

SPECIAL RULES AND REGULATIONS
FOR THE
ATOKA PENNSYLVANIAN GAS POOL

RULE 1. Any well drilled a distance of one mile or more outside the boundary of the Atoka Pennsylvanian Gas Pool shall be classified as a wildcat well. Any well drilled less than one mile outside the boundary of the Atoka Pennsylvanian Gas Pool shall be spaced, drilled, and operated in accordance with the Rules and Regulations in effect in said Atoka Pennsylvanian Gas Pool provided said well is projected to and/or completed in the Atoka Pennsylvanian Gas Pool.

RULE 2. (a) That each well drilled or recompleted in the Atoka Pennsylvanian Gas Pool shall be located in the northwest or southeast quarter section of a governmental section on a tract consisting of approximately 320 acres comprising any two contiguous quarter sections of a single governmental section, being a legal subdivision of the United States Public Lands Survey.

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 2(a) without notice and hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with.

1. The non-standard gas proration unit consists of contiguous quarter-quarter sections or lots

2. The non-standard proration unit lies wholly within a single governmental section.

3. The entire non-standard gas proration unit may reasonably be presumed to be productive of gas.

4. The length or width of the non-standard gas proration unit does not exceed 5280 feet.

5. That applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the section in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration unit.

6. In lieu of Paragraph 5 of this Rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered mail of his intent to form such non-standard gas proration unit. The Secretary of the Commission may approve the application, if, after a period of 30 days following the mailing of said notice, no operator has made objection to the formation of such non-standard gas proration unit.

RULE 3. (a) That no well shall hereafter be drilled to or recompleted in the Atoka Pennsylvanian Gas Pool nearer than 990 feet to a quarter section line of a governmental section; provided, however, that a variation of 200 feet for topographic conditions will be permissible.

(b) The Secretary-Director of the Commission shall have authority to grant exception to the requirements of Rule 3(a) without notice and hearing where a verified application therefor has been filed in due form and the necessity for the unorthodox location is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 5280-foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a list of names and addresses of all operators within such radius, together with a stipulation that proper notice has been given said operators at the addresses given. The Secretary-Director of the Commission shall wait at least 20 days before approving any such unorthodox locations, and shall approve such unorthodox location only in the absence of objection from any offset operators. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

RULE 4. Each gas purchaser in the Atoka Pennsylvanian Gas Pool shall take ratably from all wells producing from said common source of supply, apportioning its takes during any given calendar year among said wells on the basis of the acreage dedicated thereto.

RULE 5. The monthly gas production from each well in the Atoka Pennsylvanian Gas Pool shall be metered separately and the gas production and associated liquid hydrocarbon production therefrom shall be reported to the Commission in accordance with the applicable Commission Rules and Regulations.

RULE 6. Any well which was projected to or completed in the Atoka Pennsylvanian Gas Pool prior to the effective date of this order be and the same is hereby granted an exception to Rule 2(a) and Rule 3(a) of these Special Rules and Regulations.