

RULE 6: There shall be no more than one producing oil well for each 160-acre oil spacing and proration unit.

IT IS FURTHER ORDERED THAT:

(3) The location of any well presently drilling to or completed in the East Penasco Draw-Upper Pennsylvanian Pool or in the Cisco/Canyon formations within one mile thereof is hereby approved. The operator of any well having an unorthodox location shall notify the Division's Artesia District Office in writing of the name and location of the well within 20 days from the date of this order.

(4) Existing oil wells in the East Penasco Draw-Upper Pennsylvanian Pool shall have dedicated thereto 160 acres in accordance with the foregoing pool rules; or, existing oil wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

Failure to file new Forms C-102 with the Division dedicating 160 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to cancellation of allowable.

(5) Unless called earlier by the motion of the Division, this case shall be reopened at an examiner hearing in September, 2003, at which time the operator(s) in the subject pool should be prepared to appear and show cause why the temporary special pool rules for the East Penasco Draw-Upper Pennsylvanian Pool should not be rescinded and the pool not be developed on statewide 40-acre spacing.

(6) The OXY Engelbert Well No. 1 (**API No. 30-015-31845**), located at a standard oil well location 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 15, Township 18 South, Range 25 East, NMPM, Eddy County, New Mexico, is hereby assigned an oil discovery allowable of 35,790 barrels, to be produced within 730 days of the effective date of this order and in accordance with the provisions of Division Rule 509.

(7) The effective date of this order shall be made retroactive to September 1, 2001.

(8) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.