

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

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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 proration 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 24 day of April, A.D. 1960, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Thomas J. Tank  
Notary Public

My Commission expires:

January 7, 1964