

the West line of Section 31.

(10) The proposed subsurface location for the Sweet Thing Federal Unit Well No. 2 will serve to: (i) position this wellbore in Section 31 at a more favorable geologic position within the Undesignated Little Box Canyon-Morrow Gas Pool than a well drilled at a standard location within this 233.79-acre spacing unit; and (ii) offset any possible drainage of reserves in Section 31 from the offsetting well in Section 36.

(11) The applicable drilling window or "producing area" for those zones above the Morrow formation included in this application should include that area that is:

(a) no closer than 660 feet to the north and south boundaries of this unit;

(b) no closer than 1650 feet to the East line of Section 31; and

(c) no closer than 435 feet to the West line of Section 31.

(12) No offset and/or interested party objected to this application.

(13) Approval of this application will afford the applicant the opportunity to produce its just and equitable share of Morrow gas underlying Section 31, will prevent the economic loss caused by the drilling of unnecessary wells, exhibits sound engineering practices by utilizing an existing wellbore, is in the best interest of conservation and will otherwise prevent waste and protect correlative rights.

(14) The applicant should be required to determine the subsurface location of the kick-off point of the Sweet Thing Federal Unit Well No. 2 prior to directional drilling and should subsequently be required to conduct an accurate wellbore survey during or upon completion of drilling operations from the kick-off point to total depth to determine its true depth and course.

(15) The applicant should be required to notify the supervisor of the Division's Artesia District Office of the date and time the directional surveys are to be conducted so that they may be witnessed. The applicant should further be required to provide a copy of the directional surveys to the Division's offices in Santa Fe and Artesia upon completion.

IT IS THEREFORE ORDERED THAT:

(1) The application of Stevens & Tull, Inc. for a non-standard subsurface gas well location/producing area for any and all formations and/or pools developed on 320-acre spacing from the top of the Wolfcamp formation to the base of the Morrow formation, which presently include the Undesignated Indian Loafer Draw-Upper Pennsylvanian Gas Pool, Undesignated Little Box Canyon-Strawn Gas Pool, Undesignated Little Box Canyon-Atoka Gas Pool, and Undesignated Little Box Canyon-Morrow Gas Pool, for its proposed Sweet Thing Federal Unit Well No. 2 (API No. 30-015-30338) to be drilled from a surface location 660 feet from the North and West lines (Lot 5/Unit M) of irregular Section 31, Township 20-1/2 South, Range 22 East, NMPM, Eddy County, New Mexico, is hereby approved.

(2) The 233.79 acres comprising all of Section 31 is to be dedicated to this well to form a non-standard 233.79-acre gas spacing and proration unit.

(3) The target window for this well in the Morrow formation is to be a rectangular area 50 feet wide and 200 feet long in Section 31 that is: (i) no closer than 660 feet to, nor further than 860 feet from, the North line; and (ii) no closer than 435 feet to, nor further than 485 feet from, the West line.

(4) The applicable drilling window or "producing area" for those zones above the Morrow formation included in this application shall include that area that is:

(a) no closer than 660 feet to the north and south boundaries of this unit;

(b) no closer than 1650 feet to the East line of Section 31; and

(c) no closer than 435 feet to the West line of Section 31.

(5) Prior to commencing directional drilling operations, the operator shall establish the location of the kick-off point by means of a directional survey acceptable to the Division.

PROVIDED HOWEVER THAT during or upon completion of the directional drilling operations, the applicant shall conduct an accurate wellbore survey from the kick-off point to total depth in order that the subsurface bottomhole location, as well as the wellbore's true depth and course, may be determined.