

—Pipe manufacturer

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

the hydrostatic test and ILI results and remedial activities.

- The operator must determine and provide certification that the inspections/activities associated with this site will not impact or defer any of the operator's assessments for HCAs under Part 192, Subpart O, particularly those associated with the most significant 50%.

- A summary list of any additional proposed alternative risk control activities for each candidate site, including any sites not located in a HCA (*i.e.*, inspections and assessments, electrical surveys, increased patrolling, leak surveys, public education, etc. above and beyond the current requirements of Part 192). Include the mileposts within which each activity would be conducted (additional mileage upstream and downstream of the waiver area is expected) and the proposed time interval for performing the activities on an ongoing basis. Note that OPS may require that the scope or the interval of any proposed alternative risk control activity be modified or require additional activities before granting a waiver.

- Describe the safety benefit both to the specific waiver request site, and areas outside the waiver location. This should specifically include the number of residences and identified sites at the proposed waiver location(s) and within the inspection area containing the waiver location(s).

#### Reporting Requirements

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

- Define the economic benefit to the company. This should address both the cost avoided from not replacing the pipe as well as the added costs of the inspection program (required for the initial report only).

- The results of any ILI or direct assessments performed within the inspection area containing the waiver location(s) during the previous year.
- Any new integrity threats identified within the inspection area containing the waiver location(s) during the previous year.

- Any encroachment in the inspection area including the waiver location(s) including the number of new residences or gathering areas.

- Any incidents associated with the inspection area containing the waiver location(s) that occurred during the previous year. (both reportable and non reportable)

- Any leaks on the pipeline in the inspection area containing the waiver location(s) that occurred during the previous year. (both reportable and non reportable)

- List of all repairs on the pipeline the inspection area containing the waiver location(s) made during the previous year.

- On-going damage prevention initiatives on the pipeline in the inspection area containing the waiver location(s) and a discussion on its success.

- Any mergers, acquisitions, transfers of assets, or other events affecting the regulatory responsibility of the company operating the pipeline to which the waiver applies.

#### Supplemental Reporting

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

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

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

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

**Richard D. Huriaux,**

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

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## DEPARTMENT OF TRANSPORTATION

### Research and Special Programs Administration

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

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

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

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

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

**SUPPLEMENTARY INFORMATION:**

## Background

GTFS, a wholly owned subsidiary of GulfTerra Energy Partners L.P., has entered into a gas gathering agreement with Kerr McGee Oil & Gas Corporation and the Devon Louisiana Corporation to design, build, own, and operate the Phoenix Gas Gathering System (Phoenix). GTFS will transport production fuel from the Red Hawk Spar, a deepwater fuel production facility in the Gulf of Mexico, to the Pioneer Platform, an existing pipeline facility located approximately 76 miles downstream.

GTFS requested a waiver of compliance with the requirements at 49 CFR 192.619(a)(2)(ii), 192.503, and 192.505 based on its contention that it is unnecessary to hydrostatically test this pipeline. GTFS asserts that a hydrostatic test will not demonstrate the strength and integrity of the pipeline because the pipeline is designed of heavy wall pipe and it will not experience the wall stress intended to be produced by a hydrotest. The heavy wall pipe is being used to prevent the collapse of the pipeline in the face of the huge external pressures exerted on it at a water depth of 5,300 feet. GTFS proposes to perform alternative risk control activities instead of the pressure test regulations.

After reviewing the waiver request, RSPA/OPS published a notice inviting interested persons to comment on whether a waiver should be granted (Notice 1) (69 FR 16338; March 29, 2004). RSPA/OPS stated that it was considering if a hydrotest of this pipeline was necessary and if the alternative risk control activities proposed by GTFS will yield an equivalent or greater degree of safety.

### *Comments on Proposed Waiver*

Comments were received from Carl Langer (a private citizen) and the U.S. Department of the Interior, Minerals Management Service (MMS). Each substantive comment is addressed below:

1. Both commenters noted that a hydrotest is a means of ensuring that the finished pipeline meets all quality requirements.

RSPA/OPS agrees that a hydrotest is one of several quality control checks that are generally used to ensure quality construction of a pipeline. For the Phoenix pipeline, however, GTFS has demonstrated that a hydrotest, as required by 49 CFR part 195, will not produce stresses in the pipe wall sufficient to demonstrate the integrity of the pipe because the Phoenix pipeline uses heavy wall pipe. Furthermore,

RSPA/OPS sees no added value in performing a hydrotest on this pipeline. GulfTerra has committed to perform several additional quality control measures on this pipeline throughout its construction to ensure its integrity. These additional risk control measures are listed at the end of this document.

2. Mr. Langer thought it prudent to require a hydrotest as a means of applying pressure on pipeline project managers to eliminate as many human errors as possible.

Although no one can disagree that humans make mistakes, the purpose of a hydrotest has never been to apply additional pressure on pipeline project managers. To the contrary, the purpose of a hydrotest is to impose wall stresses that are sufficient to expose defects in the pipeline.

3. Both commenters mentioned that a hydrotest can be useful in detecting small pipeline leaks due to minor defects and not necessarily major pipeline failures.

The intent of the hydrotest regulation is to produce stresses in the pipe wall that are sufficient to expose defects in the pipe prior its operation. Because this pipeline is built using heavier wall pipe and is under huge compressive stresses from more than a mile of water, a hydrotest as required by the gas pipeline safety regulations will not produce wall stresses high enough to detect leaks.

4. Mr. Langer commented on the consequences of a leaking hydrocarbon pipeline and how negative public opinion could result in a suspension of operations for an offshore oil producing facility in the event of a major crude oil pipeline break. He stated that it is better to verify that the pipeline is free of leaks during construction—before hydrocarbons are introduced into the pipeline. He also suggested that a sizing pig be used in addition to a hydrotest.

The Phoenix system is a natural gas pipeline, not a hazardous liquid pipeline. Because of the different characteristics of gas and hazardous liquids, the impact of gas pipeline incidents on an offshore pipeline facility is expected to be significantly less than a similar accident involving a hazardous liquid pipeline. Moreover, because this is an offshore natural gas pipeline facility, there would be no immediate safety hazard to the general public. RSPA/OPS expects—and the federal pipeline safety regulations require—GTFS to take actions that are necessary to ensure the safe operation of its system. In addition, RSPA/OPS has the enforcement authority to impose restrictions or discontinue the use of the Phoenix pipeline in the event the facility becomes a danger to persons or

the environment. Finally, the suggestion that a sizing pig be used in addition to a hydrotest is beyond the scope of this waiver.

5. Mr. Langer commented that the elimination of the hydrotest would introduce the possibility of shoddy materials and shoddy workmanship.

The Federal pipeline safety regulations set forth minimum standards for materials and constructions. In addition, GTFS has committed to perform several other quality control checks on this pipeline throughout its construction to ensure the integrity of the pipeline. GTFS is expected to comply with the federal pipeline safety regulations and the conditions of this waiver.

A waiver of the hydrotest requirement for the Phoenix system does not relieve GTFS of its responsibility to ensure that quality control procedures are adhered to during the construction of this pipeline.

6. Mr. Langer commented that there may come a time when it is cost prohibitive to dewater gas transmission pipelines after a hydrotest has been performed. However, he does not believe this to be the case with the Phoenix pipeline because this line is at a depth of only 5,300 feet.

In evaluating this waiver request, RSPA/OPS evaluated whether the proposed waiver would provide an equal or greater level of safety to that currently provided by the regulations. RSPA/OPS believes that because the Phoenix system is constructed of heavy wall pipe and located offshore at a depth of 5,300 feet, a hydrotest of this pipeline does not provide any meaningful information because the stresses produced from the tests are not sufficient to demonstrate the integrity of the pipe.

7. MMS commented that research should be performed by industry experts to determine what viable hydrotest alternatives exist and how can they be implemented.

GTFS relied on the research and expertise of Det Norske Veritas (DNV), a respected international and independent foundation involved in safeguarding life, property, and the environment at sea, and designed this pipeline to meet DNV's Offshore Standard for Submarine Pipeline Systems (DNV-OS-F101, Jan. 2003). DNV publishes Offshore Service Specifications, Offshore Standards, and Recommended Practices for ships, offshore units and installations. It also provides classification, certification, and other verification and consulting services for general use by the offshore industry. For additional information on

DNV's research and expertise dealing with offshore pipeline facilities, they are located on the Web and can be reached at <http://exchange.dnv.com>.

#### Grant of Waiver

For the reasons explained above and in Notice 1, and in light of the equivalent level of safety provided by the alternative risk control activities, RSPA/OPS finds that the request for waiver is consistent with pipeline safety. Therefore, GTFS's request for waiver of compliance with 49 CFR 192.619(a)(2)(ii), 192.503, and 192.505 is granted subject to GTFS compliance with the following conditions:

1. Utilize thick wall, high strength, and high quality DSAW pipe;
2. Perform a pipe mill hydrotest on each pipe joint equivalent to 95% specified minimum yield strength (SMYS) to detect defects in the seam weld and prevent the deployment of defective pipe joints;
3. Perform extensive inspection and quality control during the line pipe manufacture, transport, fabrication, and installation to prevent pipe damage;
4. Utilize Automated Ultrasonic Inspection (AUT) for inspection of offshore welds to improve defect detection in the girth weld and to improve the weld quality during the pipeline and steel catenary riser fabrication;
5. Subject all buckle arrestors to complete radiographic and magnetic particle inspection, including radiographic inspection of all buckle arrestor to line pipe welds;
6. Perform complete radiographic inspection and hydrotesting of all welds connecting subsea valves and assemblies to the pipeline;
7. Perform a leak test of the pipeline's subsea tie-in flange that connects to the VR 397 riser flange; and
8. Perform factory acceptance hydrotests of all subsea "wye", tee, ball valve, and check valve assemblies.

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

**William H. Gute,**

*Acting Deputy Associate Administrator for Pipeline Safety.*

[FR Doc. 04-14726 Filed 6-28-04; 8:45 am]

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## DEPARTMENT OF TRANSPORTATION

### Surface Transportation Board

[STB Docket No. AB-33 (Sub-No. 216X)]

#### Union Pacific Railroad Company— Abandonment Exemption—in Weld County, CO

On June 15, 2004, Union Pacific Railroad Company (UP) filed with the Board a petition<sup>1</sup> under 49 U.S.C. 10502 for exemption from the provisions of 49 U.S.C. 10903 to abandon a 1.12-mile portion of its Monfort Industrial Lead between milepost 141.12 and milepost 140.00 near Kersey, in Weld County, CO.<sup>2</sup> The line traverses United States Postal Service Zip Code 80644 and includes no stations.

The line contains both federally granted rights-of-way and fee title property. Any documentation in UP's possession will be made available promptly to those requesting it.

The interest of railroad employees will be protected by the conditions set forth in *Oregon Short Line R. Co.—Abandonment—Goshen*, 360 I.C.C. 91 (1979).

By issuance of this notice, the Board is instituting an exemption proceeding pursuant to 49 U.S.C. 10502(b). A final decision will be issued by October 1, 2004.

Any offer of financial assistance (OFA) under 49 CFR 1152.27(b)(2) will be due no later than 10 days after service of a decision granting the petition for exemption. Each OFA must be accompanied by a \$1,100 filing fee. See 49 CFR 1002.2(f)(25).

All interested persons should be aware that, following abandonment of rail service and salvage of the line, the line may be suitable for other public use, including interim trail use. Any request for a public use condition under 49 CFR 1152.28 or for trail use/rail banking under 49 CFR 1152.29 will be due no later than July 22, 2004. Each trail use request must be accompanied by a \$200 filing fee. See 49 CFR 1002.2(f)(27).

All filings in response to this notice must refer to STB Docket No. AB-33

<sup>1</sup> The petition was initially received on May 28, 2004, but contained conflicting information regarding ownership of the right-of-way. On June 15, 2004, a supplemental filing was received correcting the draft notice to indicate that the line contains both federally granted rights-of-way and fee title property. Accordingly, June 15, 2004, is considered to be the actual filing date and the due dates in this notice are based on that date.

<sup>2</sup> UP states that after abandonment the track and right-of-way will be sold to ConAgra Foods, the only shipper on the line. The shipper will then reconfigure its facility to receive larger, more efficient unit shuttle trains of grain, and the line will be converted to an industry track.

(Sub-No. 216X) and must be sent to: (1) Surface Transportation Board, 1925 K Street, NW., Washington, DC 20423-0001; and (2) Mack H. Shumate, Jr., 101 North Wacker Drive, Room 1920, Chicago, IL 60606. Replies to the UP petition are due on or before July 22, 2004.

Persons seeking further information concerning abandonment procedures may contact the Board's Office of Public Services at (202) 565-1592 or refer to the full abandonment or discontinuance regulations at 49 CFR part 1152.

Questions concerning environmental issues may be directed to the Board's Section of Environmental Analysis (SEA) at (202) 565-1539. [Assistance for the hearing impaired is available through the Federal Information Relay Service (FIRS) at 1-800-877-8339.]

An environmental assessment (EA) (or environmental impact statement (EIS), if necessary) prepared by SEA will be served upon all parties of record and upon any agencies or other persons who commented during its preparation. Other interested persons may contact SEA to obtain a copy of the EA (or EIS). EAs in these abandonment proceedings normally will be made available within 60 days of the filing of the petition.

The deadline for submission of comments on the EA will generally be within 30 days of its service.

Board decisions and notices are available on our Web site at "<http://www.stb.dot.gov>."

Decided: June 18, 2004.

By the Board, David M. Konschnik,  
Director, Office of Proceedings.

**Vernon A. Williams,**  
*Secretary.*

[FR Doc. 04-14591 Filed 6-28-04; 8:45 am]

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## DEPARTMENT OF THE TREASURY

### Fiscal Service

#### Renegotiation Board Interest Rate; Prompt Payment Interest Rate; Contract Disputes Act

**AGENCY:** Bureau of the Public Debt, Fiscal Service, Treasury.

**ACTION:** Notice.

**SUMMARY:** For the period beginning July 1, 2004 and ending on December 31, 2004, the prompt payment interest rate is 4.500 per centum per annum.

**ADDRESSES:** Comments or inquiries may be mailed to Mitzie Johnson, Acting Team Leader, Borrowings Accounting Team, Division of Accounting Operations, Office of Public Debt