

Case Nos. 11648/11670

Order No. R-10723

Page 3

Eumont Gas Pool; (b) the SW/4 to form a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; (c) the W/2 SW/4 to form an 80-acre spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent; and, (d) the SW/4 SW/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. Mewbourne further requests that said units be dedicated to its proposed Huston Com. Well No. 2 to be drilled 990 feet from the South line and 860 feet from the West line (Unit M) of said Section 21. The aforementioned location is considered "standard" for 40 and 160 acre spacing, but would normally be considered an unorthodox oil well location for pools spaced on 80-acre units, and is an unorthodox Eumont gas well location pursuant to the applicable pool rules.

(7) In Case 11670 the applicants, CT-R, Ltd. Company and Chantrey Corporation, seek an order amending the above-described Division Administrative Order NSP-7 by reducing the previously approved 320-acre non-standard GPU consisting of the S/2 of said Section 21 to an 80-acre non-standard GPU comprising the N/2 SW/4 of said Section 21.

(8) Prior to the hearing both CT-R, Ltd. Company and Chantrey Corporation requested that Case No. 11670 be dismissed. Further, Mewbourne at the time of the hearing requested to dismiss that portion of its Case No. 11648 for compulsory pooling.

(9) Both requests for dismissals should be granted.

(10) It is Mewbourne's intent to replace the existing Huston Com. Well No. 1 with the proposed Huston Com. Well No. 2 in Unit "M" at a location within the subject 320-acre GPU that is both geologically acceptable and as far removed as possible from the area drained by the Huston Co. Well No. 1.

(11) The geological evidence presented by the applicant indicates that a well drilled at the proposed location should encounter a greater amount of gross sand thickness in the Eumont Gas Pool than a well drilled at the nearest standard Eumont gas well location being 990 feet from the South and West lines of said Section 21, thereby increasing the likelihood of obtaining commercial gas production from the Eumont Gas Pool. Further, this nearest standard location would move the proposed well towards the nearly depleted Huston Com. Well No. 1.

(12) No offset operator or interest owner appeared at the hearing in opposition to the proposed unorthodox Eumont gas well location in the subject 320-acre GPU.

(13) Approval of this application is in the best interest of conservation, will serve to protect correlative rights of offsetting interest owners and will afford the applicant the opportunity to produce its just and equitable share of the gas in subject formations and will otherwise prevent waste and protect correlative rights.

(14) Until such time as the Huston Com. Well No. 1 is either plugged and abandoned or until Eumont gas production ceases, the operator of the subject GPU should be authorized to