

NSL 12/15/97

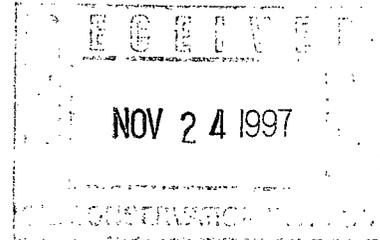


Chevron

November 20, 1997

Chevron U.S.A. Production Company
P.O. Box 1150
Midland, TX 79702

Administrative Application For
Unorthodox Gas Well Location
Chevron USA Production Co.
H. T. Orcutt NCT-E #2
660' FNL and 330' FWL
Section 2, T-20-S, R-37-E
Skaggs Abo Pool
Lea County, New Mexico



State of New Mexico
Energy, Minerals & Natural Resources Dept.
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87504

Texaco
NSL-OIL.N
32

Attn.: Mr. William J. LeMay -- Director

Gentlemen:

Chevron U.S.A. respectfully requests your approval of this administrative application for the subject unorthodox well location in the Skaggs Abo Pool.

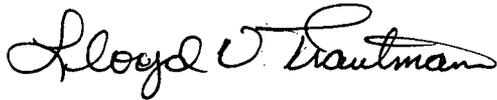
The proposed location is standard for a Tubb or Drinkard oil well. The primary targets for well #2 are the Tubb zone (Monument Field) and the Drinkard zone (Skaggs Drinkard Field). The current proposed location is desirable because the Tubb will be as structurally high as possible, giving the Tubb and/or Drinkard the best opportunity for success.

The proposed location is an unorthodox location for the Skaggs Abo Gas Pool. The Abo is risky because none of the offsets in Section 3 are completed in the Abo formation, therefore the Abo is a secondary target. The State #1 A and #2 H were TD'd by ME-TEX in the Abo, but were not completed in the Abo. The State #2 H well location is 560' FNL and 990' FEL in Section 3, T20S, R37E. Conoco's #5 State A2-A well is located 330' FSL and 330' FEL which tested the Abo and had an IPF of 248 mcfpd and 20 bwpd. Due to a lack of well control information, an Abo structure map can not be accurately constructed. The Abo should

approximate the Tubb structure and again provide a more desirable location at the proposed location.

A Form C-102 plat original, a Tubb structure map, and a list of offset operators is attached. If you have any questions or require any further information concerning this application, please contact me at (915) 687-7152.

Sincerely,

A handwritten signature in cursive script that reads "Lloyd V. Trautman".

Lloyd V. Trautman
Sr. Petroleum Engineer - New Mexico Area

lvt
Attachments

cc: NMOCD -- Hobbs, NM
J. K. Ripley
F. E. Abegg

November 20, 1997



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P.O. Box 1150
Midland, TX 79702

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Section 2, T-20-S, R-37-E
Skaggs Abo Pool
Lea County, New Mexico

ME-TEX Oil & Gas Company
401 W. Taylor
Hobbs, New Mexico 88240

Ladies/Gentlemen:

Attached is a copy of an administrative application for creation of an unorthodox gas well location.

Chevron U.S.A. is planning to drill the H. T. Orcutt NCT-E #2 at an unorthodox location for the Skaggs Abo Pool. Well No. 2 is located at 660' FNL and 330' FWL, Section 2, T20S, R37E, Lea County, New Mexico.

If you have any questions regarding this application, please contact Lloyd Trautman at (915) 687-7152.

Sincerely,

A handwritten signature in cursive script that reads "Lloyd V. Trautman".

L. V. Trautman
Sr. Petroleum Engineer
New Mexico Area

Attachments

cc: Central Files - Lease and Well Files



Chevron

November 20, 1997

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P.O. Box 1150
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Skaggs Abo Pool
Lea County, New Mexico

Texaco E&P Inc.
Attn: Phil R. Monticello
P. O. Box 3900
Midland, Texas 79702

Dear Mr. Monticello:

Attached is a copy of an administrative application for creation of an unorthodox gas well location.

Chevron U.S.A. is planning to drill the H. T. Orcutt NCT-E #2 at an unorthodox location for the Skaggs Abo Pool. Well No. 2 is located at 660' FNL and 330' FWL, Section 2, T20S, R37E, Lea County, New Mexico.

If you have any questions regarding this application, please contact Lloyd Trautman at (915) 687-7152.

Sincerely,

L. V. Trautman
Sr. Petroleum Engineer
New Mexico Area

Attachments

cc: Central Files - Lease and Well Files

November 20, 1997



Chevron

Chevron U.S.A. Production Company
P.O. Box 1150
Midland, TX 79702

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Unorthodox Gas Well Location
Chevron USA Production Co.
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660' FNL and 330' FWL
Section 2, T-20-S, R-37-E
Skaggs Abo Pool
Lea County, New Mexico

Conoco Inc.
10 Desta Drive West, Ste. 100W
Midland, Texas 79705

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If you have any questions regarding this application, please contact Lloyd Trautman at (915) 687-7152.

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L. V. Trautman
Sr. Petroleum Engineer
New Mexico Area

Attachments

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November 20, 1997



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P.O. Box 1150
Midland, TX 79702

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660' FNL and 330' FWL
Section 2, T-20-S, R-37-E
Skaggs Abo Pool
Lea County, New Mexico

Arco Permian
P. O. Box 1089
Eunice, New Mexico 88231-1089

Ladies/Gentlemen:

Attached is a copy of an administrative application for creation of an unorthodox gas well location.

Chevron U.S.A. is planning to drill the H. T. Orcutt NCT-E #2 at an unorthodox location for the Skaggs Abo Pool. Well No. 2 is located at 660' FNL and 330' FWL, Section 2, T20S, R37E, Lea County, New Mexico.

If you have any questions regarding this application, please contact Lloyd Trautman at (915) 687-7152.

Sincerely,

A handwritten signature in cursive script that reads "Lloyd V. Trautman".

L. V. Trautman
Sr. Petroleum Engineer
New Mexico Area

Attachments

cc: Central Files - Lease and Well Files

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION

DISTRICT III
1000 Rio Brazos Rd., Artesia, NM 87410

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

AMENDED REPORT

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-34182	Pool Code	Pool Name
Property Code	Property Name H. T. ORCUTT	Well Number 2
OGRID No.	Operator Name CHEVRON U.S.A. PRODUCTION COMPANY	Elevation 3602

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
4	2	20 S	37 E		660	NORTH	330	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>LOT 4 40.68 AC. 40.73</p> <p>660' 330'</p>	<p>LOT 3 40.59 AC. 40.60</p>	<p>LOT 2 40.51 AC. 8</p>	<p>LOT 1 40.38 AC.</p>
<p>NMSPC NAD 27 NME Y=586505 N X=839998 E</p>		<p>73 60 81.33 8 161.33</p>	

OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Signature _____

Printed Name _____

Title _____

Date _____

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

NOVEMBER 10, 1997

Date Surveyed _____ JLP

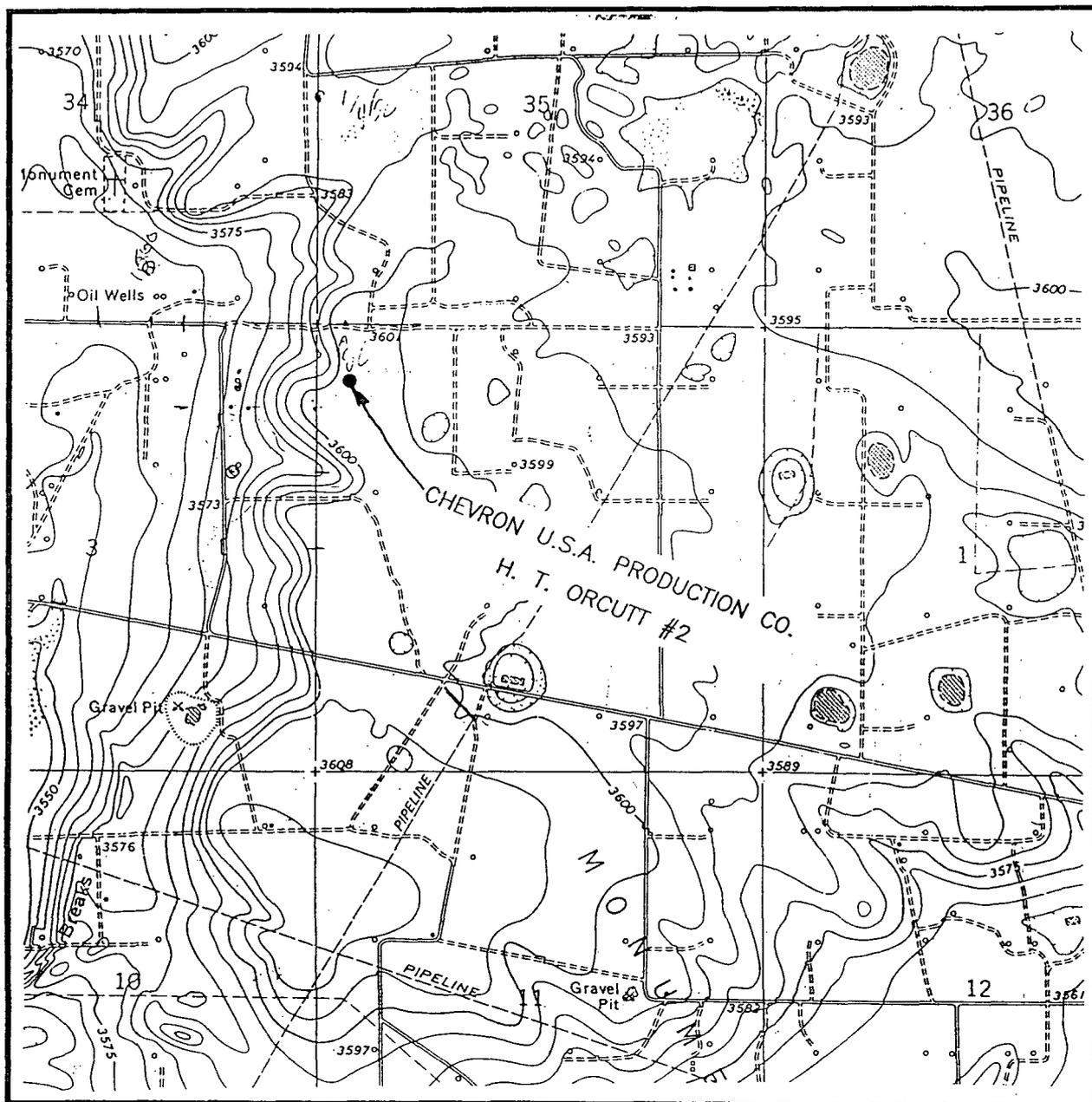
Signature & Seal of Professional Surveyor

Ronald J. Eidson

SW.O. Num. 97-11858

Certificate No. RONALD J. EIDSON, 3239
PROFESSIONAL SURVEYOR, EIDSON, 12841

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL - 5'

SEC. 2 TWP. 20-S RGE. 37-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 660 FNL & 330 FWL

ELEVATION 3602'

OPERATOR CHEVRON U.S.A. PRODUCTION CO.

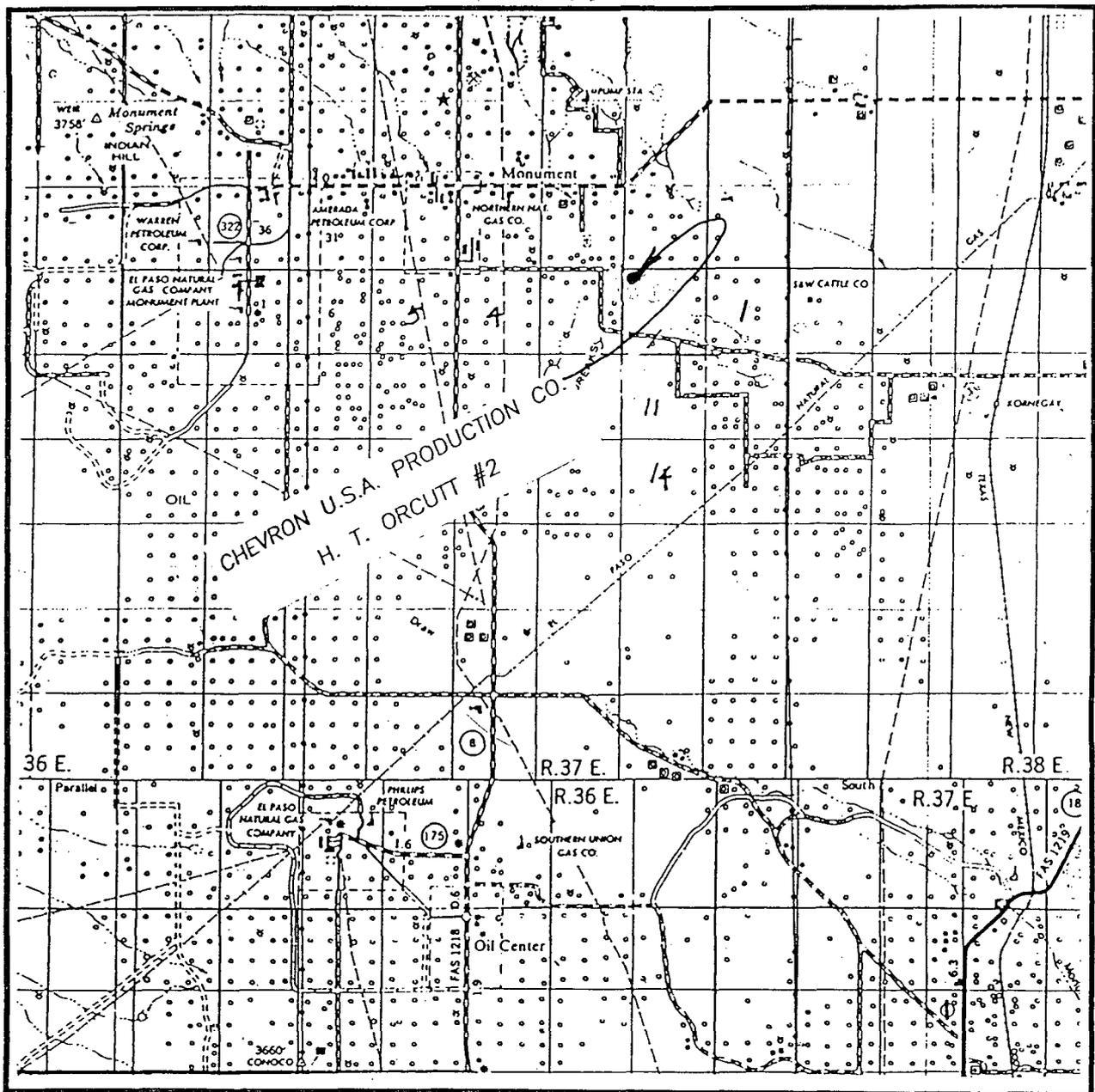
LEASE H. T. ORCUTT

U.S.G.S. TOPOGRAPHIC MAP

HOBBS SW, N.M.

JOHN WEST ENGINEERING
HOBBS, NEW MEXICO
(505) 393-3117

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 2 TWP. 20-S RGE. 37-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 660 FNL & 330 FWL

ELEVATION 3602'

OPERATOR CHEVRON U.S.A. PRODUCTION CO.

LEASE H. T. ORCUTT

**JOHN WEST ENGINEERING
HOBBS, NEW MEXICO**

(505) 393-3117

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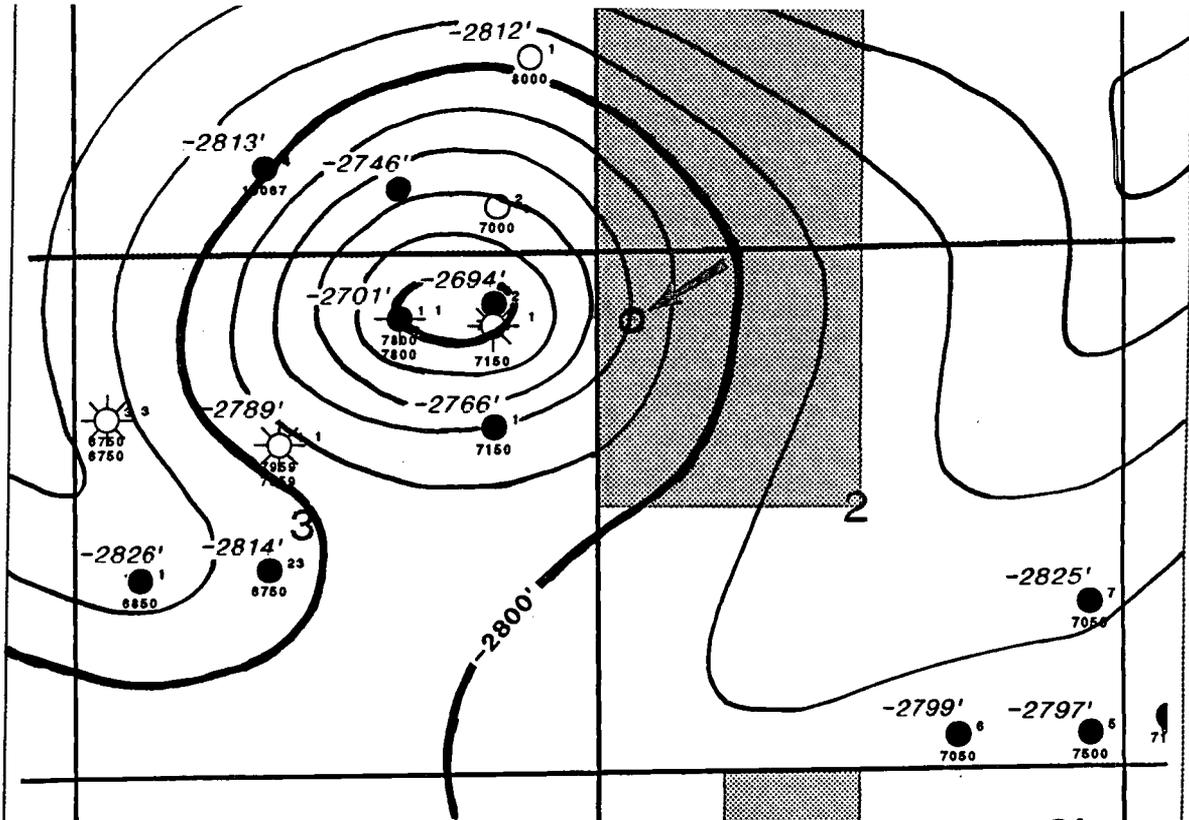
OFFSET OPERATORS

**ME-TEX Oil & Gas Company
401 W. Taylor
Hobbs, New Mexico 88240**

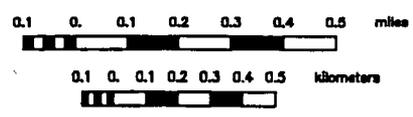
**Texaco E&P Inc.
P. O. Box 3900
Midland, Texas 79702**

**Conoco Inc.
10 Desta Drive West, Ste. 100W
Midland, Texas 79705**

**Arco Permian
P. O. Box 1089
Eunice, New Mexico 88231-1089**



Scale 1:24000.



CHEVRON USA PRODUCTION COMPANY		
STRUCTURE MAP ON TUBB MARKER PROJECT: LCQU NMFU II PROSPECT: CBP		
RICK ABEGG	1:24,000	11/20/97
C.I. = 20'		TUBB.STR.GPF

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**Nomenclature
CASE NO. 11872
Order No. R-10918**

**APPLICATION OF ME-TEX OIL & GAS
INC. FOR POOL CONTRACTION, POOL
CREATION AND SPECIAL POOL RULES,
LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on November 6, 1997, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 20th day of November, 1997, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Me-Tex Oil & Gas Inc., seeks the contraction of the Skaggs-Drinkard Pool by the deletion therefrom of the E/2 of Section 3, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico, and the concomitant creation of a new oil pool for the production of oil and gas from the Drinkard formation, said pool to comprise the E/2 NE/4 of said Section 3.

(3) The applicant further seeks the promulgation of special rules and regulations for the new Drinkard pool including a provision for a gas-oil ratio limitation of 20,000 cubic feet of gas per barrel of oil.

(4) According to Division records, the Skaggs-Drinkard Pool currently comprises the following described acreage in Lea County, New Mexico:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPPM

Section 1: E/2
Section 2: SE/4
Section 3: E/2
Section 10: N/2
Section 11: N/2, SE/4
Section 12: All
Section 13: N/2
Section 14: NE/4

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPPM

Section 8: SW/4
Section 17: NW/4
Section 18: All
Section 19: E/2
Section 20: W/2

(5) Division records further indicate that the Skaggs-Drinkard Pool is currently governed by Special Rules and Regulations as promulgated by Division Order No. R-7020 dated July 2, 1982, including a provision for a limiting gas-oil ratio of 10,000 cubic feet of gas per barrel of oil.

(6) Applicant's evidence and testimony indicates that it has recently drilled its State "H" Well No. 2 located 560 feet from the North line and 990 feet from the East line (Lot 1) of Section 3 to test the Drinkard formation. The well was perforated from 6,775 feet to 6,847 feet in the Drinkard formation and IP'd at a rate of approximately 3.4 MMCF gas per day and 163 barrels of oil per day.

(7) The applicant also currently operates the State "H" Well No. 1 located 1800 feet from the North line and 990 feet from the East line (Unit H) of Section 3, which well is also completed in and producing from the Drinkard formation through perforations from 6,632 feet to 6,697 feet.

(8) According to Division records, there are currently no other wells within the E/2 of Section 3 producing from the Drinkard formation

(9) The applicant's geologic and engineering evidence and testimony indicates that the State "H" Well Nos. 1 and 2 have discovered a separate source of supply in the Drinkard formation which is not in communication with the Skaggs-Drinkard Pool.

(10) A new oil pool for the production of oil and gas from the Drinkard formation should be created and designated the Northwest Skaggs-Drinkard Pool. The vertical limits should include the Drinkard formation and the horizontal limits should initially include the E/2 NE/4 of Section 3.

(11) The Skaggs-Drinkard Pool should be contracted by the deletion therefrom of the E/2 of Section 3.

(12) Preliminary engineering data presented by the applicant indicates that the Northwest Skaggs-Drinkard Pool is a solution gas drive reservoir which can be produced more efficiently at a gas-oil ratio limitation of 20,000 cubic feet of gas per barrel of oil.

(13) Preliminary engineering data further indicates that the establishment of a gas-oil ratio limitation of 20,000 cubic feet of gas per barrel of oil for the Northwest Skaggs-Drinkard Pool should not result in excessive dissipation of reservoir energy, thereby causing waste, and should allow the operators in the pool the opportunity to economically recover the oil and gas reserves from the Drinkard formation, and will otherwise protect correlative rights.

(14) Chevron U.S.A. Inc., an offset operator, appeared at the hearing and expressed its support for the application.

(15) The applicant has also been in contact with Arco Oil & Gas Company who is currently drilling a Drinkard well within the SE/4 of Section 34, Township 19 South, Range 37 East, which, if productive, will presumably be located within the Northwest Skaggs-Drinkard Pool. Applicant testified that Arco Oil & Gas Company also supports its application in this case.

(16) No other offset operator and/or interest owner appeared at the hearing in opposition to the application.

(17) The special rules and regulations for the Northwest Skaggs-Drinkard Pool promulgated herein should remain in effect for a temporary period of one year in order to allow the operators in the pool additional time to gather geologic and engineering data necessary in order to promulgate permanent rules and regulations.

(18) This case should be reopened at an Examiner hearing in November, 1998, at which time the operators in the Northwest Skaggs-Drinkard Pool should appear and present geologic and engineering evidence and testimony relative to the promulgation of permanent rules and regulations.

IT IS THEREFORE ORDERED THAT:

(1) A new pool for the production of oil from the Drinkard formation is hereby created and designated the Northwest Skaggs-Drinkard Pool. The vertical limits of the pool shall comprise the Drinkard formation and the horizontal limits of the pool shall comprise the following described acreage in Lea County, New Mexico:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM

Section 3: E/2 NE/4

(2) The Skaggs-Drinkard Pool is hereby contracted by the deletion therefrom of the following described acreage in Lea County, New Mexico:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM

Section 3: E/2

(3) Pursuant to the application of Me-Tex Oil & Gas, Inc., Temporary Special Rules and Regulations for the Northwest Skaggs-Drinkard Pool are hereby promulgated as follows:

**TEMPORARY SPECIAL RULES AND REGULATIONS
FOR THE
NORTHWEST SKAGGS-DRINKARD POOL**

RULE 1. The limiting gas-oil ratio for the Northwest Skaggs-Drinkard Pool shall be 20,000 cubic feet of gas per barrel of oil.

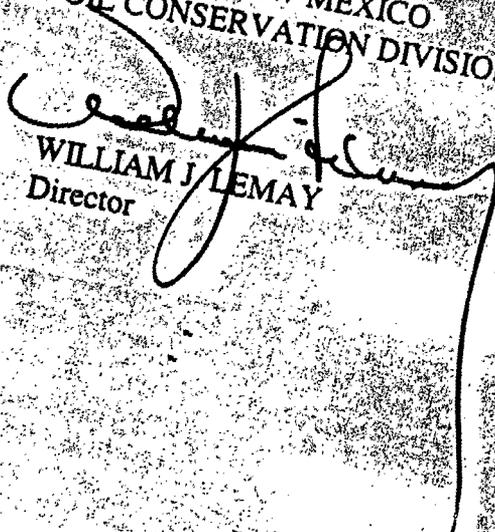
(4) This case shall be reopened at an Examiner hearing in November, 1998, at which time the operators in the Northwest Skaggs-Drinkard Pool shall appear and present geologic and engineering evidence and testimony relative to the promulgation of permanent rules and regulations.

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

CASE NO. 11872
Nomenclature
Order No. R-10918
Page -5-

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

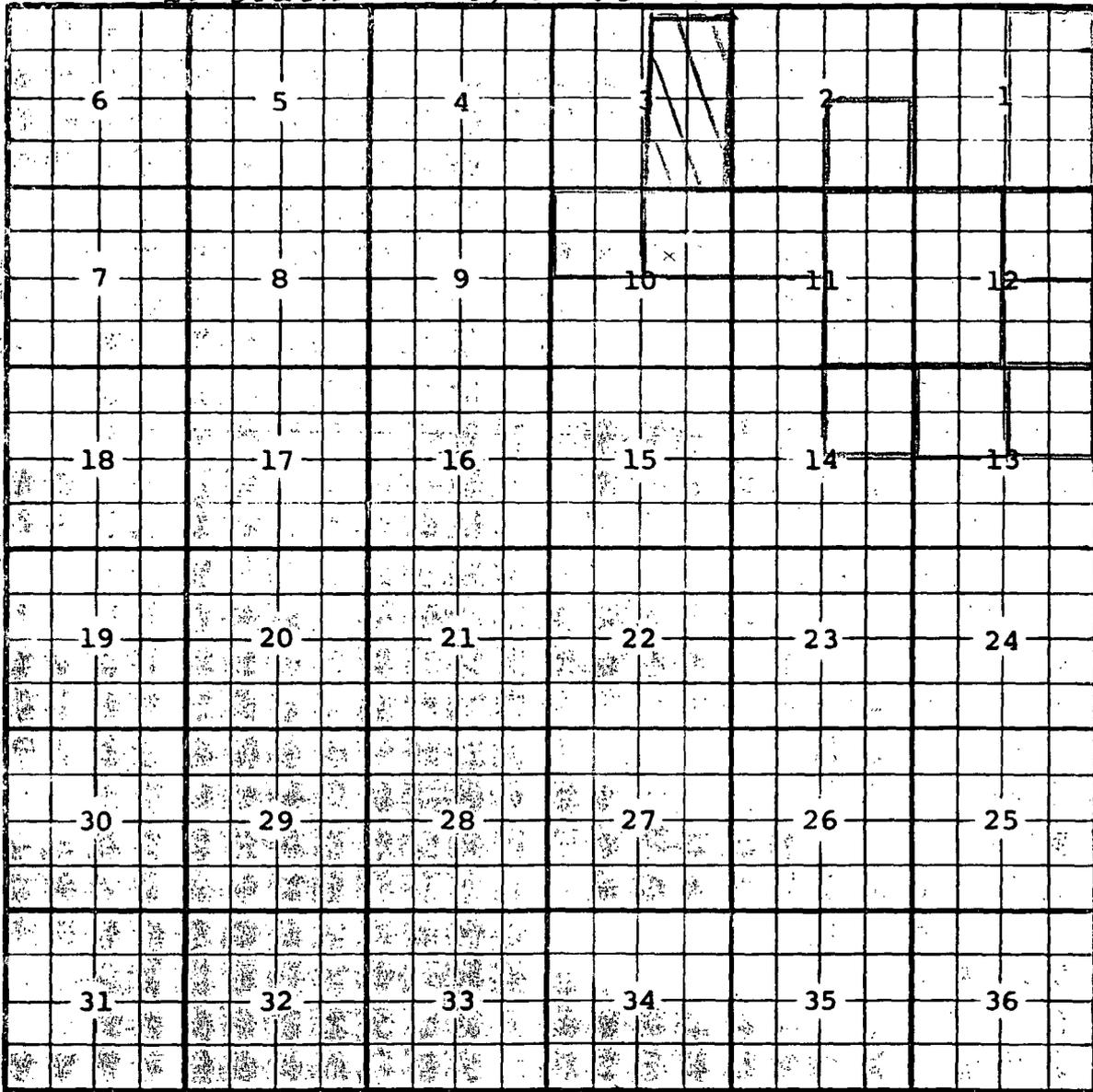


WILLIAM J. LEMAY
Director

S E A L

COUNTY *Lea* POOL *Skaggs-Drinkard*

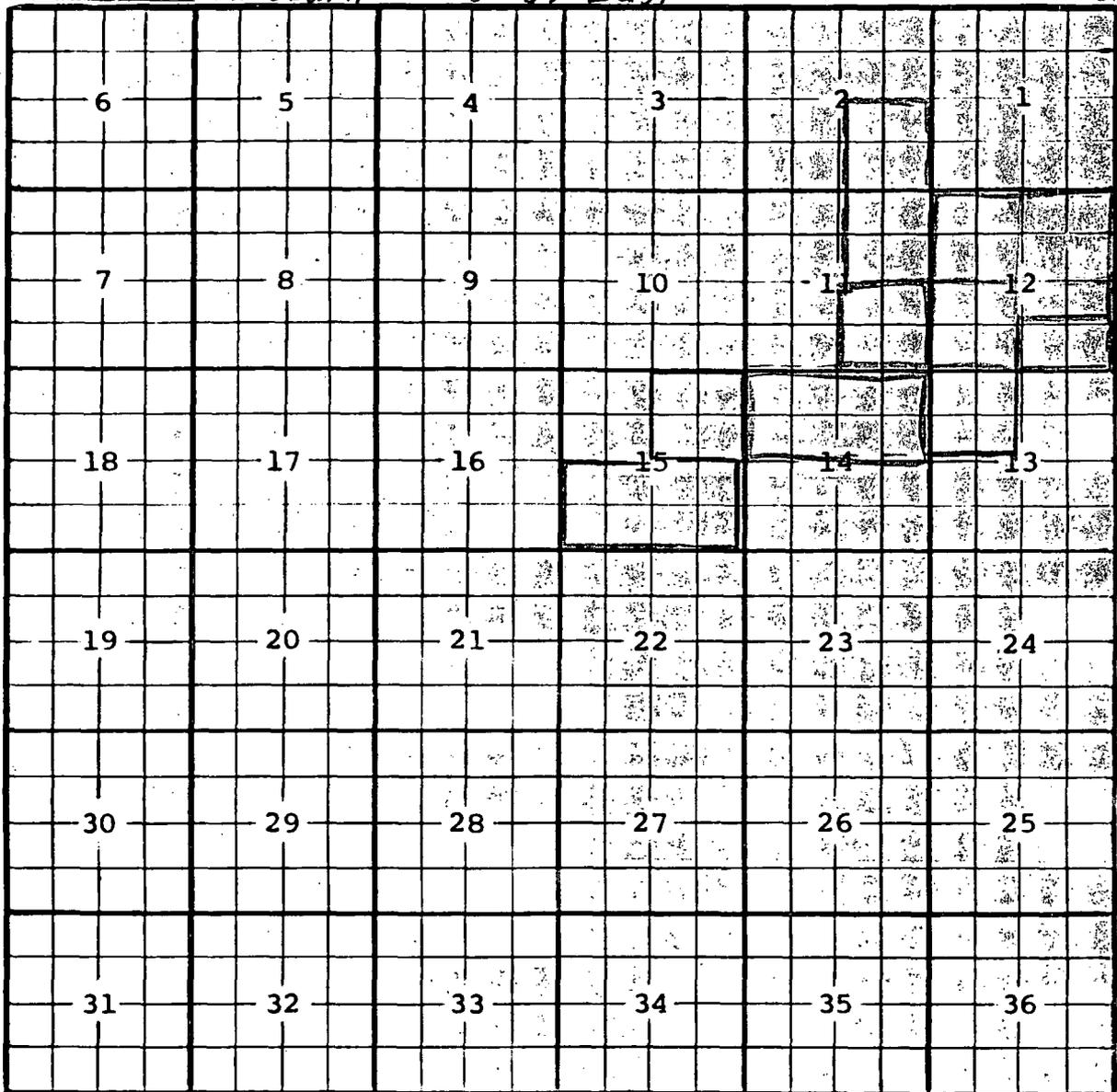
TOWNSHIP *20-South* RANGE *37-East* NMPM



Description: $\frac{E}{2}$ Sec. 11; $\frac{N}{2}$ Sec. 12, (R-407, 1-20-54).
Ext: $\frac{NE}{4}$ Sec. 10; $\frac{NW}{4}$ Sec. 11; $\frac{SE}{4}$ Sec. 12 (R-2781, 11-1-64) - $\frac{NW}{4}$ Sec. 10; $\frac{NE}{4}$ Sec. 12 (R-2857, 2-1-65)
- $\frac{NE}{4}$ Sec. 13 (R-2911, 6-1-65) - $\frac{NW}{4}$ Sec. 13 (R-3067, 6-1-66)
Ext: $\frac{E}{2}$ Sec. 1 (R-4937, 2-1-75) EXT: SE $\frac{1}{4}$ sec 2 (R-8901, 4-1-89)
Ext: $\frac{NE}{4}$ Sec. 14 (R-9271, 8-28-90) Ext: $\frac{E}{2}$ Sec. 5 (R-10795, 4-28-97)
Delete $\frac{E}{2}$ Sec. 3 (R-10918, 11-20-97)

County Lea Pool SKaggs-Abo Gas

TOWNSHIP 20 South Range 37 East NMPM



Description: NE/4 Sec 15 (R-6576, 2-10-81)
EXT: Sec: 11 SE/4, Sec: 12 NE/4, W/2 & W/2 N/2 SE/4 (Sec: 14 N/2
OR-7114 - 10-19-82) EXT: 5/2 SE/4 Sec. 12 (R-7917, 5-13-85)
EXT: NW/4 Sec. 13 (R-8277, 8-14-86) EXT: SE/4 SEC 2, NE/4 SEC 11 (R-8668, 6/10/88)
EXT: 5/2 SEC 15 (R-9144, 5-1-90)

MONUMENT-TUBB POOL
Lea County, New Mexico

Order No. R-2800, Adopting Operating Rules for the Monument-Tubb Pool, Lea County, New Mexico, December 1, 1964, as Amended by Order No. R-10128, June 3, 1994.

Application of Continental Oil Company for Special Pool Rules, Lea County, New Mexico.

CASE NO. 3123
Order No. R-2800

BY THE COMMISSION: This cause came on for hearing at 9 o'clock a.m. on October 13, 1964, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 10th day of November, 1964, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS: (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Continental Oil Company, seeks the promulgation of special rules and regulations for the Monument-Tubb Pool in Township 20 South, Range 37 East, NMPM, Lea County, New Mexico, including a provision for 80-acre spacing units and a gas-oil ratio of 6000 to 1.

(3) That one well in the Monument-Tubb Pool can efficiently and economically drain and develop 80 acres.

(4) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, special rules and regulations providing for 80-acre spacing units should be promulgated for the Monument-Tubb Pool.

(5) That a limiting gas-oil ratio of 6000 to 1 would be excessive for this pool and might result in waste.

(6) That the special rules and regulations should provide for a limiting gas-oil ratio of 4000 to 1 in order to allow each operator in the pool the opportunity to use his just and equitable share of the reservoir energy.

IT IS THEREFORE ORDERED:

That Special Rules and Regulations for the Monument-Tubb Pool are hereby promulgated as follows, effective December 1, 1964:

SPECIAL RULES AND REGULATIONS FOR THE MONUMENT-TUBB POOL

RULE 1. Each well completed or recompleted in the Monument-Tubb Pool or in the Tubb formation within one mile thereof, and not nearer to or within the limits of another designated Tubb oil pool, shall be spaced, drilled, operated, and

produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a governmental quarter section; provided, however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit comprising a governmental quarter-quarter section or lot. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located no nearer than 330 feet to any governmental quarter-quarter section or lot line.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions. All operators offsetting the proposed unorthodox location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the unorthodox location within 20 days after the Secretary-Director has received the application.

RULE 6. A standard proration unit (79 through 81 acres) shall be assigned an 80-acre proportional factor of 2.77 for allowable purposes, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80-acres.

RULE 7. (As Amended by Order No. R-10128, Effective June 3, 1994.) The limiting gas-oil ratio shall be 10,000 cubic feet of gas per barrel of oil produced.

IT IS FURTHER ORDERED: (1) That any well presently drilling to or completed in the Monument-Tubb Pool or in the Tubb formation within one mile thereof that will not comply with the well location requirements of Rule 4 is hereby granted an exception to the requirements of said rule. The operator shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before December 1, 1964.

(2) That each well presently drilling to or completed in the Monument-Tubb Pool or in the Tubb formation within one mile thereof shall receive a 40-acre allowable until a Form C-128 dedicating 80 acres to the well has been filed with the Commission.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.