



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

June 16, 1999

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,
Wiser Oil Company
Caprock Maljamar Unit Waterflood Project

Dear Secretary Chavez:

Enclosed is a copy of Division Order No. R-11191 issued in Case No. 12147 on May 25, 1999. This order certifies that a positive production response has occurred within Phases I, II and III of the Caprock Maljamar Unit Waterflood Project Area which is currently operated by Wiser 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 Phases I, II and III of the Caprock Maljamar Unit Waterflood Project producing from the Maljamar Grayburg-San Andres Pool are eligible for the recovered oil tax rate on the response date indicated. These wells are shown on Exhibit "A" to Division Order No. R-11191.

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 cursive script that reads "Lori Wrotenbery".
Lori Wrotenbery
Director

LW/DRC

xc: Wiser Oil Company
File-EOR-18

POSITIVE PRODUCTION RESPONSE DATA
CAPROCK MALJAMAR UNIT WATERFLOOD PROJECT

NAME OF PROJECT

Caprock Maljamar Unit Waterflood Project

OPERATOR

Wiser Oil Company
8115 Preston Road
Suite 400
Dallas, Texas 75225
Attention: Mr. Matt Eagleston

POOL

Maljamar Grayburg-San Andres Pool

OCD ORDER NO. APPROVING WATERFLOOD PROJECT & DATE

R-10094, April 5, 1994

PROJECT AREA

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM

Section 13: SE/4

Section 24: All

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM

Section 17: All

Section 18: E/2, SW/4

Sections 19 and 20: All

Section 21: W/2 W/2, SE/4 NW/4, SE/4 SW/4

Section 27: NW/4 SW/4

Section 28: W/2, SE/4, SW/4 NE/4

Section 29: NE/4 NE/4

Section 33: N/2 NE/4, SE/4 NE/4

DATE WATER INJECTION COMMENCED

Phase I	May 1, 1994
Phase II	November 8, 1994
Phase III	October 1, 1997

DATE CERTIFIED PROJECT TO TAXATION & REVENUE

Phase I	June 22, 1994 (Certification Date-May 1, 1994)
Phase II	May 9, 1995 (Certification Date-November 8, 1994)
Phase III	June 3, 1998 (Certification Date-October 1, 1997)

DATE POSITIVE PRODUCTION RESPONSE OCCURRED

Phase I	October 1, 1994
Phase II	June 1, 1995
Phase III	January 1, 1998

CURRENT NUMBER OF WELLS WITHIN PROJECT AREA

Production: 73 Injection: 81

**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. 12147
Order No. R-11191**

**APPLICATION OF THE WISER OIL COMPANY FOR CERTIFICATION OF A
POSITIVE PRODUCTION RESPONSE IN THE CAPROCK MALJAMAR UNIT
AREA, LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on March 18, 1999, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 25th day of May 1999, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.

(2) Cases No. 12147, 12148, 12149 and 12150 were consolidated at the time of the hearing for the purpose of testimony.

(3) The applicant, The Wiser Oil Company, seeks certification, pursuant to the Rules and Procedures for Qualifications of Enhanced Oil Recovery Projects and Certification for the Recovered Oil Tax Rate, as established by Division Order No. R-9708, of a positive production response within its Caprock Maljamar Unit Waterflood Project, located in portions of Township 17 South, Ranges 32 and 33 East, NMPM, Lea County, New Mexico.

(4) The evidence presented by the applicant in this case demonstrates that:

- a) the Caprock Maljamar Unit Waterflood Project was approved by Division Order No. R-10094 on April 5, 1994. The project currently comprises the following described acreage:

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM

Section 13: SE/4
Section 24: All

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM

Section 17: All
Section 18: E/2, SW/4
Sections 19 and 20: All
Section 21: W/2 W/2, SE/4 NW/4, SE/4 SW/4
Section 27: NW/4 SW/4
Section 28: W/2, SE/4, SW/4 NE/4
Section 29: NE/4 NE/4
Section 33: N/2 NE/4, SE/4 NE/4

- b) at the time the properties were acquired by the applicant in 1992-93, total production was approximately 290 barrels of oil and 1,090 barrels of water per day from thirty-nine (39) active producing wells;
- c) development of the Caprock Maljamar Unit Waterflood Project has progressively occurred within three separate areas of the unit summarized as follows:

<u>Phase</u>	<u>Approximate Acreage</u>	<u>Date Water Injection Commenced</u>
I	840 acres	May 1, 1994
II	1560 acres	November 8, 1994
III	1200 acres	October 1, 1996

- d) during the period from 1993 to 1998, the applicant drilled seventy-one wells, re-entered and converted numerous producing wells to injection wells, and generally refurbished the injection system within the Caprock Maljamar Unit Waterflood Project at a cost of approximately \$35 million dollars. Based upon the capital costs, the applicant estimates that approximately \$586,000 "per injection pattern" was spent to conduct waterflood operations within the unit;
- e) there are currently 81 active injection wells and 73 active producing wells within the Caprock Maljamar Unit Waterflood Project;

- f) water injection within the Caprock Maljamar Unit Waterflood Project, as of November, 1998, is occurring at a rate of approximately 12,500 barrels per day; and
- g) oil production within the Caprock Maljamar Unit Waterflood Project, as of November, 1998, is approximately 868 barrels of oil and 7,502 barrels of water per day.

(5) The applicant requested that October 1, 1994, June 1, 1995 and January 1, 1998 be established as the dates positive production responses occurred within Phases I, II and III of the Caprock Maljamar Unit Waterflood Project, respectively.

(6) The applicant's engineering evidence and testimony demonstrates that a positive production response has occurred within Phases I, II and III of the Caprock Maljamar Unit Waterflood Project, and that the positive production response dates proposed by the applicant are reasonable and should therefore be adopted.

(7) The positive production responses within Phases I, II and III of the Caprock Maljamar Unit Waterflood Project have occurred within the five-year time limit described in Division Order No. R-9708.

(8) The producing wells shown on the attached Exhibit "A" should be eligible for the reduced tax rate effective October 1, 1994 for Phase I, June 1, 1995 for Phase II, and January 1, 1998 for Phase III.

(9) 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; and
- c) of changes in operations within the unit which may affect the certification and resulting reduced tax rate granted by this order.

(10) 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 by this order.

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 The Wiser Oil Company for certification of a positive production response within Phases I, II and III of its Caprock Maljamar Unit Waterflood Project is hereby approved.

(2) Positive production response dates for Phases I, II and III of the Caprock Maljamar Unit Waterflood Project are hereby established as follows:

<u>Phase Number</u>	<u>Positive Production Response Date</u>
I	October 1, 1994
II	June 1, 1995
III	January 1, 1998

(3) All wells located within Phase I of the Caprock Maljamar Unit Waterflood Project, as identified on Exhibit "A", shall be eligible for the reduced tax rate effective October 1, 1994.

(4) All wells located within Phase II of the Caprock Maljamar Unit Waterflood Project, as identified on Exhibit "A", shall be eligible for the reduced tax rate effective June 1, 1995.

(5) All wells located within Phase III of the Caprock Maljamar Unit Waterflood Project, as identified on Exhibit "A", shall be eligible for the reduced tax rate effective January 1, 1998.

(6) 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; and
- c) of changes in operations within the unit which may affect the certification and resulting reduced tax rate granted by this order.

(7) 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 by this order.

(8) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

CASE NO. 12147
Order No. R-11191
Page -5-

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



LORI WROTENBERY
Director

S E A L

Exhibit "A"
Case No. 12147
Division Order No. R-11191
Caprock Maljamar Unit Waterflood Project
Producing Wells

Phase I

<u>Well Name & Number</u>	<u>API Number</u>	<u>Well Location</u>
CMU No. 152	30-025-32042	Unit F, Section 17, T-17S, R-33E
CMU No. 153	30-025-32422	Unit N, Section 17, T-17S, R-33E
CMU No. 154	30-025-32893	Unit P, Section 17, T-17S, R-33E
CMU No. 164	30-025-32931	Unit M, Section 17, T-17S, R-33E
CMU No. 165	30-025-32425	Unit M, Section 17, T-17S, R-33E
CMU No. 166	30-025-32043	Unit O, Section 17, T-17S, R-33E
CMU No. 167	30-025-32424	Unit O, Section 17, T-17S, R-33E
CMU No. 177	30-025-31980	Unit B, Section 19, T-17S, R-33E
CMU No. 178	30-025-32549	Unit D, Section 20, T-17S, R-33E
CMU No. 179	30-025-24446	Unit F, Section 20, T-17S, R-33E
CMU No. 180	30-025-32423	Unit C, Section 20, T-17S, R-33E
CMU No. 181	30-025-32044	Unit H, Section 20, T-17S, R-33E
CMU No. 192	30-025-32427	Unit G, Section 19, T-17S, R-33E
CMU No. 193	30-025-32550	Unit E, Section 20, T-17S, R-33E
CMU No. 194	30-025-32840	Unit K, Section 20, T-17S, R-33E
CMU No. 400	30-025-34224	Unit I, Section 17, T-17S, R-33E
CMU No. 401	30-025-34225	Unit P, Section 17, T-17S, R-33E

Phase II

<u>Well Name & Number</u>	<u>API Number</u>	<u>Well Location</u>
CMU No. 65	30-025-01483	Unit K, Section 19, T-17S, R-33E
CMU No. 128	30-025-31981	Unit H, Section 18, T-17S, R-33E
CMU No. 129	30-025-32920	Unit H, Section 18, T-17S, R-33E
CMU No. 130	30-025-32454	Unit F, Section 17, T-17S, R-33E
CMU No. 131	30-025-32455	Unit G, Section 17, T-17S, R-33E
CMU No. 132	30-025-32921	Unit G, Section 17, T-17S, R-33E
CMU No. 139	30-025-32922	Unit G, Section 18, T-17S, R-33E
CMU No. 140	30-025-32923	Unit H, Section 18, T-17S, R-33E
CMU No. 141	30-025-32838	Unit K, Section 17, T-17S, R-33E
CMU No. 142	30-025-32839	Unit J, Section 17, T-17S, R-33E
CMU No. 143	30-025-32924	Unit J, Section 17, T-17S, R-33E
CMU No. 146	30-025-33263	Unit P, Section 13, T-17S, R-32E
CMU No. 147	30-025-33264	Unit P, Section 13, T-17S, R-32E
CMU No. 148	30-025-24242	Unit N, Section 18, T-17S, R-33E
CMU No. 149	30-025-32925	Unit K, Section 18, T-17S, R-33E
CMU No. 150	30-025-24296	Unit O, Section 18, T-17S, R-33E
CMU No. 151	30-025-32926	Unit L, Section 17, T-17S, R-33E
CMU No. 159	30-025-33005	Unit O, Section 13, T-17S, R-33E
CMU No. 160	30-025-32927	Unit H, Section 18, T-17S, R-33E

CMU No. 161	30-025-32928	Unit M, Section 18, T-17S, R-33E
CMU No. 162	30-025-32929	Unit O, Section 18, T-17S, R-33E
CMU No. 163	30-025-32930	Unit O, Section 18, T-17S, R-33E
CMU No. 173	30-025-32201	Unit B, Section 24, T-17S, R-33E
CMU No. 175	30-025-33083	Unit D, Section 19, T-17S, R-33E
CMU No. 176	30-025-32426	Unit B, Section 19, T-17S, R-33E
CMU No. 191	30-025-33269	Unit G, Section 19, T-17S, R-33E
CMU No. 195	30-025-32841	Unit G, Section 20, T-17S, R-33E
CMU No. 196	30-025-32941	Unit H, Section 20, T-17S, R-33E
CMU No. 207	30-025-33270	Unit O, Section 19, T-17S, R-33E
CMU No. 208	30-025-33084	Unit M, Section 20, T-17S, R-33E
CMU No. 209	30-025-33201	Unit N, Section 20, T-17S, R-33E

Phase III

<u>Well Name & Number</u>	<u>API Number</u>	<u>Well Location</u>
CMU No. 63	30-025-00663	Unit I, Section 24, T-17S, R-32E
CMU No. 89	30-025-01529	Unit C, Section 28, T-17S, R-33E
CMU No. 98	30-025-01525	Unit M, Section 28, T-17S, R-33E
CMU No. 103	30-025-01385	Unit A, Section 33, T-17S, R-33E
CMU No. 171	30-025-33517	Unit C, Section 17, T-17S, R-33E
CMU No. 172	30-025-33423	Unit F, Section 17, T-17S, R-33E
CMU No. 182	30-025-33266	Unit D, Section 21, T-17S, R-33E
CMU No. 186	30-025-33422	Unit I, Section 24, T-17S, R-33E
CMU No. 187	30-025-33421	Unit F, Section 24, T-17S, R-33E
CMU No. 201	30-025-24810	Unit M, Section 24, T-17S, R-33E
CMU No. 202	30-025-26552	Unit J, Section 24, T-17S, R-33E
CMU No. 210	30-025-33281	Unit O, Section 20, T-17S, R-33E
CMU No. 211	30-025-33271	Unit I, Section 20, T-17S, R-33E
CMU No. 236	30-025-33504	Unit E, Section 28, T-17S, R-33E
CMU No. 242	30-025-33242	Unit K, Section 28, T-17S, R-33E
CMU No. 243	30-025-33243	Unit J, Section 28, T-17S, R-33E
CMU No. 244	30-025-33244	Unit O, Section 28, T-17S, R-33E
CMU No. 250	30-025-33245	Unit P, Section 28, T-17S, R-33E
CMU No. 268	30-025-33841	Unit K, Section 24, T-17S, R-32E
CMU No. 280	30-025-33773	Unit M, Section 28, T-17S, R-33E
CMU No. 281	30-025-33723	Unit M, Section 28, T-17S, R-32E
CMU No. 282	30-025-34110	Unit N, Section 28, T-17S, R-33E
CMU No. 283	30-025-34193	Unit O, Section 28, T-17S, R-33E
CMU No. 284	30-025-34194	Unit M, Section 28, T-17S, R-33E
CMU No. 285	30-025-34257	Unit B, Section 33, T-17S, R-33E



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

June 3, 1998

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

Attention: John Chavez, Secretary

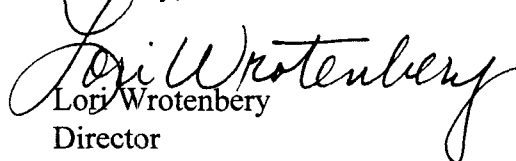
**Re: *Certification of EOR Project
Wiser Oil Company
Caprock Maljamar Unit
Waterflood Project (Phase III)***

Dear Secretary Chavez:

Enclosed is a copy of the certification issued to Wiser Oil Company for its Caprock Maljamar Unit Waterflood Project (Phase III), certified by this Division effective October 1, 1997, to be a qualified enhanced oil recovery project. If the operator applies for certification of positive production response within five years from the effective certification date, this project will be eligible for the *recovered oil tax rate* as provided in the New Mexico Enhanced Oil Recovery Act (Sections 7-29A-1 through 7-29A-5, NMSA, 1978).

Only oil production from that portion of the lands identified in the certification which is actually developed for enhanced oil 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,


Lori Wrotenbery
Director

LW/DRC

Enclosures

xc: File EOR-18



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

June 3, 1998

Wiser Oil Company
8115 Preston Road
Suite 400
Dallas, Texas 75225

**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 qualified secondary recovery project, pursuant to the provisions of the *New Mexico Enhanced Oil Recovery Act (Sections 7-29A-1 through 7-29A-5, NMSA, 1978)*. In order to qualify for the *Recovered Oil Tax Rate*, you must apply for certification of positive production response within five years from the effective 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:	Caprock Maljamar Unit Waterflood Project (Phase III)
OCD ORDER NO.:	R-10094
OPERATOR:	Wiser Oil Company
ADDRESS:	8115 Preston Road Suite 400 Dallas, Texas 75225
CERTIFICATION DATE:	October 1, 1997

PHASE III PROJECT AREA:

Township 17 South, Range 32 East, NMPM
Section 13: NW/4 SE/4
Section 24: SW/4, N/2 SE/4, E/2 NW/4, SW/4 NW/4

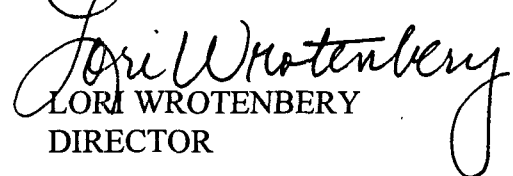
EOR Project Certification
Caprock Maljamar Unit
Waterflood Project-Phase III

Township 17 South, Range 33 East, NMPM

Section 19: SW/4 SE/4
Section 20: SE/4 SW/4, S/2 SE/4
Section 21: W/2 NW/4
Section 28: W/2, SE/4
Section 33: N/2 NE/4

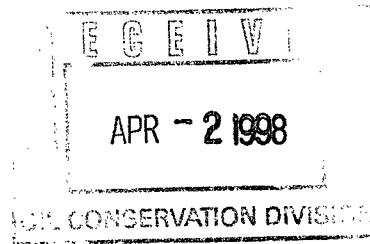
APPROVED BY:

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
DIRECTOR

S E A L

xc: File EOR-18
Mr. John Chavez, Secretary
New Mexico Taxation and Revenue Dept.



WISER

March 30, 1998

Oil Conservation Division
Energy, Minerals and Natural Resource Department
2040 S. Pacheco
Santa Fe, New Mexico 87505

Atten: David R. Catanach

Re: Caprock Maljamar Unit (CMU)
Lea County, New Mexico
Order Number R-10094

Dear Mr. Catanach,

As per our recent telephone conversation, water injection commenced within the phase III development area of CMU effective in October of 1997. The injection wells are CMU 13, 34 (replaced by 265), 45, 46 (replaced by 266), 47 (replaced by 267), 58, 60, 62, 73, 74, 79, 82, 83, 84, 90, 91, 93, 94, 95, 96, 99, 100, 101 and 102 -- a total of 24 wells.

Attachment No. 1 identifies the phase III wells in addition to the previously certified phase I and II wells. Attachment No. 2 highlights the proposed phase III area along with the phase I and II areas. As per Order Number R-10094, please certify the phase III development area as a secondary project under the guidelines of the "Enhanced Oil Recovery Act".

Since positive production response has been observed in all three phases, the application for certification of said response is presented under separate cover on a unit basis rather than by phase. If you have any questions or need more information, please call me at (214) 360-3580.

Sincerely,

Matt Eagleston
Project Engineer

attachments

The Wiser Oil Company

8115 Preston Road / Suite 400 / Dallas, Texas 75225 / Tel: 214 265 0080 / Fax: 214 373 3610 / Web: <http://www.wiseroil.com>



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

May 9, 1995

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

Attention: Mr. John Chavez, Secretary

**RE: *Certification of EOR Project
Wiser Oil Company
Caprock Maljamar Unit - Phase II***

Dear Secretary Chavez:

Enclosed is a copy of the certification issued to Wiser Oil Company for its Caprock Maljamar Unit - Phase II EOR project, certified by this Division on November 8, 1994, 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,

A handwritten signature in black ink, appearing to read "William J. LeMay".

William J. LeMay
Director

WJL/BES

Enclosures



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

May 9, 1995

Wiser Oil Company
c/o Shahara Oil Corporation
207 West McKay
Carlsbad, NM 88220

Attention: Perry L. Hughes

**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. (That date on which injection operations commenced.) 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: Caprock Maljamar Unit - Phase II

OCD ORDER NO. R-10094

OPERATOR: Wiser Oil Company
ADDRESS: c/o Shahara Oil Corporation
207 West McKay
Carlsbad, NM 88220
Attention: Perry L. Hughes

CERTIFICATION DATE: November 8, 1994

EOR Project Certification
Caprock Maljamar Unit - Phase II

PROJECT AREA:

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM

Section 13: NE/4 SE/4, S/2 SE/4

Section 24: NE/4

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM

Section 17: N/2, NE/4 SE/4

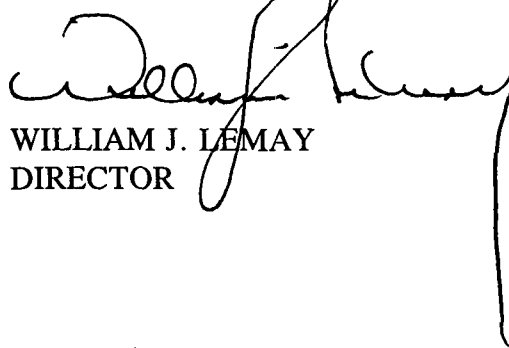
Section 18: NE/4, S/2

Section 19: NW/4, NW/4 SE/4, SE/4 SE/4

Section 20: N/2 SE/4, NE/4 SW/4, SW/4 SW/4

APPROVED BY:

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
DIRECTOR

S E A L



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



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

June 22, 1994

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

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

Attention: Dick Minzner, Secretary

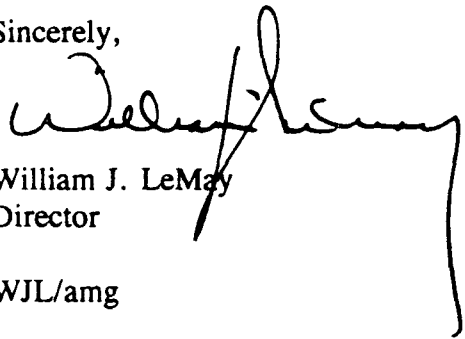
**RE: *Certification of EOR Project
Wiser Oil Company
Caprock Maljamar Unit - Phase I***

Dear Secretary Minzner:

Enclosed is a copy of the certification issued to Wiser Oil Company for its Caprock Maljamar Unit - Phase I EOR project, certified by this Division on May 1, 1994, 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/amg

Enclosures



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



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

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

June 22, 1994

Wiser Oil Company
c/o Quality Production Corporation
P.O. Box 250
Hobbs, NM 88241
Attention: R.M. 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: Caprock Maljamar Unit - Phase I
OCD ORDER NO. R-10094
OPERATOR: Wiser Oil Company
ADDRESS: c/o Quality Production Corporation
P.O. Box 250
Hobbs, NM 88241
Attention: R.M. Williams

CERTIFICATION DATE: May 1, 1994

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR AN ORDER ADOPTING
RULES TO IMPLEMENT THE ENHANCED OIL
RECOVERY ACT.

CASE NO. 10492
Order No. R-9708

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9:00 a.m. on June 18, 1992, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 27th day of August, 1992, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) The 1992 Legislature of the State of New Mexico approved the "Enhanced Oil Recovery Act" (laws 1992, Chapter 38, Sections 1 through 5).

(3) The Legislature directed the Oil Conservation Division to adopt rules for administering the Enhanced Oil Recovery Act.

(4) The approval of a project referenced in the Act is the approval required under the Oil and Gas Act, Section 70-2-1 et. seq. NMSA and the Rules and Regulations of the Division before such projects are to be commenced.

(5) It is necessary to adopt additional rules to meet the specific requirements under the Act for qualification of an enhanced oil recovery project for the tax credit.

Case No. 10492
Order No. R-9708
Page 2

IT IS THEREFORE ORDERED THAT:

(1) The Rules and Procedures for Qualification of Enhanced Oil Recovery Projects and Certification for the Recovered Oil Tax Rate contained in Exhibit A attached hereto are adopted and made a part of this order.

(2) Jurisdiction is hereby retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

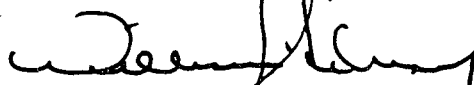
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO



GARY CARLSON, Member



WILLIAM W. WEISS, Member



WILLIAM J. LEMAY, Chairman

S E A L

dr/

Exhibit "A"
Case No. 10492
Order No. R-9708

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
POST OFFICE BOX 2088
SANTA FE, NEW MEXICO 87504

**RULES AND PROCEDURES
FOR QUALIFICATIONS OF
ENHANCED OIL RECOVERY
PROJECTS AND CERTIFICATION FOR
THE RECOVERED OIL TAX RATE**

A. General

Applications for qualification of enhanced oil recovery projects or expansions of existing enhanced oil recovery projects for the recovered oil tax rate pursuant to the New Mexico "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5) shall be accepted by the Oil Conservation Division after March 6, 1992.

B. Applicability

These rules apply to:

1. enhanced oil recovery (EOR) projects;
2. expansions of existing EOR projects;
3. the expanded use of enhanced oil recovery technology in existing EOR projects; and
4. the change from a secondary recovery project to a tertiary recovery project.

C. Definitions

1. "Crude oil" means oil and other liquid hydrocarbons removed from natural gas at or near the wellhead.
2. "Division" means the Oil Conservation Division of the Energy, Minerals and Natural Resources Department.
3. "Enhanced Oil Recovery (EOR) Project" means the use or the expanded use of any process for the displacement of crude oil from

an oil well or pool classified by the Division other than a primary recovery process, including but not limited to the use of a pressure maintenance process, a waterflooding process, an immiscible, miscible, chemical, thermal or biological process or any other related process.

4. "Expansion or Expanded Use" means a significant change or modification as determined by the Oil Conservation Division in (a) the technology or process used for the displacement of crude oil from an oil well or pool classified by the Division; or (b) the expansion, extension or increase in size of the geologic area or adjacent geologic area that could reasonably be determined to represent a new or unique area of activity.
5. "Operator" means the person responsible for the actual physical operation of an enhanced recovery project.
6. "Positive Production Response" means that the rate of oil production from the wells or pools affected by an enhanced recovery project is greater than the rate that would have occurred without the project.
7. "Primary Recovery" means the displacement of crude oil from an oil well or pool classified by the Division into the well bore by means of the natural pressure of the oil well or pool, including but not limited to artificial lift.
8. "Recovered Oil Tax Rate" means the tax rate, as set forth in Paragraph (3) of Subsection A of Section 7-29-4 NMSA 1978, on crude oil produced from an enhanced recovery project.
9. "Secondary Recovery Project" means an enhanced recovery project that: (a) occurs subsequent to the completion of primary recovery and is not a tertiary recovery project; (b) involves the application, in accordance with sound engineering principles of carbon dioxide miscible fluid displacement, pressure maintenance, waterflooding or any other secondary recovery method accepted and approved by the Division that can reasonably be expected to result in an increase, determined in light of all facts and circumstances, in the amount of crude oil that may ultimately be recovered; and (c) encompasses a pool or portion of a pool the boundaries of which can be adequately defined and controlled.
10. "Termination" means the discontinuance of an enhanced recovery project by the operator.
11. "Tertiary Recovery Project" means an enhanced recovery project that: (a) occurs subsequent to the completion of a secondary recovery project; (b) involves the application, in accordance with sound engineering principles, of carbon dioxide miscible fluid displacement, pressure maintenance, water flooding or any other tertiary recovery method accepted and approved by the Division

that can reasonably be expected to result in an increase, determined in light of all facts and circumstances, in the amount of crude oil that may ultimately be recovered; and (c) encompasses a pool or portion of a pool the boundaries of which can be adequately defined and controlled.

D. Procedure

1. The Division's general rules of procedure shall apply to applications for qualifications of EOR projects unless altered or amended by these rules.
2. To be eligible for the recovered oil tax rate the operator must apply for and be granted Division approval of a new EOR project or the expansion of an existing EOR project pursuant to the applicable rules and regulations of the Division. No project or expansion approved by the Division prior to March 6, 1992 shall qualify for the recovered tax rate.
3. All applications for approval of EOR projects or the expansion of EOR projects shall be filed in triplicate with the Division at its Santa Fe office. One copy of the application and all attachments shall also be filed with the appropriate Division district office.
4. All applications shall be executed and certified by the operator or its authorized representative having knowledge of the facts therein and shall contain:
 - a. Operators name and address;
 - b. Description of the project area including:
 - (1) a plat outlining the project area;
 - (2) description of the project area by section, township and range;
 - (3) total acres; and
 - (4) name of the subject pool and formation.
 - c. Status of operations in the project area:
 - (1) if unitized, the name of the unit and the date and number of the Division Order approving the unit plan of operation;
 - (2) if an application for approval of a unit plan has been made, the date the application was filed with the

Division; and

- (3) if not unitized, identify each lease in the project area by lessor, lessee and legal description.
- d. Method of recovery to be used:
- (1) identify fluids to be injected;
 - (2) if the Division has approved the project, provide the date and number of the Division Order; and
 - (3) if the project has not been approved by the Division, provide the date the application for approval was filed with the Division on Form C-108.
- e. Description of the project:
- (1) A list of producing wells;
 - (2) A list of injection wells;
 - (3) capital cost of additional facilities;
 - (4) total project cost;
 - (5) the estimated total value of the additional production that will be recovered as a result of this project;
 - (6) anticipated date for commencement of injection;
 - (7) the type of fluid to be injected and the anticipated volumes; and
 - (8) if application is made for an expansion of an existing project, explain what changes in technology will be used or what additional geographic area will be added to the project area.
- f. Production data: Provide graphs, charts and other supporting data to show the production history and production forecast of oil, gas, casinghead gas and water from the project area.

E. Approval - Certification

1. Project Approval: An EOR project will be approved and the project area designated for the recovered oil tax rate when the operator proves that:

- (2) for a tertiary recovery project, the application for certification of a positive production response must occur not later than seven (7) years from the date the Division issues the certification of approval for the enhanced recovery project or expansion.

F. Reporting Requirements

1. The operator of an approved EOR project shall report annually on the status of the project and confirm that the project is still a viable EOR project as approved. The report will be for the year ending May 31 and shall be filed with the Division at its Santa Fe office. The report shall contain:
 - a. The date and number of the Division's certification order for the project.
 - b. Production graphs showing oil, gas and water production.
 - c. A graph showing the volumes of fluid injected and the average injection pressures.
 - d. Any additional data the Director deems necessary for continued approval.
2. The Director may set any such confirmation for hearing would it appear necessary.

G. Termination

1. When active operation of an approved enhanced recovery project or expansion is terminated, the operator shall notify the Division and the Secretary of Taxation and Revenue in writing not later than the thirtieth (30th) day after the termination of the enhanced recovery project or expansion.

- a. the application of the proposed enhanced recovery techniques to the reservoir should result in an increase in the amount of crude oil that may be ultimately recovered therefrom;
- b. the project area has been so depleted that it is prudent to apply enhanced recovery techniques to maximize the ultimate recovery of crude oil; and
- c. the application is economically and technically reasonable and has not been prematurely filed.

2. Positive Production Response Certification:

- a. For the recovered oil tax rate to apply, to oil produced from an approved qualified EOR project, the operator must demonstrate a positive production response to the Division. Applications for certification of a positive production response shall be filed with the Division at its Santa Fe office and shall include:
 - (1) a copy of the Division's approval of the enhanced recovery project or expansion;
 - (2) a plat of the affected area showing all injection and producing wells with completion dates;
 - (3) production graphs and supporting data demonstrating a positive production response and showing the volumes of water or other substances that have been injected on the lease or unit since initiation of the enhanced recovery project.
- b. The Division Director shall have authority to administratively approve an application and certify a positive production response, or at his discretion or at the request of the applicant, may set the application for hearing.
- c. The Division shall certify that a positive production response has occurred and notify the Secretary of the Taxation and Revenue Department. This certification and notice shall set forth the date the certification was made and the date the positive production response occurred provided however:
 - (1) for a secondary recovery project, the application for certification of a positive production response must occur not later than five (5) years from the date the Division issued the certification of approval of the enhanced oil recovery project or expansion; and



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

ADMINISTRATIVE ORDER NO. WFX-694

**APPLICATION OF THE WISER OIL COMPANY TO EXPAND ITS WATERFLOOD
PROJECT IN THE MALJAMAR GRAYBURG-SAN ANDRES POOL IN LEA COUNTY,
NEW MEXICO.**

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Division Order No. R-10094, The Wisser Oil Company has made application to the Division on September 18, 1996 for permission to expand its Caprock Maljamar Unit Waterflood Project in the Maljamar Grayburg-San Andres 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 injection wells are eligible for conversion to injection under the terms of Rule 701.
- (5) The proposed expansion of the above referenced waterflood project will not cause waste nor impair correlative rights.
- (6) The proposed expansion is part of an approved Enhanced Oil Recovery waterflood project pursuant to the "New Mexico Oil Recovery Act".
- (7) The application should be approved.

IT IS THEREFORE ORDERED THAT:

The applicant, The Wisser Oil Company, be and the same is hereby authorized to inject water into the Grayburg and San Andres formations at approximately 3764 feet to approximately 4515 feet through 2 3/8-inch plastic lined tubing set in a packer located within 100 feet of the uppermost injection perforations in the wells described on Exhibit "A" attached hereto, for purposes of secondary recovery.

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 wells, 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 on the injection wells to no more than .2 psi per foot of depth to the uppermost injection perforation.

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said wells that such higher pressure will not result in migration of the injected fluid from the Grayburg or San Andres formations. 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 wells and shall take such steps as may be timely and necessary to correct such failure or leakage.

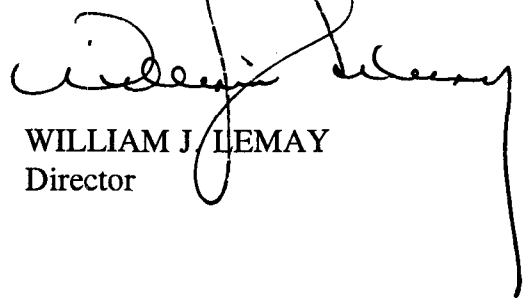
The subject wells shall be governed by all provisions of Division Order No. R-10094, and Rules 702-706 of the Division Rules and Regulations not inconsistent herewith.

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 wells, 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 17th day of October, 1996.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

S E A L

cc: Oil Conservation Division - Hobbs
Mr. John Chavez, Secretary, Taxation & Revenue
Ms. Bonnie Jones, J.O. Easley, Inc.
Files: Case No. 10931&32; EOR-18

EXHIBIT "A"
DIVISION ORDER NO. W
CAPROCK MALJAMAR
APPROVED INJECTION 1

Well Name	Well No.	Location	Unit	S-
Caprock Maljamar Unit	58	1980' FNL & 660' FWL	E	21-T17
Caprock Maljamar Unit	60	1980' FSL & 620' FWL	L	24-T17
Caprock Maljamar Unit	63	1980' FSL & 66' FEL	I	24-T17
Caprock Maljamar Unit	65	2310' FSL & 2379' FWL	K	19-T17
Caprock Maljamar Unit	72	1980' FSL & 660' FWL	L	21-T17
Caprock Maljamar Unit	73	660' FSL & 660' FWL	M	24-T17
Caprock Maljamar Unit	76	330' FSL & 990' FEL	P	24-T17
Caprock Maljamar Unit	79	990' FSL & 2310' FEL	O	19-T17
Caprock Maljamar Unit	82	330' FSL & 2310' FWL	N	20-T17
Caprock Maljamar Unit	84	660' FSL & 660' FEL	P	20-T17
Caprock Maljamar Unit	85	660' FSL & 660' FWL	M	21-T17
Caprock Maljamar Unit	89	990' FNL & 1650' FWL	C	28-T17
Caprock Maljamar Unit	92	1980' FNL & 1980' FEL	G	28-T17S-R33E
Caprock Maljamar Unit	93	1980' FSL & 660' FWL	L	28-T17S-R33E
Caprock Maljamar Unit	94	1980' FSL & 1980' FWL	K	28-T17S-R33E
Caprock Maljamar Unit	100	330' FSL & 2310' FEL	O	28-T17S-R33E
Caprock Maljamar Unit	104	1980' FNL & 660' FEL	H	33-T17S-R33E
Caprock Maljamar Unit	205	1650' FSL & 1059' FWL	L	19-T17S-R33E
Caprock Maljamar Unit	260	1780' FNL & 660' FEL	H	18-T17S-R33E
Caprock Maljamar Unit	261	760' FSL & 2080' FEL	O	18-T17S-R33E

All wells located in Lea County, New Mexico

* Open-Hole Completions

SIC
 PSIG
 PSIG
 PSIG
 446 PSIG
 37153 PSIG
 809 PSIG
 830 PSIG
 840 PSIG
 4202'



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

ADMINISTRATIVE ORDER NO. WFX-698

**APPLICATION OF THE WISER OIL COMPANY TO EXPAND ITS WATERFLOOD
PROJECT IN THE MALJAMAR GRAYBURG-SAN ANDRES POOL IN LEA COUNTY,
NEW MEXICO.**

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Division Order No. R-10094, The Wiser Oil Company has made application to the Division on November 1, 1996 for permission to expand its Caprock Maljamar Unit Waterflood Project in the Maljamar Grayburg-San Andres 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 injection wells are eligible for conversion to injection under the terms of Rule 701.
- (5) The proposed expansion of the above referenced waterflood project will not cause waste nor impair correlative rights.
- (6) The proposed expansion is part of an approved Enhanced Oil Recovery waterflood project pursuant to the "New Mexico Oil Recovery Act".
- (7) The application should be approved.

IT IS THEREFORE ORDERED THAT:

The applicant, The Wiser Oil Company, be and the same is hereby authorized to inject water into the Grayburg and San Andres formations at approximately 4194 feet to approximately 4393 feet through 2 3/8-inch plastic lined tubing set in a packer located within 100 feet of the uppermost injection perforations in the wells described on Exhibit "A" attached hereto, for purposes of secondary recovery.

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 wells, 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 on the injection wells to no more than .2 psi per foot of depth to the uppermost injection perforation.

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said wells that such higher pressure will not result in migration of the injected fluid from the Grayburg or San Andres formations. 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 wells and shall take such steps as may be timely and necessary to correct such failure or leakage.

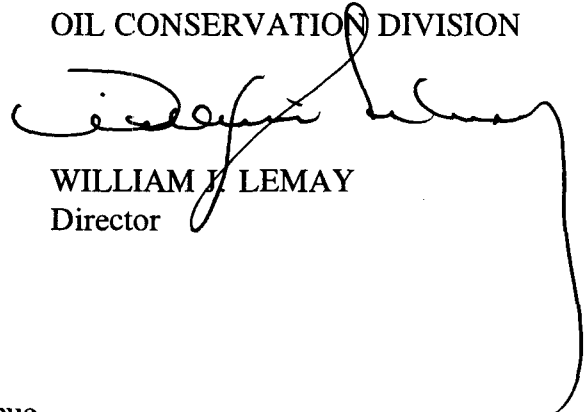
The subject wells shall be governed by all provisions of Division Order No. R-10094, and Rules 702-706 of the Division Rules and Regulations not inconsistent herewith.

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 wells, 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 6th day of December, 1996.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

cc: Oil Conservation Division - Hobbs
Mr. John Chavez, Secretary, Taxation & Revenue
Ms. Bonnie Jones, J.O. Easley, Inc.
Files: Case No.10931&32; EOR-18 ✓

EXHIBIT "A"
DIVISION ORDER NO. WFX-698
Caprock Majamar UNIT
APPROVED INJECTION WELLS

Well Name	Well No.	Location	Unit	S-T-R	Injection Perforations	Packer Depth	Tubing Size	Pressure
Caprock Majamar Unit	83	660' FSL & 1980' FEL	O	20-T17S-R33E	4194' - 4393'	4094'	2 3/8"	839 PSIG
Caprock Majamar Unit	96	1650' FSL & 990' FEL	I	28-T17S-R33E	4222' - 4392'	4122'	2 3/8"	844 PSIG
Caprock Majamar Unit	262*	1880' FSL & 694' FWL	L	18-T17S-R33E	To Be Determined	TBD	2 3/8"	.2 psi/ft
Caprock Majamar Unit	263*	430' FSL & 930' FWL	M	20-T17S-R33E	To Be Determined	TBD	2 3/8"	.2 psi/ft
Caprock Majamar Unit	264*	660' FNL & 762' FWL	D	24-T17S-R33E	To Be Determined	TBD	2 3/8"	.2 psi/ft
Caprock Majamar Unit	265*	660' FNL & 2080' FWL	C	24-T17S-R33E	To Be Determined	TBD	2 3/8"	.2 psi/ft
Caprock Majamar Unit	266*	1928' FNL & 769' FWL	E	24-T17S-R33E	To Be Determined	TBD	2 3/8"	.2 psi/ft
Caprock Majamar Unit	267*	1956' FNL & 2003' FWL	F	24-T17S-R33E	To Be Determined	TBD	2 3/8"	.2 psi/ft
Caprock Majamar Unit	268*	1993' FSL & 1875' FWL	K	24-T17S-R33E	To Be Determined	TBD	2 3/8"	.2 psi/ft
Caprock Majamar Unit	269*	730' FSL & 2045' FEL	O	24-T17S-R33E	To Be Determined	TBD	2 3/8"	.2 psi/ft

All wells located in Lea County, New Mexico

* New Drills
Note: Some wells to be re-completed may have perforated intervals other than shown as long as packer setting and maximum pressure are determined as outlined in body of order.

EXHIBIT "A"
DIVISION ORDER NO. WFX-694
CAPROCK MALJAMAR UNIT
APPROVED INJECTION WELLS

Well Name	Well No.	Location	Unit	S-T-R	Injection Perforations	Packer Depth	Tubing Size	Pressure
Caprock Maljamar Unit	58	1980' FNL & 660' FWL	E	21-T17S-R33E	4238' - 4450'*	4138'	2 3/8"	848 PSIG
Caprock Maljamar Unit	60	1980' FSL & 620' FWL	L	24-T17S-R33E	4070' - 4155'	3970'	2 3/8"	814 PSIG
Caprock Maljamar Unit	63	1980' FSL & 66' FEL	I	24-T17S-R33E	4200' - 4218'	4100'	2 3/8"	840 PSIG
Caprock Maljamar Unit	65	2310' FSL & 2379' FWL	K	19-T17S-R33E	4120' - 4330'	4020'	2 3/8"	824 PSIG
Caprock Maljamar Unit	72	1980' FSL & 660' FWL	L	21-T17S-R33E	4236' - 4444'	4216'	2 3/8"	847 PSIG
Caprock Maljamar Unit	73	660' FSL & 660' FWL	M	24-T17S-R33E	3770' - 4300'*	3750'	2 3/8"	754 PSIG
Caprock Maljamar Unit	76	330' FSL & 990' FEL	P	24-T17S-R33E	4180' - 4296'	4071'	2 3/8"	836 PSIG
Caprock Maljamar Unit	79	990' FSL & 2310' FEL	O	19-T17S-R33E	4078' - 4340'	3978'	2 3/8"	816 PSIG
Caprock Maljamar Unit	82	330' FSL & 2310' FWL	N	20-T17S-R33E	4105' - 4202'	4005'	2 3/8"	821 PSIG
Caprock Maljamar Unit	84	660' FSL & 660' FEL	P	20-T17S-R33E	4234' - 4409'*	4220'	2 3/8"	847 PSIG
Caprock Maljamar Unit	85	660' FSL & 660' FWL	M	21-T17S-R33E	4254' - 4443'*	4154'	2 3/8"	851 PSIG
Caprock Maljamar Unit	89	990' FNL & 1650' FWL	C	28-T17S-R33E	4287' - 4472'	4187'	2 3/8"	857 PSIG
Caprock Maljamar Unit	92	1980' FNL & 1980' FEL	G	28-T17S-R33E	4260' - 4480'*	4160'	2 3/8"	852 PSIG
Caprock Maljamar Unit	93	1980' FSL & 660' FWL	L	28-T17S-R33E	4200' - 4352'	4100'	2 3/8"	840 PSIG
Caprock Maljamar Unit	94	1980' FSL & 1980' FWL	K	28-T17S-R33E	4194' - 4384'	4094'	2 3/8"	839 PSIG
Caprock Maljamar Unit	100	330' FSL & 2310' FEL	O	28-T17S-R33E	4228' - 4480'*	4128'	2 3/8"	846 PSIG
Caprock Maljamar Unit	104	1980' FNL & 660' FEL	H	33-T17S-R33E	3764' - 4503'	3664'	2 3/8"	753 PSIG
Caprock Maljamar Unit	205	1650' FSL & 1059' FWL	L	19-T17S-R33E	4044' - 4291'	3398'	2 3/8"	809 PSIG
Caprock Maljamar Unit	260	1780' FNL & 660' FEL	H	18-T17S-R33E	4150' - 4512'	4050'	2 3/8"	830 PSIG
Caprock Maljamar Unit	261	760' FSL & 2080' FEL	O	18-T17S-R33E	4202' - 4515'	4102'	2 3/8"	840 PSIG

All wells located in Lea County, New Mexico

* Open-Hole Completions

Kemp, Smith, Duncan & Hammond, P.C.

ATTORNEYS AT LAW

500 MARQUETTE N.W., SUITE 1200, ALBUQUERQUE, NEW MEXICO 87102-5311 | P.O. BOX 1276, 87103-1276 | 505-247-2315 | FAX 505 764-5480

OIL CONSERVATION DIVISION
RECEIVED
APR 11 1995

EL PASO*

TAD R. SMITH
JOSEPH P. HAMMOND
LEIGHTON GREEN, JR.
RAYMOND H. MARSHALL
ROBERT B. ZABOROSKI†
CHRIS A. PAUL
CHARLES C. HIGH, JR.
JIM CURTIS
DANE GEORGE
LARRY C. WOOD
MICHAEL D. McQUEEN
TAFFY D. BAGLEY

DARRELL R. WINDHAM
ROGER D. AKSAMIT
MICHAEL F. AINSATT
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CHARLES A. BECKHAM, JR.
MARGARET A. CHRISTIAN
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FRANCISCO J. GUZMÁN
SCOTT S. CROCKER

ALBUQUERQUE†

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STEPHEN R. NELSON
A. DREW HOFFMAN*
CLINTON W. MARRS
ALAN HALL
JAMES T. REIST
KARLA K. POE
DAVID J. ABELL

OF COUNSEL: WILLIAM J. DERRICK

OF COUNSEL: PAUL A. COOTER*

* MEMBERS TEXAS BAR
† MEMBERS NEW MEXICO BAR

** MEMBERS DISTRICT OF COLUMBIA BAR
†† MEMBERS COLORADO BAR

*** MEMBERS NEW MEXICO AND CALIFORNIA BARS

**** MEMBERS FLORIDA AND MICHIGAN BARS

April 7, 1995

Mr. David R. Catanach, Examiner
Oil Conservation Division
2040 S. Pacheco Street
Santa Fe, NM 87505

Re: Order No. R-10094

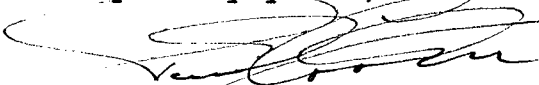
Dear Mr. Catanach:

On November 8, 1994, The Wiser Oil Company (through its agent Shahara Oil Corporation) advised you that water injection would commence within Phase II of its Caprock Maljamar Unit, listed the injection wells (38) and described that project area within the Unit. The Division was requested to certify that happening to the New Mexico Taxation and Revenue Department.

In talking with the Wiser folks this week, inquiry was made whether or not that certification was done. Could you advise me in this regard?

With regards, I am

Very truly yours,



Paul A. Cooter

PAC/jmq

SHAHARA OIL CORPORATION

CASE FILES
10931
10932

November 8, 1994

Oil Conservation Division
Energy, Minerals and Natural Resource Department
2040 S. Pacheco Street
Santa Fe, New Mexico 87505

Re: Order No. R-10094
The Wiser Oil Company
Caprock Maljamar Unit
Lea County, New Mexico

Attn: Mr. David R. Catanach, Examiner

Gentlemen:

Please be advised that The Wiser Oil Company, Operator, commenced water injection within Caprock Maljamar Unit's Phase 2 on November 8, 1994. The injection wells are CMU wells numbers 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15, 16, 17, 18, 22, 23, 24, 25, 26, 27, 28, 35, 36, 37, 38, 48, 49, 50, 51, 66, 69, 70, 72, 80 and 81 - a total of 38 wells. The project area includes the following:

Township 17 South, Range 32 East, NMPM

Section 13: NE/4 SE/4, S/2 SE/4

Section 24: NE/4

Township 17 South, Range 33 East, NMPM

Section 17: N/2, NE/4 SE/4

Section 18: NE/4, S/2

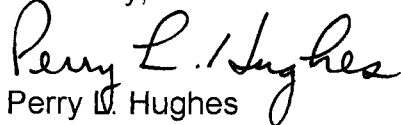
Section 19: NW/4, NW/4 SE/4, SE/4 SE/4

Section 20: N/2 SE/4, NE/4 SW/4, SW/4 SW/4

Pursuant to Order No. R-10094, the Division is requested to certify that happening to the New Mexico Taxation and Revenue Department.

Please address all correspondence to The Wiser Oil Company, c/o Shahara Oil Corporation, 207 W. McKay, Carlsbad, NM 88220.

Sincerely,



Perry L. Hughes

Agent for

The Wiser Oil Company

PLH/mp

OIL CONSERVATION DIVISION
QUALITY PRODUCTION CORP.

P.O. Box 250
Hobbs, New Mexico 88241
MAY 10 1994 AM 8 50

Phone (505) 397-2727
FAX (505) 393-4111

May 10, 1994

Oil Conservation Division
Energy, Minerals and Natural Resource Department
Post Office Box 2088
Santa Fe, New Mexico 87504

Re: Order No. R-10094
Caprock Maljamar Unit
Lea County, New Mexico

Attn: Mr. David R. Catanach, Examiner

Gentlemen:

Please be advised that The Wiser Oil Company, Operator, commenced water injection within Caprock Maljamar Unit's Phase I on May 1, 1994. The injection wells are CMU wells numbers 19, 20, 21, 29, 30, 31, 32, 39, 40, 41, 42, 43, 44, 52, 53, 54, 55, 56, 57, 67 and 68 - a total of 21 wells. Pursuant to Order No. R-10094, the Division is requested to certify that happening to the New Mexico Taxation and Revenue Department.

Very truly yours,

Quality Production Corp.

By 
R.M. Williams

**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 NOS. 10931 and 10932
Order No. R-10094**

**APPLICATION OF THE WISER OIL COMPANY
FOR APPROVAL OF A WATERFLOOD PROJECT,
LEA COUNTY, NEW MEXICO.**

**APPLICATION OF THE WISER OIL COMPANY
TO AUTHORIZE THE EXPANSION OF THE
MALJAMAR CAPROCK UNIT WATERFLOOD
PROJECT AND QUALIFY SAID EXPANSION
FOR THE RECOVERED OIL TAX RATE
PURSUANT TO THE "NEW MEXICO ENHANCED
OIL RECOVERY ACT," LEA COUNTY, NEW
MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 3, 1994, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 5th day of April, 1994, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) Division Case Nos. 10930, 10931 and 10932 were consolidated at the time of the hearing for the purpose of testimony.

(3) The applicant in Case No. 10931, The Wiser Oil Company, seeks authority to institute a waterflood project within its proposed Caprock Maljamar Unit Area (being the subject of Case No. 10930) which encompasses the following described acreage, by the injection of water into the Maljamar Grayburg-San Andres Pool, Lea County, New Mexico, through twenty-one initial injection wells located within the unit area as shown on Exhibit "A" attached hereto. The applicant further seeks to qualify the Caprock Maljamar Unit Waterflood Project as an "Enhanced Oil Recovery Project" pursuant to the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5).

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM

Section 13: SE/4

Section 24: All

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM

Section 17: All

Section 18: E/2, SW/4

Sections 19 and 20: All

Section 21: W/2 W/2, SE/4 NW/4, SE/4 SW/4

Section 27: NW/4 SW/4

Section 28: W/2, SE/4, SW/4 NE/4

Section 29: NE/4 NE/4

Section 33: N/2 NE/4, SE/4 NE/4

(4) The applicant in Case No. 10932, The Wiser Oil Company, seeks an order pursuant to the rules and procedures for Qualification of Enhanced Oil Recovery Projects and Certification for the Recovered Oil Tax Rate, as promulgated by Division Order No. R-9708, qualifying a portion of its Caprock Maljamar Unit, as described in Finding No. (3) above, Maljamar Grayburg-San Andres Pool, Lea County, New Mexico, for the recovered oil tax rate pursuant to the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5).

(5) Through the presentation of evidence and testimony in these cases, it appears that the applicant's request to certify the Caprock Maljamar Unit Area as an "Enhanced Oil Recovery Project" pursuant to the "Enhanced Oil Recovery Act" is duplicated in Case No. 10932 and therefore unnecessary.

(6) Division Case No. 10932 should be dismissed.

(7) The wells located within the applicant's Caprock Maljamar Unit Area are in an advanced state of depletion and should properly be classified as "stripper wells".

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

(9) Applicant estimates that secondary recovery operations within the Caprock Maljamar Unit Area will result in the recovery of an additional 6.8 million barrels of oil.

(10) Division records and testimony presented at the hearing indicates that within the Caprock Maljamar Unit Area there are five Division Orders currently in effect authorizing the injection of water for secondary recovery purposes into the Maljamar Grayburg-San Andres Pool. These division orders are as follows:

- a) Division Order No. R-2156 dated January 3, 1962 authorized Murphy H. Baxter to institute a waterflood project within the following described area, said project designated the Murphy H. Baxter Maljamar Waterflood Project:

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM
Section 13: SE/4

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM
Section 16: S/2, NE/4
Section 17: N/2

- b) Division Order No. R-2157 dated January 3, 1962 authorized Zapata Petroleum Corporation to institute a waterflood project within the following described area, said project designated the Zapata Maljamar Western State Waterflood Project:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM
Section 17: S/2
Section 19: NE/4
Section 20: N/2

- c) Division Order No. R-2769 dated September 16, 1964 authorized Sunset International Petroleum Corporation to institute a waterflood project within the Mal-Gra Unit Area, described as follows, said project designated the Mal-Gra Unit Waterflood Project:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM
Section 20: S/2
Section 21: W/2 W/2, SE/4 NW/4, SE/4 SW/4

- d) Division Order No. R-3011 dated December 3, 1965 authorized Sinclair Oil and Gas Company to institute a waterflood project within the following described area, said project designated the Sinclair Maljamar Johns Waterflood Project:

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM

Section 24: All

- e) Division Order No. R-3129 dated October 4, 1966 authorized Pennzoil Company to institute a waterflood project within the following described area, said project designated the Pennzoil Maljamar Waterflood Project:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM

Section 28: S/2, NW/4

Section 33: N/2 NE/4, SE/4 NE/4

(11) Division Order Nos. R-2156, R-2157, R-2769, R-3011 and R-3129, which orders approved, respectively, the Murphy H. Baxter Maljamar, Zapata Maljamar Western State, Mal-Gra Unit, Sinclair Maljamar Johns, and the Pennzoil Maljamar Waterflood Projects, should be superseded by this order.

(12) Division records further indicate that eleven of the proposed twenty-one injection wells, described as follows, have previously been permitted for injection into the Maljamar Grayburg-San Andres Pool:

<u>WELL NAME & NUMBER</u>	<u>WELL LOCATION</u>	<u>ORDER NUMBER</u>
Western State No. 15	Unit L, 17-17S-33E	R-2157
Western State No. 13	Unit J, 17-17S-33E	WFX-171
Western State No. 8	Unit N, 17-17S-33E	R-2157
Western State No. 10	Unit P, 17-17S-33E	WFX-200
Phillips "B" State No. 5	Unit B, 19-17S-33E	R-2157-A
Western State No. 6	Unit D, 20-17S-33E	R-2157
Western State No. 5	Unit B, 20-17S-33E	WFX-139
Phillips "B" State No. 3	Unit H, 19-17S-33E	R-2157-A
Western State No. 3	Unit F, 20-17S-33E	WFX-139
Western State No. 4	Unit H, 20-17S-33E	WFX-200
Mal-Gra Unit No. 7	Unit L, 20-17S-33E	R-2769

(13) The evidence presented indicates that the Western State Well No. 4, as described above, is currently plugged and abandoned.

(14) In order to bring these injection wells into compliance with current Division Rules and Regulations, the Division should examine Form C-108 data (Authorization to Inject) submitted for each of these wells by the applicant and should re-permit these wells under modern regulations.

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

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

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

(18) The injection wells or pressurization system should be initially equipped with a pressure control device or acceptable substitute which will limit the surface injection pressure to no more than 814 psi.

(19) The Division Director should have the authority to administratively authorize a pressure limitation in excess of the pressure limitation described in Finding No. (18) above upon a showing by the operator that such higher pressure will not result in the fracturing of the injection formation or confining strata.

(20) There is one well located within the "area of review", the Mal-Gra Unit "B" Well No. 2 located in Unit O of Section 20, which reportedly has casing leaks. The applicant should be required to consult with the supervisor of the Hobbs district office of the Division in order to determine if this well, in its present condition, provides a conduit for migration of injected fluid. If so, the applicant should conduct repairs on the well in a manner acceptable to the Division prior to conducting injection operations within one half mile.

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

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

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

(24) Implementation of secondary recovery operations within the Caprock Maljamar Unit will occur in three phases.

(25) Previous waterflood operations within the proposed unit area have been conducted on 80-acre five spot injection patterns.

(26) Within the Caprock Maljamar Unit, the applicant proposes to conduct waterflood operations on 40-acre five spot injection patterns. Such action will require that the applicant drill and equip fifty-nine new producing wells, drill and equip eleven new injection wells, convert forty producing wells to injection, and conduct workovers on thirty-eight wells, as well as upgrade tank battery and injection facilities.

(27) The proposed change in operations within the project area will require a capital expenditure of approximately twenty-three million dollars.

(28) The applicant requests certification of the project area on the contention that it has or will expand the use of enhanced oil recovery technology and will increase the size of the geologic area being flooded representing a unique area of activity.

(29) Geologic variations generally indicate that the 80-acre five spot injection pattern previously utilized within the Caprock Maljamar Unit Area may have been too large and likely resulted in substantial volumes of oil being unrecovered.

(30) The reduction in the waterflood injection pattern from 80 acres to 40 acres will improve the sweep efficiency and should increase the ultimate oil recovery from the proposed project area.

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

(32) The certified "project area" should initially comprise the area within the Caprock Maljamar Unit, described in Finding No. (3) above, provided however, the "project area" and/or the producing wells eligible for the recovered oil tax rate may be contracted and reduced dependent upon the evidence presented by the applicant in its demonstration of the occurrence of a positive production response.

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

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

IT IS THEREFORE ORDERED THAT:

(1) The applicant, The Wiser Oil Company, is hereby authorized to institute a waterflood project within its Caprock Maljamar Unit Area which encompasses the following described acreage, by the injection of water into the Maljamar Grayburg-San Andres Pool, Lea County, New Mexico, through twenty-one initial injection wells located within the unit area as shown on Exhibit "A" attached hereto.

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM

Section 13: SE/4

Section 24: All

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM

Section 17: All

Section 18: E/2, SW/4

Sections 19 and 20: All

Section 21: W/2 W/2, SE/4 NW/4, SE/4 SW/4

Section 27: NW/4 SW/4

Section 28: W/2, SE/4, SW/4 NE/4

Section 29: NE/4 NE/4

Section 33: N/2 NE/4, SE/4 NE/4

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

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

(4) The injection wells or pressurization system shall be equipped with a pressure control device or acceptable substitute which will limit the surface injection pressure to no more than 814 psi.

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

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

(7) Prior to initiating injection operations within one-half mile of the Mal-Gra Unit "B" Well No. 2, located in Unit O of Section 20, the applicant shall consult with the supervisor of the Hobbs district office of the Division in order to determine if this well, in its present condition, provides a conduit for migration of injected fluid. If so, the applicant shall conduct repairs on the well in a manner acceptable to the Division.

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

(9) 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.

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

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

(12) Division Order Nos. R-2156, R-2157, R-2769, R-3011 and R-3129, which orders approved, respectively, the Murphy H. Baxter Maljamar, Zapata Maljamar Western State, Mal-Gra Unit, Sinclair Maljamar Johns, and the Pennzoil Maljamar Waterflood Projects, are hereby superseded by this order.

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

(14) The certified "project area" shall initially coincide with the Caprock Maljamar Unit Area, described in Finding No. (3) above, provided however, the "project area" and/or the producing wells eligible for the recovered oil tax rate may be contracted and reduced dependent upon the evidence presented by the applicant in its demonstration of the occurrence of a positive production response.

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

(16) 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.

(17) The application of The Wiser Oil Company in Case No. 10932 for an order pursuant to the rules and procedures for Qualification of Enhanced Oil Recovery Projects and Certification for the Recovered Oil Tax Rate, qualifying a portion of its Caprock Maljamar Unit, Lea County, New Mexico, for the recovered oil tax rate pursuant to the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5), is hereby dismissed.

Case No. 10931 and 10932

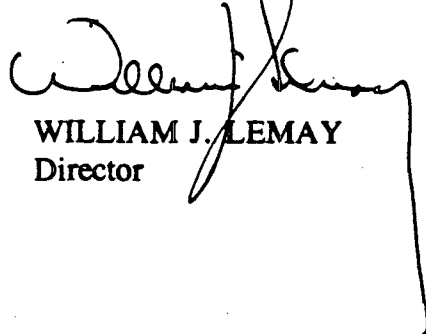
Order No. R-10094

Page -10-

(18) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

<i>Former Well Name and Number</i>	<i>New Well No. CMU</i>	<i>Location</i>	<i>Unit</i>	<i>S-T-R</i>	<i>Injection Perforations</i>	<i>Packer Depth</i>	<i>Tubing Size</i>
Western State No. 16	54	1980' FNL & 660' FWL	E	20-17S-33E	4176' - 4426'	4076'	2 3/8"
Western State No. 3	55	1980' FNL & 1980' FWL	F	20-17S-33E	4170' - 4312'	3995'	2 3/8"
Western State No. 1-Y	56	1880' FNL - 1980' FEL	G	20-17S-33E	4068' - 4380'	3968'	2 3/8"
**Western State No. 4*	57	1980' FNL - 660' FEL	H	20-17S-33E	Unknown	Unknown	2 3/8"
**Phillips "B" State No. 2	67	1980' FSL - 660' FEL	I	19-17S-33E	Unknown	Unknown	2 3/8"
Mal-Gra Unit No. 7*	68	1650' FSL & 990' FWL	L	20-17S-33E	4190' - 4355'	4090'	2 3/8"

* Denotes wells which have previously been approved for injection.

** Currently P&A'd.

EXHIBIT "A"
CASE NO. 10932
DIVISION ORDER NO. R-10094
CAPROCK MALJAMAR UNIT WATERFLOOD PROJECT
APPROVED INJECTION WELLS

Former Well Name and Number	New Well No. CMU	Location	Unit	S-T-R	Injection Perforations	Packer Depth	Tubing Size
Western State No. 15*	19	1980' FSL & 660' FWL	L	17-17S-33E	4203' - 4396'	4146'	2 3/8"
Western State No. 14	20	1980' FSL & 1980' FWL	K	17-17S-33E	4124' - 4396'	4024'	2 3/8"
Western State No. 13*	21	1650' FSL & 1980' FEL	J	17-17S-33E	4260' - 4415'	4191'	2 3/8"
Western State No. 11	29	660' FSL & 810' FWL	M	17-17S-33E	4170' - 4380'	4070'	2 3/8"
Western State No. 8*	30	660' FSL & 1980' FWL	N	17-17S-33E	4198' - 4460'	4148'	2 3/8"
Western State No. 7	31	660' FSL & 1980' FEL	O	17-17S-33E	4238' - 4416'	4138'	2 3/8"
Western State No. 10*	32	660' FSL & 660' FEL	P	17-17S-33E	4216' - 4426'	4187'	2 3/8"
Phillips "B" State No. 5*	39	660' FNL & 1980' FEL	B	19-17S-33E	4080' - 4408'	4036'	2 3/8"
Phillips "B" State No. 4	40	660' FNL & 660' FEL	A	19-17S-33E	4166' - 4503'	4066'	2 3/8"
Western State No. 6*	41	660' FNL & 660' FWL	D	20-17S-33E	4162' - 4375'	4122'	2 3/8"
Western State No. 2	42	660' FNL & 1980' FWL	C	20-17S-33E	4200' - 4442'	4100'	2 3/8"
Western State No. 5*	43	660' FNL & 1980' FEL	B	20-17S-33E	4215' - 4468'	4143'	2 3/8"
Western State No. 9	44	660' FNL & 660' FEL	A	20-17S-33E	4228' - 4430'	4128'	2 3/8"
Phillips "B" State No. 6	52	1980' FNL & 1980' FEL	G	19-17S-33E	4098' - 4350'	3998'	2 3/8"
Phillips "B" State No. 3*	53	1980' FNL & 660' FEL	H	19-17S-33E	4080' - 4346'	4023'	2 3/8"

* Denotes wells which have previously been approved for injection.

** Currently P&A'd.