

(10) The applicant testified that the proposed project will incorporate water injection, polymer squeeze jobs and perforation of "new pay" in the Devonian formation in order to maximize oil recovery from the project area.

(11) The applicant further testified that the proposed operations within the Crossroads Siluro Devonian Unit should result in the recovery of an additional 1.361 million barrels of oil over a fifty-year period that would otherwise not be recovered, thereby preventing waste.

(12) Approval of the proposed waterflood project should result in the recovery of additional hydrocarbons from the Devonian formation within the project area that may otherwise not be recovered, thereby preventing waste, and will not violate correlative rights.

(13) Division records demonstrate that the Crossroads Siluro Devonian Unit Well No. 104 was originally permitted as a disposal well by Division Order No. R-3612 dated December 16, 1968. Order No. R-3612 authorized Texaco Exploration & Production Inc. to utilize the well to dispose of produced water into the Devonian formation through the open-hole interval from approximately 12,400 feet to 12,550 feet.

(14) The applicant testified that the Crossroads Siluro Devonian Unit Well No. 104 has been inactive for at least three years. Pursuant to Division Rule 705.C., the authority to inject into this well has terminated.

(15) Saga did not file a Division Form C-108 (Application to Inject) for the Crossroads Siluro Devonian Unit Well No. 104 as part of its application in this case.

(16) The applicant should be required to re-permit the Crossroads Siluro Devonian Unit Well No. 104 for injection by filing a new Division Form C-108 subsequent to the entry of this order.

(17) Division records demonstrate that the Crossroads Siluro Devonian Unit Well No. 311 was originally permitted as a disposal well by Division Order No. SWD-662 dated June 23, 1997. Order No. SWD-662 authorized Saga to utilize the well to dispose of produced water into the Devonian formation through the perforated interval from approximately 12,616 feet to 12,683 feet.

(18) By letter to the Division's Hobbs District Office dated July 17, 2001, the Examiner in this case requested information relating to the mechanical integrity testing and current status of the Crossroads Siluro Devonian Unit Wells No. 104, 304, 306 and 311. This information was delivered to the Santa Fe Office of the Division by E-Mail on

July 17, 2001. This information was then subsequently conveyed to Saga's legal counsel on the same date.

(19) Data currently available for the Crossroads Siluro Devonian Unit Well No. 311 demonstrates that:

- (a) the well passed a mechanical integrity pressure test on July 16, 1998;
- (b) the well failed a mechanical integrity bradenhead test on September 12, 2000;
- (c) there is no evidence that a radioactive tracer survey was conducted on this well before it was placed on injection in 1997, or annually thereafter, as required by Division Order No. SWD-662; and
- (d) Saga has filed a Division Form C-103 dated April 20, 2001, stating its intent to plug and abandon this well due to mechanical problems and fish in the hole from a depth of 6,435 feet to 11,948 feet.

(20) The evidence demonstrates that the Crossroads Siluro Devonian Unit Well No. 311 will not be utilized as an injection well in the Crossroads Siluro Devonian Unit Waterflood Project.

(21) Division records demonstrate that the Crossroads Siluro Devonian Unit Well No. 306 was originally permitted as a disposal well by Division Order No. SWD-693 dated February 9, 1998. Order No. SWD-693 authorized Saga to utilize the well to dispose of produced water into the Devonian formation through the perforated interval from approximately 12,068 feet to 12,135 feet.

(22) Data currently available for the Crossroads Siluro Devonian Unit Well No. 306 demonstrates that:

- (a) the well passed a mechanical integrity pressure test on February 18, 1998;
- (b) the well passed a mechanical integrity bradenhead test on January 3, 2001;