

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

**APPLICATION FOR AMENDMENT TO
ORDERS R-13052, R-13052-A, SWD-1654,
SWD-1671 TO INCREASE THE APPROVED
AGGREGATE DAILY INJECTION RATE
FOR TARGA MONUMENT AGI SYSTEM
FROM 2.5 TO 5.0 MMSCFD.**

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CASE NO. 15740

PRE-HEARING STATEMENT

This Pre-hearing Statement is submitted by Holland & Hart LLP as required by Rule
19.15.14.1211.

APPEARANCES OF PARTIES

APPLICANT

Targa Midstream Services LLC
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ATTORNEY

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STATEMENT OF CASE

Applicant Targa Midstream Services LLC seeks an order from the New Mexico Oil
Conservation Commission modifying Orders R-13052, R-13052-A, SWD-1654, and SWD-1671
to allow an increase in the daily injection rate of treated acid gas (TAG) from 2.5 MMSCFD to
5.0 MMSCFD. Since the AGI No. 2D was placed into operation the concentration of CO₂ in the
natural gas processed by the Monument gas plant has increased significantly. And, additional
wells have been added to the inlet feed. Together, these factors are expected to result in a daily

amount of TAG of up to 5.0 MMSCFD in the very near future. Geolex, Targa's technical consultant, calculated the impacts of the proposed increase in injection rates, including both the active AGI No. D2 and the proposed AGI No. 3, and has determined that the requested rate increase is expected to have a minor impact in the anticipated radial extent of the TAG plume over a 30-year period. An analysis of the wells in the area of review confirms that they are properly completed and/or plugged and abandoned, and do not pose a hazard for migration of the injected TAG into any other zones. Targa does not request any other modifications or changes to the existing operating conditions or requirements imposed by the current Orders and will continue to inject within the maximum allowable operating pressure of 3,000 psig. Granting the application will allow Targa to meet changing inlet gas CO₂ concentrations and the growing demand for gas processing in the area and to utilize the existing design capacity of its Monument plant.

PROPOSED EVIDENCE

Targa anticipates that it will present the following witnesses and evidence:

<u>WITNESSES</u> (Name and Expertise)	<u>EST. TIME</u>	<u>EXHIBITS</u>
James Lingnau, Permian Region Engineering Manager	Approx. 15 minutes	<u>Exhibit 1:</u> Power Point slides summarizing testimony.

Mr. Lingnau's testimony will provide an overview of acid gas injection and operations at Targa's Monument natural gas processing plant in Lea County, New Mexico, a summary of the purpose, benefits, and need for the proposed increased injection rate as a result of increasing field production and CO₂ concentrations in processed natural gas.

James C. Hunter, RG, Geolex, Inc.	Approx. 30 minutes	4 Exhibits
		<u>Exhibit 2:</u> James C. Hunter, curriculum vitae;
		<u>Exhibit 3:</u> Targa Application;

Exhibit 4: Power Point slides summarizing testimony; and

Exhibit 5: Notice Letter and Documentation of Notices Provided to Parties in the Area of Review.

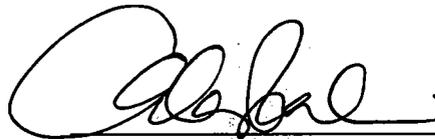
Mr. Hunter will testify on the technical aspects of the application to increase the injection rate, including the basis for the proposed injection rate increase and the anticipated effects. Mr. Hunter's testimony will include a brief review of the background and regulatory history of injection at Targa's Monument natural gas processing plant and the operational history of the existing well. His testimony will include an analysis of the proposed injection rate increase, and a review of the wells included within the projected TAG plume. Mr. Hunter will also testify that well operations will not result in waste, will not impair correlative rights, and will be protective of freshwater sources. Finally, Mr. Hunter will testify regarding the notice of the application provided to affected parties.

PROCEDURAL MATTERS

None at this time.

Respectfully submitted,

HOLLAND & HART LLP



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