

IT IS THEREFORE ORDERED THAT:

- (1) All mineral interests, whatever they may be, from the surface to the base of the Morrow formation underlying Lots 3 and 4, the E/2 SW/4, and the SE/4 (S/2 equivalent) of Section 18, Township 20 South, Range 34 East, NMPM, Lea County, New Mexico, are hereby pooled to form a standard 320.03-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 Quail Ridge-Morrow Gas Pool.
- (2) Said unit shall be dedicated to the applicant's Sinagua "18" Federal Com Well No. 2 to be directionally drilled from an unorthodox surface gas well location 2041 feet from the South line and 2171 feet from the East line (Unit J) of said Section 18 to an unorthodox bottomhole gas well location within the Morrow formation that is within a 50-foot radius of a point 1300 feet from the South and East lines (Unit P) of said Section 18. Said unorthodox locations and said directional drilling are hereby authorized.
- (3) The applicant shall determine the subsurface location of the kick-off point prior to directional drilling and shall conduct accurate wellbore surveys during or upon completion of drilling operations from the kick-off point to total depth to determine the well's true depth and course.
- (4) The applicant shall notify the supervisor of the Hobbs District Office of the Division of the date and time said directional surveys are to be conducted so that they may be witnessed. The applicant shall provide copies of said directional surveys to the Santa Fe and Hobbs offices of the Division upon completion.
- (5) The applicant shall notify the supervisor of the Hobbs District Office of the Division of any drilling problems encountered while drilling between the depths of 3000 and 5200 feet.
- (6) The applicant shall comply with Division Order No. R-111-P, pertaining to drilling in potash areas of Eddy and Lea Counties, New Mexico.

PROVIDED HOWEVER THAT, the operator of said unit shall commence the drilling of said well on or before the 1st day of January 1995, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the formations within the above described vertical interval.