

(4) The Rhodes-Yates-Seven Rivers Gas Pool is an unprorated gas pool governed under the Division's general Rules and Regulations which require 160-acre spacing and proration units, substantially in the form of a square which is a quarter section, being a legal subdivision of the U.S. Public Lands Survey. Said pool is also governed by the two Division Memorandums dated July 27, 1988 and August 3, 1990, which disallow the simultaneous dedication in gas spacing units of more than one well in unprorated gas pools.

(5) As expressed in the aforementioned correspondence to Meridian dated February 15, 1993, it was the Division's opinion that all references to "proration units" in its Memorandums were to be interpreted as "standard gas proration units of standard size for a particular pool". Meridian was informed by said letter that the practice of operators forming non-standard spacing units in order to avoid the Division's simultaneous dedication policy was no longer an accepted practice. Also, Meridian was notified that in most instances the practice of forming non-standard sized and shaped spacing units to avoid the compulsory pooling of acreage within standard sized and shaped spacing and proration units was also not considered just cause by the Division.

(6) Within this particular two Section area, development of the Rhodes-Yates-Seven Rivers Gas Pool is as follows:

- (a) The 40-acre non-standard gas spacing unit comprising the SW/4 SW/4 (Unit M) of Section 10, approved by Division Administrative Order NSP-1292, is dedicated to Meridian's Rhodes GSU Well No. 9 in Unit M;
- (b) the standard 160-acre unit comprising the NW/4 of Section 10 is dedicated to Meridian's Rhodes GSU Well No. 16 in Unit E;
- (c) the N/2 S/2 of Section 10, being a non-standard 160-acre unit approved by Division Administrative Orders NSP-1292 and NSP-1292-A has been developed by Meridian's Bates Well No. 1 (well P & A'ed February, 1988) in Unit L and Doyle Hartman - Oil Operator attempted to develop the same acreage with its C. T. Bates Well No. 2 (well was P & A'ed in January, 1991 after encountering a severe waterflow during drilling) also in Unit L;
- (d) the standard 160-acre unit comprising the SW/4 of Section 15 is simultaneously dedicated to Meridian's Cagle "B" Well No. 1 in Unit L and Rhodes GSU Well No. 24 in Unit N (simultaneous dedication occurred prior to the Division's July 27, 1988 Memorandum);