

KING RESOURCES COMPANY

WESTERN DIVISION

300 Wall Towers West, Midland, Texas 79701

Area Code 915 Telephone 684-6371

August 27, 1969

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention Mr. A. L. Porter

Re: Request for Lease Commingling,
King Resources Company Keith
Crouse and Marg McGuffin Leases,
South Flying "M" Penn Field,
Lea County, New Mexico

CTB-207

Gentlemen:

King Resources Company respectfully requests administrative commission approval to commingle production from the referenced leases.

At the present time the Keith Crouse No. 1 well located 1980' FWL and 660' FNL Section 25, T-9-S, R-32-E is producing about 150 BOPD and 50 BWPD from Bough "C" perforations at 9018-9024'. A hydraulic Kobe unit located near the well site provides the artificial lift and the well effluent is produced into a tank battery also located near the well site. The existing tank battery generally consists of two (2) H-500 oil storage tanks, one (1) plastic coated H-500 water accumulation tank, heater treater and other surface equipment (see attached plat).

The Marg McGuffin No. 1 well located 660' FS&WL Section 24, T-9-S, R-32-E has just been completed in the Bough "C" interval 9012-9025' and potentialied for 60 BOPD with 12 BWPD. At the present time this well will flow intermittently only and needs to have hydraulic pumping equipment installed.

The Keith Crouse No. 1 is producing far below the fluid volume originally anticipated and used in the design of the hydraulic pumping equipment. A significant saving in initial investment and future operations can be realized if this excess hydraulic triplex capacity can be used to artificially produce the McGuffin No. 1. Also, use of the existing tank battery and treating facilities will further reduce investment and expense by eliminating the need for a second tank battery on these one well leases.

Primarily for economic reasons, the following is proposed:

1. Install down hole hydraulic pump equipment on the Marg McGuffin No. 1.

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2. Install hydraulic manifold equipment to measure power oil volumes going to each well, Keith Crouse No. 1 and Marg McGuffin No. 1.
3. Lay about 1900' hydraulic oil line from existing hydraulic installation to McGuffin wellhead.
4. Lay about 1900' 3" flow line for production and power oil return between McGuffin well and existing treating facilities.
5. Install metering separator equipment in "return-flow" line for the McGuffin No. 1 to measure flow in accordance with Commission rules.
6. Manifold McGuffin and Crouse well effluent (production and power oil) together at a common production header on the discharge side of the McGuffin metering separator.

Submitted for your review and consideration in support of this request for commingling are the following:

1. Signed waiver letters representing 100% of the royalty interest owners.
2. Surface sketch reflecting relationship of existing and proposed facilities.
3. Plat reflecting outline of leases.

The estimated savings to be initially realized amount to approximately \$25,000. Your approval on this matter will be greatly appreciated. Should additional information be required, please advise.

Yours very truly,

KING RESOURCES COMPANY



Foy W. Boyd, Jr.
Production Superintendent

FWB/gj

Encls.

cc: J. D. Ramey, Hobbs, New Mexico

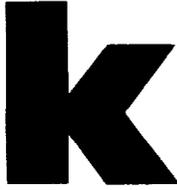
KING RESOURCES COMPANY

Keith Crouse No. 1 - Royalty Interest Owners

1. D. E. Blakeney ✓
2. J. W. Lupardus ✓
3. Opal Fern Brown ✓
4. Albert Spradling ✓
5. Terrell E. Gibbons ✓
6. Necia Mounsey ✓
7. Keith and Martha Karren Crouse ✓
8. L. E. and Ruth E. Monseau ✓
9. Robert M. Turpin ✓
10. J. M. Armstrong ✓
11. W. A. Yeager ✓

Marge McGuffin No. 1 - Royalty Interest Owners

1. Margaret and John R. McGuffin ✓
2. Teci Production Company ✓
3. W. D. Girand, Jr. ✓
4. New Mexico Baptist Childrens' Home ✓
5. Ellie Spear ✓
6. Donald Royse ✓
7. Kermit Nash ✓
8. Mary Lois Neal, Individually and as Independent Executrix of
the estate of C. Melvin Neal ✓



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**WESTERN DIVISION
300 Wall Towers West, Midland, Texas 79701**

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August 3, 1969

King Resources Company proposes to petition the New Mexico Oil Conservation Commission for permission to commingle through proper metering facilities the production of oil and gas from its

Keith Crouse No. 1 Well

(Location - 1980 FWL and 660 FNL, Section 25, T-9S, R-32E
Lea County, New Mexico, E/2 NW/4)

and its

Marge McGuffin No. 1 Well

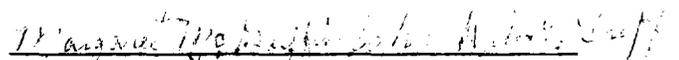
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All regulations of the Commission regarding commingling and metering of production will be strictly adhered to.

In addition, it is necessary to secure your permission as an interest owner in one or both of these properties. Therefore, we request that you sign the waiver set out below indicating your acceptance and return one fully executed copy to us at your earliest convenience. One copy is included for your records.

The use of the aforementioned equipment will facilitate operation of these two wells as well as reduce the total investment by a sizeable amount. We therefore solicit your cooperation.

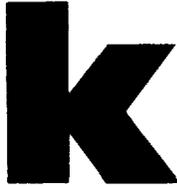
I hereby waive objection as an interest owner in one or both of the aforementioned wells to the proposal of King Resources Company to commingle the production of oil and gas from these two wells in a manner acceptable to the New Mexico Oil Conservation Commission.


Margaret McGuffin and John R. McGuffin
Margaret McGuffin and John R. McGuffin
P. O. Box 344
Caprock, New Mexico 88213

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KING RESOURCES COMPANY
Western Division
Midland, Texas



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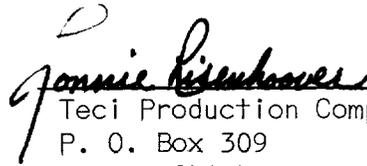
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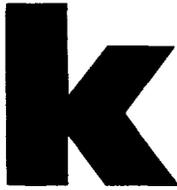
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Jonnie Risenhauer Corp. Sec.
Teci Production Company
P. O. Box 309
Sayre, Oklahoma



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Mr. W. D. Girand, Jr.
P. O. Box 1290
Hobbs, New Mexico

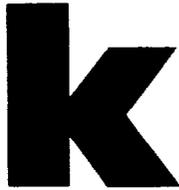
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KING REQUESTS COMPANY

Wesley, Georgia

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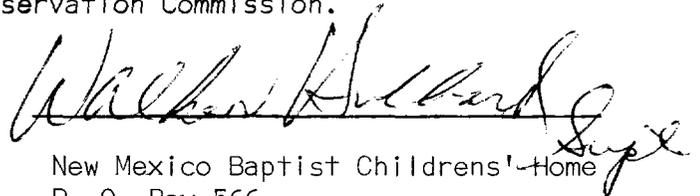
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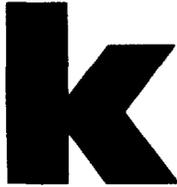
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New Mexico Baptist Childrens' Home
P. O. Box 566
Portales, New Mexico



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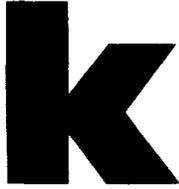
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Ms. Ette Spear
514 E. Green Acres
Hobbs, New Mexico

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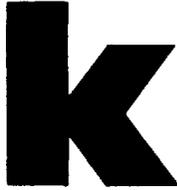
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Mr. Donald Royse
Elk City, Oklahoma



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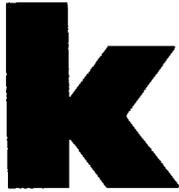
Mr. Kermit Nash
Dashko Building
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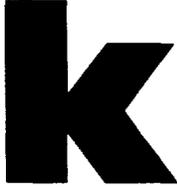
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Mary Lou Neal, Individually and as
Independent Executrix of the estate
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