Union Oil and Gas [sion: Central Region

Union Oil Company of California 500 North Marienfeld, Midland, Texas 79701 P.O. Box 671, Midland, Texas 79702 Telephone (915) 682-9731



Robert V. Lockhart
District Land Manager
Midland District

March 16, 1984

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Working Interest Owners Addressee List Attached

Re: Proposed State Unit
All Sec. 28-15S-32E
Lea County, New Mexico
Union's N/Anderson Ranch Prospect (7366)

You are in receipt of two letters dated November 11 and December 20, 1983 from H.L. Brown proposing the formation of a State Unit to drill a Morrow test. Union's management has approved participation in this project. However, since Union has the majority interest (31.25%), we propose to operate the Unit.

We have discussed this with H.L. Brown and they have no objection to Union's proceeding as Operator since our AFE costs are right in line with theirs. A copy of Union's AFE is enclosed for your review.

Jim Shaw informs me that all parties have elected to participate in the drilling of this well. Would each party sign and return Union's AFE or confirm their election to participate in writing as soon as possible so that we can proceed with preparing the necessary documents to establish this Unit. We will be preparing an AAPL 1977 form Operating Agreement with a 300% non-consent penalty.

Your continued cooperation in this matter is greatly appreciated.

Sincerely yours,

UNION OIL COMPANY OF CALIFORNIA

I min H. Hech

Linda H. Hicks

Landman

LHH/s

ADDRESSEE LIST

Proposed State Unit covering all Sec. 28-15S-32E

Union Oil Company of California Attention: Ms. Linda Hicks P.O. Box 3100 Midland, Texas 79702

Harper Oil Company Attention: Mr. Joe A. Boyd 310 Briarcroft Building Midland, Texas 79701

Yates Petroleum Company Attention: Mr. Ken Beardemphl 207 South 4th Street Artesia, New Mexico 88210

Mrs. Kathleen Cone P.O. Drawer 1509 Lovington, New Mexico 88260

Mr. Douglas L. Cone P.O. Box 13612 Albuquerque, New Mexico 87192

Mr. Clifford Cone P.O. Box 6010 Lubbock, Texas 79413

Mr. Tom R. Cone P.O. Box 778 Jay, Oklahoma 74346

Mrs. Cathie Cone Auvenshine 9210 Honeycomb Drive Austin, Texas 78737

Mr. Kenneth G. Cone P.O. Box 11310 Midland, Texas 79702

H. L. Brown, Jr. Attention: Mr. Jim Shaw P.O. Box 2237 Midland, Texas 79702 1.5 1.7 O.L & GAS 1.

	Union Oil Compa. / California	344071
REGION/DEPARTMENT	LOCATION	DATE
Central Region/Operations	Midland, Texas	2-3-84
URPOSE	HECESSARY REPLACEMENTS, AND "OTHE	BUDGETED
ON INVESTMENT.	ON INVESTMENT.	HOUNT REQUESTED
NVESTMENT %	s	309,375
To commit 200 acres to a 640 acre uni WELL NO. 1, Feather (Morrow) Field, L. OPERATOR:		
TYPE WELL: OBJECTIVE ZONE: PROPOSED TOTAL DEPTH:	Development - 011 Morrow 12,500'	LIUINIA (31.23%)
DETAIL OF EXPENDITURE:		•
Location Costs Drilling Costs Casing Costs Outside Services Production Equipment Sub-Facilities Supervision	-	15,000 320,000 188,000 223,000 51,000 43,000 60,000
Tangible Intangible	•	900,000 282,000 618,000
LOCATION: 660' FNL & 1980' FEL, Section 28, T-1	5-S, R-32-E, Lea County, New 1	iexico.
O COST CENTER ACCOUNT CODE	D. CAP. ADDITIO	CHARGE
F. GRP. NUMBER GEN. DETAIL SUB-DET	C BUDG! AUTHORITY	
242320100: 321 x 001 1	XX3:4401:1	K CAPIT
	Material Transferred \$	- - -
	Cash Outlay	s900.000
APPROVE	Contingencies 10 %	90,00
COMPANY	TOTAL COST	990,000
BY	Salvage (Pres Value) ()
DATE	Chargeable to Others % (68.75%) (680,62
,	NET COST	s 309,37.

UNIGN

344071

Department No.	Department	Location	Dare
	Operations	Midland, Texas	2-3-84

REASON FOR EXPENDITURE:

To develop Morrow oil reserves.

PROPOSED CASING & FACILITIES:

13-3/8"	С	400
8-5/8"	С	35001
5½"	C	12,500'
2-3/8"	T	12,000

RECOMMENDED PROCEDURE:

Drill $17\frac{1}{2}$ " hole to 400'. Cement 13-3/8" casing. Drill $12\frac{1}{2}$ " hole to 3500° . Cement 8-5/8" casing. Drill 7-7/8" hole to TD. Log & test. If productive cement $5\frac{1}{2}$ " casing. Complete using 2-3/8" tubing.

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REGION/DEPARTMENT	LOCATION	DATE
Central Region/Operations	Midland, Texas	2-3-84
PURPOSE PROGRAMMED EXPANSION, COST REDUCTION, AND OPTIONAL REPLACEMENTS AND ADDITIONS SUBJECT TO MINIMUM RETURN ON INVESTMENT.	NECESSARY REPLACEMENTS, AND "OTHER" EXPENDITURES NOT SUBJECT TO RETURN ON INVESTMENT.	BUDGETED YES NO
	CULATED BY AMO	UNT REQUESTED 309,375
To commit 200 acres to a 640 acre uni WELL NO. 1, Feather (Morrow) Field, L	t & to drill & complete the BRO	WN STATE "28"
OPERATOR: TYPE WELL: OBJECTIVE ZONE: PROPOSED TOTAL DEPTH:	Union Oil Company of Calif : Development - Oil . Morrow 12,500'	ornia (31.25%) RECEIVED MAR 2 2 1984
DETAIL OF EXPENDITURE:	÷	MIDLAND DISTRICT LARG
Location Costs Drilling Costs Casing Costs Outside Services Production Equipment Sub-Facilities Supervision	\$	15,000 320,000 188,000 223,000 51,000 43,000 60,000
	TOTAL AFE \$	900,000
Tangible Intangible	\$ \$	282,000 618,000
LOCATION:		
660' FNL & 1980' FEL, Section 28, T-1	5-S, R-32-E, Lea County, New Me	xico.
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APPROVE <u>485</u>	Contingencies 10 %	90,000
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REGION/DEPARTE	IENT		• .	LOCATION .			DATE
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PURPOSE		····					BUDGETED
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EXPENDITURE DI						!	
To commit	200 acres	to a	640 acre un	it & to drill &	complete th	e BROW	N STATE "28"
WELL NO.	$\frac{1}{2}$, Feather	(Morr	ow) Field,	Lea County, New	Mexico.		
OPERATOR:				Union Oil	Company of	Califo	rnia (31.25%
TYPE WELI				Developmen		CGITIO	IIIIa (JI.ZJA
OBJECTIVE				Morrow	ic OII		
	TOTAL DEPT	TH •	•	12,500'			•
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DETAIL OF	F EXPENDITU	TRE:		•			
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	on Equipmen	.+					223,000
Sub-Facil							51,000
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				TOTAL AFE		\$	900,000
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				Chargeable to Other	s% (<u>68.</u>	75%	_) (680.6
				NET COST	·		\$ 309,3
1				EXECUTIVE COMMITTEE	SECRETARY OR ASS'	T SECRETA	RY) DATE APPROV
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REGION/DEPARTMENT	•	LOCATION	N	_	DAT		
Central Region/Operations		MIGI	and, Texa	as	840	2-3-8	54
PROGRAMMED EXPANSION, COST REDUCTION, A REPLACEMENTS AND ADDITIONS SUBJECT TO MIN			ESSARY REPLACEMENT.	CEMENTS, AND "OT T SUBJECT TO RE	ETURN		□ NO
RETURN ON REQUIRED THIS PROPO	% CALCULATI	ED BY		·	S AMOUNT R	309,3	1
To commit 200 acres to a 640 WELL NO. 1, Feather (Morrow)	acre unit & Field, Lea (to dr: County	ill & cor , New Mer	mplete the xico.	BROWN	STATE	"28"
OPERATOR: TYPE WELL: OBJECTIVE ZONE: PROPOSED TOTAL DEPTH:	· .		lopment .	mpany of Ca - 011	aliforn	ia (3)	1.25%)
DETAIL OF EXPENDITURE:			•				
Location Costs Drilling Costs Casing Costs Outside Services	•		•		3	15,000 20,000 88,000 23,000	0
Production Equipment Sub-Facilities Supervision	·					51,000 43,000 60,000	<u>0</u>
	•	TOTA	L AFE		\$ 9	00,000	D ,
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LOCATION: 660' FNL & 1980' FEL, Section	28, T-15-S	, R-32	-E, Lea (County, New	w Mexic	0.	
o COST CENTER ACCOU	INT CODE	O. CAP.	·	APP	TIONAL	CI	HARGE
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BY Cathe auer hin	eSalv	vage (Pre	s Value)	. ()		
DATE	Cha	argeable '	to Others	_%(<u>68.7</u> ;	5%)	(6	80,625
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	ixe	UTIVE CO	MMITTEE - (SEC	ETARY OR ASS'T S	ECRETARY)	DATE	APPROVED



HARPER OIL COMPANY

Gibraltar Building • Suite 310 • Midland, Texas 79701 • Telephone (915) 684-4298

RECEIVED

MAR 2 0 1984

MIDLAND DISTRICT LAND

March 19, 1984

Union Oil Company of California P. O. Box 671 Midland, TX 79702

ATTN: Linda Hicks

RE: Proposed State Unit
North Anderson Ranch Prospect
All of Section 28-15S-32E,
LEA COUNTY, New Mexico

Gentlemen:

Reference is made herein to your letter dated March 16, 1984, wherein Union has not only agreed to join the above captioned unit, but has also requested operations of said unit.

Please be advised of Harper's election to join in the formation of said proposed unit for the purpose of drilling an approximate 12,400' Morrow test well subject to the following conditions and recommendations:

- 1. Harper's review and approval of a Joint Operating Agreement.
- 2. Harper's review and approval of an AFE.
- 3. Harper shall have the option to participate in any farm-in acreage on a pro rata basis.
- 4. Due to the depth and cost of drilling the test well and subsequent wells, Harper would propose for Union's consideration a 100% 400% penalty provision in lieu of the 200% 300% penalty provision.

Please keep us advised of the progress on this proposed unit, and we look forward to receiving the Joint Operating Agreement for our review.

Yours very truly,

HARPER OIL COMPANY

Joe A. Boyd

Landman

H. L. Brown, Jr.
Paragon Tower, Suite 412
600 N. Marienfeld
Post Office Box 2237
Midland, Texas 79702
915 683-5216



May 3, 1984

Union Oil Company of California P. O. Box 671 Midland, Texas 79702

Attention: Ms. Linda Hicks

RE: Brown State "28" #1 Well Feather (Morrow) Field Lea County, New Mexico HLBJR LS 142-1485

Gentlemen:

The captioned well and unit were originally proposed by this office and we agree with its being formed and will join as working interest owner. Our joinder is, of course, subject to receipt from you of an acceptable Operating Agreement. We have your AFE and will return it along with a finalized copy of the Operating Agreement.

Thank you.

Very truly yours,

H. L. BROWN, JR.

James H. Shaw

JHS:tj

RECEIVED

MAY 07 1904

MIDLAND DISTRICT LAND

MAY 7, 1984

Union Oil Company of California 500 North Marienfeld Midland, Texas 79702

Attention: Ms. Linda H. Hicks

Re: Proposed Brown State Unit

Sec. 28-15S-32E

LEA COUNTY, NEW MEXICO

Union's N/Anderson Ranch Prospect (7366)

KGC's #02-60-74-06-ASWI

.025 WI ·

Kennth G. Cone

Dear Ms. Hicks:

In response to your letter of April 12, 1984, it is my election to participate in the proposed unit described above as to my working interest, subject to approval of your operating agreement.

Sincerely,

Kenneth G. Cone

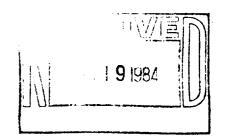
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CHOIL OH BUILD HATE Union Oil Company of California 500 North Marienfeld, Midland, Texas 79701 P.O. Box 671, Midland, Texas 79702 Telephone (915) 682-9731

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March 16, 1984



Working Interest Owners Addressee List Attached

ren V. Lockhart H. J.

Re: Proposed State Unit All Sec. 28-15S-32E Lea County, New Mexico Union's N/Anderson Ranch Prospect (7366)

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Your continued cooperation in this matter is greatly appreciated.

Sincerely yours,

UNION OIL COMPANY OF CALIFORNIA

Linda H. Hicks Landman

LHH/s

E 0-60-74-06-ASWI

March 31, 1984

Dear Ms. Hicks:

In response to your telephone call to me this past week and at your request, I am writing to confirm the interest of Kathleen Cone and Clifford Cone in participating in the drilling of the subject well.

Sincerely,

Clifford Cone

Kathleen Cone Copies:

Douglas L. Cone Kenneth G. Cone

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