

R. W. Byram &amp; Co., - Oct., 1996

## SECTION II

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## (INDIAN BASIN-MORROW GAS (ORDER NOS. R-8170-O-1/R-2441-B) FIELD - Cont'd.)

## FURTHER:

(3) For reasons of clarification all previous and current rules and regulations governing the Indian Basin-Morrow Gas pool in Division Order Nos. R-2441, R-2441-A, R-1650, as amended, and R-8170, as amended, shall be superseded by this order and a new set of procedures entitled "Special Rules and Regulations for the Indian Basin-Morrow Gas Pool" shall be recodified at this time to take the place of any and all previous sets of pool rules.

(4) The following set of rules and regulations for the Indian Basin-Morrow Gas Pool are hereby reestablished as follows:

**SPECIAL RULES AND REGULATIONS  
FOR THE  
INDIAN BASIN-MORROW GAS POOL**

**RULE 1.** Confinement of the special rules governing the Indian Basin-Morrow Gas Pool shall apply only to such lands as shall from time to time lie within the horizontal limits of said pool and each well completed in or recompleted within said pool shall be spaced, drilled, operated, and produced in accordance with the Special Rules hereinafter set forth;

**RULE 2.** Each well shall be located on a standard unit containing 640 acres, more or less, substantially in the form of a square, which is a governmental section being a legal subdivision of the United States Public Lands Survey.

**RULE 3.** The supervisor of the Artesia District Office of the Division shall have authority to approve non-standard units without notice when the unorthodox size or shape is due to a variation in the legal subdivision of the United States Public Lands Survey and consists of an entire governmental section and the non-standard unit is no less than 75% nor more than 125% of a standard unit;

**RULE 4.** The Director of the Oil Conservation Division, hereinafter referred to as the "Division" may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit consisting of less than 640 acres and when the following facts exist and the following provisions are complied with:

(a) the non-standard unit consists of quarter-quarter sections and/or lots that are contiguous by a common bordering side;

(b) the non-standard unit lies wholly within a single governmental section;

(c) the applicant presents written consent in the form of waivers from;

(I) all offset operators to the section in which the non-standard gas unit is located; and,

(II) from all working interest owners in the section in which the non-standard unit is situated and which acreage is not included in the non-standard unit;

(d) in lieu of sub-part (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid parties to be notified were notified by registered or certified mail of his intent to form such non-standard unit, the

Division Director may approve the application if no such notified party has entered an objection to the formation of such non-standard unit within 30 days after the Division Director has received the application;

**RULE 5(a).** The initial well within a spacing unit shall be located no closer than 660 feet to the outer boundary of the proration unit nor closer 330 feet to any governmental quarter-quarter section line or subdivision inner boundary;

**RULE 5(b).** The infill well or second well within a spacing unit shall be located in a quarter section of the existing spacing unit not containing a Morrow gas well and shall be located with respect to the spacing unit boundaries as described in the preceding sub-paragraph above;

**RULE 6.** The Division Director may grant an exception to the requirements of Rule 5 without hearing when an application has been filed for an unorthodox location necessitated by topographical conditions. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Director has received the application;

(5) Any other wells presently drilling to or completed in the Indian Basin-Morrow Gas Pool are hereby approved; the operator of any well having an unorthodox location shall notify the Artesia District Office of the Division in writing of the name and location of the well within 30 days from the date of this order.

(4) Pursuant to Paragraph A of Section 70-2-18 NMSA (1978), existing gas wells in the Indian Basin-Morrow Gas Pool shall have dedicated thereto 640 acres in accordance with the foregoing pool rules, or, pursuant to Paragraph C of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

Failure to file new Forms C-102 with the Division dedicating 640 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to being shut-in.

## IT IS FURTHER ORDERED THAT:

(6) A buffer zone extending one-half mile beyond the Indian Basin-Morrow Gas Pool boundary whereby a Morrow gas well developed on 320-acre spacing can be drilled on a standard 320-acre gas spacing and proration unit that is:

(a) no closer than 660 feet to the nearest side boundary (as defined above) of the 320 acres therein dedicated to said well;

(b) nor closer than 660 feet from the nearest end boundary (as defined above) of said dedicated tract;

(c) nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary.

(7) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.