

The sum of the allowables given to two 160 acre proration units is not the same as the allowable given to a 320 acre proration unit with the same deliverability.

$$AF \cdot F_1 + AF \cdot D \cdot F_2 = \text{Allowable for the month}$$

$$(.50 \cdot F_1 + .50 \cdot D_1 \cdot F_2) + (.50 F_1 + .50 \cdot D_2 \cdot F_2) \neq F_1 + (D_1 + D_2) F_2$$

$$.50 (F_1 + D_1 \cdot F_2 + F_1 + D_2 \cdot F_2)$$

$$.50 (2 F_1 + (D_1 + D_2) F_2)$$

$$F_1 + \frac{(D_1 + D_2) F_2}{2}$$

$$\neq F_1 + (D_1 + D_2) F_2$$

BEFORE THE	
OIL CONSERVATION COMMISSION	
Santa Fe, New Mexico	
Case No. <u>8749</u>	Subm. No. <u>1</u>
Submitted by <u>3. Day</u>	
Hearing Date _____	

Example of Allowable Calculation for two wells having Acreage Factors of .50

John E. Schalk
Schalk Gulf #2 G-08-25N-03W
D = 90 MCF/D

Union Texas Petroleum Corporation
McCroden A #3 P-08-25N-03W
D = 111 MCF/D

$AF \cdot F_1 + AF \cdot D \cdot F_2 = \text{Allowable}$
Blanco M.V. December $F_1 = 3484.03$ $F_2 = 20.274029$

.50 x 3484.03	=	1742.02	
.50 x ^{90x} 20.274029	=	<u>912.33</u>	
		<u>2654.35</u>	MCF

.50 x 3484.03	=	1742.02	
.50 x 111 x 20.274024	=	<u>1125.21</u>	
		<u>2867.23</u>	MCF

$2654.35 + 2867.23 = \underline{\underline{5521.58}}$ MCF

If the wells were on the same 320 acre tract:

$90 + 111 = 201$ MCF

1.00 x 3484.03	=	3484.03	
1.00 x 201 x 20.274024	=	<u>4075.08</u>	
		<u>7559.11</u>	MCF

COMMITTEE PROPOSED CHANGES
SPECIAL POOL RULES

SAN JUAN BASIN

The vertical limits, date of pool creation, and date of proration is shown in the introductory paragraphs, but not as rules.

All rules that comply with the General Proration Rules were omitted from the special rules.

Due to the authorized infill drilling in the Basin Dakota and Blanco Mesaverde Pools, special location and deliverability testing rules are carried.

Because of an earlier well location rule in the Basin Dakota Rules, a special limit of at least 920 feet between wells exists.

Basin Dakota Rules relating to oil wells were omitted.

Special Rule 25 was used in the Blanco Mesaverde Rules to define the change in vertical limits as shown on Exhibit A of Order R-5459 as amended.

Rules 26 through 33 in the Blanco Mesaverde Rules do not relate to proration; therefore, they were not changed.

Well location requirements in the Tapacito Pictured Cliffs Pool were modified to cause them to conform to the other gas well spacing rules in the San Juan Basin. Formerly, a well could be located "... no closer than 25 feet from any quarter-quarter section line or subdivision inner boundary." That was changed to 130 feet.

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EXHIBIT NO.	4A

ILLEGIBLE

SPECIAL RULES AND REGULATIONS FOR THE
BASIN-DAKOTA GAS POOL

THE VERTICAL LIMITS for the Basin-Dakota Gas Pool shall be from the base of the Greenhorn Limestone to a point 400 feet below the base of the said formation and consisting of the Graneros formation, the Dakota formation and the productive upper portion of the Morrison formation.

The Basin-Dakota Gas Pool was created February 1, 1961 and gas proration became effective February 1, 1961.

A. WELL ACREAGE AND LOCATION REQUIREMENTS

RULE 2(a) STANDARD GPU PRORATION UNIT SPACING in the Basin-Dakota Gas Pool shall be 320 acres.

RULE 2(b) WELL LOCATION:

1. THE INITIAL WELL drilled on a GPU shall be located not closer than 790 feet to any outer boundary of the quarter section on which the well is located and not closer than 130 feet to any quarter-quarter section line or subdivision inner boundary.

2. THE INFILL WELL drilled on a GPU shall be located in the quarter section of the GPU not containing a Dakota well, and shall be located with respect to the GPU boundaries as described in the preceding paragraph.

No Dakota infill well shall be drilled nearer than 920 feet to an existing Dakota well on the same GPU.

The plat (Form C-102) accompanying the Application for Permit to Drill (OCD Form C-101 or the Federal form) for the subsequent well on a GPU shall have outlined thereon the boundaries of the GPU and shall show the location of all existing Dakota wells on the GPU as well as the proposed new well.

In the event an infill well is drilled on any GPU, both wells shall be produced for so long as it is economically feasible to do so.

C. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 5(a)2 NON-MARGINAL GPU ALLOWABLE: The pool allowable remaining each month after deducting the total allowable assigned to marginal GPUs shall be allocated among the non-marginal GPUs entitled to an allowable in the following manner:

A) Forty percent (40%) of the pool allowable remaining to be allocated to the non-marginal GPUs shall be allocated among such GPUs in the proportion that each GPU's "AD Factor" bears to the total "AD Factor" for all non-marginal GPUs in the pool.

Examiner _____

Case No. 8749

EXHIBIT NO. 4B

When calculating the allowable for a GPU containing an infill well, the deliverability of both wells shall be added in calculating the "AD Factor" and the allowable may be produced from both wells.

B) Sixty percent (60%) of the pool allowable remaining to be allocated to non-marginal GPUs shall be allocated among such GPUs in the proportion that each GPU's acreage factor bears to the total acreage factor for all non-marginal GPUs in the pool.

RULE 8. MINIMUM ALLOWABLES: A minimum allowable of 250 MCF per month per GPU will be assigned to prevent the premature abandonment of wells.

RULE 9(a) DELIVERABILITY TESTS: The calculated deliverability at the "deliverability pressure" shall be determined in accordance with the provisions of the current "Gas Well Testing Rules and Procedures."

Within 90 days after a well first delivers gas to a gas transportation facility, the well shall have been tested as required in the preceding paragraph, and the results of the test filed on the appropriate form in triplicate with the Division's Aztec office and one copy filed with the gas transportation facility to which the well is connected. Failure to file said test within the above-specified 90-day period will subject the well to the loss of one day's allowable for each day the test is late.

1. If the newly first-delivered well is an infill well on a GPU, the old well on the GPU is not required to be tested concurrently with the new well provided it has a valid test on file for the current proration period. Testing of the old well shall continue to follow the regularly assigned test schedule for the pool in which the well is located. The new well is required to be tested annually until at least three annual tests are on file; and then, the well is to be tested biennially with other wells in the pool.

2. If the old well on the GPU is "Exempt", the old well is to be tested along with the new well for the Initial and Annual Deliverability and Shut-In Pressure Test. The old well will lose its "Exempt" classification and must be tested biennially along with other wells in the pool.

(General Pool Rules also apply unless in conflict with these Special Pool Rules.)

SPECIAL RULES AND REGULATIONS FOR THE
BLANCO-MESAVERDE GAS POOL

THE VERTICAL LIMITS for the Blanco-Mesaverde Gas Pool shall be as follows:

North and east of a line generally running from the northwest corner of Township 31 North, Range 13 West, San Juan County, New Mexico, to the southwest corner of Township 24 North, Range 1 East, NMPM, Rio Arriba County, New Mexico, (as fully described on Exhibit "A" of Order R-5459, August 1, 1977, as amended, and in Rule 25 of this order), the vertical limits shall be from the Huerfanito Bentonite marker to a point 500 feet below the top of the Point Lookout Sandstone.

South and west of the line described in (a) above, the vertical limits shall be from a point 750 feet below said Huerfanito Bentonite marker to a point 500 feet below the top of the Point Lookout Sandstone.

The Blanco-Mesaverde Gas Pool was created February 25, 1949 and gas proration became effective March 1, 1955.

A. WELL ACREAGE AND LOCATION REQUIREMENTS

RULE 2(a) STANDARD GPU PRORATION UNIT SPACING in the Blanco-Mesaverde Gas Pool shall be 320 acres.

RULE 2(b) WELL LOCATION:

1. THE INITIAL WELL drilled on a GPU shall be located not closer than 790 feet to any outer boundary of the quarter section on which the well is located and not closer than 130 feet to any quarter-quarter section line or subdivision inner boundary.

2. THE INFILL WELL drilled on a GPU shall be located in the quarter section of the GPU not containing a Mesaverde well, and shall be located with respect to the GPU boundaries as described in the preceeding paragraph.

The plat (Form C-102) accompanying the Application for Permit to Drill (OCD Form C-101 or the Federal form) for the subsequent well on a GPU shall have outlined thereon the boundaries of the GPU and shall show the location of all existing Mesaverde wells on the GPU as well as the proposed new well.

In the event an infill well is drilled on any GPU, both wells shall be produced for so long as it is economically feasible to do so.

C. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 5(a)2 NON-MARGINAL GPU ALLOWABLE: The pool allowable remaining each month after deducting the total allowable assigned to marginal GPUs shall be allocated among the non-marginal GPUs entitled to an allowable in the following manner:

A) Seventy-five percent (75%) of the pool allowable remaining to be allocated to the non-marginal GPUs shall be allocated among such GPUs in the proportion that each GPU's "AD Factor" bears to the total "AD Factor" for all non-marginal GPUs in the pool.

When calculating the allowable for a GPU containing an infill well, the deliverability of both wells shall be added in calculating the "AD Factor" and the allowable may be produced from both wells.

B) Twenty-five percent (25%) of the pool allowable remaining to be allocated to non-marginal GPUs shall be allocated among such GPUs in the proportion that each GPU's acreage factor bears to the total acreage factor for all non-marginal GPUs in the pool.

RULE 8 MINIMUM ALLOWABLES: A minimum allowable of 250 MCF per month per GPU will be assigned to prevent the premature abandonment of wells.

RULE 9(a) DELIVERABILITY TESTS: The calculated deliverability at the "deliverability pressure" shall be determined in accordance with the provisions of the current "Gas Well Testing Rules and Procedures."

Within 90 days after a well first delivers gas to a gas transportation facility, the well shall have been tested as required in the preceding paragraph, and the results of the test filed on the appropriate form in triplicate with the Division's Aztec office and one copy filed with the gas transportation facility to which the well is connected. Failure to file said test within the above-specified 90-day period will subject the well to the loss of one day's allowable for each day the test is late.

1. If the newly first-delivered well is an infill well on a GPU, the old well on the GPU is not required to be tested concurrently with the new well provided it has a valid test on file for the current proration period. Testing of the old well shall continue to follow the regularly assigned test schedule for the pool in which the well is located. The new well is required to be tested annually until at least three annual tests are on file; and then, the well is to be tested biennially with other wells in the pool.

2. If the old well on the GPU is "Exempt", the old well is to be tested along with the new well for the Initial and Annual Deliverability and Shut-In Pressure Test. The old well will lose its "Exempt" classification and must be tested biennially along with other wells in the pool.

H. MISCELLANEOUS SPECIAL POOL RULES

RULE 25 VERTICAL LIMIT BOUNDARY: Exhibit "A" of Order R-5459 which defines a dividing line across the Blanco-Mesaverde Pool reads as follows: (Enter Exhibit A here.)

(General Pool Rules also apply unless in conflict with these Special Pool Rules.)

EXHIBIT "A"

This exhibit defines the Northwest-Southeast trending line established by Order R-5459, as amended, that divides the Blanco-Mesaverde Pool for defining the vertical limits of the pool. Said line traverses the South side or West side of the sections listed below:

TOWNSHIP 31 NORTH, RANGE 14 WEST, NMPM

Section 12: South

TOWNSHIP 31 NORTH, RANGE 13 WEST, NMPM

Sections 7 and 8: South

Section 16: West and South

Sections 15 and 14: South

Section 24: West and South

TOWNSHIP 31 NORTH, RANGE 12 WEST, NMPM

Section 19: South

Section 29: West and South

Sections 28 and 27: South

Section 35: West and South

Section 36: South

TOWNSHIP 30 NORTH, RANGE 11 WEST, NMPN

Section 6: West and South

Section 8: West and South

Sections 9, 10, and 11: South

Section 13: West and South

TOWNSHIP 30 NORTH, RANGE 10 WEST, NMPM

Section 18: South

Section 20: West and South

Sections 21 and 22: South

Section 26: West and South

Section 25: South

TOWNSHIP 30 NORTH, RANGE 9 WEST, NMPM

Section 31: West and South

Section 32: South

TOWNSHIP 29 NORTH, RANGE 9 WEST, NMPM

Section 4: West and South

Section 3: South

Section 11: West and South

Section 12: South

TOWNSHIP 29 NORTH, RANGE 8 WEST, NMPM

Section 18: West and South

Section 17: South

Section 21: West and South

Section 22: South

Section 26: West and South

Section 25: South

TOWNSHIP 29 NORTH, RANGE 7 WEST, NMPM

Section 31: West and South

Sections 32 through 36: South

TOWNSHIP 28 NORTH, RANGE 6 WEST, NMPM

Sections 7, 18, 19, 30, and 31: West

TOWNSHIP 27 NORTH, RANGE 6 WEST, NMPM

Section 6: West
Section 7: West and South
Sections 8 and 9: South
Section 15: West and South
Section 14: South
Section 24: West
Section 25: West and South

TOWNSHIP 27 NORTH, RANGE 5 WEST, NMPM

Section 31: West and South
Sections 32 through 36: South

TOWNSHIP 27 NORTH, RANGE 4 WEST, NMPM

Sections 31 through 36: South

TOWNSHIP 27 NORTH, RANGE 3 WEST, NMPM

Sections 31 and 32: South

TOWNSHIP 26 NORTH, RANGE 3 WEST, NMPM

Section 4: West and South
Sections 3 and 2: South
Section 12: West and South

TOWNSHIP 26 NORTH, RANGE 2 WEST, NMPM

Sections 7 and 8: South
Section 16: West and South
Section 22: West and South
Section 26: West
Section 35: West and South

TOWNSHIP 25 NORTH, RANGE 2 WEST, NMPM

Section 1: West and South

TOWNSHIP 25 NORTH, RANGE 1 WEST, NMPM

Section 7: West
Section 18: West and South
Section 20: West and South
Section 28: West
Section 33: West and South

TOWNSHIP 24 NORTH, RANGE 1 WEST, NMPM

Section 3: West
Section 10: West and South
Section 14: West and South
Section 24: West
Section 25: West and South

TOWNSHIP 24 NORTH, RANGE 1 EAST, NMPM

Section 31: West

SPECIAL RULES AND REGULATIONS FOR THE
SOUTH BLANCO-PICTURED CLIFFS GAS POOL

THE VERTICAL LIMITS of the South Blanco-Pictured Cliffs Gas Pool shall be the Pictured Cliffs formation.

The South Blanco-Pictured Cliffs Gas Pool, Rio Arriba, San Juan, and Sandoval Counties, New Mexico, was created May 20, 1952 and gas proration became effective March 1, 1955.

B. WELL ACREAGE AND LOCATION REQUIREMENTS

RULE 2(A) STANDARD GPU PRORATION UNIT SPACING in the South Blanco-Pictured Cliffs Gas Pool shall be 160 acres.

D. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 5(a)2 NON-MARGINAL GPU ALLOWABLE: The pool allowable remaining each month after deducting the total allowable assigned to marginal GPUs shall be allocated among the non-marginal GPUs entitled to an allowable in the following manner:

A) Seventy-five percent (75%) of the pool allowable remaining to be allocated to the non-marginal GPUs shall be allocated among such GPUs in the proportion that each GPU's "AD Factor" bears to the total "AD Factor" for all non-marginal GPUs in the pool.

B) Twenty-five percent (25%) of the pool allowable remaining to be allocated to non-marginal GPUs shall be allocated among such GPUs in the proportion that each GPU's acreage factor bears to the total acreage factor for all non-marginal GPUs in the pool.

RULE 8 MINIMUM ALLOWABLES: A minimum allowable of 250 MCF per month per GPU will be assigned in order to prevent premature abandonment of wells.

(General Pool Rules also apply unless in conflict with these Special Pool Rules.)

SPECIAL RULES AND REGULATIONS FOR THE
TAPACITO-PICTURED CLIFFS GAS POOL

THE VERTICAL LIMITS of the Tapacito-Pictured Cliffs Gas Pool shall be the Pictured Cliffs formation.

The Tapacito-Pictured Cliffs Gas Pool, Rio Arriba County, New Mexico, was created April 18, 1956 and gas proration in this pool became effective August 1, 1958.

B. WELL ACREAGE AND LOCATION REQUIREMENTS

RULE 2(A) STANDARD GPU PRORATION UNIT SPACING in the Tapacito-Pictured Cliffs Gas Pool shall be 160 acres.

D. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 5(a)2 NON-MARGINAL GPU ALLOWABLE: The pool allowable remaining each month after deducting the total allowable assigned to marginal GPUs shall be allocated among the non-marginal GPUs entitled to an allowable in the following manner:

A) Seventy-five percent (75%) of the pool allowable remaining to be allocated to the non-marginal GPUs shall be allocated among such GPUs in the proportion that each GPU's "AD Factor" bears to the total "AD Factor" for all non-marginal GPUs in the pool.

B) Twenty-five percent (25%) of the pool allowable remaining to be allocated to non-marginal GPUs shall be allocated among such GPUs in the proportion that each GPU's acreage factor bears to the total acreage factor for all non-marginal GPUs in the pool.

RULE 8 MINIMUM ALLOWABLES: A minimum allowable of 250 MCF per month per GPU will be assigned in order to prevent premature abandonment of wells.

(General Pool Rules also apply unless in conflict with these Special Pool Rules.)

PROPOSED DIVISION SUBSTITUTE FOR RULE VIII - STATE WIDE RULES

In any month that underage exceeds nominations or marginal production exceeds nominations for a given pool, the Division Director may assign a minimum allowable of 250 mcf per month per GPU for that pool in order to prevent the premature abandonment of wells. (See Special Pool Rules for Minimum Allowable Amount Exceptions)

BEFORE THE
OIL CONSERVATION COMMISSION
Sergey P. ...
Case No. 8749 5
Signed: HAROLD CARROLL
Date: 11-19-85

SPECIAL RULES AND REGULATIONS FOR THE
ATOKA-PENNSYLVANIAN GAS POOL

The Atoka-Pennsylvanian Gas Pool, Eddy County, New Mexico, was created May 5, 1958, and gas proration in this pool became effective July 1, 1961.

A. DEFINITIONS

THE VERTICAL LIMITS of the Atoka-Pennsylvanian Gas Pool shall be the Pennsylvanian formation.

B. WELL LOCATION AND ACREAGE REQUIREMENTS

Rule 2 (A). A standard GPU in the Atoka-Pennsylvanian Gas Pool shall be 320 acres.

Rule 2 (B). Each well completed or recompleted in the Atoka-Pennsylvanian Gas Pool shall be located in the northwest quarter or the southeast quarter of the section and shall be located no nearer than 990 feet to the outer boundary of the quarter section nor nearer than 330 feet to any governmental quarter-quarter section line; provided however, that any well which was projected to or completed in said pool prior to June 5, 1959, is excepted from the requirements of this rule.

D. ALLOCATION AND GRANTING OF ALLOWABLES

Rule 5. Acreage is the only proration factor in the Atoka-Pennsylvanian Gas Pool.

BEFORE THE OIL CONTROL COMMISSION	
Case No.	8749
Section	6
Hearing Date	11/19/85

SPECIAL RULES AND REGULATIONS FOR THE
BLINEBRY OIL AND GAS POOL

The Blinebry Oil and Gas Pool, Lea County, New Mexico was created February 17, 1953, and gas proration in this pool became effective January 1, 1954.

A. DEFINITIONS

THE VERTICAL LIMITS of the Blinebry Oil and Gas Pool shall extend from a point 75 feet above the "Blinebry Marker" to a point 100 feet above the "Tubb Marker." The Blinebry Marker shall be that point encountered at a depth of 5457 feet (elevation 3380, sub-sea datum -2077) and the Tubb Marker shall be that point encountered at a depth of 5921 feet (elevation 3380, sub-sea datum -2541) in the Exxon Corporation State "S" Well No. 20, SW/4 NW/4 of Section 2, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.

A GAS WELL in the Blinebry Oil and Gas Pool shall be a well producing from within the vertical limits of the pool which produces with a gas-liquid ratio of 50,000 cubic feet of gas or more per barrel of liquid hydrocarbons. Provided, however, that any well which on January 1, 1974, was classified as a gas well in the Blinebry Gas Pool shall continue to be classified as a gas well. For those wells classified as gas wells, but with gas-liquid ratios of less than 50,000 cubic feet of gas per barrel of oil, the operator may, upon application to the District Supervisor, receive a reclassification of said well to that of an oil well.

AN OIL WELL in the Blinebry Oil and Gas Pool shall be a well producing from the vertical limits of the pool and not classified as a gas well as defined above.

THE LIMITING GAS-OIL RATIO for oil wells in the Blinebry Oil and Gas Pool shall be 4,000 cubic feet of gas per barrel of oil.

B. WELL LOCATION AND ACREAGE REQUIREMENTS

Rule 2 (A) 1. A standard gas proration unit in the Blinebry Oil and Gas Pool shall be 160 acres.

2. A standard oil proration unit in the Blinebry Oil and Gas Pool shall be 40 acres.

3. Acreage dedicated to a gas well in the Blinebry Oil and Gas Pool shall not be simultaneously dedicated to an oil well in the pool, and the dual completion of a well so as to produce separate gas and oil allowables from the Blinebry Oil and Gas Pool is prohibited.

Rule 2 (B) 1. Each gas well to which is dedicated more than 40 acres shall be located no nearer than 660 feet to the outer boundary of its proration unit or of the quarter section and not nearer than 330 feet to any governmental quarter-quarter section or subdivision line.

2. Each oil well, or gas well to which no more than 40 acres is dedicated, shall be located no nearer than 330 feet to the outer boundary of any governmental quarter-quarter section or subdivision boundary line.

Rule 4 (B) 1. The Director may grant an exception to Rule 2 (A) 1 above and Rule 4 (b)(1) of the General Rules if a completion, recompletion, or reclassification of a Blinebry well results in dedication of acreage to an oil well on a previously approved gas proration unit, and thereby severs acreage contained in said unit from the gas well which produces for the unit.

2. The Director may grant an exception to Rule 2 (A) 1 above and Rule 4 (b)(2) of the General Rules when the non-standard proration unit consists of not more than 164 acres and lies wholly within a single governmental section.

D. ALLOCATION AND GRANTING OF ALLOWABLES

Rule 5 Acreage is the only proration factor in the Blinebry Oil and Gas Pool.

G. REPORTING OF PRODUCTION

Rule 17 (B) In submitting Form C-115 on wells producing from the Blinebry Oil and Gas Pool in which condensate is commingled and/or low-pressure gas is commingled with other low-pressure gas produced on the lease, the operator shall estimate the volume produced by each well in each pool by using the ratios as reflected in the most recent test submitted.

I. MISCELLANEOUS SPECIAL POOL RULES

Rule 26. Oil wells in the Blinebry Oil and Gas Pool shall receive oil and casinghead gas allowables as provided in Rules 503, 505, and 506 of the Division Rules and Regulations.

Rule 27. Gas-liquid ratio tests shall be conducted annually during the months of July, August, and September on all wells located in and producing from the Blinebry Oil and Gas Pool. Results of such tests shall be reported to the Division on Form C-116 on or before the 10th day of October of each calendar year.

Rule 28 (A) The District Supervisor, on or before November 15 of each year shall review the production data, gas-oil ratio tests, and other pertinent data and reclassify a well if evidence reflects the need for such reclassification. In such event the District Supervisor will notify the operator of the reclassification at least 30 days before the effective date thereof. Any operator so notified may request that the District Supervisor reconsider the reclassification if he has evidence to support such request and the request has been filed within 10 days after receipt of the notification of reclassification. The District Supervisor shall approve or disapprove the request within 10 days after receipt thereof or in the alternative, with the consent of the applicant, set the request for hearing.

(B) In the event an oil well in the Blinebry Oil and Gas Pool is reclassified as a gas well, the operator of such well will be afforded the opportunity to form a non-standard gas proration unit for the well; provided however, that, until such unit is formed, said well shall be allocated a gas allowable commensurate with the acreage contained in the unit formerly dedicated to the oil well. In the event of two or more gas wells producing from the Blinebry Oil and Gas Pool within a single proration unit, the allowable assigned to the unit may be produced from any well on the unit in any proportion.

Rule 29 (A) Condensate from any gas well in the Blinebry Oil and Gas Pool may be commingled with other condensate produced by any other gas well or wells producing from the pool or the Tubb Oil and Gas Pool following its separation from the gas in a separator, provided approval therefor has been obtained in accordance with Division Rule 303-B and/or Rule 309-B, whichever is applicable.

(B) If two-stage separation is used, the low-pressure gas shall be directed into a low-pressure gas gathering system, and said low-pressure gas need not be measured separately from the other low-pressure gas produced on the lease, provided that certain test facilities are available and periodic tests made in accordance with Rule 27 above.

SPECIAL RULES AND REGULATIONS FOR THE
BUFFALO VALLEY-PENNSYLVANIAN GAS POOL

The Buffalo Valley-Pennsylvanian Gas Pool, Chaves County, New Mexico, was created November 1, 1962 and gas proration in this pool became effective May 1, 1969.

A. DEFINITIONS

THE VERTICAL LIMITS of the Buffalo Valley-Pennsylvanian Gas Pool shall be the Pennsylvanian formation.

B. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 2 (A). A standard GPU in the Buffalo Valley-Pennsylvanian Gas Pool shall be 320 acres.

RULE 2 (B). Each well completed or recompleted in the Buffalo Valley-Pennsylvanian Gas Pool shall be located in the northwest quarter or the southeast quarter of the section and shall be located no nearer than 990 feet to the outer boundary of the quarter section nor nearer than 330 feet to any governmental quarter-quarter section line; provided, however, that any well drilling to or completed in said pool on or before October 31, 1962, is hereby excepted from the requirements of this rule.

D. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 5. Acreage is the only proration factor in the Buffalo Valley-Pennsylvanian Gas Pool.

SPECIAL RULES AND REGULATIONS FOR THE
BURTON FLATS-MORROW GAS POOL

The Burton Flats-Morrow Gas Pool, Eddy County, New Mexico was created March 1, 1973 and gas proration in this pool became effective April 1, 1974.

A. DEFINITIONS

THE VERTICAL LIMITS of the Burton Flats-Morrow Gas Pool shall be the Morrow formation.

B. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 2 (A). A standard GPU in the Burton Flats-Morrow Gas Pool shall be 320 acres.

RULE 2 (B). Each well completed or recompleted in the Burton Flats-Morrow Gas Pool shall be located no closer than 1980 feet to the end boundary nor closer than 660 feet to the side boundary of the proration unit nor closer than 330 feet to any governmental quarter-quarter section or subdivision inner boundary.

D. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 5 Acreage is the only proration factor in the Burton Flats-Morrow Gas Pool.

SPECIAL RULES AND REGULATIONS FOR THE
BURTON FLATS-STRAWN GAS POOL

The Burton Flats-Strawn Gas Pool, Eddy County, New Mexico was created September 1, 1973 and gas proration in this pool became effective April 1, 1974.

A. DEFINITIONS

THE VERTICAL LIMITS of the Burton Flats-Strawn Gas Pool shall be the Strawn formation.

B. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 2 (A). A standard GPU in the Burton Flats-Strawn Gas Pool shall be 320 acres.

RULE 2 (B). Each well completed or recompleted in the Burton Flats-Strawn Gas Pool shall be located no closer than 1980 feet to the end boundary nor closer than 660 feet to the side boundary of the proration unit nor closer than 330 feet to any governmental quarter-quarter section or subdivision inner boundary.

D. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 5 Acreage is the only proration factor in the Burton Flats-Strawn Gas Pool.

SPECIAL RULES AND REGULATIONS FOR THE
CATCLAW DRAW-MORROW GAS POOL

The Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico was created June 21, 1971 and gas proration in this pool became effective April 1, 1974.

A. DEFINITIONS

THE VERTICAL LIMITS of the Catclaw Draw-Morrow Gas Pool shall be the Morrow formation.

B. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 2 (A). A standard GPU in the Catclaw Draw-Morrow Gas Pool shall be 640 acres.

RULE 2 (B). Each well completed or recompleted in the Catclaw Draw-Morrow Gas Pool shall be located no closer than 1650 feet to the outer boundary of the proration unit nor closer than 330 feet to any governmental quarter-quarter section or subdivision inner boundary.

D. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 5. Acreage is the only proration factor in the Catclaw Draw-Morrow Gas Pool.

SPECIAL RULES AND REGULATIONS FOR THE
CROSBY-DEVONIAN GAS POOL

The Crosby-Devonian Gas Pool, Lea County, New Mexico was created May 27, 1955 and gas proration became effective April 1, 1957.

A. DEFINITIONS

THE VERTICAL LIMITS of the Crosby-Devonian Gas Pool shall include all the formations that can reasonably be considered to be of Devonian age.

B. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 2 (A). A standard GPU in the Crosby-Devonian Gas Pool shall be 160 acres.

RULE 2 (B). Each well completed or recompleted in the Crosby-Devonian Gas Pool shall be located no closer than 660 feet to any outer boundary of the proration unit nor closer than 330 feet to any governmental quarter-quarter section or subdivision inner boundary.

D. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 5. Acreage is the only proration factor in the Crosby-Devonian Gas Pool.

SPECIAL RULES AND REGULATIONS FOR THE
EUMONT GAS POOL

The Eumont Gas Pool, Lea County, New Mexico, was created February 17, 1953, and gas proration in this pool became effective January 1, 1954. The Eumont Gas Pool now includes portions of the acreage once included in the Jalco and Langmat Pools (now Jalmat) and all of the acreage formerly in the Arrow and Hardy Pools.

A. DEFINITIONS

THE VERTICAL LIMITS of the Eumont Gas Pool shall extend from the top of the Yates formation to the base of the Queen formation, thereby including all of the Yates, Seven Rivers, and Queen formations.

A GAS WELL in the Eumont Gas Pool shall be a well producing from the vertical limits of the pool with a gas-liquid ratio in excess of 100,000 cubic feet of gas per barrel of oil.

AN OIL WELL in the Eumont Gas Pool shall be a well producing from the vertical limits of the pool and not classified as a gas well as defined above.

THE LIMITING GAS-OIL RATIO for oil wells in the Eumont Gas Pool shall be 10,000 cubic feet of gas per barrel of oil.

B. WELL LOCATION AND ACREAGE REQUIREMENTS

Rule 2 (A) 1. A standard gas proration unit in the Eumont Gas Pool shall be 640 acres.

2. A standard oil proration unit in the Eumont Gas Pool shall be 40 acres.

Rule 2 (B) 1. A gas well in the Eumont Gas Pool to which 640 acres is dedicated shall be located no nearer than 1650 feet to the outer boundary of the section and no nearer than 330 feet to any governmental quarter-quarter section line or subdivision boundary line.

2. An oil well in the Eumont Gas Pool shall be located no nearer than 330 feet to the outer boundary of any governmental quarter-quarter section or subdivision boundary line.

(Any well drilled to and producing from the Eumont Gas Pool prior to August 12, 1954, at a location conforming with the spacing requirements effective at the time said well was drilled, shall be granted a tolerance not exceeding 330 feet with respect to the required distance from the boundary lines)

Rule 2 (B) 4. In establishing a non-standard gas proration unit in the Eumont Gas Pool, the location of the well with respect to the two nearest boundary lines thereof shall govern the maximum amount of acreage that may be assigned to the well for the purposes of gas proration as follows:

<u>LOCATION</u>	<u>MAXIMUM ACREAGE</u>
660-660	160 acres
660-990	320 acres
990-990	600 acres

D. ALLOCATION AND GRANTING OF ALLOWABLES

Rule 5 Acreage is the only proration factor in the Eumont Gas Pool.

- (a) A 640 acre proration unit in the Eumont Gas Pool shall be assigned an Acreage Factor of 4.00; a 160 acre proration unit an Acreage Factor of 1.00, etc.

I. MISCELLANEOUS SPECIAL POOL RULES

Rule 26. Oil wells in the Eumont Gas Pool shall receive oil and casinghead gas allowables as provided in Rules 503, 505, and 506 of the Division Rules and Regulations.

SPECIAL RULES AND REGULATIONS FOR THE
INDIAN BASIN-MORROW GAS POOL

The Indian Basin-Morrow Gas Pool, Eddy County, New Mexico was created March 1, 1963 and gas proration in this pool became effective July 1, 1965.

A. DEFINITIONS

THE VERTICAL LIMITS of the Indian Basin-Morrow Gas Pool shall be the Morrow formation.

B. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE (2) A. A standard GPU in the Indian Basin-Morrow Gas Pool shall be 640 acres.

RULE (2) B. Each well completed or recompleted in the Indian Basin-Morrow Gas Pool shall be located no closer than 1650 feet to the outer boundary of the proration unit nor closer than 330 feet to any governmental quarter-quarter section or subdivision inner boundary.

D. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 5. Acreage is the only proration factor in the Indian Basin-Morrow Gas Pool.

SPECIAL RULES AND REGULATIONS FOR THE
INDIAN BASIN-UPPER PENNSYLVANIAN GAS POOL

The Indian Basin-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico was created March 1, 1963 and gas proration in this pool became effective July 1, 1965.

A. DEFINITIONS

THE VERTICAL LIMITS of the Indian Basin-Upper Pennsylvanian Gas Pool shall be the Upper Pennsylvanian formation.

B. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 2 (A). A standard GPU in the Indian Basin-Upper Pennsylvanian Gas Pool shall be 640 acres.

RULE 2 (B). Each well completed or recompleted in the Indian Basin-Upper Pennsylvanian Gas Pool shall be located no closer than 1650 feet to the outer boundary of the proration unit nor closer than 330 feet to any governmental quarter-quarter section or subdivision inner boundary.

D. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 5. Acreage is the only proration factor in the Indian Basin-Upper Pennsylvanian Gas Pool.

SPECIAL RULES AND REGULATIONS FOR THE
JALMAT GAS POOL

The Jalmat Gas Pool, Lea County, New Mexico, was created effective September 1, 1954, from a consolidation of the Jalco and Langmat Pools, which were created February 7, 1953. Gas prorationing was instituted in the Jalco and Langmat Pools January 1, 1954, and was continued after consolidation to form the Jalmat Gas Pool. The Jalmat Gas Pool now includes acreage that was formerly included in the Jal, Cooper-Jal, Eaves, Falby-Yates, Jalco and Langmat Pools.

A. DEFINITIONS

THE VERTICAL LIMITS of the Jalmat Gas Pool shall extend from the top of the Tansill formation to a point 100 feet above the base of the Seven Rivers formation, thereby including all of the Yates formation, except,

In the area described immediately below, the vertical limits of the Jalmat Gas Pool shall extend from the top of the Tansill formation to a point 250 feet above the base of the Seven Rivers formation, thereby including all of the Yates formation:

TOWNSHIP 24 SOUTH, RANGE 36 EAST, NMPM
Section 13: SE/4 NE/4, SE/4
Section 23: E/2 E/2
Section 24: All
Section 25: N/2
Section 26: E/2 NE/4

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM
Section 18: SW/4 NW/4, W/2 SW/4
Section 19: W/2
Section 30: NW/4

A GAS WELL in the Jalmat Gas Pool shall be a well producing from the vertical limits of the pool with a gas-liquid ratio in excess of 100,000 cubic feet of gas per barrel of oil.

AN OIL WELL in the Jalmat Gas Pool shall be a well producing from the vertical limits of the pool and not classified as a gas well as defined above.

THE LIMITING GAS-OIL RATIO for oil wells in the Jalmat Gas Pool shall be 10,000 cubic feet of gas per barrel of oil.

B. WELL LOCATION AND ACREAGE REQUIREMENTS

- Rule 2 (A) 1. A standard gas proration unit in the Jalmat Gas Pool shall be 640 acres.
2. A standard oil proration unit in the Jalmat Gas Pool shall be 40 acres.
3. Acreage dedicated to a gas well in the Jalmat Gas Pool shall not be simultaneously dedicated to an oil well in the Jalmat Gas Pool, and the dual completion of a well so as to produce oil from the Yates and oil from the Seven Rivers or Queen formation is prohibited.

Rule 2 (B) 1. A gas well in the Jalmat Gas Pool to which 640 acres is dedicated shall be located no nearer than 1650 feet to the outer boundary of the section and no nearer than 330 feet to any governmental quarter-quarter section line or subdivision boundary line.

2. An oil well in the Jalmat Gas Pool shall be located no nearer than 330 feet to the outer boundary of any governmental quarter-quarter section or subdivision boundary line.

(Any well drilled to and producing from the Jalmat Gas Pool prior to September 1, 1954, at a location conforming with the spacing requirements effective at the time said well was drilled, shall be granted a tolerance not exceeding 330 feet with respect to the required distance from the boundary lines)

Rule 4 (B) 2. In establishing a non-standard gas proration unit in the Jalmat Gas Pool, the location of the well with respect to the two nearest boundary lines thereof shall govern the maximum amount of acreage that may be assigned to the well for the purposes of gas proration as follows:

<u>LOCATION</u>	<u>MAXIMUM ACREAGE</u>
660-660	160 acres
660-990	320 acres
990-990	600 acres

D. ALLOCATION AND GRANTING OF ALLOWABLES

Rule 5. Acreage is the only proration factor in the Jalmat Gas Pool.

- (a) A 640 acre proration unit in the Jalmat Gas Pool shall be assigned an Acreage Factor of 4.00, a 160 acre proration unit an Acreage Factor of 1.00, etc.

I. MISCELLANEOUS SPECIAL POOL RULES

Rule 26. Oil wells in the Jalmat Gas Pool shall receive oil and casinghead gas allowables as provided in Rules 503, 505, and 506 of the Division Rules and Regulations.

Rule 27. That portion of the Rhodes Storage Area lying within the defined limits of the Jalmat Gas Pool shall be exempted from the applicable provisions of the Jalmat Gas Pool Rules. The Rhodes Storage Area shall include the following described area:

TOWNSHIP 26 SOUTH, RANGE 37 EAST, N° 1

Section 4: W/2 NW/4, SE/4 SE/4, W/2 SE/4, SW/4
Section 5: A11
Section 6: NE/4 NW/4, NE/4, SE/4 SE/4, N/2 SE/4
Section 7: NE/4 NE/4
Section 8: N/2, N/2 S/2, SE/4 SW/4, S/2 SE/4
Section 9: A11
Section 10: W/2 NW/4, SE/4 NW/4, S/2
Section 15: A11
Section 16: A11
Section 17: E/2 NW/4, E/2
Section 21: A11
Section 22: A11
Section 23: SW/4 NW/4, SW/4
Section 26: A11
Section 27: A11
Section 28: A11
Section 29: E/2 NE/4

SPECIAL RULES AND REGULATIONS FOR THE
JUSTIS GAS POOL

The Justis Gas Pool, Lea County, New Mexico was created January 1, 1950 and gas proration in this pool became effective January 1, 1954.

A. DEFINITIONS

THE VERTICAL LIMITS of the Justis Gas Pool shall be defined as follows: from the top of the Glorieta formation, found at a depth of 4599 feet (Elevation 3080, Subsea Datum - 1519) in the Gulf Oil Corporation McBuffington Well No. 8, located 350 feet from the South line and 1980 feet from the West line of Section 13, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico, to a point 40 feet above the marker encountered at 4879 feet (Subsea Datum - 1799) in said McBuffington Well No. 8. The Hamilton Dome Westates Carlson Federal "A" Well No. 1, located in the NW/4 of Section 25, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico, as the completion existed on April 22, 1959, shall be considered to be completed within the vertical limits of the Justis Gas Pool.

B. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 2 (A). A standard GPU in the Justis Gas Pool shall be 320 acres.

RULE 2 (B). Each well completed or recompleted in the Justis Gas Pool shall be located no closer than 1980 feet to the end boundary nor closer than 660 feet to the side boundary of the proration unit nor closer than 330 feet to any governmental quarter-quarter section or subdivision inner boundary.

D. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 5. Acreage is the only proration factor in the Justis Gas Pool.

SPECIAL RULES AND REGULATIONS FOR THE
MONUMENT MCKEE-ELLENBURGER GAS POOL

The Monument McKee-Ellenburger Gas Pool, Lea County, New Mexico was created February 17, 1953 and gas proration in this pool became effective March 1, 1961.

A. DEFINITIONS

THE VERTICAL LIMITS of the Monument McKee-Ellenburger Gas Pool shall be the McKee and Ellenburger formations.

B. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 2 (A). A standard GPU in the Monument McKee-Ellenburger Gas Pool shall be 320 acres.

RULE 2 (B). Each well completed or recompleted in the Monument McKee-Ellenburger Pool shall be located no closer than 1980 feet to the end boundary nor closer than 660 feet to the side boundary of the proration unit nor closer than 330 feet to any governmental quarter-quarter section or subdivision inner boundary.

D. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 5. Acreage is the only proration factor in the Monument McKee-Ellenburger Gas Pool.

SPECIAL RULES AND REGULATIONS FOR THE
SOUTH CARLSBAD-MORROW GAS POOL

The South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico was created May 1, 1969 and gas proration in this pool became effective September 1, 1972.

A. DEFINITIONS

THE VERTICAL LIMITS of the South Carlsbad-Morrow Gas Pool shall be the Morrow formation.

B. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 2 (A). A standard GPU in the South Carlsbad-Morrow Gas Pool shall be 320 acres.

RULE 2 (B). Each well completed or recompleted in the South Carlsbad-Morrow Gas Pool shall be located no closer than 1980 feet to the end boundary nor closer than 660 feet to the side boundary of the proration unit nor closer than 330 feet to any governmental quarter-quarter section or subdivision inner boundary.

D. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 5. Acreage is the only proration factor in the South Carlsbad-Morrow Gas Pool.

.SPECIAL RULES AND REGULATIONS FOR THE
TUBB OIL AND GAS POOL

The Tubb Oil and Gas Pool, Lea County, New Mexico, was created February 17, 1953, and its proration in this pool became effective January 1, 1954.

A. DEFINITIONS

THE VERTICAL LIMITS of the Tubb Oil and Gas Pool shall extend from a point 100 feet above the "Tubb Marker" to the top of the Drinkard formation. The Tubb Marker shall be that point encountered at a depth of 5921 feet (elevation 3380, sub-sea datum -2541) and the top of the Drinkard shall be that point encountered at a depth of 6245 feet (elevation 3380, sub-sea datum -2865) in the Exxon Corporation State "S" Well No. 20, SW/4 NW/4 of Section 2, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.

A GAS WELL in the Tubb Oil and Gas Pool shall be a well producing from within the vertical limits of the pool which produces with a gas-liquid ratio of 50,000 cubic feet of gas or more per barrel of liquid hydrocarbons.

AN OIL WELL in the Tubb Oil and Gas Pool shall be a well producing from the vertical limits of the pool and not classified as a gas well as defined above.

THE LIMITING GAS-OIL RATIO for oil wells in the Tubb Oil and Gas Pool shall be 2,000 cubic feet of gas per barrel of oil.

B. WELL LOCATION AND ACREAGE REQUIREMENTS

Rule 2 (A) 1. A standard gas proration unit in the Tubb Oil and Gas Pool shall be 160 acres.

2. A standard oil proration unit in the Tubb Oil and Gas Pool shall be 40 acres.

3. Acreage dedicated to a gas well in the Tubb Oil and Gas Pool shall not be simultaneously dedicated to an oil well in the pool, and the dual completion of a well so as to produce separate gas and oil allowables from the Tubb Oil and Gas Pool is prohibited.

Rule 2 (B) 1. Each gas well to which is dedicated more than 40 acres shall be located no nearer than 660 feet to the outer boundary of its proration unit or of the quarter section and not nearer than 330 feet to any governmental quarter-quarter section or subdivision line.

2. Each oil well, or gas well to which no more than 40 acres is dedicated, shall be located no nearer than 330 feet to the outer boundary of any governmental quarter-quarter section or subdivision line.

Rule 3 (B) 1. The Director may grant an exception to Rule 2 (A) 1 above and Rule 4 (b)(1) of the General Rules if a completion, recompletion, or reclassification of a Tubb well results in dedication of acreage to an oil well on a previously approved gas proration unit, and thereby severs acreage contained in said unit from the gas well which produces for the unit.

2. The Director may grant an exception to Rule 2 (A) 1 above and Rule 4 (b)(2) of the General Rules when the non-standard proration unit consists of not more than 164 acres and lies wholly within a single governmental section.

D. ALLOCATION AND GRANTING OF ALLOWABLES

Rule 8. Acreage is the only proration factor in the Tubb Oil and Gas Pool.

G. REPORTING OF PRODUCTION

Rule 17 (B) In submitting Form C-115 on wells producing from the Tubb Oil and Gas Pool in which condensate is commingled and/or the low-pressure gas is commingled with low-pressure gas produced on the lease, the operator shall estimate the volume produced by each well in each pool by using the ratios as reflected in the most recent test submitted.

I. MISCELLANEOUS SPECIAL POOL RULES

Rule 26. Oil wells in the Tubb Oil and Gas Pool shall receive oil and casinghead gas allowables as provided in Rules 503, 505, and 506 of the Division Rules and Regulations.

Rule 27. Gas-liquid ratio tests shall be conducted annually during the months of August, September, and October on all wells located in and producing from the Tubb Oil and Gas Pool. Results of such tests shall be reported to the Division on Form C-116 on or before the 10th day of November of each calendar year.

Rule 28 (A) The District Supervisor, on or before December 10 of each year shall review production data, gas-oil ratio tests and other pertinent data and reclassify a well if evidence reflects the need for such reclassification. Any operator may request that the District Supervisor reconsider the reclassification if he has evidence to support such request.

(B) In the event an oil well in the Tubb Oil and Gas Pool is reclassified as a gas well, the operator of such well will be afforded the opportunity to form a non-standard gas proration unit for the well; provided however, that until such unit is formed, said well shall be allocated a gas allowable commensurate with the acreage contained in the unit formerly dedicated to the oil well. In the event of two or more gas wells producing from the Tubb Oil and Gas Pool within a single proration unit, the allowable assigned to the unit may be produced from any well on the unit in any proportion.

Rule 29 (A) Condensate from any gas well in the Tubb Oil and Gas Pool may be commingled with other condensate produced by any other gas well or wells producing from the pool or the Blinbry Oil and Gas Pool following its separation from the gas in a separator, provided approval therefor has been obtained in accordance with Division Rule 303-B and/or Rule 309-B, whichever is applicable.

(B) If two-stage separation is used, the low-pressure gas shall be directed into a low-pressure gas gathering system, and said low-pressure gas need not be measured separately from the other low-pressure gas produced on the lease, provided that certain test facilities are available and periodic tests made in accordance with Rule 27 above.