

Case No. 11982  
Order No. R-11046  
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(13) Should it be necessary, the supervisor of the Division's Hobbs District Office or the Director may at any time order a decrease in the injection pressure on the injection well.

(14) The operator of the Red Tank/Prize Federal Cooperative Leasehold Pressure Maintenance Project shall conduct injection operations in accordance with all applicable Division Rules, including Rules 701 through 708, and shall submit monthly progress reports in accordance with Rules 706 and 1115.

IT IS FURTHER ORDERED THAT:

(15) The subject pressure maintenance project is hereby approved as a qualified "Enhanced Oil Recovery ("EOR") Project" pursuant to the "Enhanced Oil Recovery Act" (Sections 7-29A-1 through 7-29A-5, NMSA 1978).

(16) The approved project area shall initially be limited to the 360-acre area described above in Ordering Paragraph (2).

(17) To be eligible for the EOR tax rate, prior to commencing operations the operator must request from the Division a Certificate of Qualification, which certificate will specify the proposed project area described above.

(18) 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 shall identify the area actually benefiting 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.

(19) The injection authority granted herein for the proposed injection well shall 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.

(20) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.