

**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

PRE-HEARING STATEMENT

This 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

Candace Callahan
500 Don Gaspar Avenue
Santa Fe, NM 87505
(505) 983-8764
ccallahan@bwenergylaw.com

OTHER PARTY

New Mexico Oil Conservation Division

ATTORNEY

David K. Brooks
Assistant General Counsel
Energy, Minerals and Natural Resources
Department
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505
(505) 476-3215
davidk.brooks@state.nm.us

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 Soloman Sr. V.P. Engineering & Operations 3Bear Field Services, LLC	Approx. 15 minutes	1 Demonstrative Exhibit consisting of a Power Point presentation summarizing testimony
Alberto A. Gutierrez, RG Geolex, Inc.	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; and <u>Exhibit 4</u> : Notice Letters and Documentation of Notices Provided to Parties in the Area of Review

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 or 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 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: 

Candace Callahan
500 Don Gaspar Avenue
Santa Fe, New Mexico 87505
(505) 983-8545 or (505) 983-8765 (direct)
(800) 886-6566 (fax)
ccallahan@bwenenergylaw.com
ATTORNEY FOR 3BEAR FIELD SERVICES, LLC

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 April 5, 2019:

David K. Brooks, Assistant General Counsel
Gabriel Wade, Deputy Director
Energy, Minerals and Natural Resources Department of the
New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505
(505) 476-3215
Email: davidk.brooks@state.nm.us
Gabriel.Wade@state.nm.us
Attorneys for the New Mexico Oil Conservation Division



Candace Callahan