

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF EXXON CORPORATION FOR  
APPROVAL OF A WATERFLOOD PROJECT AND  
TO QUALIFY THE PROJECT FOR THE RECOVERED  
OIL TAX RATE, LEA COUNTY, NEW MEXICO

Case No. 11947

APPLICATION

Exxon Corporation ("Exxon") hereby applies for an order approving a waterflood project, and qualifying the project for the recovered oil tax rate. In support thereof, Exxon states:

1. Exxon is the operator of Section 10, Township 21 South, Range 36 East, N.M.P.M., which comprises 640 acres of fee land. Said acreage is comprised of: The E $\frac{1}{2}$  of Section 10, which is Exxon's John D. Knox Lease; the SW $\frac{1}{4}$  and S $\frac{1}{2}$ NW $\frac{1}{4}$  of Section 10, which is part of Exxon's A.J. Adkins Lease; and the N $\frac{1}{2}$ NW $\frac{1}{4}$  of Section 10, which is a well unit dedicated to the Exxon-operated Blinebry Oil Com. Well No. 1.

2. Exxon proposes to institute a cooperative waterflood project said Section 10. Exxon will be the operator of the proposed waterflood project, designated the Knox-Adkins Cooperative Leasehold Waterflood Project. Exxon's address is P.O. Box 4358, Houston, Texas 77210 (Attention: William T. Duncan, Jr.).

3. Exxon proposes to inject water into the Blinebry formation (Oil Center-Blinebry Pool) through two injection wells. The project area comprises all of Section 10. A plat outlining the project area, and showing the location of the initial injection and producing wells, is attached hereto as Exhibit A.

4. Exxon requests that the Knox-Adkins Cooperative Leasehold

Waterflood Project be qualified for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act (L. 1992, Ch. 38) and Division Order No. R-9708. Project data includes:

- (a) Number of initial producing wells: 6.
- (b) Number of initial injection wells: 2.
- (c) Capital cost of additional facilities: \$1,000,000.
- (d) Estimated total project cost: \$1,000,000.
- (e) Estimated total value of incremental production recovered from the project: \$10,000,000.
- (f) Anticipated injection commencement date: April 15, 1998.
- (g) Type of fluid injected: Water.
- (h) Anticipated injection volumes: 5000 BWPD maximum; 3200 BWPD average for first year, decreasing thereafter.

5. The projected primary plus secondary production from the project area is shown on Exhibit B attached hereto.

6. The two initial injection wells for the proposed waterflood project were previously approved by the Division, and have been drilled.

**WHEREFORE**, Applicant requests that the Division approve the injection application and the Knox-Adkins Cooperative Leasehold Waterflood Project, qualify the project as an enhanced oil recovery project, and certify the project for the recovered oil tax rate.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "James Bruce", is written over a horizontal line.

James Bruce

P.O. Box 1056

Santa Fe, New Mexico 87504

(505) 982-2043

Attorneys for Exxon Corporation

VERIFICATION

STATE OF TEXAS       )  
                              )  
COUNTY OF HARRIS    )

William T. Duncan, Jr., being duly sworn upon his oath, deposes and states that he is a petroleum engineer employed by Exxon Corporation, he is familiar with the matters set forth in the foregoing Application, and the statements therein are true and correct to the best of his knowledge.

William T. Duncan, Jr.  
William T. Duncan, Jr.

SUBSCRIBED AND SWORN TO before me this 24<sup>th</sup> day of February, 1998 by William T. Duncan, Jr.



Helen J. Howard  
Notary Public

My Commission Expires:  
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4. water field case