



RAILROAD COMMISSION OF TEXAS

OFFICE OF GENERAL COUNSEL

OIL & GAS DOCKET NO. 02-0273418

THE APPLICATION OF EOG RESOURCES, INC. TO CONSTRUCT AND OPERATE A HYDROGEN SULFIDE GAS PIPELINE PURSUANT TO STATEWIDE RULE 106, EOG TO REGENCY PIPELINE, EAGLEVILLE (EAGLE FORD-2) FIELD, KARNES AND WILSON COUNTIES, TEXAS

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

DATE APPLICATION FILED: November 16, 2011

DATE REVIEWED: December 21, 2011

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

This is the unprotested application of EOG Resources, Inc. ("EOG") for Commission authority to construct and operate a hydrogen sulfide (H₂S) gas pipeline pursuant to Statewide Rules 36, 70 and 106, in Karnes and Wilson Counties, Texas.

EOG published notice of the application in newspapers of general circulation in Karnes and Wilson Counties. The notice was published in *The Karnes Countywide* on November 2, 2011. The application was filed with the Karnes County Clerk on November 2, 2011. The notice was published in the *Wilson County News* on November 2, 2011. The application was filed with the Wilson County Clerk on November 2, 2011.

The Commission's Field Operations section has reviewed the application and has determined that the application complies with the applicable provisions of Statewide 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

EOG proposes construction of a gas gathering pipeline to gather produced gas from EOG wells in the area and transport the gas to the Regency Gas Pipeline System. The line will be 12 inches in diameter and approximately 10.7 miles in length. The line will carry a maximum of 10 MMCFGPD containing up to 5,000 parts per million (ppm) of H₂S. The maximum operating pressure will be 1,440 psig.



The 100 ppm radius of exposure ("ROE") is 1,165 feet and the 500 ppm ROE is 533 feet. The pipeline is located in a rural area of Karnes and Wilson Counties, however, the ROEs contain 12 public receptors (See attached area map). There are twelve residences and portions of eight public roads (CRs 252, 259, 260, 264, 454 and FMs 627, 887, 2724) located within the ROEs. Nine residences lie within the 100 ppm ROE and three residences lie within the 500 ppm ROE. The submitted contingency plan for the gathering line complies with the provisions of Statewide Rule 36(c)(9).

All materials will satisfy the requirements described in the latest editions of NACE Standard MR-0175-2003. The gathering line is constructed of API-5L-X52 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 Statewide 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). EOG will use safety controls and automatic devices which will 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 50 ppm is detected. The pipeline pressure will be monitored 24/7 and is connected to a SCADA gas detection system.

FINDINGS OF FACT

1. On November 16, 2011, EOG filed an application for a permit to construct a hydrogen sulfide gas gathering pipeline in Karnes and Wilson Counties.
2. EOG published notice of the application in newspapers of general circulation in Karnes and Wilson Counties. The notice was published in *The Karnes Countywide* on November 2, 2011. The application was filed with the Karnes County Clerk on November 2, 2011. The notice was published in the *Wilson County News* on November 2, 2011. The application was filed with the Wilson County Clerk on November 2, 2011.
3. EOG proposes construction of a gas gathering pipeline to gather produced gas from EOG wells in the area and transport the gas to the Regency Gas Pipeline System.
 - a. The line will be 12 inches in diameter and approximately 10.7 miles in length.

- b. The line will carry a maximum of 10 MMCFGPD containing up to 5,000 ppm of H₂S.
 - c. The maximum operating pressure will be 1,440 psig.
 - d. The 100 ppm ROE is 1,165 feet and the 500 ppm ROE is 533 feet.
 - e. The pipeline is located in a rural area of Karnes and Wilson Counties, however, the ROEs contain 12 public receptors. There are twelve residences and portions of eight public roads (CR's 252, 259, 260, 264, 454 and FM's 627, 887, 2724) located within the ROEs.
 - f. Nine residences lie within the 100 ppm ROE and three residences lie within the 500 ppm ROE.
4. Pipeline materials and construction meet the NACE and API 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 EOG Resources, Inc. for Commission authority pursuant to Statewide Rules 36, 70 and 106, to construct and operate the proposed hydrogen sulfide gas pipeline in Karnes and Wilson Counties, be approved.

Respectfully submitted,

A handwritten signature in cursive script that reads "Richard D. Atkins".

Richard D. Atkins, P.E.
Technical Examiner