

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE
OIL CONSERVATION COMMISSION OF THE STATE
OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

CASE NO. 176
ORDER NO. 830

IN THE MATTER OF THE APPLICATION OF THE OIL
CONSERVATION COMMISSION UPON ITS OWN MOTION TO
RECONSIDER ORDER 788 ISSUED IN CASE NO. 146
RELATING TO TRANSPORTATION OF CRUDE PETROLEUM,
AND TO AMEND OR RESTATE, SUCH ORDER OR ANY
PART THEREOF.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 10:00 o'clock a.m., May 5, 1949 at Santa Fe, New Mexico, before the Oil Conservation Commission of the State of New Mexico, hereinafter referred to as the "Commission".

NOW, on the 11th day of July, 1949, the Commission having before it for consideration the testimony adduced at the hearing of said case, and being fully advised in the premises:

IT IS THEREFORE ORDERED:

That Order No. 788 issued September 10, 1948 in Case No. 146 be, and it hereby is amended to read as follows:

1. That the New Mexico Oil Conservation Commission will meet monthly, as soon as practicable after the announcement of the Bureau of Mines of the market demand for New Mexico, and at such meeting will consider the announcement of the Bureau of Mines and other evidence of market demand, and will determine the amount of oil to be produced from all pools in the State of new Mexico during the following calendar month. The amount so determined will be allocated among the various pools in the State in accordance with existing regulations and among the various units in each pool, in accordance with the regulations governing each pool. Effective the first day of each month, the Commission or its duly authorized agent will issue a monthly proration schedule. This monthly proration schedule will authorize the production, purchase and transportation of oil from the various units in strict accordance with the schedule. Allowables for wells completed after the first day of the month will become effective from the date of well completion. For proration purposes, a well is completed on the day the first oil is delivered into the lease stock tank or tanks. A supplementary order will be issued by the Commission or its duly authorized agent to the operator of the newly completed well, and to the purchaser or transporter of the oil from the completed well, establishing the effective date of completion, the amount of production permitted during the month, and the authority to purchase and transport same from said well.

2. That any common purchaser is authorized to purchase and transport 100 percent of the allowable from all units classified as marginal units on the monthly proration order. A marginal unit is a unit that is incapable of producing the State top unit allowable for that particular month. Any amount of crude petroleum, up to and including top unit allowable for that particular month, may be purchased and transported from a marginal unit, provided that a supplemental order is issued authorizing such production.

3. That no purchase in excess of the production set forth on the monthly proration order is authorized for any month from a unit having gas-oil ratio adjustments.

4. That current shortages may be made up the month following the month in which such shortages occurred, and if overage occurs, which is unavoidable

and lawful, then such overage should be compensated the month following the month in which such overages occurred. All legal and authorized back allowable available for purchase will be published in the monthly proration order. No back allowable will be placed in the monthly proration order unless request is made by producer and proof is shown that shortage is legal and should be considered as back allowable. There are only three justifications for back allowable, namely; (1) failure of purchaser or transporter to run assigned allowable as adjusted for temperature corrections made by transporter, and (2) mechanical failures affecting the producing well during the proration period, and (3) gathering engineering data.

5. That when and if it becomes necessary for any common purchaser to purchase crude petroleum at a ratable take (less than amount assigned on monthly proration schedule), that any common purchaser is authorized and directed to make 100 percent purchases from units of settled production producing ten barrels or less daily of crude petroleum within its purchasing area and ordinarily served by it in lieu of ratable purchases or takings, in order to preclude premature abandonment.

Provided, however, where such purchaser's takings are curtailed below ten barrels per unit of crude petroleum daily, then said purchaser is authorized and directed to purchase equally from all such units within said area and ordinarily served by it regardless of their producing ability insofar as they are capable of producing.

6. That Commission Orders No. 235 and No. 539 shall be superseded by this Order.

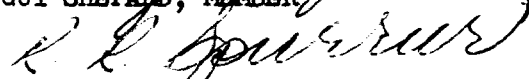
7. That this order shall become effective on the first day of the proration month next succeeding the month in which said order is adopted.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


THOMAS J. MABRY, CHAIRMAN


GUY SHEPARD, MEMBER


R. R. SPURRIER, SECRETARY