



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 8A-0278132

THE APPLICATION OF OCCIDENTAL PERMIAN LTD. TO CONSTRUCT AND OPERATE A HYDROGEN SULFIDE GAS PIPELINE, THE BENNETT RANCH TO WILLARD PLANT LATERAL, WASSON FIELD, YOAKUM COUNTY, TEXAS

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

DATE APPLICATION FILED: August 31, 2012

DATE REVIEWED: October 1, 2012

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

This is the unprotested application of Occidental Permian Ltd. ("Occidental") for Commission authority to construct and operate a hydrogen sulfide (H₂S) gas pipeline in Yoakum County, pursuant to Statewide Rules 36, 70 and 106.

Occidental published notice of the application in a newspaper of general circulation in Yoakum County. The notice was published in the *Denver City Press* on August 26, 2012. The application was also filed with the Yoakum County Clerk on August 24, 2012.

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 has also reviewed the application and recommends approval.

DISCUSSION OF THE EVIDENCE

Occidental proposes construction of a gas gathering pipeline to transport produced sour casinghead gas containing 88% CO₂ from Occidental properties to the Willard Unit CO₂ recovery plant for processing. The line will be 24.75 inches in diameter and approximately 2.5 miles in length (See attached area map). The line will carry a maximum of 75 MMCFGPD containing up to 2,970 parts per million (ppm) of H₂S. The maximum operating pressure will be 285 psig.

The 100 ppm radius of exposure ("ROE") is 2,968 feet and the 500 ppm ROE is 1,356 feet. The pipeline is located in a rural area of Yoakum County, approximately 4 miles north of the town of Denver City, Texas. There are three residences (two occupied), six businesses, six production facilities and three public roads (SH 214, FM 213 and CR 330) located within the ROEs. 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-01-75. The gathering line will be constructed of API-5L-X42 carbon steel pipe with a poly liner. The pipeline will be equipped with two electronic emergency high and low pressure (180 psig and 50 psig) shutdown (ESD) valves located at the Willard CO2 recovery plant and 1,000 feet to the east of SH 214. The line will be continuously monitored at the Willard CO2 recovery plant on a 24/7 basis.

The line will be equipped with cathodic protection to prevent external corrosion and will be buried a minimum of three feet along the right of way and road crossings. 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. A compliant Statewide Rule 36 Contingency Plan has been prepared and approved for this new gas gathering pipeline.

FINDINGS OF FACT

1. On August 31, 2012, Occidental Permian Ltd. ("Occidental") filed an application for a permit to construct a hydrogen sulfide gas gathering pipeline in Yoakum County.
2. Occidental published notice of the application in a newspaper of general circulation in Yoakum County. The notice was published in the *Denver City Press* on August 26, 2012. The application was also filed with the Yoakum County Clerk on August 24, 2012.
3. Occidental proposes construction of a gas gathering pipeline to transport produced sour casinghead gas containing 88% CO2 from Occidental properties to the Willard Unit CO2 recovery plant for processing.
 - a. The line will be 24.75 inches in diameter and approximately 2.5 miles in length.
 - b. The line will carry a maximum of 75 MMCFGPD containing up to 2,970 parts per million (ppm) of H2S.
 - c. The maximum operating pressure will be 285 psig.

4. The 100 ppm ROE is 2,968 feet and the 500 ppm ROE is 1,356 feet.
 - a. The pipeline is located in a rural area of Yoakum County, approximately 4 miles north of the town of Denver City, Texas.
 - b. There are three residences (two occupied), six businesses, six production facilities and three public roads (SH 214, FM 213 and CR 330) located within the ROEs.
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, Pipeline Safety Division and Gas Services Division have reviewed the application and recommend approval.

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 hydrogen sulfide gas pipeline is consistent with the rules and safety standards adopted by the Commission.

EXAMINER'S RECOMMENDATION

The examiner recommends that the application of Occidental Permian Ltd. for Commission authority pursuant to Statewide Rules 36, 70 and 106, to construct and operate the proposed hydrogen sulfide gas pipeline in Yoakum County, be approved.

Respectfully submitted,



Richard D. Atkins, P.E.
Technical Examiner