

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

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**APPLICATION OF FRONTIER FIELD SERVICES, LLC
FOR AUTHORITY TO INJECT TREATED ACID GAS
INTO THE WOLFCAMP FORMATION
THROUGH ITS PROPOSED MALJIMAR AGI WELL #2,
LEA COUNTY, NEW MEXICO**

CASE NO. 15193

INTERVENOR'S PRE-HEARING STATEMENT

INTERVENER

Oil Conservation Division

INTERVENOR'S ATTORNEY

Gabriel Wade

Oil Conservation Division

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STATEMENT OF THE CASE

The Oil Conservation Division (OCD) does not oppose Frontier Field Services' (Frontier) request for the permit but asks the Commission to include the following conditions:

1. Requirement for an annual Mechanical Integrity Test.
2. Conduct a separate Step-Rate Test (SRT) for the proposed well. A SRT was conducted on the Maljamar AGI Well No. 1 and the results used to increase the maximum surface injection pressure from the administratively approved maximum surface pressure. Frontier has requested that the results of the SRT for Maljamar AGI Well No. 1 be applied to the proposed Maljamar AGI Well No. 2. The Division's policy for grouping wells for increases of surface pressure using a representative SRT is limited to enhanced oil recovery and pressure maintenance projects, but is not applied to disposal wells no matter their proximity. The Division is requesting that the approved maximum surface injection pressure be 3028 psi. This pressure is calculated using the same parameters provide in the Form C-108 application for the Maljamar AGI Well No. 2 (page 6), but using a depth (TVD) to top of perforated interval of 9673 feet (Figure 5; completion diagram).
3. Incorporate a biocide component in the inert annular fluid of the well.
4. Daily monitoring of pressure data, diesel replacement activities, atmospheric H₂S and the safety measures in place.

5. Incorporate temperature controls to govern the temperature of injected fluid within parameters and provide an alarm system for these controls should parameters be exceeded.
6. Require the well to be equipped with a pressure-limiting device as well as a one-way safety valve on the tubing approximately 250 feet below surface.
7. Quarterly reporting of the daily-gathered information submitted using Form C-103.
8. Thirty (30) days prior to the start of injection, Frontier shall meet with Division to set immediate notification parameters for annulus pressure and tubing and casing differential pressure at a set injection temperature.
9. Ninety (90) days after injection has begun, Frontier must review the pre-injection immediate notification parameters with Division. If the parameters are protective, no change needs to be made; however, if Division does not find the parameters to be protective, new immediate notification parameters shall be implemented.
10. The immediate notification parameters shall be reviewed periodically with Division but not less than once a year.
11. All logs and the estimated static bottom pressure to be submitted to the Division's District I office.
12. Provide a report to Division following every tenth year of operation summarizing performance of the well and potential calibration of models due to information collected during the period.

The OCD will call Phillip Goetze to testify regarding permits issued by the OCD for acid gas injection wells, safety issues, and the conditions to be attached to any permit issued in this case. The OCD will ask the OCC to take administrative notice of recent hearing orders permitting acid gas injection wells, OCD Case No. 14664, and OCD Rules.

INTERVENOR'S PROPOSED EVIDENCE

WITNESS:

ESTIMATED TIME:

1. Phillip Goetze

20 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 by Frontier.

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.

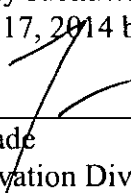
EXHIBITS

1. Order of the Oil Conservation Division R-13443.
2. Frontier's form C- 108 application dated June 6, 2014.

PROCEDURAL MATTERS

None.

Respectfully submitted
September 17, 2014 by

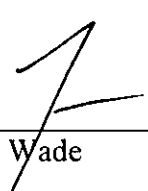


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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was electronically mailed on the following parties on September 17, 2014:

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