

(9) Texaco Exploration and Production Inc. ("Texaco") appeared and presented evidence specifically in opposition to the proposed unorthodox location 660 feet from the South line and 2310 feet from the East line (Lot 31/Unit W) of said Section 1. Texaco operates the standard 632.36-acre gas spacing and proration unit within the Canclaw Draw-Morrow Gas Pool immediately to the south of the proposed 297.88-acre unit which comprises all of Section 12, Township 21 South, Range 25 East, NMPM, Eddy County, New Mexico, which is currently dedicated to the:

(a) E. J. Lavers Federal "NCT-1" Well No. 1 (API No. 30-015-20683) located at a previously approved unorthodox gas well location [approved by Decretory Paragraph No. (6) of Division Order No. R-4157-D, dated June 21, 1971] 660 feet from the South line and 1980 feet from the West line (Lot 14/Unit N) of said Section 12; and,

(b) E. J. Lavers Federal "NCT-1" Well No. 2 (API No. 30-015-28644) located at a standard gas well location 2448 feet from the North line and 1980 feet from the West line (Lot 6/Unit F) of said Section 12.

(10) Section 1 of Township 21 South, Range 25 East, NMPM, Eddy County, New Mexico comprises a total area of 853.62 acres consisting of a row of six lots and/or quarter-quarter sections being a legal governmental subdivision therein [see Finding Paragraph No. (6) in Division Order No. R-10833, issued in Case Nos. 11716, 11717, 11739, 11740, 11741, and 11753 and dated May 22, 1997 for further reference on the subject of irregular sized and shaped sections]. A spacing and proration unit for either of the requested well locations that would be considered "standard" pursuant to the rules and regulations governing the Canclaw Draw-Morrow Gas Pool would need to incorporate the Lots 11, 12, 13, 14, 25, 26, 27, 28, 29, 30, 31, and 32 and the SW/4 of said Section 1. Even though this area comprises a total of 600.01 acres said area would satisfy the Division's requirements for the formation as near as possible of a standard sized and shaped drilling tract. Also, the oil and gas mineral rights underlying this 600.01-acre drilling tract is under the jurisdiction of the United States government. **HOWEVER**, the 302.13 acre area that comprises Lots 11, 12, 13, 14, 25, 26, 27, and 28 of said Section 1 is currently an unleased federal tract that is under additional wildlife restrictions that makes the leasing of this particular area from the U. S. Bureau of Land Management impossible at this time.

(11) From September, 1972 to February, 1993 the Barbara Fasken Avalon Federal Com. Well No. 1 (API No. 30-015-20306), located 3630 feet from the South line and 660 feet from the East line (Lot 28/Unit P) of said Section 1 produced 322,803 MCF of gas and 211 barrels of condensate from the Canclaw Draw-Morrow Gas Pool which was attributed to the aforementioned 600.01-acre unit. This well was plugged and abandoned in April, 1993.

(12) The formation of this 297.88-acre non-standard gas spacing and proration unit is

