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Santa Fe, New Mexico 87504
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FAX COVER SHEET

DELIVER TO: Florene Davidson
COMPANY: Oil Conservation Division
CITY: Santa Fe, New Mexico
FAX NUMBER: 827-8177
NUMBER OF PAGES: 6 (Including Cover Sheet)
DATE SENT: 7/27/99
MEMO:

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JAMES BRUCE
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July 27, 1999

Via Fax

Florene Davidson
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed are an application for compulsory pooling, together with a proposed advertisement, filed on behalf of Mewbourne Oil Company. **Please set this matter for the August 19, 1999 hearing.** I will hand deliver the originals to you tomorrow. Thank you.

Very truly yours,


James Bruce
Attorney for Mewbourne
Oil Company

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF MEWBOURNE OIL
COMPANY FOR COMPULSORY POOLING
AND A NON-STANDARD GAS SPACING
AND PRORATION UNIT, EDDY COUNTY,
NEW MEXICO.**

No. _____

APPLICATION

Mewbourne Oil Company applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying Lots 3, 4, E $\frac{1}{2}$ SW $\frac{1}{4}$, and the SE $\frac{1}{4}$ (S $\frac{1}{2}$ equivalent) of Section 18, Township 17 South, Range 29 East, N.M.P.M., Eddy County, New Mexico, and forming a non-standard gas spacing and proration unit, and in support thereof, states:

1. Applicant is a working interest owner in the S $\frac{1}{2}$ of Section 18, and has the right to drill a well thereon.

2. Applicant proposes to drill its Empire "18" State Com. Well No. 1, at an unorthodox gas well location 1650 feet from the south line and 990 feet from the east line of the section,¹ to a depth sufficient to test the Morrow formation (approximately 10,800 feet subsurface), and seeks to dedicate the following acreage to the well:

(a) The S $\frac{1}{2}$ of Section 18 for all pools or formations spaced on 320 acres, including the Undesignated Empire-Atoka Gas Pool and the South Empire-Morrow Gas Pool, to form a non-standard gas spacing and proration unit comprising 293.96 acres; and

(b) The SE $\frac{1}{4}$ of Section 18 for all pools or formations spaced on 160 acres, to form a standard 160 acre gas spacing and

¹The location was approved by Division Administrative Order NSL-4319.

proration unit.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S½ of Section 18 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the S½ of Section 18, pursuant to NMSA 1978 §70-2-17 (1996 Supp.).

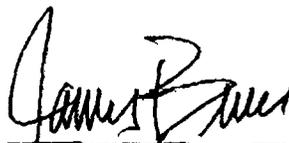
5. The pooling of all mineral interests underlying the S½ of Section 18, as set forth above, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the S½ of Section 18, as set forth above, from the surface to the base of the Morrow formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost thereof among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting said rates as provided in the COPAS accounting procedure;

- E. Setting a penalty for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well; and
- F. Granting such further relief as the Division deems proper.

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Mewbourne Oil Company

PROPOSED ADVERTISEMENT

Case _____ : Application of Mewbourne Oil Company for compulsory pooling and a non-standard gas spacing and proration unit, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 18, Township 17 South, Range 29 East, NMPM, and in the following manner: Lots 3, 4, E $\frac{1}{2}$ SW $\frac{1}{4}$, and SE $\frac{1}{4}$ (S $\frac{1}{2}$ equivalent) to form a non-standard 293.96-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, including the Undesignated Empire Atoka-Gas Pool and South Empire-Morrow Gas Pool; and the SE $\frac{1}{4}$ to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within said vertical extent. Said units are to be dedicated to applicant's Empire "18" State Com. Well No. 1, located 1650 feet from the south line and 990 feet from the east line (Unit I) of said Section 18. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for the risk involved in drilling and completing the well. Said unit is located approximately 8 miles west-northwest of Loco Hills, New Mexico.

ACCOUNT TOTAL

16773.50

1/6	ACCOUNT	CENTER	SOURCE	DATE	ENCLNO	AMOUNT	DBCR	PAYEE	WORKOR
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NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

June 28, 1999

Mewbourne Oil Company
c/o James Bruce
P. O. Box 1056
Santa Fe, New Mexico 87504

Telefax No. (505) 982-2151

Administrative Order NSL-4319

Dear Mr. Bruce:

Reference is made to your application dated June 8, 1999 on behalf of the operator, Mewbourne Oil Company, for its proposed Empire "18" State Com. Well No. 1 to be drilled at an unorthodox Morrow gas well location 1650 feet from the South line and 990 feet from the East line (Unit I) of Section 18, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico.

Lots 3 and 4, the E/2 SW/4, and the SE/4 (S/2 equivalent) of Section 18, being a standard 293.96-acre lay-down gas spacing and proration unit for the South Empire-Morrow Gas Pool, is to be dedicated to this well.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox gas well location will be at a more favorable geologic position within the Morrow formation than a well drilled at a location considered to be standard within the SE/4 of Section 18.

The application has been duly filed under the provisions of New Mexico Oil Conservation Division ("Division") Rule 104.F.

By the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox gas well location is hereby approved.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
New Mexico State Land Office - Santa Fe
U. S. Bureau of Land Management - Carlsbad

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
811 South First, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-101
Revised October 18, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

Operator Name and Address Mewbourne Oil Company PO Box 5270 Hobbs New Mexico 88240 (505)393-5905		OGRID Number 14744
Property Code 24744		API Number 30-015-30692
Property Name Empire "18" State Com.		Well No. 1

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West Line	County
1	18	17	29		1650	South	990	East	Eddy

Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West Line	County
Proposed Pool 1 Empire Morrow (South)					Proposed Pool 2 76400				

Work Type Code N	Well Type Code G	Cable/Rotary R	Lease Type Code S	Ground Level Elevation 3644
Multiple S	Proposed Depth 11000	Formation Morrow	Contractor Unknwon	Spud Date <i>Upon Approval</i>

Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17 1/2"	13 3/8"	48#	400	400	Circulate
12 1/4"	8 5/8"	32#	2600	800	Tie Back
7 7/8"	5 1/2"	17#	11000	600	6000'

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

BOP Program: Schaffer LWS or equivalent (Double-Ram Hydraulic) 900 series with a Hydriil 900 series from intermediate casing to total depth. Rotating Head, PVT Monitors, and a Mud Gas Separator from the Wolkcamp to TD.

Mud Program: 0 to 400' Fresh water spud mud and LCM as needed.
400' to 9500' Brine and Cut Brine, Caustic Soda for pH, and LCM as needed.
9500' to TD Brine and Cut Brine, 9.0 to 9.8 ppg, Caustic Soda for pH, Starch for WL Control, and Lcm as needed

NSL-4319 6/28/99

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature: <i>Steve Matthews</i> Printed name: Steve Matthews Title: Drilling Superintendent	OIL CONSERVATION DIVISION	
	Approved By: <i>Jim W. Green BOP</i>	Title: <i>District Supervisor</i>
	Approval Date: 7-8-99	Expiration Date: 7-8-00

DISTRICT I
P.O. Box 1900, Hobbs, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Instruction on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name <i>Empire Morrow (South)</i>
Property Code	Property Name <i>EMPIRE 18 STATE Com</i>	Well Number <i>1</i>
OGRID No. <i>14744</i>	Operator Name <i>MEWBOURNE OIL COMPANY</i>	Elevation <i>3644</i>

Surface Location

Ul. or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<i>1</i>	<i>18</i>	<i>17S</i>	<i>29E</i>		<i>1650</i>	<i>SOUTH</i>	<i>990</i>	<i>EAST</i>	<i>EDDY</i>

Bottom Hole Location If Different From Surface

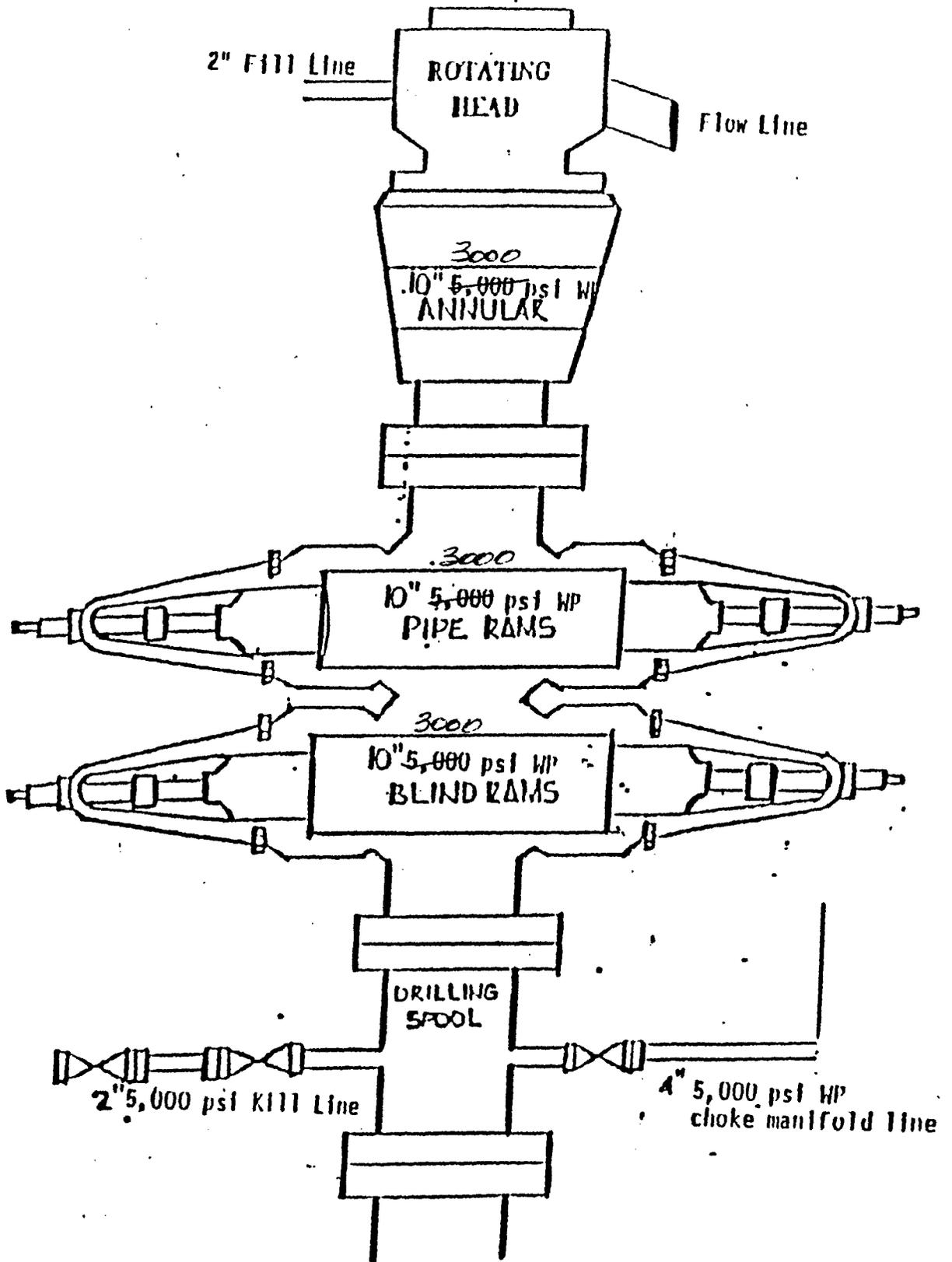
Ul. or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres <i>3.70</i>	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

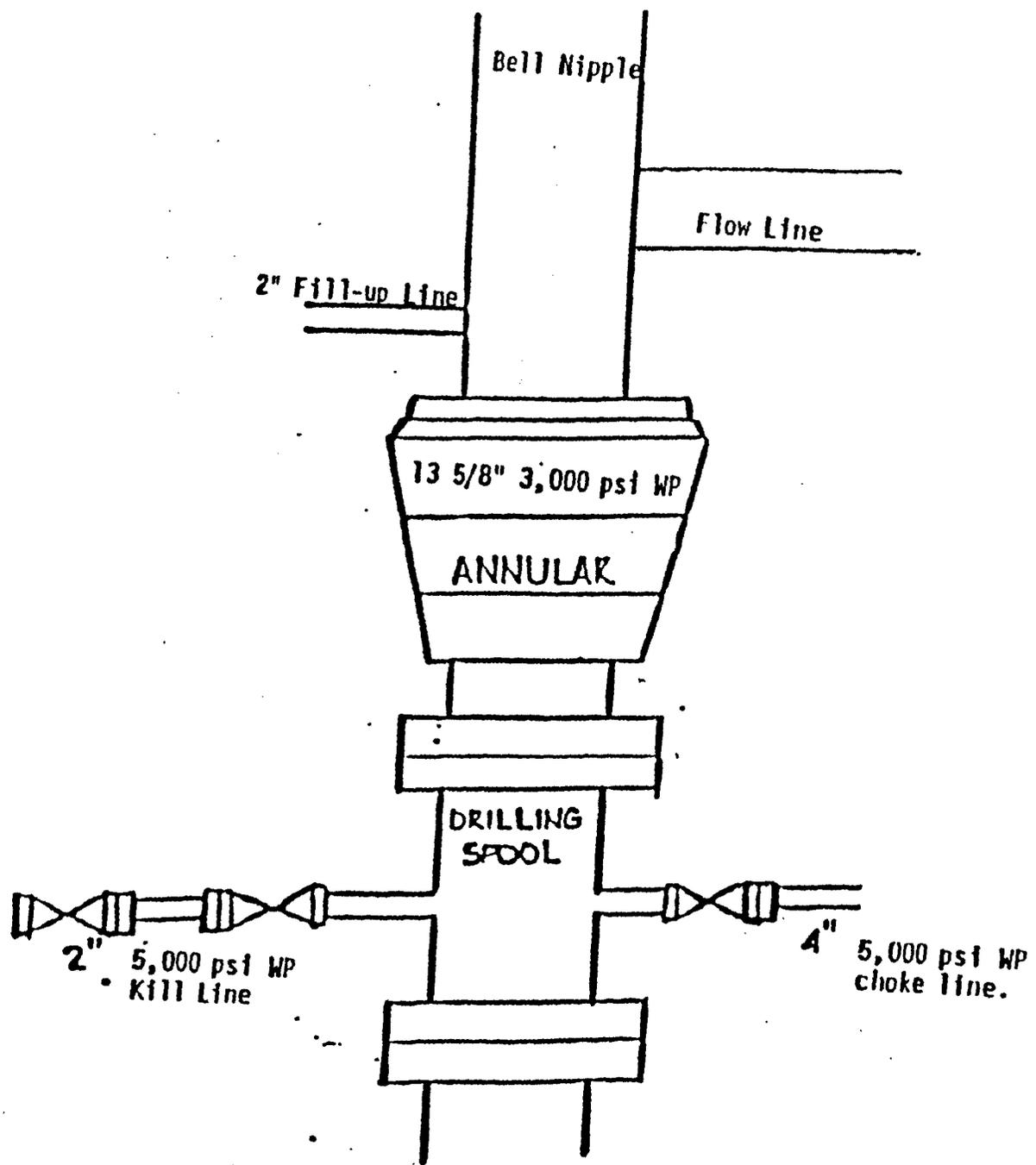
	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Steve Matthews</i> Signature</p> <p><i>Steve Matthews</i> Printed Name</p> <p><i>Drg. Supt.</i> Title</p> <p><i>5-26-99</i> Date</p>	
	<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p><i>1/19/99</i> Date Surveyed</p>	
	<p>Signature & Seal of Professional Surveyor</p> <p>Certificate No. Herschel Jones RLS 3640 EMPIRE 1 JANUARY 10 GENERAL SURVEYING COMPANY</p>	

BOP SCHEMATIC
PRODUCTION HOLE



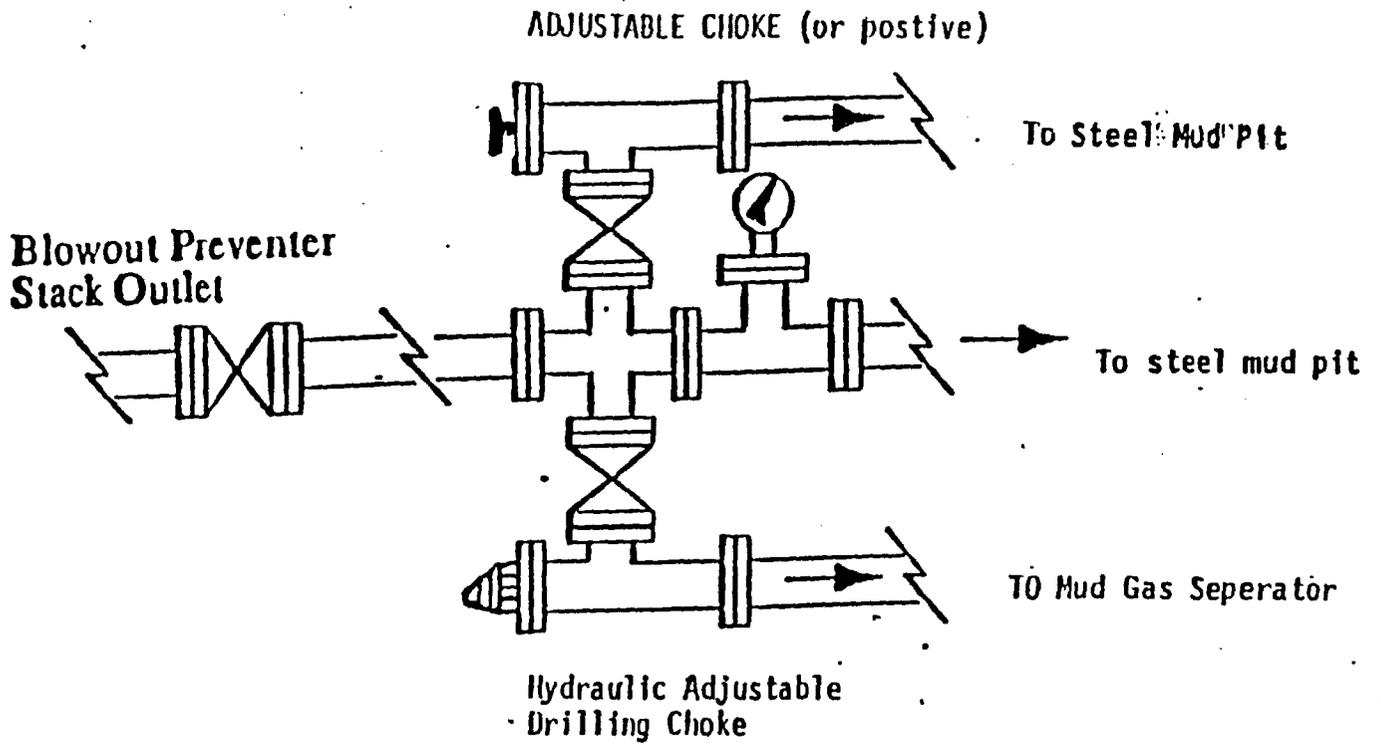
BOP SCHEMATIC

12 1/4" Intermediate Hole



CHOKE MANIFOLD

(5,000 psi upstream WP)



CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

07/28/99 08:53:44
OGOMES -TPSI
PAGE NO: 1

Sec : 18 Twp : 17S Rng : 29E Section Type : NORMAL

1 26.69 Federal owned	C 40.00 Federal owned	B 40.00 Federal owned	A 40.00 Federal owned
2 26.81 Federal owned	F 40.00 Federal owned	G 40.00 Federal owned A	H 40.00 Federal owned

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

07/28/99 08:53:52
OGOMES -TPSI
PAGE NO: 2

Sec : 18 Twp : 17S Rng : 29E Section Type : NORMAL

3 26.92 Federal owned	K 40.00 CS B07677 0000 07/48 CONOCO INC	J 40.00 CS B06846 0001 01/47 CLAYTON WILLIAMS	I 40.00 CS B06846 0001 01/47 CLAYTON WILLIAMS A
4 27.04 Federal owned	N 40.00 Federal owned C	O 40.00 Federal owned A	P 40.00 CS V05082 0000 05/02 SOUTHWEST ROYALTI C

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

99
293.96 91.86%

CMD :
OG6IWCM

ONGARD
INQUIRE WELL COMPLETIONS

07/28/99 08:54:25
OGOMES -TPSI

API Well No : 30 15 23209 Eff Date : 02-15-1994 WC Status : A
Pool Idn : 76400 EMPIRE; MORROW, SOUTH (GAS)
OGRID Idn : 17643 PHILLIPS PETROLEUM CO
Prop Idn : 9098 GREEN B FEDERAL

Well No : 010
GL Elevation: 99999

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
B.H. Locn	: G	18	17S	29E	FTG 1980 F N	FTG 2310 F E	A

Lot Identifier:

Dedicated Acre: 320.00

Lease Type : F

Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC

CMD :
OG6ACRE

ONGARD
C102-DEDICATE ACREAGE

07/28/99 08:54:11
OGOMES -TPSI
Page No : 1

API Well No : 30 15 23209 Eff Date : 04-30-1991
Pool Idn : 76400 EMPIRE; MORROW, SOUTH (GAS)
Prop Idn : 9098 GREEN B FEDERAL Well No : 010
Spacing Unit : 14915 OCD Order : Simultaneous Dedication:
Sect/Twp/Rng : Acreage : 320.00 Revised C102? (Y/N) :
Dedicated Land:

S	Base	U/L	Sec	Twp	Rng	Acreage	L/W	Ownership	Lot	Idn
	A	18	17S	29E	40.00	N	FD			
	B	18	17S	29E	40.00	N	FD			
	C	18	17S	29E	40.00	N	FD			
	F	18	17S	29E	40.00	N	FD			
	G	18	17S	29E	40.00	N	FD			
	H	18	17S	29E	40.00	N	FD			
	D	1	18	17S	29E	26.69	N	FD		
	E	2	18	17S	29E	26.81	N	FD		

E0005: Enter data to modify or PF keys to scroll

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
PF07 BKWD PF08 FWD PF09 PF10 LAND PF11 NXTSEC PF12 RECONF

SOUTH CARTER-SAN ANDRES POOL
Lea County, New Mexico

Order No. R-1012, Adopting Rules for the South Carter-San Andres Pool, Lea County, New Mexico, June 10, 1957.

Special allowable not subject to market demand factor assigned, Order No. R-4348, September 1, 1972 (see Section I).

Application of Great Western Drilling Company for an Order Promulgating Permanent Pool Rules for the South Carter-San Andres Pool in Lea County, New Mexico, for the Purpose of Establishing the Allowable for Said Pool.

CASE NO. 1257
Order No. R-1012

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 o'clock a.m. on May 16, 1957, at Hobbs, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 10th day of June, 1957, the Commission, a quorum being present, having considered the application, and the evidence adduced and being fully advised in the premises, **FINDS:**

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the Commission did, by Order R-691, create and define the South Carter-San Andres Pool in Lea County, New Mexico, said pool being classified as an oil pool for the production of oil from the San Andres formation with the following horizontal limits:

Township 18 South, Range 39 East, N.M.P.M.
Section 8: N/2

(3) That the South Carter-San Andres Pool in Lea County, New Mexico, is contiguous with the Carter-New Mexico (San Andres) Field in Gaines County, Texas, and that drainage across the state line will result if production allowables in that portion of the common source of supply lying within the State of New Mexico are not commensurate with production allowables in that portion of the common source of supply lying within the State of Texas.

(4) That the Commission should each month establish a top unit allowable for the South Carter-San Andres Pool in Lea County, New Mexico, said allowable to be effective from 7 o'clock a.m. Mountain Standard Time on the first day of the first succeeding month until 7 o'clock a.m. Mountain Standard Time of the first day of the next succeeding month. In fixing the allowable for the aforesaid South Carter-San Andres Pool, the Commission may consider, among other things, the current month's production allowable for non-marginal forty-acre units producing from that portion of the common source of supply lying outside the State of New Mexico.

(5) That the establishment of the normal unit allowable for the South Carter-San Andres Pool in Lea County, New Mexico, in the above-described manner will be in the best interests of conservation, will provide for the recovery of oil in an efficient manner, and will prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the application of Great Western Drilling Company for an order promulgating special pool rules for the South Carter-San Andres Pool in Lea County, New Mexico, be and the same is hereby approved.

(2) That the vertical limits of the South Carter-San Andres Pool shall consist of the San Andres formation, and the horizontal limits of said pool shall be that area described in Exhibit "A" attached hereto and made a part hereof.

IT IS FURTHER ORDERED:

That special pool rules applicable to the South Carter-San Andres Pool in Lea County, New Mexico, be and the same are hereby promulgated as follows:

**SPECIAL RULES AND REGULATIONS
FOR THE
SOUTH CARTER-SAN ANDRES POOL**

(1) Prior to the first day of each month hereafter, the Commission shall establish, for the following proration month, a special forty-acre top unit allowable for the South Carter-San Andres Pool in Lea County, New Mexico, to be effective at 7 o'clock a.m. Mountain Standard Time on the first day of each proration month.

(2) In establishing said special allowable for the ensuing proration month, the Commission may consider, among other things, the total current production allowable assigned to forty-acre non-marginal wells in the Carter-New Mexico (San Andres) Field in Gaines County, Texas.

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

EXHIBIT "A"

Horizontal limits of the South Carter-San Andres Pool:
Township 18 South, Range 39 East, N.M.P.M.
Section 8: N/2

EMPIRE-PENNSYLVANIAN GAS POOL
Eddy County, New Mexico

Order No. R-391, Adopting Rules for the Empire-Pennsylvanian Gas Pool, Eddy County, New Mexico, November 25, 1953.

The Matter of the Application of Stanolind Oil and Gas Company for a Temporary Order Establishing Uniform 320-acre Spacing Pattern and 320-acre Proration Units in the Common Source of Supply Discovered in Stanolind's State 'AB', Well No. 1, NW/4 SE/4 Section 29, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico.

This Order submitted to Pool Board only

CASE NO. 601
Order No. R-391

TEMPORARY ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 o'clock a.m. on October 28, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 25th day of November, 1953, the Commission, a quorum being present, having considered the testimony adduced and exhibits received at said hearing, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(EMPIRE-PENNSYLVANIAN GAS POOL - Cont'd.)

(2) That a common source of supply of gas was discovered by the Stanolind Oil and Gas Company's No. 1, State 'AB', located 1980 feet from the South and East lines of Section 29, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico; the well being completed at a plugged-back depth of 10,170 feet through casing perforations 10,102 to 10,127 in a potential of 3 million cubic feet of gas per day.

(3) That geological and engineering data now available to the Commission indicate that one well will apparently drain 320 acres, and that this common source of supply should be developed on 320-acre proration units for a period of 18 months from date of entry of this order, or until five wells shall have been completed, whichever date is sooner.

(4) That the common source of supply discovered by the aforementioned well should be designated as the Empire-Pennsylvanian Gas Pool, and should cover the following described area in Eddy County, New Mexico:

Township 17 South, Range 28 East, NMPM
S/2 Section 19, S/2 Section 20,
S/2 Section 21, S/2 Section 22,
All Sections 27 through 34, incl.

Township 18 South, Range 28 East, NMPM
N/2 Section 3, N/2 Section 4,
N/2 Section 5, N/2 Section 6

(5) That certain rules should be adopted to adequately protect fresh water zones in the area, and the shallow oil-producing horizons now productive in the Empire, Red Lake and Artesia Pools.

(6) That operators in the pool should submit certain geological and engineering data upon completion of each well in the pool.

IT IS THEREFORE ORDERED:

That the application of Stanolind Oil and Gas Company be, and the same hereby is in part approved, as follows:

(1) That a new pool be, and the same hereby is created, designated for gas production, denominated the Empire-Pennsylvanian Pool, Eddy County, New Mexico, and described as follows:

Township 17 South, Range 28 East, NMPM
S/2 Section 19, S/2 Section 20,
S/2 Section 21, S/2 Section 22,
All Sections 27 through 34, incl.

Township 18 South, Range 28 East, NMPM
N/2 Section 3, N/2 Section 4,
N/2 Section 5, N/2 Section 6

(2) That effective on the date of this order, the following rules and regulations shall apply to wells hereafter drilled, completed or recompleted in the Empire-Pennsylvanian Gas Pool, defined herein, in addition to the Commission's applicable rules, regulations and orders heretofore or hereafter adopted to the extent not in conflict herewith:

**SPECIAL POOL RULES
EMPIRE-PENNSYLVANIAN GAS POOL**

SEC. A. No well shall be drilled or completed or recompleted, and no Notice of Intention to Drill or drilling permit shall be approved, unless,

(a) Such well be located on a designated drilling unit of not less than 320 acres of land, more or less, according to legal subdivision of the United States Land Surveys, in which unit all the interests are consolidated by pooling agreement or otherwise and on which no other well is completed, or approved for completion, in the pool;

(b) Such drilling unit be in the shape of a rectangle except for normal variations in legal subdivisions of the United States Land Surveys, the north half, south half, east half or west half of each section of land constituting a drilling unit;

(c) Such well shall be located 990 feet from the outer boundary of either the northwest or southeast quarter of the section, subject to variation of 200 feet for topographic conditions. Further tolerance shall be allowed by the Commission only in cases of extremely rough terrain, where compliance would necessarily increase drilling costs.

SEC. B. Proration Units: The proration unit shall consist of 320 acres or a legal United States Land Office Survey half-section, and the approximate 320 acre unit shall follow the usual legal subdivision of the General Land Office Section Surveys.

(a) The pooling of properties of parts thereof shall be permitted, and if not agreed upon may be required in any case when and to the extent that the smallness or shape of a separately owned tract would, under the enforcement of the uniform spacing plan of proration units, otherwise deprive or tend to deprive the owner of such tract of the opportunity to recover his just and equitable share of the natural gas in the pool; provided that the owner of any tract that is smaller than the drilling unit establishment for the field shall not be deprived of the right to drill on and produce from such tract if same can be done without waste; but in such case the allowable production from such tract, as compared with the allowable production therefrom if such tract were a full unit, shall be in the ratio of such tract to the area of a full unit of 320 acres.

SEC. C. Casing and Cementing Program

(a) Surface Pipe: The surface pipe shall be set through all shallow potable water-bearing beds, and a sufficient amount of cement shall be used to circulate the cement behind the pipe to the bottom of the cellar.

(b) Intermediate String: The intermediate string of casing shall be set through the shallow oil-producing beds in the area, and in no event shall be set higher than the top of the San Andres formation and a sufficient amount of cement used to circulate the cement to the base of the surface casing.

(c) Production String: The production string shall be set no higher than the top of the producing formation, and a sufficient amount of cement shall be used to circulate the cement to a point above the top of the Wolfcamp producing formation encountered in the area at an approximate depth of 7000 feet. An alternate cementing method may be employed using a two-stage tool, provided that the method is satisfactory to the District Oil and Gas Inspector.

SEC. D. Geological and Engineering Data

(a) Upon completion of each well within the defined limits of the Empire-Pennsylvanian Gas Pool, each operator shall submit to the District Office of the Commission at Artesia two copies of either an electric log or sample log showing thereon the estimated formation tops as encountered in the well. In the event that the producing formation is cored in the well and a core analysis made, two copies of this analysis shall also be submitted to the Commission.

PROVIDED, HOWEVER, That the above rules and regulations shall remain in full force and effect for a period of at least 18 months, or until five wells are drilled to the producing formation of the Empire-Pennsylvanian Pool.

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