

Jones, William V., EMNRD

From: Jones, William V., EMNRD
Sent: Tuesday, May 24, 2011 12:27 PM
To: 'Terry Duffey'
Cc: Ezeanyim, Richard, EMNRD; Brooks, David K., EMNRD; Albers, Jeff J.; Gonzales, Elidio L, EMNRD; Hill, Larry, EMNRD
Subject: Proposed second extension of SWD-1172, Lovington Deep Yates State Well No. 1, 30-025-29702, Devonian from 12586 to 12800

Hello Terry:

Last year, your first letter requesting an extension of this permit stated that, "an additional 12 months will allow us sufficient time to get this done". (Re: discuss re-entry issues with Gandy).

The Director signed a letter granting this extension to date April 10, 2011. Therefore the permit to use this well for disposal expired as of April 10, 2011 per document signed by the Director contained in the permit file for this well.

Unfortunately this second extension request arrived during the week of May 16, which is in fact after the April 10, 2011 deadline to either commence injection into the well or request an additional extension.

When you decide to use this well for disposal purposes, please submit another C-108, request for SWD, per Division rules.

WVJ

Regards,

William V Jones, P.E.
Engineering, Oil Conservation Division
1220 South St. Francis Drive, Santa Fe, NM 87505
Tel 505.476.3448 ~ Fax 505.476.3462





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May 19, 2011

2011 MAY 23 P 12: 06

Mr. Richard Ezeanyim
Engineering Bureau Chief
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

**Re: Administrative Order SWD-1172
Lovington Deep Yates State #1
API# 30-025-29702
Sec 36, T16s, R35e
Lea County, NM
Devonian Injection**

Dear Sir:

We respectfully request an extension to this SWD permit. We have deferred the re-entry into the permitted wellbore because our existing primary SWD well has been able to accommodate the high volume of water being produced from our high-volume Devonian hydraulic lift operation nearby. We permitted the subject well at a time when mechanical conditions of our primary disposal well were causing concern about its long-term viability. Incidentally, the Devonian oil producer is located on a New Mexico State Lands mineral lease. We want to maintain this permit in force as a contingency if we were to lose our primary SWD well so we could regain operations with only minimal downtime. Furthermore, we spent quite a bit of engineering time and talent to initially secure the permit and hate to let it go.

In addition to the SWD permit we secured the required SWD Easement from the State Land Office. Over the past two years we have paid a total of \$4000 to keep that easement in force. We believe that this demonstrates our good faith in maintaining a viable contingency plan for disposal.

We recently received an invoice (attached) for our third annual non-commercial fee covering the saltwater disposal easement (associated with Administrative Order SWD-1172). We can't justify remitting the currently due \$2000 annual fee unless we can get the SWD permit extended to cover the same timeframe through May 2012. As shown on the invoice the payment due date is 5-29-2011.

Please don't hesitate to call us if you have any questions in this regard. Please advise us of your decision as soon as possible.

Sincerely,

Terry M. Duffey
President

Attachments: Admin Order SWD-1172
Invoice for annual SWD easement fee