

Filed May 2, 1956
C.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. 1067
Order No. R-802

APPLICATION OF THE OIL CONSERVATION
COMMISSION UPON ITS OWN MOTION FOR
AN ORDER RELATING TO THE EXTENSION
OF THE PROVISIONS OF EMERGENCY ORDER
A-77-(B), FOR THE DURATION OF THE
PERIOD OF THE PIPELINE PRORATIONING
HERETOFORE INSTITUTED BY CITIES SERVICE
OIL COMPANY IN LEA, EDDY, AND CHAVES
COUNTIES, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 10 o'clock a.m. on April 30, 1956, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 1st day of May, 1956, the Commission, a quorum being present, having considered the evidence adduced at said hearing and being fully advised in the premises,

FINDS:

1. That due notice of the time and place of hearing having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

2. That following a shut-down in the form of a labor strike in the East Chicago Refinery of the Cities Service Oil Company, the Cities Service Oil Company by telegram dated April 5, 1956, notified the Commission of its intention to reduce the normal take of crude oil from its connections in the State of New Mexico to 60% of the average daily runs in February, 1956, said reduction to be effective April 1, 1956.

3. That on April 27, 1956, the Commission was notified by telegram of Cities Service Oil Company's intent to increase crude oil purchases to about 80 percent of normal, effective May 1, 1956, in all states in which it buys.

4. That Cities Service Oil Company purchases crude oil from wells located in Lea, Eddy, and Chaves Counties, New Mexico, said oil being transported by the Texas-New Mexico Pipeline Company, and that many of the wells to which said pipeline is connected are marginal wells.

5. 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.

6. 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.

7. That Cities Service Oil Company's reduction in takes from all wells from which they purchase, will impair correlative rights.

8. That the evidence available to the Commission indicates that the overall reduction in takes by Cities Service Oil Company can be made from proration units assigned top unit allowables on the May proration schedule.

IT IS THEREFORE ORDERED:

That during the effective period of this order Cities Service Oil Company shall not reduce its take from any proration unit to which a marginal allowable was assigned under Order A-78.

PROVIDED, HOWEVER, That 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.


The provisions of this order are effective on May 1, 1956 and will remain in effect until further order of the Commission.

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


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

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