# BEFORE THE OIL CONSERVATION DIVISION NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

APPLICATION OF **CHEVRON** U.S.A. IN. **FOR** AMENDMENT OF DIVISION ORDER NO. R-4442, AS AMENDED. TO AUTHORIZE A TERTIARY RECOVERY PROJECT BY THE INJECTION OF CARBON DIOXIDE IN ITS VACCUUM GRAYBURG-SAN ANDRES UNIT AREA. APPROVAL OF AMENDMENT OF THE COOPERATIVE WATER INJECTION AGREEMENT BETWEEN THE **CENTRAL VACUUM UNIT AND** THE **VACUUM** GRAYBURG-SAN ANDRES UNIT, AND QUALIFICATION OF THE PROJECT FOR THE RECOVERED OIL TAX RATE PURSUANT TO THE ENHANCED OIL RECOVERY ACT, LEA COUNT, NEW MEXICO

**CASE NO. 13961** 

## <u>AFFIDAVIT</u>

STATE OF NEW MEXICO	)
	) ss.
COUNTY OF SANTA FE	)

William F. Carr, attorney in fact and authorized representative of Chevron USA Inc., the Applicant herein, states that notice of the above-referenced Application was mailed to the interested parties shown on Exhibit "A" attached hereto in accordance with Oil Conservation Division Rules, and that true and correct copies of the notice letter and proof of notice are attached hereto.

William F. Cart

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. <u>13961</u>....Exhibit No. 4
Submitted by:
<u>Chevron USA Inc.</u>
Hearing Date: <u>August 23, 2007</u>

SUBSCRIBED AND SWORN to before me this 22<sup>rd</sup> day of August 2007 by William F. Carr.

Notary Public

My Commission Expires: 5-10-08

OFFICIAL SEAL

Olivia Ita

NOTARY PUBLIC
STATE OF NEW MEXICO

My Commission Expires: 5-10-08





July 5, 2007

# CERTIFIED MAIL RETURN RECEIPT REQUESTED

#### TO: ALL AFFECTED INTEREST OWNERS

Re:

Application of Chevron U.S.A. Inc. for amendment of Division Order No. R-4442, as amended, to authorize a tertiary recovery project by the injection of carbon dioxide in its Vacuum Grayburg-San Andres Unit Area, approval of amendment of the Cooperative Water Injection Agreement between the Central Vacuum Unit and the Vacuum Grayburg-San Andres Unit, and qualification of the project for the Recovered Oil Tax Rate Pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico.

#### Ladies and Gentlemen:

This letter is to advise you that Chevron U.S.A. Inc. has filed the enclosed application with the New Mexico Oil Conservation Division. You are the owner of an interest that may be affected by this application.

Also enclosed is a copy of Chevron's application for authorization to inject which has been filed on Oil Conservation Division Form C-108. If you desire a copy of the attachments filed with this application, please advise Chevron through its attorneys at the above-referenced address and copies of all attachments will be provided to you.

These applications have been set for hearing before a Division Examiner at 8:15 AM on July 26, 2007. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-Hearing Statement with the Oil Conservation Division's Santa Fe office, four days in advance of a scheduled hearing, but at least on the Thursday preceding the hearing. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

William F. Carr

Attorney for Chevron U.S.A. Inc.

encs.

cc: Paul R. Owen, Esq. Chevron U.S.A. Inc.

## Affidavit of Pubacation

STATE OF NEW MEXICO ) ss. COUNTY OF LEA Joyce Clemens being first duly sworn on oath deposes and says that she is Advertisting Director of THE LOVINGTON LEADER, a daily newspaper of general paid circulation published in the English language at Lovington, Lea County, New Mexico; that said newspaper has been so published in such county continuously and uninterruptedly for a period in excess of Twenty-six (26) consecutive weeks next prior to the first publication of the notice hereto attached as hereinafter shown; and that said newspaper is in all things duly qualified to publish legal notices within the meaning of Chapter 167 of the 1937 Session Laws of the State of New Mexico. That the notice which is hereto attached, entitled Legal Notice was published in a regular and entire issue of THE LOV-**INGTON LEADER** and not in any supplement thereof, for one (1) day, beginning with the issue of uly 10 \_\_\_\_, 2007 and ending with the issue And that the cost of publishing said notice is the sum of which sum has been (Paid) as Court Costs.

Subscribed and sworn to before me this 11th day of

ily 2007

Notary Public, Lea County, New Mexico My Commission Expires June 22, 2010

Debbie Schilling

## RECEIVED

JUL 1 6 2007

## MOLLAND & HARTLIP

accessible forms. P STATE OF Contact Florene Dav NEW MEXICO wif a summary or othe ENERGY MINERALS of accessible for AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION SANTA FE,

NEW MEXICO The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules (NOTE: All land de and Regulations of the tions herein refer. Division of the following New Mexico Pri public hearing to be held at 8:15 A.M. on July 26, 2007 in the OI Conservation Division Hearing, Room, at 1220. South St. Francis, Santa South St. Francis, C. Fe, New Mexico, before an examiner duly appoint for the hearing If you are an individual with a disability who is in need of a reader, amplifier qualified sign language interpreter, Pressure Mainte or any other form of auxil Project Area (appri-lary aid or service to amendment if the c attend or participate in the cative pwater in hearing please contact: dagreement between Florene Davidson at 505 - Central Vacuum 476-3458 or through the the Vacuum Gra New Mexico Relay San Andres Unit Network 1-800-659-1779 County New N by July 16, 2007. Public documents including the agenda and minutes; can, ery project in its; v be provided in various

needed.

STATE OF NEW MEXICO T All named parties persons having any right, / interest or claim in the follo cases and notice to the pi

Meridian whether i so stated.)

CASE 13961 Appl of Chevron USA, amendment tot D Order, No. R-444 amended, to autho tertiary recovery... by the injection of dioxide in ≵its: V Grayburg-Sân 🧓 🔥 Applicant seeks as to institute a tertiary

Grayburg-San

LEGAL NOTICE NOTICE OF PUBLICATION

# Affidavit of Publication



STATE OF NEW MEXICO	)
	) ss.
COUNTY OF LEA	)

Joyce Clemens being first duly sworn on oath deposes and says that she is Advertisting Director of THE LOVINGTON LEADER, a daily newspaper of general paid circulation published in the English language at Lovington, Lea County, New Mexico; that said newspaper has been so published in such county continuously and uninterruptedly for a period in excess of Twenty-six (26) consecutive weeks next prior to the first publication of the notice hereto attached as hereinafter shown; and that said newspaper is in all things duly qualified to publish legal notices within the meaning of Chapter 167 of the 1937 Session Laws of the State of New Mexico.

That the	notico	which		horoto	attached	ontitle
That the	notice	which	ıs	nereto	attached.	entitied

was published in a regular and entire issue of THE LOV
INGTON LEADER and not in any supplement thereof, for Conservation Division

One (1) doy, beginning with the issue of South St. Francis, Santa Fe, New Mexico, before an examiner duly appoint for the hearing. If you are an individual with a disability who is in need of a reader complifier autilitied.

And that the cost of publishing said notice is the sum of \$\frac{79.41}{}\$ which sum has been (Paid) as Court Costs.

Subscribed and sworn to before me this 5 th day of

Debbie Schilling

Notary Public, Lea County, New Mexico My Commission Expires June 22, 2010 LEGAL NOTICE NOTICE OF PUBLICATION

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

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following at 8:15 A.M. on July 26, Oil Division Hearing Room at 1220 Fe, New Mexico, before an individual with a disability who is in need of a reader, amplifier, qulified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by July 16, 2007. Public documents including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

STATE OF NEW MEXICO TO:
All named parties and persons
having any right, title, interest or claim in the following cases and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal

Meridian whether or not so stated.)

Director
Published in the Lovid
Leader June 30, 200

CASE 13961:

Application of Chevron USA, Inc. for amendment of Division Order No. R-4442, as amended, to authorize a tertiary recovery project by the injection of carbon dioxide in its Vacuum Grayburg-San Andres Pressure Maintenance Project Area, approval of amendment if the cooperative water injection agreement between the Central Vacuum Unit and the Vacuum Grayburg-San Andres Unit, Lea County, New Mexico. Applicant seeks approval to institute a tertiary recovery project in its Vacuum Grayburg-San Andres Unit Pressure Maintenance Project Area by the injection of carbon dioxide into the Grayburg and San Andres formations in the Vacuum-Grayburg-San Andres Pool. The Vacuum Grayburg-San Andres Pressure Maintenance Project encompasses portions of Section 35 of South, 17 Township : Range 34 East and portions of Sections 1, 2, 11 and 12 of Township 18 South Range 35 East, N.M.P.M. Applicant also seeks to increase the approved surface injection pressure for carbon dioxide injection in this project area to 1850 pounds. Applicant further seeks to qualify the project area for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Áct" (Laws Chapter 1992. 38. Sections 1 through 5). Said unit is located approximately 22 miles northwest of Hobbs, New Mexico.

Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 27th day of June 2007.

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

Mark E. Fesmire, P.E.,

#### EXHIBIT C

APPLICATION OF CHEVRON USA, INC.

FOR AMENDMENT OF DIVISION ORDER NO. R-4442, AS AMENDED, TO AUTHORIZE A TERTIARY RECOVERY PROJECT BY THE INJECTION OF CARBON DIOXIDE IN ITS

VACUUM GRAYBURG-SAN ANDRES UNIT PRESSURE MAINTENANCE PROJECT AREA, APPROVAL OF AMENDMENT OF THE COOPERATIVE WATER INJECTION AGREEMENT BETWEEN THE CENTRAL VACUUM UNIT AND THE VACUUM GRAYBURG-SAN ANDRES UNIT, AND QUALIFICATION OF THE PROJECT FOR THE RECOVERED OIL TAX RATE PURSUANT TO THE ENHANCED OIL RECOVERY ACT, LEA COUNTY, NEW MEXICO.

Prize Energy Resources LP c/o Cimarex Energy Company Attn. OBO Department 15 East 5<sup>th</sup> street, Suite 2000 Tulsa, OK 74103-4346

Martha Leonard Trust 75-6356886 c/o National Oil & Gas Operations Post Office Box 2050 Fort Worth, Texas 76113-2050

Mary Leonard Childrens Trust 75-6412990 c/o National Oil & Gas Operations Post Office Box 2050 Fort Worth, Texas 76113-2050

Miranda Leonard Trust 75-6356894 c/o National Oil & Gas Operations Post Office Box 2050 Fort Worth, Texas 76113-2050 H. M. Bettis, Inc. Bettis, Boyle & Stovall Post Office Box 1240 Graham, Texas 76450-1240

W. T. Boyle & Company Bettis, Boyle & Stovall Post Office Box 57 Graham, Texas 76450-0057

Madelon L. Bradshaw 2120 Ridgemar Blvd., Suite 12 Fort Worth, Texas 76116

Ann McBee Buell 11241 Russwood Circle Dallas, Texas 75229

Mobil Producing Texas & New Mexico c/o of ExxonMobil
Attn.: Mr. Paul Allred
Post Office Box 4707
Houston, Texas 77210-4707

Frisco Energy LLC Attn.: Ms. Kathy B. McGuire 2431 East 51st Street, Suite 300 Tulsa, Oklahoma 74105

Larry O. Hulsey Post Office Box 1143 Graham, Texas 76450-1143

Marathon Oil Company Attn.: Mr. Paul Tauscher, Joint Interest Department Post Office Box 22232 Tulsa, OK 74121-2232 McBee Operating Co. LLC 4311 Oak Lawn Avenue, Suite 310 Dallas, Texas 75219

W. D. McBee Enterprises, Ltd. c/o Michael B. McBee 5942 Averill Way Dallas, Texas 75225

McGowan Working Partners Incorporated 1837 Crane Ridge Drive Jackson, MS 39216

ConocoPhillips Petroleum Company Attn.: Mr. Tom Scarbrough, Land Department 1070 Plaza Office Building Bartlesville, OK 74004

S. B. Street & Company Attn.: Mr. Spencer Street Post Office Box 206 Graham, Texas 79046-0206

Norman D. Stovall, Jr. Post Office Box 10 Graham, Texas 76450-0010

Toreador Exploration and Production 4809 Cole Avenue, Suite 108 Dallas, Texas 75205

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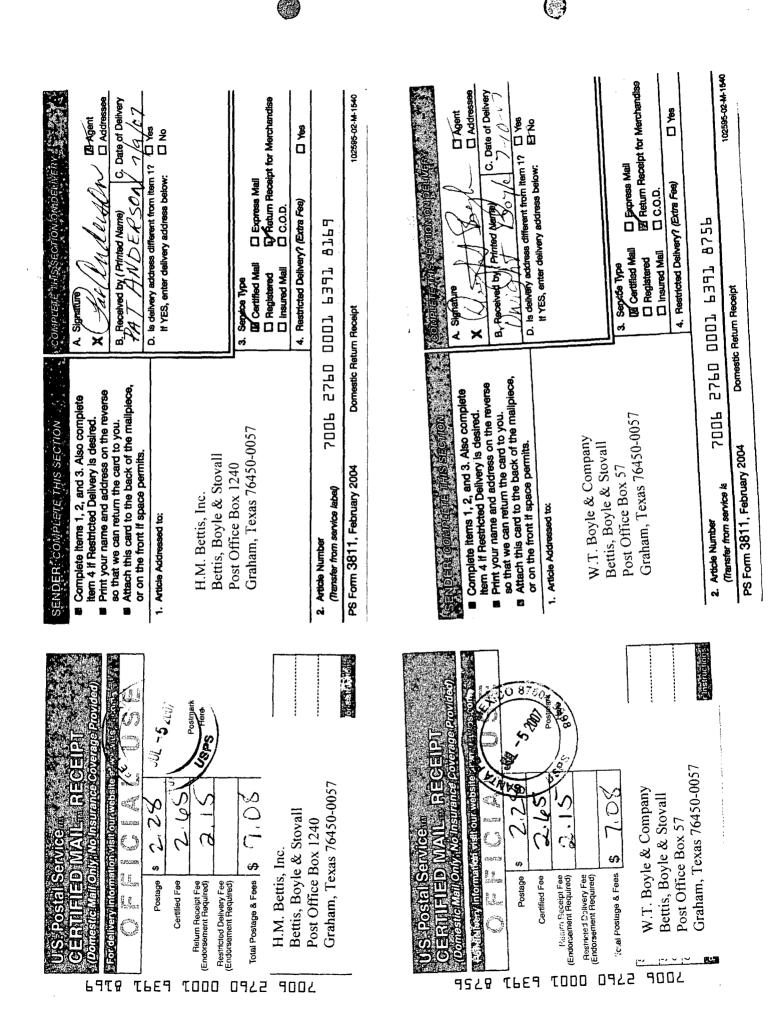
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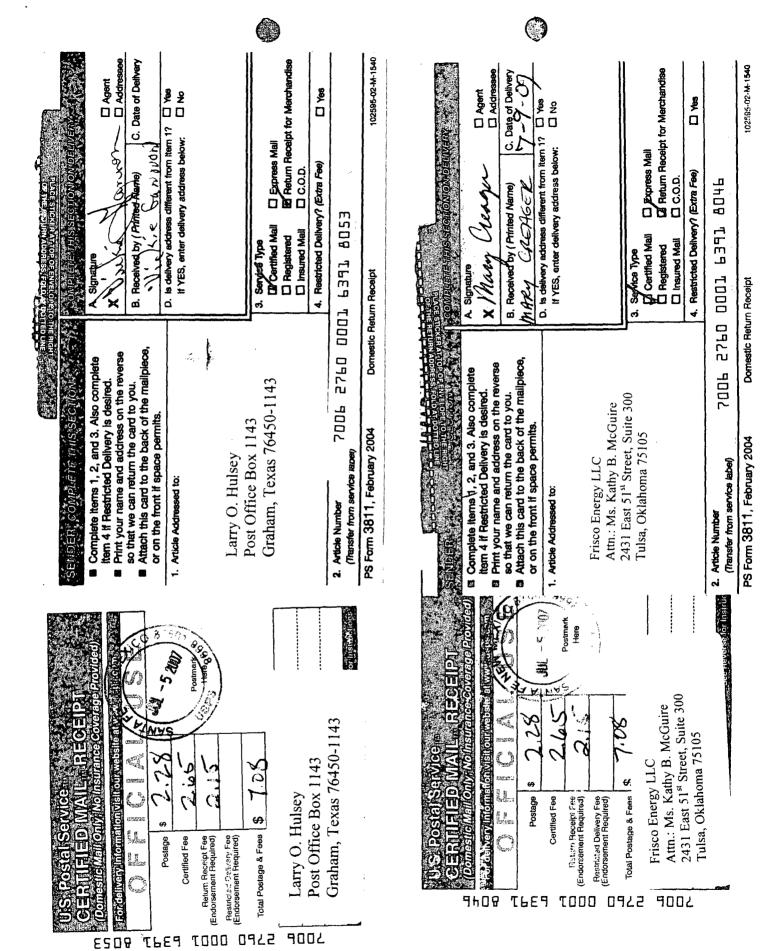
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☐ Registered I Insured Mail 2760 0001 6391 Domestic Return Receipt Seculos 1/70 A. Signatur // \* A. Signatur Domestic Return Receipt 2760 Attn.: Mr. Paul Tauscher, Joint Interest Dept. Attach this card to the back of the mailpiece. Print your name and address on the reverse Complete Items 1, 2, and 3. Also complete Attach this card to the back of the mailpiece, SENDER: COMPLETE THIS SECTION 1 Print your name and address on the reverse Complete items 1, 2, and 3: Also complete 4311 Oak Lawn Avenue, Suite 7006 Item 4 If Restricted Delivery is desired. so that we can return the card to you. McBee Operating Co. LLC 700F Tem 4 if Restricted Delivery is desired. so that we can return the card to you. or on the front if space permits. PS Form 3811, February 2004 or on the front if space permits. Marathon Oil Company Dallas, Texas 75219 Tulsa, OK 74121-2232 Post Office box 22232 PS Form 3811, February 2004 (Transfer from service lai (Transfer from service label, 1. Article Addressed to: 1. Article Addressed to: 2. Article Number 2. Article Number 2 ระบบเวลาเราเ gest saliveryilriformation wishrour website by www.usps.com s 🚅 😭 😭 For delivery information visit our website at www.usps.com NEW AS THE STATE OF Postmark -Attn.: Mr. Paul Tauscher, Joint Interest Dept. 4311 Oak Lawn Avenue, Suite McBee Operating Co. LLC 7.0 Dallas, Texas 75219 Marathon Oil Company Tulsa, OK 74121-2232 7 Post Office box 22232 છ Total Postage & Fees | \$ Total Postage & Fees Return Receipt Fee (Endorsement Required) Rectricted Dollvery Fee (Endorsement Required) Postage i.l. Certified Fee Postage Return Receipt Fee (Endorsement Required) Restricted Octivery Fee (Endorsement Required) Certified Fee 9002 미리오크 TODO **P34**3

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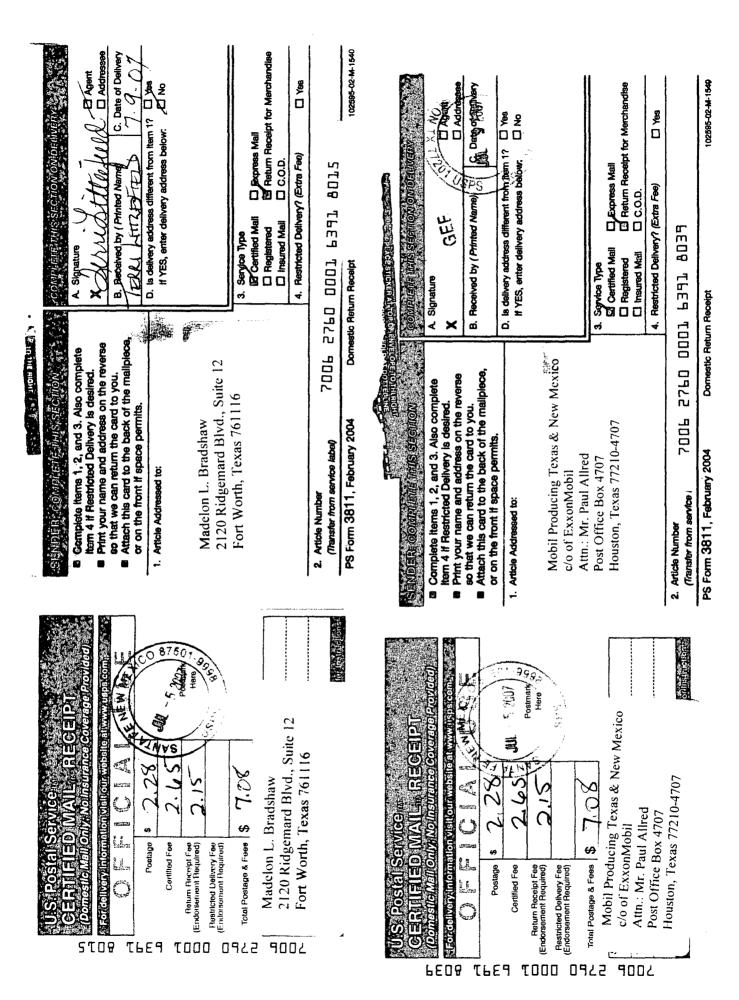
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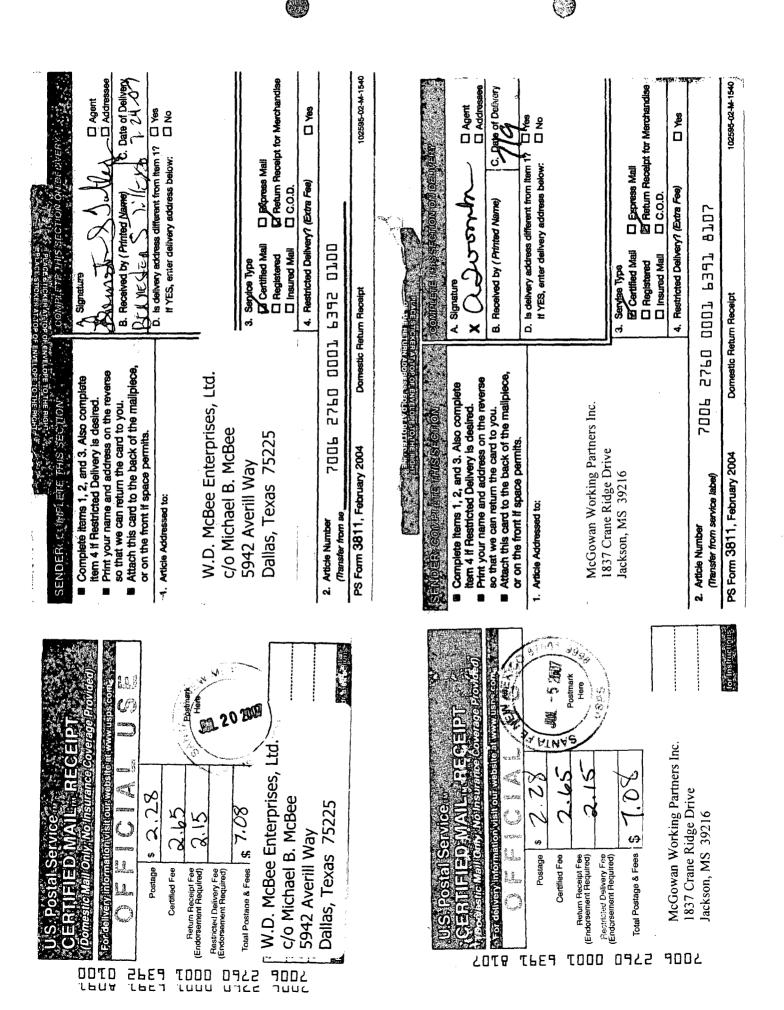
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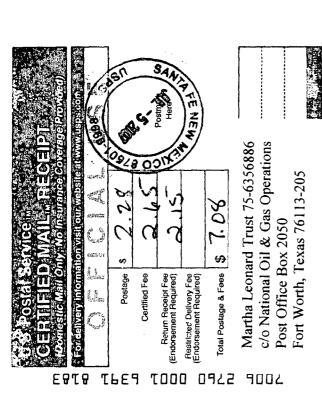
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Domestic Return Receipt

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William F. Carr wcarr@hollandhart.com

July 27, 2007

#### **CERTIFIED MAIL-RETURN RECEIPT REQUESTED**

The Honorable Patrick H. Lyons Commissioner of Public Lands State of New Mexico Post Office Box 1148 Santa Fe, New Mexico 87504-1148

Re:

Application of Chevron U.S.A. Inc. for amendment of Division Order No. R-4442, as amended, to authorize a tertiary recovery project by the injection of carbon dioxide in its Vacuum Grayburg-San Andres Unit Area, approval of amendment of the Cooperative Water Injection Agreement between the Central Vacuum Unit and the Vacuum Grayburg-San Andres Unit, and qualification of the project for the Recovered Oil Tax Rate Pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico.

#### Dear Commissioner Lyons:

This letter is to advise you that Chevron U.S.A. Inc. has filed with the New Mexico Oil Conservation Division the enclosed application for authorization to inject (Oil Conservation Division Form C-108). If you desire a copy of the attachments filed with this application, please advise Chevron through its attorneys at the above-referenced address and copies of all attachments will be provided to you. The State of New Mexico is the owner of an interest that may be affected by this application.

This application has been set for hearing before a Division Examiner at 8:15 AM on August 23, 2007. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

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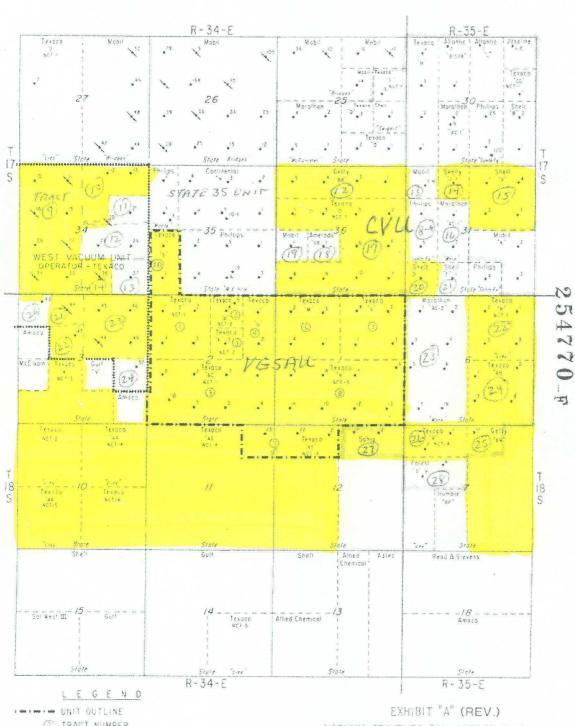
William F. Carr

Attorney for Chevron U.S.A. Inc.

encs.

cc: Paul R. Owen, Esq. Chevron U.S.A. Inc.

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TRACT NUMBER

LIST OF TRACT OWNERS FOR VESAU NOTIFICATION VACUUM GRAYBURG SAN ANDRES UNIT

LEA COUNTY, NEW MEXICO

FIRST ENLARGEMENT - EFF. 1-1-81

#### LIST OF TRACT OWNERS

#### FOR VGSAU NOTIFICATION

### LEA COUNTY, NEW MEXICO

August 29, 2007

#### **LAND DESCRIPTION TRACT OWNER & ADDRESS**

T-17-S, R-34-E, NMPM

WVU TRACT 9 W/2 SECTION 34 Chevron U.S.A. Inc.

WVU TRACT 10 N/2NE/4 & NW/4NE/4

**SECTION 34** 

Marathon Oil Company Attn.: Mr. Paul Tauscher

P. O. Box 22232

Tulsa, OK 74121-2232

WVU TRACT 11 SE/4NE/4 SECTION 34 Headington Oil Company, LP 7557 Rambler Rd., Suite 1100 Dallas, Texas 75231-2305

&

Wildcard Family Ltd. PTP

5500 W. Plano Parkway, Suite 200

Plano, Texas 75093

WVU TRACT 12 N/2SE/4 SECTION 34 Marathon Oil Company

WVU TRACT 13

SE/4SE/4 SECTION 34

Polaris Production Corp.

P. O. Box 1749

Midland, Texas 79702-1749

WVU TRACT 14

SW/4SE/4 SECTION 34

Chevron U.S.A. Inc.

**VGSAU TRACT 10** 

W/2SW/4 SECTION 35

STATE 35 UNIT E/2SW/4, SE/4 & N/2

**SECTION 35** 

Chevron U.S.A. Inc. 15 Smith Road

Midland, Texas 79705

McGowan Working Partners, Inc.

1837 Crane Ridge Drive

Jackson, MS 39216

CVU TRACT 17 S/2S/2, N/2SE/4 & S/2N/2 SECTION 36 Chevron U.S.A. Inc.

CVU TRACT 18

NE/4SW/4 SECTION 36

Quantum Resources Management LLC

Attn: Mr. Kenneth Atnip

1775 Sherman Street, Suite 1200

Denver, CO 80203

**CVU TRACT 19** 

NW/4SW/4 SECTION 36

Mobil Producing Texas & New Mexico Inc.

c/o ExxonMobil

Attn.: Mr. Paul Allred Post Office Box 4707

Houston, Texas 77210-4707

T-17-S, R-35-E, NMPM

CVU TRACT 8-A

NW/4SW/4 & SW/4NW/4

**SECTION 31** 

ConocoPhillips Petroleum Company

Attn.: Mr. Tom Scarbrough 1070 Plaza Office Building Bartlesville, OK 74004

CVU TRACT 16

SE/4NW/4 & NE/4SW/4

**SECTION 31** 

Marathon Oil Company Attn.: Mr. Paul Tauscher Post Office Box 22232

Tulsa, OK 74121-2232

CVU TRACTS 20 & 21

S/2SW/4 SECTION 31

Chevron U.S.A. Inc.

**CVU TRACT 8-B** 

SW/4SE/4 SECTION 31

ConocoPhillips Petroleum Company

Attn.: Mr. Tom Scarbrough 1070 Plaza Office Building Bartlesville, OK 74004

T-18-S, R-35-E, NMPM

**CVU TRACT 23** 

W/2 SECTION 6

Marathon Oil Company

Attn.: Mr. Paul Tauscher Post Office Box 22232 Tulsa, OK 74121-2232

CVU TRACTS 22 & 24

E/2 SECTION 6

Chevron U.S.A. Inc.

CVU TRACT 26 N/2NW/4 SECTION 7 Chevron U.S.A. Inc.

CVU TRACT 25 NW/4NE/4 SECTION 7 Chevron U.S.A. Inc.

SE/4, S/2NE/4 & NE/4NE/4 SECTION 7 Chevron U.S.A. Inc.

CVU TRACT 28 S/2NW/4 SECTION 7

Toreador Exploration and Production 4809 Cole Avenue, Suite 108 Dallas, Texas 75205

### T-18-S, R-34-E, NMPM

CVU TRACT 27 N/2NE/4 SECTION 12 SURFACE TO 5,500' Chevron U.S.A. Inc.
Martha Leonard Revocable Trust
Miranda Leonard Revocable Trust
Mary Leonard Children's Trust
All 3 in c/o National Oil & Gas Operations
P. O. Box 2050
Fort Worth, Texas 76116

Frisco Energy, LLC Attn.: Ms. Kathy B. McGuire 2431 East 51<sup>st</sup> Street, Suite 300 Tulsa, OK 74105

Madelon L. Bradshaw 2120 Ridgmar Blvd., Suite 12 Fort Worth, Texas 76116

N/2NE/4 & SE/4 SECTION 12

ExxonMobil Attn.: Mr. Paul Allred Post Office Box 4707 Houston, Texas 77210-4707

W/2 SECTION 12 ALL RIGHTS, EXCEPT ABO REEF FORMATION 8,226 – 8,910' Chevron U.S.A. Inc.

**ALL SECTION 11** 

ALL RIGHTS, EXCEPT ABO REEF FORMATION 8.226 – 8.910' Chevron U.S.A. Inc.

NE/4 & SW/4 SECTION 10

Chevron U.S.A. Inc.

SE/4 SECTION 10

Chevron U.S.A. Inc.

NW/4 SECTION 10

Chevron U.S.A. Inc.

WVU TRACT 23 NE/4 SECTION 3 Chevron U.S.A. Inc.

WVU TRACT 24

NE/4SE/4 SECTION 3

Devon Energy Production Company, LP

Attn.: Mr. Mark A. Oates

P. O. Box 1678

Oklahoma City, OK 73101-1678

SW/4SE/4 SECTION 3

Chevron U.S.A. Inc.

S/2SW/4 & NE/4SW/4

SECTION 3 – ALL RIGHTS

EXCEPT FROM 11,000' - 12,000'

Chevron U.S.A. Inc.

#### NOTE:

VGSAU = VACUUM GRAYBURG SAN ANDRES UNIT CVU = CENTRAL VACUUM UNIT WVU = WEST VACUUM UNIT LAND DESCRIPTION WITHOUT TRACTS = NONUNITIZED LANDS