

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

**APPLICATION OF LUCID ENERGY DELAWARE, LLC
FOR AUTHORIZATION TO INJECT,
LEA COUNTY, NEW MEXICO**

CASE NO. 20779

**OIL CONSERVATION DIVISION'S
PRE-HEARING STATEMENT**

The New Mexico Oil Conservation Division ("OCD") submits this Pre-Hearing Statement pursuant to 19.15.4.13(B) NMAC.

I. IDENTIFICATION OF PARTY AND COUNSEL

OCD intervened in this matter and is represented by undersigned counsel.

II. STATEMENT OF THE CASE

Lucid Energy Delaware, LLC ("Lucid") filed an application for authorization to inject acid gas and residual carbon dioxide, referred to herein as Treated Acid Gas ("TAG"), from the Red Hills Gas Processing Plant into the proposed Red Hills AGI Well No. 2. The proposed well will be located in Section 13, Township 24 South, Range 33 East, NMPM, Lea County, New Mexico. Lucid seeks approval to inject a total cumulative amount of 13 million standard cubic feet per day of TAG at a maximum surface injection pressure of 4,838 pounds per square inch. The proposed well will inject through an open-hole completion into an interval comprising the Devonian and Silurian formations from approximately 16,000 to 17,100 feet below the surface. The proposed well will be constructed and monitored to address the unique physical characteristics of TAG and will include special well design modifications to address the shallower injection of TAG by Lucid's existing AGI well, Red Hills AGI Well No. 1.

OCD supports the approval of Lucid's proposed redundant well subject to the inclusion of the permit conditions identified in Exhibit 1. With two exceptions, the permit conditions

identified in Exhibit 1 are identical to the permit conditions imposed by the Oil Conservation Commission in Order No. R-20913-C for the Salt Creek Midstream AGI well (Case No. 20780.) With respect to the exceptions, Permit Condition No. 17 affirms and clarifies Lucid's representation in the C-108 application regarding the construction of the proposed well, and Permit Condition No. 18 requires Lucid to install and maintain a seismic monitoring station as part of New Mexico Tech's Seismological Observatory.

III. PROPOSED EVIDENCE

OCD intends to call Phillip Goetze, the OCD's UIC Program Coordinator, as an expert in hydrology, petroleum geology and underground injection. His testimony is expected to be twenty (20) minutes. Mr. Goetze manages the UIC program, including the review of applications for compliance with OCD's rules and the prevention of waste and the protection of correlative rights, public health and environment, and serves as a technical examiner for these applications. Mr. Goetze has more than forty (40) years of experience in the fields of geology, hydrology, and environmental protection. In support of his testimony, Mr. Goetze will present the following exhibits:

- Exhibit 1 OCD's Recommended Conditions of Approval
- Exhibit 2 Maps
- Exhibit 3 Affidavit of Todd Reynolds, OCD Case No. 20142
- Exhibit4 Curriculum Vitae of Phillip Goetze

IV. PROCEDURAL MATTERS

OCD has not identified any procedural matters to be resolved prior to the hearing.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I certify that on August 27, 2020, I served this pleading by electronic mail on:

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