

THE APPLICATION OF CHESAPEAKE MDSTRM DEV, L.P. TO CONSTRUCT AND OPERATE A HYDROGEN SULFIDE GAS PIPELINE, DILLEY SOUR GAS GATHERING SYSTEM, FRIO COUNTY, TEXAS

APPLICATION REVIEWED BY: Donna K. Chandler

DATE APPLICATION FILED: December 3, 2010

DATE REVIEWED: January 14, 2011

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

This is the unprotested application of Chesapeake Mdstrm Dev, L.P. for Commission authority to construct and operate a hydrogen sulfide (H₂S) gas pipeline in Frio County, pursuant to Statewide Rules 106, 70 and 36.

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

Chesapeake Mdstrm Dev, L.P. proposes construction of a pipeline to transport produced gas from the Berry Family Ranches "A" No. 1H in the Eagleville (Eagleford-1) Field to the Berry Compressor Facility. This new line will be a part of the Dilley Sour Gas Gathering System in Frio County. The line will be 6 inches in diameter and approximately 4,600 feet long and will carry approximately 1,000 MCFD of gas containing approximately 1,000 parts per million (ppm) of H₂S. The maximum operating pressure will be 750 psig.

The 100 ppm radius of exposure ("ROE") is 101 feet and the 500 ppm ROE is 46 feet. The 500 ppm ROE includes a portion of County Road 4450. The 100 ppm ROE does not include any public area except the portion of County Road 4450. The pipelines will be located in a rural non-populated area about 12 miles south of Pearsall. The contingency plan submitted for the line complies with the provisions of Rule 36(c)(9).

All materials will satisfy the requirements described in the latest editions of NACE Standard MR-01-75. The line will be constructed of Fiberspar 750 Series pipe, which has been accepted for sour gas service. Chesapeake will maintain a chemical treating program and cathodic protection system to help prevent corrosion of the pipe.

H₂S warning signs compliant with Rule 36(c)(6)(A) and (c)(6)(B) will be posted along the right-of-way and at fence lines and where the line crossed CR 4450. The signs will indicate poison gas, company name and emergency phone numbers.

The proposed line will comply with Statewide Rule 36(c)(8). The line will have block valves at the wellhead and at the meter run going into the compressor facility. High and low pressure shut-down valves will also be located at the wellhead and inside the compressor station. The compressor facility will also have both audio and visual H₂S alarms onsite and connected to the 24 hour SCADA monitoring system.

Chesapeake published notice of the application in a newspaper of general circulation in Frio County. The notice was published in the *Frio Nueces Current* on December 2, 2010. The application was filed with the Frio County Clerk on December 2, 2010.

FINDINGS OF FACT

1. On December 3, 2010, Chesapeake Mdstrm Dev, L.P. filed an application for a permit to construct a hydrogen sulfide gas gathering pipeline in Frio County.
2. Notice of the application was published in the *Frio Nueces Current*, a newspaper of general circulation in Frio County, on December 2, 2010. The application was filed with the Frio County Clerk on December 2, 2010.
3. Chesapeake Mdstrm Dev, L.P. proposes construction of a pipeline to transport produced gas from the Berry Family Ranches "A" No. 1H in the Eagleville (Eagleford-1) Field to the Berry Compressor Facility.
 - a. The line will be 6 inches in diameter and approximately 4,600 feet long.
 - b. The line will carry approximately 1,000 MCFD of gas containing approximately 1,000 parts per million (ppm) of H₂S.
 - c. The maximum operating pressure will be 750 psig.
 - d. The 100 ppm ROE is 101 feet and the 500 ppm ROE is 46 feet.
 - e. The 500 ppm ROE includes a portion of County Road 4450. The 100 ppm ROE does not include any public area except the portion of County Road 4450.

4. Pipeline materials and construction meet the NACE standards as required by Statewide Rule 36 for hydrogen sulfide service.
5. The submitted contingency plan for the line is in accordance and complies with the provisions of Rule 36(c)(9).
6. 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).
7. 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 Chesapeake Mdstrm Dev, L.P. for Commission authority pursuant to Statewide Rules 106, 70 and 36, to construct and operate the proposed hydrogen sulfide gas pipeline in Frio County, be approved.

Respectfully submitted,

Donna K. Chandler
Technical Examiner