

Case No. 11982
Order No. R-11046
Page 6

specify the proposed project area described above.

(25) At such time as a positive production response occurs, and within five years from the date of the Certificate of Qualification, the applicant must apply to the Division for certification of a positive production response, which application is to identify the area actually benefitting from enhanced recovery operations and the specific wells which the operator believes are eligible for the tax rate. The Division may review the application administratively or set it for hearing. Based upon evidence presented, the Division will certify to the Taxation and Revenue Department those lands and wells which are eligible for the EOR tax rate.

(26) The injection authority granted for the proposed injection well should terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject well; provided, however, the Division, upon written request of the operator, may grant an extension thereof for good cause shown.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Pogo Producing Company ("Pogo"), is hereby authorized to institute a cooperative leasehold pressure maintenance project on its Red Tank "26" Federal Lease (U. S. Government Lease No. NM-86149), covering the W/2 of Section 26, and its Prize Federal Lease (U. S. Government Lease No. NM-81272), covering the E/2 of Section 22 and the E/2 of Section 27, all in Township 22 South, Range 32 East, NMPM, Lea County, New Mexico, by the injection of produced water into the Cherry Canyon and Brushy Canyon Members of the Delaware Mountain Group within the West Red Tank-Delaware Pool through the perforated interval from approximately 6,832 feet to 8,388 feet in its existing Prize Federal Well No. 4 (API No. 30-025-32436), located 1880 feet from the North line and 760 feet from the East line (Unit H) of Section 27.

(2) This cooperative leasehold pressure maintenance project is designated the "*Red Tank/Prize Federal Cooperative Leasehold Pressure Maintenance Project*." The initial project area for allowable and tax credit purposes is to include the following described 360 acres, more or less, in Lea County, New Mexico:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM

Section 26: W/2 NW/4 and NW/4 SW/4

Section 27: NE/4 and N/2 SE/4.

(3) As necessary, this project area may be expanded administratively to include that entire area that comprises both the Red Tank "26" Federal and Prize Federal leases.