

GW - 002

**H2S CONTINGENCY
PLAN**

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Tuesday, September 13, 2011 7:34 AM
To: Jamerson, Kelly D
Subject: H2S Contingency Plan Receipt and Update

Mr. Jamerson:

Good morning. The OCD has received the [H2S] analytical data confirming DCP Midstream, L.P.'s initial determination that OCD H2S Contingency Plans do not apply to the following gas plant facilities:

Eddy County:

- East Carlsbad Gas Plant (GW-069)

Lea County:

- Lee Gas Plant (closed)
- Antelope Ridge Gas Plant (GW-162)
- Hobbs Gas Plant (GW-175)
- Zia Gas Plant (145)

Analytical data from DCP to date has not been received for the following gas plants:

Eddy County:

GW-237	DCP MIDSTREAM, LP	DUKE PECOS DIAMOND GP	Gas Plant	A	Eddy	DUKE PECOS DIAMOND GP	G-3-18 S-27 E
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Lea County:

GW-016	DCP MIDSTREAM, LP	DUKE EUNICE GP	Gas Plant	A	04/25/2009	Keith Warren 303-605-2176	Lea	DUKE EUNICE GP	H-5-21 S-36 E
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The OCD will be expecting the data soon for the above gas plants. Please contact me if you have questions. Thank you.

Carl J. Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.
Oil Conservation Division, Environmental Bureau
1220 South St. Francis Dr., Santa Fe, New Mexico 87505
Office: (505) 476-3490
Fax: (505) 476-3462
E-mail: CarlJ.Chavez@state.nm.us
Website: <http://www.emnrd.state.nm.us/ocd/>
"Why not Prevent Pollution; Minimize Waste; Reduce the Cost of Operations; & Move Forward with the Rest of the Nation?" To see how, go to "Pollution Prevention & Waste Minimization" at:
<http://www.emnrd.state.nm.us/ocd/environmental.htm#environmental>)



RECEIVED OCD 1625 W. Marland Blvd.
Hobbs, NM 88240

2011 SEP 12 P 11:58

September 9, 2011

Mr. Carl J. Chavez-Environmental Engineer
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

RE: Request for H₂S Contingency Plans for DCP Midstream

Dear Mr. Chavez:

This letter is in response to your letter dated July 27, 2011 in regards to the quality of gas processed at Antelope Ridge, Hobbs, and Zia Plants located in Lea County, NM.

Attached are the gas analyses that show the gas being processed contains no hydrogen sulfide.

Please contact me should you have any questions at (575) 397-5539.

Sincerely,

A handwritten signature in black ink that reads 'Kelly Jamerson'.

Kelly Jamerson
SENM Asset Director

Enclosure

Monthly Meter Analysis

September, 2011



13212003 Antelope Ridge Inlet

Component	Mole %	GPMs	Mass %
Carbon Dioxide, CO2	0.9596		1.9878
Nitrogen, N2	3.5765		4.7159
Methane, C1	76.4218		57.7065
Ethane, C2	10.4169	2.7947	14.7433
Propane, C3	5.4857	1.5161	11.3858
iso-Butane, iC4	0.6739	0.2212	1.8436
n-Butane, nC4	1.5200	0.4807	4.1584
iso-Pentane, iC5	0.3643	0.1337	1.2372
n-Pentane, nC5	0.3315	0.1205	1.1258
Hexanes Plus, C6+	0.2498	0.1094	1.0957
Water, H2O			0.0000
Hydrogen Sulfide, H2S	0.0000		0.0000
Oxygen, O2	0.0000		0.0000
Carbon Monoxide, CO			0.0000
Hydrogen, H2			0.0000
Helium, He	0.0000		0.0000
Argon, Ar			0.0000
Totals	100.0000	5.3763	100.0000

Property	Total Sample	C6 Plus Fraction
Pressure Base	14.730	
Temperature Base	60.00	
HCDP @ Sample Pressure		
Cricondentherm		
HV, Dry @ Base P, T	1213.31	
HV, Sat @ Base P, T	1192.19	
HV, Sat @ Sample P, T		
Relative Density	0.7357	
Fws Factor		
Free Water GPM		
Stock Tank Condensate Bris/mm		
26 # RVP Gasoline	0.523	
Testcar Permian	0.651	
Testcar Panhandle	0.547	
Testcar Midcon	0.520	

Sample		
Date: 10/11/2010	Pressure:	521.0
Type: Spot	Temperature:	74.0

*** End of Report ***

Monthly Meter Analysis

September, 2011



13312006 HOBBS PLANT INLET

Component	Mole %	GPMs	Mass %
Carbon Dioxide, CO2	0.4770		1.0349
Nitrogen, N2	1.5842		2.1878
Methane, C1	81.7460		64.6510
Ethane, C2	9.1589	2.4567	13.5769
Propane, C3	4.1881	1.1573	9.1044
iso-Butane, iC4	0.5536	0.1817	1.5863
n-Butane, nC4	1.1859	0.3750	3.3980
iso-Pentane, iC5	0.3097	0.1136	1.1016
n-Pentane, nC5	0.2898	0.1054	1.0308
Hexanes Plus, C6+	0.5068	0.2218	2.3283
Water, H2O			
Hydrogen Sulfide, H2S	0.0000		0.0000
Oxygen, O2	0.0000		0.0000
Carbon Monoxide, CO			
Hydrogen, H2			
Helium, He	0.0000		0.0000
Argon, Ar			
Totals	100.0000	4.6115	100.0000

Property	Total Sample	C6 Plus Fraction
Pressure Base	14.730	
Temperature Base	60.00	
HCDP @ Sample Pressure		
Cricondentherm		
HV, Dry @ Base P, T	1206.43	
HV, Sat @ Base P, T	1185.44	
HV, Sat @ Sample P, T		
Relative Density	0.7023	
Fws Factor		
Free Water GPM		
Stock Tank Condensate Brls/mm		
26 # RVP Gasoline	0.669	
Testcar Permian	0.642	
Testcar Panhandle	0.605	
Testcar Midcon	0.576	

Sample		
Date: 08/09/2011	Pressure:	401.0
Type: Spot	Temperature:	82.0

*** End of Report ***

Monthly Meter Analysis

January, 2009



2511-01-03 ZIA Total Inlet

Component	Mole %	Ideal GPMs @ 14.696	Mass %
Carbon Dioxide, CO2	0.6078		
Nitrogen, N2	1.1245		
Methane, C1	85.1134		
Ethane, C2	7.9403	2.1181	
Propane, C3	3.3635	0.9243	
iso-Butane, iC4	0.4557	0.1487	
n-Butane, nC4	0.8244	0.2592	
iso-Pentane, iC5	0.2272	0.0829	
n-Pentane, nC5	0.1951	0.0705	
Hexanes, C6	0.1482	0.0608	
Heptanes, C7	0.0000	0.0000	
Octanes, C8	0.0000	0.0000	
Nonanes, C9	0.0000	0.0000	
Decanes Plus, C10+	0.0000	0.0000	
Water, H2O	0.0000		
Hydrogen Sulfide, H2S	0.0000		
Oxygen, O2	0.0000		
Carbon Monoxide, CO	0.0000		
Hydrogen, H2	0.0000		
Helium, He	0.0000		
Argon, Ar	0.0000		

Property	Total Sample	C10 Plus Fraction
Pressure Base		
Temperature Base	60.00	
HCDP @ Sample Pressure		
Cricondentherm		
HV, Dry @ Base P, T		
HV, Sat @ Base P, T	1130.62	
HV, Sat @ Sample P, T		
Relative Density	0.6679	
Fws Factor		
Free Water GPM		
Stock Tank Condensate Brls/mm		
26 # RVP Gasoline		
Testcar Permian		
Testcar Panhandle		
Testcar Midcon		

Totals 100.0001 3.6645 0.0000

Sample		
Date: 01/31/2009	Pressure:	0.0
Type:	Temperature:	0.0

*** End of Report ***



New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



July 27, 2011

Mr. Kelly Jamerson, Director – SENM Asset
DCP Midstream
1625 West Marland Street
Hobbs, New Mexico 88240

Dear Mr. Jamerson:

Re: H₂S Contingency Plans Gas Plants: Antelope Ridge, Hobbs, Lee and Zia (Lea County)

The New Mexico Oil Conservation Division (OCD) is in receipt of your letters (letters) dated June 2, 2011 for the above listed gas plant facilities in the OCD Hobbs District. The letters were sent to the OCD to address the OCD's request for H₂S Contingency Plans (CP) for DCP Midstream's Gas Plants.

The OCD notices from your letters that the Lee Gas Plant no longer exists. However, the Antelope Ridge, Hobbs and Zia Gas Plants are in operation. The OCD has reviewed and considered the statements made in the letters that the facilities are "sweet gas processing plants" and influent gas into the facilities does not contain H₂S.

The OCD hereby requires an analyses for H₂S concentrations (ppm) in the influent pipelines before any separation or treatment into the facilities with maximum flow rate in the pipeline and ROE calculations for any gas with [H₂S] exceeding 100 ppm to satisfy the OCD's H₂S Regulations (§ 19.15.11 NMAC). This should determine whether the facility is required to submit an H₂S CP. The OCD requires that H₂S CPs and/or site-specific data verifying that a CP(s) are not needed must be submitted within 60-days from the date of this letter or by COB on September 22, 2011.

Please contact me if you have questions at (505) 476-3490. Thank you.

Sincerely,

Carl J. Chavez
Environmental Engineer

File: GWs-002, 069, 145, and 175 ("H₂S Contingency Plan" Thumbnail)

xc: OCD Environmental Bureau
 OCD District Office





RECEIVED OCD
2011 JUN -7 A 11:57

June 2, 2011

DCP Midstream
1625 West Marland Street
Hobbs, NM 88240

Mr. Daniel Sanchez
State of New Mexico
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

This letter is in reference to your letter dated March 1, 2011 (copy attached) which referred to the DCP Lee Gas Plant and provided requirements for H₂S contingency plans for facilities processing sour gas (100 ppm or greater).

Please be advised that the Lee Gas Plant (GW-002) no longer exists. It was shut-down by a predecessor company in 1995 and the equipment has been removed from the site

If additional information is required, please advise.

Sincerely,

A handwritten signature in cursive script that reads 'Kelly Jamerson'.

Kelly Jamerson
Director – SENM Asset



New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Brett F. Woods, Ph.D.
Acting Cabinet Secretary

Daniel Sanchez
Acting Division Director
Oil Conservation Division



RECEIVED

March 1, 2011

MAR 07 2011

Mr. Tony Lee
Asset Manager
DCP Midstream, LP
370 17th Street, Suite 2500
Denver, CO 80202

DCP Midstream
Environment Health & Safety

Dear Mr. Lee:

Re: Lee Gas Plant (GW-002) Oil and Gas Facilities/Operations that may Vent and/or Flare H₂S Gas

The New Mexico Oil Conservation Division (OCD) is writing to operators of the above-referenced types of facilities or operations that may have New Mexico Environmental Department (NMED) - Air Quality Bureau (AQB) Oil and Gas type Permits. The purpose of this communication is to inform operators of such facilities regarding OCD Rules that may be applicable to gas plant operators and/or oil and gas facilities/operations in the hope that it provides some clarification regarding the applicability of these rules, and to ultimately increase overall compliance

In New Mexico, the OCD Rules that pertain to Hydrogen Sulfide (H₂S) Gas are provided at § 19.15.11 et seq. NMAC (Hydrogen Sulfide Gas). The OCD Oil and Gas Rules that address "No-Flare" and the OCD Form C-129 process are provided at § 19.15.7.37 et seq. NMAC (Application for Exception to No-Flare). Gas plants have gas gathering pipelines with meters connected to operators who then either sell or vent casinghead gas into the gas gathering pipelines that feed into the plants. The OCD Rules that pertain to "Casinghead Gas" are provided at § 19.15.18.12 et seq. NMAC (Production Operating Practices).

This letter was precipitated by a recent event where a gas plant operator shut-in a "gas gathering pipeline." This "shutting-in" of the pipeline impacted approximately thirty individually-metered operators who may have continued operating instead of "shutting-in" their well(s). In spite of the fact that approximately thirty operators were impacted, the OCD observed that only one of those thirty operators contacted the OCD via Form C-129 as required under the OCD Rules to obtain approval of their application for an "exception to no-flare." (The operator initially had contacted the OCD to request approval to vent H₂S gas into the air rather than shut-in the well.) The OCD has serious public safety concerns when operators do not properly shut-in their wells when gas gathering pipelines and/or meters are shut-in, especially where the wells are near populated and/or agricultural areas due to the potential for loss of life from toxic gas.

In subsequent communications with gas plant operators who flare gas, the OCD discovered that the operators were under the impression that if their facility has an NMED- AQB Construction Permit which includes a provision to flare/emit gas, then this is all that is needed to operate in New Mexico. This is actually only partially correct because operators are also required to comply with the requirements set out in the OCD Rules regarding





New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Brett F. Woods, Ph.D.
Acting Cabinet Secretary

Daniel Sanchez
Acting Division Director
Oil Conservation Division



March 1, 2011

Mr. Tony Lee
Asset Manager
DCP Midstream, LP
370 17th Street, Suite 2500
Denver, CO 80202

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Oil Conservation Division
1220 South St. Francis Drive • Santa Fe, New Mexico 87505
Phone (505) 476-3440 • Fax (505) 476-3462 • www.emnrd.state.nm.us/OCD



Mr. Lee
DCP Midstream, LP
March 1, 2011
Page 2 of 2

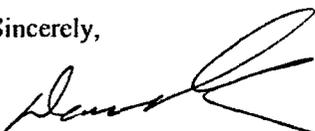
flaring and venting. For example, in the situation where a gas plant operator has notified connected well operators of a gas-gathering pipeline shut-down, each of those well operators is required to shut-in its well(s) or to obtain OCD District Supervisor approval to flare via an OCD C-129 Form. Operators who do not comply are illegally venting and/or flaring gas under OCD Rules.

In addition, gas plants and/or oil and gas operators may be required to satisfy OCD § 19.15.11 *et seq.* NMAC (Hydrogen Sulfide Gas) Contingency Plan requirements for facilities and wells in cases where 100 ppm or greater H₂S concentrations may impact public areas. OCD records indicate that DCP Midstream, LP does not currently have an H₂S Contingency Plan (CP) on file with the OCD. If you do not have an approved CP under § 19.15.11 *et seq.* NMAC (Hydrogen Sulfide Gas) for your gas plant yet, please submit your CP to the OCD Environmental Bureau in Santa Fe on or before August 11, 2011. (The OCD notes that it is aware of some operators who have recently submitted CPs to the OCD that are currently under review. Please advise if this is the case for DCP Midstream.)

The OCD recognizes that when multiple sets of Rules, Regulations and Statutes apply, it can sometimes be tricky to definitively determine which requirements apply, to whom and in what circumstances. Operators must, however, take all care to ensure that they are at all times operating in compliance with all applicable state, federal and/or local rules and regulations. In this instance, this means that operators are subject not only to the requirements imposed by the NMED-AQB permitting structure, but also to those set forth in the OCD Rules.

We hope that this communication has helped to clarify the issue regarding the applicability of the OCD Rules in these situations, regardless of the existence of a valid NMED-AQB permit. Please contact Carl Chavez of my staff at (505) 476-3490 if you have questions or need assistance with the CP. The OCD looks forward to bringing your facility into compliance with OCD Rules if it is not currently already in compliance. Thank you for your cooperation in this matter.

Sincerely,



Daniel Sanchez,
Compliance & Enforcement Manager

xc: Richard Goodyear, NMED- AQB
OCD Environmental Bureau
OCD District Offices