

Ms. Amy Ng
Attorney, Legal Department
Conoco Inc.
600 North Dairy Ashford
Houston, TX 77079

Dear Ms. Ng:

I am responding to your letter of December 13, 1990, regarding the extent to which refinery pipelines are subject to the safety regulations in 49 CFR Part 195. The following discussion of how we apply the regulations should resolve your concern.

With a few exceptions, Part 195 applies to pipeline facilities that transport a hazardous liquid in or affecting interstate or foreign commerce. Among the exceptions is transportation through onshore production, refining, or manufacturing facilities, or storage or in-plant piping systems associated with such facilities (?195.1(b)(6)).

Part 195 does not define refining facilities, but we identify them by the function implicit in the term. If a facility is involved in one of the processes of a refinery, we consider it a refining facility.

Likewise, Part 195 does not define in-plant piping systems associated with refining facilities. Yet these systems, too, can be distinguished by their implicit function. They are piping systems on the grounds of a refinery that are used in the operation of the refinery. Their relation to refining sets them apart from a pipeline that transports a hazardous liquid to or from the refinery. In-plant piping systems included pipe, pumps, valves, meters, and other devices that transfer a hazardous liquid between the various refining facilities. Such systems also include piping that transfers a hazardous liquid between a refining facility or an associated storage tank and a pipeline that transports the liquid between a refining facility or an associated storage tank and a pipeline that transports the liquid to or from the refinery.

Part 195 requires each pipeline operator to provide adequate controls and equipment to control the pipeline's pressure within set limits (?195.406(b)). So for transfers of hazardous liquid from a refinery to a regulated pipeline, in-plant piping ends and the regulated pipeline begins at the inlet of each pressure control device on refinery grounds that is necessary for the operator to

control pressure in the pipeline outside the refinery grounds. Any lateral line that feeds the pipeline upstream from that pressure control device is part of on-plant piping. If the operator has adequate alternative means to control pressure in the pipeline outside the refinery, then we consider the in-plant piping to end and the regulated pipeline to begin at the boundary of the refinery grounds, which usually is marked by a fence.

A similar demarcation applies to the transfer of hazardous liquid from a regulated pipeline to a refinery. The regulated pipeline ends and the in-plant piping begins at the outlet of each pressure control device on refinery grounds that is necessary for the operator to control pressure in the pipeline outside the refinery grounds. If the operator has adequate alternative means to control pressure in the pipeline outside the refinery grounds, then we consider the regulated pipeline to end at the boundary of the refinery grounds.

In some cases the operator of a regulated pipeline may not own the device on a refiner's grounds that is necessary to control nonetheless, is responsible for compliance with Part 195 standards governing that device, because the operator is using or relying on the device to operate its pipeline according to ?195.406(b).

Thank you for your inquiry. Please let me know if you need any further assistance regarding our pipeline safety regulations.

Sincerely,

George W. Tenley, Jr.
Associate Administrator for
Pipeline Safety

Cesar DeLeon
Director for Regulatory Programs
U.S. Department of Transportation
Research & Special Programs
Office of Pipeline Safety
400 7th Street, S.W.
Washington, D. C. 20590

Re: Refinery Exception in 49 CFR 195

Dear Mr. DeLeon:

On November 20, 1990, representatives from Conoco Inc. met in Westlake, Louisiana with William Berteges, Department of Transportation, and Bill Gortee and Dana Arabie of the Louisiana Department of Natural Resources, Pipeline Safety, to discuss D.O.T. regulations for the transportation of gas and hazardous liquids. One area of discussion addressed in the November 20th meeting was the exception to the regulations in 49 CFR 195.1(b)(6) for transportation of hazardous liquids through refining or manufacturing facilities or storage, or inplant systems associated with such facilities. It was suggested at the meeting that we write to you to obtain clarification of the D.O.T.'s position on the matter.

In refining, there are situations where a portion of a pipeline and its pressure source and relief valve are on the refinery's property, but the line extends beyond the refinery's property line. Due to the complexity of refining operations, many times there may be several sources of products feeding this pipeline before it leaves the refinery. Some of these sources will consist of pumps and/or compressors, while others may be pressure controllers/regulators off of towers and/or vessels which could be fed by a series of other towers and/or vessels, or perhaps even a combination thereof. We have been told that these pipelines are subject to 49 CFR 195, but it is unclear how much of the line is regulated.

In continuing Conoco's efforts to operate in a safe manner, and to ensure compliance with the regulations, Conoco requests that you clarify the D.O.T.'s position on the following:

1. If a refinery pipeline leaves the refinery property:
 - (a) Do the regulations apply to the entire line, or just that portion of the line outside of the refinery's property, and the pressure source and relief valve(s) controlling the pressure on that pipeline? In such a situation, does the D.O.T. regulate within the refinery

fence line, despite the exception for refining and inplant lines?

- (b) If the entire line is regulated to the source of pressure, are the lateral lines off such a line regulated, even if these lateral lines never leave the refinery?
2. Is a pressure controller/regulator on a D.O.T. regulated pipeline leaving the refinery, which limits the pressure on that section of pipeline outside the refinery, considered a pressure source? (Normally a single pressure controller/pressure sources is used when there are multiple product/pressure sources on a line leaving the refinery. This pressure controller/regulator serves the same purpose as a pump and/or compressors in that it limits the maximum operating pressure (MOP) of the pipeline system.)
 3. What is D.O.T.'s interpretation of the source of designation? Is it the point at which the operator turns over custody of the product of the customer at the customer's property boundaries? Is it the point at which the operator turns over custody of the product to the customer by means such as a meter, regulator, emergency shutdown valve, etc.?
 4. If a custody meter is located on the operator's property, who normally assumes responsibility of the pipeline from that meter to the source of designation?

Your assistance in helping us clarify the D.O.T.'s interpretation of these regulations will be appreciated.

Your very truly,

Amy Ng
Attorney