

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jon Goldstein
Cabinet Secretary

Jim Noel
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



August 12, 2010

Targa Midstream Services Limited Partnership
1000 Louisiana, Suite 4300
Houston, TX 77002

Re: Targa Midstream Services Limited Partnership, OGRID 24650
Versado AGI #1, 30-025-39254
Eunice Gas Plant SWD #1, 30-025-21497

Dear Operator:

According to the records of the Oil Conservation Division (OCD), the authority granted to Targa Midstream Services Limited Partnership (Targa) to inject acid gas into the Versado AGI #1 and the Eunice Gas Plant SWD #1 has expired. If Targa intends to use either well for acid gas injection, please provide proof that the authority is still in effect, or apply for a new permit.

In 2007, Versado Gas Processors, LLC, operated by Targa Resources, LLC, applied for authority to inject waste water and acid gas into its proposed Versado AGI Well No. 1. Order R-12809, issued September 4, 2007, granted the requested authority. The order contained the following provision:

The injection authority herein granted shall terminate one year after the effective date of this order if the operator has not commenced injection operations pursuant hereto; provided however, the Division Director, upon written request of the operator received by the Division prior to the end of one year, may extend this time for good cause shown.

Targa Midstream Services LP requested that the deadline be extended until September 14, 2009. Order R-12809-B extended the deadline as requested:

The injection authority herein granted shall terminate September 14, 2009, if the operator has not commenced injection operations pursuant hereto; provided however, the Division director, upon written request of the



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operator received by the Division prior to September 14, 2009, may extend this time for good cause shown.

OCD records show no request for an extension of the September 14, 2009 deadline for commencing injection into the Versado AGI Well No. 1, and that authority has now expired.

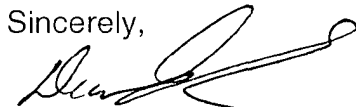
On February 23, 2009, the OCD issued SWD-1161, granting "Versado Gas Processors, LLC, operated by Targa Midstream Services, LP" administrative approval to convert its existing Eunice Gas Plant SWD #1 into an acid gas injection well. SWD-1161 contains the following provision:

In accordance with Division Rule No 36.12.C., the injection authority granted herein shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject well, provided however, the Division, upon written request, mailed by the operator prior to the termination date, may grant an extension thereof for good cause.

OCD records show no request for an extension of the February 23, 2010 deadline set for commencing acid gas injection into the Eunice Gas Plant SWD #1, and that authority has now expired.

If Targa disagrees with the OCD's conclusion regarding the expiration of Targa's authority, please provide proof of that the applicable deadline has been extended. If Targa cannot provide that proof, and intends to inject acid gas into either the Versado AGI Well No. 1 or the Eunice Gas Plant SWD #1, Targa must apply for and obtain a permit.

Sincerely,



Daniel Sanchez,
OCD Compliance and Enforcement Manager
Underground Injection Control Director for the State of New Mexico

Ec: Gail MacQuesten, OCD Attorney
Will Jones, OCD Engineer