



June 13, 2012

**VIA HAND DELIVERY**

Jami Bailey, Director  
Oil Conservation Division  
New Mexico Department of Energy  
Minerals and Natural Resources  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

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2012 JUN 13 PM 4:09

**Re: Application of LRE Operating, LLC for a Salt Water Disposal Well, Eddy County, New Mexico.**

Dear Ms. Bailey:

Yates Petroleum Corp. hereby objects to the above-referenced application filed by LRE Operating, LLC seeking authorization to dispose of salt water by injection into the Eddy-Humble 4 State SWD No. 1 well, located 2319 feet from the South line and 1650 feet from the East line of Section 4, Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico.

Pursuant to Division Rule 19.15.26.8, this application must be set for hearing before a Division Examiner in order to be further considered, as Yates Petroleum Corp. has timely objected to this application. Your attention to this matter is appreciated.

Sincerely,

Adam G. Rankin

cc: Ernest Padilla  
Padilla Law Firm, P.A.  
P.O. Box 2523  
Santa Fe, NM 87504-2523

Chuck Moran, Yates Petroleum Corp.

**Jones, William V., EMNRD**

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**From:** Jones, William V., EMNRD  
**Sent:** Monday, June 11, 2012 6:50 PM  
**To:** 'David Sibley'  
**Cc:** 'drccatanach@netscape.com'; 'padillalaw@qwestoffice.net'; Ezeanyim, Richard, EMNRD; Kautz, Paul, EMNRD; 'Dawson, Scott'; Shapard, Craig, EMNRD  
**Subject:** Disposal administrative application from LRE Operating, LLC: proposed Eddy-Humble "4" State SWD #1 30-015-NA 2310FSL 1650FEL J/4/18S/28E

Mr. Padilla: This is also the subject of upcoming Division Case No. 14863

I just reviewed this administrative application and wanted to share some comments and concerns,

- a. About a mile to the SE, the Cisco was tried as a completion prior to plugging (Illinois Camp; Cisco Gas Pool) in one well. That well tested liquids rich gas from the Cisco and appears to be downdip from your proposed Cisco disposal well. That well had all sorts of logs and a mudlog run on it but had rampant fluid loss over a large portion of the hole while drilling. If your well is updip, you may see something. If you included some sort of Geo's writeup about the Cisco in this area i.e. lithology and structure map it would help.
- b. Would you comment on what sort of mudlogging or logging you plan to run on this well. Any permit issued will likely require some sort of diagnostics and restrict use of any portion showing potential for production of hydrocarbons.
- c. Please ask Mewbourne where the DV tool is on the 30-015-29688 well. Apparently the final casing/cementing details did not make it into the Division's well file. Send a quick wellbore diagram of this (only) AOR well showing cement coverage and the DV tool placement.
- d. The State Engineer's site has no fresh water wells within a mile – has LRE done a visual check to see if windmills or older wells exist?
- e. What is the best guess for the top of the Strawn at this location?
- f. The projected cement top for the 7 inch casing is only to the intermediate shoe (2800 feet) LRE should plan on a designing cement to at least cover that shoe or higher.

Thank You for the application,

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

