



SKELLY OIL COMPANY

TULSA, OKLAHOMA

COPY

June 26, 1958

AIR MAIL

Mr. J. M. Adams
Tres Oil Company
P. O. Box 1628
Hobbs, New Mexico

Re: Gill "A" Lease
Section 31-21S-37E,
Lea County, New Mexico.

Dear Mr. Adams:

Two volume and content tests have been run on gas from your Gill well recently with the end in view of determining if we could economically justify giving you a connection therefor. The last, run June 23, 1958, indicated production of approximately 8 MCF of 2.2 gallon gas per day. The well lies approximately 4200 feet from our nearest gathering line and it is estimated that it would cost \$5750.00 to tie it in. According to our calculations, if production were continued at the same rate, it would take 39.9 years to effect a payout. This means, of course, that neither you nor we could afford to make the investment in order to have the gas handled. We regret that this is the case, but we believe that with these facts at hand the Oil Conservation Commission will readily give you an exemption to the no flare order. An extra copy of this letter is enclosed with the thought that you may wish to submit it to the Commission in support of an application for an exemption from the no flare order.

In the event additional development takes place or the present well is reworked and you are of the opinion that sufficient gas may be available to justify our taking another look at it, we shall be glad to do so.

Very truly yours,

L. L. Byars

LLB:ms
Encl.