

Rescind SWD-1021, Peter Grande State #1 – Case 13707

SWD-1021 allows salt-water disposal in the San Andres in the Manzano Peter Grande State #1. Yates seeks to rescind or amend SWD-1021 because such injection threatens the Yates Mescalero ARL State #1 located 770 feet (0.15 mile) west of the Peter Grande State #1.

1. Notice from Manzano received by Yates mail room on January 4, 2006
2. SWD-1021 approved by NMOCD on January 25, 2006
3. Notice found its way to Yates Engineering on February 6, 2006
4. Dave Boneau contacted Manzano plus Holland & Hart
5. Basis of Yates Concern:
 - a. Injection zone is 4350-4470 in San Andres
 - b. Water to be injected is 260,000 ppm San Andres water
 - c. Mescalero State #1 has no cement across casing from 2995-7500
 - d. Mescalero State #1 is 0.15 mile from Peter Grande State #1
 - e. Mescalero State #1 has reserves worth \$1.5 million
6. Yates Mescalero ARL State #1 drilled in 1997 to 9535 feet
 - a. Produces from the North Mescalero Upper Penn pool
 - b. Top of Cement on 5 ½" Production Casing is 7500 feet
 - c. Similar wells have higher cement top
 - d. Original plan for Mescalero State #1 included more cement
 - e. Cumulative production is 79 MBO, 0.27 Bcf and 99 MBW
 - f. Current rate is 15 BOPD, 160 Mcf/D and 20 BWPD
 - g. Produced water hauled to State 3 #1 SWD in Section 3-9S-32E
 - h. State 3 #1 SWD is Miss/Devonian injector, zone = 10691-11242
 - i. Water handling costs (trucking) are \$1.60 per BW
7. Manzano Peter Grande State #1 drilled in 2005 to 9400 feet
 - a. Cement behind 5 1/2 " casing circulated to surface
 - b. Tested unsuccessfully in two Upper Penn (Cisco) zones
8. Injection into San Andres under SWD-1021 is clear threat to Yates well