



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jim Noel
Cabinet Secretary

Karen W. Garcia
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



October 19, 2010

Targa Midstream Services Limited Partnership ("Targa")
c/o William C. Scott, Esq.
PO Box 2168
Albuquerque, NM 87103-2168

Re: Extension of Time to Commence Disposal: Case 14161 R-13052

Proposed Monument AGI Well No. 1 (API 30-025-NA)
662 FSL, 2513 FEL, Unit O, Sec 36, T19S, R36E, NMPM, Lea County
Acid Gas Disposal into the Devonian and Fusselman formations, Depths: 8350 to 9200

You have submitted a request on behalf of Targa for an extension of this disposal permit beyond the one year deadline to commence disposal.

The Division finds that granting this request to extend this injection permit is in the interest of conservation and will prevent waste and protect the environment.

Please note all requirements of the above referenced disposal permit remain in full force and effect including ordering paragraphs (2) and (3) copied again below.

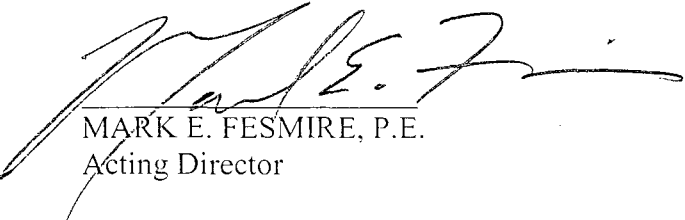
(2) Prior to any injection, the NMGSAU Well No. 285 (API No. 30-025-12481) operated by Apache Corporation, shall be re-entered to 9755 feet and re-plugged back to the Grayburg-San Andres producing interval with placement of new cement plugs above and below the equivalent Devonian/Fusselman injection interval. Operations on this well shall be supervised by the Division's Hobbs district office and exact placement of the new cement plugs shall be determined after consultation with the Hobbs district geologist. Targa shall notify the engineering bureau of the Division in Santa Fe of completion of this work and receive written confirmation from the bureau prior to commencing injection into the Monument AGI Well No. 1.

(3) The applicant shall supply the Division with a detailed "full-suite" analysis of the liquid plant wastes being currently injected into the Graham State NCT-F Well No. 7 (API No. 30-025-12482).



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Case 14161 R-13052
Targa Midstream Services Limited Partnership
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The deadline to commence injection is hereby extended until October 31, 2011.



MARK E. FESMIRE, P.E.
Acting Director

Cc: Oil Conservation Division – Hobbs,
File: Case 14161



MODRALL SPERLING

L A W Y E R S

September 9, 2010

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Mark E. Fesmire, Director
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Targa Midstream Services Ltd. Partnership
Monument AGI Well #1
662' FSL and 2513' FEL ("O") Sec. 36, T-19-S, R-36-E NMPM
Lea County, New Mexico
OCD Order No. R-13052

Dear Mr. Fesmire:

On behalf of Targa Midstream Services Ltd. Partnership ("Targa"), as operator of the Versado Gas Processors, LLC, we are writing to request an extension of time through and including January 15, 2012, to drill the Monument AGI Well No. 1 and to commence injection operations as authorized by the Oil Conservation Division's Order No. R-13052 (the "Order"). The Oil Conservation Division issued the Order on November 18, 2008. Paragraph 15 of the Order provides that the "injection authority herein granted shall terminate one year after the effective date of this Order if the operator has not commenced injection operations pursuant hereto; provided however, the Division Director, upon written request of the operator received by the Division prior to the end of the one-year period of that injection, may extend this time for good cause."

On October 23, 2009, Targa submitted a written request to you for an extension of time pursuant to Paragraph 15 of the Order. Targa requested that extension because the New Mexico Environment Department ("NMED") and Targa had not yet finalized the agreement concerning the installation of the Monument AGI Well and the NMED had not issued the requisite permits to operate the surface equipment needed to support injection operations. On October 27, 2009, you issued your letter determination extending the date for commencement of injection operations through October 31, 2010.

Targa submits this letter seeking a further extension of time through January 15, 2012. This extension is necessary to allow Targa time to obtain all permits and approvals required under the terms of the agreement with the NMED and under the Order. Targa and NMED executed their agreement on January 5, 2010. That agreement requires Targa to install and commence operation of an acid gas injection

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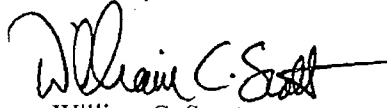
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Mr. Mark Fesmire
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well at its Monument plant by January 15, 2012. Pursuant to that agreement, Targa must obtain applicable air quality permits or permit amendments from the NMED prior to commencement of construction of the acid gas injection well and supporting equipment. While Targa has been working diligently to obtain the necessary permits and approvals from the NMED for the Monument well, those permits have not been issued. In addition, Targa has been negotiating with Apache Corporation concerning the re-entry and re-plugging of NMGSAU Well No. 285 as required by paragraph 2 of the Order. Those negotiations are on-going. Targa therefore requests an extension of time under the Order through and including January 15, 2012 to allow time for completion of negotiations with Apache Corporation and completion of required air quality permitting and other preconditions to the construction and operation of the Monument AGI Well.

Thank you for your consideration of this request. If you should require any additional information or should have any questions, please feel free to contact me.

Sincerely,



William C. Scott

WCS/ndm

cc: Targa Midstream Services Ltd. Partnership
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