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MEMO: Richard: Regarding Case Nos. 13824 and 13825, the wells are in the North Bagley-Permian Pennsylvanian Pool, formerly the North Bagley-Pennsylvanian Pool. The pools rules previously established for the North Bagley-Pennsylvanian Pool are attached.

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R. W. Byram & Co., - Aug., 1995

SECTION III

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ATOKA-GRAYBURG POOL
Eddy County, New Mexico

Order No. R-958, March 8, 1957, Establishing Pool, as Amended by Order No. R-1079, October 29, 1957; Order No. R-1143, March 25, 1958; Order No. R-1179, May 26, 1958, Order No. R-1942, May 1, 1961.

T-18-S, R-26-E S/2 Sec. 12; NW/4, SW/4 NE/4 Sec. 13; E/2 Sec. 14.

BAGLEY-UPPER PENNSYLVANIAN GAS POOL
Lea County, New Mexico

Order No. R-991, May 1, 1957, Establishing Pool, as Amended by Order No. R-1059, September 30, 1957; Order No. R-1091, November 27, 1957; Order No. R-1105 December 30, 1957; Order No. R-1238, August 14, 1958; Order No. R-1338, February 18, 1959; Order No. R-3104, September 1, 1966; Order No. R-3818, September 1, 1969; Order No. R-4304, June 1, 1972.

T-12-S, R-33-E N/2 Sec. 3.

NORTH BAGLEY-PERMO PENNSYLVANIAN POOL
(Formerly North Bagley-Pennsylvanian Pool)
Lea County, New Mexico

Order No. R-1059, September 30, 1957, Establishing Pool, as Amended by Order No. R-1118, January 28, 1958; Order No. R-1559, December 18, 1959; Order No. R-2313, October 1, 1962; Order No. R-3988, July 1, 1970; Order No. R-4106, March 1, 1971; Order No. R-4155, July 1, 1971; Order No. R-4184, September 1, 1971; Order No. R-4232, January 1, 1972; Order No. R-4279, April 1, 1972; Order No. R-4304, June 1, 1972; Order No. R-4377, September 1, 1972; Order No. R-4423, November 1, 1972; Order No. R-4464, February 1, 1973; Order No. R-4566, July 1, 1973; Order No. R-4821, August 1, 1974; Order No. R-4861, November 1, 1974; Order No. R-4937, February 1, 1975; Order No. R-5081, September 1, 1975; Order No. R-5102, October 1, 1975; Order No. R-5215, June 1, 1976; Order No. R-5334, December 1, 1976; Order No. R-5511, September 1, 1977; Order No. R-7279, June 1, 1983; Order No. R-8981, September 1, 1989; Order No. R-9585, October 1, 1991.

Order No. R-2313, October 1, 1962, abolished pool.

Order No. R-3988, July 15, 1970, consolidated the North Bagley-Lower Pennsylvanian and North Bagley-Upper Pennsylvanian Pools into North Bagley-Pennsylvanian Pool.

T-11-S, R-32-E SE/4 Sec. 36.

T-11-S, R-33-E SW/4 Sec. 2; S/2 Sec. 3; SE/4, S/2 SW/4 Sec. 4; S/2 S/2 Sec. 5; S/2 Sec. 7; Secs. 8, 9, 10; W/2 Sec. 11; SE/4, W/2 Sec. 14; Secs. 15 through 22; W/2 Sec. 23; SW/4 Sec. 26; Secs. 27 through 33, W/2 SW/4, N/2 Sec. 34; NW/4 Sec. 35.

T-12-S, R-32-E E/2, S/2 & NE/4 SW/4 Sec. 1.

T-12-S, R-33-E S/2 SW/4 Sec. 3; Secs. 4, 5, 6; N/2, SE/4 Sec. 7; Secs. 8, 9; W/2, W/2 SE/4 Sec. 10; NW/4 Sec. 15; NE/4 Sec. 16.

MAROON CLIFFS-TANSILL POOL
Eddy County, New Mexico

Order No. R-1840, January 1, 1961, Establishing Pool.

T-20-S, R-31-E SE/4 Sec. 30.

VANDAGRIFF-KEYES GAS POOL
(QUEEN)
Eddy County, New Mexico

Order No. R-264, February 17, 1953, Establishing Pool, as Amended by Order No. R-1221, July 21, 1958; Order No. R-1611, February 26, 1960; Order No. R-2101, November 1, 1961; Order No. R-2187, March 1, 1962; Order No. R-2527, August 1, 1963; Order No. R-2552, September 1, 1963; Order No. R-2651, March 1, 1964; Order No. R-2938, August 1, 1965.

T-16-S, R-28-E SW/4 Sec. 27; SE/4 Sec. 28; E/2, SW/4 Sec. 33.

T-17-S, R-28-E SW/4 Sec. 2; S/2 Sec. 3; Secs. 4, 5; NE/4 Sec. 8; N/2, N/2 S/2 Sec. 10; NW/4 Sec. 11.

EAST TURKEY TRACK-QUEEN POOL
Eddy County, New Mexico

Order No. R-27, July 28, 1950, Establishing Pool, as Amended by Order No. R-958, March 8, 1957; Order No. R-2393, January 1, 1963.

T-19-S, R-29-E S/2 Sec. 1; N/2 Sec. 12.

T-19-S, R-30-E SW/4 Sec. 6; NW/4 Sec. 7.

EAST GARRETT-GLORIETA POOL
Lea County, New Mexico

Order No. R-1857, February 1, 1961, Establishing Pool.

T-16-S, R-39-E NW/4 Sec. 29.

SCHARB-PENNSYLVANIAN POOL
Lea County, New Mexico

Order No. R-1857, February 1, 1961, Establishing Pool.

T-19-S, R-35-E SW/4 Sec. 6.

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SECTION II

R. W. Byram & Co., - June, 1994

NORTH BAGLEY-PENNSYLVANIAN POOL
(Formerly North Bagley-Upper Pennsylvanian and North Bagley-Lower Pennsylvanian Pools)
Lea County, New Mexico

Order No. R-3249, Adopting Operating Rules for the North Bagley-Lower Pennsylvanian Pool, Lea County, New Mexico, June 5, 1967.

Order No. R-3988, July 15, 1970, consolidates the North Bagley-Upper Pennsylvanian and North Bagley-Lower Pennsylvanian Pools into the North Bagley-Pennsylvanian Pool and makes the standing rules for the North Bagley-Lower Pennsylvanian Pool applicable to the North Bagley-Pennsylvanian Pool.

Application of Stoltz & Company for Special Pool Rules, Lea County, New Mexico.

CASE NO. 3583
Order No. R-3249

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on May 24, 1967, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 5th day of June, 1967, 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, Stoltz & Company, seeks the promulgation of special rules and regulations for the North Bagley-Lower Pennsylvanian Pool, Lea County, New Mexico, including a provision for 80-acre spacing units.

(3) That the applicant has established that one well in the North Bagley-Lower Pennsylvanian 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 North Bagley-Lower Pennsylvanian Pool.

(5) That the special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

IT IS THEREFORE ORDERED:

That Special Rules and Regulations for the North Bagley-Lower Pennsylvanian Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS

FOR THE

NORTH BAGLEY-LOWER PENNSYLVANIAN POOL

RULE 1. Each well completed or recompleted in the North Bagley-Lower Pennsylvanian Pool or in the Lower Pennsylvanian formation within one mile thereof, and not nearer to or within the limits of another designated Lower Pennsylvanian 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 or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. 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 within 150 feet of the center of a governmental quarter-quarter section or lot.

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 or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed 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 operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 30 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 8.67 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.

R. W. Byram & Co., - Oct, 1985

SECTION II

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(NORTH BAGLEY-LOWER PENNSYLVANIAN POOL) - Cont'd.)

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.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the North Bagley-Lower Pennsylvanian Pool or in the Lower Pennsylvanian formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before June 15, 1987.

(2) That each well presently drilling to or completed in the North Bagley-Lower Pennsylvanian Pool or in the Lower Pennsylvanian formation within one mile thereof shall receive a 40-acre allowable until a Form C-102 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.

HIGH PLAINS-PENNSYLVANIAN POOL Lea County, New Mexico

Order No. R-2874, Adopting Temporary Operating Rules for the High Plains-Pennsylvanian Pool, Lea County, New Mexico, March 5, 1966, as Amended by Order No. R-2874-C, September 27, 1985.

Order No. R-2874-A, March 16, 1966, continues for one year the rules adopted in Order No. R-2874.

Order No. R-2874-B, March 14, 1967, makes permanent the rules adopted in Order No. R-2874.

See separate Order No. R-7955, June 12, 1985, extending the horizontal limits of the High Plains-Permian Pennsylvanian Pool.

Application of Apache Corporation for Pool Extension and Special Pool Rules, Lea County, New Mexico.

CASE NO. 3206
Order No. R-2874

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 o'clock a.m. on February 10, 1985, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 5th day of March, 1985, 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, Apache Corporation, seeks the extension of the horizontal limits of the High Plains-Pennsylvanian Pool in Lea County, New Mexico, to include the following described area:

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM

Section 14: SW/4

Section 15: SE/4

Section 22: E/2

Section 23: NW/4

(3) That the horizontal limits of the High Plains-Pennsylvanian Pool should be extended to include the above-described area.

(4) That the applicant also seeks the promulgation of temporary special rules and regulations governing said pool, including a provision for 160-acre spacing units.

(5) 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, temporary special rules and regulations providing for 160-acre spacing units should be promulgated for the High Plains-Pennsylvanian Pool.

(6) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(7) That the temporary special rules and regulations should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

(8) That this case should be reopened at an examiner hearing in March, 1966, at which time the operators in the subject pool should be prepared to appear and show cause why the High Plains-Pennsylvanian Pool should not be developed on 80-acre or 40-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That the horizontal limits of the High Plains-Pennsylvanian Pool in Lea County, New Mexico, are hereby extended to include the following-described area:

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM

Section 14: SW/4

Section 15: SE/4

Section 22: E/2

Section 23: NW/4

(2) That temporary Special Rules and Regulations for the High Plains-Pennsylvanian Pool are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS FOR THE HIGH PLAINS-PENNSYLVANIAN POOL

RULE 1. Each well completed or recompleted in the High Plains-Pennsylvanian Pool or in the Pennsylvanian formation within one mile thereof, and not nearer to or within the limits of another designated Pennsylvanian pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.