



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 8A-0279418

THE APPLICATION OF TARGA MIDSTREAM RESOURCES, LLC TO CONSTRUCT AND OPERATE A HYDROGEN SULFIDE GAS PIPELINE, XTO MONUMENT INTERCONNECT PIPELINE, CORNELL FIELD, GAINES COUNTY, TEXAS

APPLICATION REVIEWED BY: Brian Fancher, P.G. - Technical Examiner

DATE APPLICATION FILED: November 20, 2012

DATE REVIEWED: February 15, 2013

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

This is the unopposed application of Targa Midstream Resources, LLC ("Targa") for Commission authority to construct and operate a hydrogen sulfide (H₂S) gas pipeline in Gaines County, pursuant to 16 Texas Administrative Code §§3.36, 3.70, and 3.106.

Targa published notice of the application in a newspaper of general circulation in Gaines County. The notice was published in the *Seminole Sentinel* on December 09, 2012. The application was also filed with the Gaines County Clerk on December 05, 2012.

The Commission's Field Operations section has reviewed the application and has determined that it complies with the applicable provisions of 16 TAC §3.36. Also, the Commission's Safety Division and Gas Services Division have reviewed the application with respect to the applicable provisions of 16 TAC §§3.70 and 3.106. Additionally, the examiner has reviewed the application and recommends approval, as requested by Targa.

DISCUSSION OF THE EVIDENCE

Targa proposes to construct an 8-inch sour gas pipeline, extending 11.6 miles, that will be an addition to an existing 6-inch, sour-gas gathering pipeline system. The new 8-inch pipeline will transport produced sour-gas from the existing 6-inch pipeline to the Targa Monument Gas Processing Plant ("the Plant") located in Lea County, New Mexico. The proposed 8-inch pipeline

will carry approximately five million cubic feet of gas per day that contains a hydrogen-sulfide (“H₂S”) concentration of 10, 400 parts per million (“ppm”). The proposed pipeline will be constructed in a rural area approximately 20 miles northwest of Seminole, Texas. The normal operating pressure for the proposed 8-inch pipeline will be 500 pounds per square inch gauge (“psig”), and the maximum operating pressure will be 740 psig.

The 100 ppm radius of exposure (“ROE”) is 1,194 feet and the 500 ppm ROE is 546 feet. The 100 ppm ROE includes one (1) public entity, Pilgrim Portable Builders, located 906 feet from the pipeline. No home or building is within the 500 ppm ROE. In addition, the following public roads fall within the 100 and 500 ppm ROEs:

(1) US Highway 62-180; (2) Ranch Road 3306; (3) County Road (CR) 237, CR 208, and CR 218.

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 gathering line will be constructed of API-5L-X42 grade steel pipe with 1/4-inch wall thickness. The 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 a minimum of 3 feet along the right-of-way and 5 feet at road crossings.

The Plant will be manned twenty-four hours per day with qualified personnel. The Plant will continually monitor the proposed pipeline for any gas volume or pressure deviations. If an emergency situation is discovered, Plant personnel will activate the H₂S Contingency Plan.

Targa’s contingency plan for the proposed gathering pipeline complies with the provisions of Statewide Rule 36(c)(9)

FINDINGS OF FACT

1. Pursuant to 16 Texas Administrative Code §§3.36, 3.70, and 3.106, Targa Midstream Resources, LLC (“Targa”) seeks authority to construct and operate a hydrogen sulfide (H₂S) gas pipeline, the XTO Monument Interconnect Pipeline in Gaines County.
2. Targa published notice of the application for Oil and Gas Docket No. 8A-0279418 in a newspaper of general circulation in Gaines County. The notice was published in the *Seminole Sentinel* on December 09, 2012. The application was also filed with the Gaines County Clerk on December 05, 2012.

3. Targa proposes to construct the XTO Monument Interconnect Pipeline (“XTO line”) as an extension to an existing 6-inch, sour-gas gathering pipeline.
 - a. The XTO line will be 8-inches in diameter and approximately 11.6 miles in length.
 - b. The XTO line will carry a maximum of 5 million cubic feet of natural gas per day (“MMCFGPD”), of which will contain up to 10,400 parts per million (“ppm”) of hydrogen-sulfide (“H₂S”).
 - c. The maximum operating pressure will be 740 pounds per square inch gauge (“psig”).
4. The 100 ppm Radius of Exposure (“ROE”) is 1,194 feet and the 500 ppm ROE is 546 feet.
 - a. The XTO line is located approximately 20 miles northwest of Seminole, Texas.
 - b. Pilgram Portable Builders is located within the 100 ppm ROE. No home or building is located within the 500 ppm ROE.
 - c. US Highway 62-180, Ranch Road 3306, County Road (“CR”) 237, CR 208, and CR 218 are located within the 100 and 500 ppm ROEs.
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 line is in accordance and complies with the provisions of 16 TAC §3.36.
7. The Commission’s Field Operations Section, Pipeline Safety Division and Gas Services Division have reviewed the application and recommend approval.

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. The application complies with 16 TAC §§3.36, 3.70, and 3.106.

4. Approving the application for a permit to construct and operate the proposed hydrogen sulfide gas pipeline is consistent with the rules and safety standards adopted by the Commission.

EXAMINER'S RECOMMENDATION

The examiner recommends that the application of Targa Midstream Resources, LLC for Commission authority, pursuant to 16 Texas Administrative Code §§3.36, 3.70, and 3.106, to construct and operate the proposed 8-inch, XTO Monument Interconnect Pipeline in Gaines County be approved.

Respectfully submitted,



Brian Fancher, P.G.
Technical Examiner