



U.S. Department
of Transportation

Pipeline and Hazardous
Materials Safety
Administration

1200 New Jersey Avenue, SE
Washington, D.C. 20590

DEC 26 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 December 2, 2019, pursuant to 49 United States Code (USC) 60118(d), the CAL FIRE – Office of the State Fire Marshal (OSFM), informed the Pipeline and Hazardous Materials Safety Administration (PHMSA), regarding a modification of a waiver requested by E&B Natural Resources Management Corporation (E&B). The proposed waiver is a modification of a prior waiver request by E&B dated August 20, 2019.

The OSFM has regulatory jurisdiction over the safety standards and practices of all intrastate hazardous liquid pipeline transportation within California. The proposed waiver, as modified, 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 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 FlexSteel¹ 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). Therefore, the new pipeline would be considered a regulated rural gathering line (per 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-

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

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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 (referenced as the FlexSteel pipeline).

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 by OSFM in its waiver letter dated July 3, 2019 to E&B with the below modifications. The OSFM and PHMSA staff have consulted, reviewed manufacturing specifications for the FlexSteel pipe, and concur with the following modifications and conditions:

1. Revised Maximum Operating Pressure:

a. OSFM Condition 2 must be amended to read:

"The FlexSteel pipe, to be used in this project, must be 8-inch diameter with a manufacturer pressure rating of 1,500 pounds per square inch gauge (psig). The line Maximum Operating Pressure (MOP) must be 1,200 psig or less if testing shows a lower pipe rating or safety factor."

2. Additional Testing:

OSFM must include the below testing requirements into the revised waiver.

a. *"Three (3) samples must be obtained from the FlexSteel pipe inventory to be used in the actual construction project, and must be selected from locations equally spaced over the length of the project. For each sample, the following testing must be performed:*

- i. *Conduct burst testing at ambient temperature per the requirements of American Petroleum Institute, API 15S, Second Edition, Section 5.2.3.5.*
- ii. *The inner steel core must be destructively tested per the American Society for Testing and Materials (ASTM), ASTM A370 for yield strength, ultimate strength and elongation. The results of the mechanical properties testing must be compared to the manufacturer's requirements for as-received steel strip materials.*
- iii. *The inner steel core chemical composition must be tested per ASTM A751. The results of the chemical composition must be compared to the manufacturer's material specifications.*
- iv. *The high-density polyethylene (HDPE) material must be tested for chemical composition and compared to the manufacturer's material specifications.*

b. *One (1) sample obtained from FlexSteel pipe inventory, to be used in the actual construction project, must be subjected to elevated temperature testing per the requirements of API 15S, Second Edition, Section 5.4.3.2."*

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3. Pipe Rating and Safety Factor:

- a. The pipe rating and safety factor must be reconfirmed based upon the results in *Item 2 (Additional Testing)* and the post operational 12 month burst test as outlined in PHMSA Condition 5. c. iv.:

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

- b. PHMSA Condition 1 must be modified from "1,370 psig to 1,200 psig."
c. PHMSA Condition 4 in the waiver must be modified by OSFM as follows:

"The FlexSteel pipeline and connection fittings to be installed and operated must have a rating of 1,500 psig for the pipe, American National Standards Institute (ANSI) 900 for the connection fittings, and a minimum temperature rating of 185 degrees Fahrenheit (°F). The pressure rating for the FlexSteel pipeline must be determined in accordance with API 15S, Second Edition."

With OSFM including the above conditions, Items 1 through 3, in its revised waiver dated December 2, 2019, PHMSA has "no objection" to the revised waiver 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 in the revised waiver, the FlexSteel pipe manufacturer rating will be 1,500 psig and the pipeline will be operated at a maximum operating pressure (MOP) of 1,200 psig. Therefore, the waiver may take effect with OSFM's inclusion of Items 1 through 3 above in its revised waiver. If OSFM does not include the above Items 1 through 3 in its revised waiver conditions, this letter serves as PHMSA's notice of objection to the waiver. PHMSA requests that a copy of the OSFM's revised waiver 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 Senth 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