

Being Set To Hearing

3/3/08 SUSPENSE W Jones 3/4/08 SWD PKU080644628

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION - Engineering Bureau - 1220 South St. Francis Drive, Santa Fe, NM 87505



Case 14120

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication] [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling] [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement] [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion] [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase] [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication [] NSL [] NSP [] SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement [] DHC [] CTB [] PLC [] PC [] OLS [] OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery [] WFX [] PMX [X] SWD [] IPI [] EOR [] PPR

[D] Other: Specify Content SWD well OGD SWD #561 to AGI well

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] [] Working, Royalty or Overriding Royalty Interest Owners
[B] [X] Offset Operators, Leaseholders or Surface Owner in Application
[C] [X] Application is One Which Requires Published Legal Notice has been published will send proof when received
[D] [] Notification and/or Concurrent Approval by BLM or SLO
[E] [] For all of the above, Proof of Notification or Publication is Attached, and/or,
[F] [] Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Michael C. Arce Signature About 3-3-2008 Date
MPGeod@aol.com e-mail Address

2008 MAR 3 PM 4:50 RECEIVED

MOMENTUM

RECEIVED OPERATING CO. INC.

2008 MAR 10 PM 1 55

224 SOUTH MAIN
P.O. BOX 578
ALBANY, TEXAS 76430
(325) 762-2366 (325) 762-3331 FAX (325) 762-3332

March 5, 2008

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Certified: 7006 0100 0004 1531 7764

RE: Objection and Request for Hearing
Administrative Application of Targa Resources LLC for
Authorization to Inject, Lea County, New Mexico

To Whom It May Concern:

Targa Resources LLC, 8201 South Hwy. 322, Monument, NM 88265, has filed for a permit to inject acid gas in the following well/lease:

Graham State NCT-F No. 7 Well (API# 30-025-12482)
Section 36-T1S-R36E
San Andres Formation (Perforations at 4285 - 4800')
Lea County, New Mexico

Please be advised that Momentum Operating Co., Inc., as an offset operator, objects to this Application for Authorization to Inject and request a hearing on this permit.

Please advise us as to the date of the hearing.

Yours truly,
Momentum Operating Co., Inc.


Mike Parsons
President

MP:sb

CC: Michael L. Pierce
Peak Consulting Services
PO Box 636
Hobbs, NM 88241

Phil Wahl, Attorney
1010 Lamar St.
Houston, TX 77002

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Jones, William V., EMNRD

From: Jones, William V., EMNRD
Sent: Monday, March 10, 2008 4:25 PM
To: 'MPGEO@aol.com'; 'momentum@bitstreet.com'
Cc: Ezeanyim, Richard, EMNRD; Brooks, David K., EMNRD; Price, Wayne, EMNRD; Williams, Chris, EMNRD
Subject: Acid Gas Injection application from Targa Resources LLC: Graham State NCT-F Well No. 7 (API No. 30-025-12482) Unit O Sec 36 T19S R36E, Lea County New Mexico

Tracking: Recipient Read
 'MPGEO@aol.com' _____
 'momentum@bitstreet.com'
 Ezeanyim, Richard, EMNRD Read: 3/10/2008 4:31 PM
 Brooks, David K., EMNRD
 Price, Wayne, EMNRD
 Williams, Chris, EMNRD

392-1915

Adm

Hello Mr. Pierce:

We must formally inform you that Momentum Operating Company, Inc. (Mike Parsons President) has protested your application on behalf of Targa to convert this SWD-561 well into an Acid Gas injection well and therefore the Division can no longer process this administratively. Apparently you were sent a copy of this protest letter.

The Division has in recent years been processing these type of applications through the hearing process, with evidence presented as required on Form C-108. The Division had not yet evaluated your C-108 in this case or decided if this administrative application should go to hearing - but your efforts were not wasted, because the same C-108 data would need to be submitted at hearing. If you do have minor issues with Momentum and work these out rapidly, let us know.

Targa's attorney must work with Division rules of procedure and with Ms. Florene Davidson of this office to set this to a hearing docket. At the hearing, please be prepared to address the issue of protection of offsetting wells that penetrate the injection interval from the Acid Gas injection, any possible safety issues, possible damage to the surrounding San Andres reservoir or residual oil in this reservoir, and evidence of notice to all affected parties including newspaper notice. Please also address how the well would be equipped and operated: whether it would inject CO₂/H₂S under pressure or whether water would be also injected with the gas. How the annulus would be protected and monitored - type of annular fluid, etc. What would be the expected maximum injection rates and pressures under various injected fluids.

Please ask Targa to work with Wayne Price's Environmental Bureau on any other anticipated surface safety or pollution issue or permit revision prior to the hearing.

Regards,

William V. Jones PE
 New Mexico Oil Conservation Division
 1220 South St. Francis
 Santa Fe, NM 87505
 505-476-3448

3/10/2008

Jones, William V., EMNRD

From: Jones, William V., EMNRD
Sent: Tuesday, March 11, 2008 6:34 PM
To: 'MPGEOL@aol.com'
Cc: Ezeanyim, Richard, EMNRD; Brooks, David K., EMNRD
Subject: Acid Gas AOR requirements

Hello Mike:

Just passing on that Richard instructed me today to require a 1 mile AOR on all notices and well construction for Acid Gas Well applications - includes only wells which penetrated at least the top of the intended injection interval. We are also expecting all Acid Gas applications to be processed after notice and hearing - but you can always submit the C-108 first to the Engineering Bureau for review by the engineer normally assigned to look at injection applications - that way your Examiner Hearing may happen without too many surprises for your client.

I must apologize for telling you previously on this particular permit application to only look at well construction up to 1/2 mile away. This revision may require lots more work getting this permit ready but the 1 mile requirement is consistent with the previous applications of this type evaluated by the Division. Please include all casing/cementing/plugging details sufficient for the Division to quickly see if AOR wells have cement covering the injection interval - including DV tools and cement above and below.

Regards,

William V. Jones PE
New Mexico Oil Conservation Division
1220 South St. Francis
Santa Fe, NM 87505
505-476-3448

DAVID Brooks advises a 1 MILE
AOR NOTICE TO ALL SURFACE
OWNERS IN ADDITION TO THE
701 B.(2) RULE (PARTIES).

Jones, William V., EMNRD

From: Jones, William V., EMNRD
Sent: Thursday, April 03, 2008 4:48 PM
To: shall@montand.com; 'momentum@bitstreet.com'
Cc: Ezeanyim, Richard, EMNRD; Brooks, David K., EMNRD; Warnell, Terry G, EMNRD; 'MPGEOL@aol.com'
Subject: Acid Gas Injection Application correspondence
Attachments: TargaAGI.tif

Hello Scott Hall (representing Targa) and Phil Wahl - representing Momentum Operating????

(Mike Parsons or Scott Hall - please forward this to Momentum's attorney as I do not positively have his/her name or contact info.)
....and anyone else who should be kept notified.

Attachment is correspondence concerning this matter - setting forth guidelines and asking Targa to initiate a hearing.

Regards,

William V. Jones PE
New Mexico Oil Conservation Division
1220 South St. Francis
Santa Fe, NM 87505
505-476-3448

CERTIFIED MAIL

MOMENTUM

OPERATING CO. INC.

P.O. Box 578
Albany, Texas 76430-0578

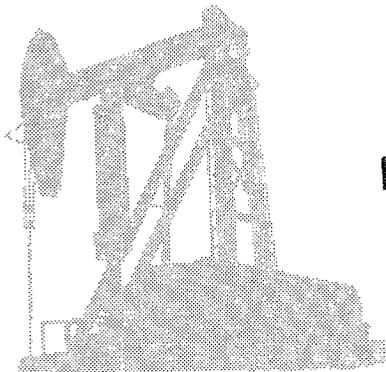


UNITED STATES
POSTAL SERVICE

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87505



**RETURN RECEIPT
REQUESTED**

NEW MEXICO OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DRIVE
SANTA FE, NM 87505

8750594225 0011

