

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. 1273
Order No. R-1019-A

IN THE MATTER CONCERNING PURCHASER
PRORATIONING BY MAGNOLIA PETROLEUM
COMPANY IN CERTAIN OIL POOLS IN LEA,
EDDY, CHAVES, AND ROOSEVELT COUNTIES,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on June 28, 1957, and again on October 17, 1957, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 21st day of October, 1957, the Commission, a quorum being present, having considered the evidence adduced at said hearings and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That Magnolia Petroleum Company will, for a period of time, be unable to purchase all oil authorized to be produced from wells from which it purchases in the State of New Mexico.

(3) That Magnolia Petroleum Company should be required to make its reductions in purchases of oil proportionately among all proration units from which it purchases in the State of New Mexico; provided however, that in order to preclude premature abandonment, Magnolia Petroleum Company should be required to make 100% purchases from proration units with daily oil production of 10 barrels or less.

(4) That in order to prevent underground waste, Magnolia Petroleum Company should be required to make 100% purchases from all wells located in a water flood project authorized by the Commission.

IT IS THEREFORE ORDERED:

(1) That Magnolia Petroleum Company shall not, until further order of the Commission, be required to purchase 100% of oil authorized to be produced from all of the wells from which it purchases in the State of New Mexico;

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PROVIDED HOWEVER, That Magnolia Petroleum Company shall purchase 100% of the authorized production from wells located in an approved water flood project;

PROVIDED FURTHER, That Magnolia Petroleum Company shall purchase 100% of the oil produced from any proration unit producing 10 barrels or less daily;

PROVIDED FURTHER, That Magnolia Petroleum Company shall not reduce its purchases from any proration unit to an amount less than 10 barrels daily, provided the unit is capable of producing same;

PROVIDED FURTHER, That Magnolia Petroleum Company shall make any reduction in purchases of oil proportionately among all other proration units from which it purchases in the State of New Mexico.

(2) That this order shall remain in effect until further order of the Commission.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


EDWIN L. MECHEM, Chairman


MURRAY E. MORGAN, Member


A. L. PORTER, Jr., Member & Secretary



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