

Entered December 23, 1977

JOR

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. 5983  
Order No. R-5445-A

APPLICATION OF YATES PETROLEUM  
CORPORATION FOR THE AMENDMENT  
OF ORDER NO. R-5445, EDDY COUNTY,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 16, 1977, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 27th day of December, 1977, 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 the applicant, Yates Petroleum Corporation, seeks the amendment of Commission Order No. R-5445 to provide for a 200 percent risk factor for drilling the unit well rather than 20 percent, as set out in Order No. (7) of said Order.

(3) That the evidence presented established that a risk factor of 200 percent is appropriate.

(4) That Commission Order No. R-5445 should be amended to provide for a 200 percent risk factor.

(5) That after the effective date of this order 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.

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

-2-

Case No. 5983  
Order No. R-5445-A

IT IS THEREFORE ORDERED:

(1) That Order No. (7) of Commission Order No. R-5445 is hereby amended to read in its entirety as follows:

(7) That the operator is hereby authorized to withhold the following costs and charges from production:

(A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated and available actual well costs is furnished to him.

(B) As a charge for the risk involved in the drilling of the well, 200 percent of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated and available actual well costs is furnished to him.

(2) That Orders (3) and (4) of said Order No. R-5445 are hereby superseded.

(3) That within 30 days after the effective date of this order, the operator shall furnish the Commission and each known working interest owner in the subject unit an itemized schedule of estimated and available actual well costs.

(4) That within 30 days from the date the schedule of estimated and available actual well costs is furnished to him, any non-consenting working interest owner shall have the right 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 pays his share of estimated and available actual well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman

 EMERY C. ARNOLD, Member

 JOE D. RAMEY, Member & Secretary

S E A L  
jr/