I. PURPOSE

The Pipeline Safety Improvement Act of 2002 (PSIA; P.L. 107-355) directed Federal agencies and departments having jurisdiction over the permitting of work needed for pipeline repairs to establish a coordinated and expedited pipeline repair permit review process. The process must be designed to enable pipeline operators to commence and complete all activities necessary to carry out pipeline repairs within the time periods to be established and specified by the Secretary of Transportation, pursuant to the PSIA, and in accordance with the statutory and regulatory requirements of the Participating Agencies.

Consistent with the PSIA, and in recognition of the fact that the timely repair of both natural gas and hazardous liquid pipelines is essential to facilitate the nation’s ability to meet the goal of sufficient availability and use of natural gas and liquid fuels, the Participating Agencies enter into this Memorandum of Understanding (MOU).

II. BACKGROUND

Through Executive Order 13212, issued on May 18, 2001, the President declared that it is the policy of his Administration that executive departments and agencies shall take appropriate actions, to the extent consistent with applicable law, to expedite projects that will increase the production, transmission, or conservation of energy. In that Executive Order, the President directed Federal agencies to expedite their reviews of authorizations for energy-related projects and to take other action necessary to accelerate the completion of such projects, while maintaining safety, public health and environmental protections.
The reliability and capacity of the Nation’s pipeline system are key determinants of energy supply and price, particularly in certain regional markets. The nearly 200,000 miles of oil pipelines in the United States are the principal mode for transporting oil and petroleum products such as gasoline, accounting for about 66 percent of all domestic product movements. In addition, virtually all natural gas in the United States is moved via pipeline. Insufficient domestic pipeline capacity has caused peak-load problems in moving oil and petroleum products such as gasoline from one region of the country to another.

The Nation’s existing pipeline infrastructure, much of which is over 50 years old, requires regular safety and environmental reviews to ensure its reliability. Following pipeline ruptures in Bellingham, Washington in June 1999 and Carlsbad, New Mexico in August 2000 which caused loss of life and significant property damage, Congress enacted the PSIA, which was signed into law by President Bush on December 17, 2002. The PSIA established State “one-call” notification programs, expanded State oversight of pipeline safety, improved enforcement authority of the Department of Transportation with respect to pipeline safety, and increased enforcement penalties for violation of pipeline safety regulations.

As directed by Section 14 of the PSIA, the U.S. Department of Transportation, through the Research and Special Programs Administration, amended its safety regulations and standards for the transportation of natural gas and hazardous liquids in or affecting interstate or foreign commerce. The amended safety regulations at 49 CFR Parts 192 and 195 require operators of certain pipelines to adopt Integrity Management Programs (IMP). Under the IMP regulations, operators of transmission pipelines transporting natural gas and hazardous liquids are required to assess, evaluate, repair, and validate through comprehensive analysis the integrity of pipeline segments that, in the event of a leak or rupture, could impact High Consequence Areas (HCA). The regulations define HCAs to include populated areas, areas unusually sensitive to environmental damage, and commercially navigable waterways.

The regulations also identify repair criteria or types of failures that must be repaired within specified time limits, the length of which reflects the probability of failure. For natural or other gas pipelines, two categories of repair characterization (immediate, 1 year) are defined by the type, magnitude, or orientation of the anomaly, or combination thereof. Similarly, for hazardous liquid pipelines, three categories of repair are defined (immediate, 60 days, or 180 days). For example, for hazardous liquid pipelines, a top dent with any indication of metal loss or cracking requires an immediate response and action, whereas a bottom dent with any indication of metal loss or cracking requires a response and action within 60 days. Given these criteria, pipeline operators must characterize the type of repair required (as described in the regulations), evaluate the risk of failure, and make the repair within defined time limits. These consensus criteria were developed following extensive consultation with experts in other government agencies, environmental organizations, industry, and academia, as well as with the public, through a series of public notices, workshops, and technical meetings.
In addition, recognizing the need for timely repairs of pipelines to maintain energy security, Section 16 of the PSIA directed the President to establish an Interagency Committee to implement a coordinated environmental review and permitting process to enable pipeline repairs within the time periods specified by the IMP regulations. Committee activities were to include evaluation of Federal permitting requirements, identification of best management practices (BMPs) to be used by industry, and the development of a memorandum of understanding to provide for a coordinated and expedited pipeline permit review process that includes the use of BMPs to enable pipeline repairs that would result in no more than minimal adverse effects on the environment. To implement Section 16 of the PSIA, the President issued Executive Order 13302, adding these pipeline safety functions to the charge given the Task Force authorized under Executive Order 13212.

The MOU enhances coordination of the processes through which agencies with environmental and historic preservation review responsibilities under various statutes meet those responsibilities in connection with the authorizations required to repair natural gas and hazardous liquid pipelines that have been identified by pipeline operators as in need of repair on a timely basis to protect life, health or physical property. The MOU recognizes that early planning, notice, and consultation among the pipeline operator and agencies can result in a structured process that facilitates timely decisions that can enable critical repair actions to go forward, within the context of resource conservation.

The MOU supports the development of a comprehensive, “one-stop” information system to allow pipeline operators and agencies alike access to the best available information on pipeline testing and repair schedules, agency official contact information, natural resource conservation needs, and recommendations on management practices for testing and repair. Further, the MOU recognizes that the identification and use of BMPs to avoid, reduce, or mitigate impacts to resources of concern can be one means of implementing specific measures to protect affected resources and encourage increased environmental stewardship.

III. EXISTING AUTHORITIES AND RESPONSIBILITIES

The Council on Environmental Quality (CEQ) was established within the Executive Office of the President in 1969 by act of Congress as part of the National Environmental Policy Act (NEPA). Its principal purpose is to formulate and recommend national policies to promote the improvement of the quality of the environment. CEQ has issued regulations applicable to Federal agencies implementing NEPA (40 C.F.R. Parts 1500 through 1508).

The Department of Transportation (DOT), through its Research and Special Programs Administration (RSPA), is responsible for establishing safety standards for the nation’s pipeline transportation system. RSPA carries out this responsibility through its Office of Pipeline Safety (OPS). OPS establishes and enforces minimum safety standards for the design, construction, operation and maintenance of pipeline facilities pursuant to 49 U.S.C. 60101 et seq.
The Environmental Protection Agency (EPA) is responsible for administering a wide variety of environmental laws. The responsibilities of EPA relevant to the pipeline permitting process include commenting on Environmental Impact Statements (EISs) under section 309 of the Clean Air Act, participating in the Clean Water Act section 404 permit process, and issuing or reviewing authorized States’ issuance of National Pollutant Discharge Elimination System permits for point source discharges of storm water from construction activities that disturb areas in excess of one acre, pursuant to section 402 of the Clean Water Act.

The Fish and Wildlife Service (FWS), within the Department of the Interior, is responsible for assisting other Federal agencies and the public in the conservation, protection, and enhancement of fish, wildlife, plants, and their habitats, pursuant to the Fish and Wildlife Coordination Act (FWCA; 16 U.S.C. 661 et seq.). The FWS has principal trust responsibility to protect and conserve migratory birds, threatened and endangered species, certain marine mammals, and inter-jurisdictional fishes. In particular, Section 7 of the Endangered Species Act of 1973, as amended (ESA, 16 U.S.C. 1531 et seq.), requires that Federal agencies insure that the actions they authorize, fund, or carry out are not likely to jeopardize the continued existence of listed species or destroy or adversely modify their designated critical habitat. Further, the Migratory Bird Treaty Act (MBTA; 16 U.S.C. 703-712), prohibits the taking, killing, possession, and transportation of migratory birds, their eggs, parts and nests, except when specifically authorized by the Secretary of the Interior. Federal regulatory agencies and their applicants for pipeline repair projects are required to consult with the FWS on projects potentially affecting any of these resources. The FWS also consults on projects potentially affecting fresh water or marine resources and water quality. In addition, the FWS manages the National Wildlife Refuge System (NWRS), and may authorize use by permit for areas within the NWRS.

The Bureau of Land Management (BLM), within the Department of the Interior, is responsible for the management of Federal lands. The BLM is responsible for issuing right-of-way grants and permits authorizing the transportation of oil, natural gas, synthetic liquid or gaseous fuels, or any refined products produced therefrom, by pipelines using Federal lands. Section 28 of the Mineral Leasing Act of 1920, as amended, gives BLM the authority to issue right-of-way grants and permits for oil and gas pipelines through all lands owned by the United States, except lands in the National Park System, lands held in trust for an Indian or Indian tribe, and lands on the Outer Continental Shelf.

The National Park Service (NPS), within the Department of the Interior, may issue right-of-way permits only for those uses or activities specifically authorized by Congress and only if there is no practicable alternative to such use of NPS lands. There are no general authorities for issuance of right-of-way permits for gas or other petroleum product pipelines across units of the National Park System. However, in individual instances, park-specific legislation provides for such authorization, and some NPS lands have been acquired subject to gas or other petroleum product pipelines easements. The
The Minerals Management Service (MMS), within the Department of the Interior, is responsible for issuing and enforcing regulations to promote safe operations, environmental protection, and resource conservation on the Outer Continental Shelf (OCS). The MMS is responsible for granting rights-of-way through submerged lands of the OCS. In addition, the MMS regulates pipelines under the jurisdiction of the Department of the Interior in accordance with MMS policies, practices, and requirements issued under 30 CFR Part 250, Subpart J. MMS and DOT coordinate OCS pipeline inspection and repair activities in accordance with the 1996 MMS/DOT national Memorandum of Understanding and/or other regional agreements (e.g., the “Offshore California Pipeline Inspection Survey Plan” and its implementing Memorandum of Agreement) as applicable.

The Bureau of Indian Affairs (BIA), within the Department of the Interior, is charged with the administration of Federal Indian policy and the discharge of the Federal trust for American Indian Tribes, Alaska Native villages and tribal organizations. BIA is responsible for approving rights-of-way across lands held in trust for an Indian or Indian Tribe. In addition, regarding natural gas and all rights-of-way for energy resource transport, BIA must consult and coordinate through government-to-government relations with any affected Tribe.

The National Marine Fisheries Service (NMFS), an office of the National Oceanic and Atmospheric Administration (NOAA) within the Department of Commerce, is responsible for a variety of activities in marine and coastal ecosystems as mandated by several statutes and authorities. These activities include conserving threatened and endangered species, protecting marine mammals, managing commercial and recreational fisheries, and protecting marine and coastal habitats. These activities are conducted pursuant to the ESA, the Marine Mammal Protection Act (MMPA), the Magnuson-Stevens Fishery Conservation and Management Act (MSA), and the FWCA. Federal agencies involved in pipeline repairs that have potential effects on threatened and endangered species or essential fish habitat must consult with NMFS pursuant to the ESA and the MSA. For any pipeline repair that would incidentally take a marine mammal, an authorization pursuant to the MMPA must be obtained.

The National Ocean Service (NOS), an office of the National Oceanic and Atmospheric Administration (NOAA) within the Department of Commerce, administers the Coastal Zone Management Act (CZMA) and approves and works with states to implement comprehensive Coastal Management Programs and National Estuarine Research Reserves and mediates disputes regarding CZMA issues. Under CZMA section 307(c)(3)(A), applicable states must concur with consistency certifications submitted with permit applications for activities affecting any land or water use or natural resource of the coastal zone before Federal agencies can issue their approvals. NOS also manages designated National Marine Sanctuaries (NMS) and coastal protection and restoration activities. Pipeline repairs within a designated NMS will likely require a permit.
(pursuant to NMS regulations at 15 CFR Part 922), and pursuant to Section 304(d) of the National Marine Sanctuaries Act, Federal actions near NMS may require consultation with the Secretary of Commerce.

The Army Corps of Engineers (COE), within the Department of Defense (DOD), is responsible for the administration of laws for the protection of waters of the United States, pursuant to section 10 of the Rivers and Harbors Act of 1899 (RHA; 33 U.S.C. 403), section 404 of the Clean Water Act of 1972, as amended (CWA; 33 U.S.C. 1344), and section 103 of the Marine Protection, Research, and Sanctuaries Act of 1972 (MPRSA; 33 U.S.C. 1413). The RHA authorizes all work and or structures in or affecting the course, condition, location, or capacity of navigable waters of the United States and artificial islands, installations, or other devices on the Outer Continental Shelf. The CWA authorizes the discharge of dredged or fill material into the waters of the United States, including wetlands. The MPRSA authorizes the transportation of dredged material excavated from navigable waters of the United States for the purpose of dumping it in ocean waters. It is expected that the COE may authorize most pipeline repair activities under these Acts through the use of existing nationwide permits. Where the impacts on the aquatic resources may be more than minimal either individually or cumulatively, individual permits may be warranted, and in emergency situations, as defined by the COE, emergency permits may be used as necessary. Letters of permission and/or regional general permits may be established at the local and regional level to further abbreviate the permitting process. The different permitting program requirements and conditions are set forth in 33 CFR Parts 320-330.

The Federal Energy Regulatory Commission (FERC) is responsible for authorizing the construction and operation of interstate natural gas pipelines. It issues certificates of public convenience and necessity for such pipelines under section 7 of the Natural Gas Act of 1938, as amended (NGA), and authorizes the construction and siting of facilities for the import or export of natural gas under section 3 of the NGA. It also authorizes the construction and operation of natural gas pipelines pursuant to the Natural Gas Policy Act. The FERC's authorization requires that interstate pipelines maintain service at certificated levels. Pipeline repair projects can often be accomplished within existing authorizations and exemptions.

The Forest Service (FS), within the Department of Agriculture, is responsible for the management of 192 million acres of National Forest System (NFS) lands. Many hundreds of miles of natural gas and hazardous liquid pipelines cross NFS lands. Most of these pipelines are permitted by BLM-issued rights-of-way grants, pursuant the authority granted to the Secretary of the Interior in section 28 of the Mineral Leasing Act of 1920, as amended. Those that are not are instead permitted by FS-issued special use authorizations.

The Department of Energy (DOE) is charged with developing and coordinating national energy policy. DOE protects U.S. national and economic security by promoting a diverse supply and delivery of reliable, affordable, and environmentally sound energy. DOE’s Office of Energy Assurance (EA) works in close collaboration with other Federal agencies, State and local governments, and the private sector to protect the Nation against
severe energy supply disruptions such as those that can result from safety related reductions in pipeline operating pressures.

The Advisory Council on Historic Preservation (ACHP) reviews and provides comments with regard to actions by Federal agencies that may affect properties listed or eligible to be listed on the National Register of Historic Places pursuant to the National Historic Preservation Act.

IV. PARTICIPATING AGENCY AGREEMENT

The Participating Agencies hereby agree to work with each other, and with other entities as appropriate (e.g., State agencies), to ensure that timely decisions are made to enable pipeline repairs to occur within the time periods specified by rule by the DOT, while ensuring that the environmental review and permitting responsibilities of each agency are met.

Specifically, each Participating Agency agrees to:

A. recognize that the DOT classifications of pipeline repairs mandate certain pipeline repairs within specific time frames;

B. provide information to facilitate information exchange through the National Pipeline Mapping System (NPMS) between pipeline operators and agencies with safety, environmental review, or energy supply assessment responsibilities, including:

1. information from pipeline operators on the schedule for testing of their natural gas and hazardous liquid pipelines pursuant to DOT’s Integrity Management Program (IMP) regulations;

2. relevant contact information for agency officials with direct authority over permitting activities for each specific pipeline segment in the NPMS;

3. regional and field level information, where practicable, on resources of concern, including, but not limited to, species and habitats protected under the ESA;

4. information on permits or authorizations that may be required to conduct repairs in areas in and around specific pipelines in the NPMS;

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1 DOT’s IMP regulations for pipelines specify timeframes within which certain types of repairs must be completed. When a pipeline operator cannot complete a repair within the required timeframe, those regulations require the operator to reduce the pipeline’s operating pressure by 20% or more to ensure its continued safe operation; this reduction in product flow can have significant adverse impacts not only on the supply of fuel regionally, but also on the price of fuel nationally.
5. information on specific pipeline segments in the NPMS where disruption of the energy supply due to shut-down or operating pressure reductions could create critical risks to public health and safety;

C. participate in appropriate pre-inspection planning and coordination to determine, as much as possible, what actions would need to be undertaken should a repair be necessary.

D. give priority to processing of permits for those repairs classified as “immediate” or “time-sensitive” pursuant to DOT’s repair characterizations over other less urgent permit application reviews;

E. work together at all appropriate administrative levels to define, regularly review, and where necessary, refine a set of Best Management Practices (BMPs) that, when used in making pipeline repairs, will aid the expedited consideration of permitting requests, minimize adverse impacts on the environment and reduce the need for post-repair remediation;

F. establish a Working Group to develop guidance documents with procedures that can be used to coordinate and expedite repair permitting processes for those repairs classified as “immediate” or “time-sensitive” pursuant to DOT’s repair characterizations; and

G. where disagreements arise among the Participating Agencies or between one or more Participating Agencies and State and local agencies and the pipeline operator, participate in any process established by the Ombudsman designated pursuant to 49 U.S.C. 60133(e) to assist in resolving those disagreements, consistent with the protection of human health, public safety, and the environment.

V. IT IS MUTUALLY AGREED AND UNDERSTOOD THAT:

A. Nothing in this MOU will be construed by the Participating Agencies to require the obligation, appropriation, or expenditure of any money from the U.S. Treasury.

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2 The exchange of information in this format does not replace a formal consultation or fulfill any consultation requirements under the ESA or fulfill the need to obtain appropriate permit authorizations under the CWA or RHA.

3 When a repair cannot be performed within the required timeframe, DOT regulations require the operator to reduce the pipeline’s operating pressure by 20% or as much more as is necessary to ensure its continued safe operation; this reduction in product flow can have significant adverse impacts not only on fuel prices (as when regional shortages cause national price spikes), but also on public health and safety (as when fuel shortages during peak usage times threaten the availability of heat, lights, and clean water).
B. This MOU may be modified or amended upon written request of any party hereto and the subsequent written concurrence of all of the Participating Agencies. Participation in this MOU may be terminated sixty (60) days after providing written notice of such termination to the other Participating Agencies.

C. This MOU is intended only to improve the working relationships of the Participating Agencies in connection with expeditious decisions with regard to coordination of environmental reviews for pipeline repair projects and does not create any right, benefit, or trust responsibility, substantive or procedural, enforceable at law or equity by any person or party against the United States, its agencies, its officers, or any other person.

D. This MOU is to be construed in a manner consistent with all existing laws and regulations.

E. This MOU neither expands nor is in derogation of those powers and authorities (including existing authorities described in Part III of this Memorandum) vested in the Participating Agencies by applicable law, statutes, regulations, or Executive Orders, nor is it intended to modify or supersede any other applicable interagency agreements existing as of the date of this MOU.

F. The Participating Agencies intend to fully carry out the terms of this MOU. All provisions in this MOU, however, are subject to available resources.

G. This MOU does not affect any guidelines related to information quality issued by the Participating Agencies in connection with section 515 of the Treasury and General Government Appropriations Act for FY 2001 (P.L. 106-554). Information disseminated pursuant to this MOU will be subject to the information quality guidelines of the Participating Agency that disseminates such information, and requests for correction of such information will be addressed by such Participating Agency according to that Agency’s established guidelines.

VI. PRINCIPAL CONTACTS

Each Participating Agency hereby designates, as shown in Appendix A, a principal point of contact for that agency. These contacts may be changed at the Participating Agency’s discretion upon notice to the other Participating Agencies.
VII. SIGNATORIES

James L. Connaughton  
Chairman  
Council on Environmental Quality  

Jeffrey M. Stone  
Under Secretary for Policy  
Department of Transportation  

Stephen L. Johnson  
Acting Deputy Administrator  
Environmental Protection Agency
J. Steven Griles  
Deputy Secretary  
Department of the Interior

Theodore W. Kassinger  
General Counsel/Deputy Secretary (Designate)  
Department of Commerce

John Paul Woodley, Jr.  
Assistant Secretary of the Army (Civil Works)  
Department of Defense

MAY 18 2004  
Date

4/5/2004  
Date

1 April 2004  
Date
Pat Wood, III  
Chairman  
Federal Energy Regulatory Commission

Jim Moseley  
Deputy Secretary  
Department of Agriculture

Kyle F. McSlarrow  
Deputy Secretary  
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John Nau  
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APPENDIX A
PRINCIPAL CONTACTS

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