



May 12, 1983

New Mexico Oil and Gas Conservation Division P.O. Box 2088 Santa Fe, New Mexico 87501

Att: Mr. Joe D. Ramey

Re: W/2 SW/4 Sec 13-T17S, R37E

Lea County, New Mexico

May 11, 1983 Case no. 7864

Gentlemen:

We enclose for inclusion into your files for our hearing for unorthodox location and force pooling the following in triplicate.

- 1. Wavier letter executed by Amerada Hess Corporation and AFE.
- 2. Waiver letter and agreement executed on behalf of Tenneco Oil Company

These items were received in my office after I had already departed for our hearing. They substantiate my testimony to the effect that verbal approval had been granted by both firms, and in the instance of Tenneco, mutual accord had been reached by negating the necessity to force pool Tenneco.

Very truly yours

J. Tacconi

Area Landman

LJT/bkb

Enclosure

April 19, 1983

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OIL CONSERVATION DIVISION
SANTA FE

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MAY 1 1 1993 LAND DEPT.

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New Mexico Oil & Gas Conservation Division P.O. Box 2088
Santa Fe, New Mexico 87501

Attn: Mr. Joe D. Ramey

Gentlemen:

Re: Application for Unorthodox
Drilling Permit - Exception
to Special Pool Rules W/2 SW/4
Section 13, T17S, R37E Lea County,
New Mexico - South Humble City
Strawn Pool AH (NM-181) Inexco #1
Norris Well

As an offset operator or record title owner to operating rights, we have been advised of the intention of Inexco Oil Company and its joint owners to drill the referenced 11,800 foot Strawn test well at a location 1650' FSL and 330' FWL of Section 13, T17S, R37E, Lea County, New Mexico. We understand that this location is not an orthodox location as set forth in the Special Pool Rules for the South Humble City Strawn Pool.

This is to advise that we have no objection to the granting of a permit to drill this location and hereby waive objection and notice of hearing on this application.

Very truly yours,

AMERADA HESS CORPORATION

Ву:

Vice President-

Title: U.S. Onshore Exploration

Date: May 6, 1983

k1t

April 19, 1983

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OIL CONSERVATION DIVISION

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LAND DEPT.

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Santa Fe, New Mexico 87501

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Vice President-

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MAY 18 1983 OIL CONSERVATION DIVISION LAND DEPIT.

New Mexico Oil & Gas Conservation Division P.O. Box 2088 Santa Fe, New Mexico 87501

Attn: Mr. Joe D. Ramey

Application for Unorthodox

Drilling Permit - Exception to Special Pool Rules W/2 SW/4 Section 13, T17S, R37E Lea County, New Mexico - South Humble City Strawn Pool AH (NM-181) Inexco #1 Norris Well

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Vice President-

AMERADA HESS CORPORATION

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May 6, 1983 Date:

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OIL COMPANY INEXCO

RECEIVED MAY 12 109

LAND WER'S

AUTHORIZATION EXPENDITURE FOR

AFE No. (Inexco Property No.).

Drannet					. 1830' FSL &	660' FIJI
Prospect	perInexco #1 Non	cric		Location	. 13, T17S, E	7.7.F~~
well lyame and lyume	Jer ITTEXCO #1 NOT	.113				
	4.5			Lea CC	unty, New Me	XICO
Estimated Days to Dr			• •			
Estimated Days to Co	omplete 10	·				
	•					
	SANDS	AND	DEPTH	Est T.D	11,800'	
OBJECTIVES			5,320'		d	
0032011425	Glorieta	·	7,085'		epared March 2	5 1983
	Abo	-	9,850'	A F E Pr	idell R. Cavi	ness
	Strawn		11,125'	— BY:	dell it. davi	1000
(X) Drill		over Same Zon				7.
(14) 01111	() WOIKI	over Same Zon	•	\ /	Recomplete in No	ew Zone
DESCRIPTION				ESTIMATE	D COSTS	ACTUAL
52501111 11011				DRILLING	COMPLETION	COST
1171101015						
INTANGIBLE CO	, ,			25 000		
	ocation Costs		,	35,000		
	up, Rig-down, Move-out			12,000		
Contract Dril	-	j	ļ	İ		
Footage _	ft. at \$f	t		202 750		
Daywork _	days at \$ <u>4,575</u> c	lay with . f	ieT }	228,750		
	on Unit $\frac{10}{}$ days at \$ $\frac{1}{}$				15,500	
Fuel, Power,	Water and Water Lines			6,000	1,000	<u></u>
Bits, Reamers	s and Stabilizers			45,000	1,000	
Equipment R	lental			20,000	2,000	
,	nd Squeezing					
Conductor	Casing					
	asing			4,000		
	ate Casing			17,500		
	-				12,000	
	n Casing					
				60,000	4,000	
-	and Chemicals			00,000	7,000	
	ing and Testing - 30 SWC 's			4,000	,	4
00163	, , . , , , <i>, , ,</i>			10,000		
DST's	2 Dual Induction/GR - In					
Logs ¹	oual induction/GR - in	cetiliedrare	. Csg . Fo. In	16,000		
	CNL/Density/GR/Caliper			16,000	(000	
	GR/CBL				6,000	
Perforating . ²	and wireline work		,		7,500	
Acidizing and	d Fracturing				11,000	
	pervision			20,000	6,000	-
	oor			10,000	5,000	
				58,000		
Transportation	head on and hauling			3,000	7,000	
•	·			10,000	1,000	·
Other Miscell		ing packer	s, Loomis, et	10,000	15,000	
	ages and Abandonment			15,000		
	Expense and/or Directional Dril			<u> </u>		
	ntributions				<u> </u>	
	Insurance			·		·
		_				
	TOTAL INTANGIBL	.E	\$ 699,250	\$ 605,250	\$ 94,000	<u> </u>

			ESTIMATE	D COSTS .	ACTUAL
		D	RILLING	COMPLETION	COST
≟ BLE COSTS (313/314):					
Conductor Csg ft. of at	_/ft				
Surface Csg. 450_ft. of 13-3/8"at	/ft		.12,700		
Intermediate Csg. 4.800 ft. of 8-5/8"at .	_/ft ·		70,000		
inerat	/ft				
inerat	_/ft				
iebackatatatatatatatat	_/ft				
Production Csg. 11,800 ft. of 5-1/2" at	/ft			190,000	
Tubing 11,800 ft of 2-3/8" at	/ft			83,000	
Installation Costs and Non-Controllable Well Equipment				6,000	
Casing Head Assembly			3,000		
Tubing Head Assemblyand tree				28,000	
Pumping Unit					
Prime Mover					
Storage Tanks				10,000	
Separator				5,000	
Dehydrator:					
Heater - Treater				9,000	
-ACT Unit					
TX or Production Unit					
ine Pipe				6,000	
Gas Recorders					
installation Costs and Non-Controllable Lease Equipment				16,000	
· · · · · · · · · · · · · · · · · · ·					
TOTAL TANGIBLE \$	438,700	\$	85,700	\$ 353,000	S
TOTAL WELL \$ 1.	137,950	\$	690,950	\$ 447,000	\$

It is recognized that the amounts herein are estimates only and approval of this authorization shall extend to the actual costs incurred in conducting the operation specified, whether more or less than that herein set out.

OWNERSHIP APPROVALS:

INEXCO OIL COMPANY	Interest: 30.116468%	\$ 342,710.34	Authorization continey Date 1-83
Texaco	22.500000%	256,038.75	
Amerada Hess	16.515485%	187,937.95	
David Petroleum	5.828995%	66,331.05	
McMillan	4.857496%	55,275.88	
Kirby	4.453125%	50,674.34	
Rebel Oil Company	3,125000%	35,560.94	
Loveless	2.857496%	32,516.88	
Sabine Corporation Fred Schlicher	2.734375% 2.000000%	31,115.82 22,759.00	
Stephen Scott Moore	0.520834%	5,926.83	
Richard Lyons Moore	0.520833%	5,926.82	
Michell Harrison	0.520833%	5,926.82	
NOTE: Unleased unable t	o locate 3.449060	%	
			1

Cupulate AFE Rost

OIL COMPANY INEXCO

RECEIVED MAY 1 2 1000

LAND GETT

AUTHORIZATION FOR EXPENDITURE

AFE No. (Inexco Property No.)

AFE No. (Inexco Property No.)		10201 FGT 6	((01 FIF
rospect Humble City	Location	1830' FSL &	660' FWL
/ell Name and Number Inexco #1 Norris		. 13, T17S,	
	Lea Co	unty, New Me	xico
stimated Days to Drill45			
stimated Days to Complete10			
· · · · · · · · · · · · · · · · · · ·	,		
<u>,</u>			
' SANDS AND DEPTH	Est. T.D.	11,800'	
DBJECTIVES San Andres 5,320'		d	
Glorieta 7,085'	AFEPr	epared March 2	5, 1983
Abo 9,850'	By: Wyn	dell R. Cavi	ness
Strawn 11,125'		,	,
X) Drill () Workover Same Zone	()	Recomplete in N	ew Zone
	ESTIMATE	ED COCTS	
DESCRIPTION			ACTUAL
	DRILLING	COMPLETION	COST
INTANOIDI E COCTO (201)			
INTANGIBLE COSTS (321)	35,000		
Access and Location Costs			
Move-in, Rig-up, Rig-down, Move-out	12,000		
Contract Drilling		•	
Footageft. at \$ftDaywork50days at \$_4,575day. with fuel		···	
Daywork 50 days at \$ 4,575 day. with fuel	228,750		
Completion Unit10 days at \$ $\frac{1}{1}$,550day		15,500	
Fuel, Power, Water and Water Lines	6,000	1,000	
Bits, Reamers and Stabilizers	45,000	1,000	
Equipment Rental	20,000	2.000	
Cementing and Squeezing			
Conductor Casing	4,000		
Surface Casing	17,500		
Intermediate Casing	17,500	12 000	
Production Casing		12,000	
Liner			
Other			
Drilling Mud and Chemicals	60,000	4,000	
Mud Logger			
Logging, Coring and Testing			
Cores 30 SWC's	4,000		
DST's2	10,000		
Dual Industion /CD Intermediate Coa to TD	16,000		
CNL/Density/GR/Caliper	16,000		
CP/CDI		6,000	*
and wireling work		7,500	
Perforating and wireline work		11,000	
Acidizing and Fracturing	20,000	6,000	
Labor and Supervision	20,000		
Contract Labor	10,000	5,000	
Drilling Overhead	58,000	7 000	·
Transportation, and hauling	3,000	7,000	
Col a Torre	10,000	1.,000	
Other Miscellaneous Intangible Costs testing packers, Loomis, et	10,000	15,000	
Losses, Damages and Abandonment	15,000		
Fishing.Tool Expense and/or Directional Orilling			****
Dry Hole Contributions			
Well Control Insurance			-
THER CORRECT HISWARDS			
TOTAL INTANGIBLE \$ 699,250	\$ 605,250	\$ 94,000	S

<i>Y</i> .				ESTIMATE	D COSTS	ACTUAL
ON			[DRILLING	COMPLETION	. COST
→ JLE COSTS (313/314):						
onductor Csg ft. ofat		/ft				
Sonductor Csgft. ofat surface Csg450_ft. of13-3/8"at		/ft		-12,700		
ntermediate Csg. 4,800 ft. of 8-5/8"at		/ft ·		70,000		
inerft. ofat _						
inerft. ofat	,					
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roduction Csg. 11,800 ft. of 5-1/2"at		/ft			190,000	
ubing 11,800 ft. of 2-3/8" at	1	/ft			83,000	
nstallation Costs and Non-Controllable Well Equipmen					6,000	
Casing Head Assembly				3,000		
ubing Head Assemblyand tree				1	28,000	
umping Unit						
rime Mover						
torage Tanks					10,000	
eparator			,		5,000	
Pehydrator						
Heater - Treater					9,000	
ACT Unit				, , , , , , , , , , , , , , , , , , , ,		
TX or Production Unit						
ine Pipe					6,000	
Sas Recorders						
nstallation Costs and Non-Controllable Lease Equipme					16,000	
iotalianon oodio ano non oomionadio zoado zquipino					-	
. TOTAL TANGIBLE	\$	438,700	\$	85 , 700	\$ 353,000	\$
	•				1	
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OWNERSHIP APPROVALS:

INEXCO OIL COMPANY	Interest: 30.116468%	\$ 342,710.34	Authorization College 11-83
Texaco	22.500000%	256,038.75	- IN TOUCH (TOEK TELL TON TOO)
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Michell Harrison	0.520833%	5,926.82	
,			ratification and the second se
NOTE: Unleased unable to	locate 3.449060	%	
	,		
			•

APPROVED 8

AMERADA HESS CORPORATION

DATE: 5-4-83

Cupulate AFE Rost

OIL COMPANY INEXCO

RECEIVED MAY 1 2 105

LAND DEF

AUTHORIZATION EXPENDITURE FOR

AFE No. (Inexco Property No.)

Prospect		<u> </u>		. 1830' FSI. &	660' FW
Prospect Well Name and Number_			Location	1830' FSL & 13, Tl7S, I	37E-
Ten Name and Number _	Inches #1 North			ounty, New Me	
Estimated Days to Drill _	45			ourcy ; i.e. i.e.	
Estimated Days to Comp			-		
estimated bays to comp					· · · · · · · · · · · · · · · · · · ·
			-		
	·	,		. 11 0001	
	SANDS AND	DEPTH		11,800'	
OBJECTIVES	San Andres	5,320'		d	. 1000
	Glorieta	7.085'	AFEPr	epared March 2	5, 1983
	Abo	9,850'	By: _Wy1	ndell R. Caví	ness
(X) Drill	Strawn () Workover Sam	11,125'		Deservation III	- 7
(A) OIII	() Workover Sam	e Zone		Recomplete in N	ew Zone
	:		ESTIMAT	ED COSTS	
DESCRIPTION					ACTUAL
	·		DRILLING	COMPLETION	COST
INTANGIBLE COST	FS (321)				
	ion Costs		35,000		
	Rig-down, Move-out	1	12,000	L	
Contract Drilling				·	
Footage	ft. at \$ ft				
Daywork5	ft. at \$ft 0 days at \$_4,575 daywi	th fuel	228,750		· · · · · · · · · · · · · · · · · · ·
Completion U	nit10 days at \$_1,550 day			15,500	
Fuel, Power, Wat	er and Water Lines		6,000	1,000	
Bits, Reamers and	d Stabilizers		45,000	1,000	
Equipment Rent	al		20,000	2,000	
Cementing and S	queezing ·	-			
Conductor Ca	sing				
Surface Casing]		4,000		
· Intermediate (Casing		17,500	12 000	
Production Ca	asing		 	12,000	
			60 000	, 000	· · · · · · · · · · · · · · · · · · ·
•	Chemicals		60,000	4,000	·
Logging, Coring	and Testing -		4,000	,	
00103	SWC's		10,000		
DST's ²	l Induction/GR - Intermed	into Can to TD	16,000		
	/Density/GR/Caliper	Tate USB TO ID	16,000		
	CRI		10,000	6,000	
	wireline work			7,500	
-				11,000	
	acturing	i i	20,000	6,000	······································
•	vision	ĺ	10,000	5,000	
Contract Labor.	.,,		58,000		
Transportation	d and hauling		3,000		
Calas Tau		i i	10,000		
Other Michalland	ous Intangible Costs. testing pa	ckers, Loomis, et	10,000	15,000	
Losses Damanes	and Abandonment		15,000		
	pense and/or Directional Drilling				
	butions			·	
	urance				· · · · · · · · · · · · · · · · · · ·
	•	·			
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.ON		DRILLING	COMPLETION	COST
÷ ∂LE COSTS (313/314):				
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iner ft. ofat/				
inerft. ofat/	ft			
Tieback ft. of at/	ft	***************************************		<u> </u>
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Installation Costs and Non-Controllable Well Equipment			6,000	
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Tubing Head Assemblyand tree		<u> </u>	28,000	
Pumping Unit				
Prime Mover				
Storage Tanks			10,000	
Separator			5,000	
Dehydrator:				
Heater - Treater			9,000	
ACT Unit				
.TX or Production Unit		,	· · · · · · · · · · · · · · · · · · ·	
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Gas Recorders				
nstallation Costs and Non-Controllable Lease Equipment			16,000	
			(* **	
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TOTAL WELL \$ 1 13	7 , 950	\$ 690,950	\$ 447,000	\$

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OWNERSHIP APPROVALS:

INEXCO OIL COMPANY	Interest:	\$	Authorizon Granture Date: 1-11-83
THE ACCOUNT AND	30.116468%	342,710.34	< 16/6/10/6/10 (1086/ 1/5/1-83
Texaco	22 <u>.</u> 500000%	<u>256,038.75</u>	
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	garany and Affrage and Affrage 1		
NOTE: Unleased unable t	o locate 3.4490605	%	
	•		

APPROPRIED A

BY: DUM

DATE: 5-4-83



May 5, 1983





Tenneco Oil Company 7990 I.H. 10 West San Antonio, Texas

78230

Attn: Rex Bourland

Re: S/2 Sec. 13-T17S, R37E (NM181)
Lea County, New Mexico
South Humble City Strawn Pool
Unorthodox Location Norris #1 Well
Force Pooling Action

Gentlemen:

This letter is to confirm my phone communication with Steven D. King of Tenneco on May 6, 1983, regarding Inexco's proposal to drill an 11,800 foot Strawn test at a location 330' FWL and 1650' FSL of Section 13-T17S, R37E, Lea County, New Mexico. Dry hole costs are estimated to be \$690,950.00 and total costs for a completed well approximately \$1,137,950.00.

We invite your participation in the well in either of the two following manners:

- 1. Join in the drilling of the test well as to your pro rata share (AFE and Operating Agreement will be furnished upon request)
- 2. Grant a lease covering the S/2 Sec. 13-T17S, R37E, providing for 1/4 royalty and a 1 year term

These are the terms offered to all of the other owners of unleased mineral interests under the S/2 of Sec. 13. As discussed with Mr. King, we did not discover your interest until late yesterday afternoon when we had an in-depth meeting with our attorney and people attempting to cure title. To our surprise, we discovered that one of our leases which we heretofore thought to cover a 1/8 mineral interest actually covered a 1/16 mineral interest. The other 1/16 interest belonged to Houston Royalty Company, now Houston Oil and Minerals who your Company has purchased. Your 6.25% mineral interest or 20 net acres under the S/2 Section 13-T17S, R37E, should you decide to join in the drilling, would share in the estimated dry hole cost in the approximate amount of \$43,184.38.

On May 11, 1983, force pooling proceedings and our application for Unorthodox Drilling Permit - Exception to Special Pool Rules South Humble City Strawn Pool will be heard by the New Mexico Oil Conservation Division in Santa Fe, New Mexico at 9:00 a.m.

TOC - SWD

MAY 9 1983

LAND DEPARTMENT

Tenneco Oil Company May 5, 1983 Page Two

Inexco will ask for the maximum penalty allowed under the force pooling action. As discussed with Mr. King, We believe that Tenneco, as successor to the Houston Oil and Mineral interest, and Inexco can reach accord negating the necessity of force pooling action against Tenneco. Therefore, we hereby request that Tenneco show their concurrence to the following by signing, dating and returning one copy of this letter to Inexco prior to the hearing date:

- 1. Tennaco waives objection to the unorthodox location specified above.
- 2. Tenneco will either join in the drilling of the well or enter into a mutually acceptable lease.
- Inexco will not ask for the interest of Tenneco to be subject to the force pooling action.

Thank you for your prompt attention and cooperation in this matter. Should you have any questions, please advise me immediately by phone.

·Very truly yours,

J. Tacconi

Atea Landman

ACCEPTED and AGREED this

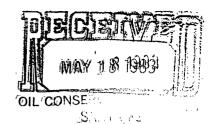
day of May, 1983.

TENNECO OIL COMPANY

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July Maria 181



May 5, 1983

Tenneco Oil Company 7990 I.H. 10 West San Antonio, Texas

78230

Attn: Rex Bourland

Re: S/2 Sec. 13-T17S, R37E (NM181)
Lea County, New Mexico
South Humble City Strawn Pool
Unorthodox Location Norris #1 Well
Force Pooling Action

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- 1. Join in the drilling of the test well as to your pro rata share (AFE and Operating Agreement will be furnished upon request)
- 2. Grant a lease covering the S/2 Sec. 13-T17S, R37E, providing for 1/4 royalty and a 1 year term

These are the terms offered to all of the other owners of unleased mineral interests under the S/2 of Sec. 13. As discussed with Mr. King, we did not discover your interest until late yesterday afternoon when we had an in-depth meeting with our attorney and people attempting to cure title. To our surprise, we discovered that one of our leases which we heretofore thought to cover a 1/8 mineral interest actually covered a 1/16 mineral interest. The other 1/16 interest belonged to Houston Royalty Company, now Houston Oil and Minerals who your Company has purchased. Your 6.25% mineral interest or 20 net acres under the S/2 Section 13-T17S, R37E, should you decide to join in the drilling, would share in the estimated dry hole cost in the approximate amount of \$43,184.38.

On May 11, 1983, force pooling proceedings and our application for Unorthodox Drilling Permit - Exception to Special Pool Rules South Humble City Strawn Pool will be heard by the New Mexico Oil Conservation Division in Santa Fe, New Mexico at 9:00 a.m.

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LAND DEPARTMENT

Tenneco Oil Company May 5, 1983 Page Two

Inexco will ask for the maximum penalty allowed under the force pooling action. As discussed with Mr. King, We believe that Tenneco, as successor to the Houston Oil and Mineral interest, and Inexco can reach accord negating the necessity of force pooling action against Tenneco. Therefore, we hereby request that Tenneco show their concurrence to the following by signing, dating and returning one copy of this letter to Inexco prior to the hearing date:

- 1. Tenneco waives objection to the unorthodox location specified above.
- 2. Tenneco will either join in the drilling of the well or enter into a mutually acceptable lease.
- 3. Inexco will not ask for the interest of Tenneco to be subject to the force pooling action.

Thank you for your prompt attention and cooperation in this matter. Should you have any questions, please advise me immediately by phone.

Very truly yours,

L. J. Tacconi Atea Landman

ACCEPTED and AGREED this

MBoulara

day of May, 1983.

TENNECO OIL COMPANY

By