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October 6, 2008

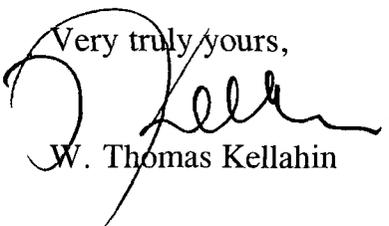
**HAND DELIVERED**

Mr. Mark Fesmire, Director  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Re: **MOTION TO DISMISS**  
NMOCD Case 14192  
Application of Targa Midstream Services Limited Partnership  
for approval of an Acid Gas Injection Wells,  
Unit G and H Section 3, T22S, R37E  
Lea County, New Mexico  
Geronimo 27 State Com Well No.2

Dear Mr. Fesmire:

On behalf of Range Operating New Mexico, Inc. ("Range"), please find enclosed our Motion to Dismiss in the referenced case that is currently set for an Examiner's hearing on October 16, 2008.

Very truly yours,  
  
W. Thomas Kellahin

Email:

J. Scott Hall, Esq.  
Attorney for Targa Midstream Services

Range Operating New Mexico Inc  
Attn: Deanne Poindexter

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

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

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

CASE 14192

RANGE OPERATING NEW MEXICO, INC  
MOTION TO DISMISS

Range Operating New Mexico, Inc. ("Range"), by this attorney, W. Thomas Kellahin, hereby moves that the New Mexico Oil Conservation Division ("Division") dismiss the referenced case from the October 16, 2008 docket because the applicant, Targa Midstream Services Limited Partnership ("Targa"), violated Division Rule 701 by failing to file Division Form C-108 with its application and in support STATES:

BACKGROUND

- (1) On September 12, 2008, Targa file an application for approval of an acid gas injection well and an alternative injector ("AGI") but failed to file a completed Form C-108.
- (2) Range is an affected offsetting operator, within ½ mile of the AGI well, with well currently producing from Targa's propose dispose zone.
- (3) On September 17, 2008, Targa send notice of hearing to Range but did not include a completed Form C-108
- (4) On October 2, 2008, by email, counsel for Range contacted counsel for Targa requesting the Form C-108 and in response was told that because Targa had filed for an adjudicatory hearing, that it was not required to file Form C-108 with its hearing application.

## Rule 701

(5) Rule 701 is divided into parts including:

- a. B. Method for Making Application that states "The operator shall apply for authority to inject gas,..., by submitting form C-108 complete with all attachment." See 19.15.9.701.B --See Rule 701 attached as Exhibit "A"
- b. C. Administrative Approval that sets forth the administrative process
- c. D. Hearings that sets forth the hearing including "...or if a hearing is required...for deemed advisable by the division director, the division shall set the application for hearing...."

## ARGUMENT

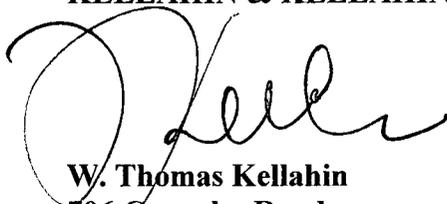
- (6) Both the hearing process and the administrative process set forth in Rule 701 require that Form C-108 be file as part of either type of application. There is nothing in part B that makes the filing of Form C-108 applicable only if it is an administrative application.
- (7) If fact, Form C-108 is the multipurpose form for all types of injection applications. The first number paragraph of Form C-108 makes it clear that the form is intended for both administrative or adjudicatory process requiring "application qualifies for administrative approval ---Yes ---No..."
- (8) Even the notice requirement of Form C-108 advise the operator of the type of notice required for all applicants and separately state the additional requirement if the application is for administrative approval. See Form C-108 attached as Exhibit "B"
- (9) The current Division guidance, authorized by Rule 701.D, requiring AGI well application to be processed by adjudication, does not excuse Targa from complying with Rule 7091.B and filing the form C-108 as part of the original application.
- (10) By failing to file Form C-108 with its original application, Targa effectively and adversely affects the ability of any affected operator to have time to review the application prior to hearing and prepare for that hearing.

**CONCLUSION**

**Targa, in violation of Division Rule 701, failed to file a Form C-108 with its application.**

**Wherefore, Range requests that the Division grant this motion dismissing Targa's application without prejudice.**

**KELLAHIN & KELLAHIN**



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Fax 505-982-2047  
E-mail: tkellahin@comcast.net**

**CERTIFICATE OF SERVICE**

I certify that on October 6, 2008, I served a copy of the foregoing documents by:

- US Mail, postage prepaid
- Hand Delivery
- Facsimile
- email

to the following:

J. Scott Hall, Esq.  
Fax 505-986-2646.  
Email SHall@montand.com



W. Thomas Kellahin

## (GAS PRORATION AND ALLOCATION - Cont'd.)

(28) All forms heretofore mentioned are hereby adopted for use in the northwest New Mexico area in open form subject to such modification as experience may indicate desirable or necessary.

(29) Deliverability tests for gas wells in all formations shall be conducted and reported in accordance with these rules. Provided, however, these rules shall be subject to any specific modification or change contained in Special Pool Rules adopted for any pool after notice and hearing.

## C. Informational Tests.

(1) **One-Point Back Pressure Test:** A one-point back pressure test may be taken on newly completed wells before their connection or reconnection to a gas transportation facility. This test shall not be a required official test, but may be taken for informational purposes at the option of the operator. When taken, this test must be taken and reported as prescribed below.

## (2) Test Procedure

(a) This test shall be accomplished after a minimum shut-in of seven days. The shut-in pressure shall be measured with a deadweight gauge or other method approved by the Division.

(b) The flow rate shall be that rate in Mcf/d measured at the end of a three hour test flow period. The flow from the well shall be for three hours through a positive choke, which has a 3/4 inch orifice.

(c) A 2-inch nipple which provides a mechanical means of accurately measuring the pressure and temperature of the flowing gas shall be installed immediately upstream from the positive choke.

(d) The absolute open flow shall be calculated using the conventional back pressure formula as shown in the manual or the division's "Back Pressure Test Manual." [5-30-98]

(e) The observed data and flow calculations shall be reported in duplicate in Form C-122, "Multi-Point Back Pressure Test for Gas Wells."

(f) Non-critical flow shall be considered to exist when the choke pressure is 13 psig or less. When this condition exists the flow rate shall be measured with a pitot tube and nipple as specified in the manual or in the division's manual of "Tables and Procedure for Pitot Tests." The pitot test nipple shall be installed immediately downstream from the 3/4-inch positive choke.

(g) Any well completed with 2-inch nominal size tubing (1.995-inch ID) or larger shall be tested through the tubing.

(3) Other tests for informational purposes may be conducted prior to obtaining a pipeline connection for a newly completed well upon receiving specific approval therefore from the Aztec district office. Approval of these tests shall be based primarily upon the volume of gas to be vented. [5-30-98; 19.15.8.606 NMAC - Rn, 19 NMAC 15.H.606, 04-30-03]

**I - SECONDARY OR OTHER ENHANCED RECOVERY PRESSURE MAINTENANCE, SALT WATER DISPOSAL, AND UNDERGROUND STORAGE**

Order No. R-6702, effective July 1, 1981, amended, adopted and renumbered Rules 701 through 708.

**19.15.9.701**

**INJECTION OF FLUIDS INTO RESERVOIRS** (As Amended by Order No. R-930, December 28, 1956; Order No. R-1525, November 9, 1959; Order No. R-1644, May 1, 1960; Order No. R-2490, May 28, 1963; Order No. R-2764, September 8, 1964; Order No. R-2761, January 1, 1965; Order No. R-3092, July 18, 1966; Order No. R-3375, March 1, 1968; Order No. R-3933, June 1, 1970; Order No. R-4348, September 1, 1972; Order No. R-4381, September 1, 1972; Order No. R-6702, July 1, 1981; Order No. R-8390, February 1, 1987; Order No. R-10534, February 1, 1996; Order Dated November 30, 2000, Order No. R-12303-A, May 31, 2005, and Order No. R-12452, December 15, 2005.)

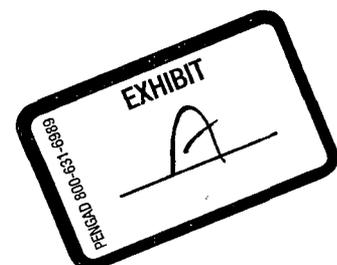
(See Section IV, Secondary Recovery for Complete Order No. R-1525.

A. Permit for injection required. The injection of gas, liquefied petroleum gas, air, water or any other medium into any reservoir for the purpose of maintaining reservoir pressure or for the purpose of secondary or other enhanced recovery or for storage or the injection of water into any formation for the purpose of water disposal shall be permitted only by order of the Division after notice and hearing, unless otherwise provided herein. The division shall grant a permit for injection under 19.15.9.701 NMAC only to an operator who is in compliance with Subsection A of 19.15.1.40 NMAC. The division may revoke a permit for injection issued under 19.15.9.701 NMAC after notice and hearing if the operator is not in compliance with Subsection A of 19.15.1.40 NMAC.

## B. Method of Making Application

(1) The operator shall apply for authority to inject gas, liquefied petroleum gas, air, water or any other medium into any formation for any reason, including but not necessarily limited to the establishment of or the expansion of water flood projects, enhanced recovery projects, pressure maintenance projects and salt water disposal, by submitting form C-108 complete with all attachments.

(2) The applicant shall furnish, by certified or registered mail, a copy of the application to each owner of the surface of the land on which each injection or disposal well is to be located and to each leasehold operator or other "affected person" within any tract wholly or partially contained within one-half mile of the well. Affected person shall mean the (a) division designated operator; (b) in the absence of an operator, any lessee whose interest is evidenced by a written conveyance document either of record or known to the applicant as of the date he files the application; and (c) in the absence of an operator or lessee, any mineral interest owner whose interest is evidenced by a written conveyance document either of record or known to the applicant as of the date he filed the application.



(SECONDARY OR OTHER ENHANCED RECOVERY, PRESSURE MAINTENANCE, SALT WATER DISPOSAL, AND UNDERGROUND STORAGE - Cont'd.)

C. Administrative Approval.

(1) If the application is for administrative approval rather than for a hearing, it shall also be accompanied by a copy of a legal publication the applicant published in a newspaper of general circulation in the county in which the proposed injection well is located. The legal publication's contents shall include the (a) name, address, phone number and contact party for the applicant; (b) the injection well's intended purpose, with the exact location of single wells or the section, township and range location of multiple wells; (c) the formation name and depth with expected maximum injection rates and pressures; and (d) a notation that interested parties must file objections or requests for hearing with the division within 15 days.

(2) The division shall not approve an application for administrative approval until 15 days following the division's receipt of form C-108 complete with all attachments including evidence of mailing as required under Paragraph (2) of Subsection B of 19.15.9.701 NMAC and proof of publication as required by Paragraph (1) of Subsection C of 19.15.9.701 NMAC.

(3) If the division does not receive an objection within said 15-day period, and a hearing is not otherwise required, the division may approve the application administratively.

D. Hearings. If a written objection to any application for administrative approval of an injection well is filed within 15 days after receipt of a complete application, or if a hearing is required pursuant to 19.15.9.701 NMAC or deemed advisable by the division director, the division shall set the application for hearing and give notice of the hearing.

E. Salt Water Disposal Wells

(1) The Division Director shall have authority to grant an exception to the hearing of Subsection A of 19.15.9.701 NMAC for water disposal wells only, when the waters to be disposed of are mineralized to such a degree as to be unfit for domestic, stock, irrigation or other general use, and when said waters are to be disposed of into a formation older than Triassic (Lea County only) and provided the division receives no objections pursuant to Subsection C of 19.15.9.701 NMAC.

(2) The division shall not permit disposal into zones containing waters having total dissolved solids concentrations of 10,000 mg/l or less except after notice and hearing, provided however, that the Division may establish exempted aquifers for such zones wherein the division may administratively approve such injection.

(3) Notwithstanding the provisions of Paragraph 2 of Subsection E of 19.15.9.701 NMAC, the Division Director may authorize disposal into such zones if the waters to be disposed of are of higher quality than the native water in the disposal zone.

F. Pressure Maintenance Projects

(1) Pressure maintenance projects are defined as those projects in which fluids are injected into the producing horizon in an effort to build up or maintain the reservoir pressure in an area that has not reached the advanced or "stripper" state of depletion.

(2) The division shall set all applications for establishment of pressure maintenance projects for hearing. The division shall fix the project area and the allowable formula for any pressure maintenance project on an individual basis after notice and hearing.

(3) The division may authorize an operator to expand a pressure maintenance project and place additional wells on injection only after notice and hearing or by administrative approval.

(4) The division director shall have authority to grant an exception to the hearing requirements of Subsection A of 19.15.9.701 NMAC for the conversion to injection of additional wells within a project area provided that any such well is necessary to develop or maintain efficient pressure maintenance within such project and provided that the division receives no objections pursuant to Subsection C of 19.15.9.701 NMAC.

(5) An established pressure maintenance project shall have only one designated operator. Any application for exception must be set for hearing.

G. Water Flood Projects

(1) Water flood projects are defined as those projects in which water is injected into a producing horizon in sufficient quantities and under sufficient pressure to stimulate the production of oil from other wells in the area, and shall be limited to those areas in which the wells have reached an advanced state of depletion and are regarded as what is commonly referred to as "stripper" wells.

(2) The division shall set all applications for establishment of water flood projects for hearing.

(3) The project area of a water flood project shall comprise the proration units a given operator owns or operates upon which injection wells are located plus all proration units the same operator owns or operates that directly or diagonally offset the injection tracts and have producing wells completed on them in the same formation; provided however, that the division may include in the project area additional proration units not directly or diagonally offsetting an injection tract if, after notice and hearing, the operator has established that such additional units have wells completed thereon that have experienced a substantial response to water injection.

(4) The allowable the division assigns to wells in a water flood project area shall be equal to the wells' ability to produce and shall not be subject to the depth bracket allowable for the pool nor to the market demand percentage factor.

(5) Nothing herein contained shall be construed as prohibiting the assignment of special allowables to wells in buffer zones after notice and hearing. The division may assign special allowables in the limited instances where it is established at a hearing that it is imperative for the protection of correlative rights to do so.

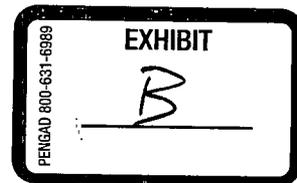
(6) The division shall authorize the expansion of water flood projects and the placement of additional wells on injection only after notice and hearing or by administrative approval.

(7) The Division Director shall have authority to grant an exception to the hearing requirements of Subsection A of 19.15.9.701 NMAC for conversion to injection of additional wells provided that any such well is necessary to develop or maintain thorough and efficient water flood injection for any authorized project and provided that the division receives no objections pursuant to Subsection C of 19.15.9.701 NMAC.

(8) An established water flood project shall have only one designated operator. The division shall set for hearing any application for exception.

**APPLICATION FOR AUTHORIZATION TO INJECT**

- I. PURPOSE: \_\_\_\_\_ Secondary Recovery \_\_\_\_\_ Pressure Maintenance \_\_\_\_\_ Disposal \_\_\_\_\_ Storage  
Application qualifies for administrative approval? \_\_\_\_\_ Yes \_\_\_\_\_ No
- II. OPERATOR: \_\_\_\_\_  
ADDRESS: \_\_\_\_\_  
CONTACT PARTY: \_\_\_\_\_ PHONE: \_\_\_\_\_
- III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection.  
Additional sheets may be attached if necessary.
- IV. Is this an expansion of an existing project? \_\_\_\_\_ Yes \_\_\_\_\_ No  
If yes, give the Division order number authorizing the project: \_\_\_\_\_
- V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.
- VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.
- VII. Attach data on the proposed operation, including:
1. Proposed average and maximum daily rate and volume of fluids to be injected;
  2. Whether the system is open or closed;
  3. Proposed average and maximum injection pressure;
  4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
  5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).
- \*VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.
- IX. Describe the proposed stimulation program, if any.
- \*X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).
- \*XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.
- XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.
- XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.
- XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.



NAME: \_\_\_\_\_ TITLE: \_\_\_\_\_

SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_

E-MAIL ADDRESS: \_\_\_\_\_

- \* If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstances of the earlier submittal: \_\_\_\_\_

### III. WELL DATA

A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:

- (1) Lease name; Well No.; Location by Section, Township and Range; and footage location within the section.
- (2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.
- (3) A description of the tubing to be used including its size, lining material, and setting depth.
- (4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Division District Offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.

B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.

- (1) The name of the injection formation and, if applicable, the field or pool name.
- (2) The injection interval and whether it is perforated or open-hole.
- (3) State if the well was drilled for injection or, if not, the original purpose of the well.
- (4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.
- (5) Give the depth to and the name of the next higher and next lower oil or gas zone in the area of the well, if any.

### XIV. PROOF OF NOTICE

All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

- (1) The name, address, phone number, and contact party for the applicant;
- (2) The intended purpose of the injection well; with the exact location of single wells or the Section, Township, and Range location of multiple wells;
- (3) The formation name and depth with expected maximum injection rates and pressures; and,
- (4) A notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within 15 days.

NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

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NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.