

OIL CONSERVATION DIVISION
RECEIVED

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PHILLIPS PETROLEUM COMPANY

ODESSA, TEXAS 79762
4001 PENBROOK

EXPLORATION AND PRODUCTION GROUP
Permian Basin Region

December 14, 1993

Re: Order No. R-10020
Vacuum Glorieta East Unit
Well Numbers 1-13, 2-11, 5-6,
24-6, 26-6, and 29-2
Vacuum Glorieta Pool
LEA COUNTY, NEW MEXICO

State of New Mexico
Energy, Minerals & Natural Reserves Department
Oil Conservation Department
P. O. Box 2088
Santa Fe, New Mexico 87504

Gentlemen:

Phillips Petroleum Company respectfully requests approval for unorthodox locations of the following wells. The proposed infill producers are required to permit the completion of an efficient production and injection pattern within the unit. This application can be administratively approved under provision of Rule 104 F.(1).

Vacuum Glorieta East Unit, Tract 1, Well No. 13, Unit J, 1455' FSL & 1330' FEL of Section 28, T-17-S, R-35-E, Lea County, NM.

Vacuum Glorieta East Unit, Tract 2, Well No. 11, Unit A, 1200' FNL & 1185' FEL of Section 32, T-17-S, R-35-E, Lea County, NM.

Vacuum Glorieta East Unit, Tract 5, Well No. 6, Unit P, 1085' FSL & 1210' FEL of Section 29, T-17-S, R-35-E, Lea County, NM.

Vacuum Glorieta East Unit, Tract 24, Well No. 6, Unit F, 1685' FNL & 2611' FWL of Section 33, T-17-S, R-35-E, Lea County, NM.

Vacuum Glorieta East Unit, Tract 26, Well No. 6, Unit F, 1550' FNL & 1410' FWL of Section 27, T-17-S, R-35-E, Lea County, NM.

Vacuum Glorieta East Unit, Tract ³⁸~~29~~, Well No. ³~~2~~, Unit N, 1130' FSL & 1405' FWL of Section 29, T-17-S, R-35-E, Lea County, NM.

The above well locations are all located within the central portion of the Vacuum Glorieta East Unit. There are no offset operators to any of the well proration units.

*Always
as per telephone
conversation from
Alva Frank
in Odessa*

State of New Mexico
Energy, Minerals & Natural Reserves Dept.
Oil Conservation Department
Santa Fe, New Mexico

-2-

December 14, 1993

If you have any questions, or if I can be of any further assistance, please call me at (915) 368-1488.

Sincerely,

PHILLIPS PETROLEUM COMPANY



L. M. Sanders, Supervisor
Regulatory Affairs

LMS:AF:ehg

RegPro:AFran:VGEUUnor.OCD

Submit to Appropriate
 District Office
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State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-102
 Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
 Santa Fe, New Mexico 87504-2088

DISTRICT I
 P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
 P.O. Drawer DD, Artesia, NM 88210

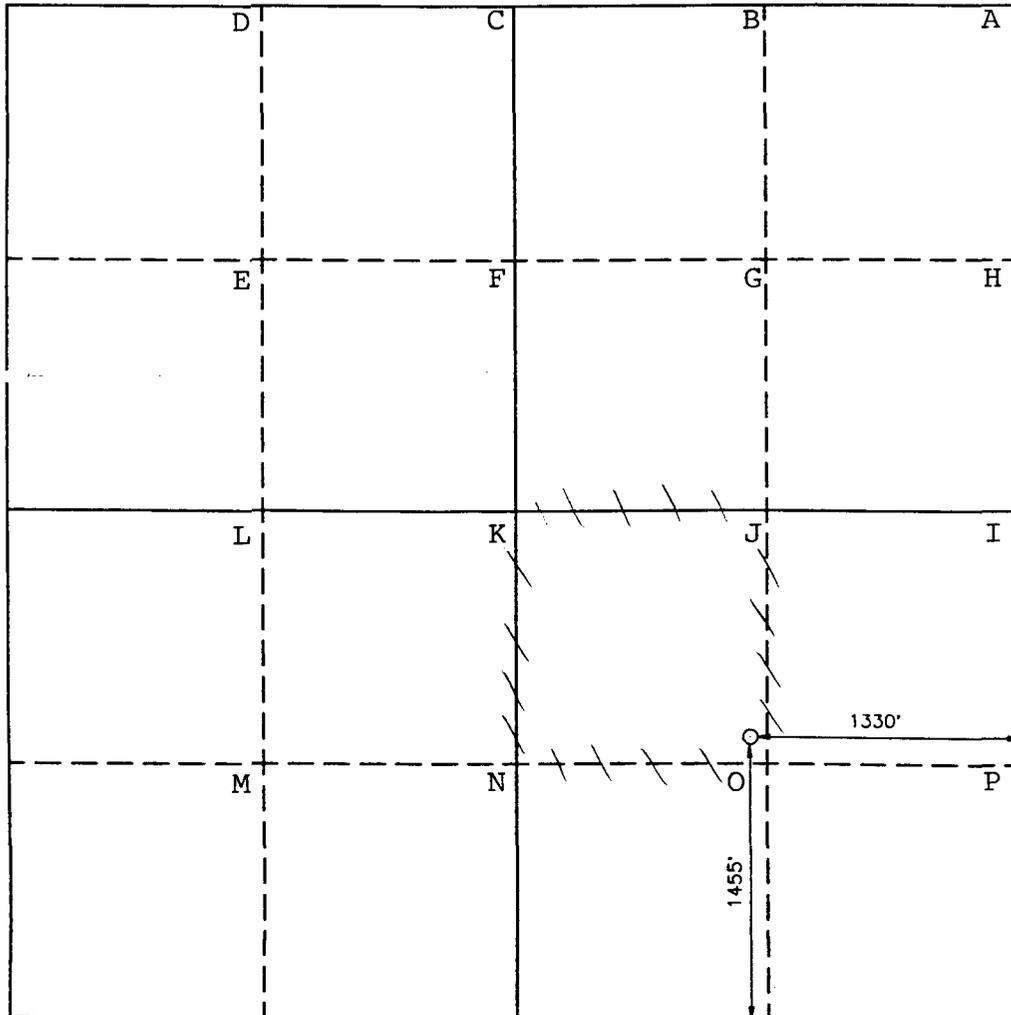
DISTRICT III
 1000 Rio Brazos Rd., Artec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator PHILLIPS PETROLEUM CO.			Lease VACUUM GLORIETA EAST UNIT TRACT 1		Well No. 13
Unit Letter J	Section 28	Township 17 SOUTH	Range 35 EAST	NMPM	County LEA
Actual Footage Location of Well: 1455 feet from the SOUTH line and 1330 feet from the EAST line					
Ground Level Elev. 3942.5'	Producing Formation Paddock	Pool Vacuum Glorieta			Dedicated Acreage: 40 Acres

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
 Yes No If answer is "yes" type of consolidation _____
 If answer is "no" list of owners and tract descriptions which have actually been consolidated. (Use reverse side of this form necessary).
 No allowable will be assigned to the well unit all interests have been consolidated (by communitization, unitization, forced-pooling, otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Signature
L. M. Sanders
 Printed Name
 L. M. Sanders
 Position
 Supv., Reg. Affairs
 Company
 Phillips Petroleum Co.
 Date
 December 14, 1993

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
 DECEMBER 1, 1993
 Signature & Seal of
 Professional Surveyor

Certificate No. JOHN W. WEST 876
 RONALD E. ... 8236
 BARRY D. ... 7977
 95-11-2018



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DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

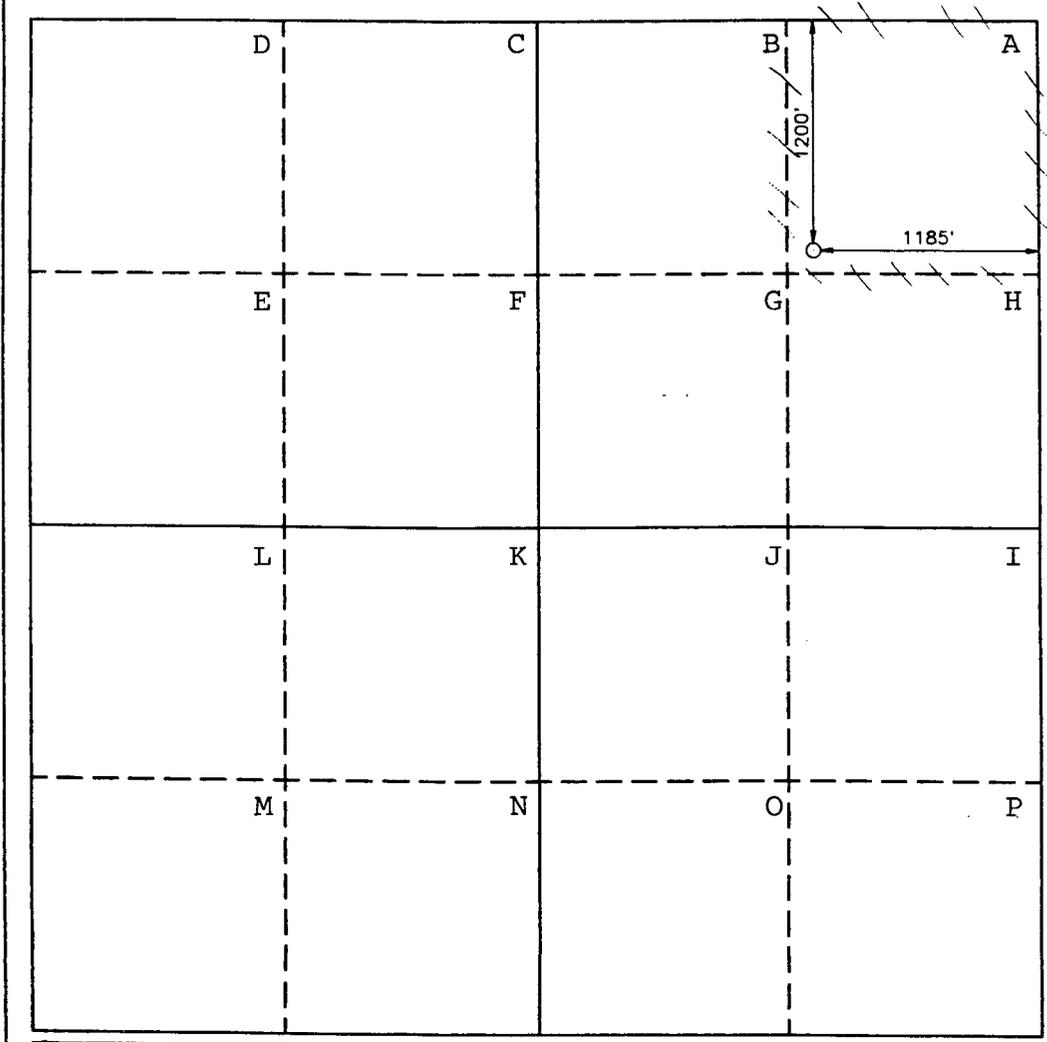
Operator PHILLIPS PETROLEUM CO.			Lease VACUUM GLORIETA EAST UNIT TRACT 2		Well No. 11
Unit Letter A	Section 32	Township 17 SOUTH	Range 35 EAST	County NMPM LEA	
Actual Footage Location of Well: 1200 feet from the NORTH line and 1185 feet from the EAST line					
Ground Level Elev. 3956.8'	Producing Formation Paddock	Pool Vacuum Glorieta		Dedicated Acreage: 40 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?

Yes No If answer is "yes" type of consolidation _____

If answer is "no" list of owners and tract descriptions which have actually been consolidated. (Use reverse side of this form necessary.) _____

No allowable will be assigned to the well unit all interests have been consolidated (by communitization, unitization, forced-pooling, otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Signature
L. M. Sanders

Printed Name
L. M. Sanders

Position
Supv., Reg. Affairs

Company
Phillips Petroleum Co.

Date
December 13, 1993

SURVEYOR CERTIFICATION

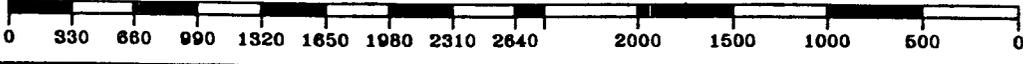
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
DECEMBER 1, 1993

Signature & Seal of Professional Surveyor
Gary L. Jones

Certificate No. JOHNSON, WEST, 676
RONALD S. EBBON, 8290
GARY L. JONES, 7977

93-11-2314



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 Energy, Minerals and Natural Resources Department

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 Santa Fe, New Mexico 87504-2088

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 P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
 1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

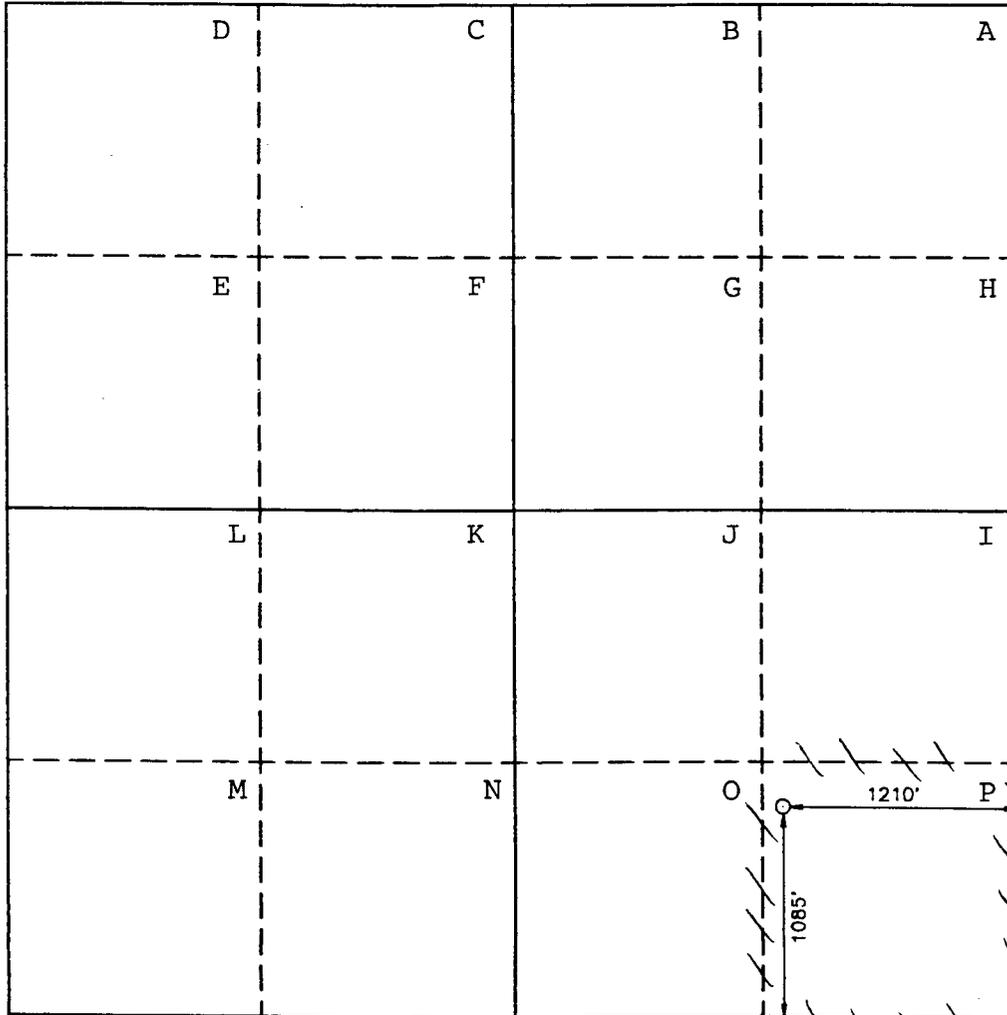
Operator PHILLIPS PETROLEUM CO.		Lease VACUUM GLORIETA EAST UNIT TRACT 5		Well No. 6
Unit Letter P	Section 29	Township 17 SOUTH	Range 35 EAST NMPM	County LEA
Actual Footage Location of Well: 1085 feet from the SOUTH line and 1210 feet from the EAST line				
Ground Level Elev. 3961.2'	Producing Formation Paddock	Pool Vacuum Glorieta		Dedicated Acreage: 40 Acres

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?

Yes No If answer is "yes" type of consolidation _____

If answer is "no" list of owners and tract descriptions which have actually been consolidated. (Use reverse side of this form necessary. _____)

No allowable will be assigned to the well unit all interests have been consolidated (by communitization, unitization, forced-pooling, otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Signature
L. M. Sanders
 Printed Name
 L. M. Sanders
 Position
 Supervisor, Reg. Affairs
 Company
 Phillips Petroleum Co.
 Date
 December 14, 1993

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
 NOVEMBER 30, 1993
 Signature & Seal of
 Professional Surveyor

Certificate No. _____

GARY L. JONES
 NEW MEXICO
 1977
 JON W. WEST
 RONALD J. EDSON
 GARY L. JONES
 1977

93-

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State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-102
 Revised 1-1-8

OIL CONSERVATION DIVISION

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P.O. Box 2088
 Santa Fe, New Mexico 87504-2088

DISTRICT II
 P.O. Drawer DD, Artesia, NM 88210

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 1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

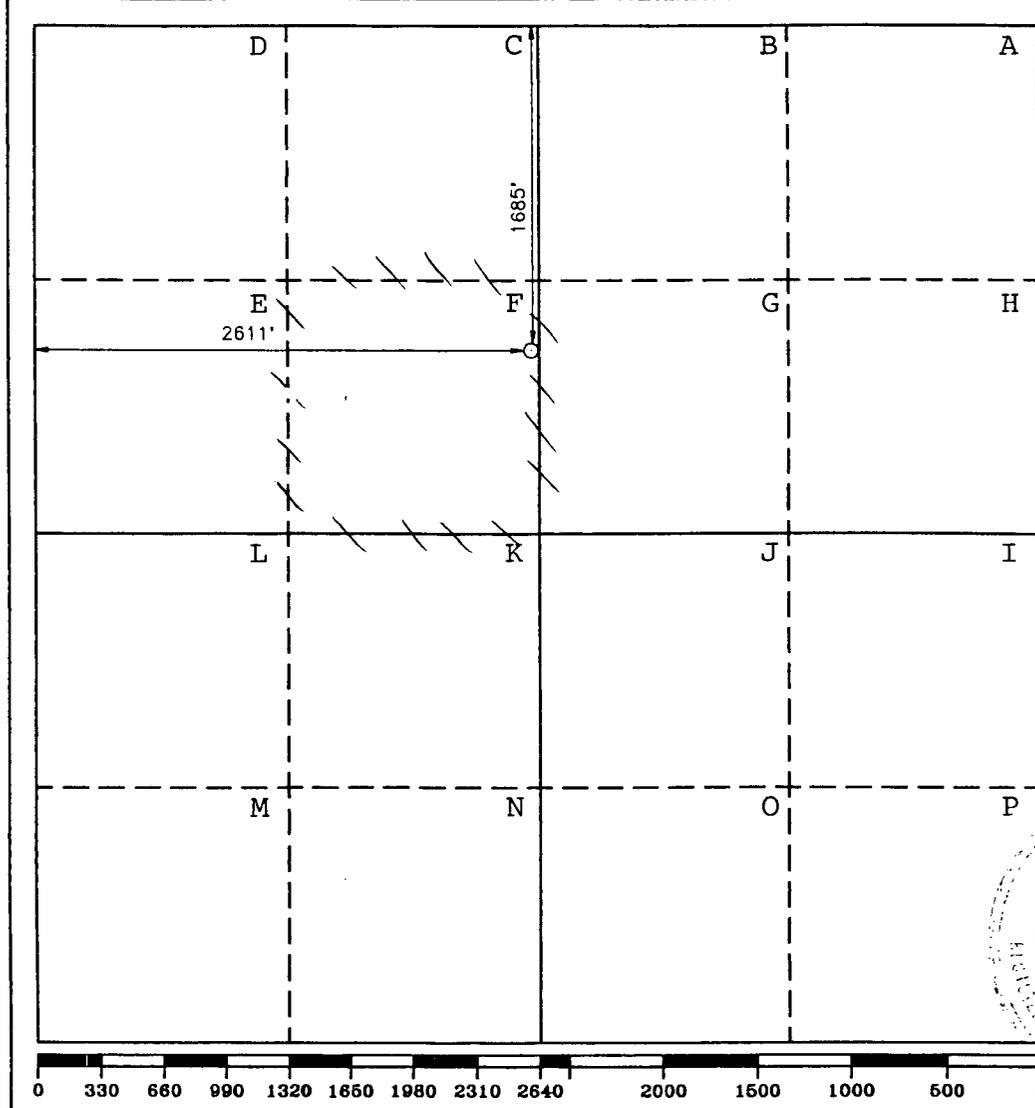
Operator PHILLIPS PETROLEUM CO.			Lease VACUUM GLORIETA EAST UNIT TRACT 24		Well No. 6
Unit Letter F	Section 33	Township 17 SOUTH	Range 35 EAST	NMPM	County LEA
Actual Footage Location of Well: 1685 feet from the NORTH line and 2611 feet from the WEST line					
Ground Level Elev. 3939.8'	Producing Formation Paddock		Pool Vacuum Glorieta		Dedicated Acreage: 40 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?

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OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Signature
L. M. Sanders
 Printed Name
 L. M. Sanders
 Position
 Supv., Reg. Affairs
 Company
 Phillips Petroleum Co.
 Date
 December 14, 1993

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
 DECEMBER 1, 1993
 Signature & Seal of
 Professional Surveyor

Professional Surveyor Seal: JOHN W. WEST, 87; RONALD J. EDSON, 323; GARY L. JONES, 797

Signature: *Gary L. Jones*

Certificate No. _____

93-11-2317

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State of New Mexico
 Energy, Minerals and Natural Resources Department

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DISTRICT III

1000 Rio Brazos Rd., Artec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

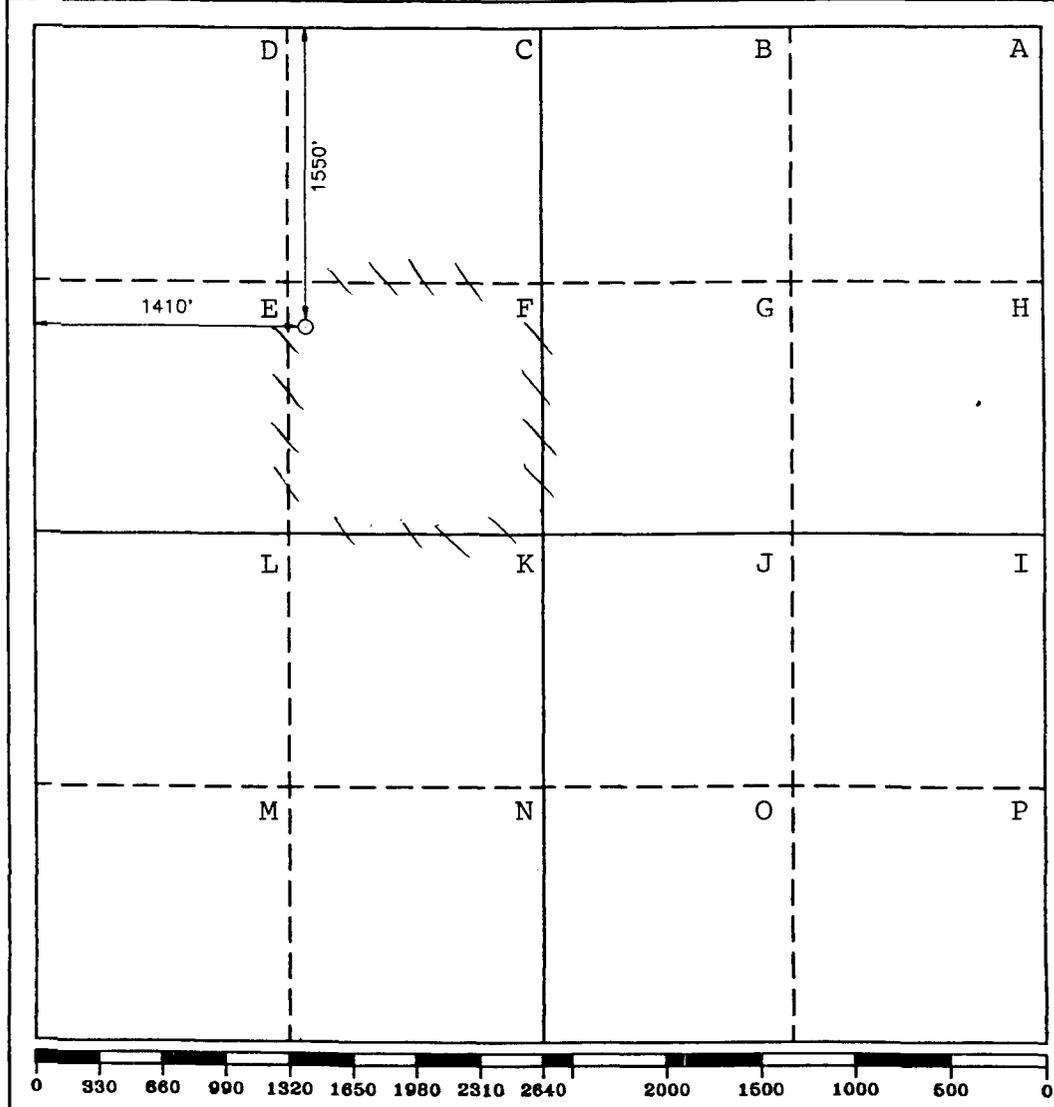
Operator PHILLIPS PETROLEUM CO.			Lease VACUUM GLORIETA EAST UNIT TRACT 26		Well No. 6
Unit Letter F	Section 27	Township 17 SOUTH	Range 35 EAST	NMPM	County LEA
Actual Footage Location of Well: 1550 feet from the NORTH line and 1410 feet from the WEST line					
Ground Level Elev. 3935.5'	Producing Formation Paddock		Pool Vacuum Glorieta		Dedicated Acreage: 40 Acres

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
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OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *[Signature]*
 Printed Name: L. M. Sanders
 Position: Supv., Reg. Affairs
 Company: Phillips Petroleum Co.
 Date: December 14, 1993

SURVEYOR CERTIFICATION

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Date Surveyed: DECEMBER 1, 1993

Signature & Seal of Professional Surveyor: *[Signature]*

Certificate No. 676
 JOHN W. WEST
 RONALD J. EDDOES
 GARY L. JONES
 8239
 7977
 93

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State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-102
 Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

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P.O. Box 1980, Hobbs, NM 88240

DISTRICT II

P.O. Drawer DD, Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

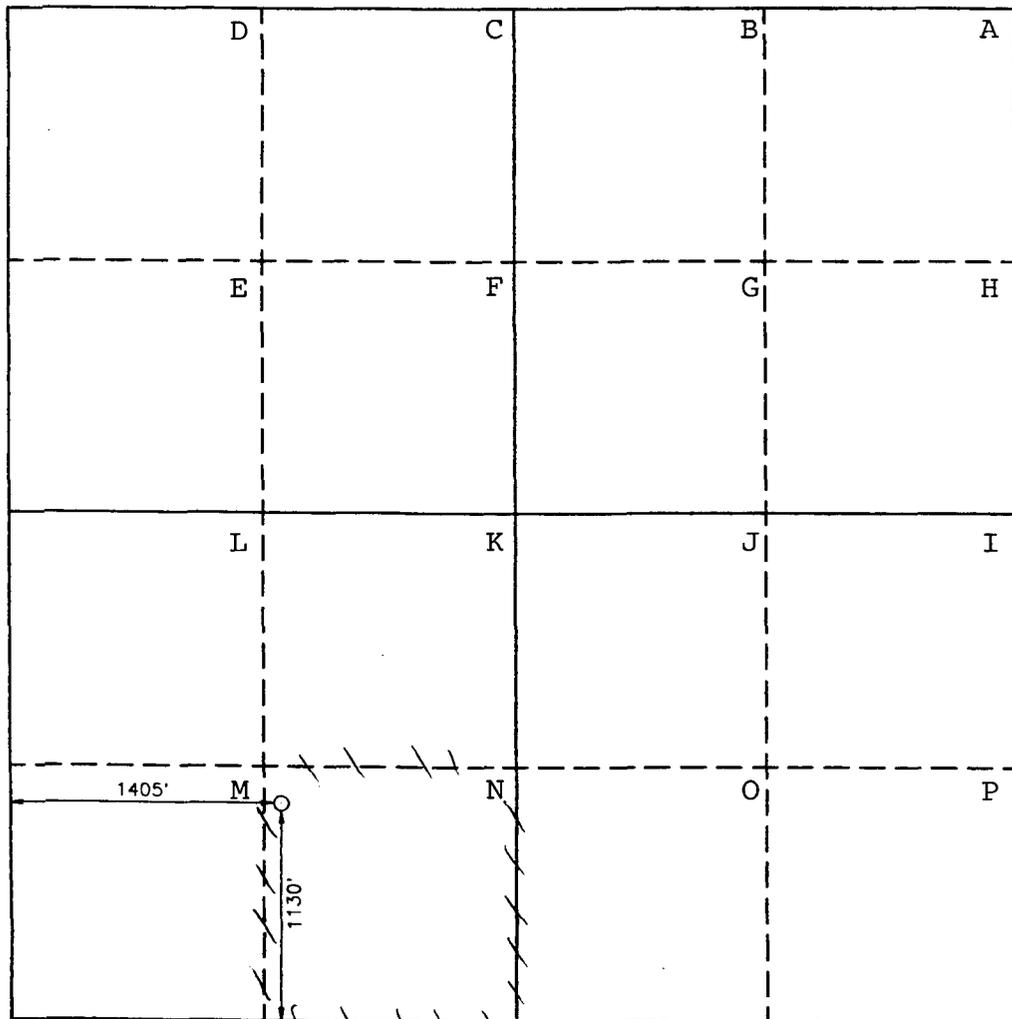
Operator PHILLIPS PETROLEUM CO.		Lease VACUUM GLORIETA EAST UNIT TRACT 29		Well No. 3
Unit Letter N	Section 29	Township 17 SOUTH	Range 35 EAST NMPM	County LEA
Actual Footage Location of Well: 1130 feet from the SOUTH line and 1405 feet from the WEST line				
Ground Level Elev. 3973.0'	Producing Formation Paddock	Pool Vacuum Glorieta	Dedicated Acreage: 40 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
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Signature
L. M. Sanders
 Printed Name
 L. M. Sanders
 Position
 Supv., Reg. Affairs
 Company
 Phillips Petroleum Co.
 Date
 December 14, 1993

SURVEYOR CERTIFICATION

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Date Surveyed
 NOVEMBER 30, 1993

Signature & Seal of Professional Surveyor

 Certificate No. JOHN W. WEST, 676
 RONALD W. EDSON, 8289
 GARY L. JONES, 7977

93-11-2316

R 35 E

26

Philips
B-1497

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Ory
B-1482-4

Chewon
B-1839-1

Philips
B-2224

28

Philips
B-2498

Philips
B-2496

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Philips
B-2131

30

Arco
B-8697-2

Philips
B-1501

31

Shell
B-2354-2

Shell
B-1414-2

T 17 S

34

Chewon
B-1840-1

Philips
B-1608

Teraco
B-1334-1

32

Exxon
A-1320

Chewon
B-1838-1

33

Philips
B-2517

Mobil (LOR)
B-2683-2

34

Philips (MO)
B-1404-4

Chewon
B-1845-1

1 Q 1994 DEVELOPMENT VACUUM GLORIETA EAST UNIT

VACUUM GLORIETA FIELD
LEA COUNTY, NEW MEXICO

October 26, 1993

- LEGEND**
- Current Glorieta Completions (74)
 - ⊙ Shut-In (20) ⊙ Tract Number
 - ◆ T & A (6) B-2073 State Lease Number
 - ◆ P & A (15)
 - ⊙ Texaco Lease Line Injectors (6)
 - ⊙ Infill Producers 1st Q 1994 (6)

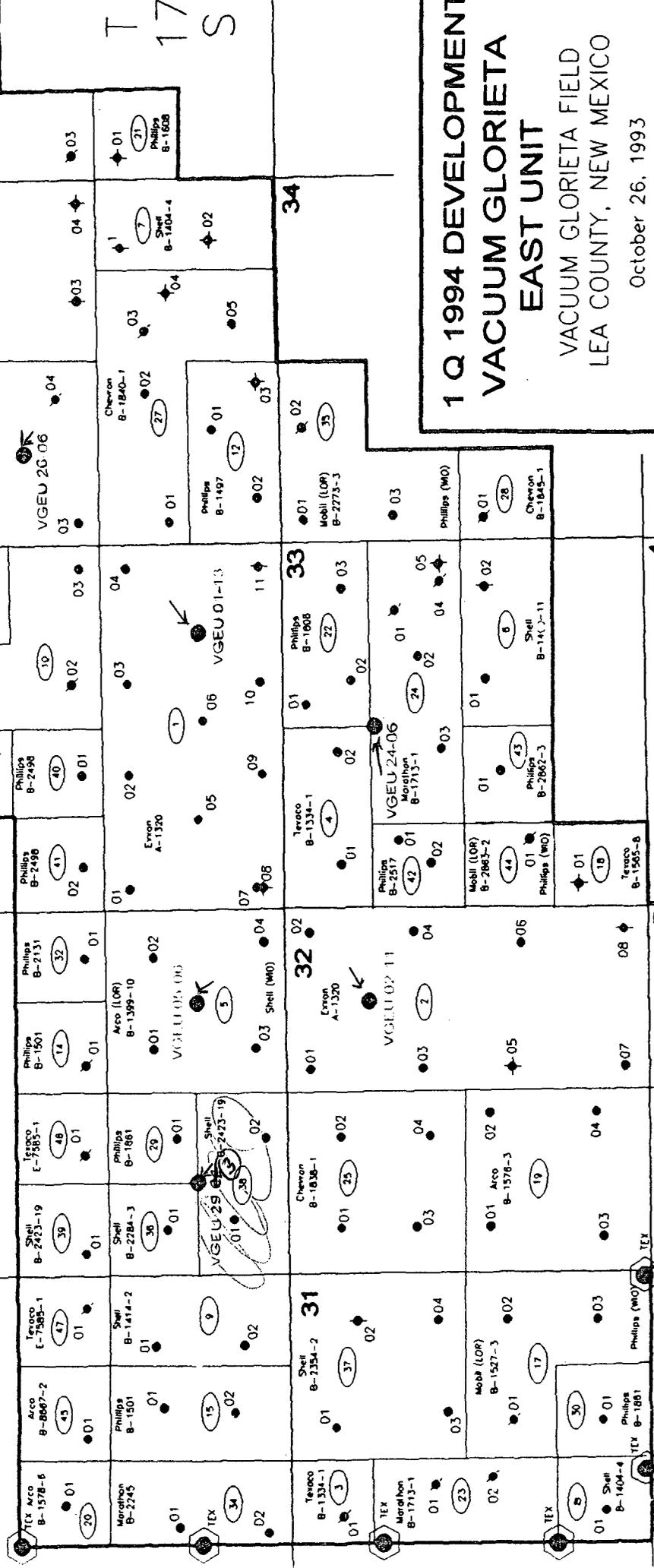
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T 18 S



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. 10846
Order No. R-10020

APPLICATION OF PHILLIPS PETROLEUM
COMPANY FOR APPROVAL OF A WATERFLOOD
PROJECT, AND TO QUALIFY SAID PROJECT
FOR THE RECOVERED OIL TAX RATE PURSUANT
TO THE "NEW MEXICO ENHANCED OIL RECOVERY
ACT", LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on October 7, 1993, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 23rd day of November, 1993, the Division Director, having considered the testimony, the record, and the recommendations 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) Division Case Nos. 10845 and 10846 were consolidated at the time of the hearing for the purpose of testimony.
- (3) The applicant, Phillips Petroleum Company (Phillips), seeks authority to institute a waterflood project in its Vacuum Glorieta East Unit by the injection of water into the Glorieta and Paddock formations, Vacuum-Glorieta Pool, Lea County, New Mexico, through the gross perforated and/or open hole interval from approximately 5,983 feet to 6,202 feet in nine existing and thirty-nine wells to be drilled at orthodox and unorthodox locations as shown on Exhibit "A" attached hereto.

(4) By Order No. R-10017 issued in Case No. 10845 on November 16, 1993, the Division, upon application of Phillips, approved the Vacuum Glorieta East Unit which comprises some 4,239.80 acres, more or less, in Townships 17 and 18 South, Range 35 East, NMPM, Lea County, New Mexico, described as follows:

TOWNSHIP 17 SOUTH. RANGE 35 EAST. NMPM

Section 26: N/2 NW/4, SW/4 NW/4, NW/4 SW/4

Section 27: All

Section 28: E/2, SW/4, S/2 NW/4, NE/4 NW/4

Section 29: S/2, S/2 N/2

Section 30: SE/4, S/2 NE/4, E/2 SW/4, SE/4 NW/4

Section 31: E/2, E/2 W/2

Section 32: All

Section 33: N/2, N/2 S/2, SW/4 SW/4

Section 34: W/2 NW/4, NE/4 NW/4, NW/4 SW/4

TOWNSHIP 18 SOUTH. RANGE 35 EAST. NMPM

Section 5: N/2 N/2 (Lots 1, 2, 3 and 4), SW/4 NW/4

(5) The western boundary of the Vacuum Glorieta East Unit is contiguous with the eastern boundary of the Texaco Exploration & Production Inc. Vacuum Glorieta West Unit and Waterflood Project which were approved by Division Order Nos. R-9714 and R-9710, respectively.

(6) The vast majority of wells located within the applicant's Vacuum Glorieta East Unit Area are in an advanced state of depletion and should properly be classified as "stripper wells".

(7) The proposed waterflood project should result in the recovery of otherwise unrecoverable oil, thereby preventing waste.

(8) Applicant estimates that secondary recovery operations within the Vacuum Glorieta East Unit Area will result in the recovery of an additional 16.4 million barrels of oil.

(9) The Vacuum Glorieta East Unit Waterflood Project will be developed on a 40-acre five spot injection pattern which will involve drilling eight new producing wells, thirty-three new injection wells, the conversion of fifteen existing wells to injection, and the reactivation of nine shut-in producing wells.

(10) The applicant should take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface from injection, production, or plugged and abandoned wells.

(11) The injection of water into each of the wells shown on Exhibit "A" should be accomplished through internally plastic-lined tubing installed in a packer set within 100 feet of the uppermost injection perforation or casing shoe; the casing-tubing annulus should be filled with an inert fluid and a gauge or approved leak-detection device should be attached to the annulus in order to determine leakage in the casing, tubing or packer.

(12) Prior to commencing injection operations into the wells shown on Exhibit "A", the casing in each well should be pressure tested throughout the interval from the surface down to the proposed packer setting depth to assure the integrity of such casing.

(13) The injection wells or pressurization system should be initially equipped with a pressure control device or acceptable substitute which will limit the surface injection pressure to no more than 1200 psi.

(14) The Division Director should have the authority to administratively authorize a pressure limitation in excess of the pressure limitation described in Finding No. (13) above upon a showing by the operator that such higher pressure will not result in the fracturing of the injection formation or confining strata.

(15) There are six wells, shown on Exhibit "B" attached hereto, which are located within the "area of review" which may not be cemented in a manner adequate to confine the injected fluid to the proposed injection interval.

(16) Prior to initiating injection operations within one-half mile of any of the wells shown on Exhibit "B", the applicant should be required to either demonstrate to the supervisor of the Division's Hobbs district office that the subject wells are completed and cemented adequately to confine the injected fluid to the injection zone, or perform remedial cement operations in a manner acceptable to the Division.

(17) Prior to commencing injection operations into the proposed Vacuum Glorieta East Unit Well Nos. 03W02, 08W02, 16W04, 20W02, 23W03, and 30W02, the applicant should be required to submit to the Santa Fe Office of the Division an executed copy of an Injection Lease-Line Agreement.

(18) The operator should give advance notification to the supervisor of the Hobbs District Office of the Division of the date and time of the installation of injection equipment, the conductance of any remedial cement operations, and of the mechanical integrity pressure tests in order that the same may be witnessed.

(19) The application should be approved and the project should be governed by the provisions of Rule Nos. 701 through 708 of the Oil Conservation Division Rules and Regulations.

(20) At the time of the hearing, the applicant requested that the subject waterflood be certified by the Division as a qualified "Enhanced Oil Recovery Project" pursuant to the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5).

(21) The evidence presented indicates that the subject waterflood meets all the criteria for certification.

(22) Implementation of secondary recovery operations within the Vacuum Glorieta East Unit will occur in three phases. Phase I is to be implemented in 1994, Phase II in 1995 and Phase III in 1996.

(23) The certified "project area" should initially comprise the area within the Vacuum Glorieta East Unit, described in Finding No. (4) above, provided however, the "project area" and/or the producing wells eligible for the recovered oil tax rate may be contracted and reduced dependent upon the evidence presented by the applicant in its demonstration of the occurrence of a positive production response.

(24) To be eligible for the EOR credit, the operator should advise the Division when water injection commences within Phase I, II and III and, at such time, request the Division certify such phases or areas to the New Mexico Taxation and Revenue Department.

(25) At such time as a positive production response occurs and within five years from the date of the Certificate of Qualification, the applicant must apply to the Division for certification of positive production response, which application shall identify the area actually benefitting from enhanced recovery operations, and identifying the specific wells which the operator believes are eligible for the credit. The Division may review the application administratively or set it for hearing. Based upon evidence presented, the Division will certify to The Department of Taxation and Revenue those lands and wells which are eligible for the credit.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Phillips Petroleum Company, is hereby authorized to institute a waterflood project in its Vacuum Glorieta East Unit by the injection of water into the Glorieta and Paddock formations, Vacuum-Glorieta Pool, Lea County, New Mexico, through the gross perforated and/or open hole interval from approximately 5,983 feet to 6,202 feet in nine existing and thirty-nine wells to be drilled at orthodox and unorthodox locations as shown on Exhibit "A" attached hereto.

(2) The applicant shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface from injection, production, or plugged and abandoned wells.

(3) Injection into the wells shown on Exhibit "A" shall be accomplished through plastic-lined tubing installed in a packer set approximately within 100 feet of the uppermost injection perforation or casing shoe; the casing-tubing annulus shall be filled with an inert fluid and a gauge or approved leak-detection device shall be attached to the annulus in order to determine leakage in the casing, tubing or packer.

(4) The injection wells or pressurization system shall be equipped with a pressure control device or acceptable substitute which will limit the surface injection pressure to no more than 1200 psi.

(5) The Division Director shall have the authority to administratively authorize a pressure limitation in excess of the above upon a showing by the operator that such higher pressure will not result in the fracturing of the injection formation or confining strata.

(6) Prior to commencing injection operations into the wells shown on Exhibit "A", the casing in each well shall be pressure-tested throughout the interval from the surface down to the proposed packer setting depth, to assure the integrity of such casing.

(7) Prior to initiating injection operations within one-half mile of any of the wells shown on Exhibit "B", the applicant shall either demonstrate to the supervisor of the Division's Hobbs district office that the subject wells are completed and cemented adequately to confine the injected fluid to the injection zone, or perform remedial cement operations in a manner acceptable to the Division.

(8) Prior to commencing injection operations into the proposed Vacuum Glorieta East Unit Well Nos. 03W02, 08W02, 16W04, 20W02, 23W03, and 30W02, the applicant shall submit to the Santa Fe Office of the Division an executed copy of an Injection Lease-Line Agreement.

(9) The operator shall give advance notification to the supervisor of the Hobbs District Office of the Division of the date and time of the installation of injection equipment, the conductance of remedial cement operations, and of the mechanical integrity pressure tests, in order that the same may be witnessed.

(10) The applicant shall immediately notify the supervisor of the Hobbs District Office of the Division of the failure of the tubing, casing or packer in any of the injection wells, the leakage of water or oil from or around any producing well, or the leakage of water or oil from any plugged and abandoned well within the project area, and shall take such steps as may be timely and necessary to correct such failure or leakage.

(11) The subject waterflood is hereby designated the Vacuum Glorieta East Unit Waterflood Project and shall be governed by the provisions of Rule Nos. 701 through 708 of the Oil Conservation Division Rules and Regulations.

(12) Monthly progress reports of the waterflood project herein authorized shall be submitted to the Division in accordance with Rule Nos. 706 and 1115 of the Division Rules and Regulations.

(13) The applicant shall be required to obtain Division approval, subsequent to the entry of this order, to drill any injection well located at an unorthodox location closer than 330 feet from the outer boundary of the Vacuum Glorieta East Unit.

(14) The subject waterflood is hereby certified as a qualified "Enhanced Oil Recovery Project" pursuant to the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5).

(15) The certified "project area" shall initially coincide with the Vacuum Glorieta East Unit Area, described in Finding No. (4) above, provided however, the "project area" and/or the producing wells eligible for the recovered oil tax rate may be contracted and reduced dependent upon the evidence presented by the applicant in its demonstration of the occurrence of a positive production response.

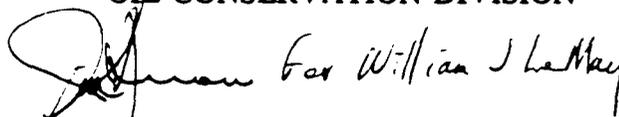
(16) To be eligible for the EOR credit, the operator shall advise the Division when water injection commences within Phase I, II and III and at such time, request the Division certify such phases or areas to the New Mexico Taxation and Revenue Department.

(17) At such time as a positive production response occurs and within five years from the date of the Certificate of Qualification, the applicant must apply to the Division for certification of positive production response, which application shall identify the area actually benefitting from enhanced recovery operations, and identifying the specific wells which the operator believes are eligible for the credit. The Division may review the application administratively or set it for hearing. Based upon evidence presented, the Division will certify to The Department of Taxation and Revenue those lands and wells which are eligible for the credit.

(18) 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

A handwritten signature in cursive script, appearing to read "William J. LeMay", is written over a horizontal line.

WILLIAM J. LeMAY
Director

S E A L

Exhibit "A"
Case No. 10846
Division Order No. R-10020
Vacuum Glorieta East Unit
Approved Injection Wells
Existing Wells

Operator	Lease Name & Well No.	Location	Unit	STR	VGEU Well No.
Exxon Company USA	N.M. "K" State No. 34	1286' FSL - 1333' FWL	N	28-17S-35E	01-05
Exxon Company USA	N.M. "K" State No. 35	1195' FSL - 2518' FEL	O	28-17S-35E	01-06
Shell Western E & P, Inc.	State "T" No. 10	2310' FSL - 1980' FEL	J	33-17S-35E	06-01
Phillips Petroleum Company	Santa Fe No. 109	2323' FNL - 2213' FEL	G	29-17S-35E	14-01
Marathon Oil Company	Warn State AC 3 No. 8	1650' FNL - 990' FEL	H	33-17S-35E	24-01
Chevron USA, Inc.	State 4-27 No. 10	1650' FSL - 330' FWL	L	27-17S-35E	27-01
Phillips Petroleum Company	Santa Fe No. 106	2323' FNL - 660' FEL	H	29-17S-35E	32-01
Phillips Petroleum Company	Santa Fe No. 105	2322' FNL - 660' FWL	E	28-17S-35E	41-02
Phillips Petroleum Company	Santa Fe No. 92	2105' FSL - 1980' FWL	K	33-17S-35E	43-01

Exhibit "A"
Case No. 10846
Division Order No. R-10020
Vacuum Glorieta East Unit
Approved Injection Wells
New Wells

Infill Producing Wells Converted to Injection Wells

Lease Name & Well No.	Location	Unit	STR	VGEU Well No.
New Mexico K State	1320' FSL - 1320' FEL		28-17S-35E	01-13
New Mexico K State	1200' FNL - 1320' FEL		32-17S-35E	02-11
State M	1330' FSL - 1330' FEL	J	29-17S-35E	05-06
Warn State AC 3	1330' FNL - 2640' FWL		33-17S-35E	24-06
State 5 27	1500' FNL - 1320' FWL		27-17S-35E	26-06
Santa Fe	1320' FSL - 1330' FWL		29-17S-35E	29-02
Infill Injection Wells				
New Mexico State K	1320' FSL - 100' FWL		28-17S-35E	01W12
New Mexico State K	100' FSL - 1320' FWL		28-17S-35E	01W14
New Mexico State K	100' FSL - 1320' FEL		28-17S-35E	01W15
New Mexico State K	1320' FNL - 2650' FWL		32-17S-35E	02W09
New Mexico State K	2640' FNL - 1320' FEL,		32-17S-35E	02W12

Lease Name & Well No.	Location	Unit	STR	VGEU Well No.
Skelly J State	50' FNL - 1370' FWL	C	31-17S-35E	03W02
Skelly P State	1200' FNL - 100' FWL	D	33-17S-35E	04W03
Skelly P State	1310' FNL - 1320' FWL		33-17S-35E	04W04
State M	1320' FSL - 2650' FWL		29-17S-35E	05W05
State M	100' FSL - 2650' FWL	O	29-17S-35E	05W07
State M	100' FSL - 1320' FEL		29-17S-35E	05W08
State F	50' FSL - 1370' FWL	N	31-17S-35E	08W02
State B	1320' FSL - 1310' FEL		30-17S-35E	09W03
State B	100' FSL - 1310' FEL	P	30-17S-35E	09W04
State N	1500' FNL - 1320' FEL		28-17S-35E	10W04
State N	2630' FNL - 2650' FWL	G	28-17S-35E	10W05
State N	2630' FNL - 1320' FEL		28-17S-35E	10W06
Santa Fe	2650' FNL - 2650' FWL	J	30-17S-35E	15W03
Santa Fe	1320' FSL - 2650' FWL		30-17S-35E	15W04
Santa Fe	100' FSL - 2650' FWL	O	30-17S-35E	15W05
Santa Fe	660' FNL - 50' FWL	D	5-18S-35E	16W04
State B 1578	2510' FSL - 1370' FWL	K	30-17S-35E	20W02
Warn State AC1	2640' FNL - 1370' FWL		31-17S-35E	23W03

Lease Name & Well No.	Location	Unit	STR	VGEU Well No.
State 3-32	1320' FNL - 1320' FWL		32-17S-35E	25W06
State 5-27	2630' FNL - 1320' FWL		27-17S-35E	26W07
Santa Fe	50' FSL - 1370' FEL	O	31-17S-35E	30W02
State H	1330' FSL - 100' FWL	L	29-17S-35E	36W02
State F	100' FSL - 100' FWL	M	29-17S-35E	38W03
State F	100' FSL - 1320' FWL		29-17S-35E	38W04
Santa Fe	2640' FNL - 100' FWL		33-17S-35E	42W03
State L DE	1330' FNL - 2650' FWL	G	30-17S-35E	45W02
State CG NCT-2	1980' FNL - 1980' FWL	F	29-17S-35E	46W01
State CG NCT-1	1980' FNL - 660' FEL	H	30-17S-35E	47W01

Exhibit "B"
Case No. 10846
Division Order No. R-10020
Inadequately Cemented Wells

Well Name & No.	Location	Unit	S-T-R
Vacuum Abo Unit Tract 14 No. 3	660' FSL - 1980' FWL	N	5-18S-35E
Vacuum Abo Unit Tract 14 No. 2	660' FSL - 660' FWL	M	5-18S-35E
Vacuum Abo Unit Tract 9 No. 5	2310' FNL - 330' FEL	H	33-17S-35E
Santa Fe No. 125	660' FSL - 1820' FWL	N	20-17S-35E
NM "AB" State No. 4	1650' FSL - 660' FEL	I	6-18S-35E
State "E" No. 2	660' FSL - 1700' FWL	N	31-17S-35E



STATE OF NEW MEXICO OIL CONSERVATION DIVISION
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT RECEIVED

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

'93 DEC 20 AM 9 51

BRUCE KING
GOVERNOR

December 16, 1993

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(505) 393-6161

NSL-3337

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

RE: Proposed:
MC _____
DHC _____
NSL X _____
NSP _____
SWD _____
WFX _____
PMX _____

- Vacuum Glorieta East Unit, Tract 1, Well No. 13, Unit J, 1455' FSL & 1330' FEL of Section 28, T-17-S, R-35-E, Lea County, NM.
- Vacuum Glorieta East Unit, Tract 2, Well No. 11, Unit A, 1200' FNL & 1185' FEL of Section 32, T-17-S, R-35-E, Lea County, NM.
- Vacuum Glorieta East Unit, Tract 5, Well No. 6, Unit P, 1085' FSL & 1210' FEL of Section 29, T-17-S, R-35-E, Lea County, NM.
- Vacuum Glorieta East Unit, Tract 24, Well No. 6, Unit F, 1685' FNL & 2611' FWL of Section 33, T-17-S, R-35-E, Lea County, NM.
- Vacuum Glorieta East Unit, Tract 26, Well No. 6, Unit F, 1550' FNL & 1410' FWL of Section 27, T-17-S, R-35-E, Lea County, NM.
- Vacuum Glorieta East Unit, Tract ~~28~~ 3, Well No. ~~3~~ Unit N, 1130' FSL & 1405' FWL of Section 29, T-17-S, R-35-E, Lea County, NM.

Gentlemen:

I have examined the application for the:

Phillips Petroleum Co.

Operator	Lease & Well No.	Unit	S-T-R
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and my recommendations are as follows:

OK

Yours very truly,

Jerry Sexton
Supervisor, District 1

/ed