

CASE NUMBER 9977 E/2 OF SECTION 34, T-17-S, R-28-E, EDDY COUNTY, NEW MEXICO, LIMITED TO DEPTHS BELOW THE BASE OF THE ABO FORMATION

ELECTION OF OWNERS

OWNER NAME AND ADDRESS	WI-LEASE	WI-UNIT	OWNER ELECTION
TRACT 1 - W/2NE/4, CONTAINING 8 State of New Mexico Lease E-711		<u> </u>	
PACIFIC ENTERPRISES OIL COMPANY (USA) (Through Amoco Production Company Farmout) Post Office Box 3083 Midland, Texas 79702 ATTN: Mr. Terry Gant	75.00000%	18.75000%	Applicant
YATES PETROLEUM CORPORATION 105 South Fourth Street Artesia, New Mexico 88210 ATTN: Mr. Robert H. Bullock	9.02778%	2.25695%	Participate
DEKALB ENERGY CORPORATION 1625 Broadway Denver, Colorado 80202-4731 ATTN: Mr. Keith C. Ranum	7.98611%	1.99652%	No Election
MARATHON OIL COMPANY Post Office Box 552 Midland, Texas 79702 ATTN: Mr. Curtis Smith	7.98611%	1.99653%	No Election
GLIDTOTI I			

TRACT 2 - NE/4NE/4, CONTAINING 40 ACRES, MORE OR LESS State of New Mexico Lease E-7832

PACIFIC ENTERPRISES 100.0000% 12.50000% Applicant OIL COMPANY (USA)
(Through Amoco Production Company Farmout)
Post Office Box 3083
Midland, Texas 79702
ATTN: Mr. Terry Gant

SUBTOTAL 100.00000% 25.00000%

OWNER NAME AND ADDRESS	WI-LEASE	WI-UNIT	OWNER ELECTION			
TRACT 3 - SE/4NE/4, CONTAINING 40 ACRES, MORE OR LESS State of New Mexico Lease B-2071						
PACIFIC ENTERPRISES OIL COMPANY (USA) (Through Amoco Production Company Farmout) Post Office Box 3083 Midland, Texas 79702 ATTN: Mr. Terry Gant	50.0000%	6.25000%	Applicant			
THE MOORE TRUST 310 West Wall Suite 404 Midland, Texas 79701 ATTN: Mr. Ms. Cynthia L. Benne	50.0000% tt 	6.25000%	No Election			
SUBTOTAL	100.00000%	25.00000%				
TRACT 4 - N/2SE/4, CONTAINING 80 ACRES, MORE OR LESS State of New Mexico Lease 647						
ARCO OIL & GAS COMPANY Post Office Box 1610 Midland, Texas 79702 ATTN: Mr. Tim Derigo	50.00000%	12.50000%	No Election			
YATES PETROLEUM CORPORATION 105 South Fourth Street Artesia, New Mexico 88210 ATTN: Mr. Robert H. Bullock	18.05556%	4.51389%	Participate			
DEKALB ENERGY CORPORATION 1625 Broadway Denver, Colorado 80202-4731 ATTN: Mr. Keith C. Ranum	15.97222%	3.99306%	No Election			
MARATHON OIL COMPANY Post Office Box 552 Midland, Texas 79702 ATTN: Mr. Curtis Smith	15.97222%	3.99305%	No Election			

100.00000% 25.00000%

SUBTOTAL

OWNER NAME AND ADDRESS	WI-LEASE	WI-UNIT	OWNER ELECTION
TRACT 5 - 8/28E/4, CONTAINING 80 State of New Mexico Lease B-1153	·	<u>88</u>	
FINA OIL AND CHEMICAL COMPANY Post Office Box 2990 Midland, Texas 79702 ATTN: Mr. Kevin Pfister	50.00000%	12.50000%	Farmout
CONOCO INC. Post Office Box 1959 Midland, Texas 79702 ATTN: Mr. Warren D. Richardson	50.00000%	12.50000%	No Election
SUBTOTAL	100.00000%	25.00000%	

100.00000%

TOTAL

OWNERSHIP RECAP	<u>WI-UNIT</u>	OWNER ELECTION
Pacific Enterprises Oil Company (USA)	37.50000%	Applicant
Fina Oil and Chemical Company	12.50000%	Farmout
Arco Oil & Gas Company	12.50000%	No Election
Conoco Inc.	12.50000%	No Election
Yates Petroleum Corporation	6.77084%	Participate
The Moore Trust	6.25000%	No Election
Dekalb Energy Corporation	5.98958%	No Election
Marathon Oil Company	5.98958%	No Election
TOTAL	100.00000%	

May 7, 1990

To: See Attached List

SOUTHWEST REGION
200 N. Loraine, #400
P.O. Box 3083

Midfand 1X 79702-5065

DEFINE 386 -346 (AMINER
(915) 684-6426 (Fax)

CIL COMSERVATION DIVISION

Part in Esputh Prospect #6254

RE:

E/2 Section 34, T-17-S, R-28-E

Eddy County New Mexico

34 State Com #1 Well

Gentlemen:

Pacific Enterprises Oil Company (USA) desires to drill a 10,800' Morrow test well 1980' FSL and 1980' FEL of Section 34, T-17-S, R-28-E, Eddy County, New Mexico, with estimated drilling and completion well costs being \$395,350.00 and \$266,700.00 respectively (see attached AFE), with said test well's drilling unit (from below the base of the Abo formation to the base of the Morrow formation) being a Communitized Unit covering the E/2 of said Section 34 (see attached plat).

According to our information, you are the owner of a leasehold interest under the E/2 of said Section 34.

Therefore, we respectfully request your advisement as to your election to either (1) participate in this proposed operation through the formation of a Working Interest Unit covering the E/2 of said Section 34, limited to rights below the base of the Abo formation to the base of the Morrow formation, or 100' below said test well's TD, whichever is the lesser, subject to a mutually acceptable Joint Operating Agreement, or (2) farmout your interest under the E/2 of said Section 34 to Pacific on the following terms:

- 1. Term 90 days (actual drilling).
- 2. Required depth and location 10,800' or to a depth sufficient to penetrate and test the Morrow Formation, whichever is the lesser, at the legal location stated above.
- 3. Produce to earn 100% of Farmor's rights in and to said test well's drilling unit, limited to rights from below the base of the Abo formation to 100' below total depth drilled, at a 80% net revenue interest, proportionately reduced.
- 4. <u>Conversion option</u> At payout of said test well, Farmor shall have the option to convert its overriding royalty interest to a 25% working interest, proportionately reduced.

- 5. <u>Unit Basis</u> Farmor agrees to allow Farmee the right to pool and unitize its interest into a 320 acre drilling unit consisting of the E/2 of said Section 34, with Farmor's overriding royalty interest and conversion working interest being proportionately reduced to such unit.
- 6. Additional Development If said test well does not earn all of Farmor's rights in the E/2 of said Section 34, then Farmee shall have the option to drill additional wells pursuant to a 180 day continuous drilling program, earning in the same manner and fashion as said test well, with the required depth for such additional wells being the same as said test well or to the deepest productive horizon encountered in any preceding well, whichever is lesser.

In as much as Pacific desires to commence the drilling of the above mentioned test well on or before July 31, 1990, we respectfully request that you advise Pacific in writing of your respective election as soon as possible. If you should desire to participate, please execute and return the enclosed AFE, and after receiving same, Pacific will forward to you our proposed JOA. In the absence of voluntary agreement by all parties, Pacific shall submit an application for a compulsory force pooling hearing.

If you have any questions or need any additional information, please contact the undersigned.

Very truly yours,

PACIFIC ENTERPRISES OIL COMPANY (USA)

Terry Cant

Landman

TG/mp

Enclosure

bcc: Ralph Moore Rick Ricketts

34 State Com #1 Well E/2 Section 34, T-17-S, R-28-E Eddy County, N.M.

The Moore Trust
310 W. Wall, Suite 404
Midland, TX 79701
Attn: Ms. Cynthia L. Bennett

Conoco Inc. P. O. Box 460 Hobbs, New Mexico 88240 Attn: Mr. Mike Boney

Fina Oil and Chemical Co. P. O. Box 2990 Midland, TX 79702 Attn: Mr. Kevin Pfister

ARCO Oil & Gas Company P. O. Box 1610 Midland, TX 79702 Attn: Mr. Tim Derigo

Yates Petroleum Corporation 105 South Forth Street Artesia, New Mexico 88210 Attn: Mr. Randy G. Patterson

DeKalb Energy Company 1625 Broadway Denver, CO 80202-4731 Attn: Mr. Keith C. Ranum

Marathon Oil Co. P. O. Box 552 Midland, TX 79702 Attn: Mr. Curtis Smith

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ORIGINAL

AUTHORITY FOR EXPENDITURE

SOUTHWEST REGION 200 N. Loraine, #400 P.O. Box 3083 Midland TX 79702-3083 (915) 684-3861 (915) 684-6426 (Fax)

DIVISION: Permian Basin Exploration Team DATE: 5-4-90

DEPARTMENT: Exploration and Development Midland, Texas

PROSPECT: Empire South Prospect #6254 WELL NAME: 34 State Com #1

LOCATION: 1980' FSL and 1980' FEL of Section 34, T-17-S, R-28-E

Eddy County, New Mexico

Drill and Test Cost Completion

\$395,350.00 266,700.00

_200,700.00

TOTAL

\$622,050.00

JUSTIFICATION:

Proposed 10,800' well to test the Morrow Formation. See attached detailed Drilling and Completion Cost Estimate.

PARTICIPANTS WORKING INTEREST COST GROSS AFE AMOUNT \$662,050.00 APPROVED ___ DISAPPROVED ____ .3750000 \$248,268.75 PEOC THE MOORE TRUST .0625000 41,378.13 CONOCO INC. .1250000 82,756.25 FINA OIL & CHEMICAL CO. .1250000 COMPANY REPRESENTATIVE 82,756.25 ARCO OIL & GAS CO. .1250000 82,756.25 YATES PETROLEUM CORP. .0677084 44,826.35 DEKALB ENERGY CO. .0598958 39,654.01 COMPANY <u>.0598958</u> MARATHON OIL CO. 39,654.01 1.0000000 \$662,050.00 DATE

PACIFIC ENTERPRISES OIL CO. (USA) ORILLING & COMPLETION DETAILED COST ESTIMATE

Prospect: PEOC 34 State Comm #1 Field Empire South Morrow

Hell Location 1980' FSL & 1980' FEL Legal Description Sec 34, T175, R28E

County Eddy State MM Proposed Depth 10,800'

Objective formation Horrow AFE No. Terra H.I. CATEGORY NO. DRILL & TEST NO. COMPLETION TOTAL Survey - Stake Location 1 1,000 XXX 0 . 1,000 Permits & Hearings 2 100 83 0 100 Building Road, bridges, canals 3 4,000 84 0 4,000 Building Location & Pits 4 10,000 85 3,500 13,500 Insurance (for Terra only) 5 3,300 86 3,300 Hove in - Rig up - Rig down - Hove out 6 0 87 0 Rat Hole 7 0 XXX ۵ Footage Contract 10,800' 3 \$16.25/ft 8 175,500 XXX 0 175,500 Day work contract 5/3 days a \$3,900/day 9 17,600 88 9,800 27,400 Turnkey Agreement 10 O 90 0 Rig for Completion \$1400/day x 8 days 0 101 XXX 11,200 11,200 **Orill Bits** 12 0 102 - 500 500 Rental Equipment 13 10,000 103 3,500 13,500 Fishing Tools & Service 14 0 104 0 0 Company Labor 15 0 107 2,400 2,400 Auto & Travel 16 100 108 0 100 Contract Labor 17 15,900 113 3,100 19,000 Trucking, Hauling, Service Equipment 18 2,500 114 3,500 6,000 Power & Fuel 19 0 115 0 Hater 20 8,500 116 1,500 10,000 **Mud & Chemicals** 21 16,000 117 2,000 18,000 Drill Pipe, Casing, Rod Inspection 22 2,000 125 3,500 5,500 Formation Testing (incl 2 DST) 23 8,000 XXX 0 8,000 Coring __ ft of core a \$ /ft 24 0 XXX 0 0 Mud Logging 25 7,500 XXX 0 7,500 Logs 26 22,000 126 3.500 25,500 Temperature Survey 27 0 148 0 n Bottom Hole Pressure Test 28 0 149 2,500 2,500 Directional Services 29 0 152 0 0 Engineering, Geological, Geophysical 30 1,000 153 500 1.500 Cmtg, Conductor or Surf Csg (incl Float equip) 31 6,000 XXX 4.000 Cmtg, Interm or Prod Csg (incl Float equip) 32 10,000 154 15,000 25,000 Squeeze Jobs 33 0 155 0 0 Perf or Shooting 34 0 156 3,500 3.500 Frac 0 157 XXX 4,000 4,000 Swabb ing 36 0 158 0 Plugging, if dry 37 6.000 159 0 ÷.000 Damage Claims 38 1,900 165 0 1.900 Cleaning Location 39 2,500 166 1,500 4,000 District Expense 40 9,000 172 1,200 10,200 Communications 41 200 177 200 400 Environmental & Safety Equipment 42 0 178 n n Misc Material & Service (Contingency) 43 10.000 179 2,600 12.600 TOTAL INTANGIBLES 350,600 79,000 -2°,600

PACIFIC ENTERPRISES OIL CO. (USA) DRILLING & COMPLETION DETAILED COST ESTIMATE

CATEGORY URILLING & COMPLE	NO.			COMPLETION	
TOTAL	_		. <u> </u>		
Surface Casing					
500' of 13-3/8" 00 H-40 48#/ft.,					
8rd, ST&C 9 \$18.5/ft.	50	9,250	2000	0	9,250
Intermediate Casing					
2600' of 8-5/8" 00, 32*/ft., 8rd					
STEC 3 \$10.8/ft.	51	28,000	XXX	0	28,000
Production Casing					
10,800' 5-1/2" OD, 17#/ft, N-80 2 \$7.5/ft.	3000	0	52	81,000	81,000
Liner					•
ft of _ " 00, <u>#</u> /ft 3 <u>\$</u> _/ft	3000	0	53	o .	0
Tubing					
l0,600' of 2-3/8" OD, N-80, 4.7#/ft,					
8rd, EUE @ \$3.02/ft	3000	0	54	32,000	32,000
Gas Tree & Tubing Head Components	55	3,500	182	12,000	15,500
Pumping Unit or Prime Hover	300 0	0	56	0	0
Production Platform - Mat. & Labor	3000	. 0	58	0	0
Rods	3000	0	59	0	0
Subsurface Pump	30 00	0	60	0	0
Tanks	10 00	0	61	15,000	15,000
Circulating Pump	3000	0	63	0	0
Dehydrator	3000	0	64	0	0
Heater Treater or Gunbarrel (Stakpac)	2000	O	65	10,000	10,000
Separator/FIKO	3000	0	66	0	0
Flowline & Connection 500' ft of 2" 00 FG					
Linepipe 3 \$2/ft	3000	0	68	1,000	1,000
Meter, Meter Run & Connections	300 0	0	70	5,000	5,000
Buildings	3000	0	71	0	C
Packer	100 00	0	72	8,000	8,000
Miscellaneous Equipment (fittings, etc.)	73	4,000	185	6,700	10,700
TOTAL TANGIBLES		// 750		170 700	935 450
Installation of Tubing		44,750 0	54	170,700 0	<u>215,450</u> 0
Installation of Pumping Unit & Prime Hover	300 0	_		-	-
Installation of Tanks	ж	0	56	0	0
Installation of Dehydrator	ж	0 .	61	5,000	5,000
Installation of Heater Treater or Gun Barrel	2000	0	64	0	0
Installation of Separator/FMKO	300 0	0	65	5,000	5,000
Installation of Flowline	XXX	0	66	0	0
	XXX	0	68	5,000	5,000
Installation of Miscellaneous Equipment	73	0	185	2,000	2,000
TOTAL INTANGIBLE INSTALLATION COSTS		o		17,000	17,000
	-	350,600		79,000	42°,600
		44,750		170,700	215,450
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TOTAL HELL COST COMPLETED		395,350		266,700	462,050
		•			
Prepared by:	Oate				

Prepared by:

Approved by:

Date 5/4/au

card from being returned to you. The return receipt fee will or to and the date of delivery. For additional fees the following for fees and check box(es) for additional service(s) request	ovide you the name of the person delivers services are available. Consult postmastied.
for fees and check box(es) for additional service(s) request 1. Show to whom delivered, date, and addresses's add (Extra charge)	(Extra charge)
3. Article Addressed to:	4. Article Number
THE MOORE TRUST	P 911 798 890
310 W. WALL, SUITE 404 MIDLAND, TX 79701	Type of Service: Insured
MIDLAND, IX /9/UI	XX confined
NC OVALUATA I DENNICTE	Express Mail Return Receipt for Merchandise
MS. CYNTHIA L. BENNETT	Always obtain signature of addressee
	or agent and DATE DELIVERED.
5. Signature — Address X	8. Addressee's Address (ONLY if requested and fee paid)
And the second of the second o	
6. Signature – Agent	
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7. Date of Delivery	
PS Form 3811, Mar. 1988 U.S.G.P.O. 1988-212-	-865 DOMESTIC RETURN RECE
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Put your address in the "RETURN TO" Space on the raver	se side. Failure to do this will prevent th
card from being returned to you. The return receipt fee will p to and the date of delivery. For additional fees the following	<u>rovide you the name of the person deliver</u> services are available. Consult postmast
for fees and check box(es) for additional service(s) reques 1. Show to whom delivered, date, and addressee's ad (Eura charge)	dress. 2. Restricted Delivery
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CONOCO INC. P.O. BOX 460	P 546 959 969
LODDS NA GOODS	Type of Service:
HOBBS, NM 88240	XXX Certified 2 2 COD 5
	Express Mail Return Receipt for Merchandise
MR. KIRK BONEY	Always obtain signature of addressee
	or agent and DATE DELIVERED.
5. Signature - Address	8. Addressee's Address (ONLY if requested and fee paid)
X deff feel	
6. Signature – Agent	
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3. Article Addressed to: FINA OIL & CHEMICAL CO.	P 546 959 968
A STATE OF THE STA	P 546 959 968 Type of Service:
FINA OIL & CHEMICAL CO. P.O. BOX 2990	P 546 959 968 Type of Service: Registered Insured
FINA OIL & CHEMICAL CO.	P 546 959 968 Type of Service: Registered Insured COD Recipt Recipt Recipt Recipt Recipt
FINA OIL & CHEMICAL CO. P.O. BOX 2990	P 546 959 968 Type of Service: Registered Insured X Vertified COD Return Receipt for Merchandise
FINA OIL & CHEMICAL CO. P.O. BOX 2990 MIDLAND, TX 79702	P 546 959 968 Type of Service: Registered Insured X Vertified COD Return Receipt for Merchandise Always obtain signature of addresses
FINA OIL & CHEMICAL CO. P.O. BOX 2990 MIDLAND, TX 79702 MR. KEVIN PFISTER	P 546 959 968 Type of Service: Registered Insured X Certified COD Return Receipt for Merchandise Always obtain signature of addresses or agent and DATE DELIVERED.
FINA OIL & CHEMICAL CO. P.O. BOX 2990 MICLAND, TX 79702 MR. KEVIN PFISTER 5. Signature — Address	P 546 959 968 Type of Service: Registered Insured X Vertified COD Return Receipt for Merchandise Always obtain signature of addresses
FINA OIL & CHEMICAL CO. P.O. BOX 2990 MIDLAND, TX 79702 MR. KEVIN PFISTER	P 546 959 968 Type of Service: Registered Insured COD Return Receipt for Merchandise Always obtain signature of addressee or agent and DATE DELIVERED. 8. Addressee's Address (ONLY if

	fees and check box(es) for additional service(s) requeing Show to whom delivered, date, and addressee's a charge (Extra charge)	odress. 2. ☐ Restricted Delivery (Extra charge)
	Article Addressed to:	4. Article Number
	ARCO OIL & GAS CO.	P 546 959 967
	P.O. BOX 1610	Type of Service:
	MIDLAND, TX 79702	Registered Insured
		Certified COD Return Receipt
•	MR. TIM DERIGO	Express Mail for Merchandise
		Always obtain signature of addressee
5 (Cinnalis Add	or egent and DATE DELIVERED.
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3.		4. Article Number
	YATES PETROLEUM CORP.	P 546 959 966
	105 S. 4TH STREET	
		State of the state
	ARTESIA, NM 88210	
	NO DATES	endise
	MR. RANDY G. PATTERSON	a dressee
		or agent and DATE DELIVERED.
5.	Signature - Address	8. Addressee's Address (ONLY if
X		requested and fee paid)
6.	Signature - Agent	
X	Trent fresh	
7.	Date of Delivery	
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Pir	SENDER: Complete Items 1 and 2 when addition 3 and 4. It your address in the "RETURN TO" Space on the re-	al services are desired, and complete ite
Pu cal to	SENDER: Complete items 1 and 2 when additions and 4. It your address in the "RETURN TO" Space on the read from the first or the date of delivery. For additional tess the follow fees and check box(es) for additional service(s) required.	al services are desired, and complete he verse side. Failure to do this will prevent to provide you the name of the person delive ing services are available. Consult postman
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,	MARATHON OIL CO.	P 911 798 891
	P.O. BOX 552	Type of Service:
	MIDLAND, TX 79702	Registered Insured
	ND CUDTIC CUTTU	Georges Mail - Genurn Receipt
	MR. CURTIS SMITH	or werchand
	5. Signature — Address X	8. Addressee's Address (ONLY if requested and fee paid)
	6. Signature — Agent	

May 23, 1990

To: See Attached List

SOUTHWEST REGION

200 N. Loraine, #400

P.O. Box 3083. EXAMINER

Midland TX 79702-3083

(1915) 684-3861 CANTON DIVISION

(915) 684-6426 (Fax)

CASE NO. 9977

RE: Empire South Prospect #6254

Eddy County, New Mexico

E/2 Section 34, T-17-S, R-28-E

34 State Com #1 Well

Ladies and Gentlemen:

Reference is made to our May 7, 1990 letter regarding the captioned well proposal and to recent telephone conversations regarding same.

As discussed, Pacific Enterprises Oil Company (USA) has acquired a Farm-in of Amoco Production Company's leasehold rights in the E/2 of said Section 34, which required the spudding of said test well on or before July 31, 1990. Pacific therefore was ready to apply for a June 13, 1990 Compulsory Force Pooling Hearing. However, Pacific has recently received verbal approval from Amoco to extend the Farmin's spud date to August 31, 1990.

We therefore respectfully request your advisement as to your election to either (1) participate in this proposed operation as outlined under our May 7, 1990 letter, or (2) farmout your interest under the E/2 of said Section 34 to Pacific on the following terms:

- 1. Term 90 days (actual drilling).
- Required depth and location 10,800' or to a depth sufficient to penetrate and test the Morrow Formation, whichever is the lesser, at the legal location stated above.
- 3. <u>Produce to earn</u> 100% of Farmor's rights in and to said test well's drilling unit, limited to rights from below the base of the Abo formation to 100' below total depth drilled, at a 75% net revenue interest, proportionately reduced.
- 4. <u>Conversion option</u> At payout of said test well, Farmor shall have the option to convert its overriding royalty interest to a 30% working interest, proportionately reduced.

- 5. <u>Unit Basis</u> Farmor agrees to allow Farmee the right to pool and unitize its interest into a 320 acre drilling unit consisting of the E/2 of said Section 34, with Farmor's overriding royalty interest and conversion working interest being proportionately reduced to such unit.
- 6. Additional Development If said test well does not earn all of Farmor's rights in the E/2 of said Section 34, then Farmee shall have the option to drill additional wells pursuant to a 180 day continuous drilling program, earning in the same manner and fashion as said test well, with the required depth for such additional wells being the same as said test well or to the deepest productive horizon encountered in any preceding well, whichever is lesser.

Due to Pacific's drilling deadline, we respectfully request that you advise Pacific in writing of your respective election as soon as possible. If you should desire to participate, please execute and return the Authority For Expenditure attached to the May 7, 1990 letter and review the attached proposed Joint Operating Agreement. Please advise if the Joint Operating Agreement meets with your approval.

In the absence of a voluntary agreement by all parties, please be advised that Pacific shall submit an application for a June 27, 1990 Compulsory Force Pooling Hearing.

If you have any questions or need any additional information, please contact the undersigned.

Very truly yours,

PACIFIC ENTERPRISES OIL COMPANY (USA)

Terry Gant Landman

TG/dsr

Enclosure

34 State Com #1 Well E/2 Section 34, T-17-S, R-28-E Eddy County, N.M.

The Moore Trust
310 W. Wall, Suite 404
Midland, TX 79701
Attn: Ms. Cynthia L. Bennett

Conoco Inc. P. O. Box 460 Hobbs, New Mexico 88240 Attn: Mr. Mike Boney

Fina Oil and Chemical Co. P. O. Box 2990 Midland, TX 79702 Attn: Mr. Kevin Pfister

ARCO Oil & Gas Company P. O. Box 1610 Midland, TX 79702 Attn: Mr. Tim Derigo

Yates Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210 Attn: Mr. Robert H. Bullock

DeKalb Energy Company 1625 Broadway Denver, CO 80202-4731 Attn: Mr. Keith C. Ranum

Marathon Oil Co. P. O. Box 552 Midland, TX 79702 Attn: Mr. Curtis Smith

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THE MOORE TRUST ATTN: MS. CYNTHIA L. BENNETT	P 546 959 993
ATTN: MS. CYNTHIA L. BENNETT	Type of Service:
310 WEST WALL, SUITE 404	Registered Insured
MIDLAND TX 79701	Certified COD Express Mail
	
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6. Signature – Agent	
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CONOCO, INC.	P 546 959 994
ATTN: MIKE BONEY	Type of Service:
P. O. BOX 460	Registered Insured
HOBBS, NM 88240	XX Certified COD
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FINA OIL & CHEMICAL	P 546 959 995
ATTN: KEVIN PFISTER	Type of Service:
	Registered Insured
P. O. BOX 2990	
MIDLAND TX 79702	Express Mail
	Always obtain signature of addressee
A Comment of the Comm	or agent and <u>DATE DELIVERED</u> .
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YATES PETROLEUM CORPORATION	P 546 959 997
ATTN: MR. ROBERT H. BULLOCK	Type of Service:
105 SOUTH FOURTH STREET	Registered Insured COD
ARTESIA, NEW MEXICO 88210	Express Mail
	Always obtain signature of address
	or agent and DATE DELIVERED.
5. Signature - Addressee	8. Addressee's Address (ONLY if
X	requested and fee paid)
6. Signature Agent	
x Mike Durch	•**
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DEKALB ENERGY COMPANY	
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DeKALB ENERGY COMPANY	Registered Insured
DEKALB ENERGY COMPANY ATTN: MR. KEITH C. RANUM 1625 BROADWAY	Registered Insured Cortified COD
DeKALB ENERGY COMPANY ATTN: MR. KEITH C. RANUM	Registered Insured
DEKALB ENERGY COMPANY ATTN: MR. KEITH C. RANUM 1625 BROADWAY	Registered Insured Certified COD Express Mail Always obtain signature of address
DeKALB ENERGY COMPANY ATTN: MR. KEITH C. RANUM 1625 BROADWAY DENVER CO 80202-4731	Registered Insured Certified COD Express Mail Always obtain signature of address or agent and DATE DELIVERED
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3. Article Addressed to: MARATHON OIL CO.	4. Article Number P 546 959 998
ATTN: CURTIS SMITH P. O. BOX 552 MIDLAND TX 79702	Type of Service: ☐ Registered ☐ Insured ☐ Cortified ☐ COD ☐ Express Mail
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6. Signature – Agent	
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OFFICE CORRESPONDENCE

TO:

Ralph Moore

FROM:

DATE:

Randy A. Bates

06-25-90

SUBJECT:

AFE's - Forced Pooling Hearing PEOC "34" State Comm. No. 1 Empire, South (Morrow) Field Eddy County. New Mexico

The following comments are provided to support the drilling AFE's during the forced pooling hearings on the PEOC "34" State Comm. No. 1 well in the Empire, South (Morrow) Field of Eddy County, New Mexico.

PEOC "34" State Comm. No. 1

The cost estimate is based on actual costs provided through conversations with numerous drilling contractors, mud companies and service companies. Drilling operations in this area are relatively trouble free. No services have been contracted out as of yet, however none of the costs estimates are expected to change significantly.

BEFORE EXAMINER

CHEROMOLICA FICH PLAGON

Packet MANAGER

CASE NO. ____9977___

ORIGINAL

AUTHORITY FOR EXPENDITURE

SOUTHWEST REGION 200 N. Loraine, #400 P.O. Box 3083 Midland TX 79702-3083 (915) 684-3861 (915) 684-6426 (Fax)

DIVISION: Permian Basin Exploration Team

DATE: 5-4-90

DEPARTMENT: Exploration and Development

Midland, Texas

PROSPECT: Empire South Prospect #6254 WELL NAME: 34 State Com #1

LOCATION: 1980' FSL and 1980' FEL of Section 34, T-17-S, R-28-E

Eddy County, New Mexico

Drill and Test Cost Completion

\$395,350.00

266,700.00

TOTAL

\$622,050.00

JUSTIFICATION:

Proposed 10,800' well to test the Morrow Formation. See attached detailed Drilling and Completion Cost Estimate.

PARTICIPANTS WORKING INTEREST COST GROSS AFE AMOUNT \$662,050.00 .3750000 \$248,268.75 PEOC APPROVED DISAPPROVED THE MOORE TRUST .0625000 41,378.13 CONOCO INC. .1250000 82,756.25 FINA OIL & CHEMICAL CO. .1250000 82,756.25 COMPANY REPRESENTATIVE ARCO OIL & GAS CO. .1250000 82,756.25 YATES PETROLEUM CORP. .0677084 44,826.35 DEKALB ENERGY CO. .0598958 39,654.01 COMPANY <u>.0598958</u> MARATHON OIL CO. 39,654.01 1.0000000 \$662,050.00 DATE

PACIFIC ENTERPRISES OIL CO. (USA) DRILLING & COMPLETION DETAILED COST ESTIMATE

Prospect: PEOC 34 State Comm #1 Field Empire South Morrow

Hell Location 1980' FSL & 1980' FEL Legal Description Sec 34, T175, R28E

County Eddy State NM Proposed Depth 10,800'

Objective Formation <u>Morrow</u>	AFE No.	Terra H.I.			
CATEGORY	NO.	DRILL & TEST	ю.	COMPLETION	TOTAL
Survey - Stake Location	1	1,000		0	1,000
Permits & Hearings	2	100	83	0	100
Building Road, bridges, canals	3	4,000	84	0	4,000
Building Location & Pits	4	10,000	85	3,500	13,500
Insurance (for Terra only)	5	3,300	86	0	3,300
Hove in - Rig up - Rig down - Hove out	6	0	87	0	0
Rat Hole	7	0	100X	0	0
Footage Contract 10,800' 2 \$16.25/ft	8	175,500	XXX	0	175,500
Day work contract 5/3 days 9 \$3,900/day	9	17,600	88	9,800	27,400
Turnkey Agreement	10	0	90	0	0
Rig for Completion \$1400/day x 8 days	xxx	0	101	11,200	11,200
Drill Bits	12	0	102	500	500
Rental Equipment		_	102		
Fishing Tools & Service	13	10,000		3,500	13,500
Company Labor	14	0	104	0	0
	15	0	107	2,400	2,400
Auto 2 Travel	16	100	108	0	100
Contract Labor	17	15,900	113	3,100	19,000
Trucking, Hauling, Service Equipment	18	2,500	114	3,500	6,000
Power & Fuel	19	0	115	0	0
Hater	20	8,500	116	1,500	10,000
Hud & Chemicals	21	16,000	117	2,000	18,000
Drill Pipe, Casing, Rod Inspection	22	2,000	125	3,500	5,500
Formation Testing (incl 2 DST)	23	8,000	xxx	0	8,000
Coringft of core a \$/ft	24	0	жж	0	0
Mud Logging	25	7.500	xxx	0	7,500
Logs	26	22,000	126	3,500	25,500
Temperature Survey	27	_ 0	148	0	0
Bottom Hole Pressure Test	28	0	149	2,500	2,500
Directional Services	29	0	152	0	0
Engineering, Geological, Geophysical	30	1,000	153	50 0	1.500
Cmtg, Conductor or Surf Csg (incl Float equip)	31	6,000	xxx	0	÷,000
Cmtg, Interm or Prod Csg (incl Float equip)	32	10,000	154	15,000	25,000
Squeeze Jobs	33	0	155	0	0
Perf or Shooting	34	0	156	3,500	3,500
Frac	жж	0	157	4,000	4,000
Swabbing	36	0	158	0	0
Plugging, if dry	37	6,000	159	0	÷,000
Damage Claims	38	1,900	165	0	1.900
Cleaning Location	39	2,500	166	1,500	4,000
District Expense	40	9,000	172	1,200	10,200
Communications	41	200	177	200	400
Environmental & Safety Equipment	42	0	178	0	0
Misc Material & Service (Contingency)	43	10,000	179	2,600	12,600
		,		-,	
TOTAL INTANGIBLES		350,600		79,000	-:c,600

PACIFIC ENTERPRISES OIL CO. (USA) DRILLING & COMPLETION DETAILED COST ESTIMATE

CATEGORY	NO.	ORILL & TE	ST NO.	COMPLETION	
TOTAL					
Surface Casing .					
500' of 13-3/8" OD H-40 48#/ft.,					
8rd, ST&C a \$18.5/ft.	50	9,250	жж	0	9,250
Intermediate Casing					
2600' of 8-5/8" 00, 32#/ft., 8rd					
ST&C 2 \$10.8/ft.	51	28,000	300 0	0	28,000
Production Casing					
10,800' 5-1/2" 00, 17#/ft, N-80 2 \$7.5/ft.	3000	0	52	81,000	81,000
Liner					
ft of _ " 00, _ #/ft > \$ _ /ft	ж	0	53	Ο.	0
Tubing					
10,600' of 2-3/8" 00, N-80, 4.7#/ft,					
8rd, EUE @ \$3.02/ft	xxx	0	54	32,000	32,000
Xmas Tree & Tubing Head Components	55	3,500	182	12,000	15,500
Pumping Unit or Prime Hover	300 0	0	56	0	0
Production Platform - Mat. & Labor	3000	. 0	58	0	0
Rods	3000	0	59	0	0
Subsurface Pump	300 0	0	60	0	0
Tanks	10 00	0	61	15,000	15,000
Circulating Pump	2000	0	63	0	0
Dehydrator	3000	0	64	0	0
Heater Treater or Gunbarrel (Stakpac)	300 0	0	65	10,000	10,000
Separator/FHK0	3000	0	66	0	0
Flowline & Connection 500' ft of 2" OD FG					
Linepipe @ \$2/ft	300X	0	68	1,000	1,000
Meter, Meter Run & Connections	3000	0	70	5,000	5,000
Buildings	30 00	0	71	0	0
Packer	10 00	0	72	8,000	8,000
Miscellaneous Equipment (fittings, etc.)	73	4,000	185	6,700	10,700
TOTAL TANGIBLES		44,750		170,700	215,450
Installation of Tubing	ж	0	54	0	0
Installation of Pumping Unit & Prime Mover	ххх	0	56	0	O
Installation of Tanks	жx	0 .	61	5,000	5,000
Installation of Dehydrator	XXX	0	64	0	0
Installation of Heater Treater or Gun Barrel	XXX	. 0	65	5,000	5,000
Installaion of Separator/FMKO	xxx	0	66	0	0
Installation of Flowline	жж	0	68	5,000	5,000
Installation of Miscellaneous Equipment	73	0	185	2,000	2,000
TOTAL INTANGIBLE INSTALLATION COSTS		0		17,000	17.000
		350,600		79,000	42°,600
		44,750		170,700	215,450
		0		17,000	17,000
TOTAL HELL COST COMPLETED		395,350		266,700	662,050
Prepared by:	Date				
12 7		1.1/4			
Approved by:	Date	5/4/av			

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