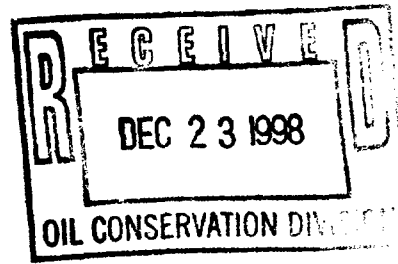




ARCO Permian
600 East 4th Street
Midland, Texas 79701
Post Office Box 1000
Midland, TX 79701
Telephone 815 536 5200



December 21, 1998

New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

12153

Attn: Ben Stone

RE: Request for Certification of Positive Production Response
South Justis Unit (Waterflood)
Phases IIA, IIB, & IIC
T25S-R37E, T25S-R38E, T26S-R37E
Lea County, New Mexico

Dear Mr. Stone:

Pursuant to the provisions of the New Mexico Enhanced Oil Recovery Act and Division Order No. R-9747, ARCO Permian hereby applies for certification of positive production response in Phases IIA, IIB, and IIC of its South Justis Unit Waterflood Project.

In support of this application, ARCO Permian submits:

1. a copy of Order No. R-9747 and the Oil Conservation Division's Certifications of Enhanced Oil Recovery Project for the Recovered Oil Tax Rate dated January 24, 1994 and May 9, 1995 which approved these phases of the South Justis Unit Waterflood as qualifying secondary recovery projects,
2. A plat of the affected area showing all injection and producing wells, with completion dates in an attached table,
3. a production graph for the Phase IIA area and a graph for the Phase IIB and IIC area which shows the oil and water production and water injection history for each area from the late 1950's through the present, and tabular production and injection data for each area for the years 1993 through 1998.

Production from the South Justis Unit is reported on a unit basis and the production data for the subject phases has been obtained from allocations based on well tests.

Phase I injection was begun in mid-1993 and impacted the offset Phase II areas even before their 1994 and 1995 certifications. Phase IIA, IIB, and IIC were certified by the Oil Conservation Division to the Department of Taxation and Revenue following notification by ARCO of the date when water injection

New Mexico Oil Conservation Division

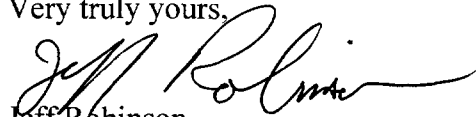
December 21, 1998

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commenced in these phases as required by Order paragraph 14 of Order No. R-9747. Accordingly, ARCO submits that the effective date of these certifications should be January 5, 1994 for Phase IIA and May 1, 1995 for Phases IIB and IIC.

Please call me at (915) 688-5369 if you have any questions or need additional information concerning this application.

Very truly yours,

A handwritten signature in black ink, appearing to read "Jeff Robinson", with a stylized flourish at the end.

Jeff Robinson
Senior Engineer

JR:elt

Attachments