

just and equitable share of the gas in the Lea-Wolfcamp Pool underlying the E/2 of Section 14, and will protect correlative rights.

(35) The production penalty should be applied to the Neuhaus Federal Well No. 2's ability to produce into the pipeline as determined from a deliverability test to be initially conducted and annually thereafter. The applicant should notify the supervisor of the Division's Hobbs district office of the date and time said test is to be conducted in order that it may be witnessed.

IT IS THEREFORE ORDERED THAT:

- (1) The application of Manzano Oil Corporation for approval of an unorthodox gas well location 660 feet from the North line and 1650 feet from the East line (Unit B) of Section 14, Township 20 South, Range 35 East, NMPM, for its Neuhaus Federal Well No. 2 which has been drilled to and completed in the Lea-Wolfcamp Pool, Lea County, New Mexico, is hereby approved.
- (2) The E/2 of Section 14 shall be dedicated to the subject well forming a standard 320-acre gas spacing and proration unit for said pool.
- (3) The unorthodox location is hereby further approved for all prospective pools or formations including, but not limited to the Wolfcamp, spaced on 320 acres.
- (4) The Neuhaus Federal Well No. 2 is hereby assigned a production penalty of 66.6 percent. The production penalty shall be applied to the Neuhaus Federal Well No. 2's ability to produce into the pipeline as determined from a deliverability test which shall be conducted within 30 days of this order and annually thereafter. The applicant shall notify the supervisor of the Division's Hobbs district office of the date and time said test is to be conducted in order that it may be witnessed.
- (5) Jurisdiction of this cause is hereby retained for the entry of such further orders as the Division may deem necessary.