SALT CREEK MIDSTREAM

ELECTRONIC MAIL-RETURN RECEIPT REQUESTED

January 7, 2021

Mary L. McDaniel, P.E.
Director, Southwest Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration
8701 S. Gessner Road, Suite 900
Houston, TX 77074

Re: CPF 4-2020-010-NOA Notice of Amendment for ARM Midstream Management, LLC ("Notice")

Dear Ms. McDaniel:

In accordance with the ARM Midstream Management, LLC (ARM) request for time extension for CPF 4-2020-010-NOA, please find this letter as the response to the U.S Department of Transportation (DOT) Pipeline and Hazardous Materials Safety Administration (PHMSA) Notice of Amendment related to the inspection of ARM's hazardous liquid transmission pipeline system located in Texas and New Mexico from April 20, 2020 through September 02, 2020. As noted in the ARM request for time extension, and the subsequent filing of the Notice of Operator Change, the operatorship of the assets included in the referenced PHMSA inspection were transferred in their entirety from ARM to SCM Operations, LLC (SCM) effective December 15, 2020. Therefore, this response and future correspondence related to this matter will be managed by SCM (OPID 40204).

SCM is electing to contest the Notice but is not requesting an oral hearing. This letter is intended to provide the written explanations, information, and other materials in response to the inadequacy asserted in the Notice and SCM's reasons for objecting.

The Notice of Amendment asserts that:

> *"ARM's written O&M procedure did not identify when a close-interval survey or comparable technology is practicable and necessary to accomplish the objectives of paragraph 10.1.1.3 of NACE SP 0169 (incorporated by reference, §195.3)."*

SCM's Corrosion Management Plan (Plan) clearly identifies and defines the timing and analytical triggers that determine when a close-interval survey (CIS) or comparable technology is to be performed in order to accomplish the objectives of paragraph 10.1.1.3 of NACE SP 0169. Section 4.3.2.1 of the Plan states:

> *4.3.2.1 Close Interval Survey*
> *Close Interval Surveys (CIS) of buried pipe shall be conducted to meet the objectives of NACE SP 0169 paragraph 10.1.1.3. Specifically, CIS shall be performed at a minimum once every 7 years for jurisdictional pipeline segments regulated by 49 CFR 192 and 49 CFR 195, except segments that receive an External Corrosion Direct Assessment (ECDA) so that all covered segments are monitored periodically. CIS may also be conducted at the discretion of the Integrity Manager when practicable and*

determined necessary by sound engineering practice during the following circumstances:

- ❖ *Annually for non-piggable pipeline segments to assess the effectiveness of the CP system*
- ❖ *After energization of a Cathodic Protection rectifier on covered segments in which test station readings are not utilized to 1) obtain baseline native potential operating data and 2) identify locations likely to be adversely affected by new pipeline crossing or AC power line construction, stray currents, or significant changes to environmental conditions*
- ❖ *Incident investigations for Loss of Primary Containment events caused by corrosion*
- ❖ *During annual surveys at test station with failed criteria (150 feet in either direction when practicable)*
- ❖ *Following an ILI run in which Corrosion Growth Rates increased by > 20 Mils Per Year with no explanation to locate areas of inadequate protection levels*

It is SCM's position that performing close-interval surveys or comparable technology in accordance with the Plan meets the objectives of paragraph 10.1.1.3 of NACE SP 0169 and is therefore in compliance with §195.573. The Plan, as written, meets or exceeds the NACE expectations to determine the effectiveness of the cathodic protection system, provide base line operating data, locate areas of inadequate protection levels, identify locations likely to be adversely affected by construction, stray currents, or other unusual environmental conditions, and identify areas to be monitored periodically.

To further elaborate on the context in which the Plan is applied, it should be noted that SCM follows additional internal standards, specifications, and procedures that provide multiple layers of control and conservatism to ensure that the Cathodic Protection (CP) systems are effective, including:

- Coating selection, application, and inspection
- Test lead spacing
- Design and installation guidance for external corrosion control systems
- Design and installation guidance for insulting kits
- In-Line Inspection (ILI) of segments that could affect High Consequence Areas (HCAs) at a minimum of 5-year intervals, and ILI of segments that do not affect HCAs at a minimum of 10-year intervals

It is in the interest of SCM to rigorously apply all such measures in order to ensure the integrity of the pipeline system, including SCM's commitment to design, construct and operate the system in accordance with all requirements of the PHMSA regulations.

The Notice of Amendment requires:

> *"ARM must amend its written procedure to include no more than two years after a cathodic protection system is installed, the close-interval survey or comparable technology is used to determine the effectiveness of the cathodic protection system; provide base line operating data; locate areas of inadequate protection levels, and identify areas to be monitored periodically."*

However, the requirement set forth in §195.573 (2) to *"Identify not more than 2 years after cathodic protection is installed, the circumstances in which a close-interval survey or comparable technology is practicable and necessary to accomplish the objectives of paragraph 10.1.1.3 of NACE SP 0169 (incorporated by reference, see §195.3)"* is already met by the Plan currently in place. As required by §195.573, the Plan clearly identifies the circumstances in which a close-interval survey or comparable technology is practicable and necessary, and such Plan was defined and implemented within the required 2-year window.

Requiring a prescriptive timeframe of two years after a cathodic protection system is installed within which close-interval survey or comparable technology is to be implemented does not appear consistent with the code requirements as set forth in §195.573, nor does it appear consistent with any guidance incorporated by reference.

Given the additional commentary provided above, SCM requests the Notice be reviewed to confirm that SCM's Plan does in fact meet the requirements established in §195.573.

Sincerely,

John Nicholson
Chief Operating Officer
SCM Operations, LLC

CC: ARM Midstream Management, LLC