

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

APPLICATION OF 3BEAR FIELD SERVICES, LLC
FOR AUTHORIZATION TO INJECT ACID GAS INTO
THE PROPOSED LIBBY AGI #1 AND AGI #2 WELLS,
SECTION 26, TOWNSHIP 20 SOUTH, RANGE 34 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO

CASE NO. 20409

AMENDED PRE-HEARING STATEMENT

This Amended Pre-Hearing Statement is submitted by Candace Callahan of Beatty & Wozniak, P.C., as required by Oil Conservation Division Rule 19.15.4.13.B.

APPEARANCES OF PARTIES

APPLICANT

3Bear Field Services, LLC

APPLICANT'S ATTORNEY

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OTHER PARTY

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STATEMENT OF THE CASE

Applicant, 3Bear Field Services, LLC ("3Bear"), seeks an order from the New Mexico Oil Conservation Commission authorizing it to inject carbon dioxide (CO₂) and hydrogen sulfide (H₂S) from its Libby Gas Plant (the "Plant") into its proposed Libby Acid Gas Injection ("AGI") No. 1 well and its proposed Libby Acid Gas Injection ("AGI") No. 2 well. The proposed Libby AGI No. 1 well will be a vertical well with a surface and bottom hole location at 1970 feet from the West line and 1475 feet from the South line of Section 26, Township 20 South, Range 34 East. The proposed Libby AGI No. 2 well will be a deviated well with a surface location at 1970 feet from the West line and 1910 feet from the South line of Section 26, Township 20 South, Range 34 East, and a bottom hole location of 1320 feet from the West line and 2275 feet from the South line of Section 26, Township 20 South, Range 34 East, N.M.P.M., Lea County, New Mexico.

The Applicant proposes to inject CO₂ and H₂S (collectively "treated acid gas" or "TAG") for disposal into the Devonian and Upper Silurian Wristen and Fusselman Formations, at an approximate depth interval of 14,900 feet to 16,400 feet below the surface at a maximum allowable surface operating pressure of 4,525 psig. Applicant proposes authorization for a maximum injection rate of 8 million standard cubic feet per day ("MMSCFD"). The proposed wells will serve as disposal wells for acid gas at the Plant and are intended as redundant wells to assure continuous operation of the Plant should one well require repairs. Under normal operations both wells may be operated simultaneously, or either can be used independently.

PROPOSED EVIDENCE

WITNESSES	ESTIMATED TIME	EXHIBITS
Mike Solomon Sr. V.P. Engineering & Operations 3Bear Field Services, LLC	Approx. 15 minutes	1 Demonstrative Exhibit consisting of a Power Point presentation summarizing testimony
<p>Mr. Solomon's testimony will introduce 3Bear Field Services, LLC to the Commission and summarize the current Libby Plant operations and the proposed gas processing expansion and acid gas facility. Mr. Solomon will also testify regarding the environmental and economic benefits of the Libby Plant and how the proposed acid gas wells are integral to the Libby Plant.</p>		
Alberto A. Gutierrez, RG	Approx. 1.5 hours	<u>Exhibit 1</u> : C-108 (filed with hearing application); <u>Exhibit 2</u> : Page 11, replacing Page 11 in C-108 as filed with hearing application; <u>Exhibit 3</u> : Power Point slides (supplemented from previous filing); <u>Exhibit 4</u> : Notice Letters and Documentation of Notices Provided to Parties in the Area of Review; <u>Exhibit 5</u> : Seismic Survey Review with Fault Slip Probability Assessment; and <u>Exhibit 6</u> : New Mexico Acid Gas Injection Primer

Mr. Gutierrez will provide a primer on the acid gas injection process, generally its importance and benefits to oil and gas production in New Mexico, risks, alternatives and the safety record of acid gas wells in New Mexico. Mr. Gutierrez will testify on the technical aspects of the proposed Libby AGI No. 1 and Libby AGI No. 2 wells necessary to receive approval from the Commission for authorization to inject. Mr. Gutierrez will review 3Bear's C-108 application for authorization to inject, including the basis for the proposed injection wells. Mr. Gutierrez's review of the C-108 will include a discussion referring to corresponding exhibits of the well data

for the proposed wells, the wells within a one-mile radius of the proposed injection well, and a tabulation of the well data for all wells within the one-mile area of review that penetrate the proposed injection zone. This discussion will include testimony regarding the proposed location for the Libby AGI No. 1 and Libby AGI No. 2 wells. He will further testify regarding the geologic, stratigraphic, and hydrologic characteristics of the target injection zone, including assessment of the target formation water and injection fluid. Mr. Gutierrez will testify regarding water wells and oil and gas wells within the vicinity of the proposed injection wells and factors that mitigate against potential adverse impacts. Mr. Gutierrez will also testify to the estimated volume of the reservoir and radii of influence of the well, and the design and construction of the Libby AGI No. 1 and Libby AGI No. 2 wells. Mr. Gutierrez also will testify that well operations will not result in waste and will not impair correlative rights and will be protective of freshwater sources. Finally, Mr. Gutierrez will testify regarding the Seismic Survey Review conducted by Geolex, Inc., including a fault slip probability assessment, the prospective authorizations from the Bureau of Land Management, the Oil Conservation Division Hydrogen Sulfide Contingency Plan, and notice which has been given to affected parties.

PROCEDURAL MATTERS

Included with this Pre-Hearing Statement is a corrected Page 11 to the C-108 as submitted with the hearing application. This corrected page reflects execution by James C. Hunter, R.G. as Senior Geologist for Geolex, Inc. inadvertently omitted from the C-108 as previously filed. It is otherwise unchanged.

BEATTY & WOZNIAK, P.C.

By: 

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served on the following counsel of record by electronic mail on May 30, 2019:

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6.0 IDENTIFICATION AND REQUIRED NOTIFICATION OF OPERATORS, SUBSURFACE LESSEES, AND SURFACE OWNERS WITHIN THE AREA OF REVIEW

Geolex contracted with Elkhorn Land and Title of Roswell, New Mexico to research land records in Eddy Counties to obtain a listing of all operators, oil, gas and mineral lessees, and surface owners within a one-mile radius of the proposed AGI well. Appendix B includes the results from that search.

Table B-1 summarizes the surface owners, Table B-2 identifies the Operators, and Table B-3 lists working interest owners in the one-mile area of review. Table B-4 comprises the universe of persons that must be notified 20 days prior to the NMOCC hearing. Figure B-1 shows the locations of the surface owners, and Figure B-2 shows the Operators and the working interest owners

Appendix B also includes a copy of the notice letter text that will be provided to the parties. Individual notices will be sent and copies of the individual Notice Letters and Certified Mail Receipts, and Copies of the newspaper notice and affidavit of publication, will be provided to the Commission after the receipt of a Case Number and a date for the hearing.

7.0 AFFIRMATIVE STATEMENT OF LACK OF HYDRAULIC CONNECTION BETWEEN PROPOSED INJECTION ZONE AND KNOWN SOURCES OF DRINKING WATER

As part of the work performed to support this application, a detailed investigation of the structure, stratigraphy and hydrogeology of the area surrounding the proposed 3 Bear AGI wells has been performed. The investigation included the analysis of available geologic data and hydrogeologic data from wells and literature identified in Sections 3, 4 and 5 above including related appendices. Based on this investigation and analysis of these data, it is clear that there are no open fractures, faults or other structures which could potentially result in the communication of fluids between the proposed injection zone with any known sources of drinking water or oil or gas production in the vicinity as described above in Sections 4 and 5 of this application.

I have reviewed this information and affirm that is correct to the best of my knowledge.

James C. Hunter, R.G
Senior Geologist
Geolex, Inc.

 Date: 4/1/2019