

interest in the Shell State "A" Lease is owned by Occidental; and

- (c) there are over 300 royalty and overriding royalty interest owners in various leases within the proposed project area.

(6) The proposed project area contains a 20-acre tract that comprises the S/2 NW/4 NW/4 of Section 29. The applicant's evidence shows that there is a plugged and abandoned well on this tract. The applicant's proposed operations do not include utilizing this plugged and abandoned well as either a producing or injection well within the proposed waterflood project; therefore, this 20-acre tract should be excluded from the proposed project area.

(7) The proposed project area encompasses a portion of the Hobbs Upper-Blinebry Pool.

(8) Within the project area, the applicant proposes to:

- a) drill fifteen new injection wells in order to establish a 40-acre five-spot injection pattern;
- b) initially utilize eight (8) producing wells located in Sections 29, 30, 32 and 33, and probably drill additional producing wells subsequent to achieving waterflood response;
- c) pursuant to an agreement with Apache and Occidental, operate the State "A" Well No. 9, a leaseline injection well that will be located on Apache's State "A" Lease at a location 215 feet from the North line and 150 feet from the East line (Unit A) of Section 32;
- d) pursuant to an agreement with Apache and Occidental, operate the State "A" Well No. 8, a leaseline injection well that will be located on Apache's State "A" Lease at a location 1250 feet from the North and East lines (Unit A) of Section 32; and