

- (2) Wisner is also the operator of the Grayburg-Jackson Skelly Unit Waterflood Project Area, established by Division Order No. R-2900, as amended by Order Nos. R-3214 and R-4419. Said Skelly (Federal) Unit Area and corresponding Grayburg-Jackson Skelly Unit Waterflood Project Area comprise the following described 4,160-acre, more or less, area in Eddy County, New Mexico:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Sections 14 and 15:	All
Sections 21 through 23:	All
Section 26:	N/2 NW/4
Section 27:	N/2
Section 28:	N/2, SW/4, and N/2 SE/4;

- (3) Hudson is the operator of the Puckett "A/B" Lease Waterflood Project, established by Division Order No. R-2239. The Puckett "A" and "B" leases and corresponding waterflood project area comprise the following described acreage in Eddy County, New Mexico:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 13:	SE/4 SW/4 and S/2 SE/4
Section 24:	N/2, N/2 SW/4, SE/4 SW/4, and SE/4
Section 25:	N/2 NE/4 and NE/4 NW/4;

- (4) The Grayburg-Jackson Pool within these three projects are subject to the statewide rules and regulations for oil wells, as promulgated by Division **Rules 104.B (1) and F (1)**, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, which provides for 40-acre oil spacing and proration units and requires wells to be located no closer than 330 feet to the outer boundary of the lease or unitized area (pressure maintenance/waterflood project area), nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary;
- (5) The above-described five proposed wells will serve to benefit each waterflood project by allowing for the completion of an efficient and effective production/injection pattern within this portion of the pool along these common boundary lines;
- (6) Both Wisner and Hudson have entered into a cooperative lease/Unit line development and infill drilling agreement along the section line common to Sections 23, 24, 25, and 26, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico, in order to complete an efficient and effective production/injection pattern along this common boundary line;