

TOWNSHIP 22 SOUTH, RANGE 23 EAST, NMPM

Section 1:	W/2
Sections 2 through 5:	All
Sections 8 through 11:	All
Section 12:	W/2
Section 13:	W/2
Sections 14 through 17:	All
Section 21:	N/2
Section 22:	All;

(3) The Indian Basin-Upper Pennsylvanian Gas Pool is a prorated gas pool currently governed by the "*General Rules for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Gas Pool*," as promulgated by Division Order No. R-8170, as amended, which require standard 640-acre gas spacing and proration units ("GPU") with wells to be located no closer than 1650 feet from the outer boundary of the GPU nor closer than 330 feet from any governmental quarter-quarter section line or subdivision inner boundary;

(4) By Order No. R-9922-D, issued in Case No. 12006 dated December 7, 1998, the Division authorized in part: (i) the formation of a non-standard 320-acre gas spacing and proration unit in the Indian Basin-Upper Pennsylvanian Gas Pool comprising the W/2 of Section 33; and (ii) the unorthodox location of Kerr-McGee's existing Lowe State Gas Com. Well No. 1 (**API No. 30-015-10342**), located 1995 feet from the North line and 1712 feet from the West line (Unit F) of Section 33, being the well which is dedicated to this non-standard 320-acre unit

(6) The subject application for Kerr-McGee's proposed Lowe State Well No. 5 has been duly filed under the provisions of Division Rule 104.F; and

(7) Under the provisions of: (i) **RULE 2(d)** of the "*General Rules for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Gas Pool*," as promulgated by Division Order No. R-8170, as amended, and Division **RULE 104.F(2)**, the subject application for the above-described unorthodox infill gas well location for Kerr-McGee's proposed Lowe State Well No. 5 should therefore be approved.

It Is Therefore Ordered That:

(1) Kerr-McGee Oil & Gas Company ("Kerr-McGee") is hereby authorized to drill its Lowe State Well No. 5 at an unorthodox infill gas well location in the Indian Basin-Upper Pennsylvanian Gas Pool 1650 feet from the South line and 2540 feet from the West line (Unit K) of Section 36, Township 21 South, Range 23 East, NMPM, Eddy County, New Mexico.