



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

July 29, 1987

Santa Fe Exploration Company  
P.O. Box 1136  
Roswell, New Mexico 88201

Attn: William A. McAlpine, Jr.

Re: Working Interest Unit  
Section 26 T18S-R33E,  
Lea County, New Mexico  
Sun's Corbin Prospect

Dear Bill:

As we discussed a few weeks ago, Sun is still interested in drilling a Morrow well in the subject area. To date, Enron has indicated they will probably participate and Huber will support with a farmout. The following is the proposal that Sun forwarded to everyone (including yourself) earlier this year:

- 1) The leasehold owners form a one-section working interest unit comprising all of Section 26-T18S-R33E, Lea County, N.M. The initial location for a 13,700' Morrow Test will be 1980' FNL and 1980' FEL. The unit will cover rights from 100 ft below the base of the Queen Sand to 100 ft below the base of the Morrow formation. The initial proration unit will cover the N/2 Section 26.
- 2) All leasehold owners will have the right to participate in any unit wells for their proportionate interest. Anticipated costs for the initial well are \$680,000.00 for a dry hole and \$1,048,000.00 for a completion.
- 3) Any unit owner not desiring to participate will farmout to the unit. Farmout terms will deliver a 75% net revenue lease to the consenting owners with the option of converting the reserved overriding royalty to a 25% working interest at payout of the test well. Both the ORRI and reversionary working interest will be proportionately reduced as to your unit interest.

BEFORE EXAMINER CATANACH	
OIL CONSERVATION DIVISION	
SUN	EXHIBIT NO. 4
CASE NO.	9310

July 29, 1987

Attached you will find an AFE for your review and execution. Should you desire to participate in the WIU, Santa Fe Exploration's working interest would be calculated as follows:

240 acre lease x .20 = 48 net acres  
48 - 640 = 7.5%

Please advise the undersigned as soon as possible as to your decision regarding the above. Thank you for your prompt attention to the above.

Very truly yours,

SUN EXPLORATION AND PRODUCTION COMPANY

  
Douglas A. Noah  
Professional Landman

stc

SUN <input type="checkbox"/> 100% CO-OP <input type="checkbox"/> OBO <input checked="" type="checkbox"/> C.O.-P.I.	ORIGINATING LOCATION Sun Exploration & Production Co. Sun Tower Bldg., Suite 600 Midland, TX 79705	POLLUTION CONTROL EST. AMOUNT \$ _____ WATER _____ AIR _____	AFE NUMBER DATE 3/3/87
AMOUNT REQUESTED EST. COMPLETION DATE	EXPENDITURE BUDGETED <input type="checkbox"/> YES YEAR _____ <input type="checkbox"/> NO <input type="checkbox"/> PARTIALLY	COMPLETE FOR OBO APPROPRIATIONS ONLY OPERATOR'S NAME _____ AFE NUMBER _____	

PROPERTY ID NUMBER	PROPERTY NAME Unnamed Morrow	WELL NO.	TOTAL DEPTH 13,700'
PROSPECT NAME Corbin		PROSPECT ID NUMBER 4468	CLASSIFICATION NFW
FIELD Wildcat		MUNICIPALITY/PARISH/COUNTY Lea	PROVINCE/STATE New Mexico

PRIMARY OBJECTIVE <input type="checkbox"/> OIL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> PLANT LIQUID	AFE COMPLETED
SUMMARY DBI CBI II	SIGNED <i>Danny Bell for WAO</i> DATE 3-3-87

NON DRILLING PROJECT DESCRIPTION

Funds requested to drill and complete a 13,700' Morrow gas test.

NOTICE TO NON-OPERATORS: All figures on this AFE are estimates only; approval of this authorization shall extend to the actual costs as specified in the operating agreement.

WORKING INTEREST OWNERS	
SUN.	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

	M \$			M \$	
	PRODUCER	DRY HOLE		PRODUCER	DRY HOLE
40 100% COSTS					
41 INTANGIBLE					
42 LOCATION	15	15	PIPE 13-3/8" (400')	10	10
43 RIG MOVE			PIPE 9-5/8" (5300')	101	101
44 FOOTAGE \$20/ft.	274	274	PIPE 5-1/2" (13,700')	136	
45 DAY WORK 8 days	32	32	PIPE 2-7/8" (13,500')	75	
46 BITS AND RMRS	1		PIPE		
47 FUEL			PIPE		
48 WATER	18	18	PIPE		
49 MUD AND CHEM	50	50	WELLHEAD	30	7
50 CMT AND CMTG SER	60	31	OTHER	25	12
51 DIRECTIONAL SER					
52 RENTALS	30	20			
53 MUD LOGGING	16	16			
54 DST AND TSTG EQPT					
55 CORING					
56 LOGS-WLT-SWC	35	32			
57 CSG/TBG TOOLS AND SER	25	7			
58 COMPLETION RIG	15				
59 PERFORATING	10				
60 STIMULATION	15				
61 SUPERVISION	28	22			
62 TRANSPORTATION	15	7			
MISC/CONTINGENCY	32	26			
SUPERVISION					
<b>TOTAL INTANGIBLE</b>	<b>\$ 671</b>	<b>\$ 550</b>	<b>TOTAL TANGIBLE</b>	<b>\$ 377</b>	<b>\$ 130</b>
			<b>TOTAL DRILLING COST</b>	<b>\$ 1048</b>	<b>\$ 680</b>

**JOINT OWNER APPROVAL**

NAME \_\_\_\_\_

BY \_\_\_\_\_

DATE \_\_\_\_\_

APPROVED BY	DATE	JOINT OWNER(S) APPROVAL OBTAINED