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Wilson Oil Company

INCORPORATED UNDER THE LAWS OF NEW MEXICO



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Artesia, New Mexico

July 8, 1960

Mr. A. L. Porter, Director
Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Dear Mr. Porter:

In reply to your telephone request this date pertaining to extension of the deep well allowable factors, I have referred to the original minutes of the 1945 Commission Advisory Committee. The 1945 Committee did not consider the development of production as deep as 14,000 feet, thus did not submit factors in their report to the Commission. The 1945 cost figures, depth factors, and pay-out curves have been extended to include depths you requested this morning. The results are tabulated as follows:

POOL DEPTH RANGE	40 ACRE PROPORTIONAL FACTOR	ESTIMATED COST
*13,000 to 14,000'	8.00	\$435,000
14,000 to 15,000	9.40	529,000
15,000 to 16,000	11.00	619,000
16,000 to 17,000	13.00	732,000
17,000 to 18,000	15.33	863,000

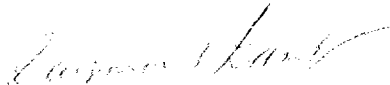
*Present depth factor under Commission rule.

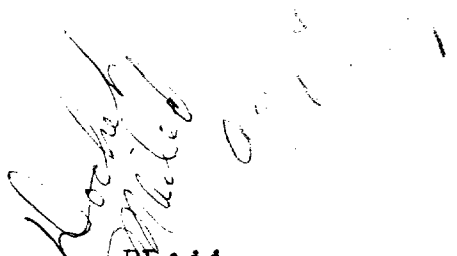
The average cost in the above tabulation is based on a well at mid-depth of the range in which a proportional allowable factor is established. For example the range from 14,000 to 15,000 feet, the well cost is based on a depth of 14,500 feet.

One other factor which was established during the original 1945 Committee was that for every \$56,000 expended, the operator was entitled to one unit allowable. This figure divided into the average cost of a field development well should establish a proportional allowable depth factor.

Yours truly,

WILSON OIL COMPANY


Raymond Lamb
Vice President


RL:jj

Assuming a normal unit allowable of 45 barrels per day, the following table shows the top unit allowables and increases of allowable for each depth interval.

<u>Depth Interval</u>	<u>Depth Factor</u>	<u>Top Unit Allowable Bbl.</u>	<u>Allowable Increase Above 0 - 5000' Interval Bbl.</u>	<u>Allowable Increase Above Preceding 1000' Bracket Bbl.</u>
To - 5,000'	1.00	45	0	0
5,000 - 6,000'	1.33	60	15	15
6,000 - 7,000'	1.77	80	35	20
7,000 - 8,000'	2.33	105	60	25
8,000 - 9,000'	3.00	135	90	30
9,000 - 10,000'	3.77	170	125	35
10,000 - 11,000'	4.66	210	165	40
11,000 - 12,000'	5.66	255	210	45
12,000 - 13,000'	6.77	305	260	50
13,000 - 14,000'	8.00	360	315	55
14,000 - 15,000'	9.33	420	375	60
15,000 - 16,000'	10.78	485		
16,000 - 17,000'	12.33	555		
17,000 - 18,000'	14.00	630		

Reproduction of
attachment to briefs
application for the
first depth factors
Ct 62, May 14, 1945

OIL COMMISSION
STATE OF TEXAS
Commissioner
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