

IT IS THEREFORE ORDERED THAT:R-8759
APR. 10-11-88

(1) All mineral interests, whatever they may be, from the top of the Wolfcamp formation to either the base of the Morrow formation or to a depth of 9300 feet, whichever is deeper, (which includes but is not necessarily limited to the Undesignated Dayton-Wolfcamp Gas Pool, Undesignated Boyd-Morrow Gas Pool and Undesignated Atoka-Pennsylvanian Gas Pool) underlying Lots 1 through 4 and the E/2 W/2 of Section 31, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico, are hereby pooled to form a standard 316-acre, more or less, gas spacing and proration unit to be dedicated to a well to be drilled 1980 feet from the North line and 1617 (1513) feet from the West line (Unit F) of said Section 31.

PROVIDED HOWEVER THAT, the operator of said unit shall commence the drilling of said well on or before the 31st day of December, 1988, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test from the top of the Wolfcamp to the base of the Morrow formation; and

PROVIDED FURTHER THAT, in the event said operator does not commence the drilling of said well on or before the 31st day of December, 1988, Ordering Paragraph No. (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Division for good cause shown; and

PROVIDED FURTHER THAT, should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Division Director and show cause why Ordering Paragraph No. (1) of this order should not be rescinded.

(2) If, at the time of completion, gas production from the subject well is placed in the Atoka-Pennsylvanian Gas Pool the unorthodox gas well location portion of this application is hereby approved.

(3) Terra Resources, Inc. is hereby designated the operator of the subject well and unit.

1-6-89
Comp. neutron.
Dipho density
8.5
9292.0
Dual laterolog
micro-SFL
1206-9323

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