

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 9197  
Order No. R-8457-A

APPLICATION OF MARSHALL AND WINSTON, INC.  
TO AMEND DIVISION ORDER NO. R-8457, LEA COUNTY,  
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on August 12, 1987, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 2nd day of September, 1987, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) Division Order No. R-8457, dated June 15, 1987, issued in Case No. 9141 compulsorily pooled, pursuant to the provisions set forth by General Rule 1207.1.(ii), all mineral interests in the Abo formation underlying Lot 13 (Unit M) of Irregular Section 6, Township 21 South, Range 38 East, NMPM, Lea County, New Mexico, forming a standard 40-acre oil spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon. Other provisions in said Order included the naming of Marshall and Winston, Inc. as operator of the subject well and unit, the assessment of a 200 percent risk penalty factor in drilling the well, and set the overhead charges for the well at \$3600.00 per month while drilling and \$360.00 per month while producing.

(3) Applicant, Marshall and Winston, Inc., now seeks the amendment of said Order No. R-8457 by changing the monthly overhead charges for supervision while drilling and producing the subject well to \$4500.00 and \$450.00, respectively.

(4) Pursuant to the provisions of Division General Rule 1207.1.(ii) the applicant provided sufficient notice to the affected party concerning the subject amendment.

(5) The applicant provided sufficient information showing that these rates have been agreed to by all of the working interest owners who volunteered to participate in the drilling of the subject well.

(6) The granting of this amendment will prevent waste, protect correlative rights, and is in the best interests of conservation.

(7) Said Order No. R-8457 should therefore be amended to reflect the aforementioned changes.

(8) All other provisions set forth in Order No. R-8457 should remain in full force and effect.

IT IS THEREFORE ORDERED THAT:

(1) The application of Marshall and Winston, Inc. to amend Division Order R-8457, dated June 15, 1987, by changing the monthly overhead charges for supervision while drilling the well subject to the compulsory pooling provision therein from \$3600.00 to \$4500.00 and while producing from \$360.00 to \$450.00, is hereby approved.

(2) Finding Paragraph No. (12) on page 2 of Order No. R-8457 be and the same is hereby amended to read in its entirety as follows:

"(12) \$4500.00 per month while drilling and \$450.00 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."

(3) Decretory Paragraph No. (9) on page 5 of said Order No. R-8457 be and the same is hereby amended to read in its entirety as follows:

Page 3  
Case No. 9197  
Order No. R-8457-A

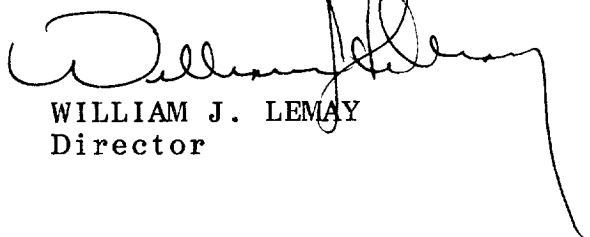
"(9) \$4500.00 per month while drilling and \$450.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); the operator is hereby authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest."

(4) All other provisions contained in Division Order No. R-8457 shall remain in full force and effect.

(5) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY  
Director

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