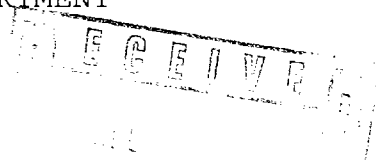


STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION



IN THE MATTER OF THE APPLICATION OF
PARKER & PARSLEY DEVELOPMENT, L.P.
FOR AUTHORITY TO INSTITUTE A WATER
INJECTION PROJECT FOR SECONDARY
RECOVERY OF HYDROCARBONS,
LEA COUNTY, NEW MEXICO

Case No. 11704

A P P L I C A T I O N

Parker & Parsley Development, L.P. hereby applies for an Order approving the institution of a water injection project for secondary recovery of hydrocarbons in the proposed Lusk West (Delaware) Unit located in Lea County, New Mexico, and in support thereof, states:

1. Parker & Parsley Development, L.P., in a related application, has requested Division approval of statutory unitization and of the Unit Agreement and Unit Operating Agreement for the proposed Lusk West (Delaware) Unit in Lea County, New Mexico. The Unit Area, Unitized Formation, Unit Agreement, and Unit Operating Agreement are described in said Application.

2. Parker & Parsley Development, L.P., the operator of the unit, proposed to institute a water injection project for secondary recovery of oil and gas from the Unitized Formation within the Unit Area.

3. By converting presently producing oil wells into injection wells, Parker & Parsley Development, L.P. proposes to inject water into the Delaware formation in the Lusk West (Delaware) Unit. Attached hereto as Exhibit 1 is a plat showing the location of all wells located within the Unit Area which are proposed to be used as producing or injection wells.

4. The water to be used for injection for the project is a mixture of water taken from both the Delaware and the Yates/Seven Rivers formations. Initially, the amount of water to be injected will be 4,500 barrels of water per day, with an anticipated maximum volume of 6,000 barrels of water per day.

5. Approval of the secondary recovery project will substantially increase the recoverable reserves to be produced within the useful life of the new production and injection facilities which will be installed, thereby preventing waste and protecting correlative rights.

6. The form C-108 relating to the proposed water injection project is attached hereto as Exhibit 2.

7. The initial project area, containing 1,520 acres is described on Exhibit 3, and a plat of the project area is attached as Exhibit 4. The leases, lessors, lessees and other interest owners within the Unit Area are identified on Exhibit 5 attached hereto.

8. Project data includes:

- (a) Number of initial producing wells: 15
- (b) Number of initial injection wells: 13
- (c) Capital cost of additional facilities: \$526,000.00
- (d) Total project cost: \$3,591,000.00
- (e) Estimated net value of secondary production recovered from the project: \$21,126,000.00
- (f) Anticipated injection volumes: 16.4 million barrels

A listing of initial producing and injection wells in the unit is attached hereto as Exhibit 6.

9. The production history of the project area is exhibited on the graph attached hereto as Exhibit 7. The projected oil production from the project area is exhibited on the graph attached hereto as Exhibit 8.

WHEREFORE, Parker & Parsley Development, L.P. requests that this Application be set for hearing before the Division, and that after hearing the Division enter its Order approving the secondary recovery project, and for all such other and further relief as may be just and proper.

RESPECTFULLY SUBMITTED:

HINKLE, COX, EATON,
COFFIELD & HENSLEY



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

VERIFICATION

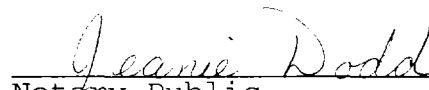
STATE OF TEXAS)
) SS.
COUNTY OF MIDLAND)

J. Britt Hirth, being duly sworn upon his oath, deposes and states that: He is a Senior Operations Engineer 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.



J. Britt Hirth

SUBSCRIBED AND SWORN TO before me this 11th day of December, 1996, by J. Britt Hirth.



Notary Public

My Commission Expires:

6/9/2000