



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

February 7, 1997

Burlington Resources Oil & Gas Company  
P.O. Box 51810  
Midland, Texas 79710-1810

Attn: Ms. Donna J. Williams

**RE: Injection Pressure Increase,  
East Corbin Delaware Unit Waterflood Project  
Lea County, New Mexico**

Dear Ms. Williams:

Reference is made to your request dated December 12, 1996 to increase the surface injection pressure on three wells. This request is based on step rate tests conducted on these wells on or between November 25 and 27, 1996. The results of the tests have been reviewed by my staff and we feel an increase in injection pressure on these wells is justified at this time.

You are therefore authorized to increase the surface injection pressure on the following wells:

| Well and Location  | Maximum Injection Surface Pressure |
|--|------------------------------------|
| East Corbin Delaware Unit No.4 WIW, Unit Letter P, Section 16                  | 1650 PSIG                          |
| East Corbin Delaware Unit No.6 WIW, Unit Letter C, Section 21                  | 1450 PSIG                          |
| East Corbin Delaware Unit No.9 WIW, Unit Letter H, Section 21                  | 1805 PSIG                          |
| All wells located in Township 18 South, Range 33 East, Lea County, New Mexico. |                                    |

The Division Director may rescind this injection pressure increase if it becomes apparent that the injected water is not being confined to the injection zone or is endangering any fresh water aquifers.

Sincerely,

William J. LeMay  
Director

WJL/BES

cc: Oil Conservation Division - Hobbs  
Files: 2nd QTR97 PSI-X; Case File 10390; EOR-24



*ADMINISTRATIVE ORDER NO. WFX-701*

***APPLICATION OF BURLINGTON RESOURCES OIL & GAS COMPANY TO EXPAND ITS WATERFLOOD PROJECT IN THE WEST CORBIN DELAWARE POOL IN LEA COUNTY, NEW MEXICO***

**ADMINISTRATIVE ORDER  
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Division Order No. R-10390, Burlington Resources Oil & Gas Company has made application to the Division on November 18, 1996 for permission to expand its East Corbin Delaware Unit Waterflood Project in the West Corbin Delaware Pool in Lea County, New Mexico.

**THE DIVISION DIRECTOR FINDS THAT:**

- (1) The application has been filed in due form.
- (2) Satisfactory information has been provided that all offset operators have been duly notified of the application.
- (3) No objection has been received within the waiting period as prescribed by Rule 701(B).
- (4) The proposed expansion of the above referenced waterflood project will not cause waste nor impair correlative rights.
- (5) The subject well is located within an approved Enhanced Oil Recovery Project area and shall qualify for applicable tax credits under such project.
- (6) The application should be approved.

**IT IS THEREFORE ORDERED THAT:**

The applicant, Burlington Resources Oil & Gas Company, be and the same is hereby authorized to inject water into the Delaware formation at approximately 5218 feet to approximately 5246 feet through 2 3/8-inch plastic lined tubing set in a packer located at approximately 5100 feet in the following described well for purposes of secondary recovery to wit:

**East Corbin Delaware Unit Well No.11  
1980' FSL and 660' FWL - Unit Letter 'L',  
Section 16, Township 18 South, Range 33 East,  
Lea County, New Mexico  
Maximum Injection Pressure: 1044 psig**

**IT IS FURTHER ORDERED THAT:**

The operator 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.

Prior to commencing injection operations into the well, the casing shall be pressure tested from the surface to the packer setting depth to assure the integrity of said casing.

The casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing or packer.

The injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure to no more than .2 psi per foot of depth to the uppermost injection interval.

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injected fluid from the Delaware formation. Such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

The operator shall notify the supervisor of the Hobbs district office of the Division of the date and time of the installation of injection equipment and of the mechanical integrity tests so that the same may be inspected and witnessed.

The operator shall immediately notify the supervisor of the Hobbs district office of the Division of the failure of the tubing, casing or packer in said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

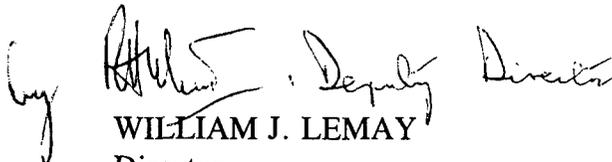
The subject well shall be governed by all provisions of Division Order No. R-10390, as amended and Rules 702-706 of the Division Rules and Regulations not inconsistent herewith.

PROVIDED FURTHER THAT, jurisdiction of this cause is hereby retained by the Division for the entry of such further order or orders as may be deemed necessary or convenient for the prevention of waste and/or protection of correlative rights; upon failure of the operator to conduct operations in a manner which will ensure the protection of fresh water or in a manner inconsistent with the requirements set forth in this order, the Division may, after notice and hearing, terminate the injection authority granted herein.

The injection authority granted herein shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject well, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

DONE at Santa Fe, New Mexico, on this 10th day of December, 1996.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

*WJL*  
 Deputy Director  
WILLIAM J. LEMAY  
Director

S E A L

WJL/BES

cc: Oil Conservation Division - Hobbs  
File: Case No.11208; EOR-24



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

July 11, 1996

Department of Taxation and Revenue  
P.O. Box 630  
Santa Fe, New Mexico 87509-0630

Attention: Mr. John Chavez, Secretary

***RE: Certification of a Positive Production Response, Meridian Oil Company  
East Corbin-Delaware Unit Waterflood Project.***

Dear Secretary Chavez:

Enclosed is a copy of a Division Certification which was issued on July 10, 1996. This document certifies that a positive production response has occurred within the East Corbin-Delaware Unit Waterflood Project Area which is currently operated by Meridian Oil Company. In addition, this positive production response has occurred within the five year time limit as described within the "New Mexico Enhanced Oil Recovery Act". The Division has determined that all wells within the certified area producing from the West Corbin-Delaware Pool are eligible for the recovered oil tax rate. These wells are shown on Exhibit "A" to the Division Certification.

For your convenience we have also enclosed a summary page showing all pertinent data. If additional information is required please advise.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay", written over a large, stylized flourish that extends downwards and to the right.

William J. LeMay  
Director

WJL/BES

Enclosures



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

July 11, 1996

Meridian Oil Company  
P.O. Box 51810  
Midland, Texas 79705-1810

Attention: Ms. Donna J. Williams

*Re: Positive Production Response East Corbin-Delaware Unit Waterflood Project.*

Dear Ms. Williams:

Pursuant to your request dated April 22, 1996, please be advised that the Division hereby certifies that a positive production response occurred within the East Corbin-Delaware Unit Waterflood Project on February 1, 1996.

All West Corbin-Delaware Pool producing wells within the following described area, which currently number seventeen as shown on Exhibit "A" attached hereto, shall be eligible for the recovered oil tax rate:

PROJECT AREA

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM

Section 15: S/2 SW/4

Section 16: SW/4, NE/4 SE/4, and S/2 SE/4

Section 21: NE/4, N/2 NW/4, and SE/4 NW/4

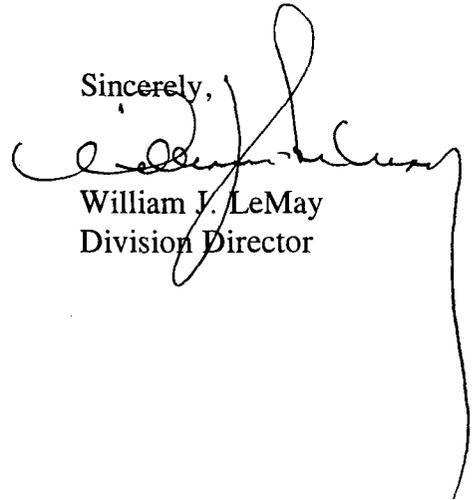
Section 22: N/2 NW/4, and SW/4 NW/4.

Meridian Oil Company 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;
- c) of changes in operations within the unit which may affect the certification and resulting tax rate granted herein.

The Division Director shall notify the Secretary of the New Mexico Taxation and Revenue Department of the certification granted herein.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay", is written over the typed name and title. The signature is fluid and cursive, with a long vertical line extending downwards from the end of the signature.

William J. LeMay  
Division Director

xc: File: EOR-24



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

POSITIVE PRODUCTION RESPONSE DATA  
EAST CORBIN-DELAWARE UNIT WATERFLOOD PROJECT

NAME OF PROJECT

East Corbin-Delaware Unit Waterflood Project

OPERATOR

Meridian Oil Company  
P.O. Box 51810  
Midland, Texas 75711  
Attention: Ms. Donna J. Williams

POOL

West Corbin-Delaware Pool

OCD ORDER NO. APPROVING WATERFLOOD PROJECT & DATE

R-10390, February 16, 1995

PROJECT AREA

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM

Section 15: S/2 SW/4

Section 16: SW/4, NE/4 SE/4, and S/2 SE/4

Section 21: NE/4, N/2 NW/4, and SE/4 NW/4

Section 22: N/2 NW/4, and SW/4 NW/4.

DATE WATER INJECTION COMMENCED

August 1, 1995

DATE CERTIFIED PROJECT TO TAXATION & REVENUE

July 13, 1995

DATE POSITIVE PRODUCTION RESPONSE OCCURRED

February 1, 1996

CURRENT NUMBER OF WELLS WITHIN PROJECT AREA

Injection: 3

Production: 8

**EXHIBIT "A"**

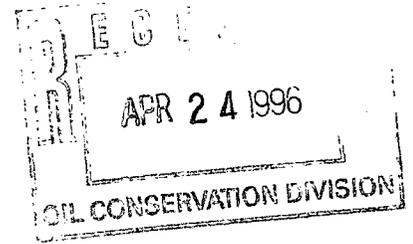
**EAST CORBIN-DELAWARE UNIT**

**PRODUCING and INJECTION (W) WELLS**  
*Certification of Positive Production Response*

| <i>Well Name</i>                | <i>Previous Well Name</i>    | <i>API Number</i> |
|---------------------------------|------------------------------|-------------------|
| East Corbin-Delaware Unit No.1  | State '16' Well No.4         | 30-025-30622      |
| East Corbin-Delaware Unit No.2  | State '16' Well No.5         | 30-025-30499      |
| East Corbin-Delaware Unit No.3  | State '16' Well No.6         | 30-025-30949      |
| East Corbin-Delaware Unit No.4W | State '16' Well No.8         | 30-025-31168      |
| East Corbin-Delaware Unit No.5  | Percha '15' State Well No.1  | 30-025-31253      |
| East Corbin-Delaware Unit No.6W | Federal '21' Well No.4       | 30-025-30736      |
| East Corbin-Delaware Unit No.7  | Federal 'MA' Well No.6       | 30-025-30758      |
| East Corbin-Delaware Unit No.8  | Federal 'MA' Well No.7       | 30-025-30973      |
| East Corbin-Delaware Unit No.9W | [New Drill w/ current name]  | 30-025-32915      |
| East Corbin-Delaware Unit No.10 | Aztec Federal '22' Well No.3 | 30-025-31922      |
| East Corbin-Delaware Unit No.11 | State '16' Well No.3         | 30-025-30488      |

PPR-NR

**MERIDIAN OIL**



April 22, 1996

**Mr. David Catanach**  
Oil Conservation Division  
2040 S. Pacheco Street  
Santa Fe, New Mexico 87504

**RE: Request for the RECOVERED OIL TAX RATE**

**Mr. Catanach:**

Pursuant to the Certificate of Enhanced Oil Recovery Project issued for the East Corbin Delaware Unit Waterflood Project, OCD Order No. R-10390, Meridian Oil Inc. respectfully submits the information that shows proof of positive production for said project. Please find attached, the necessary requirements of proof and a copy of the certification dated July 15, 1995.

Should you have any questions, or need additional information, please do not hesitate to contact me at 915-688-6943.

Sincerely,

**Donna J. Williams**  
Regulatory Compliance

E  
#4 31168  
6 30736  
9 32915

320-0214

APR 1 95

## Oil Conservation Division

July 17, 1995

unit  
file

Meridian Oil Company  
P.O. Box 51810  
Midland, TX 79710

Attention: Ms. Donna J. Williams

**CERTIFICATION OF ENHANCED OIL RECOVERY PROJECT  
FOR RECOVERED OIL TAX RATE**

The New Mexico Oil Conservation Division hereby certifies that the following Enhanced Oil Recovery Project has been approved by the Division as a secondary project, pursuant to the provisions of the *New Mexico Enhanced Oil Recovery Act* (Laws of 1992, Chapter 38). In order to qualify for the *Recovered Oil Tax Rate*, you must apply for certification of positive production response within five years from the date of this certification. Only production from that portion of the project area identified herein which is actually developed for enhanced recovery will qualify for the reduced tax rate.

If operation of this project is terminated for any reason, the operator of the project must notify this Division and the Secretary of the Taxation and Revenue Department not later than the thirtieth day after termination.

NAME OF PROJECT: East Corbin-Delaware Unit Waterflood Project

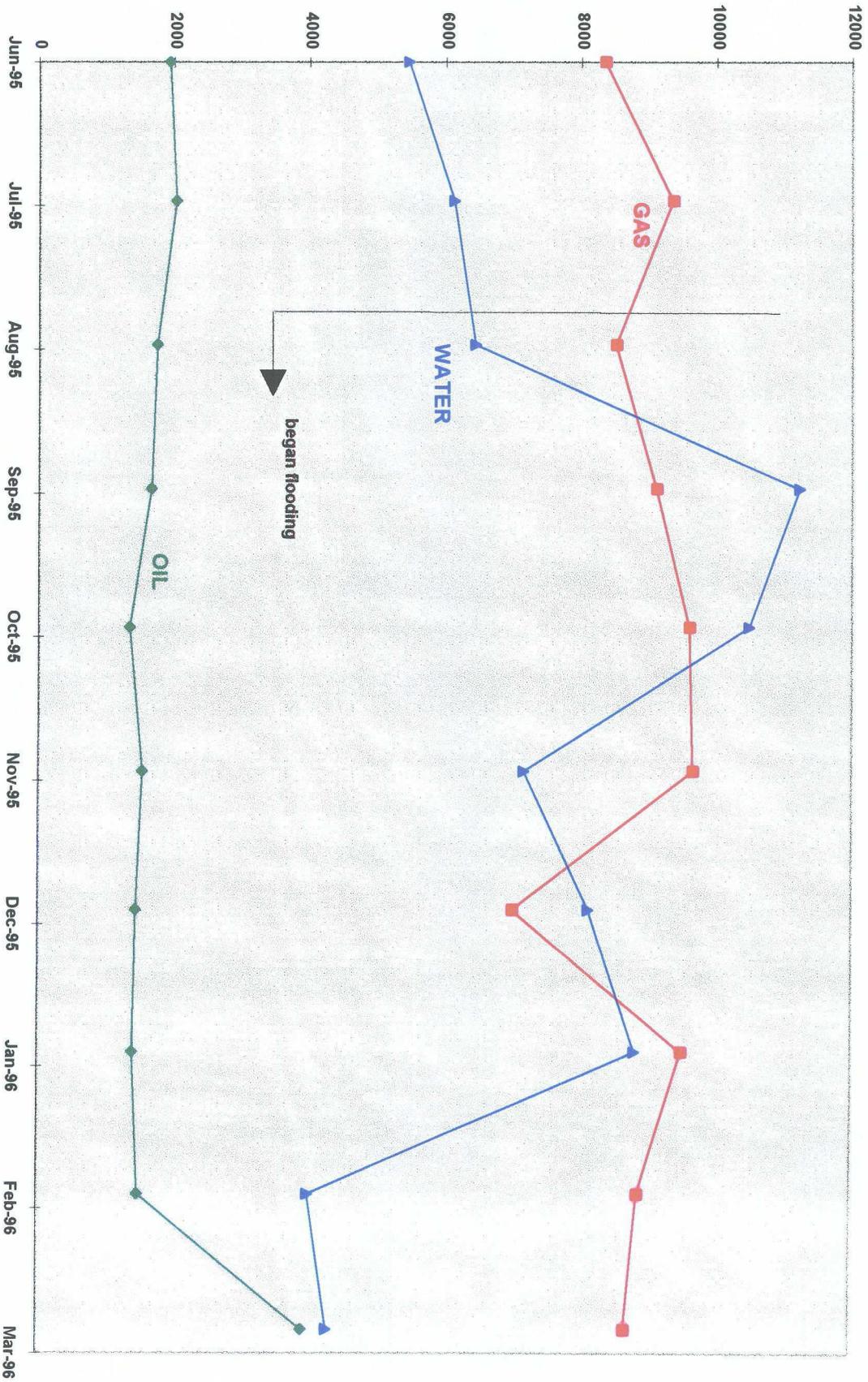
OCD ORDER NO. R-10390

OPERATOR: Meridian Oil Company  
ADDRESS: Attention: Ms. Donna J. Williams  
P.O. Box 51810  
Midland, TX 79710

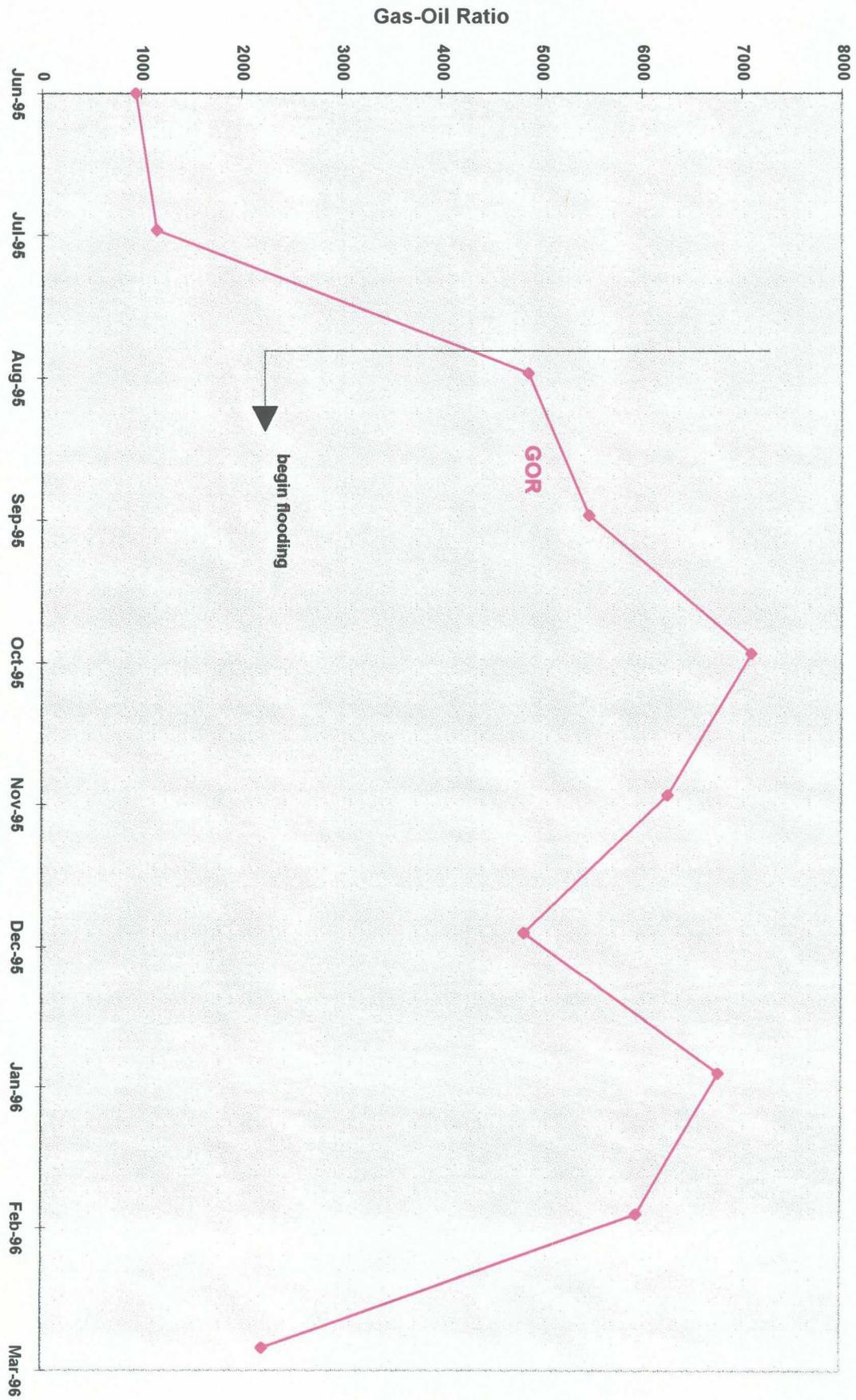
CERTIFICATION DATE: July 15, 1995

# ECDU Waterflood Production

## Fluid Rate: BPMonth & MCFGPMonth



# ECDU Waterflood GOR



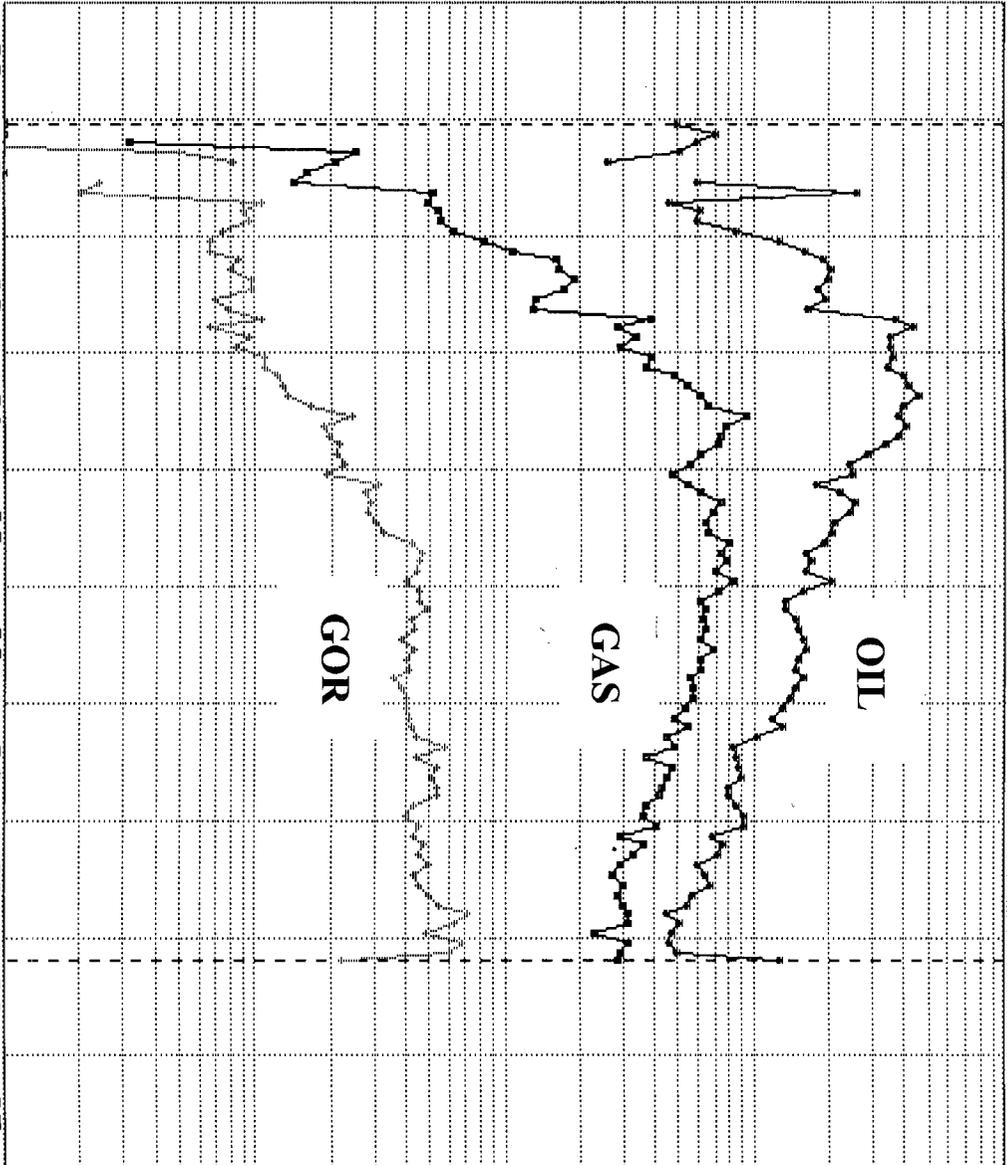
# ECDU Waterflood Production

| TOTAL                               |        |        |        | AVERAGE                     |         |        |        |      |
|-------------------------------------|--------|--------|--------|-----------------------------|---------|--------|--------|------|
|                                     | OIL    | GAS    | WATER  | GOR                         |         | BOPD   | MCFGPD | BWPD |
| Jun-95                              | 1938   | 8357   | 5453   | 946                         | JUN     | 64.6   | 279    | 182  |
| Jul-95                              | 2036   | 9350   | 6125   | 1149                        | JUL     | 65.7   | 302    | 198  |
| Aug-95                              | 1749   | 8514   | 6441   | 4868                        | AUG     | 56.4   | 275    | 208  |
| Sep-95                              | 1665   | 9114   | 11222  | 5474                        | SEPT    | 55.5   | 304    | 374  |
| Oct-95                              | 1353   | 9605   | 10491  | 7099                        | OCT     | 43.6   | 310    | 338  |
| Nov-95                              | 1542   | 9659   | 7168   | 6264                        | NOV     | 51.4   | 322    | 239  |
| Dec-95                              | 1448   | 6998   | 8124   | 4833                        | DEC     | 46.7   | 226    | 262  |
| Jan-96                              | 1402   | 9501   | 8813   | 6777                        | JAN     | 45.2   | 306    | 284  |
| Feb-96                              | 1487   | 8861   | 4000   | 5958                        | FEB     | 51.3   | 306    | 138  |
| Mar-96                              | 3912   | 8679   | 4284   | 2219                        | MAR     | 126.2  | 280    | 138  |
| <b>% CHANGE FROM PREVIOUS MONTH</b> |        |        |        | <b>TOTAL WATER INJECTED</b> |         |        |        |      |
|                                     | OIL    | GAS    | WATER  |                             | BOPD    | BWPD   |        |      |
| JUL                                 | 1.7%   | 8.3%   | 8.7%   |                             | JUL     | 0      | 0      |      |
| AUG                                 | -14.1% | -8.9%  | 5.2%   |                             | AUG     | 36,390 | 1,174  |      |
| SEPT                                | -1.6%  | 10.6%  | 80.0%  |                             | SEPT    | 47,531 | 1,584  |      |
| OCT                                 | -21.4% | 2.0%   | -9.5%  |                             | OCT     | 47,857 | 1,544  |      |
| NOV                                 | 17.8%  | 3.9%   | -29.4% |                             | NOV     | 42,349 | 1,412  |      |
| DEC                                 | -9.1%  | -29.9% | 9.7%   |                             | DEC     | 40,579 | 1,309  |      |
| JAN                                 | -3.2%  | 35.8%  | 8.5%   |                             | JAN     | 42,965 | 1,386  |      |
| FEB                                 | 13.4%  | -0.3%  | -51.5% |                             | FEB     | 42,254 | 1,457  |      |
| MAR                                 | 146.1% | -8.4%  | 0.2%   |                             | MAR     | 39,863 | 1,375  |      |
| <b>Cummulative Production</b>       |        |        |        | <b>Injection</b>            |         |        |        |      |
|                                     | OIL    | GAS    | WATER  |                             | WATER   |        |        |      |
| TOTALS:                             | 70,931 | 60,543 | 43,491 |                             | 339,788 | 3.0    |        |      |

EAST CORBIN DELAWARE UNIT | G69288-1

Prop 1

0.1 1 10 100 100000  
 100 1000 10000 100000  
 0.1 1 10 100 1000  
 • OIL  
 • GAS/OIL  
 • GAS  
 • OIL



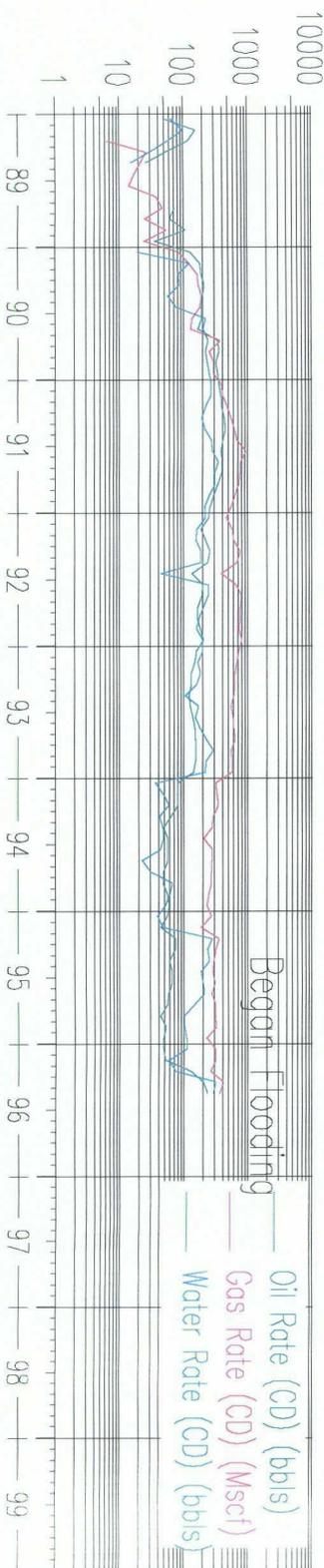
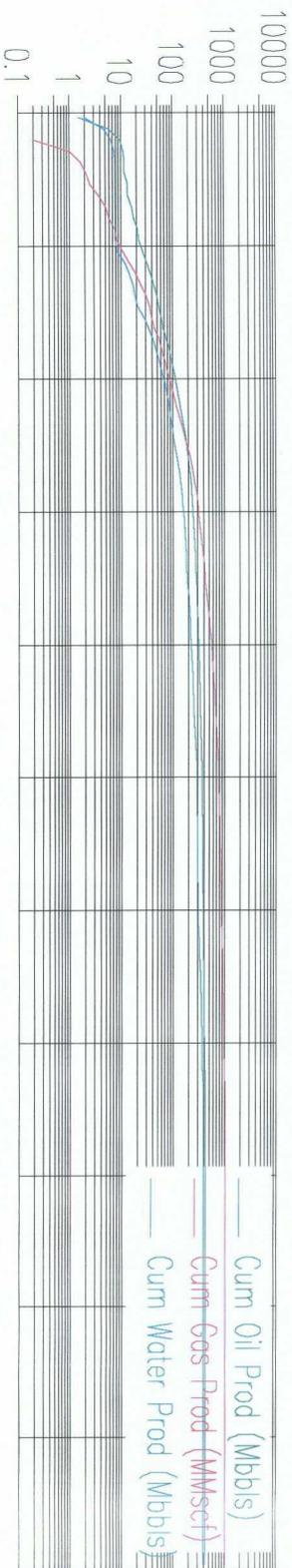
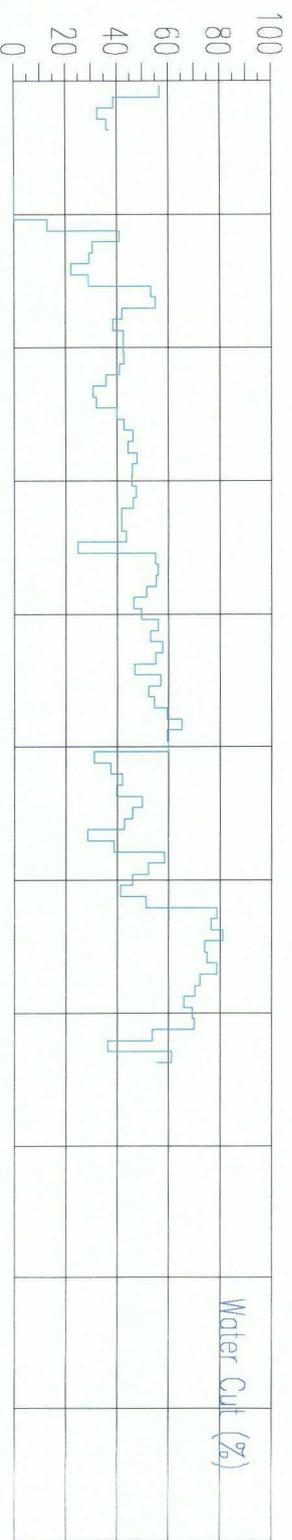
OIL Bbl/d  
 GAS Mcf/d  
 GAS/OIL  
 OIL Bbl/d  
 Rate  
 Time  
 Semi  
 Log

Major = OIL

# Meridian Oil

## East Corbin Delaware Unit

### Total Lease Production



**MERIDIAN OIL INC.**  
**EAST CORBIN DELAWARE UNIT**  
**LEA COUNTY, NEW MEXICO**

| <b><u>WELL NAME</u></b>       | <b><u>PREVIOUS WELL NAME</u></b> | <b><u>API NUMBER</u></b> |
|-------------------------------|----------------------------------|--------------------------|
| East Corbin Delaware Ut. # 1  | State 16 # 4                     | 30-025-30622             |
| East Corbin Delaware Ut. # 2  | State 16 # 5                     | 30-025-30499             |
| East Corbin Delaware Ut. # 3  | State 16 # 6                     | 30-025-30949             |
| East Corbin Delaware Ut. # 4W | State 16 # 8                     | 30-025-31168             |
| East Corbin Delaware Ut. # 5  | Percha 15 State # 1              | 30-025-31253             |
| East Corbin Delaware Ut. # 6W | Federal 21 # 4                   | 30-025-30736             |
| East Corbin Delaware Ut. # 7  | Federal MA # 6                   | 30-025-30758             |
| East Corbin Delaware Ut. # 8  | Federal MA # 7                   | 30-025-30973             |
| East Corbin Delaware Ut. # 9W | -----                            | 30-025-32915             |
| East Corbin Delaware Ut. # 10 | Aztec 22 Federal # 3             | 30-025-31922             |
| East Corbin Delaware Ut. # 11 | State 16 # 3                     | 30-025-30488             |

# MERIDIAN OIL

3300 NO. A. STREET, BLDG 6 (79705)  
P.O. BOX 51810  
MIDLAND TX 79710-1810

DRILLING DEPARTMENT  
FAX NO. 915/688-6007

DATE: 7/12/96 TIME: 8:46 am

TO: Ben Stone FAX NO.: 505-857-8177

CITY/STATE: Santa Fe

FROM: Nanna PHONE: 915-688-6943

NO. OF PAGES (INCLUDING COVER SHEET) 2

SPECIAL INSTRUCTIONS: \_\_\_\_\_

---

EOR-NR

**KELLAHIN AND KELLAHIN**

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285

TELEFAX (505) 982-2047

W. THOMAS KELLAHIN\*

\*NEW MEXICO BOARD OF LEGAL SPECIALIZATION  
RECOGNIZED SPECIALIST IN THE AREA OF  
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

July 10, 1995

**HAND DELIVERED**

Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

Attn: Ben Stone

**Re: NMOCD Case 11208  
Order R-10390  
Meridian Oil Inc. (Midland)  
Request for Certification of Qualification  
for its East Corbin-Delaware Waterflood Project  
for an enhanced oil recovery project**

**RECEIVED**  
JUL 10 1995  
Oil Conservation Division

Dear Mr. Stone:

On behalf of Meridian Oil Inc., and in accordance with Division Order R-10390 (copy enclosed), I hereby request from the Division a Certificate of Qualification for the following described project:

**Project Name:**

East Corbin-Delaware Unit Waterflood Project

**Project Operator:**

Meridian Oil Inc.  
P. O. Box 51810  
Midland, Texas 79710

NMOCD (Ben Stone)

July 10, 1995

Page 2.

Project Area:

The Delaware formation of the West Corbin-Delaware Pool within the following described area of Lea County, New Mexico:

**TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM**

Section 15: S/2SW/4  
Section 16: SW/4, NE/4SE/4, and S/2SE/4  
Section 21: NE/4, N/2NW/4, and SE/4NW/4  
Section 22: N/2NW/4 and SW/4NW/4

Project wells eligible for credit:

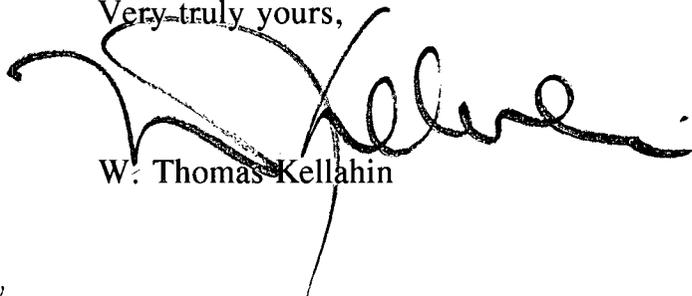
1. Percha "15" State Well No. 1, Unit M-15-18S-33E
2. State "16" Well No. 5, Unit N-16-18S-33E
3. State "16" Well No. 6, Unit O-16-18S-33E
4. Federal "MA" Well No. 6, Unit B-21-18S-33E
5. Federal "MA" Well No. 7, Unit A-21-18S-33E
6. Aztec "22" Federal Well No. 3, Unit D-22-18S-33E

Project injection wells:

1. State "16" Well No. 4, Unit M-16-18S-33E
2. State "16" Well No. 8, Unit P-16-18S-33E
3. Federal "21" Well No. 4, Unit C-21-18S-33E
4. Federal "MA" Well No. 11, Unit H-21-18S-33E.

Please let me know if you require anything further.

Very truly yours,



W. Thomas Kellahin

cc: Southland Royalty Company  
Midland, Texas

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. 11208*  
*ORDER NO. R-10390*

**APPLICATION OF MERIDIAN OIL, INC. FOR A WATERFLOOD PROJECT  
AND QUALIFICATION FOR THE RECOVERED OIL TAX CREDIT PURSUANT  
TO THE "NEW MEXICO 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 February 16, 1995 at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 19th day of June, 1995 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) At the time of the hearing this case was consolidated with Division Case No. 10207 for the purpose of testimony.

(3) By Order No. R-10317, issued in Case 11207 on February 27, 1995, the Division, upon application by Meridian Oil, Inc., approved the East Corbin Delaware Unit which comprises the following described 760 acres, more or less, of Federal and State lands in Lea County, New Mexico:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM

Section 15: S/2 SW/4  
Section 16: SW/4, NE/4 SE/4, and S/2 SE/4  
Section 21: NE/4, N/2 NW/4, and SE/4 NW/4  
Section 22: N/2 NW/4 and SW/4 NW/4.

(4) The applicant in this matter, Meridian Oil, Inc. ("Meridian"), seeks authority to institute a waterflood project in said East Corbin Delaware Unit by the injection of water into the West Corbin-Delaware Pool through the following three existing wells located in Township 18 South, Range 33 East, NMPM, Lea County, New Mexico:

a) the Meridian Oil, Inc. State "16" Well No. 4 (**API No. 30-025-30622**), located 548 feet from the South line and 760 feet from the West line (Unit M) of said Section 16 is currently a producing oil well in the subject pool (perforations from 5192 feet to 6248 feet), this well is to be converted from a producing oil well to a water injection well with no change in the perforated interval;

b) the Meridian Oil, Inc. State "16" Well No. 8 (**API No. 30-025-31168**), located 660 feet from the South line and 460 feet from the East line (Unit P) of said Section 16 is currently a producing oil well in the subject pool (perforations from 5200 feet to 5260 feet), this well is to be converted from a producing oil well to a water injection well with no change in the perforated interval; and,

c) the Southland Royalty Company Federal "21" Well No. 4 (**API No. 30-025-30736**), located 779 feet from the North line and 1943 feet from the West line (Unit C) of said Section 21 is currently a producing oil well in the subject pool (perforations from 5156 feet to 5260 feet), this well is to be converted from a producing oil well to a water injection well with no change in the perforated interval.

(5) Meridian further requests to drill its Federal "MA" No. 11 well 1340 feet from the North line and 990 feet from the East line (Unit H) of said Section 21 to be utilized as an injection well in said project through perforations from approximately 5200 feet to 5270 feet.

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

(7) The proposed waterflood project should result in the recovery of otherwise unrecoverable oil thereby preventing waste, exhibits sound engineering practices, is in the best interest of conservation, and will not impair correlative rights.

(8) The applicant submitted data on the proposed injection wells, water wells in the area, and all other wells (including plugged wells) which penetrate the zone of interest within the 1/2-mile "area-of-review" of the four subject injection wells. This data shows that wells in the area are cased and plugged so as to protect fresh water and prevent fluid migration from the injection zone, and includes testimony indicating no evidence of open faults or any other hydrologic connection between the injection zone and the fresh water resources in the area.

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

(10) Injection into each well should be accomplished through either 2 3/8-inch internally plastic-lined tubing installed in a packer set no higher than 100 feet above the top of the upper most perforation; the casing-tubing annulus in each well should be filled with an inert fluid; and a pressure gauge or approved leak-detection device should be attached to the annulus in order to determine leaks in the casing, tubing or packer.

(11) The injection wells or pressurization system for each well should be so equipped as to limit injection pressure at the wellhead to no more than 1040 psi.

(12) Prior to commencing injection operations, the casing in each of the subject wells should be pressure tested throughout the interval, from the surface down to the proposed packer-setting depth, to assure integrity of such casing.

(13) The operator should give advance notice to the supervisor of the Hobbs District Office of the Division of the date and time of the installation of injection equipment and of the mechanical integrity pressure-test in order that the same may be witnessed.

(14) The subject application should be approved and the project should be governed by the provisions of Rules 701 through 708 of the Division Rules and Regulations.

(15) The applicant further requests that the subject waterflood project be approved 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).

(16) The evidence presented indicates that the subject waterflood project meets all the criteria for approval.

(17) The approved "project area" should initially comprise that area described in Finding Paragraph No. (3) above.

(18) To be eligible for the EOR credit, prior to commencing injection operations, the operator must request from the Division a Certificate of Qualification, which certificate will specify the proposed project area as described above.

(19) 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.

(20) The injection authority granted herein for the proposed injection wells should terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject wells, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

**IT IS THEREFORE ORDERED THAT:**

(1) The applicant, Meridian Oil, Inc. ("Meridian"), is hereby authorized to institute a waterflood project in its East Corbin Delaware Unit Area (approved by Division Order No. R-10317, issued in Case 11207 on February 27, 1995), by the injection of water into the West Corbin-Delaware Pool through the following three existing wells to be converted from producing oil wells to injectors and one new well to be drilled, all located in Township 18 South, Range 33 East, NMPM, Lea County, New Mexico:

| Well Name and Number<br>(API Number)                                   | Footage Location<br>(Unit Letter) | Section | Perforated<br>Injection Interval<br>(feet) |
|--|-----------------------------------|---------|--|
| Meridian Oil, Inc. State<br>"16" Well No. 4<br>(30-025-30622)          | 548' FSL & 760' FWL<br>(M)        | 16      | 5192 - 6248                                |
| Meridian Oil, Inc. State<br>"16" Well No. 8<br>(30-025-31168)          | 660' FSL & 460' FEL<br>(P)        | 16      | 5200 - 5260                                |
| Southland Royalty Company<br>Federal "21" Well No. 4<br>(30-025-30736) | 779' FNL & 1943' FWL<br>(C)       | 21      | 5156 - 5246                                |
| Federal "MA" Well No. 11<br>(new drill)                                | 1340' FNL & 990' FEL (H)          | 21      | 5200 - 5270                                |

(2) The waterflood project, hereby designated the "*East Corbin Delaware Unit Waterflood Project*", shall coincide with the boundary of the East Corbin Delaware Unit Area, as further described below, and was the subject of said Division Order No. R-10317:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM  
LEA COUNTY, NEW MEXICO

Section 15: S/2 SW/4  
Section 16: SW/4, NE/4 SE/4, and S/2 SE/4  
Section 21: NE/4, N/2 NW/4, and SE/4 NW/4  
Section 22: N/2 NW/4 and SW/4 NW/4.

(3) The applicant must take all steps necessary to ensure that the injected water only enters and remains confined to 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.

(4) Injection shall be accomplished through 2-3/8 inch internally plastic-lined tubing installed in a packer set approximately within 100 feet of the uppermost injection perforation; the casing-tubing annulus in each well shall be filled with an inert fluid and equipped with an approved pressure gauge or attention-attracting leak detection device.

(5) The injection wells or pressurization system for each injection well shall be so equipped as to limit injection pressure at the wellhead to no more than **1040 psi**.

(6) The Division Director shall have the authority to administratively authorize an increase in the injection pressure limitation placed upon any well upon a proper showing by the operator that such higher pressure will not result in the migration of the injected water from its respective interval or fracture the confining strata.

(7) Prior to commencing injection operations, the casing in each injection 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.

(8) 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.

(9) Should it become necessary, the supervisor of the Hobbs District Office of the Division or the Director may at any time order a decrease of the injection pressure on any of the subject injection wells.

(10) The operator of the East Corbin Delaware Unit Waterflood Project shall conduct injection operations in accordance with all applicable Division rules, regulations, and policies, including Division General Rules 701 through 708 and shall submit monthly progress reports in accordance with Division General Rules 706 and 1115.

**IT IS FURTHER ORDERED THAT:**

(11) The subject waterflood project is hereby approved as an "Enhanced Oil Recovery Project" pursuant to the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5).

(12) The approved "project area" shall initially comprise that area described in Decretory Paragraph No. (2) above.

(13) To be eligible for the EOR credit, prior to commencing injection operations, the operator must request from the Division a Certificate of Qualification, which certificate will specify the proposed project area as described above.

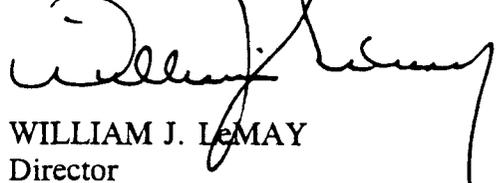
(14) At such time as a positive production response occurs and within five years from the date of the Certificate of Qualification, the applicant must apply to the Division for certification of positive production response, which application shall identify the area actually benefitting from enhanced 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.

(15) The injection authority granted herein for the proposed injection wells shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject wells, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

(16) 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



WILLIAM J. LEMAY  
Director

S E A L

EOR N/R

**MERIDIAN OIL**

OIL CONSERVATION DIVISION  
RECEIVED

1995 JUL 3 AM 8 52

June 28, 1995

**Mr. David Catanach**  
Oil Conservation Division  
2040 S. Pacheco Street  
Santa Fe, New Mexico 87505

**RE: Meridian Oil Inc.**  
**Request for Certification of Qualification**  
**for an Enhanced Oil Recovery Project**

**Mr. Catanach:**

**Meridian Oil Inc. hereby request from the Division and in accordance with Order R-10390,**  
**a Certificate of Qualification for the following described project:**

**PROJECT NAME**

**East Corbin Delaware Unit (Waterflood Project)**

**PROJECT OPERATOR**

**Meridian Oil Inc.**  
**P.O. Box 51810**  
**Midland, Texas 79710-1810**

**PROJECT AREA**

**The Delaware formation of the Corbin Delaware Pool encompassing the**  
**following: S/2 SW/4 of Section 15, SW/4, NE/4 SE/4, and S/2 SE/4 of**  
**Section 16, NE/4, N/2 NW/4, and SE/4 NW/4 of Section 21, and N/2 NW/4**  
**and SW/4 NW/4 of Section 22**

**PROJECT WELLS ELIGIBLE FOR CREDIT**

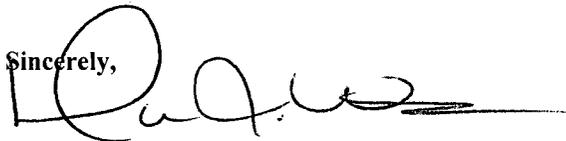
- |    |                             |                            |
|----|-----------------------------|----------------------------|
| 1. | Aztec 22 Federal Well No. 3 | NW/NW, Sec. 22, T18S, R33E |
| 2. | Federal MA Well No. 6       | NW/NE, Sec. 21, T18S, R33E |
| 3. | Federal MA Well No. 7       | NE/NE, Sec. 21, T18S, R33E |
| 4. | State 16 Well No. 4         | SW/SW, Sec. 16, T18S, R33E |
| 5. | State 16 Well No. 5         | SE/SW, Sec. 16, T18S, R33E |
| 6. | State 16 Well No. 6         | SW/SE, Sec. 16, T18S, R33E |
| 7. | Percha 15 State Well No. 1  | SW/SW, Sec. 15, T18S, R33E |

**PROJECT INJECTION WELLS**

- |    |                        |                            |
|----|------------------------|----------------------------|
| 1. | State 16 Well No. 8    | SE/SE, Sec. 16, T18S, R33E |
| 2. | Federal 21 Well No. 4  | NE/NW, Sec. 21, T18S, R33E |
| 3. | Federal MA Well No. 11 | SE/NE, Sec. 21, T18S, R33E |

Should you have any questions, or need additional information, please do not hesitate to contact me at 915-688-6943.

Sincerely,



**Donna J. Williams**  
Regulatory Compliance

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. 11208  
ORDER NO. R-10390

APPLICATION OF MERIDIAN OIL, INC. FOR A WATERFLOOD PROJECT  
AND QUALIFICATION FOR THE RECOVERED OIL TAX CREDIT PURSUANT  
TO THE "NEW MEXICO 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 February 16, 1995 at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 19th day of June, 1995 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) At the time of the hearing this case was consolidated with Division Case No. 10207 for the purpose of testimony.
  - (3) By Order No. R-10317, issued in Case 11207 on February 27, 1995, the Division, upon application by Meridian Oil, Inc., approved the East Corbin Delaware Unit which comprises the following described 760 acres, more or less, of Federal and State lands in Lea County, New Mexico:
-

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

(7) The proposed waterflood project should result in the recovery of otherwise unrecoverable oil thereby preventing waste, exhibits sound engineering practices, is in the best interest of conservation, and will not impair correlative rights.

(8) The applicant submitted data on the proposed injection wells, water wells in the area, and all other wells (including plugged wells) which penetrate the zone of interest within the 1/2-mile "area-of-review" of the four subject injection wells. This data shows that wells in the area are cased and plugged so as to protect fresh water and prevent fluid migration from the injection zone, and includes testimony indicating no evidence of open faults or any other hydrologic connection between the injection zone and the fresh water resources in the area.

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

(10) Injection into each well should be accomplished through either 2 3/8-inch internally plastic-lined tubing installed in a packer set no higher than 100 feet above the top of the upper most perforation; the casing-tubing annulus in each well should be filled with an inert fluid; and a pressure gauge or approved leak-detection device should be attached to the annulus in order to determine leaks in the casing, tubing or packer.

(11) The injection wells or pressurization system for each well should be so equipped as to limit injection pressure at the wellhead to no more than 1040 psi.

(12) Prior to commencing injection operations, the casing in each of the subject wells should be pressure tested throughout the interval, from the surface down to the proposed packer-setting depth, to assure integrity of such casing.

(13) The operator should give advance notice to the supervisor of the Hobbs District Office of the Division of the date and time of the installation of injection equipment and of the mechanical integrity pressure-test in order that the same may be witnessed.

(14) The subject application should be approved and the project should be governed by the provisions of Rules 701 through 708 of the Division Rules and Regulations.

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| Well Name and Number<br>(API Number)                                   | Footage Location<br>(Unit Letter) | Section | Perforated<br>Injection Interval<br>(feet) |
|--|-----------------------------------|---------|--|
| Meridian Oil, Inc. State<br>"16" Well No. 4<br>(30-025-30622)          | 548' FSL & 760' FWL<br>(M)        | 16      | 5192 - 6248                                |
| Meridian Oil, Inc. State<br>"16" Well No. 8<br>(30-025-31168)          | 660' FSL & 460' FEL<br>(P)        | 16      | 5200 - 5260                                |
| Southland Royalty Company<br>Federal "21" Well No. 4<br>(30-025-30736) | 779' FNL & 1943' FWL<br>(C)       | 21      | 5156 - 5246                                |
| Federal "MA" Well No. 11<br>(new drill)                                | 1340'FNL & 990' FEL (H)           | 21      | 5200 - 5270                                |

(2) The waterflood project, hereby designated the "*East Corbin Delaware Unit Waterflood Project*", shall coincide with the boundary of the East Corbin Delaware Unit Area, as further described below, and was the subject of said Division Order No. R-10317:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM  
LEA COUNTY, NEW MEXICO

- Section 15: S/2 SW/4
- Section 16: SW/4, NE/4 SE/4, and S/2 SE/4
- Section 21: NE/4, N/2 NW/4, and SE/4 NW/4
- Section 22: N/2 NW/4 and SW/4 NW/4.

(3) The applicant must take all steps necessary to ensure that the injected water only enters and remains confined to 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.

(4) Injection shall be accomplished through 2-3/8 inch internally plastic-lined tubing installed in a packer set approximately within 100 feet of the uppermost injection perforation; the casing-tubing annulus in each well shall be filled with an inert fluid and equipped with an approved pressure gauge or attention-attracting leak detection device.

Note (13) To be eligible for the EOR credit, prior to commencing injection operations, the operator must request from the Division a Certificate of Qualification, which certificate will specify the proposed project area as described above.

Case No. 11208  
Order No. R-10390  
Page 7

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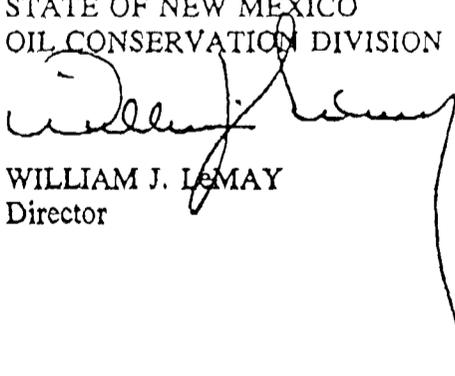
(14) At such time as a positive production response occurs and within five years from the date of the Certificate of Qualification, the applicant must apply to the Division for certification of positive production response, which application shall identify the area actually benefitting from enhanced 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.

(15) The injection authority granted herein for the proposed injection wells shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject wells, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

(16) 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

  
WILLIAM J. LEMAY  
Director

SEAL

**Oil Conservation Division**

July 18, 1995

Department of Taxation and Revenue  
P.O. Box 630  
Santa Fe, NM 87509-0630

Attention: John Chavez, Secretary

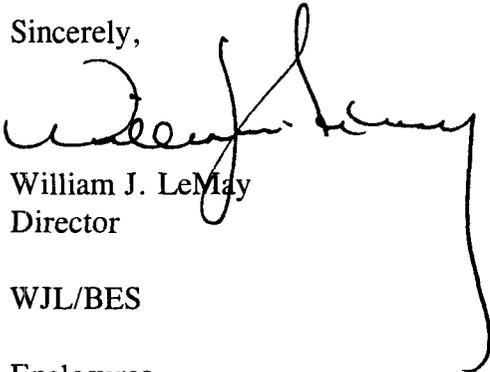
**RE: Certification of EOR Project  
Meridian Oil Company  
East Corbin-Delaware Unit Waterflood Project**

Dear Secretary Chavez:

Enclosed is a copy of the certification issued to Meridian Oil Company for its East Corbin-Delaware Unit Waterflood EOR project, certified by this Division on July 15, 1995, to be a qualified Enhanced Oil Recovery Project. If the operator applies for certification of positive production response within five years from that date, this project will be eligible for the *Recovered Oil Tax Rate* as provided in Laws of 1992, Chapter 38.

Only oil production from that portion of the lands identified in the certification which is actually developed for enhanced recovery will be eligible for the reduced tax rate. At the time positive production response is certified, we will identify for you the specific lands and wells within the project which qualify for the *Recovered Oil Tax Rate*.

Sincerely,



William J. LeMay  
Director

WJL/BES

Enclosures

## Oil Conservation Division

July 17, 1995

Meridian Oil Company  
P.O. Box 51810  
Midland, TX 79710

Attention: Ms. Donna J. Williams

### CERTIFICATION OF ENHANCED OIL RECOVERY PROJECT FOR RECOVERED OIL TAX RATE

The New Mexico Oil Conservation Division hereby certifies that the following Enhanced Oil Recovery Project has been approved by the Division as a secondary project, pursuant to the provisions of the *New Mexico Enhanced Oil Recovery Act* (Laws of 1992, Chapter 38). In order to qualify for the *Recovered Oil Tax Rate*, you must apply for certification of positive production response within five years from the date of this certification. Only production from that portion of the project area identified herein which is actually developed for enhanced recovery will qualify for the reduced tax rate.

If operation of this project is terminated for any reason, the operator of the project must notify this Division and the Secretary of the Taxation and Revenue Department not later than the thirtieth day after termination.

NAME OF PROJECT: East Corbin-Delaware Unit Waterflood Project

OCD ORDER NO. R-10390

OPERATOR: Meridian Oil Company  
ADDRESS: Attention: Ms. Donna J. Williams  
P.O. Box 51810  
Midland, TX 79710

CERTIFICATION DATE: July 15, 1995

PROJECT AREA:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM

Section 15: S/2 SW/4

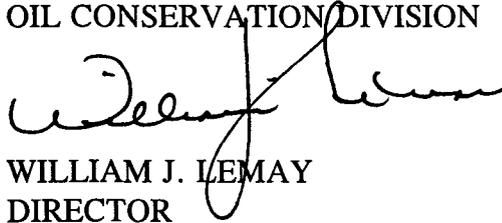
Section 16: SW/4, NE/4 SE/4 and S/2 SE/4

Section 21: NE/4, N/2 SE/4 and S/2 SE/4

Section 22: N/2 NW/4 and SW/4 NW/4

APPROVED BY:

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY  
DIRECTOR

SEAL

cc: Secretary, Taxation and Revenue  
Kellahin and Kellahin, Attorneys at Law



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



BRUCE KING  
 GOVERNOR

December 6, 1993

ANITA LOCKWOOD  
 CABINET SECRETARY

POST OFFICE BOX 2088  
 STATE LAND OFFICE BUILDING  
 SANTA FE, NEW MEXICO 87504  
 (505) 827-5800

Texaco Exploration & Production, Inc.  
 Attention: Jim H. Ohlms  
 P.O. Box 3109  
 Midland, TX 79702

**CERTIFICATION OF ENHANCED OIL RECOVERY PROJECT  
 FOR RECOVERED OIL TAX RATE**

The New Mexico Oil Conservation Division hereby certifies that the following Enhanced Oil Recovery Project has been approved by the Division as a secondary project, pursuant to the provisions of the *New Mexico Enhanced Oil Recovery Act* (Laws of 1992, Chapter 38). In order to qualify for the *Recovered Oil Tax Rate*, you must apply for certification of positive production response within five years from the date of this certification. Only production from that portion of the project area identified herein which is actually developed for enhanced recovery will qualify for the reduced tax rate.

If operation of this project is terminated for any reason, the operator of the project must notify this Division and the Secretary of the Taxation and Revenue Department not later than the thirtieth day after termination.

NAME OF PROJECT: Cooper Jal Jalmat and Cooper Jal Langmat Waterflood Projects  
 (Cooper Jal Unit Area)

OCD ORDER NO. R-9983

OPERATOR: Texaco Exploration & Production, Inc.  
 ADDRESS: Attention: Jim H. Ohlms  
 P.O. Box 3109  
 Midland, TX 79702

CERTIFICATION DATE: October 15, 1993

PROJECT 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

*EOR Project Certification*

*Cooper Jal Jalmat and Cooper Jal Langmat Waterflood Projects (Cooper Jal Unit Area)*

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Township 24 South, Range 37 East, NMPM

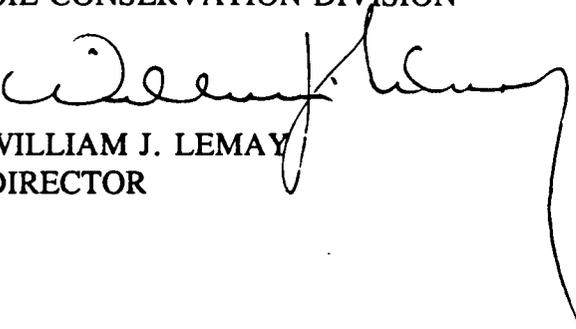
Section 18: SW/4 SW/4

Section 19: W/2

Section 30: NW/4

APPROVED BY:

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY  
DIRECTOR

SEAL



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

January 6, 2000

Department of Taxation and Revenue  
P.O. Box 630  
Santa Fe, New Mexico 87509-0630

Attention: Mr. John Chavez, Secretary

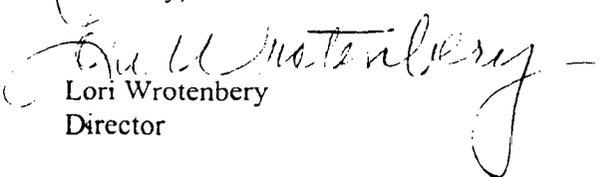
Re: Certification of a Positive Production Response  
Texaco Exploration & Production Inc.  
Cooper Jal Jalmat and Cooper Jal Langmat  
Waterflood Projects

Dear Secretary Chavez:

Enclosed is a copy of Division Order No. R-9983-A, which was issued on December 2, 1999. This document certifies that a positive production response has occurred within the Cooper Jal Jalmat and Cooper Jal Langmat Waterflood Projects (all within the Cooper Jal Unit area), which are currently operated by Texaco Exploration & Production Inc. In addition, this positive production response has occurred within the five year time limit as described within the "New Mexico Enhanced Oil Recovery Act." The Division has determined that all waterflood wells within the certified area producing from the Jalmat or Langlie-Mattix Pool are eligible for the recovered oil tax rate. These wells are shown on Exhibit "A" to Order No. R-9983-A.

For your convenience, we have also enclosed a summary page showing all pertinent data. If additional information is required, please advise.

Sincerely,

  
Lori Wrotenbery  
Director

LW/DRC

Xc: Texaco Exploration & Production Inc.  
c/o Mr. William F. Carr  
Campbell, Carr, Berge & Sheridan, P.A.

POSITIVE PRODUCTION RESPONSE DATA  
COOPER JAL JALMAT & COOPER JAL LANGMAT WATERFLOOD PROJECT

NAME OF PROJECT

Cooper Jal Jalmat and Cooper Jal Langmat Waterflood Project  
(All within the Cooper Jal Unit Area)

OPERATOR

Texaco Exploration & Production, Inc.  
P.O. Box 3109  
Midland, Texas 79702

Pools

Jalmat & Langlie-Mattix Pools

OCD ORDER APPROVING WATERFLOOD PROJECT & DATE

R-9983 October 6, 1993

PROJECT 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      |

DATE WATER INJECTION COMMENCED

October, 1993

DATE PROJECT WAS CERTIFIED TO TAXATION & REVENUE

February 2, 1994 (Effective Date: October 15, 1993)

DATE POSITIVE PRODUCTION RESPONSE OCCURRED

October, 1993

CURRENT NUMBER OF WELLS WITHIN PROJECT AREA

57 Producing Wells

CAMPBELL, CARR, BERGE

& SHERIDAN, P.A.

LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN  
WILLIAM P. SLATTERY

PATRICIA A. MATTHEWS  
MICHAEL H. FELDEWERT  
DAVID B. LAWRENZ  
TANYA M. TRUJILLO

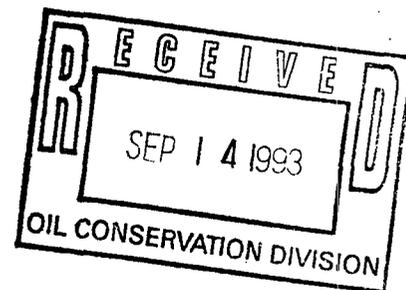
JACK M. CAMPBELL  
OF COUNSEL

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

October 13, 1993

**HAND-DELIVERED**

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
State Land Office Building  
Santa Fe, New Mexico 87503



Re: Cooper Jal Jalmat and Cooper Jal Langmat Waterflood Projects (Cooper Jal Unit Area)  
Certification to New Mexico Taxation and Revenue Division of qualified "Enhanced Oil Recovery Project."

Dear Mr. LeMay:

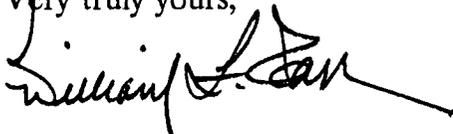
Division Order No. R-9983 entered on October 6, 1993 qualified Texaco Exploration and Production Inc.'s Cooper Jal Jalmat and Cooper Jal Langmat Waterflood Projects, both located within Texaco's Cooper Jal Unit Area as an "Enhanced Oil Recovery Project" pursuant to the Enhanced Oil Recovery Act (Laws 1992, Chapter 38, Sections 1 through 5). Order Paragraph (1). This Order included water injection within Phases I, II and III provided that Phase I, II and Phase III areas within the project may be independently certified by the Division to the New Mexico Taxation and Revenue Department. Order Paragraph (2). It further provided that to be eligible for the EOR credit, Texaco should advise the Division when water injection commences into Phase I, II and Phase III of the project and at such time request that the Division certify Phase I, II and/or Phase III to the New Mexico Taxation and Revenue Department. Order Paragraph (3).

The purpose of this letter is to advise the Division that Texaco Exploration and Production Inc. plans to commence injection into Phase I of the Cooper Jal Jalmat and Cooper Jal Langmat Waterflood Projects (Cooper Jal Unit Area) on October 15, 1993. Accordingly, Texaco requests that the Division certify Phase I to the New Mexico Taxation and Revenue Department as a qualified "Enhanced Oil Recovery Project" under the Enhanced Oil Recovery Act. Enclosed for this purpose is a draft of a Certification which includes the entire project area in Phase I of this waterflood project since the geographic area involved in these Phases overlap. Texaco understands that this Certification will start the five year period within which it must obtain a positive production response throughout the project area.

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
October 13, 1993  
Page 2

Your attention to this request is appreciated.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

WILLIAM F. CARR  
ATTORNEY FOR TEXACO EXPLORATION AND PRODUCTION INC.  
WFC:mlh  
Enclosure  
cc: Jim H. Ohlms

**KELLAHIN AND KELLAHIN**

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285

TELEFAX (505) 982-2047

W. THOMAS KELLAHIN\*

\*NEW MEXICO BOARD OF LEGAL SPECIALIZATION  
RECOGNIZED SPECIALIST IN THE AREA OF  
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

July 10, 1995

**HAND DELIVERED**

Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

Attn: Ben Stone

**Re: NMOCD Case 11208  
Order R-10390  
Meridian Oil Inc. (Midland)  
Request for Certification of Qualification  
for its East Corbin-Delaware Waterflood Project  
for an enhanced oil recovery project**

**RECEIVED**

JUL 10 1995

Oil Conservation Division

Dear Mr. Stone:

On behalf of Meridian Oil Inc., and in accordance with Division Order R-10390 (copy enclosed), I hereby request from the Division a Certificate of Qualification for the following described project:

**Project Name:**

East Corbin-Delaware Unit Waterflood Project

**Project Operator:**

Meridian Oil Inc.  
P. O. Box 51810  
Midland, Texas 79710

NMOCD (Ben Stone)

July 10, 1995

Page 2.

Project Area:

The Delaware formation of the West Corbin-Delaware Pool within the following described area of Lea County, New Mexico:

**TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM**

Section 15: S/2SW/4  
Section 16: SW/4, NE/4SE/4, and S/2SE/4  
Section 21: NE/4, N/2NW/4, and SE/4NW/4  
Section 22: N/2NW/4 and SW/4NW/4

Project wells eligible for credit:

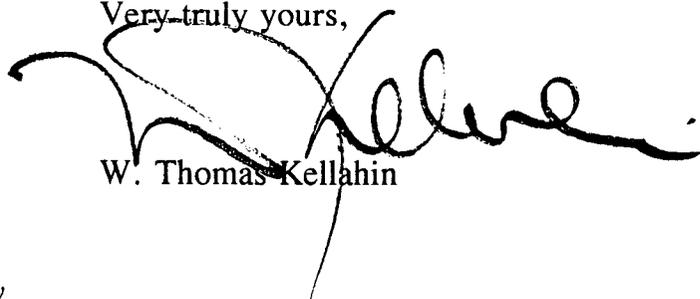
1. Percha "15" State Well No. 1, Unit M-15-18S-33E
2. State "16" Well No. 5, Unit N-16-18S-33E
3. State "16" Well No. 6, Unit O-16-18S-33E
4. Federal "MA" Well No. 6, Unit B-21-18S-33E
5. Federal "MA" Well No. 7, Unit A-21-18S-33E
6. Aztec "22" Federal Well No. 3, Unit D-22-18S-33E

Project injection wells:

1. State "16" Well No. 4, Unit M-16-18S-33E
2. State "16" Well No. 8, Unit P-16-18S-33E
3. Federal "21" Well No. 4, Unit C-21-18S-33E
4. Federal "MA" Well No. 11, Unit H-21-18S-33E.

Please let me know if you require anything further.

Very truly yours,



W. Thomas Kellahin

*cc: Southland Royalty Company  
Midland, Texas*

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. 11208*  
*ORDER NO. R-10390*

**APPLICATION OF MERIDIAN OIL, INC. FOR A WATERFLOOD PROJECT  
AND QUALIFICATION FOR THE RECOVERED OIL TAX CREDIT PURSUANT  
TO THE "NEW MEXICO 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 February 16, 1995 at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 19th day of June, 1995 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) At the time of the hearing this case was consolidated with Division Case No. 10207 for the purpose of testimony.
- (3) By Order No. R-10317, issued in Case 11207 on February 27, 1995, the Division, upon application by Meridian Oil, Inc., approved the East Corbin Delaware Unit which comprises the following described 760 acres, more or less, of Federal and State lands in Lea County, New Mexico:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM

Section 15: S/2 SW/4  
Section 16: SW/4, NE/4 SE/4, and S/2 SE/4  
Section 21: NE/4, N/2 NW/4, and SE/4 NW/4  
Section 22: N/2 NW/4 and SW/4 NW/4.

(4) The applicant in this matter, Meridian Oil, Inc. ("Meridian"), seeks authority to institute a waterflood project in said East Corbin Delaware Unit by the injection of water into the West Corbin-Delaware Pool through the following three existing wells located in Township 18 South, Range 33 East, NMPM, Lea County, New Mexico:

a) the Meridian Oil, Inc. State "16" Well No. 4 (API No. 30-025-30622), located 548 feet from the South line and 760 feet from the West line (Unit M) of said Section 16 is currently a producing oil well in the subject pool (perforations from 5192 feet to 6248 feet), this well is to be converted from a producing oil well to a water injection well with no change in the perforated interval;

b) the Meridian Oil, Inc. State "16" Well No. 8 (API No. 30-025-31168), located 660 feet from the South line and 460 feet from the East line (Unit P) of said Section 16 is currently a producing oil well in the subject pool (perforations from 5200 feet to 5260 feet), this well is to be converted from a producing oil well to a water injection well with no change in the perforated interval; and,

c) the Southland Royalty Company Federal "21" Well No. 4 (API No. 30-025-30736), located 779 feet from the North line and 1943 feet from the West line (Unit C) of said Section 21 is currently a producing oil well in the subject pool (perforations from 5156 feet to 5260 feet), this well is to be converted from a producing oil well to a water injection well with no change in the perforated interval.

(5) Meridian further requests to drill its Federal "MA" No. 11 well 1340 feet from the North line and 990 feet from the East line (Unit H) of said Section 21 to be utilized as an injection well in said project through perforations from approximately 5200 feet to 5270 feet.

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

(7) The proposed waterflood project should result in the recovery of otherwise unrecoverable oil thereby preventing waste, exhibits sound engineering practices, is in the best interest of conservation, and will not impair correlative rights.

(8) The applicant submitted data on the proposed injection wells, water wells in the area, and all other wells (including plugged wells) which penetrate the zone of interest within the 1/2-mile "area-of-review" of the four subject injection wells. This data shows that wells in the area are cased and plugged so as to protect fresh water and prevent fluid migration from the injection zone, and includes testimony indicating no evidence of open faults or any other hydrologic connection between the injection zone and the fresh water resources in the area.

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

(10) Injection into each well should be accomplished through either 2 3/8-inch internally plastic-lined tubing installed in a packer set no higher than 100 feet above the top of the upper most perforation; the casing-tubing annulus in each well should be filled with an inert fluid; and a pressure gauge or approved leak-detection device should be attached to the annulus in order to determine leaks in the casing, tubing or packer.

(11) The injection wells or pressurization system for each well should be so equipped as to limit injection pressure at the wellhead to no more than 1040 psi.

(12) Prior to commencing injection operations, the casing in each of the subject wells should be pressure tested throughout the interval, from the surface down to the proposed packer-setting depth, to assure integrity of such casing.

(13) The operator should give advance notice to the supervisor of the Hobbs District Office of the Division of the date and time of the installation of injection equipment and of the mechanical integrity pressure-test in order that the same may be witnessed.

(14) The subject application should be approved and the project should be governed by the provisions of Rules 701 through 708 of the Division Rules and Regulations.

(15) The applicant further requests that the subject waterflood project be approved 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).

(16) The evidence presented indicates that the subject waterflood project meets all the criteria for approval.

(17) The approved "project area" should initially comprise that area described in Finding Paragraph No. (3) above.

(18) To be eligible for the EOR credit, prior to commencing injection operations, the operator must request from the Division a Certificate of Qualification, which certificate will specify the proposed project area as described above.

(19) 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.

(20) The injection authority granted herein for the proposed injection wells should terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject wells, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Meridian Oil, Inc. ("Meridian"), is hereby authorized to institute a waterflood project in its East Corbin Delaware Unit Area (approved by Division Order No. R-10317, issued in Case 11207 on February 27, 1995), by the injection of water into the West Corbin-Delaware Pool through the following three existing wells to be converted from producing oil wells to injectors and one new well to be drilled, all located in Township 18 South, Range 33 East, NMPM, Lea County, New Mexico:

| Well Name and Number<br>(API Number)                                   | Footage Location<br>(Unit Letter) | Section | Perforated<br>Injection Interval<br>(feet) |
|--|-----------------------------------|---------|--|
| Meridian Oil, Inc. State<br>"16" Well No. 4<br>(30-025-30622)          | 548' FSL & 760' FWL<br>(M)        | 16      | 5192 - 6248                                |
| Meridian Oil, Inc. State<br>"16" Well No. 8<br>(30-025-31168)          | 660' FSL & 460' FEL<br>(P)        | 16      | 5200 - 5260                                |
| Southland Royalty Company<br>Federal "21" Well No. 4<br>(30-025-30736) | 779' FNL & 1943' FWL<br>(C)       | 21      | 5156 - 5246                                |
| Federal "MA" Well No. 11<br>(new drill)                                | 1340' FNL & 990' FEL (H)          | 21      | 5200 - 5270                                |

(2) The waterflood project, hereby designated the "*East Corbin Delaware Unit Waterflood Project*", shall coincide with the boundary of the East Corbin Delaware Unit Area, as further described below, and was the subject of said Division Order No. R-10317:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM  
LEA COUNTY, NEW MEXICO

Section 15: S/2 SW/4  
Section 16: SW/4, NE/4 SE/4, and S/2 SE/4  
Section 21: NE/4, N/2 NW/4, and SE/4 NW/4  
Section 22: N/2 NW/4 and SW/4 NW/4.

(3) The applicant must take all steps necessary to ensure that the injected water only enters and remains confined to 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.

(4) Injection shall be accomplished through 2-3/8 inch internally plastic-lined tubing installed in a packer set approximately within 100 feet of the uppermost injection perforation; the casing-tubing annulus in each well shall be filled with an inert fluid and equipped with an approved pressure gauge or attention-attracting leak detection device.

(5) The injection wells or pressurization system for each injection well shall be so equipped as to limit injection pressure at the wellhead to no more than **1040 psi**.

(6) The Division Director shall have the authority to administratively authorize an increase in the injection pressure limitation placed upon any well upon a proper showing by the operator that such higher pressure will not result in the migration of the injected water from its respective interval or fracture the confining strata.

(7) Prior to commencing injection operations, the casing in each injection 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.

(8) 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.

(9) Should it become necessary, the supervisor of the Hobbs District Office of the Division or the Director may at any time order a decrease of the injection pressure on any of the subject injection wells.

(10) The operator of the East Corbin Delaware Unit Waterflood Project shall conduct injection operations in accordance with all applicable Division rules, regulations, and policies, including Division General Rules 701 through 708 and shall submit monthly progress reports in accordance with Division General Rules 706 and 1115.

**IT IS FURTHER ORDERED THAT:**

(11) The subject waterflood project is hereby approved as an "Enhanced Oil Recovery Project" pursuant to the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5).

(12) The approved "project area" shall initially comprise that area described in Decretory Paragraph No. (2) above.

(13) To be eligible for the EOR credit, prior to commencing injection operations, the operator must request from the Division a Certificate of Qualification, which certificate will specify the proposed project area as described above.

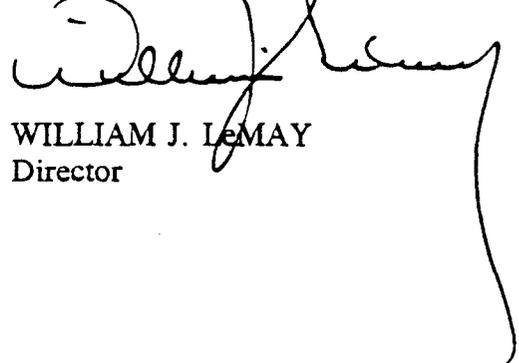
(14) At such time as a positive production response occurs and within five years from the date of the Certificate of Qualification, the applicant must apply to the Division for certification of positive production response, which application shall identify the area actually benefitting from enhanced 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.

(15) The injection authority granted herein for the proposed injection wells shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject wells, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

(16) 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



WILLIAM J. LEMAY  
Director

S E A L

**KELLAHIN AND KELLAHIN**

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

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W. THOMAS KELLAHIN\*

\*NEW MEXICO BOARD OF LEGAL SPECIALIZATION  
RECOGNIZED SPECIALIST IN THE AREA OF  
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

July 10, 1995

**HAND DELIVERED**

Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

Attn: Ben Stone

*Re: NMOCD Case 11208  
Order R-10390  
Meridian Oil Inc. (Midland)  
Request for Certification of Qualification  
for its East Corbin-Delaware Waterflood Project  
for an enhanced oil recovery project*

**RECEIVED**

JUL 10 1995

Oil Conservation Division

Dear Mr. Stone:

On behalf of Meridian Oil Inc., and in accordance with Division Order R-10390 (copy enclosed), I hereby request from the Division a Certificate of Qualification for the following described project:

**Project Name:**

East Corbin-Delaware Unit Waterflood Project

**Project Operator:**

Meridian Oil Inc.  
P. O. Box 51810  
Midland, Texas 79710

Project Area:

The Delaware formation of the West Corbin-Delaware Pool within the following described area of Lea County, New Mexico:

**TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM**

Section 15: S/2SW/4  
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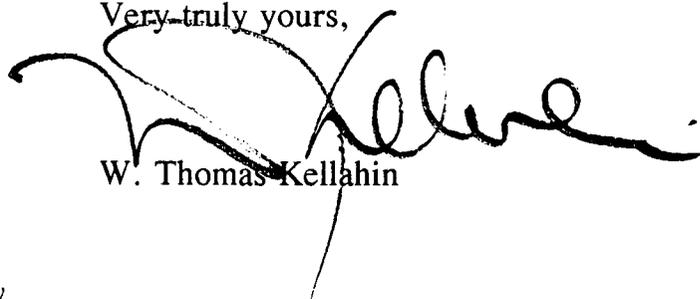
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1. State "16" Well No. 4, Unit M-16-18S-33E
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3. Federal "21" Well No. 4, Unit C-21-18S-33E
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Please let me know if you require anything further.

Very truly yours,



W. Thomas Kellahin

*cc: Southland Royalty Company  
Midland, Texas*

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. 11208*  
*ORDER NO. R-10390*

**APPLICATION OF MERIDIAN OIL, INC. FOR A WATERFLOOD PROJECT  
AND QUALIFICATION FOR THE RECOVERED OIL TAX CREDIT PURSUANT  
TO THE "NEW MEXICO OIL RECOVERY ACT", LEA COUNTY, NEW  
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ORDER OF THE DIVISION

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NOW, on this 19th day of June, 1995 the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

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(4) The applicant in this matter, Meridian Oil, Inc. ("Meridian"), seeks authority to institute a waterflood project in said East Corbin Delaware Unit by the injection of water into the West Corbin-Delaware Pool through the following three existing wells located in Township 18 South, Range 33 East, NMPM, Lea County, New Mexico:

a) the Meridian Oil, Inc. State "16" Well No. 4 (**API No. 30-025-30622**), located 548 feet from the South line and 760 feet from the West line (Unit M) of said Section 16 is currently a producing oil well in the subject pool (perforations from 5192 feet to 6248 feet), this well is to be converted from a producing oil well to a water injection well with no change in the perforated interval;

b) the Meridian Oil, Inc. State "16" Well No. 8 (**API No. 30-025-31168**), located 660 feet from the South line and 460 feet from the East line (Unit P) of said Section 16 is currently a producing oil well in the subject pool (perforations from 5200 feet to 5260 feet), this well is to be converted from a producing oil well to a water injection well with no change in the perforated interval; and,

c) the Southland Royalty Company Federal "21" Well No. 4 (**API No. 30-025-30736**), located 779 feet from the North line and 1943 feet from the West line (Unit C) of said Section 21 is currently a producing oil well in the subject pool (perforations from 5156 feet to 5260 feet), this well is to be converted from a producing oil well to a water injection well with no change in the perforated interval.

(5) Meridian further requests to drill its Federal "MA" No. 11 well 1340 feet from the North line and 990 feet from the East line (Unit H) of said Section 21 to be utilized as an injection well in said project through perforations from approximately 5200 feet to 5270 feet.

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

(7) The proposed waterflood project should result in the recovery of otherwise unrecoverable oil thereby preventing waste, exhibits sound engineering practices, is in the best interest of conservation, and will not impair correlative rights.

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

(10) Injection into each well should be accomplished through either 2 3/8-inch internally plastic-lined tubing installed in a packer set no higher than 100 feet above the top of the upper most perforation; the casing-tubing annulus in each well should be filled with an inert fluid; and a pressure gauge or approved leak-detection device should be attached to the annulus in order to determine leaks in the casing, tubing or packer.

(11) The injection wells or pressurization system for each well should be so equipped as to limit injection pressure at the wellhead to no more than 1040 psi.

(12) Prior to commencing injection operations, the casing in each of the subject wells should be pressure tested throughout the interval, from the surface down to the proposed packer-setting depth, to assure integrity of such casing.

(13) The operator should give advance notice to the supervisor of the Hobbs District Office of the Division of the date and time of the installation of injection equipment and of the mechanical integrity pressure-test in order that the same may be witnessed.

(14) The subject application should be approved and the project should be governed by the provisions of Rules 701 through 708 of the Division Rules and Regulations.

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IT IS THEREFORE ORDERED THAT:

(1) The applicant, Meridian Oil, Inc. ("Meridian"), is hereby authorized to institute a waterflood project in its East Corbin Delaware Unit Area (approved by Division Order No. R-10317, issued in Case 11207 on February 27, 1995), by the injection of water into the West Corbin-Delaware Pool through the following three existing wells to be converted from producing oil wells to injectors and one new well to be drilled, all located in Township 18 South, Range 33 East, NMPM, Lea County, New Mexico:

| Well Name and Number<br>(API Number)                                   | Footage Location<br>(Unit Letter) | Section | Perforated<br>Injection Interval<br>(feet) |
|--|-----------------------------------|---------|--|
| Meridian Oil, Inc. State<br>"16" Well No. 4<br>(30-025-30622)          | 548' FSL & 760' FWL<br>(M)        | 16      | 5192 - 6248                                |
| Meridian Oil, Inc. State<br>"16" Well No. 8<br>(30-025-31168)          | 660' FSL & 460' FEL<br>(P)        | 16      | 5200 - 5260                                |
| Southland Royalty Company<br>Federal "21" Well No. 4<br>(30-025-30736) | 779' FNL & 1943' FWL<br>(C)       | 21      | 5156 - 5246                                |
| Federal "MA" Well No. 11<br>(new drill)                                | 1340' FNL & 990' FEL (H)          | 21      | 5200 - 5270                                |

(2) The waterflood project, hereby designated the "*East Corbin Delaware Unit Waterflood Project*", shall coincide with the boundary of the East Corbin Delaware Unit Area, as further described below, and was the subject of said Division Order No. R-10317:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM  
LEA COUNTY, NEW MEXICO

Section 15: S/2 SW/4  
 Section 16: SW/4, NE/4 SE/4, and S/2 SE/4  
 Section 21: NE/4, N/2 NW/4, and SE/4 NW/4  
 Section 22: N/2 NW/4 and SW/4 NW/4.

(3) The applicant must take all steps necessary to ensure that the injected water only enters and remains confined to 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.

(4) Injection shall be accomplished through 2-3/8 inch internally plastic-lined tubing installed in a packer set approximately within 100 feet of the uppermost injection perforation; the casing-tubing annulus in each well shall be filled with an inert fluid and equipped with an approved pressure gauge or attention-attracting leak detection device.

(5) The injection wells or pressurization system for each injection well shall be so equipped as to limit injection pressure at the wellhead to no more than **1040 psi**.

(6) The Division Director shall have the authority to administratively authorize an increase in the injection pressure limitation placed upon any well upon a proper showing by the operator that such higher pressure will not result in the migration of the injected water from its respective interval or fracture the confining strata.

(7) Prior to commencing injection operations, the casing in each injection 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.

(8) 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.

(9) Should it become necessary, the supervisor of the Hobbs District Office of the Division or the Director may at any time order a decrease of the injection pressure on any of the subject injection wells.

(10) The operator of the East Corbin Delaware Unit Waterflood Project shall conduct injection operations in accordance with all applicable Division rules, regulations, and policies, including Division General Rules 701 through 708 and shall submit monthly progress reports in accordance with Division General Rules 706 and 1115.

**IT IS FURTHER ORDERED THAT:**

(11) The subject waterflood project is hereby approved as an "Enhanced Oil Recovery Project" pursuant to the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5).

(12) The approved "project area" shall initially comprise that area described in Decretory Paragraph No. (2) above.

(13) To be eligible for the EOR credit, prior to commencing injection operations, the operator must request from the Division a Certificate of Qualification, which certificate will specify the proposed project area as described above.

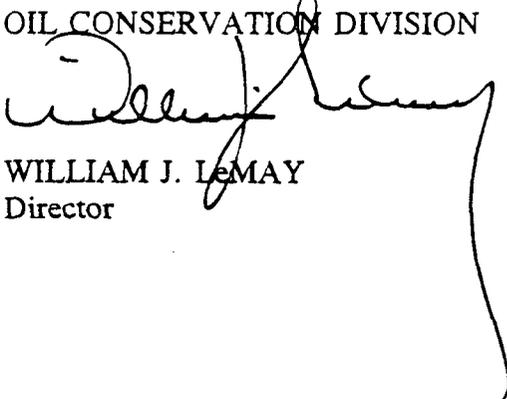
(14) At such time as a positive production response occurs and within five years from the date of the Certificate of Qualification, the applicant must apply to the Division for certification of positive production response, which application shall identify the area actually benefitting from enhanced 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.

(15) The injection authority granted herein for the proposed injection wells shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject wells, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

(16) 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

  
WILLIAM J. LEMAY  
Director

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