

RAILROAD COMMISSION OF TEXAS

GAS SERVICES DOCKET
No. 10516

APPLICATION OF FASKEN OIL AND RANCH, LTD.
FOR WAIVER PURSUANT TO 49 CFR 192 AND RULE 8
OF TAC, TITLE 16, PART 1 FOR INSTALLATION OF
FLEXSTEEL PIPELINE FOR FOUR GAS PRODUCTION
PIPELINE SYSTEMS LOCATED IN MIDLAND COUNTY,
TEXAS

FINAL ORDER

The Commission finds that after statutory notice in the above-numbered docket that the proposed application is in compliance with all statutory and rule requirements and that this proceeding was duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas. After review and due consideration of the Staff Report and Recommendation, the Commission hereby adopts the following findings of fact and conclusions of law.

FINDINGS OF FACT

1. Fasken Oil and Ranch, LTD (“Fasken”) filed its Request for Approval to Install FlexSteel Pipeline Technologies Pipe in Regulated Crude Oil and Gas Gathering Service on April 11, 2016.
2. Notice of the application was provided by certified mail, return receipt requested to all affected persons entitled to notice pursuant to Pipeline Safety Rule 8.125(e)(1), 16 Tex. Admin. Code § 8.125(e)(1).
3. Notice of application was published in compliance with Pipeline Safety Rule 8.125(e)(2) in the *Midland Reporter Telegram*, a newspaper of general circulation in Midland, Ector, Howard, Crane, Glasscock, Martin, Upton and Andrews Counties, Texas, on April 20, 2016 and April 27, 2016. 16 Tex. Admin. Code § 8.125(e)(2).
4. The Pipeline Safety Department of the Commission received only one written objection. On April 25, 2016, Byron Bachschmid, a homeowner who had received Notice of Application for a Waiver of a Pipeline Safety Rule or Regulation by U.S. Postal Service, certified mail, submitted a letter of objection.
5. Mr. Bachschmid is an affected person pursuant to 16 Tex. Admin. Code § 8.5(1)(A).
6. On September 20, 2016, the Hearings Division of the Commission received a letter from Byron Bachschmid rescinding his original letter in opposition to the use of FlexSteel Pipeline Technologies pipe.

7. Fasken seeks a waiver, pursuant to 16 Tex. Admin. Code § 8.125, of the Commission's rules and requirements to install and operate four pipelines in parallel in crude oil production, gas gathering, and fresh and produced water service at various stages.
8. The Commission does not have regulatory authority over oil production, fresh water and produced water pipelines; as such, the requested waiver applies only to those pipelines in gas gathering service.
9. Specifically, Fasken seeks a waiver of 16 Tex. Admin. Code § 8.1(a)(1)(B) and 49 C.F.R. § 192.9(c) (Applicability); 16 Tex. Admin. Code § 8.1(b)(1) and 49 C.F.R. § 192.55(a)(1) (Requirements for Steel Pipe); 16 Tex. Admin. Code § 8.1(b)(1) and 49 C.F.R. § 192.59(a)(1) (Requirements for Plastic Pipe); 16 Tex. Admin. Code § 8.1(b)(1) and 49 C.F.R. § 192.105(a) (Design formula for steel pipe); 16 Tex. Admin. Code § 8.1(b)(1) and 49 C.F.R. § 192.121 Design formula for plastic pipe); 16 Tex. Admin. Code § 8.1(b)(1) and 49 C.F.R. § 192.325(a) (Underground Clearance).
10. On December 31, 2015, Applicant received conditional approval from Texas Department of Transportation for the proposed installation of four pipelines placed in a common trench with common easements, subject to obtaining a Special Permit or Finding from the Commission.
11. The four proposed pipelines are located in Midland County, Texas, exclusively within the Texas Department of Transportation ("TX DOT") right-of-way crossing, adjacent to Loop 250 and Texas State Highway 191, except for portions located on property leased and controlled by Fasken (see Map attached as Exhibit 1).
12. The proposed utility easement width along SH 191 is 22.5 ft. and will run the length of the project. Within the provided utility easement, Fasken will bundle together within casing or lay in parallel, four pipelines constructed using FlexSteel's six inch (6") product and install it into a four foot (4) wide trench at approximately 8 feet depth to the top of the pipelines.
13. The four proposed pipelines will be constructed of pipe and fitting materials manufactured by FlexSteel Pipeline Technologies.
14. The manufacturing specifications currently referenced in 16 Tex. Admin. Code § 8.1 and 49 C.F.R. Part 192, does not include the specifications that govern the unique manufacturing characteristics of FlexSteel.
15. FlexSteel is manufactured to standards that achieve the same results as the requirements for the manufacture of steel, with regard to determining the ability to withstand the internal pressures and external loads and pressures anticipated for the pipeline. FlexSteel

is manufactured in accordance with written pipe specifications that set forth the chemical requirements and mechanical tests for the pipe to ensure it is suitable for the use intended.

16. The proposed construction techniques will incorporate a combination of hydraulic directional drilling, insertion through a casing pipe, and open trench methods with the four pipelines either bundled together or laid in parallel with minimal distance between each to minimize exposure to future third party damage, facilitate installation in a highly congested area of other underground infrastructure, and locate them away from proposed highway modification construction.
17. The use of FlexSteel for the transportation of natural gas in gathering services will not be unduly hazardous when conducted in compliance with accepted relevant industry standards for gas gathering operations through pipe that is not steel in Midland County, Texas.
18. The request for waiver is properly based on a technical inability to comply with the pipeline safety standards related to the specific configuration, operating limitations for constructing the same pipelines using steel materials.
19. During construction, traffic flow impedence will be minimized, worker safety hazard exposure will be reduced, the possibility of excavation damage in the future will be reduced, and construction is expected to be completed as much as 65% more quickly.
20. Waiver of Commission's rules and requirements for the installation is necessary because the proposed construction techniques, staging, and traffic management plans, cannot be obtained using traditional steel stick pipeline.
21. The Pipeline Safety Department of the Oversight and Safety Division recommended approval of the requested waiver in a Memorandum dated September 16, 2016.

CONCLUSIONS OF LAW

1. The Commission has original jurisdiction to consider Applicant's Request for Approval to Install FlexSteel Pipeline Technologies Pipe in Regulated Crude Oil and Gas Gathering Service, pursuant to TEX. UTIL. CODE ANN. § 121.201 and 49 U.S.C. § 60105.
2. Proper legal notice was timely given to all persons and entities entitled to notice under applicable statutes and rules.
3. All things have occurred and have been accomplished to give the Commission jurisdiction in this case. The Commission has jurisdiction under statutes and rules, including 16 Tex. Admin. Code § 8.125, 16 TAC § 8.1(a)(1)(B), 16 TAC § 8.1(b)(1), 16

TAC § 8.1(b)(2), 49 C.F.R. § 192.9, 49 C.F.R. § 192.55, 49 C.F.R. § 192.59, 49 C.F.R. § 92.105, 49 C.F.R. § 192.121, 49 C.F.R. § 192.325, to authorize the requested waiver and special permit to use pipe not manufactured in accordance with a listed specification in those rules.

4. Applicant is required to comply with all other minimum safety standards set forth in 49 C.F.R., Part 192, as they apply to normal operation and maintenance.
5. The application for this special permit was not filed either to correct an existing violations or to avoid the expense of safety compliance.
6. Granting the requested waiver and special permit is not inconsistent with pipeline safety.

Therefore, IT IS ORDERED by the Railroad Commission of Texas that the application of Fasken Oil and Ranch, LTD, for a waiver of Pipeline Safety Rules pursuant to 16 Tex. Admin. Code § 8.125, is GRANTED as to the installation of FlexSteel pipe at the locations specified in Applicant's Request for Approval to Install FlexSteel Pipeline Technologies Pipe in Regulated Crude Oil and Gas Gathering Service filed with the Commission on April 11, 2016. The waiver, as granted, is subject to the special provisions outlined below. No further waivers for installation within any system or pipeline are granted.

SPECIAL PROVISIONS

1. Fasken is required to report any leaks or problems associated with the operation of this pipeline to the Commission's emergency line, within two business days of discovery. Should any unforeseen problems occur, the Commission may require the removal and/or replacement of the approved composite pipe.
2. Fasken is required to prepare a process and procedure to use the real time monitoring capability of the annulus free space between the liner and outer jacket high-density polyethylene (HDPE) materials via a supervisory control and data acquisition system (SCADA) from the Fasken operated Mark Merritt Gas Plant. The process and procedures will require documentation of what gasses are identified, what specific quantitative values would initiate further inspection measures, what inspection measures would consist, and what actions would be required.
3. A post construction pressure test of the FlexSteel pipe installed at the bore location must be at 1.5 times the desired MAOP, for a minimum of 8 hours on all four pipelines. During the test, the FlexSteel annulus will be monitored for permeability of gas.
4. A post construction pressure test of the annulus between the inner liner and the outer jacket of the FlexSteel pipe in accordance with FlexSteel Annulus Test Procedure FLD-P-9922 to

ensure the outer jacket material integrity has been preserved throughout the handling and installation process and that the annulus space is leak free.

5. The FlexSteel pipe must be cathodically protected for corrossions control and tested in accordance with 49 C.F.R. § 192.465 until it is adequately determined that there is not a corrosive environment, no active corrosion and is no longer needed to protect the stainless steel joint fittings of the new installation.
6. Construction personnel either in-house or contractors involved in the installation, connections, flange installation and inspection must be FlexSteel trained and certified technicians through FlexSteel's Installation Technician Training Program prior to conducting field operations activities.
7. Fasken must have FlexSteel certified technicians on site at all times during installation of all connections, flanges, and the pulling of the FlexSteel pipe through the bored road crossings to ensure that proper installation procedures are followed and that there is continual subject matter expert oversight of the installation process.
8. Future repairs if necessary, must be completed by FlexSteel trained and certified technicians through FlexSteel's Installation Technician Training Program.
9. During the pulling of the FlexSteel pipe through the bored location, maximum spooling tensions and installation tensions for the pipe must be recorded and shall not exceed manufacturers' specifications.
10. A minimum of 100-feet of the FlexSteel pipe must be inspected after pulling through the bored road crossing by FlexSteel certified technicians for damage during the pulling of the pipe. If damage to the pipe during pulling operations is of an amount that would compromise the design or MAOP of the FlexSteel pipe, Fasken must document such findings, take corrective action immediately and promptly notify the Railroad Commission of Texas, Pipeline Safety Department.
11. The FlexSteel pipe must be factory tested to a minimum of 130% of the published pressure rating for eight continuous hours.
12. The FlexSteel pipe internal liner must be of material that is compatible with the produced natural gas and natural gas liquids that will be flowing through the pipeline in accordance with 49 C.F.R. § 192.475.

All requested findings of fact and conclusions of law which are not expressly adopted herein are denied. All pending motions and requests for relief not previously granted or granted herein are denied.



Exhibit 1

UPON THE PASSAGE of sixty (60) days from the date this order is signed and no objection from the Secretary of Transportation having been received as provided for in 49 U.S.C. § 60118(c)(1), this order shall become final and effective.

Done this 27th day of September, 2016, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS


CHAIRMAN DAVID PORTER


COMMISSIONER CHRISTI CRADDICK


COMMISSIONER RYAN SITTON

ATTEST:


SECRETARY

