

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

March 4, 1958

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Gulf Oil Corporation
Box 1290
Fort Worth, Texas

Attention: Mr. H. M. Bayer

Re: Purchaser Prorationing

Gentlemen:

Reference is made to your telegram of February 28, 1958, wherein you notified the Commission that it would be necessary for Gulf Oil Corporation to institute purchaser prorationing in the State of New Mexico on March 1, 1958.

It is the position of the Commission that in the event of purchaser prorationing any reduction in purchases should be made proportionately among all proration units to which the purchaser is connected except that no proration unit should have its production reduced below ten barrels of oil per day, provided the unit is capable of producing the same, and that the purchaser should take 100% of the oil legally produced from wells located in an authorized water flood project.

It has been the practice of the Commission to issue an emergency order embodying the provisions set forth above. The entry of such an order is unnecessary however, if the purchaser will agree to make its reduction in purchases in accordance with the above provisions.

Please advise whether Gulf Oil Corporation intends to make the necessary reductions in purchases of oil in the manner outlined herein.

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The Commission has called a show-cause hearing for March 13, 1958 to permit Gulf Oil Corporation to appear and show cause why it should not be required to purchase 100% of the oil legally produced from the wells from which it purchases in the State of New Mexico. The Commission will expect Gulf to present all available evidence as to the factors which necessitate purchaser prorationing at the present time.

Very truly yours,

WILLIAM J. COOLEY,
General Counsel

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PETROLEUM AND ITS PRODUCTS

MAIN OFFICE OCC

GULF OIL CORPORATION

1958 JUL 3 PM 1:29

P.O. DRAWER 1290 · FORT WORTH 1, TEXAS

H. M. BAYER
VICE-PRESIDENT

July 1, 1958

FORT WORTH
PRODUCTION DIVISION

AIR MAIL

Mr. A. L. Porter, Jr., Secretary-Director
New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Dear Mr. Porter:

This confirms our telephone conversation today when I advised you that effective July 1, 1958, and until further notice, Gulf Oil Corporation will purchase the full allowable of wells served by Gulf Refining Company in the State of New Mexico.

Yours very truly,

GULF OIL CORPORATION

By H. M. Bayer
Vice-President