

*Exhibit 3, 1965
O.P.*

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 3107
Order No. R-2779-A

APPLICATION OF TEXAS PACIFIC OIL
COMPANY FOR TEMPORARY SPECIAL POOL
RULES, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 6, 1965, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 13th day of October, 1965, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, 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 by Order No. R-2779, dated October 14, 1964, temporary Special Rules and Regulations were promulgated for the North Bagley-Middle Pennsylvanian Pool, Lea County, New Mexico.

(3) That pursuant to the provisions of Order No. R-2779, this case was reopened to allow the operators in the subject pool to appear and show cause why the North Bagley-Middle Pennsylvanian Pool should not be developed on 40-acre spacing units.

(4) That the evidence establishes that one well in the North Bagley-Middle Pennsylvanian Pool can efficiently and economically drain and develop 80 acres.

(5) That the Special Rules and Regulations promulgated by Order No. R-2779 have afforded and will afford to the owner of

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each property in the pool the opportunity to produce his just and equitable share of the oil in the pool.

(6) That to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, the Special Rules and Regulations promulgated by Order No. R-2779 should be continued in full force and effect until further order of the Commission.

IT IS THEREFORE ORDERED:

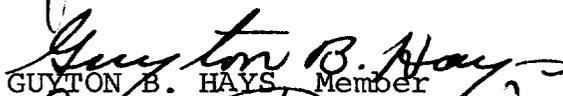
(1) That the Special Rules and Regulations governing the North Bagley-Middle Pennsylvanian Pool promulgated by Order No. R-2779 are hereby continued in full force and effect until further order of the Commission.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


JACK M. CAMPBELL, Chairman


GUYTON B. HAYS, Member


A. L. PORTER, Jr., Member & Secretary

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