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CASE No. 3162

Order No. R-2877

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Basin-Dakota Gas Pool underlying the W/2 of Section 7, Township 30 North, Range 11 West, NNPM, San Juan County, New Mexico, are hereby pooled to form a 330.40-acre gas proration unit to be dedicated to the Beta Development Company Well Hall Well No. 1 located in Unit M of said Section 7.

(2) That Beta Development Company is hereby designated the operator of the subject well and unit.

(3) That the operator shall furnish the Commission and each non-consenting working interest owner in the subject unit an itemized schedule of actual well costs within 30 days following the date of this order.

(4) That within 30 days from the date the schedule of actual well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of actual well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of actual well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(5) That if no objection to the actual well costs is received by the Commission and the Commission has not objected within 60 days following the date of this order, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 60-day period, the Commission will determine reasonable well costs after public notice and hearing.

(6) That within 30 days following determination of reasonable well costs, any non-consenting working interest owner that has paid his share of actual well costs in advance as provided above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed actual well costs and shall receive from the operator his pro rata share of the amount that actual well costs exceed reasonable well costs.

