

(9) Section 1 is comprised of 863.62 acres. The middle one-third of the section is federal land which is unleased due to a federal environmental wildlife study and cannot be included in the well unit. As a result, approval of the non-standard gas spacing and proration unit is proper and necessary to prevent waste, and should be approved.

(10) All working interest owners in the S/2 of Section 1 are subject to an A.A.P.L. Model Form Operating Agreement - 1956, dated April 1, 1970 ("Operating Agreement"). Mewbourne is the largest working interest owner in the S/2 of Section 1 containing 297.88 acres. Summary of unit ownership is as follows:

Mewbourne Oil Company	43.29470%
Fasken Land and Minerals, Ltd.	30.95951%
Matador Petroleum Corporation	17.93116%
Devon Energy Corporation	<u>7.81463%</u>
	100.00000%

(11) Mewbourne presented geologic and engineering evidence which showed that:

- (a) The primary objective of both the Fasken and Mewbourne proposed locations in Section 1 is the Morrow Zone.
- (b) The primary Morrow Zone is the Middle Morrow, the main producing zone in Texaco's Levers Well No. 2. A net isopach of the Middle Morrow pay sand trends in a north/northeast south/southwest direction.
- (c) Mewbourne's proposed location is located within the same producing pod as the Texaco Levers Well No. 2.
- (d) Although there is evidence of faulting in the Morrow, it does not adversely affect Middle Morrow gas production.
- (e) Development of the pool occurred primarily in the early 1970's and early 1980's. The Texaco Levers Well No. 2, in Unit F of Section 12, was completed on January 13, 1996, and has produced 7.3 billion cubic feet of gas from the Middle Morrow at rates averaging 4 million cubic feet of gas per day.
- (f) There is no commercial Morrow production in the Catchlaw Draw-Morrow Gas Pool north of Texaco's Levers Well No. 2.