

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 8A-0308721

**APPLICATION OF KINDER MORGAN PRODUCTION CO LLC (P-5 OPERATOR NO. 463316)
TO CONSTRUCT AND OPERATE A HYDROGEN-SULFIDE GAS PIPELINE, THE TALL
COTTON PROJECT SOUR CO₂ GATHERING AND INJECTION SYSTEM, TALL COTTON
(SAN ANDRES) FIELD, GAINES COUNTY, TEXAS**

FINAL ORDER

The Commission finds that after 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 proceedings 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. Kinder Morgan Production Co LLC ("Kinder Morgan") seeks to construct its proposed Tall Cotton Project Sour CO₂ Gathering and Injection System ("Pipeline"), located in Gaines County, Texas ("Subject Application").
2. On December 27, 2017, the subject application was published in the *Seminole Sentinel*, a newspaper of general circulation Gaines County, Texas.
3. A copy of the subject application was submitted to the Gaines County Clerk's Office on December 20, 2017. Kinder Morgan also submitted a copy of a receipt dated December 22, 2017 from the Gaines County Clerk's Office.
4. The Pipeline is designated as a new system intended to transport materials that include carbon dioxide (CO₂) and hydrogen-sulfide (H₂S), sweet and sour gas for a CO₂ flood.
5. The Pipeline will consist of pipe that measures 10", 12", and 24" outer diameter, and it will extend roughly 3.084 miles in total length.
6. The 10" and 12" sections of the line will transport the compressed gas blended with sweet CO₂ for reinjection.
7. The 24" section of the line will transport approx. 20,000 ppm H₂S with a normal operating pressure of 220 psig, and a MAOP ("maximum allowable operating pressure") of 285 psig. The 10" and 12" sections of line will transport approx. 6,000 ppm H₂S with a normal operating pressure of 1,800 to 1,900 psig, and a MAOP of 2,000 psig.
8. The 100 ppm and 500 ppm Radius of Exposures are based on maximum calculated line inventory volume. With the use of the pressure activated emergency shutdown valves (ESD's) the maximum volume of gas that will be contained in the line after the valves shut in and could escape will be 2,657 MCF/day (10 minutes of flow and line pack) for the 24" section of line extending from the test facility to the compressor station, and 4,695

- MCF/day (10 minutes of flow and line pack) for the 10" and 12" sections of line extending from the compressor station to the WAG headers.
9. The Radius of Exposures of the 24" section of line are 100 ppm = 1,211' and 500 ppm = 553'.
 10. The Radius of Exposures of the 10" and 12" sections of line are 100 ppm = 814' and 500 ppm = 372', respectively.
 11. Kinder Morgan submitted a copy of its H₂S Contingency Plan for the Pipeline ("Plan").
 12. The Plan outlines that there are no public receptors within the 100 ppm ROE's. There are two public roads within the 500 ppm ROE's. Public roads include County Road 208 and County Road 231.
 13. Kinder Morgan evidenced that the proper H₂S signs and operator emergency numbers will be posted at all public road crossings.
 14. Materials used to construct the Pipeline will satisfy the latest industry standards.
 15. Material to be used in, and the method of construction and operation of the Pipeline, comports with the Commission's applicable rules and safety standards.
 16. The Commission's Oil and Gas Division and Pipeline Safety Division have reviewed the Subject Application and recommend approval.
 17. The Applicant agreed via correspondence that the Final Order in this case is to be effective when the Master Order is signed.

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. Legally sufficient notice has been provided to all affected persons -16 Tex. Admin. Code §3.106.
3. Pipeline materials and construction of the Pipeline meets the NACE standards -16 Tex. Admin. Code §3.36.
4. Kinder Morgan's subject application meets the requirements set forth in 16 Tex. Admin. Code §§3.36, 3.70, and 3.106.
5. Pursuant to §2001.144(a)(4)(A), of the Texas Government Code, and the agreement of the applicant, this Final Order is effective when a Master Order relating to this Final Order is signed

Therefore, it is ORDERED by the Railroad Commission of Texas that the application of Kinder Morgan Production Co LLC to construct and operate a sour gas pipeline, the Tall Cotton Project Sour CO₂ Supply Line, Gaines County, Texas, is hereby **GRANTED**. Kinder Morgan

Production Co LLC shall comply with all applicable rules and safety standards adopted by the Commission for the construction and operation of hydrogen sulfide gas pipelines.

Pursuant to §2001.144(a)(4)(A) of the Texas Government Code and by agreement of the Parties in writing or on the record, **the parties have waived the right to file a Motion for Rehearing and this Final Order is effective on the date the Master Order relating to the Final Order is signed.**

Done this 22nd day of May 2018.

RAILROAD COMMISSION OF TEXAS

(Order approved and signatures affixed by Hearings Division's Unprotested Master Order dated May 22, 2018)