

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

RECEIVED OOD

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION FOR THE PURPOSE OF
CONSIDERING:**

2013 FEB -7 P 2: 06

Re-opened Case No. 14664

**APPLICATION OF FRONTIER FIELD
SERVICES, LLC FOR APPROVAL
OF AN ACID GAS DISPOSAL WELL,
LEA COUNTY, NEW MEXICO**

**PRE-HEARING STATEMENT
APPEARANCES**

APPLICANT

Frontier Field Services

APPLICANT'S ATTORNEY

Mr. Gary Larson
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L.L.P.
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INTERVENER

Oil Conservation Division

INTERVENER'S ATTORNEY

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STATEMENT OF THE CASE

Applicant Frontier Field Services, LLC (Frontier) has asked the Oil Conservation Commission (Commission) to reopen Case No. 14664 in order to seek amend R-1344 by eliminating the requirements to plug the identified and any later completed offset wells and lower the uppermost elevation of the permitted injection interval.

The Oil Conservation Division (Division) does not oppose DCP's request for the permit.

INTERVENER'S PROPOSED EVIDENCE

WITNESS:

ESTIMATED TIME:

1. William Jones

Filed Testimony

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

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

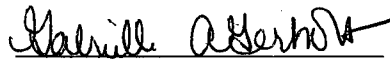
EXHIBITS

1. Pre-filed testimony of William Jones.

PROCEDURAL MATTERS

None.

Respectfully submitted
this 7th day of February 2013 by



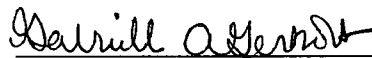
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Attorney for the Oil Conservation Division

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was electronically mailed on the following party on February 7, 2013:

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Gabrielle A. Gerholt

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**IN THE MATTER OF THE HEARING
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Re-opened Case No. 14664

**APPLICATION OF FRONTIER FIELD
SERVICES, LLC FOR APPROVAL
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LEA COUNTY, NEW MEXICO**

**Pre-File Testimony of William V. Jones, P.E.
Engineer and Hearing Examiner for the Oil Conservation Division.**

Review of Division well file and production records and submit the following:

Wolfcamp production attempts located nearby this Acid Gas well have indicated the Wolfcamp to be largely unproductive or very short lived. Division records indicate the Wolfcamp is being produced successfully approximately 1 mile to the northeast of this proposed location. The existing Wolfcamp formation producing wells have frequently been commingled with the more prolific Abo production located 8800 to 9000 feet deep. Below the Wolfcamp, the Pennsylvanian Cisco formation is producing in at least one well within Section 20 located to the west of the proposed well.

According to recent gas testing by Geolex on surrounding wells, there are two wells located approximately 1 mile north-northeast of this Acid Gas well that produce "sweet" gas, but several other wells produce significant quantities of H₂S and these concentrations are not consistent enough to consider any given concentration as "background" for purposes of watching for breakthrough from the new Acid Gas disposal well. This is despite Division well file records which upon my investigation indicated the Wolfcamp and Abo production in this area is "sweet" or devoid of H₂S.

For clarification purposes, I must say that the "Lower Leonard" formation as it was proposed for disposal beginning at 9300 feet is called in Division records the "Wolfcamp formation" or sometimes the "upper Wolfcamp formation".

Above the proposed disposal well in this Section 21, the MCA Unit (Grayburg San Andres formations, approximately 4400 feet deep) has been tested for tertiary recovery by injection of CO2 in a small pilot project.

The Division has previously approved the following Wolfcamp SWD disposal wells offsetting this location approximately 1 mile or more to the South and Southwest:

- a. The Queen B Well No 36 (API No. 30-025-00751), located in Unit letter D of Section 28 was approved in 1982 for disposal into the lower Wolfcamp formation by administrative permit SWD-241.
- b. The Federal BI Well No 1 (API No. 30-025-27068), located in Unit letter N of Section 28 was approved as a Wolfcamp disposal well by administrative permit SWD-1093.
- c. The Maljamar SWD 29 Well No 1 (API No. 30-025-39519), located in Unit letter O of Section 29 was approved as a Wolfcamp disposal well by administrative permit SWD-1179.

Frontier Field Services, LLC has obtained its permit to drill, has drilled, tested and completed this well into perforations in the Wolfcamp formation from 9579 feet to 10130 feet and does not intend to complete up-hole in the Lower Leonard formation as originally proposed.

It is my understanding that the testing done on this well while drilling and during completion has indicated the Lower Leonard is not needed for disposal and the Wolfcamp formation interval will be adequate for anticipated Acid Gas disposal rates.

Review of "Final Well Report" compiled by Geolex, Inc. dated 1/31/2013. The data within this report includes drilling history and review of the very thorough testing of this well. That testing indicates the Wolfcamp formation in this well is not productive of oil and gas and the Wolfcamp has intervals conducive to disposal and a relatively impermeable caprock above the Wolfcamp porosity intervals. The data obtained while drilling and completion support the pre-drill 3-D seismic interpretation outlining the extent of the Wolfcamp porosity and continue to show that disposal into this interval in all likelihood, would be contained so as to not extend to surrounding wells.

The pre-drill interpreted seismic over the Lower Leonard formation as presented at the examiner hearing indicated that target disposal interval was not as closely contained as is the Wolfcamp porosity intervals.

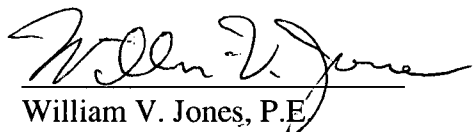
Because of the (primarily overlying) Abo or Lower Leonard formation producing wells mentioned earlier located approximately one mile north of this well and because of the presented seismic in the Lower Leonard, the conditional paragraphs (6) and (7) were inserted in that hearing order so as to protect and alert producers of these wells.

Since the Lower Leonard (or "Upper Wolfcamp") is not needed and has not been completed for disposal by Frontier, I support this application to modify Ordering Paragraphs (6) and (7).

I propose the Commission delete Ordering Paragraph (6) in its entirety and delete the final (last) sentence in Ordering Paragraph (7). The first sentence in paragraph (7) should be retained as it is standard language in all disposal orders as a re-iteration of Division Rules as to containment of disposed fluids within the permitted disposal interval.

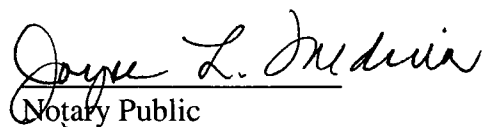
Ordering Paragraph (1) also needs to be corrected for several reasons. Since this well has now been drilled and completed, the final location is known, an API number is available, the depth of the acceptable packer setting is known, and "approximate" well depth language is no longer applicable, I further propose the Commission delete Ordering Paragraph (1) in its entirety and substitute the following:

(1) Frontier Field Services, LLC ("Frontier" or "operator"), is hereby authorized to utilize its Maljamar AGI Well No. 1 (API No. 30-025-40420) located 130 feet from the South line and 1813 feet from the East line, Unit Letter O of Section 21, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico, for disposal of Acid Gas and CO2 from its gas processing plant into the Wolfcamp formation through perforations from 9579 feet to 10130 feet through tubing and a packer set within the CRA casing joint of pipe located from 9437 feet to 9467 feet. This well is not permitted for disposal of waste waters.



William V. Jones, P.E.
Oil Conservation Division

Subscribed and sworn to before me this 7 day of Feb. 2013, by William V. Jones.


Notary Public

My commission expires:

12/31/15