



## Operations Plan

Sendero Midstream, LLC

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## SECTION 1.0 EXECUTIVE SUMMARY

Sendero Midstream, LLC (hereafter referred to as “the Company”) has prepared this Operations Plan in accordance with 19.15.28.8 NMAC. The Company submitted this Operations Plan to the Oil Conservation Division (hereafter referred to as “the Division”) on 08/20/2021 (Refer to Section 2.0 of this Document).

Additionally, the Company has included a Compliance Demonstration Summary associated with 19.15.28.8 through 10 NMAC (Refer to Section 3.0 of this Document).

The Company’s non-regulated natural gas gathering system began operations in 2017. The system consists of buried coated steel pipelines that operate in both high and low pressure sweet natural gas gathering service in the southeastern portion of New Mexico.

## SECTION 2.0 OPERATING PROCEDURES TO MINIMIZE WASTE OF NATURAL GAS

### 2.1 NATURAL GAS GATHERING SYSTEMS

Consistent with 19.15.28.8.C.(1) NMAC, “The operator shall take all reasonable actions to prevent and minimize leaks and releases of natural gas from a natural gas gathering system and shall implement an operations plan to minimize the waste of natural gas for each non-contiguous natural gas gathering system. The plan should include procedures to reduce leaks and releases, such as a routine maintenance program, cathodic protection, corrosion control, liquids management and integrity management.” Table 2-1 of this Document provides a reference to the Sections of the Company’s Gas Pipeline Operations & Maintenance (O&M) Manual that address the operations plan procedures identified in 19.15.28.8.C.(1) NMAC.

TABLE 2-1 REFERENCE CHART FOR EXISTING COMPANY OPERATING PROCEDURES

<b>Company Gas Pipeline O&amp;M Manual Section</b>
6 Normal Operations
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13.3.1 Pipe Removal
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13.4.3 Test Leads
13.4.4 Interference Bonds
13.4.5 Rectifier Inspections
13.4.6 Interference Currents
13.5 Electrical Isolation
13.5.1 Procedures
13.5.2 Recordkeeping
13.6 Atmospheric Corrosion
13.6.1 Exceptions
13.6.2 Atmospheric Corrosion Monitoring
13.6.3 Frequency
13.6.4 Recordkeeping
13.7 Remedial Measures
13.7.1 Localized Corrosion Pitting

<b>Company Gas Pipeline O&amp;M Manual Section</b>
13.7.2 Pipe Strength Determination
14 Valves
14.1 Valve Inspections and Maintenance
14.1.1 Procedure
14.1.2 Valve Security Procedure
14.1.3 Frequency
14.1.4 Recordkeeping
14.2 Valve Specifications

NOTE: Management of pigging liquids at natural gas gathering system compressor stations will conform with the applicable air permitting requirements. Management of liquids resulting from liquid (and associated vapors) transferred from storage tanks to tank trucks (or vice versa) will conform with applicable air permitting requirements.

Emergencies will be responded to in accordance with the Company's Emergency Response Plan and will conform with applicable agency requirements.

## SECTION 3.0 COMPLIANCE PLAN

### 3.1 COMPLIANCE DEMONSTRATION WITH 19.15.28

#### TITLE 19 NATURAL RESOURCES AND WILDLIFE

##### CHAPTER 15 OIL AND GAS

##### PART 28 NATURAL GAS GATHERING SYSTEMS

**19.15.28.1 ISSUING AGENCY:** Oil Conservation Commission. [19.15.28.1 NMAC – N, 05/25/2021]

**19.15.28.2 SCOPE:** 19.15.28 NMAC applies to persons engaged in natural gas gathering and processing within New Mexico. [19.15.28.2 NMAC – N, 05/25/2021]

**19.15.28.3 STATUTORY AUTHORITY:** 19.15.28 NMAC is adopted pursuant to the Oil and Gas Act, Section 70-2-6, Section 70-2-11 and Section 70-2-12 NMSA 1978. [19.15.28.3 NMAC – N, 05/25/2021]

**19.15.28.4 DURATION:** Permanent. [19.15.28.4 NMAC – N, 05/25/2021]

**19.15.28.5 EFFECTIVE DATE:** May 25, 2021, unless a later date is cited at the end of a section. [19.15.28.5 NMAC – N, 05/25/2021]

**19.15.28.6 OBJECTIVE:** To regulate the venting and flaring of natural gas from natural gas gathering systems to prevent waste and protect public health and the environment. [19.15.28.6 NMAC – N, 05/25/2021]

**19.15.28.7 DEFINITIONS:** Terms shall have the meaning specified in 19.15.2 NMAC except as specified below.

**A. “ALARM”** means advanced leak and repair monitoring technology for detecting natural gas leaks or releases that is not required by applicable state or federal law, rule, or regulation and which the division has approved as eligible to earn a credit against the reported volume of lost natural gas pursuant to Paragraph (3) of Subsection B of 19.15.28.10 NMAC.

**B. “AVO”** means audio, visual and olfactory.

**C. “Custody transfer point”** means the transfer of natural gas from upstream separation, processing, treatment, or in-field gathering to a pipeline or any other form of transportation occurring at sales metering equipment.

**D. “Emergency”** means a temporary, infrequent, and unavoidable event in which the loss of natural gas is uncontrollable or necessary to avoid a risk of an immediate and substantial adverse impact on safety, public health or the environment, but does not include an event arising from or related to:

(1) the operator’s failure to install appropriate equipment of sufficient capacity to accommodate the anticipated or actual rate and pressure of the natural gas gathering system;

(2) the operator’s failure to limit the gathering of natural gas when the volume of natural gas exceeds the capacity of the natural gas gathering system;

(3) scheduled maintenance;

(4) unscheduled maintenance or a malfunction that results in venting or flaring of natural gas by an upstream operator for which the operator fails to comply with Paragraph (2) of Subsection D of 19.15.28.8 NMAC;

(5) the operator’s negligence;

(6) recurring equipment failure; 4 or more times within a single reporting area within the preceding 30 days pursuant to Subsection A of 19.15.28.10 NMAC; or

(7) Four or more emergencies within a single reporting area pursuant to Subsection A of 19.15.28.10 NMAC experienced by the operator within the preceding 30 days, unless the division determines the operator could not have reasonably anticipated the current event and it was beyond the

operator's control.

**E. "Flare" or "Flaring"** means the controlled combustion of natural gas in a device designed for that purpose.

**F. "Flare stack"** means a device equipped with a burner used to flare natural gas.

**G. "Gathering pipeline"** means a pipeline that gathers natural gas within a natural gas gathering system.

**H. "GIS"** means geographic information system.

**I. "GPS"** means global positioning system.

**J. "Malfunction"** means a sudden, unavoidable failure or breakdown of equipment beyond the reasonable control of the operator that substantially disrupts operations, but does not include a failure or breakdown that is caused entirely or in part by poor maintenance, careless operation, or other preventable equipment failure or breakdown.

**K. "Natural gas"** means a gaseous mixture of hydrocarbon compounds, primarily composed of methane, and includes both casinghead gas and gas as those terms are defined in 19.15.2 NMAC.

**L. "Natural gas gathering system"** means the gathering pipelines and associated facilities that compress, dehydrate or treat natural gas after the custody transfer point and ending at the connection point with a natural gas processing plant or transmission or distribution system.

**M. "New gathering pipeline"** means a gathering pipeline placed into service after May 25, 2021.

**N. "Vent" or "Venting"** means the release of uncombusted natural gas to the atmosphere. [19.15.28.7 NMAC – N, 05/25/2021]

#### **19.15.28.8 VENTING AND FLARING OF NATURAL GAS:**

**A.** Venting or flaring of natural gas from a natural gas gathering system that constitutes waste as defined in 19.15.2 NMAC and is prohibited. The operator has a general duty to maximize the gathering of natural gas by minimizing the waste of natural gas through venting and flaring. The operator may vent or flare natural gas only as authorized in Subsection B of 19.15.28.8 NMAC. In all circumstances, the operator shall flare rather than vent natural gas except when flaring is technically infeasible or would pose a risk to safe operations or personnel safety and venting is a safer alternative than flaring.

Company will minimize the waste of natural gas through venting and flaring as authorized in Subsection B of 19.15.28.8 NMAC. Company will evaluate technical feasibility of venting versus flaring and take into consideration risk(s) posed to safe operations or personnel safety.

**B.** The operator shall not flare or vent natural gas except:

- (1) during an emergency or malfunction; or
- (2) during the following activities unless prohibited by applicable state and federal law, rule, or regulation for the emission of hydrocarbons and volatile organic compounds:
  - (a) repair and maintenance, including blowing down and depressurizing equipment to perform repair or maintenance;
  - (b) normal operation of a gas-activated pneumatic controller or pump;
  - (c) normal operation of dehydration units and amine treatment units;
  - (d) normal operation of compressors, compressor engines, and turbines;
  - (e) normal operation of valves, flanges, and connectors that are not the result of inadequate equipment design or maintenance;
  - (f) normal operation of a storage tank or other low-pressure production vessel, but not including venting from a thief hatch that is not properly closed or maintained on an established schedule;



- (g) gauging or sampling a storage tank or other low-pressure vessel;
- (h) loading out liquids from a storage tank or other low-pressure vessel to a transport vehicle;
- (i) normal operations of valves, flanges or connectors that are not the result of inadequate equipment design or maintenance;
- (j) blow down to repair a gathering pipeline;
- (k) pigging a gathering pipeline;
- (l) purging a gathering pipeline; or
- (m) commissioning of pipelines, equipment, or facilities only for as long as necessary to purge introduced impurities from the pipeline or equipment.

Company will comply with the exceptions listed in the above citation.

### C. PERFORMANCE STANDARDS

(1) The operator shall take all reasonable actions to prevent and minimize leaks and releases of natural gas from a natural gas gathering system and shall implement an operations plan to minimize the waste of natural gas for each non-contiguous natural gas gathering system. The plan should include procedures to reduce leaks and releases, such as a routine maintenance program, cathodic protection, corrosion control, liquids management and integrity management. The operator shall file its operations plan with the division:

- (a) for a natural gas gathering system placed into service after May 25, 2021, within 60 days following the date the natural gas gathering system is placed into service;
- (b) for a natural gas gathering system in place on or before May 25, 2021, within 90 days following May 25, 2021; and
- (c) for a natural gas gathering system to which the operator added a new gathering pipeline during the calendar year or changed the operations plan, an updated operations plan no later than March 31 of the following year.

Company's natural gas gathering system was in place on or before 5/25/2021, therefore the Operations Plan is required to be filed prior to 08/23/2021. The Company submitted this Document to the division on 08/20/2021.

If the Company places another natural gas gathering system in place, the Operations Plan for that system will be due 60 days after the date that the new gathering system is placed into service.

If a new gathering pipeline has been added during the calendar year or changed the Operations Plan, an updated Operations Plan must be submitted no later than March 31 of the following year.

(2) During scheduled maintenance, replacement, or repair of a new or existing natural gas gathering system, the operator shall not vent natural gas during blowdown and shall route natural gas to a portable flare stack which complies with the flare stack standards, inspection, and recordkeeping requirements in Subsection E of 19.15.27.8 NMAC.

During scheduled maintenance, replacement, or repair of a new or existing natural gas gathering system, the Company will comply with Paragraph C.(2), Paragraph (A), Paragraph B.(1)-(2), and applicable permit conditions.

For scheduled maintenance, replacement or repair of new or existing pipelines, Company will document the feasibility evaluation, the exception status and/or the permit evaluation on the Company's Safety Risk and

**Technical Infeasibility Form.**

(3) During unscheduled maintenance, replacement or repair of a new or existing natural gas gathering system, to the extent that it is technically feasible and would not pose a risk to safe operations or personnel safety, the operator shall not vent natural gas during blowdown and shall route natural gas to a portable flare stack which complies with the flare stack standards, inspection and recordkeeping in Subsection E of 19.15.27.8 NMAC.

During unscheduled maintenance, replacement, or repair of a new or existing natural gas gathering system, to the extent that it is technically feasible and would not pose a risk to safe operations or personnel safety, the Company will comply paragraph C.(3), Paragraph A, Paragraph B.(1)-(2), and applicable permit conditions.

For unscheduled maintenance, replacement or repair of new or existing pipelines, Company will document the feasibility evaluation, the exception status and/or the permit evaluation on the Company's Safety Risk and Technical Infeasibility Evaluation Form.

(4) The operator shall conduct a weekly AVO inspection of the compressors, dehydrators and treatment facilities associated with a natural gas gathering system to confirm those components are operating properly and there are no leaks or releases except as allowed in Subsection B of 19.15.28.8 NMAC.

(a) During an AVO inspection the operator shall inspect all components, including flare stacks, thief hatches, closed vent systems, pumps, compressors, pressure relief devices, valves, lines, flanges, connectors, and associated piping to identify defects, leaks, and releases by:

- (i) comprehensive external visual inspection;
- (ii) listening for pressure and liquid leaks; and
- (iii) smelling for unusual and strong odors.

Company will enter all AVO inspections of the compressors, dehydrators and treatment facilities in LogBook. An AVO inspection involves listening for leaks, looking for leaks (or signs of leaks) and smelling for leaks. Company will document AVO inspections in LogBook. If a leak is not immediately repaired, a Work Order will be issued in eMaint.

(b) The operator shall make and keep a record of an AVO inspection for no less than five years and make such records available for inspection by the division upon request.

Company will maintain all AVO inspection records for no less than 5 years and make such records available for inspection by the division upon request.

(c) Subject to the division's prior written approval, the operator may use a remote or automated monitoring technology to detect leaks and releases in lieu of an AVO inspection.

If the Company elects to utilize a remote or automated monitoring technology to detect leaks and releases in lieu of an AVO inspection, the Company will obtain the division's prior written approval.

(5) The operator shall perform an annual monitoring of the entire length of a gathering pipeline using an AVO technique, ALARM technology, aerial visual inspections, or other valid method to detect leaks and releases. The operator shall record and, upon the division's request, report the date and

time of the monitoring, the method and technology used. The operator shall retain records of monitoring for at least five years. Personnel conducting inspections shall be knowledgeable on the methods and technology being used.

Company will perform an annual monitoring of the entire length of a gathering pipeline using an AVO technique, ALARM technology, aerial visual inspections or other valid method to detect leaks and releases.

Company will document the gathering pipeline annual monitoring event date and time. The Company will document the method and technology used. Company will document this annual pipeline monitoring data on Form 004. If a leak is found, follow Company operating procedures outlined in Section 10 of the Gas Pipeline O&M Manual.

Company will record and, upon division's request, report the date and time of the monitoring, method and technology used.

(6) For facilities constructed after May 25, 2021, facilities shall be designed to minimize waste.

If the Company constructs a facility after 5/25/2021, those facilities will be designed to minimize waste.

(7) Operators have an obligation to minimize waste and shall resolve emergencies as quickly and safely as is feasible.

Company will minimize waste and resolve emergencies safely and as efficiently as possible.

#### **D. REPORTING TO AFFECTED UPSTREAM OPERATORS.**

(1) No less than 14 days prior to the date of scheduled maintenance, replacement or repair of a natural gas gathering system, the operator shall provide written notification to each upstream operator whose natural gas is gathered by the system of the date and expected duration that the system will not gather natural gas.

Company Operations Manager (or delegate) shall provide written notification in the form or email with received confirmation notice that the system will not gather natural gas to each affected upstream operators **no less than 14 days prior to the date** of scheduled maintenance, replacement or repair of a natural gas gathering system.

Operations Manager (or delegate) will file all affected upstream operator correspondence in Company's Reporting file (DocAdmin)

In accordance with Company Training Requirements, all training records associated with these Notification Procedures will be documented in Company's Training file (DocAdmin)

(2) As soon as possible but no more than 12 hours after discovery of an emergency or malfunction, or the need for unscheduled maintenance of a natural gas gathering system, the operator shall provide verbal notification to each upstream operator whose natural gas is gathered by the system of the date and expected duration that the system will not gather natural gas, and shall provide written confirmation of the verbal notification, including the date, time, person, and telephone number to whom

verbal notification was given no later than 24 hours after discovery.

Company Operations Manager (or delegate) shall provide verbal notification along with subsequent written notification in the form or email with received confirmation notice that the system will not gather natural gas to each affected upstream operators **as soon as possible but no more than 12 hours after discovery** of and emergency or malfunction, or the need for unscheduled maintenance of a natural gas gathering system.

Subsequent written notification (email sent with confirmation request) will summarize the verbal notice date, time, person, and telephone number with whom the verbal notification was given and shall be sent to affected upstream operators **no later than 24 hours after discovery**.

Operations Manager (or delegate) will file all affected upstream operator correspondence in Company's Reporting file (DocAdmin).

In accordance with Company Training Requirements, all training records associated with these Notification Procedures will be documented in Company's Training file (DocAdmin).

(3) The operator shall make and keep a record of each notification for no less than five years and make such records available for inspection by the division upon request.

Company will maintain all notification records of affected upstream operators for no less than 5 years and make such records available by inspection of the division upon request.

#### **E. MEASUREMENT OR ESTIMATION OF VENTED AND FLARED NATURAL GAS.**

(1) The operator shall measure or estimate the volume of natural gas that it vents, flares or beneficially uses regardless of the reason or authorization for such venting or flaring.

Company will document the volume of natural gas from a natural gas gathering system (either measured or estimated) that is vented, flared, or beneficially used regardless of the reason or authorization for such venting or flaring.

(2) The operator shall install equipment to measure the volume of natural gas flared from a natural gas gathering system.

If a flare is utilized to flare natural gas from a natural gas gathering system, the Company will utilize equipment to measure the volume of natural gas flared.

(3) Measuring equipment shall conform to an industry standard such as American Petroleum Institute (API) Manual of Petroleum Measurement Standards (MPMS) Chapter 14.10 Measurement of Flow to Flares.

If a flare is utilized to flare natural gas from a natural gas gathering system, the Company will utilize equipment to measure the volume of natural gas flared. The measuring equipment will conform to an industry standard.

(4) Measuring equipment shall not be designed or equipped with a manifold that allows the diversion of natural gas around the metering element except for the sole purpose of inspecting and servicing the measuring equipment.

If a flare is utilized to flare natural gas from a natural gas gathering system, the Company will utilize equipment to measure the volume of natural gas flared. The measuring equipment shall not be designed or equipped with a manifold that allows the diversion of natural gas around the metering element except for the purpose of inspecting and services the measuring equipment.

(5) If metering is not practicable due to circumstances such as low flow rate or low pressure venting and flaring, the operator shall estimate the volume of vented or flared natural gas using a methodology that can be independently verified.

If it is deemed that metering is not practical, the Company shall estimate the volume of vented or flared natural gas using a methodology that can be independently verified.

#### F. REPORTING OF VENTED OR FLARED NATURAL GAS.

(1) Venting or flaring caused by an emergency, a malfunction, or of long duration.

(a) The operator shall notify the division of venting or flaring that exceeds 50 MCF in volume and either results from an emergency or malfunction or lasts eight hours or more cumulatively within any 24-hour period from a single event by filing a form C-129 in lieu of a C-141, except as provided by Subparagraph (d) of Paragraph (1) of Subsection G of 19.15.27.8 NMAC, with the division as follows:

Company shall notify the division of venting or flaring caused by an emergency, a malfunction, or a long duration that exceeds 50 MCF in volume and either results from an emergency or malfunction or lasts 8 hours or more cumulatively within a 24-hour period from a single event. Company will utilize Form C-129 in lieu of C-141, except as provided in 19.15.27.8.G.(1)(d).

19.15.27.8 G.(1)(d) NMAC - The operator shall file a form C-141 instead of a form C-129 for a release that includes liquid during venting or flaring that is or may be a major or minor release under 19.15.29.7 NMAC.

(i) for venting or flaring that equals or exceeds 50 MCF but is less than 500 MCF from a single event, notify the division in writing by filing a form C-129 no later than 15 days following discovery or commencement of venting or flaring; or

Company shall notify the division of venting or flaring (caused by an emergency, a malfunction, or of long duration) that exceeds 50 MCF but is less than 500 MCF in volume and from a single event, the Company will notify the division in writing by filing Form C-129 no later than 15 days following discovery or commencement of venting or flaring.

(ii) no later than 15 days following the termination of venting or flaring, notify the division by filing a form C-129.

Company shall notify the division in writing by filing Form C-129 no later than 15 days following termination of venting or flaring.

(b) The operator shall provide and certify the accuracy of the

following information in the form C-129:

- (i) operator's name;
- (ii) name and type of facility;
- (iii) equipment involved;
- (iv) compositional analysis of vented or flared natural gas that is representative of the natural gas gathering system;
- (v) date(s) and time(s) that venting or flaring was discovered or commenced and terminated;
- (vi) measured or estimated volume of vented or flared natural gas;
- (vii) cause and nature of venting or flaring;
- (viii) steps taken to limit the duration and magnitude of venting or flaring;
- (ix) corrective actions taken to eliminate the cause and reoccurrence of venting or flaring.

In the event that a Form C-129 is transmitted to the division, the Company will certify compliance with items (i)-(ix) listed above.

(c) At the division's request, the operator shall provide and certify additional information by the specified date.

If requested by the division, the Company will provide and certify additional information by the specified date.

(d) The operator shall file a form C-141 instead of a form C-129 for a release which includes liquid during venting or flaring that is or may be a major or minor release under 19.15.29.7 NMAC.

If a release includes liquids during venting or flaring of natural gas from a natural gas gathering system, the Company will file a Form C-141 instead of a Form C-129.

(2) **Monthly reporting of vented and flared natural gas.** For each natural gas gathering system at which venting or flaring occurred, the operator shall separately report the volume of vented natural gas and the volume of flared natural gas for each month in each category listed below. Beginning October 1, 2021, the operator shall gather data for quarterly reports in a format specified by the division and submit by February 15, 2022 for the fourth quarter of 2021 and May 15, 2022 for the first quarter of 2022. Beginning April 2022, the operator shall submit a form C-115B monthly on or before the 15th day of the second month following the month in which it vented or flared natural gas. The operator shall specify whether it estimated or measured each reported volume. In filing the initial report, the operator shall provide the methodology (measured or estimated using calculations and industry standard factors) used to report the volumes on the form, and shall report changes in the methodology on future forms. The operator shall make and keep records of the measurements and estimates, including records showing how it calculated the estimates, for no less than five years and make such records available for inspection by the division upon request. The categories are:

- (a) emergency
- (b) non-scheduled maintenance or malfunction, including the abnormal operation of equipment;
- (c) routine repair and maintenance, including blowdown and depressurization;
- (d) beneficial use, including pilot and purge gas, fired equipment and engines;

- (e) gathering pipeline blowdown and purging;  
 (f) gathering pipeline pigging;  
 (g) storage tanks;  
 (h) venting as a result of normal operation of pneumatic controllers and pumps;  
 (i) improperly closed or maintained thief hatches; and  
 (j) other surface waste as defined in Subparagraph (1) of Paragraph (b) of Subsection W of 19.15.2.7 NMAC that is not described above.

Company will comply with the schedule outlined in the above paragraph:

For the 4<sup>th</sup> Quarter of 2021 (starting 10/01/2021) and ending 12/31/2021) the monthly reporting summary submittal is due 02/15/2022. This submittal will be documented on a division provided form (Part 28-Quarterly Venting and Flaring Report).

For the 1<sup>st</sup> Quarter of 2022 (starting 01/01/2022 and ending 03/31/2022) the monthly reporting summary submittal is due 05/15/2022. This submittal will be documented on a division provided form (Part 28-Quarterly Venting and Flaring Report).

On a monthly basis following Q1 2022, the monthly reporting summary submittal will be submitted on Form C-115B and will be due 15<sup>th</sup> day of the second month following the end of the monthly report:

April 2022 Report will be due 6/15/2022

May 2022 Report will be due 7/15/2022

June 2022 Report will be due 8/15/2022 (and so forth)

Part 28-Quarterly Venting and Flaring Reports and the Form C-115B will be completed by the Operator using the division's web-based on-line application on or before the 15<sup>th</sup> day of the second month in which venting or flaring occurred.

(3) Upon submittal of the C-115B report, the division will compile and publish on the division's website an operator's vented and flared natural gas information for each month on a volumetric and gas capture percentage basis.

(a) To calculate the lost natural gas on a volumetric basis, the operator shall deduct the volume of natural gas used for beneficial use and vented or flared during an emergency, or

(b) To calculate the natural gas captured on a percentage basis, the operator shall deduct the volume of lost gas calculated in Subparagraph (a) of Paragraph (3) of Subsection F of 19.15.28.8 NMAC from the total volume of natural gas gathered and divide by the total volume of natural gas vented as a result of normal operation of pneumatic controllers and pumps from the volume of natural gas gathered reported on its form C-115B.

For the natural gas gathering system, the Company will:

- |      |  |
|------|--|
| (i)  | calculate the lost natural gas on a volumetric basis by deducting the volume of natural gas from the natural gas gathering system used for beneficial use and vented or flared during an emergency or  |
| (ii) | calculate the natural gas captured on a percentage basis by deducting the volume of lost natural gas from the natural gas gathering system gathered and divide by the total volume of natural gas vented as a result of normal operation of pneumatic controllers and pumps from the volume of natural gas report its form C-115B. |

All Monthly Reporting Forms will be maintained in the Company's Reporting file (DocAdmin).

(4) Upon the New Mexico environment department's request, the operator shall

promptly provide a copy of any form filed pursuant to 19.15.28 NMAC. [19.15.28.8 NMAC – N, 05/25/2021]

The Company will promptly provide a copy of any form filed pursuant to 19.15.28 NMAC upon request of the New Mexico environmental department.

**19.15.28.9 LOCATION REQUIREMENTS:**

- A.** The operator shall file with the division a GIS digitally formatted as-built map:
- (1) for a new gathering pipeline or natural gas gathering system, no later than 90 days after placing the gathering pipeline or system into service;
  - (2) for an existing gathering pipeline or natural gas gathering system no later than 90 days after May 25, 2021; and
  - (3) for an addition to an existing gathering pipeline or natural gas gathering system, no later than 90 days after placing the addition into service.

Company's natural gas gathering system was in place on or before 5/25/2021, therefore the GIS digitally formatted as-built map is required to be filed prior to 08/23/2021. The Company submitted this Document to the division on 08/20/2021.

If the Company places another natural gas gathering pipeline or natural gas gathering system in place, the GIS digitally formatted as-built map for that system will be due 90 days after the date that the new gathering system is placed into service.

For an addition to an existing gathering pipeline or natural gas gathering system, an updated GIS digitally formatted as-built map must be submitted no later than 90 days after placing the addition into service.

- B.** To ensure proper field identification of a gathering pipeline in an emergency, the as-built map shall include a layer which identifies the pipeline size and construction material type.

Company will comply with the as-built map requirement that involves identifying the pipeline size (diameter) and construction material type.

- C.** No later than July 1<sup>st</sup> of each year, the operator shall file with the division an updated GIS digitally formatted as-built map of its gathering pipeline or natural gas gathering system, which shall include a GIS layer that identifies the date, location and volume of vented or flared natural gas of each emergency, malfunction and release reported to the division since 19.15.28 NMAC became applicable to the pipeline or system.

No later than July 1<sup>st</sup> of each year, the Company will comply with the requirement of submitting to the division an updated GIS digitally formatted as-built map of the gathering pipeline or natural gas system, which shall include a GIS layer that identifies the date, location and volume vented or flared natural gas of each emergency, malfunction and release reported to the division since 19.15.28 NMAC became applicable to the pipeline or system.

The volume of vented or flared natural gas from each emergency, malfunction and release reported from the natural gas gathering system reported to the division using Part 28-Quarterly Venting and Flaring Report and Form C-115B, the actual Lat/Long (or other coordinates) will need to be incorporated and be used by GIS to create the layer that is required by this citation.



**D.** The operator may assert confidentiality for the GIS digitally formatted as-built map and GIS layer pursuant to Section 71-2-8 NMSA 1978. [19.15.28.9 NMAC – N, 05/25/2021]

**The Company may assert confidentiality for the GIS digitally formatted as-built map and GIS layer pursuant to 71-2-8 NMSA 1978.**

**19.15.28.10 STATEWIDE NATURAL GAS CAPTURE REQUIREMENTS:**

**A. Statewide natural gas capture requirements.** Commencing April 1, 2022, the operator of a natural gas gathering system shall reduce the annual volume of vented and flared natural gas in order to capture no less than ninety-eight percent of the natural gas gathered in each of two reporting areas, one north and one south of the Township 10 North line, by December 31, 2026. The division shall calculate and publish on the division's website each operator's baseline natural gas capture rate based on the operator's fourth quarter 2021 and first quarter 2022 quarterly reports as per Paragraph (2) of Subsection G of 19.15.28.8 NMAC. In each calendar year between January 1, 2022 and December 31, 2026, the operator shall increase its annual percentage of natural gas captured in each reporting area in which it operates based on the following formula: (baseline loss rate minus two percent) divided by five, except that for 2022 only, an operator's percentage of natural gas captured shall not be less than seventy-five percent of the annual gas capture percentage increase (2022 baseline loss rate minus two percent divided by five times 0.75), and the balance shall be captured in 2023.

**(1)** The following table provides examples of the formula based on a range of baseline natural gas capture rates.

Baseline Natural Gas Capture Rate	Minimum Required Annual Natural Gas Capture Percentage Increase
90-98%	0-1.6%
80-89%	>1.6-3.6%
70-79%	>3.6-5.6%
0-69%	>5.6-19.6%

**RESERVED – Prior to 4/1/2022 the Company will review the baseline natural gas capture rate and determine the appropriate steps required to reduce the volume of vented and flared natural gas in order to capture at least 98% of the natural gas from the natural gas gathering system.**

**(2)** If the operator's baseline capture rate is less than sixty percent, the operator shall submit by the specified date to the division for approval, a plan to meet the minimum required annual capture percentage increase.

**RESERVED – Prior to 4/1/2022 the Company will review the baseline natural gas capture rate and determine the appropriate steps required to reduce the volume of vented and flared natural gas in order to capture at least 98% of the natural gas from the natural gas gathering system.**

**(3)** An operator's acquisition or sale of a natural gas gathering system from another operator shall not affect its annual natural gas capture requirements. No later 60 days following the acquisition or sale, the operator may file a written request to the division requesting to modify its annual gas capture

percentage requirements for good cause based on its acquisition or sale. The division may approve, approve with conditions, or deny the request in its sole discretion.

If the Company acquires or sells a natural gas gathering system from another operator, the natural gas capture requirements will not be affected. No later than 60 days following the acquisition or sale, the Company may file a written request to the division requesting to modify its annual gas capture percentage requirements for good cause on its acquisition or sale.

(4) Operators that are affiliated shall consolidate their natural gas capture reporting and compliance obligations.

RESERVED - The Company will comply with this citation.

**B. Accounting.** No later than February 28 of each year beginning in 2023, the operator shall submit a report certifying compliance with its statewide gas capture requirements. The operator shall determine compliance with its statewide gas capture requirements by deducting any ALARM credits approved pursuant to this subsection from the aggregated volume of lost gas calculated for each month during the preceding year pursuant to Subparagraph (a) of Paragraph (3) of Subsection F of 19.15.27.8 NMAC, deducting that aggregated volume of lost gas from the aggregated volume of natural gas produced for each month during the preceding year, and dividing that volume by the aggregated volume of natural gas produced for each month during the preceding year.

RESERVED - The Company will comply with this citation.

(1) An operator that used a division-approved ALARM technology to monitor for leaks and releases may obtain a credit against the volume of lost natural gas if it discovered the leak or release using the ALARM technology, and the operator:

- (a) isolated the leak or release within 48 hours following field verification;
- (b) repaired the leak or release within 15 days following field verification or another date approved by the division;
- (c) timely notified the division by filing a form C-129 or form C-141; and
- (d) used ALARM monitoring technology as a routine and on-going aspect of its waste-reduction practices.
  - (i) For discrete waste-reduction practices such as aerial methane monitoring, the operator must use the technology at least twice per year; and
  - (ii) for waste-reduction practices such as automated emissions monitoring systems that operate routinely or continuously, the division will determine the required frequency of use.
- (e) The division shall publish a list of division-approved ALARM technologies on the division's website.

RESERVED – The Company will comply with this citation.

(2) An operator may file an application with the division for a credit against its volume of lost natural gas that identifies:

- (a) the ALARM technology used to discover the leak or release;
- (b) the dates on which the leak or release was discovered, field-verified,

- released;
- (c) the method used to measure or estimate the volume of natural gas leaked or release;
- (d) a description and the date of each action taken to isolate and repair the leak or release;
- (e) visual documentation or other verification of discovery, isolation, and
- (f) a certification that the operator did not know or have reason to know of the leak or release before discovery using ALARM technology; and
- (g) a description of how the operator used ALARM technology as a routine and on-going aspect of its waste-reduction practices.

RESERVED - The Company will comply with this citation.

(3) For each leak or release reported by an operator that meets the requirements of Paragraphs (3) and (4) of Subsection B of 29.15.28.10 NMAC, the division, in its sole discretion, may approve a credit that the operator can apply against its reported volume of lost natural gas as follows:

- (a) a credit of forty percent of the volume of natural gas discovered and isolated within 48 hours of discovery and timely repaired; and
- (b) an additional credit of twenty percent if the operator used ALARM technology no less than once per calendar quarter as a routine and on-going aspect of its waste-reduction practices.

RESERVED - The Company will comply with this citation.

- (4) A division-approved ALARM credit shall:
  - (a) be used only by the operator who submitted the application pursuant to Paragraph (2) of Subsection B of 29.15.28.10 NMAC;
  - (b) not be transferred to or used by another operator, including a parent, subsidiary, related entity or person acquiring the natural gas gathering system;
  - (c) be used only once; and
  - (d) expire 24 months after division approval.
- (5) The division will publish a list of approved ALARM technology.

RESERVED - The Company will comply with this citation.

C. Third-party verification. The division may request that an operator verify any data or information collected or reported pursuant to this part, make recommendations to correct or improve the collection and reporting of data and information, submit a report of the verification and recommendations to the division by the specified date, and implement the recommendations in the manner approved by the division. If the division and the operator cannot reach agreement on the division's request, the operator may file an application for hearing before the division. The operator, at its own expense, shall retain a third party approved by the division to conduct the activities agreed to by the division and the operator or ordered by the division following a hearing. [19.15.28.10 NMAC – N, 05/25/2021]

History of 19.15.28 NMAC: [RESERVED]

**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 43753

QUESTIONS

Operator: SENDERO CARLSBAD MIDSTREAM LLC 2642 E 21st St. Tulsa, OK 74114	OGRID: 327139
	Action Number: 43753
	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  
  
Action 43753

ACKNOWLEDGMENTS

Operator: SENDERO CARLSBAD MIDSTREAM LLC 2642 E 21st St. Tulsa, OK 74114	OGRID: 327139
	Action Number: 43753
	Action Type: [NGGS] NGGS Operations Plan (NGGS-OP)

ACKNOWLEDGMENTS

<input checked="" type="checkbox"/>	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.
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