

(16) The Mewbourne location should be penalized, however, so as not to gain an unfair competitive advantage in the future. Said penalty should ignore acreage considerations because the Carlaw Draw-Morrow Gas Pool has effectively been developed on 320 acres. Said penalty should be based upon a variance from the standard pool rules set back being:

$$\frac{\text{North-South Variance}}{\text{North-South Standard}} = \text{Variance Factor}$$

$$\text{Variance Factor} = \frac{1650 - 660}{1650} = 0.60 = 60\%$$

The allowable should therefore be 40% of the productive capability of the well as determined by well tests into the pipeline. Said allowable should not be less than 1 million cubic feet of gas per day, which is herein defined as the economic limit imposed on said well.

(17) In the event Mewbourne does not drill its location, Fasken should be given the opportunity to drill its location.

(18) The Commission finds that it is not necessary to grant Texaco's request for an exception to the Carlaw Draw-Morrow Gas Pool Rules, because Texaco is not in violation of those rules for the following reasons:

(a) The Commission has the authority to adopt rules and regulations and to issue orders and to interpret those orders and rules. In addition, the Commission has continuing jurisdiction over all of its orders and rules.

(b) On August 26, 1981, the Division issued Order No. R-4157-D which rescinded Orders R-4157, R-4157-A, R-4157-B and R-4157-C and adopted rules for this pool including:

Rule 5(A): 640-acre gas spacing units.

Rule 2(A): Initial well to be drilled not closer than 1650 feet to the outer boundary.

Rule 2(B): Authorizing the drilling of a second well in a 640-acre spacing unit provided that well also was not closer than 1650 feet to the outer boundary. (See "third well").