

These meetings will last up to four hours. The exact dates shall be decided by mutual consent of the COTR and grantee. In addition, the grantee shall plan for a presentation at one national meeting (e.g., Lifesavers, Pro-Bike Pro-Walk) per year.

g. Professional Journal Paper: The grantee shall prepare and submit at least one paper for publication in a professional journal if deemed appropriate by the COTR.

3. During the effective performance period of the cooperative agreement awarded as a result of this announcement, the agreement shall be subject to the National Highway Traffic Safety Administration's General Provisions for Assistance Agreements.

James Nichols,

Acting Associate Administrator for Traffic Safety Programs.

[FR Doc. 98-17511 Filed 6-30-98; 8:45 am]

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DEPARTMENT OF TRANSPORTATION

Research and Special Programs Administration

[Docket No. RSPA-98-3891; Notice 12]

Pipeline Safety: Intent To Approve Project and Environmental Assessment for the Mobil Pipe Line Company Pipeline Risk Management Demonstration Program

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

ACTION: Notice of Intent to Approve Project and Environmental Assessment.

SUMMARY: As part of its Congressional mandate to conduct a Risk Management Demonstration Program, the Office of Pipeline Safety (OPS) has been authorized to conduct demonstration projects with pipeline operators to determine how risk management might be used to complement and improve the existing Federal pipeline safety regulatory process. This is a notice that OPS intends to approve Mobil Pipe Line Company (Mobil) as a participant in the Pipeline Risk Management Demonstration Program. This also provides an environmental assessment of Mobil's demonstration project. Based on this environmental assessment, OPS has preliminarily concluded that this proposed project will not have significant environmental impacts.

This notice explains OPS's rationale for approving this project, and summarizes the demonstration project provisions (including affected locations, risk control and monitoring activities,

and regulatory exemptions) that would go into effect once OPS issues an order approving Mobil as a Demonstration Program participant. OPS seeks public comment on the proposed demonstration project so that it may consider and address these comments before approving the project. The Mobil demonstration project is one of several projects OPS plans to approve and monitor in assessing risk management as a component of the Federal pipeline safety regulatory program.

ADDRESSES: OPS requests that comments to this notice or about this environmental assessment be submitted on or before July 31, 1998 so they can be considered before project approval. However, comments on this or any other demonstration project will be accepted in the Docket throughout the 4-year demonstration period. Comments should be sent to the Dockets Facility, U.S. Department of Transportation, Plaza 401, 400 Seventh Street, SW, Washington, DC 20590-0001, or you can E-Mail your comments to ops.comments@rspa.dot.gov. Comments should identify the docket number RSPA-98-3891. Persons should submit the original comment document and one (1) copy. Persons wishing to receive confirmation of receipt of their comments must include a self-addressed stamped postcard. The Dockets Facility is located on the plaza level of the Nassif Building in Room 401, 400 Seventh Street, SW, Washington, DC. The Dockets Facility is open from 10:00 a.m. to 5:00 p.m., Monday through Friday, except on Federal holidays.

FOR FURTHER INFORMATION CONTACT: Elizabeth Callsen, OPS, (202) 366-4572, regarding the subject matter of this notice. Contact the Dockets Unit, (202) 366-5046, for docket material.

SUPPLEMENTARY INFORMATION:

1. Background

The Office of Pipeline Safety (OPS) is the federal regulatory body overseeing pipeline safety. As a critical component of its federal mandate, OPS administers and enforces a broad range of regulations governing safety and environmental protection of pipelines. These regulations have contributed to a good pipeline industry safety record by assuring that risks associated with pipeline design, construction, operations, and maintenance are understood, managed, and reduced. Preserving and improving this safety record is OPS's top priority. On the basis of extensive research, and the experience of both government and industry, OPS believes that a risk management approach, properly

implemented and monitored, offers opportunities to achieve:

- (1) Superior safety, environmental protection, and service reliability;
- (2) Increased efficiency and reliability of pipeline operations; and
- (3) Improved communication and dialogue among industry, the government, and other stakeholders.

A key benefit of this approach is the opportunity for greater levels of public participation.

As authorized by Congress, OPS is conducting a structured Demonstration Program to evaluate the use of a comprehensive risk management approach in the operations and regulation of interstate pipeline facilities. This evaluation will be performed under strictly controlled conditions through a set of Demonstration Projects to be conducted with interstate pipeline operators. A Presidential Directive to the Secretary of Transportation (October 16, 1996) stated that in implementing the Pipeline Risk Management Demonstration Program:

"The Secretary shall require each project to achieve superior levels of public safety and environmental protection when compared with regulatory requirements that otherwise would apply." Thus, the process to select operators for this Demonstration Program involves a comprehensive review to ensure that the proposed project will provide the superior safety and environmental protection required by this Directive. OPS may exempt a participating operator from particular regulations if the operator needs such flexibility in implementing a comprehensive risk management program; however, regulatory exemption is neither a goal nor requirement of the Demonstration Program. This document summarizes the key points of this review for Mobil's demonstration project, and evaluates the safety and environmental impacts of this proposed project.

2. OPS Evaluation of Mobil's Demonstration Project Proposal

Using the consultative process described in Appendix A of the Requests for Application for the Pipeline Risk Management Demonstration Program (62 FR 14719), published on March 27, 1997, OPS has reached agreement with Mobil Pipe Line Company on the provisions for a demonstration project to be conducted at a crude oil storage tank facility in Patoka, Illinois.

Company History and Record

Mobil Pipe Line Company currently owns approximately 5409 miles of

hazardous liquid pipeline throughout nine states. The Patoka, Illinois crude breakout facility is located within the city limits of Vernon, Illinois, population about 150, in Mobil's East of the Rockies (EOR) operating region.

Before entering into consultations with Mobil, OPS determined that Mobil was a good demonstration program candidate based on an examination of the company's safety and environmental compliance record, its accident history, and its commitment to working with OPS to develop a project meeting the Demonstration Program goals.

In considering the merits of Mobil's proposal, OPS undertook a comprehensive review of the company's safety and compliance record for the demonstration project location, as well as Mobil's entire East of the Rockies (EOR) system. Mobil, like all operating companies, has experienced incidents at its facilities within and outside the United States. In the last five years, the only incident at Patoka of sufficient impact that required reporting to OPS occurred on March 7, 1995. A roof drain hose failed due to ice formation during sub-zero temperatures. This event resulted in no injuries, and the company reported that 196 of the 200 barrels spilled were recovered.

Considering the frequency, causes, and consequences of these events, together with Mobil's response to these events, OPS has concluded that Mobil has demonstrated the corporate commitment to safety and environmental protection required of demonstration program candidates.

Mobil has also demonstrated a strong working relationship with emergency response personnel from federal and state agencies. Mobil recently participated in a successful emergency drill with representatives from OPS, the Environmental Protection Agency (EPA), and the Coast Guard. Local and state participants from Illinois and Missouri played active roles in this exercise.

Consultative Evaluation

During the consultations, OPS headquarters and Central Region representatives, an Illinois pipeline safety official, and risk management experts, met with Mobil to discuss Mobil's Environment, Health, and Safety Management System (EHSMS). These discussions included the programmatic and technical processes associated with the risk management element of the EHSMS, the specific risk assessments that Mobil has or will perform as part of this program, other supporting analyses Mobil performed, proposed risk control activities to

address identified risks, and proposed performance measures to ensure superior performance is being achieved. The discussions addressed the adequacy of Mobil's management systems and technical processes, demographics near the demonstration facility, communications with outside stakeholders, and monitoring and auditing of results once the demonstration project is underway. The consultation process also included an environmental assessment, which is described in the appendix to this notice.

The consultation process was structured around three major review criteria:

1. Whether Mobil's proposed risk management demonstration program is consistent with the Risk Management Program Standard and compatible with the Guiding Principles set forth in that Standard;

2. Whether the specific risk control activities that will result from Mobil's proposed risk management program are expected to produce superior safety, environmental protection, and reliability of service compared to that achieved from compliance with the current regulations;

3. Whether Mobil's proposed risk management demonstration program includes a company work plan and a performance monitoring plan that will provide adequate assurance that the expectations for superior safety, environmental protection, and service reliability are actually being achieved during implementation.

The demonstration project provisions described in this notice evolved from these consultations, as well as any public comments received to date. Once OPS and Mobil consider comments received on this notice, OPS plans to issue an order approving the Mobil demonstration project.

3. Statement of Project Goals

OPS and Mobil believe Mobil's demonstration project will improve safety and environmental protection through the application of the Mobil EHSMS, which includes numerous hazard and risk assessments and risk control activities beyond current regulatory requirements. Specifically, the project will focus on safety and environmental issues associated with breakout tanks and tank facilities, and will demonstrate the adequacy of Mobil's release prevention and tank integrity programs. The project will help demonstrate how Mobil's release prevention activities will work in conjunction with proposed American Petroleum Institute (API) aboveground storage tank standards and National Fire

Protection Association (NFPA) codes on flammable and combustible liquids. OPS has issued a notice of proposed rulemaking that would incorporate by reference selected industry standards for breakout tanks into 49 CFR Part 195. (see **Federal Register** Notice 63 FR 27903, published 05/21/98.) Information and insights from the Mobil project will help OPS determine if the proposed regulations effectively address the most important risks at tank facilities, and help operators define the most effective means of addressing these risks.

The Patoka crude breakout tank facility will be the initial focus of the Mobil demonstration project. Mobil has conducted a thorough and systematic hazard analysis and risk assessment to identify hazards and risks associated with operating the facility. Mobil invited OPS to observe these assessments. Based on these risk assessments, Mobil has identified potential corrective actions for various systems at the facility, including piping, pumps, communications, fire water system, utility/support systems, and cast iron valves. During the demonstration project, Mobil will identify the specific risk control activities that are expected to result in reduced risk and superior safety and reliability at the facility. These risk control activities will exceed the requirements of the current regulations.

Through these activities at Patoka, both Mobil and OPS will improve their understanding of risks associated with tanks and the most effective risk control activities to manage these risks. Mobil will use this information to assure superior performance at Patoka and, as appropriate, at other Mobil tank facilities. OPS will use the additional information to assure that Mobil and OPS fully understand the major risks of the Patoka facility and that Mobil is implementing effective risk control activities, specific to the Patoka facility.

Mobil seeks no relief from current pipeline safety regulations governing the operation of the Patoka facility. The Patoka facility would be exempt from compliance with any new regulations that are not consistent with the approved risk management activities and OPS would continue to monitor Mobil's performance under the risk management order to assure that superior performance is being achieved.

4. Demonstration Project Facility:

The Patoka facility is located within the city limits of Vernon, Illinois, a town with a population of about 150. The surrounding area is also low population density. The facility contains 22 vertical aboveground crude

storage tanks, plant transfer piping, transfer pumps, crude oil blenders, offices, a maintenance building, miscellaneous auxiliary pipeline station equipment, and the station manager's personal residence. Patoka is a self-contained facility, with no public roads traversing the property. The North Fork Creek, which runs along the south end of the Patoka facility, is a water supply for the city of Patoka. Mobil protects the creek by maintaining a second physical barrier surrounding each tank that is capable of holding more than the entire contents of the tank. Mobil has provided additional precautionary barriers to releases of product along the south end of its Patoka facility.

The facility is used as a common carrier crude pipeline handling facility. Products handled at the facility include crudes of varying sulphur content from the US Gulf Coast and Canada, and petroleum condensate. The products include both "sour" crude (oil with a total sulphur content above one percent), and "sweet" crude (oil with little or no sulphur impurities).

5. Project Description

In 1996, Mobil updated its Corporate Policy on Environment, Health, and Safety (EHS). To fulfill the commitments in the EHS Policy, Mobil has adopted an Environmental, Health, and Safety Management System (EHSMS). The EHSMS is the vehicle for institutionalizing a comprehensive and integrated risk management program throughout Mobil. The primary objective of the Mobil project is to demonstrate that implementing the EHSMS will lead to superior performance, improved safety and environmental protection.

Mobil's environment, health, and safety program includes 11 key elements and 56 specific management "expectations". An "expectation" within the EHSMS is a well-defined objective and includes identification of those accountable and responsible for achieving the objective, the documentation required to demonstrate achievement, performance indicators, and the key corporate resources that will be used to achieve the objective.

The 11 elements are:

1. Policy and Leadership.
2. Continuous Improvement.
3. Safety and Health.
4. Risk Management.
5. Incident Reporting and Investigation.
6. Crisis Preparedness.
7. Environmental Protection.
8. Product Stewardship.
9. Training.
10. Community Relations.

11. Legal Requirements.

The Risk Management element of the program (Element #4) has four expectations:

4.1 A system is in place to identify environment, health, and safety hazards and their potential consequences.

4.2 A system is in place to assess and prioritize risks and manage them in a cost-effective manner.

4.3 A system is in place to review the design of new and modified facilities to ensure the incorporation of appropriate environment, health, and safety protection measures.

4.4 Risks associated with the acquisition, closure and divestment of facilities and operations are assessed and managed.

Mobil has structured and documented processes in place for performing the hazards analyses, risk assessments, and job safety analyses, prioritizing risks, defining risk control activities, and evaluating and prioritizing risk control activities required to meet the corporate expectations. These structured analytical and management processes also satisfy the requirements of the Risk Management Program Standard.

The Mobil EHSMS also includes structured processes for qualifying and training personnel in risk assessment, and integrating the risk assessment program with other Mobil operating and business systems, including those processes used by Mobil to ensure that proposed changes to the physical design of the system or to the maintenance and operating procedures of the system are carefully considered, documented, and communicated.

Mobil's East of the Rockies (EOR) business unit, which is responsible for the Patoka facility, has defined the accountabilities, responsibilities, documentation requirements, and performance indicators for management expectations, including the four risk management expectations. A business unit review of how Mobil's EOR Business Unit is implementing the EHSMS was performed in the First Quarter of 1998, and no significant deficiencies were reported. Business unit reviews will occur annually.

Mobil has performed the required hazards assessment, job safety analyses, and risk assessment of its Patoka facility. Mobil has identified a variety of potential risk control activities to address the identified risks including improvements to piping, pumps, communications, fire water system, utility/support systems, and cast iron valves. During the demonstration project, Mobil will identify the specific set of risk control activities that will best manage the risks identified. Mobil

will continue to perform all of the preventive measures and risk control activities currently in effect. In addition, through the EHSMS process, Mobil has identified facility-specific hazards and concerns that were not specifically or adequately addressed through compliance with current DOT regulations. The risk analyses that Mobil has performed are beyond the requirements of the current regulations.

Mobil has defined performance indicators for management expectations, including performance indicators for the four risk management expectations discussed previously. Mobil tracks several high level EHS performance indicators including the number of environmental incidents, DOT and OSHA reportable incidents, and lost work days. The financial compensation for Mobil employees is tied to these performance measures. Ongoing audits and assessments, conducted as part of the Continuous Improvement element (Element #2 of the EHSMS), assure that all expectations have been met.

The activities below would be included in an Order formally approving the Mobil demonstration project:

- Share information with OPS concerning the use of hazards analyses, risk screening tools, and other risk assessment and prioritization tools;
- Share information with OPS concerning facility-specific risks at Patoka;
- Share information with OPS concerning the preventive and risk control activities Mobil has identified to address these risks and their relative priority;
- Implement the risk control activities selected for Patoka;
- Share information with OPS concerning the lessons learned on institutionalizing risk management programs to help OPS in evaluating the effectiveness of risk management programs; and
- Track, monitor, and report performance measures selected to determine the effectiveness of the risk control activities selected for Patoka, and the Mobil risk management program in general.

Monitoring Demonstration Project Effectiveness

The Mobil Demonstration Project includes a comprehensive approach to performance monitoring that assures the superior protection of public safety and the environment, and achieves other project objectives. A key element of this monitoring plan is a set of programmatic performance measures that would track the growth and institutionalization of

risk management within the company, measure the effectiveness of the EHSMS in achieving stated expectations, and measure the effectiveness of specific risk control activities. Mobil uses a simple, three point scale to score performance in implementing the Mobil EHSMS:

0=No Evidence That Expectation is Being Met

1=Expectation is Partially Met

2=Expectation is Fully Met

B=Best Practice (equivalent to a "2" for roll-up purposes)

Mobil will report performance measurement data and project progress quarterly to OPS throughout the four year demonstration period. This information, as well as periodic OPS audits, will assure accountability for improved performance.

6. Regulatory Perspective

Why Is OPS Considering This Project?

OPS is considering Mobil's proposed project for the Demonstration Program because, after extensive review, OPS is satisfied that the proposal:

1. Provides superior safety and environmental protection for the Patoka facility. Mobil has adequately demonstrated that the risk control activities it will perform at Patoka go beyond current pipeline safety regulatory requirements and, thus, provide a higher level of public safety and environmental protection than exists today.

2. Offers a good opportunity to evaluate risk management as a component of the Federal pipeline safety regulatory program. OPS believes the Demonstration Program could benefit from Mobil's participation, given some of the distinguishing features of its proposed demonstration project, including:

- A fully-institutionalized, integrated, corporate-wide risk management program with documented roles, responsibilities, and accountabilities;

- Comprehensive evaluation of the hazards and risks of the facility;

- A structured and documented approach for identifying and evaluating the relative merits of risk control activities through a multi-attribute decision process;

- A good illustration of how companies can use risk management to improve safety and environmental protection over and above current regulatory requirements;

- Willingness to share information with OPS and state pipeline safety agencies on the specific risks associated with the facility, as well as its risk management program and processes.

3. Provides valuable information about the risks and effective risk control activities for aboveground storage tanks. This additional information will allow OPS to more effectively ensure

4. Safe operation of Patoka, and be better able to develop, apply, and enforce regulations related to aboveground storage tanks.

How Will OPS Oversee This Project?

OPS retains its full authority to administer and enforce all regulations governing pipeline safety. Mobil is not requesting any regulatory exemptions. The Patoka facility will be subject to the routine OPS inspection to ensure compliance with the applicable Federal Pipeline Safety Regulations. In addition, subsequent to approval, a Project Review Team (PRT) consisting of OPS headquarters and regional staff and state pipeline safety officials who have been reviewing the proposal, will continue to monitor the project. The PRT is designed to be a more comprehensive oversight process which draws maximum technical experience and perspective from all affected OPS regional and headquarters offices as well as any affected state agencies that would not normally provide oversight on interstate transmission projects.

One of the primary functions of this Team will be to conduct periodic risk management audits. These risk management audits will be used to ensure company compliance with the specific terms and conditions of the OPS Order authorizing this Demonstration Project. OPS is developing a detailed audit plan, tailored to the unique requirements of the Mobil Demonstration Project. This plan will describe the audit process (e.g., types of inspections, methods, points of disclosure of risk assessment information, frequency of audit), as well as the specific requirements for reporting information and performance measurement data to OPS.

Information Provided to the Public

OPS has previously provided information to the public about the Mobil project, and has requested public comment, using many different sources. OPS aired an electronic town meeting on September 17, 1997 that enabled viewers of the two-way live broadcasts to pose questions and voice concerns about candidate companies (including Mobil). An earlier **Federal Register** notice (62 FR 53052; October 10, 1997) informed the public that Mobil was interested in participating in the Demonstration Program, provided general information about technical issues and risk control alternatives to be

explored, and identified the geographic areas the demonstration project would traverse.

Since August 1997, OPS has used an Internet-accessible data system called the Pipeline Risk Management Information System (PRIMIS) at <http://www.cyclac.com/opsdemo> to collect, update, and exchange information about all demonstration candidates, including Mobil.

At a November 19, 1997, public meeting hosted by OPS in Houston, TX, Mobil officials presented a summary of the proposed demonstration project and answered questions from meeting attendees. (Portions of this meeting were broadcast on January 15, 1998, 2:00 p.m. Eastern Standard Time, via satellite to locations nationwide and via Internet to individuals at their personal computers). OPS featured members of the Patoka community on a satellite/Internet nationwide broadcast which aired March 26, 1998. The school superintendent, fire chief, and mayor were among the citizens who remarked on community relations, training programs, exercises, spill drills, and other interactions between the company and citizens. In addition to viewers of the live broadcast at sites throughout the nation, the Internet broadcast received over 4300 hits.

OPS has provided a prospectus, which includes a map of the demonstration sites, to State officials and community representatives who may be interested in reviewing project information, providing input, or monitoring the progress of the project. This notice is OPS's final request for public comment before OPS intends to approve Mobil's demonstration project. So far, the public has not raised any issues or concerns related to the Mobil proposal.

Issued in Washington, DC on June 25, 1998.

Richard B. Felder,

Associate Administrator for Pipeline Safety.

Appendix—Environmental Assessment

A. Background and Purpose

A Presidential Directive to the Secretary of Transportation (October 16, 1996) stated that in implementing the Pipeline Risk Management Demonstration Program: "The Secretary shall require each project to achieve superior levels of public safety and environmental protection when compared with regulatory requirements that otherwise would apply." Thus, the process to select operators for this Demonstration Program involves a comprehensive review to ensure that the proposed project will provide the superior safety and environmental protection required by this Directive. This document summarizes the key points of this review for Mobil Pipe Line Company's (Mobil)

demonstration project, and evaluates the safety and environmental impacts of this proposed project.

This document was prepared 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 Department of Transportation Order 5610.1c, Procedures for Considering Environmental Impacts.

B. Description of Proposed Action

Mobil will conduct its demonstration project at its crude oil breakout storage tank facility in Patoka, Illinois. Mobil has adopted an Environment, Health, and Safety Management System (EHSMS) to institutionalize a comprehensive and integrated risk management program throughout the company. The proposed project's primary objective is to demonstrate that implementing the Mobil EHSMS will lead to superior performance, improved safety and environmental protection. The project will focus on safety and environmental issues associated with breakout tanks and tank facilities, and will demonstrate the adequacy of Mobil's release prevention and tank integrity programs.

As a result of a comprehensive review of Mobil's risk management demonstration project, the Office of Pipeline Safety (OPS) proposes to approve this project for participation in the Demonstration Program.

The Risk Management element of Mobil's EHSMS (Element #4) contains four expectations:

4.1 A system is in place to identify environment, health, and safety hazards and their potential consequences.

4.2 A system is in place to assess and prioritize risks and manage them in a cost-effective manner.

4.3 A system is in place to review the design of new and modified facilities to ensure the incorporation of appropriate environment, health, and safety protection measures.

4.4 Risks associated with the acquisition, closure and divestment of facilities and operations are assessed and managed.

Each "expectation" within the EHSMS contains a well-defined objective and includes identification of those accountable and responsible for achieving the objective, the documentation required to demonstrate achievement, performance indicators, and the key corporate resources that will be used to achieve the objective.

Mobil has structured and documented processes in place for performing the hazards analyses, risk assessments, job safety analyses, prioritizing risks, defining risk control activities, and evaluating and prioritizing risk control activities required to meet the corporate expectations. These structured analytical and management processes also satisfy the requirements of the Risk Management Program Standard.

The Mobil EHSMS also includes structured processes for qualifying and training personnel in risk assessment, and integrating the risk assessment program with other Mobil operating and business systems, including those processes used by Mobil to ensure that

proposed changes to the physical design of the system, or to the maintenance and operating procedures of the system, are carefully considered, documented, and communicated.

Mobil is performing the required hazards assessment, job safety analyses, and risk assessment of its Patoka facility and will identify a set of risk control activities to effectively manage the risks identified. Mobil requests no exemptions from the current pipeline safety regulations. Mobil will continue to perform all of the preventive measures and risk control activities that are presently in effect. In addition, through the EHSMS process, Mobil has identified facility-specific hazards and concerns that were not specifically or adequately addressed through compliance with current pipeline safety regulations. The analyses that Mobil has performed and the risk control activities that Mobil will perform are beyond the requirements of the current regulations.

Mobil will define performance indicators for each of the 56 management objectives in the EHSMS. The financial compensation for Mobil employees is tied to these performance measures. Ongoing audits and assessments, conducted as part of the Continuous Improvement element of EHSMS (Element #2), will assure that all expectations are being met.

The activities below would be included in an Order formally approving the Mobil demonstration project:

- Share information with OPS concerning the use of hazards analyses, risk screening tools, and other risk assessment and prioritization tools;
- Share information with OPS concerning the facility-specific risks at Patoka;
- Share information with OPS concerning the preventive and risk control activities Mobil has identified to address these risks and their relative priority;
- Implement the risk control activities selected for Patoka;
- Share information with OPS concerning the lessons learned on institutionalizing risk management programs to help OPS in evaluating the effectiveness of risk management programs;
- Track, monitor, and report performance measures selected to determine the effectiveness of the risk control activities selected for Patoka, and the Mobil risk management program in general.

Monitoring Demonstration Project Effectiveness

The Mobil Demonstration Project includes a comprehensive approach to performance monitoring that assures the superior protection of public safety and the environment, and achieves other project objectives. A key element of this monitoring plan is a set of programmatic performance measures that would track the growth and institutionalization of risk management within the company, measure the effectiveness of the EHSMS in achieving stated expectations, and measure the effectiveness of specific risk control activities.

Mobil will report performance measurement data and project progress

regularly to OPS throughout the four year demonstration period. This information, as well as periodic OPS audits, will assure accountability for improved performance.

More detailed descriptions of all aspects of the Mobil proposal and OPS rationale for approving the project are available to the public via the Pipeline Risk Management Information System (PRIMIS), at <http://www.cyclac.com/opsdemo>.

C. Purpose and Need for Action

As authorized by Congress, OPS is conducting a structured Demonstration Program to evaluate the use of a comprehensive risk management approach in the operations and regulation of interstate pipeline facilities. This evaluation is being performed under strictly controlled conditions through a set of demonstration projects being conducted with interstate pipeline operators. Through the Demonstration Program, OPS will determine whether a risk management approach, properly implemented and monitored through a formal risk management regulatory framework, achieves:

- (1) Superior safety and environmental protection; and
- (2) Increased efficiency and service reliability of pipeline operations.

In June, 1997, Mobil submitted a Letter of Intent to OPS, asking to be considered as a Demonstration Program candidate. Using the consultative process described in Appendix A of the Requests for Application for the Pipeline Risk Management Demonstration Program (62 FR 14719), published on March 27, 1997, OPS is satisfied that Mobil's proposal will provide superior safety and environmental protection, and is prepared to finalize the agreement with Mobil on the provisions for the demonstration project.

D. Alternatives Considered

OPS has considered three alternatives: approval of the Mobil risk management demonstration project as proposed in Mobil's application; denial of the Mobil demonstration project; or approval of the project with certain modifications to Mobil's application.

OPS's preferred alternative is to approve the Mobil demonstration project. OPS is satisfied that the proposal protects the Patoka facility and surrounding environment. The risk assessment findings disclosed from Mobil's hazard and risk analyses already exceed the information that would have been available to OPS through the current regulatory process. As a result of the assessments, Mobil is considering potential corrective actions for various systems at the facility, including piping, pumps, communications, fire water system, utility/support systems, and cast iron valves. Because Mobil will continue to perform the activities currently required by the regulations, the set of proposed risk control activities will go beyond the current regulatory requirements to provide a higher level of protection than exists today. OPS and Mobil will monitor and, if necessary, improve the effectiveness of the risk control activities throughout the demonstration period.

Denial of the project would result in OPS's considerable loss of valuable information concerning the sources of risks at Patoka and other similar breakout tank facilities and the most effective means of managing these risks. Denial would also significantly diminish OPS's ability to evaluate the effectiveness of an institutionalized, integrated, and comprehensive risk management program in producing superior performance, and would hinder OPS's ability to satisfy the objectives of the Risk management Demonstration Program, and the requirements of the previously-mentioned Presidential Directive.

All of the issues raised by OPS, state regulators, stakeholders, and the public about Mobil's proposed project have been discussed within the consultative process, resolved to OPS's satisfaction, and reflected in Mobil's application. Therefore, OPS does not believe that modifications to Mobil's application are required.

E. Affected Environment and Environmental Consequences

The Patoka facility is located within the city limits of Vernon, Illinois, a town with a population of about 150. The area around the facility is low population density. The facility contains 22 vertical aboveground crude storage tanks, plant transfer piping, transfer pumps, crude oil blenders, offices, a maintenance building, miscellaneous auxiliary pipeline station equipment, and the station manager's personal residence. Patoka is a self-contained facility, with no public roads traversing the property.

The North Fork Creek, which runs along the south end of the Patoka facility, is a water supply for the city of Patoka. Mobil protects the creek by maintaining a second physical barrier surrounding each tank that is capable of holding more than the entire contents of the tank. Mobil has provided additional precautionary barriers to releases of product along the south end of its Patoka facility.

The facility is used as a common carrier crude pipeline handling facility. Products handled at the facility include crudes of varying sulphur content from the U.S. Gulf Coast and Canada, and petroleum condensate. The products include both "sour" crude (oil with a total sulphur content above one percent), and "sweet" crude (oil with little or no sulphur impurities). If a tank leak or rupture were to occur, the crude product could possibly spill into the immediate surrounding area within the facility, and in the presence of an ignition source, could ignite releasing fumes into the air. The likelihood of such spills and the levels of associated environmental consequences are already very low, as evidenced by both Patoka-specific and industry-wide operating history. The performance of the risk demonstration project will result in additional risk control activities over those currently required, reducing even further the likelihood of events that could impact the environment and the potential levels of those impacts.

In considering the merits of Mobil's proposal, OPS undertook a comprehensive review of the company's safety and compliance record for the demonstration project location, as well as Mobil's entire East

of the Rockies (EOR) system. Mobil, like all operating companies, has experienced incidents at its facilities within and outside the United States. In the last five years, the only incident at Patoka of sufficient impact that required reporting to OPS occurred on March 7, 1995. A roof drain hose failed due to ice formation during sub-zero temperatures. This event resulted in no injuries and the company reported that 196 of the 200 barrels spilled were recovered.

Considering the frequency, causes, and consequences of these events, together with Mobil's response to these events, OPS has concluded that Mobil has demonstrated the corporate commitment to safety and environmental protection required of demonstration program candidates.

Mobil has also demonstrated a strong working relationship with emergency response personnel from federal and state agencies. Mobil recently participated in a successful emergency drill with representatives from OPS, the Environmental Protection Agency (EPA), and the Coast Guard. Local and state participants from Illinois and Missouri played active roles in this exercise.

F. Environmental Justice Considerations

In accordance with Executive Order 12898 (Federal Actions to Address Environmental Justice in Minority and Low-Income Populations), OPS has considered the effects of the demonstration project on minority and low-income populations. As explained above, OPS believes this project will provide superior safety and environmental protection at the Patoka facility. The risk control activities will provide greater protection than compliance with existing regulations. The Patoka facility is located within the city limits of Vernon, Illinois, population about 150. Residents of Vernon will be afforded greater protection than they presently have, regardless of the residents' income level or minority status. Therefore, the proposed project does not have any disproportionately high or adverse health or environmental effects on any minority or low-income populations near the demonstration facility.

G. Information Made Available to States, Local Governments, and Individuals

OPS has made the following documents publicly available, and incorporates them by reference into this environmental assessment:

(1) "Demonstration Project Prospectus: Mobil Pipe Line Corporation", June 1998, available by contacting Elizabeth M. Callsen at 202-366-4572. Includes a map showing the location of the demonstration project site. Purpose is to reach the public, local officials, and other stakeholders, and to solicit their input about the proposed project. Mailed to several hundred individuals, including Local Emergency Planning Committees (LEPC) and other local safety officials, Regional Response Teams (RRT) representing other federal agencies, state pipeline safety officials, conference attendees, and members of public interest groups.

(2) "Mobil Pipe Line Company—Application for DOT-OPS Risk Management Demonstration Program", available in Docket No. RSPA-98-3891 at the Dockets Facility,

U.S. Department of Transportation, Plaza 401, 400 Seventh Street, SW, Washington, DC 20590-0001, (202) 366-5046.

(3) "OPS Project Review Team Evaluation of the Mobil Demonstration Project".

(4) "Notice of Intent to Approve Project", published concurrently with this Environmental Assessment.

OPS has previously provided information to the public about the Mobil project, and has requested public comment, using many different sources. OPS aired four electronic broadcasts (June 5, 1997; September 17, 1997; and December 4, 1997; and March 26, 1998.) reporting on demonstration project proposals (the last three of which provided specific information on Mobil's proposal). An earlier **Federal Register** notice (62 FR 53052; October 10, 1997) informed the public that Mobil was interested in participating in the Demonstration Program, provided general information about technical issues and risk control alternatives to be explored, and identified the geographic areas the demonstration project would traverse.

Since August, 1997 OPS has used an Internet-accessible data system called the Pipeline Risk Management Information System (PRIMIS) at <http://www.cyclac.com/opsdemo> to collect, update, and exchange information about all demonstration candidates, including Mobil.

At a November 19, 1997, public meeting OPS hosted in Houston, TX, Mobil officials presented a summary of the proposed demonstration project and answered questions from meeting attendees. (Portions of this meeting were broadcast on December 4, 1997.) OPS featured members of the Patoka community on a satellite/Internet nationwide broadcast which aired March 26, 1998. The school superintendent, fire chief, and mayor were among the citizens who remarked on community relations, training programs, exercises, spill drills, and other interactions between the company and citizens. In addition to viewers of the live broadcast at sites throughout the nation, the Internet broadcast received over 4300 hits. This broadcast is available on demand via the OPS website ops.dot.gov/tmvid.htm. So far, the public has not raised any issues or concerns related to the Mobil proposal.

H. Listing of the Agencies and Persons Consulted, Including Any Consultants

Persons/Agencies Directly Involved in Project Evaluation

Stacey Gerard, OPS/U.S. Department of Transportation
Tom Fortner, OPS/U.S. Department of Transportation
Ivan Huntoon, OPS/U.S. Department of Transportation
Donald Moore, OPS/U.S. Department of Transportation
Linda Daugherty, OPS/U.S. Department of Transportation
Bruce Hansen, OPS/U.S. Department of Transportation
Elizabeth Callsen, OPS/U.S. Department of Transportation
Steve Smock, Illinois Commerce Commission
Mary McDaniel, Railroad Commission of Texas

Jim vonHerrmann, Cycla Corporation
(consultant)
Andrew McClymont, Cycla Corporation
(consultant)

Persons/Agencies Receiving Briefings/Project Prospectus/Requests for Comment

Regional Response Team (RRT), Region 5, representing the Environmental Protection Agency; the Coast Guard; the U.S. Departments of Interior, Commerce, Justice, Transportation, Agriculture, Defense, State, Energy, Labor; Health and Human Services; the Nuclear Regulatory Commission; the General Services Administration; and the Federal Emergency Management Agency (RRT Co-Chairs: Richard Karl, EPA and Captain Gregory Cope, Coast Guard).

I. Conclusion

Based on the above-described analysis of the proposed demonstration project, OPS has determined that there are no significant impacts associated with this action.

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DEPARTMENT OF TRANSPORTATION

Research and Special Programs Administration (RSPA), DOT.

[Docket No. RSPA-98-3892; Notice 13]

Pipeline Safety: Intent To Approve Project and Environmental Assessment for the Phillips Pipe Line Company Pipeline Risk Management Demonstration Program

AGENCY: Office of Pipeline Safety, DOT.

ACTION: Notice of Intent to Approve Project and Environmental Assessment.

SUMMARY: As part of its Congressional mandate to conduct a Risk Management Demonstration Program, the Office of Pipeline Safety (OPS) has been authorized to conduct demonstration projects with pipeline operators to determine how risk management might be used to complement and improve the existing Federal pipeline safety regulatory process. This is a notice that OPS intends to approve Phillips Pipe Line Company (Phillips) as a participant in the Pipeline Risk Management Demonstration Program. This also provides an environmental assessment of Phillips's demonstration project. Based on this environmental assessment, OPS has preliminarily concluded that this proposed project will not have significant environmental impacts.

This notice explains OPS's rationale for approving this project, and summarizes the demonstration project provisions (including affected locations, risk control and monitoring activities, and regulatory exemptions) that would

go into effect once OPS issues an order approving Phillips as a Demonstration Program participant. OPS seeks public comment on the proposed demonstration project so that it may consider and address these comments before approving the project. The Phillips demonstration project is one of several projects OPS plans to approve and monitor in assessing risk management as a component of the Federal pipeline safety regulatory program.

ADDRESSES: OPS requests that comments to this notice or about this environmental assessment be submitted on or before July 31, 1998 so they can be considered before project approval. However, comments on this or any other demonstration project will be accepted in the Docket throughout the four year demonstration period. Comments should be sent to the Dockets Facility, U.S. Department of Transportation, Plaza 401, 400 Seventh Street, SW, Washington, DC 20590-0001, or you can E-Mail your comments to ops.comments@rspa.dot.gov. Comments should identify the docket number RSPA-98-3892. Persons should submit the original comment document and one (1) copy. Persons wishing to receive confirmation of receipt of their comments must include a self-addressed stamped postcard. The Dockets Facility is located on the plaza level of the Nassif Building in Room 401, 400 Seventh Street, SW, Washington, DC. The Dockets Facility is open from 10:00 a.m. to 5:00 p.m., Monday through Friday, except on Federal holidays.

FOR FURTHER INFORMATION CONTACT: Elizabeth Callsen, OPS, (202) 366-4572, regarding the subject matter of this notice. Contact the Dockets Unit, (202) 366-5046, for docket material.

SUPPLEMENTARY INFORMATION:

1. Background

The Office of Pipeline Safety (OPS) is the federal regulatory body overseeing pipeline safety. As a critical component of its federal mandate, OPS administers and enforces a broad range of regulations governing safety and environmental protection of pipelines. These regulations have contributed to a good pipeline industry safety record by assuring that risks associated with pipeline design, construction, operations, and maintenance are understood, managed, and reduced. Preserving and improving this safety record is OPS's top priority. On the basis of extensive research, and the experience of both government and industry, OPS believes that a risk management approach, properly

implemented and monitored, offers opportunities to achieve:

- (1) Superior safety, environmental protection, and service reliability;
- (2) Increased efficiency and reliability of pipeline operations; and
- (3) Improved communication and dialogue among industry, the government, and other stakeholders.

A key benefit of this approach is the opportunity for greater levels of public participation.

As authorized by Congress, OPS is conducting a structured Demonstration Program to evaluate the use of a comprehensive risk management approach in the operations and regulation of interstate pipeline facilities. This evaluation will be performed under strictly controlled conditions through a set of Demonstration Projects to be conducted with interstate pipeline operators. A Presidential Directive to the Secretary of Transportation (October 16, 1996) stated that in implementing the Pipeline Risk Management Demonstration Program:

"The Secretary shall require each project to achieve superior levels of public safety and environmental protection when compared with regulatory requirements that otherwise would apply." Thus, the process to select operators for this Demonstration Program involves a comprehensive review to ensure that the proposed project will provide the superior safety and environmental protection required by this Directive. OPS may exempt a participating operator from particular regulations if the operator needs such flexibility in implementing a comprehensive risk management program; however, regulatory exemption is neither a goal nor requirement of the Demonstration Program. This document summarizes the key points of this review for Phillips's demonstration project, and evaluates the safety and environmental impacts of this proposed project.

2. OPS Evaluation of Phillips's Demonstration Project Proposal

Using the consultative process described in Appendix A of the Requests for Application for the Pipeline Risk Management Demonstration Program (62 FR 14719), published on March 27, 1997, OPS has reached agreement with Phillips Pipe Line Company on the provisions for a demonstration project to be conducted along Phillips's Sweeny-Pasadena system in Texas.

Company History and Record

Phillips Pipe Line Company is headquartered in Bartlesville,