

**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. 11188
Order No. R-10321**

**APPLICATION OF TEXACO EXPLORATION
AND PRODUCTION INC. FOR CERTIFICATION
OF A POSITIVE PRODUCTION RESPONSE
PURSUANT TO THE "NEW MEXICO ENHANCED
OIL RECOVERY ACT", LEA COUNTY, NEW
MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on February 2, 1995, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 7th day of March, 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) The applicant, Texaco Exploration and Production, Inc., seeks certification, pursuant to the Rules and Procedures for Qualifications of Enhanced Oil Recovery Projects and Certification for the Recovered Oil Tax Rate, as promulgated by Division Order No. R-9708, of a positive production response within its Vacuum Glorieta West Unit Waterflood Project, Lea County, New Mexico.

(3) By Order No. R-9714, dated September 3, 1992, the Division:

- a) authorized Texaco Exploration and Production Inc. to institute a waterflood project in its Vacuum Glorieta West Unit Area which currently comprises the area described below;

- b) qualified the Vacuum Glorieta West Unit Waterflood Project as an enhanced oil recovery project pursuant to "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5).

VACUUM GLORIETA WEST UNIT WATERFLOOD PROJECT AREA

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM

Section 24: SW/4, SW/4 NW/4, SW/4 SE/4

Section 25: All

Section 26: E/2 SE/4

Section 35: NE/4, N/2 SE/4, SE/4 SE/4

Section 36: All

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM

Section 30: Lots 1, 2, 3, 4 (W/2 W/2)

Section 31: Lots 1, 2, 3, 4 (W/2 W/2)

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM

Section 1: Lots 1, 2, 3, 4 (N/2 N/2), S/2 NE/4

Section 2: Lot 1 (NE/4 NE/4)

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM

Section 6: Lots 1, 2, 3, 4, 5, SE/4 NW/4, S/2 NE/4, (N/2)

(4) The Division certified that the Vacuum Glorieta West Unit Waterflood Project was approved as a qualified secondary recovery project to the New Mexico Taxation and Revenue Department on December 8, 1992.

(5) Evidence and testimony presented by the applicant indicates that water injection commenced within the project in December, 1992, through sixteen initial injection wells. In 1993, thirty-seven additional injection wells were drilled and brought on line.

(6) As of August, 1994, the water injection rate within the project was approximately 30,000 barrels per day.

(7) The Vacuum Glorieta West Unit Area is fully developed with fifty-four injection wells and seventy producing wells.

(8) The production data submitted as evidence in this case indicates that a positive production response occurred within the Vacuum Glorieta West Unit Waterflood Project on January 1, 1994.

(9) The positive production response has occurred within the five year time limit described in Division Order No. R-9708.

(10) The producing wells shown on Exhibit "A" attached hereto should be eligible for the reduced tax rate.

(11) The applicant should be required to 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 unit;
- c) of changes in operations within the unit which may affect the certification and resulting reduced tax rate granted herein.

(12) Pursuant to the provisions of Division Order No. R-9708, the Division Director should notify the Secretary of the New Mexico Taxation and Revenue Department of the certification granted herein.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the Rules and Procedures for Qualifications of Enhanced Oil Recovery Projects and Certification for the Recovered Oil Tax Rate, as promulgated by Division Order No. R-9708, the application of Texaco Exploration and Production Inc., for certification of a positive production response within its Vacuum Glorieta West Unit Waterflood Project is hereby approved.

(2) All Vacuum-Glorieta Pool producing wells within the following described area, which currently number seventy-one as shown on Exhibit "A" attached hereto, shall be eligible for the recovered oil tax rate:

VACUUM GLORIETA WEST UNIT WATERFLOOD PROJECT AREA

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM

Section 24: SW/4, SW/4 NW/4, SW/4 SE/4

Section 25: All

Section 26: E/2 SE/4

Section 35: NE/4, N/2 SE/4, SE/4 SE/4

Section 36: All

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM

Section 30: Lots 1, 2, 3, 4 (W/2 W/2)

Section 31: Lots 1, 2, 3, 4 (W/2 W/2)

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM

Section 1: Lots 1, 2, 3, 4 (N/2 N/2), S/2 NE/4

Section 2: Lot 1 (NE/4 NE/4)

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM

Section 6: Lots 1, 2, 3, 4, 5, SE/4 NW/4, S/2 NE/4, (N/2)

(3) Pursuant to the provisions of Division Order No. R-9708, the Division Director shall notify the Secretary of the New Mexico Taxation and Revenue Department of the certification granted herein.

(4) The applicant 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 unit;
- c) of changes in operations within the unit which may affect the certification and resulting reduced tax rate granted herein.

(5) Jurisdiction is hereby 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

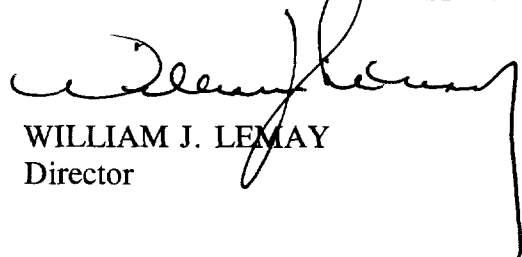

WILLIAM J. LEMAY
Director



EXHIBIT "A"
CASE NO. 11188
DIVISION ORDER NO. R-10321
VACUUM GLORIETA WEST UNIT PRODUCING WELLS

<u>API NO.</u>	<u>VGWU WELL NO.</u>	<u>WELL LOCATION - UL-S-T-R</u>
3002502092	2	L-24-17-34
3002521866	3	K-24-17-34
3002502094	6	M-24-17-34
3002502091	7	N-24-17-34
3002520673	8	O-24-17-34
3002521364	13	C-25-17-34
3002521649	14	B-25-17-34
3002532262	15	A-25-17-34
3002523854	16	D-30-17-35
3002520873	22	E-25-17-34
3002521675	23	F-25-17-34
3002521041	24	G-25-17-34
3002520951	25	H-25-17-34
3002520943	26	E-30-17-35
3002520148	32	I-26-17-34
3002520235	33	L-25-17-34
3002520143	34	K-25-17-34
3002527236	35	J-25-17-34
3002520212	36	I-25-17-34
3002520942	37	L-30-17-35
3002520068	44	P-26-17-34
3002520050	45	M-25-17-34
3002520249	46	N-25-17-34
3002527913	47	O-25-17-34
3002530970	48	P-25-17-34
3002530967	49	M-30-17-35
3002520329	56	B-35-17-34
3002520510	57	A-35-17-34
3002530715	58	D-36-17-34
3002530971	59	C-36-17-34
3002530716	60	B-36-17-34
3002521432	61	A-36-17-34
3002520863	62	D-31-17-35
3002532270	70	G-35-17-34
3002520665	71	H-35-17-34
3002530779	72	E-36-17-34
3002530714	73	F-36-17-34
3002530968	74	G-36-17-34

EXHIBIT "A"
CASE NO. 11188
DIVISION ORDER NO. R-10321
VACUUM GLORIETA WEST UNIT PRODUCING WELLS

PAGE 2

<u>API NO.</u>	<u>VGWU WELL NO.</u>	<u>WELL LOCATION - UL-S-T-R</u>
3002530969	75	H-36-17-34
3002520784	76	E-31-17-35
3002520781	83	J-35-17-34
3002520778	84	I-35-17-34
3002520236	85	L-36-17-34
3002520179	86	K-36-17-34
3002521637	87	J-36-17-34
3002530206	88	J-36-17-34
3002520505	89	I-36-17-34
3002520270	90	L-31-17-35
3002532263	98	P-35-17-34
3002529919	99	M-36-17-34
3002530476	100	N-36-17-34
3002520237	101	O-36-17-34
3002530126	102	P-36-17-34
3002520339	103	M-31-17-35
3002521111	111	A-2-18-34
3002520515	112	D-1-18-34
3002521107	113	C-1-18-34
3002531132	114	B-1-18-34
3002531131	115	A-1-18-34
3002520753	116	D-6-18-35
3002520754	117	C-6-18-35
3002531129	118	B-6-18-35
3002521108	119	A-6-18-35
3002520939	125	H-1-18-34
3002521031	126	E-6-18-35
3002521292	127	F-6-18-35
3002521054	128	G-6-18-35
3002521425	129	H-6-18-35
3002520046	130	N-36-17-34
3002520334	131	C-36-17-34