

**SUGGESTED METHOD
FOR PRORATING MARKET LOSS**

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
Machels EXHIBIT No. 1
CASE 1067

4-27-56

Assuming a loss of 15,000 barrels per day arising from an emergency. Total loss to one specific purchaser and not state-wide.

PLAN A

Assuming 15,000 bbls in distress in the state which are produced from Fields A-B-C, etc.

Field	A	B	C
Normal Allow in Field	8,000		
Normal Allow to Curtailed Purchaser	2,000		
Allowable to Curtailed Purchaser in emergency	1,000		
Distress oil in Field	1,000		
Pipeline Take in the emergency	7,000		
Per cent cut in Field Allowable	12.5%		

Plan A is an emergency plan to be put in effect immediately, and the following month would be replaced by Plan B or C.

PLAN B

Gross Allow. Determined @ Hearing for the Month	270,000
Loss during the preceding month due to curtailment	15,000
Loss to be expected during current month	15,000
Actual allow. to be prorated	<u>240,000</u>

The 15,000 bbls lost during the preceding month would be equitably distributed among the producers that were curtailed. The following month's allowable would be the amount normally determined minus the loss due to the emergency.

PLAN C

Gross Allow. as normally determined @ Hearing	270,000
Loss to be expected during current month	15,000
Actual Allow. to be prorated	<u>255,000</u>

In Plan C no provision is made for making up the allowable lost during the preceding month as in Plan B. This would also be the method used in determining the allowable for the second month after the emergency if it still existed in either plan.

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

OIL AND GAS DOCKETS NOS. 108,
120, 123, 124, 125, 126, 128,
129, 132 AND 146

20- 33,308

IN RE: CONSERVATION AND PREVENTION OF
WASTE OF CRUDE PETROLEUM AND
NATURAL GAS IN THE STATE OF
T E X A S

Austin, Texas
May 7, 1956

SPECIAL ORDER
AMENDING ORDER NO. 20-33,214 TITLED
"GENERAL SHUTDOWN ORDER OF ALL OIL WELLS IN THE VARIOUS
DISTRICTS AND FIELDS IN THE STATE OF TEXAS"
DATED APRIL 19, 1956

WHEREAS, After due notice and Hearing for the time and in the manner required by law, the Railroad Commission of Texas duly and legally enacted its Order No. 20-33,214, dated April 19, 1956, titled "General Shutdown Order of All Oil Wells in the Various Districts and Fields in the State of Texas," and

WHEREAS, Said Order No. 20-33,214 provides, among other things, that the Elkhorn (Ellenburger) Field, Crockett County, Texas, Railroad Commission District 7-C, and The Block 12, Block 12, East (Ellenburger), Shafter Lake (Devonian), Shafter Lake (Wolfcamp), and Shafter Lake (Yates) Fields, all in Andrews County, Texas, Railroad Commission District 8, be required to be shut in during the month of May, 1956 a total of fifteen (15) days and be allowed to produce during said period a total of sixteen (16) days, the regular Statewide producing pattern, and

WHEREAS, At an emergency hearing held in Austin, Texas May 7, 1956, the Commission was advised that Cities Service Oil Company could purchase only 80% of normal from its connections in said fields and that in order to achieve ratable take from said fields during the month of May, 1956 the number of producing days for the fields listed below, located in Railroad Commission Districts 7-C and 8, should be reduced for the month of May, 1956 to the number of days indicated opposite each field:

<u>FIELD</u>	<u>COUNTY</u>	<u>DISTRICT</u>	<u>NUMBER OF PRODUCING DAYS</u>
Block 12	Andrews	8	7
Block 12, East (Ellenburger)	Andrews	8	15
Elkhorn (Ellenburger)	Crockett	7-C	15
Shafter Lake (Devonian)	Andrews	8	15
Shafter Lake (Wolfcamp)	Andrews	8	15
Shafter Lake (Yates)	Andrews	8	13, and

WHEREAS, From a review of the evidence presented at said emergency hearing the Commission is of the opinion that the allowable for these aforementioned fields should be set so as to achieve ratable take from each such field during the month of May, 1956.

NOW, THEREFORE, IT IS ORDERED By The Railroad Commission of Texas That its Order No. 20-33,214, titled "General Shutdown Order of All Oil Wells in the Various Districts and Fields in the State of Texas" dated April 19, 1956 be and same is hereby amended in such manner and to such extent as to require that the Elkhorn (Ellenburger) Field, Crockett County, Railroad Commission District 7-C and The Block 12, East (Ellenburger), Shafter Lake (Devonian) and Shafter Lake (Wolfcamp) Fields, Andrews County, Railroad Commission District 8, be shut in during the month of May, 1956 a total of sixteen (16) days and shall be allowed to produce a total of fifteen (15) days during said thirty-one (31) day period; and that the Block 12 Field, Andrews County, Railroad Commission District 8, be shut in during the month of May, 1956, a total of twenty-four (24) days and shall be allowed to produce a total of seven (7) days during said thirty-one (31) days period and that the Shafter Lake (Yates) Field, Andrews County, Railroad Commission District 8, be shut in during the month of May, 1956 a total of eighteen (18) days and shall be allowed to produce a total of thirteen (13) days during said thirty-one (31) day period.

IT IS FURTHER ORDERED That this Cause be held open on the docket for such other and further orders as may be necessary.

ATTEST:

[Signature]
Secretary

RAILROAD COMMISSION OF TEXAS
[Signature]
Chairman
[Signature]
Commissioner
[Signature]
Commissioner

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

OIL AND GAS DOCKETS NOS. 108,
120, 123, 124, 125, 126, 128,
129, 132 AND 146

IN RE: CONSERVATION AND PREVENTION OF
WASTE OF CRUDE PETROLEUM AND
NATURAL GAS IN THE STATE OF
T E X A S

20-33,289

Austin, Texas
May 4, 1956

SPECIAL ORDER
AMENDING ORDER NO. 20-33,214 TITLED
"GENERAL SHUTDOWN ORDER OF ALL OIL WELLS IN THE VARIOUS
DISTRICTS AND FIELDS IN THE STATE OF TEXAS"
DATED APRIL 19, 1956

WHEREAS, After due notice and hearing for the time and in the manner required by law, the Railroad Commission of Texas duly and legally enacted its Order No. 20-33,214, dated April 19, 1956, titled "General Shutdown Order of All Oil Wells in the Various Districts and Fields in the State of Texas," and

WHEREAS, Said Order provides, among other things, that the Round Top (Canyon Sand), Round Top (Flippen Lime) and Round Top (Palo Pinto Reef) Fields in Commission District 7-B be required to be shut in during the month of May, 1956 a total of nineteen (19) days and be allowed to produce during said period a total of twelve (12) days, so as to permit ratable take from all producers in said fields, and

FURTHER, Said order provides, among other things, that the South Lueders (King Sand) Field be required to be shut in during the month of May, 1956, a total of fifteen (15) days and be allowed to produce during said period a total of sixteen (16) days, the regular statewide producing pattern, and

WHEREAS, Subsequent to the issuance of said order the Commission was advised by Cities Service Oil Company, a purchaser in the aforementioned Round Top Fields, that they would be able to purchase 80% of the normal purchases from their connection in said fields during the month of May instead of the 60% heretofore indicated, and

WHEREAS, At an emergency hearing held in Austin, Texas May 1, 1956, the Commission was advised that Cities Service Oil Company could purchase only 80% of normal from its connections in the South Lueders (King Sand) Field during the month of May, 1956 and that in order to achieve ratable take from said field during the month of May, 1956, a thirteen (13) day producing pattern would be required, and

WHEREAS, From a review of the above evidence the Commission is of the opinion that the producing day pattern for the Round Top (Canyon Sand), Round Top (Flippen Lime) and Round Top (Palo Pinto Reef) fields should be set at fourteen (14) days for the month of May, 1956 and the producing day pattern for the South Lueders (King Sand) field should be set at thirteen (13) days during said month.

NOW THEREFORE, IT IS ORDERED By the Railroad Commission of Texas that its Order No. 20-33,214, titled "General Shutdown Order of All Oil Wells in the Various Districts and Fields in the State of Texas" dated April 19, 1956, be and the same is hereby amended in such manner and to such extent as to require that the Round Top (Canyon Sand), Round Top (Flippen Lime), and Round Top (Palo Pinto Reef) Fields, Fisher County, Texas, Railroad Commission District No. 7-B, be shut in during the month of May, 1956 a total of fourteen (14) days and shall be allowed to produce a total of fourteen (14) days during said thirty-one (31) day period, and the South Lueders (King Sand) Field, Jones County, Texas, Railroad Commission District 7-B, be shut in during the month

ORDER NO. 20-
Page 2.

of May, 1956 a total of eighteen (18) days and shall be allowed to produce a total of thirteen (13) days during said thirty-one (31) day period.

IT IS FURTHER ORDERED That this cause be held open on the docket for such other and further orders as may be necessary.

RAILROAD COMMISSION OF TEXAS

W. H. Thompson
Chairman

W. L. Curb
Commissioner

W. H. Thompson
Commissioner

ATTEST:

W. H. Thompson
Secretary

