



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
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March 9, 2000

Mr. Paul R. Owen  
Campbell, Carr, Berge & Sheridan, P.A.  
P.O. Box 2208  
Santa Fe, New Mexico 87504-2208

Re: Division Case No. 11826  
Quay Valley, Inc.

Dear Mr. Owen:

I have reviewed your request dated March 6, 2000 for an extension of time in which Quay Valley, Inc. must commence injection operations into the North El Mar Unit Area. Upon review of the record in Case No. 11826, I have found the following:

- (a) by Order No. R-4629-A dated November 5, 1997, the Division authorized Quay Valley, Inc. to institute a tertiary recovery project within the North El Mar Unit Area by the injection of carbon dioxide into thirty-one injection wells located within Township 26 South, Ranges 32 and 33 East, NMPM, Lea County, New Mexico;
- (b) Order No. R-4629-A contained a provision whereby "the injection authority granted herein for the thirty-one WAG injection wells shall terminate one year after the effective date of this order if the operator has not commenced WAG injection operations into these wells, provided however, the Division, upon written request by the operator, may grant an exception thereof for good cause shown."
- (c) based upon a conversation between Quay Valley, Inc. and the Division's Hobbs District Office on November 5, 1999, the OCD granted, by letter dated November 8, 1999, a 90-day extension request to Quay Valley, Inc. to convert these wells to injection;
- (d) there is no record of the Division granting an extension to Quay Valley, Inc. in November, 1998, the time in which injection authority was to terminate pursuant to the provisions of Order No. R-4629-A.