

**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. 12154
ORDER NO. R-9983-A*

**APPLICATION OF TEXACO EXPLORATION & PRODUCTION, INC. FOR
CERTIFICATION OF A POSITIVE PRODUCTION RESPONSE WITHIN THE
COOPER JAL UNIT AREA, LEA COUNTY, NEW MEXICO.**

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 *2nd* day of December, 1999, the Division Director, having considered the testimony, 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) By Order No. R-4018 entered in Case No. 4402 on August 25, 1970, the Division, upon the application of Reserve Oil and Gas Company ("Reserve"), approved the Cooper-Jal Unit Agreement for an area comprising the following described 2581 acres, more or less, of federal and fee lands in Lea County, New Mexico:

TOWNSHIP 24 SOUTH, RANGE 36 EAST, NMPM

Section 13:	S/2
Section 14:	SE/4 SE/4
Section 23:	S/2 SE/4
Section 24:	All
Section 25:	N/2
Section 26:	E/2 NE/4

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM

Section 18:	All
Section 19:	W/2
Section 30:	NW/4

(3) By Orders No. R-4019 and R-4020 issued in Cases No. 4403 and 4404 on August 25, 1970, the Division authorized Reserve to institute two separate waterflood projects within the above-described Cooper-Jal Unit Area: (i) one in the Langlie-Mattix-Queen-Grayburg-San Andres Pool designated the Cooper-Jal Langmat Waterflood Project; and (ii) the other in the Jalmat (Tansill-Yates-Seven Rivers) Gas Pool designated the Cooper-Jal Jalmat Waterflood Project. Initially, both projects utilized 80-acre five-spot injection patterns.

(4) By Order No. R-9983, issued in Case No. 10798 on October 6, 1993, the Division, upon application by Texaco Exploration and Production, Inc. ("Texaco"), the successor operator of the Cooper-Jal Unit Area, approved a portion of both waterflood projects as "Enhanced Oil Recovery ("EOR") Projects," pursuant to the "Enhanced Oil Recovery Act" (Sections 7-29A-1 through 7-29A-5 NMSA 1978). The EOR qualification area, hereinafter referred to as the "Project Area," comprises the following described acreage in Lea County, New Mexico, all within the Cooper-Jal Unit Area:

TOWNSHIP 24 SOUTH, RANGE 36 EAST, NMPM

Section 13:	S/2
Section 23:	S/2 SE/4
Section 24:	All
Section 25:	N/2
Section 26:	NE/4 NE/4

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM

Section 18:	SW/4 SW/4
Section 19:	W/2
Section 30:	NW/4

(5) Subsequent to the issuance of Division Order No. R-9983, Texaco commenced implementing its planned change from the 80-acre five-spot injection pattern then active in both project areas to a single 40-acre five-spot injection pattern. To fully implement this change, Texaco added 15 water injection wells and 19 new producing wells.

(6) The Division certified the Project Area as a qualified secondary recovery project to the New Mexico Taxation and Revenue Department on October 15, 1993.

Although implementation of this project occurred in three separate phases, at the initiation of the 40-acre five-spot injection pattern in October 1993, Texaco requested that the project be treated as a single-phase project.

(7) At this time Texaco seeks certification pursuant to Division Rule 30 of a positive production response within the above-described Project Area.

(8) As of February 1999, the water injection rate within the Project Area was 190,142 barrels per month or approximately 6,791 barrels per day.

(9) The Project Area is now fully developed with 42 producing wells, 27 active injection wells, 15 shut-in producing wells and 6 shut-in injection wells.

(10) The production data submitted as evidence in this case indicates that a positive production response occurred within the Project Area immediately after injection commenced in October 1993.

(11) The application for certification of a positive production response was filed with the Division on October 5, 1998, within the five-year time limit set by Division Rule 30.

(12) The producing wells shown in Exhibit "A" attached hereto should be eligible for the reduced tax rate set forth in Section 7-29-4 NMSA 1978.

(13) The applicant should be required to notify the Division:

- (A) of the change in status of any of the producing wells shown on Exhibit "A";
- (B) in the event new producing wells are drilled within the Project Area; and
- (C) of changes in operations within the Project Area that may affect the certification and reduced tax rate.

(14) Pursuant to the provisions of Division Rule 30, the Division Director should notify the Secretary of the New Mexico Taxation and Revenue Department of the certification granted herein.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to Division Rule 30, the application of Texaco Exploration and Production Inc., for certification of a positive production response within the Project Area comprising the following described acreage in Lea County, New Mexico, all within the Cooper-Jal Unit Area, is hereby approved:

TOWNSHIP 24 SOUTH, RANGE 36 EAST, NMPM

Section 13:	S/2
Section 23:	S/2 SE/4
Section 24:	All
Section 25:	N/2
Section 26:	NE/4 NE/4

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM

Section 18:	SW/4 SW/4
Section 19:	W/2
Section 30:	NW/4

(2) All producing Jalmat and Langlie-Mattix oil wells within the above-described Project Area, as shown on the attached Exhibit "A", shall be eligible for the recovered oil tax rate.

(3) Pursuant to the provisions of Division Rule 30, the Division Director shall notify the Secretary of the New Mexico Taxation and Revenue Department of this certification.

(4) The operator of the Project Area shall notify the Division:

- (A) of the change in status of any of the producing wells shown on Exhibit "A";
- (B) in the event new producing wells are drilled within the Project Area; and
- (C) of changes in operations within the Project Area which may affect the certification and reduced tax rate.

(5) Jurisdiction of this case 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.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director

SEAL

Exhibit "A"
Case No. 12154
Order No. R-9983-A

Texaco Exploration and Production, Inc.
Cooper-Jal Unit
Enhanced Oil Recovery Project Area
Langlie-Matrix-Queen-Grayburg-San Andres Pool and Jalmat (Tansill-Yates-Seven Rivers) Gas Pool
Producing Wells, Lea County, New Mexico.

Cooper-Jal Unit Well Number	API Number	Footage Location	Unit	Section-Township- Range
107	30-025-09558	1650' FSL & 1980' FWL	K	13-24S-36E
113	30-025-09496	330' FSL & 2310' FWL	N	13-24S-36E
115	30-025-09566	900' FSL & 990' FEL	P	13-24S-36E
121	30-025-09645	990' FNL & 1650' FEL	B	24-24S-36E
123	30-025-11150	330' FNL & 990' FWL	D	19-24S-37E
125	30-025-09632	1650' FNL & 2310' FWL	F	24-24S-36E
127	30-025-09637	1650' FNL & 990' FEL	H	24-24S-36E
128	30-025-11151	1650' FNL & 330' FWL	E	19-24S37E
129	30-025-11152	1650' FNL & 1587' FWL	F	19-24S-37E
130	30-025-09643	1650' FS & WL	K	24-24S-36E
136	30-025-09640	990' FS & EL	P	24-24S-36E
138	30-025-09657	840' FNL & 1650' FWL	C	25-24S-36E
139	30-025-09661	330' FNL & 2310' FEL	B	25-24S-36E
140	30-025-09662	990' FN & EL	A	25-24S-36E
141	30-025-11292	330' FN & WL	D	30-24S37E
148	30-025-09642	2310' FS & EL	J	24-24S-36E
150	30-025-11159	1650' FSL & 990' FWL	L	19-24S-37E
152	30-025-09627	660' FN & WL	D	24-24S-36E
154	30-025-26284	1550' FNL & 2400' FEL	G	25-24S-36E
202	30-025-11148	990' FNL & 330' FWL	D	19-24S-37E
204	30-025-09629	1980' FN & WL	F	24-24S36E
206	30-025-09621	1980' FNL & 330' FEL	H	24-24S-36E
208	30-025-11158	2310' FNL & 1650' FWL	F	19-24S-37E
209	30-025-09635	2080' FSL & 660' FWL	L	24-24S-36E
210	30-025-09633	1980' FSL & 660' FWL	L	24-24S-36E
215	30-025-09611	660' FS & EL	P	23-24S-36E
217	30-025-09626	990' FSL & 2310' FWL	N	24-24S-36E
219	30-025-09622	330' FSL & 660' FEL	P	24-24S-36E
221	30-025-11160	660' FSL & 1917' FWL	N	19-24S-37E
223	30-025-09648	330' FNL & 990' FWL	D	25-24S-36E
225	30-025-09650	660' FNL & 1650' FEL	B	25-24S-36E
227	30-025-11291	660' FN & WL	D	30-24S-37E
229	30-025-09647	1650' FNL & 990' FWL	E	25-24S-36E
230	30-025-09649	1650' FNL & 2310' FWL	F	25-24S-36E
231	30-025-09652	1650' FNL & 330' FEL	H	25-24S-36E
232	30-025-11289	1980' FNL & 1917' FWL	F	30-24S-37E
245	30-025-09625	1980' FS & EL	J	24-24S-36E
303	30-025-09556	2310' FS & WL	K	13-24S-36E
401	30-025-32268	2400' FSL & 1130' FWL	L	19-24S-37E

Cooper-Jal Unit Well Number	API Number	Footage Location	Unit	Section-Township- Range
402	30-025-32292	2150' FSL & 50' FWL	L	19-24S-37E
403	30-025-32286	150' FNL & 100' FWL	D	19-24S-37E
404	30-025-32218	510' FNL & 2310' FEL	B	24-24S36E
405	30-025-32269	1055' FSL & 1385' FWL	N	19-24S-37E
406	30-025-32568	2522' FNL & 400' FEL	H	24-24S-36E
407	30-025-32569	2540' FSL & 1640' FEL	J	24-24S-36E
408	30-025-32856	1250' FSL & 200' FEL	P	13-24S-36E
409	30-025-32570	2500' FSL & 1450' FWL	K	24-24S-36E
410	30-025-32857	1425' FNL & 1450' FWL	F	24-24S-36E
411	30-025-32858	1600' FSL & 1425' FEL	J	24-24S-36E
412	30-025-32892	980' FSL & 225' FEL	P	24-24S-36E
413	30-025-32969	1250' FNL & 1300' FWL	C	30-24S-37E
414	30-025-32571	330' FSL & 2550' FEL	O	24-24S-36E
415	30-025-32855	825' FNL & 330' FWL	D	25-24S36E
419	30-025-32551	330' FSL & 500' FEL	P	13-24S-36E
420	30-025-33458	2310' FN & EL	G	24-24S-36E
421	30-025-33459	1575' FSL & 2525' FEL	J	24-24S-36E
422	30-025-33490	125' FSL & 1275' FWL	N	19-24S-37E