



U.S. Department
of Transportation

**Pipeline and Hazardous
Materials Safety
Administration**

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

JUN 24 2009

Mr. Richard A. Abraham
Pipeline Safety Compliance Professional
Marathon Pipe Line L.L.C
539 South Main Street
Findlay, OH 45840-3295

Dear Mr. Abraham:

In a letter to the Pipeline and Hazardous Materials Safety Administration (PHMSA) dated September 29, 2008, you requested an interpretation of 49 CFR 192.1 and 192.3 of the Federal pipeline safety regulations. You asked whether a pipeline you use to supply gas to an offshore platform is subject to Part 192. You also asked what § 192.3 definition would apply to the pipeline if PHMSA determined that the line is subject to Part 192. You indicated that you believe that Part 192 does not apply to your pipeline because you are the consumer, transporter and owner of the gas used on the platform. Finally, you stated that your position was supported by two interpretations issued by the Materials Transportation Bureau, a PHMSA predecessor agency, in the 1980's.

Pursuant to Chapter 601, Title 49, United States Code, PHMSA has responsibility for protecting against risks to life, property, and the environment posed by pipelines. In carrying out its responsibilities, PHMSA has established design, construction, operation, and maintenance standards and regulations for gas pipelines and has responsibility for enforcing these requirements. Under 49 U.S.C. 60102(a)(1) and (2), these standards and regulations apply to both "pipeline transportation" and "pipeline facilities." The definition of pipeline transportation includes the gathering, transmission, and distribution of gas, and the definition of a gas pipeline facility includes "a pipeline, a right-of-way, a facility, building, or equipment" to be used in transporting gas (49 U.S.C. 60101(a)(3)).

You provided the following background information in support of your request: Marathon owns and maintains an offshore platform (Spark Platform) that is no longer used to produce gas. The Spark Platform receives gas from a 6-inch offshore pipeline which becomes a 3-inch onshore pipeline (collectively, "Platform Line"). Marathon operates the Platform Line at 990 psig. Gas usage is metered on the platform and typically indicates platform consumption of 300 mcf per month. The Platform Line receives gas from a 16-inch transmission line. Marathon operates the transmission line and jointly owns the line with another company. The transmission line transports gas produced by Marathon, the second owner and, occasionally, other companies.

Our responses to your requests for interpretation are as follows:

The Pipeline and Hazardous Materials Safety Administration, Office of Pipeline Safety provides written clarifications of the Regulations (49 CFR Parts 190-199) in the form of interpretation letters. These letters reflect the agency's current application of the regulations to the specific facts presented by the person requesting the clarification. Interpretations do not create legally-enforceable rights or obligations and are provided to help the public understand how to comply with the regulations.

Our responses to your requests for interpretation are as follows:

1. Question – Does Part 192 apply to the Platform Line?

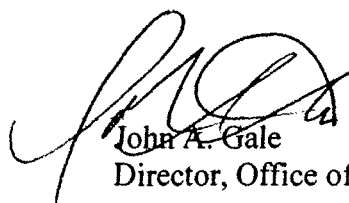
Answer – Yes. The Pipeline Safety Laws (49 U.S.C. 60101 *et seq.*) and 49 C.F.R. Part 192 provide for safety regulation of pipeline facilities and the transportation of gas, without regard to who owns the gas. A sale of the gas is not required. Therefore, gas can be in transportation even if it is produced, transported and consumed by the same entity.¹

2. Question – What § 192.3 definition applies to the Platform Line?

Answer – Based upon the information you provided, the Platform Line is a transmission line because it is operated at a hoop stress of 20 percent or more of SMYS. Section 192.3 provides that a transmission line means a pipeline, other than a gathering line, that: (1) Transports gas from a gathering line or storage facility to a distribution center, storage facility, or large volume customer that is not down-stream from a distribution center; (2) operates at a hoop stress of 20 percent or more of SMYS; or (3) transports gas within a storage field. The Platform Line is not a gathering line because it does not transport gas from a production well to a transmission line. The Platform Line is operated at a pressure of 990 psig, a hoop stress of 20 percent or more of SMYS.

I hope that this information is helpful to you. If I can be of further assistance, please contact me at (202) 366-4046.

Sincerely,



John A. Gale
Director, Office of Regulations

¹ In light of the broad applicability of the Pipeline Safety Laws, the narrower view reflected in the 1980 and 1983 MTB interpretations cited by Marathon has long since been superseded. *See e.g.* July 14, 1992 DuPont Interpretation and September 14, 1992 Steer, Strauss, White & Tobias (Armco) Interpretation.



Marathon Pipe Line LLC

539 South Main Street
Findlay, OH 45840-3295
Telephone 419/421-3529

September 29, 2008

Associate Administrator for Pipeline Safety
Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration
U.S. Department of Transportation
400 7th Street, S.W.
Washington, D.C. 20590

Re: Request for 49 CFR Part 192 Interpretation (§§192.1 and 192.3)

To Whom It May Concern:

Background

Marathon Oil Company ("Marathon") owns and maintains the Spark Platform located offshore in Alaska's Cook Inlet; however, gas production operations were suspended in 2005, and a return to production is improbable.

The offshore 6-inch pipeline, a non-regulated gathering line until production operations ceased, becomes 3-inch onshore (the "Platform Line"), connects to an onshore 16-inch transmission line ("Transmission Line"). That Transmission Line is solely operated by Marathon but jointly owned by Marathon and a second transporter ("Owners"). Further to that Transmission Line: it typically transports Owners' gas, but occasionally it carries third-party gas along with that of the Owners.

The Platform Line is now used to transport gas back to the platform for use as fuel for electric generators and other gas utilization needs of that facility. The Spark Platform's gas usage is accounted for by metering and subtraction from Marathon's portion of the Transmission Line's throughput.

The Owners' gas transported by the Transmission Line originates from the Owners' production wells.

Question

Is Marathon's Platform Line that now supplies gas as a fuel for the Spark Platform from the Transmission Line subject to Part 192? If so, what §192.3

Associate Administrator for Pipeline Safety
Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration
September 29, 2008
Page 2

definition would apply to this fuel line, i.e., gathering or transmission?

Marathon's Position

Based on the following two interpretations issued by your office:

- September 8, 1980, Mr. Melvin Judah, Acting Associate Director, MTB to Mr. Raymond M. Ripple, E. I. Du Pont De Nemours & Company, Wilmington, Delaware
- May 19, 1983, Mr. Richard L. Beam, Associate Director, MTB to Mr. Kim R. Henry, Fountain Valley, California

Marathon's opinion is that the Platform Line is not subject to Part 192, since the concept expressed in both interpretations appears to apply to the conditions existing at the Spark Platform. That concept is that the consumer, transporter, and producer are the same person, so, in effect, the consumer owns the gas as soon as it is produced, or as soon as it enters the consumer-owner pipeline; therefore, there is no transportation of gas between producer and consumer that is subject to the jurisdiction of Part 192.

We recognize that previous interpretations may be relied upon only by those persons to whom they were addressed, and it is for that reason that we now seek an interpretation based on the specific set of facts and circumstances provided herein.

Sincerely,



Richard A. Abraham
Pipeline Safety Compliance Professional

Attachment: Installation Sketch

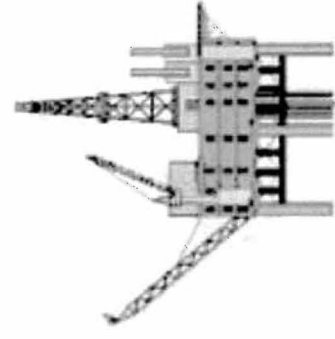
**Owner's Gas
Production**



Owner Operated Gas Transmission Pipeline



Platform Line



**Spark
Platform
(Owner's)**

Gas to Market

