

injection wells. Allowables for all wells shall be determined in a manner hereinafter prescribed.

RULE 3. Allowables for injection wells may be transferred to producing wells within the project area, as may the allowables for producing wells which, in the interest of more efficient operation of the Project, are shut-in or curtailed because of high gas-oil ratio or are shut-in for any of the following reasons: Pressure regulation, control of pattern or sweep efficiencies, or to observe changes in pressures or changes in characteristics of reservoir liquids or progress of sweep.

RULE 4. The allowable assigned to any injection well or any well which is shut-in or is curtailed in accordance with the provisions of Rule 3, which allowable is to be transferred to any well or wells in the project area for production shall in no event be greater than its ability to produce during the test prescribed by Rule 5, below, or greater than the current top unit allowable for the pool during the month of transfer, multiplied by the well's acreage factor, whichever is less.

RULE 5. The allowable assigned to any well which is used for the purpose of injection, or which is shut-in or curtailed in accordance with Rule 3, shall be determined by a 24-hour test at a stabilized rate of production, which shall be the final 24-hour period of a 72-hour test throughout which the well shall be produced in the same manner and at constant rate. The daily tolerance limitation set forth in Commission Rule 502 I (a) and the limiting gas-oil ratio (2000 to 1) for the Bisti-Lower Gallup Oil Pool shall be waived during such tests. The project operator shall notify all operators offsetting the proposed injection well, as well as the Commission, of the exact time such tests are to be conducted. Tests may be witnessed by representatives of the offsetting operators and the Commission, if they so desire. In the event a well is drilled and placed on injection prior to establishing its ability to produce, the allowable for said well shall be determined by the arithmetic average for the producing abilities of the offsetting producing wells at the time said well is placed on injection.

RULE 6. The allowable assigned to each producing well in the Project shall be equal to the well's ability to produce or to top unit allowable for the Bisti-Lower Gallup Oil Pool, whichever is less. Each such producing well shall be subject to the limiting gas-oil ratio (2,000 to 1) for the Bisti-Lower Gallup Oil Pool, except that any well or wells within the project area producing with a gas-ratio in excess of 2,000 cubic feet of gas per barrel of oil may be produced on a "net" gas-oil ratio basis, which net gas-oil ratio shall be determined by applying credit for daily average gas injected into the Bisti-Lower Gallup Oil Pool within the project area