



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 01-0296797

THE APPLICATION OF EOG RESOURCES INC. (P-5 OPERATOR NO. (253162) TO CONSTRUCT AND OPERATE A HYDROGEN-SULFIDE GAS PIPELINE, THE PEELER GATHERING SYSTEM, EAGLEVILLE (EAGLE FORD-1) FIELD, ATASCOSA AND MCMULLEN COUNTIES, TEXAS

APPLICATION REVIEWED BY:	Brian Fancher, P.G. – Technical Examiner
DATE APPLICATION FILED:	May 19, 2015
DATE APPLICATION RECEIVED:	June 22, 2015
DATE REVIEWED:	June 24, 2015
CONFERENCE DATE:	July 14, 2015

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

The subject application is unopposed. Accordingly, a public hearing was not held to consider the captioned docket.

EOG Resources, Inc. ("EOG") seeks authority to construct and operate its proposed hydrogen-sulfide gas pipeline, the Peeler Gathering System (the "Pipeline"). As applied for by EOG, the Pipeline is classified as an extension of an existing sour-gas pipeline.¹ The Pipeline will be 12-3/4" in outside diameter, extend 10-3/4 miles in length, and carry up to 20,000 parts per million of hydrogen-sulfide gas ("H₂S") while transporting up to 20,000,000 cubic feet of natural gas per day (20,000 MCFGD). The subject application was made pursuant to 16 Tex. Admin. Code §§3.36, 3.70, and 3.106 ("Statewide Rules 36, 70, and 106).

The Commission's Oil and Gas Division reviewed the subject application, and concluded that it satisfies the applicable provisions of Statewide Rules 36 and 106. The Commission's Pipeline Safety Division has also reviewed the subject application, with respect to Statewide Rule 70, and determined it satisfactory. Accordingly, the examiner recommends that the subject application be granted, as requested by EOG.

¹ See Oil & Gas Final Order 01-0286049 – Application of EOG Resources, Inc. to Consider a Sour Gas Pipeline, Peeler Gathering System, Eagleville (Eagle Ford-1) Field, Atascosa and McMullen Counties, Texas. Approved by the Commission at its public conference held on March 25, 2014.

DISCUSSION OF THE APPLICATION AND GOVERNING RULES

On May 19, 2015, OXY submitted its original application for the Pipeline to the Commission's Oil and Gas Division that included several requisite filings. EOG's Form PS-79 (Application for a Permit to Construct a Sour-Gas Pipeline Facility), Form T-4A (Application for Permit to Operate a Pipeline in Texas), and Form H-9 (Certificate of Compliance, Statewide Rule 36) indicate that the Pipeline will be an extension of an existing pipeline-gathering system. The Pipeline's purpose is to collect produced natural gas laced with H₂S and carbon-dioxide ("CO₂").

Beginning on March 18, 2015, the subject application was published for four consecutive weeks in the *Pleasanton Express*, a newspaper having general circulation in Atascosa County, Texas¹.

Beginning on February 18, 2015, the subject application was published in *The Progress*, a newspaper of general circulation in McMullen County, Texas.² By letter dated May 18, 2015, representatives of EOG claim that copies of the subject application were submitted to the Atascosa and McMullen County Clerks through March 20, 2015.³

EOG calculated that the Pipeline's 100 and 500 ppm Radii of Exposure ("ROE") of H₂S, measured from the center of the Pipeline, will extend 4,282 feet and 1,957 feet, respectively⁴. That is, EOG estimates that if the maximum escape volume (20,000 MCFGD) is released along any point of the Pipeline, then H₂S at concentrations of 100 ppm and 500 ppm will extend roughly 4,282 feet and 1,957 feet from the Pipeline, respectively⁵.

EOG submitted an H₂S Contingency Plan that indicates the Pipeline will transect Farm to Market Road 3387, Farm to Market Road 420, State Highway 16, and Countiss Road ("public roads").⁶ The calculated 100 and 500 ppm ROEs include six public impact points, as well as each of the previously mentioned public roads.

The Commission's Oil and Gas Division and Pipeline Safety Division have reviewed the subject application and recommend approval. All pipeline materials will satisfy the requirements described in the latest editions of National Association of Corrosion Engineers (NACE) standard MR-01-075.

FINDINGS OF FACT

1. EOG Resources, Inc. ("EOG") seeks to construct its proposed Peeler Gathering System (the "Pipeline"), located in Atascosa and McMullen Counties, Texas (the "subject application").

¹ See Affidavit of Publication signed on March 18, 2015 by Sue Brown, Editor of the Pleasanton Express.

² See Affidavit of Publication signed on March 11, 2015 by George Latcham, Publisher of The Progress.

³ See Flatrock Engineering & Environmental's cover letter dated May 18, 2015.

⁴ See Form H-9 dated June 28, 2013 and received by the Oil & Gas Division on May 19, 2015.

⁵ These estimations do not take wind direction or weather patterns into consideration.

⁶ See EOG's H₂S Contingency Plan, Pgs. 79 – 152.

2. Beginning on March 18, 2015, the subject application was published for four consecutive in the *Pleasanton Express*, a newspaper having general circulation in Atascosa County, Texas.
3. Beginning on February 18, 2015, the subject application was published in *The Progress*, a newspaper of general circulation in McMullen County, Texas
4. Copies of the subject application were submitted to the Atascosa County Clerk and McMullen County Clerk through March 20, 2015.
5. The Pipeline will transport up to 20,000,000 cubic feet of produced natural gas per day (“20,000 MCFGD”) that contains up to 20,000 parts per million (“ppm”) of hydrogen-sulfide (“H₂S”).
6. The Pipeline’s maximum escape volume is 20,000 MCFGD.
7. The Pipeline’s 100 ppm and 500 ppm radii of exposures extend 4,282 feet and 1,957 feet, respectively
8. Materials used to construct the Pipeline will satisfy the latest editions of the National Association of Corrosion Engineers standard MR-01-075.
9. Material to be used in, and the method of construction and operation of the Pipeline, comports with the Commission’s applicable rules and safety standards.
10. The Commission’s Oil and Gas Division and Pipeline Safety Division have reviewed the subject 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. Legally sufficient notice has been provided to all affected persons - 16 Tex. Admin. Code §3.106.
3. Pipeline materials and construction of the Pipeline meets the NACE standards - 16 Tex. Admin. Code §3.36.
4. EOG’s subject application meets the requirements set forth in 16 Tex. Admin. Code §§3.36, 3.70, and 3.106.

EXAMINER'S RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiner recommends that the application of EOG Resources, Inc. for Commission authority to construct and operate its proposed Peeler Gathering System pipeline be APPROVED.

Respectfully,

A handwritten signature in black ink, appearing to read "Brian Fancher", written in a cursive style.

Brian Fancher, P.G.
Technical Examiner