

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

**APPLICATION OF DCP MIDSTREAM, LP FOR
AUTHORIZATION TO INJECT ACID GAS INTO THE
PROPOSED ZIA AGI #2D WELL, SECTION 19,
TOWNSHIP 19 SOUTH, RANGE 32 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.**

CASE NO. 15528

PRE-HEARING STATEMENT

This Pre-hearing Statement is submitted by Holland & Hart LLP as required by Oil Conservation Division Rule 19.15.14.1211.

APPEARANCES OF PARTIES

APPLICANT

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STATEMENT OF CASE

Applicant DCP Midstream, LP seeks an order from the New Mexico Oil Conservation Commission authorizing it to inject carbon dioxide (CO₂) and hydrogen sulfide (H₂S) from the Zia Gas Processing Plant (the "Plant") into its proposed Zia Acid Gas Injection ("AGI") No. 2D well. The proposed Zia AGI No. 2D well will be located 1,900 feet from the South line and 950 feet from the West line of Section 19, Township 19 South, Range 32 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, Upper Silurian, Wristen, and Fussleman Formations, at an approximate depth interval of 13,755 feet to 14,750 feet below the surface and at a maximum allowable surface operating pressure of 5,028 psi. DCP Midstream, LP proposes authorization for a maximum injection rate of 15 million standard cubic feet per day TAG, all of which may be injected through the proposed Zia AGI No. 2D, the injection wells approved under Order R-13808, or any combination thereof. The proposed well is located approximately 35 miles west of Hobbs, New Mexico.

PROPOSED EVIDENCE

DCP Midstream, LP may present the following witnesses and evidence:

<u>WITNESSES</u> (Name and Expertise)	<u>EST. TIME</u>	<u>EXHIBITS</u>
Carlton D. “Tony” Canfield, Project Engineering Manager, DCP Midstream LP	Approx. 15 minutes	1 Demonstrative Exhibit consisting of a Power Point presentation summarizing testimony.

Mr. Canfield’s testimony will provide an overview of acid gas injection and operations at DCP Midstream, LP’s Zia Gas Processing Plant, a summary of the purpose and benefits of the proposed AGI No. 2D well, the importance of a redundant AGI capability, and why DCP requests the Oil Conservation Commission approve the C-108 as proposed.

Alberto A. Gutiérrez, RG, Geolox, Inc.	Approx. 1.5 hours	4 Exhibits <u>Exhibit 1</u> : C-108 (filed with hearing application); <u>Exhibit 2</u> : Table A-1, to replace Table A-1 in the filed C-108; <u>Exhibit 3</u> : Power Point slides; and <u>Exhibit 4</u> : Notice Letter and Documentation of Notices Provided to Parties in the Area of Review.
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Mr. Gutiérrez will testify on the technical aspects of the proposed Zia AGI No. 2D well necessary to receive approval from the Commission for authorization to inject. Mr. Gutiérrez will review DCP Midstream, LP's C-108 application for authorization to inject, including the basis for the proposed injection well. Mr. Gutiérrez's review of the C-108 will include a discussion, referring to corresponding exhibits, of the well data for the proposed well, wells within a one-mile radius of the proposed injection well, and a tabulation of the well data for all wells within the one-half-mile area of review that penetrate the proposed injection zone. This discussion will include testimony regarding the proposed location for the AGI No. 2D well. 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. Gutiérrez will testify regarding water wells and oil and gas wells within the vicinity of the proposed injection well 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 AGI No. 2D well. 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. Gutiérrez will testify regarding land-use issues, including authorizations from the Bureau of Land Management, the Oil Conservation Division-approved Hydrogen Sulfide Contingency Plan, and notice to affected parties.

PROCEDURAL MATTERS

Included with this pre-hearing statement is a corrected Table A-1, marked as Exhibit 2, which is to be inserted into the C-108 application previously filed as a replacement for the original Table A-1.

Respectfully submitted,

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