

December 20, 2006

Mr. William Jones
NM Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

VIA FEDERAL EXPRESS

RE: C108 APPLICATION FOR AUTHORIZATION TO INJECT
ON BEHALF OF TARGA RESOURCES, LLC (TARGA)
SECTION 27, T22S, R37E; LEA COUNTY, NEW MEXICO

Dear Mr. Jones:

Enclosed you will find an application on behalf of TARGA to drill and operate an acid gas injection well in the SW ¼ Section 27, T22S, R37E, Lea County, New Mexico. The location is approximately 5 miles south of Eunice and, as you will see from the attached application, the primary target injection zone is the San Andres Formation. This well will replace the existing permitted SWD in the same location (API # 3002521497)

I am confident that the detail provided in the application will allow NMOCD to evaluate and administratively approve the application; however, it is our understanding that NMOCD has determined that an OCD hearing will be required. Bill Carr from Holland and Hart is working with your office to schedule this hearing for February 1, 2007. We have contacted all of the operators within the area of review, and several operators outside of the area but close to it, to advise them of TARGA's intentions to drill the above-referenced well. As you will see from the application, proof-of-notice is provided that details our formal notification of the operators in the area of review. In addition, pursuant to our agreements with OCD in our October meeting we have also noticed all the surface owners within a one mile radius of the proposed location. We have placed a legal notice in the Hobbs newspaper, which is scheduled for publication on Friday December 22, 2006. We will submit the affidavit of publication along with the return receipts from the affected operators and the surface owners as soon as we receive them.

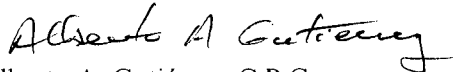
I trust that you will find everything you need herein to evaluate the application and I would encourage that if you have any questions, please contact me at the address below or at my office in Albuquerque: 505-842-8000.

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I look forward to working with you to assure the prompt and adequate of this application and its timely approval.

Merry Christmas

Sincerely,
Geolex, Inc.

A handwritten signature in cursive script, reading "Alberto A. Gutiérrez".

Alberto A. Gutiérrez, C.P.G.
President

AAG/lh

Enclosures

cc (w/enclosures): Clark White – TARGA
 Cary Loughman- TARGA
 William Carr, Esq. – Holland & Hart

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