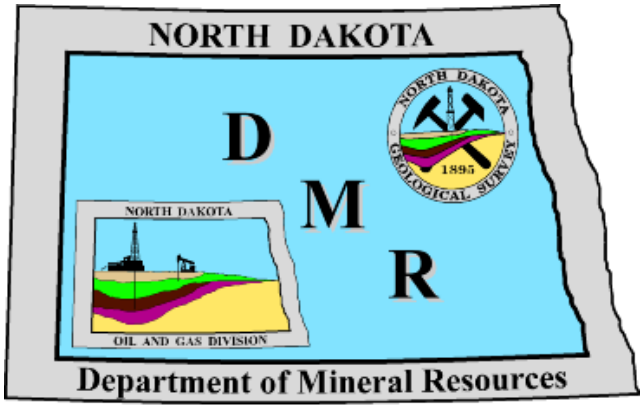
Energy Development and Transmission Committee 02/11/2014

9:50 a.m. Presentation by the Legislative Council staff of a memorandum on the regulation of pipelines
9:55 a.m. Presentation by Mr. Lynn Helms, Director, Department of Mineral Resources, on underground gathering pipeline rules
10:25 a.m. Comments and questions by committee members

http://www.oilgas.nd.gov



http://www.state.nd.us/ndgs

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NDIC 2013-2014 Rulemaking

- 41 sections proposed
  - 16 due to statute changes
    - HB1134, HB1149, HB1198, HB1333, HB1348, SB2014
  - 11 apply to treating plants
  - 13 administrative or industry request

- Hearing October 1, 2013
- Comment period ended October 11, 2013
- Final NDIC approval December 19, 2013
- Effective date April 1, 2014?

43-02-03-29. WELL AND LEASE EQUIPMENT. Wellhead and lease equipment with a working pressure at least equivalent to the calculated or known pressure to which the equipment may be subjected shall be installed and maintained. Equipment on producing wells shall be installed to facilitate gas-oil ratio tests, and static bottom hole or other pressure tests. Valves shall be installed and maintained in good working order to permit pressure readings to be obtained on both casing and tubing.

All newly constructed underground gathering pipelines must be devoid of leaks and constructed of materials resistant to external corrosion and to the effects of transported fluids. All such pipelines installed in a trench must be installed in a manner that minimizes interference with agriculture, road and utility construction, the introduction of secondary stresses, the possibility of damage to the pipe, and tracer wire shall be buried with any nonconductive pipe installed. When a trench for an oil and gas underground gathering pipeline is backfilled, it must be backfilled in a manner that provides firm support under the pipe and prevents damage to the pipe and pipe coating from equipment or from the backfill material.

Basic Construction

1. Test the pipeline to make sure it doesn't leak.

2. Construct the pipeline out of materials that resist external corrosion as well as corrosion from the transported fluids.

3. Buried pipelines must minimize interference with agriculture, road and utility construction, the introduction of secondary stresses, and the possibility of damage to the pipe.

4. Buried pipelines made of a material that doesn't conduct electricity must have a tracer wire.

5. Trenches must be properly backfilled

43-02-03-29. WELL AND LEASE EQUIPMENT.

The operator of any underground gathering pipeline placed into service on August 1, 2011 to June 30, 2013, shall file with the director, by January 1, 2015, a geographical information system layer utilizing North American Datum 83 Geographic Coordinate System (GCS) and in an Environmental Systems Research Institute (Esri) Shape File format showing the location of the pipeline centerline. The operator of any underground gathering pipeline placed into service after June 30, 2013, shall file with the director, within one hundred and eighty days of placing into service, a geographical information system layer utilizing North American Datum 83 Geographic Coordinate System (GCS) and in an Environmental Systems Research Institute (Esri) Shape File format showing the location of the pipeline centerline. An affidavit of completion shall accompany each layer containing the following information:

1. A statement that the pipeline was constructed and installed in compliance with section 43-02-03-29.
2. The pipeline specifications.
3. The anticipated operating pressure of the pipeline.
4. The type of fluid that will be transported in the pipeline and direction of flow.
5. Pressure to which the pipeline was tested prior to placing in service.
6. The minimum pipeline depth of burial.
7. Leak detection and monitoring methods that will be utilized after in service date.
8. In service date.
9. Pipeline name.
10. Accuracy of the geographical information system layer.

Construction Self Certification and Location

1. Operator of any underground gathering pipeline placed into service from August 1, 2011 to June 30, 2013 (estimate 4,300 miles) file by January 1, 2015 and
2. Any underground gathering pipeline placed into service after June 30, 2013 (estimate 2,200 miles per year) file within 180 days of placing into service:

    a) **GIS layer showing the location of the pipeline centerline**
    b) **An affidavit of completion**
    c) **A statement that the pipeline was constructed and installed in compliance with 43-02-03-29**
    d) **The pipeline specifications**
    e) **The anticipated operating pressure of the pipeline**
    f) **The type of fluid that will be transported in the pipeline and direction of flow**
    g) **Pressure to which the pipeline was tested prior to placing in service**
    h) **The minimum pipeline depth of burial**
    i) **Leak detection and monitoring methods that will be utilized after in service date**
    j) **In service date**
    k) **Pipeline name**
    l) **Accuracy of the geographical information system layer.**

3. GIS layer is not required on buried piping utilized to connect flares, tanks, treaters, or other equipment located entirely within the boundary of a well site or production facility.

43-02-03-29. WELL AND LEASE EQUIPMENT.

When an oil and gas underground gathering pipeline or any part of such ~~a~~ pipeline is abandoned, the operator shall leave such pipeline in a safe condition by conducting the following:

1. Disconnect and physically isolate the pipeline from any operating facility or other pipeline.

2. Cut off the pipeline or the part of the pipeline to be abandoned below surface at pipeline level.

3. Purge the pipeline with fresh water, air or inert gas in a manner that effectively removes fluid contaminates.

4. Remove cathodic protection from the pipeline.

5. Permanently plug or cap all open ends by mechanical means or welded means.

Basic Abandonment and Reclamation Rules

When an oil and gas underground gathering pipeline or any part of such a pipeline is abandoned, the operator is now required to leave the pipeline in a safe condition.

1. Disconnected and isolated from any operating facilities or other pipelines.

2. Cut off below surface at pipeline level.

3. Purged with fresh water, air or inert gas to remove fluid contaminates.

4. Cathodic protection removed.

5. Permanently plug or cap all open ends by mechanical means or welded means.

43-02-03-29. WELL AND LEASE EQUIPMENT.

Within one hundred eighty days of completing the abandonment of an underground gathering pipeline the operator of the pipeline shall file with the director a geographical information system layer utilizing North American Datum 83 Geographic Coordinate System (GCS) and in an Environmental Systems Research Institute (Esri) Shape File format showing the location of the pipeline centerline and an affidavit of completion containing the following information:

1. A statement that the pipeline was abandoned in compliance with section 43-02-03-29.

2. The type of fluid used to purge the pipeline.

The requirement to submit a geographical information system layer is not to be construed to be required on buried piping utilized to connect flares, tanks, treaters, or other equipment located entirely within the boundary of a well site or production facility.

Abandonment Self Certification and Location

Within 180 days of completing the abandonment of an underground gathering pipeline (estimate 12,700 miles pre-2011 + 4,300 miles August 2011-June 2013 + 2,200 miles per year July 2013-Dec 2020 = 35,700 miles) the operator of the pipeline shall file:

1. GIS layer showing the location of the pipeline centerline

2. An affidavit containing the following information:

    A. A statement that the pipeline was abandoned in compliance with 43-02-03-29.

    B. The type of fluid used to purge the pipeline.

3. GIS layer not required on buried piping utilized to connect flares, tanks, treaters, or other equipment located entirely within the boundary of a well site or production facility.