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*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,

Oklahoma, and employs over 580 people and operates and maintains approximately 7500 miles of pipelines in 9 states. Phillips transports approximately 750,000 barrels of crude oil, refined products, petrochemicals, and natural gas liquids each day.

Before entering into consultations with Phillips, OPS determined that Phillips 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 Project goals.

In December 1992, during an excavation project, a contract equipment operator punctured a pipeline operated by Phillips in Aurora, Colorado. This accident resulted in a release of 1,665 barrels of natural gas liquids, injuring six people. Because of concerns raised by OPS over company procedures, Phillips developed a risk based approach to improve the safety of pipeline excavations and implemented an Excavation Risk Assessment process. Lessons learned from this incident as well as other company and industry incidents led Phillips to the development and implementation of a formal risk management program. This event was also a major driver behind the development of the Phillips Excavation Risk Assessment Process which is a focal point of its proposed demonstration project.

#### *Consultative Evaluation*

During the consultations, representatives from OPS headquarters and Southwest Region, pipeline safety officials from Texas, and risk management experts met with Phillips to discuss Phillips's overall risk management process. This included discussion of Phillips's risk assessment, risk analyses, and risk control processes and tools, its performance measures, and the philosophy and administration of risk management within the company. This also included a discussion of Phillips's excavation risk assessment process, including a review of the proposed demonstration project activities; population, terrain, and infrastructure along the affected pipelines; 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 an Appendix to this notice.

The consultation process focused on three major review criteria:

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

2. Whether Phillips's proposed risk management demonstration project is expected to produce superior safety, environmental protection, and reliability of service;

3. Whether Phillips's proposed risk management demonstration project includes a company work plan and a performance monitoring plan that will provide adequate assurance that superior safety, environmental protection, and service reliability are being achieved.

Once OPS and Phillips consider and address comments received on this notice and environmental assessment, OPS plans to issue an Order approving the Phillips demonstration project.

#### **3. Statement of Project Goals**

Phillips has been managing risk on its pipeline systems using a combination of personnel knowledge and experience, as well as Phillips and industry-wide operating data for many years. In 1995, Phillips Petroleum Company (Phillips's corporate parent) created the *Process for Safety and Environmental Excellence* (PSEE) to achieve a more consistent, formalized approach to ensuring the safe and environmentally responsible operation of its facilities. Within the framework of the PSEE, Phillips has implemented a formal risk management program. Formalizing Phillips's risk management program has involved developing more sophisticated tools to comprehensively identify and evaluate the most important risks associated with the design, construction, operation, and maintenance of Phillips's pipeline systems. Phillips is evaluating all of its pipelines using these tools, to identify the nature and location of the most significant risks.

During this demonstration project, Phillips will share information about its evolving risk management program with OPS. This will enable OPS to acquire an improved understanding of the methods and techniques the company is using to manage risk on its system, and obtain far more information about the company's management processes, pipeline operations, and potential safety and environmental risks than is normally observed during OPS inspections to ensure compliance with the regulations.

A key element of Phillips's risk management program is a risk-based approach to managing the risks associated with pipeline excavations.

The Phillips Excavation Risk Assessment Process is a formal, ongoing process that has been in use system-wide since 1993 to identify and control the unique risks associated with each excavation on or near Phillips's pipelines. The process goes beyond the existing pipeline safety regulatory requirements for damage prevention.

For its risk management demonstration project, Phillips proposes to comprehensively evaluate the application and effectiveness of the Excavation Risk Assessment Process to all company and third-party excavations that occur on and across the pipeline segments included in the project. Phillips's demonstration project will involve:

- requirements that an excavation risk assessment be conducted prior to each excavation project (whether the excavation is performed by Phillips employees or outside parties proposing to dig near Phillips's lines);
- requirements that outside parties excavating along the Phillips right-of-way prepare work plans and obtain Phillips's approval prior to initiating excavation;
- increased work plan formality, level of detail, and management approval required for higher risk excavations, including where appropriate, coordination with local emergency response personnel;
- enhanced monitoring of excavation work;
- gathering of performance measurement data and developing a more quantitative assessment of the benefits of performing excavation risk assessments; and,
- enhanced communications with One-Call centers, excavators, and the public.

Phillips and OPS expect this project to demonstrate that risk management techniques can be successfully applied toward improving pipeline excavation safety.

#### **4. Demonstration Project Pipeline Segments**

Phillips has proposed a 60-mile segment of two pipelines for inclusion in its demonstration project.

Phillips's Sweeny-Pasadena products pipeline system consists of two interstate pipelines, 12" and 18", that deliver refined products (e.g., gasolines, distillates, and naphtha) from Phillips's Sweeny Refinery in Sweeny, Texas, to Phillips's Pasadena Terminal in Pasadena Texas. These products have varying properties and if released under certain conditions are flammable. They could also affect human health and the

environment if significant exposures occur.

The 12" and 18" pipelines have been in operation since 1959 and 1979, respectively. This system runs roughly Northeast from the Sweeny Refinery to the Pasadena Terminal, passing near the northern edge of Friendswood, Texas. The two lines parallel each other over the entire 60-mile distance. The lines run through sparsely populated areas for about the first 45 miles and through heavily populated areas for the last 15 miles. The lines cross the Brazos and San Bernard rivers, several major roadways and railroad lines, and pass underneath the Texas State Department of Corrections' Ramsey facility.

The 12" line began service in 1956 and has a maximum operating pressure (MOP) of 1270 psi. It has had two leaks: one in 1992 and another in 1993. These leaks resulted in localized surface contamination near the line. Phillips quickly detected the leaks and stopped the release of product. The contaminated areas were satisfactorily remediated. There were no fatalities, injuries or adverse health effects to any member of the public or to any Phillips employees from these events. Both of these leaks were associated with material defects that developed because of the manufacturing process used to bend sections of the pipe. As a result of these events, Phillips conducted a comprehensive review of all pipe bends, that included an internal inspection for geometric defects. All piping bends with characteristics similar to those that had failed were replaced or heat treated to eliminate the condition that created the leaks. The 12" line also has some history of coating problems. To resolve this problem, Phillips has placed additional rectifiers to provide enhanced cathodic protection.

The 18" line was placed in service in 1979 and has a MOP of 680 psi. The 18" line has not had any leaks.

##### 5. Project Description

In 1995, the Phillips Petroleum Company (Phillips Corporate) created the *Process for Safety and Environmental Excellence* (PSEE) to achieve a more consistent, formalized approach to ensuring safe and environmentally responsible operation of its facilities. The PSEE is designed to manage environmental, safety and health risks in a manner that is integral to and not separate from the overall business process. The Phillips Corporate PSEE is a comprehensive business process applicable to every Phillips Corporate business unit (e.g., Phillips Pipe Line Company). Within this framework, each business unit is

required to implement a formal risk management program.

As part of formalizing its risk management program for pipelines, Phillips has identified and uses a variety of tools to identify and manage pipeline risks. These include: hazards analysis, environmental impact reviews, internal (pipeline) inspection tools, incident investigations, safety, health and environmental audits, contractor assessments, design reviews and others. To support a more integrated evaluation of the potential risks represented by its pipelines, the company also developed the Phillips Pipeline Risk Assessment System (PRAS). PRAS is a computerized indexing model that predicts the relative risk different pipe segments represent based on numerous factors that influence the likelihood and consequences of pipeline failure. The model synthesizes data and information on pipe design, operation, maintenance, pipe condition, population and activity near the line, and external environmental conditions. PRAS has been in use since 1995 and has been applied to all of Phillips's regulated pipeline systems (approximately 5500 miles of pipe). During the course of the demonstration project, Phillips will be enhancing PRAS, and evaluating improved approaches to integrate the PRAS results with the output from the other tools noted previously to comprehensively and consistently assess risks across its pipeline.

During this demonstration project, Phillips will share information about its evolving risk management program with OPS. This will enable OPS to improve its understanding of the methods and techniques the company is using to manage risk on its system, and obtain far more information about the company's management processes, pipeline operations, and potential safety and environmental risks than is normally observed during OPS regulatory compliance inspections.

The primary focus of Phillips's proposed demonstration project is to reduce pipeline risks resulting from excavations on or near Phillips's pipelines. Phillips hopes to demonstrate superior risk control and risk reduction mechanisms by applying its Excavation Risk Assessment Process. This process includes specific procedures relative to pipeline excavations and requires that an excavation site inspection and risk assessment be conducted prior to each excavation project. A risk assessment matrix is used to assess the potential risks associated with each excavation project. This matrix examines various risk factors for each excavation,

including nearby population density, the presence of roads and railways, the existence of other utilities in the vicinity of the pipeline, the type of excavation equipment being used, and the properties of the product in the pipeline.

Phillips uses a graded approach based on combinations of risk factors to evaluate the level of Phillips's project review and approvals required for the excavation plan.

Phillips plans to communicate the details, progress, and results of the demonstration project, both externally and internally. Internally, Phillips will implement a formal communication program for company personnel involved with the demonstration project. Phillips will also implement excavation risk assessment refresher training prior to the start of the project, that will include the demonstration project communication plans and performance measures to be monitored and tracked during the project.

Externally, Phillips will contact the affected local emergency planning committees (LEPCs) at the beginning of the demonstration project to communicate the details of the project and to identify how Phillips will communicate progress and results during the project. Phillips will also contact city and county planning committees for the towns that the demonstration segments cross to communicate Phillips's excavation requirements. Phillips will conduct surveys regarding the effectiveness and benefits of its excavation risk management process. Phillips also plans to seek input from contractors and developers involved during the demonstration project to help determine the cost effectiveness for the level of safety achieved. They plan to communicate throughout the project with OPS, the Texas Railroad Commission, city and county planning committees, affected LEPCs, and contractors and developers.

Phillips's intended approach to performance monitoring of the project will include formal data collection and performance measures related to excavations along the demonstration segments. Phillips has proposed an initial set of performance metrics for the project and has an excavation risk assessment data collection worksheet to generate data and information relative to these metrics. Phillips's proposed performance metrics include:

- total number of one-call requests
- total number of excavation projects broken down by
  - Phillips's excavation projects (planned and unplanned),

- third party excavations planned, and
- other, unplanned excavation activities.
- initial and final risk ranking of each excavation that required a formal risk assessment
- level of approval obtained to complete the excavation
- number and type of risk control activities implemented
- number of excavations completed, changed, or terminated
- categorization and characterization of the number of excavations by
  - successful excavation (i.e., no damage)
  - damage incurred,
  - damage resulting in a leak, and
  - effectiveness of emergency response plans to a leak.

## 6. Regulatory Perspective

### *Why Is OPS Considering This Project?*

The OPS Project Review Team evaluated Phillips's proposed project according to review protocols and criteria. OPS has concluded the Phillips project will:

1. Provide superior safety and environmental protection for the pipeline segments proposed for the demonstration project; and
2. Offer a good opportunity to evaluate risk management as a component of the Federal pipeline safety regulatory program.

Phillips is not proposing any alternative to or requesting any regulatory exemption from existing pipeline safety regulations in this demonstration project. Rather, Phillips's proposed project goes beyond the regulations and is considered to provide superior protection.

Phillips's proposed project offers a good opportunity to evaluate risk management as a component of the Federal pipeline safety regulatory program. It also provides an opportunity to evaluate a risk-based pipeline damage prevention methodology that could have broad potential application. The damage prevention focus could also offer benefits to the current joint government/industry initiative on damage prevention education.

While the overall safety record for pipeline transportation is excellent, third party damage still presents a significant problem. Education on damage prevention is essential to reducing the incidence of third-party damage to underground facilities. OPS is currently sponsoring a joint government and industry Damage Prevention Quality Action Team to evaluate how to best utilize education

resources to prevent pipeline damage. Phillips's proposed demonstration project is consistent with OPS's goals concerning pipeline damage prevention. The potential synergies between the Phillips project and the Damage Prevention Quality Action Team should enhance the benefits from both efforts.

OPS believes the Demonstration Program could benefit from Phillips's participation, given some of the distinguishing features of its proposed demonstration project, including:

- An emphasis on improving damage prevention and emergency response coordination;
- Plans for concentrated public outreach and risk communications efforts;
- A good illustration of how companies can use excavation risk management to improve safety without seeking to reduce costs incurred by existing regulations;
- Phillips's willingness to share information with OPS and state pipeline safety agencies on the specific risks associated with the demonstration line segments and the Company's overall risk management program and processes. This additional information will allow OPS to more effectively ensure safe operation, and help OPS understand how risk management might be employed to supplement the existing regulatory framework.

### *How Will OPS Oversee This Project?*

The demonstration segments will be subject to routine OPS inspection to ensure compliance with the applicable Federal pipeline safety regulations. Additionally, the Demonstration Project will be monitored by a Project Review Team (PRT) consisting of OPS headquarters and regional staff, and state pipeline safety officials. The PRT is designed to implement 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 PRT's primary functions will be to conduct periodic risk management audits. These audits will ensure Phillips's compliance with the specific terms and conditions of the OPS Order authorizing Phillips's demonstration project, and will be performed in addition to the normal OPS inspections. OPS is developing a detailed audit plan, tailored to the unique requirements of Phillips's demonstration project. This plan will describe the audit process (e.g., types of

inspections, methods, and their frequency), as well as the specific requirements for reporting information and performance measure data to OPS.

Phillips is not requesting any regulatory exemptions, and OPS retains full authority to administer and enforce all regulations governing pipeline safety.

### *Information Provided to the Public*

OPS has previously provided information to the public about the Phillips project, and has requested public comment, using many different sources. OPS aired several electronic "town meetings" enabling viewers of the two-way live broadcasts to pose questions and voice concerns about candidate companies (including Phillips). An earlier **Federal Register** notice (62 FR 53052; October 10, 1997) informed the public that Phillips 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, 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 Phillips.

At a November 19, 1997, public meeting OPS hosted in Houston, TX, Phillips 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, and March 26, 1998.)

OPS has provided a prospectus, which includes a map of the demonstration segments, to State officials and community representatives who may be interested in reviewing project information, providing input, or monitoring the progress of the project. At this point, OPS has received no public comment on the Phillips's proposal.

This notice is the last public comment opportunity prior to approval of Phillips's demonstration project.

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 Phillips Pipe Line Company's (Phillips) proposed 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

OPS intends to approve Phillips as a participant in the Pipeline Risk Management Demonstration Program. Phillips has proposed a 60-mile segment of two pipelines for inclusion in its demonstration project. Phillips's Sweeny-Pasadena products pipeline system consists of two interstate pipelines, 12" and 18", that deliver refined products (e.g., gasolines, distillates, and naphtha) from Phillips's Sweeny Refinery in Sweeny, Texas, to Phillips's Pasadena Terminal in Pasadena Texas. As the primary focus of its risk management demonstration project, Phillips proposes to comprehensively evaluate the application and effectiveness of its Excavation Risk Assessment Process to all company and third-party excavations that occur on and across the pipeline segments included in the project. OPS believes the Phillips demonstration project will provide superior safety and environmental protection by applying excavation risk control measures that exceed regulatory requirements.

In 1995, the Phillips Petroleum Company (Phillips Corporate) created the *Process for Safety and Environmental Excellence (PSEE)* to achieve a more consistent, formalized approach to ensuring safe and environmentally responsible operation of its facilities. The PSEE is designed to manage environmental, safety and health risks in a manner that is integral to and not separate from the overall business process. The Phillips Corporate PSEE is a comprehensive business process applicable to every Phillips Corporate business unit (e.g., Phillips Pipe Line Company). Within this framework, each business unit is required to implement a formal risk management program.

As part of formalizing its risk management program for pipelines, Phillips has identified and uses a variety of tools to identify and manage pipeline risks. These include: hazards analysis, environmental impact reviews, internal (pipeline) inspection tools, incident investigations, safety, health and environmental audits, contractor assessments, design reviews and others. To

support a more integrated evaluation of the potential risks represented by its pipelines, the company also developed the Phillips Pipeline Risk Assessment System (PRAS). PRAS is a computerized indexing model that predicts the relative risk different pipe segments represent based on numerous factors that influence the likelihood and consequences of pipeline failure. The model synthesizes data and information on pipe design, operation, maintenance, pipe condition, population and activity near the line, and external environmental conditions. PRAS has been in use since 1995 and has been applied to all of Phillips's regulated pipeline systems (approximately 5500 miles of pipe). During the course of the demonstration project, Phillips will be enhancing PRAS and evaluating improved approaches to integrate the PRAS results with the output from the other tools noted previously to comprehensively and consistently assess risks across its pipeline.

During this demonstration project, Phillips will share information about its evolving risk management program with OPS. This will enable OPS to improve its understanding of the methods and techniques the company is using to manage risk on its system, and to obtain far more information about the company's management processes, pipeline operations, and potential safety and environmental risks than is normally observed during OPS regulatory compliance inspections.

A key element of Phillips's risk management program, and the primary focus of Phillips's proposed demonstration project, is a risk-based approach to managing the risks associated with pipeline excavations. The Phillips Excavation Risk Assessment Process is a formal, ongoing process that has been in use system-wide since 1993 to identify and control the unique risks associated with each excavation on or near Phillips's pipelines. The process goes beyond the existing pipeline safety regulatory requirements for damage prevention.

The Phillips Excavation Risk Assessment Process includes specific procedures relative to pipeline excavations and requires that an excavation site inspection and risk assessment be conducted prior to each excavation project. A risk assessment matrix is used to assess the potential risks associated with each excavation project. This matrix examines various risk factors for each excavation, including nearby population density, the presence of roads and railways, the existence of other utilities in the vicinity of the pipeline, the type of excavation equipment being used, and the properties of the product in the pipeline. Phillips uses a graded approach based on combinations of risk factors to evaluate the level of Phillips's project review and approvals required for the excavation plan.

For its risk management demonstration project, Phillips proposes to comprehensively evaluate the application and effectiveness of the Excavation Risk Assessment Process to all company and third-party excavations that occur on and across the pipeline segments included in the project. Phillips's demonstration project will involve:

- requirements that an excavation risk assessment be conducted prior to each excavation project (whether the excavation is performed by Phillips's employees or outside parties proposing to dig near Phillips's lines);
- requirements that outside parties excavating along the Phillips right-of-way prepare work plans and obtain Phillips's approval prior to initiating excavation;
- increased work plan formality, level of detail, and management approval required for higher risk excavations, including where appropriate, coordination with local emergency response personnel;
- enhanced monitoring of excavation work;
- gathering of performance measurement data and developing a more quantitative assessment of the benefits of performing excavation risk assessments; and,
- enhanced communications with One-Call centers, excavators, and the public.

Phillips plans to communicate the details, progress, and results of the demonstration project, both externally and internally. Internally, Phillips will implement a formal communication program for company personnel involved with the demonstration project. Phillips will also implement excavation risk assessment refresher training prior to the start of the project, that will include the demonstration project communication plans and performance measures to be monitored and tracked during the project.

Externally, Phillips will contact the affected local emergency planning committees (LEPCs) to communicate the details of the project and to identify how Phillips will communicate progress and results during the project. Phillips will also contact city and county planning committees for the towns that the demonstration segments cross to communicate Phillips's excavation requirements. Phillips will conduct surveys on the excavation risk management process effectiveness. Phillips plans to communicate throughout the project with OPS, the Texas Railroad Commission, city and county planning committees, affected LEPCs, and contractors and developers.

Phillips's intended approach to performance monitoring of the project will include formal data collection and performance measures related to excavations along the demonstration segments. Phillips has proposed an initial set of performance metrics for the project and has an excavation risk assessment data collection worksheet to generate data and information relative to these metrics. Phillips's proposed performance metrics include:

- total number of one-call requests
- total number of excavation projects broken down by
  - Phillips excavation projects (planned and unplanned),
  - third-party excavations planned, and
  - other, unplanned excavation activities.
- initial and final risk ranking of each excavation that required a formal risk assessment
- level of approval obtained to complete the excavation
- number and type of risk control activities implemented

- number of excavations completed, changed, or terminated
- categorization and characterization of the number of excavations by
  - successful excavation (i.e., no damage),
  - damage incurred,
  - damage resulting in a leak, and
  - effectiveness of emergency response plans to a leak.

Phillips and OPS expect this project to demonstrate that risk management techniques can be successfully applied toward improving pipeline excavation safety. During this demonstration project, Phillips will share information about its evolving risk management program with OPS. This will enable OPS to acquire an improved understanding of the methods and techniques the company is using to manage risk on its system, and obtain far more information about the company's management processes, pipeline operations, and potential safety and environmental risks than is normally observed during OPS regulatory compliance inspections.

OPS intends to approve Phillips as a participant in the Pipeline Risk Management Demonstration Program. OPS believes the Phillips demonstration project will provide superior safety by applying excavation risk control measures that exceed regulatory requirements.

Phillips is not requesting any regulatory exemptions, and OPS retains full authority to administer and enforce all regulations governing pipeline safety. The demonstration segments will be subject to routine OPS inspection to ensure compliance with the applicable Federal Pipeline Safety Regulations. Additionally, the Demonstration Project will be monitored by a Project Review Team (PRT) consisting of OPS headquarters and regional staff and state pipeline safety officials. The PRT is designed to implement 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 PRT's primary functions will be to conduct periodic risk management audits. These audits will ensure Phillips's compliance with the specific terms and conditions of the OPS Order authorizing Phillips's demonstration project, and will be performed in addition to the normal OPS inspections. OPS is developing a detailed audit plan, tailored to the unique requirements of Phillips's demonstration project. This plan will describe the audit process (e.g., types of inspections, methods, and their frequency), as well as the specific requirements for reporting information and performance measure data to OPS.

### 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.

On July 21, 1997, Phillips Pipe Line Company 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 Phillips's proposal will provide superior safety and environmental protection, and is prepared to finalize the agreement with Phillips on the provisions for the demonstration project.

### D. Alternatives Considered

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

OPS's preferred alternative is to approve the Phillips demonstration project as proposed in Phillips's application. OPS is satisfied that the proposal provides superior protection for the demonstration project segments and the surrounding environment. The Phillips Excavation Risk Assessment Process provides a higher level of protection than exists under the current regulatory requirements. Phillips is not requesting any regulatory exemptions and OPS retains full authority to administer and enforce all regulations governing pipeline safety. The demonstration segments will be subject to routine OPS inspection to ensure compliance with the applicable Federal Pipeline Safety Regulations. OPS and Phillips 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 effectiveness of the proposed methodology for assessing and controlling excavation risks and reducing third-party damage. 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 aforementioned Presidential Directive.

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

### E. Affected Environment and Environmental Consequences

The 12" and 18" Sweeny—Pasadena pipelines proposed for this demonstration project transport refined products (e.g., gasolines, distillates, and naphtha) from Phillips's Sweeny Refinery to Phillips's Pasadena Terminal in Pasadena, Texas. These products are stable, flammable liquids. Product spills could result in the accumulation of highly flammable, heavier than air vapors in low areas. These vapors could also spread along the ground away from the spill site and could ignite. The resulting fire could create localized damage in the vicinity of the release. These products form carbon oxides and various hydrocarbons which are dispersed into the atmosphere when burned. These products will float on water (their solubility in water is negligible), and large spills have been known to result in kills of fish and other aquatic life.

However, it should be noted that the transport of these products is already protected by all existing, applicable pipeline safety regulations and safe industry practices, which have contributed to a good pipeline industry safety record. The proposed risk management measures are intended to improve upon this safety record.

The Sweeny-Pasadena system pipelines have been in operation since 1959 and 1979, respectively. This system runs roughly Northeast from the Sweeny Refinery to the Pasadena Terminal, passing near the northern edge of Friendswood, Texas. The lines parallel each other over the entire 60-mile distance to be included in the demonstration project. The lines run through sparsely populated areas for about the first 45 miles and through heavily populated areas for the last 15 miles. The lines cross the Brazos and San Bernard rivers, several major roadways and railroad lines, and pass underneath the Texas State Department of Corrections' Ramsey facility.

Both of these lines have a good leak history. The 12" line began service in 1956 and has a maximum operating pressure (MOP) of 1270 psi. It has had two leaks: one in 1992 and another in 1993. These leaks resulted in localized surface contamination near the line. Phillips quickly detected the leaks and stopped the release of product. The contaminated areas were satisfactorily remediated. There were no fatalities, injuries or adverse health effects to any member of the public or to any Phillips employee from these events. Both of these leaks were associated with material defects that developed because of the manufacturing process used to bend sections of the pipe. As a result of these events, Phillips conducted a comprehensive review of all pipe bends, that included an internal inspection for geometric defects. All piping bends with characteristics similar to those that had failed were replaced or heat treated to eliminate the condition that created the leaks. The 12" line also has some history of coating problems. To resolve this problem, Phillips has placed additional rectifiers to provide enhanced cathodic protection.

The 18" line was placed in service in 1979 and has a MOP of 680 psi. The 18" line has not had any leaks.

The OPS Project Review Team carefully reviewed Phillips's proposed excavation risk management activities and concluded that superior protection would be provided for the pipeline systems during the demonstration project. The Phillips Excavation Risk Assessment Process goes beyond the existing regulations in providing additional assurance of safety. OPS has concluded that the enhanced risk control activities will reduce the likelihood of pipeline accidents and leaks, especially those resulting from third party damage. Should a leak or rupture occur, the enhanced communication efforts should improve the responsiveness of company and local officials to an event, and diminish the consequences of any such leak or rupture. In summary, based on expected reductions in both the likelihood and consequences of leaks and ruptures, OPS has concluded that the proposed risk control activities will clearly reduce safety and environmental risks.

#### 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 along the demonstration project lines. The pipeline segments proposed for the project are routed mostly through rural, sparsely populated areas, but include about 15 miles of pipeline which runs through industrial and developing residential areas. A mixture of income levels resides along the segments.

The risk control activities provide greater protection than mere compliance with existing regulations. Because the proposed risk management activities will be applied uniformly along the lines, residents and communities near the lines will be afforded greater protection, 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 along the demonstration segments.

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

OPS has recently (in January and February 1998) made the following documents publicly available, and incorporates them by reference into this environmental assessment:

(1) "Demonstration Project Prospectus: Phillips Pipe Line Company", June, 1998, available by contacting Elizabeth M. Callsen at 202-366-4572. Includes maps of the demonstration segments. Purpose is to reach the public, local officials, and other stakeholders, and to solicit their input about the proposed project. Mailed to over 500 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) "Phillips Pipe Line Company—Application for DOT-OPS Risk Management Demonstration Program", available in Docket No. RSPA-98-3982 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 Phillips 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 Phillips project, and has requested public comment, using many different sources. OPS aired several electronic broadcasts reporting on demonstration project proposals, including Phillips's proposal. An earlier **Federal Register** notice (62 FR 53052; October 10, 1997) informed the public that Phillips 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.cycla.com/opsdemo> to collect, update, and exchange information about all demonstration project candidates, including Phillips.

At a November 19, 1997, public meeting OPS hosted in Houston, TX, Phillips 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, and on March 26, 1998. This broadcast is available on demand via the OPS website at <http://ops.dot.gov/tmvid.htm>.) No issues or concerns about Phillips's proposal have been raised.

#### 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  
 James C. Thomas (retired), OPS/U.S. Department of Transportation  
 Linda Daugherty, OPS/U.S. Department of Transportation  
 Carl Griffiths, OPS/U.S. Department of Transportation  
 Anne Marie Joseph, OPS/U.S. Department of Transportation  
 Rod Seeley, OPS/U.S. Department of Transportation  
 Bruce Hansen, OPS/U.S. Department of Transportation  
 Elizabeth Callsen, OPS/U.S. Department of Transportation  
 Mary McDaniel, Gas Services Division, Railroad Commission of Texas  
 Jim vonHerrmann, Cycla Corporation (consultant)  
 Robert Brown, Cycla Corporation (consultant)  
 Herb Wilhite, Cycla Corporation (consultant)

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

Regional Response Team (RRT), Region 6, 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: Charles Gazda, EPA Region 6 and Cdr. Ed Stanton, Coast Guard 8th District).

#### 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

[Docket No. RSPA-97-2426; Notice 2]

#### Pipeline Safety: National Pipeline Mapping System

**AGENCY:** Research and Special Programs Administration (RSPA), DOT.

**ACTION:** Public workshops.

**SUMMARY:** RSPA invites natural gas transmission and hazardous liquid pipeline operators, liquefied natural gas facility operations managers, mapping specialists, federal and state government agencies, and the public, to attend one of four public workshops on the national pipeline mapping system (NPMS). This digital mapping system, when complete, will show the location and selected attributes of the major natural gas transmission and hazardous liquid pipelines and liquefied natural gas facilities in the United States. At each of the workshops we will provide: An overview of the NPMS; details on the types of information OPS is requesting for the NPMS; facts about how we will use this information; technical specifications for submitting attribute data, geospatial data, and metadata; information about the national and state repository system; and advice on how to convert paper maps to digital data, should you want to convert.

**DATES AND LOCATIONS:** Four workshops will be held:

- July 14-15—Adam's Mark Hotels and Resorts, Houston, TX, 2900 Briarpark Drive at Westheimer, (800) 436-2326;
- September 1-2—Hotel Arlington Heights, Arlington Heights, IL, 75 W. Algonquin Road, (847) 364-7600;