

CASE 12418: Continued from August 10, 2000 Examiner Hearing.

Application of Saga Petroleum, L.L.C. for approval of a waterflood project for its Crossroads Siluro-Devonian Unit Area and qualification of said project for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico. Applicant seeks approval of its Crossroads Siluro-Devonian Unit Waterflood Project for injection of water into the Devonian formation, Crossroads Siluro-Devonian Pool, through four injection wells located in the following described area:

Township 9 South, Range 36 East, N.M.P.M.

Section 27: N/2, SE/4

Section 34: E/2

The applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the project area without the necessity of further hearings and the adoption of such other provisions as are necessary for said waterflood operations. Applicant further seeks to qualify the project area for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). The unit is located approximately 6 miles east of Crossroads, New Mexico.

CASE 12488: **Application of EOG Resources, Inc. for surface commingling and off lease storage and measurement, Lea County, New Mexico.** Applicant seeks authority to commingle in its Diamondtail "34" Battery located in Unit J of Section 34, Township 23 South, Range 32 East, production from the Triste Draw-Delaware Pool and the Triste Draw-Bone Spring Pool from the following leases and wells:

Federal Oil and Gas Lease No. NM 62225: (W/2, N/2 NE/4, Section 34, Township 23 South, Range 32 East):

Diamond "34" Federal Well No. 1 Unit F

Diamond "34" Federal Well No. 2 Unit B

Diamond "34" Federal Well No. 3 Unit N

Federal Oil and Gas Lease No. NM 94616: (S/2 NE/4, SE/4, Section 34, Township 23 South, Range 32 East):

Diamondtail "34" Federal Well No. 1 Unit J

Diamondtail "34" Federal Well No. 2 Unit O

Diamondtail "34" Federal Well No. 3 Unit G

Federal Oil and Gas Lease No. NM 94850: (All except NE/4 SW/4, Section 3, Township 24 South, Range 32 East):

Diamondtail "3" Federal Well No. 1 Unit B

The leases and wells are located approximately 30 miles northwest of Jal, New Mexico.

CASE 12441: Continued from August 24, 2000, Examiner Hearing.

Application of LG&E Natural Pipeline LLC for special rules for the Grama Ridge Morrow Gas Storage Unit, Lea County, New Mexico. Applicant seeks an order establishing special rules applicable to wells drilled and completed or recompleted in the Morrow formation within its Grama Ridge Morrow Gas Storage Unit and within each 320-acre spacing unit immediately adjacent to the Unit in the following described area:

Grama Ridge Morrow Gas Storage Agreement

Township 21 South, Range 34 East

Section 33: All

Section 34: All

Township 22 South, Range 34 East

Section 3: All

Section 4: All

Section 10: All

Acreage Adjacent to Unit

Township 21 South, Range 34 East

Section 26: NW/4, S/2

Section 27: All

Section 28: All

Section 29: E/2, SW/4

Section 32: All

Section 35: All

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CASE 12484: **Application of McElvain Oil & Gas Properties, Inc. for compulsory pooling, Rio Arriba County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing from the base of the Pictured Cliffs formation to the base of the Mesaverde formation in Lots 3, 4, S/2 NW/4, SW/4 (W/2 Equivalent) of Section 4, Township 25 North, Range 2 West. The units are to be dedicated to its Cougar Comm "4" Well No. 2 to be drilled to a depth sufficient to test all formations to the base of the Mesaverde formation, Blanco-Mesaverde Gas Pool, at a standard location in the NW/4 NW/4 of Section 4. 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 charge for risk involved in drilling the well. The area is located approximately 9.5 miles north of Lindrieth, New Mexico.

CASE 12485: **Application of Coleman Oil & Gas, Inc. for approval of a Pilot Project, including an exception to Rules 4 and 7 of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool, for the purposes of establishing a pilot program to determine the commercial feasibility for Fruitland Coal Gas wells, San Juan County, New Mexico.** Applicant seeks approval of a pilot project, including an exception from Rules 4 and 7 of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool, and authorization to drill one additional well in the NW/4 of Section 16, Township 24 North, Range 10 West, to temporarily increase the density from the maximum of one well per 320-acre gas spacing and proration unit to a maximum of two wells per gas spacing and proration unit for wells dedicated to the Basin-Fruitland Coal Gas Pool to effect a 160-acre five spot well pattern to determine commercial feasibility for Fruitland Coal Gas within the Project Area which includes the following described lands:

TOWNSHIP 24 NORTH, RANGE 10 WEST, NMPM

Section 9: S/2

Section 16: All

Section 17: E/2

The unit is located approximately 30 miles south of Bloomfield, New Mexico.

CASE 12486: **Application of Harvey E. Yates Company for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing in the W/2, in all formations developed on 160-acre spacing in the SW/4, in all formations developed on 80-acre spacing in the S/2 SW/4, and in all formations developed on 40-acre spacing in the SE/4 SW/4 of Section 8, Township 18 South, Range 29 East. The unit is to be dedicated to its Poco Loco 8 Federal Comm Well No. 1 to be drilled at a standard location 860 feet from the South line and 1980 feet from the West line of Section 8 to a depth sufficient to test all formations from the surface to the base of the Morrow formation. 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 charge for risk involved in drilling the well. The area is located approximately 6 miles southwest of Loco Hills, New Mexico.

CASE 12487: **Application of Texaco Exploration and Production Inc. for an unorthodox gas well location, Eddy County, New Mexico.** Applicant seeks authorization to drill a well to the Wolfcamp formation, Undesignated Big Sinks-Wolfcamp Gas Pool, at an unorthodox well location 250 feet from the South line and 1980 feet from the East line (Unit O) of Section 3, Township 25 South, Range 31 East. Lots 1 and 2, the S/2 NE/4 and the SE/4 (E/2 Equivalent) of Section 3 is to be dedicated to the well forming a standard 319.38-acre gas spacing and proration unit. The unit is located approximately 32 miles southeast of Loving, New Mexico.

CASE 12417: **Continued from August 10, 2000 Examiner Hearing.**

Application of Saga Petroleum, L.L.C. for statutory unitization, Lea County, New Mexico. Applicant seeks an order unitizing, for the purpose of establishing an enhanced recovery project, all mineral interests in the Devonian formation, Crossroads Siluro-Devonian Pool, underlying 800 acres, more or less, of fee lands in the following acreage:

Township 9 South, Range 36 East, N.M.P.M.

Section 27: N/2, SE/4

Section 34: E/2

The unit is to be designated the Crossroads Siluro-Devonian 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 provision for carrying any non-consenting working interest owner within the unit area upon such terms and conditions to be determined by the Division as just and reasonable. The unit area is located approximately 6 miles east of Crossroads, New Mexico.