

Ocean Munds-Dry

From: Ocean Munds-Dry
Sent: Friday, November 20, 2009 1:38 PM
To: 'mark.fesmire@state.nm.us'
Cc: VonGonten, Glenn, EMNRD; Jones, Brad A., EMNRD
Subject: DCP Proposed Order and Supporting Affidavit
Attachments: DCP proposed order to stay conditions.DOC; LR AGI Affidavit Trammell.pdf

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Mr. Fesmire:

Please find attached an affidavit from Mr. Trammell, Vice President of Operations for DCP regarding DCP's request for injection authority and a proposed order, for your consideration.

A hard copy of these documents is also on its way to you.

Thank you for your time and attention to this matter. DCP appreciates the Division's quick response. Please let me know if you have any questions or concerns.

Thanks,
Ocean

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**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. R-12546-D**

**PROPOSED ORDER OF DCP MIDSTREAM, LP TO STAY
CERTAIN CONDITIONS IN THE ORDER**

BY THE COMMISSION:

THIS MATTER came before the Oil Conservation Commission (the 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 (DCP) to inject acid gas into the Lower Bone Springs (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.

NOW, on this ____ day of ____, 2009, the Chair of the Commission,

FINDS THAT:

(1) DCP experienced dramatic deterioration in the performance of the Sulfur Recovery Unit (SRU) at the Linam Ranch Plant. DCP must take corrective action to avoid exceeding air quality permit limits.

(2) DCP requests temporary approval to inject acid gas into its Linam Ranch AGI well in order to prevent waste, to avoid excess emissions at the Linam Ranch Plant, or harm to human health and the environment.

(3) In support of this request, DCP has submitted the affidavit of Ronnie D. Trammell, Vice President of Operations-West Region who lists in further detail the damage that would result if temporary approval to inject is not granted:

(a) Use of the AGI well would allow DCP to avoid shutting down the SRU and generating approximately 50,000 pounds of sulfur dioxide emissions associated with shut down and start up emissions on the SRU.

(b) Use of the AGI well will avoid having to shut-in approximately 137 producers and approximately 1,200 wells that produce approximately 130 MMcf/d

of natural gas.

(c) Use of the AGI well will mean that DCP will not need to incur the significant expense of replacing the catalyst on a SRU that will be decommissioned once the AGI well is fully operational.

(4) Paragraph N of Order No. R-12546 provided that prior to commencing injection in the well, the operator shall secure Division approval of an appropriate modification of the discharge permit for the Linam Gas Plant.

(5) Paragraph Q of Order No. R-12546 provided that the operator submit to the Engineering Bureau in the Division's Santa Fe Office written evidence of satisfaction of the conditions precedent to injection provided in the order and obtain an administrative order acknowledging compliance with those conditions and authorizing commencement of injection.

(6) DCP Midstream, LP has complied with all other conditions in the order except for Paragraphs N and Q.

(7) DCP has demonstrated good cause to be allowed to inject acid gas into the AGI well and it should be allowed to operate the AGI well on a temporary basis.

(8) DCP requests it be allowed to inject acid gas at a maximum injection rate of 4.0 MMcfd and an average wellhead pressure of no more than 1,800 psig.

IT IS THEREFORE ORDERED:

(1) For good cause shown, the conditions in Paragraphs N and Q will be stayed for a period of ninety (90) days commencing from the date of this Order.

(2) DCP is hereby authorized to inject acid gas into the Linam AGI well during the stay.

(3) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

MARK E. FESMIRE, P.E., Chair

CASE NO. 13589
Order No. R-12546-D
Page 3

S E A L

**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

AFFIDAVIT OF RONNIE D. TRAMMELL

STATE OF TEXAS)

) ss.

COUNTY OF MIDLAND)

I, Ronnie D. Trammell, being first duly sworn on oath, states as follows:

1. My name is Ronnie D. Trammell. I reside in Midland County, Texas. I am the Vice President of Operations for the West Region employed by DCP Midstream, LP ("DCP") who is responsible for the operation of the Linam Ranch Gas Plant which is located in Section 6, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico.

2. DCP is experiencing dramatic deterioration in the performance of the Sulfur Recovery Unit (SRU) for the Linam Ranch Gas Plant.

3. DCP has diverted gas to other plants in order to reduce throughput at the Linam Ranch Plant and has made process adjustments to maintain the SRU operating efficiencies such that emissions are below the permitted maximum limits.

4. Even with these measures, DCP is approaching the sulfur dioxide (SO₂) limits set by the Air Quality Bureau under DCP's air quality permits and further SRU degradation would result in exceeding those limits.

5. DCP must take corrective action in order to avoid exceeding its permit limits.

6. If DCP were granted authority to inject acid gas into its AGI well, potential environmental and economic damage would be avoided. Temporary authority would also prevent the waste of produced gas which would be flared and vented during startup and shut down of the Linam Ranch Plant and associated gathering systems.

7. In order to continue to operate the SRU, DCP would need to replace the catalyst and perform other repairs at a significant cost.

8. To replace the catalyst, the SRU must be shut-down. As part of the shut down process, a heat soak must be performed on the SRU to remove sulfur from the catalyst beds to prevent cementing the catalyst beads together. Once the heat soak has been completed, the SRU must be cooled down prior to removal and replacement of the catalyst beds. After completion of the catalyst change out, the SRU must be restarted which requires it to be brought up to operating temperatures and have the reaction initiated. The heat soak, cool down, replacement of catalyst beds and restart of the SRU is expected to take 3-5 days. Approximately 50,000 pounds of SO₂ emissions will be generated as a result of the heat soak and start up on the SRU.

9. During the 3 to 5 days the SRU would be shut down, 137 producers and approximately 1,200 wells would be shut-in that produce approximately 130 MMcfd of natural gas.

10. If DCP is given the authority to inject acid gas into the AGI well, emissions will accordingly be reduced at the SRU which will allow the Linam Plant to operate in accordance with its air quality permits.

11. Absent this approval, DCP will be forced to shut down the Linam Ranch Plant to conduct SRU catalyst replacement to avoid exceeding emission limits.

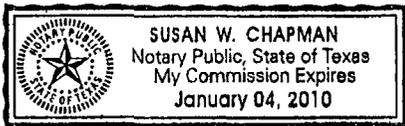
12. DCP requests authority to temporarily inject acid gas into its AGI well at an average pressure of 1,800 psig and a maximum rate of 4.0MMcfd.

13. Granting of this temporary approval will prevent waste and protect human health and the environment.

FURTHER AFFIANT SAYETH NOT.

R.W. Grammitt

SUBSCRIBED AND SWORN before me on this 20th day of Nov. 2009.



Susan W. Chapman
Notary Public

My Commission Expires:

Jan 04, 2010