

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

*CASE NO. 11217
ORDER NO. R-10054-A*

**APPLICATION OF SOUTHLAND ROYALTY COMPANY TO REINSTATE
DIVISION ORDER NO. R-10054, LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 16, 1995, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 31st day of March, 1995, the Division Director, having considered the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) By Division Order No. R-10054, issued in Case No. 10891 and dated January 26, 1994, Southland Royalty Company ("Southland"), was granted authorization to institute a one well waterflood pilot project on its State "DS" leasehold, underlying the following described lands, by the re-injection of produced San Andres formation water into the Spencer-San Andres Pool through the perforated interval from approximately 4694 feet to 4994 feet in its existing State "DS" Well No. 4 (**API No. 30-025-23303**), located 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 24, Township 17 South, Range 36 East, NMPM, Lea County, New Mexico:

STATE "DS" LEASE WATERFLOOD PROJECT AREA

LEA COUNTY, NEW MEXICO

TOWNSHIP 17 SOUTH, RANGE 36 EAST, NMPM

Section 24: SW/4, W/2 SE/4 and SE/4 SE/4.

(3) Said Order No. R-10054 also approved the subject waterflood project as an "Enhanced Oil Recovery Project" pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5).

(4) Decretory Paragraph No. (13) on page 6 of said Order No. R-10054 included a provision which terminated said order if the operator had not commenced injection operations into the subject project by January 26, 1995 or if a time extension had not been requested by the operator for good cause shown.

(5) Due to the reassignment of internal budgeting priorities, Southland did not commence injection prior to the January 26, 1995 deadline, and further, as a result of internal personnel changes, failed to apply for an extension of the order prior to its termination.

(6) At this time Southland seeks to have the expired order reinstated and a new one year commencement period adopted for this project.

(7) Southland has reviewed all of the past information filed with the Division upon which previous approval was obtained and stated that there has been no material changes of facts which would now adversely affect approving this project or which would alter any of the basis for the Division's approval. Further, Southland has caused notification of this case to be sent to all parties notified in the original proceedings.

(8) No offsetting operators or other interested parties appeared at the March 16, 1995 hearing in objection to the continuation of this project.

(9) The injection authority granted herein for the proposed injection well should terminate one year after the date of this order (Order No. R-10054-A) if the operator has not commenced injection operation into the subject well by that date, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

IT IS THEREFORE ORDERED THAT:

(1) Decretory Paragraph No. (13) on page 6 of Division Order No. R-10054, issued in Case No. 10891 and dated January 26, 1994, being one and the same, is hereby amended to read in its entirety as follows:

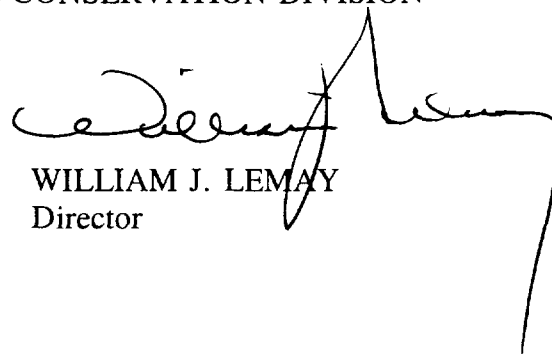
"(13) The injection authority granted herein for the proposed injection well shall terminate on March 31, 1996, if the operator has not commenced injection operation into the subject well by that date, provided

however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown."

(2) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

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