State of New Mexico
Energy, Minerals and Natural Resources Department

Submit Electronically
Via E-permitting

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

NATURAL GAS MANAGEMENT PLAN

This Natural Gas Management Plan must be submitted with each Application for Permit to Drill (APD) for a new or recompleted well.

Section 1 – Plan Description

Effective May 25, 2021

I. Operator: 3Bear Delaware Operating – NM, LLC **OGRID:** 372603 **Date:** 08 / 23 / 2021

II. Type: **X** Original ☐ Amendment due to ☐ 19.15.27.9.D(6)(a) NMAC ☐ 19.15.27.9.D(6)(b) NMAC ☐ Other.

If Other, please describe: _____

III. Well(s): Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point. **N/A 3Bear is a midstream company.**

Well Name	API	ULSTR	Footages	Anticipated Oil BBL/D	Anticipated Gas MCF/D	Anticipated Produced Water BBL/D

IV. Central Delivery Point Name: _____ [See 19.15.27.9(D)(1) NMAC]

V. Anticipated Schedule: Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	Spud Date	TD Reached Date	Completion Commencement Date	Initial Flow Back Date	First Production Date

VI. Separation Equipment: **X** Attach a complete description of how Operator will size separation equipment to optimize gas capture. **See attached Gas Management Plan**

VII. Operational Practices: **X** Attach a complete description of the actions Operator will take to comply with the requirements of Subsection A through F of 19.15.27.8 NMAC. **See attached Gas Management Plan**

VIII. Best Management Practices: **X** Attach a complete description of Operator's best management practices to minimize venting during active and planned maintenance. **See attached Gas Management Plan**

Section 2 – Enhanced Plan
EFFECTIVE APRIL 1, 2022

Beginning April 1, 2022, an operator that is not in compliance with its statewide natural gas capture requirement for the applicable reporting area must complete this section.

☐ Operator certifies that it is not required to complete this section because Operator is in compliance with its statewide natural gas capture requirement for the applicable reporting area.

IX. Anticipated Natural Gas Production:

Well	API	Anticipated Average Natural Gas Rate MCF/D	Anticipated Volume of Natural Gas for the First Year MCF

X. Natural Gas Gathering System (NGGS):

Operator	System	ULSTR of Tie-in	Anticipated Gathering Start Date	Available Maximum Daily Capacity of System Segment Tie-in

XI. Map. ☐ Attach an accurate and legible map depicting the location of the well(s), the anticipated pipeline route(s) connecting the production operations to the existing or planned interconnect of the natural gas gathering system(s), and the maximum daily capacity of the segment or portion of the natural gas gathering system(s) to which the well(s) will be connected.

3Bear is a midstream operator. The location of the associated gas gathering pipelines and compressor stations is attached.

XII. Line Capacity. The natural gas gathering system ☐ will ☐ will not have capacity to gather 100% of the anticipated natural gas production volume from the well prior to the date of first production.

XIII. Line Pressure. Operator ☐ does ☐ does not anticipate that its existing well(s) connected to the same segment, or portion, of the natural gas gathering system(s) described above will continue to meet anticipated increases in line pressure caused by the new well(s).

☐ Attach Operator's plan to manage production in response to the increased line pressure. **N/A**

XIV. Confidentiality: X Operator asserts confidentiality pursuant to Section 71-2-8 NMSA 1978 for the information provided in Section 2 as provided in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and attaches a full description of the specific information for which confidentiality is asserted and the basis for such assertion.

The GIS information and pipeline mapping submitted with this plan is confidential.

Section 3 - Certifications

Effective May 25, 2021

Operator certifies that, after reasonable inquiry and based on the available information at the time of submittal:

☐ Operator will be able to connect the well(s) to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system; or **N/A 3Bear is a midstream operator with no wells.**

☐ Operator will not be able to connect to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system. ***If Operator checks this box, Operator will select one of the following:*** **N/A 3Bear is a midstream operator with no wells.**

Well Shut-In. ☐ Operator will shut-in and not produce the well until it submits the certification required by Paragraph (4) of Subsection D of 19.15.27.9 NMAC; or **N/A 3Bear is a midstream operator with no wells.**

Venting and Flaring Plan. ☐ Operator has attached a venting and flaring plan that evaluates and selects one or more of the potential alternative beneficial uses for the natural gas until a natural gas gathering system is available, including:

- **(a)** power generation on lease;
- **(b)** power generation for grid;
- **(c)** compression on lease;
- **(d)** liquids removal on lease;
- **(e)** reinjection for underground storage;
- **(f)** reinjection for temporary storage;
- **(g)** reinjection for enhanced oil recovery;
- **(h)** fuel cell production; and
- **(i)** other alternative beneficial uses approved by the division.

N/A 3Bear is a midstream operator with no wells.

Section 4 - Notices

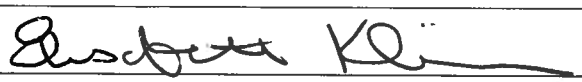
1. If, at any time after Operator submits this Natural Gas Management Plan and before the well is spud:

(a) Operator becomes aware that the natural gas gathering system it planned to connect the well(s) to has become unavailable or will not have capacity to transport one hundred percent of the production from the well(s), no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised venting and flaring plan containing the information specified in Paragraph (5) of Subsection D of 19.15.27.9 NMAC; or

(b) Operator becomes aware that it has, cumulatively for the year, become out of compliance with its baseline natural gas capture rate or natural gas capture requirement, no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised Natural Gas Management Plan for each well it plans to spud during the next 90 days containing the information specified in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and shall file an update for each Natural Gas Management Plan until Operator is back in compliance with its baseline natural gas capture rate or natural gas capture requirement.

2. OCD may deny or conditionally approve an APD if Operator does not make a certification, fails to submit an adequate venting and flaring plan which includes alternative beneficial uses for the anticipated volume of natural gas produced, or if OCD determines that Operator will not have adequate natural gas takeaway capacity at the time a well will be spud.

I certify that, after reasonable inquiry, the statements in and attached to this Natural Gas Management Plan are true and correct to the best of my knowledge and acknowledge that a false statement may be subject to civil and criminal penalties under the Oil and Gas Act.

Signature:	
Printed Name:	**Elisabeth Klein**
Title:	**Director, EHS Regulatory Compliance**
E-mail Address:	**lklein@3bearllc.com**
Date:	**8/23/2021**
Phone:	**303-882-4404**

OIL CONSERVATION DIVISION

(Only applicable when submitted as a standalone form)

Approved By:	
Title:	
Approval Date:	
Conditions of Approval:	

3 Bear Lea Gas Gathering System (fAPP2123162048) - Natural Gas Management Plan

3 Bear Delaware Operating – NM, LLC

August 23, 2021

3 Bear Delaware Operating – NM, LLC

3 Bear Lea Gas Gathering System - Natural Gas Gathering Gas Management Plan

System Overview

3 Bear Delaware Operating – NM, LLC (3 Bear Energy) owns and operates 121 miles of steel and poly gas gathering pipelines and three compressor stations (CSs) within Lea County, NM. The gas gathering system (fAPP2123162048) is shown on the attached map. These pipelines, constructed between 2018 – 2021, gather sweet gas and are buried. All of the gas gathering system is nonregulated DOT Class 1 gas gathering pipeline.

3 Bear Energy gathers low pressure natural gas from multiple upstream energy operators within the area and routes the same to its compressor stations. At the CSs, the liquids are removed from the incoming stream and segregated as produced water and condensate, and the natural gas is compressed and dried before exiting the facility via higher pressure pipelines.

Routine Operations and Maintenance

As per the requirements of C.(1) of 19.15.28.8 of NMAC, this operating plan discusses procedures to reduce leaks and releases, routine operations and maintenance, external, cathodic protection, corrosion control and liquids management and procedures to reduce releases.

Below is a summary of routine operations and maintenance that 3 Bear performs or will perform on these gas gathering pipelines.

Physical Pipeline Marking and Identification

3 Bear Field Services has a Damage Prevention Program for all the pipelines they operate. All the pipelines are marked and in the NM811 program.

Right of Way Patrols/Leak Surveys

1) 3 Bear Energy periodically patrols the gas gathering system, inspects the surface conditions on or adjacent to each pipeline right-of-way by walking, driving, flying or other appropriate means of traversing the right-of-way.
2) 3 Bear Energy will, at intervals not exceeding 5 years, inspect each crossing under a waterway to determine the condition of the crossing. Immediately or as soon as conditions permit, inspection will be made if it is felt that crossings are in danger as a result of floods, storms, or suspected mechanical damage. The inspections will determine the pipeline location and any exposed pipe within the limits of the navigable waterway and the right-of-way immediately adjacent on each side.

3) 3 Bear Energy will inspect and maintain each valve that is necessary for the safe operation of its pipeline systems. Protection for each valve is provided from unauthorized operation and vandalism by either locking the valve or locating it within a locked perimeter fence or secured facility.
4) 3 Bear closely monitors loss and unaccounted for gas and will perform ground leakage surveys and aerial surveys if unexplained losses are found.

Pipeline Pigging

3 Bear Energy's gas gathering lines are periodically pigged with standard foam cleaning pigs. Depending on the amount and type of material collected; the schedule for the next pigging event is scheduled. On average the gas gathering lines are pigged every month to six weeks.

Pipeline Maintenance Program

3 Bear Energy's maintenance program for the gas gathering lines includes routine pigging, depressurization procedures, annual valve inspection/maintenance and cathodic protection/anode installation procedures, general repair and records management.

Valve Inspections/Maintenance

3 Bear Energy Operations will maintain each valve that is necessary for the safe operation of its pipeline systems in good working order at all times.

3 Bear Energy Operations shall provide protection for each valve from unauthorized operation and from vandalism by either locking the valve or locating it within a locked perimeter fence or secured facility.

3 Bear Energy Operations will inspect each mainline valve annually not to exceed 15 months.

Cathodic Protection

See Cathodic Protection, Corrosion Control and Liquids Management section.

Pressure Test and Dewatering

See Pressure Test Guidelines and Schedule section.

General Repair

1) Whenever 3 Bear Energy discovers any condition that could adversely affect the safe operation of its pipeline system, it will correct the condition within a reasonable time. However, if the condition is of such a nature that it presents an immediate hazard to persons or property, the operator will not operate the affected part of the system until it has corrected the unsafe condition.

2) Only pipe, valves, or fittings that have been designed and properly constructed will be used for repair.
3) All pipe repairs will be adequately tested, and the results maintained for the life of the pipeline. Repaired components will be adequately tested, and the results maintained for 1 year.

Records Management

1) Operation and maintenance data, including the following, will be maintained -
   a) Pipeline patrol records;
   b) Corrosion records;
   c) Leak records;
   d) Records relating to routine or unusual inspections, such as external or internal line conditions when cutting line or hot tapping;
   e) Pipeline alignment sheets; and,
   f) Pipeline maintenance reports will be used to report the details of all leaks, damages to, and repairs made to pipe fitting failure, which occurs in a pump station, terminal, or on a pipeline.

Pressure Test Guidelines and Schedule

3 Bear Energy will not operate or return to service a segment of pipeline that has been built, replaced, relocated, or otherwise changed, unless it has been pressure tested without leakage.

1) The test pressure will be maintained throughout the part of the system being tested for at least 4 continuous hours at a pressure equal to 125 percent, or more, of the maximum anticipated operating pressure. If a pipeline is not visually inspected for leakage during testing, the test pressure will be maintained for at least an additional 4 continuous hours at a pressure equal to 110 percent, or more, of the maximum anticipated operating pressure. Each pressure test under this procedure will include all pipe and attached fittings, including components, unless otherwise permitted for and approved, and the reasoning for the same documented.
2) Either water or an inert gas will be used as the test medium.
3) Hydrostatic test results will be maintained for the life of the pipeline.

In lieu of pressure testing, welded connections at the junction of two or more lines may be 100% x-rayed.

Cathodic Protection, Corrosion Control and Liquids Management

1) Each buried or submerged pipeline has or will have an external coating for aiding in minimizing corrosion to the pipeline. Coating material for external corrosion control will:
   a) Be designed to mitigate corrosion of the buried or submerged pipeline;

b) Have sufficient adhesion to the metal surface to prevent under film migration of moisture;
c) Be sufficiently ductile to resist cracking;
d) Have enough strength to resist damage due to handling and soil stress;
e) Support any supplemental cathodic protection; and,
f) If the coating is an insulating type, have low moisture absorption and provide high electrical resistance.

2) Cathodic protection will be installed within 1 year of being constructed, relocated, replaced, or otherwise changed. Each buried pipeline or segment of pipeline under cathodic protection will have electrical test leads for external corrosion control. The leads will be maintained in a condition that enables electrical measurements to be made to determine whether cathodic protection is working. 3 Bear Energy will annually test the cathodic protection system and correct any identified deficiencies in corrosion control.
3) Corrosion coupons and/or probes will be installed and monitored at least twice each calendar year at intervals not exceeding 7.5 months. If it is determined there is a potential for internal corrosion, 3 Bear Energy will develop an internal corrosion control plan for the specific pipeline. This plan will include developing pigging and, if necessary, corrosion inhibitor treatment programs.
4) Pipelines subject to atmospheric corrosion will be cleaned and coated and monitored at least once every three years but with intervals not exceeding 39 months. The coating material will –
   a) Be constructed of a material to mitigate corrosion;
   b) Have adequate adhesion to the metal to prevent under film moisture migration;
   c) Be sufficiently ductile to resist cracking;
   d) Be strong enough to resist damage from handling or soil stresses;
   e) Support cathodic protection; and,
   f) If an insulating type, have low moisture absorption and provide high electrical resistance.

Fluid management is managed in the field via dehydration at the compressor stations.

Regarding tank operations and maintenance associated at the compressor stations; the tanks are monitored after pigging events to determine if thief hatches opened during the pigging etc. The tanks are in a SCADA system and are monitored 24 hours a day. This monitoring helps prevent overflow events by managing liquid levels real-time.

Fluid Management/Tank Operations and Maintenance
Produced fluids enter the CSs and are routed through the slug catcher. Liquids, including produced water and condensate, are removed from the incoming stream and directed to product-specific tanks. Natural gas exits the top of the slug catcher, and its pressure is

increased with reciprocating compressors. Once compressed, the gas is dried to remove entrained water and routed offsite via pipeline.

All liquids handling equipment has been designed, constructed, and installed per anticipated incoming stream volume and product content. 3 Bear Energy personnel receive frequent training on operating procedures.

Steel API tanks are used to store and are compatible with the produced condensate. Poly tanks are used to store and are compatible with the produced water. Both the condensate and produced water tanks are equipped with both low and high-level switches to prevent both over removal and over filling of the same. Condensate is removed from the site by both pipeline and truck. Produced water is removed via truck. Product transfer is monitored during truck loading operations.

Both condensate and produced water tanks are located within secondary containment. As per the requirements of 40 CFR 60 Subpart 112, Oil Pollution Prevention, the secondary containment has been sized to contain the volume of the largest tank plus rainwater accumulated during rain events, and a SPCC plan, certified by a registered professional engineer, has been prepared and is being implemented. 3 Bear Energy frequently monitors the contents of the secondary containment and utilizes a vacuum truck to remove accumulated rainwater, which is disposed of properly. Additionally, the integrity testing of the tanks will be performed per 40 CFR 60 Subpart 112, Oil Pollution Prevention requirements.

3 Bear Energy routinely inspects the liquids handling system, and issues, if noted, are addressed promptly. Formal inspections, as required by the 40 CFR 60 Subpart 112, Oil Pollution Prevention, are performed annually, and the results are documented and maintained for five years.

Procedures to Reduce Releases

The potential impact to air quality is minimized through both facility design and operation as well as the installation and operation of pollution control devices on operating equipment.

Liquid handling vessels are designed and operated at pressures and temperatures to minimize emissions to the greatest extent practicable. Both product flash and working and breathing losses from storage tanks are routed to control devices having a destruction and removal efficiency (DRE) of 98%.

Natural gas engines are equipped with catalytic oxidizers which minimize emissions of both criteria pollutants, including carbon monoxide, nitrous oxides, volatile organic compounds, as well as hazardous air pollutants. In addition, applicable natural gas engines are emissions

tested on a semi-annual basis, and preventative maintenance is performed on the same as per manufacturer's recommendations.

Waste gas streams from the natural gas dehydrator are directed back into the process stream.

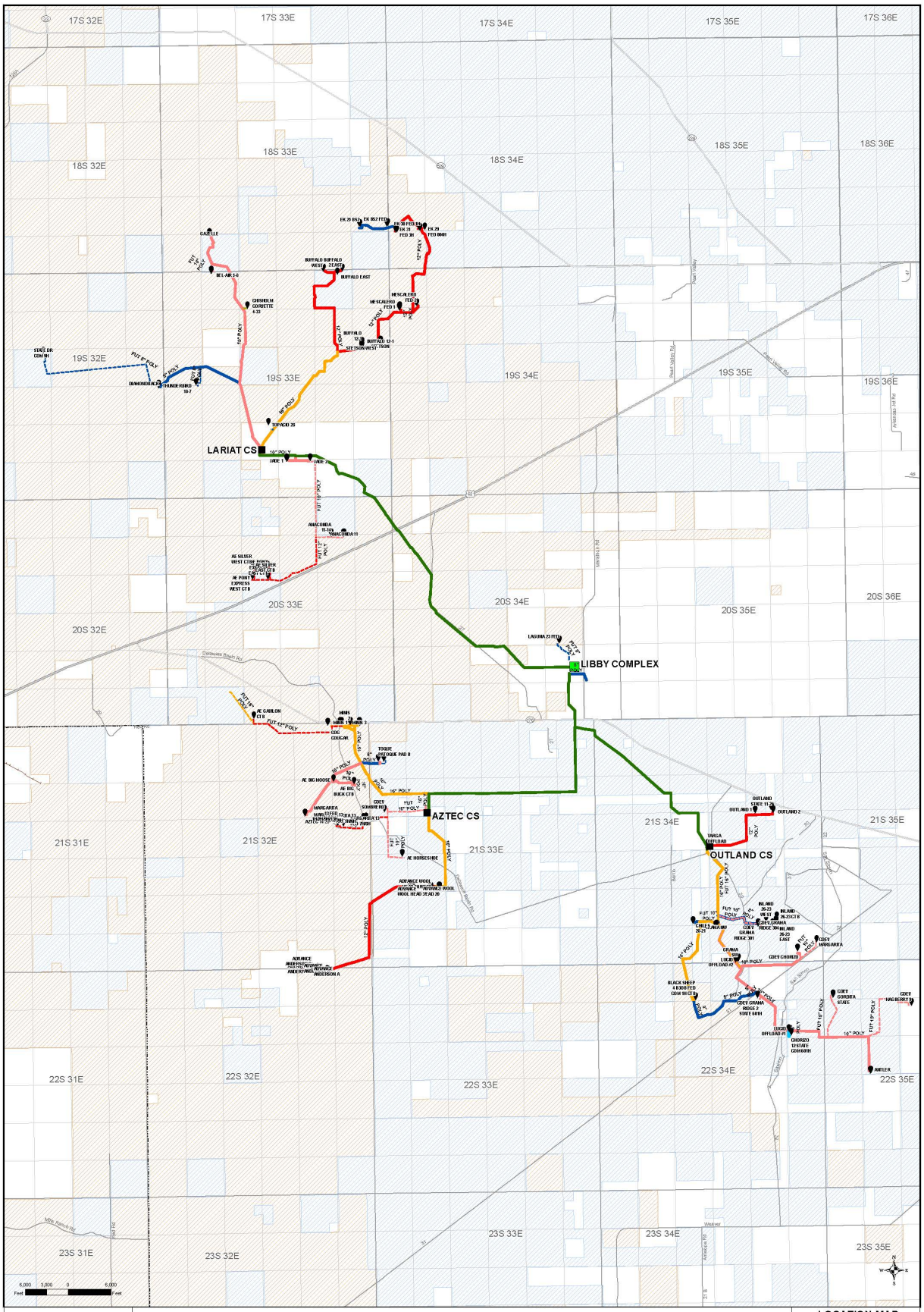
In addition, the CSs operate under the provisions of an air quality permit (General Construction Permit) issued by the New Mexico Air Quality Bureau. The permits establish emission limits, both hourly and annually, for process equipment, as well as monitoring, recordkeeping and reporting requirements. Emissions exceeding permitted limits are to be reported to the agency within 24 hours of confirmation of the same.

Emissions from venting and flaring are reduced to the greatest practicable extent. For any planned maintenance of the gas gathering pipelines that require venting or flaring, 3 Bear Energy will minimize the volume to be depressurized and route the same to a portable control device. Emissions related to maintenance work at the CSs are also routed to the facility's control device, which has a DRE of 98%.

The CSs are subject to federal provisions requiring the semi-annual monitoring of equipment for leaks and the immediate repairing of identified items. Annual reports, detailing the results of both the monitoring events and the implemented repairs, are submitted to both the federal and state regulatory agencies. In addition, 3 Bear Energy performs weekly audio, visual and olfactory (AVO) inspections at its CSs in an attempt to further minimize equipment leaks. Noted items are promptly addressed. Formal records of all monitoring events and implemented corrective actions are maintained for a period of five years.

3 Bear Energy coordinates with upstream producers in advance of scheduled maintenance. For emergency or upset conditions 3 Bear Energy notifies the upstream producer as soon as practicable and documents via email communication.

If a release occurs 3 Bear Energy will follow the 3 Bear Energy Emergency Response Plan that focuses on source elimination and outlines required reporting to regulatory agencies.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AZTEC CS
LIBBY COMPLEX
OUTLAND CS
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Feet

PREPARED FOR:
3Bear Energy
PREPARED BY:
3BEAR NEW MEXICO PROJECT
LEA COUNTY, NEW MEXICO
3BE COMPLEX
3BE SITE
RECEIPT POINT
3BE HP GAS
8" STEEL
3BE LP GAS
16" POLY
12" POLY
10" POLY
8" POLY
6" POLY
FUT 16" POLY
FUT 12" POLY
FUT 10" POLY
FUT 8" POLY
FUT 6" POLY
LP GAS, TBD
BLM LAND
STATE LAND
LOCATION MAP
MAPPED AREA
Hobbs
Carlsbad
Eunice
New Mexico

3Bear Energy

1512 Larimer Street
Suite 540
Denver, CO 80202
PH: 303.626.8290

August 23, 2021

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Re: **Natural Gas Management Plan Submittal for 3 Bear Delaware Operating – NM, LLC**
3 Bear Lea Gas Gathering System (fAPP2123162048)

3 Bear Delaware Operating – NM, LLC is submitting their Natural Gas Management Plan. Included in the electronic submittal are the required GIS files, Natural Gas Management Form and the Natural Gas Management Plan for the 3 Bear Lea Gas Gathering System (fAPP2123162048).

Several of the sections of the Natural Gas Management Form are not applicable to the 3 Bear Lea Gas Gathering System because 3 Bear Delaware Operating – NM, LLC is a midstream operator with no wells.

Please call me if there are questions regarding this submittal.

Sincerely,

Elisabeth Klein
Director, EHS Regulatory Compliance
303-882-4404

Electronic Attachments

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720
District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

QUESTIONS

Action 43412

QUESTIONS

Operator: 3BEAR FIELD SERVICES, LLC 1512 Larimer St, Suite 540 Denver, CO 80202	OGRID: 372603
	Action Number: 43412
	Action Type: [NGGS] NGGS Operations Plan (NGGS-OP)

QUESTIONS

Verification	
Does the operator own the selected facility	Yes
Is the selected facility a natural gas gathering system	Yes

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
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Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

ACKNOWLEDGMENTS

Operator: 3BEAR FIELD SERVICES, LLC 1512 Larimer St, Suite 540 Denver, CO 80202	OGRID: 372603
	Action Number: 43412
	Action Type: [NGGS] NGGS Operations Plan (NGGS-OP)

ACKNOWLEDGMENTS

☑	I certify that, after reasonable inquiry, the statements in and attached to this Natural Gas Gathering System Operations Plan are true and correct to the best of my knowledge and acknowledge that a false statement may be subject to civil and criminal penalties under the Oil and Gas Act.