

SPECIAL RULES AND REGULATIONS
FOR THE FOWLER-BLINEBRY POOL

RULE 1

Each well completed or recompleted in the Fowler-Blinebry Pool or within the Blinebry formation within one mile of the Fowler-Blinebry Pool, and not nearer to or within the limits of another designated Blinebry Pool, shall be spaced, drilled, operated, and prorated in accordance with the Special Rules and Regulations hereinafter set forth.

BEFORE EXAMINER UTZ OIL CONSERVATION COMMISSION <i>PAN Am's</i> EXHIBIT NO. <u>7</u> CASE NO. <u>2742-2743-2744</u>

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RULE 2

Each well completed or recompleted in the Fowler-Blinebry Pool shall be located on a standard unit which consists of the N/2, S/2, E/2, or W/2 of a single governmental quarter section. For purposes of these rules, 79 through 81 contiguous surface acres shall be considered a standard unit; provided, however, that nothing contained herein shall be construed as prohibiting the drilling or recompleting of a well on each of the quarter-quarter sections in the 80-acre unit.

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RULE 3

Each well projected or completed in the Fowler-Blinebry Pool shall be located no nearer than 330 feet to outer boundary of the proration unit.

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RULE 3

Each well projected to or completed in the Fowler-Blinebry Pool shall be located within 150 feet of the center of either quarter-quarter section in the 80-acre unit. Any well which was drilling or completed in the Fowler-Blinebry Pool on the date of this order is granted an exception to the well location requirements of this rule. Also any well producing from a deeper formation on the date of this order is granted a similar exception when being recompleted into the Blinebry.

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RULE 4

For good cause shown, the Secretary-Director may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed in due form, and the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Lands Survey or when the application is for a non-standard unit comprising a single quarter-quarter section or lot and all operators offsetting the proposed non-standard unit have been notified of the application by registered or certified mail, and have given written consent in the form of waivers, or if, after a period of 30 days, no offset operator has entered an objection to the formation of such non-standard unit.

The allowable assigned to any such non-standard unit shall bear the same ratio to a standard allowable in the Fowler-Blinebry Pool as the acreage in such non-standard unit bears to 80 acres.

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RULE 5

A standard proration unit in the Fowler-Blinebry Pool shall be assigned an 80-acre proportional factor of 2.33 for allowable purposes, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from said wells in any proportion.