

CASE 1934: In the matter concerning
PURCHASER PRORATION BY INDIANA IN
all oil pools from which purchases.

Case No.

Application, Transcript,
Small Exhibits, Etc.

1934

INDIANA OIL PURCHASING COMPANY

POST OFFICE BOX 301

TULSA 2, OKLAHOMA

R. F. PIELSTICKER
PRESIDENT

April 11, 1960

Mr. A. L. Porter, Jr.
Secretary - Director
Oil Conservation Commission
State of New Mexico
P. O. Box 871
Santa Fe, New Mexico

Dear Mr. Porter:

We have your letter of March 29 requesting certain information which you feel is pertinent to the question of our procuring our purchases in New Mexico and other states.

We have shown below the information which you requested in those cases where it was possible for us to supply it. For the sake of convenience we have in each case repeated the question as you asked it in your letter.

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?"

The following table shows our total lease purchases by states:

	Barrels	
	January	February
Arkansas	982,328	879,019
Colorado	376,800	368,065
Illinois	1,845,797	1,166,786
Louisiana	563,890	581,818
Montana	35,836	35,908
Nebraska	417,512	407,965
New Mexico	1,745,796	1,685,102
North Dakota	1,409,514	1,285,174
Oklahoma	734,545	705,048
Texas	8,085,683	7,741,821
Utah	112,499	114,376
Wyoming	2,386,690	2,370,170

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

Our purchases of crude oil are gathered by many common carrier pipelines which are connected to lease and unit tankage. We do not have information relative to the number of wells involved in these leases and units.

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?"

Our nominations were as follows:

	Barrels			
	January	February	March	April
Kansas	1,333,000	1,247,000	1,333,000	1,026,000
Louisiana	576,600	539,400	576,600	474,000
New Mexico	1,240,000	1,160,000	1,240,000	1,020,000
North Dakota	1,441,500	1,305,000	1,364,000	1,335,000
Oklahoma	775,000	725,000	620,000	600,000
Texas	7,936,000	7,685,000	7,378,000	6,780,000

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)?"

This is practically impossible to obtain precisely, but we would estimate it in the neighborhood of 20% of our total purchases.

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?"

These were as follows:

	Barrels
January	19,831,196
February	16,379,229

- 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?"

In reply to this question we submit the following data, which has previously been made public:

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	Barrels	
	November 1	March 1 Estimate
Crude	31,875,000	29,900,000
Gasoline	15,820,000	20,364,000
Kerosene	3,895,000	2,512,000
Distillate	10,535,000	6,286,000
Residual	2,285,000	2,132,000

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

	Per Cent	
	November 1	March 1 Estimate
Crude	26.8	29.7
Gasoline	30.6	25.5
Kerosene	8.2	21.0
Distillate	17.4	23.5
Residual	39.8	42.7

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?"

In reply to this question we submit the following:

	Barrels	
	November 1	March 1 Estimate
Crude	31,000,000	28,000,000
Gasoline	17,600,000	20,222,000
Kerosene	5,100,000	2,229,000
Distillate	11,900,000	4,418,000
Residual	2,700,000	1,990,000

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

	Per Cent	
	November 1	March 1 Estimate
Crude	27.5	31.6
Gasoline	27.6	25.7
Kerosene	6.2	23.6
Distillate	15.9	33.4
Residual	33.4	45.7

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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?"

The amount of oil we buy in states where there is no state proration is determined by the month-to-month requirements of our customers for the particular grades and types of crude available.

As stated to you at the last hearing in New Mexico, we feel that the answers to these questions have no pertinent bearing on our demand for New Mexico crude oil. Moreover, in submitting answers to your questions we consider that most of the information is of a confidential nature and respectfully request that the Commission treat it as such.

Very truly yours,



DOCKET: REGULAR HEARING APRIL 15, 1960

OIL CONSERVATION COMMISSION - 9 a.m. - HOBBS AUDITORIUM, 1300 EAST SCHARBAUER
HOBBS, NEW MEXICO

- ALLOWABLE: (1) Consideration of the oil allowable for May, 1960
- (2) Consideration of the allowable production of gas for May, 1960 from six prorated pools in Lea County, New Mexico; also consideration of the allowable production of gas from seven prorated pools in San Juan, Rio Arriba and Sandoval Counties, New Mexico for May, 1960.

CASE 1934: In the matter concerning purchaser prorationing by Indiana Oil Purchasing Company in all oil pools from which it purchases in New Mexico.

CASE 1935: In the matter concerning purchaser prorationing by Sinclair Crude Oil Company in all oil pools from which it purchases in New Mexico.

CASE 1936: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider changing the date of the Regular Commission Hearing in June, 1960, from the 15th to the 10th.

CASE 1937: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider consolidating the rules governing the six prorated gas pools in Southeast New Mexico into one order, and to consider consolidating the rules governing the seven prorated gas pools in Northwest New Mexico into one order.

CASE 1938: Southeastern New Mexico nomenclature case calling for an order creating new pools and extending existing pools in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico.

- (a) Create a new pool classified as an oil pool for San Andres production, designated as the Button Mesa-San Andres Pool, and described as:

TOWNSHIP 8 SOUTH, RANGE 32 EAST, NMPM
SECTION 20; NE/4

- (j) Extend the North Hackberry-Yates Pool to include:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
SECTION 20: SE/4
SECTION 29: N/2 NE/4 and NE/4 NW/4

- (k) Extend the East Hightower-Devonian Gas Pool to include:

TOWNSHIP 12 SOUTH, RANGE 34 EAST, NMPM
SECTION 30: E/2 NE/4

- (l) Extend the Hume-Queen Pool to include:

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM
SECTION 7: NE/4

- (m) Extend the Jalmat Gas Pool to include:

TOWNSHIP 22 SOUTH, RANGE 35 EAST, NMPM
SECTION 3: N/2

- (n) Extend the Leamex-Pennsylvanian Pool to include:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM
SECTION 23: NE/4

- (o) Extend the Pearl-Queen Pool to include:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM
SECTION 34: SE/4

- (p) Extend the Ranger Lake-Pennsylvanian Pool to include:

TOWNSHIP 12 SOUTH, RANGE 34 EAST, NMPM
SECTION 22: SE/4

- (q) Extend the East Red Lake-Queen Pool to include:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
SECTION 2: W/2 NE/4

- (r) Extend the Sawyer-San Andres Gas Pool to include:

TOWNSHIP 10 SOUTH, RANGE 38 EAST, NMPM
SECTION 4: NW/4

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- (s) Extend the Sugart-Pennsylvanian Gas Pool to include:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM
SECTION 26: S/2
SECTION 27: SE/4

- (t) Extend the Tubb Gas Pool to include:

TOWNSHIP 22 SOUTH, RANGE 38 EAST, NMPM
SECTION 28: SW/4

- (u) Extend the Turkey Track Pool to include:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
SECTION 28: N/2 and SE/4

CASE 1939:

Northwestern New Mexico nomenclature case calling for an order creating new pools and extending existing pools in San Juan and Rio Arriba Counties, New Mexico.

- (a) Create a new pool classified as an oil pool, designated as the Chiquito-Gallup Oil Pool and described as:

TOWNSHIP 26 NORTH, RANGE 1 EAST, NMPM,
SECTION 5: NE/4

- (b) Extend the Pine Lake-Pictured Cliffs Pool to include:

TOWNSHIP 26 NORTH, RANGE 2 WEST, NMPM
SECTION 30: All (partial)

- (c) Extend the Tapacito-Pictured Cliffs Pool to include:

TOWNSHIP 27 NORTH, RANGE 5 WEST, NMPM
SECTION 12: SW/4
SECTION 13: NW/4

- (d) Extend the West Kutz-Pictured Cliffs Pool to include:

TOWNSHIP 27 NORTH, RANGE 12 WEST, NMPM
SECTION 9: SE/4

- (e) Extend the Blanco-Mesaverde Pool to include:

TOWNSHIP 32 NORTH, RANGE 13 WEST, NMPM
SECTION 26: W/2

- (f) Extend the Angels Peak-Gallup Oil Pool to include:

TOWNSHIP 27 NORTH, RANGE 10 WEST, NMPM
SECTION 19: SE/4
SECTION 29: NW/4
SECTION 30: NE/4

- (g) Extend the Horseshoe-Gallup Oil Pool to include:

TOWNSHIP 30 NORTH, RANGE 16 WEST, NMPM
SECTION 10: S/2 SW/4

TOWNSHIP 31 NORTH, RANGE 16 WEST, NMPM
SECTION 27: SE/4 NW/4, NE/4 SW/4, & SE/4

- (h) Extend the Verde-Gallup Oil Pool to include:

TOWNSHIP 31 NORTH, RANGE 14 WEST, NMPM
SECTION 30: S/2 SE/4
SECTION 31: NE/4 NE/4

- (i) Extend the Angels Peak-Dakota Pool to include:

TOWNSHIP 26 NORTH, RANGE 9 WEST, NMPM
SECTION 6: W/2
SECTION 7: W/2

TOWNSHIP 26 NORTH, RANGE 10 WEST, NMPM
SECTION 1: All

TOWNSHIP 27 NORTH, RANGE 10 WEST, NMPM
SECTION 19: E/2
SECTION 20: All

- (j) Extend the South Blanco-Dakota Pool to include:

TOWNSHIP 27 NORTH, RANGE 6 WEST, NMPM
SECTION 19: W/2
SECTION 27: S/2

TOWNSHIP 27 NORTH, RANGE 7 WEST, NMPM
SECTION 24: S/2

- (k) Extend the West Kutz-Dakota Pool to include:

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TOWNSHIP 28 NORTH, RANGE 13 WEST, NMPM

SECTION 9: All (partial)

SECTION 10: All (partial)

SECTION 15: All

SECTION 16: N/2

TOWNSHIP 29 NORTH, RANGE 13 WEST, NMPM

SECTION 27: All

SECTION 28: All

SECTION 33: All

SECTION 34: W/2

CASE 1893: (De Novo)

Application of Petro-Atlas, Inc. for a hearing de novo before the Oil Conservation Commission in Case No. 1893, Order No. R-1619, which was an application to cancel the overproduction charged against one gas well in the South Blanco-Pictured Cliffs Pool, San Juan County, New Mexico. Said Order No. R-1619 denied the requested relief.

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BEFORE THE
OIL CONSERVATION COMMISSION
HOBBS, NEW MEXICO
APRIL 13, 1960

IN THE MATTER OF:

CASE 1934 In the matter concerning purchaser prorationing:
by Indiana Oil Purchasing Company in all oil
pools from which it purchases in New Mexico.

BEFORE:

John Burroughs
~~Daniel S. Nutter~~
A. L. Porter

T R A N S C R I P T O F P R O C E E D I N G S

MR. PORTER: We will proceed to Case 1934.

MR. PAYNE: 1934. In the matter concerning purchaser
prorationing by Indiana Oil Purchasing Company in all oil pools from
which it purchases in New Mexico.

MR. KELLAHIN: Jason Kellahin of Kellahin & Fox, Santa
Fe, New Mexico, representing Indiana Oil Purchasing Company. I am
associated with Mr. P. W. Perryman, a member of the Oklahoma Bar.

MR. PORTER: Mr. Perryman.

MR. PERRYMAN: My name is P. W. Perryman. I am attorney
for Indiana Oil Purchasing Company. We are appearing here today
pursuant to this Commission's Order No. R-1632, which Order was
dated March 17th, 1960, and by which this Commission requested us
to appear on this date and show cause why continued purchasing pro-
ration is necessary. Under date of March 31st we advised this

Commission by wire that we would be forced to continue our curtailment since there had been no improvement in our position during the month of March. We advised that our prorationing would continue during the month of April on the same basis as was applicable in March; that is, 80 percent of our January, 1960 runs.

I feel that I should state to the Commission that we are here in an effort to be cooperative with this Commission. This is evidenced by our endeavor to answer the Commission's inquiries set forth in its letter of March 29th, which we feel that those questions are not pertinent to the issue involved here, if there is an issue, and also, which we feel are matters of a confidential nature. As I said, our position hasn't changed, and I again have Mr. R. F. Pielsticker, our President, with me, and he will be sworn. And if the Commission desires to ask any questions which they might have pertaining to the necessity of our continued purchase of prorationing--

MR. PAYNE: You don't propose to put on any direct testimony?

MR. PERRYMAN: None.

MR. PORTER: Mr. Pielsticker, will you stand and be sworn, please?

(Witness sworn)

R. F. PIELSTICKER,
called as a witness, having been first duly sworn, testified as follows:

EXAMINATION BY MR. PERRYMAN:

Q Please state your name.

A R. F. Pielsticker.

Q You are associated with Indiana Oil Purchasing Company?

A Yes.

Q What is your position?

A I am President.

Q How long have you been President?

A Approximately nine years.

Q As President of Indiana Oil Purchasing Company, you are acquainted with the markets and the disposition of crude oil that Indiana has, are you not?

A Yes.

Q Would you care to explain to the Commission why it is necessary for us to continue prorationing during the month of April?

A As Mr. Perryman has told you, our position is approximately the same now as I testified last month. We still have roughly a hundred thousand barrels a day of crude oil that we have no market for. And, as a result, we have continued our purchaser prorationing during the month of April on the same basis everywhere that we prorated in March.

QUESTIONS BY MR. PAYNE:

Q Mr. Pielsticker, you are cutting your purchases in every state from which you purchase?

A Yes, sir.

Q And it's the same amount in every state, percentagewise?

A Percentage.

Q And you are curtailing your purchases from waterflood projects in all states in which you purchase?

A Yes, sir.

Q Do you have any idea how much longer you have to prorate?

A I wish I could answer that question. It depends entirely, as I told you last month, on where we can find a market for this additional crude. Either through our own refineries and affiliates or to outside customers.

MR. PERRYMAN: That's all I have.

MR. PORTER: Anyone else have a question? Mr. Pielsticker may be excused.

(Witness excused)

MR. PORTER: Anyone desire to present further testimony in this case? Any statements? Mr. Campbell.

MR. CAMPBELL: If the Commission please, James M. Campbell, attorney for the Independent Royalty Owners' Association.

I was not clear on Mr. Perryman's statement. Have they or have they not answered the questions submitted to them by the Commission?

MR. PORTER: Yes, they have submitted answers to the questions in the Commission's letter.

MR. CAMPBELL: Those questions are not now part of the record in this case?

MR. PORTER: Yes, they are. Anyone else have any ques-

tions or any statements? Take the case under advisement.

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, THOMAS T. TOMKO, Court Reporter, in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in machine shorthand and reduced to typewritten transcript by me, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this, the 24th day of April, A.D. 1960, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Thomas T. Tomko
Notary Public

My Commission expires:
January 7, 1964