



RAILROAD COMMISSION OF TEXAS

OFFICE OF GENERAL COUNSEL

OIL & GAS DOCKET NO. 01-0271380

THE APPLICATION OF CHESAPEAKE MIDSTREAM DEVELOPMENT, LP TO
CONSTRUCT AND OPERATE A HYDROGEN SULFIDE GAS PIPELINE, JJ HENRY
LATERAL, FOX CREEK GAS GATHERING SYSTEM, MCMULLEN COUNTY, TEXAS

APPLICATION REVIEWED BY: Brian K. Fancher - Technical Examiner

DATE APPLICATION FILED: June 28, 2011

DATE REVIEWED: August 02, 2011

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

This is the unopposed application of Chesapeake Midstream Development, LP ("Chesapeake") for Commission authority to construct and operate a hydrogen sulfide (H₂S) gas pipeline in McMullen County, pursuant to Statewide Rules 106, 70, and 36.

The Commission's Field Operations section has reviewed the application and has determined that the application complies with the applicable provisions of Statewide Rule 36. In addition, the Commission's Safety Division and Gas Services Division have reviewed the application. The examiner recommends approval of the application.

DISCUSSION OF THE EVIDENCE

Chesapeake proposes construction of a gas gathering pipeline to transport produced gas from the JJ Henry 2B H Well location to the JJ Henry Lateral pipeline in the Fox Creek Gas Gathering System (GGS). The line will be 8 5/8" in diameter and approximately 7.8 miles long. The line will carry a maximum of 7,000 MCFPD of gas containing up to 20,000 parts per million (ppm) of H₂S. The maximum operating pressure will be 1,440 psig.

The 100 ppm radius of exposure ("ROE") is 2,220 feet and the 500 ppm ROE is 1,100 feet. The pipeline is located in a rural area of McMullen County, however, the ROEs contain 37 public receptors (See attached area map).

The receptors include the Zeotech Plant, thirty-three (33) deer blinds, two (2) deer camps, and one public road (Hwy 72). The submitted contingency plan for the gathering line complies with the provisions of Statewide Rule 36(c)(9).

All materials will satisfy the requirements described in the latest editions of NACE Standard MR-0175-2003. The gathering line is constructed of API-5L-X52 FBE grade steel pipe. 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 4 feet.

H₂S warning signs compliant with Rule 36(c)(6)(A) will be posted along the right-of-way and 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 wells and facilities established as constituents of the proposed JJ Henry Lateral will be in compliance with Rule 36(c)(6)(B).

The proposed pipeline will comply with Statewide Rule 36(c)(8). Chesapeake will use safety controls and automatic devices. This will also trigger closure of the block valves. Low and high pressure shutdown valves will prevent the over pressuring of the pipeline and reduce escaping gases. Real-time data monitoring will trigger audible, visual and dial-out alarms if an H₂S concentration of 10 ppm to 50 ppm is detected. The pipeline pressure will be monitored 24/7 at the Fox Creek Compression Facility which is connected to a SCADA gas detection system.

Chesapeake published notice of the application in a newspaper of general circulation in McMullen County. The notice was published in *The Progress* on May 25, 2011. The application was filed with the McMullen County Clerk on May 11, 2011.

FINDINGS OF FACT

1. On June 28, 2011, Chesapeake filed an application for a permit to construct a hydrogen sulfide gas gathering pipeline identified as the JJ Henry Lateral in McMullen County.
2. Chesapeake published notice of the application in a newspaper of general circulation in McMullen County. The notice was published in *The Progress* on May 25, 2011. The application was filed with the McMullen County Clerk on May 11, 2011.
3. Chesapeake proposes construction of a gas gathering pipeline to transport produced gas from the JJ Henry 2B H well to the JJ Henry Lateral pipeline in the Fox Creek GGS.

- a. The line will be 8 5/8" in diameter and approximately 7.8 miles in length.
 - b. The line will carry a maximum 7,000 MCFPD of gas containing up to 20,000 parts per million (ppm) of H₂S.
 - c. The maximum operating pressure will be 1,440 psig.
 - d. The 100 ppm ROE is 2,220 feet and the 500 ppm ROE is 1,100 feet.
 - e. The pipeline is located in a rural area of McMullen County approximately 8 miles west of Tilden, TX; however, the ROEs contain 37 public receptors. The receptors include the Zeotech Plant, thirty-three (33) deer blinds, two (2) deer camps, and one public road (Hwy 72).
4. Pipeline materials and construction meet the NACE and API standards as required by Statewide Rule 36 for hydrogen sulfide service.
 5. The submitted contingency plan for the line is in accordance and complies with the provisions of Rule 36(c)(9).
 6. The pipeline will be constructed subject to Commission inspections for compliance with the appropriate Commission Rules pursuant to Statewide Rule 36(c)(6),(7),(8), and (13).
 7. The Commission's Field Operations Section recommends approval. The Commission's Pipeline Safety Division and Gas Services Division have reviewed the application.

CONCLUSIONS OF LAW

1. Proper notice was timely given to all parties entitled to notice 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 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.

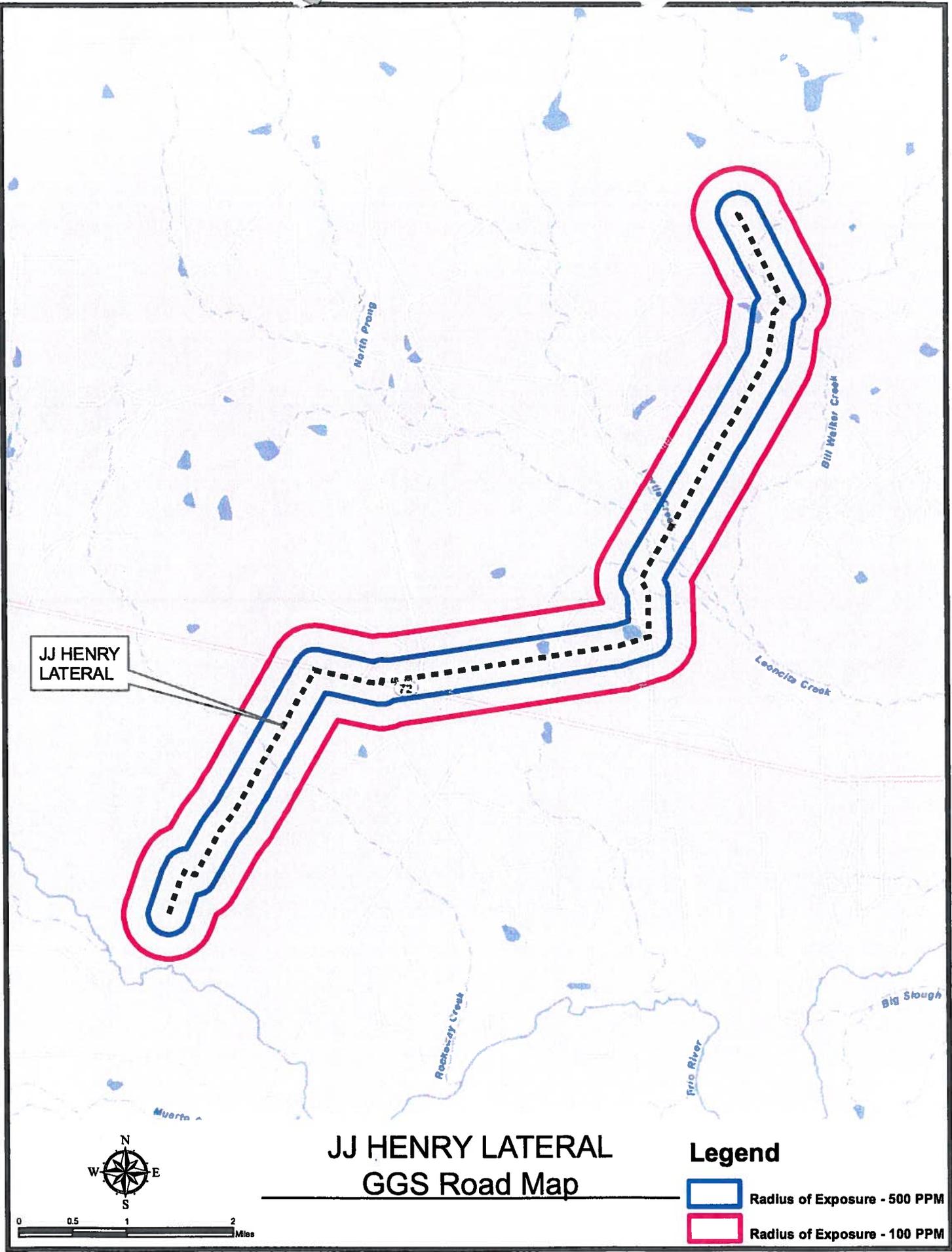
EXAMINER'S RECOMMENDATION

The examiner recommends that the application of Chesapeake Midstream Development, LP for Commission authority pursuant to Statewide Rules 106, 70, and 36, to construct and operate the proposed hydrogen sulfide gas pipeline in McMullen County, be approved.

Respectfully submitted,



Brian K. Fancher
Technical Examiner



JJ HENRY LATERAL

JJ HENRY LATERAL GGS Road Map

Legend

-  Radius of Exposure - 500 PPM
-  Radius of Exposure - 100 PPM