



600 C & K PETROLEUM BUILDING
 POST OFFICE DRAWER 3546
 MIDLAND, TEXAS 79702
 (915) 683-3311

September 10, 1982

The Interest Owners
 (Addressee List Attached)

Re: Shipp 27-B #1 well
 E/2 SW/4 Section 27,
 T-16-S, R-37-E
 Lea County, New Mexico

*→ No-Deferred
 Production unit to S/2 SW/4
 Hearing Nov. 10, 1982*

Gentlemen and Mesdames:

Each of you own the leasehold and/or mineral interest set out opposite your name on the attached addressee list in the E/2 SW/4 Section 27, T-16-S, R-37-E.

C&K proposes the drilling of an 11,800' Strawn test to be located 1980' FWL and 660' FSL of said Section 27. We attach AFE showing dry hole cost \$913,000 and a completed well for approximately \$1,315,000. We invite your consideration of committing your interest to the drilling of this well by joining in the drilling and paying your share of the costs set out on the attached AFE or by farmout to C&K or by making a lease in favor of C&K as to any unleased mineral interest.

Under a farmout, we propose that we earn 100% of your interest, subject to a 1/16 overriding royalty reserved to yourself, with the option to convert said ORR to 25% working interest after payout of 100% of well costs (all proportionately reduced to your interest, and said override to absorb all burdens in excess of existing royalty). If you prefer to lease to C&K, we would offer 3/16 royalty for a one year lease.

After your review of the enclosed, we ask that you immediately notify us of your intent as we must spud this well prior to October 20 since the leasehold owned by Yates Petroleum will expire on that date. We are scheduled to be heard at a Pooling Hearing before the Oil Conservation Division of the State of New Mexico on September 29, 1982.

Please indicate your desires as to your interest by executing in the space below and returning one copy of this letter. If you elect to join for your interest, please also execute and return one copy of the enclosed AFE.

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It would be most helpful if we could hear from you prior to the Pooling Hearing scheduled for September 29, 1982.

Very truly yours,

Danie Lebow

Ms. Danie Lebow
Senior Landman

DL:jw

I elect to join.

I elect to lease to C&K.

I elect to farmout to C&K.

Signature

Date

ADDRESSEE LIST
Shipp "27-B" #1

Interest

Texaco, Inc. P.O. Box 3109 Midland, Texas 79701	28.80209% leasehold interest
Ann Morris Marshall, Individ. and as Independent Executrix of the Estate of J. Norman Morris, Deceased 2855 Macvivar Ave. Topeka, Kansas 66111	.49479% leasehold interest .02604% unleased minerals
Roy G. Barton, Jr. P.O. Box 978 Hobbs, New Mexico 88240	.13020% leasehold interest .06510% unleased minerals
E. L. Latham, Jr. P.O. Box 1392 Hobbs, New Mexico 88240	.06510% unleased minerals
Yates Petroleum et al 207 South Fourth Street Artesia, New Mexico 88210	13.33333% leasehold interest
Clifford Cone et al P.O. Box 6010 Lubbock, Texas 79413	1.04166% unleased minerals
Heritage Resources P.O. Box 777 Davis, Oklahoma 73030	1.56250% unleased minerals
Petroleum Corporation of Texas P.O. Box 911 Breckenridge, Texas 76024	2.08333% unleased minerals
Sun Production Company P.O. Box 1861 Midland, Texas 79702 Attn: Thomas R. Hobbs	4.16667% unleased minerals
J. V. Ringold, et al Address Unknown	1.48437% unleased minerals

*See 5/2 SW/4
summed up*