

(7) The applicant presented geologic evidence that demonstrates:

- (a) the producing intervals of the Morrow formation in this area are divided into three zones, the "A," "B," and "C" sands (upper, middle, and lower, respectively);
- (b) all three intervals are present within the Lusk-Morrow Gas Pool boundary, however, there is no predominate producing interval;
- (c) the "A" and "B" sands in this area are deposited in a continuous manner while the "C" sand is lenticular and channel-like; and
- (d) even though all three sands can be correlated across the reservoir, the quality and sand thickness in each varies considerably.

(8) From Marbob's infill project in Section 19, Township 19 South, Range 32 East, NMPM, Lea County, New Mexico, which was the result of Division Order No. R-2373-C, as amended, the applicant presented engineering evidence demonstrating that one well per 640 acres is insufficient to adequately deplete the remaining gas reserves underlying this pool.

(9) Further, the geologic and engineering evidence presented demonstrates that approval of infill drilling within the Lusk-Morrow Gas Pool will provide the operators in the pool the opportunity to recover additional gas reserves, which may otherwise not be recovered by the existing wells, thereby preventing waste.

(10) The applicant's proposal to allow up to four wells per section is supported by its geologic and engineering evidence, and is consistent with current Division rules governing Morrow gas development in southeast New Mexico. However, certain provisions should be included in these proposed rule changes in order to ensure consistency with the rules currently governing deep gas pools in southeast New Mexico on 320-acre spacing.

(11) The proposed well setback requirements will allow for greater flexibility in locating infill gas wells.