

*Entered Sept. 28, 1955  
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BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

ORDER NO. A-70 (A)

EMERGENCY ORDER OF THE COMMISSION

BY THE COMMISSION:

Heretofore, and on August 17, 1955, this cause came on for hearing before the Oil Conservation Commission of New Mexico in Santa Fe, New Mexico, and the Commission, after the conclusion of public hearing on that same day, issued its Order No. A-70, setting the normal unit allowable for the production of oil in this state for the month of September, 1955, and promulgating a proration schedule which distributed and allocated the allowable production among the oil wells in Lea, Eddy and Chaves Counties.

Thereafter, the Commission held public hearing at Santa Fe, New Mexico, on September 15, 1955, at 9:00 a.m. pursuant to legal notice for the purpose of setting the allowable production of oil within the State of New Mexico for the month of October, 1955. During the course of such hearing information and evidence was furnished to the Commission relative to the intention of Stanolind Oil Purchasing Company, through its subsidiary, Service Pipeline Company, Inc., to reduce the takes of crude oil from its connections in the State of New Mexico, effective September 1, 1955.

NOW, on this 27<sup>th</sup> day of September, 1955, the Commission, a quorum being present, having considered the evidence and testimony adduced and being fully advised in the premises,

FINDS:

(1) That following a fire at a refinery operated by Standard Oil Company of Indiana at Whiting, Indiana, in the latter part of August, 1955, the Stanolind Oil Purchasing Company, by telegram dated August 31, 1955, notified the Commission of its intention to reduce its normal take of crude oil from its connections in the State of New Mexico by 45%, commencing September 1, 1955.

(2) That Stanolind Oil Purchasing Company through its affiliate, Service Pipeline Company, purchases crude oil from wells located in Lea County, New Mexico.

(3) That at the time of receipt by the Commission of such notice by telegram, Order No. A-70 had been issued in this cause, setting state-wide oil proration for the month of September, 1955, and assigning allowables to all wells located in Lea, Eddy and Chaves Counties, New Mexico.

(4) That Stanolind Oil Purchasing Company has reduced its purchases of New Mexico crude oil, including crude oil produced by marginal wells, by 45%, such reduction being effective September 1, 1955.

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(5) That such pipeline prorationing has resulted in waste due to the non-ratable taking of oil within pools, during the month of September 1955, and that such waste will continue during the remainder of the month of September if the present conditions continue to exist.

(6) That such reduction of takes during the month of September has resulted in discrimination between wells within oil pools.

(7) That such non-ratable taking has resulted in discrimination between oil pools.

(8) That other purchasers of crude oil in Southeastern New Mexico have access to crude oil produced in certain pools through the facilities and systems of the Stanolind Oil Purchasing Company, and that such other purchasing companies can purchase crude oil through the facilities and systems of the Stanolind Oil Purchasing Company.

(9) That Stanolind Oil Purchasing Company can by exchange with other crude oil purchasers within the State of New Mexico and elsewhere take such crude oil for its own present or future use, or for sale by it to other common purchasers.

(10) That the reasonable market demand for New Mexico crude oil has not diminished because of or by reason of the fire at Stanolind's refinery at Whiting, Indiana.

(11) That crude oil storage conditions and market conditions are such that Stanolind distress oil can be absorbed as a part of the reasonable market demand for oil during the month of September, 1955.

(12) That Order A-70 provides that said order should remain effective until further order of this Commission.

(13) That due to the facts and conditions enumerated above, the Commission finds that an emergency exists.

IT IS THEREFORE ORDERED:

(1) That Stanolind Oil Purchasing Company shall take the full allowables assigned to the wells to which it is connected insofar as the wells are able to produce such allowables, together with all oil in lease storage which is classified as legal storage.

(2) That all other crude oil purchasers within this State, as common purchasers, shall take from Stanolind Oil Purchasing Company oil offered to them through Stanolind's system and connections, on the same basis as they take from other wells and fields with which they have direct or indirect connections, without discriminating between either wells or fields in their takes of such crude oil.

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(3) That each of the said other common purchasers shall take all such oil offered to it by Stanolind Oil Purchasing Company in the proportion that its total purchases for the month of August, 1955, bear to the total purchases of all common purchasers during the month of August, 1955.

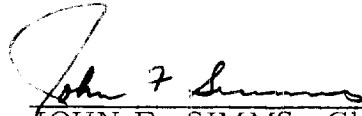
(4) That any common purchaser, purchasing crude oil in New Mexico during the month of September, shall purchase such crude oil under terms and conditions consistent with this order.

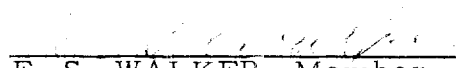
PROVIDED HOWEVER,

Nothing in this order shall be construed as denying any operator the right to apply for back allowable pursuant to the terms of Rule 503 (f) of the Commission's Rules and Regulations.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
JOHN F. SIMMS, Chairman

  
E. S. WALKER, Member

  
W. B. MACEY, Member and Secretary

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