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BEAVER LODGE OIL CORPORATION

301 MERCANTILE COMMERCE BUILDING

CRITCHELL PARSONS  
PRESIDENT

RIVERSIDE-9091

DALLAS 1, TEXAS

June 16, 1954

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

Attention: R. R. Spurrier, Secretary

Gentlemen:

Re: Proration of Gas in the  
San Juan Basin, New Mexico

It is our understanding that a hearing is to be held before the New Mexico Oil Conservation Commission on Monday, June 21, 1954, regarding the proration of gas in the San Juan Basin. The purpose of this letter is to state our position in the determination of individual well allowables for this area.

Our Company is the owner of fractional interests in approximately eighty (80) producing Mesaverde gas wells. Our interests are fairly well distributed in areas that are considered to be from below average to above average in well potentials and reserves.

It is our considered opinion that the deliverability of an individual well is a true reflection of the reserves that underly the surrounding acreage. For this reason we believe that a fair determination of allowables should be based solely upon the deliverability of the well. We believe any formula which would include less than a 75% deliverability factor would be unjust to the operators that have carefully selected their acreage. It has been our own experience that the more favorably located acreage requires substantially more capital investment than acreage located on the flanks of the field.

A very substantial part of the Company's assets are located in the San Juan Basin. We sincerely hope that you will give careful consideration to the factors outlined above.

Very truly yours,

BEAVER LODGE OIL CORPORATION

Critchell Parsons

CP:PS

CC: Mr. Ben Howell  
Jones, Hardie, Grambling & Howell  
7th Floor Bassett Tower  
El Paso, Texas