

PI-02-0100

May 17, 2002

Gary E. Carlson
Senior Vice President
Forest Oil Corporation
310 K Street, Suite 700
Anchorage, AK 99501

Dear Mr. Carlson:

I am responding to your letter of February 19, 2002, about Forest Oil's plans to construct three pipelines between its Osprey production platform located offshore in Cook Inlet and an onshore facility at Kustatan. Two of the pipelines will transport produced hydrocarbons to the Kustatan facility for initial separation of oil, gas, and water. After separation, the water will be returned to the Osprey Platform via the third pipeline. You asked if these pipelines will be subject to the regulations in 49 CFR Part 195.

With certain exceptions, the regulations in 49 CFR Part 195 apply to the transportation of hazardous liquid and carbon dioxide by pipeline in or affecting interstate or foreign commerce. The regulations do not apply to the transportation of water.

One of the exceptions applies to pipelines used in offshore production (§195.1(b)(5)). Another exception applies to pipelines used in onshore production (§195.1(b)(7)). Based on the definition of "production facility" in §195.2, which includes piping between wells and separators (generally called flow lines), we have determined that the offshore portions of the two hydrocarbon pipelines are flow lines that fall under the exception in §195.1(b)(5). Similarly, the onshore portions of these pipelines are flow lines that fall under the exception in §195.1(b)(7). We made these determinations on the basis of the planned operating characteristics of the pipelines. Any change to these plans that makes the production exceptions inapplicable could cause the pipelines to come under Part 195 regulations.

Although the two hydrocarbon pipelines are not subject to Part 195 regulations, the onshore portions of these pipelines are covered by the regulations in 49 CFR Part 194 governing oil spill response plans. Part 194 requires that before operating the pipelines you prepare and submit to us for approval a plan to provide adequate capabilities to respond to an accidental discharge of oil from the pipelines.

We appreciate meeting with you and your associates. We also look forward to your invitation to observe construction of the pipelines. Chris Hoidal, Director of our Western Region Office, will contact you to make the necessary arrangements. Please let me know if we can provide any further assistance regarding our regulations.

Sincerely,

Stacey L. Gerard
Associate Administrator for Pipeline Safety