

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL
CONSERVATION DIVISION FOR THE
PURPOSE OF CONSIDERING:

CASE NO. 11704
ORDER NO. R-10863

APPLICATION OF PARKER & PARSLEY DEVELOPMENT, L. P. FOR A
WATERFLOOD PROJECT AND QUALIFICATION FOR THE RECOVERED OIL
TAX CREDIT PURSUANT TO THE "NEW MEXICO ENHANCED OIL
RECOVERY ACT", LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on February 6, 1997 at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 28th day of August, 1997 the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) At the time of the hearing this case was consolidated with Division Case No. 11703 for the purpose of testimony.
- (3) The applicant, Parker & Parsley Development, L. P. ("Parker & Parsley"), seeks authority to institute a secondary recovery project in its proposed Lusk West (Delaware) Unit Area (which was the subject of Division Case No. 11703), comprising all of Section 20, the NW/4 and N/2 SW/4 of Section 21, and all of Section 29, all in Township 19 South, Range 32 East, NMPM, Lea County, New Mexico, 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.

(4) Geological evidence and testimony presented at the time of the hearing indicates the zone of interest within the Delaware formation herein designated by the applicant as the "6400-foot zone" is a deep marine turbidite fan system that runs primarily north/south along a slope break. Within the Lusk West (Delaware) Unit Area the thickness of this sand body varies from zero to 35 feet, but averages 22 feet in thickness. The 6400-foot Delaware sand exhibits both structural and stratigraphic trapping mechanisms and characteristics. This feature trends structurally down dip to the east to an oil/water contact and the up dip in the western portion is delineated by the thinning of this sand to zero. Within this sand body there appears to be two structural highs that are bounded by the project area, thereby making this area a prime candidate for such secondary recovery operations.

(5) Evidence presented by the applicant indicates that approximately 72 percent of the total oil production from the West Lusk-Delaware Pool can be attributed to this narrow 6400 foot sand interval. Current production from this interval within the subject project area is in an advanced state of depletion and should therefore be properly classified as "stripper wells"; therefore, pursuant to Division General Rule 701.G, the proposed secondary recovery project should properly be classified as a waterflood project and governed accordingly.

(6) The applicant proposes to institute the subject waterflood project at an expected cost of \$3,591,000.00. The estimated reserves recoverable from the project is expected to be approximately 1.3 million barrels of oil.

(7) The area for said project should incorporate the applicant's Lusk West (Delaware) Unit Area as described in Finding Paragraph No. (3), above and should be designated the "*Lusk West (Delaware) Unit Waterflood Project*".

(8) The proposed waterflood project should result in the recovery of otherwise unrecoverable oil, thereby preventing waste.

(9) The operator of the proposed Lusk West (Delaware) Waterflood Unit project should take all steps necessary to ensure that the injected water enters and remains confined to only 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.

(10) Evidence submitted at the time of the hearing and Division records indicate