



U.S. Department  
of Transportation

**Pipeline and Hazardous  
Materials Safety  
Administration**

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

JUL 12 2011

Ms. Alice Ratcliffe  
DOT Compliance Specialist  
XTO Energy, Inc.  
810 Houston Street  
Fort Worth, TX 76102-6298

Dear Ms. Ratcliffe:

In a letter to the Pipeline and Hazardous Materials Safety Administration (PHMSA), you asked for an interpretation of 49 CFR 192.1(b)(5)(ii) and 192.5(b)(1)(i). Specifically, you asked whether or not your pipeline system located in and near Cook Inlet, Kenai, Alaska is subject to the Federal Pipeline Safety Regulations. You believe that §§ 192.1(b)(5)(ii) and 192.5(b)(1)(i) provide your pipeline with exclusion from the Federal Pipeline Safety Regulations and, therefore, you eliminated the pipeline from your 2009 calendar year annual reporting requirements.

You stated that this pipeline was previously utilized for transportation of produced oil and water from your platforms to an onshore facility through two 8.625-inch pipelines. In 2005, you stated, one of the two 8-inch pipelines was converted to transport natural gas from shore to the platforms for heating and other platform usage. You purchase the natural gas from Marathon and transport the natural gas through a 2-inch pipeline owned and operated by XTO which connects to the existing 8-inch subsea pipeline. Since XTO has decided to designate this 8-inch pipeline for natural gas transportation, it is the intention of XTO to permanently remove it from the liquid annual report, integrity management, and other liquid pipeline reporting and compliance requirements in 49 CFR Part 195.

You stated that the pipeline should also be exempted from the Part 192 requirements because:

1. "The pipeline transports only petroleum gas, supplies gas to a single customer (XTO) and the onshore portion of the pipeline is located completely on the premises of the customer. Thus, according to 49 CFR § 192.1(b)(5)(ii), this pipeline would not be subject to Part 192," and
2. The American Petroleum Institute Recommended Practice 80 (API RP 80), "incorporated by reference, indicates that fuel return pipelines used to support production operations are classified as "gathering" and further, gathering FAQ #8 confirms this interpretation." Section 192.5(b)(1)(i) reflects that offshore pipelines are considered Class 1, and Class 1 gathering is exempt from Part 192 requirements.

## Analysis

Your first question is whether § 192.1(b)(5)(ii) excludes your pipeline from the Part 192 requirements. The exclusion in § 192.1(b)(5)(ii) applies only to the transportation of petroleum gas or petroleum gas/air mixture. Your pipeline transports natural gas and therefore does not satisfy the requirements of that exemption.

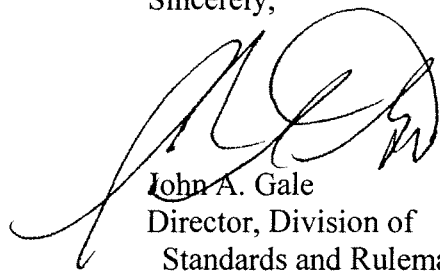
Your second question is whether your pipeline is a Class 1 gathering line and therefore not regulated by Part 192. Section 192.3 defines a gathering line as “a pipeline that transports gas from a current production facility to a transmission line or main.” You purchase natural gas from Marathon and transport it to your platforms. The pipeline does not satisfy the definition and therefore is not a gathering line. The definition of “gathering” in API RP 80 does not supersede the definition in §192.3.

Under § 192.3, a pipeline that transports gas from a transmission line to a large volume customer that is not downstream from a distribution center is a transmission line. In this instance, there is no distribution center or transfer of operating responsibility to a distribution system. Therefore, this pipeline is a transmission line, as defined in §192.3. Moreover, you stated that the volume of gas transported by this pipeline is 1 mmcf/d. Large volume customers include those receiving this quantity of gas.

You stated that since this pipeline has begun transporting natural gas, your intention is to permanently remove this pipeline from the liquid annual report, integrity management, and other liquid pipeline reporting and compliance matters required by Part 195. Please note that requirements for conversion to service subject to Part 192 appear in § 192.14.

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, Division of  
Standards and Rulemaking



PI-10-0024

October 5, 2010

John Gale  
PHMSA - Office of Pipeline Safety  
1200 New Jersey Avenue  
Washington, DC 20590 - 0001

Re: XTO Energy, Kenai, Alaska Pipeline Operations

Dear Mr. Gale:

Thank you for speaking with me this morning. As stated, I am resending a letter to specifically request an interpretation. I understand this may take four (4) to five (5) months to receive a response.

This letter is to address two (2) matters associated with the operation and jurisdictional status of a certain pipeline system located in and near Cook Inlet, Kenai, Alaska. I first sent this letter in March, 2009 to Denver, DC and Alaska and again in September, 2009 to the Associate Administrator. Historical documentation is included in this correspondence.

### **Background**

XTO Energy operates multiple offshore platforms within Cook Inlet and until 2005 transported produced oil and water from these platforms to an onshore facility for further processing through two (2) 8.625" pipelines. At that point the decision was made to temporarily stop the transportation of oil/water through one of the pipelines and in its stead to transport natural gas from shore to the platforms for heating and other platform usage. Natural gas is purchased from Marathon and transported from this connection through a 2" pipeline owned and operated by XTO to its connection with the existing 8" subsea pipeline. At that point this pipeline was designated as a "gas" pipeline for pipeline safety purposes.

### **Item 1**

The temporary status of this pipeline designation as a "gas" has been made permanent and there are no immediate plans to return the pipeline to liquid service. Thus the intent of XTO is to permanently remove this pipeline from the liquid annual report, integrity management and other liquid pipeline reporting or compliance matters reference by Part 195.

### **Item 2**

Given the conditions noted in Item 1, XTO has determined that the gas pipeline qualifies for non-jurisdictional status for the following reasons:

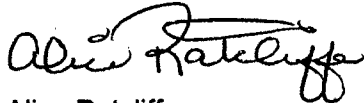
- The pipeline transports only petroleum gas, supplies gas to a single customer (XTO) and the onshore portion of the pipeline is located completely on the premises of the customer. Thus according to 49 CFR 192.1(b)(5)(ii) this pipeline would not be subject to Part 192.

- RP-80, incorporated by reference, indicates that fuel return pipelines used to support production operations is classified as "gathering" and further, gathering FAQ #8 confirms this interpretation. Regulations at 49 CFR 192.5(b)(1)(i) reflects that offshore pipelines are considered Class 1 and Class 1 gathering is exempt from Part 192 requirements.

Given these conditions, XTO removed this pipeline from jurisdictional status and eliminated it on the 2009 CY annual report.

Should there be any questions, please call me at 817-885-2181.

Sincerely,

A handwritten signature in black ink, appearing to read "Alice Ratcliffe", with a stylized flourish at the end.

Alice Ratcliffe  
DOT Compliance Specialist

cc: Chris Hoidal, Dennis Hinnah, Jon Strawn and Tom Johnson



September 21, 2009

Jeff Wiese, Associate Administrator  
UD DOT/PHMSA/OPS  
PHH – 1  
1200 New Jersey Avenue, SE  
East Bldg., 2<sup>nd</sup> Floor  
Washington, DC 20590

Re: XTO Energy, Kenai, Alaska Pipeline Operations

Dear Mr. Wiese:

This letter is to address two (2) matters associated with the operation and jurisdictional status of a certain pipeline system located in and near Cook Inlet, Kenai, Alaska. I first sent this letter in March, 2009 to Denver, DC and Alaska. Your review and comments would be appreciated.

### **Background**

XTO Energy operates two offshore platforms within Cook Inlet and until 2005 transported produced oil and water from these platforms to an onshore facility for further processing through two (2) 8.625" pipelines. At that point the decision was made to temporarily stop the transportation of oil/water through one of the pipelines and in its stead to transport natural gas from shore to the platforms for heating and other platform usage. Natural gas is purchased from Marathon and transported from this connection through a 2" pipeline owned and operated by XTO to its connection with the existing 8" subsea pipeline. This pipeline was designated as a "gas" pipeline for pipeline safety purposes.

### **Item 1**

The temporary status of this pipeline designation as a "gas" has been made permanent and there are no immediate plans to return the pipeline to liquid service. Thus the intend of XTO is to permanently remove this pipeline from the liquid annual report, integrity management and other liquid pipeline reporting or compliance matters reference by Part 195.

### **Item 2**

Given the conditions noted in Item 1, XTO has determined that the gas pipeline qualifies for non-jurisdictional status for the following reasons:

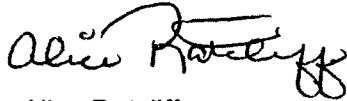
- The pipeline transports only petroleum gas, supplies gas to a single customer (XTO) and the onshore portion of the pipeline is located completely on the premises of the customer. Thus according to 49 CFR 192.1(b)(5)(ii) this pipeline would not be subject to Part 192.
- RP-80, incorporated by reference, indicates that fuel return pipelines used to support production operations is classified as "gathering" and further, gathering FAQ #8 confirms

this interpretation. Regulations at 49 CFR 192.5(b)(1)(i) reflects that offshore pipelines are considered Class 1 and Class 1 gathering is exempt from Part 192 requirements.

Given these conditions, unless otherwise directed, XTO will remove this pipeline from jurisdictional status and eliminate reporting it on its annual report.

Should there be any questions, please call me at 817-885-2181.

Sincerely,

A handwritten signature in black ink, appearing to read "Alice Ratcliffe". The signature is fluid and cursive, with a large, stylized "A" and "R".

Alice Ratcliffe  
EHS Coordinator



March 25, 2009

Mr. Chris Hoidal, Director  
PHMSA Pipeline Safety  
Western Region  
12300 W. Dakota Avenue  
Suite 110  
Lakewood, CO. 80228

Re: XTO Energy, Kenai, Alaska Pipeline Operations

Dear Mr. Hoidal:

This letter is to address two (2) matters associated with the operation and jurisdictional status of a certain pipeline system located in and near Cooks Inlet, Kenai, Alaska.

### **Background**

XTO Energy operates multiple offshore platforms within Cooks Inlet and until 2005 transported produced oil and water from these platforms to an onshore facility for further processing through two (2) 8.625" pipelines. At that point the decision was made to temporarily stop the transportation of oil/water through one of the pipelines and in its stead to transport natural gas from shore to the platforms for heating and other platform usage. Natural gas is purchased from Marathon and transported from this connection through a 2" pipeline owned and operated by XTO to its connection with the existing 8" subsea pipeline. At that point this pipeline was designated as a "gas" pipeline for pipeline safety purposes.

### **Item 1**

The temporary status of this pipeline designation as a "gas" has been made permanent and there are no immediate plans to return the pipeline to liquid service. Thus the intend of XTO is to permanently remove this pipeline from the liquid annual report, integrity management and other liquid pipeline reporting or compliance matters reference by Part 195.

### **Item 2**

Given the conditions noted in Item 1, XTO has determined that the gas pipeline qualifies for non-jurisdictional status for the following reasons:

- The pipeline transports only petroleum gas, supplies gas to a single customer (XTO) and the onshore portion of the pipeline is located completely on the premises of the customer. Thus according to 49 CFR 192.1(b)(5)(ii) this pipeline would not be subject to Part 192.
- RP-80, incorporated by reference, indicates that fuel return pipelines used to support production operations is classified as "gathering" and further, gathering FAQ #8 confirms this interpretation. Regulations at 49 CFR 192.5(b)(1)(i) reflects that offshore pipelines are considered Class 1 and Class 1 gathering is exempt from Part 192 requirements.

Given these conditions, unless otherwise directed, XTO will remove this pipeline from jurisdictional status and eliminate reporting it on its annual report.

Should there be any questions, please call me at 817-885-2181.

Sincerely,

A handwritten signature in black ink, appearing to read "Alice Ratcliffe". The signature is fluid and cursive, with the first name "Alice" written in a larger, more prominent script than the last name "Ratcliffe".

Alice Ratcliffe  
EHS Coordinator