

Case No. 9694
Order No. R-8262-A
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(20) \$380.00 per month while producing should be fixed as a reasonable charge for supervision of the subject well (combined fixed rates); in the event that any E/2 working interest owner elects to pay their proportionate share of actual costs incurred in the drilling, completion and operation of the subject well out of production, then the operator shall be authorized to withhold from production the proportionate share of such supervision charges attributable to the interest of said owner and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to the interest of said owner.

(21) Should all the parties to this compulsory pooling reach voluntary agreement subsequent to entry of this order, this order shall thereafter be of no further effect.

(22) The operator of the well and unit shall notify the Director of the Division in writing of the subsequent voluntary agreement of all parties subject to the compulsory pooling provisions of this order.

IT IS THEREFORE ORDERED THAT:

(1) A standard 640-acre oil spacing and proration unit is hereby established consisting of Section 12, Township 25 North, Range 2 West, NMPM, Gavilan-Mancos Oil Pool, Rio Arriba County, New Mexico, and all oil and gas mineral interests in this pool underlying said Section 12 are hereby pooled and dedicated to the Mallon Oil Company, Johnson Federal "12" Well No. 5 located 1650 feet from the North line and 960 feet from the West line (Unit E) of said Section 12 and Mallon Oil Company is designated as the operator of said well and unit effective July 12, 1989.

(2) The operator is to account to and pay each owner in said enlarged unit his prorata share of production from the enlarged unit from the effective date of this order; provided said owners of working interests in the E/2 of said Section 12 shall within 30 days after receipt of a copy of this Order together with an invoice in the amount due pay their prorata share of one half the cost of said well, or \$283,485.00; or in the event of failure to make such payment shall have taken out of production by the operator said amount until operator has been paid the monies required by this Order.

(3) A reasonable supervision charge is hereby determined to be \$380.00 per month for said well and the operator is hereby authorized to withhold from production the proportionate share of such supervision charge attributable to each non-paying working interest as well as the proportionate share of actual expenditures for operating the well.