

American Petroleum Institute

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Summary of Potential Issues with PHMSA's Gas Gathering Line Regulations

- PHMSA to retain the current onshore gas gathering definitions in Part 192.
- PHMSA to apply new safety standards to gathering lines 8" or greater in diameter.
- PHMSA to apply new safety standards to high-stress, Class 1 gathering lines and not consider exceptions for larger pipelines that do not contain any buildings intended for human occupancy with the potential impact radius (PIR).
- PHMSA should consider certain exceptions in federal reporting requirements to all gathering lines, regulated & unregulated
- PHMSA should consider designating regulated Class 1 gas gathering lines as Type C lines, instead of the proposed "Type A, Area 2" designation

API supports the consensus recommendation to continue to retain the current onshore gas gathering line definitions

- API recommends that the current definitions for onshore gas gathering lines remain in effect until PHMSA adopts new definitions based on API's completed revised 2nd edition of RP 80
- API to file a petition for rulemaking asking PHMSA to incorporate the new edition of RP 80 by reference

API strongly support PHMSA's recommendation to limit any new federal safety standards to high-stress Class 1 gas gathering lines greater than 12 inches in diameter.

- 8-inch diameter threshold will extend PHMSA's jurisdiction to an overwhelming thousands of miles of smaller diameter pipelines
- There is currently no credible safety data that supports regulating smaller diameter (8-inches) gas gathering lines in Class 1 locations
- Smaller diameter gathering lines have not historically been a subject to federal oversight and there is no data that suggest that these lines present sufficient risk to the public to warrant regulation
- There is no indication that the benefits of applying proposed safety standard on these smaller lines would justify cost, on the contrary, the potential costs would far outweigh any potential benefit particularly for small operators

Pipe Diameter Considerations

- PHMSA's rulemaking has focused on large-diameter pipelines, consistent with GAO's recommendation
- The industry has a standard (API RP 1182) for large-diameter, high-stress gas gathering lines in Class 1 locations
- Applying the rulemaking to low-diameter pipelines will have a significant impact
- During the 2019 GPAC meeting, PHMSA presented its estimation as to the number of unregulated gas gathering lines by pipe diameter:

Gas Gathering – Type A, Area 2 (high stress)					
Diameter	≥ 8.625" to < 12.75"	12.75"	> 12.75" to ≤ 16"	> 16"	Total Miles
Estimate through 2018	46,094	19,665	12,604	12,500	90,863

- Per the GPAC's recommendation to regulate down to 8-inches, an additional 65,759 miles of low-diameter gathering lines may be included in the final rule.
- API's economic analysis found that PHMSA underestimated the number of gathering line miles by approximately 50,000, inflating the actual number of additional miles.

Cost-Benefit Considerations

- PHMSA failed to consider the following costs:
 - Implementation of the Rule,
 - MAOP Determination,
 - Compressor Stations,
 - Field Repair of Damages,
 - Construction,
 - Design Pressures,
 - Vaults,
 - Moderate Consequence Area Assessments,
 - Leak Surveys,
 - Management of Change,
 - Corrosion Control and Test Stations,
 - Inspections Following Extreme Events,
 - Repairing Known Existing Conditions.
- API's economic analysis found that PHMSA's PRIA overstated the benefits of its proposal by more than \$126M and underestimated the costs by more than \$26B.
- The analysis also found that the NPRM would have a disproportionate economic impact on small operators:
 - The annual compliance costs of the NPRM would consume approximately 90% of the revenue generated by small gathering companies.

API strongly support PHMSA's recommendation to add a PIR limitation for high-stress, Class 1 gas gathering lines greater than 12-inches and less than or equal to 16-inches in diameter

- Under this provision a pipeline falling within those parameters would only be regulated if the PIR contains a building intended for human occupancy or another impacted site
- The PIR concept is well-established in the Integrity Management (IM) regulations
- PHMSA uses similar criteria (proximity to USAs) in applying regulations in 49 CFR Part 195 for petroleum gathering lines in rural areas
- Adding a PIR limitation to Class 1 gas gathering regulations allows stakeholders, PHMSA, and certified State authorities that primarily regulate gathering lines to focus their resources on pipelines that present meaningful risk to public safety

API supports the consensus recommendation to collect appropriate data from gathering line operators through the filing of incident and annual reports

- API appreciates PHMSA's clarification that they do not intend to extend the safety-related condition and MAOP exceedance reporting requirements to operators of unregulated gathering lines, which would result in overwhelming compliance costs for the industry
- API also appreciates that all stakeholders agree that PHMSA can obtain the information necessary to evaluate the safety of unregulated Class 1 gathering lines by operator's submittal of appropriate data in incident and annual reports
- API suggest that PHMSA make every effort to reduce the burden that these new reporting requirements may impose on gathering line operators, particularly in the near term, and to take appropriate steps to accommodate the possibility of unknown responses

Safety Data Considerations

- API supports PHMSA's proposal to collect additional safety data for all gas gathering lines, whether regulated or not, by requiring operators to submit incident and annual reports
- The latest annual report from the Bureau of Transportation Statistics confirms that pipelines are the safest means of transporting energy products, causing far fewer fatalities and injuries than other modes of transportation
 - In 2019, more than 38,000 transportation-related fatalities occurred in US. Only 12 fatalities involved pipelines.
 - In 2018, more than 2.7 million transportation-related injuries occurred in US. Only 81 injuries involved pipelines.
- PHMSA has never collected any safety data for Class 1 gas gathering lines, despite having the authority do so since the passage of the Accountable Pipeline Safety and Partnership Act of 1996
 - Evaluating the potential costs, benefits, and other impacts of PHMSA's proposed rules for Class 1 gas gathering lines is extremely difficult without safety data
 - A more cautious regulatory approach should be taken until more safety data is collected, particularly given the gas pipeline industry's excellent safety record

API strongly support designating regulated Class 1 gas gathering lines as Type C lines.

- PHMSA's proposal to use the "Type A, Area 2" designation for regulated Class 1 gathering lines is confusing and introduces unnecessary complexity into Type A and Type B risk framework currently used in 49 CFR, Part 192
- Using the Type C designation is consistent with the framework and provides operators with greater clarity on the applicability of the pipeline safety rules