

Entered September 26, 1957
A.L.P.

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. 1299
Order No. R-1037-A

IN THE MATTER CONCERNING PURCHASER
PRORATIONING BY GULF OIL CORPORATION
IN CERTAIN OIL POOLS IN LEA, EDDY,
CHAVES AND ROOSEVELT COUNTIES, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on August 15, 1957, and again at 9 o'clock a.m. on September 18, 1957, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 24th day of September, 1957, the Commission, a quorum being present, having considered the evidence adduced at said hearings 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 Gulf Oil Corporation is, by reason of excessive stocks of company-owned crude oil in storage, unable to purchase the full allowable of production from wells to which it is connected in six states, including New Mexico.

(3) That Gulf Oil Corporation proposes to reduce the excessive stocks of company-owned crude oil in storage by reducing its purchases of crude oil in said states to 80% of its actual July purchases from the leases from which it buys.

(4) That Gulf Oil Corporation should be permitted to effect said reductions of purchases of crude oil in the State of New Mexico.

(5) That Gulf Oil Corporation should be required to make its reductions in purchases of oil proportionately among all proration units from which it purchases in the State of New Mexico; provided however, that in order to preclude premature abandonment, Gulf Oil Corporation should be required to make 100% purchases from proration units with daily oil production of 10 barrels or less.

(6) That in order to prevent underground waste, Gulf Oil Corporation should be required to make 100% purchases from all wells located in a water flood project authorized by the Commission,

(7) That Gulf Oil Corporation should appear and show cause at the Commission regular hearing on October 17, 1957, why it should not be required to purchase 100% of the oil authorized to be produced from the wells from which it purchases in the State of New Mexico.

(8) That Gulf Oil Corporation should, at said hearing of October 17, 1957, present evidence as to the actual market conditions which have resulted in the need for the continuation of purchaser prorationing, if there be such need.

IT IS THEREFORE ORDERED:

(1) That Gulf Oil Corporation be and the same is hereby authorized, until further order of the Commission, to reduce its purchases from the wells from which it purchases in the State of New Mexico to 80% of its actual July purchases from said wells;

PROVIDED HOWEVER, That Gulf Oil Corporation shall make said reductions in purchases of oil proportionately among all proration units from which it purchases in the State of New Mexico;

PROVIDED FURTHER, That Gulf Oil Corporation shall not reduce its purchases from any proration unit to an amount less than 10 barrels daily, provided the unit is capable of producing same.

PROVIDED FURTHER, That Gulf Oil Corporation shall purchase 100 percent of the oil produced from any proration unit producing 10 barrels or less daily;

PROVIDED FURTHER, That Gulf Oil Corporation shall purchase all of the oil produced from wells located in an authorized water flood project.

(2) That Gulf Oil Corporation shall appear and show cause at the Commission regular hearing on October 17, 1957, why it should not be required to purchase 100% of the oil authorized to be produced from the wells from which it purchases in the State of New Mexico.

(3) That Gulf Oil Corporation shall, at said hearing of October 17, 1957, present evidence as to the actual market conditions which have resulted in the need for the continuation of purchaser prorationing, if there be such need, and that said evidence shall include statistics relating to:

(a) Gulf Oil Corporation's purchases of crude oil from wells in New Mexico during the months of January through September, 1957.

-3-

Case No. 1299

Order No. R-1037-A

(b) Volumes of crude oil of New Mexico origin held by Gulf Oil Corporation as reported to the United States Bureau of Mines each week since January, 1957.

(c) Actual disposition of New Mexico crude oil purchased by Gulf Oil Corporation since January, 1957, i.e., whether run to storage, sold, or refined in Gulf-owned refineries.

(d) Average daily runs of the Gulf-owned refineries processing New Mexico crude oil for each week since January 1, 1957, and the amount of New Mexico oil processed in each of said refineries during said period.

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman



MURRAY E. MORGAN, Member



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

S E A L

ir/