

THE APPLICATION OF ENERGY TRANSFER COMPANY TO CONSTRUCT AND OPERATE A HYDROGEN SULFIDE GAS PIPELINE, CHEYENNE PIPELINE, LA SALLE & MCMULLEN COUNTIES, TEXAS

APPLICATION REVIEWED BY: Andres J. Trevino, P.E.

DATE APPLICATION FILED: July 29, 2011

DATE REVIEWED: August 29, 2011

EXAMINER'S REPORT AND RECOMMENDATION
STATEMENT OF THE CASE

This is the unprotested application of Energy Transfer Company for Commission authority to construct and operate a hydrogen sulfide (H₂S) gas pipeline in La Salle and McMullen Counties, pursuant to Statewide Rules 106, 70 and 36. A protest had been filed by Lee Love and Margaret Finch, area landowners, however it was determined their land is outside the 100 ppm radius of exposure (Area of Influence) by 2,447 feet and therefore are not an "Affected person" as defined by Rule 106.

The Commission's Field Operations section has reviewed the application and has determined that the application complies with the applicable provisions of Rule 36. In addition, the Commission's Safety Division and Gas Services Division have reviewed the application. The examiner recommends approval of the application.

DISCUSSION OF THE EVIDENCE

Energy Transfer Company proposes construction of a gas gathering pipeline to transport produced gas from the Irving Family Trust Unit B Well site to the West Big Foot Lateral in McMullen County. The line will be 6⁵/₈ inches in diameter and approximately 17.5 miles long. The line will carry a maximum 15 MMCFD of gas containing up to 15,000 parts per million (ppm) of H₂S. The maximum operating pressure will be 1,440 psig.

The 100 ppm ROE is 2,987 feet and the 500 ppm ROE is 1,365 feet. The 500 ppm ROE and 100 ppm ROE includes State Highway 97, Farm Road 1582 and portions of private ranch roads. There are five residences, two barns, two deer blinds and five deer camps within the 100 & 500 ppm ROE. The submitted contingency plan for the gathering line complies with the provisions of Rule 36(c)(9).

All materials will satisfy the requirements described in the latest editions of NACE standards. The gathering line is constructed of API-5L GR B grade steel pipe. The line will

be equipped with cathodic protection to prevent external corrosion. The line will be chemically treated as needed for internal corrosion and monitored with corrosion coupons. The line will be buried a minimum of 4 feet.

H₂S warning signs compliant with Rule 36(c)(6)(A) and (c)(6)(B) will be posted at all road crossings as well as intervals along the pipeline frequent enough as to provide warning to avoid accidental rupture of the line by excavation. The signs will indicate poison gas, company name and emergency phone numbers.

The proposed line will comply with Statewide Rule 36(c)(8). Energy Transfer Company will use safety controls and automatic devices. This will also trigger closure of the block valves. Low and high pressure shutdown valves will prevent the over pressuring of the pipeline and reduce escaping gases. Monitors will trigger audible, visual and dial-out alarms if an H₂S concentration of 10 ppm to 150 ppm is detected. The pipeline pressure will be monitored 24/7 by a SCADA gas detection system that will be monitored by Regency Gas Control in San Antonio.

Energy Transfer Company published notice of the application in a newspaper of general circulation in Frio and La Salle County. The notice was published in the *Frio-Nueces Current* on June 23, 2011. Additionally a notice of the application was published in *The Progress*, in Live Oak County on June 22, 2011 and the *Pleasanton Express*, in Atascosa County on June 22, 2011. The application was filed with the McMullen County Clerk on June 22, 2011.

FINDINGS OF FACT

1. On July 29, 2011, Energy Transfer Company filed an application for a permit to construct a hydrogen sulfide gas gathering pipeline in La Salle and McMullen Counties.
2. Energy Transfer Company published notice of the application in a newspaper of general circulation in La Salle and Frio Counties. The notice was published in *Frio-Nueces Current* on June 23, 2011. Additionally a notice of the application was published in *The Progress*, in Live Oak County on June 22, 2011 and the *Pleasanton Express*, in Atascosa County on June 22, 2011. The application was filed with the McMullen County Clerk on June 22, 2011.
3. A protest was filed by Lee Love and Margaret Finch, area landowners. It was determined their land is outside the 100 ppm radius of exposure (Area of Influence) by 2,447 feet and therefore they are not an "Affected person" as defined by Rule 106.
4. Energy Transfer Company proposes construction of a gas gathering pipeline to transport produced gas from the Irving Family Trust Unit B Well site to the West Big Foot Lateral in the Tilden Gas Gathering System.
 - a. The line will be 6⁵/₈ inches in diameter and approximately 17.5 miles long.

- b. The line will carry a maximum 15 MMCFD of gas containing up to 15,000 parts per million (ppm) of H₂S.
 - c. The maximum operating pressure will be 1,440 psig.
 - d. The 100 ppm ROE is 2,987 feet and the 500 ppm ROE is 1,365 feet.
 - e. There are two public roads, State Highway 97 and Farm Road 1582 within the 100 & 500 ppm ROE.
 - f. The proposed pipeline will be in a rural area, however there are 14 public receptors along the route within the 100 & 500 ppm ROE. These include five residences, two barns, five deer camps and two deer blinds.
- 5. Pipeline materials and construction meet the NACE and API standards as required by Statewide Rule 36 for hydrogen sulfide service.
 - 6. The submitted contingency plan for the line is in accordance and complies with the provisions of Rule 36(c)(9).
 - 7. The pipeline will be constructed subject to Commission inspections for compliance with the appropriate Commission Rules pursuant to Statewide Rule 36(c)(6)(7)(8) and (13).
 - 8. The Commission's Field Operations Section recommends approval. The Commission's Pipeline Safety Division and Gas Services Division have reviewed the application.

CONCLUSIONS OF LAW

- 1. Proper notice was timely given to all parties entitled to notice pursuant to applicable statutes and rules.
- 2. All things have occurred and have been accomplished to give the Commission jurisdiction in this case.
- 3. The application complies with Statewide Rules 36, 70 and 106.
- 4. Approving the application for a permit to construct and operate the proposed gas pipeline is consistent with the rules and safety standards adopted by the Commission.

EXAMINER'S RECOMMENDATION

The examiner recommends that the application of Energy Transfer Company for Commission authority pursuant to Statewide Rules 106, 70 and 36, to construct and operate the proposed hydrogen sulfide gas pipeline in La Salle and McMullen Counties, be approved.

Respectfully submitted,

Andres J. Trevino, P.E.
Technical Examiner