

**CASE 12418:** Continued from July 13, 2000 Examiner Hearing.

**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 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 9 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). The unit is located approximately 6 miles east of Crossroads, New Mexico.

**CASE 12441:** Continued from July 27, 2000, Examiner Hearing.

**Application of LG&E Natural Pipeline LLC for special rules for the Grama Ridge Morrow Gas Storage Unit, Lea County, New Mexico.** Applicant seeks an order establishing special rules applicable to wells drilled and completed or recompleted in the Morrow formation within its Grama Ridge Morrow Gas Storage Unit and within each 320-acre spacing unit immediately adjacent to the Unit in the following described area:

**Grama Ridge Morrow Gas Storage Agreement**

Township 21 South, Range 34 East

Section 33: All

Section 34: All

Township 22 South, Range 34 East

Section 3: All

Section 4: All

Section 10: All

**Acreage Adjacent to Unit**

Township 21 South, Range 34 East

Section 26: NW/4, S/2

Section 27: All

Section 28: All

Section 29: E/2, SW/4

Section 32: All

Section 35: All

Township 22 South, Range 34 East

Section 2: All

Section 5: All

Section 8: N/2, SE/4

Section 9: All

Section 11: All

Section 14: N/2, SW/4

Section 15: All

Section 16: N/2, SE/4

The application requests the Division establish rules requiring operators of all newly drilled or recompleted wells in the Morrow formation to provide the operator of the Unit with information and data obtained during drilling, completion, and production to determine whether such wells are in communication with the unitized formation or would otherwise interfere with Unit operations. The special project rules would also include provisions requiring the operators of wells determined to be in communication with the Unitized Interval to demonstrate how such well may be produced without interfering with Unit operations or to take such other action determined to be appropriate. The Grama Ridge Morrow Gas Storage Unit is approximately 18 miles west of Eunice, New Mexico.

*Examiner Hearing – August 10, 2000*

*Docket No. 22-00*

*Page 6 of 6*

---

**CASE 12086:** Consolidated – Continued from April 6, 2000, Examiner Hearing.

**Application of Yates Petroleum Corporation and Hanley Petroleum Inc. for allowable reduction and the escrow of production proceeds, Lea County, New Mexico.** Applicants seek an order (1) reducing the depth bracket allowable for wells in the West Lovington-Strawn Pool to a level that will only permit operators to avoid lease terminations for failure of wells to produce in paying quantities; (2) providing for termination of the reduced depth bracket allowable for the pool when the West Lovington Strawn Unit is expanded to protect the correlative rights of each owner in the pool pursuant to a ratified statutory unitization order of the Oil Conservation Commission; and (3) requiring Gillespie-Crow, Inc. to escrow all payments received for production from the unit, and less payments for royalties and taxes thereon, from the date of the order until the unit has been expanded pursuant to a ratified statutory unitization order of the Commission to include all lands affected by the pressure maintenance project being conducted in the pool. The unit is located at approximately 4.5 miles west-northwest of Lovington, New Mexico.

**CASE 12086:** Consolidated - Continued from April 6, 2000, Examiner Hearing.

**Application of Energen Resources Corporation for allowable reduction and the escrow of production proceeds, Lea County, New Mexico.** Applicants seek an order (1) reducing the depth bracket allowable for wells in the West Lovington-Strawn Pool to a level that will only permit operators to avoid lease terminations for failure of wells to produce in paying quantities; (2) providing for termination of the reduced depth bracket allowable for the pool when the West Lovington Strawn Unit is expanded to protect the correlative rights of each owner in the pool pursuant to a ratified statutory unitization order of the Oil Conservation Commission; and (3) requiring Gillespie-Crow, Inc. to escrow all payments received for production from the unit, and Snyder "C" Well No. 4, and the Snyder "EC" Com Well No. 1, less payments for royalties and taxes thereon, from the date of the order until the unit has been expanded pursuant to a ratified statutory unitization order of the Commission to include all lands affected by the pressure maintenance project being conducted in the pool. The unit is located approximately 4.5 miles west-northwest of Lovington, New Mexico.