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CASE NO.:

Application of Texaco Exploration and Production Inc. and Marathon Oil Company for approval of a pressure maintenance project, unorthodox injection well locations, and to qualify said project for the recovered tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act," Vacuum Drinkard Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a pressure maintenance project by the injection of water in the Vacuum Drinkard Pool. The portion of the Vacuum Drinkard Pool to be included in the project area is as follows:

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Township 17 South, Range 34 East, NMPM

Section 36: S/2 SE/4, SE/4 SW/4

Township 17 South, Range 35 East, NMPM

Section 31: S/2 SW/4

Township 18 South, Range 34 East, NMPM

Section 1: NE/4, E/2 NW/4, N/2 SE/4, SE/4 SE/4

Township 18 South, Range 35 East, NMPM

Section 6: W/2, W/2 E/2, NE/4 NE/4

comprising 1920 acres, more or less. Said injection will be accomplished through the following wells:

Texaco E&P Inc. New Mexico R State NCT-3 Well No. 28 located 1310' FSL and 110' FEL, Unit P, Section 1, Township 18 South, Range 34 East, NMPM

Texaco E&P Inc. New Mexico R State NCT-1 Well No. 17 located 2530' FNL and 2530' FEL, Unit G, Section 6, Township 18 South, Range 35 East, NMPM

Texaco E&P Inc. New Mexico R State NCT-1 Well No. 16 located 1410' FNL and 2630' FEL, Unit G, Section 6, Township 18 South, Range 35 East, NMPM

Texaco E&P Inc. New Mexico L State Well No. 17 located 2560' FNL and 10' FEL, Unit H, Section 1, Township 18 South, Range 34 East, NMPM

Texaco E&P Inc. New Mexico L State Well No. 16
located 1310' FNL and 10' FEL, Unit A, Section 1,
Township 18 South, Range 34 East, NMPM

Marathon Oil Warn St. A/C 2 Well No. 25
located 113' FNL and 1429' FWL, Unit C, Section 6,
Township 18 South, Range 35 East, NMPM

Texaco E&P Inc. New Mexico R State NCT-3 Well No. 26
located 1980' FSL and 1755' FEL, Unit J, Section 1,
Township 18 South, Range 34 East, NMPM

Texaco E&P Inc. New Mexico O State NCT-1 Well No. 36
located 330' FSL and 2210' FWL, Unit N, Section 36,
Township 17 South, Range 34 East, NMPM

Applicant also 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 the above described Pressure Maintenance Project Area for the Recovered Oil Tax Rate under the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). This proposed project area is located approximately _____ miles _____ of _____, New Mexico.