



BEFORE EXAMINER QUINTANA OIL CONSERVATION DIVISION PENNZOIL EXHIBIT NO. <u>6</u> CASE NO. <u>8727</u>
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MIDLAND DISTRICT, BRIERCROFT SAVINGS BUILDING • (915) 682-7316
MAILING ADDRESS: P. O. DRAWER 1828 MIDLAND, TEXAS 79702-1828

August 30, 1985

Working Interest Owners
Address List Attached

Re: B. E. Shipp Estate #1
W/2 NE/4 of Section 4-17S-37E
Lea County, New Mexico

Gentlemen:

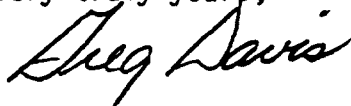
Pennzoil Company proposes to drill an 11,500' Strawn test at a legal location 1980' FNL & 1980' FEL of Section 4-T17S-R37E, Lea County, New Mexico. A copy of our AFE is enclosed for your review.

We respectfully request you support this test by electing one (1) of the following options:

1. Participate as to your interest in the drilling of the proposed test well.
2. Farmout your interest in the W/2 NE/4 of Section 4-T17S-R37E. Upon completion of the test well as a producer of oil and/or gas, Pennzoil would earn a 75% N.R.I. lease in the proration unit assigned to said well, limited to 100' below total depth drilled. You would retain a 1/3 back-in option at payout.
3. Grant Pennzoil a six (6) month lease providing for no bonus consideration and 1/4 royalty.

Should you elect to participate, please return a signed copy of the enclosed AFE to the undersigned. An operating agreement will then be sent for your execution.

Your prompt attention of our proposal will be appreciated.

Very truly yours,

Greg Davis
Landman

GD/mk

enclosures

Working Interest Owners

B. E. Shipp Estate #1

The Superior Oil Company
P. O. Box 633
Midland, Texas 79702
Attn: K. M. Johnston

TXO Production Corp.
900 Wilco Building
Midland, Texas 79701
Attn: Jeff Bourgeois

Apcot-Finadel Joint Venture,
a general partnership
P. O. Box 2159
Dallas, Texas 75221

Shell Western E&P Inc.
P. O. Box 831
Houston, Texas 77001
Attn: Terry Enders

Atlantic Richfield Company
P. O. Box 1610
Midland, Texas 79702
Attn: Mike Snyder

Texaco Producing, Inc.
P. O. Box 3109
Midland, Texas 79702
Attn: E. H. Watkins

J. H. Van Zant, II
1730 Commerce Building
307 West 7th
Fort Worth, Texas 76102

Jeanne Van Zant Sanders
Suite 508, Sinclair Building
106 W. Fifth Street
Fort Worth, Texas 76102

J. R. McGinley, Jr.
Lanroy, Inc.
Cleroy, Inc.
P. O. Box 3405
Tulsa, Oklahoma 74101

Sohio Petroleum Company
Two Lincoln Centre -
5420 LBJ Freeway
Suite #1000/LB 03
Dallas, Texas 75240
Attn: Don Leonhart

Working Interest Owners

B. E. Shipp Estate #1

Black Bear Oil & Gas Corp.
505 North Big Spring
Suite 404
Midland, Texas 79701
Attn: Jim R. Leeton

Max W. Coll II, James N. Coll,
Charles H. Coll and Jon F. Coll
P. O. Box 1818
Roswell, New Mexico 88201

Harry A. Miller, Jr.
600 First National Bank Building
Midland, Texas 79701

Harry A. Miller III
2403 Ben White Blvd.
Austin, TX 78704

Margaret Ann Miller Carrico
406 Farley Trail
Austin, Texas 78746

E. B. White, Jr.
P. O. Box 2052
Midland, Texas 79702

Rebel Oil Company
P. O. Drawer 309
Hobbs, New Mexico 88240
Attn: Ellie Spear

AUTHORIZATION OR EXPENDITURE

Co. Dept. Play No. AFE No. AFE Title or Location Name (25) B. E. SHIPP ESTATE NO. 1

COMPANY EPCO DIVISION Western DISTRICT Midland

WELL NAME AND NO. B. E. Shipp Estate No. 1 FIELD OR AREA UNDEVELOPED LEASE NO.

OPERATOR EPCO COUNTY OR PARISH Lea STATE New Mexico

PROJECT DESCRIPTION Drill, complete and equip an 11,500' strawn development well in the SW/4 of E/4 of Section 4, T-17S, R-37E. LEASE NAME AND NO. Shriners' Hospital 63819-00-02-07-08

PROPOSED FORMATION Strawn

Single Triple Oil Gas Expl. Dev. New Workover Deepen Yes No

DATE TO START DATE TO COMPLETE DAYS TO DRILL 35 PROPOSED DEPTH 11,500

Gross Net Budget Code Ls./Assoc. Prop. No. Assoc. AFE No. Joint Venture Operator

County/Civil Dist. Conveyed Report to Code Costing Location Mktg Environmental Cost % Air % Water % Land - Other % Safety and Health

JUSTIFICATION

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Table with 4 columns: Description, SUB, DRY HOLE, COMPLETION, TOTAL. Rows include CONTRACT DRILLING, COMPANY PAYROLL, EMPLOYEE BENEFITS, TRANSPORTATION AND HAULING, ACCESS CANAL CONSTRUCTION, LOCATION, ROADS, PITS OR KEYWAY, BITS, COREHEADS, ETC., MUD MATERIALS, CEMENT AND CEMENTING SERVICES, CENTRALIZERS, SHOES, SCRATCHERS AND NON-SALVABLE PACKERS, MUD LOGGING, FORMATION TESTING, LOGGING AND SIDE WALL CORING, PERFORATING, TOOL RENTAL INCLUDING SMALL DIAMETER DRILL PIPE, TESTING TUBULAR GOODS, INTERNAL COATING, STIMULATION TREATMENT, OTHER SPECIAL WELL SERVICES, MISCELLANEOUS COSTS AND CONTINGENCIES, TOTAL INTANGIBLES.

Table with 4 columns: Description, SUB, DRY HOLE, COMPLETION, TOTAL. Rows include CASING (400 ft. 13 3/8 in., 4,400, 11,500), TUBING (11,200), CASING HEADS (6,400), CHRISTMAS TREE (8,000), RETRIEVABLE PACKERS (4,200), OTHER WELL EQUIPMENT (469), TOTAL TANGIBLES (64,400).

Summary table with 4 columns: Description, SUB, DRY HOLE, COMPLETION, TOTAL. Rows include TOTAL WELL COST (445,400), PRODUCTION EQUIPMENT (63,500), OTHER COSTS - NET (63,500), TOTAL COST (456,900).

CO. OWNERSHIP APPROVAL DATE APPROVAL DATE AUTHORIZATION DATE

JOINT INTEREST APPROVAL

COMPANY NAME:

