New Mexico Oil Conservation Commission Page 2

from the two pools will be effected by means of appropriate packers. A diagrammatic sketch of the proposed dual completion is attached hereto, showing the formations involved, perforations present and proposed, approximate location of packer, and other information pertinent to the dual completion.

4. The well will be equipped in such a manner that there will be no commingling of fluids from the two common sources of supply and that each of them can be tested separately in the well, as required by the Commission.

5. Approval of the proposed dual completion will be in the interests of conservation and will serve to prevent waste and protect correlative rights.

6. It is proposed to dedicate said Section 14 to said well for the formation of a 640-acre unit for production of gas from the Eumont Gas Pool. Said unit will conform in all respects to a standard unit except that the well is located 1650 feet from the nearest outer boundary of the proposed unit. A plat is attached hereto, showing the proposed unit, well location, and offset ownership.

7. Approval of an unorthodox location is necessitated by the recompletion of a well previously drilled to another horizon.

8. Approval of an unorthodox location for said well for the production of gas is in the interests of conservation, will prevent waste, prevent the drilling of an unnecessary well, and will protect correlative rights.

A copy of this application has this date been furnished to all operators who offset the lease upon which the well is located, as required by Rule 112-A, paragraph (b), and to all operators within a 1980-foot radius of the subject well, as required by Rule 3 of the Special Rules and Regulations for the Eumont Gas Pool, contained in Order No. R-520, as follows: