



HCW EXPLORATION, INC.

400 N. Marienfeld
P. O. Box 10585
Midland, Texas 79702

(915) 683-3303

January 3, 1986

Mr. R. L. Stamets, Director
New Mexico Oil Conservation Division
Post Office Box 2083
Santa Fe, New Mexico 87501

Re: George Etz No. 6
SE/4 Section 27
T23S R36E
Lea County, New Mexico

Dear Mr. Stamets:

Reference is made to Doyle Hartman's correspondence to you January 2, 1986 concerning Force Pooling Order No. R-8071. As I said in our telephone conversation January 3, HCW Exploration Inc. and Natural Resource Management entered into a purchase and sale agreement in October whereby HCW Inc. has agreed to sell its oil and gas assets to Natural Resource Management. The sale is not final at this time, and HCW Exploration Inc. continues to operate all of its oil and gas properties and will for some time to come. It is HCW Exploration's intention to comply with Order No. R-8071 and drill the George Etz No. 6 within the specified time period. It is HCW Exploration's contention that Order No. R-8071 can be upheld and is in force until it expires.

As Mr. Hartman states in his letter to you, he was notified of the order December 3, 1985. At that time, he was given an opportunity to join HCW Exploration Inc. in the drilling of the George Etz #6. To date, Mr. Hartman has not notified HCW of his intention to join in this well. As stipulated in the order, Mr. Hartman was given 30 days to make his decision to join. That 30 day time period expired January 2, 1986 and HCW Exploration will not allow Mr. Hartman additional time to join.

As a matter of reference and compliance with Order No. R-8071; I am enclosing our correspondence with Mr. Hartman notifying him of the order, a copy of our AFE we sent to him and a copy of the return certified receipt. Thank you for your time in this matter and if you need additional information I will be glad to supply it.

Yours very truly,

HCW Exploration Inc.
David T. Sites

DTS/lh
Enclosures
CC:Thomas Kellahin
Kellahin & Kellahin
P.O. Box 2265

DATE RECEIVED	FILED IN
FILED IN	EXHIBIT NO. <u>2</u>
CASE NO. <u>8894</u>	



HCW EXPLORATION, INC.

400 N. Marienfeld
P. O. Box 10585
Midland, Texas 79702

(915) 683-3303

December 2, 1985

Doyle Hartman
500 North Main
P.O. Box 10426
Midland, Texas 79702

RE: George Etz #6
SE/4, Sec 27, T-23-S,
R-36-E, Lea County,
New Mexico

Dear Doyle:

Enclosed please find a copy of the New Mexico Oil Conservation Division force pooling order effective November 19, 1985. As you are aware, this order pools the SE/4 of section 27, T-23-S, R-35-E, Lea County, New Mexico for the purpose of drilling the George Etz #6 as a 3600' Jalmat gas well. As provided for in the force pool order, HCW Exploration is hereby affording you the opportunity of joining in this well by executing and returning to us a copy of this AFE and prepaying your share of the estimated well cost within the time limit specified. If you have any questions, please do not hesitate to contact our office.

Thank you,
HCW Exploration, Inc.

A handwritten signature in black ink, appearing to read 'David T. Sites', written in a cursive style.

David T. Sites
Production Geologist

DTS:sb
Enclosures

CC: Thomas Kellahin
Kellahin & Kellahin
P.O. Box 2265
Santa Fe, New Mexico 87504

R.L. Stamets
New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504



HCW EXPLORATION, INC.
 400 N MARIENFELD
 P O BOX 10585
 MIDLAND TEXAS 79702

(915) 683-3303

COST ESTIMATE AND AUTHORITY FOR EXPENDITURE

DATE: 12-2-85

WELL NAME & NO. George Etz #6
 LOCATION: Section 27, T 23S, R 36E
 COUNTY: Lea STATE: New Mexico AFE NO. _____
 PROPOSED FORMATION: Yates-Seven Rivers OIL _____ GAS X OTHER _____
 COMPLETION: SINGLE X DUAL _____ PROJECTED T.D. 3,600

A. INTANGIBLE DRILLING COST-Before Csg Pt:

1. DAMAGES & RIGHT-OF-WAY	\$	<u>3,000</u>
2. STAKE & BUILD LOCATION		<u>4,000</u>
3. CONTRACT DRILLING-FOOTAGE <u>\$14./ft.</u>		<u>51,000</u>
4. CONTRACT DRILLING-DAY WORK		_____
5. CEMENTING SERVICE: CONDUCTOR		_____
SURFACE <u>160 sx</u>		<u>3,000</u>
INTERMEDIATE		_____
6. DRILLING MUD & CHEMICALS		<u>5,000</u>
7. WATER AND/OR BRINE		<u>5,000</u>
8. BITS, REAMERS, ETC. <u>Included in footage rate</u>		_____
9. FUEL <u>Included in footage rate</u>		_____
10. TOOL & EQUIPMENT RENTALS		<u>1,000</u>
11. CORES & ANALYSIS; DST'S: ETC.		_____
12. OPEN HOLE LOGS		_____
13. TRUCKING		<u>1,000</u>
14. MISCELLANEOUS SUPPLIES & LABOR		<u>1,000</u>
15. ABANDONMENT COST-INCLUDING RIG-TIME		_____
16. GEOLOGICAL SUPERVISION		<u>1,000</u>
17. ENGINEERING SUPERVISION		<u>5,000</u>
18. DRILLING OVERHEAD		<u>2,000</u>
19. CONTIGENCIES <u>%</u>		_____

TOTAL INTANGIBLE DRILLING COST-Before Csg Pt. A. \$ 82,000

B. TANGIBLE DRILLING COST-Before Csg Pt:

1. WELLHEAD EQUIPMENT <u>screwed equipment</u>	<u>3,000</u>
2. CONDUCTOR &/OR SURFACE CSG <u>400' - 8 5/8", 24#</u>	<u>5,000</u>
3. INTERMEDIATE CSG	_____

TOTAL TANGIBLE DRILLING COST-Before Csg Pt. B. \$ 8,000

TOTAL ESTIMATED DRY HOLE & BEFORE CSG PT COST (A+B) \$ 90,000

C. INTANGIBLE COMPLETION COST-After Csg Pt:

1. CMTING SERVICE (PROD.CSG, SQZG, ETC) <u>1000 sx</u>	<u>12,000</u>
2. CASED HOLE LOGGING & PERF <u>GR-Neutron & Perf</u>	<u>8,000</u>
3. COMPLETION UNIT <u>8 days @ \$1500/day</u>	<u>12,000</u>
4. ACIDIZING &/OR FRACTURING <u>foam frac</u>	<u>50,000</u>
5. TOOL & EQUIPMENT RENTALS	<u>4,000</u>
6. WATER (FRESH, KCL, BRINE) <u>For frac job</u>	<u>4,000</u>

COST ESTIMATE
PAGE -2-

7. MISCELLANEOUS SUPPLIES & LABOR	2,000
8. TRUCKING (CSG, TBG, SURFACE FACILITIES)	3,000
9. LOCATION CLEAN UP	1,000
10. WELDING, TEMP. PMPG, ETC.	1,000
11. COMPLETION SUPERVISION	5,000
12. COMPLETION OVERHEAD	2,000
13. CONTINGENCIES _____ %	5,000

TOTAL INTANGIBLE COMPLETION COST-After Csg. Pt. C.\$ 109,000

D. TANGIBLE COMPLETION COST-After Csg. Pt:

1. PRODUCTION CASING 3600' - 4 1/2", 10.5#, J-55 ST&C	\$ 18,000
2. TUBING 3600' - 2 3/8", 4.7#, J-55, EUE, 8rd	8,000
3. WELLHEAD EQUIPMENT	5,000
4. SUCKER RODS 3600' - 3/4"	5,000
5. PMPG UNIT W/ENG OR MOTOR 114 w/elec motor	20,000
6. BOTTOM HOLE EQUIPMENT 1-1/2" pump	3,000
7. FLOW LINES	2,000
8. STORAGE TANKS & RELATED EQUIP.	3,000
9. TREATER &/OR SEPARATOR	6,000
10. BATTERY CONNECTIONS	3,000
11. ELECTRICAL INSTALLATION	2,000
12. OTHER EQUIPMENT	1,000
13. INSTALLATION LABOR	5,000
14. MISCELELANEOUS	3,000

TOTAL TANGIBLE COMPLETION COST-After Csg.Pt. D.\$ 84,000

TOTAL WELL COMPLETION COST C+D \$ 193,000

TOTAL COMPLETED WELL COST \$ 233,000

PREPARED BY: David J. [Signature]
Name
Production Geologist
Title

APPROVED BY: Steve A. Douglas
Steve A. Douglas
Vice-President, Operations

RECEIVED, APPROVED & ACCEPTED THIS _____ DAY OF _____, 19__.

Name

Title

PS Form 3811, July 1983 447-845

SENDER: Complete items 1, 2, 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.

1. Show to whom, date and address of delivery.

2. Restricted Delivery.

3. Article Addressed to:

Doyle Hartman
P. O. Box 10426
500 North Main
Midland, Texas 79702

4. Type of Service:	Article Number
<input type="checkbox"/> Registered <input type="checkbox"/> Insured	P 652 053 466
<input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD	
<input type="checkbox"/> Express Mail	

Always obtain signature of addressee or agent and **DATE DELIVERED.**

5. Signature -- Addressee
X

6. Signature -- Agent
X *Doyle Hartman*

7. Date of Delivery
11/20/87

8. Addressee's Address (ONLY if requested and fee paid)

DOMESTIC RETURN RECEIPT

AND
NOV 20 1987
11/20/87
USA
MP