

KENWOOD OIL COMPANY

2000 SOUTH BOULDER DRIVE
P. O. BOX 287
TULSA 1, OKLAHOMA

File Copy C-104
Kenwood Oil Co
Shugart FHF 29-15-31

March 6, 1964

Re: SE/4 NW/4 of Section 29,
Township 18 South, Range 31 East,
Eddy County, New Mexico
WELCH #3 KENWOOD FEDERAL
North Shugart Field

New Mexico Oil & Gas Conservation Commission
Drawer "DD"
Artesia, New Mexico

Gentlemen:

We have been informed by the office of V. S. Welch, at Artesia, that Yates, Seven Rivers, Queen and Grayburg are co-mingled in the captioned area. Thus, only one allowable is allocated to a 40-acre tract. Kenwood Oil Company had previously drilled their #4 Shugart "A" well on the captioned tract. Said well is producing from the Queen Formation. On December 12, 1963, Kenwood Oil Company made a farmout of this tract to V. S. Welch as to the deeper rights.

Recent tests show the Kenwood #4 Shugart "A" is capable of producing only 5 barrels oil per day. We have been advised by Mr. Welch's office that a letter to you, requesting the Kenwood #4 Shugart "A" be given an allowable of 5 barrels oil per day and the balance of the 40-acre allowable be allocated to the Welch #3 Kenwood Federal, would be sufficient to enable Welch to produce the #3 Kenwood Federal.

This formula is satisfactory with Kenwood Oil Company, and is to remain in effect until such time as you may be differently advised by Kenwood.

Yours very truly,

H. A. Sherman

H. A. Sherman
President

HAS:CB:bc

cc: Mr. V. S. Welch

RECEIVED
MAR 9 1964
D. C. C.
ARTESIA, OFFICE

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