

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

**IN THE MATTER OF THE 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.**

OIL CONSERVATION DIV.
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CASE NO. 12418

APPLICATION

SAGA PETROLEUM, L.L.C. (“Saga”) through its attorneys, Campbell, Carr, Berge & Sheridan, P. A., hereby makes application for an order approving a secondary recovery project for the injection of water into the Devonian formation in its Crossroads Siluro-Devonian Unit Area, Crossroads Siluro-Devonian Pool, and the qualification of this project for the Recovered Oil Tax Rate pursuant to the provisions of the New Mexico Enhanced Oil Recovery Act, and in support thereof states:

1. By companion application, Saga seeks the statutory unitization of the Crossroads Siluro-Devonian Unit for the purpose of implementing a waterflood project in the Devonian formation, Crossroads Siluro-Devonian Pool.
2. With this application, Saga seeks approval of the Crossroads Siluro-Devonian Unit Waterflood Project and authorization to implement secondary recovery operations in

the unit area by the injection of water into the Devonian formation. Three of the wells which Saga proposes to utilize for injection have been previously approved for injection by the Division. A copy of Saga's Application for Authorization to Inject through one additional well in the waterflood project area is attached to this application and will be served on affected parties in accordance with Division Rules 701 et seq.

3. The boundaries of the proposed waterflood project area coincide with the proposed unit boundaries and include the following acreage in Lea County, New Mexico:

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

Section 27:	N/2, SE/4
Section 34:	E/2

4. Saga requests that the Division establish a procedure for the administrative approval of additional injection wells within the project area without the necessity for further hearings.

5. Saga also seeks to qualify this project for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act.

7. Approval of this application will afford Saga Petroleum, L.L.C. the opportunity to produce its just and equitable share of the remaining reserves in the Crossroads Siluro-Devonian Unit Area and will otherwise be in the best interest of the conservation, the protection of correlative rights and the prevention of waste.

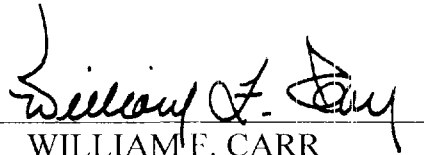
WHEREFORE, Saga Petroleum, L.L.C. requests that this matter be set for hearing

before a duly appointed Examiner of the Oil Conservation Division on June 1, 2000, and after notice and hearing as required by law, the Division enter its Order granting this application.

Respectfully submitted,

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.

By:

A handwritten signature in black ink, appearing to read "William F. Carr", written over a horizontal line.

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ATTORNEYS FOR SAGA PETROLEUM,
L.L.C.

CASE _____: 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 in the above-styled cause, 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 95 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). Said unit is located approximately 6 miles east of Crossroads, New Mexico.