



DJR Operating, LLC
Midstream Operations Plan
MARCUS GATHERING SYSTEM
Version 08.23.21

Segment Name (State Located)	Marcus (New Mexico)	
Date of Installation	Estimated 1990	
Construction Type	Welded Steel	Welded Steel
Product	Gas	
Diameter	4-10"	
Miles	70	
Design Pressure	Med	
Max Operating Pressure	250 psig	
Max Daily Throughput	Estimated 3500 MSCFD	
Scada (Y/N)	Yes	
Leak Detection Capabilities	Patrol	
Auto Shut-off (Y/N)/Details on Shut-off procedures	No	

1.0 System Overview

1.1 General purpose overview of the gathering system (i.e., service area and intent of the lines, etc.): The intent of the gathering system is to gather produced natural gas from DJR operated wells via pipelines for sale at Enterprise's Chaco Plant. The service area includes pipeline in San Juan, Rio Arriba and Sandoval counties of New Mexico as well as on the Jicarilla Indian Reservation. DJR operates a total of ~300 miles of pipeline. Refer to the tables below for details and an attached map.

1.1.2 High or low pressure: The system operates at pressures between 10 to 500 psi depending upon the segment. MAOP's (maximum allowable operating pressure) of the various pipeline segments are listed in the tables below.

1.1.3 PHMSA/NMPRC Regulated/Non-Regulated lines: Pursuant to a preliminary evaluation, none of DJR lines are regulated by PHMSA under CFR 49 Part 192 or 195 or NMPRC.

1.1.4 Sweet or Sour Natural Gas: All gas produced and transported through DJR's gathering system is sweet. Sampling of DJR well sites and facilities for H₂S is conducted. If any presence of H₂S is detected, chemical treatment is performed to keep concentrations below 4 ppm in any gas stream.

1.1.5 Above ground or buried lines: All of DJR's Midstream pipelines are buried.

1.1.6 Installation date of lines (By Decade): The Bisti and Otero areas have piping that has been in service since ~1960's and various segments have been added since then. Estimations of date of installation are provided in the tables below.

1.1.7 Construction material: See tables below for details on materials of construction used on DJR's various pipeline segments.



2.0 Routine Operations and Maintenance

2.1 Physical pipeline marking and identification: All gathering lines associated with DJR's midstream operation are identified above ground using carsonite makers. The markers have contact information in the event of an emergency.

2.2 Right of Way patrols, Leak surveys: DJR completed an aerial survey of our gathering system in May and June of 2021. Patrolling of DJR pipelines will be conducted annually via pedestrian surveys and/or aerial survey.

2.3 Pipeline Pigging

2.3.1 Schedule: DJR maintains a regular pigging schedule. Frequency is determined based on fluid drop out, gas volumes/pressures and seasonal temperatures. Some gathering lines cannot be pigged due to the original design of the system.

2.3.2 Pigging types and applications: DJR utilizes either pig traps or pigging valves to launch and receive pigs on the system. Newly installed facilities have pigging capabilities.

2.4 Pipeline maintenance program

2.4.1 Depressurization procedures: Depressurization of pipeline assets are completed for maintenance, construction, or repairs. Volume of gas vented/flared is calculated and reported as required.

2.4.2 Cathodic protection/anode installation Cathodic protection is installed, and cathodic test points exist throughout the gathering system. The inspections are completed by an independent third party with maintenance and repairs made as needed. DC voltage for all cathodic protection test points is read and recorded annually. Rectifier output reads are completed bimonthly. In 2021 a DC current on/off survey is being completed. During these assessments, exposed pipeline segments and soil/air interface integrity deficiencies are noted and recorded for repair.

Records of cathodic readings historically have been maintained on a DJR server. Beginning with 2021, records are being maintained on a third party's ADC (Advanced Data Collection) system as well.

2.4.3 Pressure test and dewatering: All new gathering lines are tested to a pressure of 1.25 - 1.5 times MAOP or pre-pressure tested piping is used with tie-in welds being x-rayed per ASME B31.8.

2.5 Pressure test guidelines and schedule: Pressure testing is completed to industry standard (ASME B 31.8, ASME B 31.3, ASME B31.4). The need for reoccurring ILI (in-line inspection), pressure testing or direct assessment will be determined using DJR's integrity management risk assessment plan.



3.0 Cathodic Protection, Corrosion Control and Liquids Management

3.1 Cathodic Protection

3.1.1 Installation on new pipelines: Cathodic protection is installed, or verification of coverage is conducted on all newly constructed pipelines.

3.1.2 Installation or retrofit on existing pipelines: For retrofitted or additions to existing pipelines, cathodic protection surveys are conducted to establish that the system is properly covered by existing cathodic protection rectifiers/anodes. New rectifiers are installed as needed.

3.1.3 Monitoring and testing program to ensure effective cathodic protection program is ongoing, but an annual field-wide program began in 2017 and was expanded to an annual field wide program that is being repeated in 2021. See section 2.5.2 for additional details.

3.2 Chemical treatments: Hydrate inhibitor along with methanol is being used for chemical treatment of the gathering system. No corrosion or scale chemicals are being used on the natural gas pipelines at this time.

3.3 Fluid management - centralized vs. field dehydration: Some dehydration is installed but has been out of service for over three years. If operating pressure of the gathering line is increased, the field dehydration will be placed back into service at the Marcus, Otero, and Buena Suerte compressor stations.

3.4 Tank Operations and Maintenance associated with the gathering system. How are the tanks managed to reduce venting and overflow events (i.e., tanks related to pigging, dehydration, etc.): Tank level monitoring is part of DJR's automation system and is monitored via the Cygnet data system continuously in DJR's control room located in the Aztec office. The tanks will be shut-in when high levels are reached and will remain shut-in until liquid can be transported by truck for sale.

3.5 Corrosion Coupons: Corrosion coupons are installed on the higher MAOP (maximum allowable operating pressure) gas pipeline (BMG) and monitored regularly.

4.0 Procedures to Reduce Releases

4.1 Procedures to reduce venting and flaring during maintenance, emergencies, and malfunctions: DJR's gathering system does have isolation valves on the pipeline which are manually closed in the event of maintenance, emergencies, or malfunctions. DJR can then shut-in the wells flowing into the pipeline system.

4.2 Procedures for reporting scheduled maintenance and emergencies to upstream operators: DJR has a list of affected companies and will notify them ahead of routine maintenance and immediately if an emergency shutdown occurs with the gathering system.



4.3 Emergency response plan (Safety Plan): DJR's Emergency Response Field plan is utilized for midstream/pipeline emergencies. The objective of this plan is to comply with the Occupational Safety and Health Administration's (OSHA) emergency response plan standard, 29 CFR 1910.38 and to prepare employees for dealing with emergency situations.

4.3.1 Source elimination: If a leak or release occurs with the gathering system, that portion of the gathering system will be immediately shut in. All wells connected to that portion of the gathering system will be shut in. If the release involves fluids, all efforts will be made to contain the materials until removal.

4.3.2 Reporting to regulatory agencies: DJR's safety plan provided details on emergency response notification depending upon the type of emergency. All spills or releases are assessed pursuant to regulatory requirements for the jurisdictional agencies. All spills or releases are first assessed for volume thresholds outlined in Title 19, Chapter 15, Part 29 of the New Mexico Oil Conservation Division rules. Specifically, any spill is assessed as a major or a minor and notification is made to the NMOCD per Section 19.15.29.7. Spills which are reportable are made to the NMOCD, the Jicarilla Environmental Protection Office and the Bureau of Land Management based upon regulatory jurisdiction. If a spill reaches waters of the U.S., the National Response Center would be contacted.

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 44212

QUESTIONS

Operator: DJR OPERATING, LLC 1 Road 3263 Aztec, NM 87410	OGRID: 371838
	Action Number: 44212
	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

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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.