

**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. 13785
ORDER NO. R-12701**

**APPLICATION OF RIDGEWAY ARIZONA OIL CORPORATION FOR
APPROVAL OF 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 January 4, 2007, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 24th day of January, 2007, the Division Director, having considered the testimony, 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 " or "applicant"), seeks approval of its Cottonwood Canyon Carbon Dioxide Gas Unit Agreement for carbon dioxide gas and all associated or constituent liquid or liquefiable carbonates, including 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, described on Exhibit "A" attached to this order.
- (3) The Cottonwood Canyon Carbon Dioxide Gas Unit Agreement, which originally contained lands located in Arizona, was previously approved by Division Order No. R-11168, as amended, dated April 27, 1999. The Cottonwood Canyon Carbon Dioxide Gas Unit Agreement has since expired under its own terms.
- (4) The applicant appeared at the hearing and presented evidence in support of this application.

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(5) No other interested party appeared at the hearing or otherwise objected to the proposed unit.

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

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of Ridgeway Arizona Oil Corporation, the Cottonwood Canyon Carbon Dioxide Gas Unit Agreement is hereby approved for carbon dioxide gas and all associated or constituent liquid or liquefiable carbonates, including 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, described on Exhibit "A" attached to this order.

(2) The plan contained in the 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 the 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 the unit agreement within 30 days after 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, copies 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 Director for approval.

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

(6) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "Mark E. Fesmire".

MARK E. FESMIRE, P.E.
Director

Exhibit "A"
Case No. 13785
Division Order No. R-12701
COTTONWOOD CANYON CARBON DIOXIDE GAS UNIT AREA

CATRON COUNTY, NEW MEXICO

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

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

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

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

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

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

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

Township 2 South, Range 21 West. NMPM

Sections 1-4: All

Sections 9-16: All

Sections 21-28: All

Sections 33-36: All

Township 3 South, Range 21 West. NMPM

Sections 3-4: All