

CASE 5251: App. of PIERCE &
DEHLINGER for Amendment of Order
No. R-4560, Lea County, N. M.

*Order is
by Pierce*

CASE No.

5251

Application,
Transcripts,
Small Exhibits

ETC.

DRAFT

jr/

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 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~~1974~~, compulsorily
pooled all mineral interests in the Vada-Pennsylvanian Pool under-
lying 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, ~~Vada-~~
~~Pennsylvanian Pool~~, Lea County, New Mexico, and set forth a
schedule ^{for the drilling of wells on the pooled units and} ~~of drilling for the unit wells along with~~ deadlines for
the submission of estimated well costs to the Commission and to
working interest owners in the respective units.

(2) That the applicant, Pierce & Dehlinger, in Case No. 5251 and Case No 5277, consolidated,

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CASES NOS. 5251 and 5277
Order No. R-4560-A

(3) ~~That the applicant, Pierce & Dehlinger,~~ 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 Section 24. ⁵⁴¹²

(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 ^{after} ~~change~~ the method whereby working interest owners are informed of estimated well costs and given the opportunity to contribute their ^{proportionate} share of ~~the same~~ 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} ~~could~~ 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.

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2 CASES NOS. 5251 and 5277
3 Order No. R-4560-A

4 IT IS THEREFORE ORDERED:

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

10 (2) That the Secretary-Director may grant ^{further such} ~~additional~~ exten-
11 sions of time ~~in addition to the extension herein granted~~ for
12 good cause shown, ~~and~~ upon proof of notification of the request
13 to all known working interest owners concerned ^{and} if no objection to
14 the request is received within 15 days of receipt of the request,
15 by the Commission, The 15-day waiting period may be waived by

16 the Secretary-Director if waivers of objection to the extension
17 are given by all known working interest owners in the ^{pooled} unit.

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

20 " (4) That the operator shall furnish to the
21 Commission and to each known working interest
22 owner in each separate unit an itemized schedule
23 of estimated well costs at least 30 but no more
24 than 120 days prior to commencing said well on
25 said unit."

26 (4) That Order (5) on page 4 of Order No. R-4560 is hereby amended to read as follows:
27 (5) That within 30 days from the date ~~the date~~
28 the schedule of estimated well costs is furnished
29 to him, any non-consenting working interest owner
30 shall notify the operator whether or not he elects
31 to pay his share of estimated well costs to the
32 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

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2 CASES NOS. 5257 and 5277
3 Order No. 4560-A

4 costs but shall not be liable for risk charges;
5 that such working interest owner who elects to
6 pay his pro rata share of well costs shall pay
7 the same to the operator no more than 14 days
8 after such working interest owner is notified
9 by the operator that the operator has a drilling
10 rig available and intends to commence drilling.

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

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

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

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