

**Sun Exploration and  
Production Company**  
Sun Tower  
ClayDesta Plaza  
No 24 Smith Rd Suite 600  
Midland TX 79705  
915 688 0532

October 21, 1985

Doyle Hartman  
P. O. Box 10426  
Midland, TX 79702

Re: Proposed Van <sup>SE/4</sup> Zandt A  
#1 Well, SW <sup>1/4</sup> Section 25,  
T-24-S, R-36-E  
Lea County, New Mexico

Sun Lease #T-20193

Dear Mr. Hartman;

Sun Exploration and Production Company proposes the drilling of the captioned well at a location 1980' FSL and 1980' FEL of Section 25, to be drilled to a depth of 3800'.

Enclosed for your evaluation are two (2) copies of the AFE. Should your interest be limited to the Jalmat Pool, gross costs will be allocated as follows:

Tangibles	\$ 50,000.00
Intangibles	165,000.00
Equipment	13,000.00
Total (Completed)	<u>\$228,000.00</u>
Total (Dry Hole)	<u>\$120,000.00</u>

If this proposal is acceptable to you, please execute one (1) copy of the AFE and return to my attention. At such time, we will begin contract preparation.

Sincerely,

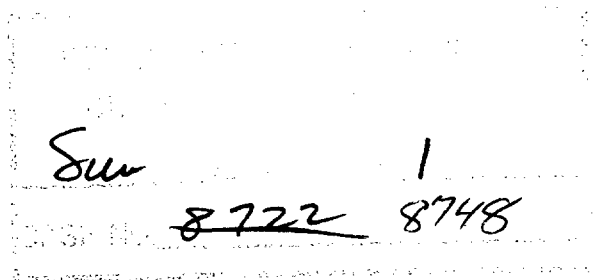
SUN EXPLORATION AND PRODUCTION COMPANY

  
Richard H. Everett III  
Senior Landman

cjw

Enclosure(s)

LL11/72 - (1)



THORITY FOR EXPENDITURE - DRILLING

SUN-9580

ACCOUNTING USE ONLY

UN OIL CO. (DELAWARE)	ORIGINATING LOCATION	POLLUTION CONTROL			AFE NUMBER
<input type="checkbox"/> 100% CO-OP	SOUTHWESTERN DISTRICT	EST. AMOUNT	OIL	GAS	S 1320
<input type="checkbox"/> OBO		\$ 10,000	WATER	X	DATE
<input checked="" type="checkbox"/> C.O.-P.I.			AIR		10/18/85
AMOUNT REQUESTED	EXPENDITURE BUDGETED	COMPLETE FOR OBO APPROPRIATIONS ONLY			
\$ 171,275	<input type="checkbox"/> YES YEAR	OPERATOR'S NAME		AFE NUMBER	
EST. COMPLETION DATE	<input checked="" type="checkbox"/> NO				
	<input type="checkbox"/> PARTIALLY				
PROPERTY ID NUMBER	PROPERTY NAME	WELL NO.	TOTAL DEPTH		
	VAN ZANDT A	1	3,800'		
PROSPECT NAME	PROSPECT ID NUMBER	CLASSIFICATION			
		D - MIS CODE B1			
FIELD	MUNICIPALITY/PARISH/COUNTY	PROVINCE/STATE			
JALMAT/LANGLIE-MATTIX	LEA	NEW MEXICO			
PRIMARY OBJECTIVE	PREDICTED NET RESERVES				
<input checked="" type="checkbox"/> OIL <input type="checkbox"/> GAS <input type="checkbox"/> PLANT LIQUID	MMCF/OR M BBLs: M BBLs/OR MMCF: MMCF/OR M BBLs:				
UN WI: 0.5525	SUN INC. I:	TYPE:	TYPE:	TYPE:	

ON DRILLING PROJECT DESCRIPTION

DRILL & COMPLETE 3800' JALMAT/LANGLIE-MATTIX WELL.  
1980' FSL & 1980' FEL, SEC. 25, T-24-S, R-36-E

(NOTE: IF USED 7" CSG & 2-3/8" TBG AVAILABLE, THE TANGIBLE COSTS COULD BE REDUCED ±\$13,000)

	INTANGIBLE (\$000s)	PRODUCER	DRY HOLE		TANGIBLE (\$000s)	PRODUCER	DRY HOLE
40	LOCATION	15	15	PIPE	9-5/8" (400')	7	7
41	RIG MOVE			PIPE			
42	FOOTAGE \$12/FT.	46	46	PIPE	7" (3800')	41	---
43	DAY WORK	4	4	PIPE			
44	BITS AND RMRS			PIPE	2-3/8"(3800')	12	---
45	FUEL			PIPE			
46	WATER	5	5	PIPE			
47	MUD AND CHEM	6	6	WELLHEAD		4	2
48	CMT AND CMTG SER	20	8	OTHER		6	1
49	DIRECTIONAL SER						
50	RENTALS	10	3				
51	MUD LOGGING						
52	DST AND TSTG EQPT						
53	CORING						
54	LOGS-WLT-SWC	12	12				
55	CSG/TBG TOOLS AND SER	2	--				
56	COMPLETION RIG 20 Days	25	--				
57	PERFORATING 5 Sets	10	--				
58	STIMULATION 5 Acid/2 Frac	50	--				
59	SUPERVISION	12	4				
60	TRANSPORTATION	3	1				
61	MISC/CONTINGENCY	20	11				
	TOTAL INTANGIBLE	\$ 240,000	\$ 115,000		TOTAL TANGIBLE	\$ 70,000	\$ 10,000
					TOTAL DRILLING COST	\$ 310,000	\$ 125,000
					SUN'S NET COST	\$ 171,275	\$ 69,063

*Steve Sparring*  
Steve Sparring 10/18/85

APPROVAL LEVEL	DISTRICT	HEADQUARTERS	CORPORATE	JOINT OWNER(S) APPROVAL OBTAINED
APPROVED:	<i>[Signature]</i>			
CONCURRENCE:	<i>[Signature]</i>			
DISAPPROVED:				
DATE:	10-18-85			

AUTHORITY FOR EXPENDITURE

SUN-5408-C

SUN OIL CO. (DELAWARE)

☐ 100% CO-OP

☐ OBO

☒ C.O. - P.I.

ACCOUNTING USE ONLY

POLLUTION CONTROL

EST. AMOUNT

OIL

GAS

WATER

NOISE

AIR

AFE NUMBER

S1320

DATE

10-21-85

AMOUNT REQUESTED

\$42,700

EST. COMPLETION DATE

EXPENDITURE BUDGETED

☐ YES

☒ NO

☐ PARTIALLY

YEAR

COMPLETE FOR OBO APPROPRIATIONS ONLY

OPERATOR'S NAME

AFE NUMBER

PROPERTY NUMBER

NA

PROPERTY NAME

Van Zandt A

WELL NO.

1

TOTAL DEPTH

PROSPECT NAME

PROSPECT NUMBER

CLASSIFICATION

MIS CODE

PD

B-1

FIELD

Jalmat/Langlie-Mattix

MUNICIPALITY/PARISH/COUNTY

Lea

PROVINCE/STATE

New Mexico

PRIMARY OBJECTIVE

☒ OIL

☒ GAS

☐ PLANT LIQUID

SUN WORKING INTEREST

Jalmat

Langlie-Mattix

SUN WORKING INTEREST

Jalmat

Langlie-Mattix

PREDICTED NET RESERVES

(M BBLs OR M MCF)

CLASS AND RESERVE

CLASS AND RESERVE

PROJECT DESCRIPTION

Surface equipment for new well

ECONOMICS: DETAIL COST - ITEMIZE (NEW MONEY INVESTMENT & EXPENSE - 100% & SUN'S NET) (COMPANY LABOR & STOCK): GIVE STATEMENT OF ECONOMICS

ITEM	NEW MONEY		COMPANY		TOTAL
	TANGIBLE	INTANGIBLE	EQUIPMENT	LABOR	
114 PT-Pumping Unit & Pad	\$	\$1,000	\$16,000	\$	\$17,000
Gas Engine			10,000		10,000
Flowline		500	500		1,000
Rods & Insert Pump	9,000				9,000
Wellhead Equipment	1,500				1,500
(stuffing box, pmpg tee, etc)					
Valves & Fittings	3,000			1,200	4,200
3 - 300 Bbl Tanks	9,000	1,000			10,000
Heater Treater		1,000	8,000		9,000
Separator	3,500	1,000			4,500
Transportation		2,000			2,000
Contingencies	2,600	650	3,450	100	6,800
	\$28,600	\$7,150	\$37,950	\$1,300	\$75,000

TOTAL AFE: \$75,000  
Sun Net: \$42,700

likstrom/Bowen/nc

APPROVAL LEVEL	DISTRICT	HEADQUARTERS	CORPORATE	JOINT OWNER(S)
APPROVED				APPROVAL OBTAINED
CONCURRENCE				
DISAPPROVED				
DATE	10-21-85			