

Case 2266

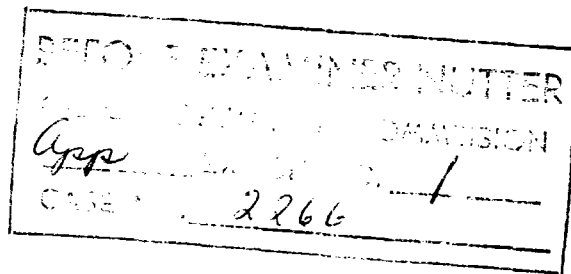
The following have executed a letter authorizing commingling of production from the Keating and Midhurst leases, comprising the NE/4 of Section 34, and the NW/4 of Section 35, Township 12 South, Range 37 East:

Royalty Owners - Keating Lease

United States Smelting, Refining &
Mining Company
Home Stake Royalty Corporation
Estate of J. F. Darby, deceased
Bruce K. & Antoinette T. Brown
Ozark Mahoning Company
Nancy Zoe Goldston Herpin
Patti Lynn Goldston Mayfield
Iris Goldston
William Jerome Goldston, Jr.
Jeanne Goldston
Gloria Goldston King
William J. Goldston
Lacey Mae Smith
Marritt H. Brown
The Home Stake Oil & Gas Co.
Colorado Oil & Gas Corporation
Est. of James H. Simpson, deceased
Tela Corporation
W. C. & Chrystelle Partee
R. S. & Verta Foster
McAlester Fuel Company
Robert F. & Dolores Singleton
W. R. & Bess C. Stephens
Pan American Petroleum Corp.

Royalty Owners - Midhurst Lease

Flavy E. Davis
Jewel H. Osborn
William B. Osborn, Jr.
Betty O. Bledenharn
Charlotte O. Barrett
Midhurst Oil Corporation



Royalty Owners - Keating & Midhurst Leases

Junior Simpson
Winnie Bell Hight
Buster Simpson
Susie Irene Murph
John Robert Simpson, a minor
Brady M. & Pauline Lowe
Earl E. & Vora L. Hartley
Lowe Land Company
Clark & Judge Properties, a partnership
B. F. & Lucille Turner
Zesser Mae & George C. Koch
Annie Mae Collum
Cordelia Louise Floyd
James E. Simpson

HEARBURG & INGRAM
P.O. Box 847
Roswell, New Mexico

Re: Midhurst # 1 12S-37E-868
Keating # 1 12S-37E-869
Lea County, New Mexico

As you know, Hearburg & Ingram have dualy completed the oil well known as the No. 1 Midhurst, situated in the NE $\frac{1}{4}$ of Section 35, Township 12 South, Range 37 East, N.M.P.M., Lea County, New Mexico, and are in the process of drilling the No. 1 Keating, located in the NE $\frac{1}{4}$ of Section 34, Township 12 South, Range 37 East.

Subject to the Oil Conservation Commission's approval, we would like to install individual meters on each zone on each lease in conjunction with a Lease Automatic Custody Transfer Unit, and commingle the production from both leases in one common tank battery.

This should help to prolong the life of the wells due to the more uniform rate of flow. With an automatic transfer unit, it is not necessary to have a man present when each tank of oil is sold. This will make it possible to continue the sale of oil during bad weather. In December, 1960, 2014 bbls. of oil were not produced because extremely bad weather conditions in the area prevented the pipeline representative from getting to the lease. Production and sales for that month would have been considerably more if this unit had been installed prior to that time.

The meters to be installed in connection with this unit will be checked regularly by the pipeline company, in accordance with the rules and regulations of the State of New Mexico Oil Conservation Commission, which Commission must approve the equipment and its installation.

If the foregoing is satisfactory with you, upon your signing of this letter in the space provided below for your signature and returning one signed copy to this office, we shall have the right, subject to the terms and provisions of this letter, to install this equipment, produce each zone from each well through separate meters into one battery, and commingle the oil from both leases for automatic transfer to the pipeline company.

Your early approval of this letter will allow us to proceed with our request for the Oil Conservation Commission's approval, and we shall, therefore, appreciate hearing from you at your earliest convenience.

Yours very truly,

HEARBURG & INGRAM

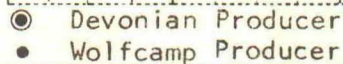
ACCEPTED AND AGREED to this
_____ day of _____, 1961

Eugene E. Hearburg

ILLEGIBLE

127 SOUTH RICHARDSON
ROSWELL, NEW MEXICO

Range 37-East t



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|---|--|
| 1. Skelly Oil Co. - Foster Lease | P. O. Box 993, Midland, Texas |
| 2. H. S. Moss - Peck Lease | First National Bank Bldg., Dallas, Texas |
| 3. Nearburg & Ingram - Danglade Lease | P. O. Box 1757, Roswell, New Mexico |
| 4. Nearburg & Ingram - Keating Lease | |
| 5. Nearburg & Ingram - Simpson Lease | |
| 6. Nearburg & Ingram - Midhurst Lease | |
| 7. Nearburg & Ingram - Shettle Lease (Partial Interest with Mobil Oil Co. | |
| 8. Nearburg & Ingram - Wilder & Travis Leases | Box 662, Roswell, N. M.) |
| 9. Max Pray - Craig Lease | |
| 10. Cities Service - Turner Lease | Midland Tower, Midland, Texas |
| 11. Amerada Petroleum Corp. | Drawer D, Monument, New Mexico |