

Goetze, Phillip, EMNRD

From: Goetze, Phillip, EMNRD
Sent: Friday, July 29, 2016 2:48 PM
To: 'Little, Bill E.'; 'Mike Selke'; Alberto A. Gutierrez <aag@geolex.com> (aag@geolex.com); Brown, Maxey G, EMNRD; jsmith@geolex.com
Cc: 'Wrangham, Calvin W.'; 'Peterson, Kim A'; 'Woodell, Rebecca F'; 'Klein, Cindy S.'; 'Hawkins, Elizabeth'; 'Gray, Joe H'; 'Lambert, Jeffrey'; Catanach, David, EMNRD; Sanchez, Daniel J., EMNRD; Marks, Allison, EMNRD; Griswold, Jim, EMNRD
Subject: Monument AGI No. 1: Conditions for Continued Operations and Proposed Response Plan

RE: Monument AGI No. 1 (API 30-025-40002)
Conditions for Continued Operations and Proposed Response Plan

Ladies and Gentlemen:

On July 27, 2016, representatives of Targa Midstream Services, LLC (the operator) and Geolex met with Maxey Brown, OCD District 1 Supervisor, regarding the status of the Monument AGI No. 1. This communication provides a summary of conditions for the continued operation and the Division's understanding of the activities proposed by the operator to address the well's integrity issues. Mr. Brown noted that the failure of the MIT test would have normally required this well to be shut-in. However, due to specific purpose of the disposal well, an immediate shut-in would significantly impact upstream oil and gas operations, including the substantial increase of flaring along with the potential for creating additional safety issues at the individual wellheads. Based on the observations of the failed test, the operator has assured the Division that the current tubing and packer system is competent for continued operation with current volumes and no IDLH safety issues have been recognized with the operation of the well.

Therefore, the referenced well shall be allowed to continue to operate with these stipulations recommended by the District Supervisor with the concurrence of the Division Director:

1. No increase of casing pressure
2. No increase of injection volumes
3. No decrease in tubing pressure

If any one of the listed three parameter deviates by a detectable amount (identified by either visual inspection or instrumentation), **the well is to be shut-in and alternative method for disposal of the treated gas stream is to be initiated.**

Also during this meeting, Targa outlined a response plan that includes the following items:

1. The operator will complete the installation of a by-pass line that would divert the gas flow to the Eunice Plant. The District Supervisor noted that crews were already installing when the meeting occurred.
2. The operator is to contact all required service companies to schedule those services at the first available dates with the intent to commence workover no later than the week beginning August 1, 2016.
3. The operator will identify producers with volumes of gas that contain high levels of H₂S and give notice to those operators of upcoming shut-down, with the possibility of reducing incoming volumes. This was discussed with the thought that the Eunice Plant cannot take the entire volume of gas.
4. The operator will create an alternative plan for handling the gas from producers in the event that the casing leak cannot be repaired. Targa stated the large volume of gas could not be flared at the plant without impacting air quality and emissions standards. As a result, operators would either be required to shut-in their wells or obtain approval from the OCD or the BLM to flare the gas stream.

All efforts for addressing this situation will continue to be handled through Maxey Brown with support from the Engineering Bureau (contacts: Will Jones and Phillip Goetze). The Director will also be participating and will be informed of the progress. If you have any questions regarding this correspondence, please contact me, Will Jones, or Maxey Brown at your convenience. Thank you. PRG

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