

623 feet from the East line of Section 30, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico, and also to bottom same well at an unorthodox gas well location at the base of the Burton Flat-Morrow Gas Pool within 25 feet of a point 660 feet from the North line and 685 feet from the East line of said Section 30.

(4) That the N/2 of said Section 30 is a standard 320-acre gas proration and spacing unit for all gas producing formations between the top of the Wolfcamp formation to the base of the Morrow formation.

(5) That Cities Service Oil & Gas Corporation appeared at the hearing as an offset operator and an interested party.

(6) That said surface location of the proposed well, as described in Finding No. (2) above, is situated on the TXO Production Corporation's Challenger Rayroux Well No. 1 location pad and that the directional drilling of the subject well is necessitated by the presence of houses located in La Huerta Subdivision, Carlsbad, New Mexico, which in part covers most of the surface of said proration unit.

(7) That to minimize surface damage caused by the placement of a drilling pad within said proration unit, the directional drilling portion of this application should be approved.

(8) That the applicant should be required to determine the subsurface location of the kick-off point on said well prior to directional drilling, and to determine the subsurface location of the bottom of the hole by means of a continuous multi-shot directional survey conducted subsequent to said directional drilling, if said well is to be completed as a producing well.

(9) That the applicant has the right to drill and proposes to directionally drill a well to an unorthodox location in the Wolfcamp and Morrow formations as described in Finding No. (3) above.

(10) That there are interest owners in the proposed proration unit who have not agreed to pool their interests.

(11) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share