

(8) Based upon data from the well, OXY presented petroleum engineering evidence demonstrating that:

- (a) the pool is a solution-gas drive reservoir with no water drive, and no primary or secondary gas cap;
- (b) production step-rate tests on the discovery well demonstrate that wells can be produced at rates up to 408 barrels of oil per day with little effect on the producing GOR, which is consistently below 2,000 cubic feet of gas per barrel of oil;
- (c) a pressure build-up test demonstrates that the permeability is approximately 8.99-millidarcies, which creates the opportunity for drainage of a single 160-acre spacing unit by one well;
- (d) the natural fracturing found in this reservoir creates the opportunity for drainage of 160 acres by a single wellbore;
- (e) there is an estimated 43,215 barrels of oil to be recovered within the SE/4 of Section 15, which will economically support the drilling of only one well per 160-acre spacing unit; and
- (f) analysis demonstrates that it is not economic to drill wells on less than 160-acre spacing.

(9) OXY's evidence indicates that 160-acre oil spacing and proration units and the proposed well density limit of no more than one well per unit:

- (a) will prevent the drilling of unnecessary wells and will protect correlative rights and provide for the orderly development of the reservoir;
- (b) will expedite the orderly development of the pool by the drilling of the fewest necessary wells to define the probable limits of the pool; and