

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

October 1, 1957

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Y

Mr. D. R. Wall
Magnolia Petroleum Company
P.O. Box 900
Dallas 21, Texas

Dear Sir:

We are enclosing a copy of our docket for the October 17th Regular Commission hearing. Please note that Case 1273 has to do with the Magnolia purchaser prorating.

We are enclosing a copy of Commission Order R-1037-A concerning Gulf prorating and are requesting that Magnolia supply us with the same information that is requested of Gulf in this order.

Yours very truly,

A. L. Porter, Jr.
Secretary - Director

ALP:bp
Encls.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER CONCERNING
PURCHASER PRORATIONING BY
MAGNOLIA PETROLEUM COMPANY
IN CERTAIN OIL POOLS IN LEA,
EDDY, CHAVES AND ROOSEVELT
COUNTIES, NEW MEXICO

CASE NO. 1273

REPLY TO MAGNOLIA PETROLEUM COMPANY
TO SHOW CAUSE ORDER

TO THE HONORABLE COMMISSION:

Now comes Magnolia Petroleum Company, respondent
in the above numbered cause and makes the following reply:

Docket No. 31-57 issued by the Oil Conservation
Commission sets forth matters to be heard October 17, 1957,
including:

"CASE 1273: In the matter of the hearing called
by the Oil Conservation Commission
to permit Magnolia Petroleum Company
to appear and show cause 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."

Furthermore, by letter dated October 1, 1957,
addressed to Mr. D. R. Wall by Commissioner A. L. Porter,
Jr., this respondent was requested to supply the Commission
with the same information that is requested of Gulf Oil
Corporation in Case No. 1299, Order No. R-1037-A dated
September 24, 1957.

Respondent, Magnolia Petroleum Company, has pro-
rated its purchases in the State of New Mexico in accordance
with state laws and prior orders of this Commission con-
tained in Emergency Order No. A-91(B) and Order No. R-1019,
Case No. 1273, and does not object to supplying this Honor-

able Commission with the information requested by Commissioner Porter in said letter dated October 1, 1957, but respectfully states that the Oil Conservation Commission of New Mexico has no statutory authority to order this respondent to purchase 100%, or any amount, of the oil authorized to be produced from the wells from which respondent purchases in the State of New Mexico. Respondent further states that such an order, if entered, would contravene the Commerce Clause and the due process clause of the U. S. Constitution.

Respectfully submitted,
MAGNOLIA PETROLEUM COMPANY

By Jack Vickrey
Its Attorney