

# Panhandle Energy

Panhandle Eastern Pipe Line  
Trunkline Gas  
Trunkline LNG  
Sea Robin Pipeline  
Florida Gas Transmission

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November 2, 2007

Department of the Interior  
Minerals Management Service  
Regulations and Standards Branch (RSB)  
381 Elden Street  
MS-4024  
Herndon, VA. 20170-4817

RE: **RIN 1010-AD11**  
**Pipelines and Pipeline Rights-of-way**

Please find attached the comments for the Office of Management and Budget (OMB) submitted by Trunkline Gas Company, LLC and Sea Robin Pipeline Company, LLC operating collectively under the Panhandle Energy (PE) name, and operating 966 miles of offshore pipelines.

PE is responding to the Department of the Interior's (DOI's) request for comments to OMB regarding proposed rewrite of Subpart J in 30 CFR250. Comments and recommendations are enclosed.

If you have any questions or require any additional information, please contact me at 713-989-7471.

Sincerely,



Jerry Rau  
Director of Pipeline Integrity

CC: Office of Management and Budget (OMB)  
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## **Introduction**

Trunkline Gas Company, LLC and Sea Robin Pipeline Company, LLC, operating collectively under the Panhandle Energy (PE) name, operate an extensive interstate natural gas transmission system, of which 966 miles are offshore. This pipeline system receives natural gas from the major production areas of the Gulf Coast for transportation and sale in the Upper Midwest of the United States. The operation of this pipeline system is subject to the requirements of Title 49 Code of Federal Regulation Parts 190, 191, 192, 193, and 199 and Title 30 Code of Federal Regulations Part 250, Subpart J, regarding Pipeline Rights-of-Way.

## **DOI requested Comments to OMB**

### **A. Panhandle Energy's (PE's) Request for Extension of Time to Comment to OMB, submitted October 22, 2007.**

PE previously submitted a request for an extension of time in order to prepare comments per the notice at Volume 72, No. 191 FR 56442, which was received by both the Office of Management and Budget (OMB) and Regulations and Standards Branch (RSB) of DOI on October 24, 2007. At that time, PE pointed out that this Rulemaking is significant and that the Administrative Burden has been underestimated. PE further pointed out that it would take longer than the November 2 deadline to prepare complete comments. PE requested that the deadline for comments to OMB be extended from November 2, 2007 to the same as that for the rule comments to DOI, January 31, 2008. To date PE has seen No Notice of a time extension, so to meet OMB's abbreviated deadline for comments PE offers the following comments, which PE believes to still be compelling although not as complete as PE would have preferred. If the comment period is extended, then PE will provide additional comments.

### **B. DOI's contention that this is not a significant Rulemaking**

PE believes that DOI has incorrectly deemed this rulemaking as not significant. The requirements of this rule will shift the economics associated with the Production of certain smaller wells to make them unprofitable to continue operation at their current levels. Costs will include the cost of modification of platforms to accommodate extended launchers and receivers for Integrity Management required ILI inspections. Additional expenditures will be required to modify existing pipelines to accommodate Inspection Pigs. Increased expenditures for the disposal of contaminated water from Integrity Management required hydrostatic tests. The unprofitable nature of these small Production wells will cause them to be shut in reducing the overall Production from the Gulf of Mexico. Any reduction in production will result in an incremental increase in the cost of gas or oil to

the consumer. Only a 1.5 cent per barrel increase in the price of a barrel of oil will result in an incremental \$100 million increase in the price of oil to oil consumers, based upon the 6.6 Billion barrels of oil annual usage by the United States. Less than a 0.5 cent increase in the price of natural gas for a million cubic feet of gas would be required to meet the \$100 million criteria. Since both oil and gas Producers are affected, it would be less than these values.

DOI has stated in the Proposed Rulemaking that they do not consider this a significant Rulemaking. However, as part of the Proposed Rule DOI is requiring an Operator Qualification Program and an Integrity Management Program, as well as a written Operations & Maintenance Manual and Emergency Manual. On October 27, 1998, the Research and Special Programs Administration (RSPA) who was the predecessor of the Pipeline and Hazardous Material Safety Administration (PHMSA) of the Department of Transportation (DOT) proposed an Operator Qualification Rule, which they considered to be a significant regulatory action (Volume 63, No. 207, Page 57276). On January 28, 2003, the Research and Special Programs Administration (RSPA) who was the predecessor of the Pipeline and Hazardous Material Safety Administration (PHMSA) of the Department of Transportation (DOT) proposed an Integrity Management Rule, which they considered to be a significant regulatory action (Volume 68, No. 18, Pages 4308 & 4309). Yet, DOI proposes this rule with not only the requirements for both an Operator Qualification Program and Integrity Management Programs, but the additional requirements for written Operations and Maintenance and Emergency Manuals and feel that it is not a significant rulemaking.

PE believes that the rulemaking is significant and subject to review under Executive Order 12866. PE also believes that since the majority of lower margin production, which would become unprofitable to maintain is operated by small entities as defined in the Regulatory Flexibility Act, a regulatory flexibility analysis should be done.

### **C. Operator Qualification Plan**

The proposed rule requires operators to develop and implement a written Personnel Qualification Program. DOI has stated in the Proposed Rulemaking that 50 hour time burden will be required to accomplish this task. PE has experience in the amount of time required for implementing an Operator Qualification Program and DOI has grossly underestimated the hour burden. DOI has obviously not incorporated the hour burden for Contractors who may also be required to be covered, if they perform tasks on behalf of the Operator or provide Qualification Services such as , training, testing and Qualification Updating. The hour burden for PE alone was in excess of 600 hours for the entire process of developing Qualification Criteria, developing tests and task performance criteria, developing span of control criteria, developing procedures for Management of Change as well as Record Keeping Procedures. Special software was developed for the tracking of covered tasks and the personnel that were qualified to perform them, as well as notification of requalification needs. In

addition, special software was developed to allow electronic maintenance of these functions, which required in excess of 500 hours developing.

PE also has concern about the written Manuals requirement that DOI has stipulated. PE currently has its Operator Qualification Program available electronically on their Internal Web Site, with an electronic Notification Process of qualifications. In addition, PE uses a Contractor to monitor Contractor's Qualifications. This was implemented to make sure that the latest changes are immediately available to the Field Locations. If paper copies of the Plan and Qualifications are needed, PE can not assure that the latest information is available.

PE feels that modification of their existing Operator Qualification Program will require at least 200 hours assuming that Personnel Qualifications are required for only Operations and Maintenance Functions.

#### **D. Integrity Management Program**

The proposed rule requires operators to develop and implement a written Integrity Program. DOI has stated in the Proposed Rulemaking that 300 hour time burden will be required to accomplish this task. PE has experience in the amount of time required for implementing an Operator Qualification Program and DOI has grossly underestimated the hour burden.

In the January 28, 2003 proposed Rulemaking on Integrity Management, FR Volume 68, No. 18, PHMSA, formerly RSPA estimated 3,968 hours to develop an Integrity Management Plan, 2,040 hours for data integration, 313 hours for annual updates and 160 hours for annual record keeping for larger Operators (40 or more miles of pipe). PE spent substantially more hours on development and maintenance of their program than this estimate. Even for smaller Operators (Less than 40 miles of pipe) PHMSA estimated an hourly burden of 3383 hours, which is far greater than the 300 hours that DOI has estimated in the rulemaking.

Special software was developed for the tracking of covered tasks and the personnel that were qualified to perform them, as well as notification of requalification needs. In addition, of special software was developed to allow electronic maintenance of these functions, which required in excess of 500 hours developing.

PE feels that the offshore environment provides significantly different requirements, risks, mitigation techniques, etc to the point that a new Integrity Management Plan separate from PE's current PHMSA integrity management plan will be required. PE estimates that the hourly burden of 6,481 hours estimated by PHMSA in 2003 is closer to the actual time requirement than the 300 hours estimated by DOI. More exact estimates can not be from the made, since the proposed wording of the Proposed Rulemaking gives no specific Guidance as to what will be required.

PE also has concern about the written Integrity Management Plan requirement that DOI has stipulated. PE currently has all aspects of its Integrity Management Program only available electronically on a separate Server. All data integration, updates and Compliance Functions are maintained electronically. This was implemented to make sure that the latest changes are immediately available to the Field Locations. If paper copies of the Plan and Data are needed, PE can not assure that the latest information is available.

#### **E. Operations and Emergency Manuals**

PE recently undertook an effort to consolidate the Operations and Maintenance and Emergency Manuals of an acquired Company with PE's Manuals. PE feels that this gives a good representation of the actual time requirements for the development of these manuals from scratch. Internal PE personnel spent in excess of 2400 hours on the process, while Technical Writing Contract Writers provided services in excess of 2000 hours.

Since PE already has Manuals in place, the expected hour burden for the modification of the existing manuals is expected to be 700 hours including both In House and Contractor time.

PE also has concern about the written Manuals requirement that DOI has stipulated. PE currently has these manuals available electronically on their Internal Web Site, with an electronic Management of Change Notification Process. This was implemented to make sure that the latest changes are immediately available to the Field Locations. If paper copies of specific Procedures are needed, Personnel have the ability to make a copy of the latest approved electronic procedure.

#### **F. Applications and Reporting**

PE's experience indicates that the paperwork hour burden for Applications and Reports currently required is that DOI's estimate is approximately 30% low. This would indicate that the new applications are most likely low by the same amount. PE can not comment on the annual number of Applications and Responses that DOI has detailed in the proposed rulemaking.