

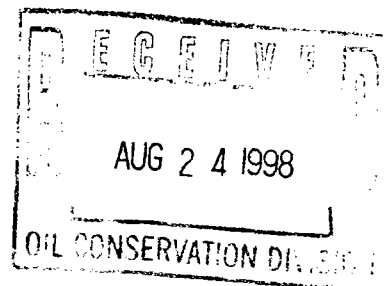
JAMES BRUCE

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August 22, 1998

Michael E. Stogner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Case 11993; Application of John H. Hendrix Corporation
for compulsory pooling and an unorthodox oil well
location, Lea County, New Mexico

Dear Mr. Stogner:

I received John H. Hendrix Corporation's proposed order, and noticed that Hendrix wants a penalty on surface equipment which is already in place. **See Hendrix Exhibit 8.** I believe there is no risk involved in surface facilities, and certainly not in equipment already in place, and ask that no penalty be assessed against such amounts.

Very truly yours,

A handwritten signature in cursive script that reads "James Bruce".

James Bruce

Attorney for Ruth Anne Yeager
Hansen and Henry Yeager, Jr.

cc: William F. Carr

Authority For Expenditure

AFE No. 1003 Lease Name State CC 16 Well No. 1
 Description 330 FNL & 2080 FWL, Sec 16, T20S, R37E County/State Lea, NM
 Project Operator John H. Hendrix Corp
 Exploration Yes Development Date 1998, June

Drilling Intangibles

**Conoco State CC-16#1 Wellbore

Damages
 Permit/Survey
 Footage 8000 @ \$ 20 /Ft
 Day Work 14 @ \$ 1500 /Day
 Cement & Cementing 2 Saz
 Testing & Coring
 Logging & Mud logging
 Professional Servcs. (Legal, Eng., Geol., Survey)
 Mud, Fuel, Water
 Bits, Coreheads & Rentals
 Service Labor (rigging, welding, etc.)
 Misc. (Labor & Ins.)
 Transportation
 Rig Supervision & Overhead
 Contingency 3 %
 Plug & Abandon
 Total

Descr. Dry Hole Costs Producer Costs

\$320,000.00
 \$8.00
 \$500.00
 \$0.00
 \$21,000.00
 \$15,000.00
 \$0.00
 \$6,000.00
 \$2,500.00
 \$3,000.00
 \$19,000.00
 \$1,500.00
 \$0.00
 \$1,500.00
 \$2,000.00
 \$2,500.00
 \$5,000.00
 \$399,500.00 \$0.00

Completion Intangibles

Completion Unit 4 Days @ \$ 1500 Day
 Cement & Cementing
 Perforating & Logging
 Fracturing
 Acidizing
 Fuel, Water, Power
 Battery Const., Dirt work, etc.
 Completion tools & Equip rentals
 Professional Servcs. (Legal, Eng., Geol., Survey)
 Misc Servcs (Welding, backfill, etc.)
 Labor & Transportation
 Casing crew
 Rig Supervision
 Contingency 3 %
 Total Intangibles
 Total Completion

\$5,000.00
 \$5,000.00
 \$5,000.00
 \$0.00
 \$9,000.00
 \$1,000.00
 \$0.00
 \$0.00
 \$0.00
 \$0.00
 \$1,000.00
 \$1,000.00
 \$900.00
 \$1,000.00
 \$0.00
 \$29,900.00
 \$399,500.00 \$29,900.00

Drilling & Completion Tangibles

Casing 1500 Ft 8 5/8 @ \$ 9.05 Ft
 450 Ft 4 1/2 @ \$ 6.4 Ft
 Ft
 Tubing 1000 Ft 2 3/8 @ \$ 2.75 Ft
 Rods 1000 Ft 3/4 @ \$ 1.15 Ft
 Line Pipe 0 Ft 3 1/2 @ \$ 1.5 Ft
 Transportation
 **Conoco tubing, downhole pump & rods
 Centralizers, Scratchers
 Subsurface Equip, pump etc.
 **Conoco facility (in place)
 Pumping Unit & Engine
 Taxes, 7.8%
 Contingency 3 %
 Total Equipment Cost
 Total Well Cost

\$0.00 \$0.00
 \$2,880.00
 \$0.00
 \$2,750.00
 \$1,150.00
 \$0.00
 \$1,000.00
 \$13,730.00
 \$500.00
 \$1,000.00
 \$51,834.00
 \$0.00
 \$0.00 \$820.00
 \$0.00 \$500.00
 \$0.00 \$76,164.00
 \$399,500.00 \$106,064.00

Leases Acre @ \$ /acre
 Total Well & Lease Cost
 Total Completed Well & Lease Cost

\$0.00
 \$399,500.00 \$106,064.00
 \$806,664.00

Before the Oil Conservation Division
 Santa Fe, New Mexico
 John H. Hendrix Corp. Exhibit No. 8
 Case No. 11993

By: Date:
 By: Date: