

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

March 20, 1958

Mr. Robert Bussian
Malco Refineries, Inc.
P.O. Box 660
Roswell, New Mexico

Dear Mr. Bussian:

We enclose a copy of Order R-1140 issued March 19, 1958, by the Oil Conservation Commission in Case 1393, which was heard on March 13th at Santa Fe.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

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Encl.

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OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

March 7, 1958

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Malco Refineries, Inc.
P. O. Box 660
Roswell, New Mexico

Attention: Mr. W. B. McCombs, Crude Oil Manager

Gentlemen:

Reference is made to your letter of March 5, 1958, wherein you advised the Commission that your refinery at Artesia, New Mexico had broken down and that you will not be able to purchase any oil until March 20, 1958, other than that produced from water flood projects.

Under the circumstances, the Commission has no objection to your discontinuing the purchase of oil until March 20, 1958, with the exception of those wells which are located within an authorized water flood project. In view of the Commission's finding in recent cases to the effect that waste will occur if the production from water flood projects is curtailed, we must insist that there be no curtailment in purchases from such projects.

Please keep the Commission advised of all new developments in this matter.

Very truly yours,

A. L. PORTER, Jr.,
Secretary-Director

ALP/WJC/ir

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

March 4, 1958

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Malco Refineries, Inc.
P. O. Box 660
Roswell, New Mexico

Attention: Mr. W. B. McCombs

Re: Purchaser Prorationing

Gentlemen:

Reference is made to your letter of February 27, 1958, wherein you advised the Commission that it would be necessary for Malco Refineries, Inc., to institute purchaser prorationing in the State of New Mexico on March 1, 1958.

It is the position of the Commission that in the event of purchaser prorationing any reduction in purchases should be made proportionately among all proration units to which the purchaser is connected except that no proration unit should have its production reduced below ten barrels of oil per day, provided the unit is capable of producing the same, and that the purchaser should take 100% of the oil legally produced from wells located in an authorized water flood project.

It has been the practice of the Commission to issue an emergency order embodying the provisions set forth above. The entry of such an order is unnecessary however, if the purchaser will agree to make its reduction in purchases in accordance with the above provisions.

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

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Please advise whether Malco Refineries, Inc., intends to make the necessary reductions in purchases of oil in the manner outlined herein.

The Commission has called a show-cause hearing for March 13, 1958 to permit Malco Refineries, Inc., to appear and show cause why it should not be required to purchase 100% of the oil legally produced from the wells from which it purchases in the State of New Mexico. The Commission will expect Malco Refineries, Inc., to present all available evidence as to the factors which necessitate purchaser prorationing at the present time.

Very truly yours,

WILLIAM J. COOLEY,
General Counsel

WJC/ir

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MALCO REFINERIES INC.

P. O. Box 660
ROSWELL, NEW MEXICO

March 5, 1958

CRUDE OIL DEPT.
W. B. MCCOMBS

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr.

Dear Mr. Porter:

Due to an emergency shut-down of our refinery at Artesia, New Mexico, we will not be able to purchase any oil in the Chaves and Eddy County, New Mexico area until about March 20, 1958 other than oil produced from water flood projects.

When our purchases our resumed, we will only be able to buy approximately thirty per cent of January, 1958 production, for the remainder of the month of March, 1958.

We regret that it has become necessary to reduce our purchases, however, we believe that we will make purchases for the month of April in accordance with the allowable as set by you.

We would appreciate your issuing an emergency order to give effect to the above plan for reducing our crude oil purchases.

Your cooperation will be appreciated.

Yours very truly,

MALCO REFINERIES, INC.

W. B. McCombs
Crude Oil Manager

WBMcC/rc



MALCO REFINERIES INC.

P. O. Box 660

ROSWELL, NEW MEXICO

February 27, 1958

CRUDE OIL DEPT.
W. B. McCOMBS

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr.

Gentlemen:

We wish to advise that effective MArch 1, 1958 at 7 A. M. we will institute purchaser's pipeline proration, in accordance with rule # 802 (New Mexico Oil Conservation Rules and Regulations) as to wells located in Chaves and Eddy Counties, New Mexico

This proration is necessary due to excessive inventories and our planned turn around in April.

We plan to buy 75 % of the production from wells which we are purchasing, based on the January, 1958 production.

We would appreciate your issuance of an order effecting the above procedure as soon as possible.

Thank you for your co-operation.

Yours very truly,

Malco Refineries, Inc.
Crude Oil Department

W. B. Mc Combs

WBMCC/ec