



U.S. Department
of Transportation
**Pipeline and Hazardous
Materials Safety
Administration**

1200 New Jersey Ave., S.E.
Washington, DC 20590

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

JUL 06 2007

Ms. Tara Shumate Lee
Assistant General Counsel
Chesapeake Appalachia, L.L.C.
P.O. Box 6070
Charleston, WV 25362-0070

Docket No. PHMSA-2006-26532

Dear Ms. Shumate Lee:

On June 8, 2005 you wrote to the Pipeline and Hazardous Materials Safety Administration (PHMSA) requesting a waiver of compliance from PHMSA's pipeline safety regulation 49 CFR 192.619 for Chesapeake Appalachia, L.L.C. (CHK). The regulation requires natural gas pipeline operators to establish a maximum allowable operating pressure (MAOP) for each regulated pipeline segment it operates.

The PHMSA is granting this waiver through a special permit, which is enclosed with this letter. This special permit will allow CHK to establish an MAOP for each of its regulated pipeline segments by using an alternate method explained in the permit. This special permit is valid for one year and has other conditions and limitations. The special permit provides some relief from the Federal pipeline safety regulations for CHK while ensuring that pipeline safety is not compromised.

My staff would be pleased to discuss this special permit or any other regulatory matter with you. Florence Hamn, Director of Regulations (202-366-4595) would be pleased to assist you.

Sincerely,

Jeffrey D. Wiese
Acting Associate Administrator
for Pipeline Safety

Enclosure (Special Permit)



U.S. Department
of Transportation
**Pipeline and Hazardous
Materials Safety
Administration**

1200 New Jersey Ave., S.E.
Washington, DC 20590

DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
SPECIAL PERMIT

Docket Number: PHMSA-2006-26532
Pipeline Operator: Chesapeake Appalachia, L.L.C.
Date Requested: June 8, 2005
Code Section(s): 49 CFR 192.619

Grant of Special Permit:

The Pipeline and Hazardous Materials Safety Administration (PHMSA) grants this special permit to Chesapeake Appalachia, L.L.C. (CHK). This special permit allows CHK to establish a maximum allowable operating pressure (MAOP) for certain regulated pipeline segments it operates in the Commonwealth of Kentucky and the State of West Virginia by using the applicable alternate MAOP determination method described below in lieu of the methods specified in § 192.619.

This special permit covers approximately 129 miles of regulated pipeline segments operated by CHK in Kentucky and West Virginia as reported in CHK's "*Annual Report for Calendar Year 2005 Gas Transmission and Gathering Systems.*" The regulated segments are sections of CHK's pipelines traversing non-rural areas. The regulated pipeline segments range in length from a few hundred feet up to approximately 10,000 feet and range in diameter from less than 4 inches to 20 inches. The pipelines were installed both before and after July 1, 1970.

The PHMSA grants this special permit based on the findings set forth in the "*Special Permit Analysis and Findings*" document, which can be read in its entirety in Docket No.

PHMSA-2006-26532 in the DOT's Docket Management System (DMS) located on the internet at <http://dms.dot.gov>.

Alternate MAOP Determination Methods:Pipeline Segments Installed Before July 1, 1970

For a pipeline segment installed before July 1, 1970 the MAOP shall be the pipeline segment's highest actual operating pressure. CHK shall determine the highest actual operating pressure using the actual operating pressure data from the five years prior to April 14, 2006 as follows:

- 1) For pipeline segments with pressure recording charts, use the highest pressure recorded on the chart during the month determined to have the highest actual operating pressures during the five year period.
- 2) For pipeline segments with electronic records, use the highest average monthly pressure during the five year period.

Pipeline Segments Installed After July 1, 1970

For a pipeline segment installed after July 1, 1970 the MAOP shall be 80 percent of the pipeline segment's highest actual operating pressure. CHK shall determine the highest actual operating pressure using the actual operating pressure data from the five years prior to April 14, 2006 as follows:

- 1) For pipeline segments with pressure recording charts, use the highest pressure recorded on the chart during the month determined to have the highest actual operating pressures during the five year period.
- 2) For pipeline segments with electronic records, use the highest average monthly pressure during the five year period.

Conditions:

This special permit is granted with the following conditions:

- 1) This special permit applies only to those regulated pipeline segments reported in Kentucky and West Virginia by CHK in its "*Annual Report for Calendar Year 2005 Gas Transmission and Gathering Systems*" for which the MAOP has not been previously established by CHK.
- 2) This special permit applies only to those regulated pipeline segments for which CHK has the records and/or data needed to determine the MAOP using one of the alternate methods

described above. In the event records and/or data are unavailable, CHK cannot use this special permit to determine the MAOP of a pipeline segment.

- 3) Any records or data found by CHK in the process of establishing an MAOP for a pipeline segment in accordance with this special permit must be kept for the life of the pipeline.
- 4) In the process of establishing an MAOP, if CHK uncovers sufficient data and/or records to establish the MAOP of a pipeline segment using the methods specified in § 192.619, CHK must use the methods in § 192.619 in lieu of the methods specified in this special permit.

Limitations:

The grant of this special permit is subject to the following limitations:

- 1) This is a “one-time-only” special permit to allow CHK to establish MAOP on pipeline segments it operates in Kentucky and West Virginia for which the MAOP has not been established and cannot be established using the procedures specified in § 192.619.
- 2) This special permit expires one year from the date of issue.
- 3) This special permit cannot be extended.
- 4) Nothing in this special permit prohibits CHK from using the existing regulations to establish the MAOP, or to update the MAOP, of any pipeline segment covered in this special permit.
- 5) Should CHK fail to comply with any conditions of this special permit, or should PHMSA determine this special permit is no longer appropriate or that this special permit is inconsistent with pipeline safety, PHMSA may revoke this special permit and require CHK to comply with the regulatory requirements in § 192.619.

AUTHORITY: 49 U.S.C. 60118(c) and 49 CFR 1.53.

Issued in Washington, DC on JUL 06 2007.



Jeffrey D. Wiese,

Acting Associate Administrator for Pipeline Safety.