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RECOGNIZED SPECIALIST IN THE AREA OF  
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

August 25, 1998

**HAND DELIVERED**

12047

98 AUG 25 PM 2:00

OIL CONSERVATION DIV.

Ms. Lori Wrottenbery, Director  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

**Re: Application of Burlington Resources Oil & Gas Company  
for approval of its Corbin Federal Unit Waterflood Project  
and for the Enhanced Oil Recovery Tax Credit  
Lea County, New Mexico**

Dear Ms Wrottenbery:

On behalf of Burlington Resources Oil & Gas Company, please find enclosed our application for approval of the referenced project which we request be set for hearing on the Examiner's docket now scheduled for September 17, 1998. Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours,



W. Thomas Kellahin

cc: Burlington Resources Oil & Gas Company  
Attn: Rick Gallegos

## PROPOSED ADVERTISEMENT

CASE 12047 Application of Burlington Resources Oil & Gas Company for approval of a waterflood project, to qualify said project for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico. Applicant seeks approval to institute a secondary recovery project in its proposed Corbin Federal Delaware Unit Waterflood Project by the injection of water into the Delaware formation of the West Corbin Delaware Pool, encompassing 566.36 acres of federal lands comprising portions of Sections 7, 17 and 18, T18S, R33E, NMPM. Applicant further seeks to qualify this expansion area for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Law 1992, Chapter 38, Sections 1 through 5). Said project is located approximately 8 miles southeast from Maljamar, New Mexico.

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

**IN THE MATTER OF THE APPLICATION OF  
BURLINGTON RESOURCES OIL & GAS COMPANY  
FOR APPROVAL OF A WATERFLOOD PROJECT  
WITHIN ITS CORBIN DELAWARE FEDERAL UNIT  
AND TO QUALIFY SAID PROJECT FOR THE  
RECOVERED OIL TAX RATE PURSUANT TO THE  
"NEW MEXICO ENHANCED OIL RECOVERY ACT,"  
LEA COUNTY, NEW MEXICO**

CASE NO 12047

**APPLICATION**

Comes now BURLINGTON RESOURCES OIL & GAS COMPANY ("BURLINGTON"), by its attorneys, Kellahin & Kellahin, and pursuant to the New Mexico "Enhanced Oil Recovery Act" and Division Rule 701 applies to the New Mexico Oil Conservation Division for authority to institute a waterflood project within its Corbin Delaware Federal Unit by the injection of water into the Delaware formation of the West Corbin Delaware Pool, Lea County, New Mexico and to qualify said project for the recovered oil tax rate for enhanced oil recovery and in support states:

(1) Burlington is the proposed operator Corbin Delaware Federal Unit Waterflood Project, West Corbin Delaware Pool, Lea County, New Mexico ("proposed EOR Project") which is a new project containing 566.36 acres and consisting of S/2SW/4, SW/4SE/4 of Section 7, the SW/4NW/4 of Section 17 and N/2 & N/2SE/4 of Section 18, T18S, R33E, NMPM and shown on Exhibit "A" attached.

(2) Within the project area, more than seventy-five percent of the working interests and royalty owners have voluntarily agreed upon a waterflood plan the objective of which is to successfully recover an estimated additional 161,000 barrels of oil from the West Corbin-Delaware Pool.

(3) The remaining oil potential from the pool within the Project area will not be recovered in the absence of waterflood operations on a project basis.

(4) To date, cumulative primary recovery from the Project has been 795,000 barrels of oil, 759,000 MCF of gas and 3,112,000 barrels of water.

(5) The Project is currently producing at a rate of 98 BOPD and 793 BWPD from 7 active producers. Approximately 100,000 barrels of recoverable reserves remain under the current primary mode of operations.

(6) The project area will be developed on a down dip injection pattern involving 3 injection wells and 5 producers.

(7) Enclosed with this application is the completed Division Form C-108 with attachments for this project.

(8) In accordance with Division Order R-9708, the following is submitted:

a. Operator's name and address:

Burlington Resources Oil & Gas Company  
P. O.Box 51810  
Midland, Texas 79710

b. Description of the Project Area:

(1) Plat outlining project area:

See Exhibit "A"

(2) Description of the Project Area:

T18S, R33E, NMPM  
Sec 7: S/2SW/4, SW/4SE/4  
Sec 17: SW/4NW/4  
Sec 18: N/2 & N/2SE/4

(3) Total acres in Project Area:

566.36 acres, more or less

(4) Name of the subject Pool and formation:

Delaware formation of the  
West Corbin-Delaware Pool

c. Status of operations in the project area:

- (1) unit name: N/A  
[If unitized, the name of the unit, and the date and number of the Division Order approving the unit plan of operation.]
- (2) Corbin Delaware Unit filed August 25, 1998  
[If an application for approval of a unit plan has been made, the date the application was filed with the Division] and
- (3) N/A  
[if not unitized, identify each lease in the project area by lessor, lessee and legal description]  
Lease:  
Lessor:  
Lessee:  
Description:

d. Method of recovery to be used:

- (1) injected fluids: produced water from the Wolfcamp, Delaware and Bone Springs formations.
- (2) N/A  
[If the Division has approved the project, provide the date and number of the Division Order]; and
- (3) August 25, 1998  
[if the project has not been approved by the Division, provide the date the application for approval was filed with the Division on Form C-108]

e. Description of the Project:

- (1) a list of producing wells:  
See Exhibit "B"
- (2) a list of injection well:  
See Exhibit "B"

(3) Capital cost of additional facilities:

\$30,000.

(4) Total Project Costs:

\$163,000.

(5) Estimated total value of the additional production that will be recovered as a result of this project:

An additional 161,000 barrels of oil with a current undiscounted value of \$1,127,000

(6) Anticipated date of commencement of injection:

February 4, 1999

(7) the type of fluid to be injected and the anticipated volumes:

produced water to be injected at an estimated rate of 1500 BWPD up to a maximum rate of 4,000 BWPD from Wolfcamp, Delaware and Bone Springs formations.

(8) N/A

[in application for expansion of existing project, explain change in technology or additional geographic area]

f. Production data:

Attached are the following graphs, charts and supporting data to show the production history and production forecast of oil, gas, casinghead gas and water from the project area:

- Exhibit C: 4 structure maps
- Exhibit D: 4 gross isopach maps
- Exhibit E: reservoir description
- Exhibit F: reserve analysis
- Exhibit G: reservoir data

