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OIL CONSERVATION DIVISION

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Case 11411

Medallion Production Company  
7130 South Lewis Avenue  
Suite 700  
Tulsa, Oklahoma 74136  
918 488-8283 Telephone  
918 488-8182 Fax

November 10, 1995

Writers Direct Number (918) 491-4105

**VIA FAX 491-4387 and CERTIFIED MAIL**

Kaiser Francis Oil Company  
P.O. Box 21468  
Tulsa, OK 74121-1468

COPY

Attention: Wayne Fields

Re: Cemetery Prospect  
Tweedy No. 1 Well  
South Half (S/2) of Section 9-20S-25E  
Eddy County, New Mexico

Gentlemen:

Attached please find State of New Mexico, Oil Conservation Division Order No. R-10513 issued November 9, 1995, in Medallion's compulsory pooling, case No. 1141, covering the referenced lands.

As we have discussed, Medallion still awaits your counter to our offers so that a mutually acceptable well trade agreement can be reached for the drilling of the subject well. Please advise of your counter to Medallion's offers.

Pursuant to Order No. R-10513, attached please find Medallion Production Company's AFE dated October 31, 1995, provided as an itemized schedule of estimated well costs for the drilling and completion of the subject well. This same AFE is being provided to the State of New Mexico, Oil Conservation Division by copy of this letter.

I look forward to your reply in this matter.

Sincerely,

**MEDALLION PRODUCTION COMPANY**

D.R. Deffenbaugh, CPL  
Landman

DRD/nb  
cemkfoc4.ltr

cc: State of New Mexico  
Oil Conservation Division  
A MidAmerican Energy Company

COPY

**MEDALLION PRODUCTION COMPANY  
AUTHORIZATION FOR EXPENDITURES**

PROSPECT Cemetery DATE 10/31/95  
 LEASE \_\_\_\_\_ WELL NO. \_\_\_\_\_ AFE NO. \_\_\_\_\_  
 LOCATION NW 1/4 SE 4 SECTION 9 TWP 20S RANGE 25E  
 FIELD \_\_\_\_\_ COUNTY Eddy STATE New Mexico  
 WELL ID 9550 PRIM. OBJ. Morrow SEC. OBJ. \_\_\_\_\_

AFE CLASSIFICATION  
☒ CAPITAL (\$20 \$40) ☐ CAPITAL (\$40) ☐ CAPITAL (\$40) ☐ CAPITAL (\$95) ☐ EXPENSE (\$70) ☐ EXPENSE (\$70)  
 DRLG (\$30 \$50) RE-COMplete (\$50) WORKOVER (\$50) P & A WORKOVER REPAIR

Description of Work: Drill, Complete & Equip Well As A Single Zone Drilling Completion Total  
 Morrow Gas Producer Costs Costs

INTANGIBLE COSTS	BCP	ACP	
Location	16,000	2,500	\$18,500
Contracted Equipment	2,000	+	2,000
Rotary Rig: ML, RU, RD, MO	+	+	0
Daywork 2/1 @ \$4600/Day	9,200	4,600	13,800
Footage \$18.50/Ft	176,700	+	176,700
Fuel	+	+	0
Drilling Bits	+	+	0
Drilling Fluid	17,000	+	17,000
Mud Disposal	+	+	0
Drill Stem Tests	4,000	+	4,000
Cement and Cementing Service	12,000	7,800	19,800
Casing Crew, Equipment	3,800	2,400	6,200
Logging: Open Hole	9,600	+	9,600
Completion Rig 10 Days @ \$1800/Day	+	18,000	18,000
Stimulation	+	25,000	25,000
Log & Perf. Cased Hole	+	6,500	6,500
Rentals	4,000	5,000	9,000
Water/Water Hauling	12,000	5,000	17,000
Hauling/Freight	2,500	2,000	4,500
Testing/Inspection	1,200	2,000	3,200
Labor: Contract	2,000	2,500	4,500
Company Geologist/Engineer Mud Logger @ \$300/Day	7,500	1,200	8,700
Overhead	4,000	2,500	6,500
Professional Services	13,500	4,500	18,000
Insurance	1,000	+	1,000
Miscellaneous, etc.	3,500	2,000	5,500
<b>TOTAL INTANGIBLE COSTS</b>	<b>\$301,500</b>	<b>\$93,500</b>	<b>\$395,000</b>

TANGIBLE COSTS			
Cattle Guards & Fencing	2,500	1,000	3,500
Casing: Cond.	2,500	+	2,500
Casing: Surface 13-3/8" @ 350'	6,500	+	6,500
Casing: Intermediate 8-5/8" 32# 1-55 @ 1250'	12,500	+	12,500
Casing: Production 4-1/2" 11.6# N-80 @ 9550'	+	42,600	42,600
Float Equip, Centrifuge, etc.	1,700	1,100	2,800
Well Head	1,400	8,000	9,400
Tubing 2-3/8" 4.7# N-80 @ 9550'	+	23,600	23,600
Pump Unit	+	+	0
Motor/Engine	+	+	0
Rods & Pump	+	+	0
Pkr & Other Sub-surface Equip.	+	8,000	8,000
Tanks	+	6,600	6,600
Separator/Production Unit	+	6,000	6,000
Heater Treater/Dehydrator	+	+	0
Fittings & Small Pipe	+	8,000	8,000
Other Equipment	+	+	0
Installation Costs	+	8,000	8,000

**TOTAL TANGIBLE COSTS** \$27,100 \$112,900 \$140,000  
**TOTAL COSTS** \$328,600 \$206,400 \$335,000

Estimated Spud Date \_\_\_\_\_ Estimated Work Dates \_\_\_\_\_  
 Total Well Cost to Casing Point \$328,600 Plugging Cost \$10,000 Total Dry & Abandoned Cost \$338,600  
 Total Cost Through Evaluation of Zone of Interest \$498,400

Prepared By: Lee Kramm  
 MEDALLION PRODUCTION COMPANY APPROVED

WORKING INTEREST OWNER APPROVED

By: LK  
 By: \_\_\_\_\_

Date: \_\_\_\_\_ Company Name: \_\_\_\_\_  
 Date: \_\_\_\_\_ By: \_\_\_\_\_ Date: \_\_\_\_\_