

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

**IN THE MATTER OF THE HEARING  
CALLED BY THE NEW MEXICO OIL  
CONSERVATION DIVISION ("DIVISION")  
FOR THE PURPOSE OF CONSIDERING:**

**Case No. 12161  
Order No. R-11168-A**

**APPLICATION OF RIDGEWAY ARIZONA OIL CORPORATION FOR A UNIT  
AGREEMENT, CATRON COUNTY, NEW MEXICO.**

**ORDER OF THE DIVISION**

**BY THE DIVISION:**

This case came on for hearing at 8:15 a.m. on April 15, 1999, at Santa Fe, New Mexico before Examiner Michael E. Stogner, and at 10:00 a.m. on September 23, 1999, at Farmington, New Mexico before the New Mexico Oil Conservation Commission ("Commission").

NOW, on this 29th day of October, 1999, the Division Director, having considered the record and the recommendations of the Examiner,

**FINDS THAT:**

(1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.

(2) The applicant, Ridgeway Arizona Oil Corporation ("Ridgeway"), seeks approval of its Cottonwood Canyon Carbon Dioxide Gas Unit Agreement for carbon dioxide gas and all associated and constituent liquid or liquefiable carbonates, helium and all non-commercial quantities of hydrocarbons or other combination of elements (unitized substances) in any and all formations underlying an area comprising 89,574.12 acres, more or less, of New Mexico State Trust Lands, federal lands and fee lands in Catron County, New Mexico, as described in the attached Exhibit "A".

(3) Ridgeway originally applied to the Division to unitize any and all formations underlying an area comprising 109,309.33 acres, more or less, of New Mexico State Trust Lands, federal lands and fee lands in Catron County, New Mexico and Apache County, Arizona. That application was granted by Division Order No. R-11168 entered on April 27, 1999.

(4) Gary L. Kiehne of Midland, Texas, a working interest owner in certain federal lands within Apache County, Arizona that Ridgeway was proposing to unitize, appeared at the Division hearing through legal counsel in opposition to Ridgeway's original proposal.

(5) After Order No. R-11168 was entered, Kiehne timely filed an application for hearing *de novo* on May 3, 1999. The *de novo* application was scheduled before the Commission for its September 23, 1999 hearing. Before the scheduled Commission hearing, Ridgeway agreed to amend its application to include only lands located in Catron County, New Mexico and submitted to the Commission a revised unit agreement. As a result, Kiehne agreed to withdraw his application for hearing *de novo*, and at the September 23, 1999 Commission hearing the Commission remanded the case to the Division for entry of a decision in accordance with Ridgeway's revised proposal.

(6) Like the original agreement approved by the Division with Order No. R-11168, Ridgeway's revised unit agreement covering lands only in Catron County, New Mexico, is fair and reasonable and should be approved.

(7) All plans for: (i) development and operation; (ii) creation, expansion, or contraction of participating areas; or (iii) expansion or contraction of the unit area is to be submitted to the Division Director for approval.

(8) Approval of the revised unit agreement should promote the prevention of waste and protection of correlative rights within the unit area.

**IT IS THEREFORE ORDERED THAT:**

(1) The revised Cottonwood Canyon Carbon Dioxide Gas Unit Agreement proposed by Ridgeway Arizona Oil Corporation ("Ridgeway") and submitted to the New Mexico Oil Conservation Commission ("Commission") is hereby approved for carbon dioxide gas and all associated and constituent liquid or liquefiable carbonates, helium and all non-commercial quantities of hydrocarbons or other combination of elements (unitized substances) in any and all formations underlying an area comprising 89,574.12 acres, more or less, of New Mexico State Trust Lands, federal lands, and fee lands in Catron County, New Mexico, as described in the attached Exhibit "A".

(2) The plan contained in the revised unit agreement for the development and operation of the unit area is hereby approved in principle as a proper conservation measure; provided however, notwithstanding any of the provisions contained in this revised unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner,

any right, duty or obligation that is now, or may hereafter be, vested in the Division to supervise and control operations for the unit and production of unitized substances therefrom.

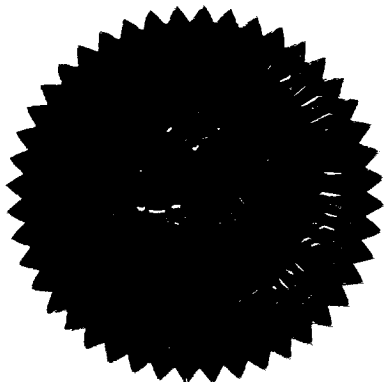
(3) The unit operator shall file with the Division an executed original or executed counterpart of this revised unit agreement within 30 days of the effective date thereof. In the event of subsequent joinder by any other party or expansion or contraction of the unit area, the unit operator shall file with the Division, within 30 days thereafter, counterparts of the unit agreement reflecting the subscription of those interests having joined or ratified.

(4) All plans of: (i) development and operation; (ii) creation, expansion or contraction of participating areas; or (iii) expansion or contraction of the unit area shall be submitted to the Division Director for approval.

(5) This order shall become effective upon the approval of the revised unit agreement by the appropriate agency of the United States Department of Interior and the Commissioner of Public Lands for the State of New Mexico. This order shall terminate upon the termination of the revised unit agreement. The last unit operator shall notify the Division immediately in writing of such termination.

(6) Jurisdiction of this cause 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.



S E A L

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

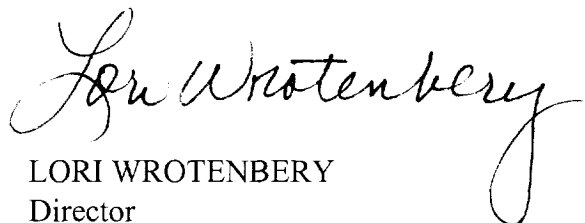
  
LORI WROTENBERY  
Director

EXHIBIT "A"  
CASE NO. 12161  
ORDER NO. R-11168-A  
COTTONWOOD CANYON CARBON DIOXIDE GAS (REVISED) UNIT AREA  
CATRON COUNTY, NEW MEXICO

Township 2 North, Range 20 West, NMPM  
Sections 30 through 32: All

Township 2 North, Range 21 West, NMPM  
Section 9: All  
Sections 14 through 16: All  
Sections 21 through 28: All  
Sections 33 through 36: All

Township 1 North, Range 20 West, NMPM  
Sections 4 through 9: All  
Sections 16 through 21: All  
Section 26: S/2  
Section 27: S/2  
Sections 28 through 35: All

Township 1 North, Range 21 West, NMPM  
Sections 1 through 4: All  
Sections 9 through 16: All  
Sections 21 through 28: All  
Sections 33 through 36: All

Township 1 South, Range 20 West, NMPM  
Sections 2 through 10: All  
Sections 16 through 21: All  
Sections 28 through 33: All

Township 1 South, Range 21 West, NMPM  
Sections 1 through 4: All  
Sections 9 through 16: All  
Sections 21 through 28: All  
Sections 33 through 36: All

Township 2 South, Range 20 West, NMPM  
Sections 5 through 8: All  
Sections 18 and 19: All

Township 2 South, Range 21 West, NMPM  
Sections 1 through 4: All  
Sections 9 through 16: All  
Sections 21 through 28: All  
Sections 33 through 36: All

Township 3 South, Range 21 West, NMPM  
Sections 3 and 4: All.

ACREAGE SUMMARY:  
*47 Federal tracts in New Mexico totaling 69,669.42 acres (77.7785 %)*  
*54 New Mexico State Trust tracts totaling 19,024.27 acres (21.2386 %)*  
*6 fee tracts in New Mexico totaling 880.43 acres (0.9829 %)*  
*107 tracts of land total comprising 89,574.12 acres (100%).*