



U.S. Department
of Transportation

Pipeline and Hazardous
Materials Safety
Administration

1200 New Jersey Avenue, SE
Washington, D.C. 20590

MAY 10 2010

Mr. Mickey T. Smith
Pipeline Engineer
CountryMark Cooperative, LLP
1200 Refinery Road
Mt. Vernon, Indiana 47620

Docket No. PHMSA-2009-0266

Dear Mr. Smith:

On July 17, 2009, CountryMark Cooperative, LLP (CountryMark) wrote to the Pipeline and Hazardous Materials Safety Administration (PHMSA) requesting a special permit to waive compliance from PHMSA's pipeline safety regulations in 49 CFR §§ 195.452(h)(4)(ii)(A) and 195.452(h)(4)(iii)(B), for the Mount Vernon to Jolietville Pipeline, a hazardous liquid pipeline, located in Posey, Gibson, Knox, Green, Owen, Putnam, Morgan, Hendricks, Boone, and Hamilton Counties, Indiana. The regulation requires an operator to schedule within 60 days and 180 days, evaluation and remediation of dents located on the top of the pipeline, above the four (4) and eight (8) o'clock positions.

PHMSA is denying this special permit request, which would have allowed CountryMark to operate the 8 5/8-inch Mount Vernon to Jolietville Pipeline in Posey, Gibson, Knox, Green, Owen, Putnam, Morgan, Hendricks, Boone, and Hamilton Counties, Indiana, without scheduling the evaluation and remediation of pipeline dents above 2% through 6% of the pipe diameter. The reason for this denial can be found in the special permit analysis and findings document enclosed with this letter. This document and all other pertinent documents are available for review in Docket No. PHMSA-2009-0266 in the Federal Docket Management System (FDMS) located on the internet at www.Regulations.gov. PHMSA grants CountryMark six (6) months from the date of this letter to comply with the requirements of 49 CFR §§ 195.452(h)(4)(ii)(A) and 195.452(h)(4)(iii)(B).

My staff would be pleased to discuss this denial or any other regulatory matter with you. John Gale, Director of Regulations (202-366-0434), may be contacted on regulatory matters and Alan Mayberry, Deputy Associate Administrator for Pipeline Safety (202-366-5124), may be contacted on technical matters.

Sincerely,

Jeffrey D. Wiese

Associate Administrator for Pipeline Safety

Enclosure (Special Permit Analysis and Findings)

U.S. DEPARTMENT OF TRANSPORTATION**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION (PHMSA)****Special Permit Analysis and Findings****Special Permit Information:**

Docket Number: PHMSA-2009-0266

Requested By: Countrymark Cooperative, LLP

Date Requested: July 17, 2009

Code Sections: 49 CFR §§ 195.452(h)(4)(ii)(A) and 195.452(h)(4)(iii)(B)

Purpose:

The Pipeline and Hazardous Materials Safety Administration (PHMSA) provides this information to describe the facts of the subject special permit application submitted by CountryMark Cooperative, LLP (CountryMark), to discuss any relevant public comments received with respect to the application, to present the engineering and safety analysis of the special permit application, and to make findings regarding whether the requested special permit should be granted, and if so, under what conditions.

Pipeline System Affected:

This special permit application applies to the 8 5/8-inch, 178 miles Mount Vernon to Jolietville Pipeline that transports standard gasoline, #1 Fuel Oil (Kerosene), and #1 Fuel Oil (Diesel). This pipeline located in Posey, Gibson, Knox, Green, Owen, Putnam, Morgan, Hendricks, Boone, and Hamilton Counties, Indiana, is owned and operated by CountryMark. If granted, a special permit would allow CountryMark to continue to operate the pipeline without evaluation or remediation of discovered dents greater than 2 percent through 6 percent (%) of the pipeline diameter.

Special Permit Request:

On July 17, 2009, CountryMark submitted an application to PHMSA, for a special permit seeking relief from the Federal pipeline safety regulations in 49 CFR § 195.452(h)(4)(ii)(A), and (h)(4)(iii)(B), for the 178 miles Mount Vernon to Jolietville Pipeline. CountryMark's special permit application requests approval to continue to operate the pipeline with dents of above 2% through 6% of the pipeline diameter without evaluation or remediation, and monitoring the dents with periodic inline inspection. CountryMark asserts that the 24.8 diameter/thickness ratio of its pipeline is significantly stronger than most "cross-country" pipelines. CountryMark concludes

that its pipeline is, therefore, far less susceptible to cyclic stress and fatigue resulting from smooth dents. To support its request for relief from the requirements of 49 CFR § 195.452(h)(4)(ii)(A) and (h)(4)(iii)(B), CountryMark submitted an analysis by Det Norske Veritas. CountryMark stated that the public interest and pipeline safety would be better served, if the efforts required on smooth dents above 2% through 6% could be redirected to other safety issues (e.g., accelerated casing evaluation).

CountryMark noted that the pipeline was constructed in 1952 and 1953 of 8 5/8-inch diameter, 0.322-inch wall thickness material grade API Grade B seamless pipe. The pipe is coated with on site mummy wrap (now known as Trenton Intercoat). The Mount Vernon to Jolietville Pipeline was pressure tested as part of the original construction. Some of the hydrostatic test records did not survive. The maximum operating pressure (MOP) of 800 pounds per square inch (psi) was established under 49 CFR 195.406(a)(5). There have been five (5) leaks on the Mount Vernon to Jolietville Pipeline, with the most recent occurring in 1979, due to a strike by a field tilling machine. The pipeline crosses through 13 Unusually Sensitive Areas (USA) which consist of 11 ecological and 2 drinking water locations.

The Federal pipeline safety regulations in 49 CFR § 195.452(h)(4)(ii)(A) require hazardous liquid pipeline operators to evaluate and remediate within 60 days of discovery, any dents located on the top of the pipeline (above the 4 and 8 o'clock positions) with a depth greater than 3% of the pipeline diameter (greater than 0.250 inches in depth for a pipeline diameter less than Nominal Pipe Size (NPS) 12). Federal pipeline safety regulations in 49 CFR § 195.452(h)(4)(iii)(B) require hazardous liquid pipeline operators to evaluate and remediate within 180 days of discovery any dents located on the top of the pipeline (above the 4 and 8 o'clock positions) with a depth greater than 2% of the pipeline diameter (0.250 inches in depth for a pipeline diameter less than NPS 12). If granted, a special permit would allow CountryMark to continue to operate the 178 miles Mount Vernon – Jolietville Pipeline without evaluation and remediation of discovered dents. If the special permit application is denied, CountryMark would have to comply with 49 CFR § 195.452(h)(4)(ii)(A) and (h)(4)(iii)(B) by evaluating and remediating the discovered dents.

Public Notice:

On December 10, 2009, PHMSA posted a notice of this special permit request in the Federal Register (74 FR 65591). PHMSA did not receive any comments on this special permit request as a result of this notice. CountryMark's special permit request, the Federal Register notice and all other pertinent documents are available for review in Docket No. PHMSA-2009-0266 in the Federal Docket Management System (FDMS), located on the internet at www.Regulations.gov.

Analysis:

Background: Certain threshold requirements must be met for a pipeline section to be further evaluated for a special permit. Such special permits may only then be granted when pipe conditions and active integrity management provides a level of safety greater than, or equal to the requirements in the current regulations. CountryMark did not show in its application how any alternative integrity measures would be implemented to ensure that operation of the pipeline under a special permit would be consistent with pipeline safety.

CountryMark did not propose remediation measures that would provide equivalent safety. Therefore, PHMSA has determined that a special permit will not ensure a level of pipeline safety greater than or equal to compliance with 49 CFR §195.452(h)(4)(ii)(A) and (h)(4)(iii)(B).

Findings:

Based on the information submitted by CountryMark and PHMSA's analysis of technical, operational and safety issues, PHMSA finds that granting this special permit to CountryMark to operate the 178 miles Mount Vernon to Jolietville Pipeline, located in Posey to Hamilton counties, Indiana, without evaluating and repairing certain dents would be inconsistent with pipeline safety.

Completed in Washington DC on: **MAY 10 2010** _____

Prepared by: PHMSA – Engineering and Emergency Support