

NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

March 4, 1996

Eunice Well Servicing Company
Attention: Rex Busby
P. O. Box 880
Eunice, New Mexico 88231-0880

RE: *Administrative Application for a Non-Standard 40-acre Gas Spacing and Proration Unit Comprising the NW/4 SE/4 (Unit J) of Section 24, Township 21 South, Range 34 East, NMPM, Wilson-Yates-Seven Rivers Associated Pool, Lea County, New Mexico.*
Wilson State Well No. 31 (API No. 30-025-02592), located at an authorized unorthodox gas well location [pursuant to Decretory Paragraph (2) of Division Order No. R-9645] 2310' FSL & 1980' FEL of said Section 24.

Dear Mr. Busby:

Our records indicate this well to be a "gas" well in the Wilson-Yates-Seven Rivers Associated Pool, and is therefore subject to the "*Special Rules and Regulations for the Wilson-Yates-Seven Rivers Associated Pool*", as promulgated by Division Order No. R-9645 and R-5353, as amended, which requires wells to have 160-acre spacing units. In response to your letter dated February 12, 1996 (see copy attached) requesting a 40-acre non-standard gas spacing and proration unit and the assignment of an acreage factor of 0.25 to this well's gas allowable, I have attached copies of the appropriate procedures to follow in filing an application of this type. Please supplement your letter with the required information.

Should you have questions, please call me in Santa Fe at (505) 827-8185, thank you.

Sincerely,



Michael E. Stogner
Chief Hearing Officer/Engineer

cc: Jerry Sexton, District Supervisor - New Mexico Oil Conservation Division, Hobbs
William J. LeMay, Director - New Mexico Oil Conservation Division, Santa Fe
Jeff Albers - New Mexico State Land Office, Santa Fe
Terry Gant - Pogo Producing Company, Midland

Eunice Well Servicing Co.

(505) 394-2518 or (505) 397-2878 • 1902 AVE. O • P.O. BOX 880 • EUNICE, NEW MEXICO 88231

February 12, 1996

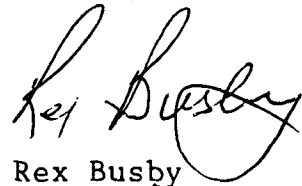
Attn: Mr. Michael Stogner
New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501-2088

Re: Wilson Prospect
API #30-025-02592
J24 21S R34E

Dear Mr. Stogner:

We recently purchased the above referenced lease from Kelton Operating. I have been notified from the commissioner of Public Lands office that the Wilson 31 should be a 40 acre spacing. Please issue a 40 acre non-standard proration for this lease.

Thank you,



Rex Busby
Eunice Well Service

Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

OIL CONSERVATION DIVISION
RECEIVED

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

'93 JAN 4 AM 9 55

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator Caprock Oil & Gas, Inc.			Lease State		Well No. 31
Unit Letter J	Section 24	Township 21	Range 34E	County NMPM Lea	

Actual Footage Location of Well:

2970 feet from the North line and 1980 feet from the East line of Section

Ground level Elev. 3650	Producing Formation Yates-Seven Rivers	Pool Wilson Yates-Seven Rivers Assoc	Dedicated Acreage: 160 Acres
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- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
☐ Yes ☐ No If answer is "yes" type of consolidation _____
If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary).
No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.

OPERATOR CERTIFICATION

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

Signature
Jessie Dominguez
Printed Name
Jessie Dominguez
Position
Agent
Company
Caprock Oil & Gas, Inc.
Date
12/22/92

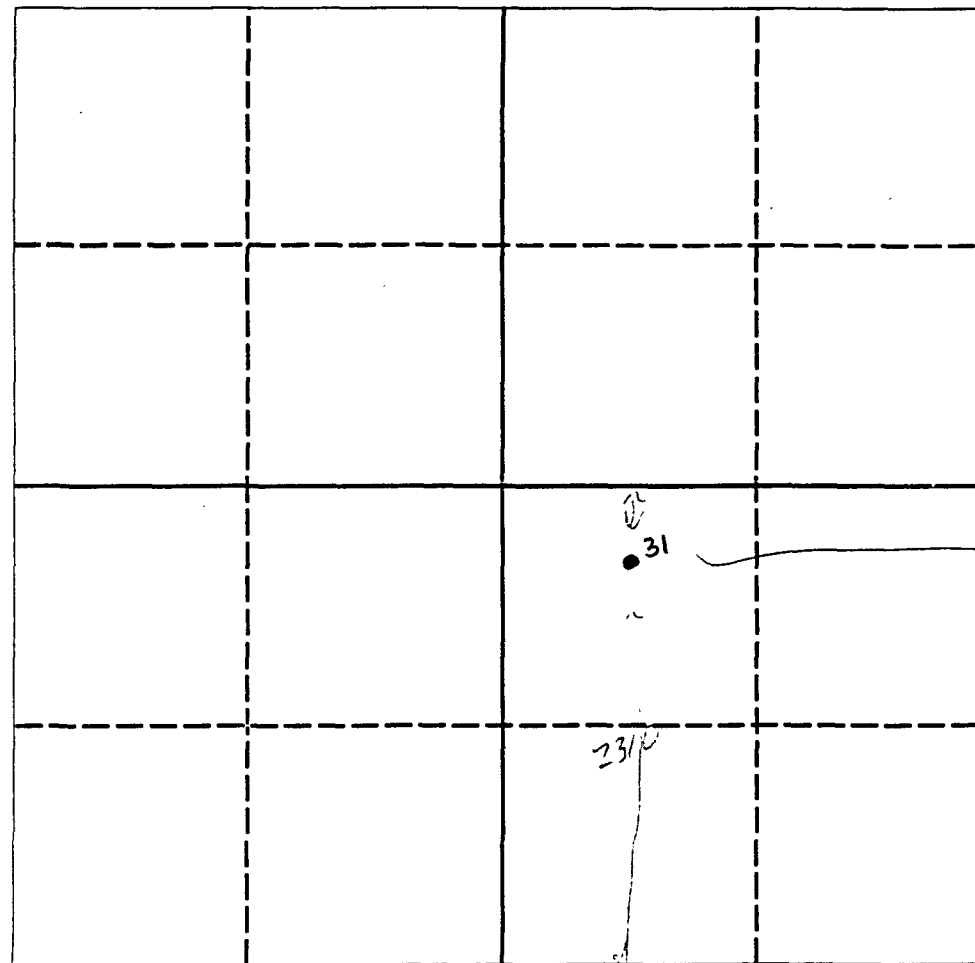
SURVEYOR CERTIFICATION

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 knowledge and belief.

Date Surveyed

Signature & Seal of
Professional Surveyor

Certificate No.



0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0

STATE OF NEW MEXICO
ENERGY, MINERALS & NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
OIL PRORATION SCHEDULE
VOLUME I
HOBBS DISTRICT

THE DISTRICT SUPERVISOR SHOULD BE NOTIFIED
OF ANY ERROR IMMEDIATELY
POST OFFICE BOX 1980-HOBBS, NEW MEXICO 88240
TELEPHONE (505) 393-6161

INDEX
PRORATION ORDER
EXPLANATION OF SYMBOLS
TRANSPORTER ABBREVIATION CODES
SUPPLEMENT LISTING
GOR TEST SCHEDULE-JAN. THRU DEC., 1996
PRORATION SCHEDULE
BONUS ALLOWABLE

WEIR:BLINERY, EAST	
Top Allowable 107 GOR Limit 10000	
Top Castinhead Gas Limit 1070 MCF	
***** CONOCO INC *****	
STAGGS B (12) 5 C 12-20-37 AM12 2375	
***** DENVER & SPARGER *****	
REOMANE (22) 3 K 6-20-38 M 1300	
***** TEACCO EXPLORATION & PRODUCTION INC *****	
C N WEIR A (2) 10 J 12-20-37 AM10 2200	
C N WEIR B (2) 4 I 11-20-37	
M B WEIR B (5) 10 P 12-20-37 AM22 3333	
(22) 16 M 12-20-37 M 16364	
WEIR:DRINKARD	
Top Allowable 142 GOR Limit 10000	
Top Castinhead Gas Limit 1420 MCF	
***** CONOCO INC *****	
SENU DRINKARD (22) 70 I 15-20-37 AM36 39500	
(32) 96 I 23-20-37 M 1188	
WILLIAMS:PERM	
Top Allowable 365 GOR Limit 2000	
Top Castinhead Gas Limit 730 MCF	
***** DEVON ENERGY CORP (NEVADA) *****	
CABOT STATE (4) 1 N 29-13-32 M 2333	
***** VALES PETROLEUM CORPORATION *****	
DROVER STATE UNIT (4) 1 P 20-13-32 M 13500	
WILLIAMS:PERM, NORTH	
Top Allowable 365 GOR Limit 2000	
Top Castinhead Gas Limit 730 MCF	
***** WESTERN OIL PRODUCERS INC *****	
STATE NW 1 E 10-13-32 M	
WILSON:SEVEN RIVERS, WEST	
Top Allowable 80 No GOR Limit	
No Test Required	
***** MNL J RAMSUSSEN OPER INC *****	
STATE A 1 O 16-21-34 M	
STATE B 1 B 21-21-34 M	
WILSON:STRAHM	
Top Allowable 365 GOR Limit 2000	
No Test Required	
Top Castinhead Gas Limit 730 MCF	
***** ENRON OIL & GAS CO *****	
STATE 12 1 G 12-21-34 M	
WILSON:VALES-SEVEN RIVERS (ASSOC)	
Specing: Oil - 40 Gas - 160	
Top Oil Allowable 80 GOR Limit 10000	
Top Gas Allowable MCFD Gas - 3200	

(308)

WILSON:VALES-SEVEN RIVERS (ASSOC) (CONT.)	
***** ELMITE WELL SERVICE INC *****	
STATE 1 1 E 25-21-34 MOW AF 0.50	
WILSON STATE 30 K 26-21-34 MOW AF 0.50	
31 J 26-21-34 MOW AF 1.00	
32 M 26-21-34 MOW AF 0.50	
***** MNL J RAMSUSSEN OPER INC *****	
KAISER STATE 5 J 13-21-34 NO C-116	
8 O 13-21-34 NO C-116	
14 L 13-21-34 NO C-116	
42 J 13-21-34 NO C-116	
43 M 13-21-34 NO C-116	
(100) 44 F 13-21-34 MBO 310	
SHELL STATE 7 F 7-21-35 NO C-116	
STATE 23 25 F 23-21-34 NO C-116	
STATE B 12 I 13-21-34 NO C-116	
STATE E 22 K 23-21-34 NO C-116	
STATE P 6 B 24-21-34 NO C-116	
WILSON STATE 3 J 23-21-34 NO C-116	
4 I 23-21-34 NO C-116	
YOUNG:BORE SPRING	
Top Allowable 275 GOR Limit 2000	
Top Castinhead Gas Limit 550 MCF	
***** P-R-O MANAGEMENT INC *****	
FEDERAL 21 C 1 N 21-18-32 NO C-115	
YOUNG:BORE SPRING, NORTH	
Top Allowable 230 GOR Limit 2000	
Top Castinhead Gas Limit 460 MCF	
***** BTA OIL PRODUCERS *****	
YOUNG 8709 JV-P 1 A 11-18-32 M 548	
(42) 1 1 1-18-32 M	
***** CHEVRON U S A INC *****	
SPRINKLE B FEDERAL (65) 2 E 1-18-32 M 2462	
***** ENRON OIL & GAS CO *****	
AJITEC DOS STATE (2) 1 L 2-18-32 M 151M	
SHIMMERY 1 FEDERAL (6) 1 1 1-18-32 M 4333	
***** HARVEY E. TATES CO *****	
AMOCO 1 FEDERAL (9) 1 K 1-18-32 M 6778	
(14) 2 M 1-18-32 M 6500	
AMOCO 2 STATE (3) 1 E 2-18-32 M 1333	
AMOCO AG 1 (47) 1 P 1-18-32 M 723	
AMOCO EAST 2 STATE (9) 2 K 2-18-32 M 1778	
CHEVRON 12 FEDERAL (15) 1 C 12-18-32 M 5267	
(9) 3 B 12-18-32 M 1889	
(17) 4 A 12-18-32 M 1882	
(27) 5 G 12-18-32 M 4481	
ENVI 1 FEDERAL (11) 1 O 1-18-32 M 3000	
(27) 2 J 1-18-32 M 3000	
TAUK 1 FEDERAL (8) 1 L 1-18-32 M 1125	
(36) 2 M 1-18-32 M 2278	

(309)

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

02/28/96 13:28:09
OGOMES -EMDZ
PAGE NO: 2

Sec : 24 Twp : 21S Rng : 34E Section Type : NORMAL

L 40.00 CS B10792 5 11/53 CAPROCK OIL & GAS	K 40.00 CS B10792 5 11/53 CAPROCK OIL & GAS A	J 40.00 CS B10792 5 11/53 CAPROCK OIL & GAS A	I 40.00 CS B10792 4 11/53 POGO PRODUCING CO
M 40.00 CS B10792 5 11/53 CAPROCK OIL & GAS	N 40.00 CS B10792 5 11/53 CAPROCK OIL & GAS A	O 40.00 CS B10792 4 11/53 POGO PRODUCING CO	P 40.00 CS B10792 4 11/53 POGO PRODUCING CO

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07 BKWD	PF08 FWD	PF09 PRINT	PF10 SDIV	PF11	PF12



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

GOVERNOR

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

RE: Proposed:

MC	_____
DHC	_____
NSL	_____
NSP	<u>X</u> _____
SWD	_____
WFX	_____
PMX	_____

Gentlemen:

I have examined the application for the:

Enrico Well Servicing Co. Union State #31-J 24-215-342
Operator _____ Lease & Well No. Unit S-T-R

and my recommendations are as follows:

OK

Yours very truly,

Jerry Sexton
Supervisor, District 1

/ed

ASSOCIATED OIL AND GAS POOLS
Northwest and Southeast New Mexico

Order No. R-5353, Adopting Special Rules and Regulations for Certain Associated Oil and Gas Pools and General Rules and Regulations for All Associated Oil and Gas Pools in Northwest and Southeast New Mexico, February 1, 1977.

Order No. R-5353 reclassifies as an oil pool, and rescinds Order No. R-4359, August 1, 1972, as amended by Order No. R-4583, August 1, 1973, adopting rules for the Jennings-Delaware Associated Pool, Lea County, New Mexico.

Order No. R-5353 reclassifies as an oil pool, and rescinds Order No. R-3437, June 18, 1968, as amended by Order No. R-3437-A, July 17, 1969, Order No. R-3437-B, January 15, 1971, Order No. R-4367, August 30, 1972, and Order No. R-4583, August 1, 1973, adopting rules for the North Paduca-Delaware Pool, Lea County, New Mexico.

Order No. R-5353 reclassifies as an oil pool the Northwest Todd-San Andres Associated Pool. See separate Order No. R-4441-A, February 1, 1977, adopting special rules for the Northwest Todd-San Andres Pool.

Order No. R-5353-N reclassifies as an associated pool the Cline-Tubb Pool. See separate Order No. R-5353-N, May 27, 1994, adopting special rules for the Cline-Tubb Associated Pool.

Application of the Oil Conservation Commission on its Own Motion to Consider the Adoption of General Rules and Regulations Governing All Associated Oil and Gas Pools of Southeast and Northwest New Mexico and the Adoption of Special Rules for Certain Associated Pools.

CASE NO. 5813
Order No. R-5353

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on November 23, 1976, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 17th day of January, 1977, 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 Commission has heretofore created and designated six pools in Northwest New Mexico and 15 pools in Southeast New Mexico as "associated" oil and gas pools, being pools in which a gas cap was found to overlie an oil zone.

(3) That in order to prevent waste and to protect correlative rights, the Commission has heretofore promulgated special rules and regulations for said associated oil and gas pools, as follows:

NORTHWEST NEW MEXICO

POOL	COUNTY	ORDER NO.
Angels Peak-Gallup	San Juan	R-1410-C
Devils Fork-Gallup	Rio Arriba	R-5181
Escrito-Gallup	Rio Arriba	R-1793-A
Gallegos-Gallup	San Juan	R-3707
Tapacito-Gallup	Rio Arriba	R-3211
Tocito Dome-Pennsylvanian "D"	San Juan	R-2758

SOUTHEAST NEW MEXICO

POOL	COUNTY	ORDER NO.
Bluitt-San Andres	Roosevelt	R-1670-I
Southeast Chaves Queen Gas Area	Chaves	R-4435
South Dagger Draw-Upper Pennsylvanian	Eddy	R-4637
Double L-Queen	Chaves	R-3981-A
Jennings-Delaware	Lea	R-4359
Mesa-Queen	Lea	R-2935
North Paduca-Delaware	Lea	R-3437
Penasco Draw-San Andres-Yeso	Eddy	R-4365
Peterson-Pennsylvanian	Roosevelt	R-4538
Round Tank-Queen	Chaves	R-1670-J
Sawyer-San Andres	Lea	R-1517
Todd-Lower San Andres	Roosevelt	R-1670-G
		R-3153
Northwest Todd-San Andres	Roosevelt	R-4441
Twin Lakes-San Andres	Chaves	R-4102
Vest Ranch-Queen	Chaves	R-5180

(4) That the aforesaid special rules and regulations for the above-named associated oil and gas pools provide, among other things, for the definition of oil wells and gas wells, the size of oil spacing units and gas spacing units, standard well locations, gas-oil ratio limitations, well testing, and gas well allowables.

(5) That there is a wide variation in the various special pool rules applicable to the aforesaid associated pools, not only in substantive content and purpose, but also in format and general manner of presentation.

(6) That said variations have caused confusion and have resulted in unnecessary administrative burden to both the operators in said pools and the Commission.

(7) That the adoption of general rules applicable to all associated pools, with provision for certain special rules applicable to particular pools only, would tend to eliminate said confusion and would ease the administrative burden of both the operators in said pools and the Commission.

(8) That in order to more nearly equalize the time frame within which oil wells and gas wells in associated pools may produce their current allowable, thereby equalizing withdrawals from their respective portions of the associated reservoir, the general rules for associated pools should provide for a one-month proration period for gas wells, and oil wells should continue to be operated under the provisions of Rule 502 of the Commission General Rules and Regulations.

(9) That in order to provide a reasonable period of time for the production of the current allowable from a gas well in an

(GENERAL RULES AND REGULATIONS - ASSOCIATED OIL AND GAS POOLS - Cont'd.)

associated pool, provision should be made in the general associated pool rules for underproduction from such well to be carried forward into subsequent proration periods, provided however, that such underproduction in excess of three times the current monthly allowable should not be carried forward, but should be cancelled.

(10) That in order to provide a reasonable period of time in which overproduction of current allowable by a gas well in an associated pool may be compensated for by underproduction, provision should be made in the general associated pool rules for such overproduction to be carried forward into subsequent proration periods, provided however, that any well which is overproduced by an amount exceeding three times its current monthly allowable should be shut in until such well is overproduced by an amount less than three times its current monthly allowable.

(11) That the volumetric gas allowable formulas applicable to the Bluit-San Andres Associated Pool and the Todd-Lower San Andres Associated Pool are no longer effective and should not be included in the special pool rules for said pools.

(12) That the inclusion of liquid gravity as a criterion in the classification of oil wells and gas wells in the Angels Peak-Gallup, Devils Fork-Gallup, Bluit-San Andres, Peterson-Pennsylvanian, and Todd-Lower San Andres Pools appears to serve no useful purpose, and should be discontinued.

(13) That the Jennings-Delaware Associated Pool and the North Paduca-Delaware Associated Pool, as heretofore created and defined, no longer fit the associated pool classification, and that said pools should be redefined as oil pools subject to the Commission General Rules and Regulations, and the Special Rules for said pools should be rescinded.

(14) That the Northwest Todd-San Andres Associated Pool as previously created and defined no longer fits the associated pool classification and should be redefined as an oil pool and the special pool rules therefor amended to provide only for 80-acre oil well spacing units and a gas-oil ratio limitation of 5000 to 1.

(15) That the existing special associated pool rules for the remaining 18 associated pools which provide for spacing of oil wells and gas wells, oil well and gas well locations, definition of oil wells and gas wells based on gas-liquid ratios, and special gas-oil ratio limitations, any of which are in conflict with the general rules and regulations for associated pools should be retained, but should be incorporated in one overall order applicable to associated oil and gas pools, and the orders presently applicable to said pools superseded.

(16) That the gas well location requirements for the Double L-Queen Associated Pool should be amended to comply with the general rules and regulations for associated pools.

(17) That all associated pool gas well underproduction should be cancelled as of January 31, 1977.

(18) That the Secretary-Director of the Commission should be authorized to administratively reinstate such cancelled underproduction, up to three times the current monthly allowable, upon a showing by the operator that such underproduction could be made up.

(19) That the rescission, amendment, and supersedure of the Special Pool Rules listed in Finding No. (3) above, and the adoption of General Rules applicable to the associated oil and gas pools in the State of New Mexico in accordance with the above findings will prevent waste and protect correlative rights, is in the public interest, and should be approved.

IT IS THEREFORE ORDERED:

(1) That effective February 1, 1977, general rules and regulations are hereby adopted for the associated oil and gas pools of northwest and Southeast New Mexico as follows:

GENERAL RULES AND REGULATIONS FOR THE ASSOCIATED OIL AND GAS POOLS OF NORTHWEST NEW MEXICO AND SOUTHEAST NEW MEXICO.

(See Special Pool Rules for each pool for rules applicable to that particular pool. Special Pool Rules will be found in the same classification order as in the General Section. If the Special Rule is in conflict with the General Rule, the Special Rule shall be applicable.)

A. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 1. Any well drilled to the producing formation of an associated pool regulated by this order and within said pool or within one mile outside the boundary of that pool, and not nearer to nor within the boundaries of another designated pool producing from the same formation, shall be spaced, drilled, operated, and prorated in accordance with the regulations in effect in that pool.

RULE 2. (a) See Special Pool Rules for applicable size of oil and gas spacing and proration units. Unless otherwise specified by the Special Pool Rules, 40-acre units shall comprise a governmental quarter-quarter section substantially in the form of a square, being a legal subdivision of the United States Public Land Surveys; 80-acre units shall comprise two contiguous quarter-quarter sections, being the N/2, S/2, E/2, or W/2 of a single governmental quarter section; 160-acre units shall comprise a governmental quarter section; and 320-acre units shall comprise two contiguous quarter sections, being the N/2, S/2, E/2, or W/2 of a single governmental section.

RULE 2. (b) Each well drilled or completed on a spacing and proration unit within an associated pool governed by these rules shall be located as provided below:

OIL WELLS AND GAS WELLS - NORTHWEST NEW MEXICO

Standard Proration Unit	Location Requirements
40 Acres	Not closer than 330 feet to the boundary of the tract
80, 160 and 320 Acres	Not closer than 790 feet to any quarter section line nor closer than 330 feet to any quarter-quarter section line or subdivision inner boundary

OIL WELLS - SOUTHEAST NEW MEXICO

Standard Proration Unit	Location Requirements
40 Acres	Not closer than 330 feet to the boundary of the tract
80 and 160 Acres	Within 150 feet of the center of the quarter-quarter section wherein located

(GENERAL RULES AND REGULATIONS - ASSOCIATED
OIL AND GAS POOLS - Cont'd.)

GAS WELLS - SOUTHEAST NEW MEXICO

Standard Proration Unit	Location Requirements
160 Acres	Within 150 feet of the center of the quarter-quarter section wherein located
320 Acres	• Not closer than 660 feet to the nearest side boundary nor closer than 1980 feet to the nearest end boundary of the spacing unit nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary

RULE 2. (c) The Secretary-Director of the Commission shall have authority to grant an exception to the well location requirements of Rule 2(b) above without notice and hearing when the necessity for such unorthodox location is based upon topographical conditions or the recompletion of a well previously drilled to another horizon, provided said well was drilled at an orthodox location for such original horizon, or where the size and shape of an approved non-standard spacing and proration unit render a standard location impossible.

Applications for administrative approval of unorthodox locations shall be filed in triplicate and shall be accompanied by plats showing the ownership of all leases offsetting the proration or spacing unit for which the unorthodox location is sought, and also all wells completed thereon. If the proposed unorthodox location is based upon topography, the plat shall also show and describe the existent topographical conditions.

All operators of proration or spacing units offsetting the unit for which the unorthodox location is sought shall be notified of the application by certified or registered mail, and the application shall state that such notification has been given. The Secretary-Director may approve the unorthodox location upon receipt of 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 3. (a) Each gas well shall be located on a standard unit containing 160 acres or 320 acres, more or less, as provided in the special rules for the pool in which it is situated.

(b) Each oil well shall be located on a standard unit containing 40 acres, 80 acres or 160 acres, more or less, as provided in the special rules for the pool in which it is situated.

RULE 4. (a) The District Supervisor of the appropriate district office of the Commission shall have the authority to approve a non-standard unit as an exception to Rule 3(a) or 3(b) without notice and hearing when the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the U. S. Public Land Surveys and the non-standard unit is not less than 75% nor more than 125% of a standard unit.

The District Supervisor of the appropriate district office of the Commission may approve the non-standard unit by:

(1) Accepting a plat showing the proposed non-standard unit and the acreage to be dedicated to the non-standard unit, and

(2) Assigning an allowable to the non-standard unit.

(b) The Secretary-Director of the Commission may grant an exception to the requirements of Rule 3(a) or Rule 3(b), when the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the U. S. Public Land Surveys and the non-standard unit is less than 75% or more than 125% of a standard unit, or where the following facts exist and the following provisions are complied with:

(1) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.

(2) The non-standard unit lies wholly within a governmental subdivision or subdivisions which would be a standard unit for the well (half quarter section, quarter section, or half section) but contains less acreage than a standard unit.

(3) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the half quarter section, quarter section or half section (for 80-acre, 160-acre, and 320-acre standard dedications respectively) in which the non-standard unit is situated and which acreage is not included in said non-standard unit.

(4) In lieu of Paragraph (3) of this rule, the applicant may furnish proof of the fact that all of the foresaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

B. WELL CLASSIFICATION AND GAS-OIL RATIO LIMITATION

RULE 5. (a) A well shall be classified as a gas well if it has a gas-liquid ratio of 30,000 or more cubic feet of gas per barrel of liquid hydrocarbons. A well shall be classified as an oil well if it has a gas-liquid ratio of less than 30,000 cubic feet of gas per barrel of liquid hydrocarbons.

(b) The simultaneous dedication of any acreage to an oil well and a gas well is prohibited.

RULE 6. That the limiting gas-oil ratio shall be 2000 cubic feet of gas for each barrel of oil produced.

RULE 7. An oil well shall be permitted to produce only that amount of gas determined by multiplying the top unit oil allowable for the pool by the limiting gas-oil ratio for the pool. In the event there is more than one oil well on an oil proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

A gas well shall be permitted to produce that amount of gas obtained by multiplying the top unit oil allowable for the pool by the limiting gas-oil ratio for the pool and by a fraction, the numerator of which is the number of acres dedicated to the particular gas well and the denominator of which is a number equal to the number of acres in a standard oil proration unit in such pool. In the event there is more than one gas well on a gas proration unit, the operator may produce the amount of gas assigned to the unit from the wells on the unit in any proportion.

(GENERAL RULES AND REGULATIONS - ASSOCIATED
OIL AND GAS POOLS - Cont'd.)

C. WELL TESTING

RULE 8. The operator of each newly completed well shall cause a gas-liquid ratio test to be taken on the well upon recovery of all load oil from the well, provided however, that in no event shall the test be commenced later than 30 days from the date of first production unless the well is connected to a gas-gathering facility and is producing under a temporary gas allowable assigned in accordance with Rule 11. Any well which is shut-in shall be exempted from the gas-liquid ratio test requirement so long as it remains shut-in. The initial gas-liquid ratio test shall be taken in the manner prescribed by Rule 9. If the gas-liquid ratio is 30,000 cubic feet of gas per barrel of liquid hydrocarbons, or more, the operator shall not produce the well until beneficial use can be made of the gas.

RULE 9. (a) Semi-annual gas-liquid ratio tests shall be taken on all wells during each year in accordance with a test schedule prepared by the district office of the Commission. The initial gas-liquid ratio test shall suffice as the first semi-annual test. Tests shall be 24-hour tests, being the final 24 hours of a 72-hour period during which the well shall be produced at a constant normal rate of production. Results of such tests shall be filed on Commission Form C-116 on or before the 10th day of the following month. At least 72 hours prior to commencement of any such gas-liquid ratio tests, each operator shall file with the appropriate district office of the Commission a test schedule for its wells specifying the time each of its wells is to be tested. Copies of the test schedule shall also be furnished to all offset operators. The supervisor of the appropriate district office of the Commission may grant an exception to the above test requirements where it is demonstrated that the well(s) produce(s) no liquids.

Special tests shall also be taken at the request of the Secretary-Director and may also be taken at the option of the operator. Such special tests shall be taken in accordance with the procedures outlined hereinabove, including notification to the Commission and offset operators.

(b) The Secretary-Director of the Commission shall have authority to grant pool-wide exceptions to Rule 9(a) above, without notice and hearing upon a showing that production from wells within such pool has stabilized to the point where such tests would be of essentially no value for application of these general rules for associated pools.

RULE 10. An initial shut-in pressure test shall be taken on each gas well and shall be reported to the Commission on Form C-125.

D. ASSIGNMENT OF ALLOWABLE

RULE 11. Any well completed after the effective date of these rules shall receive an allowable only upon receipt by the appropriate Commission district office of Commission Forms C-102, C-104, C-116, and, in the case of a gas well, a transporter's notice of gas connection, properly executed. The District Supervisor of the Commission's district office is hereby authorized to assign a temporary gas allowable to wells connected to a gas transportation facility during the recovery of load oil, which allowable shall not exceed the number of cubic feet of gas obtained by multiplying the daily top unit allowable for the pool by the limiting gas-oil ratio for the pool.

E. GAS PRORATIONING

RULE 12. The associated gas proration period shall be the proration month which shall begin at 7 a.m. on the first day of the month and shall end at 7 a.m. on the first day of the next succeeding month.

RULE 13. (a) Any associated gas well which has an underproduced status at the end of any associated gas proration period, shall carry such underproduction into subsequent periods.

(b) Underproduction in excess of three times the current monthly allowable shall not be carried forward but shall be cancelled. For purposes of this rule, the monthly allowable shall be the full monthly allowable which would be assigned an associated gas well with the same acreage dedication in the same pool.

(c) Overproduction during any month shall be applied to a well's cumulative underproduction, if any, calculated in accordance with Paragraphs (a) and (b) above.

RULE 14. Any associated gas well which has an overproduced status at the end of any associated gas proration period shall carry such overproduction into subsequent periods. If at any time a well is overproduced an amount exceeding three times its current monthly allowable, it shall be shut in during that month and each succeeding month until the well is overproduced less than three times its current monthly allowable.

RULE 15. The allowable assigned to a well during any one month of an associated gas proration period in excess of the production for the same month shall be applied against the overproduction carried into such period in determining the amount of overproduction, if any, which has not been compensated for.

RULE 16. The Commission may allow overproduction to be compensated for at a lesser rate than would be the case if the well were completely shut in upon a showing after notice and hearing that complete shut in of the well would result in material damage to the well or reservoir.

F. REPORTING OF PRODUCTION

RULE 17. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be reported to the Commission on Form C-115 so as to reach the Commission on or before the 24th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the produced gas.

RULE 18. Each purchaser or taker of gas shall submit a report to the Commission so as to reach the Commission on or before the 15th day of the month next succeeding the month in which the gas was purchased or taken. Such report shall be filed on Form C-111 with the wells being listed in the same order as they are listed on the appropriate proration schedule.

G. GENERAL PROVISIONS

RULE 19. Failure to comply with any provision of these rules shall result in the immediate cancellation of allowable assigned to the affected well. No further allowable shall be assigned until all rules and regulations have been complied with. The Secretary-Director shall notify the operator of the

(GENERAL RULES AND REGULATIONS - ASSOCIATED OIL AND GAS POOLS - Cont'd.)

well and purchaser in writing of the date of allowable cancellation and the reason therefor.

RULE 20. All transporters or users of gas shall file gas well connection notices with the Commission as soon as possible after the date of connection.

RULE 21. Allowables to wells whose classification has changed from oil to gas or from gas to oil as the result of a gas-liquid ratio test shall commence on the first day of the month following the month in which such test was reported, provided that a plat (Form C-102) showing the acreage dedicated to the well and the location of all wells on the dedicated acreage has been filed.

(2) That the above General Rules and Regulations for the Associated Oil and Gas Pools of Northwest New Mexico and Southeast New Mexico shall be applicable to the following associated pools:

NORTHWEST NEW MEXICO

Angels Peak-Gallup	Gallegos-Gallup
Devils Fork-Gallup	Tapacito-Gallup
Escrito-Gallup	Tocito Dome-Pennsylvanian "D"

SOUTHEAST NEW MEXICO

Bluitt-San Andres	Penasco Draw-San Andres-Yeso
Southeast Chaves Queen Gas Area	Peterson-Pennsylvanian
South Dagger Draw-	Round Tank-Queen
Upper Pennsylvanian	Sawyer-San Andres
Double L-Queen	Todd-Lower San Andres
Mesa-Queen	Twin Lakes-San Andres
	Vest Ranch-Queen

(3) That effective February 1, 1977, the following Special Rules and Regulations shall be applicable to the below-named associated pools: (See Special Rules and Regulations applicable to each pool at end of order).

(3) (As Numbered) That effective February 1, 1977, the following orders, as amended, which apply to the aforementioned associated pools (See Special Rules and Regulations carried at end of order for these pools), are hereby superseded:

R-1410-C	R-1670-I	R-1670-J
R-5181	R-4435	R-1517
R-1793-A	R-4637	R-1670-G
R-3707	R-3981-A	R-3153
R-3211	R-2935	R-4102
R-2758	R-4365	R-5180
	R-4538	

(4) That the Jennings-Delaware Pool as heretofore classified, defined, and described is hereby reclassified as an oil pool, and Order No. R-4359 is hereby rescinded, effective February 1, 1977.

(5) That the North Paduca-Delaware Pool as heretofore classified, defined, and described is hereby reclassified as an oil pool, and Order No. R-3437 is hereby rescinded, effective February 1, 1977.

(6) That effective February 1, 1977, the Northwest Todd-San Andres Pool as heretofore classified, defined, and described is hereby reclassified as an oil pool with Order No. R-4441 to be superseded by Order No. R-4441-A, to be issued concomitantly with the instant order, No. R-5353.

(7) That effective January 31, 1977, all underproduction accrued to gas wells in the associated pools affected by this order is hereby cancelled.

(8) That the Secretary-Director of the Commission is hereby authorized to reinstate any well's accrued underproduction cancelled effective January 31, 1977, provided that such reinstated underproduction shall not exceed three times the well's current monthly allowable and provided further that the application for reinstatement of such underproduction shall contain evidence that the affected well is capable of producing such underproduction and that said application is received by the Secretary-Director not later than April 1, 1977.

(9) 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.

ANGELS PEAK-GALLUP ASSOCIATED POOL
San Juan County, New Mexico

Order No. R-5353, Adopting Special Rules and Regulations, in Addition to the General Rules and Regulations for Associated Oil and Gas Pools in Northwest and Southeast New Mexico, for the Angels Peak-Gallup Associated Pool, San Juan County, New Mexico, February 1, 1977.

(Order No. R-5353 supersedes Order No. R-1410, adopting rules for the Angels Peak-Gallup Pool, San Juan County, New Mexico, May 28, 1959, as amended by Order No. R-1410-A, August 11, 1959, as superseded by Order No. R-1410-C, October 1, 1960, as amended by Order No. R-1410-D, July 17, 1962, Order No. R-4367, August 30, 1972, and Order No. R-4583, August 1, 1973.)

RULE 2. (a) A standard oil proration unit shall be 80 acres. A standard gas proration unit shall be 320 acres.

(General Pool Rules also apply unless in conflict with these Special Pool Rules.)

Exhibit "B"
Case No. 11351
Order No. R-10533

**RULE 104. - WELL SPACING:
ACREAGE REQUIREMENTS FOR DRILLING TRACTS**

104.A. CLASSIFICATION OF WELLS: WILDCAT WELLS AND DEVELOPMENT WELLS

(1) San Juan, Rio Arriba, Sandoval, and McKinley Counties

- (a) Any well which is to be drilled the spacing unit of which is a distance of 2 miles or more from:
 - (i) the outer boundary of any defined pool which has produced oil or gas from the formation to which the well is projected; and
 - (ii) any other well which has produced oil or gas from the formation to which the proposed well is projected, shall be classified as a wildcat well.

(2) All Counties Except San Juan, Rio Arriba, Sandoval, and McKinley

- (a) Any well which is to be drilled the spacing unit of which is a distance of one mile or more from:
 - (i) the outer boundary of any defined pool which has produced oil or gas from the formation to which the well is projected; and
 - (ii) any other well which has produced oil or gas from the formation to which the proposed well is projected, shall be classified as a wildcat well.
- (3) Any well which is not a wildcat well as defined above shall be classified as a development well for the nearest pool which has produced oil or gas from the formation to which the well is projected. Any such development well shall be spaced, drilled, operated, and produced in accordance with the rules and regulations in effect in such nearest pool, provided the well is completed in the formation to which it was projected.

- (4) Any well classified as a development well for a given pool but which is completed in a producing horizon not included in the vertical limits of said pool shall be operated and produced in accordance with the rules and regulations in effect in the nearest pool within the 2 mile limit in San Juan, Rio Arriba, Sandoval, and McKinley Counties or within one mile everywhere else which is producing from that horizon. If there is no designated pool for said producing horizon within the 2 mile limit in San Juan, Rio Arriba, Sandoval, and McKinley Counties or within one mile everywhere else, the well shall be re-classified as a wildcat well.

104.B. ACREAGE AND WELL LOCATION REQUIREMENTS FOR WILDCATS

(1) Lea, Chaves, Eddy and Roosevelt Counties

- (a) Wildcat Gas Wells. In Lea, Chaves, Eddy and Roosevelt Counties, a wildcat well which is projected as a gas well to a formation and in an area which, in the opinion of the engineer or supervisor approving the application to drill, may reasonably be presumed to be productive of gas rather than oil shall be located on a drilling tract consisting of 160 surface contiguous acres, more or less, substantially in the form of a square which is a quarter section, being a legal subdivision of the U.S. Public Land Surveys, and shall be located not closer than 660 feet to any outer boundary of such tract nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary. Provided, however, that any such wildcat gas well which is projected to the Wolfcamp or older formations shall be located on a drilling tract consisting of 320 surface contiguous acres, more or less, comprising any two contiguous quarter sections of a single governmental section, being a legal subdivision of the U.S. Public Land Surveys. Any such "deep" wildcat gas well to which is dedicated more than 160 acres shall be located not closer than 660 feet to the nearest side boundary of the dedicated tract nor closer than 1650 feet to the nearest end boundary, nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary. (For the purpose of this rule, "side" boundary is defined as one of the outer boundaries running lengthwise to the tract's greatest overall dimensions; "end" boundary is defined as one of the outer boundaries perpendicular to a side boundary and

(closing the tract across its least overall dimension)

- (b) Wildcat Oil Wells. In Lea, Chavez, Eddy, and Roosevelt Counties, a wildcat well which is not a wildcat gas well as defined above shall be located on a tract consisting of approximately 40 surface contiguous acres substantially in the form of a square which is a legal subdivision of the U. S. Public Land Surveys, or on a governmental quarter-quarter section or lot, and shall be located not closer than 330 feet to any boundary of such tract.

- (c) In the event gas production is encountered in a well which was projected as an oil well and which is located accordingly but does not conform to the above gas well location rule, it shall be necessary for the operator to bring the matter to a hearing before approval for the production of gas can be given.

(2) San Juan, Rio Arriba, Sandoval, and McKinley Counties

- (a) Wildcat Gas Wells. In San Juan, Rio Arriba, Sandoval, and McKinley Counties, a wildcat well which is projected to a gas-producing horizon shall be located on a designated drilling tract consisting of 160 surface contiguous acres, more or less, substantially in the form of a square which is a quarter section, being a legal subdivision of the U. S. Public Land Surveys, and shall be located not closer than 790 feet to any outer boundary of the tract not closer than 130 feet to any quarter-quarter section or subdivision inner boundary.

- (b) In the event a well drilled as a gas well is completed as an oil well and is located accordingly but does not conform to the oil well location rule below, it shall be necessary for the operator to apply for administrative approval for a non-standard location before an oil admissible well be assigned. An application may be set for hearing by the Director. If the operator is uncertain as to whether a proposed wildcat well will be an oil well or a gas well, the well should be staked so that it is in a standard location for both oil and gas production.

- (c) Wildcat Oil Wells. A wildcat well which is projected to an oil-producing horizon as recognized by the Division shall be located on a tract consisting of approximately 40 surface contiguous acres substantially in the form of a square which is a legal subdivision of the U. S. Public Land Surveys, or on a governmental quarter-quarter section or lot, and shall be located not closer than 330 feet to any boundary of such tract.

- (d) In the event a well drilled as an oil well is completed as a gas well and is located accordingly but does not conform to the above gas well location rules, it shall be necessary for the operator to apply for administrative approval for a non-standard location before the well can produce. An application may be set for hearing by the Director. If the operator is uncertain as to whether a proposed wildcat well will be an oil well or a gas well, the well should be staked so that it is in a standard location for both oil and gas production.

(3) All Counties except Lea, Chavez, Eddy, Roosevelt, San Juan, Rio Arriba, Sandoval, and McKinley.

- (a) Any wildcat well which is projected as an oil well in any county other than Lea, Chavez, Eddy, Roosevelt, San Juan, Rio Arriba, Sandoval, and McKinley Counties shall be located on a tract consisting of approximately 40 surface contiguous acres substantially in the form of a square which is a legal subdivision of the U. S. Public Land Surveys, or on a governmental quarter-quarter section or lot and shall be located not closer than 330 feet to any boundary of such tract.

- (b) Any wildcat well which is projected as a gas well to a formation and in an area which, in the opinion of the Division representative approving the application to drill, may reasonably be presumed to be productive of gas rather than oil shall be located on a drilling tract consisting of 160 surface contiguous acres, more or less, substantially in the form of a square which is a quarter section, being a legal subdivision of the U. S. Public Land Surveys, and shall be located not closer than 660 feet to any outer boundary of such tract not closer than 330 feet to any quarter-quarter section or subdivision inner boundary.

104 C. ACREAGE AND WELL LOCATION REQUIREMENTS FOR DEVELOPMENT WELLS

(1) Oil Wells, All Counties.

- (a) Unless otherwise provided in special pool rules, each development well for a defined oil pool shall be located on a tract consisting of approximately 40 surface contiguous acres substantially in the form of a square which is a legal subdivision of the U.S. Public Land Surveys, or on a governmental quarter-quarter section or lot, and shall be located not closer than 330 feet to any boundary of such tract nor closer than 330 feet to the nearest well drilling to or capable of producing from the same pool, provided however, only tracts committed to active secondary recovery projects shall be permitted more than four wells.

(2) Lea, Chaves, Eddy and Roosevelt Counties.

- (a) Gas Wells. Unless otherwise provided in special pool rules, each development well for a defined gas pool in a formation younger than the Wolfcamp formation, or in the Wolfcamp formation which was created and defined by the Division prior to November 1, 1975, or in a Pennsylvanian age or older formation which was created and defined by the Division prior to June 1, 1964, shall be located on a designated drilling tract consisting of 160 surface contiguous acres, more or less, substantially in the form of a square which is a quarter section being a legal subdivision of the U.S. Public Land Surveys, and shall be located not closer than 660 feet to any outer boundary of such tract nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary nor closer than 1320 feet to the nearest well drilling to or capable of producing from the same pool.
- (b) Unless otherwise provided in the special pool rules, each development well for a defined gas pool in the Wolfcamp formation which was created and defined by the Division after November 1, 1975, or of Pennsylvanian age or older which was created and defined by the Division after June 1, 1964, shall be located on a designated drilling tract consisting of 320 surface contiguous acres, more or less,

comprising any two contiguous quarter sections of a single governmental section, being a legal subdivision of the U.S. Public Land Surveys. Any such well having more than 160 acres dedicated to it shall be located not closer than 660 feet to the nearest side boundary of the dedicated tract nor closer than 1650 feet to the nearest end boundary, nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary. (For the purpose of this rule, "side" boundary and "end" boundary are as defined in Rule 104 B(1)(a), above.)

(3) San Juan, Rio Arriba, Sandoval, and McKinley Counties.

- (a) Gas Wells. Unless otherwise provided in special pool rules, each development well for a defined gas pool shall be located on a designated drilling tract consisting of 160 surface contiguous acres, more or less, substantially in the form of a square which is a quarter section, being a legal subdivision of the U.S. Public Land Surveys, and shall be located not closer than 790 feet to any outer boundary of the tract nor closer than 130 feet to any quarter-quarter section line or subdivision inner boundary.

(4) All Counties except Lea, Chaves, Eddy, Roosevelt, San Juan, Rio Arriba, Sandoval, and McKinley.

- (a) Gas Wells. Unless otherwise provided in special pool rules, each development well for a defined gas pool shall be located on a designated drilling tract consisting of 160 surface contiguous acres, more or less, substantially in the form of a square which is a quarter section, being a legal subdivision of the U.S. Public Land Surveys, and shall be located not closer than 660 feet to any outer boundary of such tract nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary nor closer than 1320 feet to the nearest well drilling to or capable of producing from the same pool.

(1) **Well Tests and Classification.** It shall be the responsibility of the operator of any wildcat gas well or development gas well to which more than 40 acres has been dedicated to conduct a potential test within 30 days following completion of the well and to file the same with the Division within 10 days following completion of the tests. (See Rule 401.)

(a) Date of completion for a gas well shall be the date a wellhead is installed or 30 days following conclusion of active completion work on the well, whichever date comes first.

(b) Upon making a determination that the well should not properly be classified as a gas well, the Division will reduce the acreage dedicated to the well.

(c) Failure of the operator to file the aforesaid tests within the specified time will also subject the well to such acreage reduction.

(2) **Non-Standard Spacing Units.** Any well which does not have the required amount of acreage dedicated to it for the pool or formation in which it is completed may not be produced until a standard spacing unit for the well has been formed and dedicated or until a non-standard spacing unit has been approved.

(a) The supervisor of the appropriate District Office of the Division shall have the authority to approve non-standard spacing units without notice when the nonorthodox size and shape is necessitated by a variation in the legal subdivision of the United States Public Land Surveys and/or consists of an entire governmental section and the non-standard spacing unit is not less than 70% nor more than 130% of a standard spacing unit. Such approval shall consist of acceptance of Division Form C-102 showing the proposed non-standard spacing unit and the acreage contained therein.

(b) The Division Director may grant administrative approval to non-standard spacing units without notice and hearing when an application has been filed for a non-standard spacing unit and the nonorthodox size or shape of the dedicated tract is necessitated by a variation in the legal subdivision of the U.S. Public Land Surveys, or the following facts exist and the following provisions are complied with:

(i) The non-standard spacing unit consists of a single quarter-quarter section or lot or the non-standard spacing unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side; and

(ii) The non-standard spacing unit lies wholly within a single governmental quarter section if the well is completed in a pool or formation for which 40, 80, or 160 acres is the standard spacing unit size, wholly within a single governmental half section if the well is completed in a pool or formation for which 320 acres is the standard spacing unit size, or wholly within a single governmental section if the well is completed in a pool or formation for which 640 acres is the standard spacing unit size.

(c) Applications for administrative approval of non-standard spacing units, pursuant to Section D(2) above, shall be accompanied by a plat showing the subject spacing unit and an applicable standard spacing unit for the applicable pool or formation, its proposed well dedications, all adjoining spacing units and/or leases (whichever is applicable), and a list of affected parties. Also to be included is a statement that discusses the necessity for the formation of the subject non-standard spacing unit and the reasons why a standard sized spacing unit is not feasible.

(i) Affected parties in this instance shall be defined as those parties who own interests in the applicable half quarter section (80-acre spacing), quarter section (160-acre spacing), half section (320-acre spacing), or section (640-acre spacing) in which the non-standard spacing unit is situated and which acreage is not included in said non-standard spacing unit;

- (ii) the designated operator of any adjoining or diagonal spacing unit producing from the same pool(s) as the proposed non-standard spacing unit;
 - (iii) in the absence of an operator, all lessees of record of any diagonal or adjoining lease owning interests in the same pool(s) as the proposed non-standard spacing unit; and
 - (iv) in the absence of an operator or lessee, then to all owners of record of unleased mineral interests.
- (d) The applicant shall submit a statement attesting that applicant, on or before the same date the application was submitted to the Division, has sent notification to the affected parties by submitting a copy of the application, including a copy of the plat described in Subpart (c) above by certified or registered mail-return receipt in accordance with Rule 1207(6)(a) advising them that if they have an objection it must be filed in writing within twenty days from the date notice was sent. The Division Director may approve the non-standard spacing unit upon receipt of waivers from all said parties or if no said party has entered an objection to the non-standard spacing unit within 20 days after the Director has received the application.
- (e) The Division Director may set any application for administrative approval for a non-standard spacing unit for public hearing.
- (3) Number of Wells Per Spacing Unit in Non-Prorated Gas Pools: Unless otherwise permitted by special pool rules or authorized after notice and hearing, only one (1) well per spacing unit is permitted in non-prorated pools.

104.E. Form C-102, "Well Location and Acreage Dedication Plat", for any well shall designate the exact legal subdivision allotted to the well and Form C-101, "Application for Permit to Drill, Deepen, or Plug Back", will not be approved by the Division without such proper designation of acreage.

104.F. UNORTHODOX LOCATIONS

- (1) Well locations for producing wells and/or injection wells which are unorthodox based on the well location requirements of Rule 104.C(1)(a) above and which are necessary to permit the completion of an efficient production and injection pattern within a secondary recovery, tertiary recovery, or pressure maintenance project are hereby authorized, provided that any such unorthodox location within such project is no closer than the required minimum orthodox distance to the outer boundary of the lease or the unitized area, nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary. Such locations shall only require such prior approval as is necessary for an orthodox location.
- (2) The Division Director shall have authority to grant an exception to the well location requirements of Sections 104.B and 104.C above or to the well location requirements of special pool rules without notice and hearing when the necessity for such unorthodox location is based upon geologic conditions, archaeological conditions, topographical conditions, or the recompletion of a well previously drilled to a deeper horizon provided said well was drilled at an orthodox or approved unorthodox location for such original horizon.
- (3) Applications for administrative approval of unorthodox locations pursuant to Rule 104.F(2), above, shall be accompanied by a plat showing the subject spacing unit, its proposed unorthodox well location, the diagonal and adjoining spacing units and/or leases (whichever is applicable) and wells, and a list of affected parties. If the proposed unorthodox location is based upon topography or archaeology, the plat shall also show and describe the existent topographical or archaeological conditions. If the proposed unorthodox location is based upon geology, the application shall include appropriate geologic exhibits and a discussion of the geologic conditions which result in the necessity for the unorthodox location.
 - (a) Adjoining and diagonal spacing units shall be defined as those immediately adjacent existing spacing units in the same pool(s) as the proposed unorthodox well and towards which the unorthodox well location encroaches.

(b) Affected parties shall be defined as those parties who own interests in leases or operate wells on adjoining or diagonal spacing units and include:

(i) the designated operator of any adjoining or diagonal spacing unit producing from the same pool(s) as the proposed well;

(iii) in the absence of an operator, all lessors of record of any diagonal or adjoining lease owning interests in the same pool(s) as the proposed well; and

(iiii) in the absence of an operator or lessee, all owners of record of unleased mineral interests in the same pool(s) as the proposed well.

(4) The applicant shall submit a statement attesting that applicant, on or before

the same date the application was submitted to the Division, has sent notification to the affected parties by submitting a copy of the application, including a copy of the plat described in Rule 104.F(3) above by certified or registered mail-return receipt in accordance with Rule 1207(A)(5) advising them that if they have an objection it must be filed in writing within twenty days from the date notice was sent. The Division Director may approve the unorthodox location upon receipt of waivers from all said parties or if no said party has entered an objection to the unorthodox location within 20 days after the Director has received the application.

(5) The Division Director may set any application for administrative approval of an unorthodox location for public hearing, and may require the actual directional survey be run in the unorthodox well to establish the actual location of the producing interval(s).

104.G. Whenever an exception is granted, the Division may take such action as will offset any advantage which the person securing the exception may obtain over other producers by reason of the unorthodox location.

104.H. If the drilling tract is within an allocated oil pool or is placed within such allocated pool at any time after completion of the well and the drilling tract consists of less than 39 1/2 acres or more than 40 1/2 acres, the top unit allowable for such well shall be increased or decreased in the proportion that the number of acres in the drilling tract bears to 40.

104.I. If the drilling tract is within an allocated gas pool or is subsequently placed within an allocated gas pool, and the drilling tract consists of less than 158 acres or more than 162 acres in 160-acre pools, or less than 316 acres or more than 324 acres in 320-acre pools, the top allowable for such well shall be decreased or increased in the proportion that the number of acres in the drilling tract bears to a standard spacing unit for the pool.

104.J. In computing acreage under Rules 104.H and 104.I above, minor fractions of an acre shall not be counted but 1/2 acre or more shall count as 1 acre.

104.K. The provisions of Rules 104.H and 104.I above shall apply only to wells completed after January 1, 1950. Nothing herein contained shall affect in any manner any well completed prior to the effective date of this rule and no adjustments shall be made in the allowable production for any such wells by reason of these rules.

104.L. In order to prevent waste the Division may, after notice and hearing, fix different spacing requirements and require greater acreage for drilling tracts in any defined oil pool or in any defined gas pool notwithstanding the provisions of Rules 104.B and 104.C above.

104.M. The Division may approve the pooling or communitization of fractional lots of 20.49 acres or less with another oil spacing unit when:

(1) The tracts involved are contiguous;

(2) They are part of the same basic lease, carrying the same royalty interest; and

(3) The ownership of the tracts involved is common.

104. N. Application to the Division for pooling shall be accompanied by three (3) copies of a certified plat showing the dimensions and acreage involved in the pooling, the ownership of all leases and royalty interests involved, and the location of any proposed wells.

104. O. The Division shall wait at least ten days before approving any such pooling, and shall approve such pooling only in the absence of objection from any party entitled to notice. In the event that a party entitled to notice objects to the pooling, the Division shall consider the matter only after proper notice and hearing.

104. P. The Division may waive the ten-day waiting period requirement if the applicant furnishes the Division with the written consent to the pooling by all offset operators involved.

104. Q. The Division may consider that the requirements of Rules 104. M(2) and (3) have been fulfilled if the applicant furnishes with each copy of each application to the Division a copy of executed pooling agreement communitizing the tracts involved.

104. R. REPEALED