



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

November 28, 2001

Phillips Petroleum Company
4001 Penbrook
Odessa, Texas 79762

Attn: Ms. Celeste Dale

**RE: *Injection Pressure Increase
Phillips Leamex Waterflood Project
Lea County, New Mexico***

Dear Ms. Dale:

Reference is made to your request dated November 12, 2001, to increase the surface injection pressure on 6 wells within the Phillips Leamex Waterflood Project. This request is based on step rate tests and various other data submitted with the application. The results of the tests and data have been reviewed by my staff and we feel an increase in injection pressure on these wells is justified at this time.

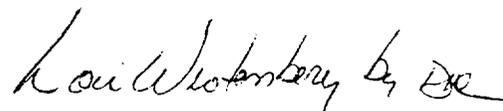
You are therefore authorized to increase the surface injection pressure on the following wells:

Well and Location	Maximum Surface Injection Pressure
Leamex No. 58 API No. 30-025-35570 Unit O, Section 24, T-17S, R-33E	2140 PSIG
Leamex No. 59 API No. 30-025-35571 Unit M, Section 24, T-17S, R-33E	2140 PSIG
Leamex No. 60 API No. 30-025-35572 Unit K, Section 24, T-17S, R-33E	2140 PSIG
Leamex No. 61 API No. 30-025-35573 Unit C, Section 25, T-17S, R-33E	2140 PSIG
Leamex No. 62 API No. 30-025-35574 Unit I, Section 23, T-17S, R-33E	2140 PSIG
Leamex No. 63 API No. 30-025-35575 Unit E, Section 24, T-17S, R-33E	2140 PSIG

*Injection Pressure Increase
Phillips Petroleum Company
November 28, 2001
Page 2*

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,



Lori Wrotenbery
Director

LW/DRC

cc: Oil Conservation Division - Hobbs
Files: PSI-X-2001, WFX-775 ✓



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
BETTY RIVERA
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

November 7, 2002

Phillips Petroleum Company
4001 Penbrook Street
Odessa, Texas 79762

Attention: Mr. L. M. Sanders

Re: Request to Qualify the Phillips Leamex Waterflood Project as an "Enhanced Oil Recovery Project" Pursuant to the "New Mexico Enhanced Oil Recovery Act" (NMSA 1978 Sections 7-29A-1 through 7-29A-5).

Dear Mr. Sanders:

Reference is made to your request dated September 13, 2001, to qualify the Phillips Leamex Waterflood Project as an "Enhanced Oil Recovery Project" pursuant to the "New Mexico Enhanced Oil Recovery Act" (NMSA 1978 Sections 7-29A-1 through 7-29A-5). This project was initially authorized by Division Order No. WFX-775 dated November 28, 2001, and currently comprises the following described area in Lea County, New Mexico:

Project Area
Township 17 South, Range 33 East, NMPM

Section 23: E/2
Section 24: S/2, NW/4
Section 25: N/2

The evidence presented in you application demonstrates that the subject waterflood project meets all the criteria for approval.

The approved project area shall initially comprise the area described above provided, however, the "project area" and/or the producing wells eligible for the enhanced oil recovery (EOR) tax rate may be contracted and reduced based upon the evidence presented by the applicant in its demonstration of a positive production response.

To be eligible for the EOR tax rate, the operator shall advise the

*Phillips Petroleum Company
Request for EOR Qualification
Phillips Leamex Waterflood Project
November 7, 2002
Page 2.*

Division of the date and time water injection commences within the waterflood project. At that time, the Division will certify the project to the New Mexico Taxation and Revenue Department.

At such time as a positive production response occurs, and within five years from the date the project was certified to the New Mexico Taxation and Revenue Department, the applicant must apply to the Division for certification of a positive production response. This application shall identify the area benefiting from enhanced oil recovery operations and the specific wells eligible for the EOR tax rate. The Division may review the application administratively or set it for hearing. Based upon the evidence presented, the Division will certify to the New Mexico Taxation and Revenue Department those wells that are eligible for the EOR tax rate.

Sincerely,



Lori Wrotenbery
Director

Xc: WFX-775