

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF SHELL PIPELINE CORPORATION TO
AMEND RULE 503 (e) OF THE RULES
OF THIS COMMISSION RELATING TO
OVER-PRODUCTION, BACK ALLOWABLE,
ETC.

CASE NO. 238
ORDER NO. R-39

ORDER OF THE COMMISSION

This matter came on for hearing at Santa Fe, New Mexico on 21 November 1950 on the application of Shell Pipeline Corporation, and the Commission having considered the statements and arguments of counsel and having taken the matter under advisement finds:

1. That it has jurisdiction of this cause, due public notice of this hearing having been given.
2. That certain rules and regulations of the Commission should be amended so as to promote uniform interpretation of the same and to prevent waste.

IT IS THEREFORE ORDERED:

That the rules and regulations of this Commission adopted by Order No. 850, which became effective on 1 January 1950, be amended only in the following particulars:

1. Definition No. 4 is hereby amended to read as follows:

"4. Back Allowable shall mean the authorized accumulative Under Production or Under Runs for a given proration unit that has not been made up during the two proration periods immediately following the occurrence thereof."

2. Definition No. 41 is hereby amended to read as follows:

"41. Over Production shall mean the amount of oil or the amount of natural gas produced from a proration unit during a proration period in excess of the amount authorized on the proration schedule. Over Runs shall mean the amount of oil or the amount of natural gas run from a proration unit during a proration period in excess of the amount authorized on the proration schedule."

3. Definition No. 56 is hereby amended to read as follows:

"56. Under-Production shall mean the amount of oil or the amount of natural gas during a proration period by which a proration unit failed to produce an amount equal to that authorized on the proration schedule. Under Runs shall mean the amount of oil or the amount of natural gas during a proration period by which a proration unit failed to have run an amount equal to that authorized on the proration schedule."

4. Rule 503 (e) is hereby amended to read as follows:

"503(e). Current oil "Under Production" or "Under Runs" may be made up, or current and unavoidable and lawful "Over Production" or "Over Runs" shall be compensated for, at any time or times during the two proration periods next following the proration period in which such occurred. This may be done without any special authorization therefor from the Commission, and the volumes thereof will not appear in the Proration Schedule. Such current "Under Production" or "Under Runs" are not to be confused with "Back Allowable".

DONE at Santa Fe, New Mexico, this 15th day of December, 1950.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION