

(8) The applicant testified it provided notice of its proposed non-standard gas proration unit and unorthodox gas well location to all working, royalty and overriding royalty interest owners within the N/2 of Section 7, Township 20 South, Range 27 East, and the E/2 and SW/4 of Section 12, Township 20 South, Range 26 East.

(9) Notice of this application was also provided to Yates Drilling Company, the operator of the Pecos River Deep Unit Well No. 3 in Section 13.

(10) The remaining affected acreage is located to the south in Section 18 and is currently owned by the applicant.

(11) No offset operator and/or interest owner appeared at the hearing in opposition to the application.

(12) Approval of the proposed non-standard gas proration unit and unorthodox gas well location will provide the applicant the opportunity to recover the remaining gas reserves in the McMillan-Morrow Gas Pool within the S/2 of Section 7, thereby preventing waste, and will not violate correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Pogo Producing Company, is hereby granted an exception to the well location and spacing requirements provided within the "*Special Rules and Regulations for the McMillan-Morrow Gas Pool*" for (i) the formation of a non-standard 318.82-acre gas spacing and proration unit comprising Lots 3 and 4, the E/2 SW/4 and the SE/4 (S/2 equivalent) of Section 7, Township 20 South, Range 27 East, NMPM, Eddy County, New Mexico, and (ii) the dedication of this unit to its Davis "7" Well No. 1 to be drilled at an unorthodox gas well location 660 feet from the South and West lines (Lot 4/Unit M) of Section 7.

(2) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

LORI WROTENBERY
Director

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