



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 01-0288167

THE APPLICATION OF FRIO LASALLE PIPELINE, LP TO CONSTRUCT AND OPERATE A HYDROGEN-SULFIDE GAS PIPELINE, 10-INCH EP SOUR DISCHARGE, LA SALLE COUNTY, TEXAS

OIL AND GAS DOCKET NO. 01-0288168

THE APPLICATION OF FRIO LASALLE PIPELINE, LP TO CONSTRUCT AND OPERATE A HYDROGEN-SULFIDE GAS PIPELINE, 20-INCH VWT GATHERING SOUTH, LA SALLE COUNTY, TEXAS

APPLICATIONS REVIEWED BY: Brian Fancher, P.G. - Technical Examiner
DATE APPLICATIONS FILED: May 27, 2014
DATE REVIEWED: June 17, 2014

EXAMINER'S REPORT AND RECOMMENDATION **STATEMENT OF THE CASE**

The subject applications are unopposed. The applicant, Frio LaSalle Pipeline, LP ("FLP"), seeks authority to construct and operate two hydrogen-sulfide gas pipelines in La Salle County, pursuant to 16 Texas Administrative Code §§3.36, 3.70, and 3.106.

The Railroad Commission's ("RRC") Oil and Gas Division has reviewed the subject applications and have determined that said applications meet the applicable provisions of 16 TAC §§3.36 and 3.106. Also, the RRC's Pipeline Safety Division has reviewed said applications, with respect to the applicable provisions of 16 TAC §3.70.

DISCUSSION OF THE EVIDENCE

The subject pipelines are an extension of the Frio LaSalle Gathering System (T-4 Permit No. 04299), which is considered a gas utility pipeline¹. Frio LaSalle Pipeline, LP ("FLP") submitted a completed Form T-4 for the subject applications. The respective Form T-4 indicates that FLP is the pipeline operator, while TexStar Midstream Utility, LP is the pipeline owner.

¹ See Frio LaSalle Pipeline, LP's completed Form T-4 dated April 2, 2014.

FLP published notice of the subject applications in the Frio-Nueces Current, a newspaper of general circulation in La Salle County. Said notice commenced on March 27, 2014, and was published once a week for four consecutive weeks. The subject applications were filed with the La Salle County Clerk on March 27, 2014. The subject applications are unopposed.

The 10-inch EP Sour Discharge

FLP's proposed 10-inch EP Sour Discharge pipeline ("the 10-inch") is located approximately three tenths (0.3) of a mile southwest of Dilley, Texas. The 10-inch pipeline will extend 4.79 miles, and will be an addition to FLP's existing Frio LaSalle Gathering System in La Salle County, Texas (T-4 Permit No. 04299). The 10-inch pipeline will carry approximately seventeen (17) million cubic feet of gas per day ("MMCFD"), which contains a hydrogen-sulfide ("H₂S") concentration of up to 10,000 parts per million ("ppm"). The 10-inch pipeline's maximum operating pressure will be 1,480 pounds per square inch gauge ("psig").

Pursuant to Statewide Rule 36(d)(1) [16 Tex. Admin. Code §3.36(d)(1)], FLP submitted a Certificate of Compliance (Form H-9) for the Frio LaSalle Gathering System, which indicates that the maximum H₂S concentration encountered in the overall Frio LaSalle Gathering System is up to 40,000 ppm. However, the maximum H₂S concentration encountered in the 10-inch pipeline will be up to 10,000 ppm at a volume of 17 MMCFG.

The 10-inch pipeline's 100 ppm radius of exposure of H₂S ("ROE") is 1,798 feet and the 500 ppm ROE is 882 feet. The 10-inch pipeline's 100 ppm ROE includes six affected structures², and the 500 ppm ROE includes five affected structures³.

Pursuant to RRC Statewide Rule 36(c)(6)(A) and (c)(6)(B), H₂S warning signs 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.

All materials will satisfy the requirements described in the latest editions of NACE Standard MR-01-075. The 10-inch pipeline will be constructed of API-5L-X60 grade steel pipe with 1/4-inch wall thickness. The 10-inch pipeline will be chemically treated as needed for internal corrosion and monitored with corrosion coupons. The 10-inch pipeline will be buried a minimum of four feet.

² For the purposes of the subject Examiner's Report and Recommendation, affected structures only include those structures within the 100 and 500 ppm ROEs identified by the applicant in the subject applications.

³ See FLP's Contingency Plan, page 154.

The 20-inch VWT Gathering South

FLP' proposed 20-inch VWT Gathering South pipeline ("the 20-inch") is located approximately eight tenths (0.8) of a mile southwest of Dilley, Texas. The 20-inch pipeline will extend 8.64 miles, and will be an addition to FLP's existing Frio LaSalle Gathering System in La Salle County, Texas (T-4 Permit No. 04299). The 20-inch pipeline will carry approximately forty-five (45) MMCFG, which contains a H₂S concentration of up to 2,500 ppm. The 20-inch pipeline's maximum operating pressure will be 1,480 psig.

Pursuant to Statewide Rule 36(d)(1) [16 Tex. Admin. Code §3.36(d)(1)], FLP submitted a Certificate of Compliance (Form H-9) for the Frio LaSalle Gathering System, which indicates that the maximum H₂S concentration encountered in the overall Frio LaSalle Gathering System is up to 40,000 ppm. However, the maximum H₂S concentration encountered in the 20-inch pipeline will be up to 2,500 ppm at a volume of 45 MMCFG.

The 20-inch pipeline's 100 ppm ROE is 1,936 feet and the 500 ppm ROE is 885 feet. The 10-inch pipeline's 100 ppm ROE includes eleven affected structures⁴, and the 500 ppm ROE includes four affected structures⁵.

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.

All materials will satisfy the requirements described in the latest editions of NACE Standard MR-01-075. The 20-inch pipeline will be constructed of API-5L-X60 grade steel pipe with 1/4-inch wall thickness. The 20-inch pipeline will be chemically treated as needed for internal corrosion and monitored with corrosion coupons. The 20-inch pipeline will be buried a minimum of four feet.

FINDINGS OF FACT

1. Frio LaSalle Pipeline, LP ("FLP") seeks to construct its proposed 10-inch EP Sour Discharge("the 10-inch") and 20-inch VWT Gathering South ("the 20-inch") pipelines ("the applications"), which are proposed pipeline extensions of the existing Frio LaSalle Gathering System (T-4 Permit No. 04299), in La Salle County, Texas.

⁴ For the purposes of the subject Examiners' Report and Recommendation, affected structures only include those structures within the 100 and 500 ppm ROEs identified by the applicant in the subject applications.

⁵ See FLP's Contingency Plan, page 154.

2. FLP published notices of the applications (Oil & Gas Docket Nos. 01-0288167 and 01-0288168) in the *Frio-Nueces Current*, a newspaper of general circulation in La Salle County.
3. The applications were published in the *Frio-Nueces Current* published once a week for four consecutive weeks, beginning on March 27, 2014.
4. The applications were filed with the La Salle County Clerk on March 27, 2014, and are unprotested.
5. FLP's proposed 10-inch pipeline will contain 10,000 parts per million ("ppm") of hydrogen-sulfide gas ("H₂S") at seventeen million cubic feet of gas ("MMCFG"), and is 4.79 miles in length.
6. FLP's proposed 20-inch pipeline will contain 2,500 ppm of H₂S at forty-five MMCFG, and is 8.64 miles in length.
7. The 10-inch pipeline's 100 ppm Radius of Exposure H₂S ("ROE") is 1,798 feet and the 500 ppm ROE is 882 feet.
 - a. The 10-inch pipeline is located approximately three tenths (0.3) of a mile southwest of Dilley, Texas.
 - b. The 10-inch pipeline's 100 ppm ROE includes six affected structures⁶, and the 500 ppm ROE includes five affected structures.
8. The 20-inch pipeline's 100 ppm ROE is 1,936 feet and the 500 ppm ROE is 885 feet.
 - a. The 20-inch pipeline is located approximately eight tenths (0.8) of a mile southwest of Dilley, Texas.
 - b. The 20-inch pipeline's 100 ppm ROE includes eleven affected structures⁷, and the 500 ppm ROE includes four affected structures.

⁶ For the purposes of the subject Examiners' Report and Recommendation, affected structures only include those structures within the 100 and 500 ppm ROEs identified by the applicant in the subject applications.

⁷ For the purposes of the subject Examiners' Report and Recommendation, affected structures only include those structures within the 100 and 500 ppm ROEs identified by the applicant in the subject applications.

9. Pipeline materials and construction for the 10-inch and 20-inch pipelines will meet the NACE and API standards.
10. The Railroad Commission's Oil and Gas Division, Pipeline Safety Division, and Gas Services Division recommend approval of the applications.

CONCLUSIONS OF LAW

1. Proper notice was timely presented pursuant to applicable statutes and rules.
2. All things have occurred and have been accomplished to give the Commission jurisdiction in this case.
3. Pipeline materials and construction for the 10-inch and 20-inch pipelines will meet the NACE and API standards, as required by 16 Texas Administrative Code §3.36 for H₂S service.
4. Frio LaSalle Pipeline, LP's ("FLP") applications to extend its existing Frio LaSalle Gathering System by constructing the proposed 10-inch EP Sour Discharge pipeline ("the 10-inch") and 20-inch VWT Gathering South pipeline ("the 20-inch") satisfy the requirements set forth in 16 Texas Administrative Code §§3.36, 3.70, and 3.106.

EXAMINER'S RECOMMENDATION

Based on the above Findings of Fact and Conclusions of Law, the examiner recommends that the applications of Frio LaSalle Pipeline, LP for Commission authority to construct and operate the proposed 10-inch and 20-inch pipelines be approved.

Respectfully,



Brian Fancher, P.G.
Technical Examiner