

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

IN THE MATTER OF THE APPLICATION OF
PARKER & PARSLEY DEVELOPMENT, L.P.
FOR STATUTORY UNITIZATION,
LEA COUNTY, NEW MEXICO

Case No. 11203

A P P L I C A T I O N

Parker & Parsley Development, L.P. hereby applies for an Order approving statutory unitization of the area and formation known as the Lusk West (Delaware) Unit, Lea County, New Mexico, and approving the Unit Agreement and Unit Operating Agreement for said unit, and in support thereof, states:

1. Parker & Parsley Development, L.P. is engaged in the business of, among other things, producing and selling oil and gas as defined by the New Mexico Statutory Unitization Act (N.M. Stat. Ann. § 70-7-1 through 70-7-21) (1987 Repl. Pamp.) (hereinafter referred to as "the Act").

2. The proposed area for which application is made for unitized operations pursuant to the Act is known as the Lusk West (Delaware) Unit ("the Unit Area"), which consists of 1,520 acres, more or less, of federal lands in Lea County, New Mexico. A map of the Unit Area is attached hereto as Exhibit A, and lands therein are more particularly described in Exhibit B attached hereto.

3. The formation for which application is made ("the Unitized Formation") is the subsurface portion of the Unit Area known as the Delaware formation (Lusk West Delaware pool), and the vertical limits thereof are found in the interval between 6,474 feet and 6,508 feet as recorded on the Compensated Neutron Litho-density log dated December 8, 1989, in the Lusk Deep Unit A well number 17 located at 330 feet from the north line and 330 feet from the east line of Section 20, Township 19 South, Range 32 East, N.M.P.M., Lea County, New Mexico. The Unitized Formation includes all subsurface points throughout the Unit Area correlative to the above identified depths.

4. The portion of the Unitized Formation included within the Unit Area has been reasonably defined by development.

5. Parker & Parsley Development, L.P. proposes to institute a water flood project for secondary recovery of oil and related casinghead at gas from the Unitized Formation within the Unit Area, as described in a related application.

6. By converting certain presently producing wells into water injection wells, Parker & Parsley Development, L.P. proposes to inject water into the above described Delaware formation in the Lusk West (Delaware) Unit. The location of all wells within the Unit Area which are proposed to be used as producing or injection wells are shown on Exhibit A attached hereto.

7. The proposed plan of unitization is embodied in the Unit Agreement, a true copy of which is attached hereto as Exhibit C, and the plan is fair, reasonable and equitable.

8. The proposed operating plan, covering the manner in which the unit will be supervised and managed, and costs allocated and paid, is embodied in the Unit Operating Agreement, a true copy of which is attached as Exhibit D.

9. Parker & Parsley Development, L.P. projects that the unitized management, operation and further development of the Unitized Formation will increase the ultimate production by approximately 2,155,000 barrels of oil, and will extend the producing life of the Unitized Formation beyond the year 2015. It is, therefore, evident that the unitized management, operation and further development of the Unitized Formation is reasonably necessary in order to effectively carry on secondary recovery operations so as to substantially increase the ultimate recovery of oil from the Unitized Formation within the Unit Area.

10. The method of operation is feasible, will prevent waste, and will result with reasonable probability in the increased recovery of substantially more oil from the Unitized Formation than would otherwise be recovered.

11. The estimated additional costs of conducting unitized operations will not exceed the estimated value of the additional oil and gas to be recovered thereby, plus a reasonable profit.

12. The proposed unitization and adoption of the methods of operation embodied in the Unit Operating Agreement will benefit the working interest owners and royalty owners of the oil and gas rights within the Unitized Formation of the Unit Area.

13. Parker & Parsley Development, L.P. has made a good faith effort to secure voluntary unitization within the Unitized Formation of the Unit Area.

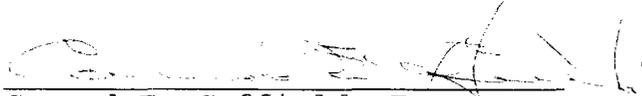
14. The participation formula contained in the Unit Agreement allocates the produced and saved unitized oil to the separately owned tracts in the Unit Area on a fair, reasonable and equitable basis, and protects the correlative rights of all interest owners within the Unit Area.

15. Statutory unitization of the Unitized Formation within the Unit Area in accordance with the plan embodied in the Unit Agreement and the Unit Operating Agreement will prevent waste and protect correlative rights.

WHEREFORE, Parker & Parsley Development, L.P. requests that this Application be set for hearing, and that thereafter the Division enter its Order approving the Unit Agreement and Unit Operating Agreement providing for the unitized management, operation and further development of the Unitized Formation in the Unit Area in accordance with the Act, and for all other and further relief as may be deemed proper.

RESPECTFULLY SUBMITTED:

HINKLE, COX, EATON,
COFFIELD & HENSLEY, L.L.P.



Conrad E. Coffield, Esq.
Post Office Box 2068
Santa Fe, New Mexico 87504
(505) 982-4554
Attorneys for Parker & Parsley
Development, L.P.

Attachments

VERIFICATION

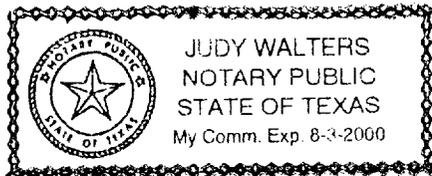
STATE OF TEXAS)
) SS.
COUNTY OF MIDLAND)

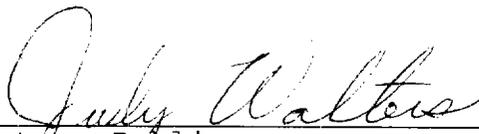
Steven K. Owen, being duly sworn upon his oath, deposes and states that: He is a Landman Specialist for and employee of Parker & Parsley Development, L.P.; he is familiar with the matters set forth in the foregoing Application, and the statements therein are true and correct to the best of his knowledge.



Steven K. Owen

SUBSCRIBED AND SWORN TO before me this 12th day of December, 1996, by Steven K. Owen.





Notary Public

My Commission Expires:
