

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

**IN THE MATTER OF THE HEARING CALLED BY THE OIL  
CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING TARGA  
MIDSTREAM SERVICES LLC'S MOTION TO REOPEN CASE TO OFFER  
PROOF OF WELL COMPLETION, WELL TEST RESULTS, AND EXTENT OF  
INJECTION RADIUS**

**CASE NO. 14575**

**PRE-HEARING STATEMENT**

**APPEARANCES**

**APPLICANT**

Targa Midstream Services LLC  
as Operator for Versado  
Gas Processors, LLC

**APPLICANT'S ATTORNEY**

Mr. William Scott  
Modrall, Sperling, Roehl, Harris &  
Sisk, PA  
P.O. Box 2168  
Albuquerque, NM 87103-2168  
Telephone: (505) 848-1800  
Fax: (505) 848-1889  
bscott@modrall.com

**RESPONDENT**

Oil Conservation Division

**RESPONDENT'S ATTORNEY**

Gabrielle A. Gerholt  
Oil Conservation Division  
Energy, Minerals and Natural  
Resources Department  
1220 S. St. Francis Drive  
Santa Fe, NM 87505  
Telephone: (505) 476-3451  
FAX: (505) 476-3462  
Gabrielle.Gerholt@state.nm.us

**STATEMENT OF THE CASE**

Applicant Targa Midstream Services LLC (Targa) has asked the Oil Conservation Commission (Commission) to reopen Case No. 14575 in order to offer proof of completion of its Eunice AGI Well in accordance with Commission Order No. R-12809-C. Targa has requested that the Commission grant a 30 year time limit for the permit associated with the Eunice AGI Well.

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The Oil Conservation Division (Division) does not oppose Targa's request for the permit. The Division does ask the Commission consider the following before granting Targa a 30 year permit for its Acid Gas Injection well:

1. At some definitive point after Targa begins injecting acid gas, carbon dioxide and wastewater into the well, the Division recommends that the Commission require Targa to conduct appropriate testing to determine whether or not a zone is accepting the injection material more quickly. The Division presents this recommendation because portions of the formation may be more quickly invaded by the acid gas plume than other portions of the formation. If a narrower portion of the formation is more quickly invaded by the acid gas, the acid gas may expand more rapidly and reach the half mile radius in less than 30 years.
2. Requiring a Mechanical Integrity Test (MIT) every year versus once every five years would allow for Targa and the Division to verify or dispel the pressure data which is being collected by meters and gauges installed on the tubing and tubing/casing annulus. Conducting a MIT does not disrupt injection into the well.
3. Per Section 2.2 of Targa's H2S Contingency Plan, Targa will review and revise its H2S Contingency Plan annually. The Division would recommend Targa be required to include within its Contingency Plan what alternatives are present if injection ceases due to failure of well integrity.

#### RESPONDENT'S PROPOSED EVIDENCE

##### WITNESS:

##### ESTIMATED TIME:

William Jones

1 ½ hours

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

2002-2012

New Mexico Oil Conservation Division

Regulatory Engineer/Hearing Officer

*The OCD will offer Mr. Jones as an expert in  
petroleum engineering and underground injection*

Mr. Jones will testify about his review of the temperature decay tracer survey and log presentation prepared for Targa and the modeling he produced based upon this information.

### PROCEDURAL MATTERS

None.

Respectfully submitted  
this 16th day of February 2012 by



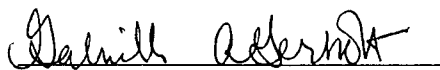
Gabrielle A. Gerholt  
Oil Conservation Division  
Energy, Minerals and Natural  
Resources Department  
1220 S. St. Francis Drive  
Santa Fe, NM 87505  
(505) 476-3463  
Fax (505) 476-3462  
Email: Gabrielle.Gerholt@state.nm.us  
Attorney for the Oil Conservation Division

### CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was electronically mailed on the following party on February 16, 2012:

William C. Scott  
500 Fourth Street  
Suite 1000  
Albuquerque, NM 87102  
(505) 848-1824 – Tel.  
(505) 848-9710 – Fax  
[bscott@modrall.com](mailto:bscott@modrall.com)

Attorney for Applicant Targa Midstream Services LLC.

  
Gabrielle A. Gerholt