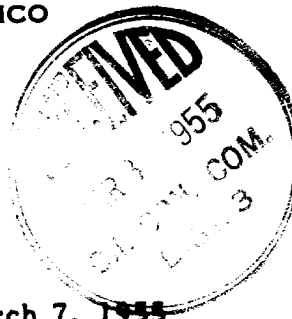


OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO



March 7, 1955

C  
O  
P  
Y

Mr. John J. Dempsey, MC  
Congress of the United States  
House of Representatives  
Washington, D. C.

Dear Mr. Dempsey:

Reference is made to your letter of February 9, 1955, in which you requested this office to furnish you with information concerning the necessary steps for the formation of a non-standard gas proration unit for your Hutchison Well No. 1 in San Juan, New Mexico.

One of the basic requirements for the formation of a non-standard gas proration unit is that all of the acreage to be dedicated to such a unit must be contiguous. It has been, and is, the policy of the Commission not to consider acreage which meets at only one point as being contiguous. This therefore would apply to the acreage which you propose to dedicate to your Hutchison Well No. 1. This Commission will be able to grant only a 40-acre non-standard gas proration unit to your Hutchison Well No. 1. The reduction in unit size from 40 acres to 80 acres will in no way effect your allowable, inasmuch as the marginal nature of this well gives to it the breaking point allowable as computed from our deliverability curves. This in all cases would give an allowable to your well in excess of its ability to produce.

For your information I am enclosing a copy of the applicable order and a copy of memorandum which outlines the filing requirements for a non-standard gas proration unit which will generally apply to the Northwest.

By copy of this letter we are contacting your Santa Fe office with whom we will carry on all future correspondence.

If we can be of any further assistance to your regarding this matter do not hesitate to call upon us.

Very truly yours,

Charles M. Rieder