



MODRALL SPERLING

L A W Y E R S

July 12, 2011

HAND DELIVERED

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

Re: Application of Targa Midstream Services, Limited Partnership to
Amend Order No. R-13052
Oil Conservation Division Case No. 14161

Dear Ms. Bailey:

With this letter, I am forwarding to you for filing an original and one (1) copy of the Application Targa Midstream Services Limited Partnership to Amend Order No. R-13052, as well as a copy of the proposed legal notice. Targa Midstream Services Limited Partnership requests that this matter be placed on the August 18, 2010 docket.

Sincerely,

William C. Scott

WCS/ndm

Enclosure

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

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CASE NO. 14161

**APPLICATION OF TARGA MIDSTREAM SERVICES, LIMITED PARTNERSHIP
TO AMEND ORDER NO. R-13052**

Targa Midstream Services, Limited Partnership (“Targa”) applies to the Oil Conservation Division (the “Division”) for entry of an order amending the Division’s November 18, 2008 Order No. R-13052 to (1) delete the requirement to re-enter and replug NMGSAU Well No. 285 (API 30-025-12481), and (2) retain the Graham State NCT-F Well No. 7 (API 30-025-12482) as an active saltwater disposal well into the San Andres formation per Division Order Nos. SWD-561 and SWD-561-A. As grounds in support of this application, Targa states as follows:

1. On November 18, 2008, the Division entered Order No. R-13052 authorizing Targa to inject, for disposal purposes, gas processing waste sourced only from its Monument gas plant including wastewater, hydrosulfide, and carbon dioxide, into the proposed Monument AGI Well #1 to be drilled 662 feet from the South line and 2513 feet from the East line (Unit O) of Section 36, Township 19 South, Range 36 East, NMPM, in Lea County, New Mexico. Order No. R-13052 authorized injection into the Devonian and Fusselman formations through an open hole interval from approximately 8350 feet to 9200 feet below the surface.

2. Paragraph 2 of Order No. R-13052 directed that:

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 plug 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. Pursuant to that direction, on February 24, 2011, Targa initiated efforts to re-enter and re-plug the NMGSAU Well No. 285.

4. Between February 24, 2011 and May 19, 2011, Targa made diligent and repeated efforts to re-enter the NMGSAU Well No. 285. Targa was able to drill out the NMGSAU Well No. 285 to a depth of approximately 4,100 feet but, despite repeated efforts over a period of 3 months, was unable to drill out the plug at approximately 4,100 feet or to re-enter the well below that depth. Upon completion of its efforts to reenter the NMGSAU Well No. 285, Targa set a plug from 3800 to 4250 feet.

5. Targa has conducted an examination of all wells within a one mile radius of the NMGSAU Well No. 285 to determine which well bores, if any, within that one-mile radius might be impacted if migration from the Monument Well were ever to reach the NMGSAU Well No. 285. That analysis identified 6 wells having depths between 6000 feet and 8200 feet. A review of the well files for those wells reveals that all 6 have good casing and good cement and are not likely to be impacted in the unlikely event of future communication between the Monument and NMGSAU No. 285 wells. Moreover, the open hole logs of the Monument AGI well reveal that the orientation of natural fractures in the injection interval for the Monument Well are NE to SW trending. Thus, injection from this well will follow the path of the fractures, in a direction 90° away from the NMGSAU No. 285 well.

6. The Division's Engineering and Geological Services Bureau has reviewed the data described above.

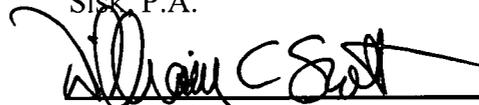
7. In addition, Targa desires to keep the Graham State NCT-F Well No. 7 (API 30-025-12482) as an active saltwater disposal well into the San Andres formation per Division Order Nos. SWD-561 and SWD-561-A for back up water disposal from the plant in the event the Monument AGI well is down. Moreover, keeping the Graham State well active and available would allow Targa to divert waters that might cause operational problems for the Monument Well, such as produced water containing oil carry-over. No acid gas would be injected into the Graham State NCT-F Well No. 7.

8. Counsel for the Oil Conservation Division does not oppose the relief requested in this application.

9. In accordance with the Division's notice requirements, a copy of this application has been sent to all operators of wells within a one mile radius of the proposed Monument AGI well. *See Exhibit A attached hereto.*

WHEREFORE, Targa Midstream Services, Limited Partnership requests that this application be set for hearing on August 18, 2011 and, after notice and hearing as required by law, the Division enter its order granting the application.

MODRALL, SPERLING, ROEHL, HARRIS, &
SISK, P.A.



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EXHIBIT A

**APPLICATION OF
TARGA MIDSTREAM SERVICES LIMITED PARTNERSHIP
TO AMEND ORDER NO. R-13052**

Operators:

Apache Corp.
6120 S. Yale
Suite 1500
Tulsa, OK 74136

XTO Energy Inc.
3000 N. Garfield
Suite 175
Midland, TX 79705

Chesapeake Operating, Inc.
P.O. Box 18496
Oklahoma City, OK 73154-0496

Chevron USA, Inc.
P.O. Box 1150
Midland, TX 79702

Cimarex Energy Co. of Colorado
600 N. Marienfield
Midland, TX 79701

EnerVest Operating LLC
1001 Fanin Street
Suite 800
Houston, TX 77002

Mr. Jack Huff
P.O. Box 50190
Midland, TX 79710

Momentum Operating Co., Inc.
P.O. Box 878
Albany, TX 76430

Oryx Energy Co.
P.O. Box 2880
Dallas, TX 76221-2880

Rice Operating Company
122 W. Taylor
Hobbs, NM 88240

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Case 14161 (REOPENED): Application of Targa Midstream Services LP to Amend Order No. R-13502.

Applicant seeks an order amending Order No. R-13052, concerning the proposed Monument Acid Gas Injection well (API 30-025-40002), to (1) delete the requirement to re-enter and replug NMGSAU Well No. 285 (API 30-025-12481), and (2) retain the Graham State NCT-F Well No. 7 (API 30-025-12482) as an active saltwater disposal well into the San Andres per SWD-561 and SWD-561-A. The proposed Monument AGI well is located 662 feet from South Line and 2513 feet from East Line of Section 36, Township 19 South, Range 36 East, NMPPM (Unit O), Lea County, New Mexico. The NMGSAU Well No 285 is located 1830 feet from North Line and 1980 feet from West Line (Unit F) of Section 36, Township 19 South, Range 36 East. NMGSA Well No. 285 is un-plugged within the Drinkard, Abo, Wolfcamp, Pennsylvanian, Miss, Devonian, Fusselman, and Montoya (at depths from 6300 to 9750 feet).