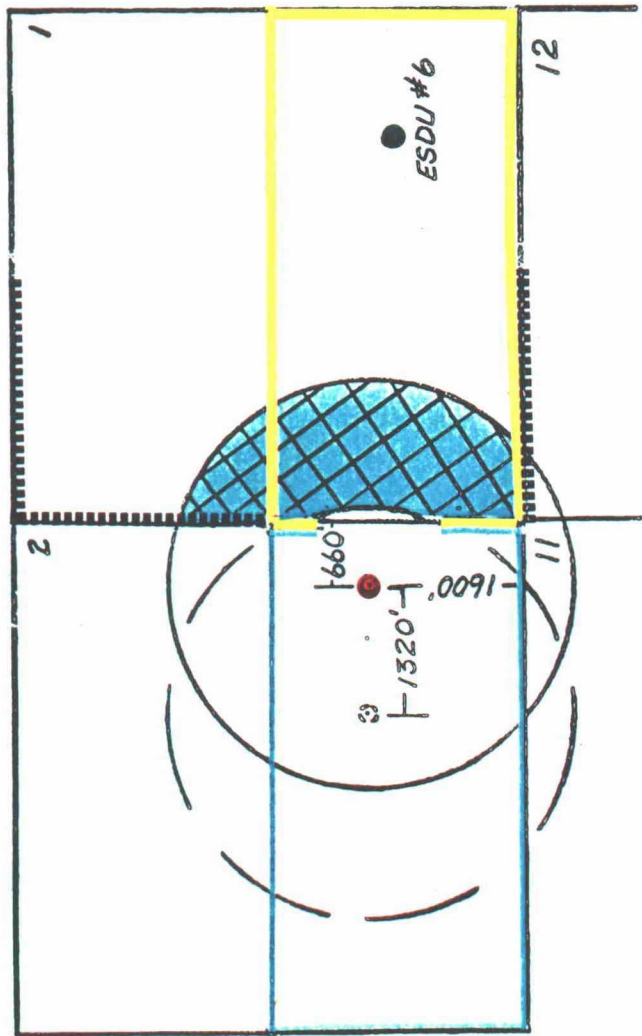


SECTIONS 1 & 2
T-18-S, R-28-E
EDDY COUNTY, NEW MEXICO
SCALE 1" = 2000'



-  Amoco Operated Empire South Deep Unit Boundary Segment
-  Offset Empire South Deep Unit Morrow Gas Wells Currently Producing
-  Proposed Unorthodox Morrow Gas Well Location
-  Area of Encroachment into Empire South Deep Unit by Proposed Unorthodox Morrow Well Location

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BEFORE EXAMINER **STOGNER**
OIL CONSERVATION DIVISION
Amoco EXHIBIT NO. 3
CASE NO. 8204

PROPOSED PRODUCTION LIMITATION FACTOR
FOR
COSTA RESOURCES UNORTHODOX MORROW WELL COMPLETION

1. Variation from Standard Location (1320')
67% of 1980 location
2. Area of Encroachment on Empire South Deep Unit Acreage (88 ac)
28% of 320 acre drainage area for Morrow completion

Recommended Penalty with 67% location factor and
28% encroachment factor $(67\% + 28\%)/2 = 48\%$
restriction of Morrow well production.

or

52% Production Limitation Factor to be applied
against the wells ability to produce into the
pipeline as determined by periodic well tests.

BEFORE EXAMINER <i>Guiniana</i> STOGNER	
OIL CONSERVATION DIVISION	
<i>Almao</i>	EXHIBIT NO. <i>4</i>
CASE NO.	<i>8204</i>