


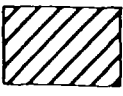
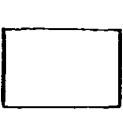
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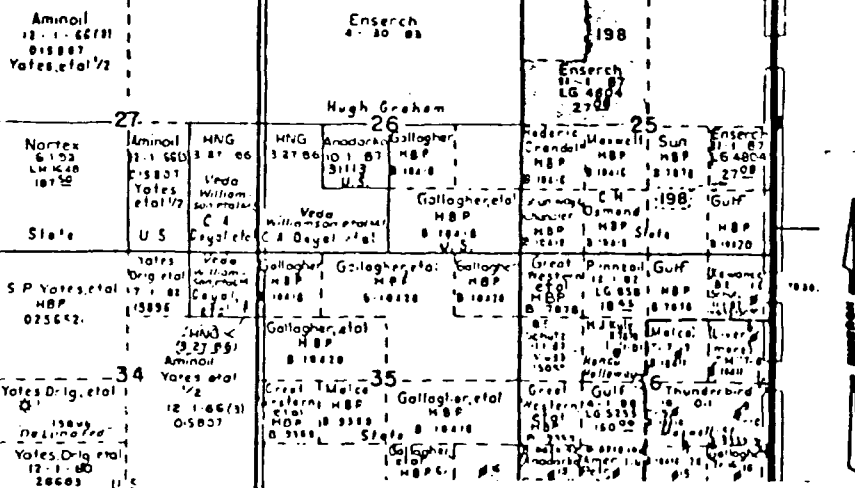
ENSERCH EXPLORATION, INC.

Docket No. 8201

Exhibit 1

Date 6/6/84

 Working Unit
 F/I To Unit
 Option F/I Acreage



ENSERCH EXPLORATION INC.
 WEST TEXAS AREA
CAPROCK PROSPECT
 CHAVES COUNTY, NEW MEXICO
LAND PLAT
 Scale 1" = 4000' Date 12/7/83

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

Enserch Exp. EXHIBIT NO. 1

CASE NO. 8201

Submitted by Leaverton

Hearing Date 6/6/84

**ENSERCH
EXPLORATION**_{INC.}

Land Operations Department
DAVID N. LEAVERTON
Area Land Manager

The Summit Bldg., Suite 700
P. O. Box 4815
Midland, Texas 79704
915-682-5221

April 13, 1983

Gulf Oil Exploration & Production Co.
P.O. Box 1150
Midland, Texas 79704
Attn: Ray M. Vaden

RE: Working Interest Unit Proposal
Section 14 and W/2 of 13
T-12-S, R-31-E,
Caprock Prospect
Chaves County, New Mexico

WB
4-26-83

Gentlemen:

After evaluating recent seismic data, Enserch Exploration, Inc., proposes a 960 acre working interest unit covering the captioned land. The initial well, a 12,000 foot Devonian test, would be drilled as soon as time permits and at a location to be determined.

Our records indicate that your eighty acre leasehold interest would give you a 8.33% working interest within this unit. Enclosed you will find a preliminary AFE and land plat.

After your consideration of this proposal and at your earliest convenience, please inform us of your intentions so that necessary paper work may be initiated. If you have any questions please let me know.

Yours very truly,

Robin K. Todd

Robin K. Todd

RKT/cc

Enclosures

BEFORE EXAMINER STAMETS OIL CONSERVATION DIVISION Enserch Exp. EXHIBIT NO. <u>2</u> CASE NO. <u>8201</u> Submitted by <u>Leaverton</u> Hearing Date <u>6/6/84</u>
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Gulf Oil Exploration and Production Company

RECEIVED

D. H. Messer
MANAGER LAND, SOUTHWEST DISTRICT

May 23, 1983 MAY 26 1983

P. O. Box 1150
Midland, TX 79702

MIDLAND LAND

Re: Proposed Working Interest Unit
Caprock Prospect
CHAVES COUNTY, New Mexico
MCN 21983

Enserch Exploration, Inc.
Post Office Box 4815
Midland, TX 79704

Attention: Mr. Robin K. Todd

Gentlemen:

Reference is made to your letter of April 13, 1983, wherein you requested Gulf to join in the captioned unit. Please be advised Gulf has carefully considered your request and is willing to either farmout or join in a working interest unit comprised of Sections 13 and 14, T-12-S, R-31-E, Chaves County, New Mexico, subject to a technical review.

Should Gulf elect to farmout, the terms of said farmout would include a 1/16 of 8/8 ORRI reserved with the option to convert our override to a 50% working interest at payout of the initial test well.

Gulf's ownership in the unit appears to be 280 net acres and we would be committing our rights from the surface to the base of the deepest formation found to be commercially productive in the initial test well, not to exceed the base of the Devonian formation, or 12,000 feet, whichever is the lesser.

Upon your acceptance, the necessary instruments will be prepared. This offer is not exclusive and Gulf reserves the right to withdraw it without further notice to you after thirty (30) days from the date hereof, unless we receive a firm commitment from you within said 30-day period.

Please call me at 685-4468 to arrange a date and time for the technical review.

Yours very truly,



STEPHEN P. BURKE
Land Agent

SPB/sdn



Gulf Oil Exploration and Production Company

JUN 03 1983

D. H. Messer
MANAGER LAND, SOUTHWEST DISTRICT

May 27, 1983

P. O. Box 1150
MIDLAND LAND
Midland, TX 79702

Re: Proposed Working Interest Unit -
Caprock Prospect, Sections 13 and
14, T-12-S, R-31-E, Chaves County,
New Mexico

Ensearch Exploration, Inc.
P.O. Box 4815
Midland, TX 79704

Attention: Mr. Robin K. Todd

Gentlemen:

We have recently extended an offer to you for the drilling of a well at the captioned location. Should our offer result in the drilling of a well and subsequent wells, please furnish Gulf the following:

1. One set of ten-foot samples from the bottom of surface casing to total depth delivered to the Gulf Sample Warehouse, 607 South Connell Street, Midland, Texas, 79701. If Operator plans to send a full set to Midland Sample Cut, Gulf can receive its set through this service.

Access to all cores, if taken.

2. One copy of field prints, final prints, and analyses of all electrical or other down-hole surveys; core, water, oil, and gas analyses, and Mud-loggers reports to:

(a) Dan Kowert

Gulf Oil Exploration and Production Company
Post Office Box 1150
Midland, Texas 79702

(b) Manager of Production Geology

Post Office Box 1150
Midland, Texas 79702

(c) Area Production Geologist - Northwest Area
Gulf Oil Exploration and Production Company
Post Office Box 670
Hobbs, NM 88240



3. Two copies of all reports for regulatory bodies to:

Manager of Production Geology
Post Office Box 1150
Midland, Texas 79702

4. A telephone report when the well is spudded and a daily telephone report thereafter to the Scouting Unit of Gulf's Midland office, phone (915) 685-4679.

5. A daily written report to be mailed to the Scouting Unit, Gulf Oil Exploration and Production Company, P.O. Box 1150, Midland, Texas, 79702.

6. Please notify one of the following persons, in the order named, of any unusual shows of oil or gas, or plans to core, drill-stem test, or run electrical surveys. In the event the well is dry, twenty-four (24) hours notice of intention to plug and abandon is requested.

<u>NAME</u>	<u>OFFICE PHONE</u>	<u>HOME PHONE</u>
J. M. Oswalt	(915) 685-4452	(915) 694-2013
D. R. Bales	(915) 685-4663	(915) 697-1280
D. B. Kowert	(915) 685-4565	(915) 682-5848
C. W. Banks	(915) 685-4666	(915) 694-7825

Thank you for your cooperation in this matter.

Yours very truly,


D. H. MESSER

AGREED AND ACCEPTED

BY _____

DATE _____

FARMOUT AGREEMENT

**ENSERCH
EXPLORATION INC.**

Land Operations Department
DAVID N. LEAVERTON
Area Land Manager

The Summit Bldg., Suite 700
P. O. Box 4815
Midland, Texas 79704
915-682-5221

June 22, 1983

Gulf Oil Exploration & Production
P.O. Box 1150
Midland, Texas 79702
Attn: Stephen P. Burke

W.B.
7-6-83

RE: Proposed Working Interest Unit
Township 12 South, Range 31 East
Caprock Prospect
Chaves County, New Mexico

Dear Steve:

Further to our conversation this morning and to your letter dated May 23, 1983, please be advised of the following concerning the captioned working interest unit:

- 1) Should Gulf decide to participate, Reading & Bates and Enserch have agreed to expand the proposed unit to encompass 1280 acres, being all of Sections 13 and 14. This would give Gulf a 21.875% interest rather than 8.33% as originally proposed.
- 2) Should Gulf elect to farmout, we propose that Gulf deliver an 81.25% NRI with an option to convert to a 25% working interest at payout.

If these terms are acceptable Enserch will prepare an Agreement whereby, after submittal of data by Enserch, for Gulf's technical review, Gulf would enter into one of the above two proposals.

Thank you for your consideration of this offer.

Robin K. Todd

Robin K. Todd

RKT/cc

Gulf Oil Exploration and Production Company

D. H. Messer
MANAGER LAND, SOUTHWEST DISTRICT

July 11, 1983

RECEIVED

P. O. Box 1150
Midland, TX 79702

JUL 13 1983

MIDLAND LAND

Re: Proposed Working Interest Unit
Caprock Prospect
CHAVES COUNTY, New Mexico
MCN 21983

Enserch Exploration, Inc.
Post Office Box 4815
Midland, TX 79704

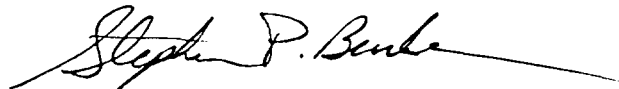
Attention: Mr. Robin K. Todd ✓

Gentlemen:

Reference is made to your letter dated June 22, 1983, wherein you requested certain changes to our farmout terms in our offer letter of May 23, 1983. Please be advised Gulf has carefully considered your request and is not willing to make any changes in said offer letter.

Should you have any questions, please contact me at 685-4468.

Yours very truly,



STEPHEN P. BURKE
Land Agent

SPB:sz



KK 1

Gulf Oil Exploration and Production Company

D. H. Messer
MANAGER LAND, SOUTHWEST DISTRICT

August 29, 1983

P. O. Box 1150
Midland, TX 79702

RECEIVED

SEP 02 1983

MIDLAND LAND

Re: Proposed Working Interest Unit
Caprock Prospect
CHAVES COUNTY, New Mexico
MCN 21983

Enserch Exploration, Inc.
Post Office Box 4815
Midland, Texas 79704

Attention: Mr. Robin K. Todd

Gentlemen:

Reference is made to our previous letters of May 23, 1983, and July 11, 1983, regarding the captioned unit. Please be advised after careful consideration Gulf elects to farmout a portion of its operating rights to a two (2) section working interest unit comprised of Sections 13 and 14, T-12-S, R-31-E, Chaves County, New Mexico, under the following terms and conditions:

Sublease Premises: The NE/4, NE/4NW/4, NW/4NW/4, NE/4SE/4, Section 13, T-12-S, R-31-E, Chaves County, New Mexico, limited in depth from the surface to the base of the deepest formation found to be commercially productive in the initial test well, not to exceed the base of the Devonian formation or 12,000', whichever is the lesser.

Initial Test Well: To be commenced within one hundred twenty (120) days from the effective date of the Sublease of Operating Rights at a location of your choice on the unit area; said well to be drilled to a depth sufficient to adequately test the Devonian formation or 12,000', whichever is the lesser.

Interest Earned: Completion of the initial test well as a commercial producer will earn you 100% of Gulf's proceeds from production in the initial test well proration unit and 50% of Gulf's proceeds from production in the balance of the unit area.

Interest Retained by Gulf: 1/16 of 8/8 ORRI with the option to convert said override to a 50% working interest at payout of the initial test well, proportionately reduced.

Call on Production: Reserved by Gulf.



August 29, 1983

Preferential Right to Purchase: Reserved by Gulf.

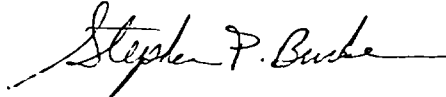
Logs: Operator's choice.

Operating Agreement: Subject to the inclusion of Gulf's standard revisions which we will furnish upon your acceptance of this offer letter.

Upon your acceptance, the necessary instruments will be prepared. This offer is not exclusive and Gulf reserves the right to withdraw it without further notice to you after thirty (30) days from the date hereof, unless we receive a firm commitment from you within said 30-day period.

If you have any questions, please contact me at (915) 685-4468.

Yours very truly,

A handwritten signature in cursive script that reads "Stephen P. Burke". The signature is written in dark ink and is positioned above the typed name.

STEPHEN P. BURKE
Land Agent

SPB:rig

**ENSERCH
EXPLORATION** INC.

Land Operations Department
DAVID N. LEAVERTON
Area Land Manager

The Summit Bldg., Suite 700
P. O. Box 4815
Midland, Texas 79704
915-682-5221

August 31, 1983

Campbell, Byrd and Black
Box 2208
Santa Fe, New Mexico 87501
Attn: Bill Carr

*W.B.
9/14/83*

RE: Working Interest Unit
W/2 of 13, All of 14
T-12-South, Range 31 East
Caprock Prospect
Chaves County, New Mexico

Dear Bill:

Enclosed please find a plat for our Caprock prospect in Chaves County, New Mexico. As we have discussed, Enserch is presently trying to put together a 960 acre working interest unit, being the W/2 of 13 and all of Section 14. Recently, we met with Gulf and after a technical review, they informed us that they do not wish to participate. They have offered instead, to farmout with a 50% backin, which is unacceptable to all parties already committed.

We have proposed our initial drillsite tract in the SW/4 of the NW/4 in Section 13. Please call me collect at your earliest convenience so that we may discuss alternatives (such as force-pooling), to Gulf's proposal.

Yours very truly,

Robin K. Todd

Robin K. Todd

RKT/cc

Enclosure

505 986-4421

EN
**ENSERCH
EXPLORATION** ^{INC.}

Land Operations Department
DAVID N. LEAVERTON
Area Land Manager

The Summit Bldg., Suite 700
P. O. Box 4815
Midland, Texas 79704
915-682-5221

September 16, 1983

Gulf Oil Exploration & Production Company
P.O. Box 1150
Midland, Texas 79702
Attn: Stephen P. Burke

W.B.
9/30/83

RE: Dry Hole Support
Working Interest Unit
Caprock Prospect
Chaves County, New Mexico

Gentlemen:

Pursuant to your letter dated August 29, 1983, and our recent telephone conversation, please be advised that Enserch, joined by the other working interest parties in the proposed unit, must decline in accepting your proposed farmout. The proposed terms of this farmout are unsatisfactory and do not meet our economic parameters.

Enserch will be the operator in a working interest unit now comprised of Section 14, the S/2 NW/4 and the SW/4 of Section 13, T-12-S, R-31-E, Chaves County, New Mexico. Our initial location will be in the NW/4 of the SW/4 in Section 13. Our proposed spud date will be November 15, 1983, and I am assuming that you still have an AFE in your possession. We are hereby requesting dry hole support in the amount of \$10.00 per foot, should you be interested in obtaining well information.

Thank you for your consideration of this proposal.

Yours very truly,

Robin K. Todd

Robin K. Todd

RKT/cc

Gulf Oil Exploration and Production Company

D. H. Messer
MANAGER LAND, WESTERN DIVISION

September 27, 1983

P. O. Box 1150
Midland, TX 79702

RECEIVED

SEP 29 1983

MIDLAND LAND

Re: Proposed Working Interest
Unit, Caprock Prospect,
CHAVES COUNTY, New Mexico
MCN 21983

Enserch Exploration, Inc.
Post Office Box 4815
Midland, Texas 79704

Attention: Mr. Robin K. Todd

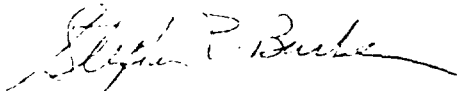
Gentlemen:

Reference is made to your letter dated September 16, 1983, wherein you requested dry hole support on the initial test well for the captioned prospect.

Please be advised Gulf has carefully considered your request and is not interested in making a dry hole contribution.

Should you have any questions, please contact me at 685-4468.

Yours very truly,



STEPHEN P. BURKE
Land Agent

GOOD OLE GULF—
DRILL IT TITE!

RKT—

