



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 01-0287606

THE APPLICATION OF PIONEER NATURAL RES. USA, INC. TO CONSTRUCT AND OPERATE A HYDROGEN SULFIDE GAS PIPELINE, THE WASHBURN 02-10, 11, 12, AND 13H, 8-INCH SOUR GAS PIPELINE, LA SALLE COUNTY, TEXAS

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APPLICATIONS REVIEWED BY: Paul Dubois - Technical Examiner

DATE APPLICATIONS FILED: March 6, 2014

DATE REVIEWED: May 19, 2014

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

These are the unprotested applications of Pioneer Natural Res. USA, Inc. ("Pioneer") for Commission authority to construct and operate three (3) hydrogen sulfide (H₂S) gas pipelines in La Salle County, pursuant to Statewide Rules 36, 70 and 106.

Pioneer published notice of the applications in a newspaper of general circulation in La Salle County. The notices were published in the *Frio-Nueces Current* on March 13

2014. The applications were filed with the La Salle County Clerk on March 10, 2014.

The Commission's Field Operations section has reviewed the applications and has determined that the applications comply with the applicable provisions of Statewide Rule 36. In addition, the Commission's Pipeline Safety Division has reviewed the applications. The examiner has also reviewed the applications and recommends approval.

DISCUSSION OF THE EVIDENCE

Pioneer proposes construction of three (3) 8-inch gas gathering pipelines to transport produced sour gas from three well pads to 12-inch lateral gathering pipelines that connect to the Central Gathering Plant 11 (CGP 11), a plant owned by Pioneer and operated by EFS Midstream, Inc..

The pipelines are located in a rural area of central La Salle County and are southeast of the town of Cotulla, Texas. The three well pads are located near Quintana Road and south of State Highway 97. For each pipeline the 100-foot radius of exposure is 138 feet; since the concentration of the gas is less than 500 ppm, there is no 500 ppm ROE. There are no public areas or roads within the 100 ROE for any of the pipelines. Particular details for each pipeline are summarized below:

Washburn 02-10, 11, 12, and 13H: The 8-inch pipeline will be 0.05 miles in length (264 feet) with a maximum operating pressure of 1,440 and a maximum volume of 3,450 mcf/d. The maximum H₂S concentration will be 475 ppm. This pipeline will connect to the Lateral West 12-inch gathering line.

Washburn 02-14, 15, 16, and 17H: The 8-inch pipeline will be 0.03 miles in length (158 feet) with a maximum operating pressure of 1,440 and a maximum volume of 3,450 mcf/d. The maximum H₂S concentration will be 475 ppm. This pipeline will connect to the Lateral West 12-inch gathering line.

Washburn 01-08, 09, 10, and 11H: The 8-inch pipeline will be 0.12 miles in length (663 feet) with a maximum operating pressure of 1,440 and a maximum volume of 3,450 mcf/d. The maximum H₂S concentration will be 475 ppm. This pipeline will connect to the Lateral East 12-inch gathering line.

All materials will satisfy the requirements described in the latest editions of NACE Standard MR-0175-2003. The gas gathering pipelines will be constructed of API-5L-X52 FBE grade steel pipe. The pipelines will be equipped with cathodic protection to prevent external corrosion and will be chemically treated as needed for internal corrosion and monitored with corrosion coupons. The pipelines will be buried to a minimum depth of 4 feet. 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 pipelines frequent enough as to provide warning to avoid accidental rupture of the pipelines by excavation. The signs will indicate poison gas, company name and emergency phone numbers.

The proposed pipelines will comply with Statewide Rule 36(c)(8). Pioneer will monitor pressures at multiple points including wellheads, separation vessels, gas gathering pipelines and at the Central Gathering Plant 11. The pipelines will be monitored 24/7 through a SCADA monitoring system, which also provides emergency shutdown systems, including a low and high pressure shutdown at the wellheads and the Central Gathering Plant 11. H₂S will be monitored daily at the Central Gathering Plant 11 through an analyzer on the gas residue of the amine plant. Pioneer will also obtain periodic H₂S readings at the separators.

The submitted contingency plans for the gas gathering pipelines comply with the provisions of Statewide Rule 36(c)(9).

FINDINGS OF FACT

1. On March 6, 2014, Pioneer Natural Res. USA, Inc. ("Pioneer") filed applications for a permit to construct three hydrogen sulfide gas gathering pipelines in La Salle County.
2. Pioneer published notice of the applications in a newspaper of general circulation in La Salle County. The notices were published in the *Frio-Nueces Current* on March 13, 2014. The applications were also filed with the La Salle County Clerk on March 10, 2014.
3. Pioneer proposes construction of three 8-inch gas gathering pipelines to transport produced sour gas from three well pads to 12-inch gathering lines:
 - a. The Washburn 02-10, 11, 12, and 13H pipeline will be 0.05 miles in length (264 feet) with a maximum operating pressure of 1,440 and a maximum volume of 3,450 mcf/d. This pipeline will connect to the Lateral West 12-inch gathering line.
 - b. The Washburn 02-14, 15, 16, and 17H pipeline will be 0.03 miles in length (158 feet) with a maximum operating pressure of 1,440 and a maximum volume of 3,450 mcf/d. This pipeline will connect to the Lateral West 12-inch gathering line.
 - c. The Washburn 01-08, 09, 10, and 11H pipeline will be 0.12 miles in length (663 feet) with a maximum operating pressure of 1,440 and a maximum volume of 3,450 mcf/d. This pipeline will connect to the Lateral East 12-inch gathering line.

4. The maximum H₂S concentration in each of the pipelines will be 475 ppm.
5. The Lateral East and Lateral West 12-inch lines will transport the gas to Central Gathering Plant 11.
6. The three gas gathering pipelines are located in a rural area of central La Salle County and are southeast of the town of Cotulla, Texas.
 - a. All three of the pipelines have a 138-foot 100 ppm ROE.
 - b. There are no public areas or roads within the 100-foot ROE for each pipeline.
 - c. Since the transported gas contains less than 500 ppm of H₂S, there is no 500 ppm ROE.
7. Pipeline materials and construction meet the NACE and API standards, as required by Statewide Rule 36 for hydrogen sulfide service.
8. The submitted contingency plans for the lines are in accordance and comply with the provisions of Rule 36(c)(9).
9. The pipelines 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).
10. The Commission's Field Operations Section, Pipeline Safety Division and Gas Services Division have reviewed the applications and recommend approval.

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 these cases.
3. The applications comply with Statewide Rules 36, 70 and 106.
4. Approving the applications for a permit to construct and operate the proposed hydrogen sulfide gas pipelines is consistent with the rules and safety standards adopted by the Commission.

EXAMINER'S RECOMMENDATION

The examiner recommends that the Commission approve the applications for authority pursuant to Statewide Rules 36, 70 and 106, to construct and operate the proposed hydrogen sulfide gas pipelines in La Salle County, Texas, as requested by Pioneer Natural Resources USA, Inc.

Respectfully submitted,



Paul Dubois

Technical Examiner

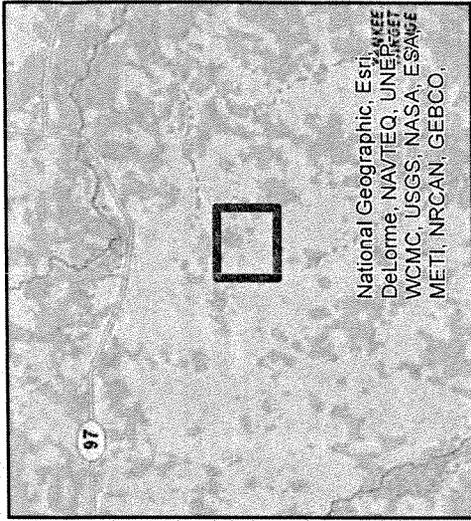
PIONEER
NATURAL RESOURCES



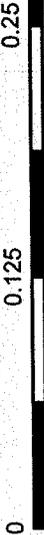
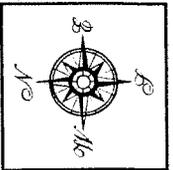
La Salle
County



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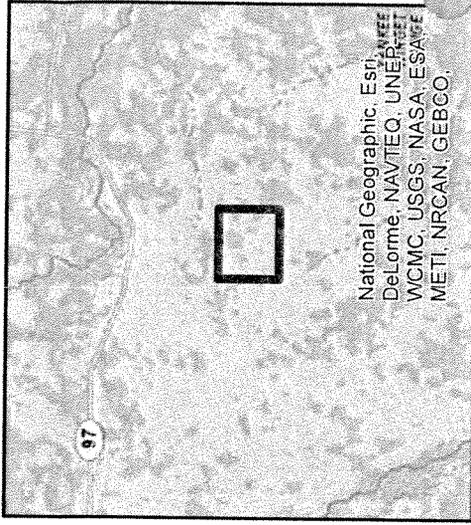
National Geographic, Esri,
Delorme, NAVTEQ, UNEP,
WCMC, USGS, NASA, ESA,
METI, NRCAN, GEBCO,



0.5 Miles

PA-12" Lateral Washburn 02-10, 11, 12, 13H, 05 Miles
276' Area of Influence

1 in = 500 feet

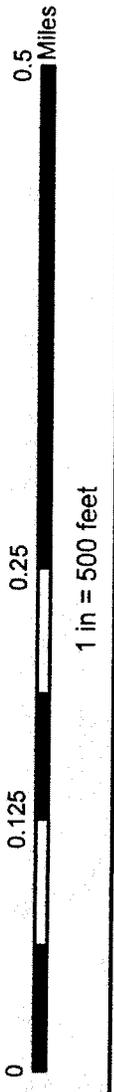
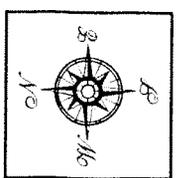


National Geographic, Esri, XREF
DeLorme, NAVTEQ, UNEP, NPS, USGS,
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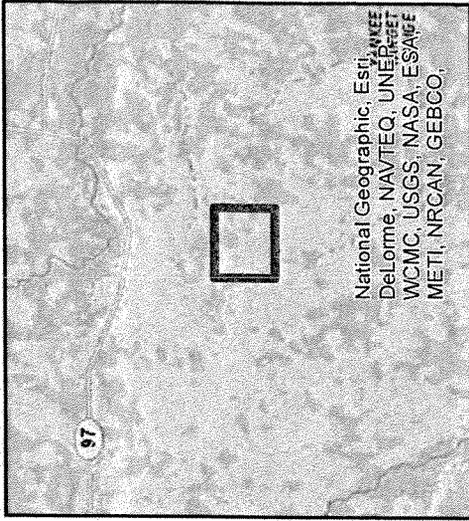
La Salle County

Lateral Washburn
02-14,15,16,17H

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PA-12" Lateral Washburn 02-14,15,16,17H, .03 Miles
276' Area of Influence

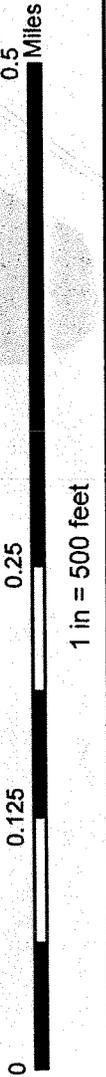
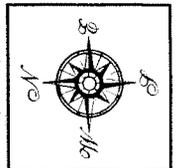


National Geographic, Esri, NKEE,
DeLorme, NAVTEQ, UNEP, NPS,
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METI, NRCAN, GEBCO,

La Salle County

Lateral Washburn
01-08-09, 10, 11H

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PA-12" Lateral Washburn 01-08,09,10,11H, 12 Miles
276' Area of Influence