

HOLLAND & HART^{LLP}



Ocean Munds-Dry
Associate

omundsdry@hollandhart.com

2006 DEC 27 PM 4 02

December 27, 2006

HAND-DELIVERED

Mark E. Fesmire, P.E.
Director
Oil Conservation Division
New Mexico Energy, Minerals and
Natural Resources Department
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Case 13865

Re: Application of Versado Gas Processors, LLC operated by Targa Resources, LLC for approval of an acid gas injection well, Lea County, New Mexico.

Dear Mr. Fesmire:

Enclosed is the application of Targa Resources, LLC in the above-referenced case as well as a copy of a legal advertisement. Targa requests that this matter be placed on the docket for the February 1, 2007 Examiner hearings.

Sincerely,

Ocean Munds-Dry
Ocean Munds-Dry

Enclosures

cc: Will Jones (w/o enclosures)
Alberto Gutierrez (w/o enclosures)

Holland & Hart^{LLP}

Phone [505] 988-4421 Fax [505] 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, NM 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C. ♻

CASE 13865: Application of Versado Gas Processors, LLC operated by Targa Resources, LLC for approval of an acid gas injection well, Lea County, New Mexico. Applicant seeks approval to utilize its proposed Versado AGI Well No. 1, to be drilled 1200 feet from the West line and 2580 feet from the South line of Section 27, Township 22 South, Range 37 East, NMPM, to inject up to 2500 barrels of acid gas per day, at a maximum pressure of 2000 psi, into the San Andres Formation, at an approximate depth of 4500 feet to 5000 feet. This proposed well will replace Eunice Gas Plant SWD Well No. 1 (API No. 30-025-21497) at this location. Versado may be contacted through its representative, Mr. Alberto Gutierrez, 500 Marquette Ave NW, Suite 1350, Albuquerque, New Mexico 87102 or (505) 842-8000. Interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within 15 days. This well is located approximately 5 miles south of Eunice, New Mexico.

NEW MEXICO OIL CONSERVATION COMMISSION

FORM C-103
(Rev 3-55)

MISCELLANEOUS REPORTS ON WELLS

(Submit to appropriate District Office as per Commission Rule 1106)

Name of Company Skelly Oil Company				Address Box 38 - Hobbs, New Mexico			
Lease Emice Gasoline Plant SWD		Well No. 1	Unit Letter L	Section 27	Township 22-S	Range 37-E	
Date Work Performed Nov. 8 thru 9, 1961		Pool Langlie Mattix			County Lea		

THIS IS A REPORT OF: (Check appropriate block)

- ☐ Beginning Drilling Operations ☒ Casing Test and Cement Job ☒ Other (Explain):
☐ Plugging ☐ Remedial Work **Completing**

Detailed account of work done, nature and quantity of materials used, and results obtained.

Drilled 4140'. Set 123 joints (4000') of new 7" OD 20# 8-R SS J-55 RT&C casing at 4010' and cemented with 1750 sacks by Halliburton Pump & Plug Process. Cement circulated to surface. Plug down at 8:30 A.M. November 8, 1961. W. O. C. 36 hours. Pressured up to 1500# for 30 minutes and casing tested OK. Drilled out cement plug and pressured up to 1500# for 30 minutes and casing shut off tested OK.

Reached total depth of 4550' on November 12, 1961. Treated open hole section 4010-4550' with 3000 gals. 15% Reg. Acid by Halliburton Company. Well completed as a Salt Water Disposal Well.

SWD-27

Witnessed by R. L. Calhoun	Position Dist. Foreman	Company Skelly Oil Company
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FILL IN BELOW FOR REMEDIAL WORK REPORTS ONLY

ORIGINAL WELL DATA

D F Elev.	T D	P BTD	Producing Interval	Completion Date
Tubing Diameter	Tubing Depth	Oil String Diameter	Oil String Depth	
Perforated Interval(s)				
Open Hole Interval		Producing Formation(s)		

RESULTS OF WORKOVER

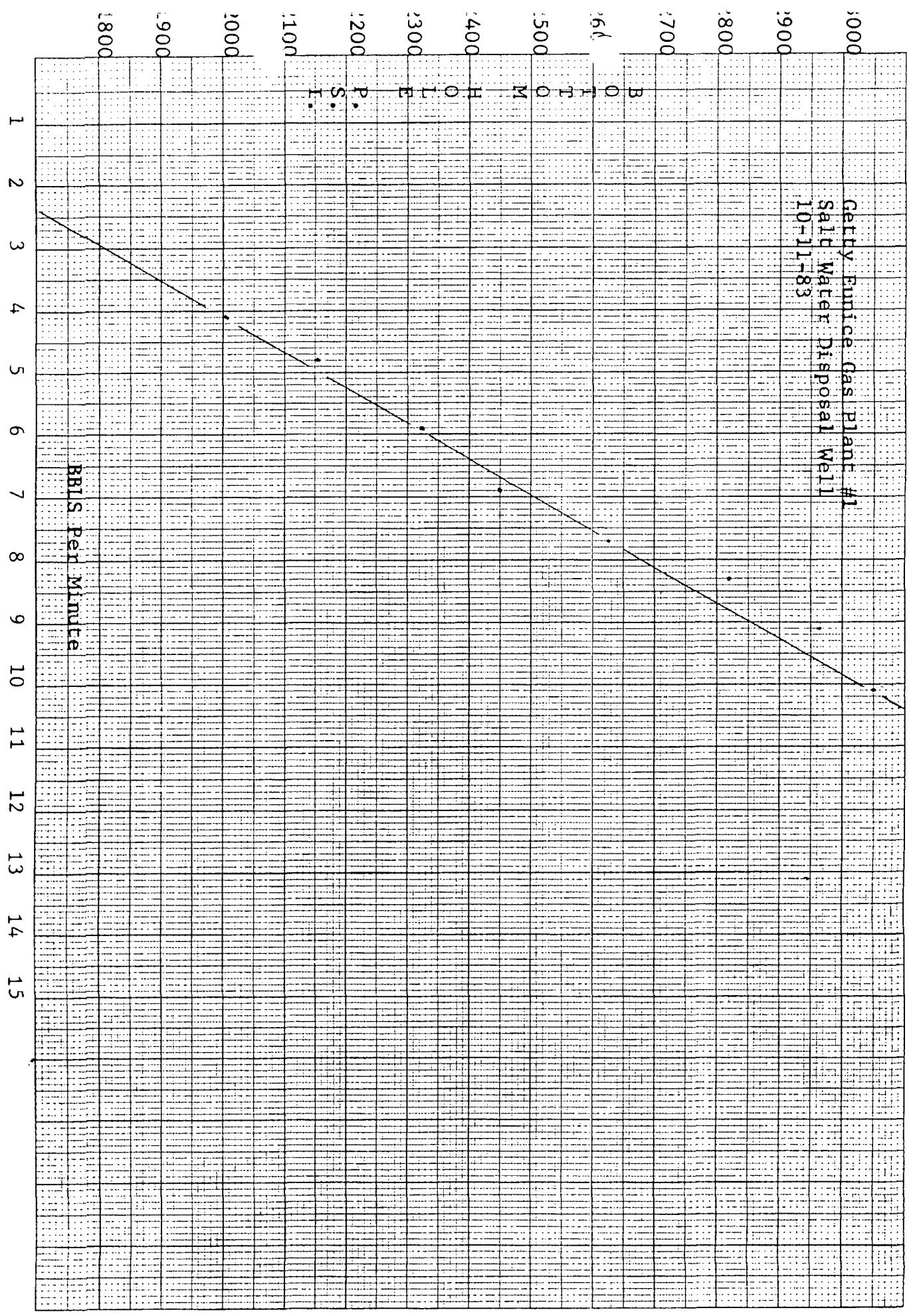
Test	Date of Test	Oil Production BPD	Gas Production MCFPD	Water Production BPD	GOR Cubic feet/Bbl	Gas Well Potential MCFPD
Before Workover						
After Workover						

OIL CONSERVATION COMMISSION

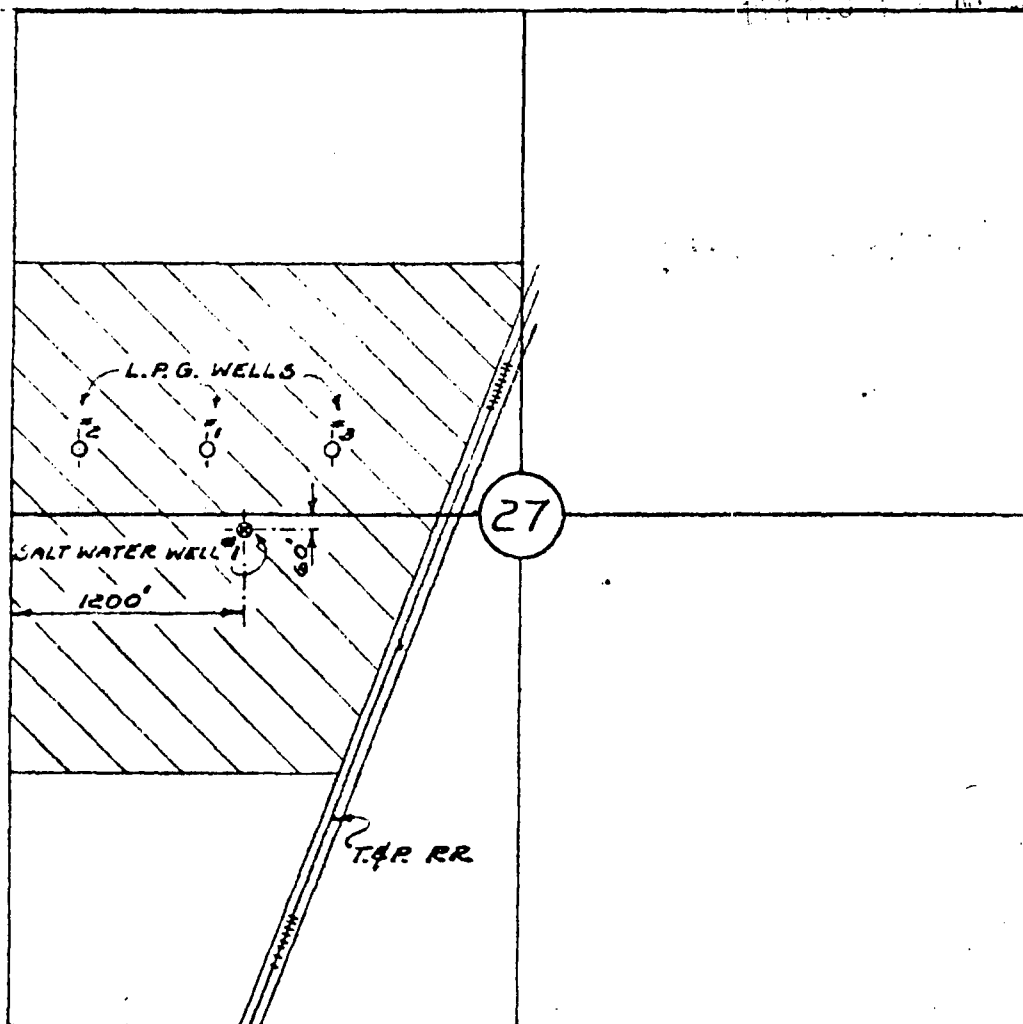
I hereby certify that the information given above is true and complete to the best of my knowledge.

Approved by <i>[Signature]</i>	Name <i>J. E. Aub</i>
Title <i>[Signature]</i>	Position Dist. Supt.
Date	Company Skelly Oil Company


Gelty Eunice Gas Plant #1
 Salt Water Disposal Well
 10-11-83



0261 94



SECTION 27-225-37E
LEA COUNTY, NEW MEXICO

SKELLY OIL COMPANY		—		MANUFACTURING DEPARTMENT	
LOCATION OF SALT WATER DISPOSAL WELL #1.					
PLANT EUNICE #1		DRAWN JCK		A. F. E. 7926	
DATE 7-20-61		SCALE 1" = 1000'		CH'K'D F.M.	
				APP'VD 	
GA-935					

NEW MEXICO OIL CONSERVATION COMMISSION

FORM C-103
(Rev 3-55)

MISCELLANEOUS REPORTS ON WELLS

(Submit to appropriate District Office as per Commission Rule 1106)

Name of Company Skelly Oil Company		Address Box 38 - Hobbs, New Mexico			
Lease Eunice Gasoline Plant SWD	Well No. 1	Unit Letter "L"	Section 27	Township 22-S	Range 37-E
Date Work Performed	Pool Langlie Mattix			County Lea	

THIS IS A REPORT OF: (Check appropriate block)

- ☒ Beginning Drilling Operations ☒ Casing Test and Cement Job ☐ Other (Explain):
☐ Plugging ☐ Remedial Work

Detailed account of work done, nature and quantity of materials used, and results obtained.

Well spudded October 26, 1961. Set 10 joints of (288') new 10-3/4" OD 32.7# SS H-40 RT&C casing at 300' and cemented with 300 sacks by Halliburton Pump & Plug Process. Cement circulated to surface. Plug down at 8:00 A.M. October 27, 1961. W.O.C. 24 hours. Pressure up to 600# for 30 minutes and casing tested OK. Drilled out cement plug and pressured up to 600# for 30 minutes and casing shut off tested OK.

Witnessed by Robert L. Calhoon	Position Dist. Foreman	Company Skelly Oil Company
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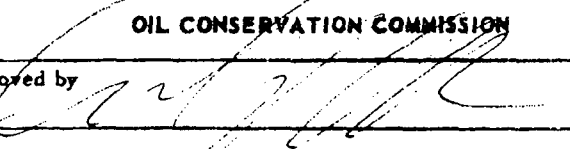
FILL IN BELOW FOR REMEDIAL WORK REPORTS ONLY

ORIGINAL WELL DATA

D F Elev.	T D	P B T D	Producing Interval	Completion Date
Tubing Diameter	Tubing Depth	Oil String Diameter	Oil String Depth	
Perforated Interval(s)				
Open Hole Interval			Producing Formation(s)	

RESULTS OF WORKOVER

Test	Date of Test	Oil Production BPD	Gas Production MCFPD	Water Production BPD	GOR Cubic feet/Bbl	Gas Well Potential MCFPD
Before Workover						
After Workover						

OIL CONSERVATION COMMISSION		I hereby certify that the information given above is true and complete to the best of my knowledge.	
Approved by 	Name J. E. Aub		
Title	Position Dist. Supt.		
Date	Company		

NUMBER OF COPIES RECEIVED	
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SANTA FE	
FILE	
U.S.G.S.	
LAND OFFICE	
TRANSPORTER	OIL
	GAS
PRODUCTION OFFICE	
OPERATOR	

NEW MICO OIL CONSERVATION COMML JN
Santa Fe, New Mexico

Form C-101
Revised (12/1/55)

NOTICE OF INTENTION TO DRILL

Notice must be given to the District Office of the Oil Conservation Commission and approval obtained before drilling or recompleting begins. If changes in the proposed plan are considered advisable, a copy of this notice showing such changes will be returned to the sender. Submit this notice in QUINTUPLICATE. One copy will be returned following approval. See additional instructions in Rules and Regulations of the Commission. If State Land submit 6 Copies Attach Form C-128 in triplicate to first 3 copies of form C-1

Box 1650, Tulsa, Oklahoma

August 23, 1961

(Place)

(Date)

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Gentlemen:

You are hereby notified that it is our intention to commence the Drilling of a well to be known as

Skelly Oil Company

(Company or Operator)

Eunice Gasoline Plant SWD

(Lease)

Well No. **1**, in **L** The well

(Unit)

located **1200** feet from the **West** line and **60** feet from the

North line of the SW/4

Section **27**, T. **22-S**, R. **37-E**, NMPM.

(GIVE LOCATION FROM SECTION LINE) **Langlie-Mattix** Pool, **Lea** Coun

If State Land the Oil and Gas Lease is No. **-**

If patented land the owner is **Skelly Oil Company**

Address **Box 1650, Tulsa, Oklahoma**

We propose to drill well with drilling equipment as follows: **Rotary Tools**

The status of plugging bond is **On File**

Drilling Contractor **Not selected**

We intend to complete this well in the **San Andres**

formation at an approximate depth of **4,000** feet

CASING PROGRAM

We propose to use the following strings of Casing and to cement them as indicated:

Size of Hole	Size of Casing	Weight per Foot	New or Second Hand	Depth	Sacks Cement
13"	10-3/4"	32.75#	New	300'	250 <i>X Case</i>
8-3/4"	7"	20#	New	3,985'	750*

If changes in the above plans become advisable we will notify you immediately.

ADDITIONAL INFORMATION (If recompleting give full details of proposed plan of work.)

This well is to be drilled for a Salt Water Disposal Well.

Application to dispose of salt water by injection into a porous formation not productive of oil and gas will be filed with the Commission at Santa Fe.

Approved....., 19.....
Except as follows:

Sincerely yours,

Skelly Oil Company

(Company or Operator)

By *[Signature]*

Position **Manager of Conservation**

Send Communications regarding well to

OIL CONSERVATION COMMISSION

NUMBER OF COPIES RECEIVED	
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SANTA FE	
FILE	
U.S.G.S.	
LAND OFFICE	
TRANSPORTER	OIL
	GAS
REGISTRATION OFFICE	
OPERATOR	

NEW MEXICO OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

WELL RECORD

Sec. 27

#1

AREA 640 ACRES
LOCATE WELL CORRECTLY

Mail to District Office, Oil Conservation Commission, to which Form C-101 was sent not later than twenty days after completion of well. Follow instructions in Rules and Regulations of the Commission. Submit in QUINTUPLICATE If State Land submit 6 Copies

Skelly Oil Company

(Company or Operator)

Bunice Gasoline Plant Salt Water Disposal

(Lease)

Well No. **1** in **NW** 1/4 of **SW** 1/4, of Sec. **27**, T. **22-S**, R. **37-E**, NMPM.

Langlie Mattix

Pool, **Lea** County.

Well is **2580** feet from **South** line and **1200** feet from **West** line

of Section **27**. If State Land the Oil and Gas Lease No. is _____

Drilling Commenced **October 26**, 19 **61** Drilling was Completed **November 12**, 19 **61**

Name of Drilling Contractor **Cactus Drilling Company**

Address **P. O. Box 670 - San Angelo, Texas**

Elevation above sea level at Top of Tubing Head **3345' DF** The information given is to be kept confidential until

Not Confidential, 19 _____

OIL SANDS OR ZONES

No. 1, from **None** to _____ No. 4, from _____ to _____

No. 2, from _____ to _____ No. 5, from _____ to _____

No. 3, from _____ to _____ No. 6, from _____ to _____

IMPORTANT WATER SANDS

Include data on rate of water inflow and elevation to which water rose in hole.

No. 1, from **None** to _____ feet.

No. 2, from _____ to _____ feet.

No. 3, from _____ to _____ feet.

No. 4, from _____ to _____ feet.

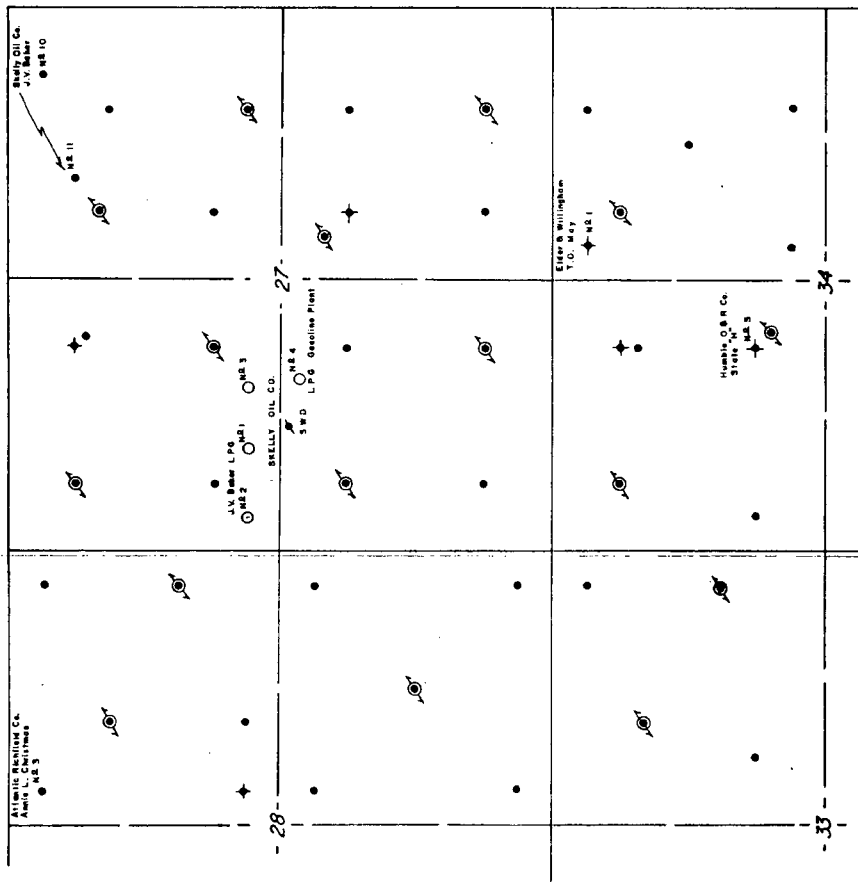
CASING RECORD

SIZE	WEIGHT PER FOOT	NEW OR USED	AMOUNT	KIND OF SHOE	CUT AND PULLED FROM	PERFORATIONS	PURPOSE
10-3/4"	32.7#	New	286'	Guide	---	---	Surface
7"	20#	New	1000'	Float	---	---	Injection

MUDDING AND CEMENTING RECORD

SIZE OF HOLE	SIZE OF CASING	WHERE SET	NO. SACKS OF CEMENT	METHOD USED	MUD GRAVITY	AMOUNT OF MUD USED
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R37E



LEGEND

- PRODUCER
- INJECTION WELL
- SWD WELL
- L.P.G. STORAGE WELL
- ✦ PLUGGED & ABANDONED

NOTE: ALL OTHER WELLS SHOWN ON THIS PLAT OTHER THAN THE ONES WITH THE OPERATOR AND WELL NO. ARE ANADARKO PRODUCTION COMPANY LANGLEY MATTHEW PENROSE SAND UNIT WELLS.

I HEREBY CERTIFY THAT THE LOCATION FOR THE PROPOSED L.P.G. STORAGE WELL NO. 4 WAS SURVEYED UNDER MY SUPERVISION AND THAT THE SAME IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF. I FURTHER CERTIFY THAT THE OTHER WELLS SHOWN ON THE PLAT WERE LOCATED ACCORDING TO THE WELL RECORDS IN THE OFFICE OF THE NEW MEXICO OIL CONSERVATION COMMISSION IN HOBBS, NEW MEXICO.

WEST ENGINEERING COMPANY

BY *John W. West*
JOHN WEST P.E. & L.S. NO. 676

NEW MEXICO BELLY OIL COMPANY



PLAT SHOWING WELLS IN AREA AROUND PROPOSED L.P.G. STORAGE WELL NO. 4 LOCATED 2471 FEET FROM SOUTH AND 1658 FEET FROM WEST LINES OF SECTION 27, TOWNSHIP 22 SOUTH, RANGE 37 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO

NO. OF COPIES RECEIVED	
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SANTA FE	
FILE	
U.S.G.S.	
LAND OFFICE	
OPERATOR	

NEW MEXICO OIL CONSERVATION COMMISSION

Form C-103
Supersedes Old
C-102 and C-103
Effective 1-1-65

5a. Indicate Type of Lease	
State <input type="checkbox"/>	Fee <input checked="" type="checkbox"/>

5. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS

DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR.
USE "APPLICATION FOR PERMIT TO DRILL" (FORM C-101) FOR SUCH PROPOSALS.

1. <input type="checkbox"/> OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER LPG Storage		7. Unit Agreement Name
2. Name of Operator Skelly Oil Company		8. Farm or Lease Name Skelly Gasoline Plant No. 1
3. Address of Operator P. O. Box 1351, Midland, Texas 79701		9. Well No. LPG #4
4. Location of Well: UNIT LETTER K 2471 FEET FROM THE South LINE AND 1658 FEET FROM THE West LINE, SECTION 27 TOWNSHIP 22S RANGE 37E NMPM.		10. Field and Pool, or Wildcat
15. Elevation (Show whether DF, RT, GR, etc.) Unknown		12. County Lea

16. Check Appropriate Box To Indicate Nature of Notice, Report or Other Data			
NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPERATIONS <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>		CASING TEST AND CEMENT JOBS <input checked="" type="checkbox"/>	
OTHER <input type="checkbox"/>		OTHER <input type="checkbox"/>	

17. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

- 1) Drilled to 30'. Set 30' of 20" OD conductor casing and cemented to surface.
- 2) Drilled to 1850'. Ran 46 joints (1841') of 13-3/8" OD 54.5# and 61# 8R J-55 casing and set at 1850' with 1400 sacks Light Weight and 1000 sacks Chem-Comp cement. Cement circulated to surface. WOC.
- 3) Tested casing to 1000# for 30 minutes, held OK.
- 4) Drilled out cement inside 13-3/8" OD casing 1804' - 1855'.
- 5) Drilled to TD 2075'.
- 6) Ran 50 joints (2056') of 7" OD 23# J-55 casing set at 2065' with 6' perforated nipple 2059' - 2065', bull plugged on bottom.
- 7) Turned well over to Skelly Manufacturing Department on September 13, 1971, to wash out storage cavity.

18. I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNED (Signed) D. R. Crow TITLE Lead Clerk DATE Sept. 29, 1971

APPROVED BY Chris Turner by [Signature] TITLE DATE OCT 1 1971

CONDITIONS OF APPROVAL, IF ANY:




-  **Targa SWD Well**
-  **Shallow Gas Storage Wells**
-  **Shallow Producing Well**



Figure 1: 2007 Satellite Photograph Showing Locations of Existing and Proposed Wells

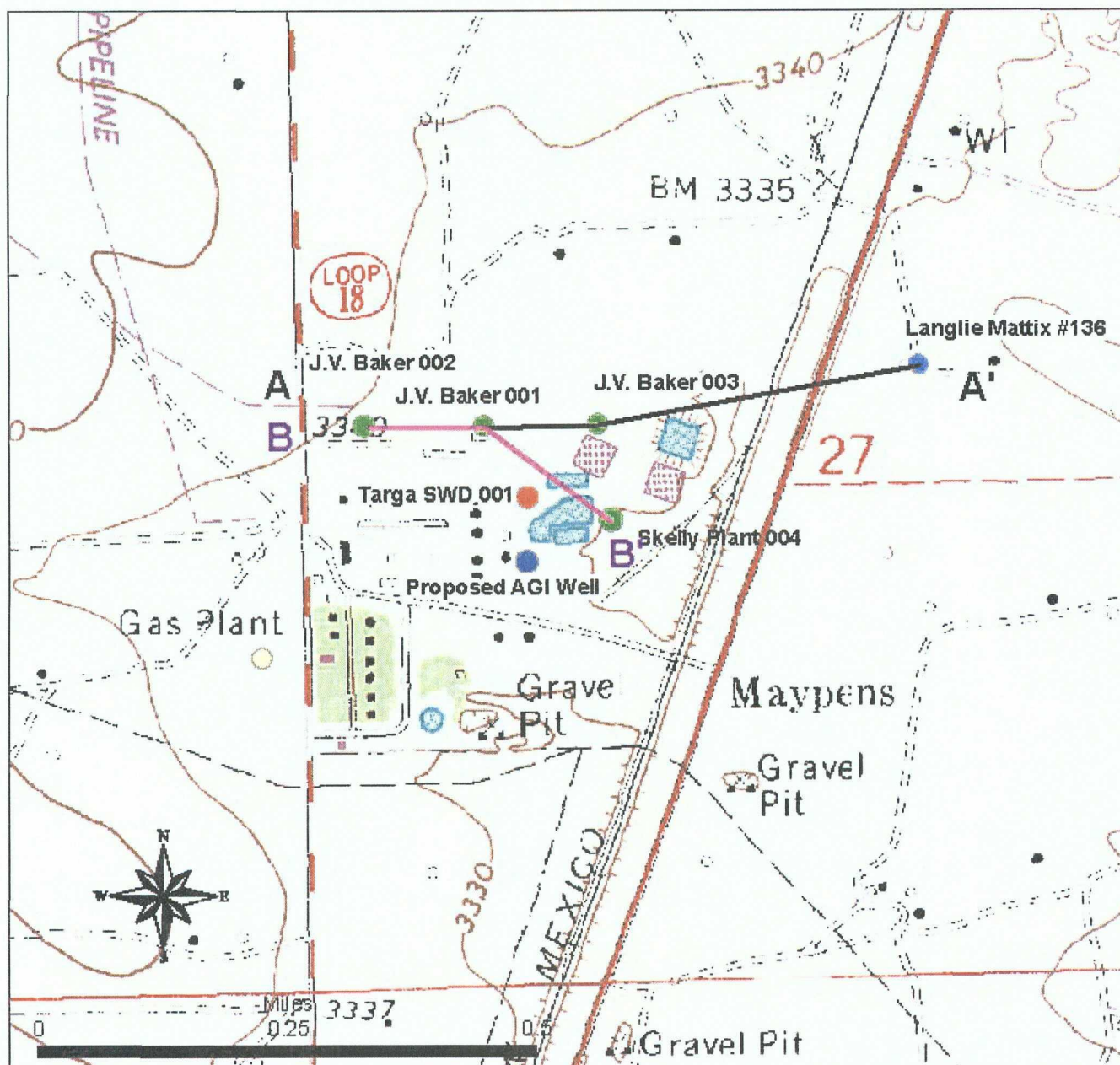
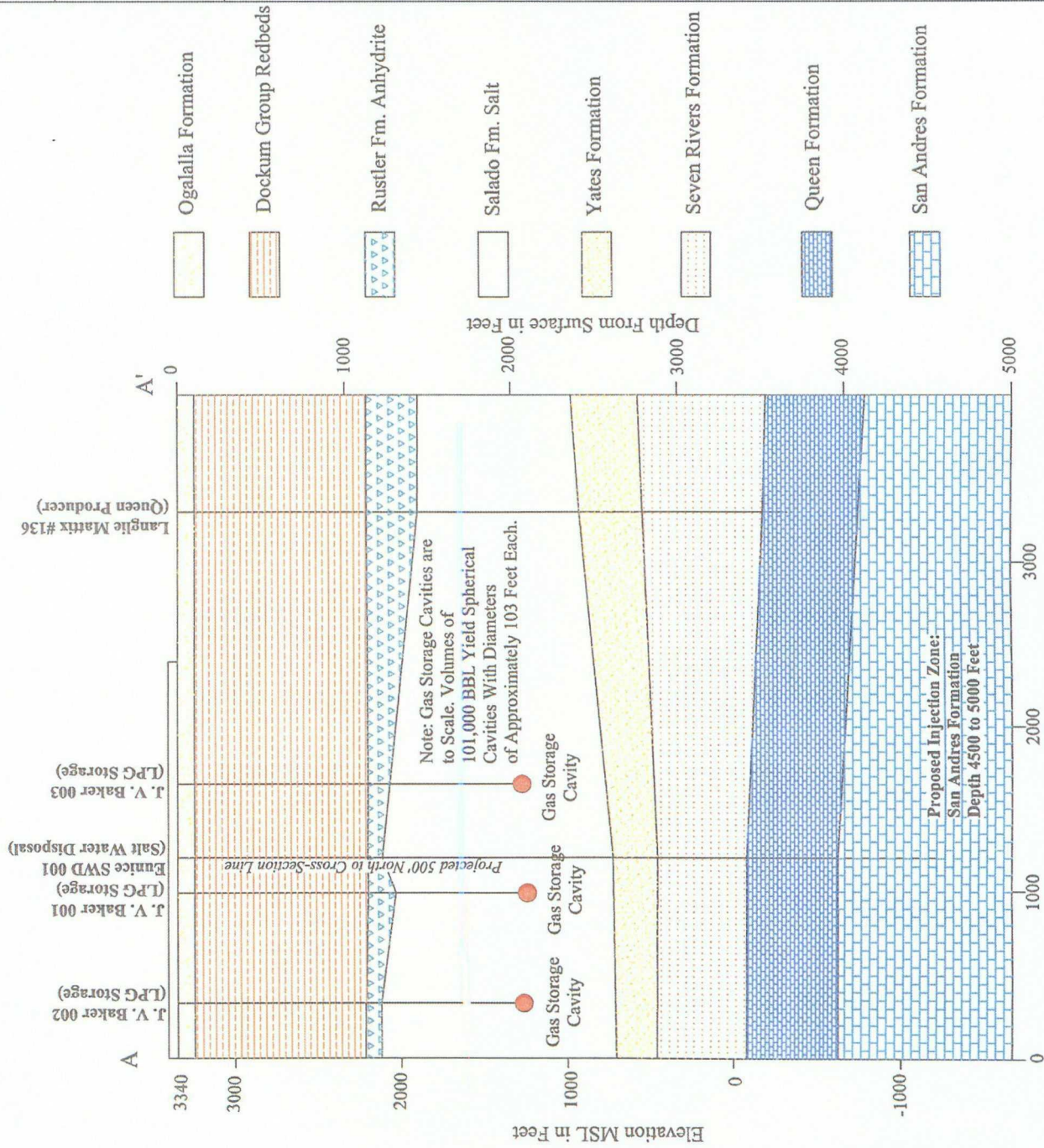


Figure 3: Locations of Cross-Sections

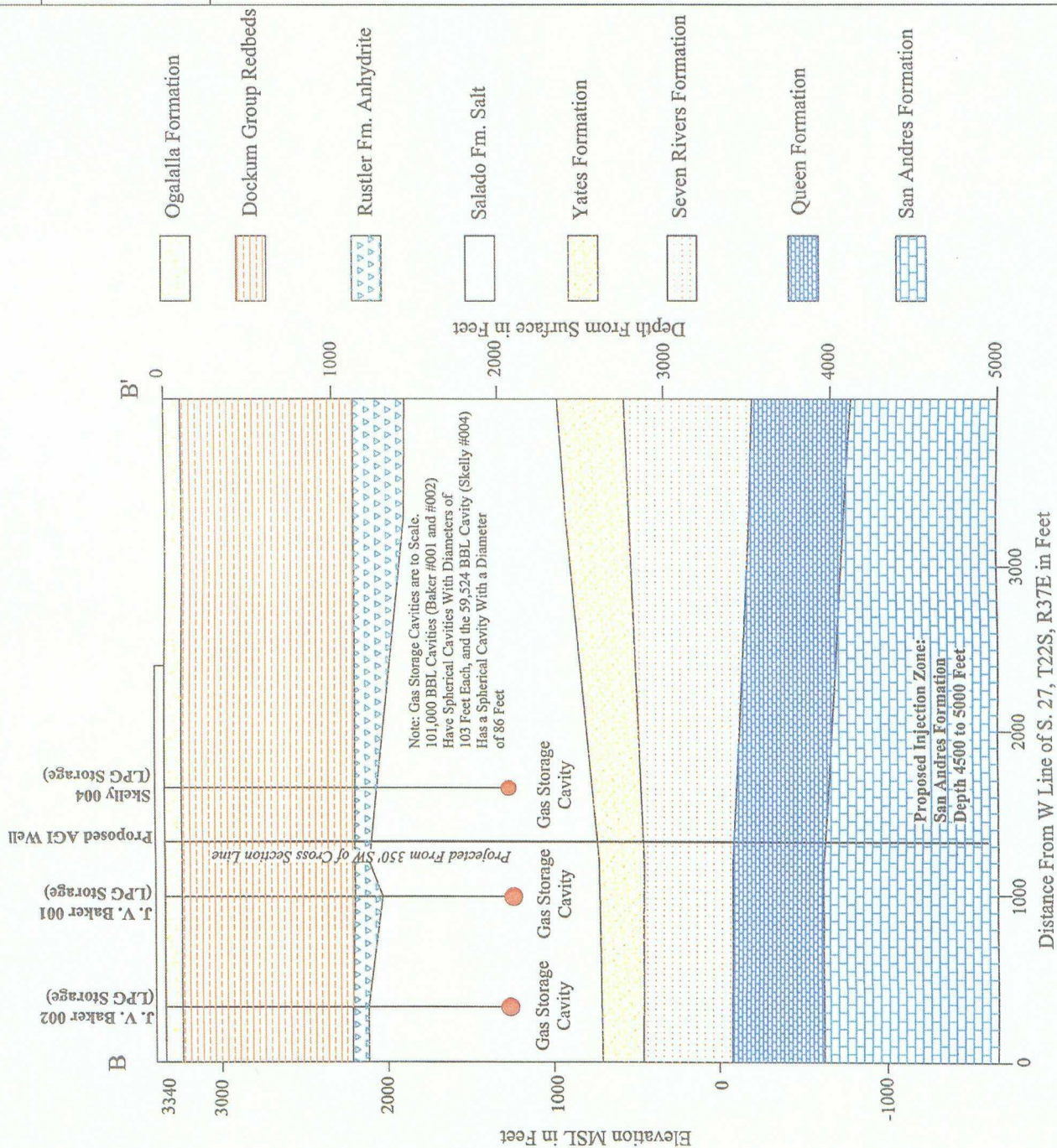
———— Cross-Section A - A'
 ———— Cross-Section B - B'

Figure 4:
Cross-Section A-A' Showing Underground
Gas Storage Facilities,
Targa South Eunice Gas Plant
Section 27, T22S, R37E



Note: Locations of Formation Contacts are Approximate, Based on Available Logs

Figure 5:
Cross-Section B - B' Showing Underground
Gas Storage Facilities,
Targa South Eunice Gas Plant
Section 27, T22S, R37E



Note: Locations of Formation Contacts are Approximate, Based on Available Logs



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

BRUCE KING
GOVERNOR

June 12, 1992

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

Texaco Exploration & Production Inc.
Box 1065A
Eunice, NM 88231

Attn: Jerry Brittain

RE: J.V. Baker - #1-LPG Storage
Unit E, Sec. 27, T22S, R37E (2310/N & 990/W)

J. V. Baker - #2-LPG Storage
Unit E, Sec. 27, T22S, R37E (2310/N & 330/W)

Gentlemen:

The above-referenced wells were drilled by Skelly Oil Company as LPG wells prior to the time the Oil Conservation Division started issuing LPG Storage permits. They were properly permitted through the Hobbs District office at the time they were drilled.

Your J.V. Baker #3 LPG was our first well to be issued an LPG order.

Very truly yours,

OIL CONSERVATION DIVISION

Jerry Sexton
Supervisor, District I

JS/ed

