

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

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

**CASE NO. 24594  
ORDER NO. R-23867**

**ORDER OF THE COMMISSION**

**THIS MATTER** comes before the New Mexico Oil Conservation Commission (“Commission”) on Targa Midstream Services, LLC’s (“Targa”) *Application for Authorization to Inject, Lea County, New Mexico* (“Application”). The Commission, having conducted a hearing on August 15, 2024, and having considered the testimony and the record in this case, enters the following findings of fact, conclusions of law, and order.

**FINDINGS OF FACT**

1. On May 28, 2024, Targa filed its Application seeking authorization to inject treated acid gas (“TAG”) from its Copperhead Gas Processing Plant (“Plant”) into the proposed Copperhead AGI No. 1 well (“AGI 1” or “Well”).
2. The Well will be a vertical well, located in Section 13, Township 24 South, Range 32 East, Lea County, New Mexico, with an approximate surface location 793 feet from the south line (FSL) and 429 feet from the east line (FEL).
3. The Well is an Underground Injection Control (“UIC”) Class II well subject to the requirements of 19.15.26 NMAC.
4. The target injection zone is the Devonian Thirtyone, Upper Silurian Wristen, and Lower Silurian Fusselman Formations at a depth of approximately 17,299 feet to 18,689 feet.
5. The Well’s maximum daily injection rate will be 26 million standard cubic feet per day (“MMSCFD”).
6. The Well’s maximum surface injection pressure will be approximately 3,460 pounds per square inch gauge (“psig”).
7. The surface location of the Well is within the Plant’s boundary.
8. Targa requires the injection capacity of the Well to process TAG and avoid flaring, venting, and shutting-in wells.

9. Targa gave personal notice of the Application and the Commission's hearing via certified mail, return receipt requested to all operators, surface owners, and lessees within a one-mile radius of the location of the Well.

10. The Commission gave public notice of the Application and the Commission's hearing by publication in a newspaper of general circulation in Lea County.

11. The Oil Conservation Division ("OCD") is an interested party in this proceeding.

12. OCD filed a pre-hearing statement on August 8, 2024.

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

14. At the August 15, 2024 hearing, OCD witness Million Gebremichael testified that OCD does not oppose the Application but proposed various permit conditions, to which Targa agreed.

15. In support of the Application, Targa presented the testimony of three witnesses: Matthew Eales, Vice President of Regulatory Affairs, Targa Northern Delaware LLC; George El-Kaseeh, Research Engineer, New Mexico Institute of Mining and Technology; and Paul Ragsdale, Engineering Consultant.

16. Mr. Eales provided background regarding Targa, including its current and future H<sub>2</sub>S treating investment and natural gas infrastructure. Mr. Eales also testified regarding the benefits of disposing of TAG through an AGI well. Specifically, Mr. Eales testified that an AGI well allows for the sequestration of CO<sub>2</sub> and eliminates flaring as a control for sulfur derived from the processing of sour gas. Mr. Eales testified that in his opinion, Targa's proposal to dispose of TAG through the Well will protect public health and the environment and result in more efficient operation of the Plant.

17. Mr. El-Kaseeh testified regarding the site geology and hydrogeology and stated that in his opinion, the proposed injection zone provides a sufficient capacity and geologic seal to contain the injected TAG and prevent its migration into other zones; the injection zone is sufficiently isolated from any protectable groundwater sources; there is no evidence that injection will impair existing or potential hydrocarbon production in the area; and the Well will not increase the risk of induced seismicity.

18. Mr. Ragsdale testified regarding the wellbore design for the AGI 1, as well as the drilling, completion, and monitoring plan. Mr. Ragsdale also testified about the casing and tubing design, the casing specifications, the cement design for the Well, and the coring and monitoring program that would be implemented by Targa, which includes routine daily inspection of the wellhead and tubing.

19. The Well will facilitate the sequestration of TAG, which is in the public interest.
20. The Devonian Thirtyone, Upper Silurian Wristen, and Lower Silurian Fusselman Formations can receive TAG at the proposed injection rate.
21. The formation will safely contain the injected TAG volume within the proposed injection and post-injection timeframe.
22. No party opposes approval of the AGI 1 well.

### **CONCLUSIONS OF LAW**

1. The Commission has jurisdiction over the Parties and the subject matter of this case.
2. Proper public notices of the Application were given.
3. The Application is complete.
4. Targa's request for approval of the Well will comply with the requirements of 19.15.26 NMAC, and will not result in waste, impair correlative rights, or harm the public health and environment.

### **ORDER**

1. The Application is approved, and Targa is authorized to drill and operate the Well with an approximate surface and bottom hole location at 793 feet from the south line (FSL) and 429 feet from the east line (FEL) of Section 13 T24S, R32E to dispose of TAG at a maximum daily injection rate of 26 million standard cubic feet per day ("MMSCFD") into the Devonian Thirtyone Formation, Upper Silurian Wristen Group and the Lower Silurian Fusselman Formation at a depth of approximately 17,299 to 18,689 feet and a maximum surface pressure of 3,460 pounds psig.
2. Targa shall conduct an annual mechanical integrity test (MIT) on the proposed well.
3. Targa 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.
4. In combination with the annual MIT requirement, Targa shall obtain a sample of the TAG being injected into the well and provide the analytical report to the OCD Engineering Bureau.
5. Targa shall conduct step-rate and fall-off tests on the completed well before commencing injection. Targa may adjust the maximum surface injection pressure for the well after these tests with the approval of the OCD.

6. Targa shall use a corrosion-inhibiting diesel with a biocide component as the annular fluid of the well. Targa shall maintain the volume of annular fluid replaced in the annulus of the well as part of the well's maintenance record.

7. Targa 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.

8. Targa 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 Targa.

9. Targa 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.

10. All casing shall have cement circulated to the surface with placement confirmed by cement bond logs.

11. Appropriate cement type shall be utilized based on depth and bottomhole temperature.

12. 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.

13. Prior to commencing injection, Targa shall obtain OCD's approval a hydrogen-sulfide contingency plan that complies with Rule 19.15.11.9 NMAC.

14. Targa shall establish a seismic monitoring station in proximity to the Well that shall be included in the public seismic monitoring array. Targa 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.

15. No later than thirty (30) days prior to commencing injection, Targa shall obtain OCD's approval of immediate notification parameters for annulus pressure and tubing and casing differential pressure at a set injection temperature.

16. No later than forty-five (45) days after Targa completes drilling the well, Targa 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.

17. No later than forty-five (45) days after completion of the well, Targa 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.

18. No later than ninety (90) days after commencing injection, and no less frequently than annually thereafter, Targa shall consult with OCD regarding the immediate notification parameters. If OCD determines that the immediate notification parameters should be modified, Targa shall provide modified parameters within thirty (30) days of notification for review by OCD.

19. No later than thirty (30) days after the fifth (5th) year of injection, Targa 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.

20. Targa 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.

21. Targa 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. Targa 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

DONE at Santa Fe, New Mexico on the 24<sup>th</sup> day of June, 2025.

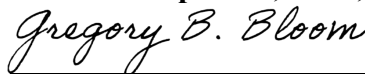
**STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION**



Albert Chang, Chair



William Ampomah, Ph.D, Commissioner



Greg Bloom, Commissioner