



PENNZOIL PLACE • P. O. BOX 2967 • HOUSTON, TEXAS 77252-2967 • (713) 546-4000

October 16, 1987

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Brady M. Lowe  
308 Comet  
Austin, Texas 78734

BEFORE EXAMINER CATANACH OIL CONSERVATION DIVISION EXHIBIT NO. <u>11</u> CASE NO. _____
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Re: #1 M. H. Medlin  
S/2 NW/4 of Section 14,  
T16S - R37E  
Lea County, New Mexico

Dear Mr. Lowe:

Pennzoil Company hereby proposes to drill a 12,200' Strawn-Atoka test at a legal location 1980' FNL and 660' FWL of Section 14, T16S-R37E, by January 1, 1988. A copy of our AFE is enclosed for your review.

The Oil and Gas Records of Lea County, New Mexico indicate that you own an undivided and unleased 1.0833% of a 1/48th mineral interest in the S/2 NW/4 of Section 14-16S-37E, and the same interest in the N/2 NW/4, N/2 SW/4 of Section 14, T16S-R37E and the NE/4, N/2 SE/4 of Section 15-16S-37E.

We hereby request that you either participate in our proposed well or lease your interest in the S/2 NW/4 of Section 14-16S-37E and the N/2 NW/4, N/2 SW/4 of Section 14, T16S-R37E and the NE/4, N/2 SE/4 of Section 15-16S-37E to Pennzoil for a bonus consideration of \$100.00 for a one (1) year lease providing for 1/4 royalty and a 180 day continuous drilling program.

Should you elect to participate, please return an executed copy of the enclosed AFE. Upon our receipt of same, an A.A.P.L. Form 610-1982 Model Form Operating Agreement will be forwarded to you for your review and execution.

Please be advised that due to Pennzoil's lease expirations in January of 1988, we plan to make application to compulsory pool the S/2 NW/4 of Section 14-16S-37E on the next available Commission docket.

Your prompt consideration of our proposal will be appreciated. Should you have any questions, please feel free to contact me at 713/546-6195.

Yours very truly,

PENNZOIL COMPANY

Greg Davis  
Land Specialist

GD:jt  
Enclosure

<p>● <b>SENDER:</b> Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.</p> <p>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. <u>The return receipt fee will provide you the name of the person delivered to and the date of delivery.</u> For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.</p> <p>1. <input type="checkbox"/> Show to whom delivered, date, and addressee's address. <span style="margin-left: 100px;">2. <input type="checkbox"/> Restricted Delivery</span></p> <p style="text-align: center;">↑(Extra charge)↑ <span style="margin-left: 100px;">↑(Extra charge)↑</span></p>	
<p>3. Article Addressed to:</p> <p>Brady M. Lowe and Pauline B. Lowe 308 Comet Austin, Texas 78734</p>	<p>4. Article Number</p> <p>P-757-967-741</p> <p>Type of Service:</p> <p><input type="checkbox"/> Registered <span style="margin-left: 50px;"><input type="checkbox"/> Insured</span></p> <p><input checked="" type="checkbox"/> Certified <span style="margin-left: 50px;"><input type="checkbox"/> COD</span></p> <p><input type="checkbox"/> Express Mail</p> <p>Always obtain signature of addressee or agent and <b>DATE DELIVERED.</b></p>
<p>5. Signature — Addressee</p> <p>X Mrs Brady Lowe</p>	<p>8. Addressee's Address (ONLY if requested and fee paid)</p>
<p>6. Signature — Agent</p> <p>X <i>[Signature]</i></p>	
<p>7. Date of Delivery</p> <p>10/19</p>	

PS Form 3811, Mar. 1987

★ U.S.G.P.O. 1987-178-268

**DOMESTIC RETURN RECEIPT**

AUTHORIZATION FOR EXPENDITURE  
WELLS

DATE 10/16/87 PAGE 1 OF 2

Co.	Dept.	Play No.	AFE No.	AFE Title or Location Name (25)	
25	1	6140	7438937	M. H. MEDLIN #1 D.C. & E.	
COMPANY Pennzoil Company			DIVISION Western		DISTRICT 36
WELL NAME AND NO. M.H. Medlin No. 1			FIELD OR AREA NE Lovington		UNDEVELOPED LEASE NO.
OPERATOR Pennzoil Company			COUNTY OR PARISH Lea		STATE NM
PROJECT DESCRIPTION Drill, complete and equip. a 12,200' Strawn oil well located 1980' FNL & 660' FWL of section 14, T16S, R37E			LEASE NAME AND NO.		
			PROPOSED FORMATION Strawn		

<input checked="" type="checkbox"/> Single	<input type="checkbox"/> Triple	<input checked="" type="checkbox"/> Oil	<input type="checkbox"/> Gas	<input type="checkbox"/> Expl.	<input checked="" type="checkbox"/> Dev.	<input checked="" type="checkbox"/> New	<input type="checkbox"/> Workover	Deepen
<input type="checkbox"/> Dual								<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input checked="" type="checkbox"/> Land	<input type="checkbox"/> Bay	DATE TO START		DATE TO COMPLETE		DAYS TO DRILL		PROPOSED DEPTH
<input type="checkbox"/> Marsh	<input type="checkbox"/> Gulf					36		12,200'
Gross	Net	Budget Code	4108	LS./Assoc. Prop. No.	Assoc. AFE No.	Joint Venture	Operator	State Code
						<input type="checkbox"/> No <input type="checkbox"/> Yes	<input type="checkbox"/> 2-Co. <input type="checkbox"/> 3-Outsd.	
County/Ph. Code	Civil Dist.	Conveyed	Report to Code	Costing Location Mktg	Environmental Cost			% Safety and Health
		<input type="checkbox"/> Yes <input type="checkbox"/> No			% Air	% Water	% Land - Other	

JUSTIFICATION To test a Strawn lime algal mound in the Lovington NE Field area.

INTANGIBLES				SUB	DRY HOLE	COMPLETION	TOTAL
CONTRACT DRILLING		12,200	ft. @ \$ 13.00 /ft.	489	158,600		158,600
CONTRACT DAY WORK	DRILLING		days @ \$ /day	490			
	CORING AND DRILL STEM TEST	4	days @ \$ 4,000 /day	490	16,000		16,000
	LOGGING, SFT. AND PERFORATING	2	days @ \$ 4,000 /day	490	8,000		8,000
	OTHER	10	days @ \$ 1,300 /day	490		13,000	13,000
	TOTAL CONTRACT DAY WORK			490			
COMPANY PAYROLL \$195/day			501	7,020	1,950	8,970	
EMPLOYEE BENEFITS \$105/day			505	3,780	1,050	4,830	
TRANSPORTATION AND HAULING			545	10,000	7,500	17,500	
ACCESS CANAL CONSTRUCTION			476				
LOCATION, ROADS, PITS OR KEYWAY			472	7,500	6,000	13,500	
BITS, COREHEADS, ETC.			492				
MUD MATERIALS			475	18,000	1,500	19,500	
CEMENT AND CEMENTING SERVICES			473	21,000	8,000	29,000	
CENTRALIZERS, SHOES, SCRATCHERS AND NON-SALVABLE PACKERS			491	1,000	1,000	2,000	
MUD LOGGING 21 days @ \$350/day			474	7,350		7,350	
FORMATION TESTING one DST			482	4,500		4,500	
LOGGING AND SIDE WALL CORING			478	26,000	3,000	29,000	
PERFORATING			479		7,500	7,500	
TOOL RENTAL INCLUDING SMALL DIAMETER DRILL PIPE			488	5,000	6,000	11,000	
TESTING TUBULAR GOODS			484	6,000	15,000	21,000	
INTERNAL COATING			485				
STIMULATION TREATMENT			480		7,500	7,500	
OTHER SPECIAL WELL SERVICES includes 60' core			494	16,000		16,000	
MISCELLANEOUS COSTS AND CONTINGENCIES 10%			599	31,550	7,900	39,450	
TOTAL INTANGIBLES					347,300	86,900	434,200

TANGIBLES									
CASING	ft.	in.	lb.	Gr.	@ \$	440			
	425	13-3/8	48.0	H-40	21.39	440	9,100		9,100
	4,400	8-5/8	28.0	S-80	16.60	440	73,000		73,000
	12,200	5-1/2	17	N-80	9.48	440		115,700	115,700
TUBING						443			
	11,800	2-7/8	6.5	N-80	4.49	443		53,000	53,000
						443			
CASING HEADS						444	4,000	9,500	13,500
CHRISTMAS TREE						445		8,000	8,000
RETRIEVABLE PACKERS						448		6,000	6,000
OTHER WELL EQUIPMENT						469			
TOTAL TANGIBLES							86,100	192,200	278,300
TOTAL WELL COST					100.00000	%			
PRODUCTION EQUIPMENT (Detail Attached)					100.00000	%		104,800	104,800
OTHER COSTS - NET (Detail Attached)					100.00000	%			
TOTAL COST					100.00000	%	433,400	383,900	817,300
CO. OWNERSHIP		6,167.04		%	COMPANY COST		6,167.04		%
							267,280		236,753
504,033									
APPROVAL		DATE		APPROVAL		DATE		AUTHORIZATION	
10-16-87									
JOINT INTEREST APPROVAL									
COMPANY NAME:									
APPROVAL					DATE				

JUSTIFICATION To test a Strawn lime algal mound in the Lovington NE Field area.

TOTAL		104,800
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ATR CD		SUMMARY OF ESTIMATED COST			
1	PROPERTY ADDITIONS				
6	REMOVAL COST				
5	SALVAGE				
		TOTAL COST	100.00000	%	104,800
CO. OWNERSHIP	616704	%	COMPANY COST	61666667	%
APPROVAL	DATE	APPROVAL	DATE	AUTHORIZATION	DATE
JOINT INTEREST APPROVAL					
COMPANY NAME:				%	
APPROVAL				DATE	