

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. 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

APPLICATION

COMES NOW, the Applicant Mobil Exploration & Producing TX & NM Inc., by and through its attorneys, Montgomery & Andrews, P.A., and applies to the New Mexico Oil Conservation Division for an order authorizing the injection of fresh water into three horizontal wells within the Mobil North Vacuum Abo Pressure Maintenance Project in Lea County, New Mexico, approximately one mile north of Buckeye, New Mexico. The Applicant also requests that the Division determine an administrative procedure for its consideration of future applications by the Applicant for approval of horizontal injection wells in the Project area. Further, the Applicant seeks approval by the Division of the three injection wells as an expansion of an existing enhanced oil recovery project to qualify for the recovered oil tax rate under the Enhanced Oil Recovery Act, NMSA 1978, § 7-29A-1, et seq. (1992).

In support of said Application, Mobil Exploration & Producing TX & NM Inc.

("Mobil") states:

A. Background

1. On October 27, 1972, the New Mexico Oil Conservation Commission entered Order No. R-4430 creating the Mobil North Vacuum Abo Pressure Maintenance Project ("Project"), authorizing the injection of gas and water into Mobil's Well #213 and other specified wells, and adopting special rules for the Project.

2. Mobil's Wells # 136, #156 and #213, which are the subject of this Application ("subject wells"), are within the Project area.

- (a) Well #136 is located 660 feet from the North line and 860 feet from the West line (Unit D) of Section 26, Township 17 South, Range 34 East, Lea County, New Mexico.
- (b) Well #156 is located 1893 feet from the South line and 1800 feet from the East line (Unit J) of Section 23, Township 17 South, Range 34 East, Lea County, New Mexico.
- (c) Well #213 is located 460 feet from the South line and 1980 feet from the West line (Unit N) of Section 23, Township 27 South, Range 34 East, Lea County, New Mexico.

3. On October 16, 1985, Mobil submitted a completed OCD Form C-108 to the Division seeking authorization to inject fresh water into wells #136 and #156 in addition to other wells within the Project area.

4. On November 12, 1985, the Division issued Order No. PMX-138 granting Mobil's October 16, 1985 application.

5. Until 1997, the subject wells operated as vertical injection wells.

B. Application for Three Horizontal Injection Wells

6. Based upon a study of geological and reservoir engineering data, Mobil has concluded that in order to increase sweep efficiencies and ultimate recovery of oil from the Abo formation, there is a need to convert the subject wells to horizontal injection wells.

7. In 1997, Mobil obtained approval from the Division to plugback these wells and drill a lateral hole from each well in the Abo formation.

8. On December 12, 1997, the Division approved Mobil's request for authorization to commence injection into the subject wells for a 90-day injectivity test pending this application to amend injection permits.

9. Accompanying this application is Mobil's completed OCD Form C-108 in support of this application.

10. Approval of this application will afford an opportunity to recover oil from Abo formation wells that might not otherwise be recovered.

11. Copies of this application have been sent to all appropriate parties as required by the Division notice rules.

12. Approval of this application is in the best interests of conservation, the prevention of waste and the protection of correlative rights.

C. Administrative Process for Future Horizontal Injection Wells

13. After Mobil has observed the impact of the operation of the subject wells as horizontal injection wells, Mobil intends to drill and complete additional horizontal injection wells in the Project area.

14. In order to avoid duplicative and time consuming hearings on future applications for horizontal injection wells in the Project area, Mobil proposes that the Division establish administrative procedures for such applications whereby hearings are not required absent compelling circumstances.

D. Qualification for Recovered Oil Tax Rate

15. Mobil requests that the Division approve the subject wells and associated producing wells as an expansion of an existing enhanced oil recovery project to qualify for the recovered oil tax rate under the Enhanced Oil Recovery Act.

16. Accompanying this request is Mobil's completed OCD Form C-108 in support of this request. Mobil will submit additional information required by Oil Conservation Commission Order No. R-9708 at a hearing before an Examiner of the Division.

WHEREFORE, Applicant Mobil Exploration & Producing TX & NM Inc. respectfully requests that the Division hold a hearing on this matter and, at the conclusion of that hearing, enter its order granting this application.

Respectfully submitted,

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