

September 15, 2001 deadline for good cause.

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

**IT IS THEREFORE ORDERED THAT:**

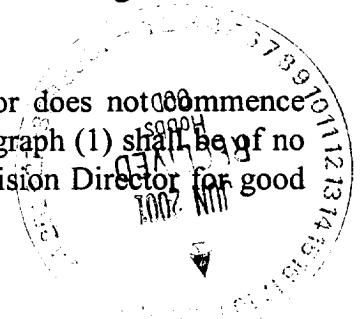
(1) Pursuant to the application of Patterson Petroleum, L. P. ("Patterson"), all uncommitted mineral interests, whatever they may be, from a depth of 5,500 feet to the base of the Morrow formation underlying the following acreage in Section 31, Township 17 South, Range 34 East, NMPM, Lea County, New Mexico, are hereby pooled in the following manner:

- (a) lots 3 and 4, the E/2 SW/4, and the SE/4 (S/2 equivalent) to form a standard 310.69-acre lay-down gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, which presently include but are not necessarily limited to the Undesignated Vacuum-Morrow Gas Pool; and
- (b) the SE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within that vertical extent.

(2) These units are to be dedicated to the applicant's proposed Gach "31" State Well No. 1 (API No. 30-025-35529) to be drilled at a location considered standard for both spacing and proration units 990 feet from the South line and 1650 feet from the East line (Unit O) of Section 31.

PROVIDED HOWEVER THAT, the operator of the units shall commence drilling the well on or before September 15, 2001, and shall thereafter continue drilling the well with due diligence to a depth sufficient to test the Morrow formation.

PROVIDED FURTHER THAT, in the event the operator does not commence drilling the well on or before September 15, 2001, Ordering Paragraph (1) shall be of no effect, unless the operator obtains a time extension from the Division Director for good cause.



uncommitted mineral interests, whatever they may be, within both units.

(10) Patterson should be designated the operator of the subject well and units.

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

(12) 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 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

(13) 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.

(14) Following determination of reasonable well costs, any non-consenting working interest owner who has paid its 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.

(15) Reasonable charges for supervision (combined fixed rates) should be fixed at \$5,000.00 per month while drilling and \$650.00 per month while producing, provided that this rate 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.

(16) All proceeds from production from the well that 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.

(17) If the operator of the pooled units fails to commence drilling the well to which the units are dedicated on or before September 15, 2001, or if all the parties to this forced pooling reach voluntary agreement subsequent to entry of this order, this order should become of no effect.

(18) The operator may request from the Division Director an extension of the