

BEFORE THE OIL CONSERVATION
COMMISSION OF THE STATE
OF NEW MEXICO

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

CASE NO. 15.

ORDER NO. 235.

- (a) THE ADOPTION OF RULES, REGULATIONS AND ORDERS AS MAY BE NECESSARY TO MAKE EFFECTIVE THE PROHIBITIONS CONTAINED IN SECTION 13, CHAPTER 72, LAWS OF NEW MEXICO 1935, AND FOR THE ISSUANCE OF CERTIFICATES OF CLEARANCE OR TENDERS, OR SOME OTHER METHOD, SO THAT ANY PERSON MAY HAVE AN OPPORTUNITY TO DETERMINE WHETHER ANY CONTEMPLATED TRANSACTION OF SALE OR PURCHASE OR ACQUISITION, OR OF TRANSPORTATION, REFINING, PROCESSING, OR HANDLING IN ANY OTHER WAY, INVOLVES ILLEGAL OIL OR ILLEGAL OIL PRODUCT.
- (b) THE ADOPTION OF RULES, REGULATIONS AND ORDERS RELATING TO THE MAKING UP OF SHORTAGE OR BACK ALLOWABLE.

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ORDER OF THE COMMISSION PROMULGATING
RULES AND REGULATIONS GOVERNING THE
ISSUANCE OF THE MONTHLY PRORATION
SCHEDULE AND SUPPLEMENT THERETO, THE
CERTIFICATE OF THE COMMISSION AUTHORIZING
THE PRODUCTION, PURCHASE AND TRANSPORTATION
OF OIL PRODUCED UNDER SUCH SCHEDULES AND
THE MAKING UP OF CERTAIN SHORTAGES.

BY THE COMMISSION:

This cause came on for hearing at nine o'clock A. M. on the 21st day of July, 1939, at Santa Fe, New Mexico.

NOW, on this 13th day of January, 1940, the Commission having before it for consideration the evidence adduced at the hearing in said case and being fully advised in the premises, the Commission adopted the order promulgating rules and regulations governing the issuance of the monthly proration schedule and supplement thereto, the certificate of the Commission authorizing the production, purchase and transportation of oil produced under such schedules and the making up of certain shortages, as follows:

1. The New Mexico Oil Conservation Commission will meet monthly, as soon as practicable after the announcement of the

Bureau of Mines of the market demand for New Mexico, and at such meeting will consider the announcement of the Bureau of Mines and other evidence of market demand, and will determine the amount of oil to be produced from all pools in the State of New Mexico during the following calendar month. The amount so determined will be allocated among the various pools in the State in accordance with existing regulations and among the various units in each pool, in accordance with the regulations governing each pool. The Commission will thereupon issue a proration schedule which will specify the amount of oil each unit in the State may produce each day during the following calendar month, including shortages which may be made up and lawful overages. Allowables for wells completed between the first and sixteenth of each month shall be included in a supplementary proration schedule to the current monthly proration schedule. This supplement shall be issued on the sixteenth of each month. Such monthly proration schedule and such supplementary proration schedule shall each constitute the certificate of the Commission authorizing thereunder:

- (1.) The production of oil from the various units in accordance with such respective schedules;
- (2.) The purchase of oil so produced by the purchasing companies; and,
- (3.) The transportation of oil so produced by the various pipe line companies.

2. The monthly schedule provided for in paragraph "1" hereinabove shall show accrued shortages for two succeeding months and such shortages shall be made up within the same period of time; or if overage occurs, which is unavoidable and lawful, then such overage should be compensated by reduced allowable within a like period of time. After two succeeding months; shortages shall be

eliminated from the schedule unless the operator furnishes a written statement to show that he could not sell, or the pipe line would not run the allowable, or that remedial work for the purpose of conserving reservoir energy had caused the shortage.

3. Shortage incurred prior to October 1, 1939, due to lack of pipe line connection or the inability to sell the allowable, shall be cumulative and allowed. Such shortages shall be shown in the cumulative column on the proration schedule and the amount of cumulative shortage authorized to be run shall be added to the current allowable and total shown as net allowable.

4. In no event should shortages when authorized, be produced in such manner or in such daily amounts as to constitute waste.

For the purpose of taking under further advisement, the Commission reserves herein for a supplemental order the matters in this case in so far as they relate to the transportation of oil and the products thereof by means other than by pipe line.

DONE at Santa Fe, New Mexico, this 13th day of January, 1940.

NEW MEXICO OIL CONSERVATION COMMISSION

By Frank Worden
Commissioner of Public Lands

By A. Andrew
State Geologist.