

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

ACO 275-A

**IN THE MATTER OF DCP Midstream, LP
Respondent.**

TEN DAY EXTENSION OF ACO 275

Pursuant to the New Mexico Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38, as amended (Act), and the regulations promulgated under the Act, the Director of the Oil Conservation Division of the Energy Minerals and Natural Resources Department of the State of New Mexico (OCD) issues this 10 Day Extension of Order 275 to DCP Midstream, LP (DCP) directing compliance with the Act and Oil Conservation Division Rules.

I. FINDINGS & DETERMINATIONS BY THE OIL CONSERVATION DIVISION

1. The OCD is the state division charged with administration and enforcement of the Act and rules promulgated in accordance with the Act:
2. DCP is a Limited Partnership doing business in New Mexico. DCP is an active entity with a principal address of 370 17th Street, Suite 2500 Denver, CO 80202. DCP's OGRID is 36785.
3. DCP is the Operator of Record of the Acid Gas Injection well, API No. 30-025-38576 located at Unit Letter K, Section 30, Township 18 South, Range 37 East, Lea County, New Mexico. Well name is Linam AGI #001.
4. On April 20, 2012 DCP contacted OCD requesting an extension of shutdown/repair date for the Linam AGI #001. (See DCP letter dated April 20, 2012.)

II. CONCLUSIONS OF THE OCD

1. The OCD has jurisdiction over the parties and subject matter in this proceeding.
2. DCP is a person as defined by NMSA 1978, § 70-2-33(A).

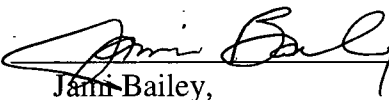
III. ORDER

1. The Director, having found good cause, grants DCP's request for a 10 day extension to the shutdown/repair date for the Linam AGI #001.

2. Therefore, DCP has until May 1, 2012 to commence repairs to Linam AGI #001.

Done at Santa Fe, New Mexico this 24th day of April 2012.

By:



Jami Bailey,

Director, Oil Conservation Division



Paul R. Tourangeau
Assistant General Counsel
DCP Midstream
370 17th Street, Suite 2500
Denver, CO 80202
303-605-2160
303-605-2226 FAX

April 20, 2012

By electronic mail, and via
U.P.S. Next Day Air

Jami Bailey
Director
Oil Conservation Division
Department of Natural Resources
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87505

Gabrielle Gerholt, Esq.
Attorney
Office of the General Counsel
Department of Natural Resources
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Re: Request for Seven Day Extension of Shutdown/Repair Date for DCP Midstream's Linam Ranch Acid Gas Injection Well, Para. III.8, Agreed Compliance Order No. 275 (January 23, 2012)

Dear Director Bailey and Ms. Gerholt:

For the reasons set forth herein, DCP Midstream, LP ("DCP") respectfully requests an extension of up to seven (7) days of the deadline under Para. III.8 of Agreed Compliance Order No. 275 (ACO No. 275, *In the Matter of DCP Midstream, LP*, January 23, 2012) to commence repairs on DCP's Linam Ranch Acid Gas Injection Well (AGI Well). If granted, the repairs on the Linam Ranch AGI Well would commence on or before May 1, 2012 (as opposed to Tuesday, April 24, 2012).

Consistent with ACO No. 275, DCP has made all preparations to initiate and complete repairs to the Linam Ranch AGI Well starting next week, on April 24, 2012. In addition, consistent with ACO No. 275 since January DCP has provided weekly AGI Well reports to the Oil Conservation Division, all of which generally reflect that the Linam Ranch AGI Well is operating in a safe and stable manner pending the AGI Well repair exercise.

As you may recall, the AGI Well repair exercise will be undertaken simultaneously with and as a part of the long-scheduled Linam Ranch Gas Plant "turnaround," an effort that has been in planning and preparation for many months. In preparing for the Linam Ranch Gas Plant turnaround, DCP is undertaking efforts to minimize the curtailment of upstream natural gas that would otherwise occur while the plant is down during the turnaround. One element of those efforts is to utilize DCP's Antelope Ridge Gas Plant in Lea County to augment system capacity, accepting some volume of sweet natural gas that is normally processed at the Linam Ranch Gas Plant. Last night, however, DCP encountered a process system problem with the amine

treatment system at the Antelope Ridge Gas Plant, which if not repaired and fully operational in a timely manner will result in that volume of sweet natural gas not being able to be managed and processed at the Antelope Ridge Gas Plant once the Linam Ranch Gas Plant turnaround commences. DCP is presently making all efforts with all due speed to fix the process system problem at the Antelope Ridge Gas Plant. Given this unfortunate timing in the face of final staging and initiation of the Linam Ranch turnaround (and simultaneously shutting down the AGI Well for repairs per ACO No. 275) at the beginning of the week on April 24, 2012, DCP may be unable to utilize the Antelope Ridge Gas Plant capacity as part of the effort to minimize curtailing gas during the turnaround. Rather than lose that ability to avoid curtailing some appreciable volume of sweet natural gas, DCP would like to delay initiating the turnaround of the Linam Ranch Gas Plant for up to seven days – since the AGI Well repair effort is integrally tied-into the Linam Ranch turnaround, DCP would thus need, and hereby requests, an extension of up to seven (7) days from the April 24, 2012, deadline in Para. III.8 of ACP No. 275, to May 1, 2012, to initiate the repair on the Linam Ranch AGI Well.

Granting this requested extension of up to seven days, and thus giving DCP the flexibility to initiate the turnaround and the AGI Well repair, would serve to avoid curtailment of some amount of sweet natural gas during the facility turnaround. DCP believes this is important.


If DCP is able to correct the system problems at the Antelope Ridge Gas Plant quickly, and initiate the Linam Ranch Gas Plant turnaround by April 24, 2012, DCP would do so, and would minimize or not utilize the extension of seven days from Para. III.8 of ACO No. 275.

DCP will commence the Linam Ranch Gas Plant turnaround, and thus the AGI Well repair effort, as quickly as possible when the Antelope Ridge Gas Plant is ready to receive natural gas, which may be less than the full seven days we are requesting for this extension.

DCP believes that this requested extension does not create a risk to safety or public health related to the AGI Well. DCP has undertaken a number of operational steps since January, consistent with ACO No. 275, to ensure that the AGI Well is operating in a safe and stable manner, and has been regularly monitoring the AGI Well parameters to confirm this. The operational limits in ACO No. 275 have not been exceeded, and there have been no excursions or adverse events related to AGI Well operations. DCP has provided weekly reports to OCD professionals capturing the operational metrics of the AGI Well, which reflect that the AGI Well is operating within controls and in a safe and reliable manner (see, all weekly AGI Well reports submitted by Alberto Gutierrez, Geolex, to E.L. Gonzales and Will Jones, OCD). DCP thus does not believe that a one week delay in initiating repairs imparts a safety risk associated with the AGI Well.

We regret the inconvenience of requesting this extension at the end of the week, so close to the initiation of this turnaround and repair effort. We appreciate any accommodation you can make, Director Bailey, to approve an extension near-term, and if necessary the extension can be reduced to writing on Monday, April 23, 2012. We very much appreciate your time in considering this request for an extension. If you have questions, or if you or Ms. Gerholt would like to communicate with DCP regarding the request, or would like to affirm the extension request, please do not hesitate to call me at 720.437.1969 (cell) or Mr. Jerry Barnhill at 303.249.9647 (cell).

Sincerely,

A handwritten signature in black ink, appearing to read 'Paul R. Tourangeau', followed by a horizontal line.

Paul R. Tourangeau
Assistant General Counsel

cc: David Ledonne – DCP Operations (by email)
Jerry Barnhill – DCP EHS (by email)
E.L. Gonzales – OCD (by email)
Will Jones – OCD (by email)
Alberto Gutierrez (by email)