U.S. Department
of Transportation

Pipeline and Hazardous Materials
Safety Administration

1200 New Jersey Ave., SE
Washington, DC 20590

OCT 16 2009

Mr. Edward C. McMurtrie
Vice President/General Manager
Paiute Pipeline Company
P.O. Box 94197
Las Vegas, Nevada 89193-4197

Docket No. PHMSA-2009-0100

Dear Mr. McMurtrie:

By letter dated March 26, 2009, you wrote to the Pipeline and Hazardous Materials Safety Administration (PHMSA) on behalf of Paiute Pipeline Company (Paiute Pipeline) requesting a special permit to waive compliance from PHMSA's pipeline safety regulations for the operation of certain main line valves on the Paiute Pipeline in the State of Nevada. The pipeline safety regulations in 49 CFR §§ 192.605 and 192.745 require the operator of each gas transmission pipeline to inspect and partially operate each transmission line valve that might be required during any emergency at intervals not exceeding 15 months, but at least once each calendar year.

PHMSA is granting this special permit (enclosed) to Paiute Pipeline. The special permit allows Paiute Pipeline to conduct the valve maintenance inspections required by §§ 192.605 and 192.745 on the Paiute Pipeline without partially operating the PBV trunnion mounted ball valves. The intent is to provide Paiute Pipeline time to inspect, repair or replace the potentially defective valve cap screws on these valves. The special permit expires when all the suspect PBV trunnion mounted ball valves have been remediated or on December 31, 2010, whichever occurs first. This special permit has conditions and limitations and provides some relief from the Federal pipeline safety regulations for Paiute Pipeline 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. Please call John Gale, Director of Regulations at 202-366-0434, for regulatory matters or Alan Mayberry, Director of Engineering and Emergency Support at 202-366-5124, for technical matters specific to this special permit.

Sincerely,

for Linda Daugherty

Jeffrey D. Wiese
Associate Administrator for Pipeline Safety

Enclosure (Special Permit)

U. S. DEPARTMENT OF TRANSPORTATION

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION (PHMSA)

SPECIAL PERMIT

Docket Number:	PHMSA-2009-0100
Pipeline Operator:	Paiute Pipeline Company
Date Requested:	March 26, 2009
Code Section(s):	49 CFR §§ 192.605 and 192.745

Grant of Special Permit:

By this order, the Pipeline and Hazardous Materials Safety Administration (PHMSA) grants this special permit to Paiute Pipeline Company (Paiute Pipeline), for PBV trunnion mounted ball valves on the Paiute Pipeline in the State of Nevada. This special permit allows Paiute Pipeline to conduct the valve maintenance inspections required by 49 CFR §§ 192.605 and 192.745 on the Paiute Pipeline without partially operating the PBV trunnion mounted ball valves. The intent is to provide Paiute Pipeline time to inspect, repair or replace the valve cap screws on these critical valves. This special permit has conditions and limitations and provides some relief from the Federal pipeline safety regulations for Paiute Pipeline while ensuring that pipeline safety is not compromised.

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-2009-0100 in the Federal Docket Management System (FDMS) located on the Internet at www.Regulations.gov.

Conditions:

The grant of this special permit is subject to the following conditions and stipulations:

1) Within 30 days of the grant of this special permit, Paiute Pipeline must provide to the Director, PHMSA Western Region a list of all known suspect PBV trunnion mounted ball valves to include the valve locations, sizes and installation dates.
2) Paiute Pipeline must continue to visually inspect the PBV trunnion mounted ball valves as required by § 192.745.

3) Paiute Pipeline must conduct leakage surveys of each potentially affected PBV trunnion mounted ball valve using gas detector equipment at least four times each calendar year at intervals not exceeding 4 ½ months. Leakage surveys must continue until the valve is repaired, replaced or determined to be safe.
4) The special permit applies only to normal operations. In the event of an emergency, Paiute Pipeline must operate each PBV trunnion mounted ball valve required to shutdown the pipeline in compliance with 49 CFR Part 192. Each suspect PBV trunnion mounted ball valve operated during an emergency must be checked for leakage as soon as possible after it has been operated and again the next day to confirm the integrity of the valve.
5) Paiute Pipeline must designate alternate valves to be operated in an emergency in the event one of the suspect PBV trunnion mounted ball valves fails to perform an adequate shutdown of the pipeline.
6) Within 30 days following receipt of this special permit, Paiute Pipeline must provide to the Director, PHMSA Western Region its investigation findings and a remediation plan to include a schedule for repairing, or replacing the affected PBV trunnion mounted ball valves by December 31, 2010.
7) Paiute Pipeline must provide to Director, PHMSA Western Region quarterly updates on the progress of the valve remediation plan. Quarterly reports should begin with the calendar year quarter during which this special permit is granted and should continue until December 31, 2010, or until the plan is completed, whichever occurs first. The quarterly report is due not later than the last day of the month following the calendar quarter. For example, the quarterly report for the third quarter of 2009 is due not later than October 31, 2009.
8) If Paiute Pipeline performs a metallurgical analysis and root cause failure analysis of any PBV trunnion mounted ball valve cap screws on the Paiute Pipeline system, a copy of the report must be provided to the Director, PHMSA Western Region within 30 days of completion of the analysis report.
9) Paiute Pipeline must update their operations and maintenance (O & M) procedures in accordance with § 192.605 to include Conditions 1 through 8 of this special permit within 30 days of receipt of this special permit.

Limitations:

PHMSA grants this special permit subject to the following limitations:

1) This special permit expires when Paiute Pipeline has remediated all the suspect PBV trunnion mounted ball valves on the Paiute Pipeline or on December 31, 2010, whichever occurs first.
2) PHMSA has the sole authority to make all determinations on whether Paiute Pipeline has complied with the specified conditions of this special permit.
3) Should Paiute Pipeline fail to comply with any of the specified conditions of this special permit, PHMSA may revoke this special permit and require Paiute Pipeline to comply with the regulatory requirements in 49 CFR §§ 192.605 and 192.745.
4) PHMSA may revoke, suspend or modify a special permit based on any finding listed in 49 CFR § 190.341(h)(1) and require Paiute Pipeline to comply with the regulatory requirements in 49 CFR §§ 192.605 and 192.745.
5) Should PHMSA revoke, suspend or modify a special permit based on any finding listed in 49 CFR § 190.341(h)(1), PHMSA will notify Paiute Pipeline in writing of the proposed action and provide Paiute Pipeline an opportunity to show cause why the action should not be taken unless PHMSA determines that taking such action is immediately necessary to avoid the risk of significant harm to persons, property or the environment (see 49 CFR § 190.341(h)(2)).
6) The terms and conditions of any corrective action order, compliance order or other order applicable to a pipeline facility covered by this special permit will take precedence over the terms of this special permit in accordance with 49 CFR § 190.341(h)(4).

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

Issued in Washington, DC on OCT 16 2009.

Linda Daugherty

for Jeffrey D. Wiese
Associate Administrator for Pipeline Safety