DIL CONSERVATION COMMISSION HOBBS, NEW MEXICO

January 28, 1954

Olsen-Elount Drilling Company Draver Z Jal, New Mexico

Gentlemen:

Upon receipt of Commission Form C-104 pertaining to your Gutman #1 and #3 our Proration Manager, Mr. A. L. Porter, assigned an oil allowable . The allowable was assigned on the basis of a 40 acre unit since both wells were drilled on the same unit and completed within the vertical limits of the Langlie-Mattix oil pool.

With the initiation of gs proration you have requested a gas allowable for your Gutmen #1. We have reviewed this particular well from the logs submitted and find that the well is within the vertical limits of the Jalco Pool. However, the well is producing either oil or condensate and in order for the well to be classified as a gas well you must prove that it is producing condensate and not oil. You cannot classify a well to be both on the gas proration schedule and on the oil schedule.

Therefore we are classifying the Gutman #1 and #3at the present as oil wells and listing them in oil proration schedule.

In the event that you prove that the Gutman #1 is a gas well producing condensate the Commission will grant you a gas allowable retroactive to January 1, 1954, provided that such determination is completed during the January 1, 1954 to July 1, 1954, gas proration period.

Yours very truly,

OIL CONSERVATION COMMISSION

Stanley J. Stanley Engineer-Districtl

OIL CONSERVATION COMMISSION HOBBS, NEW MEXICO

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