

quantities in that acreage. Marbob's interpretation of the structure of the Morrow formation underlying the acreage to be dedicated to the subject well indicates the proposed location is not geologically inferior to a location within the standard window in the S/2 of Section 23.

- (c) Marbob presented evidence establishing that directionally drilling this well from the proposed unorthodox surface location to a standard bottom hole location would increase the cost of drilling the well by approximately \$100,000.00. If Marbob did not drill the well, the hydrocarbons underlying the subject location will be wasted.
- (d) Although Marbob's primary objective for the subject well is the Morrow formation and Marbob does not plan to encounter or produce oil from a shallow formation from the subject well, the proposed well location is a standard location for an oil well on 40-acre spacing.

(10) As to the surface features necessitating the well location exception sought in this case, the Division notes that Marbob conducted extensive negotiations with representatives of several divisions of the BLM in an attempt to locate the subject well within the standard window for well locations under Division Rule 104. Several meetings with BLM representatives were conducted on the acreage to be dedicated to the well. Because of the increased flexibility in well location requirements provided by the August 31, 1999 amendments to Division Rule 104, the Division will only grant exceptions to its well location requirements that are supported by "substantial justification, *i.e.*, unusual circumstances." (Division Notice dated October 25, 1999). The Division strongly encourages the BLM and operators to examine all possible locations within a standard window before concluding that the only acceptable location is a location requiring an exception to Division Rule 104.

(11) Approval of this application will afford the applicant the opportunity to produce its just and equitable share of the gas in the affected pool, will result in the recovery of hydrocarbons that would otherwise be left in the ground and wasted, and will otherwise be in the best interest of conservation and the protection of correlative rights.