

Publications

Oil and Gas Alert: Ohio Gas Gathering Legislation Detailed

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At the governor's request, Senate Bill 315 was introduced in the Ohio Senate on March 22, 2012. After significant revisions, Senate Bill 315 passed the Ohio Senate on May 15, 2012. In the House Public Utilities Committee, the bill was again revised to correct a few oversights from the Senate edition and on May 24, 2012, the Ohio Senate concurred with the Ohio House's revisions to Substitute Senate Bill 315 (SB 315), sending the bill on May 30, 2012, to the governor for his signature. A wide-ranging energy bill, SB 315 includes new pipeline safety requirements for pipelines gathering gas from Utica, Point Pleasant and Marcellus horizontal shale wells and clarifies that gathering lines and other midstream facilities are not subject to the Ohio Power Siting Board. The purpose of this alert is to briefly describe the new provisions in SB 315.

New Pipeline Safety Requirements

SB 315 creates new pipeline safety requirements for newly constructed gathering lines used to transport gas from horizontal wells. A horizontal well is defined under SB 315 as a well in which the wellbore reaches a horizontal or near horizontal position in the Point Pleasant, Utica or Marcellus formations.

The new safety requirements also apply to processing plant gas stub pipelines which SB 315 defines as any unregulated pipelines used to transport horizontal well gas from a processing plant to a transmission system.

Under the new safety requirements, an operator of a gas gathering pipeline or a processing plant gas stub pipeline constructed after the effective date of SB 315 must ensure the pipeline complies with any applicable Part 192, Subpart C pipe design requirements. In addition the operator must do the following:

- Design, install, construct, initially inspect and initially test the pipeline in accordance with the requirements of Part 192 if the pipeline is new, replaced, relocated or otherwise changed;

- Control corrosion according to the requirements of Part 192 if the pipeline is metallic;
- Establish and carry out a damage prevention program under Part 192.614;
- Establish and carry out a public education program under Part 192.616;
- Establish the maximum allowable operating pressure of the pipeline pursuant to Part 192.619;
- Install and maintain pipeline markers according to the requirements for transmission lines under Part 192.707;
- Perform leakage surveys according to Part 192.706; and
- Retain records of each leakage survey for five years or until the next leakage survey is completed, whichever time period is longer.

SB 315 also requires the operator to provide a pre-construction notice to the Public Utilities Commission of Ohio (PUCO) as to the proposed pipeline route, the maximum allowable operating pressure of the pipeline, the outside diameter and wall thickness of the pipeline and the pipeline's material and yield strength. Post construction, the operator must provide the PUCO with an explanation of the pipeline route and operating information. The pre-construction notice must be filed at least 21 days prior to construction. The post-construction as-built notice must be filed no later than 60 days after completion of construction.

Ohio Power Siting Board Exemptions

SB 315 clarifies that midstream facilities and pipelines used to process and transport raw natural gas and natural gas liquids are exempt from the Ohio Power Siting Board (OPSB). The OPSB is the state agency responsible for the siting of major generation facilities, electric transmission lines and gas pipelines over 9 inches in outside diameter and capable of transporting gas at 125 pounds per square inch.

SB 315 expressly exempts all gathering lines, gas gathering pipelines, processing plant gas stub pipelines, gas processing plants, natural gas liquid pipelines, natural gas fractionation plants and all production facilities upstream of any gathering line from OPSB oversight. Compressor stations associated with these pipelines and facilities are also exempt from OPSB oversight. SB 315 also exempts any pipeline less than 500 feet from OPSB jurisdiction.

If you have any questions about SB 315 and how it affects existing or new gathering lines, please contact Jon Airey – (614) 464-6346, wjairey@vorys.com; Howard Petricoff – (614) 464-5414, mhpetricoff@vorys.com; Gregory Russell – (614) 464-5468, gdrussell@vorys.com or Michael Settineri – (614) 464-5462, mjsettineri@vorys.com.