

Entered December 14, 1983
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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 8012
Order No. R-7405

APPLICATION OF MOBIL PRODUCING TEXAS
AND NEW MEXICO INC. FOR AMENDMENT OF
DIVISION ORDER NO. R-7361 AND APPROVAL
OF A TERTIARY OIL RECOVERY PROJECT UNDER
THE CRUDE OIL WINDFALL PROFITS TAX ACT
OF 1980, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on November 22, 1983, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 14th day of December, 1983, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Mobil Producing Texas and New Mexico Inc. (Mobil), seeks authority to convert four previously authorized water injection wells in its Bridges-State Waterflood Project to polymer-augmented waterflood, and pursuant to Section 212.78 of the United States Department of Energy Regulations dated June, 1979 and Section 4993 of the Internal Revenue Code seeks certification of said project as a Qualified Tertiary Oil Recovery Project.

(3) That said waterflood project lies within the Vacuum Grayburg-San Andres Pool, Lea County, New Mexico.

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(4) That said pool was discovered in May, 1929, by Socony Vacuum Oil Company and has experienced substantial development thereafter with waterflooding commencing in 1958.

(5) That the four Mobil Bridges-State water injection wells were approved by Division Order No. R-7361 and are described as follows:

<u>Well No.</u>	<u>Location</u>	<u>Unit</u>	<u>Sec.</u>	<u>Township</u>	<u>Range</u>
185	2628' FNL & 100' FWL	E	25	T-17-S	R-34-E
186	3' FSL & 1210' FEL	P	26	T-17-S	R-34-E
187	5' FSL & 2550' FEL	O	26	T-17-S	R-34-E
188	2340' FNL & 2630' FWL	G	25	T-17-S	R-34-E

(6) That the applicant now seeks approval for the installation of a tertiary recovery polymer-augmented waterflood by the injection of polyacrylamide polymers into said wells and the designation of a qualifying tertiary recovery project area all within a 320-acre tract along the southern boundary of the Mobil Bridges-State leases in portions of Sections 25 and 26 in Township 17 South, Range 34 East.

(7) That the New Mexico Oil Conservation Division has been designated by the Governor of the State of New Mexico as the appropriate agency to approve Qualified Tertiary Recovery Projects in New Mexico for purposes of the Crude Oil Windfall Profits Tax Act of 1980.

(8) That the proposed Qualifying Tertiary Project Area (QTP Area) lies within said Bridges-State leases in the Vacuum Grayburg-San Andres Pool and consists of the following described acreage:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM
Section 25: S/2 NW/4 and SW/4 NE/4
Section 26: SE/4 NE/4, E/2 SE/4,
SW/4 SE/4, and SE/4 SW/4

Containing 320 acres, more or less.

(9) That the proposed project is a tertiary recovery method described in Section 212.78(c) of the Department of Energy Regulations dated June, 1979 and as defined in Section 4993 of the Internal Revenue Code.

(10) That the proposed Tertiary Recovery Project is expected to result in the recovery of an additional 78,000 barrels of

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incremental tertiary crude oil which the Division finds is more than an insignificant increase in the ultimate recovery of crude oil.

(11) That the injection of polyacrylamide polymers will improve mobility ratio and vertical conformance, and the Mobil QTP Area project is designed, and will be operated, in accordance with sound engineering principles.

(12) That the entire 320-acre Mobil QTP Area will be affected and it is adequately delineated.

(13) That the Mobil QTP Area tertiary recovery operations beginning date is after May, 1979, with scheduled polymer injection to begin during early 1984.

(14) That past oil production from the Vacuum Grayburg-San Andres pool underlying the 320-acre Mobil QTP Area recovered 2,063,278 barrels through September, 1983; future recovery thereafter without the proposed tertiary recovery project is estimated to be 3,011,650 barrels of oil; and with the proposed tertiary recovery project an additional 78,000 barrels of incremental tertiary oil will be recovered resulting in a total production of 3,090,000 barrels of oil.

(15) That the 320-acre Mobil QTP Area presently has thereon ten producing wells with said four injection wells to be drilled.

(16) That all injection wells located in the 320-acre Mobil QTP Area will receive polymer-augmented injection for an extended period of time (estimated to be 20 months), or until a 10 percent pore volume of polymer/water solution is injected.

(17) That the projected future expense for the proposed tertiary project is one million one hundred and sixty-one thousand dollars (\$1,161,000) for the cost of the polymer, associated chemicals and taxes and four hundred fifty thousand dollars (\$450,000) estimated for polymer handling equipment.

(18) That the proposed tertiary recovery operations within said Mobil QTP Area meet all requirements of Section 4993(C) (2) (A), (B) and (C) of the Internal Revenue Code.

(19) That the approval of this application will prevent waste, protect correlative rights, and promote conservation.

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IT IS THEREFORE ORDERED:

(1) That effective on the first day of the initiation of polymer injection, the Qualifying Tertiary Recovery Project Area, described in Finding No. (8) of this Order, being the Mobil Bridges-State Leases, Vacuum Grayburg-San Andres Pool, Lea County, New Mexico, is hereby approved as a Qualified Tertiary Recovery Project under the Crude Oil Windfall Profits Tax Act of 1980.

(2) That the applicant, Mobil Producing Texas and New Mexico Inc., is hereby authorized to inject water and polyacrylamide polymers into approved injection wells in this project, and that Division Order No. R-7361 dated September 28, 1983, is hereby amended to allow the injection of said polymers.

(3) That jurisdiction of this cause 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



JOE D. RAMEY
Director

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