

Entered August 13, 1974
A.S.P.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5251
CASE NO. 5277

Order No. R-4560-A

APPLICATION OF PIERCE & DEHLINGER
FOR THE AMENDMENT OF ORDER NO.
R-4560, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 24, 1974, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 13th day of August, 1974, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That Order No. R-4560, dated June 25, 1973, compulsorily pooled all mineral interests in the Vada-Pennsylvanian Pool underlying three standard 160-acre spacing and proration units consisting of the NE/4 of Section 13, the SE/4 of Section 13, and the NE/4 of Section 24, all in Township 9 South, Range 33 East, NMPM, Lea County, New Mexico, and set forth a schedule for the drilling of wells on the pooled units and deadlines for the submission of estimated well costs to the Commission and to working interest owners in the respective units.

(3) That the applicant, Pierce & Dehlinger, in Case No. 5251 and Case No. 5277, consolidated, seeks an extension of time of 120 days from the date of this order in which to commence the drilling of the third well covered by Order No. R-4560, to be drilled in the NE/4 of said Section 24.

(4) That the applicant has further requested an administrative procedure provided whereby additional extensions of time beyond the 120-day period herein requested may be granted without the necessity of notice and hearing.

(5) That the applicant has further requested the amendment of Order No. R-4560 to alter the method whereby working interest owners are informed of estimated well costs and given the opportunity to contribute their proportionate share of such costs to the operator of the pooled unit.

(6) That the applicant has made a good faith effort to comply with the drilling schedule set forth in Order No. R-4560, but has been prevented from complying by reason of its inability to obtain well casing and the services of a drilling rig.

(7) That in view of the past and probable future difficulty of the applicant in this regard, its request for an extension of time should be approved; that a procedure should be established whereby additional extensions of time for the drilling of the third well beyond the extension herein granted may be approved without the necessity for notice and hearing; and that Order No. R-4560 should be amended to change the method whereby working interest owners are informed of estimated well costs and given the opportunity to contribute their share of the same.

IT IS THEREFORE ORDERED:

(1) That the applicant, Pierce & Dehlinger is hereby granted an extension of time to December 1, 1974, to commence the drilling of the third well specified in Order No. R-4560, which well is to be drilled in the NE/4 of Section 24, Township 9 South, Range 33 East, NMPM, Vada-Pennsylvanian Pool, Lea County, New Mexico.

(2) That the Secretary-Director may grant further such extensions of time for good cause shown, upon proof of notification of the request to all known working interest owners concerned and if no objection to the request is received by the Commission within 15 days of receipt of the request. The 15-day waiting period may be waived by the Secretary-Director if waivers of objection to the extension are given by all known working interest owners in the pooled unit.

(3) That Order (4) on Page 4 of Order No. R-4560 is hereby amended to read as follows:

"(4) That the operator shall furnish to the Commission and to each known working interest owner in each separate unit an itemized schedule

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of estimated well costs at least 30 but no more than 120 days prior to commencing said well on said unit."

(4) That Order (5) on Page 4 of Order No. R-4560 is hereby amended to read as follows:

"(5) That within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall notify the operator whether or not he elects to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who so elects shall remain liable for operating costs but shall not be liable for risk charges; that such working interest owner who elects to pay his pro rata share of well costs shall pay the same to the operator no more than 14 days after such working interest owner is notified by the operator that the operator has a drilling rig available and intends to commence drilling.

"PROVIDED HOWEVER, that the operator shall commence drilling operations no later than 90 days after the termination of the 30-day period in which the working interest owner must elect whether or not to pay his share of estimated well costs;

"PROVIDED FURTHER, that failure of a working interest owner to notify the operator of his election to pay his share of reasonable well costs within the period herein prescribed, or his failure to pay his share of estimated well costs within the period for payment herein prescribed shall be deemed an election by that working interest owner to pay his share of reasonable well costs, together with the risk charge specified herein, out of production."

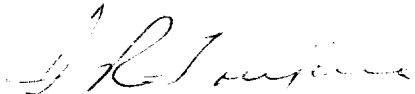
(4) That jurisdiction of these causes is retained for the entry of such further orders as the Commission may deem necessary.

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DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member


A. L. PORTER, Jr., Member & Secretary

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