

DELTA DRILLING COMPANY

WEST TEXAS DIVISION

P. O. BOX 3467 • TELEPHONE 915/682-4161
MIDLAND, TEXAS 79702

C. G. (Bud) Orem
~~XXXXXXXXXXXXXXXXXX~~
Exploration Manager

LARRY L. SCHULZ
Land Manager

April 30, 1982

Read & Stevens, Inc.
P.O. Box 1518
Roswell, New Mexico 88201

Attn: Joe Wigley

Re: North Mescalero Unit
Lea County, New Mexico

Gentlemen:

Delta Drilling Company proposes a 959.77 acre Federal Unit in Lea County, New Mexico, encompassing the following acreage:

T-9-S, R-32-E, NMPM

Section 34: S $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$
Section 35: S $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$

T-10-S, R-32-E, NMPM

Section 2: Lots 3, 4, S $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$
Section 3: Lots 1, 2, S $\frac{1}{2}$ NE $\frac{1}{4}$

For illustration purposes, a plat is attached hereto which delineates the above mentioned area.

According to our records Read and Stevens, Inc. owns State of New Mexico Lease No. LH-1376 covering Lots 1, 2, S $\frac{1}{2}$ NE $\frac{1}{4}$ and S $\frac{1}{2}$ of Section 2, T-10-S, R-32-E. Delta proposes that you include the SW $\frac{1}{4}$ of Section 2, T-9-S, R-32-E, into our proposed unit.

Delta intends to drill a 9,500' Permo-Penn test in the SW $\frac{1}{4}$ of Section 35 on or before June 1, 1982. Additionally, at such time that we reach our objective formation a decision will be made as to drill to the Devonian at 11,200'. I have enclosed two estimated well AFE's, one which covers a Permo-Penn test only and one which covers a Permo-Penn and Devonian test.

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

EXHIBIT NO. 7

CASE NO. 7565

Submitted by Delta

Hearing Date 5/12/82

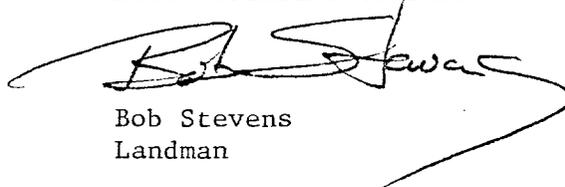
If you elect to join in the North Mescalero Unit Read and Stevens, Inc. would hold a 16.67% ($160.00 \div 959.77$) working interest. Delta Drilling Company would own approximately 79% of the working interest.

Delta has been placed on the Docket with the Oil Conservation Commission. Our hearing concerning the designation of the proposed North Mescalero Unit will be presented May 12, 1982. Therefore your prompt attention to this matter will be greatly appreciated.

Should there be any questions or if I can be of any assistance, I can be reached at the above captioned phone number.

Yours very truly,

DELTA DRILLING COMPANY

A handwritten signature in black ink, appearing to read "Bob Stevens", with a long, sweeping underline that extends to the right.

Bob Stevens
Landman

BS/ds
Enc.

DELTA DRILLING COMPANY

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C.G. (Bud) Orem
~~XXXXXXXXXXXXXX~~
Exploration Manager

LARRY L. SCHULZ
Land Manager

May 04, 1982

W.A. Yeager
P.O. Box 990
Midland, Texas 79702

Re: North Mescalero Prospect
Lea County, New Mexico

Dear Mr. Yeager:

Please be advised that Delta Drilling Company is proposing a Federal Unit encompassing 959.77 acres as follows:

T-9-S, R-32-E
Section 34: S/2 NE/4, SE/4
Section 35: S/2 NW/4, SW/4

T-10-S, R-32-E
Section 2: W/2
Section 3: NE/4

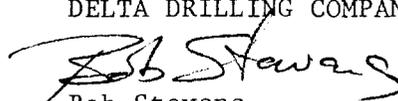
According to my records Yeager and Armstrong owns 43.00 net acres within the proposed Unit area. In relation to the Unit Yeager and Armstrong would have a 4.48% interest in its entirety.

Due to our unsuccessful lease negotiations, Delta herein offers to you the opportunity to join our unit and pay your proportionate cost of the drilling of our initial well. Said well will be located 660' FWL and 860' FSL of Section 35, T-9-S, R-32-E. Our estimated completed AFE cost for a Devonian test is \$1,399,000.00.

Please advise of your election as soon as possible due to our late May spud date.

Very truly yours,

DELTA DRILLING COMPANY


Bob Stevens
Landman

BS:dc

DELTA DRILLING COMPANY

WEST TEXAS DIVISION

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MIDLAND, TEXAS 79702

C.G. (Bud) Orem
~~XXXXXXXXXXXXXX~~
Exploration Manager

LARRY L. SCHULZ
Land Manager

May 4, 1982

Richard Moore
404 Blanks Building
Midland, Texas 79701

Re: North Mescalero Prospect
Lea County, New Mexico

Dear Mr. Moore:

Please be advised that Delta Drilling Company is proposing a Federal Unit encompassing 959.77 acres as follows:

T-9-S, R-32-E
Section 34: S/2 NE/4, SE/4
Section 35: S/2 NW/4, SW/4

T-10-S, R-32-E
Section 2: W/2
Section 3: NE/4

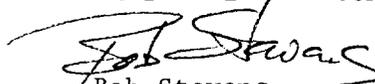
According to my records you and your brothers own 8.50 net acres within the proposed Unit area. In relation to the Unit you would have a .886% interest in its entirety.

Due to our unsuccessful lease negotiations, Delta herein offers to you the opportunity to join our unit and pay your proportionate cost of the drilling of our initial well. Said well will be located 660' FWL and 860' FSL of Section 35, T-9-S, R-32-E. Our estimated completed AFE cost for a Devonian test is \$1,399,000.00

Please advise of your election as soon as possible due to our late May spud date.

Yours very truly,

DELTA DRILLING COMPANY


Bob Stevens
Landman

BS:dc