

SPECIAL RULES AND REGULATIONS FOR THE  
BASIN-DAKOTA GAS POOL

A. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 2: That all wells drilled to or completed in the Basin-Dakota Gas Pool shall be located no nearer than 790 feet to the boundary line of the proration unit and shall be located no nearer than 130 feet to a governmental quarter-quarter section line or subdivision inner boundary line.

In the event any such well is completed as an oil well at a location nearer than 330 feet to a governmental quarter-quarter section line, said well shall not be produced unless and until such time as the unorthodox oil well location has been approved by the Commission after notice and hearing.

RULE 3: The Secretary-Director of the Commission shall have authority to grant an exception to Rule 2 without notice and hearing where an application therefor has been filed in due form and the Secretary-Director determines that good cause exists for granting such exception.

Applicants shall furnish all offset operators and all operators within the section in which the subject well is located a copy of the application to the Commission, and applicant shall include with his application a list of names and addresses of all such operators, together with a stipulation that proper notice has been given said operators at the addresses given. The Secretary-Director of the Commission shall wait at least 20 days before approving any such unorthodox location, and may approve such unorthodox location only in the absence of objection from any offset operator or any operator within the section in which the well is located. In the event such an operator objects to the unorthodox location, the Commission shall consider the matter only after proper notice and hearing.

RULE 5(A): A standard gas proration unit in the Basin-Dakota Gas Pool shall be 320 acres.

RULE 5(B): The Secretary-Director of the Commission shall have authority to grant an exception to Rule 5(A) without notice

and hearing where an application has been filed in due form and where the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Lands Survey, or where the following facts exist and the following provisions are complied with:

1. The non-standard unit consists of contiguous quarter-quarter sections or lots.
2. The non-standard unit lies wholly within a single governmental section.
3. The entire non-standard unit may reasonably be presumed to be productive of gas.
4. The length or width of the non-standard unit does not exceed 5280 feet.
5. That applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the section in which any part of the non-standard unit is situated and which acreage is not included in said non-standard unit.
6. In lieu of Paragraph 5 of this Rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered mail of his intent to form such non-standard unit. The Secretary-Director of the Commission may approve the application, if, after a period of 30 days following the mailing of said notice, no such operator has made objection to the formation of such non-standard unit.

#### E. CLASSIFICATION OF WELLS

RULE 16(A): After the production data is available for the last month of each gas proration period, any well which had an underproduced status at the beginning of the preceding gas proration period and which did not produce ~~an amount equal to an~~ <sup>its average</sup> ~~average of the~~ allowable during the preceding six-month gas proration period may be classified as a marginal well, unless, prior to the end of said preceding gas proration period, the operator or other interested party presents satisfactory evidence to the Commission showing that the well should not be so classified.

H. MISCELLANEOUS SPECIAL POOL RULES

RULE 25: The vertical limits of the Basin-Dakota Gas Pool shall be from the base of the Greenhorn Limestone to a point 400 feet below the base of said formation and consisting of the Graneros formation, the Dakota formation and the productive upper portion of the Morrison formation.

The horizontal limits of the Basin-Dakota Gas Pool shall be San Juan and Rio Arriba Counties, New Mexico, with the exception of the Barker-Creek-Dakota Gas Pool and the Ute Dome - ~~Dakota~~ Gas Pool together with any extensions thereof.

IT IS FURTHER ORDERED:

That the foregoing Special Rules and Regulations shall have no application in any area which is now or may hereafter be classified by the Commission as an oil pool in the Dakota formation.

IT IS FURTHER ORDERED:

That a case is hereby docketed for the Regular Commission Hearing in June, 1961, at which time the Commission will consider the necessity or desirability for establishing a maximum and minimum per well allowable in the Basin-Dakota <sup>gas</sup> Pool.

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

IT IS FURTHER ORDERED:

That all purchasers of gas in the Basin-Dakota gas Pool shall file preliminary nominations for the purchase of gas from said pool during the initial six-month period commencing February 1, 1961, said nominations to be filed with the Santa Fe office of the Commission on or before December 9, 1960.