

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

October 16.

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Ronny P. Lowe 6400 Coors Rd. N. W. Albuquerque, New Mexico 87120

987
BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION
EXHIBIT NO. / 6
CASE NO.

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 6.30821% 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 appeciated. 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

Put your address in the "RET	URN TO" Space on	tional services are desired, and complete item the reverse side. Failure to do this will prevent
	elivery. For additional box(es) for additional d, date, and addressee	
3. Article Addressed to:	we	4. Article Number P-757-967-750
Ronny P. Lo 6400 Coors R Albuguerque	Road N.IN.	Type of Service: ☐ Registered ☐ Insured
Albuquerque	, New Mex	COD Express Mail
	01	Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .
5. Agnature Addressee	J52	8. Addressee's Address (ONLY if requested and fee paid)
6 Signature - Agent		
7. Date of Delivery	300	

AUTHORIZATION OR EXPENDITURE WELLS AFE Title or Location Name (25) DIVISION Pennz oil Company Western DIVISION FIELD OR AREA UNDEVELOPED LEASE N	OF 2		
2 5 1 5 1 4 0 7 4 3 8 9 3 7 M, H, M, E, D, L, I, N, #, 1, D, C, & E, COMPANY Pennzoil Company Western 36	<u> </u>		
COMPANY DIVISION DISTRICT Pennzoil Company Western 36	<u> </u>		
COMPANY DIVISION DISTRICT Pennzoil Company Western 36	 _		
Termooff Company			
WELL NAME AND NO. FIELD OR AREA UNDEVELOPED LEASE N M.H. Medlin No. 1 NE Lovington	J.		
OPERATOR COUNTY OR PARISH STATE			
Pennzoil Company Lea NM PROJECT DESCRIPTION Drill complete and equip. a LEASE NAME AND NO.			
PROJECT DESCRIPTION Drill, complete and equip. a LEASE NAME AND NO. 12,200' Strawn oil well located 1980' FNL &			
660' FWL of section 14, TI6S, R37E PROPOSED FORMATION			
Strawn Deepen			
☐ Single ☐ Triple ☐ Deepen ☐ Dual ☐ Gas ☐ Expl. ☐ Dev. ☐ New ☐ Workover ☐ Yes ☐ New ☐ Yes ☐ Yes ☐ New ☐ Yes ☐ Yes ☐ New ☐ Yes	·		
□ Marsh □ Gulf 36 12,200'			
Gross Net Budget Ls./Assoc. Prop. No. Assoc. AFE No. Joint Venture Operator	State Code		
4 1 0 8 No Yes 2-Co. 3-Ou			
County/ Civil Dist. Conveyed Report to Code Costing Location Mktg % Air % Water % Land - Other a	% Safety nd Health		
Ph. Code Yes No			
JUSTIFICATION To test a Strawn lime algal mound in the Lovington NE Field area.			
INTANGIBLES SUB DRY HOLE COMPLETION CONTRACT DRILLING 12,200 ft. @\$ 13.00 /ft. 489 158,600	158,600		
CORING AND DRILL STEM TEST 4 days 35 4,000 /day 490 16,000	16,000		
DRILLING DRILL STEM TEST 1 DRILL STEM TEST 2 DRILL STEM TEST 4 DRILL STE	8,000 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 TRANSPORTATION AND HAULING 545 10,000 7,500	4,830 17,500		
ACCESS CANAL CONSTRUCTION 476	27,300		
LOCATION, ROADS, PITS OR KEYWAY 472 7,500 6,000	13,500		
BITS, COREHEADS, ETC. 492	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 MUD LOGGING 21 days @ \$350/day 474 7,350	2,000		
MUD LOGGING 21 days @ \$350/day 474 /,350 FORMATION TESTING One DST 482 4,500	7,350 4,500		
LOGGING AND SIDE WALL CORING 478 26,000 3,000	29,000		
PERFORATING 479 7,500 TOOL REN'TAL INCLUDING SMALL DIAMETER DRILL PIPE 488 5,000 6,000	7,500		
TOOL RENTAL INCLUDING SMALL DIAMETER DRILL PIPE 488 5,000 6,000 15,000 15,000	21,000		
INTERNAL COATING 485			
STIMULATION TREATMENT 480 7,500 OTHER SPECIAL WELL SERVICES includes 60' core 494 16,000	7,500		
MISCELLANEOUS COSTS AND CONTINGENCIES 10% 599 31,550 7,900	39,45		
TOTAL INTANGIBLES 347,300 86,900	434,20		
TANGIBLES ft. in. lb. Gr. @\$ 440			
425 13-3/8 48.0 H-40 21.39 440 9,100	9,10		
4,400 8-5/8 28.0 S-80 16.60 440 73,000 12,200 5-1/2 17 N-80 9.48 440 115,700	73,00		
	115,70		
TI,800 2-7/8 6.5 N-80 4.49 443 53,000	53,00		
CASING HEADS 444 4,000 9,500	13,50		
CHRISTMAS TREE 445 8,000	8,00		
RETRIEVABLE PACKERS 448 6,000	6,00		
TOTAL TANGIBLES 469 86,100 192,200	278,30		
TOTAL WELL COST 1 0 0.0 0 0 0 %			
PRODUCTION EQUIPMENT (Detail Attached) 1 0 0.0 0 0 0 0 % 104,800 OTHER COSTS - NET (Detail Attached) 1 0 0.0 0 0 0 0 %	104,80		
OTHER COSTS - NET (Detail Attached) 1 0 0.0 0 0 0 0 % 433,400 383,900	817,30		
CO. OWNERSHIP 6 1 6 7 0 4 7 COMPANY COST 6 1 6 7 0 4 7 267,280 236,753	504,03		
APPROVAL DATE APPROVAL DATE AUTHORIZATION Description 10-16-87	DATE		
JOINT INTEREST APPROVAL			
COMPANY NAME:	88 14 Ju		
APPROVAL			

AUTHORIZATION FOR EXPENDITION COSTS 10/16/87 2 of 2	. , -			_					1				
S 1 6 1 4 0 2 4 3 8 9 3 7	RM 25-116(1)						-s		(16/87	,	OF 2
Pennor Company	Co. Dept. Pla	ıy No.	AFE No.			Α	AFE Title or Loc	ation Na	me (25)				
Pennor Company	5 1 6	1. 4. 0	7.4:3	8 9 3 7		ì	м. н. м.	E.D.L	. I. N.	, #, 1,	D, C, &. E,		
MARCHARD NO.	COMPANY	<u> </u>			/ISION				· - : - · ·				 -
M.B. Medila No. 1			·		We							15405 110	
PRINCIPLE Company Case Company Case Cas			1			F				UN	IDEVELOPED	LEASE NO	١.
## PROPOSED FORMATION Defiling Complete and Octob a ## Case Name of Juve Discount of 14, TIGS, R372 Stream Proposed Formation ## Surgest	PERATOR	III NO.				C			<u> </u>	ST	ATE		
Simple	PROJECT DESCI	RIPTION	Drill, co	mplete and	equip a			ND NO.			NM	[
Company Comp					FNL &			RMATIO	N				
Company Control Company Control Company Control Company Control Cont	X Single	☐ Triple									Deepen		
GOP	Dual			•——-									
Summary Company Comp			DATE 103	STARI	DATETO	J COMI	PLETE	DAYS		LL	F		
State	- Marian	Li Guii						\	1	····	 ,	200	i
A 1, 0, 8	Gross		Net	Code	_s./Assoc. Pro	op. No.	. Assoc. AF	E No.	Joi	nt Venture	Оре	erator	Sta
Detail of Production To cest a Strawn lime algol mound in the Lovington ME Field area.	1, 1, 1, 1, 1		<u> </u>	4, 1, 0, 8	<u> </u>	1 1	1 1 1 1				·	3-Outso	<u>1</u>
Detail of Production To test a Strawn lime algal mound in the Lovington NE Field area.	County/	Dist C	onveyed	Report to C	ode	Costing	Location Mktn	07					
Detail of Production Equipment and Other Costs	h Code	□ Ye		1.00011.00		1 +	1 1 1 1	, %.A	AIF		ļ	uner an	o Health
Account DETAIL OF PRODUCTION EQUIPMENT AND OTHER COSTS Account Description Description QUANTITY AMOUNT 1005 146, 457 Production tanks (500bbl) 3 17, 250 146, 457 Fiberglass water tank (300 bbl) 1 3,000 146, 457 Rearer treater 1 12,000 146, 458 Gas separator 1 2,800 146, 458 Cas separator 1 1,5000 146, 458 Fiberglass & Connection 1 1,5000 146, 450 Fiberglass & Connection 1 1,700 146, 450 Fiberglass & Connection 1 1,5000 146, 556 Fiberglass & Connection 1 6,000 146, 556 Fiberglass & Connection 1,700 146, 557 Transportation 5,000 146, 558 Misc. contingencies 9,000 146, 558 Misc. contingencies 9,000 146, 558 Misc. contingencies 9,000 146, 575 Transportation 5,000 146,	<u>L.L.L.L.L</u> USTIFICATION			wn lime alg	al moun	d in	the Lovi	ngton	NE F				
According Description QUANTITY AMOUNT 1005 200 2													
Account Description QUANTITY AMOUNT 1005. Mail 1004. Mail										 -			
According Description QUANTITY AMOUNT 1005 200 2				DETAIL OF	BODUCT!	ON EC	NUDMENT AN	ID OTH	ED CO	CTC			
146 457 Production tanks (500bbl) 3 17,250 146 457 Fiberglass water tank (300 bbl) 1 3,000 146 458 Gas separator 1 12,000 146 458 Gas separator 1 15,000 146 458 Electrical equipment - transformers, control panel, etc. 5,750 146 456 Thowlines & connection 6,000 146 456 Flowlines & connection 17,000 146 510 Contract labor 17,000 146 550 Transportation 5,000 146 558 Misc. contingencies 9,000 146 598 Misc. contingencies 9,000 147 FROPERTY ADDITIONS 100,000 100,000 100,000 148 FROPERTY ADDITIONS 100,000 100,000 100,000 100,000 149 FROPERTY ADDITIONS 100,000 100,0				DETAIL OF F			ZUIPMENT AN	ID O I H	ER CO.	313		T	
146, 457 Fiberglass water tank (300 bb1)	U Maj Sub				DESCRIPTI	ION					QUANTITY	AMOUN	IT 100%
146 459 Heater treater	1 146 457										3		
1 146 458 Gas separator				r tank (300) bb1)								
146 463 Electrical equipment - transformers, control panel, etc. 1 15,000 146 467 Vapor recovery unit 1 12,000 146 456 Flowlines & connection 6,000 146 545 Transportation 5,000 146 598 Misc. contingencies 9,000 146 598 Misc. contingencies 9,000 146 598 Misc. contingencies 104,800 156 598 Misc. contingencies 104,800 157 Flowlines & connection 104,800 158 Flowlines & connection 104,800 159 Flowlines & connection 104,800 150 Flowlines & contingencies 104,800 150 Flowlines &	1 146 459												
146 453 Electrical equipment - transformers, control panel, etc. 5,750 146 456 Flowlines & connection 6,000 146 510 Contract labor 17,000 146 598 Misc. contingencies 9,000 146 598 Misc. contingencies 9,000 146 598 Misc. contingencies 104,800 156 70	1 146 463	LACT u											
146, 467 Vapor recovery unit	1 146 453	Electr	ical equi	pment - tra	nsforme	rs,	control p	anel,	etc.				
146 545 Transportation	1 146 467	Vapor	recovery	unit							_ 1		
146 545 Transportation	1 146 456			nection									
1 146 598 Misc. contingencies 9,000	$\frac{1}{1} \frac{146}{146} \frac{510}{545}$												
SUMMARY OF ESTIMATED COST 1 PROPERTY ADDITIONS 6 REMCVAL COST 5 SALVAGE TOTAL COST 10 0.0 0 0 0 0 % 104,800 CO. OWNERSHIP 6 1 6 7 0 4 7 COMPANY COST 6 1 6 6 6 7 COMPANY COST 6 1 6 6 6 6 7 COMPANY APPROVAL DATE APPROVAL JOINT INTEREST APPROVAL COMPANY NAME: APPROVAL	1 146 598			cies							· · · · · · · · · · · · · · · · · · ·		
SUMMARY OF ESTIMATED COST 1 PROPERTY ADDITIONS 6 REMCVAL COST 5 SALVAGE TOTAL COST 10 0.0 0 0 0 0 % 104,800 CO. OWNERSHIP 6 1 6 7 0 4 % COMPANY COST 6 1 6 6 6 6 7% APPROVAL DATE APPROVAL COMPANY NAME: APPROVAL APPROVAL COMPANY NAME: APPROVAL													
SUMMARY OF ESTIMATED COST 1 PROPERTY ADDITIONS 6 REMCVAL COST 5 SALVAGE TOTAL COST 10 0.0 0 0 0 0 % 104,800 CO. OWNERSHIP 6 1 6 7 0 4 7 COMPANY COST 6 1 6 6 6 6 7% APPROVAL DATE APPROVAL COMPANY NAME: APPROVAL APPROVAL COMPANY NAME: APPROVAL	_											-	
SUMMARY OF ESTIMATED COST 1 PROPERTY ADDITIONS 6 REMCVAL COST 5 SALVAGE TOTAL COST 10 0.0 0 0 0 0 % 104,800 CO. OWNERSHIP 6 1 6 7 0 4 7 COMPANY COST 6 1 6 6 6 6 7% APPROVAL DATE APPROVAL COMPANY NAME: APPROVAL APPROVAL COMPANY NAME: APPROVAL	-											-	······· ,
SUMMARY OF ESTIMATED COST 1 PROPERTY ADDITIONS 6 REMCVAL COST 5 SALVAGE TOTAL COST 10 0.0 0 0 0 0 % 104,800 CO. OWNERSHIP 6 1 6 7 0 4 7 COMPANY COST 6 1 6 6 6 6 7% APPROVAL DATE APPROVAL COMPANY NAME: APPROVAL APPROVAL COMPANY NAME: APPROVAL	-			·									
SUMMARY OF ESTIMATED COST 1 PROPERTY ADDITIONS 6 REMCVAL COST 5 SALVAGE TOTAL COST													
SUMMARY OF ESTIMATED COST 1 PROPERTY ADDITIONS 6 REMCVAL COST 5 SALVAGE TOTAL COST 10 0.0 0 0 0 0 % 104,800 CO. OWNERSHIP 6 1 6 7 0 4 7 COMPANY COST 6 1 6 6 6 6 7% APPROVAL DATE APPROVAL COMPANY NAME: APPROVAL APPROVAL COMPANY NAME: APPROVAL	_						 -					_	
SUMMARY OF ESTIMATED COST 1 PROPERTY ADDITIONS 6 REMCVAL COST 5 SALVAGE TOTAL COST 10 0.0 0 0 0 0 % 104,800 CO. OWNERSHIP 6 1 6 7 0 4 7 COMPANY COST 6 1 6 6 6 6 7% APPROVAL DATE APPROVAL COMPANY NAME: APPROVAL APPROVAL COMPANY NAME: APPROVAL	_		·									-	
SUMMARY OF ESTIMATED COST 1 PROPERTY ADDITIONS 6 REMCVAL COST 5 SALVAGE TOTAL COST 10 0.0 0 0 0 0 % 104,800 CO. OWNERSHIP 6 1 6 7 0 4 7 COMPANY COST 6 1 6 6 6 6 7% APPROVAL DATE APPROVAL COMPANY NAME: APPROVAL APPROVAL COMPANY NAME: APPROVAL	-				·		· · · · · · · · · · · · · · · · · · ·					-	
SUMMARY OF ESTIMATED COST 1 PROPERTY ADDITIONS 6 REMCVAL COST 5 SALVAGE TOTAL COST 10 0.0 0 0 0 0 % 104,800 CO. OWNERSHIP 6 1 6 7 0 4 7 COMPANY COST 6 1 6 6 6 6 7% APPROVAL DATE APPROVAL COMPANY NAME: APPROVAL APPROVAL COMPANY NAME: APPROVAL													
SUMMARY OF ESTIMATED COST 1 PROPERTY ADDITIONS 6 REMCVAL COST 5 SALVAGE TOTAL COST 10 0.0 0 0 0 0 % 104,800 CO. OWNERSHIP 6 1 6 7 0 4 7 COMPANY COST 6 1 6 6 6 6 7% APPROVAL DATE APPROVAL COMPANY NAME: APPROVAL APPROVAL COMPANY NAME: APPROVAL													
SUMMARY OF ESTIMATED COST 1 PROPERTY ADDITIONS 6 REMCVAL COST 5 SALVAGE TOTAL COST 10 0.0 0 0 0 0 % 104,800 CO. OWNERSHIP 6 1 6 7 0 4 7 COMPANY COST 6 1 6 6 6 6 7% APPROVAL DATE APPROVAL COMPANY NAME: APPROVAL APPROVAL COMPANY NAME: APPROVAL	_							•,			 	_	
SUMMARY OF ESTIMATED COST 1 PROPERTY ADDITIONS 6 REMCVAL COST 5 SALVAGE TOTAL COST 10 0.0 0 0 0 0 % 104,800 CO. OWNERSHIP 6 1 6 7 0 4 % COMPANY COST 6 1 6 6 6 6 7% APPROVAL DATE APPROVAL COMPANY NAME: APPROVAL APPROVAL COMPANY NAME: APPROVAL	-				· 	<u>.</u>		···-				-	
SUMMARY OF ESTIMATED COST 1 PROPERTY ADDITIONS 6 REMCVAL COST 5 SALVAGE TOTAL COST 10 0.0 0 0 0 0 % 104,800 CO. OWNERSHIP 6 1 6 7 0 4 7 COMPANY COST 6 1 6 6 6 6 7% APPROVAL DATE APPROVAL COMPANY NAME: APPROVAL APPROVAL COMPANY NAME: APPROVAL	_					 -						-	· ••
SUMMARY OF ESTIMATED COST 1 PROPERTY ADDITIONS 6 REMCVAL COST 5 SALVAGE TOTAL COST													
SUMMARY OF ESTIMATED COST 1 PROPERTY ADDITIONS 6 REMCVAL COST 5 SALVAGE TOTAL COST	_ -											-	
SUMMARY OF ESTIMATED COST 1 PROPERTY ADDITIONS 6 REMCVAL COST 5 SALVAGE TOTAL COST 10 0.0 0 0 0 0 % 104,800 CO. OWNERSHIP 6 1 6 7 0 4 7 COMPANY COST 6 1 6 6 6 6 7% APPROVAL DATE APPROVAL COMPANY NAME: APPROVAL APPROVAL COMPANY NAME: APPROVAL	-											-	
SUMMARY OF ESTIMATED COST 1 PROPERTY ADDITIONS 6 REMCVAL COST 5 SALVAGE TOTAL COST	-											-	
SUMMARY OF ESTIMATED COST 1 PROPERTY ADDITIONS 6 REMCVAL COST 5 SALVAGE TOTAL COST 10 0.0 0 0 0 0 % 104,800 CO. OWNERSHIP 6 1 6 7 0 4 7 COMPANY COST 6 1 6 6 6 6 7% APPROVAL DATE APPROVAL COMPANY NAME: APPROVAL APPROVAL COMPANY NAME: APPROVAL									•	TOTAL		10	4,800
PROPERTY ADDITIONS	ATR CD				SUMMARY	OF E	STIMATED CO	ST		 _			
TOTAL COST 10 0.0 0 0 0 0 0 % 104,800 CO. OWNERSHIP 6 1 6 7 0 4 % COMPANY COST 6 1 6 6 6 6 7% APPROVAL DATE APPROVAL JOINT INTEREST APPROVAL COMPANY NAME: APPROVAL	1 PROPERT		IS										
TOTAL COST 10 0.0 0 0 0 0 % 104,800 CO. OWNERSHIP 6 1 6 7 0 4 % COMPANY COST 6 1 6 6 6 6 7% APPROVAL DATE APPROVAL JOINT INTEREST APPROVAL APPROVAL		COST			·								
CO. OWNERSHIP 6 1 6 7 0 4 7 COMPANY COST 6 1 6 6 6 6 7% APPROVAL DATE APPROVAL JOINT INTEREST APPROVAL COMPANY NAME: APPROVAL	3 SALVAGE					•••							
CO. OWNERSHIP 6 1 6 7 0 4 7 COMPANY COST 6 1 6 6 6 6 7% APPROVAL DATE APPROVAL JOINT INTEREST APPROVAL COMPANY NAME: APPROVAL							T	OTAL CO	OST	1000	0000	%	1 000
APPROVAL DATE APPROVAL DATE AUTHORIZATION DATE JOINT INTEREST APPROVAL APPROVAL		P 6	16704	70									4,800
JOINT INTEREST APPROVAL APPROVAL	APPROVA_				-						<u> </u>		:
APPROVAL 7													
APPROVAL 7				1	II TAIQL	NTERE	ST APPROVAL	'					
AFFRUYAL DATE		E:					NO TAL			T		%	**.
	APPROVAL								ture :	DATE			الدور الشعودي