

RECEIVED OCD

2012 OCT -2 P 12:41

October 1, 2012

Theresa Duran-Saenz
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Case 14925

Via email to theresa.duran-saenz@state.nm.us

Re: Application for hearing / Los Lobos Renewable Power, LLC

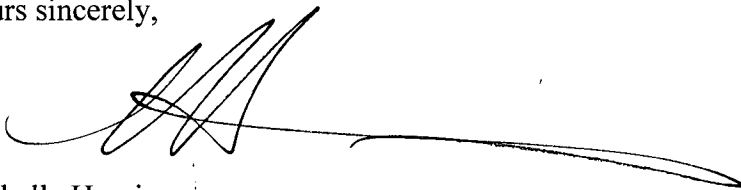
Dear Ms. Duran-Saenz:

Enclosed for filing please find the following:

- Original and one copy of an application for an order amending specific Conditions of Approval issued by the Oil Conservation Division Staff in connection with a geothermal well flow/injection test, together with a proposed advertisement.

Please set this matter for the November 1, 2012 Hearing Examiner hearing.

Yours sincerely,



Michelle Henrie

cc. via email

David Brooks, OCD
Glenn von Gonten, OCD
Daniel Sanchez, OCD
Carl Chavez, OCD
David Janney, AMEC
client

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF LOS LOBOS RENEWABLE
POWER, LLC TO AMEND SPECIFIC PERMIT
CONDITIONS OF APPROVAL RELATING TO A
GEOTHERMAL WELL FLOW/INJECTION TEST
IN HIDALGO COUNTY, NEW MEXICO**

Case No. 14925

APPLICATION

Los Lobos Renewable Power, LLC ("Los Lobos") hereby applies for an order amending specific Conditions of Approval issued by the Oil Conservation Division Staff ("OCD Staff") in connection with a geothermal well flow/injection test in Section 7, Township 25 South, Range 19 West, Hidalgo County, New Mexico. In support thereof, Los Lobos states:

1. Los Lobos is developing a utility-scale geothermal power plant to provide base-load renewable electricity to Public Service Company of New Mexico (PNM).
2. To properly size the power plant, Los Lobos must determine the maximum sustainable flow rate of its production wells. This is to be accomplished by a flow test.
3. Los Lobos has proposed using Well LDG 55-07 as the production well for the flow test. Well LDG 55-07 is located in Unit J, 2390 FSL and 2412 FEL, Section 7, Township 25 South, Range 19 West, Hidalgo County, New Mexico.
4. Los Lobos' Discharge Permit allows discharge of produced geothermal fluids via a Class V Injection Well; Los Lobos is not currently permitted to discharge geothermal fluids to ground surface.
5. Thus, the flow test requires concurrent injection of all produced geothermal fluids.

6. Los Lobos has proposed using Well LDG 45-7 as the injection well during the well flow/injection test. Well LDG 45-07 is located in Unit K, 2360 FSL and 2278 FWL Section 7, Township 25 South, Range 19 West, Hidalgo County, New Mexico.

7. Los Lobos intends to inject produced geothermal fluids into the lower portion of the Tertiary volcanic section and the upper portion of the Horquilla Formation from 1,680 feet to 2,900 feet below ground surface. Flow and injection rates are intended to be equal at approximately 1,500 gallons per minute. Total flow and injection volumes will be recorded by totalizing flow meters installed in the piping system for each well.

8. To permit the well flow/injection test, OCD Staff required three permits. These are:

A. Form G-112, which is the form used when a well is placed on injection per 19.14.63.8 NMAC. This approved permit allows injection into Well LDG 45-7.

B. Two Form G-104s. Form G-104 is the "Certificate of Compliance and Authorization to Produce Geothermal Resources," per 19.14.55.8 NMAC. These approved permits allow both Well LDG 45-7 and Well LDG 55-07 to be used in the production of geothermal resources.

(Collectively, the "Permits").

9. At the time this Application is being submitted, some of the Conditions of Approval included in the Permits are problematic because they are technically infeasible, because they are so subjective and open-ended that there is no way to know whether the Condition has or has not been met, and/or because they are beyond the scope of the Geothermal Resources Conservation Act and the Geothermal Regulations. Los Lobos is working with OCD Staff and hopes to resolve these issues prior to hearing.

10. The Permits should be amended such that the Conditions of Approval are reasonable, technically feasible, not arbitrary, not overreaching, within the OCD's jurisdiction, and fair.

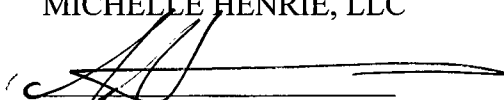
11. Los Lobos will supplement this Application to include the specific Conditions of Approval that are objectionable, and the reasons they are objectionable, prior to Hearing.

13. The granting of the Application is in the interests of conservation and the prevention of waste because all water produced during the well test will be reinjected to the same geothermal reservoir from which it was produced.

WHEREFORE, Los Lobos requests that, after notice and hearing, the Division enter its order amending specific Conditions of Approval to allow the geothermal well flow/injection test.

Respectfully submitted,

MICHELLE HENRIE, LLC

A handwritten signature in black ink, appearing to read 'Michelle Henrie', is written over a horizontal line.

Michelle Henrie

P.O. Box 7035

Albuquerque, NM 87194

(505) 842-1800

Attorney for Los Lobos Renewable Power, LLC

PROPOSED ADVERTISEMENT

Case No. 14925

Application of Los Lobos Renewable Power, LLC to amend specific permit Conditions of Approval relating to a geothermal well flow/injection test in Hidalgo County, New Mexico:

Applicant seeks to amend Conditions of Approval in G-104 and G-112 permits relating to temporary injection of geothermal fluids produced from the LDG 55-7 into the LDG 45-7 for testing purposes. Each well is located in Section 7, Township 25 South, Range 19 West, Hidalgo County, New Mexico.