



MIDLAND DISTRICT, BRIERCROFT SAVINGS BUILDING • (915) 682-7316
MAILING ADDRESS, P. O. DRAWER 1828 MIDLAND, TEXAS 79702-1828

Certified Mail
Return Receipt Requested

April 11, 1986

Mr. R.L. Stamets
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

M.S.
Re: Case No. 8728, Order No. R-8067
B.E. Shipp Estate #1 Well
W/2 NE/4 Section 4-17S-37E
Lea County, New Mexico

Dear Mr. Stamets:

Please be advised that J.R. McGinley, Jr., Lanroy, Inc. and Cleroy, Inc. have elected to participate in the drilling of the referenced well pursuant to the terms of NMOCD Order No. R-8067. All of the other parties subject to said order have entered into a mutually agreeable agreement for the drilling of the well. We therefore enclose for your review an itemized schedule of the actual well costs of the B.E. Shipp Estate No.1 well

Pennzoil also wishes to dismiss NMOCD Order No. R-8119 as we have elected not to drill the proposed well.

Very truly yours,

Greg Davis
Landman

GD/mk
enclosures

CC: J.R. McGinley, Lanroy, Inc.,
Cleroy, Inc.
P.O. Box 3405
Tulsa, OK. 74101

 **PENNZOIL COMPANY**
WESTERN DIVISION

MIDLAND DISTRICT BRIERCROFT SAVINGS BUILDING • (915) 682-7316
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100% Cost of the B. E. Shipp Estate #1
Through March 31, 1986

TANGIBLE WELL EXPENDITURES

Casing & Conductor Pipe	\$128,843.21	
Tubing	42,279.06	
Casinghead	16,082.47	
Xmas Tree	19,938.65	
Retrievable Packers	1,328.61	
Other Materials & Equipment	16,646.25	
Total Tangible Well Costs		\$225,118.25

INTANGIBLE WELL EXPENDITURES

Roads, Locations, Pits, Etc.	11,926.49	
Cement & Cementing Services	22,015.68	
Mud logging	2,077.32	
Mud Materials & Chemicals	17,170.58	
Logging & Sidewall Coring	17,519.60	
Perforating	5,744.78	
Formation Testing	4,590.13	
Testing Tubular Goods	29,290.16	
Tool & Equipment Rental	8,850.65	
Drilling-Contract Footage	190,392.92	
Drilling-Day Rate	14,218.08	
Other Special Well Services	6,561.11	
Company Labor	2,471.97	
Payroll Burden	915.36	
Contract Services & Equipment	7,545.69	
Expenses of Employees	1,462.78	
Fuel & Power	910.10	
Auto & Truck Transportation	13,653.82	
Overhead	0.00	
Miscellaneous Costs & Contingencies	9,650.67	
Total Intangible Well Costs		366,967.89

SURFACE EQUIPMENT EXPENDITURES

Gas Engines & Electric Motors	11,835.70	
Tanks, Stairways, & Walkways	15,768.91	
Separators & Miscellaneous Connections	1,726.40	
Heaters, Treaters, & Connections	7,253.63	
Other Materials & Equipment	619.39	
Contract Services & Equipment	14,592.63	
Expenses of Employees	7.41	
Total Surface Equipment Costs		51,804.07

TOTAL WELL COST \$643,890.21