



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

October 16, 1987

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Clodette Maner, as Guardian
of the Estate of Haley Lowe
3424 61st Street
Lubbock, Texas 79413

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION

EXHIBIT NO. 18

CASE NO. _____

Re: #1 M. H. Medlin
S/2 NW/4 of Section 14,
T16S - R37E
Lea County, New Mexico

Dear Ms. 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, as Guardian of the Estate of Haley Lowe, own an undivided and unleased 2.34326% 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

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 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 additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery
↑(Extra charge)↑ ↑(Extra charge)↑

3. Article Addressed to:
Clodette Maner, as Guardian
of the Estate of Haley Lowe
3424 61st Street
Lubbock, Texas 79413

4. Article Number
P-757-967-748

Type of Service:
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail

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

5. Signature — Addressee
X *Clodette Maner*

6. Signature — Agent
X

7. Date of Delivery
10-21-87

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

PS Form 3811, Mar. 1987

★ U.S.G.P.O. 1987-178-268

DOMESTIC RETURN RECEIPT

Co.		Dept.		Play No.		AFE No.		AFE Title or Location Name (25)									
2 5 1		6 1 4 0		7 4 3 8 9 3 7		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		36		PROPOSED DEPTH		12,200'			
<input type="checkbox"/> Marsh		<input type="checkbox"/> Gulf															
Gross		Net		Budget Code 4 1 0 8		Ls./Assoc. Prop. No.		Assoc. AFE No.		Joint Venture		Operator		Stat. 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		% Air		% Water		% Land - Other	
				<input type="checkbox"/> Yes <input type="checkbox"/> No													
JUSTIFICATION To test a Strawn lime algal mound in the Lovington NE Field area.																	
INTANGIBLES																	
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																	
425 ft. 13-3/8 in. 48.0 lb. Gr. 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																	
11,800 2-7/8 6.5 N-80 4.49 443 53,000 53,000																	
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 6.16704 % COMPANY COST 6.16704 % 267,280 236,753 504,033																	
APPROVAL DATE APPROVAL DATE AUTHORIZATION DATE																	
JOINT INTEREST APPROVAL																	
COMPANY NAME: %																	
APPROVAL DATE																	

DETAIL OF PRODUCTION EQUIPMENT AND OTHER COSTS

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		6166667%
APPROVAL		DATE	APPROVAL		DATE
			AUTHORIZATION		DATE
JOINT INTEREST APPROVAL					
COMPANY NAME:				%	
APPROVAL				DATE	