

FINDING: *The 330-foot set-back request with a limitation of one well per proration unit would serve to provide the operators in the subject pool maximum flexibility in locating wells at more favorable positions on the reef mound or mounds in the immediate area.*

(11) In order to: (i) assure orderly development of the proposed pool, (ii) prevent the economic loss caused by the drilling of unnecessary wells, (iii) avoid the augmentation of risk arising from the drilling of an excessive number of wells, (iv) prevent reduced recovery which might result from the drilling of too few wells, and (v) to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 80-acre spacing units along with the proposed well location restrictions should be promulgated for the proposed pool.

(12) Division General Rule 506.A provides that all pools be limited to a gas/oil ratio of 2,000 cubic feet of gas per barrel of oil unless otherwise provided for by special pool rules; therefore, Chesapeake's request for a special 2,000 to one GOR limitation is currently in effect and can therefore be dismissed.

(13) Pursuant to Division General Rule 505.A the depth bracket oil allowable for production at depths from 11,000 feet to 11,999 feet is 445 barrels of oil per day. Chesapeake's request for a special depth bracket oil allowable of 445 barrels of oil per day per spacing unit can also be dismissed.

(14) Division General Rule 104.A defines a development well in southeast New Mexico as a well within one mile of a pool and subject to said rules governing that pool; therefore, this rule satisfies the applicant's request that all wells within one mile of a particular pool be spaced, drilled, operated, and produced in accordance with any special pool rules herein adopted.

(15) The evidence presented in this matter, along with the records on file with the Division indicates a need for the special rules to be adopted for this pool be made retroactive as of April 3, 1997.

(16) No other operator and/or interest owner appeared at the hearing in opposition to the subject application.

(17) As suggested by the applicant this case should be reopened at an examiner hearing in February, 1999, at which time the operators in the Pool should be prepared to appear and present evidence and testimony as to the nature of the reservoir with regards to making these rules permanent and to show cause why said pool should not be developed either on standard statewide 40-acre spacing or with an optional second well on each 80-acre tract.

