

Determination of Acreage Factor
for the Smith Federal Gas Com Well No. 2

(1) Productive Acreage Method

Amount of acreage updip and west of a line drawn from the Smith Federal No. 1 in Section 1 to the Amoco Smith Federal Gas Com No. 1 in Section 12 to the dry hole in Unit D of Section 18, T-22-S, R-24-E:
= 352 acres or 0.55 of the section (352/640)

(2) Two Circle Method

The % difference in acreage lying outside the 640 acre unit for a 352-acre circle with its center at the proposed location and the same size circle with its center at the nearest regular location

$$\begin{aligned} &= 150/352 - 48/352 \\ &= .426 \quad - \quad .136 \\ &= .29 \end{aligned}$$

or 71 % of the drainage pattern will protect correlative rights

(3) Distance Ratio Method

The percentage distance from the lease line for the proposed unorthodox location compared to a regular location:

$$330/1650 = 0.20$$

Average of the above factors = 0.487