

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

**OIL AND GAS DOCKET
NO. 01-0301600**

**IN THE EAGLEVILLE (EAGLE FORD-1)
FIELD, MCMULLEN COUNTY, TEXAS**

**FINAL ORDER
GRANTING THE APPLICATION OF CHESAPEAKE OPERATING, L.L.C.
FOR A SOUR GAS PIPELINE, PURSUANT TO STATEWIDE RULE 106,
COUNTISS I LATERAL, EAGLEVILLE (EAGLE FORD-1) FIELD,
MCMULLEN COUNTY, TEXAS**

The Commission finds that after statutory notice and opportunity for hearing, the above-numbered docketed application meets the requirements of Statewide Rule 106 (16 Tex. Admin. Code §3.106 Sour Gas Pipeline Construction Permit.) The proceeding having been duly submitted to the Railroad Commission of Texas at conference held in its office in Austin, Texas, the Commission makes the following Findings of Fact and Conclusions of Law.

FINDINGS OF FACT

1. On August 30, 2016, Chesapeake Operating, L.L.C. ("Chesapeake") filed with the Railroad Commission an application to construct a sour gas pipeline pursuant to 16 Tex. Admin. Code §3.106, the Countiss I Lateral, McMullen County, Texas.
2. On September 20, 2016, Chesapeake filed a copy of the application with the County Clerk offices of McMullen County, Texas.
3. On August 31, 2016, Chesapeake published notice of the application in *The Progress*, a newspaper of general circulation in McMullen County, Texas.
4. The Commission's Oversight and Safety Division has reviewed Form T-4 (Application for Permit to Operate a Pipeline in Texas) and recommends the pipeline permit be issued.
5. The Commission's Field Operations Section reviewed Form H-9 (Certificate of Compliance with Statewide Rule 36), contingency plan and supporting data for the subject sour gas pipeline and recommends the pipeline permit be issued.
6. On October 21, 2016, the application was received for review by the Commission's Hearings Division.

7. No protests were received.
8. On December 16, 2016, the Technical Examiner recommended the permit be issued by the Commission at the next available conference.
9. The proposed sour gas pipeline is approximately 13 miles south of Tilden, Texas on Chesapeake's Countiss Lease. It will connect the Countiss I Pad and the Countiss S Pad to the Countiss M Facility.
10. The propose six-inch sour gas pipeline will be about 1.42 miles long. It will be newly constructed and will connect into an existing pipeline system.
11. The pipeline will transport up to 2,400 thousand cubic feet ("mcf") gas per day containing 21,000 parts per million ("ppm") hydrogen sulfide.
12. The pipeline will have a maximum allowable operating pressure of 720 psig.
13. The system will be equipped with low/high pressure emergency shutdown systems along the line and all pipeline and compressor station operations will be remotely monitored 24 hours per day via a SCADA system.
14. Pipeline materials and construction meet the NACE and API standards, as required by Statewide Rule 36 for hydrogen sulfide service.
15. The pipeline will be constructed subject to Commission inspections for compliance with the appropriate Commission Rules pursuant to Statewide Rule 36.
16. The 100 ppm radius of exposure ("ROE") of the pipeline is 1,171 feet. The 100 ppm ROE includes part of a public area except a public road, as shown on the Form H-9.
17. The 500 ppm ROE of the pipeline is 535 feet. The 500 ppm ROE does not include any public exposure.
18. The pipeline will be constructed in a rural and sparsely populated area.
19. The contingency plan submitted by Chesapeake complies with the provisions of Statewide Rule 36(c)(9).
20. The materials to be used in and method of construction and operation of the facility comply with the applicable rules and safety standards adopted by the Commission.

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 Rule 106. 16 Tex. Admin. Code § 3.106
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.

Therefore, it is **ORDERED** by the Railroad Commission of Texas that the application of Chesapeake Operating, L.L.C. to construct and operate a sour gas pipeline, Countiss I Lateral, in McMullen County, Texas, is hereby approved. Chesapeake Operating, L.L.C. shall comply with all applicable rules and safety standards adopted by the Commission for the construction and operation of hydrogen sulfide gas pipelines.

It is further **ORDERED** by the Commission that this order shall not be final and effective until 25 days after the Commission's order is signed, unless the time for filing a motion for rehearing has been extended under Tex. Gov't Code §2001.142, by agreement under Tex. Gov't Code §2001.147, or by written Commission Order issued pursuant to Tex. Gov't Code §2001.146(e). If a timely motion for rehearing of an application is filed by any party at interest, this order shall not become final and effective until such motion is overruled, or if such motion is granted, this order shall be subject to further action by the Commission. Pursuant to Tex. Gov't Code §2001.146(e), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law is hereby extended until 90 days from the date Commission Order is signed.

Done this 24th day of January, 2017.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed
by Hearings Division's Unprotected
Master Order dated January 24, 2017)**