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May 2, 2013

VIA U.S. MAIL

Ms. Florene Davidson
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Re: Application of Occidental Permian Limited Partnership to Amend Orders R-4934 and R-4934-E; Case No. 14981

Ms. Davidson:

Enclosed are six (6) copies of Malcolm Coombes' Pre-Hearing Statement. It would be appreciated if you would file the statement. Please let us know if you have any questions. Thank you.

Sincerely,



Thomas J. Bunting

TJB/dcg

Enclosures

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

APPLICATION OF OCCIDENTAL PERMIAN
LIMITED PARTNERSHIP TO AMEND ORDERS
R-4934 AND R-4934-E GOVERNING THE SOUTH
HOBBS GRAYBURG-SAN ANDRES PRESSURE
MAINTENANCE PROJECT TO ALLOW THE
INJECTION OF CARBON DIOXIDE AND PRODUCED
GASES, TO MODIFY THE SURFACE INJECTION
PRESSURE, TO OBTAIN OTHER RELIEF, AND TO
QUALIFY THIS EXPANSION FOR THE RECOVERED
OIL TAX RATE PURSUANT TO THE NEW MEXICO
ENHANCED OIL RECOVERY ACT, LEA COUNTY,
NEW MEXICO.

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CASE NO. 14981

MALCOLM COOMBES' PRE-HEARING STATEMENT

Malcolm Coombes hereby presents the Commission with his pre-hearing statement for the hearing on the Application to Amend Order Nos. R-4934 and R-4934-E ("Application") filed by Occidental Permian Limited Partnership ("OXY"). Mr. Coombes opposes OXY's Application because OXY's proposed projects would needlessly endanger human health and safety, and would possibly harm the value of Mr. Coombes' land. We can get back to the

STATEMENT OF THE CASE

OXY filed the present Application on April 9, 2013. The Application concerns water injection wells that have been in use in the South Hobbs Project Area (Grayburg and San Andres formations) for secondary oil recovery since the mid 1970's. OXY now seeks permission, through a rote and cursory Application, to convert the existing water injection wells to wells through which it would instead inject carbon dioxide gas and acid gas. By terming this proposed scheme a tertiary recovery project rather than an acid gas disposal project, OXY hopes to achieve,

its plan without the Commission oversight usually reserved for injection of dangerous acid gas in areas inhabited by humans and livestock.

The Application seeks a number of modifications to Commission rules and regulations as well as to Order Nos. R-4934 and R-4934-E, including:

1. Permission to convert OXY's current water injection operation, operated as a secondary recovery project, to a system of injecting purchased carbon dioxide (CO₂) and produced gases including CO₂ hydrogen sulfide (H₂S);
2. Permission to inject the gases, including CO₂ and H₂S, at pressures higher than those allowed by Special Rule 11;
3. Permission to increase the gas:oil ratio above that allowed by NMAC 19.15.20.13;
4. Allow OXY to perform mechanical integrity tests on the proposed acid gas injection wells every five years, which interval is the highest allowed by regulation;
5. Allow OXY to do away with the requirement that it perform cement bond logging and testing of its wells as required by Special Rule 15; and
6. Allow OXY to obtain administrative approval of any new gas injection wells without a more rigorous approval process.

REASONS FOR OPPOSITION

Mr. Coombes believes that the information contained in OXY's C-108 application to inject does not adequately address the concerns of neighboring landowners including Mr. Coombes regarding their health and safety, and regarding the value and continued usefulness of their lands. Furthermore, OXY has not demonstrated that the permission it seeks to inject outside of the limits authorized in Oil Conservation Division rules and regulations is reasonable, necessary, or advisable. Mr. Coombes therefore opposed the Application until OXY puts forth more reliable evidence of the impact its acid gas injection operation will have on Mr. Coombs and similarly situated residents.

I. Health and Safety

OXY is requesting the Commission to allow it to convert its oil recovery operation – currently accomplished through injection of water – to a disposal operation involving a potentially unlimited number of wells for injecting acid gas and other harmful substances. There is a huge difference between the current operation and the proposed injection, and the application is wholly inadequate in addressing concerns about the acid gas injection. For example, OXY has provided little information regarding leakage pathways for CO₂ and H₂S in the South Hobbs Project Area; the potential for leakage of harmful gas should be explored and ruled out.

OXY has not demonstrated the safety or necessity of being allowed to exceed permitted injection pressures or gas:oil ratios. For example, the risks of failure are higher when a well is converted from some previous use to an acid gas injection well than when a well is purpose-built for gas injection. The fact that OXY wants to inject acid gas into its water injection wells therefore creates enough of a hazard without the added strain of injecting acid gas at surface pressures higher than what is allowed under Rule 11. The Application simply does not demonstrate that injecting acid gas at 1770 psi is safe or necessary to achieve OXY's objectives. While OXY assures the Commission that it has conducted step-rate tests on nine "representative wells" out of the many in operation, the drastic pressure increase it requests necessitates that it provide more comprehensive testing data.

OXY has put forth no evidence that would permit it to shirk its responsibility under Rule 15 to produce cement bond logs when it begins injecting or when it performs other major operations on its wells. A bond log is a common protocol and necessary to ensure zonal isolation. Although OXY claims that previous bond logs generated in other wells "provide a sufficient level of assurance" of zonal isolation, this is much more important with regard to acid

gas injection than it is with regard to water injection. Because of the greater health and safety risks involved with its proposed conversion to gas injection, OXY should not be excused from compliance with Rule 15. OXY has certainly not proven that Rule 15 should “be eliminated.”

OXY next asks for permission to perform the minimum amount of mechanical integrity testing allowable under regulation. Given the risks and complexity of an acid gas injection operation, this request is unreasonable and the Commission should not grant it. NMAC 19.15.25.13.E specifies that the Commission may set a frequency for mechanical integrity testing of each temporarily abandoned well “which shall be not more than five years from the date of approval.” Surely OXY knows that tubing and packer failures represent the vast majority of failures in gas injection wells. Integrity problems with well tubing and/or packers can become unsafe quickly, especially under the high injection pressures OXY claims are appropriate for these wells. Given this knowledge, why would OXY put the safety of its workers and the community at risk by doing the bare minimum in terms of safety? Mr. Coombes believes that a more reasonable testing frequency is no longer than every two years.

II. Harm to Property Value

Mr. Coombes also opposes OXY’s Application because it will almost surely devalue his property. It is unlikely that any third party purchaser would be willing to pay current fair market value for the property when it lies in such close proximity to a potentially dangerous operation as currently proposed by OXY. Requiring the operational and testing protocols called for in this statement would certainly alleviate this concern.

APPEARANCES

1. Malcolm R. Coombes
2. Richard L. Alvidrez and Tom Bunting, counsel
Miller Stratvert PA
P. O. Box 25687
Albuquerque, NM 87125
Phone: (505) 842-1950
Fax: (505) 243-4408

WITNESSES

Mr. Coombes may testify at the hearing regarding his concerns about the safety and property value risks presented by OXY's sweeping proposal. Approximate time: 30 minutes.

EXHIBITS

1. Aerial and assessor's map of Coombes property and surrounding areas; and
2. Deed to Coombes property and related title documents.

CONCLUSION

Mr. Coombes looks forward to presenting his case at the hearing.

Respectfully submitted,

MILLER STRATVERT P.A.



By: _____
RICHARD L. ALVIDREZ
THOMAS J. BUNTING
Attorneys for Malcolm R. Coombes
P.O. Box 25687
Albuquerque, NM 87125
Phone: (505) 842-1950
Fax: (505) 243-4408

I hereby certify that a true copy of the foregoing was sent via email to the following on this 2nd day of May, 2013 and, also, paper copies of same were mailed to the Commissioners on the same date:

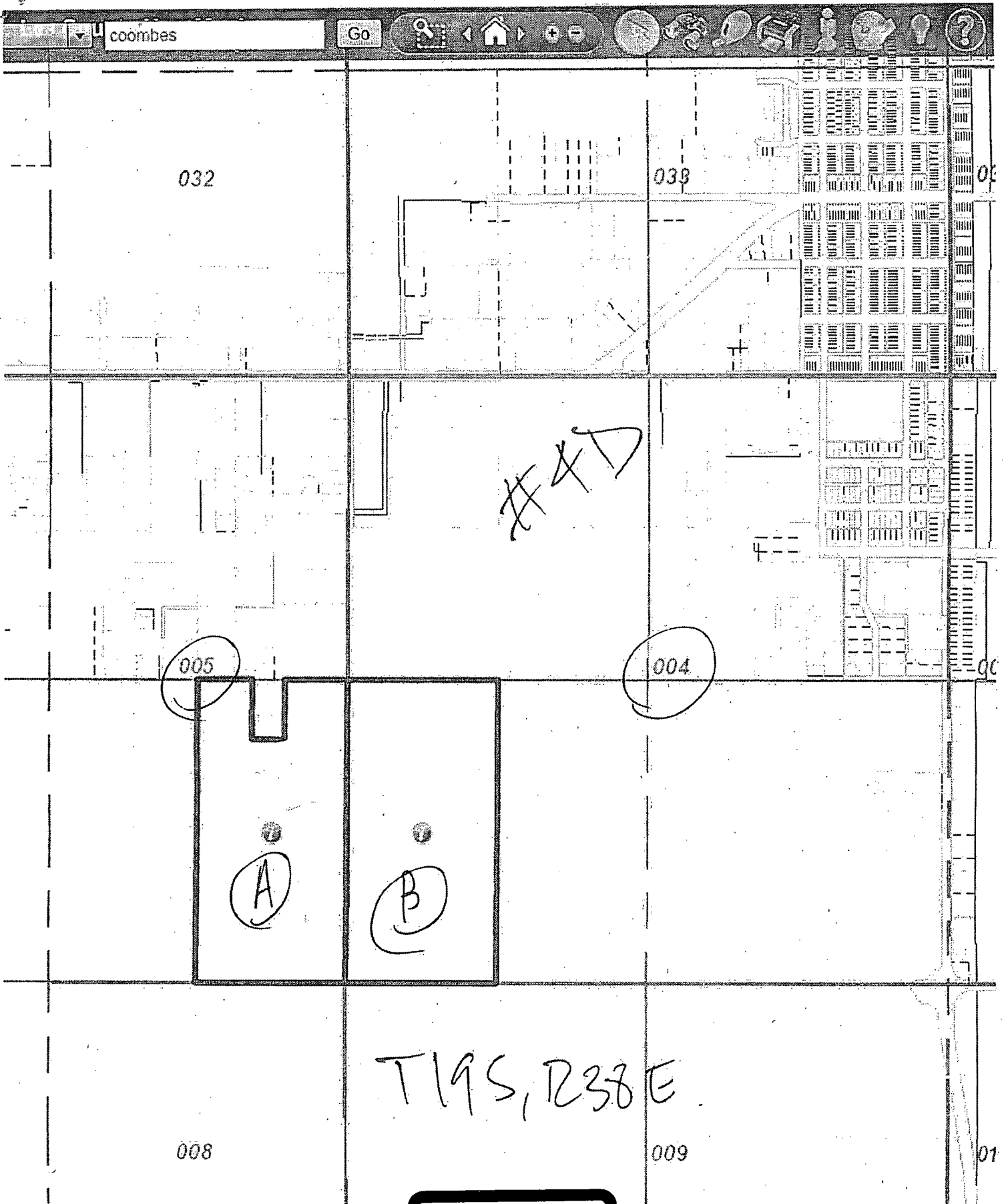
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Florene Davidson
New Mexico Oil Conservation Commission
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By _____
Thomas J. Bunting

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Google

To see all the details that are visible on the screen, use the "Print" link next to the map.



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56894

WARRANTY DEED

J.A. DESOTO, JOINED PRO-FORMA BY MARY C. DESOTO, HIS WIFE AND KATHLEEN DESOTO, A SINGLE WOMAN

for consideration paid grants to

M.R. COOMBS AND HARRIETT COOMBS, husband and wife as joint tenants with rights of survivorship

whose address is 1015 N. DAL PASO HOBBS, NM 88240

the following described real estate in LEA county, New Mexico

FOR SURFACE TITLE ONLY:

The East Half of the Southeast Quarter (E/2SE/4) of Section 5, Township 19 South, Range 38 East, N.M.P.M., Lea County, New Mexico LESS the following described tract of land:

Beginning at the Northeast Corner of this tract from which point the Southeast Corner of said Section 5 bears S89°54'04"E 567.295 feet and S00°05'34"W 2636.208 feet; thence S00°08'46"W 512.995 feet to the Southeast Corner of this tract; thence S89°52'17"W 285.006 feet to the Southwest Corner of this tract; thence N00°08'42"E 513.614 feet to the Northwest Corner of this tract; thence N89°59'45"E 285.014 feet to the point of beginning.

AND

The West Half of the Southwest Quarter (W/2SW/4) of Section 4, Township 19 South, Range 38 East, N.M.P.M., Lea County, New Mexico.

Subject to reservations, restrictions and easements appearing of record

with warranty covenants.

WITNESS our hands and seals on 5/21/04

J.A. DESOTO

KATHLEEN DESOTO

MARY C. DESOTO

SEE NEXT PAGE FOR ACKNOWLEDGEMENTS

BOOK 1307 PAGE 56

EXHIBIT

tabbies
2

PAGE -2-
WARRANTY DEED

STATE OF NEW MEXICO)
) ss
COUNTY OF LEA)

This instrument was acknowledged before me on 5/21/04, by J.A. DESOTO,
JOINED PRO-FORMA BY MARY C. DESOTO AND KATHLEEN DESOTO, A SINGLE WOMAN

My commission expires



Notary Public

56894

STATE OF NEW MEXICO
COUNTY OF LEA
FILED

MAY 27 2004
at 2:24 P.M.
and recorded in Book _____
Page _____
Melinda Hughes, Lea County Clerk
By _____ Deputy



RETURN TO: GRANTEE

BOOK 1307 PAGE 57