

developed on 40-acre spacing within said vertical extent.

(3) The proposed well location and 80-acre unit are within the horizontal limits of the Northeast Lovington-Pennsylvanian Pool and any production obtained from the Pennsylvanian interval will therefore be subject to the "*Special Rules and Regulations for the Northeast Lovington-Pennsylvanian Pool*", as promulgated by Division Order No. R-3816, as amended, which provides for standard 80-acre oil spacing and proration units with wells to be located within 150 feet of the center of either governmental quarter-quarter section or lot. All other oil bearing intervals within said vertical extent will be subject to Division Rule 104, which require standard 40-acre oil spacing and proration units with wells to be located no closer than 330 feet from the outer boundary of the spacing unit.

(4) Both proposed units are to be dedicated to the applicant's Kim "1" Well No. 1 to be drilled at a standard oil well location thereon.

(5) Chesapeake has the right to drill a well in the proposed spacing unit but had not been able to reach a voluntary agreement with Bristol Resources Corporation who controls a 25% working interest.

(6) Bristol Resources Corporation appeared at the hearing and through legal counsel sought a risk factor penalty of less than the statutory maximum of 200 percent.

(7) The applicant presented adequate geological testimony at the time of the hearing to support its request for the assignment of a full 200 percent risk penalty factor as reasonable in the drilling of its proposed Kim "1" Well No. 1.

(8) To avoid the drilling of unnecessary wells, to protect correlative rights, to prevent waste and to afford to the owner of each interest in said units the opportunity to recover or receive without unnecessary expense his just and fair share of hydrocarbon production in any pool resulting from this order, the subject application should be approved by pooling all mineral interests, whatever they may be, within said units.

(9) Chesapeake Operating Inc. should be designated the operator of the subject well and units.

(10) Any non-consenting working interest owner should be afforded the opportunity to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.

(11) Any non-consenting working interest owner who does not pay his share of