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October 26, 2011

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

Re: Case No. 14575 - Targa Midstream Services LLC's Motion to Reopen Case

Dear Ms. Davidson:

With this letter, I am forwarding to you the original and six (6) copies of Targa Midstream Services LLC's Motion to Reopen Case to Offer Proof of Well Completion, Well Test Results, and Extent of Injection Radius. As the motion reflects, Targa requests that this matter be placed on the Commission's December 8, 2011 docket.

I have also enclosed the notice concerning this motion.

Please feel free to raise any questions you may have.

Sincerely,



William C. Scott

WCS/ndm  
Enclosures

Cc: Gabrielle Gerholt (w/encl.)

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

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

**CASE NO. 14575**

**TARGA MIDSTREAM SERVICES LLC'S  
MOTION TO REOPEN CASE TO OFFER PROOF OF WELL COMPLETION,  
WELL TEST RESULTS, AND EXTENT OF INJECTION RADIUS**

Targa Midstream Services Limited Partnership n/k/a Targa Midstream Services, LLC ("Targa") hereby moves the Commission to reopen Case No. 14575 and to conduct a hearing to allow Targa to offer proof that it has completed the Eunice AGI Well and is operating that well in accordance with the requirements of Commission Order No. R-12809-C, to present the results of pressure transient testing to determine the extent of plume propagation, and to determine the time limit for the permit. As grounds in support of this motion, Targa states as follows:

(1) On December 20, 2010, the Commission entered Order No. R-12809-C authorizing Targa to recomplete the Eunice Gas Plant SWD Well No. 1 (API No. 30-025-21497), which is located 2,580 feet from the south line and 1,200 feet from the west line Unit L of Section 27, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico as described in that order to permit the injection of oil-filled produced water, natural gas processing plant wastewater and compressed acid gas as co-mingled or separate streams into the San Andres formation at an open whole depth interval from 4,250 feet to 4,850 feet below the surface.

(2) In Paragraph C and D of Order No. R-12809-C, the Commission established requirements for the completion and operation of the well.

(3) Paragraph F of Order No. R-12809-C, then, declared that "within one year of the effective date of this Order, the operator shall move to reopen Case No. 14575 for a hearing to offer proof that it has completed the well and is operating the well in accord with the requirements of this Order, to present the results of pressure transient testing to determine the extent of plume propagation, and to determine the time limit for the permit. If the operator does not file its motion within one year of the effective date of this Order, its authority to inject under this Order shall terminate automatically."

(4) In accordance with Paragraph F of Order No. R-12809-C, Targa has filed this motion to reopen Case No. 14575 for a hearing to offer proof that it has completed the well and is operating the well in accordance with the requirements of this Order, to present the results of pressure transient testing to determine the extent of plume propagation and to determine the time limit for the permit. Specifically, Targa will offer proof of, among other things, the following:

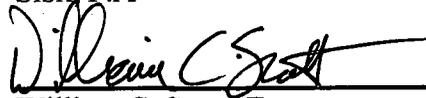
- a. The Eunice Gas AGI Well has been completed with a disposal interval above 4,850 and below 4,250 feet;
- b. The packer in the Eunice AGI Well has been set within 100 feet above the casing shoe and the open hole interval;
- c. Targa has run open hole electric logs on the disposal interval, including porosity and resistivity logs, and has submitted copies of the logs to the Oil Conservation Division;
- d. Targa has equipped the injection tubing so as to keep the acid gases under pressure and in a less corrosive phase. The injection tubing is coated or constructed to prevent or retard corrosion from a mixture of hydrogen sulfide, wastewater, and carbon dioxide;
- e. Targa has installed a one-way safety valve in the tubing below the level of the well head, to prevent backflow of disposed fluids;
- f. Targa is maintaining the tubing/casing annulus loaded with diesel or other inhibited fluid, and has installed pressure gauges on the tubing and tubing/casing annulus. The readings from those meters and gauges are being remotely transmitted to Targa's plant site and the data is being recorded and stored for review by Oil Conservation Division inspectors;
- g. Targa has installed meters to measure the volumes of disposed water and disposed acid gas, and is maintaining records of the volumes of water and acid gas injected;
- h. Targa ran a step-rate test (using an inert fluid and not acid gas) after the open hole was completed for disposal and before acid gas disposal was commenced and has provided the results of that test to the Oil Conservation Division. The procedure for this test was approved by the Oil Conservation Division prior to the test and Oil Conservation Division personnel were given an opportunity to witness the test;
- i. Targa ran a tracer and temperature injection survey of the Eunice AGI Well as soon as practicable after the completion of the well and while injecting water (not acid gas) at a representative rate which approximated the disposal rate and has supplied the results of that survey to the Oil Conservation Division;
- j. After installing the injection tubing, but prior to commencing injection operations, Targa conducted a pressure test of the casing from the surface to the packer-setting depth to assure casing integrity;
- k. Before injecting acid gas, Targa obtained approval from the Oil Conservation Division's Environmental Bureau for a Hydrogen Sulfide Contingency Plan that complies with 19.15.11 NMAC;

- l. Targa has the existing Legacy Reserves Operating, LP Langlie Mattix Penrose Sand Unit Well No. 252 (API No. 30-025-10499) and drilled out existing plugs down to 4,073 feet and has plugged back the well to 3,700 feet using cement retainer squeeze cementing or verified cement plugs, under the direction of the Hobbs District Office of the Oil Conservation Division;
- m. Targa has provided the Oil Conservation Division with corrected reports of disposal volumes and disposal pressures for the Eunice Plant SWD Well #1; and
- n. Targa's calculation of the time it will take for the acid gas plume to reach ½ mile from the Eunice AGI Well.

(5) Targa requests that this matter be set for hearing on the Commission's December 8, 2011 docket.

WHEREFORE, Targa Midstream Services, LLC requests that the Oil Conservation Commission reopen Case No. 14575 for a hearing to allow Targa to, among other things, offer proof that it has completed the well and is operating the well in accordance with the requirements of Order No. R-12809-C, to present the results of pressure transient testing and other test results, to present evidence concerning the extent of plume propagation and to present evidence concerning the time limit for injection.

MODRALL, SPERLING, ROEHL, HARRIS &  
SISK, P.A.



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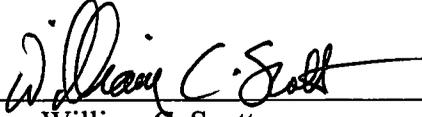
William C. Scott, Esq.  
Attorneys for Applicant Targa Midstream  
Services LLC  
500 Fourth Street  
Suite 1000  
Albuquerque, NM 87102  
(505) 848-1824 – Tel.  
(505) 848-8710 – Fax

**CERTIFICATE OF SERVICE**

WE HEREBY CERTIFY that a true and correct copy of the foregoing **TARGA MIDSTREAM SERVICES, LLC'S MOTION TO REOPEN CASE TO OFFER PROOF OF WELL COMPLETION, WELL TEST RESULTS, AND EXTENT OF INJECTION RADIUS** was served by fax, electronic mail and regular mail on this 26<sup>th</sup> day of October, 2011 to:

Gabrielle Gerholt  
Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, NM 87505  
(505) 476-3462 – Facsimile

MODRALL, SPERLING, ROEHL,  
HARRIS & SISK, P.A.

By:   
William C. Scott

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**Case 14575 (REOPENED): Motion of Targa Midstream Services LLC to Reopen Case to Offer Proof of Completion and Results of Pressure Testing.** Applicant has filed a motion to reopen case no. 14575 and to hold a hearing to allow Applicant to, among other things, offer proof that it has completed the Eunice AGI Well and is operating the well in accordance with the requirements of Order No. R-12809-C, to present the results of pressure transient testing and other test results, to present evidence concerning the extent of plume propagation, and to present evidence concerning the time limit for injection. The Eunice AGI Well (API No. 30-025-21497) is located 2,580 feet from the south line and 1,200 feet from the west line of Section 27, Township 22 South, Range 37 East, NMPM (Unit L), Lea County, New Mexico.