

(13) Oryx Energy Company seeks to have all E/2 owners participate in their proportionate share of the remaining recoverable production from the Johnson Federal "12" Well No. 5 prospectively from July 12, 1989, by paying 50% of the present value of the remaining producible reserves for the well and allowing for a 15% rate of return on investment, which should be half of \$73,200.00.

(14) Mallon Oil Company at the time of the hearing presented evidence showing that the actual costs of drilling and completing the Johnson Federal "12" Well No. 5, to date, is \$566,971.00. Mallon Oil Company, supported by Mesa Grande Resources (an interest owner in the existing unit), proposes that the owners in the E/2 of said Section 12 (being half of the 640-acre unit) be required to pay 50% of this cost or \$283,485.50.

(15) Testimony was presented at the hearing that all parties agreed that the well was seriously depleted and the original cost of the well will not be returned based on production after July 12, 1989; therefore, a risk penalty is not appropriate in this matter.

(16) Inasmuch as this case is similar in nature to and involves the same well as heard in Division Case No. 8900 in which said Order No. R-8262 was issued, those parties seeking to participate in the well and proposed proration unit should be required to tender the sum of \$283,485.00.

(17) Mallon Oil Company should remain the operator of the subject well and the enlarged unit.

(18) Oryx Energy Company and other working interest owners in the E/2 of Section 12 should be afforded the opportunity to elect either to pay to the operator their proportionate share of the total sum of \$283,485.00 for participation in the Johnson Federal "12" Well No. 5, or pay their proportionate share of such sum out of production; such election should be made by Oryx and any other working interest owner in the E/2 of Section 12 within thirty (30) days after receipt of notification by Mallon of the issuance of an Order in this case by the Division; and the operator should be entitled to withhold from production said working interest owners' proportionate share of such costs to operator within thirty (30) days after the issuance of the Order in this case.

(19) Should Oryx or any working interest owner in the E/2 of said Section 12 not so elect to pay their share of such well costs within said period, they should have withheld from production their share of \$283,485.00 as a reasonable charge for participation in the well.