

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

2008 AUG 19 PM 3 23

IN THE MATTER OF THE APPLICATION OF
TARGA MIDSTREAM SERVICES LP FOR
AMENDMENT OF ORDER NOS. R-12809
AND R-12809-A APPROVING OF AN ACID
GAS INJECTION WELL AT A NEW LOCATION,
LEA COUNTY, NEW MEXICO

CASE NO.

APPLICATION

TARGA MIDSTREAM SERVICES LP, by its undersigned attorneys, Montgomery and Andrews, P.A., (J. Scott Hall) hereby makes application pursuant to, *inter-alia*, Division Rule 701 for an order amending Order No. R-12809 and R-12089-A entered in Case No. 13865 and approving a new location for the Versado AGI Well No. 1 for acid-gas injection operations. In support, Applicant states:

1. On September 12, 2007, the Division issued Order No. R-12809 in Case No. 13865 authorizing Applicant to drill and complete the following well for acid-gas injection operations in Lea County, New Mexico:

Versado AGI Well No. 1
2250' FSL and 1200' FWL
Section 27: NW/4 SW/4 (Unit L)
T-22-S, R-37-E, NMPM

The Division subsequently made certain amendments to Order No. R-12809 by Nunc Pro Tunc Order No. R-12809-A issued on October 22, 2007.

2. Applicant now proposes to relocate the injection well to a new location as follows:

Versado AGI Well No. 1
1557' FNL and 1345' FEL
Section 3: SW/4 NE/4 (Unit G)
T-22-S, R-37-E, NMPM

3. Applicant proposes injection of acid gas and water through a closed system into the lower San Andres formation via an open-hole completion at a depth interval of 4,500' to 5,000' at an anticipated maximum surface injection pressure of 2,000 psi or as permitted by the Division. Applicant proposes injection of acid-gas at average daily rates of approximately 2,200 bbls and at maximum daily rates of approximately 2,500 bbls. Additional injection of produced water and non-hazardous wastewater will range from 250 to 1,575 barrels per day, for a total injection volume of 2,450 to 4,075 barrels per day. The source of the injected fluids will be the Targa Resources LLC Eunice Gas Plant and South Eunice Compressor Station.

4. Amendment of Order No. R-13865 authorizing the subject well to be relocated as proposed will permit the well to be placed in close proximity to the Eunice Gas Plant. Relocation of the well will eliminate the need for the construction and maintenance of a hazardous gas pipeline, attendant facilities and related pipeline volumes of hazardous substances.

5. As noted in finding 7(d) of Order No. R-12809, the operator of the injection well will be Targa Midstream Services LP. As the party responsible for compliance with the Division's Rules and Regulations, this Application seeking amendment of the prior orders is filed in the name of Targa Midstream Services LP.

6. Applicant's proposed injection operation can be conducted in a safe and responsible manner at the new location without causing waste, impairing correlative rights or endangering fresh water, public health or the environment.

7. In view of the extensive record established in Case No. 13865, and the findings and conclusions set forth by the Division in Order Nos. R-12809 and R-12809-A

it is in the interests of administrative efficiency and economy for the Division to take administrative notice of those proceedings as a partial basis for according the relief requested in this Application.

WHEREFORE, Applicant requests that this Application be set for hearing before a duly appointed examiner of the Oil Conservation Division on September 18, 2008 and that after notice and hearing as required by law, the Division enter its Order approving the drilling and operation of the Versado AGI Well No. 1 well at the proposed new location for acid-gas injection operations, for the injection of acid-gas fluids into the San Andres formation at the intervals and at the pressures, volumes and rates indicated, and making such other and further provisions as the Division determines appropriate.

MONTGOMERY & ANDREWS, P.A.

By: _____



J. Scott Hall
Attorneys for Targa Midstream Services LP
Post Office Box 2307
Santa Fe, New Mexico 87504-2307
(505) 982-3873

Case 14182: *Application of Targa Midstream Services LP for Amendment of Order Nos. R-12809 and R-12809-A Approving of an Acid-Gas Injection Well at a New Locationl, Lea County, New Mexico.* Applicant seeks an order amending Order No. R-12809 and R-12809-A entered in Case No. 13865 approving a new location for the Versado AGI Well No. 1 for acid-gas injection operations as follows:

Versado AGI Well No. 1
1557' FNL and 1345' FEL
Section 3: SW/4 NE/4 (Unit G)
T-22-S, R-37-E, NMPM

Applicant proposes to inject acid gas and water through a closed system into the lower San Andres formation via an open-hole completion at a depth interval of 4,500' to 5,000' at an anticipated maximum surface injection pressure of 2,000 psi or as permitted by the Division. Applicant proposes injection of acid-gas at average daily rates of approximately 2,200 bbls and at maximum daily rates of approximately 2,500 bbls. Additional injection of produced water and non-hazardous wastewater will range from 250 to 1,575 barrels per day, for a total injection volume of 2,450 to 4,075 barrels per day. The subject well is located approximately one-half mile south of Eunice, New Mexico.