

percent, or, 100 percent plus 33 percent plus 25.5 percent divided by three equals 53 percent.

(15) That in the absence of any special rules and regulations for the prorationing of production from the subject well, the aforesaid production limitation factor should be applied against the well's ability to produce into the pipe line as determined by periodic tests.

(16) That in order to avoid premature abandonment and subsequent loss of recoverable reserves, provision should be made for a reasonable minimum allowable for the subject well, and 500,000 cubic feet of gas per day is a reasonable figure for a minimum allowable.

(17) That approval to drill the proposed well at the unorthodox location described in Finding No. (2) above, subject to the Production Limitation Factor described in Finding No. (14) above, will not impair but will protect correlative rights, will not cause waste, and should be given.

IT IS THEREFORE ORDERED:

(1) That the applicant, William B. Barnhill, is hereby authorized to drill a well to test the Permo-Penn, Strawn, Atoka and Morrow formations at a point 660 feet from the South line and 660 feet from the West line of Section 35, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico, subject to a Production Limitation Factor of 0.53 applicable as described below.

(2) That in the absence of any Special Rules and Regulations prorating production from the subject well, the following Special Rules and Regulations for a non-prorated gas well shall apply, if the well is drilled at the location described in Paragraph (1) above.

SPECIAL RULES AND REGULATIONS  
FOR THE  
APPLICATION OF A "PRODUCTION LIMITATION FACTOR"  
TO A NON-PRORATED GAS WELL

APPLICATION OF RULES

RULE 1. These rules shall apply to the William B. Barnhill Morrow formation gas well located 660 feet from the South line and 660 feet from the West line of Section 35, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico, which well's Production Limitation Factor of 0.53 shall be applied to the well's deliverability (as determined by the hereinafter set

forth procedure) to determine its maximum allowable rate of production.

#### ALLOWABLE PERIOD

RULE 2. The allowable period for the subject well shall be six months.

RULE 3. The year shall be divided into two allowable periods commencing at 7:00 o'clock a.m. on January 1 and July 1.

#### DETERMINATION OF DELIVERY CAPACITY

RULE 4. Immediately upon connection of the well the operator shall determine the open flow capacity of the well in accordance with the Division "Manual for Back-Pressure Testing of Natural Gas Wells" then current, and the well's initial deliverability shall be calculated against average pipeline pressure in the manner described in the last paragraph on Page I-6 of said test manual.

RULE 5. The well's "subsequent deliverability" shall be determined twice a year, and shall be equal to its highest single day's production during the months of April and May or October and November, whichever is applicable. Said subsequent deliverability, certified by the pipeline, shall be submitted to the appropriate District Office of the Division not later than June 15 and December 15 of each year.

RULE 6. The Division Director may authorize special deliverability tests to be conducted upon a showing that the well has been worked over or that the subsequent deliverability determined under Rule 5 above is erroneous. Any such special test shall be conducted in accordance with Rule 4 above.

RULE 7. The operator shall notify the appropriate district office of the Division and all offset operators of the date and time of initial or special deliverability tests in order that the Division or any such operator may at their option witness such tests.

#### CALCULATION AND ASSIGNMENT OF ALLOWABLES

RULE 8. The well's allowable shall commence upon the date of connection to a pipeline and when the operator has complied with all appropriate filing requirements of the Rules and Regulations and any special rules and regulations.