

-2-

Case 9430

Order No. R-8734

dedicated to an existing well, the T. H. McElvain New Mexico "AC" State Well No. 1 located 1980 feet from the North and 660 feet from the East line (Unit II) of said Section 22; whereby Phillips would either participate in McElvain's well if the N/2 is force-pooled or would drill a second well in the section if the W/2 is force-pooled.

(5) Applicant Mobil Producing Texas and New Mexico Inc. (Mobil), in Case 9430, seeks the force-pooling of the E/2 of Section 22, or alternatively to force pool the S/2 of said section, so as to allow their lease in the SE/4 of said section to participate in a standard gas spacing unit, or to approve a non-standard gas spacing and proration unit comprised of SE/4 and S/2 SW/4 of said section.

(6) T. H. McElvain protests any action of the Commission which would change the size of his present proration unit, penalize his production or force pool interests into his producing well.

(7) All parties agreed that wells completed in the Atoka Sand Reservoir would drain in excess of 320 acres.

(8) Sun Exploration and Production (Sun), owner and operator of the Shoe Bar State Well No. 1 located at a standard location in the SE/4 SW/4 (Unit N) of Section 15, Township 17 South, Range 35 East protests the excess drainage that would occur on their acreage in Section 15 from two additional wells drilled and completed from the Atoka Sand Reservoir in Section 22 caused by the Commission approving unorthodox spacing units without penalizing production rates.

(9) Testimony introduced by all of the parties confirmed the attempts to reach voluntary agreements which have failed.

(10) Unprorated gas pools have rules which establish standard proration unit size and shape with minimum distances a well may be drilled from the boundary of the unit assigned to it. Such rules prevent waste from drilling unnecessary wells and protect correlative rights by limiting encroachment and equalizing the amount of dedicated acreage to a proration unit.

(11) The McElvain well was a re-entry of the Humble State "AC" No. 1 which was located on a standard unit for oil production but a non-standard location for Atoka gas. Approval of a 240-acre non-standard unit was granted by Administrative Order NSP-1470(L) after notice was given to both Phillips and Mobil, as offset operators, and neither party objected.

RECEIVED

RECEIVED

NOV 21 1988 NOV 18 1988

OCD

OCD

HOBBS OFFICE HOBBS OFFICE