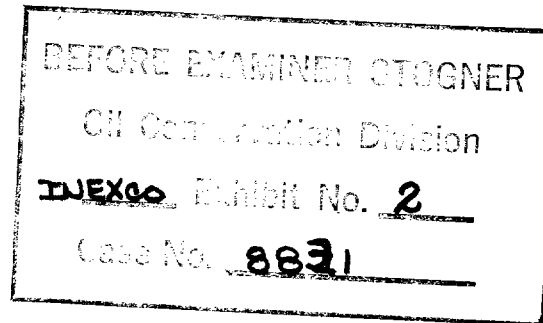


INEXCO
OIL COMPANY

January 21, 1986

Kastman Oil Company
2420 Quaker
Lubbock, Texas 79410

Attn: Land Dept., Urgent



RE: Inexco Lea Farms #2
NE/4 Section 14, T17S, R37E
Lea County, New Mexico
Our File NM-181

Gentlemen:

This is to advise that Inexco plans to drill an 11,800' Strawn test 1800' FNL and 500' FEL of the captioned section. We invite your participation in the well with your working interest of 6.25%. Gross DHC is \$686,700 and total completed well cost is \$1,115,100. Please advise if you wish to participate and we will forward an AFE and Operating Agreement. In the alternative, Inexco et al would accept a lease (subject to approval of form and content) with a 1/4 royalty and a 1 year term or a farmout of your interest on agreeable terms. In either case, this location is unorthodox and at this time we would very much appreciate your execution and return of this letter evidencing your waiver of objection to the location regardless of your decision on joining the well.

As we would like to spud the well as soon as possible, your earliest response will be most appreciated.

Very truly yours,

A handwritten signature in cursive script that reads "Mack R. Ames".

Mack R. Ames
Area Landman

MRA:bj

We hereby waive any objection to the herein described unorthodox location.

KASTMAN OIL COMPANY

BY: Margaret Kastman
Title:

1-22-85

INEXCO
OIL COMPANY

January 21, 1986

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

Attn: Mr. John A. Vance

*rec'd 1/22/86
per 3.1.1.
future contract
with Mr. Harnsey
Hearley
915-683-0209*

RE: Inexco Lea Farms #2
NE/4 Section 14, T17S, R37E
Lea County, New Mexico
Our File NM-181

Gentlemen:

This is to advise that Inexco plans to drill an 11,800' Strawn test 1800' FNL and 500' FEL of the captioned section. We invite your participation in the well with your working interest of 2.0833%. Gross DHC is \$686,700 and total completed well cost is \$1,115,100. Please advise if you wish to participate and we will forward an AFE and Operating Agreement. In the alternative, Inexco et al would accept a lease (subject to approval of form and content) with a 1/4 royalty and a 1 year term or a farmout of your interest on agreeable terms. In either case, this location is unorthodox and at this time we would very much appreciate your execution and return of this letter evidencing your waiver of objection to the location regardless of your decision on joining the well.

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Very truly yours,



Mack R. Ames
Area Landman

MRA:bj

We hereby waive any objection to the herein described unorthodox location.

EXXON COMPANY, U.S.A.

BY: _____

Title: _____

EXXON COMPANY, U.S.A.

POST OFFICE BOX 1600 • MIDLAND, TEXAS 79702-1600

EXPLORATION DEPARTMENT
CENTRAL DIVISION

February 10, 1986

RE: Inexco
Lea Farms #2
NE/4 Section 14-17S-37E
Lea County, NM

Inexco Oil Company
Suite 201
211 Highland Cross
Houston, TX 77073-1791

Attn: Mr. Mack R. Ames

Gentlemen:

Please be advised that Exxon has elected to participate in the drilling of the captioned well as to our full working interest. The AFE for the well will be held in suspense file and payment held on any invoices pending the completion of satisfactory Joint Operating Agreement. Attached for your use is a copy of our Well Information Requirements which we would ask that you set up on your production schedule in order that we may receive the appropriate information.

We will await the proposed form of Joint Operating Agreement. You should also be notified that Exxon hereby approves of your proposed unorthodox location as set forth in your letter dated January 21, 1986.

Please advise if any further action is needed on our part at this time.

Sincerely,



Douglass C. Robison
Land-Unitization
(915) 683-0467

DCR:cs

attachment

INEXCO
OIL COMPANY

January 23, 1986

BEFORE EXAMINER STOGNER
Oil Conservation Division
INEXCO Exhibit No. <u>3</u>
Case No. <u>883</u>

Rio Pecos Corporation
110 W. Louisiana, Suite 460
Midland, Texas 79701

Attn: Mr. Roger T. Elliot

RE: Waiver of Objection to Unorthodox
Location; S. Humble City Strawn Pool
Lea County, New Mexico
(Our file NM-181)

Gentlemen:

Inexco and its partners intend to drill an 11,800' Strawn test 1800' FNL and 500' FEL of Section 14, T17S, R37E. This location is unorthodox to the field rules. As such, we would appreciate your execution and return of one copy of this letter to our office evidencing your waiver of objection to this location.

Please feel free to call if you should have a question about this request.

Very truly yours,



Mack R. Ames
Area Landman

MRA:bj

We hereby waive any objection to the herein
described unorthodox location.

RIO PECOS CORPORATION

BY: _____
Title: _____

INEXCO
OIL COMPANY



January 23, 1986

Ashland Exploration, Inc.
900 Threadneedle, Suite 800
Houston, Texas 77079

Attn: Mr. George Worsham

RE: Waiver of Objection to Unorthodox
Location; S. Humble City Strawn Pool
Lea County, New Mexico
(Our file NM-181)

Gentlemen:

Inexco and its partners intend to drill an 11,800' Strawn test 1800' FNL and 500' FEL of Section 14, T17S, R37E. This location is unorthodox to the field rules. As such, we would appreciate your execution and return of one copy of this letter to our office evidencing your waiver of objection to this location.

Please feel free to call if you should have a question about this request.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Mack R. Ames".

Mack R. Ames
Area Landman

MRA:bj

We hereby waive any objection to the herein
described unorthodox location.

ASHLAND EXPLORATION, INC.

BY: 

Title: _____

A handwritten signature in cursive script, appearing to read "M.L.D. GW".

INEXCO
OIL COMPANY

January 21, 1986

Kastman Oil Company
2420 Quaker
Lubbock, Texas 79410

Attn: Land Dept., Urgent

RE: Inexco Lea Farms #2
NE/4 Section 14, T17S, R37E
Lea County, New Mexico
Our File NM-181

Gentlemen:

This is to advise that Inexco plans to drill an 11,800' Strawn test 1800' FNL and 500' FEL of the captioned section. We invite your participation in the well with your working interest of 6.25%. Gross DHC is \$686,700 and total completed well cost is \$1,115,100. Please advise if you wish to participate and we will forward an AFE and Operating Agreement. In the alternative, Inexco et al would accept a lease (subject to approval of form and content) with a 1/4 royalty and a 1 year term or a farmout of your interest on agreeable terms. In either case, this location is unorthodox and at this time we would very much appreciate your execution and return of this letter evidencing your waiver of objection to the location regardless of your decision on joining the well.

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Very truly yours,



Mack R. Ames
Area Landman

MRA:bj

We hereby waive any objection to the herein described unorthodox location.

KASTMAN OIL COMPANY

BY: Margaret Kastman
Title:

1-22-85

INEXCO
OIL COMPANY

January 21, 1986

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

Attn: Mr. John A. Vance

*rec'd 1/22/86
per J.A.V.
future contract
will be handled
as-683-0209*

RE: Inexco Lea Farms #2
NE/4 Section 14, T17S, R37E
Lea County, New Mexico
Our File NM-181

Gentlemen:

This is to advise that Inexco plans to drill an 11,800' Strawn test 1800' FNL and 500' FEL of the captioned section. We invite your participation in the well with your working interest of 2.0833%. Gross DHC is \$686,700 and total completed well cost is \$1,115,100. Please advise if you wish to participate and we will forward an AFE and Operating Agreement. In the alternative, Inexco et al would accept a lease (subject to approval of form and content) with a 1/4 royalty and a 1 year term or a farmout of your interest on agreeable terms. In either case, this location is unorthodox and at this time we would very much appreciate your execution and return of this letter evidencing your waiver of objection to the location regardless of your decision on joining the well.

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Very truly yours,



Mack R. Ames
Area Landman

MRA:bj

We hereby waive any objection to the herein described unorthodox location.

EXXON COMPANY, U.S.A.

BY: _____
Title: _____

EXXON COMPANY, U.S.A.

POST OFFICE BOX 1600 • MIDLAND, TEXAS 79702-1600

EXPLORATION DEPARTMENT
CENTRAL DIVISION

February 10, 1986

RE: Inexco
Lea Farms #2
NE/4 Section 14-17S-37E
Lea County, NM

Inexco Oil Company
Suite 201
211 Highland Cross
Houston, TX 77073-1791

Attn: Mr. Mack R. Ames

Gentlemen:

Please be advised that Exxon has elected to participate in the drilling of the captioned well as to our full working interest. The AFE for the well will be held in suspense file and payment held on any invoices pending the completion of satisfactory Joint Operating Agreement. Attached for your use is a copy of our Well Information Requirements which we would ask that you set up on your production schedule in order that we may receive the appropriate information.

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Please advise if any further action is needed on our part at this time.

Sincerely,



Douglass C. Robison
Land-Unitization
(915) 683-0467

DCR:cs

attachment

INEXCO
OIL COMPANY

January 23, 1986

Rio Pecos Corporation
110 W. Louisiana, Suite 460
Midland, Texas 79701

Attn: Mr. Roger T. Elliot

RE: Waiver of Objection to Unorthodox
Location; S. Bumble City Strawn Pool
Lea County, New Mexico
(Our file NM-181)

Gentlemen:

Inexco and its partners intend to drill an 11,800' Strawn test 1800' FNL and 500' FEL of Section 14, T17S, R37E. This location is unorthodox to the field rules. As such, we would appreciate your execution and return of one copy of this letter to our office evidencing your waiver of objection to this location.

Please feel free to call if you should have a question about this request.

Very truly yours,



Mack R. Ames
Area Landman

MRA:bj

We hereby waive any objection to the herein
described unorthodox location.

RIO PECOS CORPORATION

BY: Scott E. Wilson

Title: Vice President

AUTHORIZATION FOR EXPENDITURE

AFE No. (Inexco Property No.) NM-181
 Prospect Humble City
 Well Name and Number Inexco No. 2 Lea Farms
 Estimated Days to Drill 43
 Estimated Days to Complete 5

Location: 1800' FNL & 500' FE
of Section 14, T17S, R37E,
Lea County, New Mexico

OBJECTIVES	SANDS	AND	DEPTH
	San Andres		5260
	Base L. Clearfork		8410
	Strawn		11430
	Atoka		11710

Est. T.D. 11,800'
 Est. Spud _____
 A F E Prepared 1/21/86
 By: M. Pavelka

(X) Drill () Workover Same Zone () Recomplete in New Zone

DESCRIPTION		ESTIMATED COSTS		ACTUAL COST
		DRILLING	COMPLETION	
INTANGIBLE COSTS (321)				
01	Access and Location Costs	50,000		
02	Move-in, Rig-up, Rig-down, Move-out	45,000		
	Contract Drilling			
03	Footage _____ ft. at \$ _____ ft.			
04	Daywork <u>43</u> days at \$ <u>5000</u> day.	200,000	15,000	
05	Completion Unit <u>5</u> days at \$ <u>2200</u> day		11,000	
06	Fuel, Power, Water and Water Lines.	38,000	4,000	
07	Bits, Reamers and Stabilizers	43,000	1,000	
08	Equipment Rental	18,000	3,000	
09	Cementing and Squeezing -			
	Conductor Casing	1,500		
	Surface Casing	4,700		
	Intermediate Casing.	18,000		
	Production Casing		13,500	
	Liner			
	Other			
10	Drilling Mud and Chemicals	38,000	3,000	
10	Mud Logger	10,000		
11	Logging, Coring and Testing -			
	Cores <u>2 - 30'</u>	16,000		
	DST's <u>1</u>	5,000		
	Logs <u>DTL Inter Csg to TD</u>	12,000		
	<u>BHC Density-CNL Inter Csg to TD</u>	14,000		
	.....		7,500	
	.....		12,000	
12	Perforating.		12,000	
12	Acidizing and Fracturing		12,000	
13	Labor and Supervision	18,500	3,800	
13	Contract Labor.	5,000	18,500	
14	Drilling Overhead	10,000		
15	Transportation	4,500	5,000	
16	Sales Tax	10,000	1,500	
17	Other Miscellaneous Intangible Costs	5,000	13,000	
18	Losses, Damages and Abandonment	6,000		
19	Fishing Tool Expense and/or Directional Drilling			
20	Dry Hole Contributions			
22	Well Control Insurance			
TOTAL INTANGIBLE		\$ 696,000	\$ 572,200	\$ 123,800

DESCRIPTION		ESTIMATED COSTS		ACTUAL COST
		DRILLING	COMPLETION	
TANGIBLE COSTS (313/314):				
01	Conductor Csg. 60 ft. of 20" at _____/ft	3,100		
01	Surface Csg. 480 ft. of 13 3/8" at 48# H-40 ST&O	9,800		
02	Intermediate Csg. 2700 ft. of 9 5/8" at 36# K-55 ST&O	43,000		
02	XXXX Inter. Csg. 500 ft. of 9 5/8" at 40# K-55 ST&O	8,900		
02	XXXX Inter. Csg. 1500 ft. of 9 5/8" at 40# N-80 LT&O	32,200		
02	XXXXXX Prod. Csg. 1700 ft. of 5 1/2" at 20# N-80 LT&O		80,100	
03	Production Csg. 4600 ft. of 5 1/2" at 17# K-55 LT&O		36,900	
04	Tubing 11800 ft. of 2 7/8" at 6.5# N-80 EUE 8RD		51,600	
12	Installation Costs and Non-Controllable Well Equipment		2,000	
01	Casing Head Assembly & B. Section	17,500		
01	Tubing Head Assembly & Tree		26,000	
02	Pumping Unit .Rods, Pump, Tubing Anchor, etc.		69,000	
03	Prime Mover		8,000	
04	Storage Tanks		9,000	
05	Separator		3,500	
06	Dehydrator			
07	Heater - Treater		8,500	
08	LACT Unit			
09	LTX or Production Unit			
11	Line Pipe		2,000	
14	Gas Recorders			
12	Installation Costs and Non-Controllable Lease Equipment		8,000	
TOTAL TANGIBLE		\$ 419,100	\$ 114,500	\$ 304,600
TOTAL WELL		\$ 1,115,100	\$ 686,700	\$ 428,400

It is recognized that the amounts herein are estimates only and approval of this authorization shall extend to the actual costs incurred in conducting the operation specified, whether more or less than that herein set out.

OWNERSHIP APPROVALS:

	Interest:	\$	Authorized Signature	Date:
INEXCO OIL COMPANY	44.4010	495,115.55		
AH 1980 Program	24.3490	271,515.69		
Exxon	2.0833	23,230.88		
Kastman Oil	6.2500	69,693.76		
Nadine Loveless	2.6641	29,707.38		
David Petroleum	8.5938	95,829.46	<i>Edward H. David</i>	1-23-86
Colin McMillan	7.1615	79,857.89		
Fred Schlicher	1.8333	20,443.13		
Carolyn Schlicher	1.3320	14,853.13		
Lucinda Hershenhorn	1.3320	14,853.13		

BEFORE EXAMINER STCGNER
Oil Division
INEXCO EXHIBIT No. 4
Case No. 8831

AUTHORIZATION FOR EXPENDITURE

AFE No. (Inexco Property No.) NM-181
 Prospect Humble City
 Well Name and Number Inexco No. 2 Lea Farms
 Estimated Days to Drill 43
 Estimated Days to Complete 5

Location: 1800' FNL & 500' FE
of Section 14, T17S, R37E,
Lea County, New Mexico

OBJECTIVES	SANDS	AND	DEPTH
	San Andres		5260
	Base L. Clearfork		8410
	Strawn		11430
	Atoka		11710

Est. T.D. 11,800'

Est. Spud

A F E Prepared 1/21/86

By: M. Pavelka

(X) Drill

() Workover Same Zone

() Recomplete in New Zone

DESCRIPTION	ESTIMATED COSTS		ACTUAL COST
	DRILLING	COMPLETION	
INTANGIBLE COSTS (321)			
01 Access and Location Costs	50,000		
02 Move-in, Rig-up, Rig-down, Move-out	45,000		
Contract Drilling			
03 Footage <u>43</u> ft. at \$ <u>5000</u> ft.	200,000	15,000	
04 Daywork <u>43</u> days at \$ <u>5000</u> day		11,000	
05 Completion Unit <u>5</u> days at \$ <u>2200</u> day		4,000	
06 Fuel, Power, Water and Water Lines	38,000	1,000	
07 Bits, Reamers and Stabilizers	43,000	3,000	
08 Equipment Rental	18,000		
09 Cementing and Squeezing -			
Conductor Casing	1,500		
Surface Casing	4,700		
Intermediate Casing	18,000		
Production Casing		13,500	
Liner			
Other			
10 Drilling Mud and Chemicals	38,000	3,000	
10 Mud Logger	10,000		
11 Logging, Coring and Testing -			
Cores <u>2 - 30'</u>	16,000		
DST's <u>1</u>	5,000		
Logs <u>DTL Inter Csg. to TD</u>	12,000		
<u>BHC Density-CNL Inter Csg. to TD</u>	14,000		
		7,500	
		12,000	
		12,000	
12 Perforating			
12 Acidizing and Fracturing			
13 Labor and Supervision	18,500	3,800	
13 Contract Labor	5,000	18,500	
14 Drilling Overhead	10,000		
15 Transportation	4,500	5,000	
16 Sales Tax	10,000	1,500	
17 Other Miscellaneous Intangible Costs	5,000	13,000	
18 Losses, Damages and Abandonment	6,000		
19 Fishing Tool Expense and/or Directional Drilling			
20 Dry Hole Contributions			
22 Well Control Insurance			
TOTAL INTANGIBLE	\$ 696,000	\$ 572,200	\$ 123,800

DESCRIPTION				ESTIMATED COSTS		ACTUAL COST
				DRILLING	COMPLETION	
TANGIBLE COSTS (313/314):						
01	Conductor Csg.	60	ft. of 20" at	3,100		
01	Surface Csg.	480	ft. of 13 3/8" at 48# H-40 ST&O	9,800		
02	Intermediate Csg.	2700	ft. of 9 5/8" at 36# K-55 ST&O	43,000		
02	XXXX Inter. Csg.	500	ft. of 9 5/8" at 40# K-55 ST&O	8,900		
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02	XXXX Prod. Csg.	1700	ft. of 5 1/2" at 20# N-80 LT&O		80,100	
03	Production Csg.	4600	ft. of 5 1/2" at 17# K-55 LT&O		36,900	
04	Tubing	11800	ft. of 2 7/8" at 6.5# N-80 EUN 8RD		51,600	
12	Installation Costs and Non-Controllable Well Equipment				2,000	
01	Casing Head Assembly & B. Section			17,500		
01	Tubing Head Assembly & Tree				26,000	
02	Pumping Unit . Rods, Pump, Tubing Anchor, etc.				69,000	
03	Prime Mover				8,000	
04	Storage Tanks				9,000	
05	Separator				3,500	
06	Dehydrator					
07	Heater - Treater				8,500	
08	LACT Unit					
09	LTX or Production Unit					
11	Line Pipe				2,000	
14	Gas Recorders					
12	Installation Costs and Non-Controllable Lease Equipment				8,000	
TOTAL TANGIBLE				\$ 419,100	\$ 114,500	\$ 304,600
TOTAL WELL				\$ 1,115,100	\$ 686,700	\$ 428,400

It is recognized that the amounts herein are estimates only and approval of this authorization shall extend to the actual costs incurred in conducting the operation specified, whether more or less than that herein set out.

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INEXCO OIL COMPANY	Interest:	\$	Authorized Signature	Date:
AH 1980 Program	44.4010	495,115.55		
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Fred Schlicher	7.1615	79,857.89	Colin McMillan	1/26/86
Carolyn Schlicher	1.8333	20,443.13		
Lucinda Hershenhorn	1.3320	14,853.13		

AUTHORIZATION FOR EXPENDITURE

AFE No. (Inexco Property No.) NM-181
 Prospect Humble City
 Well Name and Number Inexco No. 2 Lea Farms
 Estimated Days to Drill 43
 Estimated Days to Complete 5

Location: 1800' FNL & 500' FI
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OBJECTIVES SANDS AND DEPTH
San Andres 5260
Base L. Clearfork 8410
Strawn 11430
Atoka 11710

Est. T.D. 11,800'
 Est. Spud _____
 AFE Prepared 1/21/86
 By: M. Pavelka

(X) Drill () Workover Same Zone

() Recomplete in New Zone

DESCRIPTION	ESTIMATED COSTS		ACTUAL COST
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04	Storage Tanks					9,000
05	Separator					3,500
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07	Heater - Treater					8,500
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INEXCO OIL COMPANY	Interest:	\$	Authorized Signature	Date:
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Colin McMillan	8.5938	95,829.46		
Fred Schlicher	7.1615	79,857.89		
Carolyn Schlicher	1.8333	20,443.13		
Lucinda Hershenhorn	1.3320	14,853.13	<i>Lucinda Hershenhorn</i>	1-23-86

AUTHORIZATION FOR EXPENDITURE

AFE No. (Inexco Property No.) NM-181
 Prospect Humble City
 Well Name and Number Inexco No. 2 Lea Farms
 Estimated Days to Drill 43
 Estimated Days to Complete 5

Location: 1800' FNL & 500' FE
of Section 14, T17S, R37E,
Lea County, New Mexico

OBJECTIVES	SANDS	AND	DEPTH
	San Andres		5260
	Base L. Clearfork		8410
	Strawn		11430
	Atoka		11710

Est. T.D. 11,800'
 Est. Spud
 A F E Prepared 1/21/86
 By: M. Pavelka

(X) Drill

() Workover Same Zone

() Recomplete in New Zone

DESCRIPTION	ESTIMATED COSTS		ACTUAL COST
	DRILLING	COMPLETION	
INTANGIBLE COSTS (321)			
01 Access and Location Costs	50,000		
02 Move-in, Rig-up, Rig-down, Move-out	45,000		
Contract Drilling			
03 Footage <u> </u> ft. at \$ <u> </u> ft.			
04 Daywork <u>43</u> days at \$ <u>5000</u> day	200,000	15,000	
05 Completion Unit <u>5</u> days at \$ <u>2200</u> day		11,000	
06 Fuel, Power, Water and Water Lines	38,000	4,000	
07 Bits, Reamers and Stabilizers	43,000	1,000	
08 Equipment Rental	18,000	3,000	
09 Cementing and Squeezing -			
Conductor Casing	1,500		
Surface Casing	4,700		
Intermediate Casing	18,000		
Production Casing		13,500	
Liner			
Other			
10 Drilling Mud and Chemicals	38,000	3,000	
10 Mud Logger	10,000		
11 Logging, Coring and Testing -			
Cores <u>2 - 30'</u>	16,000		
DST's <u>1</u>	5,000		
Logs <u>DTL Inter Csg to TD</u>	12,000		
<u>BHC Density-CNL Inter Csg to TD</u>	14,000		
		7,500	
		12,000	
		12,000	
12 Perforating			
12 Acidizing and Fracturing			
13 Labor and Supervision	18,500	3,800	
13 Contract Labor	5,000	18,500	
14 Drilling Overhead	10,000		
15 Transportation	4,500	5,000	
16 Sales Tax	10,000	1,500	
17 Other Miscellaneous Intangible Costs	5,000	13,000	
18 Losses, Damages and Abandonment	6,000		
19 Fishing Tool Expense and/or Directional Drilling			
20 Dry Hole Contributions			
22 Well Control Insurance			
TOTAL INTANGIBLE	\$ 696,000	\$ 572,200	\$ 123,800

AUTHORIZATION FOR EXPENDITURE

AFE No. (Inexco Property No.) NM-181
 Prospect Humble City
 Well Name and Number Inexco No. 2 Lea Farms
 Estimated Days to Drill 43
 Estimated Days to Complete 5

Location: 1800' FNL & 500' FEI
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	SANDS	AND	DEPTH
OBJECTIVES	San Andres		5260
	Base L. Clearfork		8410
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Est. T.D. 11,800'
 Est. Spud _____
 A F E Prepared 1/21/86
 By: M. Pavelka

(X) Drill () Workover Same Zone () Recomplete in New Zone

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		DRILLING	COMPLETION	
INTANGIBLE COSTS (321)				
01	Access and Location Costs	50,000		
02	Move-in, Rig-up, Rig-down, Move-out	45,000		
Contract Drilling				
03	Footage _____ ft. at \$ _____ ft.			
04	Daywork <u>43</u> days at \$ <u>5000</u> day	200,000	15,000	
05	Completion Unit <u>5</u> days at \$ <u>2200</u> day		11,000	
06	Fuel, Power, Water and Water Lines	38,000	4,000	
07	Bits, Reamers and Stabilizers	43,000	1,000	
08	Equipment Rental	18,000	3,000	
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	Conductor Casing	1,500		
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	Liner			
	Other			
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10	Mud Logger	10,000		
11	Logging, Coring and Testing -			
	Cores..... <u>2 - 30'</u>	16,000		
	DST's..... <u>1</u>	5,000		
	Logs..... <u>DTL Inter Csg to TD</u>	12,000		
	..... <u>BHC Density-CNL Inter Csg to TD</u>	14,000		
	.....		7,500	
	.....		12,000	
12	Perforating		12,000	
12	Acidizing and Fracturing		12,000	
13	Labor and Supervision	18,500	3,800	
13	Contract Labor	5,000	18,500	
14	Drilling Overhead	10,000		
15	Transportation	4,500	5,000	
16	Sales Tax	10,000	1,500	
17	Other Miscellaneous Intangible Costs	5,000	13,000	
18	Losses, Damages and Abandonment	6,000		
19	Fishing Tool Expense and/or Directional Drilling			
20	Dry Hole Contributions			
22	Well Control Insurance			
TOTAL INTANGIBLE		\$ 696,000	\$ 572,200	\$ 123,800

DESCRIPTION		ESTIMATED COSTS		ACTUAL COST
		DRILLING	COMPLETION	
TANGIBLE COSTS (313/314):				
01	Conductor Csg. _____ 60 ft. of 20" at _____/ft	3,100		
01	Surface Csg. _____ 480 ft. of 13 3/8" at 48# H-40 ST&A	9,800		
02	Intermediate Csg. _____ 2700 ft. of 9 5/8" at 36# K-55 ST&A	43,000		
02	XXXX Inter. Csg. _____ 500 ft. of 9 5/8" at 40# K-55 ST&A	8,900		
02	XXXX Inter. Csg. _____ 1500 ft. of 9 5/8" at 40# N-80 LT&A	32,200		
02	XXXXXX Prod. Csg. _____ 1700 ft. of 5 1/2" at 20# N-80 LT&A		80,100	
03	Production Csg. _____ 4600 ft. of 5 1/2" at 17# K-55 LT&A		36,900	
04	Tubing _____ 11800 ft. of 2 7/8" at 6.5# N-80 EUE 8RD		51,600	
12	Installation Costs and Non-Controllable Well Equipment		2,000	
01	Casing Head Assembly & B. Section	17,500		
01	Tubing Head Assembly & Tree		26,000	
02	Pumping Unit, Rods, Pump, Tubing Anchor, etc.		69,000	
03	Prime Mover		8,000	
04	Storage Tanks		9,000	
05	Separator		3,500	
06	Dehydrator			
07	Heater - Treater		8,500	
08	LACT Unit			
09	LTX or Production Unit			
11	Line Pipe		2,000	
14	Gas Recorders			
12	Installation Costs and Non-Controllable Lease Equipment		8,000	
TOTAL TANGIBLE		\$ 419,100	\$ 114,500	\$ 304,600
TOTAL WELL		\$ 1,115,100	\$ 686,700	\$ 428,400

It is recognized that the amounts herein are estimates only and approval of this authorization shall extend to the actual costs incurred in conducting the operation specified, whether more or less than that herein set out.

OWNERSHIP APPROVALS:

	Interest:	\$	Authorized Signature	Date:
INEXCO OIL COMPANY	44.4010	495,115.55		
AH 1980 Program	24.3490	271,515.69		
Exxon	2.0833	23,230.88		
Kastman Oil	6.2500	69,693.76		
Nadine Loveless	2.6641	29,707.38	<i>Nadine Loveless</i>	1-28-80
David Petroleum	8.5938	95,829.46		
Colin McMillan	7.1615	79,857.89		
Fred Schlicher	1.8333	20,443.13		
Carolyn Schlicher	1.3320	14,853.13		
Lucinda Hershenhorn	1.3320	14,853.13		

CAMPBELL & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
J. SCOTT HALL
PETER N. IVES
JOHN H. BEMIS

GUADALUPE PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

January 24, 1986

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Exxon Company, U.S.A.
P. O. Box 1600
Midland, Texas 79702
ATTN: John A. Vance, Jr.

BEFORE EXAMINER STOGNER
Oil Conservation Division
<u>INEXCO</u> Exhibit No. <u>5</u>
Case No. <u>8831</u>

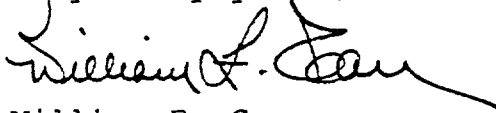
Re: Application of Inexco Oil Company for Compulsory Pooling
and an Unorthodox Well Location, Lea County, New Mexico.

Dear Sirs:

This letter is to advise you that Inexco Oil Company has filed an application with the New Mexico Oil Conservation Division seeking approval of an unorthodox well location for its Inexco Lea Farms #2 Well at a point 1800 feet from the North line and 500 feet from the East line in Section 14, Township 17 South, Range 37 East, N.M.P.M., Lea County, New Mexico. Inexco Oil Company proposes to complete this well in the Strawn formation. Inexco Oil Company also seeks the compulsory pooling of certain uncommitted leasehold, mineral or royalty interests in the lands proposed to be dedicated to the subject well.

This application has been set for hearing before a Division Examiner on February 19, 1986. You are not required to attend this hearing, but as an offsetting interest owner 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.

Very truly yours,



William F. Carr
Attorney for Inexco Oil
Company

WFC/cv

PS Form 3811, July 1983 447-846

SENDER: Complete items 1, 2, 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 service(s) requested.

1. ☐ Show to whom, date and address of delivery.
2. ☐ Restricted Delivery.

3. Article Addressed to:
Exxon Company, U.S.A.
Post Office Box 1600
Midland, Texas 79702
Attn: John A. Vance, Jr.

4. Type of Service:

- ☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail

Article Number

P 176 152 420

Always obtain signature of addressee or agent and
DATE DELIVERED.

5. Signature - Addressee

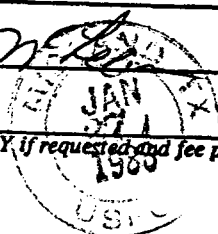
X

6. Signature - Agent

X

7. Date of Delivery

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



DOMESTIC RETURN RECEIPT

P 176 152 420

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

ATTN: JOHN A. VANCE JR.

Sent to

Exxon Company U.S.A

Street and No.

P. O. Box 1600

P.O. State and ZIP Code

Midland, TX 79702

Postage

\$

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

1/24/86 cv

PS Form 3800, Feb. 1982 * U.S.G.P.O. 1984-446-014

CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
J. SCOTT HALL
PETER N. IVES
JOHN H. BEMIS

GUADALUPE PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

January 24, 1986

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Kastman Oil Company
2420 Quaker
Lubbock, Texas 79410
ATTN: Marjorie Kastman, President

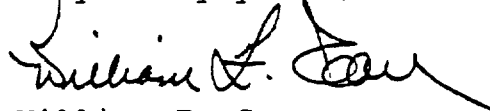
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Very truly yours,



William F. Carr
Attorney for Inexco Oil
Company

WFC/cv

PS Form 3811, July 1983 447-845

DOMESTIC RETURN RECEIPT

SENDER: Complete items 1, 2, 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 service(s) requested.

- ☐ Show to whom, date and address of delivery.
- ☐ Restricted Delivery.

3. Article Addressed to:
Kastman Oil Company
2420 Quaker
Lubbock, Texas 79410
Attn: Marjorie Kastman, Pres.

4. Type of Service:	Article Number
<input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail	P 176 152 421

Always obtain signature of addressee or agent and **DATE DELIVERED.**

5. Signature - Addressee
X *Marjorie Kastman*

6. Signature - Agent
X

7. Date of Delivery
1-29-86

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

P 176 152 421

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

U.S.G.P.O. 1984-446-014

PS Form 3800, Feb. 1982

Sent to Attn: Marjorie Kastman Kastman Oil Company	
Street and No. 2420 Quaker	
P.O., State and ZIP Code Lubbock, Texas 79410	
Postage	\$
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 1/24/86 cv	

CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
J. SCOTT HALL
PETER N. IVES
JOHN H. BEMIS

GUADALUPE PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

January 24, 1986

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Ashland Exploration, Inc.
Post Office Box 218330
Houston, Texas 77218
ATTN: George Worsham

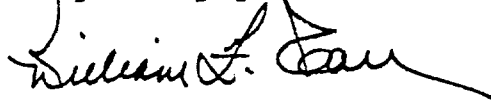
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Very truly yours,



William F. Carr
Attorney for Inexco Oil
Company

WFC/cv

PS Form 3811, July 1983 447-845

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1. ☐ Show to whom, date and address of delivery.

2. ☐ Restricted Delivery.

3. Article Addressed to:
Ashland Exploration, Inc.
P. O. Box 218330
Houston, Texas 77218
Attn: George Worsham

4. Type of Service: ☐ Registered ☐ Insured ☒ Certified ☐ COD ☐ Express Mail

Article Number
P 176 152 422

Always obtain signature of addressee or agent and **DATE DELIVERED.**

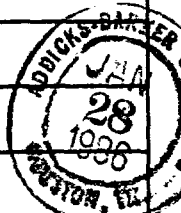
5. Signature - Addressee
X *[Signature]*

6. Signature - Agent
X

7. Date of Delivery

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

DOMESTIC RETURN RECEIPT



P 176 152 422

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

Attn: George Worsham
Sent to
Ashland Exploration Inc.

Street and No.
P. O. Box 218330

P.O., State and ZIP Code
Houston, Texas 77218

Postage \$

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
1/24/86 cv

* U.S.G.P.O. 1984-446-014

PS Form 3800, Feb. 1982

CAMPBELL & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
J. SCOTT HALL
PETER N. IVES
JOHN H. BEMIS

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SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

January 24, 1986

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Rio Pecos Corporation
110 West Louisiana, Suite 460
Midland, Texas 79701
ATTN: Roger T. Elliot

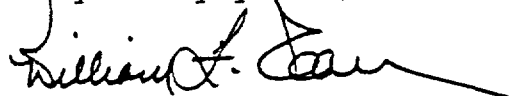
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Very truly yours,



William F. Carr
Attorney for Inexco Oil
Company

WFC/cv

PS Form 3811, July 1983 447-845

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1. ☐ Show to whom, date and address of delivery.

2. ☐ Restricted Delivery.

3. Article Addressed to:
 Rio Pecos Corporation
 110 W. Louisiana, Suite 460
 Midland, Texas 79701
 Attn: Roger T. Elliot

4. Type of Service: Article Number

☐ Registered ☐ Insured
☒ Certified ☐ COD P 176 152 423
☐ Express Mail

Always obtain signature of addressee or agent and **DATE DELIVERED.**

5. Signature - Addressee
 X

6. Signature - Agent
 X *Sharon K. A. Leakey*

7. Date of Delivery

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

DOMESTIC RETURN RECEIPT

P 176 152 423

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL

(See Reverse)

PS Form 3800, Feb. 1982

U.S.G.P.O. 1984-446-014

Attn: Roger T. Elliot
 Sent to
 Rio Pecos Corporation
 Street and No.
 110 W. Louisiana, St 460
 P.O. State and ZIP Code
 Midland, Texas 79701

Postage	\$
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	
1/24/86 cv	