



Texaco Exploration and Production Inc.
Permian Business Unit

500 North Loraine
Midland TX 79701

P. O. Box 3109
Midland TX 79702

January 15, 2001

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy
Minerals and Natural Resources
State Land Office Building
2040 South Pacheco St.
Santa Fe, New Mexico 87505

Re: Application of Texaco Exploration and Production Inc. for Enhanced Oil Recovery Project Qualification for the Recovered Oil Tax Rate at Vacuum Grayburg San Andres Unit, Lea County, New Mexico

Dear Ms. Wrotenbery:

Texaco Exploration and Production Inc. (TEPI) hereby makes application to qualify a portion of Vacuum Grayburg San Andres Unit (VGSAU) for the recovered oil tax rate as authorized by the Enhanced Oil Recovery Act. TEPI plans to commence construction on delivery and gathering facilities, contract for delivery of injectants, and upgrade existing installations in a timeline which will allow initiation of a miscible CO₂ flood during the first quarter of 2001. TEPI is making application pursuant to the rules promulgated by Commission Order No. R-9708 entered on August 27, 1992.

In accordance with this Order, TEPI provides the following information:

a. Operator's name and address:

Texaco Exploration and Production Inc.
P.O. Box 3109 or 500 N. Loraine
Midland, TX 79702 Midland, TX 79701

b. Description of project area:

1. Provide a plat outlining the project area;

See Exhibit "A" for a plat of the project area.

2. Describe the project area by section, township and range;

The following Table identifies the acreage within the boundaries of the VGSAU.

Township & Range	Section	Description
T18S-R34E	Sec. 1	ALL
	Sec. 2	ALL
	Sec. 11	NE/4 NE/4
	Sec. 12	N/2 NW/4
T17S-R34E	Sec. 35	W/2 SW/4

The proposed project will impact only 86% of the VGSAU acreage and is more accurately