

- (d) the drainage areas for wells within the McMillan-Morrow Gas Pool varies considerably and is generally less than 220 acres; and
- (e) there are currently only three wells producing from the McMillan-Morrow Gas Pool: the Atasca Resources Inc. State "19" Com Well No. 1, located in Unit F of Section 19, Township 20 South, Range 27 East; the Yates Drilling Company Pecos River Deep Unit Well No. 3, located in Unit H of Section 13, Township 20 South, Range 26 East; and Pogo's recently completed Davis "7" Well No. 1, located in (Lot 4/Unit M) of Section 7.

(9) Heyco testified it provided notice of its proposed non-standard gas proration unit and unorthodox gas well location to all affected parties.

(10) Pogo Producing Company, an affected party, appeared at the hearing in support of Heyco's application.

(11) No other affected party appeared at the hearing or objected to this application.

(12) Approval of the proposed non-standard gas proration unit and unorthodox gas well location will provide Heyco the opportunity to recover the remaining gas reserves in the McMillan-Morrow Gas Pool within the N/2 of Section 7, thereby preventing waste, and will not violate correlative rights.

**IT IS THEREFORE ORDERED THAT:**

(1) The applicant, Harvey E. Yates Company, is hereby granted an exception to the well location and spacing requirements provided within the "*Special Rules and Regulations for the McMillan-Morrow Gas Pool*" for: (i) the formation of a non-standard 318.22-acre gas spacing and proration unit comprising Lots 1 and 2, the E/2 NW/4 and the NE/4 (N/2 equivalent) of Section 7, Township 20 South, Range 27 East, NMPM, Eddy County, New Mexico; and (ii) the dedication of this unit to its proposed Turner Federal "7" Deep Well No. 1 to be drilled at an unorthodox gas well location 1980 feet from the North line and 660 feet from the West line (Lot 2/Unit E) of Section 7.

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