

DEPARTMENT OF TRANSPORTATION**Research and Special Programs
Administration****49 CFR Parts 195****[Docket No. RSPA-00-7408; Notice 1]****RIN 2137-AD49****Pipeline Safety: Pipeline Integrity
Management in High Consequence
Areas (Hazardous Liquid Operators
With Less Than 500 Miles of Pipelines)****AGENCY:** Research and Special Programs
Administration (RSPA), DOT.**ACTION:** Notice of proposed rulemaking.

SUMMARY: This proposed rule extends the requirements for protection of populated areas, commercially navigable waterways, and areas unusually sensitive to environmental damage from hazardous liquid pipeline spills to those regulated hazardous liquid pipeline operators who own or operate less than 500 miles of pipeline. This action is necessary because on December 01, 2000, RSPA's Office of Pipeline Safety (OPS) issued a final rule to establish new requirements for the protection of these areas. However, the published final rule applied only to hazardous liquid pipeline operators who own or operate 500 or more miles of pipeline. After further review, it was determined that the same requirements should be extended to the remaining regulated hazardous liquid pipeline operators.

DATES: Interested persons are invited to submit comments on this notice of proposed rulemaking (NPRM) by May 21, 2001. Late filed comments will be considered to the extent practicable.

ADDRESSES: You may submit written comments by mail or delivery to the Dockets Facility, U.S. Department of Transportation, Room PL-401, 400 Seventh Street, SW, Washington, DC 20590-0001. It is open from 10:00 a.m. to 5:00 p.m., Monday through Friday, except federal holidays. You also may submit written comments to the docket electronically. See the **SUPPLEMENTARY INFORMATION** section for additional filing information.

FOR FURTHER INFORMATION CONTACT: Mike Israni by phone at (202) 366-4571, by fax at (202) 366-4566, or by e-mail at mike.israni@rspa.dot.gov, regarding the subject matter of this proposed rule. See the **SUPPLEMENTARY INFORMATION** section for additional filing information.

SUPPLEMENTARY INFORMATION: Filing Information, Electronic Access and General Program Information.

To submit comments electronically, log on to the following Internet Web address: <http://dms.dot.gov>. Click on "Help & Information" for instructions on how to file a document electronically. All written comments should identify the docket and notice numbers stated in the heading of this notice. Anyone desiring confirmation of mailed comments must include a self-addressed stamped postcard.

You may contact the Dockets Facility by phone at (202) 366-9329, for copies of this proposed rule or other material in the docket. All materials in this docket may be accessed electronically at <http://dms.dot.gov>. General information about the RSPA Office of Pipeline Safety programs may be obtained by accessing OPS's Internet page at <http://ops.dot.gov>.

Background

On December 1, 2000, OPS published a final rule (65 FR 75378) that imposed pipeline integrity management program requirements on hazardous liquid operators that own or operate 500 or more miles of pipeline. The requirements apply to those hazardous liquid pipeline owners and operators with pipelines that could affect areas we defined as high consequence areas—populated areas, areas unusually sensitive to environmental damage, and commercially navigable waterways.

The final rule was the first in a series of rulemakings that require all regulated pipeline operators to have integrity management programs. OPS chose to start the series with hazardous liquid operators who own or operate 500 or more miles of pipelines because the pipelines they operate have the greatest potential to adversely affect the environment, based on the volume of product these pipelines transport. By focusing first on those liquid operators, OPS addressed requirements for an estimated 86.7 percent of hazardous liquid pipelines.

In the NPRM and final rule for operators with 500 or more miles of pipeline, we explained that we needed to gather more information about smaller liquid operations before proposing integrity management program requirements for operators operating less than 500 miles of pipeline. We further stated that proposed regulatory requirements for all the remaining regulated hazardous liquid and gas operators would soon follow.

Information that we collected revealed that many owners and operators of less than 500 miles of pipelines are to a large extent, companies with sufficient capabilities

and resources, and are able to handle the same requirements imposed on operators of 500 miles or more of pipeline. These operators are well known names in the oil industry and are big utilities who also own or operate tank farms, terminals or production facilities. Such pipelines and facilities are mostly in the urban areas. The information gathered also revealed that more than 50% of such pipelines are capable of accommodating internal inspection devices and that operators of these pipelines have used internal inspection devices in the past. Furthermore, in discussions with some of the operators who operate less than 500 miles of pipeline, they indicated that they have capabilities and resources to meet the integrity management requirements proposed in this rulemaking.

This proposed rule covers the remaining 13.3 percent of hazardous liquid pipelines. It is estimated that approximately 5,440 miles of pipeline (of the 157,000 miles of hazardous liquid pipeline in the U.S.) will be impacted by this proposed rule.

As stated in the final rule for liquid operators with 500 or more miles of pipelines (65 FR 75378; December 1, 2000), many commenters, including NTSB, EPA, API, liquid operators and environmental advocacy groups, emphasized that the same requirements must apply to all the hazardous liquid pipeline operators regardless of the total mileage that they operate. Based on the information we have collected and comments we received, we have decided to propose the same requirements for operators with less than 500 miles of pipelines as RSPA required for operators with 500 or more miles of pipelines. The sole difference is in compliance dates which are linked to the effective date of this final rule. If comments to this proposed rule cause RSPA to impose different requirements on those regulated operators with less than 500 miles of pipelines, we will distinguish those requirements in the final rule.

See the final rule for hazardous liquid pipeline operators with 500 or more miles of pipeline (65 FR 75378; December 1, 2000) for all of the background and analysis on the subject matter.

The Proposed Rule

The proposed rule extends to regulated hazardous liquid pipeline operators with less than 500 miles of pipeline, all of the same requirements imposed on the hazardous liquid pipeline operators with 500 or more miles of pipeline, as in the December 1,

2000 final rule. However, because this proposed rule, and thus the eventual final rule, will be published at a later date, the compliance dates in this proposed rule will be accordingly shifted to give the operators with less than 500 miles of pipeline the same amount of time to comply with the requirements.

The December 1, 2000 final rule proposed repair criteria that may be changed based on comments. Any changes to that proposal will also be reflected in the final rule to this action.

Please refer to 65 FR 75378 for a discussion of all the proposed requirements.

Regulatory Analyses and Notices

Executive Order 12866 and DOT Regulatory Policies and Procedures

The Department of Transportation (DOT) considers this action to be a non-significant regulatory action under section 3(f) of Executive Order 12866 (58 FR 51735; October 4, 1993). Therefore, it was not forwarded to the Office of Management and Budget. This proposed rule is non-significant under DOT's regulatory policies and procedures (44 FR 11034; February 26, 1979).

On December 01, 2000, RSPA's Office of Pipeline Safety (OPS) issued a final rule to establish new requirements for additional protection of populated areas, commercially navigable waterways, and areas unusually sensitive to environmental damage from hazardous liquid pipeline spills. The published final rule applies to hazardous liquid pipeline operators who own or operate 500 or more miles of pipeline. Through this document, OPS is proposing to extend the same requirements to the remaining regulated hazardous liquid pipelines.

A copy of the draft regulatory evaluation has been placed in the docket for this proposed rule. The following section summarizes the draft regulatory evaluation's findings.

Hazardous liquid pipeline spills can adversely affect human health and the environment. However, the magnitude of this impact differs from area to area. There are some areas in which the impact of a spill will be more significant than it would be in others due to concentrations of people who could be affected or to the presence of environmental resources that are unusually sensitive to damage. Because of the potential for dire consequences of pipeline failures in certain areas, these areas merit a higher level of protection. OPS is proposing this regulation to afford the necessary additional

protection to these high consequence areas.

Numerous investigations by OPS and the National Transportation Safety Board (NTSB) have highlighted the importance of protecting the public and environmentally sensitive areas from pipeline failures. NTSB has made several recommendations to ensure the integrity of pipelines near populated and environmentally sensitive areas. These recommendations included requiring periodic testing and inspection to identify corrosion and other damage, establishing criteria to determine appropriate intervals for inspections and tests, determining hazards to public safety from electric resistance welded pipe and requiring installation of automatic or remotely-operated mainline valves on high-pressure lines to provide for rapid shutdown of failed pipelines.

Congress also directed OPS to undertake additional safety measures in areas that are densely populated or unusually sensitive to environmental damage. These statutory requirements included having OPS prescribe standards for identifying pipelines in high density population areas, unusually sensitive environmental areas, and commercially navigable waters; issue standards requiring periodic inspections using internal inspection devices on pipelines in densely-populated and environmentally sensitive areas; and survey and assess the effectiveness of emergency flow restricting devices, and prescribe regulations on circumstances where an operator must use the devices.

This proposed rulemaking addresses the target problem described above, and is a comprehensive approach to certain NTSB recommendations and Congressional mandates, as well as pipeline safety and environmental issues raised over the years.

This proposed rule focuses on a systematic approach to integrity management to reduce the potential for hazardous liquid pipeline failures that could affect populated and unusually sensitive environmental areas, and commercially navigable waterways. This proposed rulemaking requires pipeline operators to develop and follow an integrity management program that continually assesses, through internal inspection, pressure testing, or equivalent alternative technology, the integrity of those pipeline segments that could affect areas we have defined as high consequence areas i.e., populated areas, areas unusually sensitive to environmental damage, and commercially navigable waterways. The program must also

evaluate the segments through comprehensive information analysis, remediate integrity problems and provide additional protection through preventive and mitigative measures.

This proposed rule (the second in a series of integrity management program regulations) covers hazardous liquid pipeline operators that own or operate less than 500 miles of pipeline used in transportation. OPS intends to soon propose integrity management program requirements for natural gas transmission operators. OPS chose to start the series with hazardous liquid operators who own or operate 500 or more miles of pipelines because the pipelines they operate have the greatest potential to adversely affect the environment, based on the volume of product these pipelines transport. Further, by focusing first on those liquid operators, OPS addressed requirements for an estimated 86.7 percent of hazardous liquid pipelines. This proposed rule covers the remaining 13.3 percent of hazardous liquid pipelines. It is estimated that approximately 5,440 miles (of the 157,000 miles of hazardous liquid pipeline in the U.S.) will be impacted by this proposed rule.

We have estimated the cost to develop the necessary program at approximately \$9.64 million, with an additional annual cost for program upkeep and reporting of \$1.8 million. An operator's program begins with a baseline assessment plan and a framework that addresses each required program element. The framework indicates how decisions will be made to implement each element. As decisions are made and operators evaluate the effectiveness of the program in protecting high consequence areas, the program will be updated and improved, as needed.

The proposed rule requires a baseline assessment of covered pipeline segments through internal inspection, pressure test, or use of other technology capable of equivalent performance. The baseline assessment must be completed within seven years after the final rule becomes effective. After this baseline assessment, the rule further proposes that an operator be required to periodically re-assess and evaluate the pipeline segment to ensure its integrity within a five year interval. It is estimated that the cost of periodic reassessment will generally not occur until the sixth year unless the baseline assessment indicates significant defects that would require earlier reassessment. Integrating information related to the pipeline's integrity is a key element of the integrity management program. Costs will be incurred in realigning existing data systems to permit

integration and in analysis of the integrated data by knowledgeable pipeline safety professionals. The total costs for the information integration requirements in this proposed rule are \$6.4 million in the first year and \$3.2 million annually thereafter.

The proposed rule requires operators to identify and take preventive or mitigative measures that would enhance public safety or environmental protection based on a risk analysis of the pipeline segment. One of the many preventive or mitigative actions that the notice proposes that an operator may take is to install an EFRD on the pipeline segment, as determined necessary. OPS could not estimate the total cost of installing EFRDs because OPS does not know how many operators will install them. Additionally, requirements have been proposed for an operator to evaluate its leak detection capability and modify that capability, if necessary. OPS does not know how many operators currently have leak detection systems or how many will be installed or upgraded as a result of this proposed rule. OPS was therefore also unable to estimate the total costs of the proposed leak detection requirements.

Affected operators will be required to assess more line pipe in segments that could affect high consequence areas as a result of this proposed rule than they would have been expected to assess if the proposed rule had not been issued. Integrity assessment consists of a baseline assessment, to be conducted over the first seven years after the effective date of the final rule, and subsequent re-assessment at intervals not to exceed every five years.

OPS has estimated the annual cost of additional baseline assessment that will be required by this proposed rule as \$377 thousand annually. The cost for additional re-assessment that will be required to meet the five-year re-assessment requirement is also \$377 thousand per year. Cost impact will be greater in the sixth and seventh years after the effective date of the final rule due to an overlap between baseline inspection and the initial subsequent testing. The additional costs in these two years are estimated at \$5.26 million. The subsequent cost of testing will be \$531 thousand every year thereafter.

The benefits of this proposed rule can not easily be quantified but can be described in qualitative terms. Issuance of this proposed rule ensures that all operators will perform at least to a baseline safety level and will contribute to an overall higher level of safety and environmental performance nationwide. It will lead to greater uniformity in how risk is evaluated and addressed and will

provide more clarity in discussion by government, industry and the public about safety and environmental concerns and how they can be resolved.

Much of the proposed rule is written in performance-based language. A performance-based approach provides several advantages: encouraging development and use of new technologies; supporting operators' development of more formal, structured risk evaluation programs and OPS's evaluation of the programs; and providing greater ability for operators to customize their long-term maintenance programs.

The proposed rule has also stimulated the pipeline industry to begin developing a supplemental consensus standard to support risk-based approaches to integrity management. The proposed rule has further fostered development of industry-wide technical standards, such as repair criteria to use following an internal inspection.

Our emphasis on an integrity-based approach encourages a balanced program, addressing the range of prevention and mitigation needs and avoiding reliance on any single tool or overemphasis on any single cause of failure. This orientation will lead to addressing the most significant risks in populated areas, unusually sensitive environmental areas, and commercially navigable waterways. This integrity-based approach provides a good opportunity to improve industry performance and assure that these high consequence areas get the protection they need. It also addresses the interrelationships among different causes of failure, and aids in the coordination of risk control actions, beyond what a solely compliance-based approach would achieve.

The proposed rule provides for a verification process, which gives the regulator a better opportunity to influence the methods of assessment and the interpretation of results. OPS will provide a beneficial challenge to the adequacy of an operator's decision process. Requiring operators to use the integrity management process, and having regulators validate the adequacy and implementation of this process, should expedite the operators' rates of remedial action, thereby strengthening the pipeline system and reducing the public's exposure to risk.

A particularly significant benefit is the quality of information that will be gathered as a result of this proposal to aid operators' decisions about providing additional protections. Two essential elements of the integrity management program are that an operator continually assess and evaluate the pipeline's

integrity, and perform an analysis that integrates all available information about the pipeline's integrity. The process of planning, assessment and evaluation will provide operators with better data on which to judge a pipeline's condition and the location of potential problems that must be addressed.

Integrating this data with the environmental and safety concerns associated with high consequence areas will help prompt operators and the Federal and state governments to focus time and resources on potential risks and consequences that require greater scrutiny and the need for more intensive preventive and mitigation measures. If baseline and periodic assessment data is not evaluated in the proper context, it is of little or no value. It is imperative that the information an operator gathers is assessed in a systematic way as part of the operator's ongoing examination of all threats to the pipeline integrity. The proposed rule is intended to accomplish that.

The public has expressed concern about the danger hazardous liquid pipelines may pose to their neighborhoods. The integrity management process leads to greater accountability to the public for both the operator and the regulator. This accountability is enhanced through our choice of a map-based approach to defining the areas most in need of additional protection—the visual depiction of the populated areas, unusually sensitive environmental areas, and commercially navigable waterways in need of protection focuses on the safety and environmental issues in a manner that will be easily understandable to everyone. The system integrity requirements and the sharing of information about their implementation and effectiveness will assure the public that operators are continually inspecting and evaluating the threats to pipelines that pass through or close to populated areas to better ensure that the pipelines are safe.

OPS has not provided quantitative benefits for the continual integrity management evaluation required in this proposed rule. OPS does not believe, however, that requiring this comprehensive process, including the re-assessment of pipelines in high consequence areas at a minimum of once every five years, will be an undue burden on hazardous liquid operators covered by this proposal. OPS believes the added security this assessment will provide and the generally expedited rate of strengthening the pipeline system in populated and important environmental areas and commercially navigable

waterways, is benefit enough to promulgate these requirements.

Regulatory Flexibility Act

Under the Regulatory Flexibility Act (5 U.S.C. 601 et seq.). OPS must consider whether a rulemaking would have a significant impact on a substantial number of small entities. This proposed rulemaking was designed to impact only those hazardous liquid operators that own or operate less than 500 miles of pipeline. Because of this limitation on pipeline mileage, only 128 hazardous liquid pipeline operators (large national energy companies) covering 13.3 percent of regulated liquid transmission lines are impacted by this proposed rule.

The costs of the testing are proportionate to the number of miles of hazardous liquid pipeline that an operator owns or operates. The testing costs and the planning costs should be a function of the length of the pipeline. Information that we collected revealed that many owners and operators of less than 500 miles of pipelines are to a large extent, companies with sufficient capabilities and resources, and are able to handle the same requirements imposed on operators of 500 miles or more of pipeline. These operators are well known names in the oil industry and are big utilities who also own or operate tank farms, terminals or production facilities. The information gathered also revealed that more than 50% of such pipelines are capable of accommodating internal inspection devices and that operators of these pipelines have used internal inspection devices in the past. Based on this, and the evidence discussed above, I certify that this proposed rule will not have a significant impact on a substantial number of small entities.

Paperwork Reduction Act

This proposed rule contains information collection requirements. As required by the Paperwork Reduction Act of 1995 (44 U.S.C. 3507(d)), the Department of Transportation has submitted a copy of the Paperwork Reduction Act Analysis to the Office of Management and Budget for its review. The name of the information collection is "Pipeline Integrity Management in High Consequence Areas for Operators with less than 500 miles of pipeline." The purpose of this information collection is designed to require operators of hazardous liquid pipelines to develop a program to provide direct integrity testing and evaluation of hazardous liquid pipelines in high consequence areas.

One hundred and twenty-eight (128) hazardous liquid operators will be subject to this proposed rule. It is estimated that those operators will have to develop integrity management programs taking approximately 2,800 hours per program. Each of the operators would also have to devote 1,000 hours in the first year to integrate this data into current management information systems.

Additionally, under the proposals, operators would have to update their programs on a continual basis. This will take approximately 330 hours per program annually. An additional 500 hours per operator will be needed for the proposed requirement to annually integrate the data into the operator's current management information systems.

Under the proposal, operators could use either hydrostatic testing or an internal inspection tool as a method to assess their pipelines. However, operators could use another technology if they could demonstrate it provides an equivalent understanding of the condition of the line pipe as the other two assessment methods. Operators have to provide OPS 90-days notice (by mail or facsimile) before using the other technology. OPS believes that few operators will choose this option. If they do choose an alternate technology, notice preparation should take approximately one hour. Because OPS believes few if any operators will elect to use other technologies, the burden was considered minimal and therefore not calculated.

Additionally, the proposed rule allows operators to seek a variance in limited situations from the required five-year continual re-assessment interval if they can provide the necessary justification and supporting documentation. Notice would have to be provided to OPS when an operator seeks a variance. OPS believes that approximately 10% of operators may request a variance. This is approximately 13 operators. The advance notification can be in the form of letter or fax. OPS believes the burden of a letter or fax is minimal and therefore did not add it to the overall burden hours discussed above.

Organizations and individuals desiring to submit comments on the information collection should direct them to U.S. Department of Transportation, Room PL-401, 400 Seventh Street, SW., Washington, DC 20590-0001 or by e-mail to www.dms.dot.gov. Please provide the docket number of this proposal. Comments must be sent within 60 days of the publication of this proposed rule.

The Office of Management and Budget is specifically interested in the following issues concerning the information collection:

1. Evaluating whether the collection is necessary for the proper performance of the functions of the Department, including whether the information would have a practical use;
2. Evaluating the accuracy of the Department's estimate of the burden of the collection of information, including the validity of assumptions used;
3. Enhancing the quality, usefulness and clarity of the information to be collected; and minimizing the burden of collection of information on those who are to respond, including through the use of appropriate automated electronic, mechanical, or other technological collection techniques or other forms of information technology; e.g., permitting electronic submission of responses.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless a valid OMB control number is displayed. The valid OMB control number for this information collection will be published in the **Federal Register** after it is approved by the OMB. For more details, see the Paperwork Reduction Analysis available for copying and review in the public docket.

Executive Order 13084

This proposed rule has been analyzed in accordance with the principles and criteria contained in Executive Order 13084 ("Consultation and Coordination with Indian Tribal Governments"). Because this proposed rule does not significantly or uniquely affect the communities of the Indian tribal governments and does not impose substantial direct compliance costs, the funding and consultation requirements of Executive Order 13084 do not apply.

Executive Order 13132

This proposed rule has been analyzed in accordance with the principles and criteria contained in Executive Order 13132 ("Federalism"). This proposed rule does not adopt any regulation that:

- (1) Has substantial direct effects on the States, the relationship between the national government and the States, or the distribution of power and responsibilities among the various levels of government;
- (2) Imposes substantial direct compliance costs on States and local governments; or
- (3) Preempts state law.

Therefore, the consultation and funding requirements of Executive Order 13132 (64 FR 43255, August 10, 1999) do not apply. Nevertheless, in a

November 18–19, 1999 public meeting, OPS invited National Association of Pipeline Safety Representatives (NAPSR), which includes State pipeline safety regulators, to participate in a general discussion on pipeline integrity. Again in January, and February 2000, OPS held conference calls with NAPSR, to receive their input before proposing an integrity management rule.

Unfunded Mandates

This proposed rule does not impose unfunded mandates under the Unfunded Mandates Reform Act of 1995. It does not result in costs of \$100 million or more to either State, local, or tribal governments, in the aggregate, or to the private sector, and is the least burdensome alternative that achieves the objective of the proposed rule.

National Environmental Policy Act

We have analyzed the proposed rule in accordance with section 102(2)(c) of the National Environmental Policy Act (42 U.S.C. Section 4332), the Council on Environmental Quality regulations (40 CFR sections 1500–1508), and DOT Order 5610.1D, and have preliminarily determined that this action would not significantly affect the quality of the human environment.

The Environmental Assessment (available in the Docket) determined that the combined impacts of the initial baseline assessment (pressure testing or internal inspection), the subsequent periodic assessments, and additional preventive and mitigative measures that may be implemented to protect high consequence areas will result in positive environmental impacts. The number of incidents and the environmental damage from failures in and near high consequence areas are likely to be reduced. However, from a national perspective, the impact is not expected to be significant for the pipeline operators covered by the proposed rule. The following discussion summarizes the analysis provided in the Environmental Assessment.

Many operators covered by the proposed rule (those operating less than 500 miles of pipeline) already have internal inspection and pressure testing programs that cover most, if not all, of their pipeline systems. These operators typically place a high priority on the pipeline's proximity to populated areas, commercially navigable waterways, and environmental resources when making decisions about where and when to inspect and test pipelines. As a result, some high consequence areas have already been recently assessed, and a large fraction of remaining locations would probably have been assessed in

the next several years without the provisions of the proposed rule. The most tangible impact of the proposed rule will be to ensure assessments are performed for those line segments that could affect a high consequence area that are not currently being internally inspected or pressure tested, and ensuring that integrity is maintained through an integrity management program that requires periodic assessments in these locations. Because pipeline failure rates are low, and because the total pipeline mileage operated by operators with less than 500 miles of pipeline that could affect high consequence areas is small (estimated to be approximately 5440 miles), the proposed rule has only a small effect on the likelihood of pipeline failure in these locations.

The proposed rule will result in more frequent integrity assessments of line segments that could affect high consequence areas than most operators are currently conducting (due to the five year interval required for periodic assessment). However, if the operator identifies and repairs significant problems discovered during the baseline inspection, and has in place solid risk controls to prevent corrosion and other threats (as required by the proposed rule), the benefits of testing every five years versus the longer intervals operators more typically employ are not expected to be significant.

The proposed rule requires operators to conduct an integrated evaluation of all potential threats to pipeline integrity, and to consider and take preventive or mitigative risk control measures to provide enhanced protection. If there is a vulnerability to a particular failure cause—like third party damage—these evaluations should identify additional risk controls to address these threats. Some of the liquid operators covered by the proposed rule already perform integrity evaluations or formal risk assessments that consider the environmental sensitivity and impacts on population. These evaluations have already led to additional risk controls beyond existing requirements to improve protection for these locations. For these operators, it is expected that additional risk controls will be limited and customized to site-specific conditions that the operator may not have previously recognized.

Finally, an important, although less tangible, benefit of the proposed rule will be to establish requirements for operator integrity management programs that assure a more comprehensive and integrated evaluation of pipeline system integrity in high consequence areas. In effect, this will codify and bring an

appropriate level of uniformity to the integrity management programs some operators are currently implementing. It will also require operators who have limited, or no, integrity management programs to raise their level of performance. Thus, the proposed rule is expected to provide a more consistent, and overall, a higher level of protection for high consequence areas across the industry.

List of Subjects in 49 CFR Part 195

Carbon dioxide, Petroleum, Pipeline safety, Reporting and recordkeeping requirements.

In consideration of the foregoing, OPS proposes to amend part 195 of title 49 of the Code of Federal Regulations as follows:

PART 195—TRANSPORTATION OF HAZARDOUS LIQUIDS BY PIPELINE

1. The authority citation for part 195 continues to read as follows:

Authority: 49 U.S.C. 5103, 60102, 60104, 60108, 60109, 60118; and 49 CFR 1.53.

Subpart F—Operation and Maintenance

2. Amend § 195.452 to revise paragraphs (a), (b), (b)(1) introductory text, (b)(1)(i), (d)(1), (d)(2) and (h)(3) to read as follows:

§ 195.452 Pipeline integrity management in high consequence areas.

(a) *Which operators must comply?* This section applies to each operator covered by this part.

(b) *What must an operator do?* (1) An operator must develop a written integrity management program that addresses the risks on each pipeline segment that could affect a high consequence area. For an operator who owns or operates a total of 500 or more miles of pipeline, this program must be developed no later than March 31, 2002. For an operator who owns or operates less than 500 miles of pipeline, this program must be developed no later than (one year after the effective date of the final rule). An operator must include in the program:

(i) An identification of all pipeline segments that could affect a high consequence area. A pipeline segment in a high consequence area is presumed to affect that area unless the operator's risk assessment effectively demonstrates otherwise. (See Appendix C of this part for guidance on identifying pipeline segments.) For an operator who owns or operates a total of 500 or more miles of pipeline, the identification must be completed no later than December 31, 2001. For an operator who owns or

operates less than 500 miles of pipeline, the identification must be completed no later than (nine months after the effective date of the final rule).

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(d) *When must the baseline assessment be completed?*

(1) *Time period.* An operator must establish a baseline assessment schedule to determine the priority for assessing the pipeline segments. For an operator who owns or operates a total of 500 or more miles of pipeline, the baseline assessment must be completed by March 31, 2008. For an operator who owns or operates less than 500 miles of pipeline, the baseline assessment must be completed by (seven years after the effective date of the final rule). An operator must assess at least 50% of the line pipe subject to the requirements of this section, on an expedited basis, beginning with the highest risk pipe. For an operator who owns or operates a total of 500 or more miles of pipeline, the assessment of the initial 50% of the line pipe must be completed by

September 30, 2004. For an operator who owns or operates less than 500 miles of pipeline, the assessment of the initial 50% of the line pipe must be completed by (42 months after the effective date of the final rule).

(2) *Prior assessment.* To satisfy the requirements of paragraph (c)(1)(i) of this section, and if the integrity assessment method meets the requirements of this section, an operator may use an integrity assessment conducted after—January 1, 1996 for an operator who owns or operates a total of 500 or more miles of pipeline, or after (five years prior to the effective date of the final rule) for an operator who owns or operates less than 500 miles of pipeline. However, if an operator uses this prior assessment as its baseline assessment, the operator must re-assess the line pipe according to the requirements of paragraph (j)(3) of this section.

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(h) *What actions must be taken to address integrity issues?* * * *

(3) *Review of integrity assessment.* An operator must include in its schedule for evaluation and repair (as required by paragraph (h)(4) of this section), a schedule for promptly reviewing and analyzing the integrity assessment results. After March 31, 2004 for an operator who owns or operates a total of 500 or more miles of pipeline, or after (three years after the effective date of the final rule) for an operator who owns or operates less than 500 miles of pipeline—an operator's schedule must provide for review of the integrity assessment results within 120 days of conducting each assessment. The operator must obtain and assess a final report within an additional 90 days.

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Issued in Washington DC on January 17, 2001.

Stacey L. Gerard,

Associate Administrator, Office of Pipeline Safety.

[FR Doc. 01-6821 Filed 3-20-01; 8:45 am]

BILLING CODE 4910-60-P