

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

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

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.

NOW, on this 27th day of April, 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 Apache 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, including all non-commercial quantities of hydrocarbons or other combination of elements, (unitized substances) in 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, as further described in the attached Exhibit "A".
- (3) Gary L. Kiehne of Midland, Texas, a working interest owner in the acreage that Ridgeway is proposing to unitize, appeared at the hearing through legal counsel in opposition to Ridgeway's proposal.
- (4) All plans of development and operation, and creations, expansions or contractions of participating areas, or expansions or contractions of the unit area should be

submitted to the Division Director for approval.

(5) 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) The Cottonwood Canyon Carbon Dioxide Gas Unit Agreement executed by Ridgeway Arizona Oil Corporation ("Ridgeway") is hereby approved for carbon dioxide gas and all associated and 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 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, as further described in the attached Exhibit "A".

(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.

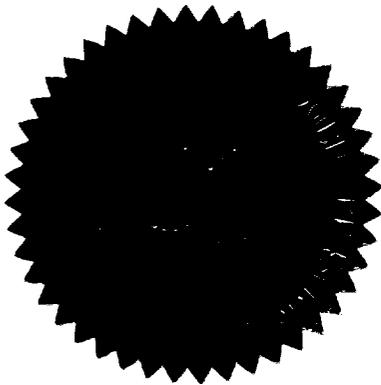
(3) The unit operator shall file with the Division an executed original or executed counterpart of the unit agreement within 30 days of the effective date thereof. In the event of subsequent joinder by any other party, or expansion or contraction of the unit area, the unit operator shall file with the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

(4) All (i) plans of development and operation; (ii) creations, expansions or contractions of participating areas; and (iii) expansions or contractions of the unit area shall be submitted to the Division 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 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 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.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "Lori Wrottenbery". The signature is written in a cursive, flowing style.

LORI WROTENBERY
Director

EXHIBIT "A"
CASE NO. 12161
ORDER NO. R-11168
COTTONWOOD CANYON CARBON DIOXIDE GAS UNIT AREA

APACHE COUNTY, ARIZONA

Township 12 North, Range 29 East, Gila & Salt River Meridian ("G&SRM")

Section 24: All

Township 12 North, Range 30 East, G&SRM

Section 9: E/2

Sections 10 and 11: All

Sections 13 and 14: All

Sections 19 through 21: All

Sections 23 through 29: All

Sections 34 and 35: All

Township 12 North, Range 31 East, G&SRM

Sections 18 through 21: All

Sections 27 through 31: All

Sections 33 and 34: All

Township 10 North, Range 31 East, G&SRM

Section 3: Lots 1, 2, 5, 6, and 7, SW/4 NE/4,
SE/4 NW/4, E/2 SW/4, W/2 SE/4

Section 10: All

Township 9 North, Range 31 East, G&SRM

Section 3: Lots 1, 2, 3, 5, 6, and 7, SW/4 NE/4,
SE/4 NW/4

Section 10: All

Section 15: Lots 1 through 4, W/2 NE/4

Section 22: Lots 3 and 4, SE/4 SW/4, SW/4 SE/4

Section 27: Lots 1, 2, and 3, W/2 NE/4, NE/4
NW/4, NW/4 SE/4

CATRON COUNTY, NEW MEXICO

Township 2 North, Range 20 West, New Mexico Principal Meridian ("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:

15 Federal tracts in Arizona totaling 19,095.21 acres (17.4690 %)
1 fee tract in Arizona totaling 640.00 acres (0.5855 %)
47 Federal tracts in New Mexico totaling 69,669.42 acres (63.7360 %)
54 New Mexico State Trust tracts totaling 19,024.27 acres (17.4041 %)
6 fee tracts in New Mexico totaling 880.43 acres (0.8054 %)
123 tracts of land total comprising 109,309.33 acres (100%).