

3.
Article 3.
**PROPOSED FIELD RULES FOR CROSBY DEVONION POOL
LEA COUNTY, NEW MEXICO**

RULE 1:

The casing program for the field shall include three strings of casing set in accordance with the following plan:

- A. The surface string shall be new or reconditioned pipe with a mill test of not less than two thousand (2,000) pounds per square inch and shall be set and cemented at a depth of approximately five hundred (500) feet, such depth being sufficient to protect the fresh water bearing sands of the Santa Rosa Formation.

Cementing shall be by the pump and plug method and sufficient cement shall be used to fill the annular space back of the pipe to the surface of the ground or the bottom of the cellar. Cement shall stand a minimum of sixteen (16) hours under pressure and a total of twenty four (24) hours before drilling the plug or initiating pressure tests. Before drilling the plug, this string shall be tested by the application of at least one thousand (1,000) pounds per square inch and, if at the end of thirty (30) minutes the pressure shows a drop of one hundred fifty (150) pounds per square inch or more, the casing shall be condemned. After corrective measures have been taken, the pipe shall again be tested in the same manner.

- B. The intermediate string shall consist of new or reconditioned pipe that has been tested to two thousand (2,000) pounds per square inch and shall be set at approximately forty eight hundred (4,800) feet. Cementing shall be by the pump and plug method and sufficient cement shall be used to fill the calculated annular space back of the pipe to a point one hundred (100) feet above the top of the Yates formation. In addition, the intermediate string shall be cemented in such manner as to isolate or cover the salt section of the Salado formation either by circulating cement of sufficient volume to cover said section or by the use of multi-stage cementing methods. The cement shall stand a minimum of twenty four (24) hours under pressure and a total of thirty (30) hours before drilling plug or initiating tests. Casing shall be tested by the application of at least twelve hundred (1200) pounds per square inch pump pressure. If, at the end of thirty (30) minutes, the pump pressure shows a drop of one hundred (100) pounds per square inch or more, the cementing shall be condemned. After corrective measures have been taken, the pipe shall again be tested in the same manner.

- C. The producing or oil string shall be new or reconditioned casing that has been tested to four thousand (4,000) pounds per square inch and shall be set at a depth not less than the top of the Devonian Formation. Cementing shall be with a minimum of three hundred fifty (350) sacks of cement applied by the pump and plug method and shall stand a minimum of twenty four (24) hours under pressure and a total of forty eight (48) hours before drilling the plug or initiating tests. After cementing, the casing shall be tested by pump pressure of at least fifteen hundred (1,500) pounds per square inch for a period of at least thirty (30) minutes. If, at the end of 30 minutes the pressure shows a drop of one hundred (100) pounds per square inch or more, the cementing job shall be condemned. After corrective measures have been taken, the pipe shall again be tested in the same manner.

RULE II:

- A. No gas well shall hereafter be drilled nearer than three thousand seven hundred thirty feet plus or minus two hundred (3700 \pm 200') to any well completed in or drilling to the same reservoir on the same lease, unitized tract or farm, and no well shall be drilled nearer than thirteen hundred twenty feet plus or minus two hundred feet (1320 \pm 200') to any property line, lease line, or subdivision line; provided, however, that the Commission will, in order to prevent waste or to prevent the confiscation of property, grant exceptions to permit drilling within shorter distances than herein prescribed whenever the Commission shall have determined that such exceptions

7. That ~~from the evidence submitted~~, the Commission finds that the probable areal extent of the common source of supply is limited ~~and dips steeply on the flanks~~; ^{and} that as a result thereof a proration unit of more than 160 acres ^{could} ~~would~~ cause the possible ~~production of gas from the common source of supply~~ ^{the inclusion in} assignment to units of acreage that ^{be} cannot be reasonably assumed to be productive of gas; ~~that one well will efficiently and economically drain at least 160 acres of the common source of supply; and that in view of the foregoing, and in the absence of evidence to the contrary, and in order to provide for the orderly development of the common source of supply, proration units of approximately 160 acres, well-spacing regulations, and a leasing program should be established for said common source of supply.~~

8. That one well will efficiently and economically drain at least 160 acres of the said source of supply.

9. That in order to provide for the orderly development of the said source of supply, and to prevent waste, proration units of 160 acres, well-spacing regulations, and a leasing program should be established for said source of supply.

(2) That the existing horizontal boundaries of said pool as herein established shall be subject to additions or deletions after notice and hearing as development and further information may direct or indicate.

(3) That the development of said pool shall be conducted under the existing rules and regulations of the Commission and that Statewide Rule 104, Paragraph (d) shall remain in full force and effect, all until further order of the Commission.

DONE, at S.F.N.M.....