P-NMOCD 19.15.28: Midstream Operations Plan

Description:	This plan covers Hilcorp Energy's compliance to NMOCD 19.15.28 Performance Standard.
Regulatory Applicability:	☒ Natural Gas Gathering System
Reference:	NMOCD 19.15.28 Natural Gas Gathering System

Authority: Director of Asset Integrity Managment	**Custodian:** PRC&I Manager
Document Administrator: Document Controls	**Scope of Applicability:** NMOCD Natural Gas Gathering System
Issuing Group: PRC&I	**Next Review Date: 08/18/2022**

PURPOSE

This Operations Plan, written and submitted to the New Mexico Oil Conservation District (NMOCD) by Hilcorp Energy describes the operational practices, procedures, and actions that have been adopted and put in place by Hilcorp Energy to ensure a safe operation that minimizes leaks and releases of natural gas from its natural gas assets to the atmosphere and the surrounding environment.

SYSTEM OVERVIEW

The Hilcorp Energy asset covered by this document are natural gas gathering systems known referred to as Hilcorp Energy San Juan Natural Gas Gathering Systems, which lie around the confluence of San Juan county of New Mexico.

The gas gathering systems were constructed during the decades of 1960-2000, and gather sweet natural gas through a series of buried steel and non-metalic pipelines (but including normal surface appurtenances such as line junctions and above-ground valving). The system is operated at low pressure; therefore it is operating as a "wet" system, with no dehydration and only free water removal, which is the responsibility of the upstream operators. Normal operating pressure is less than 200 psig, and the systems Maximum Allowable Operating Pressure (MAOP) are 80 to 600 psig. The Hilcorp Energy gathering systems consist of regulated and non-regulated systems.

OPERATIONAL PRACTICES

Hilcorp Energy has numerous operational practices that protect people and employees who live and work near the assets, protect the environment, and maintain a high level of equipment and pipeline integrity. These practices include:

- Routine inspection of pipeline rights-of-way, surface piping, and other equipment associated with natural gas gathering operations, using both visual inspection and leak detection equipment.
- Inspection of buried pipelines during any excavation exposure of a Hilcorp Energy pipeline, including cathodic protection readings and pipe thickness readings.
- All buried pipelines are marked above ground, using pipeline markers with instructions for contacting Hilcorp Energy in the event of a pipeline emergency.
- A preventive maintenance program in which tasks are scheduled and documented, such as pipeline pigging, annual right-of-way leak survey, corrosion program, and routine facility safety inspections. Hilcorp Energy uses a Computerized Maintenance Management System (CMMS) to schedule and track these and other work tasks. The CMMS is also used to document corrective, unplanned work.
- Pipeline pigging is performed on a regular, scheduled basis. Pigging frequency varies from weekly to monthly, dependent on the size of the pipeline, the topography of the individual pipeline, and by monitoring the pigging section pressure drop and operating efficiency.
    - Hilcorp Energy operates condensate and water tanks at central compressor facilities and at delivery points to downstream third party Midstream systems. These tanks do not have emission controls. Pigged water is trucked or piped to disposal wells and condensate is sold at tanks.
- Hilcorp Energy gas pipelines are monitored for internal corrosion through the use of testing for corrosion causing bacteria and by monitoring metal loss through the use of corrosion coupons in corrosive service systems that provide a reference for pipeline metal loss.

- Lessons learned that stem from incident investigations and near misses are incorporated into operational practices.
- A cathodic protection program in which the entire gas gathering system is surveyed and analyzed at a minimum annually.
- Utilization of a System Control and Data Acquisition (SCADA) system, in which field data is monitored on a near-real time basis, for indications of potential leaks, inefficient pipeline operation, and abnormal operating conditions.

RULE COMPLIANCE

Hilcorp Energy has closely reviewed 19.15.28 NMAC (the Rule) and put in place practices that will establish compliance with its requirements. Generally, Hilcorp Energy had already established many of the operational and administrative practices required by 19.15.28 NMAC. Following are new practices that Hilcorp Energy is adopting as a result of the Rule requirements.

- Conduct and document weekly AVO inspections at Hilcorp Energy's natural gas compressor stations.
- Flare natural gas volumes during depressurization of significant pipeline segments. Flaring small volumes from low pressure depressurization of components such as pig receivers and launchers, meter runs, and other small volume sources have been determined to be technically infeasible due to available portable flare design and limitations.
- Formalization of Hilcorp Energy's practice of notifying upstream customers of scheduled maintenance or unplanned outages/emergency maintenance.
- Construct and submit GIS gathering system maps of the Hilcorp Energy gas gathering systems.
- Establish a record retention policy related to the documents and records related to the Rule.
- Schedule recurring reporting requirements.

CERTIFICATION

Hilcorp Energy submits this Operations Plan to NMOCD in accordance with the requirement described in NMAC 19.15.28.8C(1).

Hilcorp Energy will assume that this Operations Plan is accepted by NMOCD, and that NMOCD, unless expressly communicated otherwise, agrees that the information provided and represented herein is in accordance with the requirements of the Rule.

Revision/Review Log

Revision No.	Revision Date	Annual Review Y/N	Custodian /Authority	Revision Description
00	08/18/2021	Y	Ian Ellington Matt Henderson Clara Cardoza Brett Jones Josh Hatch	New Procedure in updated format.

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

QUESTIONS

Action 81729

QUESTIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 81729
	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

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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.