

JDC

JOE DON COOK / OIL AND GAS PRODUCTION / PHONE 505 623-7096

17 July 1978

RECEIVED

JUL 18 1978

O. C. C.  
ARTESIA, OFFICE

Mr. W. A. Gressett  
Oil Conservation Commission  
Drawer DD  
Artesia, New Mexico 88220

Re: Shugart Y-SR-Q-G  
D. L. Hannifin Federal #1-L  
Section 1: T-19-S, R-31-E

Dear Mr. Gressett:

Your "Supplement to the Oil Proration Schedule" dated July 5, 1978, cancelling our allowable on the above captioned well, leaves us in a quandry.

This well was not completed until April 28, 1978 (see copy of USGS Form 9-330, enclosed). Within the next 30 days we sold 62 mcf of gas to Continental Oil Company (see attached copy of their Gas Purchase Statement) and duly reported this on our C-115 report to your office (copy enclosed).

At no time has the casinghead gas from this well been vented or flared and, as verified by the enclosed instruments, gas was sold from this well long before the 60-day period stipulated in Rule 306.

If this satisfactorily replies to your charge, please reinstate our allowable on the Hannifin Federal #1. If you have further questions, please write or call so that we may get this matter clarified.

Sincerely,

  
JOE DON COOK