

January 22, 2007

OIL & GAS DOCKET NO. 7C-0249067

THE APPLICATION OF ARLEDGE GAS GATHERING, LP TO CONSTRUCT AND OPERATE A HYDROGEN SULPHIDE GAS PIPELINE, THE ARLEDGE RANCH FACILITY, CROCKETT AND VAL VERDE COUNTIES, TEXAS

APPLICATION REVIEWED BY: Thomas H. Richter, P.E.

DATE REVIEWED: January 22, 2007

DATE EXAMINER RECEIVED FILE: January 12, 2007

DATE APPLICATION FILED: September 20, 2006

EXAMINER'S REPORT AND RECOMMENDATION
STATEMENT OF THE CASE

This is the unopposed application of Arledge Gas Gathering, LP ("AGGCO") for Commission authority pursuant to Statewide Rules 106, 70 and 36 for approval to construct and operate a hydrogen sulphide (H₂S) gas pipeline in Crockett and Val Verde Counties.

The Commission's Field Operations Section recommends approval. The Commission's Pipeline Safety and Gas Services Sections have reviewed the application. The examiner recommends approval of the application.

DISCUSSION OF THE EVIDENCE

The proposed Arledge Ranch gas pipeline will connect gas well facilities of other operators to the XTX Treating Plant. The proposed line will be ±10 miles in length composed of 6" and 10" steel pipe. The maximum operating pressure of the line is 1100 psig and the maximum designed operating pressure is 1440 psig. The gathering line will carry a maximum of ±50 MMCFD.

The H₂S concentration is 1,000 parts per million (ppm). The 100 ppm radius of exposure (ROE) is 1,165 feet and the 500 ppm ROE is 533 feet. There are no public areas or public roads within the 100 ppm or 500 ppm ROE's. A contingency plan is not required as no public area is affected pursuant to provisions of Statewide Rule 36(c)(7).

All materials will satisfy the requirements described in the latest editions of NACE Standard MR-01-75-2003. The handling and installation of materials and equipment used in hydrogen sulphide service are to be performed in such a manner so as not to induce susceptibility to Sulphide Stress Cracking. The gathering line will be new API 5L X-42 Grade B steel pipe. The proposed line will comply with Statewide Rule 36(c)(8).

Arledge Gas Gathering, LP published notice of the application in newspapers of general circulation in Val Verde and Crockett Counties. The notice was published in *The Ozona Stockman*

on November 1, 8, 15 and 22, 2006. The notice was published in *The Del Rio News-Herald* between November 1 and 28, 2006. The application was filed with the Crockett County Clerk on September 22, 2006 and the Val Verde County Clerk on September 25, 2006.

FINDINGS OF FACT

1. On September 20, 2006, Arledge Gas Gathering LP filed an application for a permit to construct hydrogen sulphide gas gathering pipeline in Crockett and Val Verde Counties.
2. Arledge Gas Gathering, LP published notice of the application in newspapers of general circulation in Val Verde and Crockett Counties. The notice was published in *The Ozona Stockman* on November 1, 8, 15 and 22, 2006. The notice was published in *The Del Rio News-Herald* between November 1 and 28, 2006. The application was filed with the Crockett County Clerk on September 22, 2006 and the Val Verde County Clerk on September 25, 2006.
3. The proposed Arledge Ranch gas pipeline will connect gas wells that produce gas containing hydrogen sulphide (H₂S) of other operators to the XTX Treating Plant.
4. The proposed line will be ±10 miles in length composed of 6" and 10" steel pipe.
 - a. The maximum operating pressure of the line is 1100 psig and the maximum designed operating pressure is 1440 psig.
 - b. The maximum volume capacity of the line is 50,000 MCFD.
 - c. The H₂S concentration is 1,000 parts per million (ppm).
 - e. The 100 ppm radius of exposure (ROE) is 1,165 feet and the 500 ppm ROE is 533 feet.
 - f. There are no public areas or public roads within the 100 ppm or 500 ppm ROE's.
5. Pipeline materials and construction meet the NACE standards as required by Statewide Rule 36 for hydrogen sulphide service.
6. A contingency plan is not required as no public area is affected pursuant to provisions of Statewide Rule 36(c)(7).
7. The pipeline will be constructed subject to Commission inspections for compliance with the appropriate Commission Rules pursuant to Statewide Rule 36(c)(6)(8) and (13).
8. 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.
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3. All things have occurred and have been accomplished to give the Commission jurisdiction in this case.
4. The application complies with Statewide Rules 36, 70 and 106.
5. 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 Arledeg Gas Gathering, LP for Commission authority pursuant to Statewide Rules 106, 70 and 36 for approval to construct and operate the proposed hydrogen sulphide gas pipeline in Crockett and Val Verde Counties be approved.

Respectfully submitted,

Thomas H. Richter, P.E.
Technical Examiner
Office of General Counsel