

Case No. 11982
Order No. R-11046
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a pressure limitation in excess of the limitation described above upon a showing by the operator that such higher pressure will not result in the fracturing of the injection formation or confining strata.

(15) Prior to commencing injection operations, the casing in the injection well should be pressure tested throughout the interval from the surface down to the proposed packer setting depth to assure the integrity of such casing.

(16) The operator should give advance notice to the supervisor of the Division's Hobbs District Office of the date and time of the installation of injection equipment and of the mechanical integrity pressure test in order that these operations may be witnessed.

(17) The subject application should be approved and the pressure maintenance project should be governed by the provisions of Division Rules 701 through 708.

(18) The project allowable should be equal to the top unit allowable for the West Red Tank-Delaware Pool (230 barrels of oil per day) times the number of developed (production or injection) proration units within the project area. Unless the project area is subsequently expanded, the allowable should be established at 2,070 barrels of oil per day (230 BOPD times nine 40-acre units).

(19) The transfer of allowable between wells within the project area should be permitted.

(20) The applicant further requests that the subject pressure maintenance project be approved by the Division as a qualified "Enhanced Oil Recovery ("EOR") Project" pursuant to the "Enhanced Oil Recovery Act" (Sections 7-29A-1 through 7-29A-5, NMSA 1978).

(21) No offset operator or mineral interest owner or other interested party appeared at the hearing in opposition to the subject application.

(22) The evidence presented indicates that the pressure maintenance project meets all Division criteria for approval.

(23) The approved project area should be designated the "*Red Tank/Prize Federal Cooperative Leasehold Pressure Maintenance Project*" and should be comprised of the 360 acres described above in Finding Paragraph (3).

(24) To be eligible for the EOR tax rate, prior to commencing operations the operator must request from the Division a Certificate of Qualification, which certificate must