

**Insert**

**Color Page/Photo**

**Here**

**Insert**

**Color Page/Photo**

**Here**



**InterCoast  
Oil and Gas**

VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

InterCoast Oil and Gas Company  
7130 South Lewis Avenue  
Suite 700  
Tulsa, Oklahoma 74136  
918 488-8263 Telephone  
918 488-8182 Fax

Writer's Direct Number - (918) 491-4105

October 2, 1996

Atlantic Richfield Co.  
Attention: Lee Scarborough  
P.O. Box 1610  
Midland, TX 79702

RE: S/2 Section 21-18S-28E  
Eddy County, New Mexico

Dear Mr. Scarborough:

InterCoast Oil and Gas Company, formerly named Medallion Production Company, ("InterCoast") has acquired interests in the referenced lands pursuant to well trade agreements with The Rudman Partnerships. In this connection, InterCoast proposes the drilling of a 10,650' Atoka/Morrow well at a legal location in the SW/4 of Section 21. Dry hole costs are estimated to be \$438,700, with total completed well costs estimated at \$767,350. Enclosed please find a copy of our AFE.

InterCoast proposes that you support the test well by participating with your proportionate 18.75% share or by granting us a farmout pursuant to the following terms:

1. On or before 150 days following the execution of a definitive agreement, InterCoast would commence or cause the commencement of a 10,650' Atoka/Morrow test at a legal location in the SW/4 of Section 21.
2. In the event the test well results in a well capable of producing in commercial quantities, InterCoast would earn an assignment covering all of your interest in the S/2 of Section 21 from the surface of the earth to the total depth drilled in the test well.
3. You would reserve in such assignment an overriding royalty interest equal to the difference between existing leasehold burdens and 27.5%, proportionately reduced to the interest being assigned.

**BEFORE THE  
OIL CONSERVATION DIVISION  
Santa Fe, New Mexico**

Case No. 11657 Exhibit No. 3

Submitted by: InterCoast Oil and Gas Company

Hearing Date: November 21, 1996

Atlantic Richfield Co.

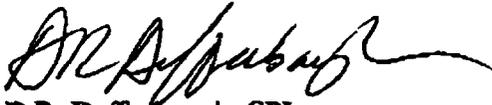
October 2, 1996

Page 2

Please advise of your election in this matter. If you desire to participate, please so indicate by executing the enclosed AFE and returning to the attention of the undersigned at the letterhead address .

Very truly yours,

INTERCOAST OIL AND GAS COMPANY



D.R. Deffenbaugh, CPL  
Senior Landman

DRD:cad

c:\winword\caro\illinois.doc

Enclosure



InterCoast Oil and Gas Company  
7130 South Lewis Avenue  
Suite 700  
Tulsa, Oklahoma 74136  
918 488-8283 Telephone  
918 488-8182 Fax

November 1, 1996

Writer's Direct Number - (918) 491-4105

Atlantic Richfield Co.  
Attention: Lee Scarborough  
P.O. Box 1610  
Midland, TX 79702

Re: Illinois Camp Prospect  
S/2 Section 21-18S-28E  
Eddy County, New Mexico

Dear Mr. Scarborough:

Pursuant to our previous conversations, please find enclosed InterCoast's proposed Operating Agreement for the above. Inasmuch as we have not reached agreement with all parties in this proposed unit, I have initiated Compulsory Pooling procedures and the hearing is to be set for November 21, 1996.

Please review this agreement and provide your comments at your earliest convenience.

Sincerely,

**INTERCOAST OIL AND GAS COMPANY**

A handwritten signature in cursive script, appearing to read "D. R. Deffenbaugh".

D. R. Deffenbaugh, CPL  
Senior Landman

DRD/cad  
illcamoa.ltr

**INTERCOAST OIL AND GAS COMPANY**

**AUTHORIZATION FOR EXPENDITURES**

Description of Work: Footage Drill, Log, DST, complete and equip a single zone Morrow Sand gas well

Prospect	Illinois Camp	Well No.	1	Date	10/1/96
Lense	To Be Determined	Section	21	AFE No.	
Location	1980' FSL-1650' FWL	Twp	18S	Range	28E
Field	Ataku Morrow	County	Eddy	State	New Mexico
Well TD	10,650'	Prim. Obj.	Morrow	Sec. Obj.	

	Before	After	Total	Before	After	Total
	Csg Point	Csg Point		Csg Point	Csg Point	

INTANGIBLE COSTS	BCP-820	ACP-840	TOTAL	TANGIBLE COSTS	BCP-830	ACP-850	TOTAL
.01 Location/Damage Payment	4,500		4,500	.01 Cattle Guards & Fencing	0	0	0
.02 Location Construction	17,500	1,500	19,000	.02 Csg. Cond.	0	X	0
.03 Contracted Equipment	0	0	0	.03 Csg. Surface	6,500	X	6,500
.04 Rotary Rig: MI, RU, RD, MO	0	0	0	400' 13-3/8" 48# H-40			
.05 Rotary Rig: Daywork	11,000	11,000	22,000	.04 Csg. Intermediate	33,500	X	33,500
.06 Rotary Rig: Footage	197,500	0	197,500	2700' 9-5/8" 36#			
.07 Fuel	2,000	0	2,000	.05 Csg. Production	X	56,000	56,000
.08 Drilling Bits	0	0	0	4-1/2" @ 11100'			
.09 Drilling Fluid	45,000	1,000	46,000	.06 Float Equip, Centrizers, etc.		2,000	2,000
.10 Mud Disposal	3,000	X	3,000	.07 Well Head	8,800	11,500	20,300
.11 Drill Stem Tests	4,000	X	4,000	.08 Tubing	X	25,600	25,600
.12 Cement and Cementing Service	18,000	12,000	30,000	2-3/8", 4.7#, N-80			
.13 Casing Crew, Equipment	3,500	3,500	7,000	.09 Pump Unit	X	0	0
.14 Logging: Open Hole	9,500	X	9,500	.10 Motor/Engine	X	0	0
.15 Completion Rig	X	15,000	15,000	.11 Rods & Pump	X	0	0
.16 Stimulation	X	75,000	75,000	.12 Pkr & Sub-surface Equip.	X	10,000	10,000
.17 Misc. Pumping Services	0	3,500	3,500	.13 Tanks	X	6,000	6,000
.18 Log & Perf Cased Hole	X	8,000	8,000	.14 Separator/Production Unit	X	8,000	8,000
.19 Rentals	5,000	5,000	10,000	.15 Heater Treater/Dehydrator	X	8,000	8,000
.20 Water/Water Hauling	10,500	6,000	16,500	.16 Fittings & Small Pipe	X	12,500	12,500
.21 Hauling/Freight	0	1,000	1,000	.17 Other Equipment	0	0	0
.22 Tubular Inspection	1,500	2,500	4,000	.18 Installation Costs	X	12,500	12,500
.23 Well Testing	1,500	1,000	2,500	.19 Miscellaneous			
.24 Labor: Contract	1,500	2,500	4,000	.20 Contingency			
.25 Company Geologist/Engineer	2,500	0	2,500				
.26 Overhead	3,700	1,000	4,700	Subtotal	\$48,800	\$152,100	\$200,900
.27 Professional Services	17,500	6,000	23,500				
.28 Insurance	1,700	0	1,700	Pipeline		PL-880	
.29 Miscellaneous tax	14,000	7,550	21,550	.01 Line Pipe	X	25,000	25,000
.30 Contingency	0	0	0	.02 Metering Equipment	X	0	0
.31 Coiled Tubing Work	0	3,500	3,500	.03 Meter Sta. Valves, Fittings	X	0	0
.32 Packer Redress	X			Subtotal	\$0	\$25,000	\$25,000
Subtotal	\$374,900	\$166,550	\$541,450	0 TOTAL TANGIBLE COSTS	\$48,800	\$177,100	\$225,900

Pipeline	PL-880	TOTAL WELL COSTS	\$423,700	\$343,650	\$767,350
.01 Tapping Fee	X	Total Well Cost to Casing Point			\$423,700
.02 Purchased Right of Way	X	Plugging Cost			\$15,000
.03 Damage Payments	X	Total Dry & Abandonment Cost			\$438,700
.04 Right of Way Acquisition	X	Total Cost Through Evaluation of Zone of Interest			\$685,350
.05 Permits	X	Prepared By:	LCF/TLR		
.06 Freight	X	Estimated Spud Date			
.07 PL & Meter Sta. Construction	X	InterCoast WIO %			
.08 Surveying and Drafting	X	InterCoast Net Expenditure			\$0
.09 Field Construction Sup.	X	Supplement No.			
.10 Misc. and Contingency	X	Original AFE Amount			
Subtotal		Amount This Supplement			
TOTAL INTANGIBLE COSTS	\$374,900	Revised AFE Amount			

INTERCOAST OIL AND GAS COMPANY APPROVED

By: *LCF* Date: \_\_\_\_\_  
 By: \_\_\_\_\_ Date: \_\_\_\_\_  
 By: \_\_\_\_\_ Date: \_\_\_\_\_

WORKING INTEREST OWNER APPROVED

Company Name: \_\_\_\_\_ Date: \_\_\_\_\_  
 By: \_\_\_\_\_ Date: \_\_\_\_\_  
 Name: \_\_\_\_\_

**ILLEGIBLE**

**BEFORE THE  
OIL CONSERVATION DIVISION**  
Santa Fe, New Mexico

Case No. 11657 Exhibit No. 4

Submitted by: InterCoast Oil and Gas Company

Hearing Date: November 21, 1996

BEFORE THE  
OIL CONSERVATION DIVISION  
NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION  
OF INTERCOAST OIL AND GAS COMPANY  
FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.

CASE NO. 11657

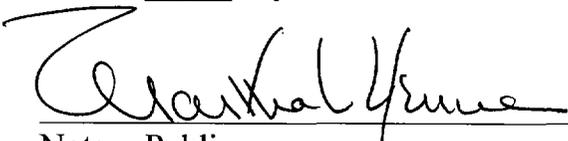
AFFIDAVIT

STATE OF NEW MEXICO     )  
  ) ss.  
COUNTY OF SANTA FE     )

William F. Carr, authorized representative of InterCoast Oil and Gas Company, the Applicant herein, being first duly sworn, upon oath, states that in accordance with the notice provisions of Rule 1207 of the New Mexico Oil Conservation Division the Applicant has attempted to find the correct addresses of all interested persons entitled to receive notice of this application and that notice has been given at the addresses shown on Exhibit "A" attached hereto as provided in Rule 1207.

  
\_\_\_\_\_  
William F. Carr

SUBSCRIBED AND SWORN to before me this 20th day of November, 1996.

  
\_\_\_\_\_  
Notary Public

My Commission Expires: August 19, 1999

**EXHIBIT A**

Logro Corp.  
Post Office Box 261324  
Plano, TX 75026-1324  
Attn: David Fry

Wendall W. Iverson, Trustee for the  
S.J.I., Jr. 1990 Trust, the P.I.P. 1990  
Trust and the W.W.I. 1990 Trust  
Post Office Box 10508  
Midland, TX 70702

Louis Dreyfus Gas Holdings  
1400 Quail Springs Pkwy.  
Suite 600  
Oklahoma City, OK 73134

Marathon Oil Company  
Post Office Box 552  
Midland, TX 79702  
Attn: Randall Wilson

Yates Petroleum  
105 South Fourth Street  
Artesia, NM 88210  
Attn: Robert Bullock

Atlantic Richfield Company  
Post Office Box 1610  
Midland, TX 79702  
Attn: Lee Scarborough

**BEFORE THE  
OIL CONSERVATION DIVISION**  
Santa Fe, New Mexico

Case No. 11657 Exhibit No. 5

Submitted by: InterCoast Oil and Gas Company

Hearing Date: November 21, 1996

CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.  
LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN

MICHAEL H. FELDEWERT  
TANYA M. TRUJILLO  
PAUL R. OWEN

JACK M. CAMPBELL  
OF COUNSEL

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

October 31, 1996

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

TO AFFECTED INTEREST OWNERS:

Re: Application of InterCoast Oil & Gas Company for Compulsory Pooling, Eddy  
County, New Mexico

Gentlemen:

This letter is to advise you that InterCoast Oil & Gas Company has filed the enclosed application with the New Mexico Oil Conservation Division seeking the force pooling of all mineral interests in the S/2 of Section 21, Township 18 South, Range 28 East, N.M.P.M., Eddy County, New Mexico. InterCoast Oil & Gas Company proposes to dedicate the referenced pooled unit to its Illinois Camp State No. 21-1 Well to be drilled to formation, the Morrow North Illinois Camp-Morrow Gas Pool at an orthodox location 1980 feet from the South line and 1650 feet from the West line of said Section 21.

This application has been set for hearing before a Division Examiner on November 21, 1996. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases have been requested by the Division (Memorandum 2-90) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p.m. on the Friday before a scheduled hearing.

Very truly yours,



WILLIAM F. CARR  
ATTORNEY FOR INTERCOAST OIL & GAS COMPANY  
WFC:mlh  
Enclosure



P 176 015 680



**Receipt for Certified Mail**

No Insurance Coverage Provided  
For International Mail

Wendall W. Iverson, Trustee, for the  
S.J.I., Jr. 1990 Trust, the P.I.P. 1990  
Trust and the W.W.I. 1990 Trust  
Post Office Box 10508  
Midland, Texas 70702

Postage	\$
Certified Fee	
Special Services Fee	
Registered Mail Fee	
Postage and Fees with Return Receipt (if requested)	
Postage and Fees with Return Receipt to Whom, Name and Address	
Postage, Postage & Fees	\$
Postmark or Date	OCT 31 1996

PS Form 3800, June 1991

**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 boxes for additional service(s) requested.

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

**3. Article Addressed to:**  
Wendall W. Iverson, Trustee, for the  
S.J.I., Jr. 1990 Trust, the P.I.P. 1990  
Trust and the W.W.I. 1990 Trust  
Post Office Box 10508  
Midland, Texas 70702

**4. Article Number**  
P176 015 680

**Type of Service:**  
 Registered  
 Certified  
 Express Mail  
 Insured  
 COD  
 Return Receipt for Merchandise

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

**5. Signature - Address**  
X

**6. Signature - Agent**  
X *Dan Burke*

**7. Date of Delivery**  
NOV 13 1996

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

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

**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 boxes for additional service(s) requested.  
 1.  Show to whom delivered, date, and addressee's address. **2.  Restricted Delivery** (Extra charge)

**3. Article Addressed to:**  
 Louis Dreyfus Gas Holdings  
 1400 Quail Springs Pkwy  
 Suite 600  
 Oklahoma City, OK 73134

**4. Article Number**  
 P 176 015 681

**Type of Service:**  
 Registered  
 Certified  
 Insured  
 COD  
 Return Receipt for Merchandise  
 Express Mail

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

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

**5. Signature — Address**  
 X

**6. Signature — Agent**  
 X

**7. Date of Delivery**  
 11-4-96

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 **DOMESTIC RETURN RECEIPT**

P 176 015 681



**Receipt for Certified Mail**

No Insurance Coverage Provided

Louis Dreyfus Gas Holdings  
 1400 Quail Springs Pkwy  
 Suite 600  
 Oklahoma City, OK 73134

Postage	\$
Postage Insurance	
Special Services Fee	
Postage Insurance Fee	
Postage Insurance (allowing for Return Receipt)	
Return Receipt (showing to Whom, Date, and Addressee's Address)	
PS Form 3811 (Postage & Fees)	\$
Postmark or Date	OCT 31 1996

PS Form 3800, June 1991

**SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.  
 3. 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)

3. Article Addressed to:  
 Marathon Oil Company  
 Post Office Box 552  
 Midland, Texas 79702  
 Attn: Randall Wilson

4. Article Number  
 P 176 015 682

Type of Services:  
 Registered  
 Certified  
 Express Mail  
 Insured  
 COD  
 Return Receipt for Merchandise

5. Signature - Address  
 X

6. Signature - Agent  
 X *RR Wilson*

7. Date of Delivery  
 NOV 04 1996

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

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT



Marathon Oil Company  
 Post Office Box 552  
 Midland, Texas 79702  
 Attn: Randall Wilson

Postage	\$
Registration Fee	
Special Delivery Fee	
Registered Mail Fee	
Return Receipt - With or Without Restricted Delivery	
Return Receipt - Showing to Whom Delivered and Addressee's Address	
POSTAGE PAID & FEES	\$
Postmark or Date	OCT 31 1996

PS Form 3800, June 1991

P 176 015 683



Receipt for Certified Mail

No Insurance Coverage Provided

Yates Petroleum  
105 South Fourth Street  
Artesia, New Mexico 88210  
Attn: Robert Bullock

Postage	\$
Insured	
Registered	
Express Mail	
Return Receipt (if any)	
Postmaster's Signature	
Postmark or Date	OCT 31 1996

PS Form 3800, June 1991

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

**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 boxes for additional services requested.

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

3. Article Addressed to:  
Yates Petroleum  
105 South Fourth Street  
Artesia, New Mexico 88210  
Attn: Robert Bullock

4. Article Number  
P176 015 683

Type of Service:  
 Registered  
 Certified  
 Express Mail  
 Insured  
 COD  
 Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee  
JOANN GRIGGS

6. Signature - Agent  
JOANN GRIGGS

7. Date of Delivery  
11-4-95

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

**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 boxes for additional service(s) requested.  
 1.  Show to whom delivered, date, and addressee's address. 2.  Restricted Delivery (Extra charge)

3. Article Addressed to:  
 Atlantic Richfield Company  
 Post Office Box 1610  
 Midland, Texas 79702  
 Attn: Lee Scarborough

4. Article Number  
 P 176 015 684

Type of Service:  
 Registered  
 Certified  
 Express Mail  
 Insured  
 COD  
 Return Receipt for Merchandise  
 Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Address  
 X

6. Signature - Agent  
 X

7. Date of Delivery  
 NOV 04 1996

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

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

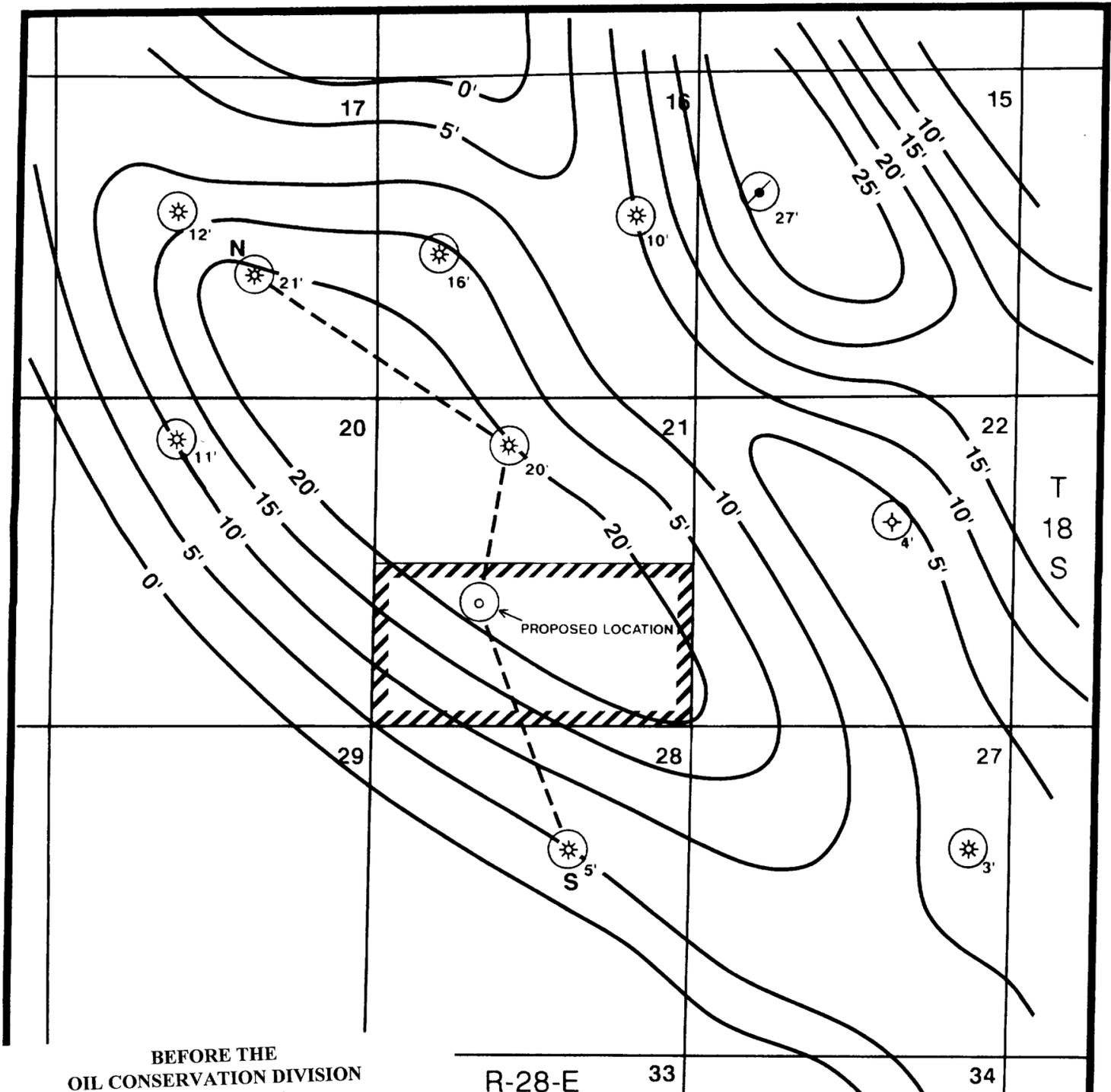


Atlantic Richfield Company  
 Post Office Box 1610  
 Midland, Texas 79702  
 Attn: Lee Scarborough

Postage	\$
Certification	
Special Delivery	
Restricted Delivery	
Registered Mail and Insured Mail (if delivered)	
Return Receipt (paying to Whom, Date, and Addressee's Address)	
PS Form 3800 & Fees	\$
Postmark or Date	OCT 31 1996

PS Form 3800, June 1991

P 176 015 684



BEFORE THE  
OIL CONSERVATION DIVISION  
Santa Fe, New Mexico

Case No. 11657 Exhibit No. 7

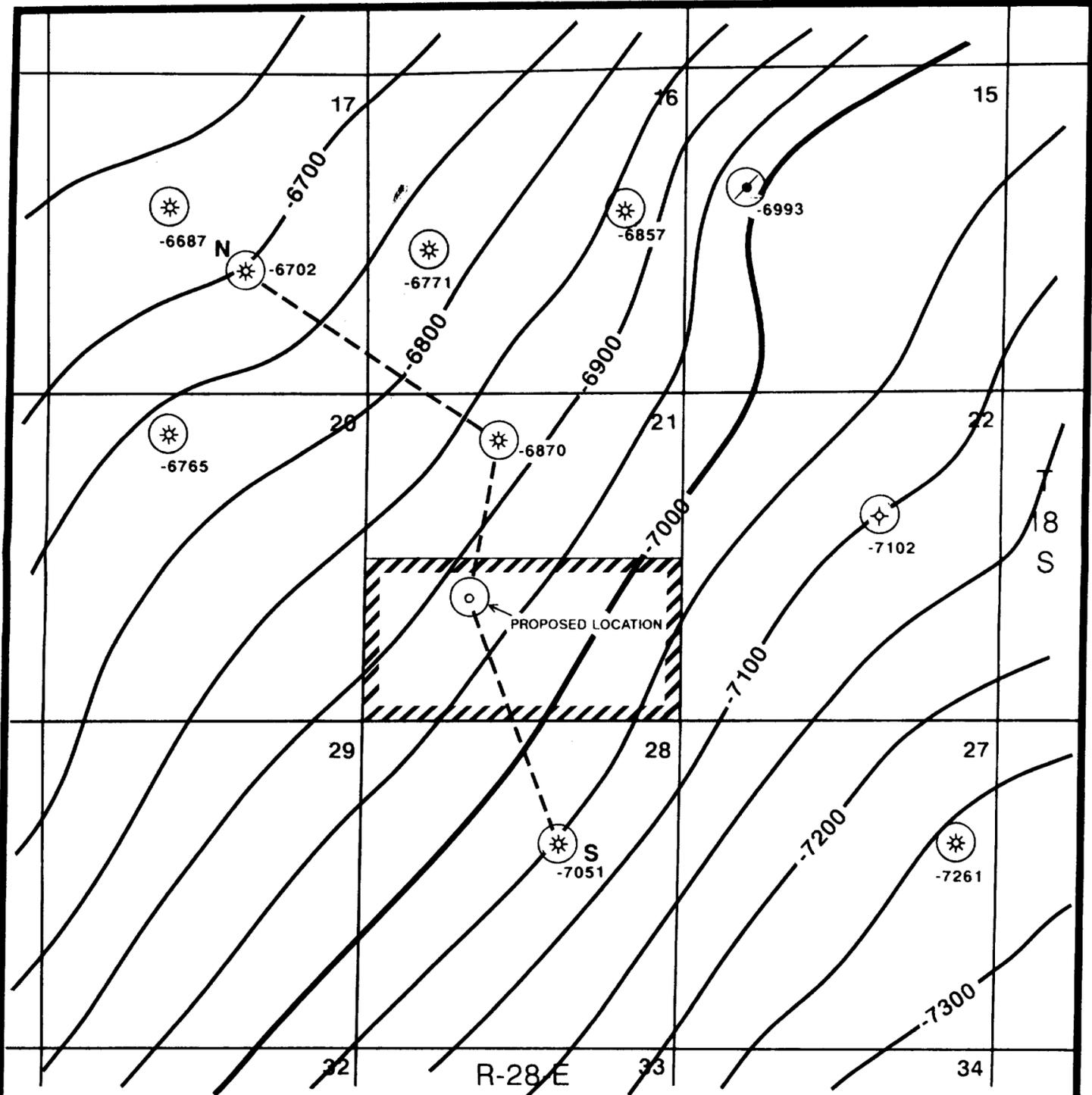
Submitted by: InterCoast Oil and Gas Company

Hearing Date: November 21, 1996

○ MORROW PRODUCER from MAPPED SAND

R-28-E

INTERCOAST OIL & GAS
ILLINOIS CAMP STATE "21" #1 Eddy County, New Mexico
MIDDLE MORROW GREEN SAND NET Ø' >7% ISOPACH CONTOUR INTERVAL: 5 FT.
2000 1000 0 2000 4000 Scale in Feet



BEFORE THE  
 OIL CONSERVATION DIVISION  
 Santa Fe, New Mexico

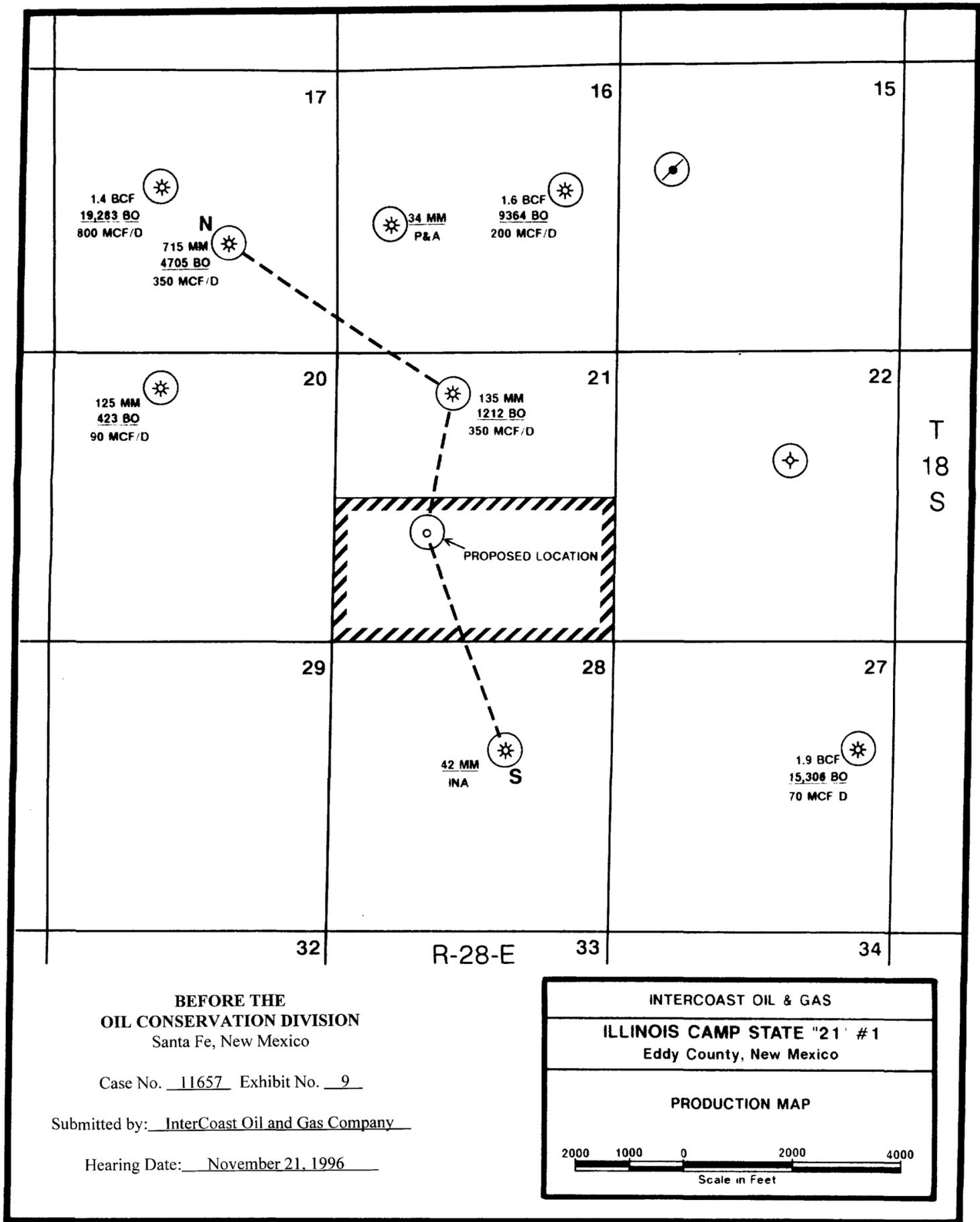
Case No. 11657 Exhibit No. 6

Submitted by: InterCoast Oil and Gas Company

Hearing Date: November 21, 1996

INTERCOAST OIL & GAS
ILLINOIS CAMP STATE "21" #1 Eddy County, New Mexico
STRUCTURE MAP TOP/LOWER MORROW
CONTOUR INTERVAL: 50 FT.
2000 1000 0 2000 4000 Scale in Feet

**LARGE FORMAT  
EXHIBIT HAS  
BEEN REMOVED  
AND IS LOCATED  
IN THE NEXT FILE**



1.4 BCF  
19,283 BO  
800 MCF/D



N

715 MM  
4705 BO  
350 MCF/D

34 MM  
P&A



1.6 BCF  
9364 BO  
200 MCF/D



125 MM  
423 BO  
90 MCF/D



135 MM  
1212 BO  
350 MCF/D



PROPOSED LOCATION



42 MM  
INA



S

1.9 BCF  
15,306 BO  
70 MCF D

