

(8) The Boyce "15" Well No. 3 is unorthodox with respect to the setback requirements for the North Shoe Bar-Atoka Gas Pool. In addition, the applicant seeks an exception to Rule No. 104.C.(2)(b) to allow it to simultaneously produce the Boyce "15" Wells No. 1 and 3, which are both located within the NE/4 of Section 15, in the North Shoe Bar-Atoka Gas Pool.

(9) Division records demonstrate that the Boyce "15" Well No. 3 is actually located at a bottomhole location 2410 feet from the North line and 443 feet from the East line (Unit H) of Section 15 at a depth of approximately 11,800 feet.

(10) The applicant's geologic evidence and testimony demonstrate that:

- (a) the "Brunson" interval is located at the base of the Atoka formation and is the main producing section within the North Shoe Bar-Atoka Gas Pool;
- (b) in addition to the "Brunson" interval, there are other pay sections within the Upper-Atoka formation that are productive within this pool;
- (c) the "Brunson" interval is not in communication with other pay sections in the North Shoe Bar-Atoka Gas Pool;
- (d) there are two separate "Brunson" interval producing pods within the North Shoe Bar-Atoka Gas Pool. These producing pods are contiguous and generally trend in a northwest-southeast direction through Sections 10 and 11. With the exception of Section 2, the "Brunson" interval appears to be present throughout the North Shoe Bar-Atoka Gas Pool; and
- (e) the western-most "Brunson" interval producing pod extends southward beyond the current pool boundaries into portions of Section 14, Township 16 South, Range 35 East.

(11) The applicant presented further evidence that demonstrates:

- (a) within the present boundaries of the North Shoe Bar-Atoka Gas Pool, there are currently five producing wells. Of the five producing wells, four produce exclusively from the "Brunson" interval, and one produces exclusively from the Upper-Atoka interval;
 - (b) there are several wells that have recently been drilled to the Atoka formation in Sections 14 and 15, namely the Boyce "15" Well No. 1, the Boyce "15" Well No. 3, and the David H. Arrington Oil & Gas Inc. ("Arrington") Mayfly "14" State Com Well No. 5 (API No. 30-025-34815) located in Unit D of Section 14;
 - (c) the Boyce "15" Well No. 1 has been completed in the North Shoe Bar-Atoka Gas Pool and is producing only from Upper-Atoka pay section. The "Brunson" interval was tested in this well and is marginally productive;
 - (d) the Boyce "15" Well No. 3 was originally permitted and drilled as a Northwest Shoe Bar-Strawn Pool test, but has been completed in the Townsend-Morrow Gas Pool. The well is currently producing at marginal economic rates from the Townsend-Morrow Gas Pool, but has the potential to recover significant gas reserves from the Atoka "Brunson" interval; and
 - (e) Division records indicate that the Mayfly "14" State Com Well No. 5 has been completed in the Northwest Shoe Bar-Strawn Pool; however, this well may have been completed in both the Strawn formation and the Atoka "Brunson" interval.
- (12) The evidence presented in this case demonstrates that:
- (a) there are gas reserves within the "Brunson" interval underlying the E/2 of Section 15 that cannot be accessed by the Boyce "15" Well No. 1;

