



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 8A-0294514

THE APPLICATION OF KINDER MORGAN PRODUCTION CO. LLC TO CONSIDER A SOUR GAS PIPELINE PURSUANT TO RULE 106, REINECKE PIPELINE, SACROC UNIT, KELLY-SNYDER FIELD, BORDEN AND SCURRY COUNTIES, TEXAS

APPLICATION REVIEWED BY: Paul Dubois – Technical Examiner

DATE APPLICATION FILED: November 25, 2014

DATE REVIEWED: December 4, 2014

CONFERENCE DATE: February 24, 2015

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Kinder Morgan Production Co. LLC (Kinder Morgan) seeks Commission authority to construct and operate a hydrogen sulfide (H₂S) gas pipeline in Borden and Scurry Counties, pursuant to Statewide Rules 36, 70 and 106 (16 Tex. Admin. Code §§ 3.36, 3.70, and 3.106.) On November 25, 2014, Kinder Morgan filed copies of the application with the County Clerk offices of Borden and Scurry Counties. On November 25 and December 2, 2014, Kinder Morgan published notice of the application in the Snyder Daily News, a newspaper of general circulation in Scurry and Borden Counties. On January 9, 2015, the Commission received an amended Contingency Plan with voluntary revisions based on District Staff input.

On December 18, 2014, the Commission received a letter from Doug Neff protesting the application. On January 12, 2015, the Hearings Division made a preliminary determination that Mr. Neff's protest letter was facially deficient and did not contain all the information required by Statewide Rule 1106(g). Mr. Neff was given until January 30, 2015, to provide the necessary information to affirm his standing and to support his protest. No reply was received by the January 30, 2015, deadline.

The Commission's Field Operations section has reviewed the application and has determined that the application and contingency plan comply with the applicable provisions

of Statewide Rule 36. Field Operations recommends approval. The Examiner has also reviewed the application and recommends approval.

DISCUSSION OF THE EVIDENCE

Kinder Morgan proposes to build a 28.5 mile sour gas (H₂S and CO₂) pipeline in Borden and Scurry Counties, Texas. The proposed 20-inch sour line will be approximately 28.5 miles long. The pipeline will start in Borden County, approximately 2.3 miles east-northeast of the intersection of FM 1785 and FM 1205. The pipeline will end at the SACROC Gas Plant 176 Facility located approximately 3 miles northwest of the city of Snyder in Scurry County.

Approximately 15 miles of the proposed pipeline will be newly built by Kinder Morgan starting in Borden County near the intersection of FM 1785 and FM 1205 and ending in Scurry County at the Sharon Ridge Gas Gathering Facility. At the Sharon Ridge Gas Gathering Facility the newly constructed pipeline will join to an existing 20" pipeline that is approximately 13.5 miles long and ending at the Gas Plant 176 Facility in Scurry County. The existing portion of the proposed sour pipeline will be a change of service from sweet CO₂ to sour CO₂ service. The line will transport approx. 50,000 MCF gas per day containing 2,000 ppm H₂S. The pipeline will have a normal operating pressure of between 185 psig and 200 psig, and a maximum allowable operating pressure (MAOP) of 540 psig.

All materials in the Reinecke Pipeline, including the existing portion of the proposed pipeline, will meet NACE Standard MR 0175 and API RE-14E, sections 1.7(c), and 4.7 standards for sour gas. The line will be constructed of 20-inch ERW Pipe, API 5L X-52M HF PSL2 grade steel pipe with a minimum of 14-mil epoxy based coating for external corrosion prevention. The pipeline will be equipped with high and low pressure emergency shut-down (ESD) valves and continuously monitored by a supervisory control and data acquisition (SCADA) system. The line will be equipped with pressure, temperature, flow, and level transmitters with associated alarms and shutdowns at the Reinecke Compressor Station. The Reinecke Compressor Station will also be equipped with lower explosive limit, H₂S, and infrared monitors. The Sharon Ridge Station will have temperature and pressure transmitters for monitoring. The Gas Plant 176 Facility will be equipped with pressure, temperature, and vibration transmitters with associated alarms and shutdowns. A flare will be in place at the Gas Plant 176 Facility to flare gas in the event of upset conditions.

The 100 ppm radius of exposure (ROE) of the pipeline is 1,798 feet and the 500 ppm ROE is 822 feet. There are 32 public areas within the 100 ppm ROE including 27 residents and 5 businesses. These are identified Appendix A on pages 26-28 of the Contingency Plan. There are 17 public roads within the 500 ppm ROE. Public roads include State Highway 180, FM 1205, FM 1298, FM 1610, FM 3164, FM 3132, FM 1606, FM 3101, FM 1607, FM 1611, CR 370, CR 361, CR253, CR251, CR 243, CR 242, and CR 338. The pipeline will be buried at least six feet; the proper H₂S signage and emergency contact information will be posted at all public road crossings.

Kinder Morgan participates in public awareness and damage prevention programs, and hosts annual meetings to discuss these programs. Kinder Morgan is also involved with the Local Emergency Planning Committees to help educate people to the hazards of gas plants and pipelines.

FINDINGS OF FACT

1. On November 25, 2014, Kinder Morgan filed copies of the application with the County Clerk offices of Borden and Scurry Counties. On November 25 and December 2, 2014, Kinder Morgan published notice of the application in the Snyder Daily News, a newspaper of general circulation in Scurry and Borden Counties.
2. The proposed 20-inch sour gas (H₂S and CO₂) line will be approximately 28.5 miles long.
 - a. Approximately 15 miles of the proposed pipeline will be newly built by Kinder Morgan starting in Borden County near the intersection of FM 1785 and FM 1205 and ending in Scurry County at the Sharon Ridge Gas Gathering Facility.
 - b. Approximately 13.5 miles of the proposed pipeline will be an existing pipeline converted to sour service and connect the Sharon Ridge Gas Gathering Facility with Gas Plant 176 Facility in Scurry County.
3. The line will transport approx. 50,000 MCF gas per day containing 2,000 ppm H₂S. The pipeline will have a normal operating pressure of between 185 psig and 200 psig, and a maximum allowable operating pressure of 540 psig.
4. The 100 ppm radius of exposure (ROE) of the pipeline is 1,798 feet and the 500 ppm ROE is 822 feet.
 - a. There are 32 public areas within the 100 ppm ROE including 27 residents and 5 businesses.
 - b. There are 17 public roads within the 500 ppm ROE. Public roads include State Highway 180, FM 1205, FM 1298, FM 1610, FM 3164, FM 3132, FM 1606, FM 3101, FM 1607, FM 1611, CR 370, CR 361, CR253, CR251, CR 243, CR 242, and CR 338.
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 pipeline is in accordance and complies with the provisions of Statewide 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.
8. The Commission's Field Operations Section has reviewed the application and recommends approval.

CONCLUSIONS OF LAW

1. Resolution of the subject application is a matter committed to the jurisdiction of the Railroad Commission of Texas. Tex. Nat. Res. Code § 81.051
2. All notice requirements have been satisfied. 16 Tex. Admin. Code § 3.106
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 Commission approve the application for authority pursuant to Statewide Rules 36, 70 and 106, to construct and operate the proposed Reinecke Pipeline, Sacroc Unit, Kelly-Snyder Field, Borden and Scurry Counties, Texas.

Respectfully submitted,



Paul Dubois
Technical Examiner