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APPLICATION OF WIND ENERGY § BEFORE THE STATE OFFICE
TRANSMISSION TEXAS, LLC FOR §
A CERTIFICATE OF §
CONVENIENCE AND NECESSITY § OF
FOR THE SCURRY SOUTH – LONG §
DRAW – GRELTON – ODESSA 345- §
kV CREZ TRANSMISSION LINE IN §
SCURRY, MITCHELL, BORDEN, § ADMINISTRATIVE HEARINGS
HOWARD, DAWSON, MARTIN, §
MIDLAND AND ECTOR COUNTIES §

DIRECT TESTIMONY

OF

THOMAS J. PAYTON

ON BEHALF OF OCCIDENTAL

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DIRECT TESTIMONY OF THOMAS J. PAYTON

TABLE OF CONTENTS

	<u>Page</u>
I. INTRODUCTION	1
II. SUMMARY OF OCCIDENTAL'S POSITION	2
III. IMPACTS OF THE PROPOSED TRANSMISSION LINE ON OCCIDENTAL'S OIL FIELDS	3
A. Sharon Ridge	3
1. Mineral Interest Issue	9
2. Conclusion as to Sharon Ridge	10
B. Dora Roberts	11
1. Specific Infrastructure Issues at Dora Roberts	12
(a) Pipelines	12
(b) Roads	13
(c) Electrical	14
2. Drilling and Expansion Activities	15
3. Other	16
4. Mineral Interest Issue	16
5. Conclusion as to Dora Roberts	16
C. South Curtis	17
IV. CONCLUSION	18

DIRECT TESTIMONY OF THOMAS J. PAYTON

I. INTRODUCTION

1
2
3
4
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Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Thomas J. Payton. My business address is 5 Greenway Plaza, Suite 110, Houston, Texas 77046.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am Senior Vice President Power for Occidental Energy Ventures Corp. (OEVC). I also serve as Vice President of Occidental Power Marketing, L.P. (OPM), a subsidiary of OEVC. OEVC and OPM are affiliates of Occidental Permian Ltd., Permian Basin Limited Partnership, and Oxy USA WTP LP.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

A. I am testifying on behalf of Occidental Permian Ltd., Permian Basin Limited Partnership and Oxy USA WTP LP (collectively, Occidental). Occidental operates the Sharon Ridge Canyon Unit (Sharon Ridge), which is directly affected by route Link UY2 on the Scurry County to Long Draw segment, the Dora Roberts Ranch Unit (Dora Roberts), which is directly affected by route Links IZ4 and YB4, and the South Curtis Ranch (South Curtis), which is directly affected by Links FX4, HH4, and M4, both on the Grelton to Odessa segment.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL QUALIFICATIONS.

A. I received a Bachelor of Science degree in Chemical Engineering from Cornell University in 1980. I have been employed by Occidental (or one of its predecessors or subsidiaries) for over 30 years in a variety of engineering, operating, and business management positions. Prior to 1989, these positions were in Occidental's natural gas processing and helium businesses. Since 1989, I have been involved in the energy regulatory and procurement function within Occidental. During the past 21 years in this function, I have handled electric procurement matters, electric regulatory activities, cogeneration plant development and load resource development in Texas and elsewhere.

1 I participate in the ERCOT stakeholder process and have served as the Industrial
2 Consumer Representative on the ERCOT Board of Directors. Among other activities, I
3 am responsible for all electric regulatory matters involving Occidental's oil and gas
4 production and chemical manufacturing operations within Texas. Occidental's
5 subsidiary, Occidental Permian Ltd., is a large oil producer in Texas and the leading
6 producer in the Permian Basin of West Texas and New Mexico. Occidental Chemical
7 Corporation (OCC) is a leading North American manufacturer of polyvinyl chloride
8 (PVC) resins, chlorine, caustic soda, and other products.

9 **Q. ARE YOU FAMILIAR WITH OCCIDENTAL'S OPERATIONS IN TEXAS?**

10 **A.** Yes. A major part of my responsibility is to oversee all electric procurement and electric
11 regulatory matters relating to Occidental's operations in Texas. I am also responsible for
12 securing electric supply for new and expanded operations and development of load
13 resources and self-generation options at Occidental facilities. In these capacities, I am
14 familiar with the operations of Sharon Ridge, Dora Roberts and South Curtis as well as
15 other oil fields operated by Occidental in West Texas and elsewhere. I have also been
16 involved in planning and developing electrical infrastructure to serve various of
17 Occidental's production facilities.

18 **Q. HAVE YOU EVER SUBMITTED TESTIMONY BEFORE THE PUBLIC**
19 **UTILITY COMMISSION OF TEXAS?**

20 **A.** Yes, I filed testimony in Docket No. 35690 and in Docket No. 38295.

21 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

22 **A.** The purpose of my testimony is to provide Occidental's position on the transmission line
23 proposed by Wind Energy Transmission Texas (WETT) in this case, specifically, Link
24 UY2 and its potential impact on Sharon Ridge, Links IZ4 and YB4 and their impact on
25 Dora Roberts, and Links FX4, HH4, and M4 and their potential impact on South Curtis.

26 **II. SUMMARY OF OCCIDENTAL'S POSITION**

27 **Q. CAN YOU SUMMARIZE OCCIDENTAL'S POSITION WITH RESPECT TO**
28 **WETT'S PREFERRED ROUTES?**

1 A. Occidental supports the preferred routes recommended by WETT for the Scurry County
2 South to Long Draw and Odessa to Grelton segments. With respect to the Scurry County
3 South to Long Draw segment, it is very important that if the preferred route is adopted,
4 the portion of Link UY2 that crosses Occidental's Sharon Ridge field not be shifted to
5 another route across the field.

6 **III. IMPACTS OF THE PROPOSED TRANSMISSION LINE ON**
7 **OCCIDENTAL'S OIL FIELDS**

8 **Q. PLEASE GENERALLY DESCRIBE THE OIL FIELDS AT ISSUE IN THIS**
9 **CASE.**

10 A. Sharon Ridge is a unitized oil field covering approximately 13,700 acres and which
11 currently produces approximately 75,000 barrels of fluid per day (mostly water with
12 some oil) and 15,000 MCF of recycled CO₂ rich gas per day. The field is located directly
13 north of Lake J.B. Thomas. There are hundreds of wells (both active and inactive),
14 extensive pipeline facilities (both active and inactive) and widespread electric distribution
15 lines within Sharon Ridge. In addition, expansions of operations at Sharon Ridge are
16 currently underway.

17 Dora Roberts is a unitized oil and gas field covering approximately 17,600 acres. Dora
18 Roberts is directly southeast of Odessa. It is located within the "Wolfberry" oil trend.
19 There are hundreds of wells, extensive pipe line facilities and widespread electric
20 distribution lines within Dora Roberts. In addition, expansions of drilling operations at
21 Dora Roberts are currently underway.

22 South Curtis is immediately north of Midland. South Curtis is also located within the
23 Wolfberry oil trend and the drilling is just beginning to fully develop the oil reserves
24 underlying the property.

25 I will discuss the specific impacts to each field below.

26 A. **Sharon Ridge**

27 **Q. PLEASE DESCRIBE THE NATURE OF THE OPERATION AT SHARON**
28 **RIDGE.**

1 A. Sharon Ridge is undergoing enhanced recovery of its oil reserves by means of a CO₂
2 flood. CO₂ flood oil field operations are infrastructure-intensive. As discussed below,
3 there are numerous wells, and many miles of electrical distribution lines. In addition to
4 this infrastructure, there is also a large amount of pipeline infrastructure. This is because
5 of the need to alternate between water injection and CO₂ injection in each injection well,
6 and because some wells may have been (or may be) converted from producers to
7 injectors (or vice versa) and therefore could have both production and multiple injection
8 pipelines connected to them.

9 **Q. WHAT IS THE PURPOSE OF CO₂ FLOODING?**

10 A. When very high-pressure CO₂ is injected into an oil reservoir, the CO₂ acts to release
11 additional crude oil from where it had remained trapped in the reservoir rock, thereby
12 allowing increased oil recovery from the field versus continuation of other operations.

13 **Q. HOW DOES THE CO₂ FLOOD AT SHARON RIDGE WORK?**

14 A. As noted above, liquid CO₂ is injected into the oil reservoir through an injection well to
15 release additional oil trapped in the rock. Next, slugs of high-pressure water are injected
16 through the same injection well in order to push the oil released by the CO₂ through the
17 reservoir to the producing well.¹ The mixture of released oil, injected CO₂, injected
18 water, and natural gas is then pumped to the surface by electric submersible pumps
19 (ESPs) in the producing wells and sent to facilities which separate the crude oil, water
20 and gases from each other. The crude oil is sold, the water is treated and then re-injected,
21 and the gases (CO₂, natural gas, natural gas liquid vapors, etc.) are sent to a processing
22 plant where the CO₂ is recovered, recompressed and returned to be re-injected, the
23 natural gas is recovered for use as fuel or sold, and the natural gas liquid vapors are
24 converted to liquids and sold.

25 **Q. IS THIS AN INVOLVED AND INFRASTRUCTURE INTENSIVE PROCESS?**

26 A. Yes, it is.

¹ This is typically referred to as a water-alternating gas or "WAG" process.

1 **Q. PLEASE DESCRIBE THE PIPELINE INFRASTRUCTURE AT SHARON**
2 **RIDGE.**

3 **A.** There are hundreds of miles of pipeline located within Sharon Ridge, including both in-
4 service and out-of-service lines. These pipelines are of various sizes and are generally
5 made out of steel, plastic or fiberglass. The in-service pipelines carry various liquids and
6 gases, some at extremely high pressure and some of which are explosive, poisonous or
7 both.

8 **Q. ARE ALL OF THESE PIPELINES BURIED?**

9 **A.** No. Some are buried at various depths and some are laid directly on the surface.

10 **Q. CAN YOU DESCRIBE HOW HIGH THE PRESSURE IS ON SOME OF THESE**
11 **PIPELINES?**

12 **A.** Some of these pipelines operate in excess of 1,500 psig, or over 100 times normal
13 atmospheric pressure. Special precaution is required when working around pipelines
14 operating at these high pressures.

15 **Q. WHAT IS IN THE PIPELINES?**

16 **A.** The contents of the pipelines include, but are not limited to, water, CO₂ (both liquid and
17 gaseous) oil, natural gas, natural gas liquids (ethane, propane, butane, etc.) and hydrogen
18 sulfide, alone or in mixtures.

19 **Q. ARE ANY OF THESE CONTENTS POTENTIALLY EXPLOSIVE?**

20 **A.** Yes. Several of these are, including without limitation, oil, natural gas and natural gas
21 liquids.

22 **Q. ARE ANY OF THESE CONTENTS POISONOUS?**

23 **A.** Yes. Hydrogen sulfide is poisonous, even at very low concentrations. Extreme
24 precaution and special procedures are required when working in areas with the potential
25 for hydrogen sulfide exposure.

26 **Q. WHAT IS THE "IMMEDIATELY DANGEROUS TO LIFE OR HEALTH"**
27 **THRESHOLD (IDLH) FOR HYDROGEN SULFIDE?**

28 **A.** 100 parts per million.

1 **Q. WHAT IS THE CONCENTRATION OF HYDROGEN SULFIDE IN MANY OF**
2 **THE HIGH PRESSURE PIPELINES AT SHARON RIDGE?**

3 **A.** Approximately 1,500 parts per million, which is fifteen times the IDLH threshold.

4 **Q. ARE ANY OF THESE CONTENTS NOTABLE SUFFOCATION HAZARDS?**

5 **A.** Yes. For example, CO₂ is heavier than air and can settle in low spots, thereby causing a
6 suffocation hazard if released.

7 **Q. WHAT IS OCCIDENTAL'S POSITION AS TO WHETHER THESE PIPELINES**
8 **WOULD BE REMOVED FROM SERVICE WHILE WETT IS DOING**
9 **CONSTRUCTION OR MAINTENANCE ON THE PROPOSED TRANSMISSION**
10 **LINE?**

11 **A.** Occidental would not allow these pipelines to be removed from service while WETT is
12 doing construction or maintenance on the proposed transmission line.

13 **Q. HOW SHOULD THE TRANSMISSION STRUCTURES BE PLACED IN**
14 **RELATION TO THESE PIPELINES?**

15 **A.** Any 345-kV transmission structures should be located such that if they toppled, they
16 would not puncture any pipeline. This is especially important given the nature of these
17 pipelines.

18 **Q. PLEASE DESCRIBE THE ELECTRICAL INFRASTRUCTURE AT SHARON**
19 **RIDGE.**

20 **A.** In addition to Oncor's existing 138-kV transmission line serving Sharon Ridge, there is
21 an extensive unit-owned electrical distribution system, most of which operates at 12.47
22 kV and is located above ground except for short stretches near individual wells. Near
23 individual wells, electrical lines are buried.

24 **Q. WHAT IS OCCIDENTAL'S POSITION AS TO WHETHER OCCIDENTAL**
25 **WOULD ALLOW ANY OF THESE DISTRIBUTION LINES TO BE REMOVED**
26 **FROM SERVICE WHILE WETT IS DOING CONSTRUCTION OR**
27 **MAINTENANCE WORK ON THE PROPOSED TRANSMISSION LINE?**

1 A. Occidental would not allow these distribution lines to be removed from service while
2 WETT is doing construction or maintenance on the proposed transmission line.

3 **Q. WHAT IS WETT'S RECOMMENDED PLACEMENT OF THE TRANSMISSION**
4 **LINE ALONG LINK UY2 WHERE IT CROSSES SHARON RIDGE?**

5 A. Where it crosses Sharon Ridge, WETT has located Link UY2 in a narrow strip of land
6 bounded by CR 1610 on the south and an existing Oncor 138-kV transmission line on the
7 north.

8 **Q. HOW IS THIS SHOWN ON THE ROUTING MAPS FILED BY WETT?**

9 A. On WETT's map titled "Scurry County South to Long Draw 345 KV Transmission Line
10 Project, CCN2 SEGMENT 2 SHEET 2, General Location of Alternative Routes in the
11 Study Area," the routing within the narrow strip of land between CR 1610 on the south
12 and Oncor's existing 138-kV line on the north begins approximately two miles east of CR
13 383 and ends approximately seven miles east of CR 383.

14 **Q. DOES OCCIDENTAL SUPPORT THIS ROUTING OF LINK UY2?**

15 A. Yes. While Occidental would prefer that the new transmission line not cross Sharon
16 Ridge at all, this is a routing for Link UY2 that Occidental would cooperate with.

17 **Q. WHY?**

18 A. By routing Link UY2 in the narrow strip of land bounded by CR 1610 and the existing
19 Oncor 138-kV transmission line, WETT has located Link UY2 in an area that would
20 ordinarily be too narrow for Occidental to use for siting a well or installing new
21 infrastructure. This is also where existing infrastructure is most limited.

22 **Q. IS IT IMPORTANT THAT LINK UY2 NOT BE SHIFTED OUTSIDE THIS**
23 **STRIP?**

24 A. Yes.

25 **Q. WHY?**

26 A. As long as WETT's transmission line location is not shifted from that recommended by
27 WETT, there are only a very few in-service pipeline crossings involved. If shifted
28 elsewhere to cross Sharon Ridge, there would almost certainly be much more pipeline

1 and electric distribution infrastructure interference, well spacing problems and
2 construction coordination issues. These issues have been discussed earlier in this section.

3 **Q. ARE THERE ISSUES RELATING TO THE CURRENT DRILLING**
4 **OPERATIONS AT SHARON RIDGE THAT THE COMMISSION SHOULD BE**
5 **CONCERNED WITH?**

6 **A.** Yes. New wells are being drilled and existing wells are being returned to service at
7 Sharon Ridge as a part of a multi-year expansion of operations.

8 **Q. WHAT ADDITIONAL INFRASTRUCTURE IS BEING INSTALLED AS PART**
9 **OF THIS EXPANSION?**

10 **A.** Occidental is installing miles of new or rebuilt roads, many miles of new or rebuilt
11 electric distribution lines, dozens of miles of new pipelines and numerous other new field
12 facilities.

13 **Q. IS THIS NEW INFRASTRUCTURE IN THE PATH OF PROPOSED LINK UY2?**

14 **A.** It is not in the path of Link UY2 as recommended in WETT's application. However, if
15 the placement of Link UY2 were shifted out of the narrow strip between CR 1610 and the
16 existing Oncor 138-kV transmission line, then there will be additional well interferences
17 and many additional road, pipeline and electric distribution system interferences.

18 **Q. WHAT IS THE TIMEFRAME FOR THE EXPANSION ACTIVITIES?**

19 **A.** Wells are being drilled now and the expansion activities will continue through the same
20 time period that WETT intends to construct the proposed transmission line.

21 **Q. WHAT IS OCCIDENTAL'S POSITION WITH RESPECT TO WHETHER**
22 **ATTEMPTING TO CONSTRUCT A TRANSMISSION LINE IN THE MIDDLE**
23 **OF THIS EXPANSION WORK WOULD BE PROBLEMATIC?**

24 **A.** If Link UY2 were shifted within Sharon Ridge from the location recommended by
25 WETT, then attempting to undertake two major construction programs at the same time
26 in a limited area with numerous cranes and drilling rigs in action simultaneously would
27 be problematic. However, as long as Link UY2 is not shifted from the recommended
28 location, then the issue should be manageable.

1 **Q. WOULD OCCIDENTAL MODIFY ITS CONSTRUCTION PLANS AND**
2 **SCHEDULE TO ACCOMMODATE WETT?**

3 **A.** No. WETT would be required to adjust its plans to avoid any new infrastructure and to
4 avoid interfering with Sharon Ridge's construction activities.

5 **Q. ARE ALL OF THE POTENTIAL INFRASTRUCTURE OBSTRUCTIONS AND**
6 **INTERFERENCES INVOLVING PROPOSED LINK UY2 AT SHARON RIDGE**
7 **INCLUDED IN YOUR DISCUSSION ABOVE?**

8 **A.** No. My discussion above only includes the immediately apparent infrastructure
9 obstructions and interferences that I was able to quantify in time for this testimony.
10 Other infrastructure obstructions and interferences could include, but are not limited to,
11 recently constructed pipelines not yet shown on the maps I was using, out-of-service
12 pipelines, and other similar obstructions. It may also include infrastructure owned or
13 operated by others.

14 1. Mineral Interest Issue

15 **Q. WHAT OTHER ISSUES SHOULD THE COMMISSION BE CONCERNED**
16 **ABOUT?**

17 **A.** The Commission should be concerned about the potential cost and delay that would occur
18 if WETT's activities interfered with Occidental's rights as a mineral estate holder.

19 **Q. WHAT IS OCCIDENTAL'S POSITION AS TO WHETHER THE CHOICE OF**
20 **LINK UY2 WOULD INTERFERE WITH ITS DOMINANT MINERAL ESTATE**
21 **AT SHARON RIDGE?**

22 **A.** As proposed, Link UY2 is positioned between the road and an existing transmission line,
23 which traverses a portion of Sharon Ridge. By doing this, WETT has located the link in
24 an area that is largely inaccessible to drilling and drilling expansion. Accordingly, so
25 long as UY2 is not moved from this proposed location, Occidental will cooperate with
26 that routing. Having said this, it is Occidental's position that even in its current location,
27 any excavations within the boundaries of Sharon Ridge should be done by hand or by
28 hydraulic excavation, also known as "hydrovac," to at least four feet (4') of depth before
29 utilizing traditional mechanical excavation methods.

1 **Q. WHAT IS MEANT BY “HYDROVAC”?**

2 **A.** “Hydrovac” is a method that uses a water jet to dig a hole along with a large vacuum
3 system to pump the slurry out of the hole being dug. This allows a hole to be dug without
4 damaging any known or unknown underground piping which might be encountered. It is
5 commonly used in highly congested areas such as Occidental’s oil fields or at brownfield
6 sites.

7 **Q. PLEASE DESCRIBE OCCIDENTAL’S POSITION WITH REGARD TO**
8 **GRANTING RIGHT-OF-WAY FOR THE LINKS ACROSS THESE FIELDS.**

9 **A.** Occidental’s position is that the surface owner does not have the legal right to grant an
10 easement to WETT for any of these links because they would conflict with Occidental’s
11 dominant rights as holder of the mineral estate. This position holds regardless of whether
12 the easement were to be voluntarily granted or involuntarily taken through condemnation.
13 Occidental’s Statement of Position filed in this case contains a more detailed explanation
14 of Occidental’s position with regard to this subject.

15 **Q. ARE YOU TESTIFYING TO THIS POSITION IN A LEGAL CAPACITY?**

16 **A.** No. I am only testifying that it is Occidental’s position and that Occidental will actively
17 defend and pursue that position.

18 **2. Conclusion as to Sharon Ridge**

19 **Q. WHAT IS OCCIDENTAL’S POSITION AS TO PROPOSED LINK UY2 AND**
20 **SHARON RIDGE?**

21 **A.** It will be difficult to route a transmission line through Sharon Ridge at a location other
22 than that recommended by WETT for Link UY2. Anywhere else, the amount of
23 infrastructure coupled with the complexity of the operations and the mineral estate rights
24 held by Occidental would no doubt lead to cost increases and delays. However, as long
25 as Link UY2 is constructed in the location that WETT has proposed, which is located in a
26 narrow strip of land between an existing transmission line and a road, Occidental would
27 cooperate with the routing.

1 **B. Dora Roberts**

2 **Q. PLEASE DESCRIBE THE NATURE OF THE OPERATION AT DORA**
3 **ROBERTS.**

4 **A.** Dora Roberts is an old unitized oil and gas field which is undergoing extensive new
5 drilling in order to develop Wolfberry Trend oil reserves. Hundreds of wells have been,
6 are being, and will in the near future be drilled at Dora Roberts. Many miles of road,
7 pipeline and electric distribution infrastructure exists at Dora Roberts, both from the old
8 field development and from ongoing development of the Wolfberry Trend reserves.

9 **Q. PLEASE DESCRIBE OCCIDENTAL'S PROPERTY INTERESTS THAT**
10 **WOULD BE IMPACTED IF WETT WERE TO BUILD A LINE ALONG LINKS**
11 **IZ4 AND YB4 AT DORA ROBERTS.**

12 **A.** Occidental has both surface interests exceeding 17,000 acres and part of the mineral
13 rights at Dora Roberts. Approximately seven miles of the Links IZ4 and YB4 either cut
14 across or border these surface interests and mineral rights.

15 **Q. WHAT IS THE WOLFERRY TREND?**

16 **A.** The Wolfberry Trend is a relatively new oil development play which extends under Dora
17 Roberts. The Wolfberry Trend has become economic relatively recently due to
18 improvements in the application of well fracturing technology to the Wolfberry Trend
19 reservoir rock. This is currently one of the most active drilling areas in Texas and
20 Occidental is drilling these types of wells at Dora Roberts today.

21 **Q. IS DEVELOPMENT OF THE WOLFERRY TREND AN INFRASTRUCTURE-**
22 **INTENSIVE PROCESS?**

23 **A.** Yes. Wolfberry Trend wells are generally drilled closer together than usual wells and
24 also heavily fractured to stimulate oil production.

25 **Q. WHAT INFRASTRUCTURE IS BEING BUILT AT DORA ROBERTS TO**
26 **SERVICE THESE NEW WELLS?**

27 **A.** Each of these wells will have a private road, an oil line and an electric distribution line
28 built to them over this same period.

1 Q. WILL ANY OF THIS NEW INFRASTRUCTURE BE IN THE PATH OF LINKS
2 CROSSING DORA ROBERTS?

3 A. Yes.

4 Q. WHAT IS OCCIDENTAL'S POSITION WITH RESPECT TO WHETHER
5 ATTEMPTING TO CONSTRUCT A TRANSMISSION LINE IN THE MIDDLE
6 OF THIS DEVELOPMENT WORK WOULD BE PROBLEMATIC?

7 A. Attempting to undertake two major construction programs at the same time in a limited
8 area with numerous cranes and drilling rigs in action simultaneously would be
9 problematic.

10 Q. DURING WHAT PERIOD WILL THIS NEW INFRASTRUCTURE BE UNDER
11 CONSTRUCTION?

12 A. The drilling and expansion activity at Dora Roberts is underway today and will continue
13 through the period that WETT intends to construct its new transmission line.

14 Q. WOULD OCCIDENTAL MODIFY ITS CONSTRUCTION PLANS AND
15 SCHEDULE TO ACCOMMODATE WETT?

16 A. Occidental would expect WETT to adjust its plans so as to avoid any new Dora Roberts
17 infrastructure in addition to all existing Dora Roberts infrastructure and any other
18 ongoing Dora Roberts development activities.

19 Q. WOULD A NEW TRANSMISSION LINE LOCATED ALONG THE LINKS
20 CROSSING DORA ROBERTS POTENTIALLY INTERFERE WITH THE
21 LOCATION OF EXISTING WELLS DUE TO SPACING CONCERNS?

22 A. Yes. It appears that at least one existing well would certainly have this problem (near
23 where the north end of Link IZ4 parallels State Highway 338 and about 2,000 feet south
24 of CR 171). WETT's map shows a line routed on this link passing over a well.

25 1. Specific Infrastructure Issues at Dora Roberts

26 (a) Pipelines

27 Q. PLEASE DESCRIBE THE PIPELINE INFRASTRUCTURE AT DORA
28 ROBERTS.

1 A. With the exception of CO₂ pipelines, the pipeline issues at Dora Roberts are very similar
2 to those at Sharon Ridge. There are miles of pipeline located within Dora Roberts.
3 These pipelines are of various sizes and are generally made out of steel, plastic or
4 fiberglass. The pipelines carry various liquids and gases, some of which are explosive.

5 **Q. ARE ALL OF THESE PIPELINES BURIED?**

6 A. No. Some are buried at various depths and some are laid directly on the surface.

7 **Q. WHAT IS IN THE PIPELINES?**

8 A. The contents of the pipelines include, but are not limited to, water, CO₂, oil, natural gas
9 and natural gas liquids (ethane, propane, butane, etc.).

10 **Q. ARE ANY OF THESE CONTENTS POTENTIALLY EXPLOSIVE?**

11 A. Yes. Several of these are, including without limitation, oil, natural gas and natural gas
12 liquids.

13 **Q. WHAT IS OCCIDENTAL'S POSITION AS TO WHETHER THESE PIPELINES
14 WOULD BE REMOVED FROM SERVICE WHILE WETT IS DOING
15 CONSTRUCTION OR MAINTENANCE ON THE PROPOSED TRANSMISSION
16 LINE?**

17 A. Occidental would not allow these pipelines to be removed from service while WETT is
18 doing construction or maintenance on the proposed transmission line.

19 **Q. HOW SHOULD THE TRANSMISSION STRUCTURES BE PLACED IN
20 RELATION TO THESE PIPELINES?**

21 A. Any 345-kV transmission structures should be located such that if they toppled, they
22 would not puncture any pipeline. This is especially important given the nature of these
23 pipelines.

24 **(b) Roads**

25 **Q. PLEASE DESCRIBE THE ROAD INFRASTRUCTURE AT DORA ROBERTS.**

26 A. I estimate there are many miles of road within Dora Roberts. These are primarily caliche
27 roads that are used in oil field operations.

1 Q. WHAT IS OCCIDENTAL'S POSITION AS TO WHETHER WETT WOULD BE
2 PERMITTED TO USE ANY OF THESE ROADS FOR CONSTRUCTION OR
3 MAINTENANCE OF THE PROPOSED TRANSMISSION LINE?

4 A. It is Occidental's position that WETT would not be permitted to use any of these roads
5 for construction or maintenance of the proposed transmission line.

6 Q. WHAT IS OCCIDENTAL'S POSITION REGARDING WETT BUILDING ITS
7 OWN CONSTRUCTION AND ACCESS ROADS WITHIN ITS RIGHT-OF-WAY
8 OR OTHERWISE AT DORA ROBERTS?

9 A. This would directly interfere with operations at Dora Roberts. First, as noted earlier,
10 Links IZ4 and YB4 would cross over many pipelines within the unit. Some of these
11 pipelines may be laid directly on the ground within the path of Links IZ4 and YB4, and
12 some (or even many) are buried, but not at depths necessary for them to be crossed by a
13 new road or otherwise not installed in a way consistent with being crossed by a new road,
14 much less a new road carrying heavy equipment. Second, even if constructed, WETT's
15 roads might not have the necessary clearance under Dora Robert's extensive electrical
16 distribution system, since that system was not built with the expectation that there would
17 ever be roads in those locations.

18 (c) Electrical

19 Q. PLEASE DESCRIBE THE ELECTRICAL INFRASTRUCTURE AT DORA
20 ROBERTS.

21 A. The electrical infrastructure at Dora Roberts consists of many miles of electric
22 distribution system, most of which operate at 12.47 kV, and is located above ground
23 except for short stretches near individual wells. Near individual wells, electrical lines are
24 buried.

25 Q. WHAT IS OCCIDENTAL'S POSITION AS TO WHETHER OCCIDENTAL
26 WOULD ALLOW ANY OF THESE DISTRIBUTION LINES TO BE REMOVED
27 FROM SERVICE WHILE WETT IS DOING CONSTRUCTION OR
28 MAINTENANCE WORK ON THE PROPOSED TRANSMISSION LINE?

1 A. Occidental would not allow any of these distribution lines to be removed from service
2 while WETT is doing construction or maintenance on the proposed transmission line.

3 **2. Drilling and Expansion Activities**

4 **Q. ARE DRILLING OPERATIONS AT DORA ROBERTS CURRENTLY**
5 **UNDERWAY?**

6 A. Yes. As a part of a multi-year expansion of operations at Dora Roberts, new wells are
7 being drilled today and existing well are being recompleted, all in order to develop the
8 Wolfberry Trend oil reserves.

9 **Q. WHAT ADDITIONAL INFRASTRUCTURE IS BEING INSTALLED AS PART**
10 **OF THESE EXPANSIONS?**

11 A. Occidental is installing miles of new roads, many miles of new electric distribution lines,
12 dozens of miles of new pipelines and numerous other new field facilities.

13 **Q. WILL THIS NEW INFRASTRUCTURE BE IN THE PATH OF PROPOSED**
14 **LINKS IZ4 AND YB4?**

15 A. Yes, some of it will.

16 **Q. WHAT IS THE TIMEFRAME FOR THESE EXPANSION ACTIVITIES?**

17 A. Expansion activities are currently underway and will continue through the same time
18 period that WETT intends to construct the proposed transmission line.

19 **Q. WHAT IS OCCIDENTAL'S POSITION WITH RESPECT TO WHETHER**
20 **ATTEMPTING TO CONSTRUCT A TRANSMISSION LINE IN THE MIDDLE**
21 **OF THIS EXPANSION WORK WOULD BE PROBLEMATIC?**

22 A. Attempting to undertake two major construction programs at the same time in a limited
23 area with numerous cranes and drilling rigs in action simultaneously would be
24 problematic.

25 **Q. WOULD OCCIDENTAL MODIFY ITS CONSTRUCTION PLANS AND**
26 **SCHEDULE TO ACCOMMODATE WETT?**

1 A. No. WETT would be required to adjust its plans to avoid any new infrastructure and to
2 avoid interfering with Dora Robert's construction activities.

3 **3. Other**

4 **Q. ARE ALL OF THE POTENTIAL INFRASTRUCTURE OBSTRUCTIONS AND**
5 **INTERFERENCES INVOLVING PROPOSED LINKS IB4 AND YZ4 AT DORA**
6 **ROBERTS INCLUDED IN YOUR DISCUSSION ABOVE?**

7 A. No. My discussion above only includes the immediately apparent infrastructure
8 obstructions and interferences that I was able to quantify in time for this testimony.
9 Other infrastructure obstructions and interferences could include, but are not limited to,
10 recently constructed pipelines not yet shown on the maps I was using, out-of-service
11 pipelines, and other similar obstructions. It may also include infrastructure owned or
12 operated by others.

13 **4. Mineral Interest Issue**

14 **Q. WHAT OTHER THINGS SHOULD THE COMMISSION BE CONCERNED**
15 **ABOUT?**

16 A. The Commission should be concerned about the potential cost and delay that would occur
17 if WETT's activities interfered with Occidental's or others rights as a mineral estate
18 holder at Dora Roberts.

19 **Q. WHAT IS OCCIDENTAL'S POSITION AS TO WHETHER THE CHOICE OF**
20 **LINKS IZ4 AND YB4 WOULD INTERFERE WITH THE DOMINANT**
21 **MINERAL ESTATE AT DORA ROBERTS?**

22 A. As proposed, Links IZ4 and YB4 would interfere with the dominant mineral estate at
23 Dora Roberts.

24 **5. Conclusion as to Dora Roberts**

25 **Q. WHAT OCCIDENTAL'S POSITION AS TO PROPOSED LINKS IZ4 AND YB4**
26 **AND DORA ROBERTS?**

27 A. It would be problematic to route a transmission line through Dora Roberts. The amount
28 of infrastructure coupled with the complexity of the operations will no doubt lead to cost

1 increases and delays. For these reasons, Occidental supports the preferred route for the
2 Grelton to Odessa segment.

3 **C. South Curtis**

4 **Q. PLEASE DESCRIBE THE NATURE OF THE OPERATION AT SOUTH**
5 **CURTIS.**

6 **A.** South Curtis is also within the Wolfberry Trend. There is almost no previous oil and gas
7 development on South Curtis, however, an extensive drilling program is underway to
8 access the Wolfberry Trend oil reserves on the property. Occidental has begun drilling at
9 South Curtis and hundreds of wells are scheduled to be drilled over the next three years.

10 **Q. WHAT INFRASTRUCTURE WILL BE BUILT AT SOUTH CURTIS TO**
11 **SERVICE THESE NEW WELLS?**

12 **A.** Each of these wells will have a private road, an oil line and an electric distribution line
13 built to them over this same period.

14 **Q. WILL ANY OF THIS INFRASTRUCTURE BE IN THE PATH OF LINKS**
15 **CROSSING SOUTH CURTIS?**

16 **A.** Yes.

17 **Q. WOULD A NEW TRANSMISSION LINE LOCATED ALONG THE LINKS**
18 **CROSSING SOUTH CURTIS POTENTIALLY INTERFERE WITH THE**
19 **LOCATION OF NEW WELLS DUE TO SPACING CONCERNS?**

20 **A.** Yes, especially on Link HH4. Given the positioning shown on WETT's maps, WETT's
21 proposed transmission line would be the third parallel transmission line crossing the
22 south-end of the property, each with a separate right-of-way. The combined width of
23 these three parallel rights-of-ways could interfere with the location of new wells due to
24 spacing concerns.

25 **Q. WHAT IS OCCIDENTAL'S POSITION WITH RESPECT TO WHETHER**
26 **ATTEMPTING TO CONSTRUCT A TRANSMISSION LINE IN THE MIDDLE**
27 **OF THIS DEVELOPMENT WORK WOULD BE PROBLEMATIC?**

1 A. Attempting to undertake two major construction programs at the same time in a limited
2 area with numerous cranes and drilling rigs in action simultaneously would be
3 problematic.

4 **Q. WHAT IS THE TIMEFRAME FOR THE CONSTRUCTION ACTIVITIES OF**
5 **THIS NEW INFRASTRUCTURE?**

6 A. This extensive construction is now beginning and will continue through the same time
7 period that WETT intends to construct the proposed transmission line.

8 **Q. WOULD OCCIDENTAL MODIFY ITS CONSTRUCTION PLANS AND**
9 **SCHEDULE TO ACCOMMODATE WETT?**

10 A. Occidental would expect WETT to adjust its plans so as to avoid any new South Curtis
11 infrastructure and to avoid interfering with ongoing South Curtis development activities.

12 **IV. CONCLUSION**

13 **Q. WHAT IS OCCIDENTAL'S POSITION AS TO THE PROPOSED ROUTING OF**
14 **LINKS UY2, IZ4, YB4, FX4, HH4, AND M4 IN THIS CASE?**

15 A. Link UY2 on the Scurry County South to Long Draw segment can be accommodated
16 provided it does not move from its current recommended location between the road and
17 the existing transmission line. Occidental opposes Links IZ4, YB4, FX4, HH4, and M4
18 on the Grelton to Long Draw segment because they would interfere with Occidental's
19 operations within the Dora Roberts and South Curtis fields. Given these impacts, it is
20 Occidental's position that WETT would be subject to significant delays and increased
21 costs if it were to attempt to utilize these links. Accordingly, the Commission should not
22 select any route that utilizes Links IZ4, YB4, FX4, HH4, and M4.

23 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

24 A. Yes, it does.

AFFIDAVIT OF THOMAS J. PAYTON

State of Texas)
)
County of Harris)

Before me, the undersigned authority, on this day personally appeared the person known by me to be Thomas J. Payton, who, after being sworn by me, stated as follows:

1. My name is Thomas J. Payton. I am over eighteen years of age, am of sound mind and competent to make this Affidavit. I have personal knowledge of every statement contained in this Affidavit, and every statement contained herein is true and correct and based on my own personal knowledge.

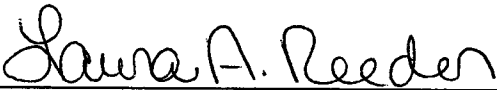
2. I make this Affidavit in support of my testimony on behalf of Occidental. Attached hereto and made a part hereof for all purposes is my Direct Testimony and Exhibits, which have been prepared in written form for introduction into evidence in SOAH Docket No. 473-10-5919 and Public Utility Commission of Texas Docket No. 38484.

3. I hereby swear and affirm that my answers contained in the testimony are true and correct.



THOMAS J. PAYTON

SUBSCRIBED AND SWORN to before me on this the 21st of October 2010, to certify which witness my hand and seal of office.



Notary Public

