

Mr. and Mrs. Eeon Waymen-Palmer

NMOCD Examiner Hearing
May 1, 1997
Docket No. 13-97
Case No. 11766
Exhibit No. 5

MERRION

OIL & GAS

April 21, 1997

Mr. & Mrs. Waymen-Palmer
P.O. Box 324
La Plata, New Mexico 87418

Harold Fields Estate
7020 S. 12th Street, Apt. 2901
Tacoma, Washington 98465-1739

Mr. James Strickler
Burlington Resources
P.O. Box 4289
Farmington, New Mexico 87499


**Re: Supplemental AFE
Havasu #1 Fruitland Coal Well
Section 22, T 32N, R 13W
San Juan County, New Mexico**

Ladies and Gentlemen:

Enclosed is a Supplemental AFE for an additional \$57,000 for the Havasu #1 development well. The supplement is needed to cover an additional \$17,000 for right-of-way acquisition and surface damages and \$40,000 to bore under BHP's La Plata Mine haul road. The total cost to drill, complete, and tie-in the well is now estimated to be \$313,480.

Please indicate your approval by signing and returning a copy of this AFE to our office.

Sincerely,



George F. Sharpe
Manager - Oil & Gas Investments

xc: Well file, PWL

427

Z 736 891 879

**Receipt for
Certified Mail**

 No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to	
Mr. & Mrs. Waymen-Palmer	
Superior No. Box 324	
P.O., State and Zip Code	
La Plata, NM 87418	
Postage	\$.32
Certified Fee	1.10
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	1.10
TOTAL Postage & Fees	\$2.52
Postmark or Date	
4-23-97	
Havasus #1 - Supp Afe #1	

Is your **RETURN ADDRESS** completed on the reverse side?

SENDER:		I also wish to receive the following services (for an extra fee):	
<input type="checkbox"/> Complete items 1 and/or 2 for additional services. <input type="checkbox"/> Complete items 3, 4a, and 4b. <input type="checkbox"/> Print your name and address on the reverse of this form so that we can return this card to you. <input type="checkbox"/> Attach this form to the front of the mailpiece, or on the back if space does not permit. <input type="checkbox"/> Write "Return Receipt Requested" on the mailpiece below the article number. <input type="checkbox"/> The Return Receipt will show to whom the article was delivered and the date delivered.		1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: Mr. & Mrs. Waymen-Palmer P. O. Box 324 La Plata, New Mexico 87418		4a. Article Number Z 736 891 879	
		4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD	
		7. Date of Delivery 4-26-97	
5. Received By: (Print Name) EADU WALKER PALMER		8. Addressee's Address (Only if requested and fee is paid)	
6. Signature: Addressee or Agent X [Signature]			

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

MERRION

OIL & GAS

February 26, 1997

Eaon and Gretchen Waymen-Palmer
P.O. Box 324
La Plata, NM 87418

Certified Mail
Z 736 891 872

Re: Proposal to Drill Fruitland Coal Well
Havasu #1
Section 22, T32N, R13W
San Juan County, New Mexico

Dear Mr. & Mrs. Waymen-Palmer:

In regard to drilling the subject well, enclosed are the following:

- 1.) AFE for the drilling of the well,
- 2.) Communitization Agreement for the well,
- 3.) An Operating Agreement covering the well,
- 4.) Application by Merrion for:
 - a.) Non-standard location for the Havasu #1; and
 - b.) Force pooling any uncommitted interests on the Havasu #1.

Please indicate your approval of the wells by signing and returning the documents in 1, 2, and 3 above. Also, please be advised that the application has been set for hearing before the NMOCD in Santa Fe, New Mexico on April 10, 1997. If you have concerns about the application, then you must send a pre-hearing statement to the NMOCD by Friday, April 10, 1997.

Please call me with any questions at (505) 327-9801, ext.102.

Sincerely,



Crystal Williams
Landman

xc: Well File

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address
2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Edon Waymen Palmer
P.O. Box 324
La Plata, NM 87418

4a. Article Number

Z 736 891-872

4b. Service Type

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

7. Date of Delivery

3-24-97

5. Received By: (Print Name)

Gretchen Waymen-Palmer

6. Signature: (Addressee or Agent)

X *Gretchen Waymen-Palmer*

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

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

Z 736 891 872



Receipt for Certified Mail

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to <i>Gretchen Waymen-Palmer</i>	
Street and No.	
P.O., State and ZIP Code	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	

PS Form 3800, March 1993

Page 2 of lease report

TITLE INFORMATION:

1. Edward M. & Elva C. Thomas own 100% Surface, Oil, Gas & other minerals.
2. WD 834/428 #1 above grantor to Teddy L. Thomas et ux;
NO RESERVATION.
3. WD 985/295 #2 above grantor to Pete & Jeanne McArthur, H&W
NO RESERVATION.
4. QCD 1054/445 Jeanne McArthur, aka, grantor to Pete & Cindy L. McArthur, H&W, NO
RESERVATION.
5. Special Master's Deed 1107/683 Randal S. Roberts, Special Master, grantor to Cindy L.
McArthur
6. Break in chain from Cindy L. McArthur to Cindy L. Lyons.
7. WD(JT) 1122/66 Cindy L. Lyons and John L. Lyons, Wife and husband to Eason Waymen-
Palmer and Gretchen Waymen-Palmer, husband and wife,
NO RESERVATION.

LEASE OFFER TERMS: [NO OGL HAS BEEN OBTAINED]

NON-DEVELOPMENT, 3 yr. pd-up; 1/8th royalty on Oil and Gas; 1/8th royalty on other
substances produced with oil & gas; \$50.00 consideration. Shut-in \$1/yr./net mineral acre, on
or before the anniversary date of this lease next ensuing after the expiration of 90 days from date
well(s) shut-in, and thereafter...., Other: Your standard Lease terms.

CONTACTS MADE TO ATTEMPT TO LEASE:

1. TC 11-18-96, talked with Mr. Waymen-Palmer about OGL & mailed OGL same day.
2. TC 12-2-96 from Farmington, Left Message
3. TC 12-20-96 from Farmington, Left Message
4. TC 1-15-97 from DGO, Left Message
5. TC 1-20-97 from DGO, Left Message
6. TC 2-5-97 from DGO, Left Message
7. Mailed new Lease, same terms Certified Returned Receipt 2-5-97
8. TC 2-15-97 from DGO, no message left.
9. Domestic Return Receipt returned to Johnston Land, signed by Gretchen Waymen Palmer 2-
15-97.
10. TC 2-19-97 from DGO, Left Message
11. Meeting with Gretchen and Eason on 3-26-97 in DGO, CO @ 202 West 22nd Street (Forleo
Dr.'s Office). Gretchen willing to sign OGL, but Eason rejected to sign OGL because he has
reservations his drinking water could be affected by exploration & development of natural
resources, thus his feelings are if he signs OGL, he is ratifying and agreeing to have the natural
resources developed, and that he may be waiving his rights to protecting his domestic water if
he signs an OGL for such a small consideration.

Johnston Land Company, Inc.

By:


Robert R. Johnston, President

4-23-97
Date