

Y.R.
PENNZOIL COMPANY

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

October 14, 1987

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Lynn Melton Medlin and
Billy Medlin, Personal
Representatives of the Estate of
Buddy Melton Medlin, Deceased
c/o Billy Medlin
P. O. Box 50
Maljamar, New Mexico 88264

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

Gentlemen:

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 2/28ths 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.

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION
<i>Rampel</i> EXHIBIT NO. <u>4</u>
CASE NO. <u>9267</u>

Lynn Melton Medlin, et al
October 14, 1987
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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

Lonnie L. Whitfield

Lonnie L. Whitfield
District Landman

LLW:jt

Enclosure

<p>● 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. <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. 2. <input type="checkbox"/> Restricted Delivery †(Extra charge)†</p>	
3. Article Addressed to: Lynn Melton Medlin & Billy Medlin c/o Billy Medlin P. O. Box 50 Maljamar, New Mexico 88264	4. Article Number P 757 967 730
	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
Always obtain signature of addressee or agent and DATE DELIVERED.	
5. Signature - Addressee X <i>Lynn Melton Medlin</i>	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent X	
7. Date of Delivery <i>10-19-87 - RB</i>	

AUTHORIZATION FOR EXPENDITURE
WELLS

DATE 9/30/87 PAGE 1 OF 2

Whitfield

Co. No.	Dept.	Play No.	AFE No.	AFE Title or Location Name (25)
25	1	6, 1, 4, 0	7, 4, 3, 8, 9, 3, 6	MAUDE, MEDLIN #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"/> 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"/> Bay	DATE TO START	DATE TO COMPLETE	DAYS TO DRILL	PROPOSED DEPTH	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
<input type="checkbox"/> Land	<input type="checkbox"/> Marsh			35	12,100'			

Gross	Net	Budget Code	Ls./Assoc. Prop. No.	Assoc. AFE No.	Joint Venture	Operator	State Code
		4107			<input type="checkbox"/> No <input type="checkbox"/> Yes	<input type="checkbox"/> 2-Co. <input type="checkbox"/> 3-Outsd.	

Country/Ph. Code	Civil Dist.	Regulated	Report to Code	Costing Location Mktg	Environmental Cost			% Safety and Health
		<input type="checkbox"/> No <input type="checkbox"/> Yes			% Air	% Water	% Land - Other	

JUSTIFICATION

INTANGIBLES		fr. @ \$		SUB	DRY HOLE	COMPLETION	TOTAL
CONTRACT DRILLING	12,100		13.00 /fr.	489	157,300		157,300
CONTRACT DAY WORK	DRILLING		days @ \$ /day	490			
	CORING AND DRILL STEM TEST	4	4,000 /day	490	16,000		16,000
	LOGGING, SFT. AND PERFORATING	2	4,000 /day	490	8,000		8,000
	OTHER Completion Unit	10	1,300 /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	fr.	in.	lb.	Gr.	@ \$			
CASING	425	13 3/8	48.0	H-40	21.39	440	9,100	9,100
	4400	8 5/8	28.0	S-80	16.60	440	73,000	73,000
	12,100	5 1/2	17	N-80	9.48	440	114,700	114,700
							443	
TUBING	11,700	2 7/8	6.5	N-80	4.49	443	52,500	52,500
						443		
CASING HEADS						444	4,000	9,500
CHRISTMAS TREE						445		8,000
RETRIEVABLE PACKERS						448		6,000
OTHER WELL EQUIPMENT						469		
TOTAL TANGIBLES							86,100	190,700
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 %		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	APPROVAL	DATE	AUTHORIZATION	DATE	
J. J. Bell	9/30/87	Whitfield	10/13/87	Whitfield	10-13-87	
JOINT INTEREST APPROVAL						
COMPANY NAME:						
APPROVAL					DATE	

AUTHORIZATION OR EXPENDITURE
PRODUCTION EQUIPMENT AND OR OTHER COSTS

DATE

9/30/87

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Co. Dist. Proj. No.

AFE No.

AFE Title or Location Name (25)

25 1 6140

7438936

MAUDE MEDLIN #1 D,C & E

COMPANY

DIVISION

DISTRICT

Pennzoil

Western

36 Midland Area

WELL NAME AND NO.

FIELD OR AREA

UNDEVELOPED LEASE NO.

Maude Medlin No. 1

N.E. Lovington

OPERATOR

COUNTY OR PARISH

STATE

Pennzoil

Lea

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

PROPOSED FORMATION

Strawn

Single Triplic
 Oil Gas Exp. De. New Workover Deepen
 Land Buy DATE TO START DATE TO COMPLETE DAYS TO DRILL Yes No
 Water Gas

Gross Net Budget Code Ls. Assoc. Prop. No. Assoc. AFE No. Joint Venture Operator State Code
 No Yes 2-Co. 3-Outsd.
 Environmental Cost
 % Air % Water % Land - Other % Safety and Health

JUSTIFICATION

DETAIL OF PRODUCTION EQUIPMENT AND OTHER COSTS

ATC	Account	DESCRIPTION	QUANTITY	AMOUNT 100%
1	Mo. Sub			
1	xxx xxx			
1	146 457	Production Tanks (500 bbl)	3	17,250
1	146 457	Fiberglass Water Tank (300 bbl)	1	3,000
1	146 459	Heater Treater	1	12,000
1	146 458	Gas Separator	1	2,800
1	146 463	LACT Unit	1	15,000
1	146 453	Electrical Equipment - Transformers, Control Panel, etc.		5,750
1	146 467	Vapor Recovery Unit	1	12,000
1	146 456	Flowlines & Conn.		6,000
1	146 510	Contract Labor		17,000
1	146 545	Transportation		5,000
1	146 598	Misc. Contingencies		9,000
			TOTAL	104,800

SUMMARY OF ESTIMATED COST
 1 PROPERTY ADDITIONS
 6 REMOVAL COST
 5 SALVAGE

TOTAL COST	100.00000	%	104,800
CO. OWNERSHIP		%	
COMPANY COST		%	

APPROVAL DATE APPROVAL DATE AUTHORIZATION DATE
J. L. Pettit 9/30/87

JOINT INTEREST APPROVAL

COMPANY NAME APPROVAL DATE