

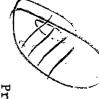
BEFORE EXAMINER STOGNER OIL CONSERVATION DIVISION

CASE NO.

7866

EXHIBIT NO. 3

MOBIL



# MOBIL PRODUCING TEXAS & NEW MEXICO INC. VACUUM (GRAYBURG - SAN ANDRES) BRIDGES STATE WATERFLOOD PROJECT SEC. 26, T-17S, R-34E

Producing Well Data on Public Record within Area of Review

Well		Well	Date	Total		Completion	Casing	Construction Detail Weight Depth	on Detail Depth	
4	в 26-178-34Е	011	4-13-38	6877'	6000"	San Andres 4476-4575'	10-3/4" 7" 5"	40 24 15	41	840' 4270' 4166-6877'
30	G 2 <b>6</b> -17S-34E	MIM	4-25-39	6800'	49231	San Andres 4450-4576'	10-3/4" 7" 5-1/2"&5"	35.75 24 17&15.5	40	820' 4250' 4069-6800'
35	K 26-17S-34E	WIW	7-13-39	4822"		San Andres 4200-4822'0H	10-3/4" 7"	36 24		823' 4200'
38	A 26-17S-34E	011	1-17-63	6795	6620*	Blinebry 6472-6518'	10-3/4" 7" 4-1/2"	40 24 9.5	40	825' 4230' 4025-6795'
105	A 26-17S-34E	WIW	4-23-65	6150'	.5958*	San Andres 4361-4435'	8-5/8" 4-1/2"	24 9.5		1516† 6150†
138	L 26-17S-34E	011	8-08-70	8700*	86501	ABO 8506-8600'	8-5/8" 5-1/2"	20&24 14&15.5&17		1615' 8700'

# MOBIL PRODUCING TEXAS & NEW MEXICO INC. VACUUM (GRAYBURG - SAN ANDRES) BRIDGES STATE WATERFLOOD PROJECT SEC. 26, T-17S, R-34E

Tabulated data of all plugged and abandoned wells on public record within area of review.

### PLUGGED & ABANDONED WELL

OPERATOR, LEASE & WELL NO.	LOCATION	DATE DRILLED	DEPTH
MPTM, Bridges State, Well #39	L-26-17S-34E	8-11-39	4725

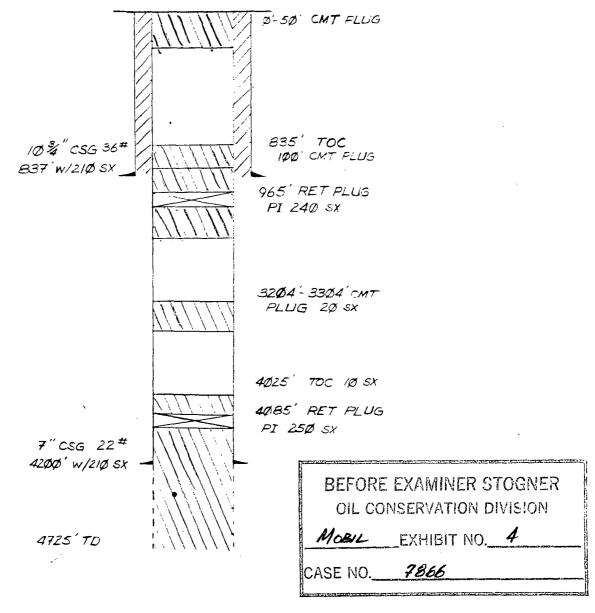


EXHIBIT 4

no. or corics occlives		Form C+103
ווסו רטמואדצום	<b>₹</b> ‡	Supersedes Old C-102 and C-103
SANTA FE	SEW MEXICO OIL CONSERVATION COMMIS.	Effective 1-1-65
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OPERATOR		5. State Off & Gna Lease Ro.
		B-1520
IDO MOT USE THIS FORCE FOR PACE	Y NOTICES AND REPORTS ON WELLS THE AND LOW TO PAGE TO A DIFFERENT RESERVENCE FOR THE PROPERTY OF THE PROPERTY	RYOIR.
OTL SAS WILL SAS	OTHER.	7. Unit Agreement Nume
2. Rights of Operator		6, Farm of Lease Name
Mobil Oil Corporation		Bridges State
3. Address of Operator		9. Weli No.
Nine Greenway Plaza, Su	ite 2700, Houston, Texas 77046	39
4. Lesetion of Well		10. Field end i ool, or Wildest
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UNIT LETTER	FEET FROM THE BOULET LINE AND	Vac. Grayburg S. A.
THE West LINE, SECTION	26 TOWNSHIP 17 S RANGE 34 E	MAN MANNE STATE OF THE STATE OF
	15. Elevation (Show whether DF, RT, GR, etc.)	12. County (17)
	4039 GR	Lea
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TEMPGRARILY ABANDON	COMMENCE DRILLING OPH	S. PLUG AND ABANDONMENT X
PULL OR ALTER CASING	CHARGE PLANS CASING TEST AND CEMENT	
	OTHER	
DTHER		
		<del></del>
in, Describe Proposes of Completed Oper and by SEE RULE 1103.	rations (Clearly state all pertinent details, and give pertinent da	tes, including estimated date of starting any proposed
/7// FFD OF (800 /7//		
4/44 TD, OH 4200-4744.	MIRU DA&S DD unit 2/7/79, WW ran 7" JB	stopped @ 580, POH, rec ½ gas LCM
WIH 5-7/8 bit, CS on 2-3 PI 3 BPM @ 1600, sqz SA above ret plug 4085-4025	3/8 to 4115, POH, WW set 7" EZ-Drill @ 40 OH 4200-4744 w/250 C, Max Press 1400, jo 5, pulled tbg to 3304.	085, WIH W/2-3/8 set in EZ-Drill, ob compl 5 PM 2/8/79, left 10x
Howco spot 20x C 3304-32 & 10-3/4 ann1, cmt w/240 spotted another 10x @ 83	204, WW perf 7" csg, 4 JS 1000-02, ranco Ox C, cmt did not circ, left 10x 50' on t 35, 50' plug 10x 0-50.	emt ret on 2-3/8 to 965, PI 7" top of ret, called Commission,
Cut off csg head, weld of Comm, Well P&A.  FINAL REPORT.	on steel plate & monument, rel DA&S 1 PM	2/10/79, left cellar open for
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. I hereby certify that the information abo	uve is true and complete to the best of my knowledge and belief.	· · · · · · · · · · · · · · · · · · ·
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.1 hereby certify that the information about	ove is true and complete to the best of my knowledge and belief.  •  TITLE Authorized Agent	DATE 2/26/79
.1 hereby certify that the information about the party.  (H) (H) (1)	•	DATE 2/26/79

EXMBIT 4A

### COOPERATIVE WATER INJECTION AGREEMENT

THIS AGREEMENT, entered into effective as of the date of execution, to be known as the Vacuum (Grayburg-San Andres)

Cooperative Water Injection Agreement, by and between the Central Vacuum Unit, operated by Texaco Inc.; the "Bridges" State Lease, operated by Mobil Oil Corporation; the State H-35 Lease, operated by Conoco Inc.; the M. E. Hale Lease, operated by Phillips

Petroleum Company; the Vacuum Grayburg-San Andres Unit, operated by Texaco Inc.; the Mable Lease, operated by Phillips Petroleum Company; and the West Vacuum Unit, operated by Texaco Inc.

### WITNESSETH:

WHEREAS, all parties above operate crude oil producing projects, leases and lands, located in Sections 25, 26, 35 and 36, Township 17 South, Range 34 East and Section 2, Township 18 South, Range 34 East, Lea County, New Mexico.

WHEREAS, all parties above desire to provide for the operation of water injection wells on or near the common boundary of their respective leases or projects, and to provide for the injection of water into the underlying Grayburg-San Andres formation through said injection wells so that the leases and lands mentioned above will be benefited by an increase in the production of crude oil.

NOW, THEREFORE, in consideration of the premises it is agreed as follows:

la. All Parties, as soon as practical following the effective date of this agreement, agree to drill, complete and equip water injection wells in the Grayburg-San Andres formation at the approximate locations shown on the plat attached hereto as Exhibit "A", and with location descriptions, Working Interest Ownership percentages, and the party by whom the wells are to be drilled and operated, all tabulated on Exhibit "B", also attached and made a part hereof for all purposes. The completion intervals will be mutually acceptable to all parties.

BEFORE EXAMINER STOGNER
OIL CONSERVATION DIVISION

MOBIL \_\_EXHIBIT NO.\_\_\_\_\_

CASE NO.\_\_\_\_\_ 7866

The term "injection wells" shall mean any and all injection wells described and identified herein. Each party or well operator shall operate its water injection wells and furnish suitable water as required for injection into the wells it operates. In the event that an operator's water supply system cannot furnish the maximum desired water volumes, such operator will provide an equally proportionate share of injection water to each injection well connected to that operator's supply system. In no way is any operator responsible for making up shortages of water supply in another operator's system. Injection of water into any of the injection wells covered by this agreement in the Grayburg-San Andres formation shall be at such rates and at such pressures that will comply with the rules and regulations of the Oil Conservation Division of the Department of Energy and Minerals of the State of New Mexico. Also, within the boundary of these rules and regulations, the injection rates and pressures shall be mutually agreeable between the parties hereto. In the event of channeling or other damage to any well, on any Unit, where the cause can be clearly traced to an injection well listed on Exhibit "B" hereto, injection will be ceased into the offending well, by mutual agreement, pending remedial work.

- lc. The parties hereto agree with each other that the creation, or attempted creation, of an artificial water drive by the injection of water through the said input wells into the Grayburg-San Andres formation in accordance with the terms and provisions hereof is a reasonable and prudent engineering practice.
- 2. Each Operator agrees to advance all costs and expenses incurred in connection with drilling, completing and equipping the wells which each shall drill hereunder and shall charge non-operators with the ownership percentage shown for each well in Exhibit "B" of all such costs and expenses on the basis provided for herein and in accordance with the Accounting Procedure attached hereto as Exhibit "C".

- 3. Upon drilling, completing and equipping the wells provided for above, each injection well will be operated by the designated Operator with non-operator, or non-operators, to be charged the percentage of all operating costs and expenses in accordance with the ownership percentage shown in Exhibit "B" for each well on the basis provided for herein and in accordance with the Accounting Procedure attached hereto as Exhibit "C".
- 4. For proration purposes, each party will be entitled to receive credit for all water injected, through the injection wells in accordance with their ownership in each of the individual injection wells covered by this agreement.
- 5. It is agreed by the parties hereto that the payments to be made for water delivered by each operator to the injection wells are intended to reimburse the operators as nearly as possible for the parties' proportionate share as shown for each well in Exhibit "B" of its costs and expenses actually incurred by the operators in acquiring, transporting, and delivering such water to the injection well sites at sufficient pressure to achieve injection into the formation, it being intended that the operators shall not make a profit from the operations conducted hereunder, aside from any resultant production from producing wells on their respective properties. The rate of \$0.02 per barrel shall be used as an initial estimate in determining charges for injection water for the first year of operation. The first year of operation shall commence the first day of the month in which injection is initiated.

At the end of the first 12-month year of operation, the operators' costs and expenses of acquiring, transporting, and delivering said water under the terms of this agreement shall be computed for the first year to determine the actual cost or rate per barrel, and the parties in the injection wells covered by this agreement shall, by mutual agreement, have their share of such costs retroactively adjusted so as to be based on the actual costs and expenses for such year. If the parties' share of the actual costs and expenses is less than the estimated charge

provided for the first year, then appropriate reimbursement shall be made by the operators for the overpayment. But if the parties' share exceeds the estimated charge provided for the first year, then the parties agree to reimburse the operators for their applicable share of such costs and expenses as actually accrued for the first year. The actual rate per barrel determined in the manner provided then shall be the rate for the next ensuing year, provided that the operators may make use of the experience base developed hereunder to project costs and expenses and set a reasonable rate per barrel for the ensuing year or period.

It is further understood that any operator may at any time recalculate its actual cost of acquiring, transporting, and delivering water to the injection well sites at sufficient pressure to achieve injection into the formation, for any subsequent year or twelve (12) month period in the manner provided for the first year, and if it should occur that the rate for charges again should be adjusted, then the operator shall so notify the parties hereto of such adjustment. Any new rate based upon the recalculation by the operator shall become effective as of the first day of the calendar month following the date that the parties hereto are notified thereof, and there shall be a retroactive adjustment for such prior period as is covered by the recalculation. This same procedure shall be followed during the term of this agreement.

6a. The term of this agreement shall commence as of the date of execution and shall continue for so long as oil and gas are produced from the leases which cover the above described lands. At any time that an operator shall be of the opinion that the water injection operation being conducted in any or all wells covered by this agreement is no longer economically profitable to said operator and the non-operating working interest owners which said operator may represent, then said operator shall, upon the concurrence of the said represented non-operating working interest owners, have the right to terminate its operation and participation in the

water injection operations of such well or wells upon giving thirty (30) days advance written notice to the other operators who are party to this agreement of this intention to terminate operation and participation in such well or wells covered by this agreement.

6b. Any one of the other operators then shall have the option at the sole risk and expense of itself and the non-operating working interest owners it may represent, to take over and operate the said well or wells in 6a. above. In such event, the operator taking over the said water injection wells is to be granted the right of ingress and egress to said injection wells, together with rights-of-way and easements necessary to continue operation of the said water injection wells, but this grant is to be made without representation and any warranty whatsoever and only insofar as the terminating party then can legally make such a grant. operator taking over operations of the said water injection wells shall pay the former operator for the equipment therein on the basis of the current net salvage value thereof in place. The former operator who accepts payment of said current net salvage value will credit said payment to all working interest owners it may represent in the property in which the said injection well or wells was formerly operated. When such operator wishes to discontinue the water injection operations, such operator shall plug and abandon the said water injection wells in compliance with all contractual obligations and rules and regulations of each governmental body having jurisdiction, at the sole cost, risk and expense of itself and the non-operating working interest owners which such operator may represent. The current net salvage value is defined as the value of all recoverable equipment at the time of abandonment less cost to recover and abandon said well. The operator taking over said wells hereby shall indemnify and hold the former operator harmless from and against any and all claims, charges, suits and any liabilities arising out of or in any way associated with subsequent operations. The parties hereto agree to execute and deliver, each to the other, such instruments or assurances as may be required to accomplish the intents and purposes of this article.

7. Each operator will perform periodic injection surveys as deemed necessary for prudent operations. Special requests for additional injection surveys may be made by any working interest owner in a given well. However, such special requests for additional injection surveys by non-operating working interest owners in a given well should be for specifically identified reasons and will not ordinarily be made more than once in any given 12-month period. Monthly injection reports on a per well basis will be furnished by the operators to non-operators for all the wells covered by this agreement.

8. In the event that any party hereto is rendered unable, wholly or in part, by force majeure to carry out its obligations under this agreement, upon such party's giving notice and reasonably full particulars of such force majeure in writing or by telegraph to the other party or parties hereto within a reasonable time after the occurrence of the cause relied upon, the obligations of the party giving said notice, insofar as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused, but for no longer period; and the cause of the force majeure so far as possible shall be remedied with all reasonable dispatch.

The term "force majeure" as employed herein shall mean an act of God, strike, lockout or other industrial disturbance, act of the public enemy, war, blockage, riot, lightning, fire, storm, flood, explosion, governmental restraint, failure of water supply, and any other cause, whether of the kind herein enumerated or otherwise, not reasonably within the control of the party claiming suspension.

The settlement of strikes, lockouts, and other labor difficulties shall be entirely within the discretion of the party having the difficulty. The above requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes, lockouts or other labor difficulty by acceding to the demands of opponents therein when such

course is inadvisable in the discretion of the party having the difficulty.

- 9. The rights, duties, obligations and liabilities of the parties hereto shall be several, and not joint or collective, and nothing herein contained shall ever be construed as creating a partnership of any kind, joint venture, an association or a trust or as imposing upon any or all of the parties hereto a partnership duty, obligation or liability. Each party hereto shall be individually responsible only for its obligations, as set out in this agreement.
- application of Sub-chapter "K" of Chapter 1 of Subtitle "A" of the Internal Revenue Code of 1954, insofar as such Sub-chapter or any portion or portions thereof may be applicable to the parties in respect to the operations covered by this agreement. Operator is hereby authorized and directed to execute on behalf of each of the parties hereto such additional or further evidence of such election as may be required by regulations issued under such Sub-chapter "K", or should said regulations require each party to execute such further evidence, each party agrees to execute such evidence or to join in the execution thereof.
- 11. Each party hereto agrees to indemnify and hold the other party hereto harmless from all liability, claims and demands resulting from each such party's operations conducted pursuant to this agreement. Each party warrants that it has full right and authority to enter into this agreement, both on behalf of itself and every person, firm, or corporation having any working interest rights in the oil and gas leases operated by it who has not ratified and confirmed this agreement, and each party shall indemnify and hold the other party harmless from any and all liabilities, claims and demands asserted by such working interest owners.
- 12. The terms and provisions hereof shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors, legal representations and assigns.

13. A party may become a party to this Agreement by signing the original of this instrument, a counterpart thereof, or other instrument agreeing to be bound by the provisions hereof. The signing of any such instrument shall have the same effect as if all the parties had signed the same instrument.

IN WITNESS WHEREOF,	the parties hereto have executed
this agreement this 13th day	of December, 1982
APPROVED AS TO FORM TERMS (CLA) ACCTNG SIL AZA CONTRACT LAK	TEXACO INC. as Operator of the Central Vacuum Unit, the West Vacuum Unit, and the Vacuum Grayburg-San Andres Unit.
	By Attorney-in-Fact
	PHILLIPS PETROLEUM COMPANY as Operator of the M. E. Hale Lease, and the Mable Lease
	ByAttorney-in-Fact
	MOBIL OIL CORPORATION as Operator of the "Bridges" State Lease
	ByAttorney-in-Fact
	CONOCO INC. as Operator of the State H-35 Lease
	ByAttorney-in-Fact
STATE OF TEXAS	
COUNTY OF MIDLAND	

The foregoing instrument was acknowledged before me this day of lecenter, 1982, by R. D. TOMBERLIN corporation, on behalf of said corporation.

Motary Public in and for Midland County, Texas Martha Fincher

Му	Commission	Expires:
10	2-14-84	_

signing the original of this instrument, a counterpart thereof, or other instrument agreeing to be bound by the provisions hereof. The signing of any such instrument shall have the same effect as if all the parties had signed the same instrument. IN WITNESS WHEREOF, the parties hereto have executed this agreement this \_\_\_\_ day of \_ TEXACO INC. as Operator of the Central Vacuum Unit, the West Vacuum Unit, and the Vacuum Grayburg-San Andres Unit. Attorney-in-Fact PHILLIPS-PETROLEUM COMPANY as Operator of the M. E. Hale Lease, and the Mable Lease MOBIL OIL CORPORATION as Operator of the "Bridges" State Lease Attorney-in-Fact CONOCO INC. as Operator of the State H-35 Lease Attorney-in-Fact **TEXAS** COUNTY OF ECTOR The foregoing instrument was acknowledged before me this of November, 19 82, by E. E. Clark, Attorney-in-Fact day of of Phillips Petroleum Company corporation, on behalf of said corporation. , a <u>Delaware</u> M. Mary My Commission Expires:

A party may become a party to this Agreement by

November 30, 1984

i : i .

13. A party may become a party to this Agreement by signing the original of this instrument, a counterpart thereof, or other instrument agreeing to be bound by the provisions hereof. The signing of any such instrument shall have the same effect as if all the parties had signed the same instrument.

	IN W	ITNESS	WHEREOF,	the	parties	hereto	have exe	ecuted	
	ement	this	day	of _				_, 1981	
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STATE OF NEW MEXICO
COUNTY OF Harris

The foregoing instrument was acknowledged before me this day of <u>Nevember</u>, 1981, by <u>K. S. Nelson</u>, <u>Uttilizey S. Juct, Mobil Oil Corp.</u>, a <u>Ollaware</u> corporation, on behalf of said corporation.

Notary Public in and for Harris County, New Mexico

My Commission Expires: September 23, 1985

A party may become a party to this Agreement by signing the original of this instrument, a counterpart thereof, or other instrument agreeing to be bound by the provisions hereof. The signing of any such instrument shall have the same effect as if all the parties had signed the same instrument. IN WITNESS WHEREOF, the parties hereto have executed this agreement this \_\_\_\_ day of \_\_\_ TEXACO INC. as Operator of the Central Vacuum Unit, the West Vacuum Unit, and the Vacuum Grayburg-San Andres Unit. Ву Attorney-in-Fact PHILLIPS PETROLEUM COMPANY as Operator of the M. E. Hale Lease, and the Mable Lease Attorney-in-Fact MOBIL OIL CORPORATION as Operator of the "Bridges" State Lease Attorney-in-Fact CONOCO INC. as Operator of the State H-35 Lease Attorney-in-Fact TEXAS STATE OF NEW TIEXTCO COUNTY OF HARRIS The foregoing instrument was acknowledged before me this 23 M day of heart like, 1982, by 1.C. CURRY corporation, on behalf of said corporation. SOUND DESCRIPTION OF THE PROPERTY OF THE PROPE

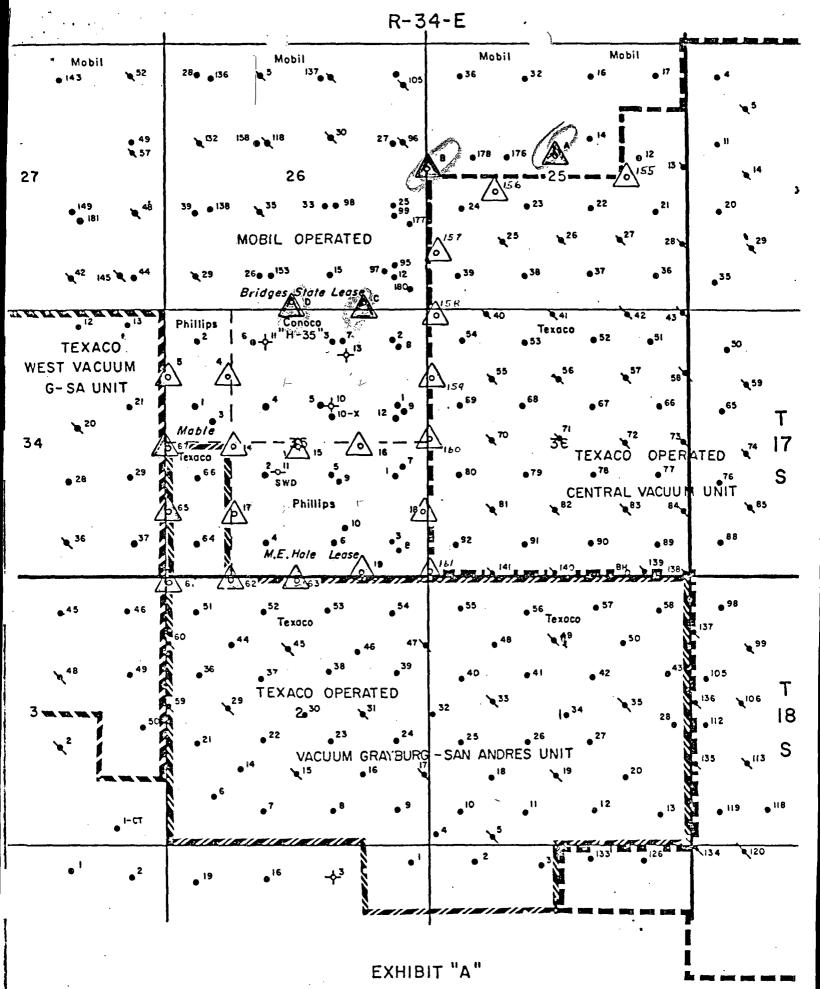
BARBARA T SIGLER Notary Public in and for the State of Texas My Commission Expires February 19, 1985

My Commission Expires:

Barlin

Notary Public in and for

\_\_ County, New Mexico



COOPERATIVE WATER INJECTION AGREEMENT VACUUM GRAYBURG - SAN ANDRES FIELD LEA COUNTY, NEW MEXICO

PROPOSED INJECTOR TO BE DRILLED AND OPERATED BY



PHILLIPS - HALE & MABLE LEASES



TEXACO - CENTRAL VACUUM UNIT



TEXACO - VACUUM GRAYBURG-SAN ANDRES UNIT



MOBIL - BRIDGES STATE LEASE

EXHIBIT B (Revised)

RECOMMENDED LOCATIONS, WELL NUMBER, AND LEASELINE WELL PARTICIPATION WORKING INTEREST PERCENTAGE FOR LEASELINE WELLS IN THE VACUUM G-SA FIELD

# Recommended Locations and Well Numbers

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OPERATOR		Central Vacuum Unit	West Vacuum Unit	Mob11	Conoco	Ph1111ps	Vacuum Grayburg San Andres
TEXACO - Central Vacuum Unit							
30 30 10		75 50 50 50 50 50 50		25 50 50 25	25 50 25	25 25	20
- Vacuum Grayburg San	Andres						
61 - 10' FNL & 10' FWL 62 - 10' FNL & 1330' FWL 63 - 10' FNL & 2630' FEL 65 - 1310' FSL & 10' FWL 67 - 2630' FSL & 10' FWL	Sec. 2, T-18-S, R-34-E Sec. 2, T-18-S, R-34-E Sec. 2, T-18-S, R-34-E Sec. 35, T-17-S, R-34-E Sec. 35, T-17-S, R-34-E		50 50 50			.25 50 25	50 75 50 50 25
MOBIL - Bridges State							
C - 10' FSL & 1250' FEL A - 2340' FNL & 2630' FWL B - 2630' FNL & 10' FEL D - 10' FSL & 2630' FEL	Sec. 26, T-17-S, R-34-E Sec. 25, T-17-S, R-34-E Sec. 26, T-17-S, R-34-E Sec. 26, T-17-S, R-34-E	50 25		50 50 75 50	50 50		
PHILLIPS - M. E. Hale							
30' FSL & 1330' 30' FSL & 2630' 30' FSL & 1330'	35, T-17-S, 35, T-17-S, 35, T-17-S, 35, T-17-S, 35, T-17-S,				25 50 50	50 50 50 50	25 25 50
18 - 1310' FSL & 10' FEL 19 - 10' FSL & 1310' FEL - Mable Lease	Sec. 35, T-17-S, R-34-E Sec. 35, T-17-S, R-34-E	50				50 50	90
4 - 1330' FNL & 1310' FWL 5 - 1330' FNL & 10' FWL	Sec. 35, T-17-S, R-34-E Sec. 35, T-17-S, R-34-E		90		20	50 50	

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Recommended by the Council of Petroleum Accountants Societies of North America

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### EXHIBIT "C"

Attached to and made a part of the Cooperative Water Injection Agreement.	

# ACCOUNTING PROCEDURE JOINT OPERATIONS

### I. GENERAL PROVISIONS

### 1. Definitions

"Joint Property" shall mean the real and personal property subject to the agreement to which this Accounting Procedure is attached.

"Joint Operations" shall mean all operations necessary or proper for the development, operation, protection and maintenance of the Joint Property.

"Joint Account" shall mean the account showing the charges paid and credits received in the conduct of the Joint Operations and which are to be shared by the Parties.

"Operator" shall mean the party designated to conduct the Joint Operations.

"Non-Operators" shall mean the parties to this agreement other than the Operator.

"Parties" shall mean Operator and Non-Operators.

"First Level Supervisors" shall mean those employees whose primary function in Joint Operations is the direct supervision of other employees and/or contract labor directly employed on the Joint Property in a field operating capacity.

"Technical Employees" shall mean those employees having special and specific engineering, geological or other professional skills, and whose primary function in Joint Operations is the handling of specific operating conditions and problems for the benefit of the Joint Property.

"Personal Expenses" shall mean travel and other reasonable reimbursable expenses of Operator's employees.

"Material" shall mean personal property, equipment or supplies acquired or held for use on the Joint Property.

"Controllable Material" shall mean Material which at the time is so classified in the Material Classification Manual as most recently recommended by the Council of Petroleum Accountants Societies of North America.

### 2. Statement and Billings

Operator shall bill Non-Operators on or before the last day of each month for their proportionate share of the Joint Account for the preceding month. Such bills will be accompanied by statements which identify the authority for expenditure, lease or facility, and all charges and credits, summarized by appropriate classifications of investment and expense except that items of Controllable Material and unusual charges and credits shall be separately identified and fully described in detail.

### 3. Advances and Payments by Non-Operators

Unless otherwise provided for in the agreement, the Operator may require the Non-Operators to advance their share of estimated cash outlay for the succeeding month's operation. Operator shall adjust each monthly billing to reflect advances received from the Non-Operators.

Each Non-Operator shall pay its proportion of all bills within fifteen (15) days after receipt. If payment is not made within such time, the unpaid balance shall bear interest monthly at the rate of twelve percent (12%) per annum or the maximum contract rate permitted by the applicable usury laws in the state in which the Joint Property is located, whichever is the lesser, plus attorney's fees, court costs, and other costs in connection with the collection of unpaid amounts.

### 4. Adjustments

Payment of any such bills shall not prejudice the right of any Non-Operator to protest or question the correctness thereof; provided, however, all bills and statements rendered to Non-Operators by Operator during any calendar year shall conclusively be presumed to be true and correct after twenty-four (24) months following the end of any such calendar year, unless within the said twenty-four (24) month period a Non-Operator takes written exception thereto and makes claim on Operator for adjustment. No adjustment favorable to Operator shall be made unless it is made within the same prescribed period. The provisions of this paragraph shall not prevent adjustments resulting from a physical inventory of Controllable Material as provided for in Section V.

### 5. Audits

A. Non-Operator, upon notice in writing to Operator and all other Non-Operators, shall have the right to audit Operator's accounts and records relating to the Joint Account for any calendar year within the twenty-four (24) month period following the end of such calendar year; provided, however, the making of an audit shall not extend the time for the taking of written exception to and the adjustments of accounts as provided for in Paragraph 4 of this Section I. Where there are two or more Non-Operators, the Non-Operators shall make every reasonable effort to conduct joint or simultaneous audits in a manner which will result in a minimum of inconvenience to the Operator. Operator shall bear no portion of the Non-Operators' audit cost incurred under this paragraph unless agreed to by the Operator.

### 6. Approval by Non-Operators

Where an approval or other agreement of the Parties or Non-Operators is expressly required under other sections of this Accounting Procedure and if the agreement to which this Accounting Procedure is attached contains no contrary provisions in regard thereto, Operator shall notify all Non-Operators of the Operator's proposal, and the agreement or approval of a majority in interest of the Non-Operators shall be controlling on all Non-Operators.

### H. DIRECT CHARGES

Operator shall charge the Joint Account with the following items:

### 1. Rentals and Royalties

Lease rentals and royalties paid by Operator for the Joint Operations.

### 2. Labor

- A. (1) Salaries and wages of Operator's field employees directly employed on the Joint Property in the conduct of Joint Operations.
  - (2) Salaries of First Level Supervisors in the field.
  - (3) Salaries and wages of Technical Employees directly employed on the Joint Property if such charges are excluded from the Overhead rates.
- B. Operator's cost of holiday, vacation, sickness and disability benefits and other customary allowances paid to employees whose salaries and wages are chargeable to the Joint Account under Paragraph 2A of this Section II. Such costs under this Paragraph 2B may be charged on a "when and as paid basis" or by "percentage assessment" on the amount of salaries and wages chargeable to the Joint Account under Paragraph 2A of this Section II. If percentage assessment is used, the rate shall be based on the Operator's cost experience.
- C. Expenditures or contributions made pursuant to assessments imposed by governmental authority which are applicable to Operator's costs chargeable to the Joint Account under Paragraphs 2A and 2B of this Section II.
- D. Personal Expenses of those employees whose salaries and wages are chargeable to the Joint Account under Paragraph 2A of this Section II.

### 3. Employee Benefits

Operator's current costs of established plans for employees' group life insurance, hospitalization, pension, retirement, stock purchase, thrift, bonus, and other benefit plans of a like nature, applicable to Operator's labor cost chargeable to the Joint Account under Paragraphs 2A and 2B of this Section II shall be Operator's actual cost not to exceed twenty per cent ( $20\,\%$ ), or percent most recently recommended by the Council of Petroleum Accountants Societies.

Material purchased or furnished by Operator for use on the Joint Property as provided under Section IV. Only such Material shall be purchased for or transferred to the Joint Property as may be required for immediate use and is reasonably practical and consistent with efficient and economical operations. The accumulation of surplus stocks shall be avoided.

### 5. Transportation

Transportation of employees and Material necessary for the Joint Operations but subject to the following limitations:

- A. If Material is moved to the Joint Property from the Operator's warehouse or other properties, no charge shall be made to the Joint Account for a distance greater than the distance from the nearest reliable supply store, recognized barge terminal, or railway receiving point where like material is normally available, unless agreed to by the Parties.
- B. If surplus Material is moved to Operator's warehouse or other storage point, no charge shall be made to the Joint Account for a distance greater than the distance to the nearest reliable supply store, recognized barge terminal, or railway receiving point unless agreed to by the Parties. No charge shall be made to the Joint Account for moving Material to other properties belonging to Operator, unless agreed to by the Parties.
- C. In the application of Subparagraphs A and B above, there shall be no equalization of actual gross trucking cost of \$200 or less excluding accessorial charges.

### 6. Services

The cost of contract services, equipment and utilities provided by outside sources, except services excluded by Paragraph 9 of Section II and Paragraph 1. ii of Section III. The cost of professional consultant services and contract services of technical personnel directly engaged on the Joint Property if such charges are excluded from the Overhead rates. The cost of professional consultant services or contract services of technical personnel not directly engaged on the Joint Property shall not be charged to the Joint Account unless previously agreed to by the Parties.

### 7. Equipment and Facilities Furnished by Operator

- A. Operator shall charge the Joint Account for use of Operator owned equipment and facilities at rates commensurate with costs of ownership and operation. Such rates shall include costs of maintenance, repairs, other operating expense, insurance, taxes, depreciation, and interest on investment not to exceed eight per cent (8%) per annum. Such rates shall not exceed average commercial rates currently prevailing in the immediate area of the Joint Property.
- B. In lieu of charges in Paragraph 7A above, Operator may elect to use average commercial rates prevailing in the immediate area of the Joint Property less 20%. For automotive equipment, Operator may elect to use rates published by the Petroleum Motor Transport Association.

### 8. Damages and Losses to Joint Property

All costs or expenses necessary for the repair or replacement of Joint Property made necessary because of damages or losses incurred by fire, thook storm, theft, accident, or other cause, except those resulting from Operator's gross negligence or willful misconduct. Operator shall furnish Non-Operator written notice of damages or losses incurred as soon as practicable after a report thereof has been received by Operator.

### 9. Legal Expense

Expense of handling, investigating and settling litigation or claims, discharging of liens, payment of judgments and amounts paid for settlement of claims incurred in or resulting from operations under the agreement or necessary to protect or recover the Joint Property, except that no charge for services of Operator's legal staff or fees or expense of outside attorneys shall be made unless previously agreed to by the Parties. All other legal expense is considered to be covered by the overhead provisions of Section III unless otherwise agreed to by the Parties, except as provided in Section I, Paragraph 3.

### 10. Taxes

All taxes of every kind and nature assessed or levied upon or in connection with the Joint Property, the operation thereof, or the production therefrom, and which taxes have been paid by the Operator for the benefit of the Parties.

### 11. Insurance

Net premiums paid for insurance required to be carried for the Joint Operations for the protection of the Parties. In the event Joint Operations are conducted in a state in which Operator may act as self-insurer for Workmen's Compensation and or Employers Liability under the respective state's laws, Operator may, at its election, include the risk under its self-insurance program and in that event, Operator shall include a charge at Operator's cost not to exceed manual rates.

### 12. Other Expenditures

Any other expenditure not covered or dealt with in the foregoing provisions of this Section II, or in Section III, and which is incurred by the Operator in the necessary and proper conduct of the Joint Operations.

### III. OVERHEAD

### 1. Overhead - Drilling and Producing Operations

i.	As compensation for adm	linistrative, supervision,	office services	and warehousing	costs,	Operator	shall	charge
	drilling and producing or	perations on either:						

( X ) Fixed Rate Basis, Paragraph 1A, or

( ) Percentage Basis, Paragraph 1B.

Unless otherwise agreed to by the Parties, such charge shall be in lieu of costs and expenses of all offices and salaries or wages plus applicable burdens and expenses of all personnel, except those directly chargeable under Paragraph 2A, Section II. The cost and expense of services from outside sources in connection with matters of taxation, traffic, accounting or matters before or involving governmental agencies shall be considered as included in the Overhead rates provided for in the above selected Paragraph of this Section III unless such cost and expense are agreed to by the Parties as a direct charge to the Joint Account.

ii. The salaries, wages and Personal Expenses of Technical Employees and/or the cost of professional consultant services and contract services of technical personnel directly employed on the Joint Property shall ( ) shall not ( X ) be covered by the Overhead rates.

### A. Overhead - Fixed Rate Basis

(1) Operator shall charge the Joint Account at the following rates per well per month:

Drilling Well Rate \$ 2,590 Producing Well Rate \$ 259

- (2) Application of Overhead Fixed Rate Basis shall be as follows:
  - (a) Drilling Well Rate
    - [1] Charges for onshore drilling wells shall begin on the date the well is spudded and terminate on the date the drilling or completion rig is released, whichever is later, except that no charge shall be made during suspension of drilling operations for fifteen (15) or more consecutive days.
    - [2] Charges for offshore drilling wells shall begin on the date when drilling or completion equipment arrives on location and terminate on the date the drilling or completion equipment moves off location or rig is released, whichever occurs first, except that no charge shall be made during suspension of drilling operations for fifteen (15) or more consecutive days
    - [3] Charges for wells undergoing any type of workover or recompletion for a period of five (5) consecutive days or more shall be made at the drilling well rate. Such charges shall be applied for the period from date workover operations, with rig, commence through date of rig release, except that no charge shall be made during suspension of operations for fifteen (15) or more consecutive days.

### (b) Producing Well Rates

- [1] An active well either produced or injected into for any portion of the month shall be considered as a one-well charge for the entire month.
- [2] Each active completion in a multi-completed well in which production is not commingled down hole shall be considered as a one-well charge providing each completion is considered a separate well by the governing regulatory authority.
- [3] An inactive gas well shut in because of overproduction or failure of purchaser to take the production shall be considered as a one-well charge providing the gas well is directly connected to a permanent sales outlet.
- [4] A one-well charge may be made for the month in which plugging and abandonment operations are completed on any well.
- [5] All other inactive wells (including but not limited to inactive wells covered by unit allowable, lease allowable, transferred allowable, etc.) shall not qualify for an overhead charge.
- (3) The well rates shall be adjusted as of the first day of April each year following the effective date of the agreement to which this Accounting Procedure is attached. The adjustment shall be computed by multiplying the rate currently in use by the percentage increase or decrease in the average weekly earnings of Crude Petroleum and Gas Production Workers for the last calendar year compared to the calendar year preceding as shown by the index of average weekly earnings of Crude Petroleum and Gas Fields Production Workers as published by the United States Department of Labor, Bureau of Labor Statistics, or the equivalent Canadian index as published by Statistics Canada, as applicable. The adjusted rates shall be the rates currently in use, plus or minus the computed adjustment.

### B. Overhead - Percentage Basis

- (1) Operator shall charge the Joint Account at the following rates:
  - (a) Development

Percent ( (1) of the cost of Development of the Joint Property exclusive of costs provided under Paragraph 9 of Section II and all salvage credits.

(b) Operating

%) of the cost of Operating the Joint Property exclusive of costs provided Percent ( under Paragraphs 1 and 9 of Section II, all salvage credits, the value of injected substances purchased for secondary recovery and all taxes and assessments which are levied, assessed and paid upon the mineral interest in and to the Joint Property.

(2) Application of Overhead - Percentage Basis shall be as follows:

For the purpose of determining charges on a percentage basis under Paragraph 1B of this Section III, development shall include all costs in connection with drilling, redrilling, deepening or any remedial operations on any or all wells involving the use of drilling crew and equipment; also, preliminary expenditures necessary in preparation for drilling and expenditures incurred in abandoning when the well is not completed as a producer, and original cost of construction or installation of fixed assets, the expansion of fixed assets and any other project clearly discernible as a fixed asset, except Major Construction as derined in Paragraph 2 of this Section III. All other costs shall be considered as Operating.

### 2. Overhead - Major Construction

To compensate Operator for overhead costs incurred in the construction and installation of fixed assets, the expansion of fixed assets, and any other project clearly discernible as a fixed asset required for the development and operation of the Joint Property, Operator shall either negotiate a rate prior to the beginning of construction, or shall charge the Joint Account for Overhead based on the following rates for any Major Construction project in excess of \$25,000 :

% of total costs if such costs are more than \$ 25,000 % of total costs in excess of \$ 100,000 but less \_\_but less than \$ 100,000 A. \_

\_but less than \$1,000,000; plus B.

\_\_\_ % of total costs in excess of \$1,000,000.

Total cost shall mean the gross cost of any one project. For the purpose of this paragraph, the component parts of a single project shall not be treated separately and the cost of drilling and workover wells shall be excluded.

The Overhead rates provided for in this Section III may be amended from time to time only by mutual agreement between the Parties hereto if, in practice, the rates are found to be insufficient or excessive.

### IV. PRICING OF JOINT ACCOUNT MATERIAL PURCHASES, TRANSFERS AND DISPOSITIONS

Operator is responsible for Joint Account Material and shall make proper and timely charges and credits for all material movements affecting the Joint Property. Operator shall provide all Material for use on the Joint Property; however, at Operator's option, such Material may be supplied by the Non-Operator. Operator shall make timely disposition of idle and/or surplus Material, such disposal being made either through sale to Operator or Non-Operator, division in kind, or sale to outsiders. Operator may purchase, but shall be under no obligation to purchase, interest of Non-Operators in surplus condition A or B Material. The disposal of surplus Controllable Material not purchased by the Operator shall be agreed to by the Parties.

### 1. Purchases

Material purchased shall be charged at the price paid by Operator after deduction of all discounts received. In case of Material found to be defective or returned to vendor for any other reason, credit shall be passed to the Joint Account when adjustment has been received by the Operator.

### 2. Transfers and Dispositions

Material furnished to the Joint Property and Material transferred from the Joint Property or disposed of by the Operator, unless otherwise agreed to by the Parties, shall be priced on the following bases exclusive of cash discounts:

### A. New Material (Condition A)

(1) Tubular goods, except line pipe, shall be priced at the current new price in effect on date of movement on a maximum carload or barge load weight basis, regardless of quantity transferred, equalized to the lowest published price f.o.b. railway receiving point or recognized barge terminal nearest the Joint Property where such Material is normally available.

### (2) Line Pipe

- (a) Movement of less than 30,000 pounds shall be priced at the current new price, in effect at date of movement, as listed by a reliable supply store nearest the Joint Property where such Material is normally available.
- (b) Movement of 30,000 pounds or more shall be priced under provisions of tubular goods pricing in Paragraph 2A (1) of this Section IV.
- (3) Other Material shall be priced at the current new price, in effect at date of movement, as listed by a reliable supply store or f.o.b. railway receiving point nearest the Joint Property where such Material is normally

### B. Good Used Material (Condition B)

Material in sound and serviceable condition and suitable for reuse without reconditioning:

- (1) Material moved to the Joint Property
  - (a) At seventy-five percent (75%) of current new price, as determined by Paragraph 2A of this Section IV.
- (2) Material moved from the Joint Property
  - (a) At seventy-five percent (75%) of current new price, as determined by Paragraph 2A of this Section IV. if Material was originally charged to the Joint Account as new Material, or



(b) at sixty-five percent (65%) of current new price, as determined by Paragraph 2A of this Section IV, if Material was originally charged to the Joint Account as good used Material at seventy-five percent (75%) of current new price.

The cost of reconditioning, if any, shall be absorbed by the transferring property.

### C. Other Used Material (Condition C and D)

### (1) Condition C

Material which is not in sound and serviceable condition and not suitable for its original function until after reconditioning shall be priced at fifty percent (50%) of current new price as determined by Paragraph 2A of this Section IV. The cost of reconditioning shall be charged to the receiving property, provided Condition C value plus cost of reconditioning does not exceed Condition B value.

### (2) Condition D

All other Material, including junk, shall be priced at a value commensurate with its use or at prevailing prices. Material no longer suitable for its original purpose but usable for some other purpose, shall be priced on a basis comparable with that of items normally used for such other purpose. Operator may dispose of Condition D Material under procedures normally utilized by the Operator without prior approval of Non-Operators.

### D. Obsolete Material

Material which is serviceable and usable for its original function but condition and/or value of such Material is not equivalent to that which would justify a price as provided above may be specially priced as agreed to by the Parties. Such price should result in the Joint Account being charged with the value of the service rendered by such Material.

### E. Pricing Conditions

- (1) Loading and unloading costs may be charged to the Joint Account at the rate of fifteen cents (15¢) per hundred weight on all tubular goods movements, in lieu of loading and unloading costs sustained, when actual hauling cost of such tubular goods are equalized under provisions of Paragraph 5 of Section II.
- (2) Material involving erection costs shall be charged at applicable percentage of the current knocked-down price of new Material.

### 3. Premium Prices

Whenever Material is not readily obtainable at published or listed prices because of national emergencies, strikes or other unusual causes over which the Operator has no control, the Operator may charge the Joint Account for the required Material at the Operator's actual cost incurred in providing such Material, in making it suitable for use, and in moving it to the Joint Property; provided notice in writing is furnished to Non-Operators of the proposed charge prior to billing Non-Operators for such Material. Each Non-Operator shall have the right, by so electing and notifying Operator within ten days after receiving notice from Operator, to furnish in kind all or part of his share of such Material suitable for use and acceptable to Operator.

### 4. Warranty of Material Furnished by Operator

Operator does not warrant the Material furnished. In case of defective Material, credit shall not be passed to the Joint Account until adjustment has been received by Operator from the manufacturers or their agents.

### V. INVENTORIES

The Operator shall maintain detailed records of Controllable Material.

### 1. Periodic Inventories, Notice and Representation

At reasonable intervals, Inventories shall be taken by Operator of the Joint Account Controllable Material. Written notice of intention to take inventory shall be given by Operator at least thirty (30) days before any inventory is to begin so that Non-Operators may be represented when any inventory is taken. Failure of Non-Operators to be represented at an inventory shall bind Non-Operators to accept the inventory taken by Operator.

### 2. Reconciliation and Adjustment of Inventories

Reconciliation of a physical inventory with the Joint Account shall be made, and a list of overages and shortages shall be furnished to the Non-Operators within six months following the taking of the inventory. Inventory adjustments shall be made by Operator with the Joint Account for overages and shortages, but Operator shall be held accountable only for shortages due to lack of reasonable diligence.

### 3. Special Inventories

Special Inventories may be taken whenever there is any sale or change of interest in the Joint Property. It shall be the duty of the party selling to notify all other Parties as quickly as possible after the transfer of interest takes place. In such cases, both the seller and the purchaser shall be governed by such inventory.

### 4. Expense of Conducting Periodic Inventories

The expense of conducting periodic Inventories shall not be charged to the Joint Account unless agreed to by the Parties.

## Mobil Producing Texas & New Mexico Inc.

April 21, 1983

NINE GREENWAY PLAZA-SUITE 2700 HOUSTON, TEXAS 77046

ARCO Oil and Gas Co. P. O. Box 1610 Midland, Texas 79702

Attention Mr. B. C. Anderson Engineering Manager

BEFORE EXAMINER STOGNER OIL CONSERVATION DIVISION
MOBIL EXHIBIT NO. 6
CASE NO. 7866

7.01
MOBIL PRODUCING TX. & N.M. INC.
PROPOSAL TO EXPAND BRIDGES-STATE
WATERFLOOD TO INCLUDE FOUR WATER
INJECTION WELLS, VACUUM GRAYBURG
SAN ANDRES POOL, LEA COUNTY,
NEW MEXICO

### Gentlemen:

Mobil Producing plans to expand the Bridges-State Waterflood to include four water injection wells. The waterflood expansion and injection wells are required to meet a cooperative water injection agreement between Mobil as operator of the Bridges-State Waterflood; Texaco Inc., operator of the West Vacuum Unit and the Central Vacuum Unit; Conoco, operator of the State H-35 Lease in Section 35, Township 17 South, Range 34 East, N.M.P.M.; and Phillips Petroleum Company, operator of the M. E. Hale Lease and the Mable Lease, also in Section 35. The location of the four proposed water injection wells are as follows:

Well A - The proposed location is 2340 feet from the north line and 2630 feet from the west line of Secton 25

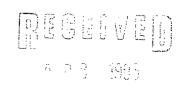
#188 - Location is 2340' FNL and 2630' FWL of Section 25 as staked per C-102

Well B - The proposed location is 2630 feet from the north line and 10 feet from the east line of Section 26

#185 - Location is 2628' FNL and 100' FWL of Section 25 as staked per C-102

Well C - The proposed location is 10 feet from the south line and 1250 feet from the east line of Section 26

#186 - Location is 3' FSL and 1210' FEL of Section 26 as staked per C-102



ENGINEERING

AMBIT 6

### Mobil

ARCO Oil and Gas Co. Mr. B.C. Anderson

-2-

April 21, 1983

Well D - The proposed location is 10 feet from the south line and 2630 feet from the east line of Section 26
 #187 - Location is 5' FSL and 2550' FEL of Section 26 as staked per C-102

All are in Township 17 South, Range 34 East N.M.P.M.

The cooperative Water Injection Agreement between Mobil, Conoco, Phillips and Texaco is in effect a lease line agreement as is indicated by the attached plat which shows the common boundaries. Attached also are completed copies of NMOCD Forms C-101 and C-102 for each well.

The New Mexico Oil Conservation Division's Rule 7, water injection permitting process, requires us to advise you by certified or registered mail that we are applying for a water injection well permit.

This is to request your consideration and approval of Mobil's plan to drill the four water injection wells as described herein.

Yours very truly,

J. A. Morris

Regulatory Engineering Supervisor

HFWeaver:mma Attachments

I approve of Mobil's plan to drill four water injection wells as described in this letter.

Signature

Title Area Engineer

Date April 27, 1983

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# Mobil Producing Texas & New Mexico Inc.

April 21, 1983

MINE CONTEMPAY PLAZA-CUITE ZIOCI HOUSTON, TEXAS 17068

Consco Incorporated f. O. Box 460 1001 N. Turner Hobbs, New Maxico 88240

Attention: L. P. Thompson

	EXAMINER STOGNER  NSERVATION DIVISION	
MOBIL	EXHIBIT NO. 7	1
CASE NO	7866	and the same

7.01
MOBIL PRODUCING TX, & N.M. INC.
PROPOSAL TO EXPAND BRIDGES-STATE
WATERFLOOD TO INCLUDE FOUR WATER
INJECTION WELLS, VACUUM GRAYBURG
SAN ANDRES FOOL, LBA COUNTY,
NEW MEXICO

### Gentlemen:

Mobil Producing plans to expand the Bridges-State Waterflood to include four water injection wells. The waterflood expansion and injection wells are required to meet a cooperative water injection agreement between Mobil as operator of the Bridges-State Waterflood; Texaco Inc., operator of the West Vacuum Unit and the Central Vacuum Unit; Conoco, operator of the State H-35 Lease in Section 35, Township 17 South, Range 34 East, N.M.P.M.; and Phillips Petroleum Company, operator of the M. E. Hale Lease and the Mable Lease, also in Section 35. The location of the four proposed water injection wells are as follows:

- Well A The proposed location is 2340 feet from the north line and 2630 feet from the west line of Section 25
- #188 Location is 2340' FNL and 2630' FWL of Section 25 as staked per C-102
- Well B The proposed location is 2630 feet from the north line and 10 feet from the east line of Section 26
- #185 Location is 2628' FNL and 100' FWL of Section 25 as staked per C-102
- Well C The proposed location is 10 feet from the south line and 1250 feet from the east line of Section 26
- #186 Location is 3' FSL and 1210' PEL of Section 26 as staked per C-102

### Mobil

Conoco Inc. Mr. L. P. Thompson

-2-

April 21, 1983

Well D - The proposed location is 10 feet from the south Line and 2630 feet from the east line of Section 26 #187 - Location is 5' FSL and 2550' FEL of Section 26 as staked per C-102

All are in Township 17 South, Range 34 Best R.M.P.M.

The cooperative Water Injection Agreement between Mobil, Conoco, Phillips and Texaco is in effect a lease line agreement as is indicated by the attached plat which shows the common boundaries. Attached also are completed copies of RMOCD Forms C-101 and C-102 for each well.

The New Mexico Oil Conservation Division's Rule 7, water injection permitting process, requires us to advise you by certified or registered mail that we are applying for a water injection well permit.

This is to request your consideration and approval of Mobil's plan to drill the four water injection wells as described herein.

Jun J. A. Morris

Regulatory Engineering Supervisor

HFWeavertmus Attachments

I approve of Mobil's plan to drill four water injection wells as described in this letter.

Signatu	re	Javiel 1. Wacker
Title _	Aling	Division Manager
Date	0	May 6, 1983
nare		HHY 0, 1983

# Mobil Producing Texas & New Mexico Inc.

April 21, 1983

NEW MEXICO

NINE GREENWAY PLAZA-SUITE 2700 HOUSTON, TEXAS 77046

Phillips Petroleum Co. 4001 Penbrook Odessa, TX 79762

Attention G. R. Smith

BEFORE EXAMINER STOGNER	1
OIL CONSERVATION DIVISION	l'Allen
MORIL EXHIBIT NO. 8	1
CASE NO. <u>7866</u>	
	8

7.01
MOBIL PRODUCING TX. & N.M. INC.
PROPOSAL TO EXPAND BRIDGES-STATE
WATERFLOOD TO INCLUDE FOUR WATER
INJECTION WELLS, VACUUM GRAYBURG
SAN ANDRES POOL, LEA COUNTY,

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### Mobil

Phillips Petroleum Co. 4001 Penbrook Odessa, TX 79762 Attention Mr. G. R. Smith

-2-

April 21, 1983

Well D - The proposed location is 10 feet from the south line and 2630 feet from the east line of Section 26
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All are in Township 17 South, Range 34 East N.M.P.M.

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This is to request your consideration and approval of Mobil's plan to drill the four water injection wells as described herein.

Yours very truly,

J. A. Morris

Regulatory Engineering Supervisor

HFWeaver:mma Attachments

I approve of Mobil's plan to drill four water injection wells as described in this letter.

EMP. FILE CAPTION \_\_\_\_\_

April 21, 1983

Texaco U.S.A. P. O. Box 3109 Midland, TX 79702

Attention R. D. Tomberlin

7.01
MOBIL PRODUCING TX. & N.M. INC.
PROPOSAL TO EXPAND BRIDGES-STATE
WATERFLOOD TO INCLUDE FOUR WATER
INJECTION WELLS, VACUUM GRAYBURG
SAN ANDRES POOL, LEA COUNTY,
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H	E EXAMINER STOGNER ONSERVATION DIVISION
MOBIL	EXHIBIT NO. 9
CASE NO.	7866

EXHIBIT 9

100 mg

Well D - The proposed location is 10 feet from the south line and 2630 feet from the east line of Section 26
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All are in Township 17 South, Range 34 East N.M.P.M.

The cooperative Water Injection Agreement between Mobil, Conoco, Phillips and Texaco is in effect a lease line agreement as is indicated by the attached plat which shows the common boundaries. Attached also are completed copies of NMOCD Forms C-101 and C-102 for each well.

The New Mexico Oil Conservation Division's Rule 7, water injection permitting process, requires us to advise you by certified or registered mail that we are applying for a water injection well permit.

This is to request your consideration and approval of Mobil's plan to drill the four water injection wells as described herein.

Yours very truly,

J. A. Morris

Regulatory Engineering Supervisor

HFWeaver:mma Attachments

I approve of Mobil's plan to drill four water injection wells as described in this letter.

Signature

R. D. Tomberlin

Title Manager-Operations

Date April 27, 1983

## Mobil Producing Texas & New Mexico Inc.

April 21, 1983

NINE GREENWAY PLAZA-SUITE 2700 HOUSTON, TEXAS 77046

Commissioner of Public Lands P. O. Box 1148 Santa Fe, New Mexico 87501

Attention: Mr. Ray Graham
Director Oil & Gas Dept.

	BEFORE EXAMINER STOGNER OIL CONSERVATION DIVISION	2000
The second second	MOBIL EXHIBIT NO. 16	
CHARLES IN	CASE NO. 7866	- Andrews

7.01
MOBIL PRODUCING TX. & N.M. INC.
PROPOSAL TO EXPAND BRIDGES-STATE
WATERFLOOD TO INCLUDE FOUR WATER
INJECTION WELLS, VACUUM GRAYBURG
SAN ANDRES POOL, LEA COUNTY,
NEW MEXICO

### Gentlemen:

Mobil Producing plans to expand the Bridges-State Waterflood to include four water injection wells. The waterflood expansion and injection wells are required to meet a cooperative water injection agreement between Mobil as operator of the Bridges-State Waterflood; Texaco Inc., operator of the West Vacuum Unit and the Central Vacuum Unit; Conoco, operator of the State H-35 Lease in Section 35, Township 17 South, Range 34 East, N.M.P.M.; and Phillips Petroleum Company, operator of the M. E. Hale Lease and the Mable Lease, also in Section 35. The location of the four proposed water injection wells are as follows:

- Well A The proposed location is 2340 feet from the north line and 2630 feet from the west line of Secton 25
- #188 Location is 2340' FNL and 2630' FWL of Section 25 as staked per C-102
- Well B The proposed location is 2630 feet from the north line and 10 feet from the east line of Section 26
- #185 Location is 2628' FNL and 100' FWL of Section 25 as staked per C-102
- Well C The proposed location is 10 feet from the south line and 1250 feet from the east line of Section 26
- #186 Location is 3' FSL and 1210' FEL of Section 26 as staked per C-102

### Mobil

Commissioner of Public Lands Mr. Ray Graham

-2-

April 21, 1983

Well D - The proposed location is 10 feet from the south line and 2630 feet from the east line of Section 26
 #187 - Location is 5' FSL and 2550' FEL of Section 26 as staked per C-102

All are in Township 17 South, Range 34 East N.M.P.M.

The cooperative Water Injection Agreement between Mobil, Conoco, Phillips and Texaco is in effect a lease line agreement as is indicated by the attached plat which shows the common boundaries. Attached also are completed copies of NMOCD Forms C-101 and C-102 for each well.

The New Mexico Oil Conservation Division's Rule 7, water injection permitting process, requires us to advise you by certified or registered mail that we are applying for a water injection well permit.

This is to request your consideration and approval of Mobil's plan to drill the four water injection wells as described herein.

Yours very truly,

J. A. Morris

Regulatory Engineering Supervisor

HFWeaver:mma Attachments

I approve of Mobil's plan to drill four water injection wells as described in this letter.

Signature Yay W. Svalian

Title Director, Oil and Gas Division

Date May 3, 1983

# BEFORE EXAMINER STOGNER OIL CONSERVATION DIVISION

MOBIL EXHIBIT NO. //

MOBIL PRODUCING TEXAS & NEW MEXICO INC.

VACUUM (GRAYBURG - SAN ANDRES)

BRIDGES STATE WATERFLOOD PROJECT

LEA COUNTY, NEW MEXICO

# Tabulated History of the Mobil Bridges State Waterflood Project

Date	Order No.	Event
9-17-58	R-1244	Magnolia Petroleum Company is granted permission to institute a pilot waterflood project to establish administrative procedures to expand the limits of the lease and to establish administrative procedures for assignment of allowable for this project.
9-12-67	R-3318	Mobil Oil Corporation is granted authorization to expand its waterflood project and henceforth the operation, expansion and assignment of allowables shall be governed by provisions of Rule 701E of the Commission's Rules & Regulations.
9-12-68	R-3496	Mobil Oil Corporation is granted authorization to expand this waterflood project with well #127 and the project shall be governed by the provisions of Rules 701, 702 and 703 of the Commission's Rules & Regulations.
6-29-70	R-3984	Mobil Oil Corporation is granted authorization to expand this waterflood project with the exception of the wells located in the southern most portion of the lease. This order limited expansion of this project to ensure wells are drilled no closer than 330' from the outer boundary nor closer than 10' to any quarter section inner boundary.
11-10-70	R-3984-A	Mobil Oil Corporation was granted authorization to expand this waterflood project. The water injection wells in the southern portion of the lease were denied again.
8-30-72	R-4381	New Mexico Oil Conservation Division revised Rule 701E to provide for unrestricted allowables for waterflood projects.
9-02-72	R-4385	Mobil Oil Corporation was granted authorization to expand this waterflood project while well #12 received a temporary capacity allowable.

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DISTRIBUTION	NEW	MEXICO OF CONSE	and taken	MISSION		Form C-101	
SANTA FE		EXHIBIT	NO 12			Revised 1-1-	
FILE		EARIDIT	NO.		; • 	SA. Indicat	e Type of Lease
U.S.G.S.	CASE	NO. 7866				.5. State Oil	& Gas Lease No.
OPERATOR						В-	1520
						IIIII	
	N FOR PERMIT TO	DRILL, DEEPEN,	OR PLUG B	ACK .		7 1100 400	sement Name
1s. Type of Work					_	7. 0 2	Panani Nama
b. Type of Well		DEEPEN	•	PLUG E	BACK [	8. Form or I	_ease Name
WELL WELL	OTHER Wat	er Injection	BINGLE X	MUL	ZONE	Brid	ges-State
2. Name of Operator						9, Well No.	
Mobil Producing TX	. & N.M. Inc.					185	nd Pool, or Wildcat
Nine Greenway Plaza	a, Suite 2700,	Houston, TX 7	7046			Vacu	• •
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21. Elevations (Show whether DF, I	RT, etc.) 21A. Kind	& Status Plug. Bond	21B. Drilling Co	ntractor		22. Approx	L. Date Work will start
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23.	F	ROPOSED CASING AN	D CEMENT PRO	GRAM			
SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOO	T SETTING	DEPTH	SACKS OF	CEMENT	EST. TOP
12½"	8-5/8"	24# - K-55	0 -	1700'	1. Cir.	ulate	Surface
7-7/8"	5½"	14# - K-55	<u> </u>	4900 <b>'</b>	2. Cir	culate	Surface
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(2) Lead: Class C+	- 4% Gel + Salt	+ ½/sx.FC. mi		2 ppg.			
Tail: Class C+	+2%CaCl <sub>2</sub> + 坛#/s	x. mixed at 12	.4 ppg.				
BLOWOUT PREVENTER F	POCRAM.						
DBONGOT TREVENTER T	ROGRETI.						
Gasing String	Equip. S	ize & Series	No	. & Ty	pe :	Cest Pres	ssure PSI
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I hereby certify that the information	cabove is true and com	lete to this best of my k	nowledge and be	lief.	<del></del>		. 10
Signed ap Bon	A.D. Bon	d Tule Reg. Engr	ng. Coordi	nator	11	Dute <u>Fobi</u>	4 - 18 <del>cuary 11</del> , 1983
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APPROVED BY		. TITLE			<del></del> 1		
OF APPROVAL, IF							

EXHIBIT 12

	(This space for S	tate Use)										
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FILE		+								Revised 1-1-6	Type of Lec	180
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CONDITIONS OF APPROVAL, IF ANY

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SANTA FE	77				Revised 1-1-6	5
FILE					_	Type of Lease
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OPERATOR	<del>                                      </del>		,			B-1520
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CONDITIONS OF APPROVAL, IF ANY:

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DISTRIBUTION	NE'	W MEXICO OIL CONSE	RVATION CO	MMISSION	ı	Form C-101	
SANTA FE						Revised 14-6	35
FILE							Type of Lease
U.S.G.S.						STATE	
LAND OFFICE						.5. State Oil	6 Gas Lease No.
OPERATOR			:			mm	B-1520
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WELL WELL	DTHER Wat	er Injection	SINGLE X	MUL	TIPLE	Brid	ges-State
2. Name of Operator						9. Well No.	
Mobil Producing TX.	. & N.M. Inc.					188	
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23.	l Blank	ket-On file	Unknown	1		AS S	oon as possible
		PROPOSED CASING AND	CEMENT PR	DGRAM			
SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING	DEPTH	SACKS OF	CEMENT	EST. TOP
12½"	8-5/8"	24# - K-55	0 -	1700'	1. Circ	ulate	Surface
7-7/8"	5½"	14# - K-55	0 -	4900'	2. Circ	ulate	Surface
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I heroby certify that the information	n above is true and con	plete to the best of my kr	nowledge and b	elief.		4	1-18
Signed at Bond	A.D. Bond	Title Reg. Engi	ng. Coord	linator	II ,	our <u>February</u>	ary 11, 1983
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(This space for S	tate Use)						-
APPROVED BY		TITLE				SATE	

CONDITIONS OF APPROVAL, IF ANY:

### TYPICAL INJECTION WILL DATA SHILL

		ENIMBRICO, DIC. BICIDGES STATE WATERFLOOD AROTECT
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Total depth 4999  Injection interval  Feet to  (perforated or open hole; indicate which)  TO BE SELECTED FROM LOS OF GRAYEDES, - SON ANDERS  FROMATION  BEFORE EXAMINER STOGNE OIL CONSERVATION DIVISION  MORN EXHIBIT NO. B  CASE NO. 7866   CASE NO. 7866   Charterial)  packer at ± 100 ABOVE NEEDESTIONS,  (material) packer at ± 100 ABOVE NEEDESTIONS,  (brand and model) describe any other casing-tubing seal).  F Data  Name of the injection formation GRAYEDES, - SAN ANDERS  Name of Field or Pool (if applicable) VACUM  Is this a new well drilled for injection? R Yes [7 No  If no, for what purpose was the well originally drilled?  Has the well over been perforated in any other zone(s)? List all such perforated intervals and give plunging detail (sacks of cement or bridge plung(s) used)  NA  Cive the depth to and name of any overlying and/or underlying oil or gas zones (pools) in this area.		
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TO BE SELECTED FROM LOG OF GENYBURG - SAN ANDRES  ROUNTIAN  BEFORE EXAMINER STOGNE OIL CONSERVATION DIVISION  MORN EXHIBIT NO. B  CASE NO. 7866  2"  (material)  packer at ± log' ABOVE REPORTIONS.  (man of the injection formation GRAYBURG - SAN ANDRES  Name of the injection formation GRAYBURG - SAN ANDRES   RESIDENT - SAN ANDRE		Total depth 4900
BEFORE EXAMINER STOGNE OIL CONSERVATION DIVISION  Mobble EXHIBIT NO. 13  CASE NO. 7866  Case No.		Injection interval
BEFORE EXAMINER STOGNE OIL CONSERVATION DIVISION  MOBIL EXHIBIT NO. 13  CASE NO. 7866  CASE NO. 7866  Circumation packer at 1100 above representations.  (trand and model)  To Data  Name of the injection formation GRAYBURG - SAN ANDRES  Name of Field or Pool (if applicable)  VACUM  Is this a new well drilled for injection? 12 Yes 17 No  If no, for what purpose was the well originally drilled?  Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail (ancks of coment or bridge plug(s) used)  NA  Give the depth to and name of any overlying and/or underlying oil or goa zones (pools) in this aren.		feet to feet
BEFORE EXAMINER STOGNE OIL CONSERVATION DIVISION  Mobel EXHIBIT NO. 13  CASE NO. 7866  Case no.		
OIL CONSERVATION DIVISION  NAME EXHIBIT NO. 18  CASE NO. 7866   CASE NO. 7866   CHART — set in a  TENSION packer at ±/45' ABOVE REPORTIONS.  (brand and model)  describe any other casing-tubing seal).  r Data  Name of the injection formation GRAYBURG — SAN ANDERS  Name of Field or Pool (if applicable) VACUM  Is this a new well drilled for injection? A Yes 7 No  If no, for what purpose was the well originally drilled?  Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail (sacks of coment or bridge plug(s) used)  N/A  Give the depth to and name of any overlying and/or underlying oil or gas zones (pools) in this area.		
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TO 4999'    CASE NO. 7866    Set in a revision of the injection of any other respections of the injection formation of the injection formation of the injection		
CASE NO. 7866  2"  Ing size 26" EUE lined with		OIL CONSERVATION DIVISION
CASE NO. 7866  2"  Ing size 26" EUE lined with	To day!	MOBIL EXHIBIT NO 13
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# MOBIL PRODUCING TEXAS & NEW MEXICO INC. VACUUM (GRAYBURG - SAN ANDRES) BRIDGES STATE WATERFLOOD PROJECT LEA COUNTY, NEW MEXICO

### Proposed Operational Data

1.	Proposed	average	injection	volume	400	BWPD
	Proposed	maximum	injection	volume	800	BWPD

Proposed average injection pressure 700 PSI
Proposed maximum injection pressure 800 PSI

Source - produced water + Grank water

BEFORE EXAMINER STOGNER
OIL CONSERVATION DIVISION

MOBIL EXHIBIT NO. 4

CASE NO. 7866