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

ORDER STAYING CERTAIN CONDITIONS IN THE ORDER R-12546 AND ALLOWING TEMPORARY INJECTION

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 20th day of November, 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 MMcfd 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) The injection rate during this period will not exceed 4 MMcfd, the well head pressure will not exceed 1,800 psig and DCP will perform the necessary step-rate tests, as required by the Division, to demonstrate that these rates and pressures will not result in formation damage.

(4) 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

SEAL