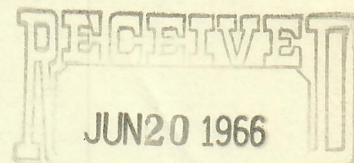


UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

15444 Federal Building
Denver, Colo. 80202

June 17, 1966



Hyland Oil Corporation
Suite 900, American Oil Building
Salt Lake City, Utah 84101

OIL & GAS
CONSERVATION COMMISSION

Attention: Mr. George T. Hansen, Jr., President.

Gentlemen:

Reference is made to your letter of June 1 requesting permission to flare natural gas to the atmosphere for approximately 45 days. The test will involve lease Colorado 034431 and the remote well #1-33, located in sec. 33, T. 2 S., R. 98 W. No natural gas gathering systems are within a mile of said well.

Inasmuch as the proposed test must be made to determine whether gas reserves are adequate to justify the construction of $5\frac{1}{2}$ miles of pipeline as an alternative to otherwise unlikely drilling of additional wells to prove the reserves, approval for the test is given with the following stipulations:

1. All hydrocarbon liquids produced during the proposed test are to be saved and sold and royalty paid thereon, even though no royalty will be charged on the flare gas.
2. An estimate of the volume of gas flared each day shall be recorded and the total volume of flared gas shall not exceed 50 million cu. ft. without consent from this office.

Although your letter does not reflect the deliverability of well #1-33, other requests of a similar nature have indicated that no more than 50 MM cu. ft. are needed for an adequate test of the reserves. Accordingly, if additional volumes are needed, please contact the Denver District office immediately.

Sincerely yours,

E. R. Haymaker
District Engineer

P.S. to W. R. Smith:

Reluctant consent has already been given by the Supervisor for testing Continental's Missouri Creek unit #28 since this appears to be the only way of getting remote wells into a producible status, and possibly encourage more development. However, we do believe some control must be kept. Perhaps we can get together one of these days and discuss these limits. Since it is possible you may hear of similar test programs before I do, I would appreciate your keeping me advised of any future tests that you become aware of, if it is on Federal land