



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

October 14, 1987

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Ms. Minnie Taylor  
Hope,  
New Mexico 88250

Re: #1 Maude Medlin  
E/2 SE/4 of Section 22,  
T16S - R37E  
Lea County, New Mexico

Dear Ms. Taylor:

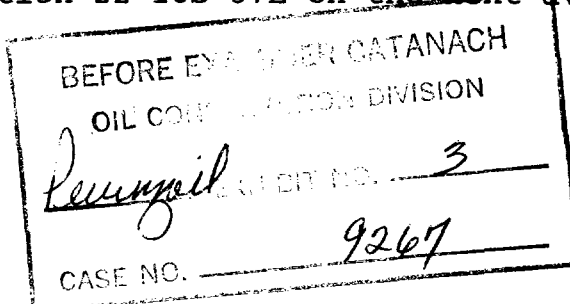
Pennzoil Company hereby proposes to drill a 12,000 Strawn-Atoka test at a legal location 1980' FSL and 810' FEL of Section 22, T16S-R37E, by December 1, 1987. A copy of our AFE is enclosed for your review.

The Oil and Gas Records of Lea County, New Mexico indicate that you own an undivided and unleased 3/28ths mineral interest in the E/2 SE/4 Section 22-16S-37E.

We hereby request that you either participate in our proposed well or lease your interest in the SE/4 Section 22-16S-37E to Pennzoil for a bonus consideration of \$250.00 per net mineral acre, 1/5 royalty and a three (3) year term.

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 and due to our availability of money which needs to be spent by year end, we plan to make application to compulsory pool the E/2 SE/4 Section 22-16S-37E on the next available Commission docket.



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Your prompt consideration of our proposal will be appreciated. Should you have any questions, please feel free to contact me at 713/546-6191.

Yours very truly,

PENNZOIL COMPANY

Tomie F Whitfield

Lonnie L. Whitfield  
District Landman

LLW: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. ↑(Extra charge)↑</p> <p>2. <input type="checkbox"/> Restricted Delivery ↑(Extra charge)↑</p>	
<p>3. Article Addressed to:  Mrs. Minnie Taylor Hope, New Mexico 88250</p>	<p>4. Article Number  P 757 967 734</p> <p>Type of Service:  <input type="checkbox"/> Registered      <input type="checkbox"/> Insured  <input checked="" type="checkbox"/> Certified      <input type="checkbox"/> COD  <input type="checkbox"/> Express Mail         </p> <p>Always obtain signature of addressee or agent and <u>DATE DELIVERED</u>.</p>
<p>5. Signature - Addressee X <i>Minnie Taylor</i></p>	<p>8. Addressee's Address (<u>ONLY if requested and fee paid</u>)  </p>
<p>6. Signature - Agent X</p>	
<p>7. Date of Delivery <i>10/22/87</i></p>	

AUTHORIZATION FOR EXPENDITURE  
WELLS

DATE 9/30/87 PAGE 1 OF 2

Co.	Dept.	Play No.	AFE No.	AFE Title or Location Name (25)	
25	1	6, 1, 4, 0	7, 4, 3, 8, 9, 3, 6	M, A, U, D, E, M, E, D, L, I, N, #, 1, D, C, & E,	
COMPANY Pennzoil			DIVISION Western		DISTRICT 36 Midland Area
WELL NAME AND NO. MAUDE MEDLIN NO. 1			FIELD OR AREA N.E. LOVINGTON		UNDEVELOPED LEASE NO.
OPERATOR Pennzoil			COUNTY OR PARISH LEA		STATE NEW MEXICO
PROJECT DESCRIPTION Drill, complete and equip. a 12,100' Strawn oil well located 1980' FSL & 810' FEL of Section 22, T16S, R37E			LEASE NAME AND NO. MAUDE MEDLIN 63714-00 thru 11		
			PROPOSED FORMATION STRAWN		

<input checked="" type="checkbox"/> Single <input type="checkbox"/> Dual	<input type="checkbox"/> Triple <input type="checkbox"/> Bay <input type="checkbox"/> Marsh	<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"/> Yes <input checked="" type="checkbox"/> No
DATE TO START		DATE TO COMPLETE		DAYS TO DRILL 35	PROPOSED DEPTH 12,100'
Gross	Net	Budget Code 4107	Ls./Assoc. Prop. No.	Assoc. AFE No.	Joint Venture <input type="checkbox"/> No <input type="checkbox"/> Yes
County/Ph. Code	Civil Dist.	Regulated <input type="checkbox"/> No <input type="checkbox"/> Yes	Report to Code	Costing Location Mktg	Operator <input type="checkbox"/> 2-Co. <input type="checkbox"/> 3-Outsd.
			Environmental Cost % Air % Water % Land - Other		
			% Safety and Health		

JUSTIFICATION

INTANGIBLES				SUB	DRY HOLE	COMPLETION	TOTAL
CONTRACT DRILLING				489	157,300		157,300
CONTRACT DAY WORK	DRILLING	12,100	ft. @ \$ 13.00 /ft.	490			
	CORING AND DRILL STEM TEST	4	days @ \$ /day	490	16,000		16,000
	LOGGING, SFT. AND PERFORATING	2	days @ \$ /day	490	8,000		8,000
	OTHER Completion Unit	10	days @ \$ /day	490		13,000	13,000
	TOTAL CONTRACT DAY WORK			490			
COMPANY PAYROLL \$195/Day				501	6,825	1,950	8,775
EMPLOYEE BENEFITS \$105/Day				505	3,675	1,050	4,725
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, SHQES, SCRATCHERS AND NON-SALVABLE PACKERS				491	1,000	1,000	2,000
MUD LOGGING 20 days @ \$350/Day				474	7,000		7,000
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	31,000	7,900	38,900
TOTAL INTANGIBLES					344,800	86,900	431,700

TANGIBLES							
CASING	ft.	in.	lb.	Gr.	@ \$	440	
	425	13 3/8	48.0	H-40	21.39	440	9,100
	4400	8 5/8	28.0	S-80	16.60	440	73,000
	12,100	5 1/2	17	N-80	9.48	440	114,700
TUBING						443	
	11,700	2 7/8	6.5	N-80	4.49	443	52,500
						443	
CASING HEADS						444	4,000
CHRISTMAS TREE						445	8,000
RETRIEVABLE PACKERS						448	6,000
OTHER WELL EQUIPMENT						469	
TOTAL TANGIBLES							86,100
TOTAL WELL COST				100.00000	%		
PRODUCTION EQUIPMENT (Detail Attached)				100.00000	%		104,800
OTHER COSTS - NET (Detail Attached)				100.00000	%		
TOTAL COST				100.00000	%	430,900	382,400

CO. OWNERSHIP	8,2,1,4,3,7,5%	COMPANY COST	8,2,1,4,3,7,5%	353,957	314,118	668,075
APPROVAL	DATE 9/30/87	APPROVAL	DATE 10/13/87	AUTHORIZATION	DATE 10-13-87	
JOINT INTEREST APPROVAL						
COMPANY NAME:						
APPROVAL						
DATE						

