

PACIFIC ENTERPRISES OIL COMPANY (USA)

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

February 14, 1990

SOUTHWEST REGION
200 N. Lorraine, #400
P.O. Box 3083
Midland TX 79702-3083
(915) 684-3861
(915) 684-6426 (Fax)

TO: WORKING INTEREST OWNERS
Address List Attached

RE: Porcupine Prospect #6140

Exxon State 16 #1
East Half of Section 16,
T-17-S, R-31-E
Eddy County, New Mexico

Gentlemen:

Pacific Enterprises Oil Company (USA) proposes the drilling of an 12,100 foot Morrow well to be located approximately 1980' FSL and 1980' FEL of Section 16, T-17-S, R-31-E, Eddy County, New Mexico. The drilling and spacing unit for said well will be the East Half of said Section 16. The drilling and testing costs for the well are estimated to be \$538,000.00 with total completed costs being \$828,000.00.

If you elect to participate in the drilling of the proposed well, please so indicate by signing both of the enclosed Authority For Expenditures and returning one (1) original to the attention of the undersigned. Upon receipt of your executed Authority For Expenditure, an Operating Agreement governing operations of the well will be submitted for your review.

In the event you do not wish to participate in the drilling of said well, Pacific requests a farmout of your acreage in the proposed drilling unit delivering a 80% net revenue interest before payout with the option to convert your overriding royalty interest to a 25% working interest after payout. If you elect to farmout your interest, a formal Farmout Agreement will be submitted for your review.

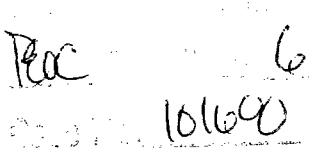
Pacific is interested in spudding this well as soon as possible and therefore will be filing an application for a Compulsory Pooling Hearing in the near future.

Should you have any questions or problems, please do not hesitate to contact me.

Very truly yours,

**PACIFIC ENTERPRISES
OIL COMPANY (USA)**


M. Craig Clark
Landman


MCC/dsr

**WORKING INTEREST OWNERS
ADDRESS LIST**

Exxon Company, U.S.A
Post Office Box 1600
Midland, Texas 79702-1600
ATTN: Mr. Joe B. Thomas

Fina Oil and Chemical Company
Post Office Box 2990
Midland, Texas 79702-2990
ATTN: Mr. Kevin Pfister

Anadarko Petroleum Corporation
Post Office Box 2497
Midland, Texas 79702
ATTN: Mr. Mike Goode

Foran Oil Company
Pecan Creek, Suite 158
8340 Meadow Road
Dallas, Texas 75231
ATTN: Mr. David Frye

Mr. John M. Mouser
c/o Mary Jane Bowman
Post Office Box 2392
Wichita Falls, Texas 76307

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. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: Fina Oil and Chemical Company P.O. Box 2990 Midland, TX 79702-2990 Mr. Kevin Pfister	4. Article Number P 699 096 159 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input type="checkbox"/> Certified <input type="checkbox"/> COD <input checked="" type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and DATE DELIVERED .
5. Signature — Address X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent X <i>[Signature]</i>	
7. Date of Delivery <i>2-16-90</i>	

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

PS Form 3800, June 1985

Sent to	Foran Oil Company
	Payetn Creek, Suite 158
	8340 Meadow Road
	Daingerfield, TX 79118
Postage	Mr. David Frye
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	

P 699 096 159
 RECEIPT FOR CERTIFIED MAIL
 NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

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 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. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:

Exxon Company, U.S.A.
P.O. Box 1600
Midland, TX 79702-1600

Mr. Joe B. Thomas

4. Article Number

P 699 096 157

ICB:

XX CERTIFIED

5. Signature - Address

X

6. Signature - Agent

[Signature]

7. Date of Delivery

FEB 19 1990

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

SENDER: Complete items 1 and 2 when additional services are desired, and complete item 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. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:

Anadarko Petroleum Corporation
P.O. Box 2497
Midland, TX 79702

Mr. Mike Goode

4. Article Number

P 699 096 158

Type of Service:

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

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Address

X

6. Signature - Agent

[Signature]

7. Date of Delivery

2-16-90

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

PACIFIC ENTERPRISES OIL COMPANY (USA)**ORIGINAL****AUTHORITY FOR EXPENDITURE**

SOUTHWEST REGION
200 N. Loraine, #400
P.O. Box 3083
Midland TX 79702-3083
(915) 684-3861
(915) 684-6426 (Fax)

DIVISION: Permian Basin Exploration Team**DATE:** 2-14-90**DEPARTMENT:** Exploration and Development

Midland, Texas

WELL NAME: Exxon State 16 #1**LOCATION:** 1980' FSL and 1980' FEL of Section 16, T-17-S, R-31-E
Eddy County, New Mexico

Drill and Test Cost	\$538,000.00
Completion	<u>277,300.00</u>
TOTAL	\$828,000.00

JUSTIFICATION:

Proposed 12,100' well to test the Morrow Formation.
See attached detailed Drilling and Completion Cost Estimate.

PARTICIPANTS	WORKING INTEREST	COST	GROSS AFE AMOUNT	\$828,000.00
Pacific Enterprises Oil Company (USA)	14.58333%	\$120,750	APPROVED _____	DISAPPROVED _____
Exxon Company USA	50.00000%	414,000	COMPANY REPRESENTATIVE	
Foran Oil Company	12.50000%	103,500	_____ EXXON COMPANY, U.S.A	
Anadarko Petroleum Co.	12.50000%	103,500	COMPANY	
Fina Oil and Chemical	6.25000%	51,750	_____	
John M. Mouser	4.16667%	34,500	_____	
TOTAL		\$828,000	DATE	_____

1/February/1990

PACIFIC ENTERPRISES OIL CO. (USA)
 DRILLING & COMPLETION DETAILED COST ESTIMATE

Prospect: Porcupine Field Fren Penn (Morrow)

Well Location Section 16 Legal Description T-17-S, R-31-E

County Eddy State NM Proposed Depth 12,100'

Objective Formation Morrow AFE No. _____ Terra W.I. _____

CATEGORY	NO.	DRILL & TEST	NO.	COMPLETION	TOTAL
Survey - Stake Location	1	1,000	xxx	0	1,000
Permits & Hearings	2	100	83	0	100
Building Road, bridges, canals	3	10,000	84	0	10,000
Building Location & Pits	4	15,000	85	2,000	17,000
Insurance (for Terra only)	5	3,700	86	0	3,700
Move in - Rig up - Rig down - Move out	6	0	87	0	0
Rat Hole	7	0	xxx	0	0
Footage Contract <u>12,100' @ \$21/ft</u>	8	254,100	xxx	0	254,100
Day work contract <u>4/2 days @ \$4,200/day</u>	9	16,800	88	8,200	25,000
Turnkey Agreement	10	0	90	0	0
Rig for Completion <u>\$1400/day x 10 days</u>	xxx	0	101	14,000	14,000
Drill Bits	12	0	102	500	500
Rental Equipment	13	6,000	103	3,500	9,500
Fishing Tools & Service	14	0	104	0	0
Company Labor	15	0	107	1,400	1,400
Auto & Travel	16	0	108	400	400
Contract Labor	17	10,400	113	12,000	22,400
Trucking, Hauling, Service Equipment	18	3,800	114	4,500	8,300
Power & Fuel	19	0	115	0	0
Water	20	12,500	116	1,500	14,000
Mud & Chemicals	21	20,000	117	2,000	22,000
Drill Pipe, Casing, Rod Inspection	22	3,500	125	4,800	8,300
Formation Testing (incl 2 DST)	23	12,000	xxx	0	12,000
Coring _____ ft of core @ \$_____/ft	24	0	xxx	0	0
Mud Logging	25	12,300	xxx	0	12,300
Logs	26	24,000	126	4,000	28,000
Temperature Survey	27	0	148	0	0
Bottom Hole Pressure Test	28	0	149	3,500	3,500
Directional Services	29	0	152	0	0
Engineering, Geological, Geophysical	30	0	153	0	0
Cmtg, Conductor or Surf Csg (incl Float equip)	31	6,500	xxx	0	6,500
Cmtg, Interm or Prod Csg (incl Float equip)	32	14,000	154	14,000	28,000
Squeeze Jobs	33	0	155	0	0
Perf or Shooting	34	0	156	4,500	4,500
Frac	xxx	0	157	5,000	5,000
Swabbing	36	0	158	0	0
Plugging, if dry	37	10,000	159	0	10,000
Damage Claims	38	2,000	165	0	2,000
Cleaning Location	39	3,500	166	0	3,500
District Expense	40	11,500	172	2,000	13,500
Communications	41	200	177	200	400
Environmental & Safety Equipment	42	0	178	0	0
Misc Material & Service (Contingency)	43	21,100	179	6,000	27,100
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TOTAL INTANGIBLES		474,000		94,000	568,000

1/February/1990

PACIFIC ENTERPRISES OIL CO. (USA)
DRILLING & COMPLETION DETAILED COST ESTIMATE

CATEGORY	NO.	DRILL & TEST	NO.	COMPLETION	
<u>TOTAL</u>					
Surface Casing					
400' of 13-3/8" OD H-40 48#/ft., 8rd, ST&C @ 20.35/ft.	50	8,200	xxx	0	8,200
Intermediate Casing					
4200' of 8-5/8" OD, 32#/ft., 8rd ST&C @ \$11.83/ft.	51	49,700	xxx	0	49,700
Production Casing					
12,100' 5-1/2" OD, 17#/ft, N-80 @ \$8.25/ft.	xxx	0	52	99,900	99,900
Liner					
___ft of ___" OD, ___#/ft @ \$___/ft	xxx	0	53	0	0
Tubing					
11,800' of 2-3/8" OD, N-80, 4.7#/ft, 8rd, EUE @ \$3.08/ft	xxx	0	54	36,400	36,400
Xmas Tree & Tubing Head Components	55	5,000	182	15,000	20,000
Pumping Unit or Prime Mover	xxx	0	56	0	0
Production Platform - Mat. & Labor	xxx	0	58	0	0
Rods	xxx	0	59	0	0
Subsurface Pump	xxx	0	60	0	0
Tanks	xxx	0	61	6,000	6,000
Circulating Pump	xxx	0	63	0	0
Dehydrator	xxx	0	64	0	0
Heater Treater or Gunbarrel (Stakpac)	xxx	0	65	12,000	12,000
Separator/FMKO	xxx	0	66	0	0
Flowline & Connection 500' ft of 2" OD FG Linepipe @ \$2/ft	xxx	0	68	1,000	1,000
Meter, Meter Run & Connections	xxx	0	70	5,000	5,000
Buildings	xxx	0	71	0	0
Packer	xxx	0	72	8,000	8,000
Miscellaneous Equipment (fittings, etc.)	73	1,100	185	2,700	3,800
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<u>TOTAL TANGIBLES</u>		64,000		186,000	250,000
Installation of Tubing	xxx	0	54	0	0
Installation of Pumping Unit & Prime Mover	xxx	0	56	0	0
Installation of Tanks	xxx	0	61	1,000	1,000
Installation of Dehydrator	xxx	0	64	0	0
Installation of Heater Treater or Gun Barrel	xxx	0	65	2,000	2,000
Installation of Separator/FMKO	xxx	0	66	0	0
Installation of Flowline	xxx	0	68	2,000	2,000
Installation of Miscellaneous Equipment	73	0	185	5,000	5,000
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<u>TOTAL INTANGIBLE INSTALLATION COSTS</u>		0		10,000	10,000
Est. 5280' gas sales line \$48,000+		474,000		94,000	568,000
		64,000		186,000	250,000
		0		10,000	10,000
 TOTAL WELL COST COMPLETED		538,000		290,000	828,000

Prepared by:

C. Robert Winkler

Date

2-1-90

Approved by:

G B D. J.

Date

2/2/90