

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. 12418
ORDER NO. R-11641

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.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on September 7, 2000, and on July 12, 2001, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 27th day of August, 2001, 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) Division Cases No. 12417 and 12418 were consolidated at the time of the hearing for the purpose of testimony.

(3) The applicant, Saga Petroleum, L.L.C. ("Saga") seeks authority to institute a waterflood project within its Crossroads Siluro Devonian Unit Area (being the subject of companion Case No. 12417) by the injection of water into the Crossroads Siluro-Devonian Pool, Lea County, New Mexico, through the following-described four initial injection wells:

<u>Well Name & Number</u>	<u>API Number</u>	<u>Well Location</u>
U. D. Sawyer No. 4 (Crossroads Siluro Devonian Unit No. 304)	30-025-03610	660' FNL & 660' FEL Unit A, Section 27

U. D. Sawyer No. 6 (Crossroads Siluro Devonian Unit No. 306)	30-025-22303	990' FSL & 1650' FEL Unit O, Section 27
U. D. Sawyer No. 11 (Crossroads Siluro Devonian Unit No. 311)	30-025-28836	2561' FSL & 1610' FEL Unit J, Section 27
Texaco U. D. Sawyer No. 4 (Crossroads Siluro Devonian Unit No. 104)	30-025-03632	990' FSL & 1650' FEL Unit O, Section 34

(4) The U. D. Sawyer Well No. 4 (API No. 30-025-03610), U. D. Sawyer Well No. 6 (API No. 30-025-22303), U. D. Sawyer Well No. 11 (API No. 30-025-28836) and the Texaco U. D. Sawyer Well No. 4 (API No. 30-025-03632) should hereinafter be referred to as the Crossroads Siluro Devonian Unit Wells No. 304, 306, 311 and 104, respectively.

(5) The applicant originally sought to qualify the waterflood project as an Enhanced Oil Recovery Project pursuant to the Enhanced Oil Recovery Act (NMSA 1978 Sections 7-29A-1 through 7-29A-5); however, at the hearing, the applicant requested that this portion of its application be dismissed.

(6) Cases No. 12417 and 12418 were originally heard on September 7, 2000, at which time these cases were taken under advisement. Subsequent to the hearing, the Division determined that: i) notice was not provided to all parties entitled to receive notice in Case No. 12417; and ii) the additional engineering data requested by the Division at the September 7, 2000 hearing had not been provided by the applicant. These cases were reopened and heard on July 12, 2001 in order to allow the applicant the opportunity to correct the deficiencies in the application.

(7) The Crossroads Siluro Devonian Unit is proposed to comprise the following described acreage in Lea County, New Mexico:

Township 9 South, Range 36 East, NMPM

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

(8) The wells in the project area are in an advanced state of depletion.

(9) The applicant proposes to initially utilize four injection wells and six producing wells within the project area.

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