

**THE APPLICATION OF KINDER MORGAN PRODUCTION COMPANY, LLC TO
CONSTRUCT AND OPERATE A HYDROGEN SULFIDE GAS PIPELINE, COGDELL 24"
GAS GATHERING LINE, SCURRY COUNTY, TEXAS**

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

DATE FILED: December 22, 2010

DATE REVIEWED: March 7, 2011

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

This is the application of Kinder Morgan Production Company, LLC ("Kinder Morgan") for Commission authority to construct and operate a hydrogen sulfide (H₂S) gas pipeline in Scurry County, Texas, pursuant to Statewide Rules 106, 70 and 36. No timely protests were filed and no hearing was held.

Kinder Morgan published notice of the application in *The Snyder Daily News*, a newspaper of general circulation in Scurry County, on January 12, 2011. The application was filed with the Scurry County Clerk on January 12, 2011.

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

Kinder Morgan proposes construction of a pipeline to transport produced gas for processing from Occidental Permian, Ltd.'s Cogdell Canyon Reef Unit to Kinder Morgan's SACROC CO₂ gas plant. The line will be 24 inches in diameter, 10 miles in length and will carry approximately 100 MMCFGPD containing 800 parts per million (ppm) of H₂S (See attached radius of exposure ("ROE") map). The maximum operating pressure will be 740 psig.

The 100 ppm ROE is 1,564 feet and will encompass portions of State Highway 208 and nine residences of which seven are occupied. The 500 ppm ROE is 715 feet and will encompass portions of State Highway 208 and one unoccupied residence. The pipeline will be located in a rural non-populated area about five miles north of the town of Snyder,

Texas. The contingency plan submitted for the line complies with the provisions of Statewide Rule 36(c)(9).

All materials will satisfy the requirements described in the latest editions of NACE MR-0175 and API RP-14E specifications for sour service. The line will be constructed of API 5L-X42 steel pipe, which has been accepted for sour gas service. Kinder Morgan will maintain a chemical treating program to help prevent corrosion of the pipe. The line will be buried six 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). Kinder Morgan will utilize two compressors with one at each end of the line. The compressors will be equipped with electronic shutdown (“ESD”) valves that will activate in the event of high discharge or low suction pressures. An ESD valve will also be installed at the line midway point to drastically reduce the volume of gas that would escape in the event of a line rupture. The SACROC CO₂ gas plant is manned 24hours/7 days a week, has both audio and visual H₂S alarms onsite and is connected to a 24 hour SCADA monitoring system.

FINDINGS OF FACT

1. On December 22, 2010, Kinder Morgan Production Company, LLC filed an application for a permit to construct a hydrogen sulfide gas gathering pipeline in Scurry County. No timely protests were filed and no hearing was held.
2. Kinder Morgan published notice of the application in *The Snyder Daily News*, a newspaper of general circulation in Scurry County, on January 12, 2011. The application was filed with the Scurry County Clerk on January 12, 2011.
3. Kinder Morgan proposes construction of a pipeline to transport produced gas for processing from Occidental Permian, Ltd.’s Cogdell Canyon Reef Unit to Kinder Morgan’s SACROC CO₂ gas plant.
 - a. The line will be 24 inches in diameter and 10 miles long.
 - b. The line will carry approximately 100 MMCFGPD containing 800 ppm of H₂S.
 - c. The maximum operating pressure will be 740 psig.
 - d. The 100 ppm ROE is 1,564 feet and will encompass portions of State Highway 208 and nine residences of which seven are occupied.
 - e. The 500 ppm ROE is 715 feet and will encompass portions of State

Highway 208 and one unoccupied residence.

4. Pipeline materials and construction will meet the NACE and API specifications, 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 also 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 106, 70 and 36.
4. Approving the application for a permit to construct and operate the proposed sour gas pipeline is consistent with the rules and safety standards adopted by the Commission.

EXAMINER'S RECOMMENDATION

The examiner recommends that the application of Kinder Morgan Production Company, LLC for Commission authority pursuant to Statewide Rules 106, 70 and 36, to construct and operate the proposed hydrogen sulfide gas pipeline in Scurry County, Texas, be approved.

Respectfully submitted,

Richard D. Atkins, P.E.
Technical Examiner