

(4) The proposed well is located within the governing limits of the East Vacuum-Drinkard Pool; however, no pool is designated for Blinebry production in this general area to date, therefore the Blinebry interval can properly be classified as "wildcat". Both zones are therefore subject to the Division's Statewide Rules and Regulations which require standard 40-acre spacing and proration units with wells to be located no closer than 330 feet from the outer boundary of the spacing unit.

(5) The primary zone of interest for this well is the shallower Blinebry interval, which most of the geological testimony covered. The secondary objective, being approximately 800 feet deeper, is the Drinkard formation which will also be tested.

(6) The geologic evidence presented at the hearing included three dimensional seismic data and shows a thickening of the carbonate unit within the Blinebry formation, which would indicate the presence of a "reef buildup". A well at the proposed unorthodox subsurface location would serve to penetrate the top of this small structure at its highest point.

(7) A penetration of the Blinebry formation at the proposed unorthodox subsurface location should increase the likelihood of encountering oil production from the Blinebry formation in commercial quantity more than a well drilled at a standard location thereon.

(8) Surface constraints in the form of overhead electrical lines, high pressure gas flowlines, and injection lines further complicate matters and make it necessary for Marathon to locate this well on the surface 2210 feet from the South line and 1310 feet from the East line (Unit I) of said Section 33.

(9) The subject 40-acre unit and the offsetting 40-acre tract to the west being the NW/4 SE/4 (Unit J) of said Section 33 were obtained by Marathon from a farmout agreement from Shell Oil Company and comprise a single lease with common ownership; therefore, the correlative rights of the immediate offsetting and the affected tract should be further protected.

(10) By directionally drilling its Royal Well No. 1 from the proposed surface location to its intended bottomhole location, a lateral distance of only 100 feet, Marathon will be able to:

- (a) minimize disturbance and avoid existing oil and gas producing operations currently on the surface;

