

**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
TO RE-OPEN CASE NO. 13589 TO AMEND
ORDER NO. R-12546 TO AUTHORIZE A
SECOND ACID GAS INJECTION WELL,
LEA COUNTY, NEW MEXICO**

CASE NO. 13589

**PRE-HEARING STATEMENT
APPEARANCES**

APPLICANT

DCP Midstream LP

APPLICANT'S ATTORNEY

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INTERVENER

Oil Conservation Division

INTERVENER'S ATTORNEY

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OPPONENT

Randy and Naomi Smith
The Smith Farm and Ranch

OPPONENT'S ATTORNEY

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STATEMENT OF THE CASE

Applicant DCP Midstream LP (DCP) has asked the Oil Conservation Commission (Commission) to reopen Case No. 13589 in order to seek Commission approval of DCP's C-108 application authorizing injection of treated acid gas for disposal through a second injection well, the proposed Linam Ranch AGI No. 2. The Linam Ranch AGI No. 2 would be used as a redundant well which would be helpful to prevent unscheduled shut downs of the plant. If the DCP plant shuts down, local producers may have to shut-in production, or in the alternative, flare. Shutting-in production may damage the well which can cause a reduction in eventual production from the reservoir; resulting in waste. DCP does not request modification to its currently authorized injection volumes, rate or pressures.

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

1. Requiring a Mechanical Integrity Test (MIT) every year for the proposed Linam AGI No. 2. 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. Conducting a MIT does not disrupt injection into the well.
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.

INTERVENER'S PROPOSED EVIDENCE

WITNESS:

ESTIMATED TIME:

1. William Jones

30 minutes

1979 Bachelors in Geological Engineering
New Mexico State University

1979-1999

Texaco

Production Engineer in northern Lea County
Reserves and Reservoir Engineer SE New Mexico and West Texas
Exploration/Exploitation Engineer in Denver

Coalbed Methane Engineer
1999-2001
Consulting Petroleum Engineer
San Juan Basin – Production Engineer
Illinois Basin – Coalbed Methane Reserves
2002-present
New Mexico Oil Conservation Division
Regulatory Engineer/Hearing Officer

The OCD will offer Mr. Jones as an expert in petroleum engineering and underground injection.

Mr. Jones will testify about his review of the C-108 application prepared for DCP.

2. Elidio “E.L.” Gonzales 1 hour

1967-1990
Exxon
Drilling, Production and Completion
Environmental Oversight
1990-1997
Nurock Energy
President and Owner of Nurock Energy, Inc. (Independent Oil Producer)
All aspects of oil & gas operations including environmental work
1997-2006
New Mexico Oil Conservation Division
Compliance Officer; inspect oil & gas sites, enforcement and compliance issues
2006-2010
Oil & Gas Consultant
All aspects of oil and gas operations
Environmental consultant
2010-present
New Mexico Oil Conservation Division
Current District Supervisor

The OCD will offer Mr. Gonzales as an expert in drilling, production, and completion.

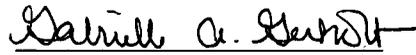
Mr. Gonzales will testify about his review of the proposed construction and operation of the Linam AGI #2 well.

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

PROCEDURAL MATTERS

None.

Respectfully submitted
this 13th day of December 2012 by



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Attorney for the Oil Conservation Division

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was electronically mailed on the following parties on December 13, 2012:

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