

Morrow "A" Sand is not present within the Sweet Thing Federal Unit No. 2;

- d) in order to access the Morrow "A" sand, it is necessary to drill an additional well within the W/2 of this spacing unit; and
- e) at least two offset wells, the Arco (BP) Little Box State No. 5, located in Section 36, Township 20 South, Range 22 East, NMPM, and the Arco (BP) Sweet Thing Federal Unit No. 1, located in Section 6, Township 21 South, Range 22 East, NMPM, currently produce from the Morrow "A" Sand.

(7) The applicant proposes to produce the Morrow "B" Sand only within the Sweet Thing Federal Unit No. 2, and produce the Morrow "A" Sand only within the proposed Sweet Thing Federal Unit No. 5.

(8) The applicant testified that with the exception of the Sweet Thing Federal Unit Nos. 1 and 5, no additional wells will be drilled within Section 31 to access the Morrow formation.

(9) The applicant provided notice of its application to all offset operators and all working interest owners within those offset spacing units operated by Arco (BP).

(10) No offset operator or interest owner appeared at the hearing in opposition to the application.

(11) Approval of the subject application will provide the applicant the opportunity to recover the gas reserves from the Morrow "A" Sand underlying the subject gas proration unit, thereby preventing waste, will allow the applicant to protect its acreage from offset drainage that may be occurring within the Morrow "A" Sand interval, and will not violate correlative rights.

**IT IS THEREFORE ORDERED THAT:**

(1) The applicant, Arco (BP), is hereby authorized to simultaneously dedicate the following-described wells to an existing 233.79-acre non-standard gas proration unit in the Morrow formation, Undesignated Little Box Canyon-Morrow Gas Pool, comprised of Irregular Section 31, Township 20.5 South, Range 22 East, NMPM, Eddy County, New Mexico: