

(3) The Special Rules and Regulations for the Red Hills-Wolfcamp Gas Pool require standard 640-acre gas spacing and proration units with wells to be located no closer than 1650 feet from the outer boundary of the section nor closer than 330 feet from any governmental quarter-quarter section line. The special rules do not provide for the drilling of an infill well.

(4) According to Division records, the Red Hills Unit Well No. 2 was drilled in 1966 and was completed in the Red Hills-Pennsylvanian Gas Pool. The Pennsylvanian formation was abandoned in early 1967, and the well was subsequently completed in the Red Hills-Wolfcamp Gas Pool through perforations from 13,424 feet to 13,642 feet.

(5) The Red Hills Unit Well No. 2 has cumulatively produced (through 1993) some 17.3 BCF of gas from the Lower-Wolfcamp interval.

(6) The Red Hills Unit Well No. 3 was drilled in 1983 and completed in the Red Hills-Devonian Gas Pool. The well produced from the Devonian until it was recompleted to the Atoka formation in 1991. The well is currently completed in the Red Hills-Pennsylvanian Gas Pool (Atoka) and is currently producing at an uneconomic rate of approximately 20 MCFGD.

(7) According to applicant's geologic evidence, there is potential for gas production from the Upper Wolfcamp interval in the Red Hills Unit Well No. 3 from a depth of approximately 13,010 feet to 13,300 feet.

(8) The applicant seeks authority to recomplete the Red Hills Unit Well No. 3 from the Atoka formation to the Upper Wolfcamp interval.

(9) The geologic and engineering evidence indicates that the potentially productive Upper Wolfcamp interval in the Red Hills Unit Well No. 3 and the producing Lower Wolfcamp interval in the Red Hills Unit Well No. 2 appear to be isolated and not in communication with each other.

(10) There is potential for gas production from the Upper Wolfcamp interval in the Red Hills Unit Well No. 2, however, according to applicant's testimony, it is reluctant to attempt an Upper Wolfcamp completion due to the possibility of endangering Lower Wolfcamp gas reserves.

(11) Applicant estimates that the remaining producing life of the Red Hills Unit Well No. 2 in the Lower Wolfcamp interval is approximately ten years. Applicant further estimates that the remaining gas reserves within the Red Hills Unit Well No. 2 in the Lower Wolfcamp interval are 3.0 BCFG.