

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

APPLICATION OF DUKE ENERGY FIELD
SERVICES, LP FOR AN ACID GAS INJECTION
WELL, LEA COUNTY, NEW MEXICO

CASE NO. 13589
ORDER NO. 12546-H

ORDER DENYING REQUEST TO CONTINUE HEARING

THIS MATTER came before the Oil Conservation Commission (Commission) for hearing on March 13, 2006, and on May 5, 2006, the Commission entered Order No. R-12546, which granted the application of Duke Energy Field Services, LP, now known as DCP Midstream, LP, to inject acid gas into the Lower Bone Spring (Wolfcamp) formation through a well to be drilled 1980 feet from the South and West lines (Unit K) of Section 30, Township 18 South, Range 37 East, NMPM, Lea County, New Mexico. Pursuant to Order No. R-12546, Paragraph N provided that prior to commencing injection into the Linam Ranch AGI well, DCP Midstream, LP shall secure Oil Conservation Division approval of an appropriate modification of the discharge permit for the Linam Gas Plant. Paragraph Q provided that prior to commencing injection, DCP Midstream, LP submit to the Oil Conservation Division's Engineering Bureau written evidence of satisfaction of the conditions precedent to injection provided in Order No. R-12546.

NOW, on this 5th day of July 2011, the Chair of the Commission,

FINDS THAT:

1. In Order No. R-12546-D, the Commission Chair authorized DCP Midstream, LP to temporarily inject acid gas into its Linam Ranch AGI well and stayed Paragraphs N and Q in Order No. R-12546 for a period of 90 days from the date of the Order.
2. As a condition of the authorization to temporarily inject acid gas into the Linam Ranch AGI well, the Commission Chair placed a temporary cap of 4 MMcfd on the injection rate and reduced the injection pressure. No volume limitation had been set in the original Commission order.
3. In Order No. R-12546-E, the Commission Chair stayed Paragraphs N and Q in Order No. R-12546 for an additional 60 days and authorized DCP Midstream, LP to continue to temporarily inject acid gas into the Linam Ranch AGI well during the extended stay.

4. In Order No. R-12546-F, the Commission Chair stayed Paragraphs N and Q in Order No. R-12546 for an additional 90 days and authorized DCP Midstream, LP to continue to temporarily inject acid gas into the Linam Ranch AGI well during the extended stay.

5. In Order No. R-12546-G, the Commission Chair stayed Paragraphs N and Q in Order No. R-12546 until a hearing was held before the Commission and authorized DCP Midstream, LP to continue to temporarily inject acid gas into the Linam Ranch AGI well during the extended stay.

6. On June 8, 2011, DCP Midstream, LP filed a motion asking the Commission for an order amending Order No. R-12546-D to allow for an increase in the maximum injection rate or waiving Paragraph N in Order No. R-12546, which requires an approved modification of a discharged permit.

7. On May 10, 2011, the Oil Conservation Division issued a "Revised OCD Discharge Plan Permit Requirements". It provides that the Oil Conservation Division will issue discharge permits for "processes that intentionally discharge" and other activities described in the Water Quality Act. Activities such as pits or surface waste management facilities that are covered by the Oil and Gas Act will not require a discharge plan.

8. On June 22, 2011, the Oil Conservation Division's Environmental Bureau notified DCP Midstream, LP that a discharge permit for the Linam Plant is no longer required.

9. A hearing on DCP Midstream, LP's Motion to Amend Order No. R-12546 is scheduled for July 14, 2011.

10. On June 24, 2011 Randy Smith, Naomi Smith, and the Smith Farm and Ranch (Smiths) filed a request with the Commission to continue the hearing set for July 14, 2011 until no earlier than September 14, 2011.

11. As the basis for the request the Smiths state that they need to conduct discovery in order to respond to the Motion to Amend Order No. R-12546. In particular, the Smiths state in their request that they need to conduct discovery because DCP Midstream, LP seeks to have the temporary cap of 4 MMcfd that was placed on the injection rate by the former Commission Chair in Order No. R-12546-D as a condition of granting DCP Midstream, LP's request to temporarily inject acid gas into the Linam Ranch AGI well removed.

12. As DCP Midstream, LP states in its response to the Smiths' request for continuance of the July 14, 2011 hearing this cap was not included in the Commission's Order No. R-12546. Order No. R-12546 did not include a volume limit for injecting acid gas into the Linam Ranch AGI well.

13. Randy Smith appeared through counsel and testified at the original hearing before the Commission in 2006. Mr. Smith had an opportunity to raise any concerns about the volume of acid gas to be injected at the hearing on March 13, 2006. Mr. Smith did not appeal Order No. R-12546.

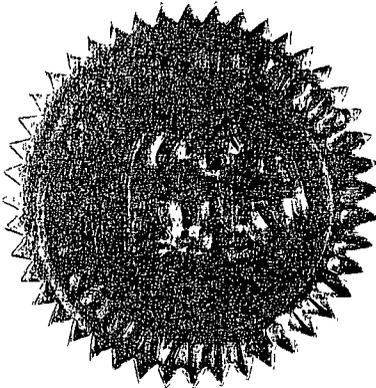
14. DCP Midstream, LP states in its response to the request for continuance that it believes that if a discharge permit is no longer required for the Linam Plant that it has met all of the conditions of the original order, Order No. R-12546.

The Chair having reviewed and considered the Smiths' request for continuance, DCP Midstream, LP's response, Order No. R-12546 and subsequent orders in this matter, and being otherwise advised, denies the Smiths' request for continuance of Case No. 13589.

IT IS THEREFORE ORDERED THAT:

1. The Smiths' request for a continuance of the July 14, 2011 hearing is denied.
2. The July 14, 2011 hearing will proceed as scheduled.

DONE at Santa Fe, New Mexico on the 5th day of July, 2011.



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STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

A handwritten signature in black ink, appearing to read "Jami Bailey". The signature is fluid and cursive.

JAMI BAILEY, Chair