

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. 9825
ORDER NO. R-9072

APPLICATION OF SAGE ENERGY COMPANY
FOR A UNIT AGREEMENT, LEA COUNTY,
NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on November 29, 1989, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 14th day of December, 1989, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) At the time of the hearing this case was consolidated with Division Case No. 9826 for the purpose of testimony.
- (3) The applicant, Sage Energy Company, seeks approval of the West Tres Papalotes Penn Unit Area and Agreement for the purpose of incorporating and expanding an established secondary recovery project, said unit area to comprise 1120 acres, more or less, of State and Fee lands in Lea County, New Mexico, as further described in Exhibit "A" attached hereto and made a part hereof.
- (4) The unitized formation should comprise the subsurface interval commonly known as the West Tres Papalotes-Pennsylvanian Pool, being found in that stratigraphic interval between 10,392 feet and 10,510 feet as recorded on the BHC Acustilog dated April 26, 1983 which was run on the Sage Energy Company New Mexico State Well No.

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3 located 1160 feet from the North line and 560 feet from the East line (Unit A) of Section 31, Township 14 South, Range 34 East, NMPM, Lea County, New Mexico. Said unitized formation should further include all subsurface points throughout the unit area correlative to the aforementioned identified depths.

(5) No interested party appeared and objected to the proposed unit area or proposed waterflood plans.

(6) 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 Director of the Division for approval.

(7) 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 application of Sage Energy Company for the West Tres Papalotes Penn Unit Agreement and Area covering 1120 acres, more or less, of State and Fee lands in Lea County, New Mexico, as further described in Exhibit "A" attached hereto and made a part hereof, for the purpose of incorporating and expanding an established secondary recovery project is hereby approved.

(2) The unitized formation shall comprise the subsurface interval commonly known as the West Tres Papalotes-Pennsylvanian Pool, being found in that stratigraphic interval between 10,392 feet and 10,510 feet as recorded on the BHC Acustilog dated April 26, 1983 which was run on the Sage Energy Company New Mexico State Well No. 3 located 1160 feet from the North line and 560 feet from the East line (Unit A) of Section 31, Township 14 South, Range 34 East, NMPM, Lea County, New Mexico. Said unitized formation shall further include all subsurface points throughout the unit area correlative to the aforementioned identified depths.

(3) The West Tres Papalotes Penn Unit Agreement and the West Tres Papalotes Penn Unit Operating Agreement, which were submitted to the Division at the time of the hearing and made part of the record in this case, are hereby incorporated by reference into this order.

(4) The plan contained in said 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 said unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty or obligation which is now, or may hereafter be, vested in the Division to supervise and control operations for the unit and production of oil and gas therefrom.

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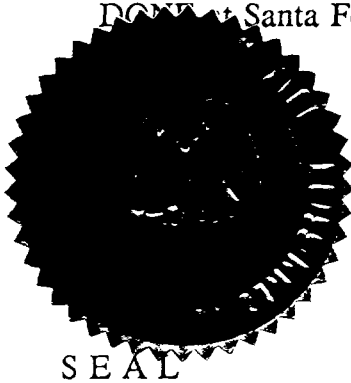
(5) The unit operator shall file with the Division an executed original or executed counterpart of the unit agreement within 30 days after the effective date thereof; in the event of subsequent joinder by any other party or expansion or contraction of the unit area, the unit operator shall file with the Director a conformed copy of the agreement reflecting the subscription of those interests having joined or ratified.

(6) All plans of development and operation, all unit participating areas and expansions or contractions of the unit area, shall be submitted to the Director of the Oil Conservation Division for approval.

(7) This order shall become effective upon the approval of said unit agreement by the Commissioner of Public Lands for the State of New Mexico; this order shall terminate ipso facto upon the termination of said unit agreement; and the last unit operator shall notify the Division immediately in writing of such termination.

(8) Jurisdiction of this cause is 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

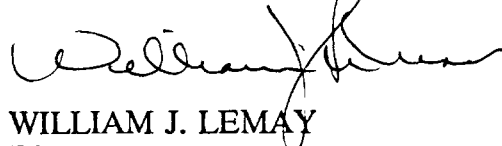

WILLIAM J. LEMAY
Director

EXHIBIT "A"
CASE NO. 9825
ORDER NO. R-9072
WEST TRES PAPALOTES PENN UNIT AREA
LEA COUNTY, NEW MEXICO

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM

Section 29: W/2
Section 30: E/2
Section 31: E/2
Section 32: NW/4

Comprising 1120 acres, more or less, of State and Fee lands.