

application administratively or set it for hearing. Based upon evidence presented, the Division will certify to the Department of Taxation and Revenue those lands and wells which are eligible for the credit.

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

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Parker & Parsley Development, L. P. ("Parker & Parsley"), is hereby authorized to institute a waterflood project on its Lusk West (Delaware) Unit by the injection of water into the unitized interval that is within the designated and Undesignated West Lusk-Delaware Pool through the gross perforated interval from approximately 6,400 feet to 6,450 feet in 13 certain wells to either be drilled or converted from producing wells to water injectors, as further described in Exhibit "A" attached hereto and made a part hereof.

(2) The subject waterflood project, herein designated the Lusk West (Delaware) Unit Waterflood Project, shall coincide with the boundary established for the Lusk West (Delaware) Unit Area in Lea County, New Mexico, as further described below, which was the subject of Division Case No. 11703 and was heard in combination with this case:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM

Section 20:	All
Section 21:	NW/4 and N/2 SW/4
Section 29:	All.

(3) The applicant must take all steps necessary to ensure that the injected water only enters and remains confined only to the unitized interval authorized by the Lusk West (Delaware) Unit Agreement and is not permitted to escape to other formations or onto the surface from injection, production, or plugged and abandoned wells.

(4) Injection of water into said project area shall not commence until:

(a) such time as the (i) Parker & Parsley Development, L. P. Plains Unit Federal Well No. 4-Y (API No. 30-025-20518), located 710 feet from the South line and 660 feet from the West line (Unit M) of said Section 21, which is currently completed in and producing from the Lusk-

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Strawn Pool and (ii) the Shackelford Oil Company Plains Unit Well No. 6 (API No. 30-025-20769), located 1980 feet from the North line and 660 feet from the West line (Unit E) of said Section 21, which is currently completed in and producing from the East Lusk-Yates Pool have both been completed and/or plugged back in such a manner as to ensure that they do not provide an avenue of escape for waters from the proposed injection zones; and,

(b) the following six plugged and abandoned wells, all within the project's one-half mile area of review, have all been properly plugged and abandoned in a manner which will assure that none of the wellbores serve as a conduit for the migration of injected fluids to the satisfaction of the supervisor of the Hobbs District Office of the Division:

(i) the El Paso Products Company Lusk Deep Unit Well No. 3, located 1650 feet from the North line and 660 feet from the West line (Unit E) of said Section 20;

(ii) the Parker & Parsley Development, L. P. Lusk Deep Unit "A" Well No. 7 (API No. 30-025-20874), located 1650 feet from the South line and 990 feet from the West line (Unit L) of said Section 20;

(iii) the Pan American Petroleum Corporation Plains Unit Well No. 4, located 1930 feet from the South line and 660 feet from the West line (Unit L) of said Section 21;

(iv) the El Paso Products Company Southern California Federal Well No. 2, located 990 feet from the North and West lines (Unit D) of said Section 29;

(v) the Texaco Inc. S. A. Bowman Federal Well No. 3, located 1980 feet from the South and West lines (Unit K) of said Section 29;

(vi) the Damson Oil Corporation Plains Unit Federal Well No. 3-Y, located 1980 feet from the South line and 760 feet from the West line (Unit L) of said Section 28.

(5) Any and all of the needed testing requirements, completion evaluations, recompletions, remedial workover operations to remediate the above-described 8 wellbores shall be conducted to the satisfaction and/or recommendations of the supervisor of the Hobbs District Office of the Division.