



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 08-0300304

THE APPLICATION OF JAMES LAKE MIDSTREAM, LLC TO CONSIDER A SOUR GAS PIPELINE, ELEVATION EXTENSION FACILITY, BLOCK 1 AREA, ANDREWS COUNTY, TEXAS

APPLICATION REVIEWED BY: Peggy Laird, P.G. – Technical Examiner

DATE APPLICATION FILED: June 15, 2016

DATE REVIEWED: June 30, 2016

CONFERENCE DATE: August 9, 2016

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

This is the unopposed application of James Lake Midstream, LLC ("JLM") for Commission authority to convert and construct pipeline segments for the Elevation Extension Facility, which will transport hydrogen sulfide (H₂S) gas in Andrews County, pursuant to Statewide Rules 36, 70, and 106. (16 Tex. Admin. Code §§ 3.36, 3.70, and 3.106). On April 21, 2016, JLM notified the Andrews County Clerk of the application. On May 5, 2016, JLM published notice of the application in the *Andrews County News*, a newspaper of general circulation in Andrews County.

The Commission's Field Operations section has reviewed the application and has determined that the application and contingency plan comply with the applicable provisions of Statewide Rule 36. In addition, the Commission's Oversight and Safety division (Pipeline Safety) has reviewed the application and recommends approval. Accordingly, the Examiner recommends that the subject application be granted as proposed by JLM.

DISCUSSION OF THE EVIDENCE

JLM proposes to convert an existing sweet gas line to a sour gas line and construct ancillary components for the sour gas line. When complete, the converted line will be a 3.79-mile long sour gas pipeline consisting of three segments (A, B, and C). Segment A, referred to as "Elevation Extension", is an existing sweet gas line that will be converted to sour gas. The segment is about 3.68 miles in length, and starts in Andrews County at the Cross Booster and ends in Andrews County at the B9 HP Gathering tie in. The 12-inch steel line will carry approximately 25,000 MCF/day of gas with an H₂S concentration of 500 parts per million (ppm). The maximum operating pressure will be 1,440 pounds per square inch gauge (psig).

Segment B, referred to as "Elevation Extension 2", is about 0.05 miles in length and will start in Andrews County at the discharge of the Cross Booster and end in Andrews County where it ties into Segment A. The six-inch steel line will transport approximately 25,000 MCF/day of gas with an H₂S concentration of 500 ppm and the maximum operating pressure will be 1,440 psig.

Segment C, referred to as "Elevation LP", is about 0.06 miles in length and will start in Andrews County at Elevation battery B-120 and will end in Andrews County at the Cross Booster. The 12-inch polyurethane line will transport 25,000 MCF/day of gas with an H₂S concentration of 500 ppm. The maximum operating pressure will be 100 psig.

The lines will have a cathodic protection system to prevent/reduce corrosion and maintain the integrity of the pipeline. All pipeline materials will meet NACE Standard MR-01-75 and API RP-14E requirements. Segments A and B will be constructed of API 5L/X-52 coated steel pipe. Segment C will be constructed of SDR 11 polyurethane pipe.

Segment A will have two automatic emergency shutdown (ESD) valves that are activated by low/high pressure. The ESDs will be located at the beginning of the line at the Cross Booster and at the end of the line at the B9 HP Gathering tie in. Segment B will have one ESD located at the start of the line at the Cross Booster, with a manual block valve at the tie in to Segment A. Segment C will have one ESD located at the tie in to the Cross Booster, with a manual block valve at the beginning of the line. Fixed H₂S monitors will be located at the Cross Booster Station and will activate the booster ESD if an H₂S concentration of 30 ppm or higher is detected. Volumes and pressures of Segments A and B will be monitored remotely at the James Lake Gas Plant.

The pipeline will be constructed in a rural and sparsely populated area. The 100 ppm radius of exposure (ROE) of Segments A, B, and C is 489 feet and the 500 ppm ROE is 224 feet. There are no public receptors within the 100 ppm ROE's of Segments A, B, or C. There are no public roads within the 500 ppm ROE's of Segments A, B, or C. This was verified by on-site review conducted on May 18, 2016.

Residents near the 100 ppm ROE will be invited to participate in and/or observe annual drills. Procedures for notification, evacuation, and sheltering-in-place will be reviewed as part of the drills. Surveys will be conducted annually to determine if any new public receptors fall within the ROE, and they will be advised on potential hazards.

FINDINGS OF FACT

1. On June 15, 2016, JLM filed an application for a permit to construct a hydrogen sulfide gas pipeline in Andrews County.
2. On April 21, 2016, JLM notified the Andrews County Clerk of the application. On May 5, 2016, JLM published notice of the application in the *Andrews County News*, a newspaper of general circulation in Andrews County.
3. JLM proposes to construct a 3.79-mile long sour gas pipeline consisting of three segments (A, B, and C).
 - a. Segment A is an existing sweet gas line that will be converted to sour gas. Segments B and C will be newly constructed components of the facility.
 - b. Segments A and C will be 12 inches in diameter. Segment B will be 6 inches in diameter.
 - c. Segments A, B, and C will transport 25,000 MCF/day of gas with an H₂S concentration of 500 ppm.
 - d. The maximum operating pressure will be 1440 psig for Segments A and B, and 100 psig for Segment C.
4. The 100 ppm ROE for all segments 489 feet, and the 500 ppm for all segments is 224 feet. The pipeline will be constructed in a rural and sparsely populated area.
 - a. No public receptors are within the 100 ppm ROE's of Segments A, B, or C.
 - b. No public roads are within the 500 ppm ROE's of Segments A, B, or C.
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 pipeline is in accordance and complies with the provisions of Statewide Rule 36(c)(9).
7. The pipeline will be constructed subject to Commission inspections for compliance with the appropriate commission rules pursuant to Statewide Rule 36.

8. The commission's Field Operations Section and Oversight and Safety division (Pipeline Safety) have reviewed the application and recommend approval.

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 § 3.46
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 Commission approve the application for authority pursuant to Statewide Rules 36, 70, and 106, to construct and operate the proposed Elevation Extension Facility pipeline segments for gathering hydrogen sulfide gas in Andrews County, as requested by James Lake Midstream, LLC.

Respectfully submitted,



Peggy Laird, P.G.
Technical Examiner