

U.S. DEPARTMENT OF TRANSPORTATION

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION (PHMSA)

SPECIAL PERMIT

Special Permit Information:

Docket Number: PHMSA-2013-0181
Pipeline Operator: Fairbanks Natural Gas, LLC
Request Date: September 25, 2013

Grant of Special Permit:

By this order, the Pipeline and Hazardous Materials Safety Administration (PHMSA) subject to the terms and conditions set forth below, grants this special permit, to Fairbanks Natural Gas, LLC (FNG) waiving compliance from 49 CFR § 193.2155(b) for one (1) 125,000 barrel liquefied natural gas storage facility located at 2942 Tria Road, Fairbanks, Alaska as described below.

PHMSA grants this special permit subject to the Limitations section, Paragraph 7, to be effective for five (5) years from the effective date of this grant.

Special Permit Facility:

North Star Borough, Fairbanks, Alaska

PHMSA waives compliance from 49 CFR § 193.2155(b) for the FNG proposed 125,000 barrel liquefied natural gas (LNG) storage tank located north of Tria Road in the Tanana Levee Industrial Park, Tracts C and D, Fairbanks, Alaska.

The proposed 125,000 barrel LNG Storage Tank is located directly adjacent and on the same plat of land to FNG's existing Storage and Vaporization Site 2. The proposed FNG LNG storage tank will be a single containment, double-wall, metal tank, with a flat bottom and an umbrella roof. The proposed tank will be designed and constructed in accordance with the requirements of API 620 including Appendix Q thereof. The proposed LNG storage tank would be adjacent to

the existing FNG Storage and Vaporization Site 2 facility. The adjacent facility is built on a nominally 4 feet thick gravel pad, and contains 4 LNG storage tanks; one control building, one glycol heater building; two ambient vaporizers; two shell and tube hot glycol vaporizers; two LNG pumps; a LNG truck-trailer off-loading facility; a gas odorant injection system; and a distribution header, regulator and meter for sending gas out to the distribution system.

The proposed LNG tank is located 4,366 feet (0.83 mile, 1.33 km) from the end of Runway 06 at Metro Field airport. Section 193.2155 (b) states “An LNG storage tank must not be located within a horizontal distance of one mile (1.6 km) from the ends or ¼ mile from the nearest point of a runway, whichever is longer.”

This special permit allows FNG to design, construct, and operate a 125,000 barrel LNG tank 4,366 feet (0.83 mile, 1.33 km) from the end of Runway 06 at Metro Field airport in Fairbanks, Alaska.

The *special permit facility* is defined as: FNG’s proposed 125,000 barrel LNG Storage Tank that will be located directly adjacent and on the same plat of land to FNG’s existing Storage and Vaporization Site 2 located north of Tria Road in the Tanana Levee Industrial Park, Tracts C and D, North Star Borough, Fairbanks, Alaska, and includes all ancillary facilities required to operate the LNG storage tank.

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-2013-0181 in the Federal Docket Management System (FDMS) located on the internet at www.Regulations.gov.

Conditions:

PHMSA grants this special permit subject to the following conditions:

- 1) **Plans and Procedures:** FNG must review and update the plans and procedures required by 49 CFR § 193.2017(c)(2) including operations procedures required by 49 CFR §§ 193.2503,

193.2507, 193.2509, 193.2513, maintenance procedures required by 49 CFR § 193.2605, personnel qualifications and training procedures and requirements in 49 CFR Part 193, Subpart H, and security procedures required by 49 CFR § 193.2903 at intervals not exceeding 15 months, but at least once every calendar year for the *special permit facility*.

- 2) **Emergency Procedures:** FNG must review and update the plans and procedures required by 49 CFR § 193.2509 at intervals not exceeding 15 months, but at least once every calendar year for the *special permit facility*. As part of the review, Fairbanks LNG must update local coordinating officials, including the Fairbanks Metro Field Emergency Response officials, of the most up-to-date emergency procedures, including changes made since the previous update. The update must address any lessons learned identified during the lessons learned review required by Condition 5.
- 3) **Security Procedures:** FNG must review and update security procedures required by 49 CFR Part 193, Subpart J at intervals not exceeding 15 months, but at least once every calendar year for the *special permit facility*. As part of the review, FNG must update local coordinating law enforcement officials, including the Fairbanks Metro Field Security officials, of the most up-to-date security procedures, including changes made since the previous update. The update must address any lessons learned identified during the lessons learned review required by condition 5.
- 4) **Annual Reports to PHMSA:** Within three (3) months following the grant of this special permit and annually¹ thereafter, FNG must report the following to the Director, PHMSA Western Region with copies to the Deputy Associate Administrator, PHMSA Field Operations; Director, PHMSA Engineering and Research Division; and Director, PHMSA Standards and Rulemaking Division:
 - a) In the first annual report, FNG must describe the economic benefits of the special permit including both the costs avoided from not locating the *special permit facility* further

¹ Annual reports must be received by PHMSA by the last day of the month in which the Special Permit is dated. For example, the annual report for a Special Permit dated May 28, 2014, must be received by PHMSA no later than May, 31, each year beginning in 2015.

away from Fairbanks Metro Field and the added costs of the inspection program.

Subsequent annual reports should address any changes to these economic benefits.

- b) In the first annual report, fully describe how the public benefits from energy availability. This should address the benefits of avoided disruptions and the benefits of maintaining system capacity. Subsequent reports must indicate any changes to this initial assessment.
 - c) Any new integrity or security threats identified during the previous year and the results of any assessments performed during the previous year for the *special permit facility*.
 - d) Any reportable incident or any leak normally indicated on the DOT Annual Report, and all repairs on the *special permit facility* that occurred during the previous year in the *special permit facility*.
 - e) Any Lessons Learned (Condition 5) findings including findings from the review and procedures update of Condition 1 - Plans and Procedures, Condition 2 - Emergency Procedures, Condition 3 - Security Procedures, or Condition 7 - Root Cause Analysis for Failure or Leak.
 - f) Any mergers, acquisitions, transfer of assets, or other events affecting the regulatory responsibility of the company operating the *special permit facility*.
- 5) **Lessons Learned:** FNG must complete a minimum of twice each calendar year but not to exceed seven (7) months a lessons learned review and update of any procedures found to be in need of change from leaks, incidents, maintenance findings, security breaches, root cause analysis findings, aircraft near misses or abnormal flight operations that exposed the *special permit facility* to the threat of aircraft impact, or findings from liaisons with public officials.
- 6) **Management of Change:** FNG must develop and implement a management of change procedure to assure that any proposed changes in the design, construction, operation, or maintenance of the *special permit facility* that could affect integrity, safety, or security are properly coordinated and approved by all cognizant organizations and responsible parties within the operator's organization prior to implementation. At a minimum, the management of change procedure must address: (1) establishment of communications between the operator's management, design, construction, engineering, operations, maintenance, security,

emergency preparedness, associated field personnel, and any other cognizant organization or responsible party when planning and implementing physical changes to the *special permit facility* equipment or configuration; (2) establishment of communications between the operator's management, design, construction, engineering, operations, maintenance, security, emergency preparedness, associated field personnel, and any other cognizant organization or responsible party when planning and implementing procedural or operational changes or practices affecting to pipeline operation or maintenance; and (3) document the analysis and its conclusions, including the basis for approving the contemplated change and why the change is not inimical to safety, integrity, or security. Evaluation, approval, and authorization of contemplated changes must be documented.

- 7) **Root Cause Analysis for Failure or Leak:** FNG must notify PHMSA's Western Region Director within five (5) days, if a leak, failure or other incident occurs in the *special permit facility*. A 'root cause analysis' must be performed to determine the cause of the leak, failure or other incident and the findings must be sent to PHMSA's Western Region Director and Director of Engineering and Research Division within 60-days of the incident. PHMSA will review the 'root cause analysis' report to determine if revocation, suspension, or modification of the special permit is warranted based upon incident findings.
- 8) **Documentation:** FNG must maintain the following records for each *special permit facility*:
 - a) Documentation of compliance with all the conditions of this special permit must be kept for the applicable life of this special permit for the referenced *special permit facility*.
 - b) FNG must develop a listing of all records maintained and the records retainage interval for the FNG *special permit facility* in accordance with 49 CFR Part 193 requirements. Record keeping procedures and retainage intervals must be in the FNG *special permit facility* plans and procedures section, § 193.2017.
- 9) **Certification:** A senior executive officer, vice president or higher, of FNG must certify in writing the following:

- a) FNG *special permit facility* meets the conditions described in this special permit,
- b) The written manual of O&M procedures for the FNG *special permit facility* has been updated to include all additional requirements of this special permit; and
- c) FNG has implemented all conditions as required by this special permit for the FNG *special permit facility*.

FNG must send the certifications required in Condition 9 (a) through (c) with completion date, compliance documentation summary, and the required senior executive signature and date of signature to the PHMSA Associate Administrator with copies to the Director, PHMSA Western Region; Director, PHMSA Standards and Rulemaking Division; and Director, PHMSA Engineering and Research Division within one (1) year of the grant date of this special permit.

Limitations:

PHMSA grants this special permit subject to the following limitations:

- 1) PHMSA has the sole authority to make all determinations on whether FNG has complied with the specified conditions of this special permit.
- 2) Failure to submit the certifications required by Condition 9 within the time frames specified may result in revocation of this special permit.
- 3) PHMSA may revoke, suspend or modify a special permit based on any finding listed in 49 CFR § 190.341(h)(1) and require FNG to comply with the regulatory requirements in 49 CFR § 193.2155(b). As provided in 49 U.S.C. § 60122, PHMSA may also issue an enforcement action for failure to comply with this Order.
- 4) Should PHMSA revoke, suspend or modify a special permit based on any finding listed in 49 CFR § 190.341(h)(1), PHMSA will notify FNG in writing of the proposed action and provide FNG an opportunity to show cause why the action should not be taken. In accordance with 49 C.F.R. § 190.341(h)(3), if necessary to avoid the risk of significant harm to persons, property, or the environment, PHMSA will not give advance notice and will declare the proposed action (revocation, suspension, or modification) immediately effective.

- 5) The terms and conditions of any corrective action order, compliance order or other order applicable to the special permit facilities covered by this special permit will take precedence over the terms of this special permit in accordance with 49 CFR § 190.341(h)(4).
- 6) If FNG sells, merges, transfers, or otherwise disposes of the assets known as the *special permit facility*, FNG must provide PHMSA with written notice of the transfer within 30 days of the consummation date. In the event of such transfer, PHMSA reserves the right to revoke, suspend, or modify the permit if the transfer constitutes a material change in conditions or circumstances pursuant to 49 CFR § 190.341(h)(1)(ii) or any other circumstances listed under 49 CFR § 190.341(h)(1).
- 7) PHMSA grants this special permit for a period of no more than five (5) years from the grant date. If FNG elects to seek renewal of this special permit, FNG must submit its renewal request at least 180 days prior to expiration of the five (5) year period to the PHMSA Associate Administrator with copies to the Director, PHMSA Western Region; Director, PHMSA Standards and Rulemaking; and Director, PHMSA Engineering and Research Division. PHMSA will consider requests for a special permit renewal for up to an additional five (5) year period. All requests for a special permit renewal must include a summary report in accordance with the requirements in Condition 4 above for the years since the special permit was issued and must demonstrate that the special permit is still consistent with pipeline safety. PHMSA may seek additional information from FNG prior to granting any request for special permit renewal.

AUTHORITY: 49 U.S.C. 60118 (c)(1) and 49 CFR § 1.53.

Issued in Washington, DC on MAY 13 2014.



Jeffrey D. Wiese,

Associate Administrator for Pipeline Safety