

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. 1393
Order No. R-1140

IN THE MATTER CONCERNING PURCHASER
PRORATIONING BY MALCO REFINERIES,
INC., IN CERTAIN OIL POOLS IN CHAVES
AND EDDY COUNTIES, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on March 13, 1958, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 19th day of March, 1958, the Commission, a quorum being present, having considered the evidence adduced 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 on or about March 4, 1958, Malco Refineries, Inc. was forced to shut down its refinery at Artesia, New Mexico, due to mechanical failure of said refinery, and that it will not be possible for Malco Refineries, Inc. to process any oil through said refinery prior to March 20, 1958.

(3) That Malco Refineries, Inc. does not have sufficient storage capacity to permit the purchase of all oil produced from the wells from which it purchases in the State of New Mexico during the breakdown period.

(4) That Malco Refineries, Inc., should be permitted to discontinue the purchase of oil until March 20, 1958, with the exception of those wells which are located in authorized water flood projects.

(5) That the Commission has found that waste may occur if the production from water flood projects is curtailed and that Malco Refineries, Inc., should therefore be required to purchase 100% of the oil produced from wells located within an authorized water flood project.

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(6) That Malco Refineries, Inc., expects to have its refinery in Artesia, New Mexico, back in operation by March 20, 1958, and that during the month of March, 1958, Malco Refineries, Inc., will be able to purchase an amount of oil equal to approximately 30% of the January, 1958, production from the wells to which it is connected.

(7) That Malco Refineries, Inc., will be able to purchase 100% of the oil authorized to be produced from the wells to which it is connected effective April 1, 1958, and that Malco Refineries, Inc., should therefore be required to purchase said oil.

IT IS THEREFORE ORDERED:

1. That Malco Refineries, Inc., be and the same is hereby authorized to discontinue the purchase of oil until March 20, 1958, from all oil wells from which it purchases oil in the State of New Mexico with the exception of those wells which are located in authorized water flood projects.

2. That Malco Refineries, Inc., shall purchase 100% of the oil produced from wells located within an authorized water flood project.

3. That on March 20, 1958, Malco Refineries, Inc., shall resume the purchase of oil from all wells to which it is connected, and that the total purchases for the month of March, 1958, from those wells which are not located within an authorized water flood project shall equal approximately 30% of the January, 1958, production from said wells.

4. That Malco Refineries, Inc. shall purchase 100% of the oil authorized to be produced from the wells from which it purchases oil in the State of New Mexico commencing April 1, 1958.

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

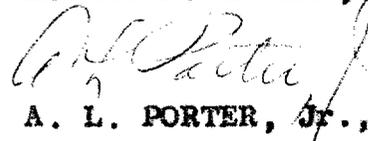
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman



MURRAY E. MORGAN, Member



A. L. PORTER, Jr., Member & Secretary

