

Application Denial

Avant Operating, LLC
(OGRID 330396)
Lea Unit No. 10
(SWD-2554)

May 10, 2024

From: [Harris, Anthony, EMNRD](#)
To: [Sarah Ferreyros](#)
Cc: [Goetze, Phillip, EMNRD](#); [Gebremichael, Million, EMNRD](#); [Chavez, Carl, EMNRD](#)
Subject: Lea Unit 10 C-108 - Action ID 13754 - Denial
Date: Friday, May 10, 2024 11:22:00 AM
Attachments: [image003.png](#)
[image008.png](#)
[image009.png](#)
[image010.jpg](#)
[image011.png](#)
[image012.png](#)
[image013.jpg](#)

Good Morning, Sarah

The C-108 application for the Lea Unit No. 10 well (SWD-2443) has been reviewed by the Division. The result of the assessment supports denial of the application for approval of injection authority by means of an administrative order. Furthermore, should the applicant decide to file for hearing of the application before either the Division or the Commission, the Engineering Bureau shall appear in opposition to approval of this application.

Denial of the application is based upon the following observations:

1. Well Integrity considerations:
 - a. Well was Drilled in 1963, but no record of Bradenhead tests or MIT's were found in the well file
 - b. Overall Integrity of the completion, and in particular the 7" casing, is unknown.
 - i. 7" Production casing parted at a depth of 472 feet in 1974.
 - ii. Upper portion of parted casing was recovered to surface and repaired by re-installing a 7" casing bowl and a lead (Pb) seal.
 - iii. 7" Production casing has an uncemented Annulus from 10,650 ft (Bone Springs) to the DV tool at 5530 ft (Bell Canyon).
2. Penetration of the Capitan Reef and associated casing /cement integrity concerns:
 - a. The 9-5/8" Intermediate casing was set across the Capitan Reef, and required multiple cementing attempts, and 13,920 sacks of cement, to achieve cement to surface.
 - b. The wellbore design from 1963 is unacceptable by current standards / best practices to facilitate protection of the Capitan Reef (i.e. classified as an Underground Source of Drinking Water (USDW) and as a Protectable Water).
 - c. Zones covered by the 9-5/8" intermediate casing include Rustler, Salado, Yates, 7-Rivers, Capitan Reef and Delaware Mountain Group. Any "disturbance" to the wellbore should be minimized /avoided with respect to pressure cycling and temperature fluctuations to mitigate the potential for annular crossflow. Considering these pre-existing wellbore conditions, approval of a SWD permit would not be prudent.

Please feel free to call or e-mail me if you have any questions.

Regards

Tony Harris

Petroleum Specialist

Anthony.harris@emnrd.nm.gov

505 549 8131.



From: Sarah Ferreyros <sarah@avantnr.com>
Sent: Thursday, May 9, 2024 9:28 AM
To: Harris, Anthony, EMNRD <Anthony.Harris@emnrd.nm.gov>
Cc: Goetze, Phillip, EMNRD <phillip.goetze@emnrd.nm.gov>; Gebremichael, Million, EMNRD <Million.Gebremichael@emnrd.nm.gov>
Subject: [EXTERNAL] RE: Lea Unit 10 C-108 - Action ID 13754

CAUTION: This email originated outside of our organization. Exercise caution prior to clicking on links or opening attachments.

Good morning,

I wanted to check in on this application. Please let me know if you need additional information while reviewing this C-108.

Thank you!

Sarah

From: Sarah Ferreyros <sarah@avantnr.com>
Sent: Wednesday, April 3, 2024 11:02 AM
To: 'Harris, Anthony, EMNRD' <Anthony.Harris@emnrd.nm.gov>
Cc: Goetze, Phillip, EMNRD <phillip.goetze@emnrd.nm.gov>; Gebremichael, Million, EMNRD <Million.Gebremichael@emnrd.nm.gov>
Subject: RE: Lea Unit 10 C-108 - Action ID 13754

Hi Anthony,

I wanted to check in on the Lea Unit 10 C-108 review status. I just wanted to make sure it's working through the review process now that it's transferred to Avant.

Please let me know if you need anything else to continue working on this application.

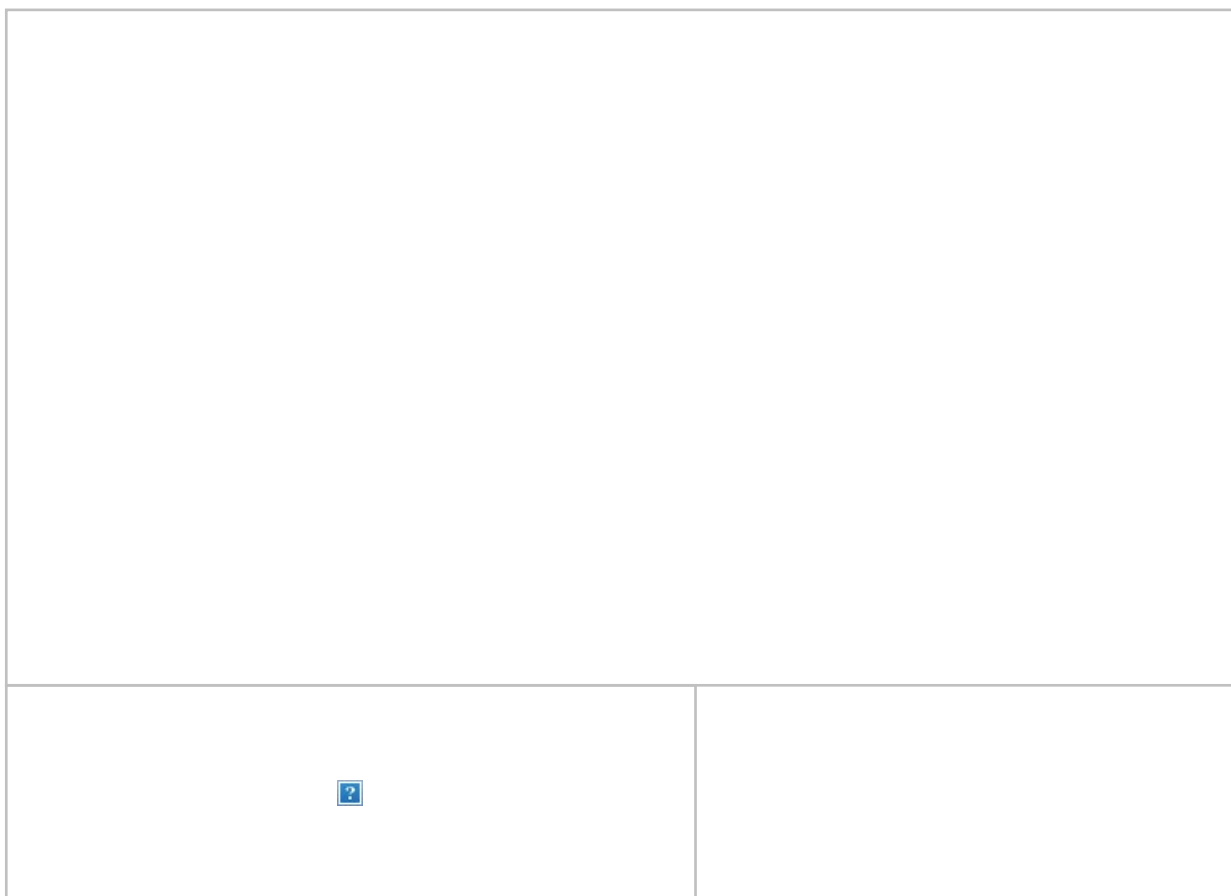
Thank you!

Sarah

From: Sarah Ferreyros <sarah@avantnr.com>
Sent: Thursday, March 14, 2024 8:40 AM
To: 'Harris, Anthony, EMNRD' <Anthony.Harris@emnrd.nm.gov>
Cc: Goetze, Phillip, EMNRD <phillip.goetze@emnrd.nm.gov>; Gebremichael, Million, EMNRD <Million.Gebremichael@emnrd.nm.gov>
Subject: RE: C-145 filed with OCD?

Good morning, Anthony,

The C-145 is now approved. Please let me know if anything else is needed to continue reviewing this C-108 application.



I appreciate your help. Thank you!
Sarah

From: Sarah Ferreyros <sarah@avantnr.com>
Sent: Wednesday, March 6, 2024 12:11 PM
To: 'Harris, Anthony, EMNRD' <Anthony.Harris@emnrd.nm.gov>
Cc: Goetze, Phillip, EMNRD <phillip.goetze@emnrd.nm.gov>; Gebremichael, Million, EMNRD <Million.Gebremichael@emnrd.nm.gov>
Subject: RE: C-145 filed with OCD?

Good morning,

I'm working on submitting the C-145 this week. Yes, that OGRID number is correct.

Thank you!
Sarah

From: Harris, Anthony, EMNRD <Anthony.Harris@emnrd.nm.gov>
Sent: Wednesday, March 6, 2024 11:57 AM
To: Sarah Ferreyros <sarah@avantnr.com>
Cc: Goetze, Phillip, EMNRD <phillip.goetze@emnrd.nm.gov>; Gebremichael, Million, EMNRD <Million.Gebremichael@emnrd.nm.gov>
Subject: C-145 filed with OCD?

Good morning Sarah

Has the C-145 been filed with the NMOCD to reflect the ownership transfer from Legacy to Avant? I check the operator file, but could not find a C-145.

Also, can you please confirm the OGRID number for Avant? Is it 330396?

Thanks
Tony

From: Sarah Ferreyros <sarah@avantnr.com>
Sent: Friday, February 16, 2024 11:11 AM
To: Harris, Anthony, EMNRD <Anthony.Harris@emnrd.nm.gov>
Cc: Goetze, Phillip, EMNRD <phillip.goetze@emnrd.nm.gov>; Gebremichael, Million, EMNRD <Million.Gebremichael@emnrd.nm.gov>
Subject: [EXTERNAL] RE: C108 approval or status? Action ID = 13754 - SWD application

CAUTION: This email originated outside of our organization. Exercise caution prior to clicking on links or opening attachments.

Hi Anthony,

I hope you're doing well!

Avant Operating, LLC has received the attached transfer of operator approval from the BLM. The Lea Unit 10 well is listed as one of the wells transferred on the sundry. Is there anything else needed to continue reviewing this C-108 application?

Thank you. I appreciate your help!
Sarah

From: Harris, Anthony, EMNRD <Anthony.Harris@emnrd.nm.gov>
Sent: Wednesday, December 13, 2023 3:13 PM
To: Sarah Ferreyros <sarah@avantnr.com>
Cc: Goetze, Phillip, EMNRD <phillip.goetze@emnrd.nm.gov>; Gebremichael, Million, EMNRD <Million.Gebremichael@emnrd.nm.gov>
Subject: RE: [EXTERNAL] RE: C108 approval or status? Action ID = 13754 - SWD application

Hi Sarah

I already enquired about the items you highlight below, and the feedback I received is what I shared with you in my previous e-mail.

Basically, OCD will not process the application until BLM approval is received.

Regards
Tony

From: Sarah Ferreyros <sarah@avantnr.com>
Sent: Wednesday, December 13, 2023 3:06 PM
To: Harris, Anthony, EMNRD <Anthony.Harris@emnrd.nm.gov>
Subject: [EXTERNAL] RE: C108 approval or status? Action ID = 13754 - SWD application

CAUTION: This email originated outside of our organization. Exercise caution prior to clicking on links or opening attachments.

Hi Anthony,

Thanks for the information. We did file with the BLM and are waiting on the approval. Is it possible to continue reviewing this application while we're waiting on the approval since Avant does not have the inactive wells compliance issue you mentioned below for Legacy Reserves Operating? The BLM review process usually takes some time, especially during the holidays, so I hoped this application could continue moving forward while we wait for the operator transfer approval. I can send you the signed C-145 form as proof that we are acquiring this well if you would like.

Please let me know if it's possible to continue this review process.

Thank you!
Sarah

From: Harris, Anthony, EMNRD <Anthony.Harris@emnrd.nm.gov>
Sent: Wednesday, December 13, 2023 3:01 PM
To: Sarah Ferreyros <sarah@avantnr.com>
Subject: RE: [EXTERNAL] RE: C108 approval or status? Action ID = 13754 - SWD application

Hi Sarah

I did receive some feedback. For the transfer of a well on federal land, the state requires that there first be a BLM signed and approved transfer document (3160-5). That will need to be received by OCD before the C-145 is filed with the state.

Hope this helps clarify the issue.

Regards
Tony

From: Sarah Ferreyros <sarah@avantnr.com>
Sent: Wednesday, December 13, 2023 2:46 PM
To: Harris, Anthony, EMNRD <Anthony.Harris@emnrd.nm.gov>
Subject: [EXTERNAL] RE: C108 approval or status? Action ID = 13754 - SWD application

CAUTION: This email originated outside of our organization. Exercise caution prior to clicking on links or opening attachments.

Hi Anthony,

I just wanted to check in to see if you've received any guidance on proceeding with the review for this application.

Thank you. I appreciate your help!
Sarah

From: Sarah Ferreyros <sarah@avantnr.com>
Sent: Wednesday, December 6, 2023 4:06 PM
To: 'Harris, Anthony, EMNRD' <Anthony.Harris@emnrd.nm.gov>
Subject: RE: [EXTERNAL] RE: C108 approval or status? Action ID = 13754 - SWD application

Hi Anthony,

Sounds good. I appreciate you looking into this.

Thank you!
Sarah

From: Harris, Anthony, EMNRD <Anthony.Harris@emnrd.nm.gov>
Sent: Wednesday, December 6, 2023 3:59 PM
To: Sarah Ferreyros <sarah@avantnr.com>
Subject: RE: [EXTERNAL] RE: C108 approval or status? Action ID = 13754 - SWD application

Hi Sarah

To be honest, this is my first time encountering this type of scenario. In this regard, please allow me some time to check with our Compliance representatives for guidance on how to proceed.

Regards
Tony Harris
Petroleum Specialist
Anthony.harris@emnrd.nm.gov

505 549 8131.



From: Sarah Ferreyros <sarah@avantnr.com>

Sent: Wednesday, December 6, 2023 11:26 AM

To: Harris, Anthony, EMNRD <Anthony.Harris@emnrd.nm.gov>

Subject: [EXTERNAL] RE: C108 approval or status? Action ID = 13754 - SWD application

CAUTION: This email originated outside of our organization. Exercise caution prior to clicking on links or opening attachments.

Hi Anthony,

I received your contact information from Kris Lee. I work with Avant Operating, LLC, and we have acquired this well. I know you've been working with Kris on the Lea Unit 10 permit status. I appreciate all the information you have sent.

I have a couple of follow-up questions for you. We have a signed C-145 for this well, but we're waiting on approval from the BLM for the transfer of operator paperwork before we can submit the C-145. If I sent the signed C-145, would that be adequate to continue the permit review process while we wait for transfer approval? Once officially transferred to Avant, are there any compliance issues we would need to address before the application can be processed?

I apologize for all the questions. I appreciate your help!



Sarah Ferreyros

Director of Regulatory

Sarah@avantnr.com

C: (720) 854-9020

1515 Wynkoop Street, Suite 700 | Denver, CO | 80202

www.avantnr.com

From: Harris, Anthony, EMNRD <Anthony.Harris@emnrd.nm.gov>

Sent: Wednesday, December 6, 2023 8:55 AM

To: Kris Lee <krislee@skybeam.com>

Cc: Goetze, Phillip, EMNRD <phillip.goetze@emnrd.nm.gov>; Gebremichael, Million, EMNRD <Million.Gebremichael@emnrd.nm.gov>; Jackson, Rob, EMNRD <Rob.Jackson@emnrd.nm.gov>

Subject: RE: [EXTERNAL] C108 approval or status? Action ID = 13754

Good Morning Kris

I checked our system and noted the following:

1. Legacy is in non-compliance status with 55/371 wells inactive.
 - a. Legacy ACOI (Compliance agreement) expired on 6/30/2022
 - b. No applications can be processed until the non-compliance issues are resolved.
2. I could not find any evidence the Legacy Lea Unit #10D was sold.
 - a. If the well was sold, a C-145 will need to be submitted to reflect the ownership transfer.





Regards
Tony

From: Kris Lee <krislee@skybeam.com>
Sent: Thursday, November 30, 2023 2:07 PM
To: Harris, Anthony, EMNRD <Anthony.Harris@emnrd.nm.gov>
Subject: [EXTERNAL] C108 approval or status? Action ID = 13754

CAUTION: This email originated outside of our organization. Exercise caution prior to clicking on links or opening attachments.

Hello Tony, I have a C108 that has been in at the NMOCD since 4/2021 and I don't know how to see where it is in the process. Last I see on the action id page is status date 10/6/2022.

Legacy has sold this asset and the new operator would really like to keep this permit going thru approval. Can you educate me how to make that happen? And where it is in the approval process.

~Kris Lee
Regulatory Professional
Owner, Elite Permitting LLC
303.659.9581 – Office
303.884.4229 - Cell



Virus-free www.avg.com

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720
District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 342967

CONDITIONS

Operator: LEGACY RESERVES OPERATING, LP 1400 16th Street Denver, CO 80202	OGRID: 240974
	Action Number: 342967
	Action Type: [IM-SD] Admin Order Support Doc (ENG) (IM-AAO)

CONDITIONS

Created By	Condition	Condition Date
anthony.harris	None	5/10/2024