U.S. Department
of Transportation

Pipeline and Hazardous Materials
Safety Administration

OCT 0 9 2009

1200 New Jersey Ave., SE
Washington, DC 20590

Mr. Robert Cornelius
Senior Vice President of Operations
Denbury Resources, Inc.
5100 Tennyson Parkway, Suite 3000
Plano, TX 75024

Docket No. PHMSA-2009-0251

Dear Mr. Cornelius:

On May 11, 2009, you wrote to the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to 49 CFR § 190.9(a), requesting approval for your proposed valve spacing plan for the Green Pipeline currently under construction in Mississippi and Louisiana. On May 20, 2009, you supplemented your request with a letter acknowledging your receipt of a Notice of Probable Violation issued on May 11, 2009, by the Southwest Region, Office of Pipeline Safety.

In your letter, you explained that the 24-inch diameter Green Pipeline will transport CO_2 and crosses numerous waterways. Reflecting consensus industry practice, under current regulations, operators generally install main line valves at every water crossing greater than 100 feet. Your proposal, however, requested PHMSA's approval to install valves at the intervals you specified regardless of the presence of water crossings greater than 100 feet within those intervals.

With your May 11, 2009, request you provided an enclosure entitled, "Main Line Valve Spacing Analysis." PHMSA carefully reviewed and considered this material in making our determination on your request and finds as follows:

- Denbury's alternative approach to installing mainline valves may lead to a reduction of safety in contrast to the specified valve spacing requirements detailed in 49 CFR 192 and 195. Denbury does not specify additional safety or quality assurance conditions on pipeline construction or maintenance, to ensure long term pipeline integrity for reduced installation of valve spacing.

- Denbury does not have rigorous criteria to evaluate the spacing of valves based upon population density, high consequence areas, wetlands and water bodies.

- Denbury's pipeline operates in an area with high environmental and population sensitivities due to the numerous waterbody, wetland and marsh crossings. In addition, this pipeline is in close proximity to a railroad and major 4-lane highway for a signification portion of its route.

Based on these findings, we are unable to conclude that the valve spacing plan you proposed in your May 11, 2009, request would provide an adequate level of safety and environmental protection. Accordingly, your request is denied.

Should you elect to do so, you may revise your request to address the concerns outlined above and resubmit it in the form of an application for a special permit pursuant to 49 CFR § 190.341. The special permit process gives PHMSA the additional flexibility to add enforceable conditions to such requests as well as a means of involving the affected public via public notice and comment process. Be advised, however, that special permit requests generally require at least six months to process due to the public notice and comment requirements.

If you wish to discuss this decision or any other pipeline safety matter, my staff would be pleased to assist 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.

Sincerely,

Jeffrey D. Wiese
Associate Administrator for Pipeline Safety

Cc: Mr. Paul Biancardi, Attorney at Law, LLC
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Kingwood, TX 77345