

(17) The applicant further requested the extension of the North Hume-Wolfcamp Pool to include in part the acreage upon which the Humble Hume "5" State Well No. 1 is located but testified that said well would not be completed in the Wolfcamp formation until such time as the Morrow formation was depleted.

(18) It is the policy of the Division to extend the horizontal limits of a given pool only after a well has been completed in said pool and therefore the request by the applicant for the extension of the North Hume-Wolfcamp Pool to include the SE/4 and Lots 9, 10, 15, and 16 of said Section 5 should be denied.

(19) The applicant's proposed extension of the North Hume-Wolfcamp Pool to include the SE/4 of said Section 35 represents a logical method of extending the subject pool at this time and should be approved.

IT IS THEREFORE ORDERED THAT:

(1) Rule Nos. 2, 3, 4, and 6 of the Temporary Special Rules and Regulations for the North Hume-Wolfcamp Pool as promulgated by Division Order No. R-8476 are hereby amended to read in their entirety as follows:

"RULE 2. Each well completed or recompleted in the North Hume-Wolfcamp Pool shall be located on a standard unit consisting of 160 acres, more or less, substantially in the form of a square, which is a quarter section being a legal subdivision of the United States Public Lands Survey.

RULE 3. The Director of the Oil Conservation Division, hereinafter referred to as the "Division", may grant an exception to the requirements of Rule 2 without hearing when an application has been filed 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 or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator

has entered an objection to the formation of the non-standard unit within 30 days after the Director has received such application.

RULE 4. Each well shall be located no closer than 660 feet to any quarter section line nor closer than 330 feet to any quarter-quarter section line.

RULE 6. A standard proration unit (158 through 162 acres) in the North Hume-Wolfcamp Pool shall be assigned a depth bracket allowable of 560 barrels of oil per day. The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 160 acres."

IT IS FURTHER ORDERED THAT:

(2) The locations of all wells presently drilling to or completed in the North Hume-Wolfcamp Pool or in the Wolfcamp formation within one mile thereof are hereby approved; the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Division in writing of the name and location of the well on or before September 1, 1988.

(3) Pursuant to Paragraph A of Section 70-2-18, NMSA (1978), existing wells in the North Hume-Wolfcamp Pool shall have dedicated thereto 160 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C of of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

Failure to file new Forms C-102 with the Division dedicating 160 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the North Hume-Wolfcamp Pool or in the Wolfcamp formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.