September 13, 1985

Amerada Hess Corporation P. O. Box 2040 Tulsa, Oklahoma 74102

Attention: Mr. William E. Hough

RE: Well Proposal
Kornegay #1 Well
Section 13, T-20-S, R-38-E
Lea County, New Mexico

Gentlemen:

Pursuant to our recent telephone conversation, TXO Production Corp. hereby proposes the drilling of our Kornegay #1 Well, a 7700' Abo Test, at a location 1980' FNL and T980' FWL of Section 13, T-20-S, R-38-E, Lea County, New Mexico. Enclosed for your review please find two copies of our Authority For Expenditure for the drilling of said well. Should Amerada Hess Corporation wish to participate in this well, please sign one copy of the AFE and return it to the attention of the undersigned at the letterhead address, and we will forward an Operating Agreement for your review and execution. As an alternative to participating in the drilling of said well, TXO would be agreeable to accept a Farmout from Amerada Hess Corporation on the following terms:

- Within 180 days from the execution of an acceptable Farmout Agreement, TXO will commence the operations on the drilling of our Kornegay #1 Well.
- 2. By the drilling of this well, TXO will earn a 75% net revenue interest lease in the proration unit of said well down to a depth of 100' below the deepest depth drilled.
- 3. If all the farmout acreage is not allocated to the initial productive well, TKO would have the option to continuously develop the acreage with the passing of no more than 180 days between the completion of one well and the commencement of operations on the next well.

As we had previously discussed, TXO anticipates the necessity of a Compulsory Pooling Hearing in order to secure the necessary interests for the proration unit for the drilling of our Kornegay #1 Well. We hope to have this case on the docket for the October 9, 1985, Examiner Hearing. After you have reviewed the proposals contained herein, please contact me should you have any questions or want to discuss this matter further. Thank you for your cooperation in this matter.

TXO PRODUCTION CORP.

Case No. 8718
10/9/85 Examiner Hearing
Exhibit No. 2

Very truly yours,

Jeff Bourgeois Landman

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED NOT FOR INTERNATIONAL MAIL

(See Reverse)

3-517	Sent to Amerada Hess Co	rporatio	n
* U.S.G.P.O. 1983-403-517	Street and No. P. O. Box 2040		
9.0.19	P.O., State and ZIP Code Tulsa, OK 7410	2	
.S.G.	Postage	\$	
*	Certified Fee		
	Special Delivery Fee		
	Restricted Delivery Fee		
	Return Receipt Showing to whom and Date Delivered		
1982	Return receipt showing to whom, Date, and Address of Delivery		
Feb.	TOTAL Postage and Fees	\$	
1800,	Postmark or Date		
S Form 3800, Feb. 1982			

PS Form 3811, July 1983 447-845	Put your address in the "RETURN TO" space on the reversels life 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.	
	Amerada Hess Corporation P. O. Box 2040 Tulsa, Oklahoma 74102	Kornega
	4. Type of Service: Article Number Registered Insured P 547 387 389 Express Mail 9	#1 Proposal
	Always obtain signature of addressee or agent and DATE DELIVERED.	osal
MOM	5. Signature – Addressee X	
DOMESTIC RETURN	6. Signature - Agent X an Mala	
RETUI	7. Date of Delivery	
RN RECEIPT	8. Addressee's Address (ONLY if requested and fee paid)	

TXO PRODUCTION CORP FORM: 24 | Rev 8 81

AUTHORITY FOR EXPENDITURE DRILLING WELL

A	1 1
Date4-19-85	Co. Cc.

II Locatio	on 1980' FNL & FWL, S	Sec 13, T-20-S, R	-28-Е			Depth	7700	
ld	House		_ CountyLe	ea		StateNew	Mexico	
	Mark Weideman							
CAT.						ESTIMATED COST		
NO.	NATURE OF EXPEND	TURE	QUANTITY	CASH		MAT.L ON HAND	TOTAL	
	DRILLING							<u> </u>
01	Casing 1600' 8 5/8" 24	# K-55 ST&C			500			500
02	Casinghead		<u> </u>		500			500
03	Location, Road & Dirt Work			20	000		20	000
04	Drilling - Footage/Turnkey	0.4450	1 "	90	000		80	100
05	Drilling - Daywork 20 day Drilling - Rig Support MI				000			000
07	Bits 1–12½", 3				500			500
08	Supervision 21 days				250			1250
09	Overhead 21 days	5 @ \$250			230			1
10	Mud & Chemicals & wat	er		20	000	!!	20	000
11	Cementing Services & Supplies		;	8	500	i	8	500
12	Testing & Logging & T			16	500		16	50
13	Rentals			5	000		5	000
14	Other IDC pit liners	,		3	000		3	00
15	Other Equipment			4	500		4	50
								-
		TOTAL DRILLING		223	750		223	175
	COMPLETION		·		000			00
17	Casing 7700' 4½"				000			00
18	Tubing 7700'-2 3/8"				500			50
19 20	Wellhead Subsurface Equipment				500			00 50
21	Supervision 10 days @	\$250			500			50
22	Mud & Chemicals	3230			000			00
23	Testing, Logging & Perforating				500			50
24	Stimulation	•		15	000		15	00
25	Overhead							1
26	Rentals rev unit, DC,	BOP, Test tank		6	000		6	00
27	Service Rig 10 days	@ \$1700	-	17	000		17	00
28	Cementing Services & Supplie	& csg crew			500			50
29	Other IDC		1		000			00
		AL COMPLETION		145	500		145	: 50
32	PRODUCTION EQUI	PIMENT		30	000		20	:); 00
33	Engine & Motor				000			00
34	Rods				000			2, 00
35	Flow Lines				000			3: 00
36	Meters				000			2 00
37	Installation				000			31 00
38	Storage			15	000)		5' 00
39	Separation & Treating		1	15	000)		5: 00
40	Other Equipment			5	000)		5 00
	TOTAL PRODUC	TION EQUIPMENT		93	000)		3 00
		TOTALS		462	250	}	46.	2 25
	IAM CHANGE ALLES	BILLING INT	DATE	APPR	OVE	D: (this space for app	proval only	/}
	WI OWNER NAME	(7 decimals)	APPROVED			HESS CORP.		
nerada	Hess Corp.	.1666667		a man N	עמיי	CORF.		
				By:_				_
					e:		-	

AFE No. _____ Property No. _____

August 22, 1985

Mr. Ray Pierce P. O. Box EP Eunice, NM 88230

CERTIFIED MAIL

Re: Farmout Request E/2 NW/4 and NE/4 SW/4 Section 13, T-20-S, R-38-E Lea County, New Mexico

Dear Mr. Pierce:

Our records indicate that you own a leasehold interest in the above referenced tract from the surface down to the base of the San Andres formation. TWO Production Corp. is interested in a farmout of your interest in said lands based on the following proposal:

- 1) Within 180 days from the execution of a mutually acceptable Farmout Agreement, TXO will commence the drilling of a 7700' Abo test in the captioned acreage at a location of our choice.
- 2) By the drilling of this well, TXO will earn a 75% net revenue interest lease in the proration unit for said well down to a depth of 100' below the deepest depth drilled.
- 3) If all of the farmout acreage is not allocated to the initial productive well, TXO would have the option to continuously develop the acreage with the passing of no more than 180 between the completion of one well and the commencement of the next well.

As an alternative to farming out your interest, you may want to participate in the drilling of this well. Should this be the case, please advise us of your intentions and we will prepare an Operating Agreement for your review and execution.

Please be advised that TXO is considering filing a compulsory pooling application with the New Mexico Oil Conservation Commission in order to secure the necessary acreage for the proration unit for the drilling of this well. TXO will be willing to work with you in any way possible so that your interest will not be affected by any compulsory pooling order affecting this well. Thank you for your consideration of the above proposal. Should you have any questions or want to discuss this matter further, please do not hesitate to contact me.

Very truly yours,

Jeff Bourgeois Landman

4

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED NOT FOR INTERNATIONAL MAIL

(See Reverse)

+ U.S.G.P.O. 1983-403-517	Sent to Mr. Ray Pierce Street and No. P. O. Box EP	
0.	P.O., State and ZIP Code	220
1.S.G.P	Eunice, NM 88 Postage	\$
*	Certified Fee	
	Special Delivery Fee	
	Restricted Delivery Fee	
	Return Receipt Showing to whom and Date Delivered	
1982	Return receipt showing to whom, Date, and Address of Delivery	
Feb.	TOTAL Postage and Fees	\$
S Form 3800, Feb. 1982	Postmark or Date	

PS Form 3811, July 1983 447-845	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.
46	3. Article Addressed to: Mr. Ray Pierce P. O. Box PP Eunice, NM 88230
	4. Type of Service: Article Number Registered Insured COD P 547 387 319 Express Mail
DON	Always obtain signature of addressee or agent and DATE DELIVERED. 5. Signature — Addressee X
DOMESTIC RETURN	6. Signature - Agent What ay little 7. Date of Delivery 2. 3.7
JAN RECEIF	8. Addressee's Address (ONLY if requested and fee paid)

August 21, 1985

Texas Crude Oil Company 2100 Texas Crude Building Houston, Texas 77002

Attention: Mr. K. C. Weiner

Re: Kornegay #1 Well 1980' FNL & 1980' FWL Section 13, T-20-S, R-38-E Lea County, New Mexico

Gentlemen:

Enclosed for your files is a copy of the Title Opinion TXO had prepared for the drilling of the above referenced well. Please be advised that the proration unit to be dedicated to the referenced well will be the SE/4 NW/4. We have enclosed the AFEs with the billing interest to reflect the leasehold ownership as shown on the Title Opinion.

It would be appreciated if you circulate the AFEs to all parties having them sign one copy and return it to the attention of the undersigned at the letterhead address. Upon receipt of the AFEs, we will prepare a Joint Operating Agreement and circulate it among the non-operators for signatures.

Requirement number 12 of the enclosed Title Opinion discusses the heirship of Stanley Weiner. It would be greatly appreciate if you could assist TXO in curing this requirement by furnishing us with an Affidavit of Heriship on Stanley Weiner together with a copy of any Will he may have left, for our examination. Should you have any questions, please do not hesitate to call me. Thank you for your assistance and cooperation in this matter.

Very truly yours,

Jeff Bourgeois Landman

JB/dp Enclosure TXO PRODUCTION CORP

AUTHORITY FOR EXPENDITUR

	Α :
Date 4-19-85	Co. Cd.

Mall I = -	tion 1980' FNL & FWL, Sec 13, T-20-S, R-	·38 - E			Dentn	7700 '	
Prepared	By: <u>Mark Weideman</u> Submitted B	Y:	7			District	
CAT.	NATURE OF EXPENDITURE	QUANTITY	CASH		MAT.L ON HAND	TOTAL	
	DRILLING						T
01	Casing 1600' 8 5/8" 24# K-55 ST&C		18	500		18	500
02	Casinghead			500		3	500
03	Location, Road & Dirt Work		20	000		20	000
04	Drilling - Footage/Turnkey						
05	Drilling - Davwork 20 days @ \$4450		89	000			000
06	Drilling - Rig Support MI & MORT		15	000			000
07	Bits 1-12¼", 3-7 7/8"		14	500			500
08	Supervision 21 days @ \$250		5	250		5	250
09	Overhead		 				<u> </u>
10	Mud & Chemicals & water	<u> </u>		000			000
! 11	Cementing Services & Supplies & csg crews			500			500
12	Testing & Logging & mud logger			500			500
13	Rentals	<u> </u>		000			000
14	Other IDC pit liners, Other Equipment			500			500
13	Other Equipment		4	<u>ان ان ا</u>			1300
	TOTAL DRILLING	<u> </u>	223	750		223	750
	COMPLETION						T
17	Casing 7700' 4½"		41	000		41	000
18	Tubing 7700'-2 3/8"		22	500		22	500
19	Wellhead		5	000		5	000
20	Subsurface Equipment		4	500		4	500
21	Supervision 10 days @ \$250		2	500		2	500
22	Mud & Chemicals		4	000		4	000
23	Testing, Logging & Perforating			500		6	
24	Stimulation	<u> </u>	15	000		15	000
25	Overnead		<u> </u>	<u>!</u>			-
26	Rentals rev unit, DC, BOP, Test tank			000			000
27	Service Rig 10 days @ \$1700		-	000			000
28	Cementing Services & Supplies & csg crew Other IDC			500			500
25	TOTAL COMPLETION	!		<u>000</u> 500			500
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32	Pumping Unit	1	1 30	000	· · · · ·	30	000
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34	Rods	1		000			000
35	Flow Lines			000			000
36	Meters		2	000)		000
37	Installation		3	000		3	000
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39	Separation & Treating		15	000)		000
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AFE No. _____ Property No. ____

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FORM 24	DUCTION CORP (ACTION CORP) Rev 3 81	NG WELL	`,	Da	4-19-85		Co. Cd
District _	West Texas Well Name	Kornegav			'.Veli No	1	
	tion 1980' FNL & FWL, Sec 13, T-20-S, R						
	House						
	By: Mark Weideman Submitted						
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CAT. NO.	NATURE OF EXPENDITURE	QUANTITY	CASH		MAT.L ON HAND	TOTAL	
	DRILLING						
01	Casing 1600' 8 5/8" 24# K-55 ST&C		18	500		18	500
02	Casinghead		3	500		3	500
03	Location, Road & Dirt Work		20	000		20	000
04	Drilling - Footage/Turnkey						
05	Drilling · Daywork 20 days @ \$4450		89	000		89	000
06	Drilling - Rig Support MI & MORT		15	000		15	000
07	Bits 1-12½", 3-7 7/8"	i	14	500		14	500
08	Supervision 21 days @ \$250		5	250		5	250
09	Overhead	i		:			
10	Mud & Chemicals & water		20	000	!	20	000
11	Cementing Services & Supplies & csg crews		8	500		8	500
12	Testing & Logging & mud logger		16	500		16	500
13	Rentals		5	000		5	000
14	Other IDC pit liners,		3	000		3	000
15	Other Equipment		4	500		4	500
	TOTAL DRIVING			750		202	750
<u> </u>	TOTAL DRILLING COMPLETION		223	750		223	750
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17	Casing 7700' 4½"						•
18	Tubing 7700'-2 3/8"			500			500
19	Wellhead Subsurface Equipment			500			500
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21	Supervision 10 days @ \$250 Mud & Chemicals			500			500
23	Testing, Logging & Perforating			500			500
24	Stimulation .			000			000
25	Overhead		13	000		1	1000
26	Rentals rev unit, DC, BOP, Test tank		6	000			000
27	Service Rig 10 days @ \$1700			000			000
28	Cementing Services & Supplies & CSg Crew			500			1500
29	Other IDC			000			000
<u></u>	TOTAL COMPLETION			500			500
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32	Pumping Unit	1	30	000		30	000
33	Engine & Motor			000	<u></u>		000
34	Rods			000			000
35	Flow Lines			000			000
36	Meters			: 000			000
37	Installation			000			000
38	Storage			000			000
39	Separation & Treating			000	·		: 000

462 250 TOTALS 462 250 BILLING INT (7 decimals) DATE APPROVED APPROVED: (this space for approval only) WI OWNER NAME .0055556. Charles Weiner

40

Other Equipment

TOTAL PRODUCTION EQUIPMENT

5 000

93! 000

5 000

93 000

AUTHORITY FOR EXPENDITUR

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Date	4-19-85	Co.	Cd.

e <u>4-19-85</u>	Co. Cd
Well No	1
Depth	
StateNew	
Dallas _	District
STIMATED COST	TOTAL
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	3 500
	20 000
	89 000
	15 000
	14 500
	5 250
	20 000
	8 500
	16 500
·	5 000
	3 000
	4 500
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The Heirs & Devisees of .0069444 Stanley Weiner

TXO PRODUCTION CORP.

AUTHORITY FOR EXPENDITUR

	A		
Date	4-19-85	Co.	Ĉ₫.

il Locat	tion 1980' FNL & FWL, Sec 13, T-20-S, R	-38-E			Depth	7700"	
ıd	House	County	Lea		State <u>Nev</u>	v Mexico	
oared E	By: Mark Weideman Submitted	By:			Dallas .	District	t
CAT.					ESTIMATED COST		
NO.	NATURE OF EXPENDITURE	QUANTITY	CASH		MAT.L ON HAND	TOTAL	
	DRILLING						
01	Casing 1600' 8 5/8" 24# K-55 ST&C		18	500			500
02	Casinghead		3	500		3	500
03	Location, Road & Dirt Work		20	1000		20	000
04	Drilling - Footage/Turnkey				1		<u>!</u>
05	Drilling Daywork 20 days @ \$4450		89	000			000
06	Drilling - Rig Support MI & MORT		15	000			000
07	Bits 1-12½", 3-7 7/8"		14	500		14	500
08	Supervision 21 days @ \$250		5	250	!	5	250
09	Overhead						<u> </u>
10	Mud & Chemicals & water		20	000	! !	20	100
11	Cementing Services & Supplies & csg crews		8	500		8	50
12	Testing & Logging & mud logger		16	500			50
13	Rentals		5	000		5	00
14	Other IDC pit liners,		3	000		3	00
15	Other Equipment		4	500		4	50
		<u> </u>					
	TOTAL DRILLING		223	750		223	75
	COMPLETION						
17	Casing 7700' 4½"		41	000		41	00
18	Tubing 7700'-2 3/8"		22	500		22	50
19	Wellhead		5	000		5	00
20	Subsurface Equipment		4	500		4	50
21	Supervision 10 days @ \$250		1 2	500		2	50
22	Mud & Chemicals	<u>.</u>	4	000		4	00
23	Testing, Logging & Perforating		6	500		6	50
24	Stimulation		15	000		15	00
25	Overhead						
26	Rentals rev unit, DC, BOP, Test tank		6	000		6	0.0
27	Service Rig 10 days @ \$1700		17	000		17	i 00
28	Cementing Services & Supplies & csg crew		16	500		16	50
29	Other IDC		5	000		5	00
	TOTAL COMPLETION		145	500		145	50
	PRODUCTION EQUIPMENT	!	1	<u> </u>			!
32	Pumping Unit		 -	000			00
33	Engine & Motor			000	· · · · · · · · · · · · · · · · · · ·		3 ₁ 00
34	Rods		12	000	1		2; 00
35	Flow Lines	<u> </u>	3	000)	3	3: 00
36	Meters	<u>!</u>	_ 2	000)	2	2: 00
37	Installation		3	000)	3	31 00
38	Storage		15	000)	15	5 00
39	Separation & Treating		15	000)	15	00
40	Other Equipment			000)	5	5 00
	TOTAL PRODUCTION EQUIPMENT			000			3! 00
	TOTALS		462	2.50)	462	2. 2

Margie Weiner Bodzy

.0013889

July 29, 1985

Amerada Hess Corporation P. O. Box 2040 Tulsa, OK 74102

Attn: Mr. William E. Hough

CERTIFIED MAIL

Re: Well Proposal

Kornegay #1 Well

Section 13, T-20-S, R-38-E

Lea County, New Mexico

Gentlemen:

Reference is hereby made to your letter of May 2, 1985, wherein Amerada Hess Corporation declined an offer to farmout or participate in the above captioned well. Please be advised that TXO Production Corp. has a continued interest in the drilling of this well and hereby once again offers the following proposal. TXO would be willing to lease the mineral interest of Amerada Hess Corporation in the \$\tilde{R}\$ 2/3 of the E/2 NW/4 and \$\tilde{R}\$ 2/3 of the NE/4 SW/4 of Section 13, T-20-S, R-38-E, Lea County, New Mexico on the following terms:

- 1) Within 180 days from execution of an acceptable lease agreement, TXO will commence operations on the drilling of a 7700' Abo test at a location 1980' FNL and 1980' FWL of Section 13, T-20-S, R-38-E, Lea County, New Mexico.
- 2) By the drilling of this well, TXO will earn a 75% net revenue interest lease in the proration unit for the well down to a depth 100' below the deepest depth drilled.
- 3) If all the lease acreage is not allocated to the initial productive well, TXO would have the option to continuously develop the acreage with the passing of no more than 180 days between the completion of one well and the commencement of operations on the next well.

As an alternative to leasing, Amerada may want to participate as a working interest owner in the drilling of this well. Therefore, TXO has enclosed for your review two (2) copies of our Authority for Expenditure (AFE) for the drilling of the Kornegay #1 well. Should Amerada want to participate in this well, please sign one (1) copy of the AFE and return it to the attention of the undersigned at the letterhead address and we will forward an Operating Agreement for your review and execution.

Well Proposal Amerada Hess Corporation Page 2

TXO is putting this well in line on our rig schedule and therefore, if within two (2) weeks after the receipt of this letter you have failed to confirm in writing of your decision to join or farmout, compulsory pooling application will be filed with the New Mexico Oil Conservation Commission. Should you have any questions or want to discuss this matter further, please do not hesitate to contact me. Thank you for your cooperation in this matter.

Very truly yours,

Jeff Bourgeois Landman

JB/bv Enclosure

114

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED NOT FOR INTERNATIONAL MAIL

(See Reverse)

1-517	Sent to Amerada Hess Corporation				
83-403	Street and No.				
.0. 19	P.O., State and ZIP Code Tulsa, OK 74102				
★ U.S.G.P.O. 1983-403-517	Postage	\$			
*	Certified Fee				
	Special Delivery Fee				
	Restricted Delivery Fee				
	Return Receipt Showing to whom and Date Delivered				
1982	Return receipt showing to whom. Date, and Address of Delivery				
Feb. 1982	TOTAL Postage and Fees	\$			
	Postmark or Date	-			
Form 3800,					

200		The second secon
PS Form 3811, July 1983	SENDER: Complete item Put your address in the "RE reverse side. Failure to do thi being returned to you. The re you the name of the person of delivery. For additional fees available. Consult postmaster for service(s) requested.	TURN TO" space on the swill prevent this card from courn receipt fee will provide delivered to and the date of the following services are
983 447-846	 B Show to whom, date a Restricted Delivery. 	and address of delivery.
45	"3. Article Addressed to: Amerada Hess Co P. O. Box 2040 Tulsa, OK 741	02
	A+tn: Mr. Wil 4. Type of Service: Registered Insured Certified COD Express Mail	P 547 387 324
	Always obtain signature of ac <u>DATE DELIVERED</u> . 5. Signature – Addressee	Idressee or agent and
DOMESTIC RETURN	X 6. Signature - Agent X VVVV	Vio
RETURN	8. Addressee's Address (ONL	1985 Y if requested and fee paid)
RECEIPT		

TXO PRODUCTION CORP.

AUTHORITY FOR EXPENDITURE

		ا د	
Date	4-19-85	·	Co. Cd.

	West Texas Well Name				
	House				
repared By	: <u>Mark Weideman</u> Submitted	i By:			District
CAT. NO.	NATURE OF EXPENDITURE	QUANTITY		MAT.L ON HAND	TOTAL
	7 800 100		CASH	MAT:ESH PARE	10.20
	DRILLING		10.500		18 50
01	Casing 1600' 8 5/8" 24# K-55 ST&C		18 500		3 50
	Casinghead			 	20 00
03	Location, Road & Dirt Work		20 000		20 100
04 05	Drilling - Footage/Turnkey		89 000		89:00
	Drilling - Davwork 20 days @ \$4450		# 89 000 # 15 000		15 00
06	Drilling - Rig Support MI & MORT		14 500		14 50
07	Bits 1-12½", 3-7 7/8"		5 250		5 25
8	Supervision 21 days @ \$250		1 3 230		J Z
09 10	Overhead Mud & Chemicals & water		20 000	\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \	20 00
11	<u> </u>		8 500		8 50
	Cementing Services & Supplies & csg crews			·	16 50
12	Testing & Logging & mud logger		16 500		5 00
13	Rentals		3 000		3 0 (
14	Other IDC pit liners,			,	
15	Other Equipment		4 500)	4 50
	TOTAL DRILLING		223 750		223 7
			223:730	,	223 7.
	COMPLETION	<u> </u>	41 000		41 0
17	Casing 7700, 425.				
18	Tubing 7700'-2 3/8"		22 500		22 5
19	Wellhead Subsurface Equipment		5 000		5 0
20					
21	Supervision 10 days @ \$250		2 500		2 5
22	Mud & Chemicals		6 500		6 5
23 24	Testing, Logging & Perforating - Stimulation				
			15 000	J	15 0
25	Overhead		1 (100)		
26	Rentals rev unit, DC, BOP, Test tank		6 00		6:0
27	Service Rig 10 days @ \$1700		17:00	· · · · · · · · · · · · · · · · · · ·	17 0
28 29	Cementing Services & Supplies & csg crew Other IDC		16 50		16:5
29	TOTAL COMPLETION		5 00 145 50	· · · · · · · · · · · · · · · · · · ·	5 0 145: 5
	PRODUCTION EQUIPMENT	<u> </u>	143-30	<u> </u>	143.3
32	Pumping Unit		30 00		30, 0
33	Engine & Motor		8:00		8 0
34	Rods	· · · · · · · · · · · · · · · · · · ·	12 00		12, 0
35	Flow Lines		3 00		3: 0
		_ 	2:00		2! 0
36 37	Meters Installation		3:00		31 (
38	Storage				
39	Separation & Treating		15 00 15 00		15' 0
40	Other Equipment		5 00		15: 0
- 40	TOTAL PRODUCTION EQUIPMENT				5! (
			93 00		93: (
	TOTALS				462 2
	WI OWNER NAME (7 decimals)	DATE <u>APPROVE</u>	APPROVE	D: (this space for ap	proval only)
	17 555			HESS CORP.	
Amerada	Hess Corp1666667				
			Ву:		
			Title:		

July 29, 1985

Mr. Ronald J. Byers 1600 United Bank Tower 400 W. 15th Street Austin, TX 78701

CERTIFIED MAIL

Re: Lease Well Proposal

Kornegay #1 Well

W 2/3 of the E/2 NW/4 and W

2/3 of the NE/4 SW/4 Section

13,

T-20-S, R-38-E

Lea County, New Mexico

Dear Mr. Byers:

Reference is hereby made to my letter dated April 19, 1985, wherein TXO Production Corp. proposed the drilling of our Kornegay #1 well, a 7700' Abo test to be drilled at a location 1980' FNL and 1980' FWL of Section 13, T-20-S, R-38-B, Lea County, New Mexico. Please be advised that TXO has a continued interest in the drilling of this well and at this time would like to offer to lease your mineral interest based on the following terms:

A six (6) month free lease with a quarter royalty provision executed on a mutually acceptable oil and gas lease form.

As an alternative to leasing your interest, you may want to participate as a working interest owner in the drilling of this well. Therefore, TXO has enclosed for your review, two (2) copies of our Authority for Expenditure (AFE) for the drilling of the Kornegay #1 well. Should you want to participate in this well, please sign one (1) copy of the AFE and return it to the attention of the undersigned at the letterhead address and we will forward an Operating Agreement for your review and execution.

TXO is putting this well in line on a rig schedule and therefore, if within two (2) weeks after the receipt of this letter you have failed to confirm in writing of your decision to lease or join a compulsory pooling application will be filed with the New Mexico Oil Conservation Commission. Please do not hesitate to contact me should you have any questions or if you would like to discuss this matter further. Thank you for your cooperation in this matter.

Very truly yours,

Jeff Bourgeois Landman

JB/bv Enclosure

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED NOT FOR INTERNATIONAL MAIL

(See Reverse)

3.517	Sent to					
	Mr. Ronald J. Byers					
83.40	Street and No. United Bank	Tower				
.0. 19	P.Q. stale and ziploth Street Austin, TX 78701					
* U.S.G.P.O. 1983-403-517	Postage	\$				
↑	Certified Fee					
	Special Delivery Fee					
	Restricted Delivery Fee					
	Return Receipt Showing to whom and Date Delivered					
1982	Return receipt showing to whom, Date, and Address of Delivery					
Feb.	TOTAL Postage and Fees	\$				
S Form 3800, Feb. 1982	Postmark or Date					

rus your address in the "RETURN TO" space on the
reverse side. Falkire 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 data of
delivery. For additional fees the following services are
evailable. Consult postmaster for fees and check box(es)

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

1	_		
1 2	П	Pastriotod	Dation

for service(s) requested.

3. Article Addressed to:

Mr. Ronald J. Byers 1600 United Bank Tower 400 W. 15th Street

Austin, TX 78701

4. Type of Service: Article Number

Registered Insured COD Express Mail

P 547 387 323

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee

≥.			
盟	6.	Signature -	- Agent

o. signature - Agent

7. Date of Delivery

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

TIC RETURN RECEIPT

m 3811, July 1983

AUTHORITY FOR EXPENDITUR

	A	•
Date	4-19-85	Co. Cd.

FORM 24	Rev 8 81	DRILLING	WELL	•	Da	ate <u>4-19-85</u>		Co. Cd
District _	West Texas	. Weil NameKo	rnegay			Well No	_1	
Well Loca	tion 1980' FNL & FWL, Sec 13	, T-20-S, R-2	.8-E			Depth	7700'	
Field	House	(CountyL	ea		StateNev	<u>Mexico</u>	
Prepared 8	By: Mark Weideman	Submitted By:				Dallas	Distric	t
CAT.			QUANTITY			ESTIMATED COST		
NO.	NATURE OF EXPENDITURE		QUANTITY	CASH		MAT.L ON HAND	TOTAL	
	DRILLING							
01	Casing 1600' 8 5/8" 24# K-5	5 ST&C			500			500
02	Casinghead				500			500
03	Location, Road & Dirt Work			20	000		20	000
04	Drilling - Footage/Turnkey		- '		000		90	000
05	Drilling Daywork 20 days @ \$				000			000
06	Drilling - Rig Support MI & MOR				500			500
07 08	Bits 1-12½", 3-7 7/ Supervision 21 days @ \$2				250			250
09	Overhead 21 days e 32	.50			230			250
10	Mud & Chemicals & water			20	000		20	000
11		csg crews			500			1500
12	Testing & Logging & mud 10				500			500
13	Rentals		-		000			000
14	Other IDC pit liners,			3	000		3	000
15	Other Equipment			4	500		4	500
	TOTAL	DRILLING		223	750		223	750
ļ	COMPLETION							
17	Casing 7700' 4½"				000			000
18	Tubing 7700'-2 3/8"			· · · · · · · · · · · · · · · · · · ·	500			500
19	Wellhead				000			000
20	Subsurface Equipment				500			500
21	Supervision 10 days @ \$250				500			500
22	Mud & Chemicals Testing, Logging & Perforating				500			000 500
24	Stimulation	· ·			000			000
25	Overhead			13	000		13	1000
26	Rentals rev unit, DC, BOP,	Test tank		6	000		6	000
27	Service Rig 10 days @ \$17				000			000
28	10 aays C 917	csg crew			500			: 500
29	Other IDC				000			000
	TOTAL COM	MPLETION			500			500
	PRODUCTION EQUIPMENT		i		,	1 1		
32	Pumping Unit			30	000			000
33	Engine & Motor				000	1		000
34	Rods	·			000			000
35	Flow Lines			·	000			000
36	Meters	! :	- 1		000			000
37	Installation				000			000
38	Storage		1.		000			000
39	Separation & Treating				000			000
40	Other Equipment	NURMENT			000			000
	TOTAL PRODUCTION EC	ZUIFIVICINI !			000	<u> </u>		000

Ronald J. Byers

WI OWNER NAME

.0236111.

BILLING INT (7 decimals)

DATE APPROVED

Ronald J. Byers

AFE No. _____ Property No.

APPROVED: (this space for approval only)