



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**OIL & GAS DOCKET NO. 08-0286879**

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**THE APPLICATION OF JAMES LAKE MIDSTREAM LLC TO CONSTRUCT A SOUR GAS PIPELINE FACILITY, COTTONWOOD LATERAL GATHERING SYSTEM, ECTOR COUNTY, TEXAS**

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**APPLICATION REVIEWED BY:** Paul Dubois – Technical Examiner

**DATE APPLICATION FILED:** January 22, 2014

**DATE REVIEWED:** April 10, 2013

### EXAMINER'S REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

This is the application of James Lake Midstream LLC (JLM) for Commission authority to construct and operate a hydrogen sulfide (H<sub>2</sub>S) gas pipeline in Ector County, pursuant to Statewide Rules 36, 70 and 106. This application is for 13.06 miles of new pipeline construction of the Cottonwood Lateral, part of the James Lake Gathering System. Notice of the application was filed with the Ector County Clerk in Odessa on January 22, 2014 and published in the *Odessa American*, a newspaper of general circulation in Ector County, on January 24, 2014. 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 has reviewed the application and recommends approval. The examiner has also reviewed the application and recommends approval.

#### DISCUSSION OF THE EVIDENCE

The Cottonwood Lateral will be located in a rural part of Ector County north of the City of Odessa. The system will consist of 13.06 miles of medium pressure pipeline and one compressor station. The pipeline will transport natural gas from the Cottonwood Compressor Station to the James Lake Gas Plant where the gas will be treated to remove CO<sub>2</sub> and H<sub>2</sub>S. The 8-inch pipeline will have a maximum operating pressure of 600 psi and a maximum volume of 15 MMCFGPD. The maximum H<sub>2</sub>S concentration will be 4,000

ppm. The line will be constricted of API 5L X52 steel pipe, which has been accepted for sour service. The operator will utilize proper NACE and API recommended materials for sour service as well as maintain a chemical treating program and cathodic protection system to help prevent corrosion of the pipe. The line will be buried and will be properly marked with H<sub>2</sub>S and operator identification signs along the right of way and road crossings.

The pipeline will have two emergency shutdown valves and two high/low pressure shutdown valves activated by pressure loss or over pressurization of the pipeline. One high/low valve will be located on the west side of SH385 at Cottonwood Road and the other will be located at FM 1936. The Cottonwood Compressor Station will also have an ESD valve that can be activated at the station or remotely if hazardous levels of H<sub>2</sub>S are detected.

The pipeline will be constructed in a rural area north of Odessa, Texas. The pipeline route traverses mostly oil field and cattle pasture. The 500 ppm radius of exposure (ROE) is 597 feet and the 100 ppm ROE is 1,306 feet. There are no residences within the area of influence. There are homes within the 100 ppm ROE. The nearest dwellings are 2,600 and 3,200 feet from the pipeline route. There are four public roads within the 500 ppm ROE: US Hwy 385, Cottonwood Road, Wireline Road, and FM 1936. This has been verified by an on-site inspection performed on January 30, 2014 by Field Operations staff. Residents in close proximity to the ROEs will be invited to participate in annual safety drills and public awareness meetings. Pamphlets detailing how to detect an H<sub>2</sub>S leak and what to do in the event of a release, and points of contact will also be distributed.

The Field Operations Section has reviewed the Form H-9 (Certificate of Compliance, Statewide Rule 36), contingency plan, and supporting data for the Cottonwood Lateral and determined that the proposed pipeline complies with the applicable provisions of Statewide Rule 36 regarding materials and operation. The Pipeline Safety Division has reviewed the application and has received the T-4 (Application for a Permit to Operate a Pipeline in Texas) and all required documentation to process an initial permit for the requested pipeline.

#### **FINDINGS OF FACT**

1. On January 22, 2014, James Lake Midstream LLC filed an application for a permit to construct a sour gas pipeline in Ector County.
2. Notice of the application was filed with the Ector County Clerk in Odessa on January 22, 2014 and published in the *Odessa American*, a newspaper of general circulation in Ector County, on January 24, 2014.
3. The Cottonwood Lateral will be 8-inches in diameter and 13.06 miles in

length, will carry a maximum of 15 MMCFGPD containing 4,000 parts per million (ppm) of H<sub>2</sub>S, and will have a maximum operating pressure of 600 psig.

4. The 500 ppm radius of exposure ("ROE") is 597 feet and the 100 ppm ROE is 1,306 feet.
5. No residences are located within the 100 or 500 ppm ROE.
6. Portions of four public roads are located within the ROEs.
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 plan for the pipeline is in accordance and complies with the provisions of Statewide Rule 36(c)(9).
9. The pipeline will be constructed subject to Commission inspections for compliance with the appropriate Commission Rules pursuant to Statewide Rule 36.
10. The Commission's Field Operations Section and Pipeline Safety Division have reviewed the application and supporting materials and recommend approval.

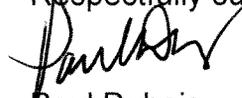
#### CONCLUSIONS OF LAW

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 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**

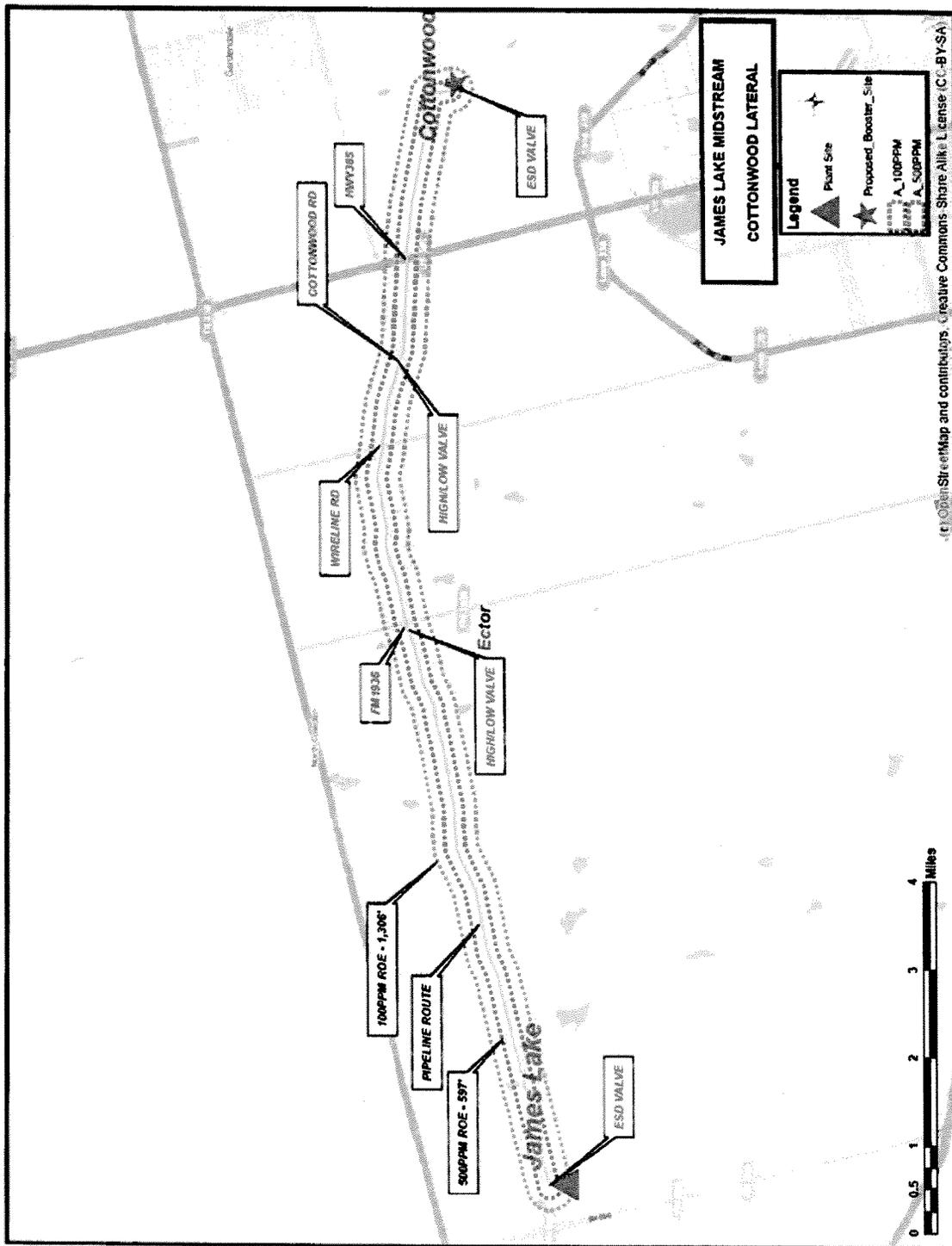
The examiner recommends that the Commission approve the application for authority pursuant to Statewide Rules 36, 70 and 106, to construct and operate the Cottonwood Lateral hydrogen sulfide gas pipeline in Ector County, as requested by James Lake Midstream LLC.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Paul Dubois", written over the typed name.

Paul Dubois  
Technical Examiner

Figure 1: Cottonwood Lateral Overview Map



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