

(4) That said oil pool was discovered in June, 1957, by Arizona Exploration, Inc. and developed on 40-acre spacing, with waterflooding beginning and initiated in some portions of the pool in 1960, and with the unit-wide pressure maintenance being initiated in 1962.

(5) That the Atlantic Refining Company (presently known as Arco Oil and Gas Company) Horseshoe-Gallup Unit Pressure Maintenance Project consisting of approximately 20,925.58 acres was approved by said Division Order No. R-2210 on April 18, 1962, which was amended by Division Order No. R-2210-A entered on May 21, 1974, Division Order No. R-2719 entered on June 1, 1969, and Division Order No. R-6172 entered on November 2, 1979.

(6) That the New Mexico Oil Conservation Division has been designated by the Governor of the State of New Mexico as the appropriate agency to approve qualified tertiary recovery projects in New Mexico for purposes of the "Crude Oil Windfall Profit Tax Act of 1980" pursuant to I.R.C. § 4993(d)(5) (A) (i).

(7) That the applicant now seeks approval for the injection of polymer augmented water into eight (8) project wells as shown on Exhibit "A" attached to this order and the approval of the Horseshoe Gallup Polymer Augmented Waterflood Pilot Project as meeting the requirements of subparagraph (A), (B), and (C) of Section 4993 (c) (2) of the Internal Revenue Code for designation of a Qualified Tertiary Recovery Project.

(8) That the proposed Qualifying Tertiary Project Area (Q.T.P. Area) lies wholly within said Horseshoe-Gallup Unit Pressure Maintenance Project in the Horseshoe-Gallup Unit Area and consists of the following described acreage:

SAN JUAN COUNTY, NEW MEXICO

TOWNSHIP 31 NORTH, RANGE 16 WEST, NMPM
Sections 32 and 33: S/2
Section 34: SW/4

TOWNSHIP 30 NORTH, RANGE 16 WEST, NMPM
Section 3: W/2
Sections 4 and 5: All
Section 8: NE/4
Section 9: N/2
Section 10: NW/4

containing approximately 3,040 acres.

(9) That the proposed Q.T.P. Area is adequately delineated.