



RAILROAD COMMISSION OF TEXAS

OFFICE OF GENERAL COUNSEL

OIL & GAS DOCKET NO. 01-0271305

THE APPLICATION OF CHESAPEAKE MIDSTREAM DEVELOPMENT, LP TO
CONSTRUCT AND OPERATE A HYDROGEN SULFIDE GAS PIPELINE, BURNS
RANCH LATERAL, FRIO GAS GATHERING SYSTEM, LA SALLE COUNTY, TEXAS

APPLICATION REVIEWED BY: Brian K. Fancher - Technical Examiner

DATE APPLICATION FILED: June 23, 2011

DATE REVIEWED: August 03, 2011

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

This is the unprotested application of Chesapeake Midstream Development, LP ("Chesapeake") for Commission authority to construct and operate a hydrogen sulfide (H₂S) gas pipeline in La Salle 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 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

Chesapeake proposes construction of a gas gathering pipeline to transport produced gas from the Wilson Ranch and Burns Ranch lease areas through the proposed Burns Ranch Lateral to the Frio Compression Facility, which will subsequently receive amine treatment to remove H₂S and ultimately discharge into the Enterprise Sweet Gas Transmission Pipeline. The proposed Burns Ranch Lateral will be an extension of the Frio Sour Gas Gathering System. The line will be 8 5/8" in diameter and approximately 5.4 miles long. The line will carry a maximum of 5,000 MCFPD of gas containing up to 1,000 parts per million (ppm) of H₂S. The maximum operating pressure will be 720 psig.

The 100 ppm radius of exposure ("ROE") is 276 feet and the 500 ppm ROE is 126 feet. The pipeline is located in a rural area of north eastern La Salle County and does not include any public receptors (See attached area map). The applicant has submitted a contingency plan for the proposed gathering line that 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 FBE grade steel pipe. The proposed 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 at a minimum of 4 feet.

H₂S warning signs compliant with Rule 36(c)(6)(A) will be posted along the right-of-way and 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. All wells and facilities established as constituents of the proposed Burns Ranch Lateral will be in compliance with Rule 36(c)(6)(B).

The proposed pipeline will comply with Statewide Rule 36(c)(8). Chesapeake will use safety controls and automatic devices to prevent the over pressuring of the pipeline and reduce any escaping gases. The proposed pipeline will be equipped with low and high level shutdown systems at each wellhead. Hydrogen sulfide (H₂S) monitors with audio and visual alarms will be installed throughout the Frio Compression Facility, set at 10 ppm and 50 ppm. Compression station operations, pipeline pressures and pipeline flow rates are monitored remotely twenty-four hours a day through a SCADA gas detection system.

Chesapeake published notice of the application in a newspaper of general circulation in La Salle County. The notice was published in *The Progress* on May 25, 2011. The application was filed with the La Salle County Clerk on May 24, 2011.

FINDINGS OF FACT

1. On June 23, 2011, Chesapeake filed an application for a permit to construct a hydrogen sulfide gas gathering pipeline identified as the Burns Ranch Lateral in La Salle County.
2. Chesapeake published notice of the application in a newspaper of general circulation in La Salle County. The notice was published in *The Progress* on May 25, 2011. The application was filed with the La Salle County Clerk on May 24, 2011.
3. Chesapeake proposes construction of a gas gathering pipeline to transport produced gas from the Wilson Ranch and Burns Ranch lease areas to the Burns Ranch Lateral gathering pipeline in the Frio Sour Gas Gathering System.

- a. The line will be 8 5/8" in diameter and approximately 5.4 miles in length.
 - b. The line will carry a maximum 5,000 MCFPD of gas containing up to 1,000 parts per million (ppm) of H₂S.
 - c. The maximum operating pressure will be 720 psig.
 - d. The 100 ppm ROE is 276 feet and the 500 ppm ROE is 126 feet.
 - e. The pipeline is located in a rural area of north eastern La Salle County.
 - f. The ROEs, as presented in the application, do not include any public receptors.
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 Chesapeake Midstream Development, LP for Commission authority pursuant to Statewide Rules 106, 70, and 36, to construct and operate the proposed hydrogen sulfide gas pipeline in La Salle County, be approved.

Respectfully submitted,

A handwritten signature in cursive script that reads "Brian K. Fancher".

Brian K. Fancher
Technical Examiner