

**SMALL BUSINESS ADMINISTRATION****[Declaration of Disaster #3585]****State of Indiana (Amendment #2)**

In accordance with a notice received from the Department of Homeland Security—Federal Emergency Management Agency, effective June 22, 2004, the above numbered declaration is hereby amended to include Brown, Clay, Delaware, Greene, Henry, Jasper, Lake, Madison, Monroe, Newton, Owen, Putnam, and Tipton Counties as disaster areas due to damages caused by severe storms, tornadoes, and flooding occurring on May 27, 2004, and continuing.

In addition, applications for economic injury loans from small businesses located in the contiguous counties of Fayette, Jay, LaPorte, Porter, Randolph, Sullivan, Vigo, and Wayne in the State of Indiana; and Cook, Kankakee, and Will Counties in the State of Illinois may be filed until the specified date at the previously designated location. All other counties contiguous to the above named primary counties have been previously declared.

All other information remains the same, *i.e.*, the deadline for filing applications for physical damage is August 2, 2004, and for economic injury the deadline is March 3, 2005.

(Catalog of Federal Domestic Assistance Program Nos. 59002 and 59008)

Dated: June 23, 2004.

**Cheri L. Cannon,**

*Acting Associate Administrator for Disaster Assistance.*

[FR Doc. 04-14713 Filed 6-28-04; 8:45 am]

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Dated: June 23, 2004.

**Cheri L. Cannon,**

*Acting Associate Administrator for Disaster Assistance.*

[FR Doc. 04-14714 Filed 6-28-04; 8:45 am]

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**SMALL BUSINESS ADMINISTRATION****[Declaration of Disaster #3590]****Commonwealth of Kentucky (Amendment #1)**

In accordance with a notice received from the Department of Homeland Security—Federal Emergency Management Agency, effective June 18, 2004, the above numbered declaration is hereby amended to establish the incident period for this disaster as beginning on May 26, 2004 and continuing through June 18, 2004.

All other information remains the same, *i.e.*, the deadline for filing applications for physical damage is August 9, 2004, and for economic injury the deadline is March 10, 2005.

(Catalog of Federal Domestic Assistance Program Nos. 59002 and 59008)

**SMALL BUSINESS ADMINISTRATION****Public Federal Regulatory Enforcement Fairness Roundtable; Region X Regulatory Fairness Board**

The Small Business Administration Region X Regulatory Fairness Board and the SBA Office of the National Ombudsman will hold a Public Roundtable on Wednesday, July 28, 2004 at 8:30 a.m. at the State Capitol Building, Hearing Room E, 900 Court Street, NE., Salem, OR 97301-4042, to provide small business owners and representatives of trade associations with an opportunity to share information concerning the federal regulatory enforcement and compliance environment.

Anyone wishing to attend or to make a presentation must contact Moe Mowery in writing or by fax, in order to be put on the agenda. Moe Mowery, Business Development Officer, Small Business Administration Portland District Office, 1515 S.W. Fifth Avenue, Suite 1050, Portland, OR 97201-5494, phone (503) 326-5209, fax (202) 481-4411, e-mail: [marlin.mowery@sba.gov](mailto:marlin.mowery@sba.gov).

For more information, see our Web site at <http://www.sba.gov/ombudsman>.

Dated: June 23, 2004.

**Peter Sorum,**

*Senior Advisor, Office of the National Ombudsman.*

[FR Doc. 04-14712 Filed 6-28-04; 8:45 am]

**BILLING CODE 8025-01-P**

**DEPARTMENT OF TRANSPORTATION****Research and Special Programs Administration****[Docket No. RSPA-04-17401]****Pipeline Safety: Development of Class Location Change Waiver Criteria**

**AGENCY:** Office of Pipeline Safety, Research and Special Programs Administration, DOT.

**ACTION:** Notice; criteria for class location change waivers.

**SUMMARY:** This notice announces the availability of the criteria that the Office of Pipeline Safety (OPS) will use in considering waiver applications submitted by operators of natural gas pipeline segments that have

experienced a change in class location. A class location change results from new construction in the vicinity of a pipeline segment and, in the absence of a waiver, triggers a requirement that the maximum allowable operating pressure be confirmed or revised. The criteria matrix provides information and guidance to pipeline operators concerning the specific pipe design and operating parameters within which OPS is likely to consider a class location waiver application to be consistent with pipeline safety.

**FOR FURTHER INFORMATION CONTACT:** Joy Kadnar, (tel: 202-366-0568; e-mail [joy.kadnar@rspa.dot.gov](mailto:joy.kadnar@rspa.dot.gov)) regarding the subject matter of this notice. A copy of the new criteria for consideration of gas pipeline Class Location waiver applications can be accessed in the docket captioned above on the DOT's Docket Management System Web site at: <http://dms.dot.gov>. Additional information about RSPA/OPS Class Location waiver criteria can be found at <http://primis.rspa.dot.gov/gasimp>.

**ADDRESSES:** For access to the docket to read background documents or comments, go to <http://dms.dot.gov> at any time or to Room PL-40 on the plaza level of the Nassif Building, 400 Seventh Street, SW., Washington, DC, between 9 a.m. and 5 p.m., Monday through Friday, except Federal Holidays.

**SUPPLEMENTARY INFORMATION:****Background**

The criteria document available in the docket establishes guidelines for the consideration of requests for waiver of the requirement at 49 CFR 192.611 to confirm or revise the maximum allowable operating pressure (MAOP) of a natural gas pipeline after a change in class location has occurred. If granted, a class location waiver would allow a pipeline operator to perform alternative risk control activities based on the principles and requirements of the Integrity Management Program in lieu of pipe replacement or pressure reduction.

On December 15, 2003, the Office of Pipeline Safety (OPS) published a Final Rule requiring operators of gas transmission pipelines to develop and implement integrity management programs for their pipelines in high consequence areas (68 FR 69778; Dec. 15, 2003). The cost-benefit analysis in the rule states that:

Another benefit to be realized from implementing this rule is reduced cost to the pipeline industry for assuring safety in areas along pipelines with relatively more population. The improved knowledge of pipeline integrity that will result from

implementing this rule will provide a technical basis for providing relief to operators from current requirements to reduce operating stresses in pipelines when population near them increases. Regulations currently require that pipelines with higher local population density operate at lower pressures. This is intended to provide an extra safety margin in those areas. Operators typically replace pipeline when population increases, because reducing pressure to reduce stresses reduces the ability of the pipeline to carry gas. Areas with population growth typically require more, not less, gas. Replacing pipeline, however, is very costly. Providing safety assurance in another manner, such as by implementing this rule, could allow RSPA/OPS to waive some pipe replacement. RSPA/OPS estimates that such waivers could result in a reduction in costs to industry of \$1 billion over the next 20 years, with no reduction in public safety.

In addition to being factored into the cost-benefit analysis of the Integrity Management Program rule, the technical soundness of issuing class location waivers has been considered in connection with the following regulations, standards, and programs:

- The Risk Management Demonstration Program
- The Integrity Management Program regulations (49 CFR Part 192, Subpart O)
- The development of ASME Standard B31.8S "Managing System Integrity of Gas Pipelines"
- Various requests for waiver regarding compliance activities in class location change areas

The provision of class location waivers, where warranted, is intended to benefit both the public and pipeline operators. First, within the waiver area the pipeline operator will be conducting in-line inspections and other assessment methods, substantially increasing the operator's knowledge of the integrity of pipe structures and potentially accelerating the identification and repair of actionable anomalies that could pose a threat to the public and environment. Second, in addition to performing in-line inspections of the pipe located within the waiver areas, in most cases, operators will perform in-line inspection and repairs of any actionable anomalies identified up to 25 miles upstream and downstream of the waiver area, substantially increasing the protection afforded to populated and environmentally sensitive areas along the right of way. Third, provision of a class location waiver may avoid the delivery interruptions, supply shortages, and additional costs associated with excavating and replacing the pipe in the affected areas.

#### *Candidates for Waiver Consideration*

The vehicle for an operator seeking a class location waiver will be through the

normal case-by-case waiver approval process. Under 49 U.S.C. 60118, OPS may grant a waiver of any regulatory requirement if granting the waiver is "not inconsistent with pipeline safety." Therefore, each operator submitting a waiver request has the burden of demonstrating that the proposed waiver would not be inconsistent with pipeline safety with respect to the particular pipe in the affected area. Each waiver request is also subject to public notice and comment. Operators of intrastate pipelines are required to submit waiver requests at the state level.

Beginning in 2004, requests for class location waivers will be considered for a number of candidate sites. During this initial period, OPS will gather data to assess whether the integrity management programs and other alternative risk control activities these waivers would be conditioned upon are being implemented effectively. The monitoring of compliance with the required activities will be conducted through periodic operator reporting requirements as well as scheduled pipeline inspections. If, after a class location waiver is granted, OPS determines that the waiver is no longer consistent with public safety, OPS may take appropriate regulatory action up to and including retraction of the waiver and requiring immediate compliance with the MAOP restrictions otherwise applicable to the changed class location. Any pipeline or pipeline section for which a class location waiver is granted remains subject to all other requirements of 49 CFR Parts 190, 191, and 192.

#### *Criteria*

The age and manufacturing process of the pipe, construction processes used and operating and maintenance history are all significant factors that must be considered in the waiver process. Additionally, certain threshold requirements must be met in order for a pipeline section to be considered a candidate site. Among these requirements are:

- No pipe segments changing to Class 4 locations will be considered
- No bare pipe will be considered
- No pipe containing wrinkle bends will be considered
- No pipe segments operating above 72% SMYS will be considered for a Class 3 waiver
- Records must be produced that show a hydrostatic test to at least 1.25 x MAOP
- In-line inspection must have been performed with no significant anomalies identified that indicate systemic problems

- Up to 25 miles of pipe either side of the waiver location must be included in the pipeline company's Integrity Management Program and periodically inspected with an in-line inspection technique

While each waiver request is considered in its entirety, requests involving pipelines with operating conditions reflecting higher risk will merit more rigorous scrutiny and require increasing levels of justification. The criteria document outlines in more detail the specific parameters of pipe design and operating conditions that OPS considers in reviewing class location waiver requests. It contains three categories specifying: (1) The parameters within which a waiver request is likely to be considered consistent with pipeline safety; (2) the parameters within which a request is less likely to be considered consistent with pipeline safety; and (3) those within which a request is unlikely to be considered consistent with pipeline safety. These criteria reflect OPS' current thinking and are subject to change as more experience with the issuance of class location waivers is gained.

#### *Notification Requirements*

Under 49 CFR 192.611(d) class location change sites have a 24-month remediation time limit that begins with the identification of the site.

Accordingly, operators who have candidate sites should submit written notice to OPS of their intent to request a class location waiver as early in the 24-month period as possible. With respect to intrastate pipelines, since state agency approval is required, the operator should submit the notice to both the applicable state agency and OPS. In the notification, the operator must include the following information:

- A list of the proposed waiver sites including their beginning and ending mileposts and a map of the class change location(s), adjacent housing and other structures (within the 1320-foot corridor, or C-FER Circle if potential impact radius is greater than 660 feet (must have actual data, do not prorate)), identification of current and previous class location designation, and the reason for the class change. The operator shall indicate when this condition changed creating the new class location area and will provide verification of those date changes.
- Attributes associated with the inspection area containing the proposed waiver location(s) including:
  - Pipe Vintage
  - Date of installation

- Pipe manufacturer
- Diameter, wall thickness, grade and seam type
- Coating type
- Depth of Cover
- Local geology and risks associated with the terrain
- Maximum Allowable Operating Pressure (MAOP) (revised MAOP, if applicable); historical maximum and minimum operating pressure
- Hydrostatic test records
- Girth weld radiography records
- In-line inspection records (date launched, tool type, vendor or operator evaluated log, dig records, was the tool tolerance accurately reflected in digs)
- Cathodic Protection records
  - Identify the inspection area containing the proposed waiver location(s).
  - Limits of HCAs within the inspection area containing the proposed waiver location(s), if applicable.
  - Direct Assessment results for the proposed waiver area (ECDA, SCCDA, and coating)
  - Any incidents associated with the inspection area containing the proposed waiver location(s) (both reportable and non reportable)
  - History of leaks on the pipeline in the inspection area containing the proposed waiver location(s) (both reportable and non reportable)
  - List of all repairs on the pipeline within the inspection area containing the proposed waiver location(s).
  - On-going damage prevention initiatives on the pipeline within the inspection area containing the proposed waiver location(s) and a discussion of its effectiveness.
  - A list of all Safety Related Condition Reports related to line pipe integrity submitted on the inspection area containing the proposed waiver location(s).
  - A summary of the integrity threats to which the pipe within the site is susceptible based on Part 192 criteria.
  - An in-line inspection schedule and a hydrostatic testing schedule (if a valid in-line inspection and hydrostatic test have not already been conducted). These inspections/tests must be scheduled such that they will be completed, and any actionable anomalies remediated in accordance with Part 192, Subpart O, prior to the end of the 24-month compliance window. The operator shall provide 30 days prior notice of any ILI or direct assessments to be performed within the inspection area containing the waiver location(s). **Note:** Final approval of the waiver will be based on the results of

the hydrostatic test and ILI results and remedial activities.

- The operator must determine and provide certification that the inspections/activities associated with this site will not impact or defer any of the operator's assessments for HCAs under Part 192, Subpart O, particularly those associated with the most significant 50%.
- A summary list of any additional proposed alternative risk control activities for each candidate site, including any sites not located in a HCA (*i.e.*, inspections and assessments, electrical surveys, increased patrolling, leak surveys, public education, etc. above and beyond the current requirements of Part 192). Include the mileposts within which each activity would be conducted (additional mileage upstream and downstream of the waiver area is expected) and the proposed time interval for performing the activities on an ongoing basis. Note that OPS may require that the scope or the interval of any proposed alternative risk control activity be modified or require additional activities before granting a waiver.
- Describe the safety benefit both to the specific waiver request site, and areas outside the waiver location. This should specifically include the number of residences and identified sites at the proposed waiver location(s) and within the inspection area containing the waiver location(s).

#### *Reporting Requirements*

Within three months following approval of a class location waiver and annually thereafter, operators will be required to periodically report the following:

- Define the economic benefit to the company. This should address both the cost avoided from not replacing the pipe as well as the added costs of the inspection program (required for the initial report only).
- The results of any ILI or direct assessments performed within the inspection area containing the waiver location(s) during the previous year.
- Any new integrity threats identified within the inspection area containing the waiver location(s) during the previous year.
- Any encroachment in the inspection area including the waiver location(s) including the number of new residences or gathering areas.
- Any incidents associated with the inspection area containing the waiver location(s) that occurred during the previous year. (both reportable and non reportable)

- Any leaks on the pipeline in the inspection area containing the waiver location(s) that occurred during the previous year. (both reportable and non reportable)
- List of all repairs on the pipeline in the inspection area containing the waiver location(s) made during the previous year.
- On-going damage prevention initiatives on the pipeline in the inspection area containing the waiver location(s) and a discussion on its success.
- Any mergers, acquisitions, transfers of assets, or other events affecting the regulatory responsibility of the company operating the pipeline to which the waiver applies.

#### *Supplemental Reporting*

To the extent possible, the pipeline company should provide the following information with the first annual report:

- Describe the benefit to the public in terms of energy availability. Availability should address the benefit of avoided disruptions required for pipe replacement and the benefit of maintaining system capacity.

**Authority:** 49 U.S.C. 60102, 60109, 60117.

Issued in Washington, DC, on June 24, 2004.

**Richard D. Huriaux,**

*Director, Technical Standards, Office of Pipeline Safety.*

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## DEPARTMENT OF TRANSPORTATION

### Research and Special Programs Administration

**[Docket No. RSPA-03-17375; Notice 2]**

### Pipeline Safety: Grant of Waiver; GulfTerra Field Services LLC

**AGENCY:** Research and Special Programs Administration (RSPA); U.S. Department of Transportation (DOT).

**ACTION:** Notice; grant of waiver.

**SUMMARY:** GulfTerra Field Services LLC (GTFS), requested a waiver of compliance with the regulatory requirements at 49 CFR 192.619(a)(2)(ii), 192.503, and 192.505 for certain offshore pipeline segments of the deepwater Phoenix Gas Gathering System (Phoenix). GTFS is requesting a waiver from the post-construction hydrotesting requirement for selected segments of the Phoenix system.

**SUPPLEMENTARY INFORMATION:**