

(6) Applicant is an owner of an oil and gas working interest within the Unit. Applicant has the right to drill and proposes to drill its DeGas 6 State Com. Well No. 1 (the "proposed well") to a common source of supply at a standard well location within Lot 8 of Section 6.

(7) There are interest owners in the proposed unit that have not agreed to pool their interests.

(8) To avoid the drilling of unnecessary wells, protect correlative rights, prevent waste and afford to the owner of each interest in the Unit the opportunity to recover or receive without unnecessary expense its just and fair share of hydrocarbons, this application should be approved by pooling all uncommitted interests, whatever they may be, in the oil and gas within the Unit.

(9) Applicant should be designated the operator of the proposed well and of the Unit.

(10) The proposed non-standard 329.83-acre unit is necessitated by the irregular configuration of the United States public land survey, and accordingly should be approved.

(11) Any non-consenting working interest owner who does not pay its share of estimated well costs should have withheld from production its share of reasonable well costs plus an additional 200% thereof as a reasonable charge for the risk involved in drilling the well.

(12) Reasonable charges for supervision (combined fixed rates) should be fixed at \$4750 per month while drilling and \$475 per month while producing, provided that these rates should be adjusted annually pursuant to Section III.1.A.3. of the COPAS form titled "*Accounting Procedure-Joint Operations*." The operator should be authorized to withhold from production the proportionate share of both the supervision charges and the actual expenditures required for operating the well, not in excess of what are reasonable, attributable to each non-consenting working interest.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of KUKUI Operating Company, all uncommitted interests, whatever they may be, in the oil and gas from the surface to the base of the Morrow formation underlying Lots 1, 2, 7, 8, 9, 10, 15 and 16 of Section 6, Township 16 South, Range 35 East, N.M.P.M., Lea County, New Mexico, are hereby pooled, as follows:

Lots 1, 2, 7, 8, 9, 10, 15 and 16, forming a non-standard 329.83-acre gas spacing and proration unit for all formations or pools spaced on 320 acres within this vertical extent which presently include but are not necessarily limited to the Undesignated North Eidson-Morrow Pool.