

(6) No interested or affected party to this matter appeared at the hearing in opposition to this application.

(7) To avoid the drilling of unnecessary wells, to protect correlative rights, to prevent waste and to afford to the owner of each interest in said units the opportunity to recover or receive without unnecessary expense his just and fair share of hydrocarbon production in any pool resulting from this order, the subject application should be approved by pooling all mineral interests, whatever they may be, within said units.

(8) InterCoast Oil and Gas Company should be designated the operator of the subject well and units.

(9) Any non-consenting working interest owner should be afforded the opportunity to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.

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

(11) Any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(12) Following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

(13) \$5,828.00 per month while drilling and \$546.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, 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 each non-consenting working interest.

(14) All proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

(15) Upon the failure of the operator of said pooled units to commence drilling of the well to which said units are dedicated on or before November 15, 1996, the order pooling said units should become null and void and of no further effect whatsoever.

(16) Should all the parties to this force-pooling reach voluntary agreement subsequent to entry of this order, this order should thereafter be of no further effect.

(17) The operator of the well and units should notify the Director of the Division in writing of the subsequent voluntary agreement of all parties subject to the force-pooling provisions of this order.

IT IS THEREFORE ORDERED THAT:

(1) All mineral interests, whatever they may be, from below the unitized Abo formation at an approximate depth of 9,000 feet to the base of the Morrow formation, underlying the following described acreage in Section 2, Township 17 South, Range 34 East, NMPM, Lea County, New Mexico, are hereby pooled in the following manner:

(a) Lots 1 and 2, the S/2 NE/4, and the SE/4 (E/2 equivalent) to form a 321.55-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated North Vacuum-Atoka-Morrow Gas Pool;

(b) Lots 1 and 2 and the S/2 NE/4 (NE/4 equivalent) to form a 161.55-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent;

(c) the S/2 NE/4 to form a standard 80-acre oil spacing and proration unit for all pools developed on 80-acre spacing within said vertical extent which presently includes but is not necessarily limited to the Undesignated North Vacuum-Lower Wolfcamp Pool; and,