

more than 1,540 psi.

(7) The operator shall give advance notice to the supervisor of the Division's Artesia District Office of the date and time (i) injection equipment will be installed and (ii) the mechanical integrity pressure test will be conducted on the Pure Gold "B" Federal Well No. 20, so these operations may be witnessed.

(8) The applicant shall immediately notify the supervisor of the Division's Artesia District Office of the failure of the tubing, casing, or packer in the injection well or the leakage of water or oil from or around any producing or plugged and abandoned well within the project area, and shall take such steps as may be necessary and timely to correct the failure or leakage.

(9) The pilot pressure maintenance project is hereby designated the Sand Dunes Cooperative Pressure Maintenance Project, and the applicant shall conduct injection operations in accordance with Division Rules No. 701 through 708, and shall submit monthly progress reports in accordance with Division Rules No. 706 and 1115.

(10) The oil allowable for the pilot pressure maintenance project is hereby established at 1,496 barrels of oil per day.

(11) The injection authority granted herein for the Pure Gold "B" Federal Well No. 20 shall terminate one year after the date of this order if the operator has not commenced injection operations into the well; provided, however, the Division, upon written request by the operator, may grant an extension for good cause.

(12) The Sand Dunes Cooperative Pressure Maintenance Project is hereby certified as an "Enhanced Oil Recovery Project." The project area shall initially comprise the SE/4 of Section 20, W/2 SW/4 of Section 21, NW/4 NW/4 of Section 28, and NE/4 NE/4 of Section 29, Township 23 South, Range 31 East, NMPM; provided, however, the "project area" and/or the producing wells eligible for the enhanced oil recovery (EOR) tax rate may be contracted and reduced based upon the evidence presented by the applicant in its demonstration of a positive production response.

(13) To be eligible for the EOR tax rate, the operator shall advise the Division of the date and time water injection commences within the pilot pressure maintenance project. At such time, the Division will certify the project to the New Mexico Taxation and Revenue Department.

(14) At such time as a positive production response occurs, and within five years from the date the project was certified to the New Mexico Taxation and Revenue Department, the applicant must apply to the Division for certification of a positive