

Pennsylvania Pipeline Operator Annual Registration Form

Applicant (Registrant): SM Energy

Main Mailing Address: 1775 Sherman Street, Suite 1200, Denver, CO 80203

Physical Address: Norwich Township, McKean County, PA

US DOT Operator ID Number: not applicable (see attachment)

PA L&I Propane Registration Number (if applicable): not applicable

Regulatory Contact: Greg Schrab gschrab@sm-energy.com (303)864-2567
Name Email Phone

Regulatory Contact Address: 1775 Sherman Street, Suite 1200, Denver, CO 80203

Assessment Contact: Robert Gleeson rgleeson@sm-energy.com (814)967-3700
Name Email Phone

Assessment Address: 13789 Carpenter Road, Guys Mills, PA 16327

Federal EIN Number: 41-0518430

PEMA (Emergency) Contact: Robert Gleeson rgleeson@sm-energy.com (814)967-3700
Name Email Phone

PEMA (Emergency) Contact Address: 13789 Carpenter Road, Guys Mills, PA 16327

Attorney (if applicable): not applicable
Name Email Phone

Operational Information. (Attach additional sheets as necessary)

- For each Pennsylvania gas or hazardous liquids pipeline, provide the in-state mileage in operation as of December 31st of the prior year, by class and by county as indicated in the attached table. Indicate mileage of Class 1 pipeline serving unconventional wells.
- List on the top right corner of this form the total in-state pipeline mileage in operation as of December 31st of the prior year for all Class 2, 3, and 4 Pennsylvania gas or hazardous liquids pipelines.
- The country of manufacture for all tubular steel products installed in the prior calendar year in Pennsylvania for the exploration, gathering, or transportation of natural gas or hazardous liquids as indicated in the attached table.

Fee: \$250, payable to the "Commonwealth of Pennsylvania" (or ePay if eFiled).

Fee Exemptions: Propane Distributor registered with PA L&I Borough

Verification of Application. I hereby state that the statements made in this application are true and correct to the best of my/our knowledge and belief. The undersigned understands that false statements herein are made subject to the penalties of 18 Pa. C.S. Section 4904 Relating to Unsworn Falsification to Authorities.

Greg Schrab Corporate EHS Manager
Print Name Title

[Signature]
Signature

3/14/12
Date

County Location and Mileage

| Pipeline Operator: | SM Energy | | | | | | | | | | | |
|--------------------|----------------|------------------------|---------|---------|---------|---------------|---------|---------|---------|---------|---------|---------------|
| Docket Number: | M-2012-2282031 | | | | | | | | | | | |
| Calendar Year: | 2011 | | | | | | | | | | | |
| County | Class 1 | Class 1 Unconventional | Class 2 | Class 3 | Class 4 | Total (2+3+4) | County | Class 1 | Class 2 | Class 3 | Class 4 | Total (2+3+4) |
| 1. Adams | | | | | | | | | | | | |
| 2. Allegheny | | | | | | | | | | | | |
| 3. Armstrong | | | | | | | | | | | | |
| 4. Beaver | | | | | | | | | | | | |
| 5. Bedford | | | | | | | | | | | | |
| 6. Berks | | | | | | | | | | | | |
| 7. Blair | | | | | | | | | | | | |
| 8. Bradford | | | | | | | | | | | | |
| 9. Bucks | | | | | | | | | | | | |
| 10. Butler | | | | | | | | | | | | |
| 11. Cambria | | | | | | | | | | | | |
| 12. Cameron | | | | | | | | | | | | |
| 13. Carbon | | | | | | | | | | | | |
| 14. Centre | | | | | | | | | | | | |
| 15. Chester | | | | | | | | | | | | |
| 16. Clarion | | | | | | | | | | | | |
| 17. Clearfield | | | | | | | | | | | | |
| 18. Clinton | | | | | | | | | | | | |
| 19. Columbia | | | | | | | | | | | | |
| 20. Crawford | | | | | | | | | | | | |
| 21. Cumberland | | | | | | | | | | | | |
| 22. Dauphin | | | | | | | | | | | | |
| 23. Delaware | | | | | | | | | | | | |
| 24. Elk | | | | | | | | | | | | |
| 25. Erie | | | | | | | | | | | | |
| 26. Fayette | | | | | | | | | | | | |
| 27. Forest | | | | | | | | | | | | |
| 28. Franklin | | | | | | | | | | | | |
| 29. Fulton | | | | | | | | | | | | |
| 30. Greene | | | | | | | | | | | | |
| 31. Huntingdon | | | | | | | | | | | | |
| 32. Indiana | | | | | | | | | | | | |
| 33. Jefferson | | | | | | | | | | | | |
| 34. Juniata | | | | | | | | | | | | |
| | | | | | | | Totals: | | | | | |

Greg Schrab

From: Microsoft Outlook
To: ra-Act127@pa.gov
Sent: Monday, February 20, 2012 8:22 AM
Subject: Relayed: SM Energy Response to Gas and Hazardous Liquids Pipeline Act. --
Implementation Order and Registration Form; Docket No. M-2012-2282031

Delivery to these recipients or groups is complete, but no delivery notification was sent by the destination server:

ra-Act127@pa.gov (ra-Act127@pa.gov)

Subject: SM Energy Response to Gas and Hazardous Liquids Pipeline Act. -- Implementation Order and Registration Form;
Docket No. M-2012-2282031

Greg Schrab

From: Greg Schrab
Sent: Monday, February 20, 2012 8:22 AM
To: 'ra-Act127@pa.gov'
Subject: SM Energy Response to Gas and Hazardous Liquids Pipeline Act. -- Implementation Order and Registration Form; Docket No. M-2012-2282031
Attachments: SMPotatoCreek.pdf
Importance: High

In response to the January 12, 2012 notice mailed out by the Pennsylvania Public Utility Commission (PUC), SM Energy has re-evaluated its gas pipelines and confirmed that they are not regulated under Federal pipeline safety laws (specifically, 49 CFR 192). This email provides justification that SM Energy is not a "pipeline operator", and therefore its pipelines do not have to be registered and it can be removed from the PUC's mailing list.

The attachment includes four documents:

- Map of SM's Potato Creek gas pipelines (3 pages)
- P. 15 from PHMSA's Onshore Gas Gathering FAQs, regarding end of production and beginning of gathering lines
- P. 2-3 from API RP 80 (as incorporated by 49 CFR 192), regarding end of gathering lines at a gas treatment facility
- 49 CFR 192.5

As the map shows, SM has a small gas production operation (Potato Creek), which is located in Norwich Township, McKean County. It includes 3 wells (1H, 2H, and 3H), each consisting of a wellhead, and associated dehydration unit and compressor. All pipeline is steel, and operated at approximately 780-800 psi. From its endpoint (a 20 mmscfd dehydration facility and meter) where it connects to the Tennessee Gas/El Paso transmission line (as highlighted in blue on the map), the SM pipeline runs generally south to the intersection of the segment from the 1H, then to the intersection with the segment from the 2H, and on to the 3H. The dehydration unit and compressor for the 1H are located on the wellpad, at the 2H and 3H the dehydration unit and compressor are located approximately 1,000 ft. downstream from their respective wellheads.

Based on the above described configuration, the following line segments are production lines (as highlighted in green on the map), and therefore not subject to 49 CFR 192 (please refer to P. 15 from the PHMSA FAQ):

- the line segment from 1-H east to the intersection with the main pipeline at the 1H pig receiver/launcher, and
- the line segments from the 2H and 3H to their intersection.

The following line segment is a gathering line (as highlighted in yellow on the map), and therefore potentially subject to 49 CFR 192 (please refer to P. 15 from the PHMSA FAQ, and P. 2-3 from API RP 80):

- the line segment from the intersection of the 2H and 3H lines north to the connection with the Tennessee Gas/El Paso Transmission pipeline.

The gathering line endpoint is the dehydration facility just prior to the connection with the Tennessee Gas/El Paso Transmission pipeline, because it is gas treatment "(e.g. ... large dehydration facility)" as defined in API RP 80 2.2.1.2.2, and represents "the outlet of the furthestmost downstream gathering line gas treatment facility" per API 2.2(a)(1)(B).

However, the gathering line identified above is not subject to 49 CFR 192, because it is in a Class 1 location, as defined in 49 CFR 192.5:

- A “class location unit” extending 220 yards on either side of the centerline of any continuous 1-mile length of pipeline [49 CFR 192.5(a)(1)], and
- Any class location unit that has 10 or fewer buildings intended for human occupancy [49 CFR 192.5(b)(1)(ii)].

This gathering line meets the Class 1 location definition because the most populated 1-mile continuous length, extending from the first house--just south of the endpoint at the Tennessee/El Paso transmission line--a mile farther south, contains <11 houses (as highlighted in pink on the map) within 220 yards of the pipeline. From this point there is only 1 house within 220 yards of the pipeline (near the pig launcher/receiver), and then there are no more houses along the rest of the pipeline system.

References:

- PHMSA Onshore Gas Gathering FAQs
- API RP 80. Guidelines for the Definition of Onshore Gas Gathering Lines. API Recommended Practice 80. First Edition, April 2000.
- 49 CFR 192 Transportation of Natural and Other Gases by Pipeline

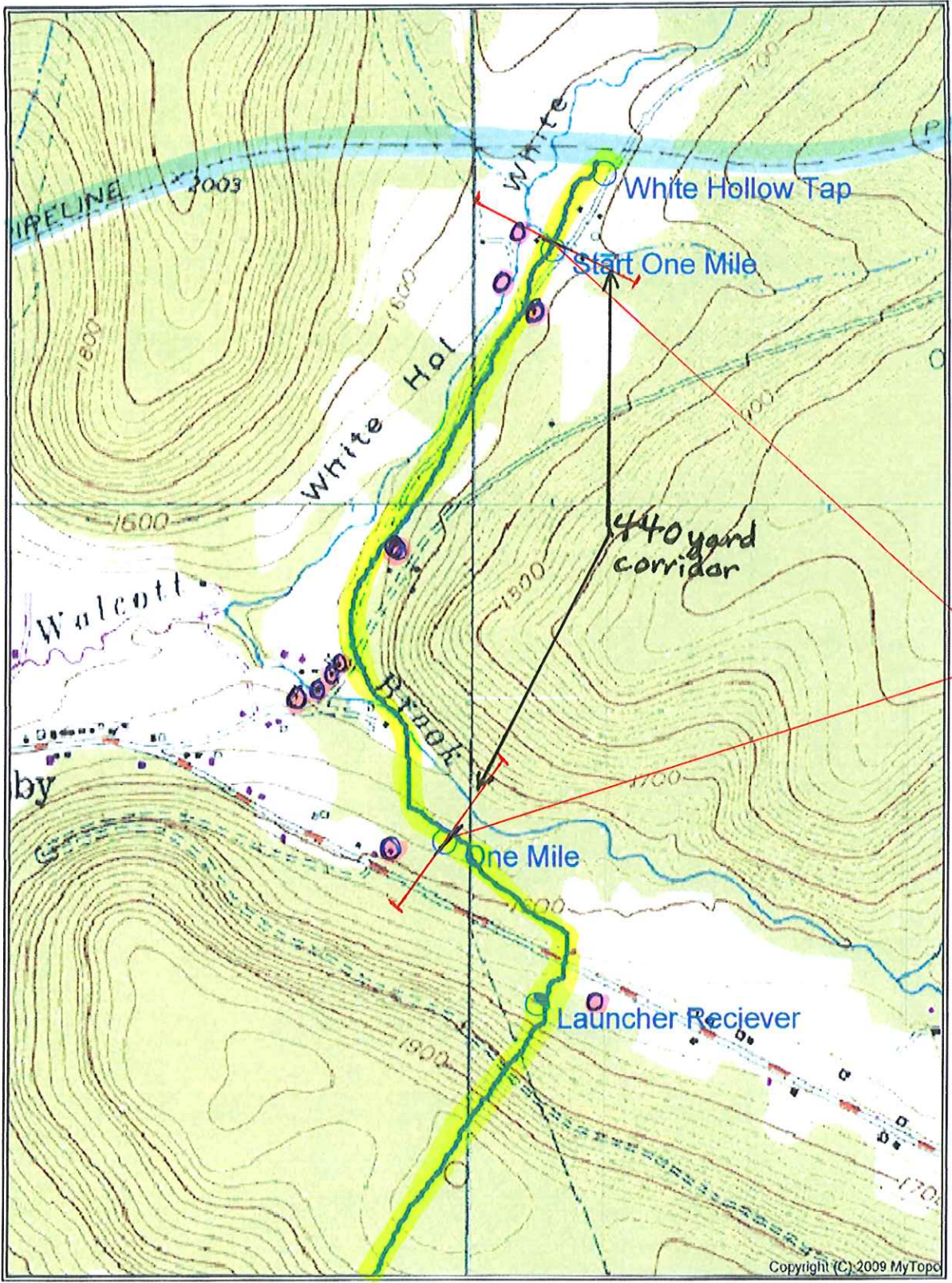
Therefore, because SM Energy’s Potato Creek gas pipelines are not regulated under Federal pipeline safety laws (specifically, 49 CFR 192), SM Energy is not a “pipeline operator” and so not subject to Pipeline Act 127 registration requirements. SM Energy understands that this determination is subject to review by the PUC, so please contact me if you have any questions regarding this determination.

Respectfully,

Greg Schrab, CHMM, CSP
Corporate EH&S Manager



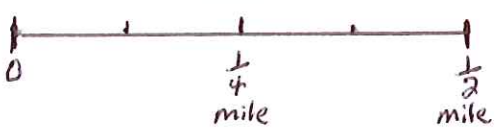
1775 Sherman Street
Suite 1200
Denver, CO 80203
Office: (303) 864-2567
Cell: (303) 257-5533
gschrab@sm-energy.com



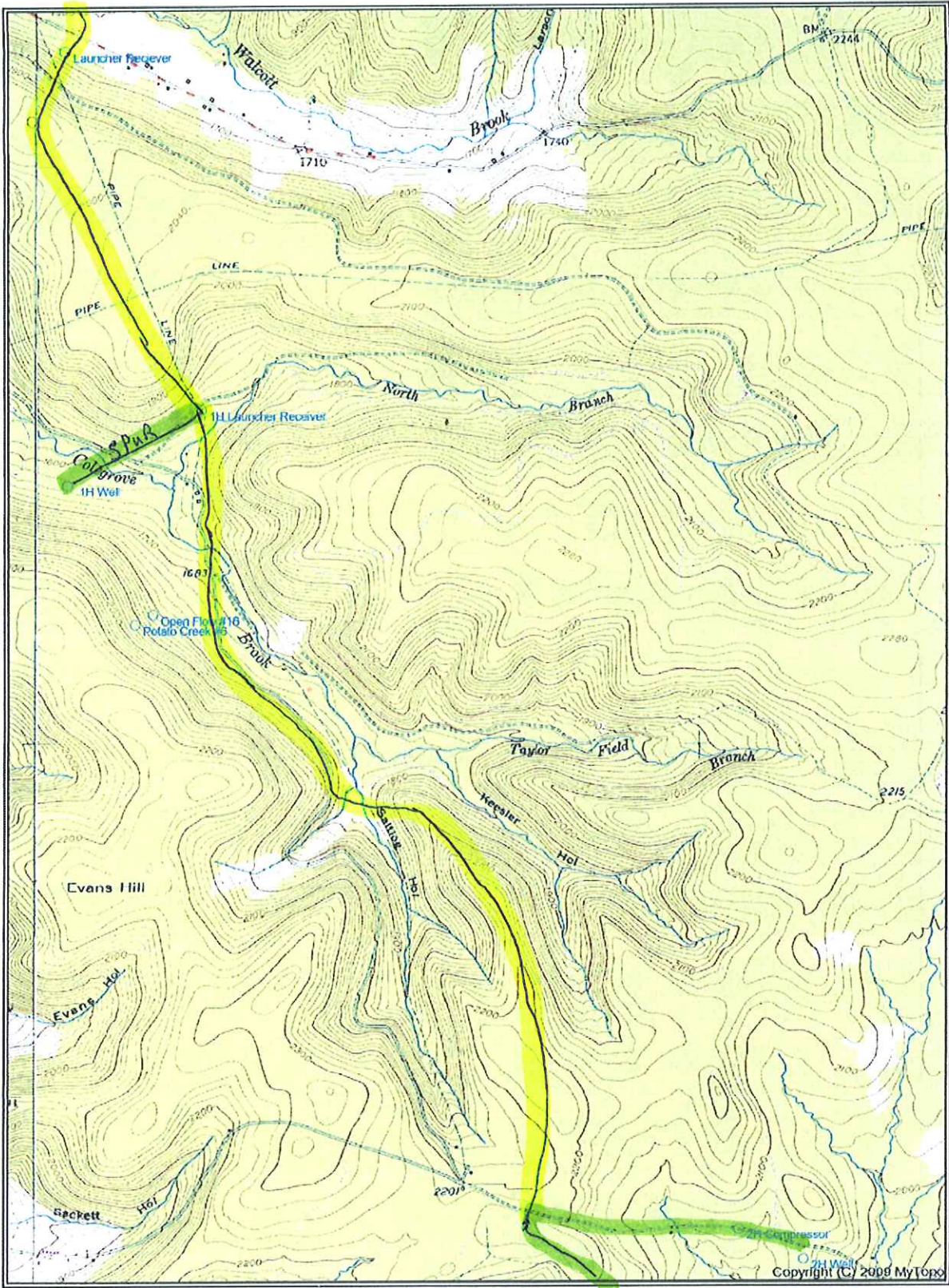
○ = Occupied Building (house)


— SM Energy gathering pipeline


Scale

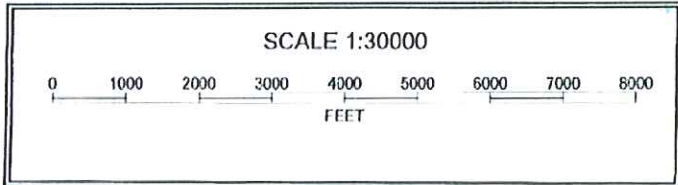


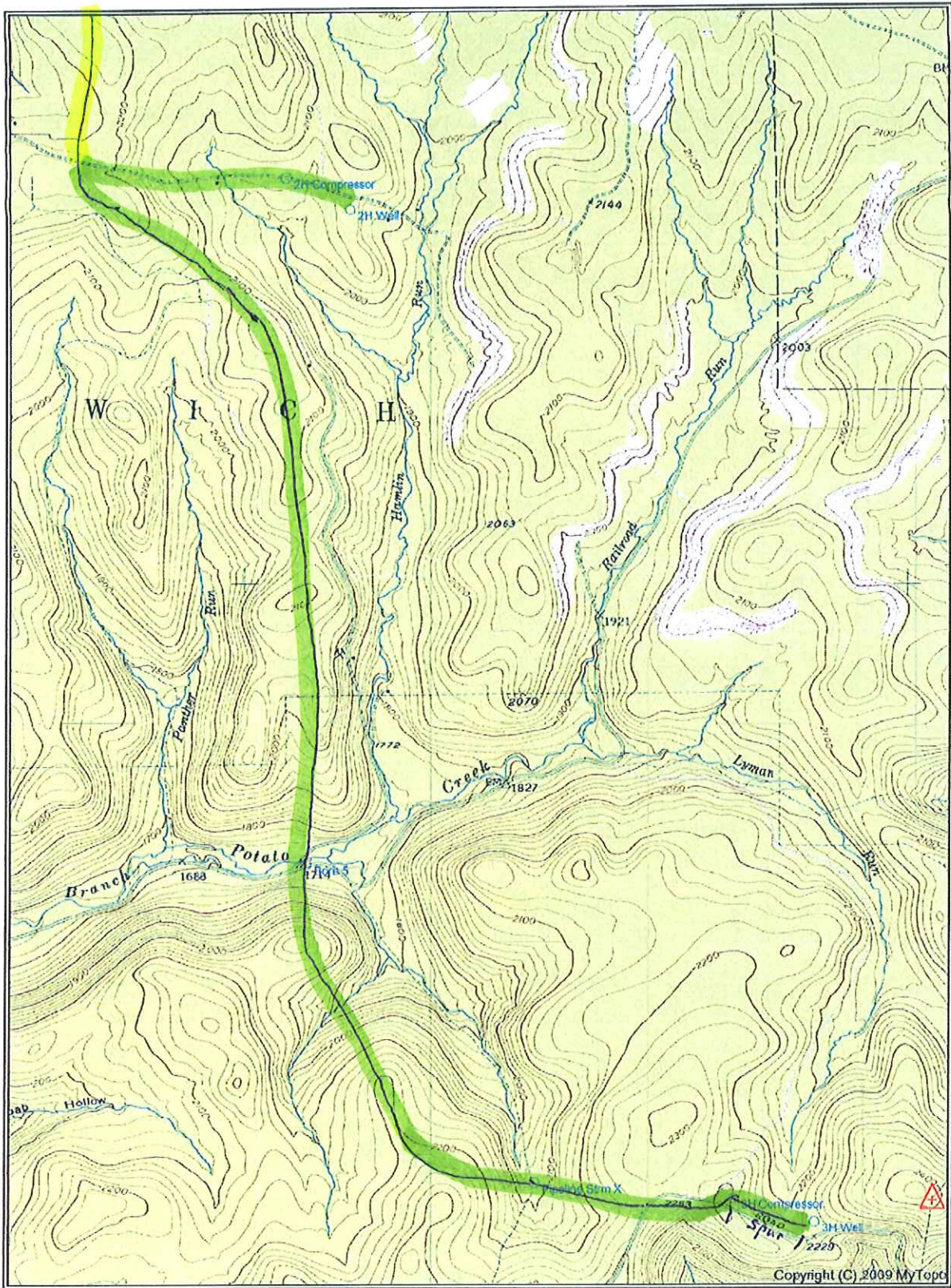
--- = Tennessee Gas/El Paso transmission pipeline



 = SM gathering pipeline

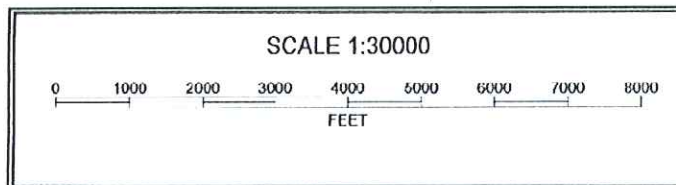
 = SM production pipeline





— SM gathering Pipeline

— SM production pipeline



equipment further downstream than would be encountered in normal and customary operations with the intention of manipulating the definitions in order to avoid regulation.

16a. Does this limit the types of equipment that can be used in production operations?

PHMSA Response:

No. The limitation in §192.8(a)(1) does not prescribe or limit the types of equipment that can be used in production operations.

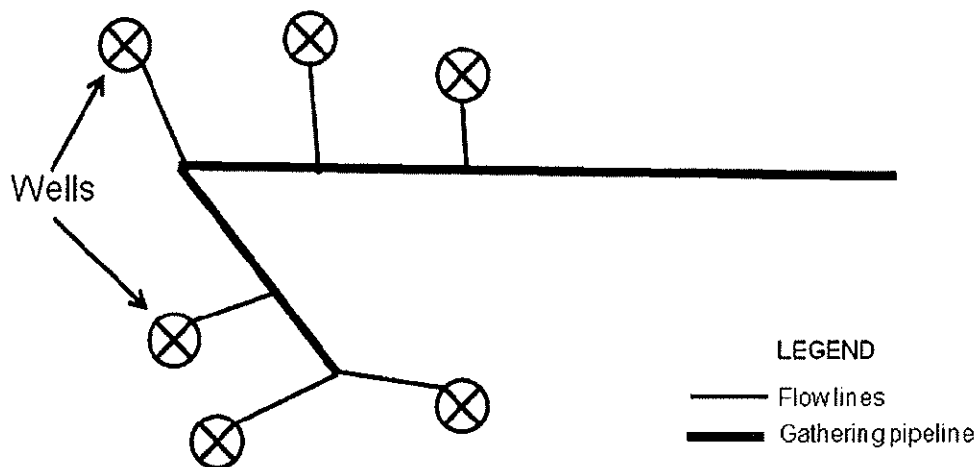
16b. Does this limit the definition of “production operation” in RP-80?

PHMSA Response:

No. This limitation is used to establish the endpoint of a production operation and the beginning point of a gathering line. Operators use the same types and/or pieces of equipment throughout the production and gathering processes (e.g., separation and dehydration). This limitation is intended to establish the end of production operations and the beginning of gathering operations at the point where gas transitions to single phase flow regardless of whether or not the gas meets the gas quality requirements of the transmission line.

In the example below, there is production equipment at each individual well. Separators and heater treaters separate the oil, gas and water. The gathering line begins where the first two flow lines intersect and then continues downstream with additional wells adding gas into the line.

Wells have separation, heater treaters and stock tanks.



delineate the end of the gathering function. This style of definition is necessary to accommodate the wide variety of gas gathering pipeline configurations throughout the country. This Recommended Practice also defines "production operation" in 2.3 (to describe where the gathering function begins) and various other common terms (2.4) used in the gathering line and production operation definitions. In addition, there is a discussion of alternatives considered in development of the definition of gathering line (2.6).

2.2 DEFINITION OF ONSHORE GATHERING LINE

"Gathering Line"

- (a) means any pipeline or part of a connected series of pipelines used to
 - (1) transport gas from the furthestmost downstream point in a production operation to the furthestmost downstream of the following endpoints, which physically may have intermediate deliveries (to other production operations, pipeline facilities, farm taps, or residential/commercial/industrial end users) that are not necessarily part of the gathering line:
 - (A) the inlet of the furthestmost downstream natural gas processing plant, other than a natural gas processing plant located on a transmission line,
 - (B) the outlet of the furthestmost downstream gathering line gas treatment facility,
 - (C) the furthestmost downstream point where gas produced in the same production field or separate production fields is commingled,
 - (D) the outlet of the furthestmost downstream compressor station used to lower gathering line operating pressure to facilitate deliveries into the pipeline from production operations or to increase gathering line pressure for delivery to another pipeline, or
 - (E) the connection to another pipeline downstream of:
 - (i) the furthestmost downstream endpoint identified in (A), (B), (C) or (D), or (in the absence of such endpoint)
 - (ii) the furthestmost downstream production operation; or
 - (2) transport gas from a point other than in a production operation exclusively to points in or adjacent to one or more production operations or gathering facility sites for use as fuel, gas lift, or gas injection gas within those operations; and
- (b) does not include a natural gas processing plant.

The above definition is graphically illustrated by the Decision Trees in Appendix A. Additional definitions explaining the meanings of many of the terms used in this definition are found in 2.4. Basic "gathering line" definitional concepts are presented in 2.2.1. Representative applications of the "gathering line" definitions are shown and discussed in Appendix B.

2.2.1 Basic "Gathering Line" Definitional Concepts

The gathering of gas from multiple production operations can be a complex procedure. In many locations, one or more of the processes that may occur in the production operation may also occur downstream in the gathering function. The introduction of gas of varying quality into a gathering system may require further treatment/processing before the gas can be delivered into another pipeline or facility downstream of the gathering line. Because a gathering system may extend over a large geographical area, it is not uncommon for taps on gathering systems to serve numerous residential consumers as well as to make intermediate deliveries to local distribution facilities or large volume end users.

In determining where a gathering line ends, two important concepts are considered—the concepts of "function" and "furthestmost downstream."

2.2.1.1 Function

"Function" recognizes that a gathering line continues to fulfill the gathering function until it reaches a defined and recognized endpoint regardless of intermediate processes and/or deliveries along the line. Because gas flowing into a gathering line from various locations may be of differing quality and flowing pressure, it is sometimes necessary to subject the gas stream to one or more intermediate processes. This is usually done to maintain efficient operation of the gathering line and/or maintain pressure in the line which will not result in an unacceptable back pressure on production or tributary gathering lines flowing into the gathering line. Regardless of the intermediate processes and/or deliveries that may occur along a gathering line, the gathering function—and therefore the gathering line—continues until the line terminates at a defined and recognized endpoint.

2.2.1.2 Furthestmost Downstream

"Furthestmost downstream" recognizes that the most downstream of all locations defined as potential endpoints is the endpoint for the gathering line. The endpoint of a "gathering line" is often defined by the furthestmost downstream gas processing plant, gas treatment facility, gas gathering compressor, point of commingling of gas from two or more fields, or point of connection of the gathering line to another pipeline. These endpoints, together with related basic gathering line concepts, are discussed and illustrated in this section.

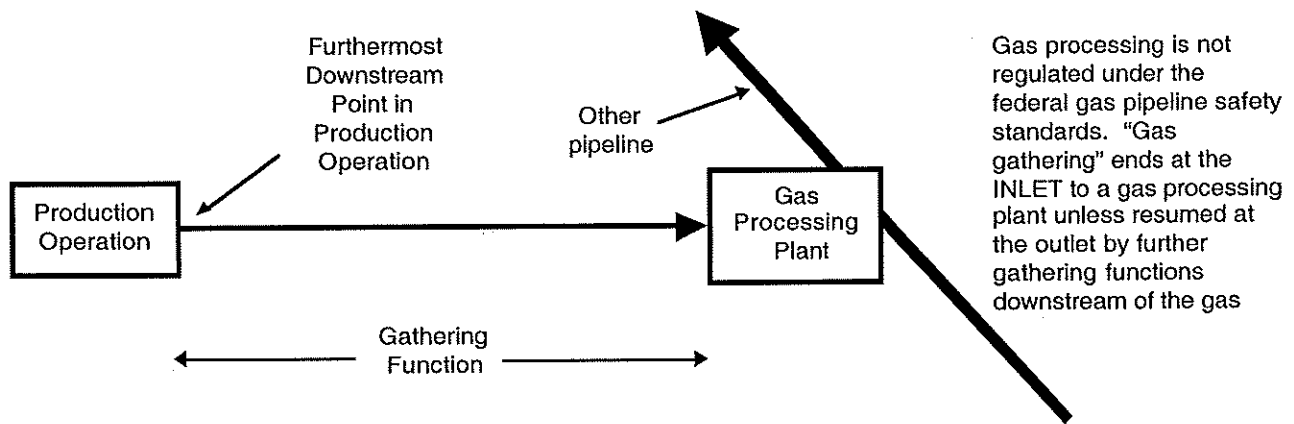


Figure 2-1—Gas Processing is Not a Pipeline Function

2.2.1.2.1 Natural Gas Processing

Natural gas processing is not regulated under the federal gas pipeline safety standards. Gas is removed from transportation for processing, and the residue gas after processing is returned to transportation at the plant outlet. For this reason, when there is no gas gathering beyond a natural gas processing plant as shown in Figure 2-1, the endpoint of gathering is the plant inlet.

2.2.1.2.2 Gas Treatment

Gas treatment often occurs in conjunction with gas processing or compression and in such cases is considered to be part of those operations. In some cases, however, gas treatment operations involve significant stand-alone facilities (e.g., a sulfur recovery or large dehydration facility). When there is no gas gathering beyond a stand-alone gas treatment facility as shown in Figure 2-2, the endpoint of gathering is the facility outlet.

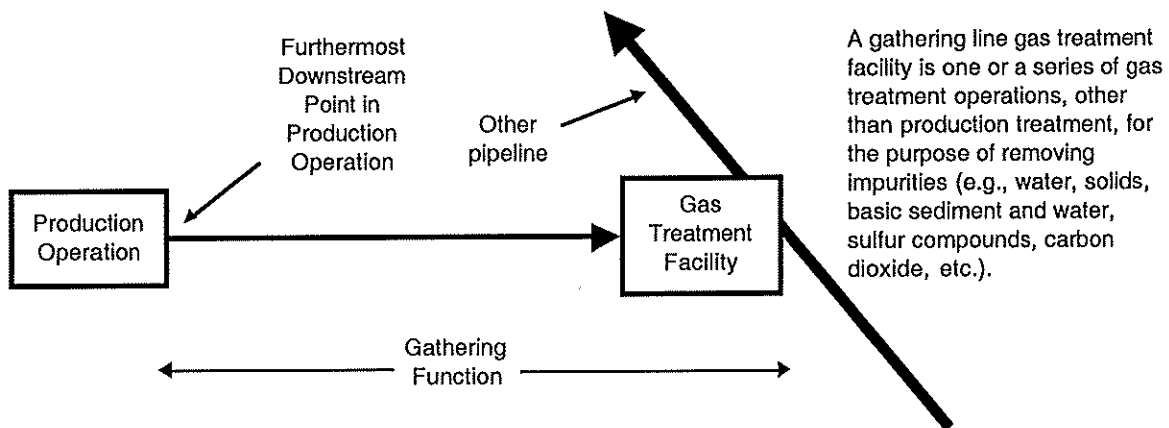


Figure 2-2—Gas Treatment is a Distinct Function on Many Gathering Systems

[Home Page](#) > [Executive Branch](#) > [Code of Federal Regulations](#) > [Electronic Code of Federal Regulations](#)

Electronic Code of Federal Regulations



e-CFR Data is current as of February 9, 2012

Title 49: Transportation

PART 192—TRANSPORTATION OF NATURAL AND OTHER GAS BY PIPELINE: MINIMUM FEDERAL SAFETY STANDARDS

Subpart A—General

[Browse Previous](#) | [Browse Next](#)

§ 192.5 Class locations.

(a) This section classifies pipeline locations for purposes of this part. The following criteria apply to classifications under this section.

(1) A "class location unit" is an onshore area that extends 220 yards (200 meters) on either side of the centerline of any continuous 1-mile (1.6 kilometers) length of pipeline.

(2) Each separate dwelling unit in a multiple dwelling unit building is counted as a separate building intended for human occupancy.

(b) Except as provided in paragraph (c) of this section, pipeline locations are classified as follows:

(1) A Class 1 location is:

(i) An offshore area; or

(ii) Any class location unit that has 10 or fewer buildings intended for human occupancy.

(2) A Class 2 location is any class location unit that has more than 10 but fewer than 46 buildings intended for human occupancy.

(3) A Class 3 location is:

(i) Any class location unit that has 46 or more buildings intended for human occupancy; or

(ii) An area where the pipeline lies within 100 yards (91 meters) of either a building or a small, well-defined outside area (such as a playground, recreation area, outdoor theater, or other place of public assembly) that is occupied by 20 or more persons on at least 5 days a week for 10 weeks in any 12-month period. (The days and weeks need not be consecutive.)

(4) A Class 4 location is any class location unit where buildings with four or more stories above ground are prevalent.

(c) The length of Class locations 2, 3, and 4 may be adjusted as follows:

(1) A Class 4 location ends 220 yards (200 meters) from the nearest building with four or more stories above ground.

(2) When a cluster of buildings intended for human occupancy requires a Class 2 or 3 location, the class

location ends 220 yards (200 meters) from the nearest building in the cluster.

[Amdt. 192-78, 61 FR 28783, June 6, 1996; 61 FR 35139, July 5, 1996, as amended by Amdt. 192-85, 63 FR 37502, July 13, 1998]

[Browse Previous](#) | [Browse Next](#)

For questions or comments regarding e-CFR editorial content, features, or design, email ecfr@nara.gov.

For questions concerning e-CFR programming and delivery issues, email webteam@gpo.gov.

[Section 508 / Accessibility](#)