

CASE 13489: Continued from May 19, 2005, Examiner Hearing

Application of McQuadrangle, LC for statutory unitization of the South Red Lake II Unit Area, Eddy County, New Mexico. Applicant seeks an order unitizing, for the purpose of establishing an enhanced recovery project, all mineral interest in the Grayburg and San Andres formations, Red Lake Queen-Grayburg-San Andres Pool, underlying 961.61 acres, more or less, of Federal and State lands in the following acreage:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM

Section 35: E/2, E/2 SW/4, SE/4 NW/4,
Section 36: W/2, SW/4 NE/4

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM

Section 1: Lot 4
Section 2: Lots 1, 2, 3

Said unit to be designated the South Red Lake II Unit. Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the designation of horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment and such other matters as may be necessary and appropriate for carrying on efficient unit operations; including but not limited to, unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a non-consent penalty for risk to be charged against carried working interests within the unit area upon such terms and conditions to be determined by the Division as just and reasonable. Said unit area is located approximately 16 miles southeast of Artesia, New Mexico.

CASE 13503: Continued from June 2, 2005, Examiner Hearing

Application of Apache Corporation for approval of a waterflood project and qualification of the Project Area for the Recovered Oil Tax rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico. Applicant seeks approval of its East Blinbry-Drinkard Unit Waterflood Project including the injection of produced water into the following interval:

From an upper limit being 75 feet above the stratigraphic Blinbry marker to a lower limit at the top of the Abo formation as seen on the type log from the Continental Lockhart B-11 #17 well located 1980 feet from the North line and 1980 feet from the East line, Section 11, Township 21 South, Range 37 East and is that interval which is correlative to the interval from 5615 feet to 6795 feet below the surface measured from the derrick floor as shown on this type log. The Blinbry marker has been defined by the NMOCd at a depth of 5457 feet (elevation 3380, sub-sea datum 2077) in Exxon State S#30 well located in the SW/4 NW/4 of Section 2, Township 22 South, Range 37 East, Lea County, New Mexico. Through 17 injection wells located in the following described area:

Township 21 South, Range 37 East, NMPM

Section 1: Lots 11 thru 15, SW/4 and W/2SE/4
Section 11: E/2 and NW/4
Section 12: W/2NE/4, NW/4, W/2SE/4, SW/4
Section 13: W/2, W/2NE/4 and NW/4SE/4
Section 14: NE/4 and E/2SE/4

Applicant also requests that the Division, in accordance with Division Rule 701 and pursuant to the New Mexico "Enhanced Oil Recovery Act," approve this project for the recovered oil tax rate for enhanced oil recovery. Applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the unit area without the necessity of further hearings and the adoption of any provisions necessary for such other matters as may be appropriate for the waterflood operations. This Unit is located approximately 4 miles Northeast of Eunice, New Mexico.