

(8) In June/July, 2002, Mewbourne drilled its Fren "8" Federal Com Well No. 3 (API No. 30-015-32313) at an unorthodox gas well location 2276 feet from the North line and 1471 feet from the East line (Unit G) of Section 8, to test the Atoka formation. The well was drilled to a total depth of approximately 11,342 feet. In August, 2002 the well was completed in the Strawn formation through the perforated interval from 10,462 feet to 10,942 feet.

(9) The applicant presented geologic and engineering evidence that demonstrate that:

- (a) the Fren "8" Federal Com Wells No. 2 and 3 are producing from a thick carbonate buildup in the Strawn interval that averages approximately 505 feet thick. This carbonate buildup appears to be limited to a small area that is contained within Section 8 and a portion of Section 5;
- (b) this carbonate section is separate and distinct from the carbonate sections present within the Cedar Lake-Strawn, North Cedar Lake-Strawn, and Cedar Lake Reef-Strawn Pools;
- (c) the porosity within the Fren "8" Federal Com Well No. 2 appears to be better than the porosity found within the EOG Resources, Inc. Oak Lake "25" Federal Well No. 1, located in Unit D of Section 25, Township 17 South, Range 30 East, NMPM, being the discovery well for the Cedar Lake Reef-Strawn Pool; and
- (d) bottomhole pressure data provides additional evidence to demonstrate separation between Mewbourne's wells in Section 8 and the other Strawn producing wells located in the Cedar Lake-Strawn, North Cedar Lake-Strawn and Cedar Lake Reef-Strawn Pools.

(10) The geologic evidence presented by Mewbourne demonstrates that the Fren "8" Federal Com Wells No. 2 and 3 have discovered a new common source of supply in the Strawn formation.