

(24) The oil allowable for the pilot pressure maintenance project should be established at 1,496 barrels of oil per day.

(25) The injection authority granted herein for the Pure Gold "B" Federal Well No. 20 should terminate one year after the date of this order if the operator has not commenced injection operations into the well; provided, however, the Division, upon written request by the operator, may grant an extension for good cause.

(26) The applicant seeks to qualify the pilot pressure maintenance project as an "Enhanced Oil Recovery Project" pursuant to the "Enhanced Oil Recovery Act" (NMSA 1978 §§7-29A-1 through 7-29A-5).

(27) The evidence presented indicates that the pilot pressure maintenance project meets all the criteria for certification.

(28) The certified project area should initially comprise the SE/4 of Section 20, W/2 SW/4 of Section 21, NW/4 NW/4 of Section 28, and NE/4 NE/4 of Section 29, Township 23 South, Range 31 East, NMPM; 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.

(29) To be eligible for the EOR tax rate, the operator should advise the Division of the date and time water injection commences within the pilot pressure maintenance project. At that time, the Division will certify the project to the New Mexico Taxation and Revenue Department.

(30) 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.

**IT IS THEREFORE ORDERED THAT:**

(1) The applicant, Pogo Producing Company, is hereby authorized to institute a pilot pressure maintenance project within an area encompassing 320 acres and comprised of four Federal leases, described below, by the injection of water into the West Sand Dunes-