

The applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the unit area without the necessity of further hearings and the adoption of any provisions necessary for such other matters as may be appropriate 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). Said area is located approximately 2 miles northeast of Hobbs, New Mexico. Upon application of EnerQuest Resources, LLC, this case will be heard De Novo pursuant to the provisions of Rule 1220.

**CASE 13042: De Novo**

**Application of EnerQuest Resources, LLC. for Statutory Unitization, Lea County, New Mexico.** Applicant seeks an order unitizing, for the purpose of establishing an enhanced recovery project, all mineral interest in the San Andres formation, East Hobbs-San Andres Pool, underlying 920 acres, more or less, of State and Fee lands in the following acreage:

**TOWNSHIP 18 SOUTH, RANGE 39 EAST, NMPM**

Section 29: SW/4, SW/4 NW/4

Section 30: S/2, S/2 N/2

Section 31: N/2 N/2

Section 32: N/2 NW/4

Said unit is to be designated the East Hobbs (San Andres) Unit. Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the designation of horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment and such other matters as may be necessary and appropriate for carrying on efficient unit operations; including but not limited to, unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a non-consent penalty for risk to be charged against carried working interests within the unit area upon such terms and conditions to be determined by the Division as just and reasonable. Said unit area is located approximately 2 miles northeast of Hobbs, New Mexico. Upon application of EnerQuest Resources, LLC, this case will be heard De Novo pursuant to the provisions of Rule 1220.