



# Processing Facilities and PHMSA Jurisdiction

Midstream Regulatory Jurisdiction

Linda Daugherty

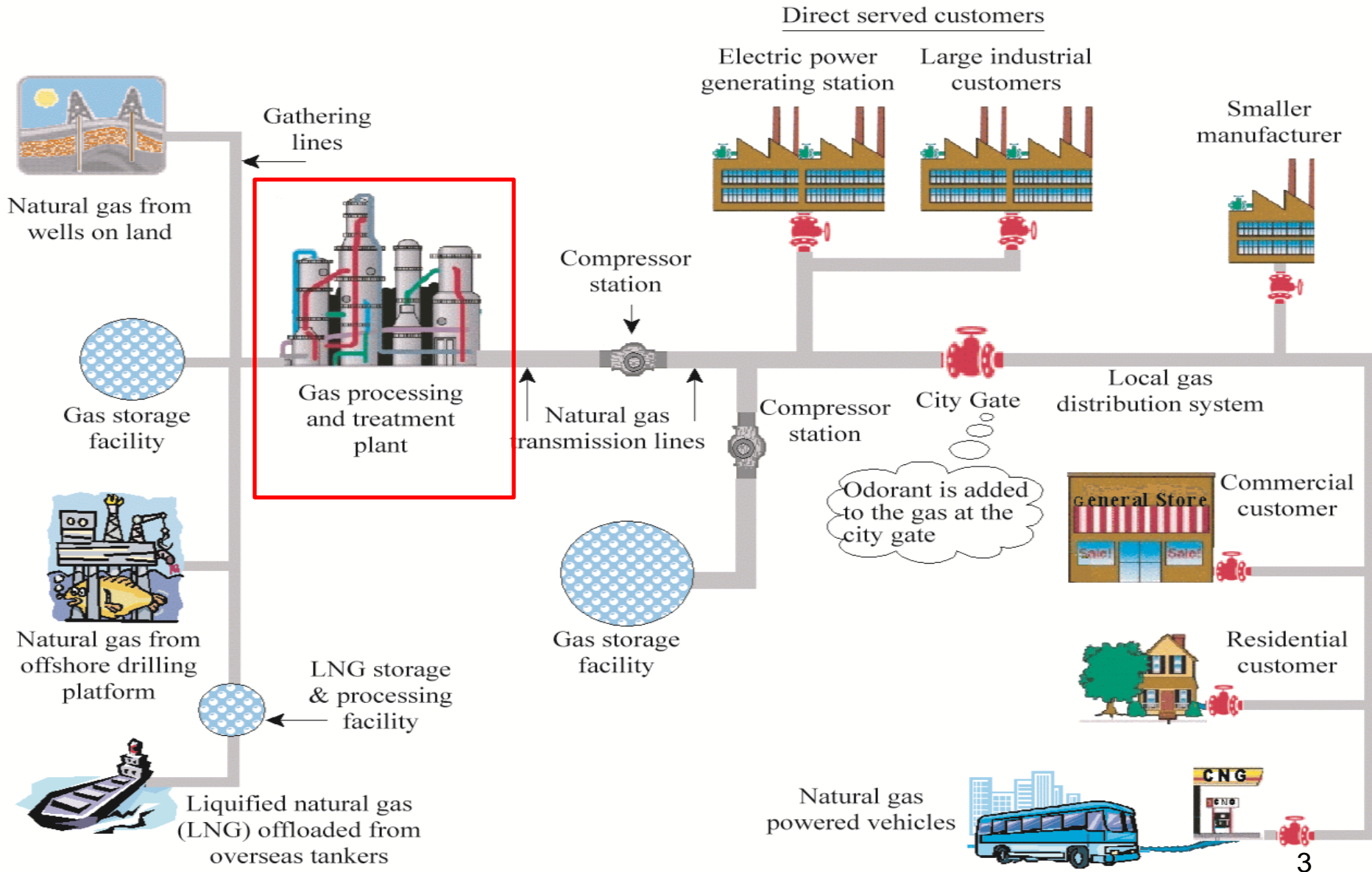
Dep. AA for Field Operations



# Need for a Work Group

- Regulatory oversight of midstream processing facilities (PHMSA or OSHA)
- Desire to create a working group of knowledgeable stakeholders to discuss the issues.

# Natural Gas Industry - From Well to House

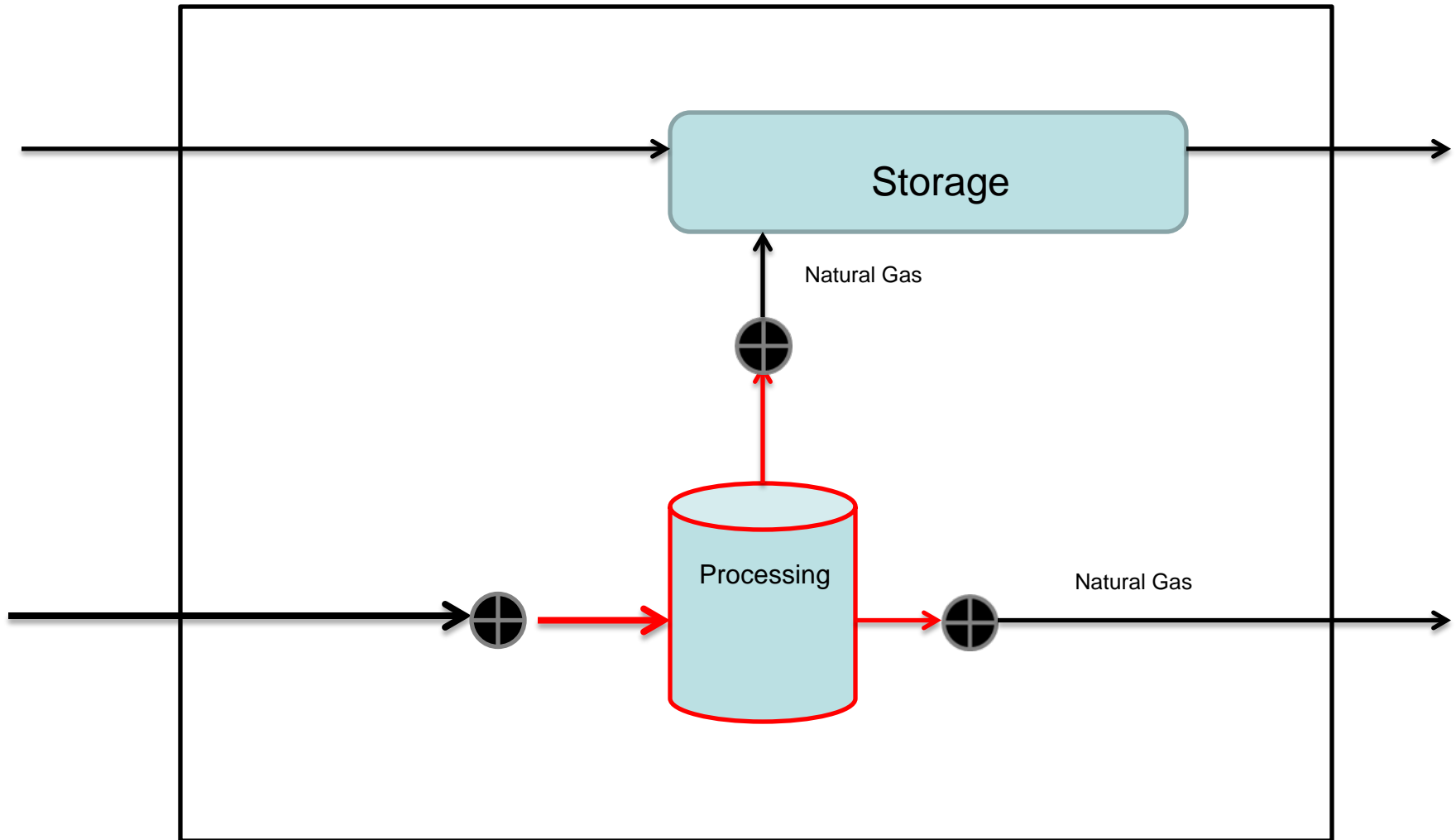




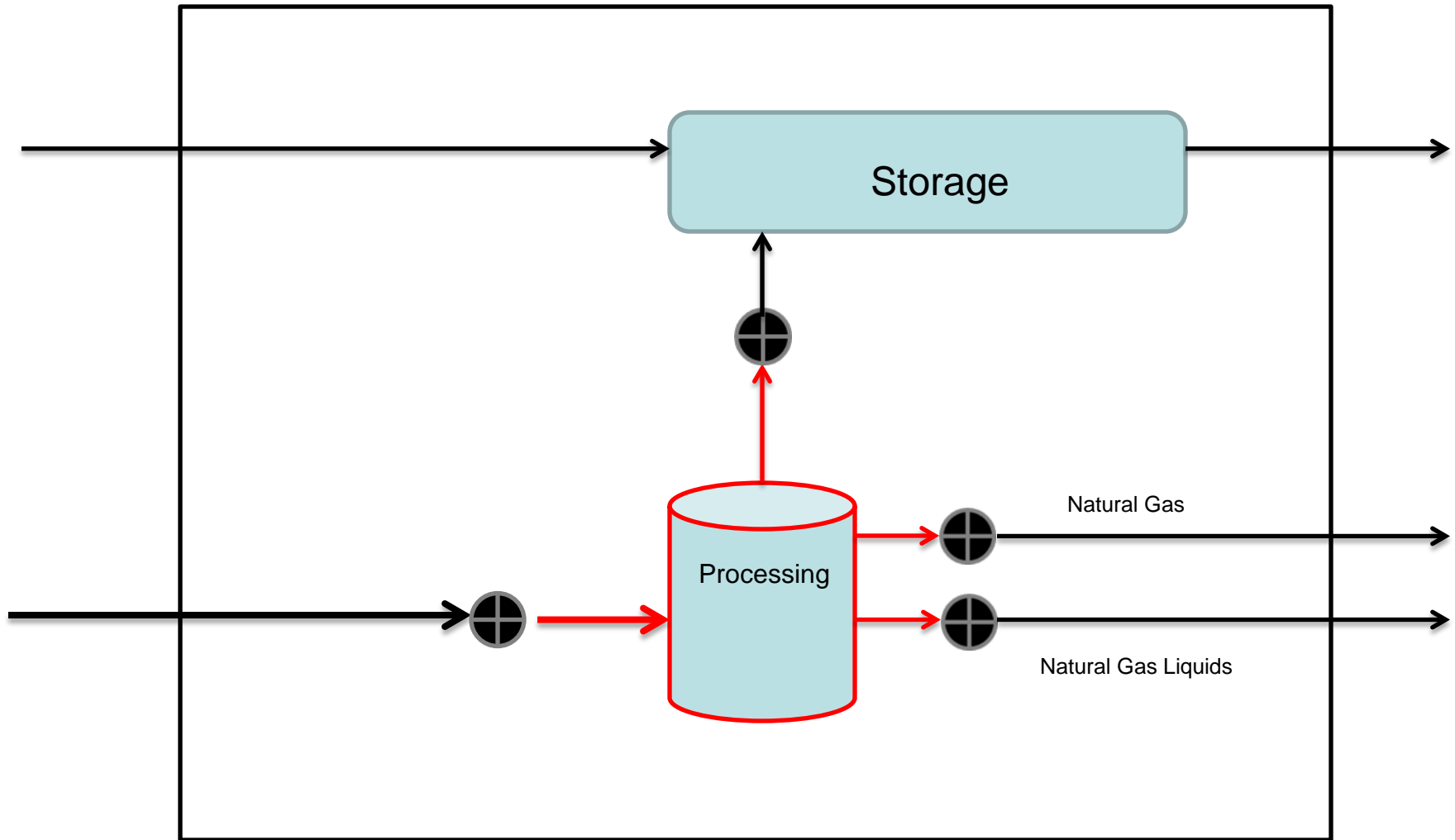
# Processing Plants

- Processing can include:
  - Treatment of H<sub>2</sub>S
  - Dehydration (water removal)
  - Separation of gas liquids from natural gas
  - Removal of contaminants
  - Etc.

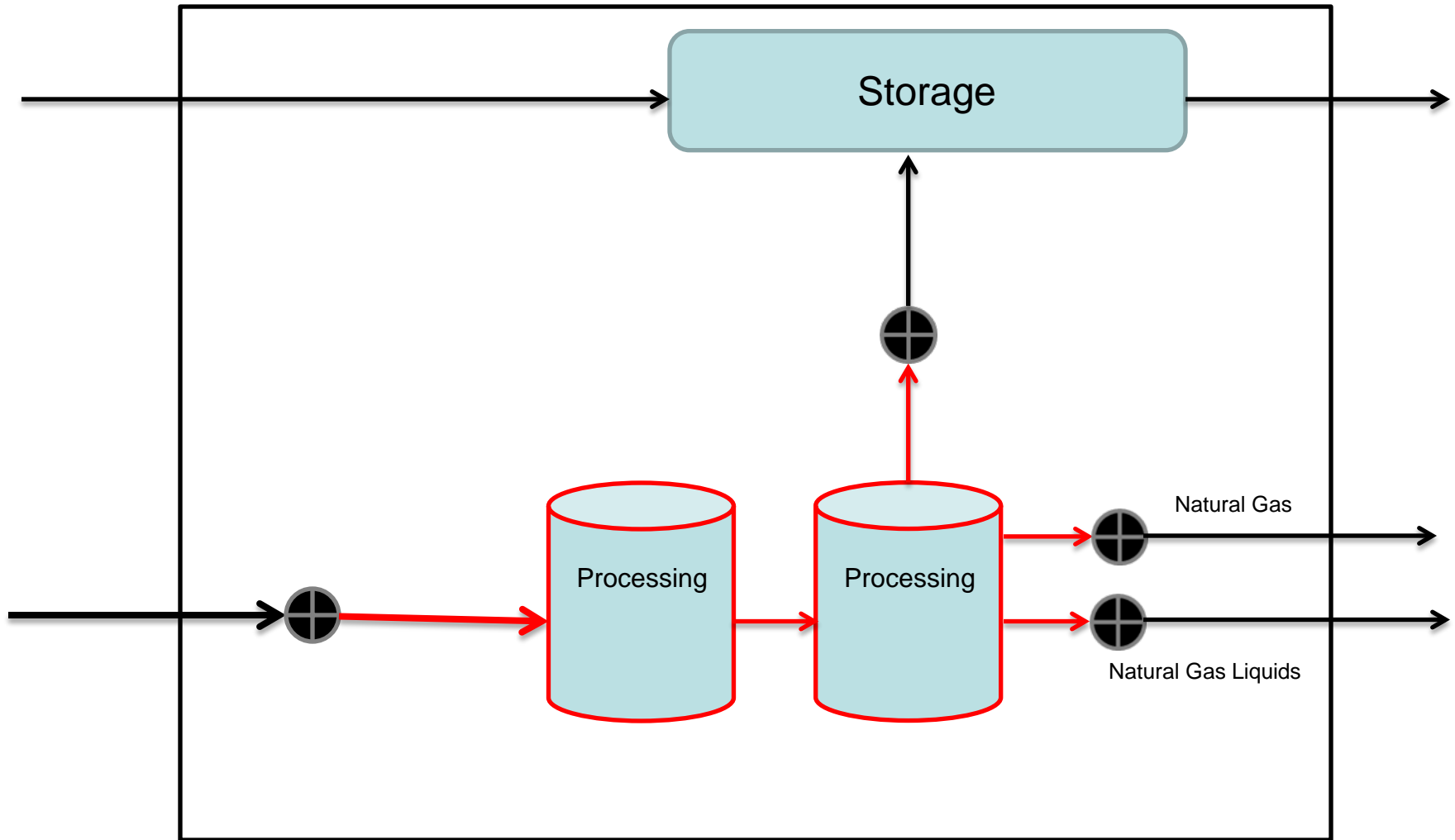
—————→ PHMSA Jurisdiction  
—————→ OSHA Jurisdiction



—————> PHMSA Jurisdiction  
—————> OSHA Jurisdiction



—————→ PHMSA Jurisdiction  
—————→ OSHA Jurisdiction





## Current Policy

- PHMSA supports a practice of no gaps/no overlaps.
- PHMSA has not changed its policy or inspection approach toward processing facilities.
- PHMSA has no interest in regulating processing units.
- OSHA regulates gas processing units.
- PHMSA and OSHA are in agreement on jurisdictional lines.
- Neither PHMSA or OSHA are limited by fence lines.





## Going Forward

- PHMSA and OSHA want to better understand the concerns of the midstream companies.
- There may be issues we do not perceive but impact companies.
- Increasing number of processing facilities (due to shales) make it an important issue to resolve.

February 25, 2014

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# Midstream NGL Fractionation and Storage Facilities

*Working Group for Midstream Facility Safety*

# “Midstream Facility”

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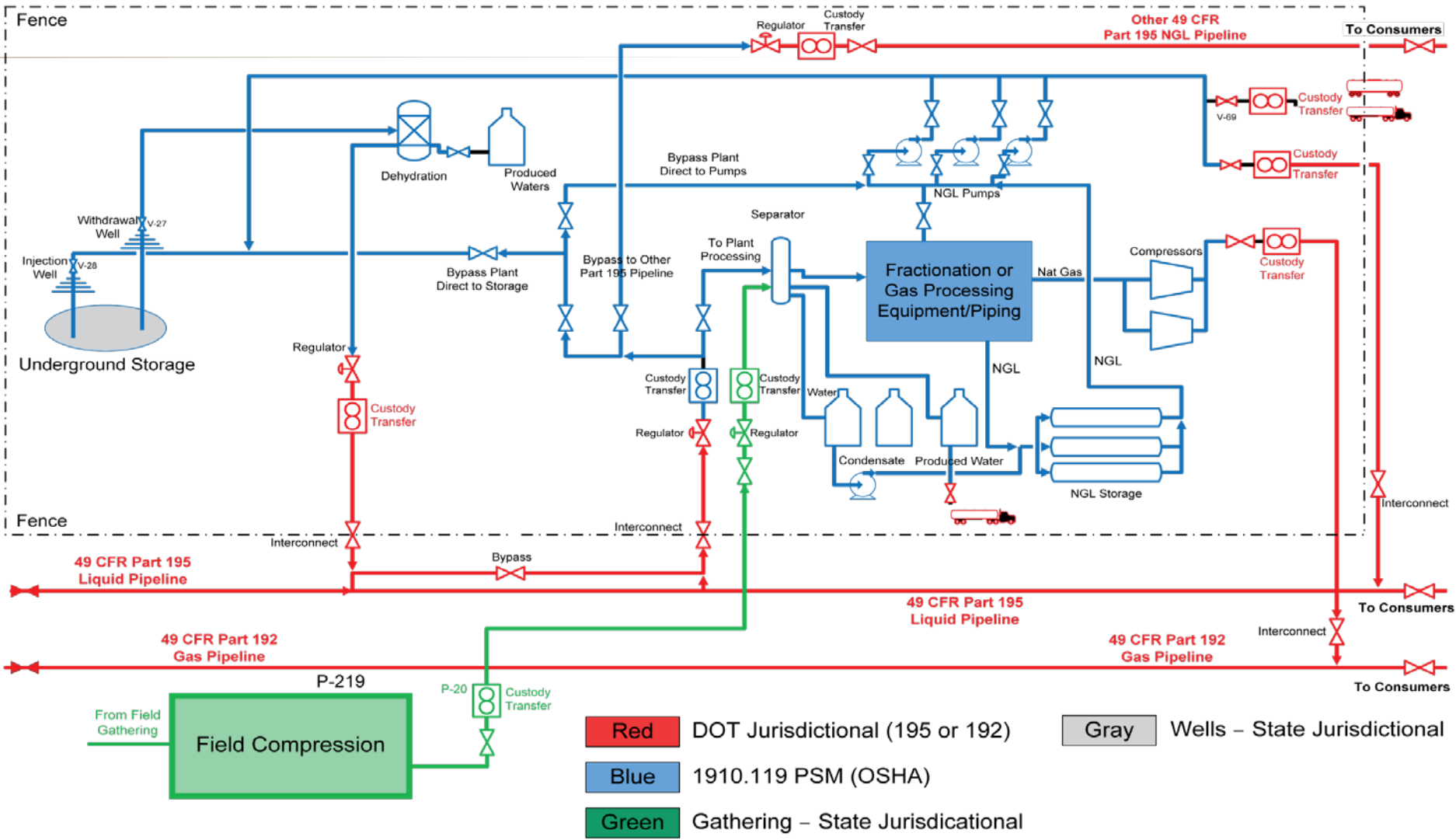
- Equipment, piping, and operations beyond the first pressure regulating device at fractionation, processing, and storage facilities
- Historically regulated and operated per OSHA Process Safety Management (PSM) and EPA Risk Management Plan (RMP)

# Midstream Facilities

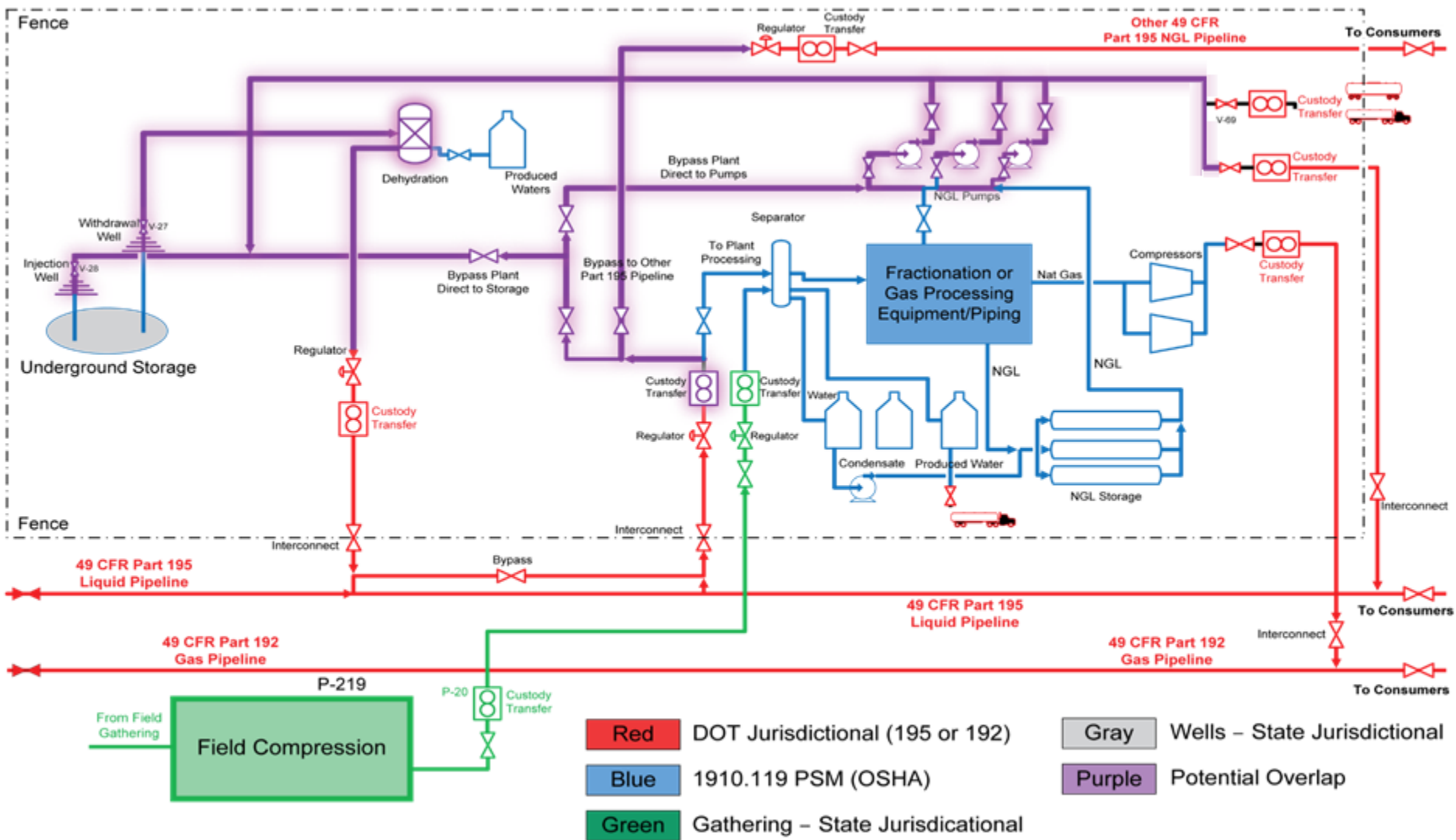
## Products and Services

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- Dehydration
- Processing
- Liquids fractionation
  - Ethane      Isobutane
  - Propane     Natural Gasoline
  - Butane
- Storage
  - Aboveground
  - Underground
- Terminal operations
- Transportation



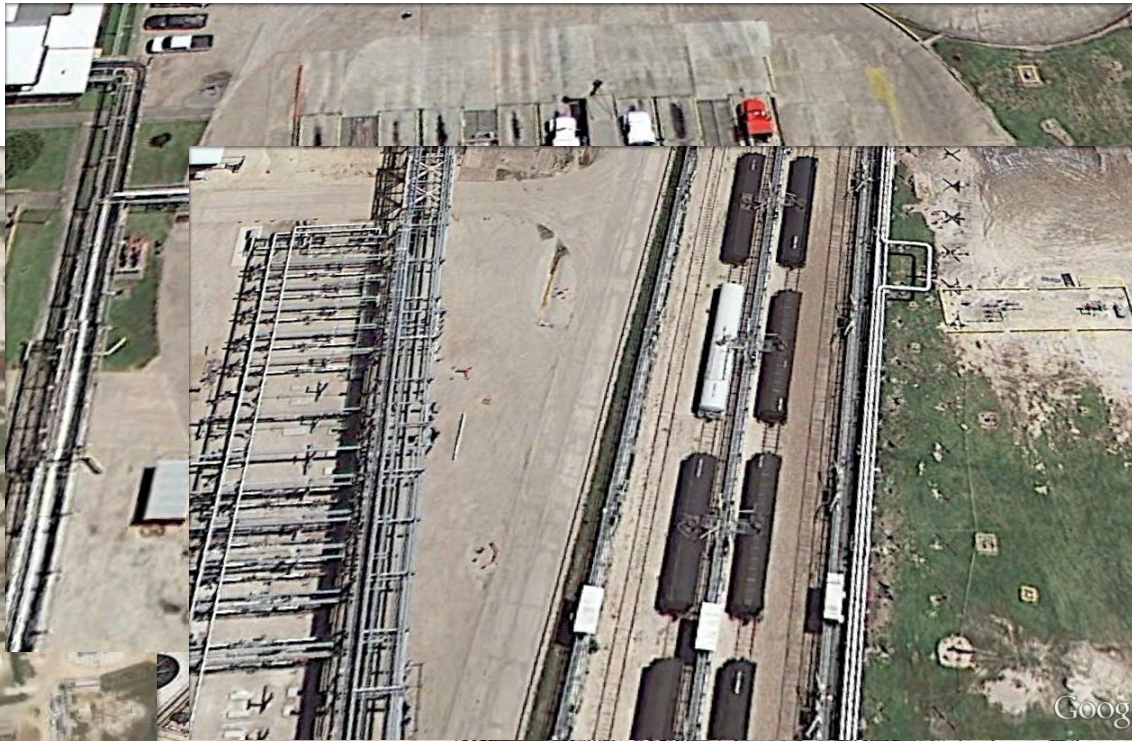
- Red DOT Jurisdictional (195 or 192)
- Blue 1910.119 PSM (OSHA)
- Green Gathering – State Jurisdictional
- Gray Wells – State Jurisdictional





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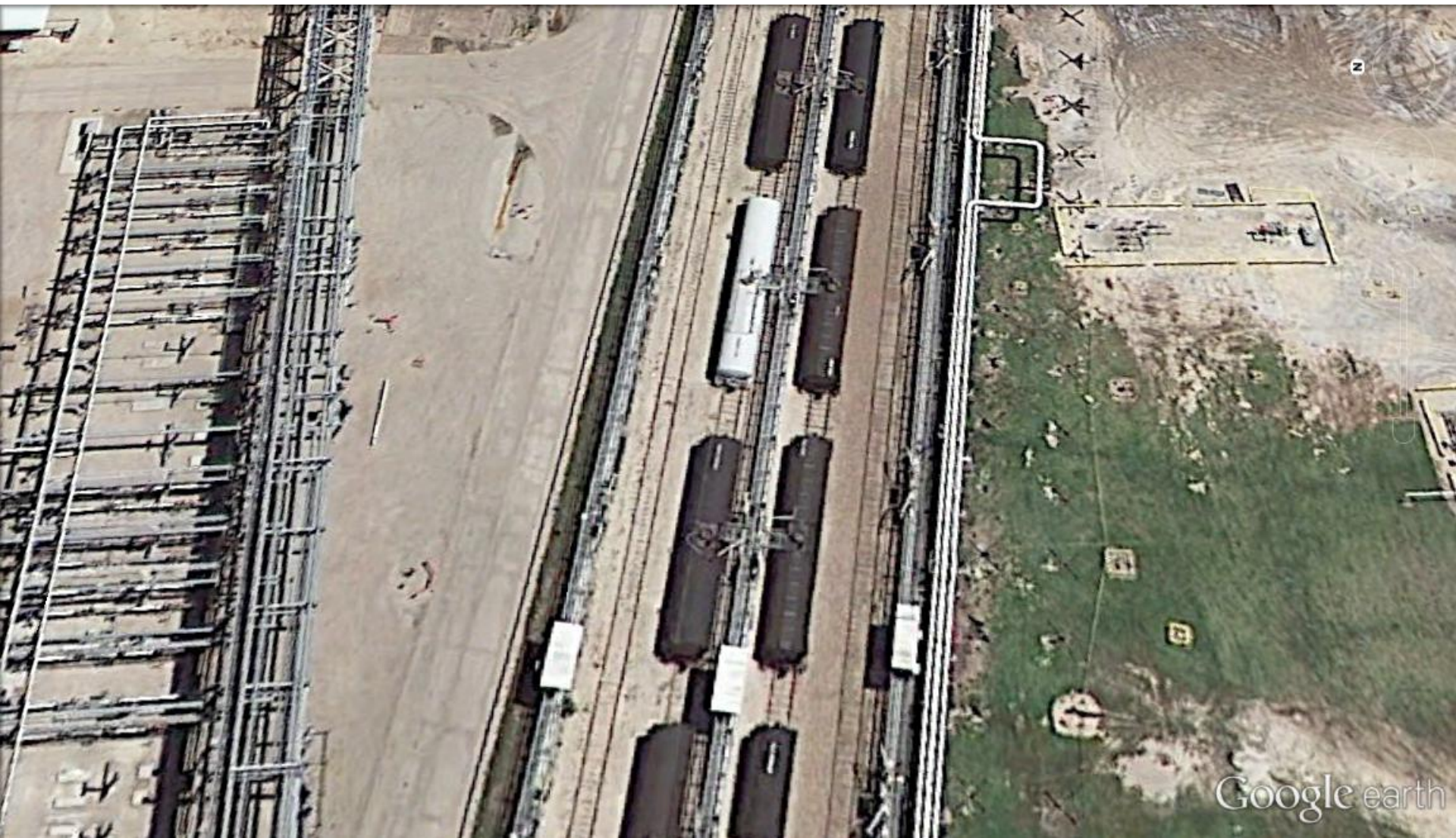




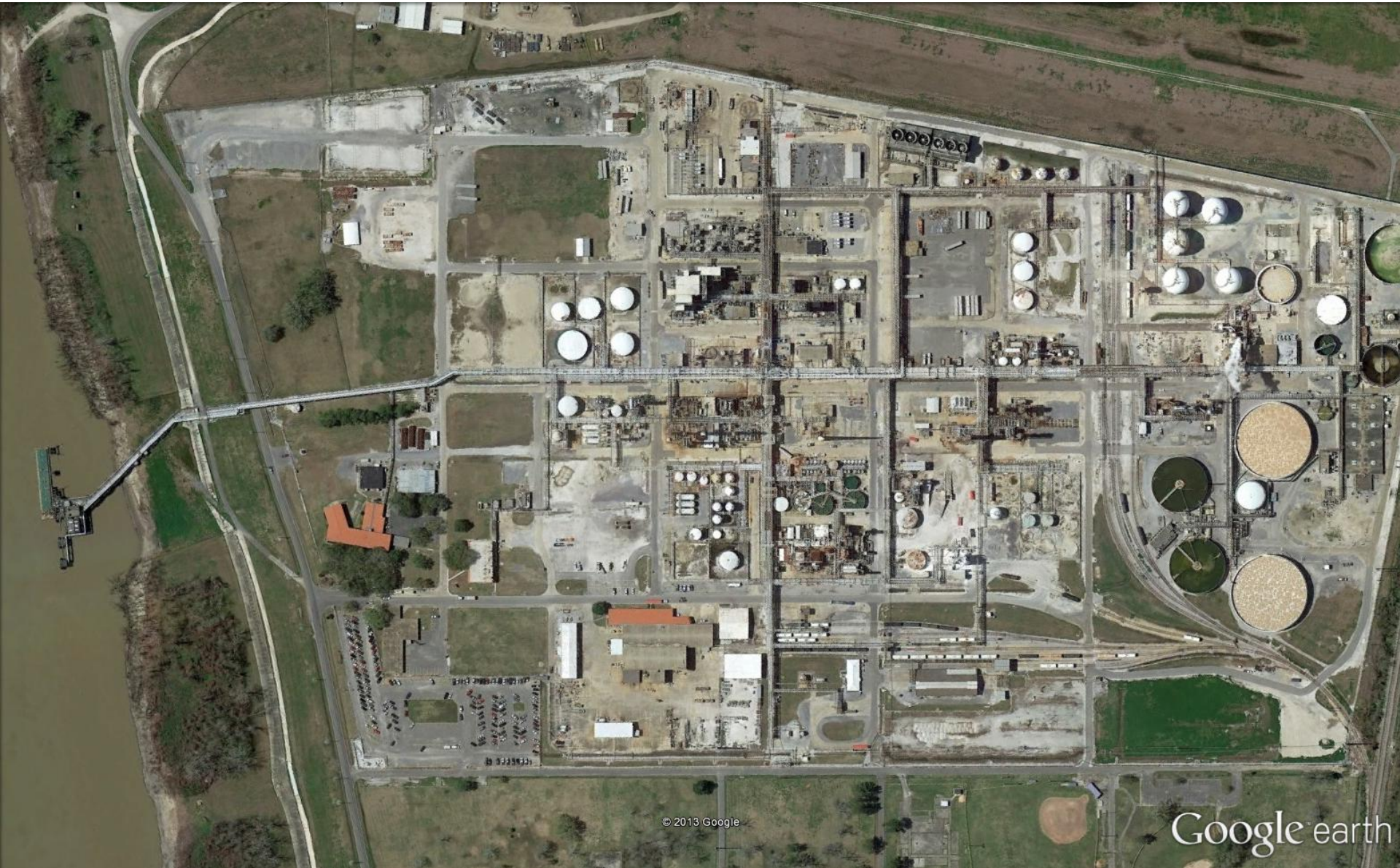
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# Enforcement and Litigation

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- PHMSA (and state agencies) have inspected several midstream fractionation and storage facilities and formally notified multiple operators of potential or alleged violations of Part 195
- In at least one instance, PHMSA issued NOPVs, assessed fines, initiated enforcement actions
- A related lawsuit, challenging PHMSA's jurisdiction, is pending in the D.C. Circuit Court of Appeals
- The lawsuit is currently stayed pending the outcome of the PHMSA administrative action

# Going Forward

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- We believe the current regulatory program is robust and effective
- We agree that overlapping regulations should be avoided
- We want to better understand regulator concerns and have an opportunity to enhance regulator knowledge of midstream facilities