

MAIN ~~GENERAL~~ **AMERICAN OIL COMPANY OF TEXAS**

1954 JUN 18 AM 8:35

REPUBLIC BANK BUILDING

DALLAS, TEXAS

June 21, 1954

New Mexico Oil Conservation Commission,
Santa Fe, New Mexico.

Gentlemen:-

We are jointly interested with the El Paso Natural Gas Company in approximately 90,000 acres of leases in the San Juan Basin in New Mexico. We understand that you are considering a proration formula for gas production in this area. It occurs to us that a formula which would provide for not less than 75% weight to be given deliverability, and 25% to acreage would be fair and equitable; indeed we believe this would be the most equitable and generally advantageous formula to adopt as applied to this gas producing area. Accordingly, it is earnestly requested that you gentlemen give favorable consideration to the adoption of this formula.

Yours very truly,

Gordon Simpson

Executive Vice-President.

GS:s