



New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Brett F. Woods, Ph.D.
Acting Cabinet Secretary

Daniel Sanchez
Acting Division Director
Oil Conservation Division



March 3, 2011

Ms. Jennifer Knowlton, PE
Agave Energy Company
105 South Fourth Street
Artesia, NM 88210

**RE: H2S CONTINGENCY PLAN - AGAVE DAGGER DRAW PROCESSING PLANT
AND THE METROPOLIS DISPOSAL #1 WELL
GW-153**

Ms. Knowlton:

The Oil Conservation Division (OCD) has completed its review of Agave Energy Company's *H2S Contingency Plan - Agave Dagger Draw Processing Plant and The Metropolis Disposal #1 Well* submitted as a draft on April 5, 2010 and submitted as a final document on December 20, 2010. Agave is required to submit this Hydrogen Sulfide Contingency Plan, pursuant to 19.15.11.9A NMAC, because operations at Agave's Dagger Draw Gas Plant and its acid gas injection well (Metropolis Disposal Well) could result in the release of a potentially hazardous volume of hydrogen sulfide which might impact a public road. Agave's contingency plan specifies how it will alert and protect the public in accordance with the Subsections B through I of 19.15.11.9 NMAC.

On February 16, 2011, OCD met with Agave and Geolex to discuss technical issues. On February 17, 2011, Agave brought its Acid Gas Injection (AGI) application for authorization to inject to a hearing before an OCD hearing examiner (Case 14601). Agave requested permission to inject acid gas into its Metropolis Disposal #001 Well (API No. 30-015-31905). The well is located in Section 36, Township 18 South, Range 25 East, NMPM, in Eddy County, New Mexico.

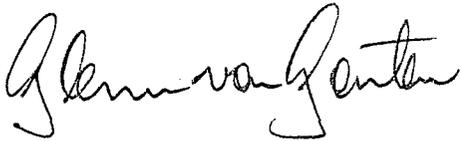
Following the technical meeting of February 16, 2011, Agave submitted a revised H2S Contingency Plan via email to OCD on February 23 and February 25, 2011. On March 1, 2011, OCD provided Agave with a final review and on March 2, 2011, Agave made the requested final revisions.



Ms. Knowlton
Page 2 of 2

OCD hereby approves Agave's H2S Contingency Plan dated March 1, 2011. OCD thanks Agave and Geolex for their cooperation during this review process. Please contact Mr. Leonard Lowe at (505) 476-3492 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Glenn von Gonten". The signature is fluid and cursive, with the first name "Glenn" being the most prominent.

Glenn von Gonten
Acting Environmental Bureau Chief

Cc: Richard Ezeanyim, OCD
Leonard Lowe, OCD
Carl Chavez, OCD
Randy Dade, OCD
Julie Guterrez, Geolex