

Entered September 28, 1955
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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

ORDER NO. A-70 (B)

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 to reduce the takes of crude oil from its connections in the State of New Mexico, effective September 1, 1955.

NOW, on this 27th 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 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, and that many of the wells to which Stanolind is connected are marginal wells.

(3) That under the provisions of Rule 503 (f) of the Commission's Rules and Regulations any operator affected by "pipeline prorationing" has the right to make application to the Commission for authorization to have any shortage or underproduction resulting from "pipeline prorationing" included in subsequent proration schedules, and that this right is limited to wells which are capable of producing top unit allowable.

(4) That marginal wells are not afforded the opportunity to make up any underproduction caused by "pipeline prorationing" due to the nature of their productive capacity.

-2-

Order No. A-70 (B)

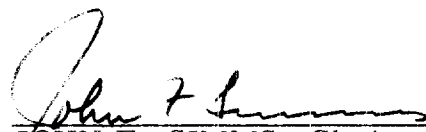
(5) That Stanolind Oil Purchasing Company's proposal to reduce its take from all wells to 55% of the allowables assigned the wells during the month of September, 1955 will impair correlative rights and is conducive to waste.

IT IS THEREFORE ORDERED:


That in the event of pipeline prorationing by any common purchaser, said common purchaser shall not reduce its take from any marginal proration unit to which an allowable has been assigned under the terms and provisions of Order No. A-70.

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