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State of New Mexico  
Oil Conservation Commission

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MEMBER



STATE GEOLOGIST  
A. L. PORTER, JR.  
SECRETARY DIRECTOR

P. O. BOX 871  
SANTA FE

March 29, 1960

Mr. R. F. Pielsticker  
Indiana Oil Purchasing Company  
P. O. Box 591  
Tulsa, Oklahoma

Dear Sir:

This letter is in reference to the purchaser prorationing by your company now in effect in New Mexico. First let me say that this Commission recognizes that it sometimes becomes necessary for a purchaser to reduce its takes and that the only alternative is purchaser prorationing. Since it has been established that in your case it was necessary, we appreciate the fact that you have made your reductions across the board in all of the states in which you purchase. This Commission feels, however, that as long as the purchaser prorationing is in effect the purchasing company should be required to appear at our monthly allowable hearings and keep us informed as to all conditions which we deem to have a bearing on the matter. In this connection we will, in the future, require any company that is prorating its purchases below the assigned allowables to supply us with information similar to that called for in the questions set out below.

Prior to the April 13th hearing in Hobbs you will be expected to supply us with the following information, all of which we deem relevant and pertinent to the case:

1. What is the total amount of crude oil (in barrels) purchased by your company in each state in which it purchases for each month from and including January, 1960?

2. What was the total number of wells from which your company purchased crude oil in each state from and including January, 1960?

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3. What is the total amount of crude oil (in barrels) for which your company nominated in each state for each month from and including January, 1960?

4. What percentage of crude oil purchased by your company in January, 1960, was produced by Pan American Petroleum Corporation or any other company affiliated with Standard Oil Company (Indiana)?

5. What were the crude runs to refineries owned or operated by Standard Oil Company (Indiana) or its affiliates during each month from and including January, 1960?

6.-A What were the crude oil and four major product stock levels held by Standard Oil Company (Indiana) and its affiliates at the beginning of each month from and including January, 1960?

B. What portion of each of these stocks constitutes pipeline fill, tank bottoms, and other normally unavailable inventory?

7.-A What was the level of stocks of crude oil and four major products desired by Standard Oil Company (Indiana) and its affiliates at the beginning of each month from and including January, 1960?

B. What portion of each of these desired levels would constitute pipeline fill, tank bottoms, and other normally unavailable inventory?

8. In those states which do not have market demand prorationing, how does your company determine how much oil per day it will purchase from any well or lease?

We feel that most if not all of this information can be readily determined by the purchasers from information that they are now supplying to one or more agencies of the state government in all states where they purchase oil. Therefore we do not consider this information to be of a confidential nature.

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Mr. R. F. Pielsticker

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Your usual cooperation will be greatly appreciated. We would also like to take this opportunity to commend Indiana Oil Purchasing Company for their cooperation in the past in the matter of running back allowable when market conditions have allowed it to do so.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ALP:ir

cc:

Mr. Jason Kellahin - Santa Fe  
Mr. P. W. Perryman, P. O. Box 591, Tulsa, Oklahoma  
Governor John Burroughs  
Honorable Murray E. Morgan, Commissioner of Public Lands  
Mr. R. G. McPheron, Box 176, Hobbs, New Mexico