



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jon Goldstein
Cabinet Secretary

Jim Noel
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



March 25, 2010

Mr. Terry M. Duffey
Everquest Energy Corporation
10 Desta Drive
Suite 300-East
Midland, TX 79705

Re: Administrative Order SWD-1172

Lovington Deep Yates State Well No. 1 (API No. 30-025-29702)
330 FSL, 990 FEL (Unit P), Sec 36, T16S, R35E, NMPM, Lea County
Injection into the Devonian formation from 12586 to 12800 feet

You have submitted a request for an extension of this injection permit beyond the one year deadline to commence injection for the reasons outlined in the attached correspondence.

The Division finds that granting your request to extend this injection permit beyond the normal one year is in the interest of conservation and will prevent waste and protect the environment.

Please note any application to change the "operator of record" for this well from Everquest Energy Corporation (OGRID 212929) to another entity shall be reviewed for approval by Division compliance staff.

All requirements of the above referenced injection permit remain in full force and effect except that the deadline to commence injection is hereby extended until April 10, 2011.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Fesmire".

MARK E. FESMIRE, P.E.
Acting Director

cc: Oil Conservation Division – Hobbs
Files: SWD-1172 and Well File



✓ Jones, William V., EMNRD

From: Terry Duffey [tduffey@everquestenergy.com]
Sent: Thursday, March 18, 2010 1:45 PM
To: Jones, William V., EMNRD
Subject: SWD-1172
Attachments: MSC Alternative SWD-1172.pdf

Mr. Jones:

I am writing to you to request an extension to this permit that was granted to EverQuest Energy on April 10, 2009. We would like a 12-month extension that would extend the permit until April 10, 2011.

We postponed the well work to re-enter the wellbore and convert it to SWD service pending the outcome of the protested application of the Gandy-Albacore 25 #1 SWD permit. You are familiar with that case as you were the technical hearing examiner. You also know that it took close to 6-months to rule on the merits of the case. As a contingency plan, I had been working with Gandy Corporation to locate suitable disposal sites near Lovington, NM in the event that their Albacore permit was rejected.

Now that they will NOT be able to dispose into the Wolfcamp zones (Abo only) we are beginning to discuss Gandy joining EverQuest Energy in the re-entry of the well subject to this SWD-1172 permit. There are many points that need to be mutually and separately considered in the process. We need enough time to work through the process. We believe that 12-months will allow us sufficient time to get this done.

Therefore, we respectfully ask that you consider the merits of our request and give us a favorable answer soon.

The **Administrative Order SWD-1172** is attached for your reference.

EverQuest Energy Corporation

Dominating World Oil...One Well at a Time

Terry M. Duffey
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Midland, Texas 79705
432-686-9790 ofc
432-682-3821 fax