from you as to whether a line of this nature is covered by Part 195 of the regulations dealing with the transportation of liquids by pipeline.

Very truly yours,

EXCHANGE OIL & GAS CORPORATION