

THE APPLICATION OF CHESAPEAKE MIDSTREAM DEV, LP TO CONSTRUCT AND OPERATE A HYDROGEN SULFIDE GAS PIPELINE, FOX CREEK DISCHARGE LINE, MCMULLEN COUNTY, TEXAS

APPLICATION REVIEWED BY: Richard D. Atkins, P.E. - Technical Examiner

DATE FILED: December 22, 2010

DATE REVIEWED: February 14, 2011

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

This is the unopposed application of Chesapeake Midstream Dev, LP ("Chesapeake") for Commission authority to construct and operate a hydrogen sulfide (H₂S) gas pipeline in McMullen County, Texas, pursuant to Statewide Rules 106, 70 and 36.

Chesapeake published notice of the application in *The Progress*, a newspaper of general circulation in McMullen County, on December 22, 2010. The application was filed with the McMullen County Clerk on December 22, 2010.

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 proposes construction of a pipeline to transport produced gas from the Fox Creek Compressor Facility to the Regency Sour Gas Transmission Line. The line will be 8 inches in diameter, 15,100 feet in length and will carry approximately 40 MMCFGPD containing 20,000 parts per million (ppm) of H₂S (See attached radius of exposure ("ROE") map). The maximum operating pressure will be 1,440 psig.

The 100 ppm ROE is 6,607 feet and includes portions of Franklin Ranch Road, Little Moes Road and 12 public structures. The 500 ppm ROE is 3,019 feet and includes portions of Franklin Ranch Road, Little Moes Road and 6 public structures. The pipeline will be located in a rural non-populated area about 10 miles north of the town of Tilden,

Texas. 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 X52 NACE steel 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.

The line will be buried a minimum of four feet deep and have H₂S warning signs compliant with Rule 36(c)(6)(A) and (c)(6)(B) posted along the right-of-way and road crossings. The signs will indicate poison gas and have the company name and emergency phone numbers posted.

The proposed line will comply with Statewide Rule 36(c)(8). High and low Pressure Shut-down Valves (PSV's) will be located at the wellhead and relief valves will be located at the compressor facility. The compressor facility will also have both audio and visual H₂S alarms onsite and will be connected to a 24 hour SCADA monitoring system.

FINDINGS OF FACT

1. On December 22, 2010, Chesapeake Midstream Dev, LP filed an application for a permit to construct a hydrogen sulfide gas gathering pipeline in McMullen County.
2. Notice of the application was published in *The Progress*, a newspaper of general circulation in McMullen County, on December 22, 2010. The application was filed with the McMullen County Clerk on December 22, 2010.
3. Chesapeake proposes construction of a pipeline to transport produced gas from the Fox Creek Compressor Facility to the Regency Sour Gas Transmission Line.
 - a. The line will be 8 inches in diameter and 15,100 feet long.
 - b. The line will carry approximately 40 MMCFGPD containing 20,000 parts ppm of H₂S.
 - c. The maximum operating pressure will be 1,440 psig.
 - d. The 100 ppm ROE is 3,019 feet and includes portions of Franklin Ranch Road, Little Moes Road and 12 public structures.
 - e. The 500 ppm ROE is 6,607 feet and includes portions of Franklin Ranch Road, Little Moes Road and 6 public structures.

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 Midstream Dev, LP for Commission authority pursuant to Statewide Rules 106, 70 and 36, to construct and operate the proposed hydrogen sulfide gas pipeline in McMullen County, Texas, be approved.

Respectfully submitted,

Richard D. Atkins, P.E.
Technical Examiner