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**SPECIAL RULES AND REGULATIONS FOR THE
EAST SAUNDERS POOL**

RULE 1. Each well completed or recompleted in the East Saunders Pool or in the Permo-Penn formation within one mile of said pool and not nearer to nor within the limits of another designated Permo-Penn pool, shall be spaced, drilled, operated and prorated in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed or recompleted in the East Saunders Pool shall be located on a unit containing 160 acres, more or less, which consists of a single governmental quarter section.

RULE 3. Each well on any 160 acre unit in said pool shall be located within 150 feet of either the NE/4 or the SW/4 of the quarter section on which the well is located.

RULE 4. For good cause shown, the Secretary-Director of the Commission may grant exception to the requirements of Rule 2 without notice and hearing when the application is for a non-standard unit comprising less than 160 acres. All operators offsetting the proposed non-standard unit shall be notified of the application by registered mail, and the application shall state that such notice has been furnished. The Secretary-Director of the Commission may approve the application if, after a period of 30 days, no offset operator has entered an objection to the formation of such non-standard unit.

The allowable assigned to any such non-standard unit shall bear the same ratio to a standard allowable in the East Saunders Pool as the acreage in such non-standard unit bears to 160 acres.

RULE 5. A 160-acre proration unit (158 through 162 acres) in the East Saunders Pool shall be assigned a proportional factor of 7.67 for allowable purposes, and in the event there is more than one well on a 160-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

RULE 6. During the interim period that these special rules and regulations are in effect the limiting gas-oil ratio shall be 2000:1.

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| BEFORE EXAMINER LIZ |
| OIL CONSERVATION COMMISSION |
| EXHIBIT NO. _____ |
| CASE NO. _____ |