

COUNSEL EMERITUS  
William R. Federici

**MONTGOMERY & ANDREWS**  
PROFESSIONAL ASSOCIATION  
ATTORNEYS AND COUNSELORS AT LAW

J.O. Seth (1883-1963)  
A.K. Montgomery (1903-1987)  
Frank Andrews (1914-1981)  
Seth D. Montgomery (1937-1998)

325 Paseo de Peralta  
Santa Fe, New Mexico 87501

ALBUQUERQUE OFFICE

|                     |                          |
|---------------------|--------------------------|
| Victor R. Ortega    | Paul E. Houston          |
| Gary Kilpatric      | Kevin M. Sexton          |
| Thomas W. Olson     | Jeffery L. Martin        |
| Walter J. Melendres | Alexandra Corwin Aguilar |
| John B. Draper      | Jeffrey J. Wechsler      |
| Nancy M. King       | Shannon A. Parden        |
| Sarah M. Singleton  | Brian T. Judson          |
| Stephen S. Hamilton | Susan R. Johnson         |
| Edmund H. Kendrick  | Holly Agajanian          |
| Louis W. Rose       | Sharon T. Shaheen        |
| Randy S. Bartell    | Jaime R. Kennedy         |

Post Office Box 2307  
Santa Fe, New Mexico 87504-2307

6301 Indian School Road, N.E.  
Suite 400  
Albuquerque, New Mexico 87110

Telephone (505) 982-3873  
Fax (505) 982-4289

Post Office Box 36210  
Albuquerque, New Mexico 87176-6210

Telephone (505) 884-4200  
Fax (505) 888-8929

OF COUNSEL  
Joe A. Sturges  
J. Scott Hall  
Suzanne C. Odom  
Earl Potter, P.A.

September 12, 2008

www.montand.com

Reply to Santa Fe Office

Ms. Florene Davidson  
New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505

Re: *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*

Dear Ms. Davidson:

Enclosed for filing are the original and two copies of the Application of Targa Midstream Services LP in the above-referenced matter. Also enclosed is a proposed advertisement.

On behalf of the Applicant, we request that this matter be set for hearing before one of the Division's examiners on October 16, 2008.

Thank you.

Very truly yours,



J. Scott Hall

JSH/mb

Enclosures

cc: Cary Loughman, Esq

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

2009 SEP 12 AM 10 25

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

**APPLICATION**

TARGA MIDSTREAM SERVICES LIMITED PARTNERSHIP, ("Targa"), 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 approving the use of the Eunice Plant 161 SWD Well No. 1 for conversion to acid-gas injection operations. Alternatively, Applicant proposes to drill a new well, the Eunice Middle-Plant AGI Well No. 1, for acid-gas injection operations. In support, Applicant states:

1. Applicant is the operator of the following well, (the "Subject Well"), in Lea County, New Mexico:

Eunice Plant 161 Well No. 1  
API No. 30-025-22583  
2255' FNL and 908' FEL  
Section 3: SE/4 NE/4 (Unit H)  
T-22-S, R-37-E, NMPM

2. The Subject Well is currently operated as a salt water disposal well pursuant to Division Order No. R-3446. Applicant proposes to evaluate the disposal well for conversion to acid-gas injection operations. Applicant proposes to utilize the well for injection of acid gas and water through a closed system into the lower San Andres formation, Eunice-San Andres Pool, through an open-hole completion at depths of 4,131' to 4,900'.

3. As an alternative to the conversion of the Eunice Plant 161 Well No. 1, Applicant proposes to drill a new well in Section 3 for acid-gas injection operations as follows:

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

4. For the Eunice Middle-Plant AGI Well No. 1, 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'.

5. Injection operations through either well will be conducted 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 Versado Gas Processors, L.L.C. Eunice Gas Plant and South Eunice Compressor Station, both of which are operated by Targa.

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

WHEREFORE, Applicant requests that this Application be set for hearing before a duly appointed examiner of the Oil Conservation Division on October 16, 2008 and that after notice and hearing as required by law, the Division enter its Order approving (1) conversion of the Targa Eunice Plant 161 Well No. 1 SWD, or alternatively (2) the drilling and operation of the Eunice Middle-Plant AGI Well 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

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

Case 14192 : *Application of Targa Midstream Services Limited Partnership for Approval of an Acid-Gas Injection Well, Lea County, New Mexico.* Applicant seeks an order approving the use of the Eunice Plant 161 SWD Well No. 1 for conversion to acid-gas injection operations. The well is currently in use for salt water disposal at the following location:

Eunice Plant 161 SWD Well No. 1  
API No. 30-025-22583  
2255' FNL and 908' FEL  
Section 3: SE/4 NE/4 (Unit H)  
T-22-S, R-37-E, NMPM

Applicant proposes to evaluate this well for injection of acid gas and water through a closed system into the lower San Andres formation, Eunice-San Andres Pool, through an open-hole completion at depths of 4,131' to 4,900'.

As an alternative to the conversion of the Eunice Plant 161 SWD Well No. 1, Applicant proposes to drill a new well for acid-gas injection operations at the following location in Section 3:

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

For the Eunice Middle-Plant AGI Well No. 1, 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'. Injection operations through either well will be conducted 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 lands are located approximately one-half mile south of Eunice, New Mexico.