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November 21, 1953

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Mr. R. R. Spurrier,
Oil Conservation Commission,
Santa Fe, New Mexico.

(P E R S O N A L)

Dear Dick:

In accordance with our discussion in Santa Fe of this week in regard to the Commission's Order R370-A covering the gas proration rules and regulations for the Eumont Pool, the Order as published provides in Finding No. 6 and in the last clause thereof wherein you make your allocation of allowable on 100% acreage that the Commission will consider existing wells as stated: "With provision for deviation therefrom particularly in cases of wells heretofore completed where the impracticability of unitization is apparent." However, the Commission after making the finding failed to make any provision to apply to existing designated gas wells.

I checked the last production report available and find that there are approximately fifty-five wells designated as gas wells within the Eumont Pool. It is my thought that the existing wells so designated as gas wells should be treated in the same manner as your provision for marginal wells or an additional rule should be added to your Order providing that all existing designated gas wells as of a certain date should receive a full allowable irrespective of the well location or the acreage designated thereto.

My thought in making this suggestion is that the wells when drilled were legal wells and the rights of the parties in and to the wells are vested and fixed and the Order as adopted by the Commission will surely discriminate as against the owners and operators of these wells.

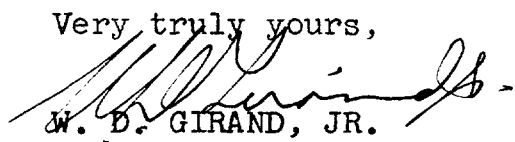
We have made some research in regard to this matter and we find that most states adopting proration regulations have taken into consideration the existing wells and have not

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discriminated against the wells because they failed to meet and comply strictly with the proration rules as to acreage or location. We feel that if the Commission sees fit to make a general Order applying to all of the gas pools designated in the Lea and Eddy Counties fields that such an Order would be acceptable to all operators and would be equitable and fair.

With best personal regards, I remain

Very truly yours,


W. D. GIRAND, JR.

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