

3. That applicant has made a study of all of the well logs, electrical logs, available core data, well pressures and other information, including the production history of the wells drilled and producing within the Allison and North Allison Pools, and from such study applicant believes that one well will efficiently and economically drain 80 acres.

4. That all of the wells completed within the Allison and North Allison Pools have been drilled in such a manner that 80 acres can be dedicated to each well and that the adoption of 80-acre spacing and proration units will prevent the economic loss caused by the drilling of unnecessary wells and will protect correlative rights, including those of royalty owners, and will avoid risks arising from the drilling of an excessive number of wells and will tend to promote the greatest ultimate recovery of oil and gas from said Pool in the most economical manner.

5. That the 80-acre spacing and proration units should consist of a unit containing 80 acres, more or less, consisting of two adjacent governmental quarter-quarter sections or lots within a single governmental section and constituting either the North half, South half, East half or the West half of such quarter section and that all wells should be located within 100 feet of the center of either component quarter-quarter section or lot of such spacing or proration units.

6. That each 80-acre spacing and proration unit, situated within said Pool as combined, for proration purposes, should be assigned an 80-acre proportional factor for a depth range between 9,000 feet and 10,000 feet as provided by Rule 505 of the New Mexico Oil Conservation Commission. In the event a proration unit contains less than 78 acres or more than 82 acres, its allowable should be in the proportion that the acreage contained in such unit bears to 80 and in no event should any proration unit contain more than two governmental quarter-quarter sections or lots.

3. That applicant has made a study of all of the well logs, electrical logs, available core data, well pressures and other information, including the production history of the wells drilled and producing within the Allison and North Allison Pools, and from such study applicant believes that one well will efficiently and economically drain more than 80 acres.

4. That all of the wells completed within the Allison and North Allison Pools have been drilled in such a manner that 80 acres can be dedicated to each well and that the adoption of 80-acre spacing and proration units will prevent the economic loss caused by the drilling of unnecessary wells and will protect correlative rights, including those of royalty owners, and will avoid risks arising from the drilling of an excessive number of wells and will tend to promote the greatest ultimate recovery of oil and gas from said Pool in the most economical manner.

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6. That each 80-acre spacing and proration unit, situated within said Pool as combined, for proration purposes, should be assigned an 80-acre proportional factor for a depth range between 9,000 feet and 10,000 feet as provided by Rule 505 of the New Mexico Oil Conservation Commission. In the event a proration unit contains less than 78 acres or more than 82 acres, its allowable should be in the proportion that the acreage contained in such unit bears to 80 and in no event should any proration unit contain more than two governmental quarter-quarter sections or lots.

7. That any well heretofore drilled or being drilled as of the effective date of the order establishing 80-acre spacing and proration units, not in conformity with the foregoing, should be granted an exception to such well location requirements.

8. That the horizontal limits of the combined Allison and North Allison (Pennsylvanian) Pools should be designated as follows:

Township 8 South, Range 36 East, N.M.P.M. (Roosevelt County)

Section 35: $E\frac{1}{2}$
Section 36: $W\frac{1}{2}$

Township 9 South, Range 36 East, N.M.P.M. (Lea County)

Section 1: $W\frac{1}{2}W\frac{1}{2}$
Section 2: $E\frac{1}{2}NW\frac{1}{4}$, $SW\frac{1}{4}$, $E\frac{1}{2}$
Section 10: $NE\frac{1}{4}$
Section 11: $N\frac{1}{2}$, $N\frac{1}{2}S\frac{1}{2}$

WHEREFORE, applicant prays that the Oil Conservation Commission, after due notice and hearing as provided by law and the rules and regulations of the Oil Conservation Commission, enter an order herein combining the Allison and North Allison (Pennsylvanian) Pools and designating the same as the Allison Pool and providing for 80-acre well spacing and proration units and promulgating special rules and regulations therefor.

Respectfully submitted,

THE ATLANTIC REFINING COMPANY

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