



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
1000 RIO BRAZOS ROAD - AZTEC
87410

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STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

May 6, 1969

Mr. R. R. Pendley, Vice President
Gruy Management Service Co.
2501 Cedar Springs Road
Dallas, Texas 75201

Dear Mr. Pendley:

We have your letter of May 2, 1969, inquiring about the allowable of your Davis Federal #1 well located in the southwest quarter of Section 24, Township 26 North, Range 11 West, Gallegos Gallup Pool.

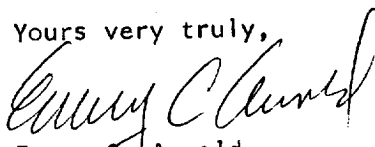
The status of this well was changed by the terms of Commission Order R-3707 which states that wells in the Gallegos Gallup Pool having a gas oil ratio in excess of 30,000 cubic feet per barrel will be classified as gas wells. Since our letter of April 28, 1969, a new ratio test report has been filed showing a gas oil ratio of 214,827 cubic feet per barrel. We have also received, as provided by Order R-3707, a new acreage dedication plat dedicating 320 acres to this well.

Based upon the above information we are issuing a gas supplement granting this well a gas allowable effective May 1, 1969. This allowable will be calculated by the following formula:

$$\frac{320}{80} \times 164 \times 2000$$

The daily allowable will therefore be 1312 MCF/D. This will evidently make your well marginal as the allowable will exceed the capacity. It will appear monthly in the gas proration schedule instead of the oil proration schedule. Oil produced will be considered gas well liquid and will not be prorated.

Yours very truly,


Emery C. Arnold
Supervisor, District #3

ECA:mc