

to the "*Special Pool Rules and Regulations for the South Big Dog-Strawn Pool*", as promulgated by Division Order No. R-9722-C/R-10448-A, issued in Case No. 11599 and dated February 26, 1997, which included provisions for: (i) 80-acre spacing and proration units each comprising of the N/2, S/2, E/2, or W/2 of a governmental Quarter section; (ii) designated well location requirements such that each well drilled within the pool is to be no closer than 330 feet to any quarter-quarter section or subdivision inner boundary nor closer than 1020 feet to the nearest well drilling to or capable of producing from the same pool; (iii) each standard 80-acre unit within said pool be subject to a depth bracket oil allowable of 445 barrels of oil per day;

- (4) The current vertical wellbore, producing at a rate of 10 barrels of oil per day, is perforated from 11,501 feet to 11539 feet, however the well exhibits low porosity and permeability characteristics in comparison to other nearby Strawn producers within the porous algal reef mound that encompasses the South Big Dog-Strawn Pool, a horizontal drainhole drilled off of the existing vertical wellbore in the Townsend State Well No. 1 as proposed is an attempt to encounter porous and permeable facies within the mound, which should result in a higher production rate and an increased ultimate recovery of oil from this well;
- (5) It is our understanding that UMC now intends to kick-off from vertical at a depth of approximately 11,473 feet by milling a window in the 5 1/2-inch production casing string, drill in a south southeasterly direction with a short radius curve (71 deg./100 feet), and drill horizontally within the Strawn formation a lateral distance of approximately 1100 feet;
- (6) The "project area" as proposed is to consist of the previously approved 80-acre non-standard oil spacing and proration unit comprising Lot 16 and the NE/4 SE/4 of said Section 2;
- (7) The applicable drilling window or "producing area" for said wellbore should include that area within said 80-acre tract (Lot 16 and the NE/4 SE/4 of said Section 2) that is no closer than 330 feet to the outer boundary of said 80-acre non-standard oil spacing and proration unit; and,
- (8) It appears the applicant has satisfied all of the appropriate requirements prescribed in said Rule 111.D and E, the subject application should be approved and the well should be governed by the provisions contained within this order and all other applicable provisions of Division General Rule 111.