

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION COMMISSION**

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**IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION COMMISSION
FOR THE PURPOSE OF CONSIDERING:**

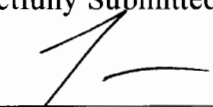
**APPLICATION OF DCP MIDSTREAM, LP
FOR AUTHORITY TO INJECT TREATED ACID GAS
INTO THE LOWER CHERRY CANYON
AND UPPER BRUSHY CANYON FORMATIONS
THROUGH ITS PROPOSED ZIA AGI #1 AND ZIA AGI #2,
LEA COUNTY, NEW MEXICO**

CASE NO. 15073

ENTRY OF APPEARANCE AND NOTICE OF INTERVENTION

Gabriel Wade hereby enters his appearance on behalf of the Oil Conservation Division,
an intervening party in the above captioned case.

Respectfully Submitted,



Gabriel Wade
Associate General Counsel
Oil Conservation Division
Energy, Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, NM 87505
505-476-3451
gabriel.wade@state.nm.us

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following party on February 6, 2014:

Mr. Adam G. Rankin
Holland & Hart
P.O. Box 2208
Santa Fe, NM 87504-2208
Telephone: (505) 988-4421
Fax: (505) 983-6043
agrarkin@hollandhart.com



Gabriel Wade

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DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION COMMISSION**

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LEA COUNTY, NEW MEXICO**

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**PRE-HEARING STATEMENT
APPEARANCES**

APPLICANT

DCP Midstream LP

APPLICANT'S ATTORNEY

Mr. Adam G. Rankin
Holland & Hart
P.O. Box 2208
Santa Fe, NM 87504-2208
Telephone: (505) 988-4421
Fax: (505) 983-6043
agrarkin@hollandhart.com

INTERVENER

Oil Conservation Division

INTERVENOR'S ATTORNEY

Gabriel Wade
Oil Conservation Division
Energy, Minerals and Natural
Resources Department
1220 S. St. Francis Drive
Santa Fe, NM 87505
Telephone: (505) 476-3451
Fax: (505) 476-3462
gabriel.wade@state.nm.us

STATEMENT OF THE CASE

Applicant DCP Midstream LP (DCP) has asked the Oil Conservation Commission (Commission) for authorization to drill, complete and operate an acid gas injection system comprised of two combined acid gas injection wells. DCP seeks to dispose of treated acid gas from its proposed Zia Gas Plant by injecting into DCP's proposed Zia AGI #1 and Zia AGI #2 injection wells located in Lea County, New Mexico.

The Oil Conservation Division (OCD) will call Phillip Goetze to testify regarding permits issued by the OCD for acid gas injection wells, safety issues, and to make

recommendations regarding conditions to be attached to any permit issued in this case. The OCD will ask the OCC to take administrative notice of: (a) recent hearing orders permitting acid gas injection wells, including R-12546 and R-12546-K and OCD Rules.

The Oil Conservation Division (OCD) does not oppose DCP's request for the permit. The OCD does ask the Commission include the following:

1. A Mechanical Integrity Test (MIT) every year for the proposed two wells. A yearly MIT would allow for DCP and the Division to verify or dispel the pressure data which is being collected by meters and gauges installed on the tubing and tubing/casing annulus.
2. Daily monitoring of pressure data, diesel replacement activities, atmospheric H₂S and the safety measures in place.
3. Monthly reporting of the daily gathered information on a C-103.
4. Thirty (30) days prior to the start of injection, DCP must work with OCD in setting immediate notification parameters for annulus pressure and tubing and casing differential pressure at a set injection temperature.
5. Ninety (90) days after injection has begun, DCP must review the pre-injection immediate notification parameters with OCD. If the parameters are protective, no change needs to be made, but if OCD does not find the parameters to be protective new immediate notification parameters shall be implemented.
6. The immediate notification parameters shall be reviewed periodically with OCD but not less than once a year.
7. Approval to commence injection conditional on the submission and approval of the H₂S contingency plan to be submitted with the final design for the surface facility.

The OCD is also making recommendations for remedial actions be conducted on four wells within the one-half mile area of review for the two proposed injection wells identified in the C-108 application.

Additionally, the OCD is requesting opportunity to review the documentation of notification of affected persons not included in the C-108 application, but necessary to complete the application.

INTERVENOR'S PROPOSED EVIDENCE

WITNESS:

ESTIMATED TIME:

1. Phillip Goetze

45 minutes

Mr. Goetze holds a Bachelor of Science degree in geology and is a registered geologist in the states of Arizona and Texas. He has been employed by OCD for over a year and has been qualified as a hearing examiner. His experience with OCD includes the review of C-108 applications submitted to the division under Rule 19.15.26 NMAC. Prior to employment with OCD, he has 30 years of experience including oil and gas resource evaluation and regulatory oversight with the United States Geological Survey and the

Bureau of Land Management. Mr. Goetze will testify about his review of the C-108 application prepared for DCP.

The OCD will offer Mr. Goetze as an expert in petroleum geology and underground injection.

2. Any rebuttal witness needed due to evidence presented at the hearing.

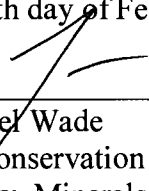
EXHIBITS

1. Orders of the Oil Conservation Commission R-12546 and R-12546-K.
2. DCP's application dated November 21, 2013.

PROCEDURAL MATTERS

None.

Respectfully submitted
this 6th day of February 2014 by

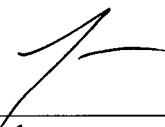


Gabriel Wade
Oil Conservation Division
Energy, Minerals and Natural
Resources Department
1220 S. St. Francis Drive
Santa Fe, NM 87505
(505) 476-3463
Fax (505) 476-3462
Email: gabriel.wade@state.nm.us
Attorney for the Oil Conservation Division

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Attorney for Applicant DCP Midstream LP



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