

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

**IN THE MATTER OF APPLICATION OF**  
**TARGA MIDSTREAM SERVICES, LLC**  
**FOR AUTHORIZATION TO INJECT,**  
**LEA COUNTY, NEW MEXICO.**

**CASE NO. 24594**

**OIL CONSERVATION DIVISION'S**  
**PRE-HEARING STATEMENT**

The New Mexico Oil Conservation Division (“OCD”) submits this Pre-Hearing Statement pursuant to 19.15.4.13(B) NMAC.

**I. IDENTIFICATION OF PARTY AND COUNSEL**

OCD has intervened in this matter and is represented by undersigned counsel.

**II. STATEMENT OF THE CASE**

Targa Midstream Services, LLC (“Targa”) has filed an application to seek authorization to inject treated acid gas (“TAG”) from its Copperhead Gas Processing (“Plant”) into the proposed Copperhead AGI No. 1 Well (“Well”). The Well is to be located in Section 13, Township 24 South, Range 32 East, Lea County, New Mexico.

As approved, the Well is a vertical Underground Injection Control Class II well with a surface location approximately 793 feet from the south line (“FSL”) and 429 feet from the east line (“FEL”) of Section 13. The target injection zone for the Well is Devonian Thirtyone, Upper Silurian Wristen, and Lower Silurian Fusselman Formations at a depth of approximately 17,299 feet to 18,689 feet. Targa seeks approval to inject a total cumulative amount of 26 million standard cubic feet per day of TAG at a proposed maximum surface injection pressure of 3,460 pounds per square inch. The surface location of the Well is within the Plant’s boundary. The proposed well will be constructed and monitored in such a way as to address the unique physical characteristics of TAG.

OCD supports the approval of the Well, subject to the inclusion of the permit conditions identified in Exhibit 1 and the incorporation by reference of the contents of the Form C-108 application submitted by Targa for this case.

### **III. PROPOSED EVIDENCE**

OCD intends to call Million Gebremichael, Petroleum Specialist Advanced, as an expert in petroleum engineering and underground injection. His testimony is expected to be twenty (20) minutes. Mr. Gebremichael is a member of the OCD's UIC Group and has experience in the review of applications for compliance with OCD's rules and the prevention of waste and the protection of correlative rights, public health, and the environment. Mr. Gebremichael has more than 12 years of experience in the fields of reservoir engineering, petroleum geology, and regulatory oversight. In support of his testimony, Mr. Gebremichael will present the following exhibits:

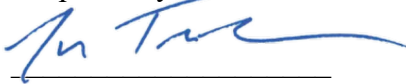
Exhibit 1: OCD's Recommended Permit Conditions of Approval

Exhibit 2: Curriculum Vitae of Million Gebremichael

### **IV. PROCEDURAL MATTERS**

OCD has not identified any procedural matters to be resolved prior to the hearing.

Respectfully submitted,



Jesse K. Tremaine

Legal Director, Office of General Counsel

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Legal Intern

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**CERTIFICATE OF SERVICE**

I certify that on August 8, 2024, I served this pleading by electronic mail on:

**Counsel for Targa Midstream Services, LLC**

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A handwritten signature in blue ink, appearing to read "Jesse K. Tremaine", is written over a horizontal line.

Jesse K. Tremaine



## CASE NO. 24594, OCD Exhibit 1

### Recommended Conditions of Approval for Acid Gas Injection Wells

The Oil Conservation Division (OCD) recommends these conditions of approval for acid gas injection (AGI) wells in addition to the general requirements for all UIC Class II wells issued under Rule 15.19.26 NMAC - *Injection*.

1. Operator shall conduct an annual mechanical integrity test (MIT) on the proposed well.
2. Operator shall conduct continuous monitoring of surface treated acid gas (TAG) injection pressure, temperature, rate, surface annular pressure, and bottom-hole (or "end of tubing") temperatures and pressures in the tubing and the annulus.
3. In combination with the annual MIT requirement, the Operator shall obtain a sample of the TAG being injected into the well and provide the analytical report to the OCD Engineering Bureau.
4. Operator shall conduct step-rate and fall-off tests on the completed well before commencing injection. Operator may adjust the maximum surface injection pressure for the well after these tests with the approval of the OCD.
5. Operator shall use a corrosion-inhibiting diesel with a biocide component as the annular fluid of the well. Operator shall maintain the volume of annular fluid replaced in the annulus of the well as part of the well's maintenance record.
6. Operator shall establish temperature parameters for injected fluid, install and maintain temperature-activated controls to govern the temperature of injected fluid, and install and maintain an alarm system for the controls to indicate exceedance of the parameters.
7. Operator shall report on a quarterly basis the summary data for injection parameters monitored under the permit, subject to OCD approval of annual reports after one year of operation upon request by Operator.
8. Operator shall equip the well with a pressure-limiting device and a one-way subsurface safety valve (with the appropriate interior drift diameter) on the tubing approximately 100 feet to 250 feet below the surface.
9. All casing shall have cement circulated to the surface with placement confirmed by cement bond logs



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10. Well construction shall be designed for exposure to corrosive environment including, but not limited to, casing, casing cement, tubing, and the packer in proximity of injection interval.
11. Prior to commencing injection, Operator shall obtain OCD's approval a hydrogen-sulfide contingency plan that complies with Rule 19.15.11.9 NMAC.
12. Operator shall establish a seismic monitoring station in proximity to the Well that shall be included in the public seismic monitoring array. Operator shall coordinate with the New Mexico Tech Seismological Observatory to obtain technical specifications of equipment to be installed and the procedure to periodically transfer all unprocessed data to the public repository.
13. No later than thirty (30) days prior to commencing injection, Operator shall obtain OCD's approval of immediate notification parameters for annulus pressure and tubing and casing differential pressure at a set injection temperature.
14. No later than forty-five (45) days after Operator completes drilling the well, Operator shall submit to OCD Engineering Bureau the well drilling logs including mudlogs, electric logs, daily reports, and the static bottom-hole pressure measured at completion of drilling the well.
15. No later than forty-five (45) days after completion of the well, Operator shall submit to OCD Engineering Bureau the final reservoir evaluation and confirm that the open-hole portion of the well does not intersect the fault plane of any identified fault that occurs within the approved injection interval.
16. No later than ninety (90) days after commencing injection, and no less frequently than annually thereafter, Operator shall consult with OCD regarding the immediate notification parameters. If OCD determines that the immediate notification parameters should be modified, Operator shall provide modified parameters within thirty (30) days of notification for review by OCD.
17. No later than thirty (30) days after the fifth (5<sup>th</sup>) year of injection, Operator shall submit to OCD Engineering Bureau a report summarizing the well's performance including injected volumes by fluid type, reservoir pressures, the models calibrated using that information and seismic modeling.
18. The Operator shall be obligated to permit a second companion AGI well within three (3) years of commencing injection in the initial AGI well approved by the Commission.



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19. The Operator shall have the option to request an extension of time to commence injection approved administratively by the Director without hearing. The Director may grant a single extension of no longer than two (2) years for good cause shown. The Operator shall submit a written request for an extension to OCD Engineering Bureau no later than thirty (30) days prior to the deadline for commencing injection. The written request shall contain the results of a current assessment of the Area of Review for changes in affected persons, identification of any new penetrations of the approved injection interval and a summary of any recent occurrences of seismicity within ten (10) miles of the well's surface location.

End of Recommended Conditions

## **CASE NO. 24594, OCD EXHIBIT NO. 2**

**Million Gebremichael**  
**Petroleum Engineer**  
**UIC Group, Oil Conservation Division, EMNRD**

### **PROFESSIONAL EXPERIENCE**

More than 12 years of professional experience working both for oil and gas companies and provincial government of Alberta oil and gas regulatory department.

#### **Current Employment:**

#### **Oil Conservation Division; Engineering Bureau; Underground Injection Control (UIC) Group (August 2022 to Present)**

#### **Petroleum Specialist - Advanced**

Responsibilities include conducting engineering and geological evaluation of authorization to inject (permit) applications for UIC Class II wells: saltwater disposal, pressure maintenance, enhanced oil recovery and acid gas injection wells. This includes processing of applications submitted through E-permitting, assessment of applications for administrative completeness and preparation of a final UIC permit for approval by the Director based on the findings of the technical review. Support the Administrative Permitting Group within the Engineering Bureau by reviewing sundry notices and subsequent reports for activities involving UIC Class II wells. Participate as a technical examiner at Division hearings and as a technical witness on behalf of the OCD at Commission hearings. Review the results of well testing such as mechanical integrity tests (MIT), step-rate tests (SRT), falloff tests, Bradenhead tests and injection surveys to provide comments and recommendations. Also conduct periodic reviews and monitoring of UIC Class II wells to ensure compliance with permit conditions. All of these activities requires interaction with a diverse group of stakeholders (i.e. industry, individuals, government agencies, and NGO's) to make impartial decisions affecting stakeholders based on the requirements of the Oil and Gas Act and NMAC.

#### **Prior Employment as Petroleum Engineer:**

#### **Salnat Geological Consulting (January 2021 to August 2022)**

#### **Shell Canada, Limited (May 2012 to February 2018)**

#### **Encana Corporation (October 2011 to May 2012)**

#### **Alberta Energy Regulator (January 2009 to October 2011)**

Summary of experiences and work requirements from these prior employers which is applicable to the current position:

- Applied production engineering principles and computer models to carry out well surveillance tasks to find short term and long-term optimization opportunities.
- Experienced in well intervention to mitigate production bottlenecks: liquid loading mitigation (plunger lift optimization), wax maintenance, swabbing, chemicals and solvents, methanol injections to prevent hydration formations, plunger's optimization, backside foam injection, built and maintained pi process book and exception based tools for daily surveillance.
- Perform engineering review and approval of all underground injection wells workovers.
- Provide orientation and job to new employees.

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- Compiled well testing procedures and coordinated asset well-testing campaigns: well integrity test (WIT), subsurface integrity test (SIT), packer integrity testing, well suspension compliance, production casing integrity, tubing tests and surface casing vent flow.
- Calculated well operating pressure envelopes and maximum allowable annulus surface pressure (MAASP) for production and injection wells to make sure wells are operating safely and compliant with regulatory requirement.
- Experienced in Well Reservoir Facilities Management (WRFM) surveillance work.
- Experienced in reserve determination utilizing Volumetric, Decline Curve Analysis and Material Balance Techniques
- Experienced in reservoir engineering principles employed by regulatory jurisdictions- Pool Delineation schemes and Pressure studies, determining and writing notices to operators on Commingling, Good Production Practices (GPP) and Maximum Rate Limitation Orders (MRL)
- Experienced in implementing regulatory requirement for hydraulic fracturing by adhering to respective regulatory directives by applying AccuMap to determine wells (active and idle) within injection zone and dispatching notices to other operators to take appropriate preventative measures during the operation.
- Experienced in data mining and analyzing utilizing software programs like AccuMap, ARC GIS, SharePoint, compiling data from various sources.

### **SPECIALIZED TRAINING:**

Courses provided through Shell International [Canada, USA, and the Netherlands]:

- Well Reservoir and Facility Management (2014) (Online)
- Artificial Lift Foundation Course (2015) Houston, Texas, USA
- Production Chemistry for Unconventional Gas assets (2016), Calgary, Canada
- Well Reservoir and Facility Management Advanced Course (2016), Calgary, Canada
- Production Technology Foundation Course A-well and production System Modelling (2016), Rijswijk, Netherlands
- Material and Corrosion for Unconventional Wells (2016), Calgary, Canada
- Advanced Well Integrity (2017), Houston, Texas
- Production Technology Foundation Course B (Well Construction) (2017), Houston, Texas, USA
- Production Technology for Unconventionals (2017) Calgary, Canada

### **EDUCATION:**

Bachelor's degree, Petroleum Engineering, (2012)  
Southern Alberta Polytechnic, Canada.

Core courses include Reservoir Engineering, Reservoir Simulation, Production and Completion Engineering, Drilling Engineering, Geology, Formation Evaluation, Phase Behaviors, Petrophysics and Petroleum.