

12. **CASE 14245:** *Application of RSC Resources Limited Partnership for approval of a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico.* Applicant seeks an order approving a non-standard oil spacing and proration unit (project area) comprised of Lot 4, SE/4SW/4, and S/2SE/4 (the S/2S/2) of Section 30, Township 16 South, Range 28 East, NMPM, to form a non-standard 162.77-acre oil spacing and proration unit (project area) for any and all formations or pools developed on 40-acre spacing within that vertical extent, and pooling all mineral interests in the Wolfcamp formation underlying the non-standard unit. The unit is to be dedicated to the Lucky Wolf "30" Fed. Com. Well No. 1, a horizontal well to be drilled at a surface location 330 feet from the south line and 330 feet from the east line, with a terminus 330 feet from the south line and 330 feet from the west line, of Section 30. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 11 miles east-northeast of Artesia, New Mexico.
13. **CASE 14047:** *(reopened) Application of Celero Energy II, L.P. to reopen Case No. 14047 for expansion of a waterflood project, Chaves County, New Mexico.* Applicant seeks to modify Order No. R-12912, entered in Case No. 14047, to allow injection to be commenced on a well-by-well basis within the Trigg Federal Lease Waterflood Project, provided that all remedial work on wells in the area of review for each injection well is completed prior to commence of injection into such well. The lease covers all of Section 4, the E/2E/2 of Section 5, and all of Section 9, Township 14 South, Range 31 East, N.M.P.M. The project is located approximately 29 miles east of Hagerman, New Mexico.
14. **CASE 14192:** *(Continued from the October 30, 2008 Examiner Hearing.)*
Application of Targa Midstream Services Limited Partnership for Approval of an Acid-Gas Injection Well, Lea County, New Mexico. Applicant seeks an order approving the use of the Eunice Plant 161 SWD Well No. 1 for conversion to acid-gas injection operations. The well is currently in use for salt water disposal at the following location:

Eunice Plant 161 SWD Well No. 1

API No. 30-025-22583

2255' FNL and 908' FEL

Section 3: SE/4 NE/4 (Unit H)

T-22-S, R-37-E, NMPM

Applicant proposes to evaluate this well for injection of acid gas and water through a closed system into the lower San Andres formation, Eunice-San Andres Pool, through an open-hole completion at depths of 4,131' to 4,900'.

As an alternative to the conversion of the Eunice Plant 161 SWD Well No. 1, Applicant proposes to drill a new well for acid-gas injection operations at the following location in Section 3:

Eunice Middle-Plant AGI Well No. 1

1557' FNL and 1345' FEL

Section 3: SW/4 NE/4 (Unit G)

T-22-S, R-37-E, NMPM

For the Eunice Middle-Plant AGI Well No. 1, Applicant proposes to inject acid gas and water through a closed system into the lower San Andres formation via an open-hole completion at a depth interval of 4,500' to 5,000'. Injection operations through either well will be conducted at an anticipated maximum surface injection pressure of 2,000 psi or as permitted by the Division. Applicant proposes injection of acid-gas at average daily rates of approximately 2,200 bbls and at maximum daily rates of approximately 2,500 bbls. Additional injection of produced water and non-hazardous wastewater will range from 250 to 1,575 barrels per day, for a total injection

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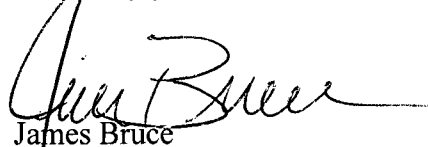
October 13, 2008

Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed for filing, on behalf of Celero Energy II, L.P., are an original and one copy of an application to re-open Case No. 14047, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the November 13, 2008 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Celero Energy II, L.P.

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF CELERO ENERGY II, L.P. TO
REOPEN CASE NO. 14047 FOR EXPANSION OF
A WATERFLOOD PROJECT, CHAVES COUNTY,
NEW MEXICO.**

Case No. 14047 (reopened)

APPLICATION

Celero Energy II, L.P. ("Celero"), for its application, states:

1. In Case No. 14047, Celero applied for an order approving an expansion of the Trigg Federal Lease Waterflood Project, covering the following federal lands in Chaves County, New Mexico, containing 1,441.12 acres:

Township 14 South, Range 31 East, N.M.P.M.

Section 4: Lots 1-4, S $\frac{1}{2}$ N $\frac{1}{2}$, and S $\frac{1}{2}$ (All)

Section 5: Lot 1, SE $\frac{1}{4}$ NE $\frac{1}{4}$, and E $\frac{1}{2}$ SE $\frac{1}{4}$

Section 9: All

2. Celero is the operator of the Queen formation (Caprock-Queen Pool) in the Trigg Federal Lease, and proposes to develop and expand the Caprock-Queen Waterflood Project previously approved by Oil Conservation Commission Order No. R-1456.

3. Division Order No. R-12912, entered in Case No. 14047, approved Celero's application, but provides that:

Before commencing injection operations into the Trigg Federal Lease Waterflood Project, the operator shall conduct the following remedial work on both injection wells and the area of review wells.

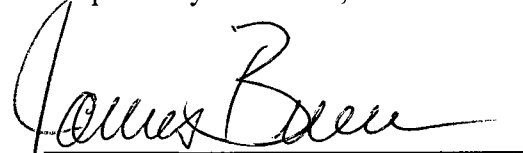
(4) The operator proposes to use twenty-three (23) injection wells for this waterflood project in two phases. In phase I consisting of twelve (12) shut-in injection wells (Exhibit "A" attached to this order), the operator shall re-enter each wellbore, pull the tubing, clean out the wellbore to total depth, run inspection and cement bond logs to determine cement tops, pressure test the casing to determine casing integrity, and repair as appropriate any wells that do not comply with the requirements in Division Rule 703.B.

4. The above provisions require that all remedial work be done on all wells in the area of review before any injection can be commenced on the Trigg Federal Lease. Celero requests that this provision be modified such that once all remedial work has been completed within the area of review of each injector within the waterflood project, injection may be commenced into such injector. This will allow injection operations to commence so that re- pressuring of the reservoir may proceed.

5. Approval of this application will prevent waste and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order approving the relief requested above.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "James Bruce", is written over a horizontal line.

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Celero Energy II, L.P.

PROPOSED ADVERTISEMENT

Case No. 14047 (reopened): Application of Celero Energy II, L.P. to reopen Case No. 14047 for expansion of a waterflood project, Chaves County, New Mexico. Applicant seeks to modify Order No. R-12912, entered in Case No. 14047, to allow injection to be commenced on a well-by-well basis within the Trigg Federal Lease Waterflood Project, provided that all remedial work on wells in the area of review for each injection well is completed prior to commence of injection into such well. The lease covers all of Section 4, the E/2E/2 of Section 5, and all of Section 9, Township 14 South, Range 31 East, N.M.P.M. The project is located approximately 29 miles east of Hagerman, New Mexico.