

MAIN OFFICE OCC

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Dallas, Texas
June 18, 1954

Oil Conservation Commission of
the State of New Mexico
State Capitol Building
Santa Fe, New Mexico

Gentlemen:

It is my understanding that, at nine o'clock A. M. on Monday morning, June 21, 1954, the Oil Conservation Commission of the State of New Mexico will hold a hearing on the proposed proration of Mesaverde Formation gas in the Blanco Field of San Juan and Rio Arriba Counties, New Mexico. It is, likewise, my understanding that the Engineering Committee for the San Juan Basin Operators' Association has made a detailed study of the most equitable proration formula which they may recommend to the Honorable Commission, and that such Committee proposes to recommend to the Commission the adoption of a proration formula based upon a seventy-five percent deliverability factor and a twenty-five percent acreage factor.

At the present time I have either working interests or overriding royalty interests in several thousand acres of oil and gas leases situated in the San Juan Basin, and I believe there are presently producing from such leases at least one hundred Mesaverde Formation gas wells. Based upon these interests, I wish to urgently request the Honorable Commission to favorably consider the above mentioned recommendation of the Engineering Committee for the San Juan Basin Operators' Association. It is my belief that such a formula as this Committee proposes is one which adequately protects all operators but does not penalize any. It is my further belief that any diminution of the deliverability factor in any proration formula can only result in a tremendous confiscation of

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the rights and interests of a majority of the operators in this area.

In the event I may furnish to the Commission any further information or data based upon my experience as an operator of several years' standing in this area I will, of course, be only too happy to do so.

With best wishes, I am

Sincerely yours,


Mike Abraham