

BARNES, EIMERS & NEWKUMET

J D Barnes  
D J Eimers  
A W Newkumet

OIL & GAS EXPLORATION  
P.O. BOX 3758  
MIDLAND, TEXAS 79702

Telephone (915) 682-6231

November 12, 1982

P. A. Poole  
3565 Frow Ave.  
Miami, Florida 33133

Re: W/2 NW/4 and NW/4 NE/4 Section 14  
T-14-S, R-34-E, N.M.P.M.  
Lea County, New Mexico  
High Plains Prospect - C-177

Dear Mr. Poole,

As discussed with you in our telephone conversation of today, Barnes, Eimers and Newkumet on behalf of Clements Energy, Inc. is requesting your support of our proposed Permo Penn Test in the NE/4 of Section 14.

We would ask you to consider the following proposal:

1. A Farmout of the captioned acreage under the following general terms and conditions.
  - a. On or before June 1, 1983, Clements Energy, Inc. to commence an 11,000 ft. (±) Permo Penn test ("Initial Test Well") with proposed location in the NE/4 of Section 14 (Initial proration unit is the NE/4).
  - b. By drilling and completing such "Initial Test Well", Clements Energy, Inc. to earn an assignment of 100% of the referenced acreage as to the proration unit designated for such well. In such assignment "Poole" to reserve a proportionately reduced 5% ORRI. "Poole" to have an option to convert such ORRI to a proportionately reduced 25% Working Interest after payout. Additionally, Clements Energy, Inc. to earn an assignment of 50% on the balance of the referenced acreage outside such initial proration unit (i.e., W/2 NW/4). The approximate Working Interest before payout and after payout is as follows:

*do this →*

NET ACRES	ORIGINAL INTEREST	WORKING INT.	WORKING INTEREST
		BEFORE PAYOUT	AFTER PAYOUT
Clements Energy, Inc. 120.0	75%	100%	93.75%
Poole 40.0	25%	-0-	6.25%
TOTAL 160	100%	100%	100%

*Indirect  
to well  
if P/O*

TOTAL BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico

Case No. \_\_\_\_\_ Exhibit No. 6

Submitted by \_\_\_\_\_

Hearing Date \_\_\_\_\_

(6)

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*Participate* -  
I am in hopes that the foregoing is acceptable to you and that we can agree to proceed with the preparation of a formal agreement. If this trade does not meet with your approval, it becomes evident that the only remaining alternative would be your joinder (participation) in the drilling of the "Initial Test Well". With 40.0 net acres in the NE/4 of Section 14, your interest would be calculated on a 25% basis. Our estimated AFE cost as of November 4, 1982 is \$543,483.00, dry hole cost, and \$847,303.00, completed well cost.

*pooling* -  
As I indicated this morning, we would prefer not to proceed with a formal "pooling" hearing before the Oil Conversation Division, but must stress that your counter offer of \$451.92 is unacceptable and is not being considered by our management. Therefore, I am asking that you review our request for support immediately and respond as soon as possible.

Thank you very much.

Yours very truly,

BARNES, EIMERS & NEWKUMET



Larry T. Hunnicutt

LH:mdj

