

PI-03-0103

U.S. Department of Transportation
Research and Special Programs Administration
400 Seventh St., S.W.
Washington, D.C. 20590

JUN 11, 2003

Mr. David L. Johnson
Enron Pipeline Services Company
P.O. Box 188
Houston, TX 77251-1188

Dear Mr. Johnson:

This is in response to your letter of June 18, 2002, in which you request an interpretation of the regulatory status of an EOTT Energy Pipeline Limited Partnership (EOTT) crude oil gathering pipeline system from Rhame Station in North Dakota to Baker Station in Montana.

You allege that this pipeline is non-regulated under 49 CFR 195.1(b)(4), which provides that Part 195, *Transportation of Hazardous Liquids by Pipeline*, does not apply to transportation of petroleum in onshore gathering lines in rural areas. "Gathering line" is defined at § 195.2, Definitions, as a pipeline of 8-5/8 inches or less nominal outside diameter that transports petroleum from a production facility.

You note that the EOTT pipeline has truck injection pipelines at Rhame Station and at one other location enroute to Baker Station, which you believe does not change the character of the downstream line from gathering. In support of this position you cite the preamble to Amendment 195-36 (effective August 20, 1986), which states that:

[s]o long as the nominal pipe size remains 8 inches or less and the function of transporting petroleum from a production facility is maintained, an in-line surge tank, block valve, or other facility will not change the character of the downstream line from gathering and [t]he only cause for a gathering line to terminate would be upon connection with a non-pipeline facility (e.g., a refinery) or a pipeline larger than 8 inches in nominal diameter.

You also cite a letter from James C. Thomas, Regional Director, Office of Pipeline Safety to Koch Industries (March 26, 1997) that a lateral pipeline from a truck station does not change the status of a non-regulated gathering line.

The Office of Pipeline Safety agrees with your interpretation that the EOTT crude oil pipeline system from Rhame Station in North Dakota to Baker Station in Montana is a non-regulated gathering line under § 195.1(b)(4) because it is less than 8 5/8 inches in nominal outside diameter, transports petroleum from a production facility, and is located in a rural area.

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

Enron Pipeline Service Company
P.O. Box 1188
Houston, Texas 77251-1188

June 18, 2002

Chris Hoidal, P.E.
Director, Western Region Office of Pipeline Safety 12600 West Colfax Avenue
Suite A-250
Lakewood CO 80215

Dear Mr. Hoidal:

This letter is to clarify a jurisdictional question regarding an EOTT Energy Pipeline Limited Partnership (EOTT) crude oil gathering pipeline system from Rhame Station in North Dakota to Baker Station in Montana.

Enron Pipeline Services Company (EPSC), the operator of the EOTT pipeline, determined that this pipeline system is a non-jurisdictional pipeline per 49 CFR 195.1 (b)(4). Section 195.1(b)(4) provides that Part 195 does not apply to transportation of petroleum in onshore gathering lines in rural areas. "Gathering line" is then further clearly defined in Section 195.2 as a pipeline of 8-5/8" or less nominal outside diameter that transports petroleum from a petroleum facility. This exactly describes the subject pipelines.

The pipeline system from Rhame Station to Baker Station consists of approximately 118 miles of 4", 6", and 8" pipe in a rural area. Oil is gathered from production facilities to Rhame Station and is pumped to Baker Station. Also, pipeline-gathered oil from production facilities enters the gathering system at three other locations between Rhame Station and Baker Station.

The gathering system does have a truck injection pipeline at Rhame Station and at one other location before it gets to Baker Station, which per the preamble to Amendment 195-36, effective August 20, 1986, does not change the character of the downstream line from gathering. In a reply to concerns of commenter's, RSPA stated the following:

"So long as the nominal pipe size remains 8 inches or less and the function of transporting petroleum from a production facility is maintained, an in-line surge tank, block valve, or other facility will not change the character of the downstream line from gathering."

It also states the following:

"The only cause for a gathering line to terminate would be upon connection with a non- pipeline facility (e.g., a refinery) or a pipeline larger than 8 inches in nominal diameter."

Further, a letter from the Office of Pipeline Safety to Koch Industries, dated March 26, 1997, signed by James C. Thomas, Regional Director, reaffirms that a non-regulated gathering line that has been interrupted by a lateral pipeline from a truck station does not change the character as a gathering line (see attached.)

In addition, 49 CFR 195.1(b)(3) provides that Part 195 does not apply to a low-stress crude oil pipeline that does not transport HVL, is located in a rural area, and is located outside a waterway currently used for commercial navigation. The pipeline from the truck-unloading header to the gathering line meets the above criteria and therefore would also be a non-jurisdictional pipeline.

During the past several years, through a change in ownership and a subsequent change in operation responsibility, there has been no change in the function or character of this system. Therefore, there should be no change in its jurisdictional status, and it remains outside the applicability of 49 CFR Part 195. I trust that this information is sufficient to clarify this matter and resolve any question you may have had. If you have additional questions, please contact Ronny Davenport by phone at 713-345-1645 or by email at ronny.davenport@enron.com

Very truly yours,
David L. Johnson
Vice President, Pipeline Safety