

Secretary Kathleen H. Burgess
State of New York Public Service Commission

Re: Case 17-G-0424
Submitted by email to secretary@dps.ny.gov
Submitted by John Holko, President
Lenape Resources, Inc.
9489 Alexander Road
Alexander, NY 14005

These comments are being submitted by Lenape Resources, Inc for Case 17-G-0424 subsequent to presentations and discussions at the public meetings held in Western New York and a collaborative regarding gas gathering line procedures.

In a mailing issued November 16, 2017, the Secretary summarized a series of seven questions that should be addressed by participants in this collaborative. This submittal will address these questions and provide some background relative to Lenape's gathering line procedures.

Question 1: Asks whether gas delivered by our company is odorized. Typically, natural gas delivered through an LDC has been odorized when it is delivered to the LDC's distribution system from the transmission line. Natural gas produced from wells in New York has its own distinct odor and if it is being produced in conjunction with oil, the odor emanating from the crude oil has a much more powerful distinct odor. Landowners and persons in and around oil and gas operations have been able to recognize this smell when necessary.

When odorant is added, the odorant most common for natural gas is mercaptan. In the past, mercaptan could be obtained by oil and gas producers then provided in small odorant bottles to landowners who have free gas connections where the gas will be utilized in a home or facility. It has become difficult to obtain mercaptan for supplying these bottles or any other systems which could be used to odorize natural gas production directly from wells. This has created a situation where even if we wanted to odorize our natural gas, we will not be able to obtain the necessary material.

Another complication associated with odorizing natural gas is that mercaptan is a very potent liquid and must be added to the system in a consistent amount allowing for the quantity which would produce the required concentration. This is not easy in a field gathering system. If we were required to have a certain percentage of odorant in a point on the gathering system, we would need to create a relatively stable flow of gas at that point. Our operations are such that the only point on a system that may have a stable volume is the sale point or the end. Since the gas volumes are coming from individual wells and in some cases hundreds of wells behind a sale point, each individual well's contribution will change depending on operating pressure and welltender actions. Trying to odorize a gathering line somewhere in the system may create confusion because if flow volumes are lower than the odorant design, the smell can be too much. The simple systems that utilize gravity feed are also subject to surges that can

be caused by erratically high gas flows. Complicating the installation of an odorant at a point within a gathering system is the multi-phase flow of oil operations prior to the separation of water, gas and oil. If because of constraints such as distance to buildings or pressure causes the need for odorant in a multi-phase flow line, the amount of odorant needed increases and when the flow stream reaches the separation unit, removal of the odorant or release of the odorant by the separation system caused confusion relating to gas leaks. Also, pneumatic valves and controllers utilized throughout the gathering and production facilities creates complications in locating the proper odorant system.

Our experience has shown that the natural odor of produced gas from wells within a gathering system has been adequate in the detection and prevention of leaks.

Question 2: Asks about leakage surveys. Language in the regulations requires “using an approved instrument” during the survey for leaks. To provide some background for possible variances to this requirement, you need to understand that gathering systems are operated as a supply line from wells to a point of sale. The delivery to other pipelines by gathering lines as well as any other delivery points within the gathering system are subject to interruptions. It is common for sections of gathering lines to be shut down to service wells, change connections and repair and replace facilities without causing any issues with deliveries to pipelines or other delivery points. The approved instrument language fails to take into consideration that pressure testing is required for initial operation and is valid to qualify the operation of a pipe at a pressure as well as determine initially that the integrity of that pipe is such to prevent leakage. It is common during the life of a gathering system for operators to use this pressure test method to look for leaks and manage the integrity of the system. Subsequent use of additional location devices assists in locating exact points of a leak but become burdensome for pipelines in remote areas as a means of leakage survey. It is possible to survey large sections of lines even if the exact location of a line is not known by shutting the line in and performing a pressure test of a couple hours which provides both integrity of pipe and leak detection.

Because of the remote location of our gathering systems as well as some confusion relating to exact location of acquired pipelines, our experience has shown that utilizing pressure testing for leak detection is a much more attainable method.

Question 3: Asks about problems associated with Rights of Way. Rights of Way utilized by oil and gas producers to construct and operate gathering lines are contractual documents either contained in the oil and gas lease under which the wells are drilled or negotiated separately as an independent contractual document. The utilization and requirements of these documents are negotiated between the parties in these private contracts and as such may contain operating requirements that must be utilized by the oil and gas producer. Oil and gas producers do not have any rights under eminent domain and as such are at the mercy of the contracts and requirements negotiated at the time of development.

Question 4: Questions how gas is metered when sold to purchasers into another pipeline. Natural gas delivered into another pipeline for sale or transport is typically metered either by an orifice meter or a rotary meter. In both cases, the measurement is corrected for pressure and in some cases temperature. Advancements utilized on larger volume sale points allow for telemetric delivery of the flow information either through telephone lines or internet connections. If necessary because of the volume, these measurements can have daily data, but at minimum, production from New York shallow wells, is transmitted as a monthly volume. Oil and gas producers work with the transmission and LDC operators to make sure the meters are maintained, and the volumes reflect what is happening at the wells.

Question 5: Questions metering when gas is delivered to end-users. As discussed in Question 4, the metering is done by predominantly rotary meters which can be read by both the end-user and the producer. Because of the expense of higher pressure (>5<25psig) corrected rotary meters, there may be times when the rotary meter is not corrected for pressure and the operator utilizes a correction factor applied for the delivery pressure recorded at the delivery point. Most of these meters are interpreted on a monthly time frame or a period agreed by the parties.

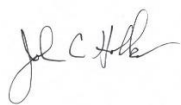
Question 6: Question regarding the information supplied to nearby property owners. Lenape Gathering Corp, a sister company to Lenape Resources, Inc. is a member of Dig Safely and has supplied information to their grid mapping system which allows for Lenape to be notified by the one call system. In addition, Lenape has utilized Dig Safely and their outreach as a method to increase pipeline and gathering line operations awareness, but unlike utilities who get to recover the cost of this one call system through their rate base, Lenape is unable to recover these costs. As Dig Safely's expenses and charges increase, it is getting more difficult for Lenape to retain its membership in this one call system. It would really be beneficial if the PSC could pursue a category within the Dig Safely system that would allow all the oil and gas producers to become members at a reduced and stable cost without being charged for every notice received. Typically, these notices are not near the remote location of our gathering lines, but because of the gridding system which classifies the party to be notified, most oil and gas producers will be notified and subsequently charged by the notice.

In addition to this membership, Lenape's royalty relationship with landowners near well operations, allows us to communicate with these landowners on a regular basis through mailings. We have mailed flyers supplied by Dig Safely to landowners located near wells and pipelines. Maybe in conjunction with the concept of a reduced membership category, Dig Safely can assist oil and gas operators with additional safety awareness programs.

Question 7: Question regarding information for local first responders. Oil and gas producers supply maps depicting new pipeline construction to the local town authorities after submitting construction requests to the PSC and then constructing the pipeline. We have answered questions regarding the pipeline use and operations from both municipal leaders and emergency responders and work in concert with existing utility operators in the communities we operate. In an emergency near one of our facilities, the marking system required by the NYSDEC Division of Mineral Resources at wellsites which provides for numerous markings with the company name and phone number assists in allowing anyone near our gathering and well systems access to contact information for our company.

Thank you for this opportunity to comment regarding gathering line operations.

Sincerely,
Lenape Resources, Inc.

A handwritten signature in black ink, appearing to read "JCH", is positioned above the printed name of John C. Holko.

John C. Holko
President