Terry Boss Sr. VP Environment Safety and Operations INGAA

Benefits

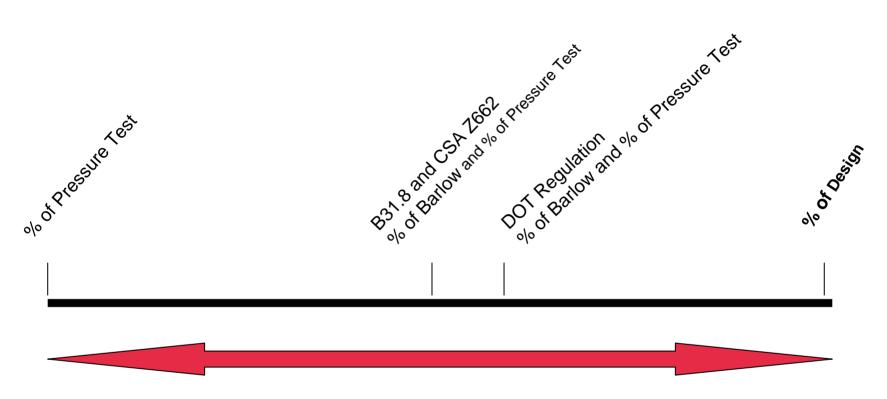
- Maximum Allowable Operating Pressure (MAOP) increases for new and existing pipelines provides
 - Increased volume or throughput
 - Increase fuel savings through more efficient transportation of product
 - Increased line pack
 - Peak-day excursion in pressure and volume to keep markets on-line during extreme product demand

Premise

- Options exist for maintaining current safety factors while employing alternatives to design, construction, operation and maintenance
 - Greater test levels or more rigorous design
- Options exist for decreasing safety factors while employing better controls and more rigorous specifications
 - Greater test levels and more integrity assessments
- Any changes will require understanding and utilization of life cycle management

- Certain codes and standards allow for operation above 72% SMYS
- Concept applicable to all class location areas
- Application in U.S. is limited by Pipeline Safety Regulations
- Standards for pipe and rated components presently set limitations
- Life cycle management will most likely need to be developed to take advantage of operation at higher pressures
- There does not appear to be any technical hurdles for full employment of life cycle management

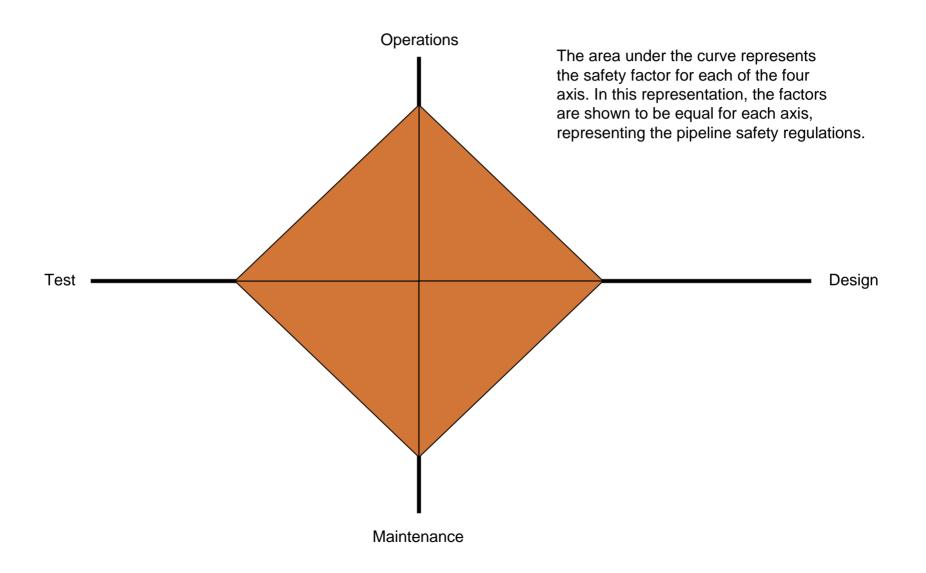
Maximum Allowable Operating Pressure Continuum



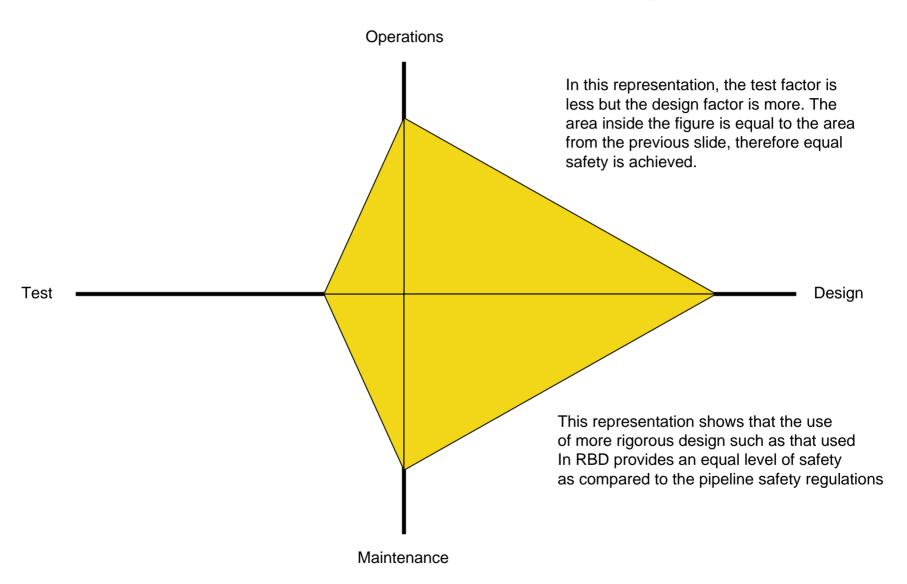
Operating Pressure Based on Pressure Test

Operating Pressure Based on Design

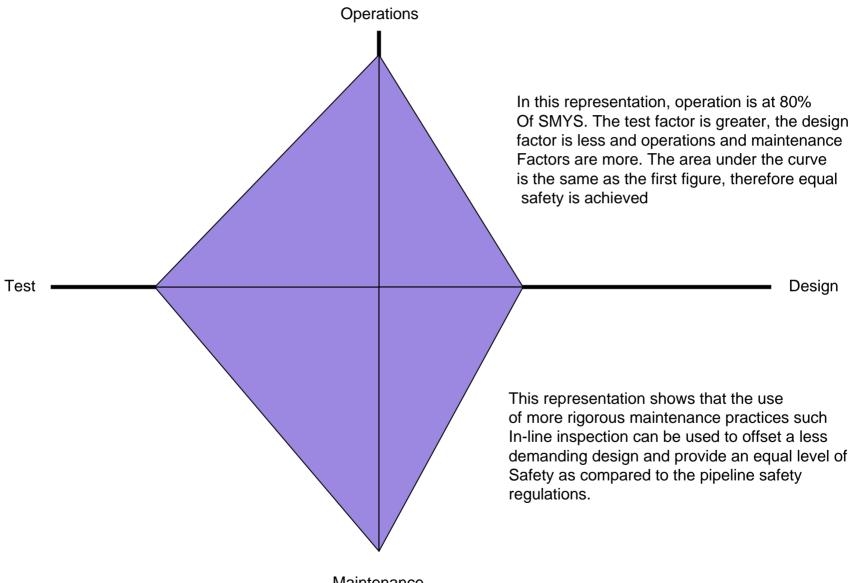
Safety Factor for Current Scenario



Safety Factor for Alternate Design



Safety Factor for Alternate Integrity Management



Maintenance

Solutions for Differing Scenarios

- The 4% solution shows modest increases in operating pressures limited by vintage pipeline history and past performance as verified through design and construction review and operation and maintenance practices
- The 11% solution shows greater increases in operating pressures limited by specific requirements in all phases of life cycle management

Changes to consensus codes and standards may be required to fully implement programs for specific facilities

Example: Alternate Pressure Operation at 4%

The 4% Solution								
System	Pressure	Present	Future	Comments				
Mainline Piping	MAOP	72% 75%	75% 78%	Justification is Through an Integrity Assessment				
Compressor Piping	MAOP OPP	50% 55%	52% 55%	Justification is based on not using the thin wall approximation for hoop stress				
Vessels	MAOP OPP	45% 50%	47% 50%	Limitation in present case based on OPP not MAOP				
Compressors	MAOP OPP	50% 55%	52% 55%	Requires review of operating parameters for each compressor unit				
			-	MYS results in a pressure increase of 4%. volume increase of approximately 4%				

Example: Alternate Pressure Operation at 11%

The 11% Solution								
Pressure	Present	Future	Comments					
МАОР	72%	80%	Justification is Through an Integrity Assessment					
OPP	75%	83%						
МАОР	50%	55%	Justification is based on not using the thin wall					
OPP	55%	57%	approximation and load analysis and minimization					
МАОР	45%	50%	Limitation in present case based on OPP and or					
OPP	50%	54%	vessel dsign, requires analysis.					
МАОР	50%	55%	Requires review of operating parameters for each					
OPP	55%	57%	compressor unit					
aising the operat	ing pressure by	10% of the S	MYS results in a pressure increase of 11%.					
essure increase	will result in a c	orresponding	volume increase of approximately 11%					
	MAOP OPP MAOP OPP MAOP OPP MAOP OPP	MAOP 72% OPP 75% MAOP 50% OPP 55% MAOP 45% OPP 50% MAOP 50% MAOP 50% OPP 50% MAOP 50% OPP 50% MAOP 50% OPP 55% MAOP 50% MAOP 50% OPP 55% Disting the operating pressure by	MAOP 72% 80% OPP 75% 83% MAOP 50% 55% OPP 55% 57% MAOP 45% 50% OPP 50% 54% MAOP 50% 55%					

Codes and Standards Review Necessary for Alternate Design and Operation

Codes and Standards								
Present	4% Solution	11% Solution						
Limits MAOP to 50/72 % SMYS	Requires Waiver for Pipeline	Requires Waiver for all systems						
Allows 80% in Class 1	Requires Changes for Station	Requires changes for station systems						
OPP limited to MAOP + 3#	Within Design limits	May be a limitng factor						
No limits	Should not be a limiting factor	May be limited by Company Spec.						
Rated Component	Should not be a limiting factor	May require replacement						
Rated Component	Should not be a limiting factor	May require replacement						
Designed for Location	Requires review of parameters	Requires review of parameters						
	Present Limits MAOP to 50/72 % SMYS Allows 80% in Class 1 OPP limited to MAOP + 3# No limits Rated Component Rated Component	Limits MAOP to 50/72 % SMYS Requires Waiver for Pipeline Allows 80% in Class 1 Requires Changes for Station OPP limited to MAOP + 3# Within Design limits No limits Should not be a limiting factor Rated Component Should not be a limiting factor Rated Component Should not be a limiting factor						

Codes and Regulations will Require Changes for Permanent Incorporation of Life Cycle Management

- Waivers from the regulations may be necessary in the interim
- ASME B31.8 will require modifications or a supplement will need to be developed to codify minimum requirements for life cycle management
- U.S. Pipeline Safety Regulations will require modifications for consistent implementation of life cycle management

Integrity Assessment Table for Class Location Areas

Class Designation	Design Factor								
	0.5	0.6	0.72	0.8					
Class 1			Grandfather with actual high or 1.1 times MAOP pressure test						
				1.25 times MAOP pressure tes and one other assessment					
Class 2		1.25 times MAOP pressure tes	1.25 times MAOP pressure tes or	1.25 times MAOP pressure tes and two other assessments					
			1.1 times MAOP pressure test and one other assessment	(Duke Waiver)					
Class 3	1.5 times MAOP pressure test	1.5 times MAOP pressure test	1.40 times MAOP pressure tes and one other assessment, or						
		1.25 times MAOP pressure tes and one other assessment	1.25 times MAOP pressure tes and two other assessments	Not under consideration st					
	Current Regulation		The 0.72 column is the same a the regulations for Liquid pipeling						

Table of Threat Analysis with Practices Matrix

	Mechanical Damage		Weather and Outside Force		Incorrect Operations		
	Current Regulations	Operation Under MAOP Waiver	Current Regulations	Operation Under MAOP Waiver	Current Regulations	Operation Under MAOP Waiver	
Primary	Damage Prevention Program	Monitoring of Excavations on Entire System within Waiver	Design to Consider Load and Environment	Design to Consider Load and Environment	Operator Qualification	Operator Qualification Using ASME B31Q	
Secondary	Marking and Patrolling	Puncture Resistivity: Min D/t - 90; M&N - 70		Montioring of Areas Prone to Washout	Policies and Procedures	Policies and Procedures	
Tertiary	Public Education	Fracture Control Plan: 100% Ductile Pipe; Charpy: Greater Than 50 in Class 1; Duke: 99%>60; 90%>80		Mitigation of Areas Experiencing to Washout	QA/QC under IMP in HCAs	QA/QC on Entire System Within Waiver	
Quaternary		Damage Prevention Program; Marking and Patroling		Integrity Management Program Applied to Entire System Within waiver		Internal Audits on Entire System Within Waiver	
Quintinary		Integrity Management Program Applied to Entire System Within Waiver				Integrity Management Program Appliec to Entire Systen Within Waiver	
Hexinary		Public Education					

B31.8 Table for Divisions of Alternate Design

	New	Table 841.′	114 B: [Design Factors for Steel Pipe Construction						
		Class 1			Class 2			Class 3		Class 4
	Divid		Divo	Divid		Divid	Divid	-	Divid	Class 4
Facility	Div 1	Div 2	Div 3	Div 1	Div 2	Div 3	Div 1	Div 2	Div 3	
Pipelines and Mains	0.80	0.72	0.80	0.72	0.60	0.72	0.60	0.50	0.60	0.40
Uncased Crossings	-									
Private Roads	0.80	0.72	0.80	0.72	0.60	0.72	0.60	0.50	0.60	0.40
Unimproved Public	*	0.60	*	*	0.60	*	*	0.50	*	0.40
Highways	*	0.60	*	*	0.50	*	*	0.50	*	0.40
Cased Crossings	-									
Private Roads	0.80	0.72	0.80	0.72	0.60	0.72	0.60	0.50	0.60	0.40
Unimproved Public	0.80	0.72	0.80	0.72	0.60	0.72	0.60	0.50	0.60	0.40
Highways	0.80	0.72	0.80	0.72	0.60	0.72	0.60	0.50	0.60	0.40
Parallel Crossings										
Private Roads	0.80	0.72	0.80	0.72	0.60	0.72	0.60	0.50	0.60	0.40
Uniproved Roads	0.80	0.72	0.80	0.72	0.60	0.72	0.60	0.50	0.60	0.40
Highways	*	0.60	*	*	0.60	*	*	0.50	*	0.40
										a (a
Fabricated Assemblies	0.60	0.60	0.60	0.60	0.60	0.60	0.50	0.50	0.60	0.40
Pipelines on Bridges	0.60	0.60	0.60	0.60	0.60	0.60	0.50	0.50	0.60	0.40
M&R Facilites	0.60	0.60**	0.60	0.60	0.60	0.60	0.50	0.50	0.60	0.40
Compressor Station	0.60	0.50	0.60**	0.60	0.50	0.60	0.50	0.50	0.50	0.40
Concentrations of People	0.60	0.50**	0.60	0.60	0.50	0.60	0.50	0.50	0.50	0.40
Test Pressure	1.25xMOP	1.10xMOP	1.10xMOP	1.40xMOP	1.25xMOP	1.25xMOP	1.50xMOP	1.40xMOP	1.40xMOP	1.50xMOP
Integrity Assessment	No	No	Yes	No	No	Yes	No	No	Yes	No
* Denotes Engineering Critica	* Denotes Engineering Critical Analysis using API 1102 or GRI 91/0284									
** Denotes a difference betwe										
						0				
			SME B31.8			Current ASME B31.8				
	Proposed C	hange for P	<mark>ressure Tes</mark>	t	T.	Proposed Change for Integrity Assessment			essment	

Summary

- Change is Achievable
- Life Cycle Management Practices will need to be further incorporated into Codes, Standards and Regulations
- Complete understanding of the affects of these changes to practices on other aspects of the cycle need to be fully understood and communicated
- Experience gained in the Integrity Management Program allows for a systematic, integrated and comprehensive approach