

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
MICHAEL H. FELDEWERT
PAUL R. OWEN
ANTHONY F. MEDEIROS

JACK M. CAMPBELL
1916-1999

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
FACSIMILE: (505) 983-6043
E-MAIL: ccbspa@ix.netcom.com

October 8, 1999

HAND DELIVERED

Michael E. Stogner, Hearing Examiner
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

99 OCT -9 AM 2:37
OIL CONSERVATION DIV.

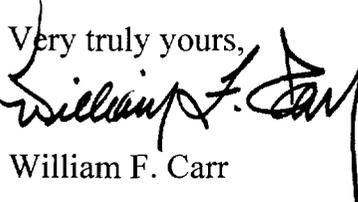
Re: Oil Conservation Division Case No. 12154: Application of Texaco Exploration and Production Inc. for Certification of a Positive production Response within the Cooper Jal Unit Area, Lea County, New Mexico.

Dear Mr. Stogner,

Enclosed in hard copy and on disc is a Texaco Exploration and Production Inc.'s Proposed Order of the Division in the above-referenced case with attached Exhibit A which identifies the wells which, on approval of this application, will qualify for the incentive tax rate authorized by the New Mexico Enhanced Oil Recovery Act.

Michael E. Stogner
October 8, 1999
Page 2

If you need any additional information from Texaco to assist you with your consideration of this application, please advise.

Very truly yours,

William F. Carr

WFC/md

enclosure

cc: Charles R. Wolle, Project Engineer
Texaco Exploration and Production, Inc.
500 North Loraine
Midland, Texas 79701

**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-_____**

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

**TEXACO EXPLORATION AND PRODUCTION INC.'S PROPOSED
ORDER OF THE DIVISION**

BY THE DIVISION:

This cause 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 ____ day of October, 1999, the Division Director, having considered the testimony, the record, and the recommendation 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) The applicant, Texaco Exploration and Production Inc. ("Texaco"), seeks certification, pursuant to the Rules and Procedures for Qualifications of Enhanced Oil Recovery Projects and Certification for the Recovered Oil Tax Rate, as promulgated by Division Order No. R-9983, of a positive production response within its Cooper Jal Unit Waterflood Project, Lea County, New Mexico.

- (3) By Order No. R-9983, dated October 6, 1993, the Division:
- a) authorized Texaco Exploration and Production Inc. to institute a waterflood project within the Langlie-Mattix and Jalmat Pools in its Cooper Jal Unit Area Project Area ; and
 - b) qualified the Cooper Jal Unit Waterflood Project Area as an Enhanced Oil Recovery Project pursuant to “New Mexico Enhanced Oil Recovery Act” (Laws 1992, Chapter 38, Sections 1 through 5).

(4) The Cooper Jal Unit Waterflood Project Area the following described area in Lea County, New Mexico:

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) The Division certified that the Cooper Jal Jalmat and Cooper Jal Langmat Waterflood Projects (Cooper Jal Unit Area) was approved 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 injection in October 1993, Texaco requested that the project be treated as a single phase project.

(6) Evidence and testimony presented by the applicant showed that the water injection commenced within the project area in October 1993, through 18 initial injection wells. From 1993 through 1996, nineteen additional injection wells were drilled and brought on line.

(7) 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.

(8) The Cooper Jal Unit Area is fully developed with 42 producing wells, 27 active injection wells, 15 shut-in producing wells and 6 shut-in injection wells in the project area.

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

(10) The application for certification of a positive production response was filed with the Division on October 5, 1998 and the positive production response has occurred within five year time limit set by the Division in its Certification of the Enhanced Oil Recovery Project.

(11) The producing wells shown on Exhibit A attached hereto should be eligible for the reduced tax rate.

(12) 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 unit;
- (C) of changes in operations within the unit which may affect the certification and resulting reduced tax rate granted herein.

(13) Pursuant to the provisions of Division Order No. R-9983, 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 the Rules and Procedures for Qualifications of Enhanced Oil Recovery projects and Certification for the Recovered Oil Tax Rate, as promulgated by Division Order No. R-9983, the application of Texaco Exploration and Production Inc., for certification of a positive production response within its Cooper Jal Unit Waterflood Project Area is hereby approved.

(2) All Jalmat Pool and Langmat Pool producing wells within the following described area, as shown on Exhibit A attached hereto, shall be eligible for the recovered oil tax rate:

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

(3) Pursuant to the provisions of Division Order No. R-9983, the Division Director shall notify the Secretary of the New Mexico Taxation and Revenue Department of the certification granted herein.

(4) The applicant 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 unit;
- (C) of changes in operations within the unit which may affect the certification and resulting reduced tax rate granted herein.

(5) Jurisdiction is hereby 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
DIVISION ORDER NO. R-_____
COOPER JAL UNIT PRODUCING WELLS
FEBRUARY 1999

<u>API NO.</u>	<u>CJU WELL NO.</u>	<u>WELL LOCATION - UL-S-T-R</u>
30-025-09558	107	K-13-24S-36E
30-025-09496	113	N-13-24S-36E
30-025-09566	115	P-13-24S-36E
30-025-09645	121	B-24-24S-36E
30-025-11150	123	D-19-24S-37E
30-025-09632	125	F-24-24S-36E
30-025-09637	127	H-24-24S-36E
30-025-11151	128	E-19-24S-37E
30-025-11152	129	F-19-24S-37E
30-025-09643	130	K-24-24S-36E
30-025-09640	136	P-24-24S-36E
30-025-09657	138	C-25-24S-36E
30-025-09661	139	B-24-24S-36E
30-025-09662	140	A-25-24S-36E
30-025-11292	141	D-30-24S-37E
30-025-09642	148	J-24-24S-36E
30-025-11159	150	L-19-24S-36E
30-025-09627	152	D-24-24S-36E
30-025-26284	154	G-25-24S-36E
30-025-11148	202	D-19-24S-37E
30-025-09629	204	F-24-24S-36E
30-025-09621	206	H-24-24S-36E
30-025-11158	208	F-19-24S-37E
30-025-09635	209	L-24-24S-36E
30-025-09633	210	L-24-24S-36E
30-025-09611	215	P-23-24S-36E
30-025-09626	217	N-24-24S-36E
30-025-09622	219	P-24-24S-36E
30-025-11160	221	N-19-24S-37E
30-025-09648	223	D-25-24S-36E
30-025-09650	225	B-25-24S-36E
30-025-11291	227	D-30-24S-37E
30-025-09647	229	E-24-24S-36E
30-025-09649	230	F-25-24S-36E
30-025-09652	231	H-25-24S-36E
30-025-11289	232	F-30-24S-37E

30-025-09625	245	J-24-24S-36E
30-025-09556	303	K-13-24S-36E
30-025-32268	401	19-24S-37E
30-025-32292	402	19-24S-37E
30-025-32286	403	19-24S-37E
30-025-32218	404	24-24S-36E
30-025-32269	405	19-24S-37E
30-025-32568	406	J-24-24S-36E
30-025-32569	407	J-24-24S-36E
30-025-32856	408	P-13-24S-36E
30-025-32570	409	K-24-24S-36E
30-025-32857	410	F-24-24S-36E
30-025-32858	411	J-24-24S-36E
30-025-32892	423	P-24-24S-36E
30-025-32969	413	C-30-24S-37E
30-025-32571	414	24-24S-37E
30-025-32855	415	D-25-24S-36E
30-025-32551	419	P-13-24S-36E
30-025-33458	420	G-24-24S-36E
300-025-33459	421	24-24S-36E
30-025-33490	422	19-24S-37E