JUL 3 2019

Mr. James Hosler
Assistant Deputy Director
Chief of Pipeline Safety and CUPA Programs
CAL FIRE, Office of the State Fire Marshall
2251 Harvard Street, Suite 400
Sacramento, CA 95815

PHMSA-2019-0101

Dear Mr. Hosler:

On May 22, 2019, pursuant to 49 United States Code (USC) 60118(d), the Pipeline and Hazardous Materials Safety Administration (PHMSA) received a notification letter from the CAL FIRE – Office of the State Fire Marshal (OSFM), for a proposed waiver requested by E&B Natural Resources Management Corporation (E&B). The OSFM Pipeline Safety Program has regulatory jurisdiction over the safety standards and practices of all intrastate hazardous liquid pipeline transportation within California. The proposed waiver by OSFM to E&B would waive 49 Code of Federal Regulations (CFR) 195.8. Under 49 USC 60118(d), a State with a certification pursuant to 49 USC 60105 may waive compliance with a safety standard; however, the State must give PHMSA notice of the waiver at least 60 days before its effective date. If PHMSA objects to the waiver, the waiver is stayed.

The waiver sought by E&B from OSFM is for the rehabilitation of 28,550-feet of existing 12-inch diameter crude oil steel pipeline. The pipeline is in a rural area and delivers crude oil from E&B's Poso Creek Oilfield located in Kern County, California to the Shell Mt. Poso Pipeline Interconnection Site. Both facilities are owned and operated by E&B. Specifically, the waiver sought approval from OSFM for E&B to construct and install a new crude oil composite FlexSteel[1] pipeline inside the existing 12-inch diameter pipeline. The new pipeline would transport oil from a production facility, located in a rural area, and would be 8.625-inch (8-inch) or less in diameter, located within a ¼ mile of an Unusually Sensitive Area, and operated above 125 pounds per square inch gauge (psig) (nonmetallic). Therefore, the new pipeline would be considered a regulated rural gathering line (49 CFR 195.11), and as such, the integrity management requirements of 49 CFR 195.452 would not apply. The primary function of the new pipeline is to transport crude oil from sales custody units at the Poso Creek lease automatic custody transfer (LACT) facilities to a sales discharge point located at the Mt. Poso Pipeline Interconnection Site. The FlexSteel 8-inch diameter pipeline will be inserted into and encased within 28,550-feet of an existing 12.725-inch (12-inch) diameter steel pipeline in the Poso Creek and Kern Front Oilfields of Kern County, California (FlexSteel pipeline).

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[1] FlexSteel™ is a registered trademark of FlexSteel Pipeline Technologies. All references to FlexSteel herein are subject to its trademark designation.

(12-inch) diameter steel pipeline in the Poso Creek and Kern Front Oilfields of Kern County, California (FlexSteel pipeline).

Additionally, E&B requested that OSFM waive the requirements of the following sections of 49 CFR Part 195.

- Section 195.112 addresses the new pipe specifications which are applicable to only steel pipe. FlexSteel is a spoolable composite pipe that adheres to specifications such as API 15S for material specifications.
- Section 195.106 determines the internal design pressure in accordance with a formula that only applies to steel pipes. FlexSteel uses API 17J analysis to determine internal pressure.
- Section 195.200 addresses the minimum requirements for construction of new pipeline systems with steel pipe. Since FlexSteel is a composite pipe, it has its own unique installation requirements which are described in FlexSteel's Installation & Repair Manual (detailed in Appendix E of E&B's letter dated April 5, 2019 to OSFM).
- Section 195.406(a) addresses establishment of maximum operating pressure (MOP) for a steel pipeline based on 49 CFR 195.106, where the internal pressure is based upon the yield strength. Given that the FlexSteel is a composite pipe with several layers, the overall pressure rating is determined by establishing a minimum burst pressure and a stress/strain analysis (detailed in Appendix A, Section 4.1 of E&B's letter dated April 5, 2019 to OSFM).
- Section 195.304 addresses the required test pressure for post construction. Although the manufacturer's pressure testing of the FlexSteel pipeline will be more than 1.25 times the pressure required to establish an MOP for the system at 49 CFR 195.304, the pressure test for the FlexSteel material will be in compliance with the national standards (API 17J) for the testing of composite materials (detailed in Appendix A, Section 6.3 of E&B's letter dated April 5, 2019 to OSFM). E&B will use a pressure test appropriate for composite pipe – not for steel pipe (detailed in Appendix A, Section 6.3.1 of E&B's letter dated April 5, 2019 to OSFM).
- Section 195.563 addresses which pipelines must have cathodic protection (CP). For the FlexSteel pipeline, there will be no CP because the carrier pipeline is non-metallic (inner layer is steel) and the fittings will be stainless steel.

In its May 22, 2019, letter to PHMSA, OSFM proposed that PHMSA approve the following waiver conditions for the E&B FlexSteel pipeline:

1. FlexSteel pipe will only be used as stated in the E&B Petition to transport crude oil over the 28,550-feet distance from Poso Creek LACT Facilities to the Shell Mt. Poso Pipeline Interconnection Site (FlexSteel pipeline).
2. The FlexSteel pipe, to be used in this project, shall be 8-inch diameter with a manufacturer pressure rating of 1,500 psig, and the line shall not be operated above 1,370 psig.
3. E&B shall design, construct, and operate the segment in accordance with the OSFM Request for Special Permit Approval, dated April 5, 2019.
4. All processes and procedures relating to the installation of the FlexSteel pipe shall be monitored by OSFM. OSFM Pipeline Safety personnel shall be on hand during the installation of the segment.

5. Records verifying factory testing of the pipeline shall be submitted to OSFM prior to any installation.
6. Once installation is completed, the segment shall be hydrostatically pressure tested at 125 percent of the MOP for 24 hours.
7. Documentation that FlexSteel certified installation/manufacturing personnel and/or a certified Quality Assurance/Quality Control inspector will be on-site during all phases of the operation, including installation and testing shall be provided to OSFM.
8. E&B shall provide construction reports to the OSFM of any issues that arise during installation that might have compromised the integrity of the pipe and how those issues were mitigated.
9. The crude oil line, including both the FlexSteel and carbon steel pipeline through which it is to be inserted, shall be operated and maintained in accordance with applicable sections of 49 CFR Part 195, the California Government Code, Section 51010 – 51019.5, and 19 CCR. A detailed operator qualification (OQ) procedure, including covered tasks (49 CFR 195.501(b) Scope), shall be provided to OSFM for review and approval prior to installation. All individuals performing covered tasks shall be OQ qualified.
10. E&B shall define what constitutes injurious defects on the FlexSteel pipeline, especially those which would require a section cut out.
11. All bend radii shall accommodate the minimum bend radius of the FlexSteel, as described in Appendix A, Section 5.1.1 of E&B's letter dated April 5, 2019 to OSFM.
12. An excess pull of at least 50 feet shall be utilized to check for any damage or deformities to the pipe. Should any damage or deformities to the pipe be noted, additional pull-through shall be required until damage or deformities are no longer observed plus an additional 50 feet.
13. E&B shall follow its existing Operations and Maintenance procedures, modifying them as needed for the State Waiver section, to detect and manage leaks. E&B shall develop a plan allowing for inspection of the pipe at appropriate intervals to insure no adverse effects have occurred during the operational life of the pipe.
14. E&B shall utilize their existing corrosion control plans and procedures consistent with 49 CFR, Part 195 for the existing carbon steel pipeline which is covered under this State Waiver.
15. A monitoring system shall be installed to address inner barrier migration of the product into the annular space of the FlexSteel.
16. After the FlexSteel is placed in service, E&B shall conduct patrolling and leakage surveys daily for the first week of operations, perform leak surveys at 3, 6, and 12 months, and then following intervals consistent with 49 CFR Part 195 thereafter.
17. Any deviations from the State Waiver shall be made known to the OSFM, and shall be subject to further approval.
18. Should this pipeline's integrity be found to be deficient, pose a risk to the public, or should any failure occur, E&B shall inform the OSFM immediately and employ the necessary mitigative measures to ensure safety, which may include replacement of the FlexSteel pipe with those materials approved in 49 CFR Part 195.
19. E&B shall monitor the product discharge temperature during operation and ensure the crude oil does not exceed the FlexSteel manufacturer's maximum temperature rating of 185 degrees Fahrenheit (°F).

20. E&B shall monitor the pulling process and ensure the axial tension load applied to the FlexSteel pipe does not exceed the manufacturer's design specification.

Pursuant to 49 USC 60118(d), PHMSA does not object to issuance of this waiver by OSFM for the E&B FlexSteel pipeline, provided such waiver includes the conditions set forth above by OSFM, as well as the following additional or modified conditions by PHMSA:

- **Design and Maximum Operating Pressure (MOP):**

1. E&B must limit the FlexSteel pipeline[2, 3] to an MOP of 1,370 psig or less and a maximum operating temperature of 180 °F.
    a. The FlexSteel pipeline will transport API 12.7° gravity at 60 °F crude oil.

- **General:**

2. E&B must have procedures and specifications for the FlexSteel pipeline in accordance with 49 CFR 195.402, including for all FlexSteel pipe and component materials, design, construction, pressure testing, corrosion, operations and maintenance (O&M), and qualification of personnel activities, unless not required based upon this waiver. E&B must maintain documentation of these activities and any remediation.
3. E&B must not tap, branch, or split the FlexSteel pipe without the use of the appropriate FlexSteel manufactured fittings for the specified application.

- **Materials and Testing Requirements:**

4. The FlexSteel pipeline pipe and connection fittings to be installed and operated must have a rating of 2,250 psig, ANSI 900, and a minimum temperature rating of 185°F. The pressure rating for the FlexSteel pipeline must be determined in accordance with API 15S, Second Edition.
    a. Materials used in the manufacture of the FlexSteel pipe installed during initial construction or in future repairs or replacement may not contain any regrind or rework material.
    b. E&B must comply with API 15S, Second Edition requirements for outdoor storage and ultraviolet radiation exposure of polyethylene (PE) pipe for all FlexSteel pipe materials.
    c. E&B must document compliance with API 15S, Second Edition in its Material Specifications and O&M Procedures.
    d. E&B must obtain mechanical and chemical properties test reports that certify the steel by heat used in manufacturing the FlexSteel pipe.
    e. All FlexSteel pipe used must be factory pressure tested to a minimum of 1.3 times MOP for a minimum of one (1) hour. E&B must make available pressure test records demonstrating that all special permit segment pipe was factory pressure

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[2] The FlexSteel pipeline has a portion of its length in a high consequence area.

[3] The FlexSteel pipeline is an 8-inch diameter pipeline that will be inserted into an existing bare 12-inch diameter steel pipeline.

tested. Such records must be traceable to all line pipe repair pipe or replacement pipe used within the special permit segment and must include pressure test reports, pressure testing parameters (pressure, time, procedure and/or standard number, date, etc., and test acceptance parameters), and pressure testing recorders with current calibration records for pressure test recoding equipment. E&B must provide a certification from the pipe manufacturer that the tests were completed and that all pipe was visually checked during the pressure tests for leaks.

5. E&B must develop procedures for monitoring the FlexSteel pipeline for softening and strength (circumferential and longitudinal) degradation and corrosion compared to the original pipe and compared to pipe under operating pressures and temperatures. The testing and evaluation procedure must be developed by E&B and submitted to OSFM for review and a "no objection" determination prior to use.
    a. In designing the pipeline, E&B must consider and plan for pipeline risk factors, including, but not limited to pressure and temperature cycling; performance of multilayer composite pipe in elevated operational temperatures and repairs under a range of ambient conditions; long term performance of composite material and mechanical fittings; cathodic protection of metallic appurtenances; long term performance of pipe; risk migration through damage of the inner pipe wall; and methods for assessment of buried or excavated pipe.
    b. E&B must schedule and perform inspections using non-destructive and destructive testing on the pipe material after installation. Non-destructive testing must focus on the composition and degradation of the pipe material and destructive testing must include a hydrotest to burst pressure. Tests must be conducted after 12 months, not to exceed 15 months, after initial operations begin and on a 24-month basis not to exceed 30 months thereafter. E&B must perform these inspections and tests at one, three, five, seven, nine, and 11th-year intervals after installation. E&B and OSFM may review the results of these tests after the tests are completed to determine if future tests are required. E&B must receive a "no objection" from OSFM to discontinue the tests. OSFM must get a "no objection" from PHMSA to discontinue the tests.
    c. A section of pipe no less than 200 feet must be installed in such a way that simulates the condition of the pipeline segment (i.e., cased) in the immediate vicinity of the location with maximum operating pressures, temperatures, and any pressure cycling. This pipe segment must have a minimum of 20 feet removed during the intervals defined in Condition 5(c)(i) below to be evaluated, including destructive testing. The results of the tests must be made available to the OSFM.
        i. Each removed FlexSteel pipeline segment must be disassembled and visually inspected for any indications of corrosion;
        ii. FlexSteel's internal and external HDPE layers must be destructively tested per ASTM D638-03 (Standard Test Method for Tensile Properties of Plastics) 2003 Edition for yield strength, ultimate strength, and elongation. These properties must be evaluated based on the requirements of ASTM D2513-12ae1 (Standard Specification for Polyethylene (PE) Gas Pressure Pipe, Tubing, and Fittings) April 1, 2012 Edition, Section 5.12.2.1 (Elongation) Table 1, and ASTM D3550-12e1 (Standard Specification for

Polyethylene Plastics Pipe and Fittings Materials) April 1, 2012 Edition, Table 1 (Yield Strength).

iii. Flex Steel's inner core must be destructively tested per ASTM A370 for yield strength, ultimate strength and elongation and per ASTM A751 for chemical composition. These results must be evaluated based on the requirements of ASTM A109-16 (Standard Specification for Steel, Strip, Carbon (0.25 Maximum Percent), Cold Rolled) 2016 Edition, Table 2 (Chemical Properties). The results of the mechanical properties testing shall be per the manufacturer's requirement for as-received steel strip materials. These mechanical property values exceed the values listed in ASTM A109. Acceptance criteria is available for review upon request, but for trade secret reasons, it is requested that the criteria not be listed in the docket folder.

iv. A section of FlexSteel pipe must be burst tested per the requirements of API 15S, Second Edition, Section 5.2.3.5.

d. E&B must perform the removal, replacement, and installation of pipe and fittings, and other actions related to the removal of test segments, in accordance with the requirements of this waiver.

e. E&B must report the results of the inspections and tests to the OSFM within 60 days of completion of testing.

- **<u>Construction Operator Qualifications (COQ):</u>**

6. If the performance of a construction task associated with construction or repair of the FlexSteel pipeline could affect the integrity of the pipeline segment, E&B must treat that task as a "covered task" notwithstanding the definition in 49 CFR 195.501(b), and must implement the requirements of 49 CFR 195, subpart N.
7. E&B's COQ procedures, training program and qualification tests must include detailed information on all construction-related tasks as a "covered task".
8. E&B must develop and implement a COQ plan that specifically relates to construction activities for the FlexSteel pipeline. The purpose of the plan must be to ensure construction personnel and operations personnel are trained. The COQ plan must be followed throughout the construction phase with respect to the following: pipe inspection, hauling and stringing, appurtenance inspection, field jointing methods, installation of appurtenances, pull through of the pipeline, padding and backfilling as required, hydrostatic testing, pipe repairs made from hydrostatic testing, dewatering and purging, and inspection of work (i.e. trenching, excavating, etc.). These tasks can affect the integrity of the FlexSteel pipeline and must be treated as "covered tasks." The individuals driving the pipe trucks to the pipeline right-of-way would not need to be COQ qualified, unless they are responsible for the pipe unloading.
9. E&B must treat as COQ "covered tasks" the following: right-of-way soil stability determination, surveying, locating foreign lines, one call notifications, ditching or excavation, CP system surveys, mitigation, installation, anomaly evaluations and repairs, right of way clean up (including installation of line markers), supervisory control and data acquisition (SCADA) system control point installation and verification, gas quality monitoring, and quality assurance monitoring.
10. E&B must have FlexSteel personnel on-site when the initial FlexSteel pipeline installation is conducted. E&B must have FlexSteel certified joining personnel onsite installing all FlexSteel couplings.

11. E&B must make available its COQ plan and procedures to the OSFM 30-days prior to beginning construction.

- **Construction:**

12. E&B must develop and implement procedures for internally cleaning the existing 12-inch diameter casing pipe to remove liquids and debris and to inspect the casing pipe for any hazards that could damage the FlexSteel pipeline during the casing pull through and future operations.
13. Prior to insertion, each insertion section of the 12-inch diameter casing pipe must be pigged with a poly-disc pig to verify the cleanliness of the section. If any liquids are found because of this pig cleaning run, additional swab pig runs must be run until no visible liquids are found that can be harmful to the FlexSteel pipeline.
14. E&B must monitor the pulling process and ensure the axial tension load applied to the FlexSteel pipe does not exceed the manufacturer's design specification. The tension loads must be recorded and documented by E&B. During the insertion process, the tensile force on the FlexSteel pipe must be monitored by use of a calibrated dynamometer that is calibrated within six (6) months of use. This tensile force must be limited to 80% of FlexSteel's rating.
15. E&B must inspect the FlexSteel pipeline as follows:
    a. E&B must make available its inspection training and qualification plan to the OSFM 30 days prior to the start of construction. This plan must define the requirements and training necessary to inspect and evaluate damage to FlexSteel pipe and fittings. In addition, E&B must have FlexSteel employees on site during any insertion activities not only to advise on any construction related activities, but to assist in the inspection, evaluation, and repair of any damage indications should they be encountered.
    b. E&B must inspect the pipeline during off loading at the storage yard, offloading on location, during uncoiling, placement into the ditch, backfill, and right-of-way grading and clean up.
    c. E&B must certify and document all inspections with date, time, pipeline station, and pipe spool number.
    d. E&B must inspect the leading 50 feet of pull-through pipe for damage and replacing damaged pipe. All indications of pipe damage must be evaluated and replaced or repaired as follows:
        i. Option 1 - Minimal Damage to the Pipe Shield: Gouges or scrapes that exceed 0.1181 inches or 3 millimeters (mm) in depth must be repaired in accordance with Option 2 or 3 below or replaced with new pipe.
        ii. Option 2 - Moderate Damage to the Pipe Shield with No Steel Strip Exposed: gouges more than the depth specifications listed above must be repaired with either a pipe clamp or a pipe repair system consisting of polyethylene/butyl rubber pipeline tape, heat-activated wrap, or replaced with new pipe. Prior to applying the clamp or wrap, gouges must be smoothed and blended with an appropriate grit sand paper or equivalent material. For this repair option to be used the pipe must contain: no visible evidence of exposed steel layers, outer sheath damage must be less than six

(6) square inches, and the outer sheath damage cannot be more than halfway around the pipe.

iii. Option 3 - Extensive Damage to the Pipe Shield: When the steel layer has become exposed or the degree of outer sheath damage exceeds the parameters specified in Option 2 above, the damaged section of the pipe must be cut out and a midline connection installed.

- **Pressure Testing and Reassessments**

16. E&B must conduct the installation pressure test at a minimum pressure of 1.25 times MOP for 24 continuous hours.
17. E&B must conduct and document pressure tests to reassess the FlexSteel pipeline every five (5) years, not to exceed 66 months, at a minimum pressure of 1.25 times MOP for 24 continuous hours. Any pipeline leaks found during the pressure test must be repaired prior to placing the pipeline into operational service.

- **Operations and Maintenance:**

18. E&B must develop and implement O&M Procedures and/or Construction Specifications to remove and replace any FlexSteel pipe with the following conditions:
    a. Cuts, scrapes, abrasions, or gouges that at any place exceeds the criteria for wall damage defined in Condition 15 above.
    b. Discolorations of the outer HDPE layer that may indicate material degradation or lack of homogeneity;
    c. All FlexSteel pipe must be newly produced after the grant of this special permit and not obtained from inventory.
    d. Any section of FlexSteel pipe that appears to contain cracking or crazing (may require laboratory testing to determine any widespread materials issue with the pipe); and in the event, that crazing is identified, crazing less than 0.07874-inches (2 mm) in depth will have no adverse effects on the pipe. Any damage exceeding 0.07874-inches (2 mm) in depth would require a more detailed assessment to determine the appropriate mitigative measures, up to and including replacement.
    e. E&B must not install any FlexSteel pipe above grade (ground).
19. E&B must install and maintain a pressure monitoring system to address inner barrier migration of the crude oil product into the annular space of the FlexSteel pipe. Procedures must include maximum and minimum annulus pressures for pipeline shut-down and isolation, and must require continuous monitoring.
20. E&B must have continuous monitoring of pressures and product flow through a SCADA system that includes the following:
    a. Pressure monitoring devices must be installed in the annular space between the 8-inch diameter FlexSteel pipe and the 12-inch diameter casing pipe. This will be at the start and end of the pipeline casing. If the casing segments are not connected, each casing segment must be monitored.
    b. The 12-inch diameter casing annular space must be monitored with a SCADA system and alarm for any pressure changes.

c. Nitrogen in the annulus must have a dewpoint that will not cause internal corrosion and must be maintained at 10 psig. Any fluctuation of more than 1 psig (over or below 10 psig) must give an alarm to the SCADA system.
d. When E&B receives a SCADA system alarm, E&B must investigate to determine if there is an issue with the FlexSteel pipeline. [If a pipe to casing annulus pressure change of +/- 2 psig occurs, E&B must shut down the operation of the FlexSteel pipeline.]

21. E&B must maintain and monitor a nitrogen blanket inside the FlexSteel pipeline annular space (inner steel layer).
    a. The nitrogen blanket must be set at 30 psig or less and must be monitored by the SCADA system through eight (8) monitoring devices for the annular space.
    b. There must be a SCADA system alarm if there is a change of pressure of +/- 2 psig. If it drops 5 psig, E&B must shut down the operation of FlexSteel pipeline and must investigate and remediate the cause of the pressure loss.
    c. If the FlexSteel pipeline inner core pressure should go over 30 psig, E&B must shut down operation of the FlexSteel pipeline and must investigate and remediate the cause of the pressure loss.
22. E&B must monitor flow at the beginning and end points of the FlexSteel pipeline.
    a. E&B must monitor flows through the SCADA system. Any flow meter variance over 5 percent of flow would be a SCADA system alarm.
    b. Note E&B plans to use a LACT unit at the beginning of the FlexSteel pipeline and will use an ultrasonic flow meter at the end of the FlexSteel pipeline.
    c. In addition, E&B has two (2) locations with level switches (at the beginning and the end of the FlexSteel pipeline). Any liquids in the 12-inch diameter casing pipeline annular space will be detected at the FlexSteel pipeline end points.
23. E&B must have procedures and conduct leakage and right-of-way surveys in accordance with 49 CFR 195.412(a), including checking each 12-inch diameter casing end point (if not buried) for any operational damage or degradation that may cause leakage.
24. E&B must install, maintain, and monitor cathodic protection on the 12-inch diameter casing pipe to meet 49 CFR 195.563, 195.567, 195.571, and 195.573.
25. E&B must apply CP on all buried FlexSteel pipe components, and joints in accordance with 49 CFR Part 195 (except as waived or modified herein). Electrical conductivity of swaged joints to the carbon steel inner pipe layer must be tested.
    a. Each FlexSteel fitting tied into the carbon steel inner pipe layer must be installed with an anode and CP test station. Unless these fittings are not electrically conductive with the FlexSteel pipe inner steel core.
    b. E&B must perform external corrosion control monitoring on each buried metallic fitting in accordance with 49 CFR 195.571 and 195.573. Corrosion control monitoring of the buried metallic fittings by a sampling basis is not permitted.
        i. Each stainless steel and carbon steel FlexSteel fitting must be installed with a test station and anode, coated, and direct buried.
        ii. If any buried fitting is of a stainless-steel type that CP would damage the fitting or be ineffective, E&B must provide details of the CP system to OSFM for "no objection" of how the carbon steel pipe inner core would be protected from corrosion in buried segments.

iii. Criteria used to determine the adequacy of CP must be a minimum of 100 milli-Volts of cathodic polarization between the structure surface and a stable reference electrode contacting the electrolyte.

c. E&B must determine the native structure-to-electrolyte potential for each buried metallic fitting prior to energizing the CP system.
d. E&B must seal the 12-inch diameter casing ends to prevent water and other debris from entering the casing annulus.
e. E&B must develop and implement Construction and O&M Procedures to identify non-isolation areas and maintain electrical isolation of the FlexSteel pipe inner steel core from contact with the steel casing pipe and from moisture or water entering the inner steel core that may corrode the inner steel core of the FlexSteel pipe.
f. If E&B finds that any of the requirements in this Condition 25 are not applicable due to material, design, or O&M procedures, E&B must submit any proposed changes for a "no objection" from the OSFM.

- **Annual Reporting:**

26. Annually, following the grant of this waiver by OSFM, E&B must make available the following to OSFM:
    a. Any new integrity threats identified during the previous year and the results of any excavations or other integrity assessments performed during the previous year in the FlexSteel pipeline.
    b. Any encroachments from right-of-way patrols, leakage patrols, or other call-outs and any product or pressure leakage from these activities or from SCADA monitoring or annulus monitoring pressures.
    c. Any reportable incident, any leak normally indicated on the DOT Annual Report, and all repairs on the pipeline that occurred during the previous year in the FlexSteel pipeline.
    d. Any on-going damage prevention initiatives affecting the FlexSteel pipeline and a discussion of the success of the initiatives.
    e. Any mergers, acquisitions, transfer of assets, or other events affecting the regulatory responsibility of the company operating the FlexSteel pipeline.

- **Limitations:**

27. The waiver must be limited to a term of no more than ten (10) years from the date of issuance by OSFM. If E&B seeks renewal of the waiver for an additional term, E&B must notify OSFM at least 180 days prior to expiration of the ten (10) year period. OSFM must notify PHMSA of the renewal request and, if applicable, OSFM's grant of such renewal, pursuant to 49 USC 60118(d).

If OSFM includes the above conditions in its waiver, PHMSA has "no objection" to the waiver grant by OSFM to E&B for the 28,550 feet of newly constructed FlexSteel 8-inch diameter or less crude oil pipeline to be installed and encased within the existing 12-inch diameter pipeline, as described above, and taken from OSFM's May 22, 2019 letter to PHMSA. Therefore, the waiver may take effect upon the OSFM's inclusion of Items 1 through 26 above in its proposed waiver. If OSFM does not include the above conditions into the waiver, this letter serves as

PHMSA's notice of objection to the waiver. PHMSA requests that a copy of the OSFM's revised order for E&B be forwarded to PHMSA within 30 days of the final approval.

If you wish to discuss this or any other pipeline safety matter, my staff would be pleased to assist you. Please call John Gale, Director, Standards and Rulemaking Division at 202-366-0434, for regulatory matters, or Sentho White, Director, Engineering and Research Division at 202-366-2415, for technical matters.

Thank you for your continued efforts in pipeline safety.

Sincerely,

Alan K. Mayberry
Associate Administrator for Pipeline Safety