

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

IN THE MATTER OF THE HEARING CALLED BY THE OIL
CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING TARGA
MIDSTREAM SERVICES LLC'S MOTION TO REOPEN CASE TO OFFER
PROOF OF WELL COMPLETION, WELL TEST RESULTS, AND EXTENT OF
INJECTION RADIUS

CASE NO. 14575

PRE-HEARING STATEMENT

APPEARANCES

APPLICANT

Targa Midstream Services LLC
as Operator for Versado
Gas Processors, LLC

APPLICANT'S ATTORNEY

Mr. William Scott
Modrall, Sperling, Roehl, Harris &
Sisk, PA
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RESPONDENT

Oil Conservation Division

RESPONDENT'S ATTORNEY

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Energy, Minerals and Natural
Resources Department
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STATEMENT OF THE CASE

Applicant Targa Midstream Services LLC (Targa) has asked the Oil Conservation Commission (Commission) to reopen Case No. 14575 in order to offer proof of completion of its Eunice AGI Well in accordance with Commission Order No. R-12809-C. Targa has requested that the Commission grant a 30 year time limit for the permit associated with the Eunice AGI Well.

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The Oil Conservation Division (Division) does not oppose Targa's request for the permit. The Division does ask the Commission consider the following before granting Targa a 30 year permit for its Acid Gas Injection well:

1. At some definitive point after Targa begins injecting acid gas, carbon dioxide and wastewater into the well, the Division recommends that the Commission require Targa to conduct appropriate testing to determine whether or not a zone is accepting the injection material more quickly. The Division presents this recommendation because portions of the formation may be more quickly invaded by the acid gas plume than other portions of the formation. If a narrower portion of the formation is more quickly invaded by the acid gas, the acid gas may expand more rapidly and reach the half mile radius in less than 30 years.
2. Requiring a Mechanical Integrity Test (MIT) every year versus once every five years would allow for Targa and the Division to verify or dispel the pressure data which is being collected by meters and gauges installed on the tubing and tubing/casing annulus. Conducting a MIT does not disrupt injection into the well.
3. Per Section 2.2 of Targa's H2S Contingency Plan, Targa will review and revise its H2S Contingency Plan annually. The Division would recommend Targa be required to include within its Contingency Plan what alternatives are present if injection ceases due to failure of well integrity.

RESPONDENT'S PROPOSED EVIDENCE

WITNESS:

ESTIMATED TIME:

William Jones

1 ½ hours

1979 Bachelors in Geological Engineering
New Mexico State University

1979 – 1999

Texaco

Production Engineer in northern Lea County
Reserves and Reservoir Engineer SE New Mexico and West Texas
Exploration/Exploitation Engineer in Denver
Coalbed Methane Engineer

1999 – 2001

Consulting Petroleum Engineer
San Juan Basin – Production Engineer
Illinois Basin – Coalbed Methane Reserves

2002-2012

New Mexico Oil Conservation Division
Regulatory Engineer/Hearing Officer

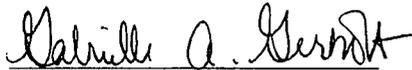
*The OCD will offer Mr. Jones as an expert in
petroleum engineering and underground injection*

Mr. Jones will testify about his review of the temperature decay tracer survey and log presentation prepared for Targa and the modeling he produced based upon this information.

PROCEDURAL MATTERS

None.

Respectfully submitted
this 16th day of February 2012 by



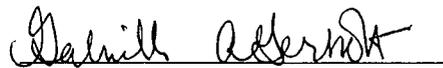
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Attorney for the Oil Conservation Division

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was electronically mailed on the following party on February 16, 2012:

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