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Case 9430

Order No. R-8734

and S/2 SW/4 and, if the well is located not less than 660 feet to the outer boundary of the unit should be limited to 75% (240/320) of the maximum flow rate as described in Finding No. (18) hereinabove. Further encroachment toward the outer boundary will be cause for an additional penalty which would be the subject of a new hearing.

IT IS THEREFORE ORDERED THAT:

(1) T. H. McElvain's New Mexico "AC" State Well No. 1 located 1980 feet from the North and 660 feet from the East lines of Section 22, Township 17 South, Range 35 East, Lea County, New Mexico is hereby restricted in its daily producing rate to 4,500,000 cubic feet of gas from the South Shoe Bar-Atoka Gas Pool.

(2) Mobil's application for a non-standard gas proration unit in the South Shoe Bar-Atoka Gas Pool consisting of the SE/4 and S/2 SW/4 of said Section 22 is hereby approved.

PROVIDED, HOWEVER, that said well shall be restricted in its daily producing rate to 4,500,000 cubic feet of gas on condition the well is located no nearer than 660 feet to the outer boundary of the unit. If encroachment toward the outer boundary of the unit is greater, the Commission will impose an additional penalty after notice and hearing.

IT IS FURTHER ORDERED THAT:

(3) In regard to the restrictions imposed in decretory Paragraphs (1) and (2) above, production during any month at a rate less than the limitation described shall not be carried forward as underproduction into succeeding months, but overproduction of such limitation during any month shall be made up in the next succeeding month or months by shut-in or reduced rate as required by the District Supervisor of the Division.

(4) Beginning January 1, 1990, the maximum flow rate for wells subject to being penalized by this order shall be reduced 10% annually on January 1 of each successive year.

(5) Jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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