



CONGRESS & THE AGENCIES

PHMSA Notice of Proposed Rulemaking

The Pipeline and Hazardous Materials Safety Administration (PHMSA) will publish its proposed new rule for low stress pipelines in the Federal Register June 22, 2010. PHMSA is proposing to amend its pipeline safety regulations to apply safety regulation to rural low-stress hazardous liquid pipelines that are not covered by safety regulations in 49 CFR Part 195. This change complies with a mandate in the Pipeline Inspection, Protection, Enforcement, and Safety Act of 2006 (PIPES Act). To view notice, click [here](#).

FERC

I. FERC Issues Notice of Five-Year Rate Index Review

FERC issued a Notice of Inquiry initiating its five-year review of the oil pipeline rate index. The Notice invites comments on the continued use of the current rate index, the Producer Price Index for Finished Goods (PPI-FG) plus 1.3%, during the next five-year period beginning July 1, 2011. The Notice also invites comments on alternatives to the continued use of PPI-FG plus 1.3%. Initial Comments are due August 20, and Reply Comments are due 30 days thereafter. The Notice, issued in Docket No. RM10-25, can be found [here](#).

II. Enbridge Responds to Southern Lights Tariff Protests

Enbridge Pipelines (Southern Lights) LLC responded to the protests of Indicated Shippers filed in Docket No. IS10-399, attacking the initial Southern Lights tariff. Indicated Shippers contended that the proposed large differential between the committed and uncommitted rate appears to be unduly discriminatory and preferential and acts as a barrier to entry to the market for uncommitted shippers, and the uncommitted rate itself is unjust and unreasonable. Enbridge responded that the Protest is nothing more than a last-minute collateral attack on the Commission's Southern Lights Orders, in which the Commission specifically held that the rate design for Southern Lights, where committed shippers receive a 50% discount, was not unduly discriminatory. Enbridge also explained that the Shippers provided no sound basis for initiating an investigation of the tariff, as the arguments with respect to the justness and reasonableness of the uncommitted rate are based on a misunderstanding of the tariff true-up mechanism. The response can be found [here](#). BP North America filed a [motion](#) supportive of the Enbridge response.

III. Mobil Pipe Line Company Responds to Suncor Protest

Mobil Pipe Line Company (MPLCO) filed a response to Suncor's protest of its request for waiver of the requirement to apply the 2010 rate index adjustment to its existing rates. MPLCO explained that Suncor's protest is premised upon an erroneous interpretation of the Commission's regulations and precedent. As explained by MPLCO, it is simply requesting authorization to leave its rates unchanged during the 2010 index year, as its costs currently exceed its revenues,

not seeking to increase its existing rates above the current indexed ceiling level. The response can be found [here](#), in Docket No. OR10-14.

IN THE NEWS

- I. **Valero to Double Capacity of Crude Gathering Systems – June 17, 2010.** Valero Energy announced Phase I expansion plans that will double the capacity of its existing North Texas and Oklahoma Panhandle area crude oil gathering system in order to accommodate increased crude production. The pipeline system expansion project, which is scheduled to be completed by the fourth quarter of this year, will increase the amount of crude oil available to be processed at the 170,000 barrel per day Valero McKee Refinery in the Texas Panhandle. http://www.downstreamtoday.com/news/article.aspx?a_id=23034
- II. **Bakken Connector to Keystone Pipeline Proposed – June 21, 2010.** Quintana Capital Group Ltd. said it wants to build a \$250 million, 300-mile-long pipeline system from western North Dakota to eastern Montana, where it would meet TransCanada Corp.'s proposed Keystone XL pipeline. Terry Cunha, a TransCanada spokesman at the company's headquarters in Calgary, Alberta, said no agreement has been reached with Quintana or any other company wanting to ship domestic crude in its pipeline. http://news.yahoo.com/s/ap/20100621/ap_on_bi_ge/nd_bakken_pipeline_1
- III. **Red Butte Creek Oil Pipeline Set to Reopen – June 20, 2010.** Chevron plans Monday to resume use of the pipeline that caused the Red Butte Creek oil spill, following a completed 24-hour, high-pressure test of the line. Chevron's plan to start using the pipeline was approved by the U.S. Transportation Department's pipeline safety office and the Unified Command, a team comprised of Chevron, the U.S. Environmental Protection Agency, the state Department of Environmental Quality, Salt Lake County, Salt Lake Valley Health Department and Salt Lake City. http://www.sltrib.com/D=g/ci_15339995
- IV. **Trans Alaska Pipeline Restarted After Maintenance – June 21, 2010.** Alyeska Pipeline Service Company restarted the Trans Alaska crude oil pipeline late on Sunday after 36 hours of scheduled maintenance. The operator of the 800-mile (1,280 km) line worked on five pumping stations as well as the Valdez, Alaska, marine terminal. Trans Alaska will be shut down for upkeep again on July 31 and Aug. 1, a period that coincides with maintenance work planned by Alaska North Slope oil producers, the company said. <http://af.reuters.com/article/energyOilNews/idAFN2124969120100621>

OTHER

- I. **Advisories Available on Industry Performance -** The Pipeline Performance Tracking System, PPTS, is a key component of the oil pipeline industry's Environmental and Safety Initiative, a multi-discipline approach to understanding and improving industry performance. Although many individual operators have developed stringent internal reporting criteria, PPTS allows for industry-wide aggregation of accident data to enable industry to identify lead indicators and learn from them to prevent spills. Advisories drafted by the joint AOPL/API Data Mining Team (DMT) share lessons learned and new insights on how the industry can deliver on the challenge to promote practices to drive the industry's performance to zero spills, zero injuries, and zero deaths. Visit <http://www.api.org/aboutoilgas/sectors/PPTS/#documents> to see the latest advisories by PPTS
- II. **Industry Forms Two New Task Forces to Address Oil Spill Issues – June 10, 2010.** In the wake of the oil spill in the Gulf of Mexico, the U.S. oil and natural gas industry has formed two additional task forces to address both short- and long-term issues related to subsea well

control (stopping/mitigating the release of product at the point of origin) and spill response and cleanup.

The new task forces will be developed with the assistance of the American Petroleum Institute, the Independent Petroleum Association of America and the National Ocean Industries Association and bring together equipment manufacturers, subsea specialists, spill experts and deepwater contractors. The new task forces will interact with Congress as they develop formal findings and recommendations to improve capabilities and technologies, and present these findings to the presidential commission for its consideration.

The task force focusing on subsea well control and response will address technologies and practices for controlling the release of oil from its source. It also will review equipment designs, testing protocols, research and development, regulations and documentation, and make recommendations for improvements. Among other things, it will look at various well-control procedures, including the “junk shot,” coffer dams, “top kill” and other subsea containment and collection methods. The oil spill response task force will review existing spill-response processes and technologies, identify gaps and seek options to address those gaps through recommended practices and procedures, as well as research and development. Among other things, it will look at planning and pre-staging of assets, mechanical recovery methods, dispersants (including their toxicity and application), shoreline protection issues, bio remediation, unconventional response technologies, wetlands protection and the use of volunteers.
<http://www.api.org/Newsroom/two-new-task-forces.cfm>

UPCOMING INDUSTRY RELATED EVENTS

AOPL Meetings & Conferences calendar at <http://www.aopl.org>
API University <http://www.api-u.org/>

“Greening Canada’s Oil Sands” – Debunking the Myths and Confronting the Realities –
June 22, 2010 8:00 am – noon, Washington, D.C. Sponsored by the United States Energy Association and Canadian American Business Council, the event features guest speaker John Podesta, CEO, Center for American Progress. To express interest in attending and for more information, please email Tim Barber at tim@canada2020.ca with your full contact information including name, affiliation, phone and email.

AOPL Summer Leadership Meeting – The AOPL Summer Leadership Meeting will be held June 27-29, 2010 at The Broadmoor in Colorado Springs, Colorado. For more information visit AOPL’s [meetings page](#) or contact Heather Keith at hkeith@aopl.org

PHMSA Public Awareness Workshop – The Pipeline and Hazardous Materials Safety Administration Public Awareness Workshop will take place on June 30, 2010 at the Houston Intercontinental Hotel in Houston, Texas. The workshop will be an opportunity, following the initial four-year implementation cycle, to review the implementation process, identify what implementation strategies have worked well, discuss challenges faced by the pipeline industry, discuss Federal and state regulatory oversight, learn about public interest and need for information about pipelines in their communities, and identify critical elements of a successful operator public awareness program. Pipeline trade associations, the Pipeline Safety Trust, the National Transportation Safety Board, and pipeline operators will share lessons learned from implementing their public awareness programs based on Federal regulations. PHMSA and state partners will discuss the scope of and timeline for conducting effectiveness evaluations. To register and for workshop information, including agenda, visit:
<http://primis.phmsa.dot.gov/meetings/MtgHome.mtg?mtg=65&nocache=9351> or contact Christie Murray at 202-366-4996 or Christie.murray@dot.gov.

AOPL Annual Business Conference – AOPL’s Annual Business Conference (ABC) will take place September 15-17, 2010 at the Grand Hyatt Atlanta Buckhead. The ABC Conference is open to the liquid pipeline industry—owners, operators and consultants. Attendees must have an affiliation with an oil pipeline company, either as a direct employee or as a consultant, or be a government employee. The Conference is open to non-members. For more information visit AOPL’s [meetings page](#) or contact Heather Keith at (202) 292-4506 or hkeith@aopl.org.

API Pipeline Information Exchange (PIX) – The API Operations & Technical Group is soliciting participation in the Pipeline Information Exchange, held at the Doubletree Hotel Houston Intercontinental Airport on October 21, 2010. The forum is intended to provide a unique opportunity to pipeline operator personnel for exchanging information and lessons learned about pipeline system incidents and near misses. Please contact Peter Lidiak at lidiak@api.org for more information or visit API’s calendar at <http://www.api.org/meetings/calendar/index.cfm>.

Transportation Security Administration (TSA) 2010 International Pipeline Security Forum – TSA’s International Pipeline Security Forum will take place October 27 & 28, 2010 in Philadelphia Pennsylvania. The Forum will be a 2-day event to enhance government and industry pipeline security awareness and to provide opportunities for discussion of major pipeline security issues, both domestic and international. To register for the 2010 International Pipeline Security Forum, please visit: <http://www.meetingsitespro.com/events/PIPELINE/index.asp>

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If there are items you would like to have included in future issues or any suggestions please forward the text to Rebecca Garber, rgarber@aopl.org, by noon on Mondays. If you would like to unsubscribe from Pipeline Notes, send an email to rgarber@aopl.org with the word “unsubscribe” in the subject heading.

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