

STATE OF NEW MEXICO  
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

MAR 1 1998

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 11929

APPLICATION OF MOBIL EXPLORATION  
& PRODUCING TX & NM INC. FOR THREE  
HORIZONTAL INJECTION WELLS, AN  
ADMINISTRATIVE PROCEDURE FOR  
APPROVAL OF FUTURE HORIZONTAL  
INJECTION WELLS, AND QUALIFICATION  
OF THESE WELLS FOR THE RECOVERED  
OIL TAX RATE, LEA COUNTY, NEW MEXICO

MODIFICATION OF APPLICATION

COMES NOW, the Applicant Mobil Exploration & Producing TX & NM Inc., by and through its attorneys, Montgomery & Andrews, P.A., and modifies its Application to the Oil Conservation Division. The Applicant hereby requests certification of a positive production response for the wells within the expanded portion of the North Vacuum Abo Unit Pressure Maintenance Project effective January 1, 1998, rather than September 1, 1997 as requested previously in the original Application.

As an explanation of the modification, Mobil Exploration & Producing TX & NM Inc. ("Mobil") states as follows:

1. As a closing statement at the hearing before the Hearing Examiner on February 19, 1998, Mobil requested the following actions from the Division:

- (A) Authorization to inject fresh water into three horizontal wells within the North Vacuum Abo Unit Pressure Maintenance Project in Lea County;
- (B) Determination of an administrative procedure for consideration of future applications by Mobil for horizontal injection wells in the Project area;
- (C) Approval of the area described in Mobil Exhibits 9 and 10 as an expansion of an existing enhanced oil recovery project to qualify for the recovered oil tax rate under the Enhanced Oil Recovery Act; and
- (D) Certification of a positive production response for the wells within the expanded portion of the Project effective September 1, 1997.

2. Mobil based its request for a September 1, 1997 effective date for certification of a positive production response on the increased production from Well #278 in August 1997, when that well first operated as a horizontal production well after previously operating as a vertical production well. See Mobil Exhibit 11, pages 2, 3 and 5.

3. Mobil realizes that such a request presents the novel question of whether increased oil production within a pressure maintenance project due only to the conversion of a vertical production well to a horizontal production well qualifies as a positive production response under the Enhanced Oil Recovery Act.

4. Mobil began operating two of the three horizontal injection wells subject to this Application in December 1997. Specifically, injection into Well #136 began on

December 27, 1997; injection into Well #156 began on December 31, 1997; and injection into Well #213 began on January 6, 1998. See Mobil Exhibit 10.

5. To avoid relying on the installation of a vertical production well alone, Mobil now bases its requested certification of a positive production response for wells within the expanded portion of the existing enhanced oil recovery project on the increased production from Well #278 occurring after the first horizontal injection well (Well #136) began operation on December 27, 1997.

WHEREFORE, Applicant Mobil Exploration & Producing TX & NM Inc. respectfully requests that its Application be modified to request certification of a positive production response for wells within the expanded portion of the existing enhanced oil recovery project effective January 1, 1998.

Respectfully submitted,

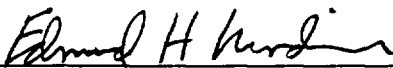
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Attorneys for Mobil Exploration  
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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Modification of Application was hand delivered on this 4th day of March, 1998 to Rand L. Carroll, Esq., General Counsel, Oil Conservation Division, 2040 South Pacheco, Santa Fe, New Mexico 87505.



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EDMUND H. KENDRICK