

PI-04-0103

Mr. Jose L. de la Fuente
Pipeline Integrity Program Management
Northern Border Pipeline Company
P.O. Box 542500
Omaha, NE 68154-8500

Dear Mr. de la Fuente:

This is in response to your letter of March 23, 2004, in which you request an interpretation of the provisions of the Federal gas pipeline safety regulations at 49 CFR 192.625(b)(1), which requires odorization of gas in a transmission line in a Class 3 or Class 4 location unless "at least 50 percent of the length of the line downstream from that location is in a Class 1 or Class 2 location."

You note that Northern Border Pipeline Company (NBPL) owns only the first 2.7 miles (more than 50% Class 3) of a continuous 86.3 mile pipeline segment serving an underground gas storage facility. The remaining 84 miles of the line is owned by Peoples Gas Light and Coke Company (Peoples) and is predominately Class 1. The question is whether odorization is required in the NBPL portion of this pipeline because more than 50% of the NBPL-owned pipeline is in a Class 3 location.

The odorization requirements of § 192.625 are not dependent on pipeline ownership— which can change— but rather on the configuration and operations of a pipeline segment, which will remain relatively fixed. NBPL would not have to odorize gas in the 2.7 mile segment because it is an integral part of an 86.3 mile line to a gas storage facility. If this line were under a single ownership, it is clear that odorization would not be required, and there is no reason to make odorization dependent on ownership

Therefore, odorization is not required by § 192.625 if at least 50 percent of the ENTIRE line downstream from a Class 3 or Class 4 location is in a Class 1 or Class 2 location.

If you have any further questions about the pipeline safety regulations, please contact me at (202) 366-4565.

Sincerely,
Richard D. Huriaux, P.E.
Manager, Regulations
Office of Pipeline Safety

Northern Border Pipeline Company
P.O. Box 542500
Omaha, NE 68154-8500

March 23, 2004

Richard D. Huriaux, (DPS-10)
Office of Pipeline Safety
Research and Special Programs Administration
U.S. Department of Transportation
400 Seventh Street, S.W., Rm. 7128
Washington D.C. 20590-0001

Re: Request for Interpretation of §192.625 (b)(1) Odorization of Gas.

Dear Mr. Huriaux:

This request is submitted by Northern Plains Natural Gas Company ("NPNG"), the operator of the Northern Border Pipeline Company ("NBPL"), in accordance with the expressed desire of your office to address this issue in this manner.

BACKGROUND INFORMATION

The NBPL system consists of 1,396 miles of large diameter pipeline (42-inch, 36-inch, and 30-inch OD) that originates at the Canadian Border and terminates at a point near North Hayden, Indiana. This pipeline transports a large volume of natural gas through the states of Montana, North Dakota, South Dakota, Minnesota, Iowa, and Illinois to markets in the Midwest, including the Peoples Manlove Gas Storage Field in Illinois, which in turn supplies natural gas to LDCs serving the Chicago area. A portion of the natural gas is transported to the Manlove Storage Field through one continuous 86.7-mile OP Ririe segment. The first 2.7-mile portion of the segment is owned by NBPL, and the remaining 84-mile portion is owned by Peoples Gas Light and Coke Company ("Peoples Gas").

Odorization issues under § 192.625 have not previously been relevant for review. Questions regarding odorization surfaced. However, when a fall 2003 encroachment added Class 3 feet to the 2.7-mile portion owned by NBPL. Issues arise only if the 86.7-mile segment would be arbitrarily separated by a demarcation of ownership rather than by service.

Specifically, until the recent encroachment in fall of 2003, roughly 7400 feet at various points in the first 2.7 miles of the pipeline segment were Class 3. The encroachment added an additional 2600 feet of Class 3. The remainder of the segment traveling the 84 miles to the storage field is predominantly Class 1. If the pipeline segment were viewed strictly by ownership demarcation, i.e., the 2.7-mile section owned by NBPL viewed separately from the 84-mile section owned by Peoples Gas, the recent encroachment could lead to a conclusion that the location classification of the 2.7 mile section owned by NBPL would exceed the 50 percent Class 3 limit set forth in the § 192.625 (b). The remaining length of Class 1 and 2 location of the 2.7-mile section downstream of Class 3 portion would be less than 50 percent. However, ownership is not listed in the regulations as a basis for determining a requirement for odorization. In function, and with a focus on the natural gas stream, the 84-mile length of predominantly Class 1 pipeline downstream of the Class 3 location is in fact a continuation of the transportation system, notwithstanding ownership. Accordingly, only a very small fraction, approximately 3% of the pipeline downstream from the beginning of the Class 3 location, is Class 3. NPNG believes this is both the intended and the appropriate application of the regulation (§192.625(b)(1)). The requirement for odorization should not reasonably be dependent on pipeline ownership, which can

change arbitrarily, but rather on configuration and operational function, which remain fixed with the physical system. Therefore, odorization should not be required. Otherwise requiring odorization would appear arbitrarily linked to variable ownership positions, which could change depending on transfer of interest.

An interpretation of the regulation focusing on the natural gas transported in the continuous pipeline segment would be entirely consistent with pipeline safety and associated regulations. NPNG therefore respectfully requests your concurrence that the regulation does not require odorization in this particular situation.

Should you have any questions or need additional information regarding this matter, please contact me directly at the number below.

Very truly yours,
Jose L. de la Fuente
Pipeline Integrity Program Management
Phone: (713) 345-7216