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**Angie Hatton**  
Chair

**Mary Pat Regan**  
Commissioner

**John Will Stacy**  
Commissioner

September 17, 2024

## PARTIES OF RECORD

Re: Case No. 2022-00238

Notice is given to all parties that the attached Sander Resources Response to East Kentucky Midstream has been filed into the record of this proceeding.

If you have any comments you would like to make regarding the contents of the document, please do so within five days of receipt of this letter. If you have any questions, please contact Jessica Norris-Canfield, Staff Attorney at [JNorrisCanfield@ky.gov](mailto:JNorrisCanfield@ky.gov).

Sincerely,

A handwritten signature in blue ink that reads "Linda C. Bridwell".

Linda C. Bridwell, PE  
Executive Director

Attachment

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC INVESTIGATION OF )  
JURISDICTIONAL STATUS OF EAST KENTUCKY )  
MIDSTREAM, LLC, AND OF ITS COMPLIANCE )  
WITH KRS CHAPTER 278, 807 KAR CHAPTER )  
005, AND 49 CFR PARTS 191 AND 192 )

CASE NO.  
2022-00238

**SANDER RESOURCES, L.L.C.'S RESPONSES TO  
EASTERN KENTUCKY MIDSTREAM, LLC'S REQUEST FOR INFORMATION**

Pursuant to KRS 278.110 and Kentucky Public Service Commission Order dated August 30, 2024, Sander Resources, L.L.C., a non-party, hereby makes and serves its responses to Eastern Kentucky Midstream's ("EKM") Request for Information in the above-styled investigative action.

**Q1: Please provide a detailed listing of the education, training, and work experience of all Sander personnel who participated in the preparation and review of the document entitled "Regulatory Status of East Kentucky Midstream, LLC (EKM) Pipeline System" (hereinafter "the Report") submitted to the Kentucky Public Service Commission on June 30, 2024.**

**A: Lindsay Sander, Founder and CEO**

Ms. Sander is a recognized subject matter expert on various topics in the oil and gas industry, including natural gas gathering. She has worked actively on the definition and re-regulation of natural gas gathering since 2003, when she chaired the industry coalition to negotiate the re-regulation of gathering with the Pipeline and Hazardous Materials Safety Administration (PHMSA) rulemaking, and was ultimately designated as the technical expert on the issue by PHMSA. Ms. Sander has been a member of numerous American Petroleum Institute (API) committees including Recommended Practice (RP) 80 on the definition of natural gas gathering and RP 1182, Construction, Operation, and Maintenance of Large Diameter Rural Gas Gathering Lines. Since the most recent adoption in 2022 of the revisions to natural gas gathering regulations by PHMSA in the mega-rule, Ms. Sander has helped numerous production and gathering operators successfully classify and implement the new regulatory requirements. Throughout her career, Ms. Sander has served as the Chair of Texas Pipeline Association Regulatory Committee; the Chair of the Texas Oil and Gas Association Pipeline Committee.

### **Dewayne Sims**

C. Dewayne Sims is the Director of GIS & Data Analytics for Sander Resources, L.L.C., with over 15 years of experience in the oil and gas industry focusing on regulatory issues in midstream operations. He specializes in class location analysis and determining the jurisdictional status of gathering pipelines as well as public awareness. Mr. Sims is the current chair of the Southeast Kentucky Damage Prevention Council.

### **Katie Henry**

Katie Henry has worked in the oil and gas industry for almost 20 years with most of her experience coming from the midstream sector in compliance as a public awareness/samage prevention subject matter expert. She is a former Texas Railroad Commission pipeline safety inspector and is currently the Compliance Director for Sander Resources, L.L.C. managing public awareness/damage prevention as well as handling regulatory issues and needs for clients. Previously, she spent seven years working for a midstream operator in regulatory compliance. Ms. Henry is a contributing member of the Aquila Group, which was founded to provide regulatory and technical information to the oil and gas industry. She is an active member for the Louisiana Gas Association's communications and damage prevention committees.

**Q2: Please provide a copy of the "preliminary report issued on June 13, 2024" referenced on page one of the Report.**

A: See **Attachment SR-1** hereto.

**Q3: Please explain what is meant by "more information is now available to assist with filling in critical operational details of the systems in question" (Report p. 1).**

A: After the initial review of the information gathered and draft of the preliminary report, Mr. Sims placed a phone call to Russell Parsons to ask several clarifying questions about the operations of Eastern Kentucky Midstream (EKM) assets.

**Q4: Please list what additional "information" was provided to Sander after the June 13 preliminary report, and with respect to each listed "information" who provided it or how it was obtained.**

A: Mr. Parsons provided information on the operations and system configuration of the compressor station located in the Hazel Green area.

**Q6: Please describe in detail the steps taken to conduct the investigation and develop the Report, including the names of all persons interviewed, questioned, or who provided information about the EKM system.**

A: Steps taken to evaluate the assets in question:

- An initial meeting was had with the Public Service Commission (PSC) staff to understand the project needs.
- Information was gathered about the systems from the parties involved (see the names listed below), including but not limited to, the mapping of assets and interviews (discussion with designated employees of the parties).
- Field investigation activities were conducted by visiting site locations along the pipeline facilities, as well as offices of both Eastern Kentucky Midstream (EKM) and Kentucky Frontier Gas (KFG).
- Follow-up was conducted with representatives of the parties, including additional mapping and data requests.
- Depositions of Darrell Parks, Jack Banks, John White, and Michael Harris were read to corroborate the interviews and determine operational characteristics of the pipelines.
- All assets were mapped where information was made available.
- Review by Sander Resources, L.L.C. of the information gathered and evaluated on a system-by-system segment basis.
- An initial report was written.
- An additional interview was conducted with a representative of EKM, Russell Parsons, by phone to help clarify operational questions about several system segments and the purpose of the compressor at Hazel Green.
- The final report was drafted.

Names of the individuals interviewed or participating in the review process:

- Darrell Parks, EKM
- Jack Banks, EKM
- Russell Parsons, EKM
- Mike Harris, KFG
- Brian Thomas, KY PSC



**ATTACHMENT SR-1**



June 12, 2024

Kentucky Public Service Commission  
Ms. Jessica Norris-Canfield  
211 Sower Blvd  
Frankfort, KY 40601

**Re: Regulatory Status of Eastern Kentucky Midstream Pipeline System**

Dear Ms. Norris-Canfield

**Issue Background**

The Kentucky Public Service Commission (KYPSC or Commission) was petitioned by Kentucky Frontier Gas (KFG) regarding the rates charged by Eastern Kentucky Midstream (EKM) for providing gas to certain systems. As part of its effort to determine facts surrounding the issues raised in KFG's petition, the Commission ultimately issued a request for proposal concerning the characterization of the lines either directly or potentially at issue.

Sander Resources was retained to determine the operational facts relating to the EKM assets located in East Central Kentucky. In that regard, the Commission sought a comprehensive field review of a specified natural gas pipeline system including location, materials of construction, and operating conditions relating to its assets, in order to determine their regulatory status. Other activities were to include:

- Identifying key components relevant to determining the type, jurisdictional status and function of the pipeline segments within the system;
- an analysis of the field review including pipeline locations, components, and the type, status and function of pipeline segments (i.e., gathering, distribution, or transmission) within the system;
- providing a comprehensive report, including the details of the field review and analysis, as it relates to pipeline jurisdiction as prescribed by 49 CFR 192; and KRS 278.010(3); and
- providing final mapping and GIS data of the system including locations, components, and the type, status and function of pipeline segments.

This document summarizes the current status of the activities sought by the Commission and the preliminary findings.

## **Methodology**

Information has been gathered by the Sander Resources team through a number of means throughout the review process. Activities included:

- meetings with Commission staff to understand the history of the issue and issues to be reviewed;
- field visits to review the routes of various segments, locations of particular facilities, including meters, compressors, and other appurtenances such as regulators, pipeline markers and farm taps;
- questions posed to the parties (i.e., EKM and KFG) involved;
- a review of mapping of facilities available from both parties and other sources;
- development of integrated map of all available information regarding pipeline segments, residential gas meters, farm taps, and compressors for both EKM and KFG; and
- a review of the depositions of representatives of EKM to gain an understanding of the operations of its system.

Due to the limited scope and budget of the project, Sander Resources has not:

- read every document found within the Commission Docket # 2022-00238;
- reviewed historical interpretations concerning the fact cases outlined in this preliminary report; or
- examined every meter and/or farm tap location.

## **Preliminary Findings**

In reviewing the information outlined above, we have a better understanding of what has come to be a complex, integrated group of pipeline segments and systems. The overall system appears to have evolved significantly since the initial pipeline was used to deliver natural gas produced in fields on the southern end of the system to local residents.

The integrated system of connected pipelines is comprised of the following:

- 24 unique pipeline segments or systems;
- three (3) compressors in various states of operational capability;
- three (3) tie-in locations with TC Energy;
- 49 connections to sources of production from 467 wells operated by between 21 and 49 independent producers;
- meters/farm taps owned and maintained by EKM
- 1931 meters -- owned and maintained respectively as follows:
  - Eastern Kentucky Midstream
    - 319 Customer Meters
    - 6 Master Meters
  - Kentucky Frontier Gas
    - 1076 Customer Meters
    - 530 Farm Tap Meters

From the information we have been able to gather, we understand that when the system was first built, it would gather gas from production fields in the south and transport the gas in a

northerly direction, serving residents and distribution systems along the route. However, as production tapered off, and demand increased, there was a need to supplement the initial supply of local production. This was done by tying into the system (now operated by TC Energy) on the northern side of the system. As a result, a good portion of the gas now moves from the north to the south. There are still portions of this complex system that are fed from a gathering system, but it is not the only source of gas supporting customers found along every aspect of the system and the numerous distribution systems along the way.

There is no easy way to summarize how the overall system works. We will attempt to do that in the final report. However, what we can offer is the following:

- The system is complex.
- There are segments that are gathering, potentially transmission, and distribution pipelines – each of the segments will come down to the definitions found within 49 C.F.R.192.3.
- At least some of the gathering lines will fall into Type R.
- Certain fact cases permit the system to be flexible in the direction of the gas flow and the supply sources of the system<sup>1</sup>.
- Some of the system segments overlap<sup>2</sup>.
- Some segments of the system appear to be fed by back pressure.

### **Regulatory Status of Pipeline Systems**

We are still working through a number of questions that must be answered before determinations about the type and regulatory status of some of the lines can be made. Those remaining questions are critical to determining the way key portions of the network of pipelines work and, as a result, the type of pipeline and the regulatory requirements that apply. The missing data include operational characteristics including, but not limited to:

- the direction of the gas movement;
- the diameter of the pipeline;
- the maximum allowable operating pressure (MAOP); and
- the Specified Maximum Yield Strength (SMYS).

Regardless of the outstanding questions, there is no doubt there are regulated segments of pipeline throughout the pipeline network.

### **Next Steps**

The following questions if answered, will help establish the regulatory status of the systems in question. Those include, but are not limited to:

- When was the most recent Class Location Survey conducted?
- From the findings of that survey, what areas were found to be Class Location 2, 3 or 4?

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<sup>1</sup> While the current configuration is designed for flexibility, it appears that flexibility has not been exploited in some time.

<sup>2</sup> Examples of this include where both EKM and KFG both own distribution systems that serve customers in the same neighborhood or area.

- What are the beginning and end-points of gathering determined to be as a result of the gathering classification exercise required by 192.8(b) and what were the justifications for each of those established points?
- Was an annual report filed for 2023 on or before March 15, 2023? If so, what does it say?
- What is the purpose of the Hazel Green compressor station? From what pipeline(s) does it receive gas and what line(s) does it pipeline(s) does it deliver gas to?
- Please confirm the following for every segment of pipeline:
  - outside diameter
  - pressure (MAOP or allowed five-year look back)
  - SMYS
  - material
  - wall thickness
  - direction of flow – where or what pipeline does it receive gas from and where does it deliver gas to?

We understand this is a lot of additional information. However, the answers to these questions will help establish more of the technical facts surrounding the system that will make a difference in regulatory jurisdiction and status.

Please let us know if you have any questions or if you would like to discuss any of these issues or initial finding prior to the final report being issued. I can be reached at 713-208-0273 or [LNS@SanderResources.com](mailto:LNS@SanderResources.com).

Best regards,



Lindsay Sander, Managing Member  
Sander Resources

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