

May 12, 1983

New Mexico Oil and Gas Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

Att: Mr. Joe D. Ramey

Re: W/2 SW/4 Sec 13-T17S, R37E
Lea County, New Mexico
May 11, 1983 Case no. 7864

A handwritten signature in black ink, appearing to be "J. Ramey", written over the "Re:" information.

Gentlemen:

We enclose for inclusion into your files for our hearing for unorthodox location and force pooling the following in triplicate.

1. Waiver letter executed by Amerada Hess Corporation and AFE.
2. Waiver letter and agreement executed on behalf of Tenneco Oil Company

These items were received in my office after I had already departed for our hearing. They substantiate my testimony to the effect that verbal approval had been granted by both firms, and in the instance of Tenneco, mutual accord had been reached by negating the necessity to force pool Tenneco.

Very truly yours,

A handwritten signature in black ink, appearing to be "L.J. Tacconi", written over the typed name.

L.J. Tacconi
Area Landman

LJT/bkb

Enclosure

File
RECEIVED
MAY 18 1983
OIL CONSERVATION DIVISION
SANTA FE

April 19, 1983

New Mexico Oil & Gas Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

Attn: Mr. Joe D. Ramey

File
RECEIVED
MAY 11 1983
LAND DEPT.



Re: Application for Unorthodox
Drilling Permit - Exception
to Special Pool Rules W/2 SW/4
Section 13, T17S, R37E Lea County,
New Mexico - South Humble City
Strawn Pool AH (NM-181) Inexco #1
Norris Well

Gentlemen:

As an offset operator or record title owner to operating rights, we have been advised of the intention of Inexco Oil Company and its joint owners to drill the referenced 11,800 foot Strawn test well at a location 1650' FSL and 330' FWL of Section 13, T17S, R37E, Lea County, New Mexico. We understand that this location is not an orthodox location as set forth in the Special Pool Rules for the South Humble City Strawn Pool.

This is to advise that we have no objection to the granting of a permit to drill this location and hereby waive objection and notice of hearing on this application.

Very truly yours,

AMERADA HESS CORPORATION

[Handwritten signature]
Barr

By: *[Handwritten signature]*
Vice President-
Title: U.S. Onshore Exploration
Date: May 6, 1983

klt

MS
RECEIVED
MAY 18 1983

OIL CONSERVATION DIVISION

**SANTA FE
RECEIVED**

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File



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Very truly yours,

AMERADA HESS CORPORATION

Handwritten initials: DR, OAR

By: *[Signature]*
Vice President-
Title: U.S. Onshore Exploration

Date: May 6, 1983

klt

April 19, 1983

New Mexico Oil & Gas Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

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5/10
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SANTA FE
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AMERADA HESS CORPORATION

[Handwritten signature]
oac

By: *[Handwritten signature]*

Vice President-

Title: U.S. Onshore Exploration

Date: May 6, 1983

klt

Consulate AFE Rest

INEXCO OIL COMPANY

RECEIVED
MAY 12 1983
LAND DEPT.

AUTHORIZATION FOR EXPENDITURE

AFE No. (Inexco Property No.) _____
 Prospect Humble City
 Well Name and Number Inexco #1 Norris
 Estimated Days to Drill 45
 Estimated Days to Complete 10

Location: 1830' FSL & 660' FWL
of Sec. 13, T17S, R37E-
Lea County, New Mexico

OBJECTIVES	SANDS	AND	DEPTH
	<u>San Andres</u>		<u>5,320'</u>
	<u>Glorieta</u>		<u>7,085'</u>
	<u>Abo</u>		<u>9,850'</u>
	<u>Strawn</u>		<u>11,125'</u>

Est. T.D. 11,800'
 Est. Spud _____
 A F E Prepared March 25, 1983
 By: Wyndell R. Caviness

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

DESCRIPTION	ESTIMATED COSTS		ACTUAL COST
	DRILLING	COMPLETION	
INTANGIBLE COSTS (321)			
Access and Location Costs	35,000		
Move-in, Rig-up, Rig-down, Move-out	12,000		
Contract Drilling			
Footage _____ ft. at \$ _____ ft.			
Daywork <u>50</u> days at \$ <u>4,575</u> day with fuel	228,750		
Completion Unit <u>10</u> days at \$ <u>1,550</u> day		15,500	
Fuel, Power, Water and Water Lines	6,000	1,000	
Bits, Reamers and Stabilizers	45,000	1,000	
Equipment Rental	20,000	2,000	
Cementing and Squeezing			
Conductor Casing	4,000		
Surface Casing	17,500		
Intermediate Casing		12,000	
Production Casing			
Liner			
Other			
Drilling Mud and Chemicals	60,000	4,000	
Mud Logger			
Logging, Coring and Testing -			
Cores <u>30</u> SWC's	4,000		
DST's <u>2</u>	10,000		
Logs <u>Dual Induction/GR - Intermediate Csg to TD</u>	16,000		
<u>CNL/Density/GR/Caliper</u>	16,000		
<u>GR/CBL</u>		6,000	
<u>and wireline work</u>		7,500	
Perforating and Fracturing		11,000	
Labor and Supervision	20,000	6,000	
Contract Labor	10,000	5,000	
Drilling Overhead	58,000		
Transportation and hauling	3,000	7,000	
Sales Tax	10,000	1,000	
Other Miscellaneous Intangible Costs <u>testing packers, Loomis, etc.</u>	10,000	15,000	
Losses, Damages and Abandonment	15,000		
Fishing Tool Expense and/or Directional Drilling			
Dry Hole Contributions			
Well Control Insurance			
TOTAL INTANGIBLE	\$ 699,250	\$ 605,250	\$ 94,000

Calculate AFE Rest

INEXCO OIL COMPANY

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AFE No. (Inexco Property No.) _____
 Prospect Humble City
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Perforating and wireline work		7,500	
Acidizing and Fracturing		11,000	
Labor and Supervision	20,000	6,000	
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Losses, Damages and Abandonment	15,000		
Fishing Tool Expense and/or Directional Drilling			
Dry Hole Contributions			
Well Control Insurance			
TOTAL INTANGIBLE	\$ 699,250	\$ 94,000	\$ 793,250

DESCRIPTION	ESTIMATED COSTS		ACTUAL COST
	DRILLING	COMPLETION	
TANGIBLE COSTS (313/314):			
Conductor Csg. _____ ft. of _____ at _____ /ft			
Surface Csg. _____ 450 ft. of 13-3/8" at _____ /ft	12,700		
Intermediate Csg. _____ 4,800 ft. of 8-5/8" at _____ /ft	70,000		
Liner _____ ft. of _____ at _____ /ft			
Liner _____ ft. of _____ at _____ /ft			
Tieback _____ ft. of _____ at _____ /ft			
Production Csg. _____ 11,800 ft. of 5-1/2" at _____ /ft		190,000	
Tubing _____ 11,800 ft. of 2-3/8" at _____ /ft		83,000	
Installation Costs and Non-Controllable Well Equipment		6,000	
Casing Head Assembly	3,000		
Tubing Head Assembly ... and tree		28,000	
Pumping Unit			
Prime Mover			
Storage Tanks		10,000	
Separator		5,000	
Dehydrator			
Heater - Treater		9,000	
LACT Unit			
LTX or Production Unit			
Line Pipe		6,000	
Gas Recorders			
Installation Costs and Non-Controllable Lease Equipment		16,000	
TOTAL TANGIBLE	\$ 438,700	\$ 85,700	\$ 353,000
TOTAL WELL	\$ 1,137,950	\$ 690,950	\$ 447,000

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:

OWNER	Interest:	\$
INEXCO OIL COMPANY	30.116468%	342,710.34
Texaco	22.500000%	256,038.75
Amerada Hess	16.515485%	187,937.95
David Petroleum	5.828995%	66,331.05
McMillan	4.857496%	55,275.88
Kirby	4.453125%	50,674.34
Rebel Oil Company	3.125000%	35,560.94
Loveless	2.857496%	32,516.88
Sabine Corporation	2.734375%	31,115.82
Fred Schlicher	2.000000%	22,759.00
Stephen Scott Moore	0.520834%	5,926.83
Richard Lyons Moore	0.520833%	5,926.82
Michell Harrison	0.520833%	5,926.82

Authorized Signature: [Signature] Date: 7-11-83

[NOTE: Unleased unable to locate 3.449060%

APPROVED:

AMERADA HESS CORPORATION

BY: [Signature]

DATE: 5-4-83

Calculate AFE Post

INEXCO OIL COMPANY

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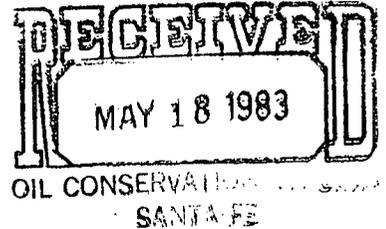
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INEXCO OIL COMPANY

May 5, 1983

*File - Norris #1
NM 181*



Tenneco Oil Company
7990 I.H. 10 West
San Antonio, Texas 78230

Attn: Rex Bourland

Re: S/2 Sec. 13-T17S, R37E (NM181)
Lea County, New Mexico
South Humble City Strawn Pool
Unorthodox Location Norris #1 Well
Force Pooling Action

Gentlemen:

This letter is to confirm my phone communication with Steven D. King of Tenneco on May 6, 1983, regarding Inexco's proposal to drill an 11,800 foot Strawn test at a location 330' FWL and 1650' FSL of Section 13-T17S, R37E, Lea County, New Mexico. Dry hole costs are estimated to be \$690,950.00 and total costs for a completed well approximately \$1,137,950.00.

We invite your participation in the well in either of the two following manners:

1. Join in the drilling of the test well as to your pro rata share (AFE and Operating Agreement will be furnished upon request)
2. Grant a lease covering the S/2 Sec. 13-T17S, R37E, providing for 1/4 royalty and a 1 year term

These are the terms offered to all of the other owners of unleased mineral interests under the S/2 of Sec. 13. As discussed with Mr. King, we did not discover your interest until late yesterday afternoon when we had an in-depth meeting with our attorney and people attempting to cure title. To our surprise, we discovered that one of our leases which we heretofore thought to cover a 1/8 mineral interest actually covered a 1/16 mineral interest. The other 1/16 interest belonged to Houston Royalty Company, now Houston Oil and Minerals who your Company has purchased. Your 6.25% mineral interest or 20 net acres under the S/2 Section 13-T17S, R37E, should you decide to join in the drilling, would share in the estimated dry hole cost in the approximate amount of \$43,184.38.

On May 11, 1983, force pooling proceedings and our application for Unorthodox Drilling Permit - Exception to Special Pool Rules South Humble City Strawn Pool will be heard by the New Mexico Oil Conservation Division in Santa Fe, New Mexico at 9:00 a.m.

TOC - SWD

MAY 9 1983

LAND DEPARTMENT

Tenneco Oil Company
May 5, 1983
Page Two

Inexco will ask for the maximum penalty allowed under the force pooling action. As discussed with Mr. King, We believe that Tenneco, as successor to the Houston Oil and Mineral interest, and Inexco can reach accord negating the necessity of force pooling action against Tenneco. Therefore, we hereby request that Tenneco show their concurrence to the following by signing, dating and returning one copy of this letter to Inexco prior to the hearing date:

1. Tenneco waives objection to the unorthodox location specified above.
2. Tenneco will either join in the drilling of the well or enter into a mutually acceptable lease.
3. Inexco will not ask for the interest of Tenneco to be subject to the force pooling action.

Thank you for your prompt attention and cooperation in this matter. Should you have any questions, please advise me immediately by phone.

Very truly yours,


L. J. Tacconi
Area Landman

ACCEPTED and AGREED this 9th day of May, 1983.

TENNECO OIL COMPANY

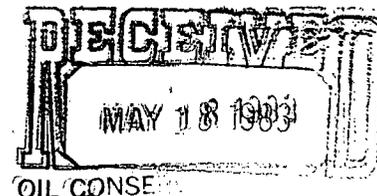
By 



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