

GW - __119__

H2S CONTINGENCY PLAN

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Thursday, September 22, 2011 10:48 AM
To: Chavez, Carl J, EMNRD
Cc: Gonzales, Elidio L, EMNRD; Andersen, Ken N
Subject: Phillips East Vacuum Gas Plant (GW-119) H2S Contingency Plan Note to File

This note to file serves to document that the Oil Conservation Division (OCD) communicated with Mr. Ken Andersen (Environmental Specialist- ConocoPhillips) about the above subject submittal.

From OCD records, Mr. Andersen indicated, "the plant is used to re-inject produced gas for Enhanced Oil Recovery (EOR) and does not process gas for ConocoPhillips Company nor for any third party producers."

Consequently, unless conditions change and sour gas may impact public areas above 100 ppm [H2S], this note serves as a record for ConocoPhillips and OCD that an H2S Contingency Plan is not required at this time.

Please contact me if you have questions. Thank you.

File: OCD Online (GW-119) "H2S Contingency Plan" Thumbnail

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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. Kenneth N. Andersen
Environmental Specialist
ConocoPhillips Company
3300 North "A" Street, 6-129
Midland, TX 79705-5490

Dear Mr. Andersen:

Re: Phillips East Vacuum Gas Plant (GW-119) 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

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correct because operators are also required to comply with the requirements set out in the OCD Rules regarding 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 ConocoPhillips Company 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 ConocoPhillips.)*

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