

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John Bemis
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



Administrative Order IPI-416
June 14, 2012

Alberto Gutierrez, RG (Agent)
Targa Midstream Services, LP
1000 Louisiana, Suite 4300
Houston, TX 77002

RE: Injection Pressure Increase
Monument AGI Well No. 1, API 30-025-40002
Unit Letter O, Section 36, T19 South, R36 East, NMPM
Lea County, New Mexico

Dear Mr. Gutierrez:

Reference is made to your request on behalf of Targa Midstream Services, LP (OGRID 24650) received by the Division on June 14, 2012 to increase the maximum allowed surface tubing pressure on the above named well.

This well was permitted by the Division for Acid Gas disposal (Water, CO₂, and/or H₂S) by Division Order No. R-13052 approved 18 November 2008 and last reviewed by the Commission Order No. R-13052-A on 17 November 2011. Disposal is into an open-hole interval of the Devonian and Fusselman formations from 8350 feet to 9200 feet and limited to a maximum surface pressure (for any permitted fluid) of 1660 psi.

It is our understanding that this well will not take a sufficient volume of fluid at this pressure limit and a higher pressure limit is needed. It is also understood that an increase will not result in the fracturing of the formation and confining strata.

Based on a step rate test for this well run on 8 June 2012, we feel it does support the requested new maximum tubing pressure limit. Any future requested pressure increase will require resubmission of additional data and a new step-rate test.

You are hereby authorized a maximum surface tubing pressure of 3,000 psi while disposing of any fluid or fluid combination permitted by the applicable Division and Commission Orders.

This approval is based on a provision that the tubing size, packer setting depth and completion interval do not change. The Division Director retains the right to require at any time verification of completion and packer setting depths in this well. You are prohibited from disposing into this well at pressures that would induce fracturing.

Targa Midstream Services, LP

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This approval is subject to your being in compliance with all other Division rules, including but not limited to Division Rule 19.15.5.9 NMAC.

The Division Director may rescind this injection pressure increase if it becomes apparent that the injected fluid is not being confined to the permitted disposal interval or is endangering any fresh water aquifers.

Sincerely,

A handwritten signature in black ink, appearing to read "Jami Bailey", written in a cursive style.

JAMI BAILEY

Director

JB/wvjj

cc: Oil Conservation Division – Hobbs
File: Case No. 14161