

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

2008 OCT 15 PM 3 28

**IN THE MATTER OF THE APPLICATION OF  
TARGA MIDSTREAM SERVICES LIMITED PARTNERSHIP  
FOR APPROVAL OF AN ACID GAS INJECTION WELL,  
LEA COUNTY, NEW MEXICO**

**Case No. 14192**

**MOTION TO QUASH**

Targa Midstream Services Limited Partnership, ("Targa"), through its undersigned attorneys, moves the New Mexico Oil Conservation Division enter its order quashing the Subpoena Duces Tecum issued on behalf of Range Operating New Mexico, Inc. ("Range") on October 10, 2008. The Subpoena Duces Tecum is attached hereto as Exhibit 1. In support of its Motion, Targa states:

Targa's Application seeks Division approval for the use of its Eunice Plant 161 SWD Well No. 1 for conversion to acid-gas injection operations. In addition, Targa has alternatively proposed to drill a new well, the Eunice Middle-Plant AGI Well No. 1, for acid-gas injection operations. Both locations are in Section 3, T-22-S, R-37-E.

Previously, Range filed its motion seeking the dismissal of Targa's Application, based on its interpretation of Rule 701 that the C-108 administrative form must be submitted contemporaneously with the application for an adjudicatory hearing. Targa subsequently requested that the hearing on its Application be continued to the November 13, 2008 docket. On October 8, 2008, Targa responded to Range's motion, pointing out that Targa's Application satisfies the informational requirements for adjudicatory hearing applications. Targa has further sought the Division's guidance on the requirements for notice of such applications and supporting materials as the Division transitions from the administrative approval process to the adjudicatory hearing process for acid-gas injection well projects. These matters are to be addressed by the Examiner at the regularly scheduled hearing docket on October 16, 2008, prior to the anticipated hearing on the merits of the Application on November 13, 2008.

Range obtained its Subpoena Duces Tecum on Friday October 10, 2008 and had it hand-delivered to Targa's counsel later that day. The

Exhibit "A" to the subpoena consists of a five-page, single-space list of data and documents which Range demands be delivered on October 16, 2008 at 8:15 a.m.

The Range subpoena is objectionable on a number of grounds. At the outset, however, Range's subpoena (1) sets forth an unreasonable and impossibly short timeframe for compliance; and (2) does not allow adequate opportunity for Targa to fully respond and exercise its rights to assert objections. Correspondingly, if the subpoena is not immediately quashed, it will be necessary for Targa to supplement this Motion in order to more fully outline its objections on an item-by-item basis. Those objections can then be resolved by negotiation or through further recourse to the Examiner

The list of data and materials sought by Range's subpoena duces tecum is the longest, most overly-broad and therefore most burdensome we have seen. It is unquestionably an impermissible abuse of the Division's procedural rules. It also violates existing precedent<sup>1</sup> establishing the permissible scope and extent of discovery that may be had under the agency's subpoenas.

Among Targa's objections, without limitation to its right to assert additional objections, are:

1. The subpoena duces tecum seeks the disclosure of proprietary and confidential business and privileged trade secret information.
2. The subpoena seeks materials that are not reasonably calculated to lead to the discovery of admissible evidence.
3. The subpoena duces tecum is unduly burdensome or expensive.
4. The descriptions of many of the items sought by the subpoena are often ambiguous or too vaguely stated.
5. The scope of the subpoena duces tecum is such that it appears to seek materials protected by the attorney/client privilege or the attorney work-product doctrine.

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<sup>1</sup> Discovery pursuant to the Division's subpoena powers is not unlimited. See, e.g., Ruling of the Commission, February 13, 1991, NMOCC Case No. 10211, *Application of Santa Fe Energy Operating Partners, L. P. for Compulsory Pooling, Lea County, New Mexico*; and Acting Division Director's Letter Order on Discovery Objections, NMOCC Case No. 13085, *Application of EGL Resources, Inc. and Robert Landreth for Pool Extension, North Bell Lake Devonian Pool, Lea County, New Mexico*, Order No. R-12106.

6. The subpoena duces tecum is also objectionable for the reason that the discovery sought is unreasonably cumulative or duplicative and/or is obtainable from some other source that is more convenient, less burdensome or less expensive.

Targa is entitled to be protected from Range Operating's abuse of the Division's administrative processes. Targa requests the Division enter its order quashing Range's Subpoena Duces Tecum.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By: \_\_\_\_\_

  
J. Scott Hall  
P. O. Box 2307  
Santa Fe, NM 87504-2307  
(505) 982-3873

**Certificate of Service**

I hereby certify that on this 15<sup>th</sup> day of October, 2008 a copy of the foregoing was faxed to the following:

W. Thomas Kellahin, Esq.  
Attorney for Range Operating  
New Mexico, Inc.  
706 Gonzales Road  
Santa Fe, NM 87501  
982-2047 – fax

William. F. Carr, Esq.  
Chevron USA, Inc.  
Holland & Hart, LLP  
P. O. Box 2208  
Santa Fe, NM 87504  
983-6043 - fax

  
\_\_\_\_\_  
J. Scott Hall

RECEIVED

2008 OCT 10 AM 9 11

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

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

OCT 10 2008

4:34

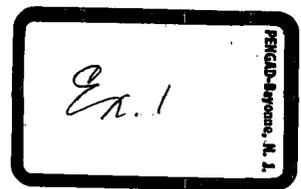
**APPLICATION OF TARGA MIDSTREAM SERVICES  
LIMITED PARTNERSHIP FOR APPROVAL OF A  
ACID GAS INJECTION WELL(S)  
LEA COUNTY, NEW MEXICO**

**CASE NO. 14192**

**SUBPOENA DUCES TECUM**

**TO: Targa Midstream Services Limited Partnership  
c/o J. Scott Hall, Esq.  
Montgomery & Andrews, P.A.  
P. O. Box 2307  
Santa Fe, New Mexico, 87504-2307**

Pursuant to Section 70-2-8, NMSA (1978) and Rule 1211 of the New Mexico Oil Conservation Division's Rules of Procedure, you are hereby ORDERED to appear at 8:15 a.m., October 16, 2008, to the offices of the Oil Conservation Division, 1220 S. St. Francis Drive, Santa Fe, New Mexico, 87505 and to produce the documents and items specified in attached Exhibit A and to make available to Range Operating New Mexico, Inc. and their attorney, W. Thomas Kellahin, for copying, all of said documents.

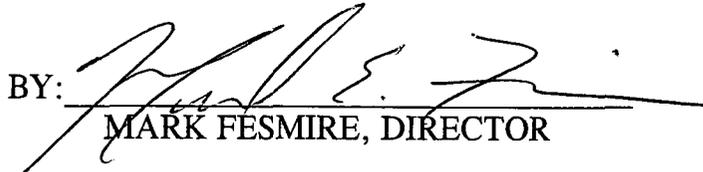


This subpoena is issued on application of Range Operating New Mexico, Inc. through their attorneys, Kellahin & Kellahin, 706 Gonzales Road, Santa Fe, New Mexico 87501.

Dated this 10<sup>th</sup> day of October, 2008.

NEW MEXICO OIL CONSERVATION DIVISION

BY:



MARK FESMIRE, DIRECTOR

**EXHIBIT "A"**  
**TO SUBPOENA DUCES TECUM**  
**TO TARGA MIDSTREAM SERVICES LIMITED PARTNERSHIP**  
**IN NEW MEXICO OIL CONSERVATION DIVISION**  
**CASE 14192**

**PURPOSE:** The purpose of this subpoena is to provide all of the information necessary for Range Operating New Mexico Inc. to be able prepare its opposition to Targa Midstream Services Limited Partnership in Case 14192

**THE DATA TO BE PRODUCED INVOLVES**  
**THE**  
**SAN ANDRES FORMATION**

**I. PRODUCE THE FOLLOWING DOCUMENTS:**

**A. Division Form C-108:**

A complete copy of Targa's form C-108 that is intends to use at the hearing.

**B. DOCUMENTS:**

a copy of any technical report or study used by Targa for this case, including but not limited, to any report and/or study by Geolex and/or Alberto Gutierrez

**C. OTHER DATA:**

1. Mudlogs or strip logs indicating formation data.
2. Openhole logs, including but not limited to density/neutron porosity, resistivity and sonic logs
3. Case-hole logs, including cement bond logs with collar locator and any casing inspection logs that have been run to verify mechanical integrity.
4. All DST reports, including pressure charts, fluid recovery data and observed flow rates, together with service company analysis thereof with respect to reservoir parameters.

5. All daily drilling reports from spud until the production casing was run.
6. All completion reports including all intervals perforated and stimulated.
7. All data analysis and reports from cores and side-wall cores obtained.
8. All evidence utilized or which can be utilized in establishing the level of gas/water contact, both the Original and the Current gas/water contacts are the concern.
9. Reservoir temperature data
10. Reservoir pressure data, by **individual zone (perforation)** including but not limited to bottom-hole surveys or pressures, surface pressure readings, daily tubing pressure and casing pressures, drill stem tests, build-up tests and interference tests, with relevant information as to shut-in time and production rates prior to shut-in.
11. all production data including, but not limited to all well check records, including gauges/charts for each well on a daily basis from initial testing/completion to date showing actual production of oil, gas and water for said well per day and per month.
12. Chronological reports to include details of:
  - a. perforating and perforation locations
  - b. stimulation fluids, volumes, rates, and pressures for each treated interval
  - c. Swabbing, flowing and/or pumping results for each interval that was perforated and tested including Pre and Post stimulation results as applicable.
13. If your client has conducted any reservoir simulation which includes any of the subject wells, then provide: model software description, model parameters and assumptions, model variables, model history matching data, model predictions, subsequent modification.
14. Any petroleum engineering data used or to be used by Targa to justify its position in NMOCD Case 14192 including all pressure data, including but not limited to bottom hole pressure surveys, daily tubing pressure and casing pressure surveys, with relevant information as to shut-in time and production/injection rate prior to shut-in;
15. Any and all reserve calculations, including but not limited to estimates of ultimate recovery, production decline curves, pressure decline curves, material balance calculations (including reservoir parameters), volumetric calculation (including reservoir parameters);

16. Any and all reservoir studies, including but not limited to drainage calculations, well interference studies, pressure studies or well communication studies;

17. Any and all documents and data concerning "workover" actually conducted, attempted or contemplated;

18. Any geologic data including geologic maps, structure maps, isopachs, cross-sections, and/or logs being used by Targa to justify its position;

**C. SEISMIC DATA:**

(1) vertical seismic profile line (north-south trace through and extending one mile in each direction from the subject well location)

(2) vertical seismic profile line (east-west line through and extending one mile in each direction from the subject well location)

(3) Targa's conversion of the San Andres top time structure into a structure map showing actual depths

**D. PRODUCE THE FOLLOWING ADDITIONAL DATA:**

(1) any and all information concerning the acquisition, processing and interpretation of the 3-D seismic data;

(2) copies of the geophysical interpreter's report, including all maps and input data;

(3) predesign of the 3-D survey including the resolution, bin size, number of bins, number of pre and post-stack tracs;

(4) identify and describe the seismic calculation (computer) program used;

(5) any and all seismic profiles and time sections;

(6) list of all ties and mis-ties to well data;

(7) any velocity maps, including isochron or velocity converted depth maps;

(8) details on digitization of maps, including a detailed description of the software package for reduction of the digitized data;

(9) details, including any adjustment of parameters for map construction

including depth conversion; and

(10) copies of any and all maps including initial and final isopach contour maps of structure and any "isometric displays" or presentations.

**E. Targa's Hearing Exhibits:**

(1) copies of any geologic data and exhibits including geologic maps, structure maps, isopachs, cross-sections, and/or logs to be used by Targa.

(2) copies of any and all geophysical data/studies and exhibits to be used by Targa, including gas/water migration studies.

(3) copies of any and all petroleum engineering data/studies and exhibits to be used by Targa, including acid gas effects on productive wells and the source of the acid gas for disposal.

**INSTRUCTIONS**

This Subpoena Duces Tecum seeks all information available to you or in your possession, custody or control from any source, wherever situated, including but not limited to information from any files, records, computers documents, employees, former employees, consultants, counsel and former counsel. It is directed to each person to whom such information is a matter of personal knowledge.

When used herein, "you" or "your" refers to the person or entity to whom this Subpoena Duces Tecum is addressed to including all of his or its attorneys, officers, agent, consultants, employees, directors, representatives, officials, departments, divisions, subdivisions, subsidiaries, or predecessors.

The term "document" as used herein means every writing and record of every type and description in the possession, custody or control of Targa Midstream Services Lkimited Partnership and/or Geolex, whether prepared by you or otherwise, which is in your possession or control or known by you to exist, including but not limited to all drafts, papers, books, writings,

records, letters, photographs, computer disks, tangible things, correspondence, communications, telegrams, cables, telex messages, memoranda, notes, notations, work papers, transcripts, minutes, reports and recordings of telephone or other conversations or of interviews, conferences, or meetings. It also includes diary entries, affidavits, statements, summaries, opinions, reports, studies, analyses, evaluations, contracts, agreements, jottings, agenda, bulletins, notices, announcements, plans, specifications, sketches, instructions charts, manuals, brochures, publications, schedules, price lists, client lists, journals, statistical records, desk calendars, appointment books, lists, tabulations sound recordings, computer printouts, books of accounts, checks, accounting records, vouchers, and invoices reflecting business operations, financial statements, and any notice or drafts relating to the foregoing, without regard to whether marked confidential or proprietary,. It also includes duplicate copies if the original is unavailable or if the duplicate is different in any way, including marginal notations, from the original.