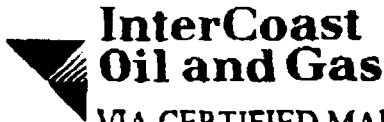


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Color Page/Photo

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Color Page/Photo
Here



**InterCoast
Oil and Gas**

VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

InterCoast Oil and Gas Company
7130 South Lewis Avenue
Suite 700
Tulsa, Oklahoma 74136
918 488-8263 Telephone
918 488-8182 Fax

Writer's Direct Number - (918) 491-4105

October 2, 1996

Atlantic Richfield Co.
Attention: Lee Scarborough
P.O. Box 1610
Midland, TX 79702

RE: S/2 Section 21-18S-28E
Eddy County, New Mexico

Dear Mr. Scarborough:

InterCoast Oil and Gas Company, formerly named Medallion Production Company, ("InterCoast") has acquired interests in the referenced lands pursuant to well trade agreements with The Rudman Partnerships. In this connection, InterCoast proposes the drilling of a 10,650' Atoka/Morrow well at a legal location in the SW/4 of Section 21. Dry hole costs are estimated to be \$438,700, with total completed well costs estimated at \$767,350. Enclosed please find a copy of our AFE.

InterCoast proposes that you support the test well by participating with your proportionate 18.75% share or by granting us a farmout pursuant to the following terms:

1. On or before 150 days following the execution of a definitive agreement, InterCoast would commence or cause the commencement of a 10,650' Atoka/Morrow test at a legal location in the SW/4 of Section 21.
2. In the event the test well results in a well capable of producing in commercial quantities, InterCoast would earn an assignment covering all of your interest in the S/2 of Section 21 from the surface of the earth to the total depth drilled in the test well.
3. You would reserve in such assignment an overriding royalty interest equal to the difference between existing leasehold burdens and 27.5%, proportionately reduced to the interest being assigned.

BEFORE THE
OIL CONSERVATION DIVISION
Santa Fe, New Mexico

An InterCoast Energy Company

Case No. 11657 Exhibit No. 3

Submitted by: InterCoast Oil and Gas Company

Hearing Date: November 21, 1996

Atlantic Richfield Co.
October 2, 1996
Page 2

Please advise of your election in this matter. If you desire to participate, please so indicate by executing the enclosed AFE and returning to the attention of the undersigned at the letterhead address .

Very truly yours,

INTERCOAST OIL AND GAS COMPANY

A handwritten signature in dark ink, appearing to read "D.R. Deffenbaugh", with a long, sweeping horizontal line extending to the right.

D.R. Deffenbaugh, CPL
Senior Landman

DRD:cad
c:\winword\caro\illinois.doc

Enclosure



InterCoast Oil and Gas Company
7130 South Lewis Avenue
Suite 700
Tulsa, Oklahoma 74136
918 488-8283 Telephone
918 488-8182 Fax

November 1, 1996

Writer's Direct Number - (918) 491-4105

Atlantic Richfield Co.
Attention: Lee Scarborough
P.O. Box 1610
Midland, TX 79702

Re: Illinois Camp Prospect
S/2 Section 21-18S-28E
Eddy County, New Mexico

Dear Mr. Scarborough:

Pursuant to our previous conversations, please find enclosed InterCoast's proposed Operating Agreement for the above. Inasmuch as we have not reached agreement with all parties in this proposed unit, I have initiated Compulsory Pooling procedures and the hearing is to be set for November 21, 1996.

Please review this agreement and provide your comments at your earliest convenience.

Sincerely,

INTERCOAST OIL AND GAS COMPANY

A handwritten signature in cursive script, likely belonging to D. R. Deffenbaugh.

D. R. Deffenbaugh, CPL
Senior Landman

DRD/cad
illcamoa.ltr

INTERCOAST OIL AND GAS COMPANY

AUTHORIZATION FOR EXPENDITURES

Description of Work: Footage Drill, Log, DST, complete and equip a single zone Morrow Sand gas well

Prospect Illinois Camp Date 10/1/96
 Lease To Be Determined Well No. 1
 Location 1980' FSL-1650' FWL Section 21 AFE No.
 Field Atoka Morrow County Eddy Twp 18S Range 28E
 Well TD 10,650' Prim. Obj. Morrow State New Mexico Sec. Obj.

	Before Csg Point	After Csg Point	Total		Before Csg Point	After Csg Point	Total
INTANGIBLE COSTS				TANGIBLE COSTS			
	BCP-820	ACP-840			BCP-830	ACP-850	
.01 Location/Damage Payment	4,500		4,500	.01 Cattle Guards & Fencing	0	0	0
.02 Location Construction	17,500	1,500	19,000	.02 Csg. Cond.	0	X	0
.03 Contracted Equipment	0	0	0	.03 Csg. Surface	6,500	X	6,500
.04 Rotary Rig: MI, RU, RD, MO	0	0	0	400' 13-3/8" 48# H-40			
.05 Rotary Rig: Daywork	11,000	11,000	22,000	.04 Csg. Intermediate	33,500	X	33,500
.06 Rotary Rig: Footage	197,500	0	197,500	2700' 9-5/8" 36#			
.07 Fuel	2,000	0	2,000	.05 Csg. Production	X	56,000	56,000
.08 Drilling Bits	0	0	0	4-1/2" @ 11100'			
.09 Drilling Fluid	45,000	1,000	46,000	.06 Float Equip, Centrizers, etc.		2,000	2,000
.10 Mud Disposal	3,000	X	3,000	.07 Well Head	8,800	11,500	20,300
.11 Drill Stem Tests	4,000	X	4,000	.08 Tubing	X	25,600	25,600
.12 Cement and Cementing Service	18,000	12,000	30,000	2-3/8", 4.7#, N-80			
.13 Casing Crew, Equipment	3,500	3,500	7,000	.09 Pump Unit	X	0	0
.14 Logging: Open Hole	9,500	X	9,500	.10 Motor/Engine	X	0	0
.15 Completion Rig	X	15,000	15,000	.11 Rods & Pump	X	0	0
.16 Stimulation	X	75,000	75,000	.12 Pkr & Sub-surface Equip.	X	10,000	10,000
.17 Misc. Pumping Services	0	3,500	3,500	.13 Tanks	X	6,000	6,000
.18 Log & Perf Cased Hole	X	8,000	8,000	.14 Separator/Production Unit	X	8,000	8,000
.19 Rentals	5,000	5,000	10,000	.15 Heater Treater/Dehydrator	X	8,000	8,000
.20 Water/Water Hauling	10,500	6,000	16,500	.16 Fittings & Small Pipe	X	12,500	12,500
.21 Hauling/Freight	0	1,000	1,000	.17 Other Equipment	0	0	0
.22 Tubular Inspection	1,500	2,500	4,000	.18 Installation Costs	X	12,500	12,500
.23 Well Testing	1,500	1,000	2,500	.19 Miscellaneous			
.24 Labor: Contract	1,500	2,500	4,000	.20 Contingency			
.25 Company Geologist/Engineer	2,500	0	2,500				
.26 Overhead	3,700	1,000	4,700	Subtotal	\$48,800	\$152,100	\$200,900
.27 Professional Services	17,500	6,000	23,500				
.28 Insurance	1,700	0	1,700	Pipeline			
.29 Miscellaneous tax	14,000	7,550	21,550				
.30 Contingency	0	0	0	.01 Line Pipe	X	25,000	25,000
.31 Coiled Tubing Work	0	3,500	3,500	.02 Metering Equipment	X	0	0
.32 Packer Redress	X			.03 Meter Sta. Valves, Fittings	X	0	0
Subtotal	\$374,900	\$166,550	\$541,450	Subtotal	\$0	\$25,000	\$25,000
				TOTAL TANGIBLE COSTS	\$48,800	\$177,100	\$225,900

Pipeline			
		PL-880	
.01 Tapping Fee	X		
.02 Purchased Right of Way	X		
.03 Damage Payments	X		
.04 Right of Way Acquisition	X		
.05 Permits	X		
.06 Freight	X		
.07 PL & Meter Sta. Construction	X		
.08 Surveying and Drafting	X		
.09 Field Construction Sup.	X		
.10 Misc. and Contingency	X		
Subtotal			
TOTAL INTANGIBLE COSTS	\$374,900	\$166,550	\$541,450

TOTAL WELL COSTS	\$423,700	\$343,650	\$767,350
Total Well Cost to Casing Point			\$423,700
Plugging Cost			\$15,000
Total Dry & Abandonment Cost			\$438,700
Total Cost Through Evaluation of Zone of Interest			\$685,350
Prepared By:	LCF/TLR		
Estimated Spud Date			

InterCoast WIO %
 InterCoast Net Expenditure \$0
 Supplement No.
 Original AFE Amount
 Amount This Supplement
 Revised AFE Amount

INTERCOAST OIL AND GAS COMPANY APPROVED

By: *LCF* Date:
 By: Date:
 By: Date:

WORKING INTEREST OWNER APPROVED

Company Name:
 By: Date:
 Name:

ILLEGIBLE

**BEFORE THE
OIL CONSERVATION DIVISION**
Santa Fe, New Mexico

Case No. 11657 Exhibit No. 4

Submitted by: InterCoast Oil and Gas Company

Hearing Date: November 21, 1996

BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF INTERCOAST OIL AND GAS COMPANY
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

CASE NO. 11657

AFFIDAVIT

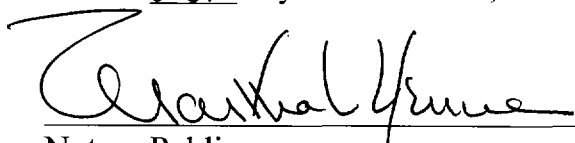
STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

William F. Carr, authorized representative of InterCoast Oil and Gas Company, the Applicant herein, being first duly sworn, upon oath, states that in accordance with the notice provisions of Rule 1207 of the New Mexico Oil Conservation Division the Applicant has attempted to find the correct addresses of all interested persons entitled to receive notice of this application and that notice has been given at the addresses shown on Exhibit "A" attached hereto as provided in Rule 1207.



William F. Carr

SUBSCRIBED AND SWORN to before me this 20th day of November, 1996.



Notary Public

My Commission Expires: August 19, 1999

EXHIBIT A

Logro Corp.
Post Office Box 261324
Plano, TX 75026-1324
Attn: David Fry

Wendall W. Iverson, Trustee for the
S.J.I., Jr. 1990 Trust, the P.I.P. 1990
Trust and the W.W.I. 1990 Trust
Post Office Box 10508
Midland, TX 70702

Louis Dreyfus Gas Holdings
1400 Quail Springs Pkwy.
Suite 600
Oklahoma City, OK 73134

Marathon Oil Company
Post Office Box 552
Midland, TX 79702
Attn: Randall Wilson

Yates Petroleum
105 South Fourth Street
Artesia, NM 88210
Attn: Robert Bullock

Atlantic Richfield Company
Post Office Box 1610
Midland, TX 79702
Attn: Lee Scarborough

**BEFORE THE
OIL CONSERVATION DIVISION**
Santa Fe, New Mexico

Case No. 11657 Exhibit No. 5

Submitted by: InterCoast Oil and Gas Company

Hearing Date: November 21, 1996

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN

MICHAEL H. FELDEWERT
TANYA M. TRUJILLO
PAUL R. OWEN

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

October 31, 1996

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO AFFECTED INTEREST OWNERS:

Re: Application of InterCoast Oil & Gas Company for Compulsory Pooling, Eddy
County, New Mexico

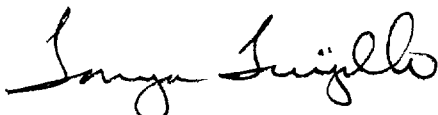
Gentlemen:

This letter is to advise you that InterCoast Oil & Gas Company has filed the enclosed application with the New Mexico Oil Conservation Division seeking the force pooling of all mineral interests in the S/2 of Section 21, Township 18 South, Range 28 East, N.M.P.M., Eddy County, New Mexico. InterCoast Oil & Gas Company proposes to dedicate the referenced pooled unit to its Illinois Camp State No. 21-1 Well to be drilled to formation, the Morrow North Illinois Camp-Morrow Gas Pool at an orthodox location 1980 feet from the South line and 1650 feet from the West line of said Section 21.

This application has been set for hearing before a Division Examiner on November 21, 1996. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases have been requested by the Division (Memorandum 2-90) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p.m. on the Friday before a scheduled hearing.

Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR INTERCOAST OIL & GAS COMPANY
WFC:mlh
Enclosure

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
 Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional service(s) requested.
 1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: Logro Corp. Post Office Box 261324 Plano, TX 75026-1324 Attn: David Fry		4. Article Number P 176 015 679
5. Signature - Address X		Type of Service: <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> COD <input type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and DATE DELIVERED.
6. Signature - Agent X		
7. Date of Delivery 11.5.96		
8. Addressee's Address (ONLY if requested and fee paid)		

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

P 176 015 679



Receipt for Certified Mail
 No Insurance Coverage Provided

Logro Corp.
 Post Office Box 261324
 Plano, TX 75026-1324
 Attn: David Fry

Postage	\$
Postnet Fee	
Return Receipt Fee	
Restricted Delivery Fee	
Insured (over \$500) or Registered (over \$500)	
Signature Required (Whom, Date, and Addressee's Address)	
PS Form 3811, Mar. 1988	\$
Postmark or Date OCT 31 1996	

PS Form 3800, June 1991

P 176 015 680



**Receipt for
Certified Mail**

No Insurance Coverage Provided
For Registered Mail

Wendall W. Iverson, Trustee, for the
S.J.I., Jr. 1990 Trust, the P.I.P. 1990
Trust and the W.W.I. 1990 Trust
Post Office Box 10508
Midland, Texas 70702

Postage	\$
Certified Fee	
Special Delivery Fee	
Registered Mail Fee	
Return Receipt Fee	
Postage and Fees	\$
Postmark or Date OCT 31 1996	

PS Form 3800, June 1991

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: Wendall W. Iverson, Trustee, for the S.J.I., Jr. 1990 Trust, the P.I.P. 1990 Trust and the W.W.I. 1990 Trust Post Office Box 10508 Midland, Texas 70702	4. Article Number P176 015 680
5. Signature - Address X	Type of Service: <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> COD <input type="checkbox"/> Return Receipt for Merchandise
6. Signature - Agent X <i>Sam Burke</i>	Always obtain signature of addressee or agent and DATE DELIVERED.
7. Date of Delivery NOV 13 1996	8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1988 * U.S.D.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

**SENDER
3 and 4.**

☐ Show to whom delivered, date, and addressee's address.

(Extra charge)

4. Article Number

P 176 015 681

☐ Registered ☐ Insured

☒ Certified ☐ COD

☐ Express Mail ☐ Return Receipt

Always obtain signature of addressee

8. Addressee's Address (ONLY if

DOMESTIC RETURN RECEIPT

DOMESTIC RETURN RECEIPT

No Insurance Coverage Provided

[illegible]

PS Form 3800, June 1991

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
 Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional service(s) requested.
 1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: Marathon Oil Company Post Office Box 552 Midland, Texas 79702 Attn: Randall Wilson		4. Article Number 0176 015 682	
5. Signature - Address X		Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and DATE DELIVERED.	
6. Signature - Agent X <i>Marshall Wilson</i>		8. Addressee's Address (ONLY if requested and fee paid)	
7. Date of Delivery NOV 04 1996			

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

P 176 015 682



Receipt for Certified Mail

No Insurance Coverage Provided

Marathon Oil Company
 Post Office Box 552
 Midland, Texas 79702
 Attn: Randall Wilson

Postage	\$
Certificate Fee	
Special Delivery	
Registered Mail	
Return Receipt (with or without Restricted Delivery)	
Postage and Fees to Whom Delivered (Addressee's Address)	
TOTAL Postage & Fees	\$
Postmark or Date OCT 31 1996	

1991 June Form 3800 PS-1

P 176 015 683



**Receipt for
Certified Mail**

No Insurance Coverage Provided

Yates Petroleum
105 South Fourth Street
Artesia, New Mexico 88210
Attn: Robert Bullock

Postage	\$
Certified fee	
Registered fee	
Restricted Delivery fee	
Return Receipt fee (if you want a return receipt)	
Postage and Fees	\$
Postmark or Date OCT 31 1996	

PS Form 3800, June 1991

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional services requested.

1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:
Yates Petroleum
105 South Fourth Street
Artesia, New Mexico 88210
Attn: Robert Bullock

4. Article Number
P176 015 683

5. Signature - Addressee
JOANN GRIGGS

6. Signature - Agent
[Signature]

7. Date of Delivery
11-4-96

8. Addressee's Address (ONLY if requested and fee paid)
Always obtain signature of addressee or agent and DATE DELIVERED.

Type of Service:
☐ Registered
☒ Certified
☐ Express Mail
☐ Insured
☐ COD
☐ Return Receipt for Merchandise

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-665 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
 Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional service(s) requested.
 1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:

Atlantic Richfield Company
 Post Office Box 1610
 Midland, Texas 79702
 Attn: Lee Scarborough

4. Article Number

P 176 015 684

Type of Service:

☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☐ Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

8. Addressee's Address (ONLY if requested and fee paid)

5. Signature - Addressee

X

6. Signature - Agent

X

7. Date of Delivery

NOV 04 1996

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865

DOMESTIC RETURN RECEIPT

P 176 015 684

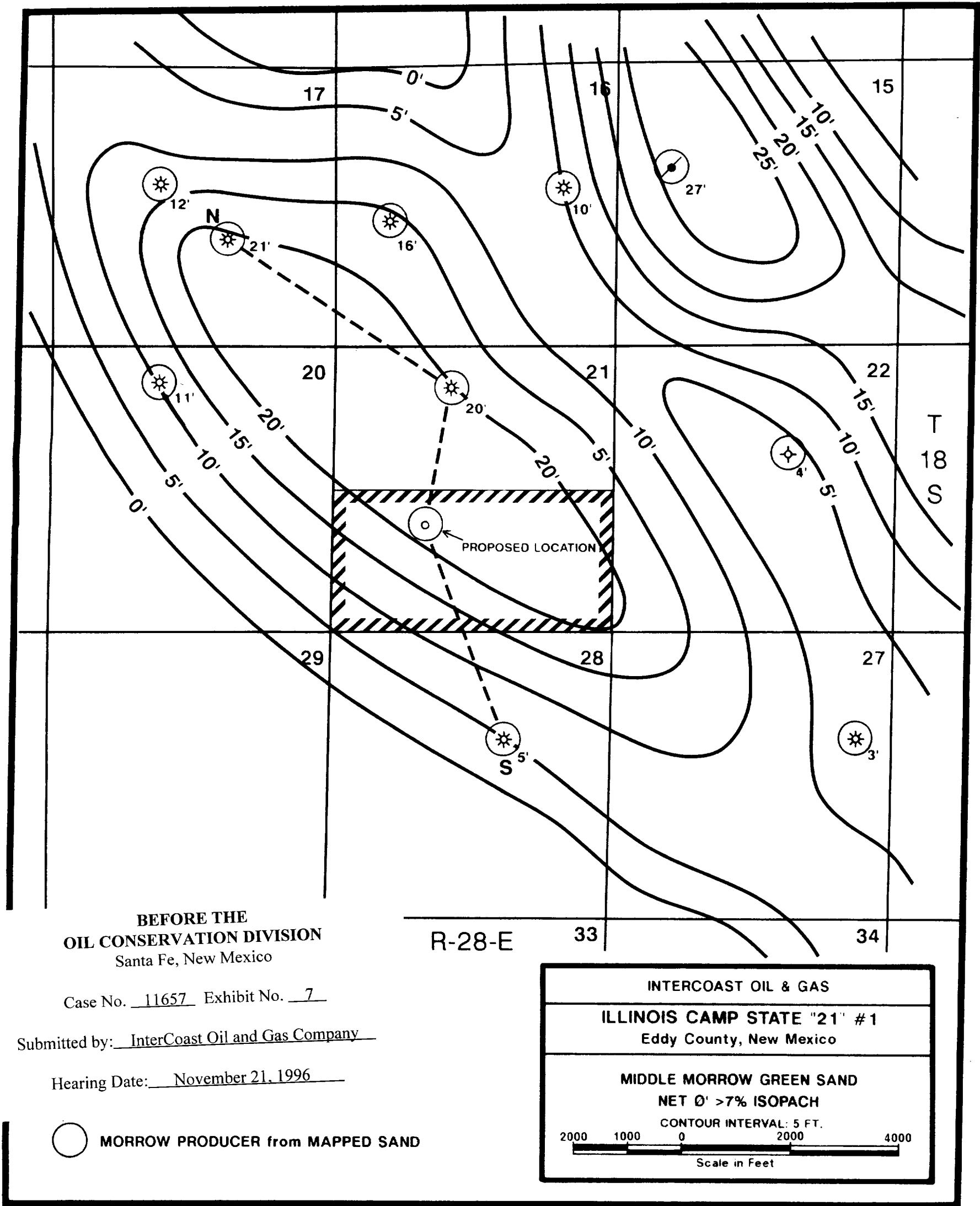


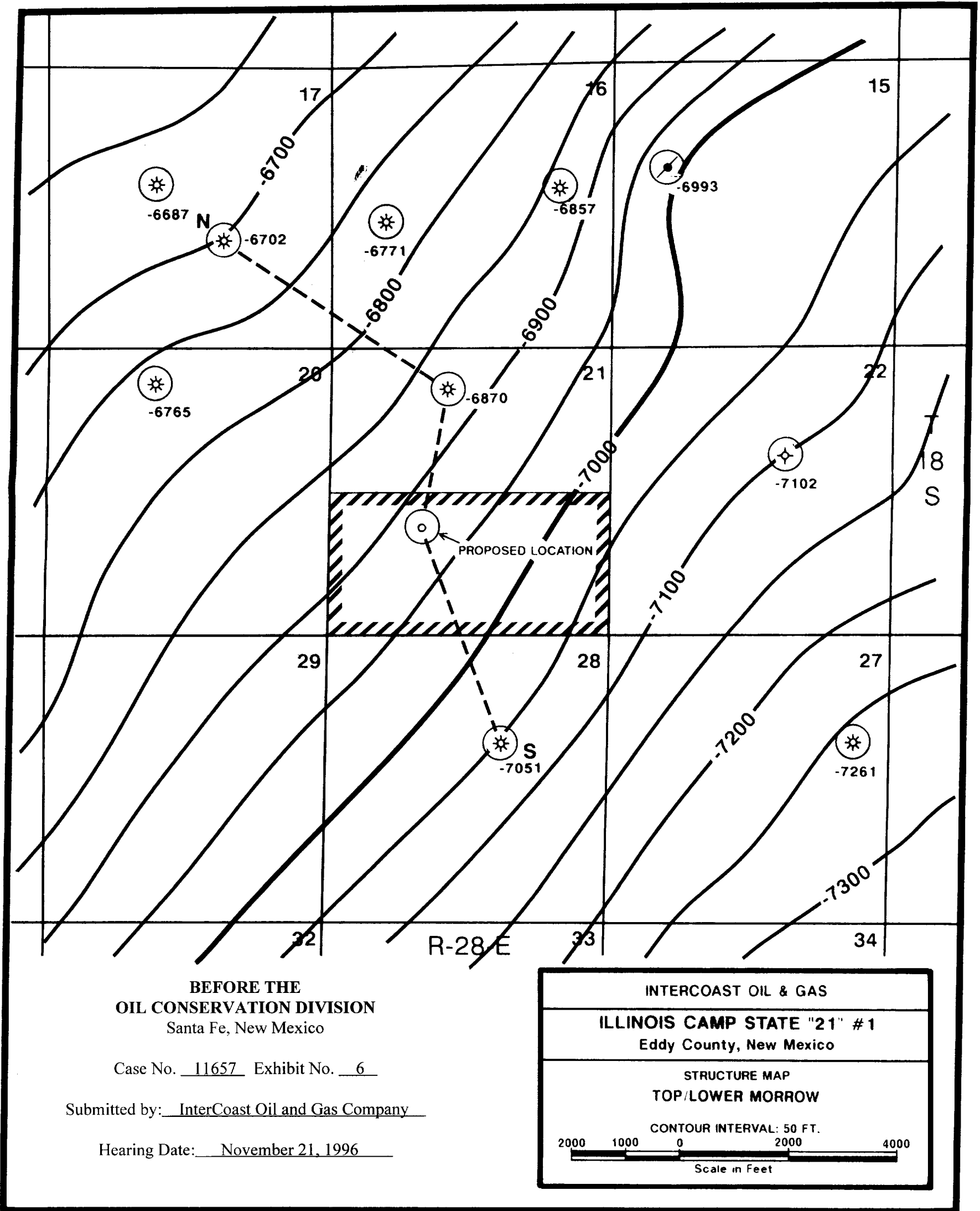
Receipt for Certified Mail

No Insurance Coverage Provided

Atlantic Richfield Company
 Post Office Box 1610
 Midland, Texas 79702
 Attn: Lee Scarborough

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Fee (if not delivered)	
Return Receipt (if delivered to Whom, Date, and Addressee's Address)	
PS Form 3800, June 1991	
Postmark or Date	OCT 31 1996





LARGE FORMAT
EXHIBIT HAS
BEEN REMOVED
AND IS LOCATED
IN THE NEXT FILE

