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				J.M. HUBER HBP	100% W.I.			
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					J.M. HUBER HBP 100% W.I.			
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,		MARBOB, etal. 100% W.1.	3	100% W.I. HB	P	DAMSON OIL, etal. 100%		
T			7	HBP FULTON 100% 25% HBP	HBP 100%W.I.	<u></u>		
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'/////// PROPOSED PRORATION UNIT

BEFORE EXAMINER STOGNEN

Oil Concervation Division

PEOC Edistria. 1

Case No. 10:29

	SQUARE LAKE PROSPECT EDDY COUNTY, NEW MEXICO
REVISED DATE BY	LAND PLAT
NORTH	SCALE OATE: OATE: OATE: OATE: OATE:

PACIFIC ENTERPRISES OIL CO. (USA)

PEOC FEDERAL COM 12-1

N/2 SECTION 12

T-17-S, R-29-E

EDDY COUNTY, NEW MEXICO

Ci Contonellar Galdan PECC Ediblino. 2

WORKING INTEREST OWNERSHIP

BELOW 5,000'

N/2NW/4, SE/4NE/4	LEASEHOLD OWNERSHIP	UNIT OWNERSHIP	ELECTION
Dorchester Exploration, Inc.	100.00%	37.5%	Farmout dated 7-1-90
SW/4NE/4			
	LEASEHOLD OWNERSHIP	UNIT <u>OWNERSHIP</u>	ELECTION
Dorchester Exploration, Inc.	75.00%	9.375%	Farmout dated 7-1-90
<pre>E. L. Fulton, whose wife   is Leila Fulton   (Title Dispute)</pre>	25.00%	3.125%	Cannot Locate
<u>N/2NE/4</u>	LEASEHOLD OWNERSHIP	UNIT OWNERSHIP	ELECTION
Heirs of D. H. Ostrom and Pearl Ostrom Pacific Enterprises	50.00%	12.500%	No Election
Oil Company (USA) George Gray (Title Dispute)	33.33% 16.67%	8.333% 4.167%	Participating Cannot Locate
C / 2NW / 4			
<u>S/2NW/4</u>	LEASEHOLD OWNERSHIP	UNIT OWNERSHIP	ELECTION
Pacific Enterprises Oil Company (USA)	100.00%	25.000%	Participating
		100.000%	

## **TURMAN & SHAW**

OIL AND GAS PROPERTIES P.O. Box 3792 Midland, Texas 79702 915-699-7841

February 20, 1990

Don Turman Maner B. Shaw

> Pacific Enterprises Oil Company (USA) Attn: Craig Clark

P.O. Box 3083

Midland TX 79702

Re: Square Lake Prospect Eddy County, New Mexico

Dear Mr. Clark:

Per your request, we have made a diligent search of telephone listings in and around the Glendale, California area in an attempt to locate George Gray.

Our search included all of area codes 805, 818, 213, 714, 619, 408 and 209 and although there were approximately 1/2 dozen George Grays within this area, none of them were the grandson of Josephine Finley.

If additional information is required, please call.

Sincerely,

Maner B. Shaw

MBS:bss

BEFORE EXAMINE	R STOONER
CH Consideration  FEXT (SALAM)	#
Case No.	
В 1 година при	general and the second

### SMITH and SMITH

Oil and Gas Properties
P. O. Box 7444
Midland, Texas 79708

William F. Smith, CPL Tamara H. Smith 915/682-6992 915/682-2393

August 14, 1990

Pacific Enterprises Oil Company (USA) P. O. Box 3083 Midland, Texas 79702

Attn: Mr. M. Craig Clark

Re: Square Lake Prospect

<u>T-17-S. R-29-E</u> Section 12: N/2

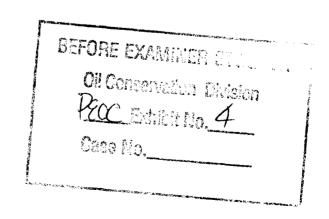
Eddy County, New Mexico

Dear Mr. Clark:

Pursuant to your recent request, I have examined the records of Eddy County, New Mexico, to try to locate E. L. Fulton and wife, Leila Fulton. The most recent instrument executed by the Fultons was a Quit Claim Deed dated April 9, 1957, recorded in Volume 80, Page 432 of the Oil & Gas Lease Records. This instrument did not contain an address, but it was acknowledged in La Plata County, Colorado.

Feel free to contact me if you have any questions or require further assistance.

Yours very truly,
William F. Smith, CPL



### SMITH and SMITH

Oil and Gas Properties
P. O. Box 7444
Midland, Texas 79708

William F. Smith, CPL Tamara H. Smith 915/682-6992 915/682-2393

September 26, 1990

Pacific Enterprises Oil Company (USA) 200 N. Loraine, Suite 400 Midland, Texas 79701

Attn: Mr. M. Craig Clark

Re: Square Lake Prospect

<u>T-17-S. R-29-E</u> Section 12: N/2

Eddy County, New Mexico

Dear Mr. Clark:

Pursuant to your request, I have search the telephone directories for Durango and Heserpus, Colorado, in an effort to locate E. L. Fulton and wife, Leila Fulton. In addition, I contacted directory assistance for the "303" and "719" Area Codes to locate the Fultons. Through these efforts I was unable to obtain any information that would aid in locating the Fultons.

Please contact me if I can be of any further assistance.

Yours very truly.

William F. Smith, CPL

BEFORE EXAMINER STORTLES

Oil Conservation Division

Case No.

### PACIFIC ENTERPRISES OIL COMPANY (USA)

May 31, 1990

SOUTHWEST REGION 200 N. Loraine, #400 P.O. Box 3083 Midland TX 79702-3083 (915) 684-3861 (915) 684-6426 (Fax)

TO: WORKING INTEREST OWNERS Address List Attached

RE: Square Lake Prospect #6139

PEOC Federal Comm #12-1 North Half of Section 12,

T-17-S, R-29-E

Eddy County, New Mexico

#### Gentlemen:

Pacific Enterprises Oil Company (USA) proposes the drilling of an 11,200 foot Morrow well to be located approximately 660' FNL and 1980' FWL of Section 12, T-17-S, R-29-E, Eddy County, New Mexico. The drilling and spacing unit for said well will be the North Half of said Section 12. The drilling and testing costs for the well are estimated to be \$431,000.00 with total completed costs being \$725,000.00.

If you elect to participate in the drilling of the proposed well, please so indicate by signing both of the enclosed Authority For Expenditures and returning one (1) original to the attention of the undersigned. Upon receipt of your executed Authority For Expenditure, an Operating Agreement governing operations of the well will be submitted for your review.

In the event you do not wish to participate in the drilling of said well, Pacific requests a farmout of your acreage in the proposed drilling unit delivering a 75% net revenue interest before payout with the option to convert your overriding royalty interest to a 25% working interest after payout. If you elect to farmout your interest, a formal Farmout Agreement will be submitted for your review.

Pacific is interested in spudding this well as soon as possible and therefore will be filing an application for a Compulsory Pooling Hearing in the near future.

Should you have any questions or problems, please do not hesitate to contact me.

BEFORE EXAMINER STOGNER
Off Conservation Division
PECC 1999 1999
Case 1999

Very truly yours,

PACIFIC ENTERPRISES OIL COMPANY (USA)

M. Craig clark

Landman

# WORKING INTEREST OWNERS ADDRESS LIST

Mr. George Gray 513 South Pacific Apartment 7 Glendale, CA 91204 Heirs of Mr. D. H. Ostrom c/o Mr. A. H. Evans 3300 First City Tower 1001 Fannin Houston, Texas 77002

### PACIFIC ENTERPRISES UIL COMPANY (USA)

#### ORIGINAL

AUTHORITY FOR EXPENDITURE

SOUTHWEST REGION 200 N. Loraine, #400 P.O. Box 3083 Midland TX 79702-3083 (915) 684-3861 (915) 684-6426 (Fax)

DIVISION: Permian Basin Exploration Team

**DATE:** ,5-31-90

DEPARTMENT: Exploration and Development

Midland, Texas

WELL NAME: PEOC Federal Comm #12-1

LOCATION: 660' FNL and 1980' FWL of Section 12, T-17-S, R-29-E

Eddy County, New Mexico

Drill and Test Cost Completion

\$431,000.00

<u>294,000.00</u>

TOTAL

\$725,000.00

#### JUSTIFICATION:

Proposed 11,200' well to test the Morrow Formation. See attached detailed Drilling and Completion Cost Estimate.

PARTICIPANTS	WORKING INTEREST	COST	GROSS AFE AMOUNT	\$725,000.00
Pacific Enterprises Oil Company (USA) Beorge Gray Beirs of D. H. Osti	83.3330% 4.1667%	\$604,166 30,209 90,625 \$725,000	APPROVED DISA	APPROVED
			COMPANY	
			DATE	

### PACIFIC ENTERPRISES OIL CO. (USA) DRILLING & COMPLETION DETAILED COST ESTIMATE

Prospect: Square Lake Field Anderson (Morrow)

### Hell Location 660 'FNL & 1980' FML Legal Description Sec 12, T-17-S, R-29-E

County Eddy State MM Proposed Depth 11,200

Objective Formation Morrow	AFE No.	Terra W.I.						
CATEGORY	NO.	DRILL & TEST	ю.	COMPLETION	TOTAL			
Survey - Stake Location	1	1,000	- <del></del>	0	1,000			
Permits & Hearings	2	800	83	0	800			
Building Road, bridges, canals	3	3,000	84	0	3,000			
Building Location & Pits	4	10,400	85	3,500	13,900			
Insurance (for PEOC only)	5	3,400	86	0	3,400			
Hove in - Rig up - Rig down - Move out	6	0	87	0	0			
Rat Hole	7	0	жж	0	0			
Footage Contract 11,200' @ \$17/ft	8	190,400	XXX	0	190,400			
Day work contract 4/3 days 2 \$4,000/day	9	16,000	88	10,000	26,000			
Turnkey Agreement	10	0	90	0	0			
Rig for Completion \$1400/day x 8 days	жж	0	101	11,200	11,200			
Orill Bits	12	0	102	500	500			
Rental Equipment	13	9,000	103	3,000	12,000			
Fishing Tools & Service	14	0	104	0	0			
Company Labor	15	0	107	2,000	2,000			
Auto & Travel	16	0	108	400	400			
Contract Labor	17	16,000	113	7,000	23,000			
Trucking, Hauling, Service Equipment	18	3,000	114	3,000	6,000			
Power & Fuel	19	0	115	0	0,000			
Hater					14,500			
	20	12,000	116	2,500	· ·			
Hud & Chemicals	21	20,000	117	2,000	22,000			
Drill Pipe, Casing, Rod Inspection	22	2,500	125	3,600	6,100			
Formation Testing (incl 2 DST)	23	12,000	жж	0	12,000			
Coringft of core a \$ /ft	24	0	xxx	0	0			
Mud Logging	25	9,100	ххх	0	9,100			
Logs	26	22,000	126	4,000	26,000			
Temperature Survey	27	0	148	0	0			
Bottom Hole Pressure Test	28	0	149	3,000	3,000			
Directional Services	29	0	152	0	0			
Engineering, Geological, Geophysical	30	1,000	153	500	1,500			
Cmtg, Conductor or Surf Csg (incl Float equip)	31	6,000	ххх	0	6,000			
Cmtg, Interm or Prod Csg (incl Float equip)	32	14,000	154	18,000	32,000			
Squeeze Jobs	33	0	155	0	0			
Perf or Shooting	34	0	156	4,000	4,000			
Frac	ххх	0	157	15,000	15,000			
Swabbing	36	0	158	0	0			
Plugging, if dry	37	8,000	159	0	8,000			
Damage Claims	38	1,000	165	0	1,000			
Cleaning Location	39	2,500	166	1,500	4,000			
District Expense	40	7,800	172	1,200	9,000			
Communications	41	200	177	200	400			
Environmental & Safety Equipment	42	0	178	0	0			
Misc Material & Service (Contingency)	43	7,900	179	1,900	9,800			
TOTAL INTANGIBLES		379,000		98,000	477,000			

### PACIFIC ENTERPRISES OIL CO. (USA) DRILLING & COMPLETION DETAILED COST ESTIMATE

CATEGORY	140	. DRILL & T	EST NO.	COMPLETIO	М
TOTAL					
Surface Casing					
450' of 13-3/8" OD H-40 48#/ft.,					
8rd, ST&C @ 18.50/ft.	50	8,400	ххх	0	8,400
Intermediate Casing					
2000' of 8-5/8" OD, 24#/ft., 8rd					
ST&C 2 \$9.00/ft.					
1500' of 8-5/8" OD, 32#/ft., 8rd					
ST&C @ \$12.50/ft.	51	36,800	жж	0	36,800
Production Casing					
11,200' of 5-1/2" 00, 17#/ft, N-80 @ 8.25/ft.					•
	юж	0	52	92,400	92,400
Liner					
ft of _ " OD, _ #/ft a \$ _ /ft	ж	0	53	0	O
Tubing					
10,900' of 2-3/8" OD, N-80, 4.7#/ft,					
8rd, EUE @ \$3.15/ft	ж	0	54	34,400	34,400
(mas Tree & Tubing Head Components	<b>5</b> 5	3,500	182	12,000	15,500
Pumping Unit or Prime Mover	<b>XXX</b>	0	56	0	C
Production Platform - Mat. & Labor	3000	0	58	0	0
Rods	2000	0	59	0	0
Subsurface Pump	XXX	0	60	0	0
Fanks		0	61	15,000	15,000
	XXX	0	63	0	15,000
Circulating Pump	жж	_			-
Dehydra tor	жж	0	64	0	0
leater Treater or Gumbarrel	жж	0	65	8,000	8,000
Separator/FMKO	xxx	0	66	0	0
lowline & Connection 500' ft of 2" 0D FG		_			
Linepipe a \$3/ft	ж	0	68	1,500	1,500
Weter, Meter Run & Connections	жж	0	70	5,000	5,000
kuildings	xxx	0	71	0	0
lacker	хж	0	72	5,000	5,000
(iscellaneous Equipment (fittings, etc.)	73	3,300	185	5,700	9,000
OTAL TANGIBLES		52,000		179,000	231,000
nstallation of Tubing	жж	0	54	0	0
nstallation of Pumping Unit & Prime Mover	xxx	0	56	0	0
nstallation of Tanks	xxx	O	61	5,000	5,000
nstallation of Dehydrator	ххх	0	64	0	0
nstallation of Heater Treater or Gun Barrel	xxx	0	65	5,000	5,000
nstallaion of Separator/FHKO	xxx	0	66	0	0
nstallation of Flowline	ххх	0	68	5,000	5,000
nstallation of Miscellaneous Equipment	73	О	185	2,000	2,000
DTAL INTANGIBLE INSTALLATION COSTS		0		17,000	17,000
st. 5280' gas sales line = \$48,000	<del></del>	379,000		98,000	477,000
·		52,000		179,000	231,000
		0		17,000	17,000
				• -	. ,
OTAL HELL COST COMPLETED,		431,000		294,000	725,000
repared by: C. Rolert Winkly In				_,,,,,,,,	,
a Walert Wardly to		-26-80			

DOMESTIC RETURN RECEIPT Stand 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this read from being returned to you. The 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 idea and chieck box(es) for additional service(s) requested.

1. [ Show to whom delivered, date, and addressee's address. 2. [ Restricted Delivery (Extra charge) Complete items 1 and 2 when additional services are desired, and complete items Insured
COD
Return Receipt
for Merchandise 8. Addressee's Address (ONLY if Always obtain signature of addresses or agent and DATE DELIVERED. P 546 960 156 requested and fee paid) 4. Article Number Type of Service: Express Mail KXXXIIIIeo \* U.S.G.P.O. 1988-212-865 Suite 3300 First City Tower 77002-6760 of Mr. D. H. Ostrom irst City Tower SAGENCIALITY AND AND MALK INS m 3811, Mar. 1988 e Fattom n 3. Article Addressed to: annin Houston, TX ton, CIO ME Heirs 3800 1001 Hous PS FO

LE COMPANIENT DE CONTRE LE RECONTRE LE REC

The second secon

200 North Loraine, Suite 400 P.O. Box 3083 Midland, TX 79702-3083 PACIFIC ENTERPRISES OIL COMPANY (USA) тянарам инитан эпсаноо \* U.S.Q.P.O. 1986-212-866 PS Form 3811, Mar. 1988 Date of Delivery 546 960 155 Is your <u>RETURN ADDRESS</u> completed on the reverse side: Thank you for using Return Receipt Service COD Serving Rep Article Addressed to:
Mr. George Gray
513 South Pacific, Ap
61endale, CA 91204 ٩ 951 096 948 d

February 8, 1990

SOUTHWEST REGION 200 N. Loraine, #400 P.O. Box 3083 Midland TX 79702-3083

(915) 684-6426 (Fax)

REFORE EXAMINER STOGNER

(915) 684-3861

Oil Conservation Division

0.2

Mr. A. H. Evans 3300 First City Tower 1001 Fannin Houston, Texas 77002

RE:

Square Lake Prospect #6139 Eddy County, New Mexico

USA NM-7752

N/2 NE/4 Section 12,

T-17-S, R-29-E, Below 5000'

Dear Mr. Evans:

Reference is made to our telephone conversation of February 6, 1990 concerning the interest of the Heirs of D. H. Ostrom in the above referenced leasehold and lands. As we discussed, Pacific Enterprises Oil Company (USA) has acquired an interest in the subject lease and is ready to drill a well.

Therefore, Pacific Enterprises Oil Company (USA) proposes the drilling of an 11,200 foot Morrow test to be located approximately 1980' FNL and 1980' FEL of Section 12, T-17-S, R-29-E, Eddy County, New Mexico. The drilling and spacing unit for said well will be the E/2 of said Section 12. The drilling and testing costs for the well are estimated to be \$431,000.00 with total completed costs being \$725,000.00.

If you elect to participate in the drilling of the proposed well, please so indicate by signing both of the enclosed Authority For Expenditures and return one (1) original to the attention of the undersigned. Upon receipt of your executed AFE, an Operating Agreement governing operations of the well will be submitted for your review.

In the event you do not wish to participate in the drilling of said well, Pacific requests you sell your interest for the terms stated in my letter of November 27, 1989. Should you wish to sell, please advise and I will furnish you with an Assignment for execution by the Heirs of Mr. Ostrom.

A. H. Evans February 8, 1990 Page 2

Pacific is interested in spudding this well as soon as possible and therefore will be filing an Application for a Compulsory Pooling Hearing in the near future.

Should you have any questions or problems, please do not hesitate to contact me.

Very truly yours,

PACIFIC ENTERPRISES OIL COMPANY (USA)

M. Craig Glark

Landman

MCC/dsr

Enclosure

## PACIFIC ENTERPRISES OIL COMPANY (USA)

#### ORIGINAL

AUTHORITY FOR EXPENDITURE

SOUTHWEST REGION 200 N. Loraine, #400 P.O. Box 3083 Midland TX 79702-3083 (915) 684-3861 (915) 684-6426 (Fax)

DIVISION: Permian Basin Exploration Team DATE: 1-26-90

DEPARTMENT: Exploration and Development Midland, Texas

WELL NAME: PEOC Federal Comm #12-1

LOCATION: 1980' FNL and 1980' FEL of Section 12, T-20-S, R-29-E

Eddy County, New Mexico

Drill and Test Cost Completion

\$431,000.00

294,000.00

TOTAL

\$725,000.00

### JUSTIFICATION:

Proposed 11,200' well to test the Morrow Formation. See attached detailed Drilling and Completion Cost Estimate.

PARTICIPANTS	WORKING INTEREST	COST	GROSS AFE AMOUNT \$725,000.00
Pacific Enterprises Oil Company (USA),		\$634,375	APPROVED DISAPPROVED
Heirs of D. H. Osti	rom 12.5%	90,625	COMPANY REPRESENTATIVE
	TOTAL	\$725,000	HEIRS OF D. H. OSTROM COMPANY
			DATE

## PACIFIC ENTERPRISES OIL CO. (USA) DRILLING & COMPLETION DETAILED COST ESTIMATE

Prospect: Square Lake

Field Anderson (Morrow)

#### Hell Location 1980' FSL & 1980' FEL Legal Description Sec 12, T-17-S, R-29-E

County Eddy State NM Proposed Depth 11,200'

AFE No. Terra H.I. Objective Formation Morrow CATEGORY NO. DRILL & TEST NO. COMPLETION TOTAL Survey - Stake Location 1.000 O 1.000 xxx Permits & Hearings 2 800 83 0 800 Building Road, bridges, canals 3 3,000 84 0 3,000 Building Location & Pits 4 10,400 85 3,500 13,900 Insurance (for PEOC only) 3,400 3,400 5 86 0 Move in - Rig up - Rig down - Move out n 0 0 6 87 Rat Hole 7 0 o 0 XXX Footage Contract 11,200' 3 \$17/ft 8 190,400 0 190,400 XXX 10,000 Day work contract 4/3 days 2 \$4,000/day 16,000 26,000 9 88 Turnkey Agreement 10 0 90 0 0 Rig for Completion \$1400/day x 8 days XXX 0 101 11,200 11,200 **Drill Bits** 12 0 102 500 500 Rental Equipment 13 9,000 103 3,000 12,000 Fishing Tools & Service 14 0 104 Company Labor 15 0 107 2,000 2,000 Auto & Travel 16 O 108 400 400 Contract Labor 17 16,000 113 7,000 23,000 Trucking, Hauling, Service Equipment 6,000 3,000 18 114 3,000 Power & Fuel 19 115 0 0 Hater 12,000 20 116 2,500 14,500 Mud & Chemicals 2,000 21 20,000 117 22,000 Drill Pipe, Casing, Rod Inspection 22 2,500 125 3,600 6,100 Formation Testing (incl 2 DST) 23 12,000 n 12,000 XXX Coring ft of core a \$ /ft 24 0 0 xxx Mud Logging 25 9,100 9,100 xxx 0 Logs 22,000 26 126 4,000 26,000 Temperature Survey 27 0 148 0 0 Bottom Hole Pressure Test 28 0 149 3,000 3,000 Directional Services 29 0 152 G Engineering, Geological, Geophysical 30 1.000 153 500 1,500 Cmtg, Conductor or Surf Csg (incl Float equip) 6,000 31 ххх 0 6,000 Cmtg, Interm or Prod Csg (incl Float equip) 14,000 32 154 18,000 32,000 Squeeze Jobs 0 155 33 0 0 Perf or Shooting 34 0 156 4,000 4,000 Frac xxx 0 157 15,000 15,000 Swabbing 0 0 36 158 0 Plugging, if dry 37 8,000 8,000 159 0 Damage Claims 1,000 38 165 0 1,000 Cleaning Location 39 2,500 166 1,500 4,000 District Expense 40 7,800 172 9,000 1,200 Communications 200 41 177 200 400 Environmental & Safety Equipment 42 0 178 0 0 Misc Material & Service (Contingency) 43 7,900 179 1,900 9,800 ------~ - -TOTAL INTANGIBLES 379,000 98,000 477,000

## PACIFIC ENTERPRISES OIL CO. (USA) DRILLING & COMPLETION DETAILED COST ESTIMATE

#### CATEGORY NO. DRILL & TEST COMPLETION NO. TOTAL Surface Casing 450' of 13-3/8" OD H-40 48#/ft.. 8rd, ST&C a 18.50/ft. 50 8,400 0 8,400 XXX Intermediate Casing 2000' of 8-5/8" OD, 24#/ft., 8rd ST&C 2 \$9.00/ft. 1500' of 8-5/8" OD, 32#/ft., 8rd ST&C 2 \$12.50/ft. 36,800 36,800 51 жж Production Casing 11,200' of 5-1/2" 00, 17#/ft, N-80 @ 8.25/ft. 92,400 0 52 92,400 XXX Liner \_ft of \_\_" 00, \_\_#/ft ə \$\_\_/ft 0 53 0 XXX 0 Tubing 10,900' of 2-3/8" 00, N-80, 4.7#/ft, 8rd, EUE @ \$3.15/ft 54 34,400 34,400 0 XXX Xmas Tree & Tubing Head Components 55 3,500 182 12,000 15,500 Pumping Unit or Prime Mover 0 56 O 0 XXX Production Platform - Mat. & Labor 0 0 0 58 XXX Rods 59 0 0 XXX Subsurface Pump XXX n 60 0 0 Tanks 15,000 61 15,000 XXX Circulating Pump 0 63 0 0 XXX Dehydrator 0 64 0 0 XXX Heater Treater or Gumbarrel 0 65 8,000 8,000 XXX Separator/FWK0 0 66 0 0 XXX Flowline & Connection 500' ft of 2" OD FG Linepipe @ \$3/ft XXX 0 68 1,500 1,500 Meter, Meter Run & Connections XXX 0 70 5,000 5,000 **Buildings** 0 71 XXX 0 Packer 0 72 5,000 5,000 XXX Miscellaneous Equipment (fittings, etc.) 73 3,300 185 5,700 9,000 \_------TOTAL TANGIBLES 52,000 179,000 231,000 Installation of Tubing 0 54 0 0 ххх Installation of Pumping Unit & Prime Mover 0 0 xxx 56 0 Installation of Tanks 0 61 5,000 5,000 Installation of Dehydrator 0 64 0 0 XXX Installation of Heater Treater or Gun Barrel 0 65 5,000 5,000 xxx Installaion of Separator/FWKO 0 66 XXX 0 0 Installation of Flowline xxx 0 68 5,000 5,000 Installation of Miscellaneous Equipment 73 n 185 2,000 2,000 ---TOTAL INTANGIBLE INSTALLATION COSTS 17,000 17,000 Est. 5280' gas sales line = \$48,000 379,000 98,000 477,000 52,000 179,000 231,000 0 17,000 17,000 TOTAL WELL COST COMPLETED 431,000 294,000 725,000 Date 1-26-80 Date 1 - 27 -90 Approved by:

### PACIFIC ENTERPRISES OIL COMPANY (USA)

February 13, 1990

SOUTHWEST REGION 200 N. Loraine, #400 P.O. Box 3083 Midland TX 79702-3083 (915) 684-3861

9151.684-64261Fax)
BEFORE EXAMINER STOGNER

Oil Conservation Division

Cars No.

Mr. A. H. Evans 3300 First City Tower 1001 Fannin Houston, Texas 77002

> RE: Square Lake Prospect #6139 Eddy County, New Mexico

> > PEOC Federal Comm #12-1 Well E/2 Section 12, T-17-S, R-29-E

Dear Mr. Evans:

Reference is made to my letter of February 8, 1990 concerning the drilling of the captioned well.

Should the Heirs of Mr. Ostrom not wish to participate nor sell their interest in the subject lease, Pacific requests a farmout of their acreage in the proposed drilling unit delivering a 75% net revenue interest before payout with the option to convert their overriding royalty interest to a 25% working interest after payout.

If the Heirs of Mr. Ostrom elect to farmout their interest, a formal Farmout Agreement will be submitted for your review. Should you have any questions, please do not hesitate to contact me.

Very truly yours,

PACIFIC ENTERPRISES OIL COMPANY (USA)

M. Craig Clark

MCC/dsr

CULTON, MORGAN, BRITAIN & WHITE

A PROFESSIONAL CORPORATION

LAWYERS

DONALD E. JACKSON W.F.COUNTIES D. PATRICK LONGBEFORE EXAMINER STOCKED MARRIO, TEXAS BOOTEAM BANK BUILDING

TELEPHONE (806) 3744671

JOE W. HAYES JODY G. SHEETS ်**ံါ်ါါး** ELECOPIE နို (806) 374-6073

MARK D. WHETE
THOMAS E. HOOD
COLEMAN YOUNG
WYATT L. BROOKS
DAVID M. RUSSELL
KIRT E. MOELLING

R. L. CAZZELL

MASTON C. COURTNEY DON L. PATTERSON

RUSSELL J. BAILEY CHARLES REWATSON, JR.

R. PAUL O'SRIANT D. CLAY HOLCOMS

\*ADMITTED IN TEXAS AND ONLA HOMA TO ONLY COME OF COMMENTATION OF

Mr. Craiq Clark

February 23, 1990

VIA TELECOPIER (915-684-6426)

Pacific Enterprises Oil Company (USA)

200 North Loraine, #400

P.O. Box 3083

Midland, Texas 79702-3083

Square Lake Prospect #6139, Eddy County,

Dear Craiq:

As we discussed in our telephone conversation of today, I represent A.H. Evans, as well as Lavon Ostrom Caviness, Elnita Ostrom Stanley, Gwendolyn L. Ostrom and Carolyn Ostrom Evans. order for my clients to accurately assess the farmout proposal, contained in your letter of February 13, 1990, I would appreciate your providing me with the following documents:

- 1. A copy of the base lease.
- Copies of all title opinions covering the base lease premises, and the unit of which they are a part.
- All prospect documents, including maps and economic projections.
  - The proposed farmout agreement.
  - 5. The proposed operating agreement.

As we discussed, I think we can give you a fairly quick answer to your farmout proposal, after reviewing the requested In any event, should you have any questions in documents. connection with this matter, please advise.

Very/truly yours

JWH:ce

cc: Mr. A. H. Evans -- Via (T&lecopier (713-651-2346)

D. H. CULTON (IGEO-INTEL B. L. MORGAN, JR. (1824-1978) B. M. BRITAIN (ISOI-ISSO)

OF COUNSEL

L. A. WHITE RAY W. RICHARDS

MAILING ADDRESS: RO. Box 169 79105-0150

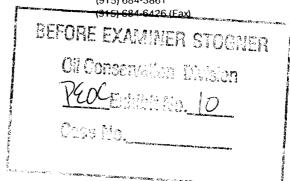
### PACIFIC ENTERPRISES OIL COMPANY (USA)

October 22, 1990

Heirs of D. H. Ostrom and Pearl Ostrom Team Bank Building Suite 1313 Amarillo, Texas 79101-2337

Attention: Mr. Joe Hayes

SOUTHWEST REGION 200 N. Loraine, #400 P.O. Box 3083 Midland TX 79702-3083 (915) 684-3861



RE: Square Lake Prospect

Farmout Request Section 12, T-17-S, R-29-E Eddy County, New Mexico

#### Gentlemen:

Please be advised that our files indicate that the Heirs of D. H. Ostrom and Pearl Ostrom currently own a leasehold interest in and to those lands located within the red outline identified on Exhibit "A" attached hereto. Pacific Enterprises Oil Company (USA) is interested in drilling a well in the referenced area and hereby requests a farmout of your leasehold interest covering said lands identified on said Exhibit "A" on the following general terms:

- 1. Within 120 days of the final execution of a formal contract, Pacific would commence or cause to be commenced the drilling of an initial test well at a legal location in the N/2 of Section 12, T-17-South, R-29-East, Eddy County, New Mexico. Said initial test well would be drilled to a depth of approximately 11,200' or to a depth sufficient to test the Morrow Formation, whichever is the lesser depth.
- 2. Upon establishing production in commercial quantities, Pacific would earn an assignment of all your right, title and interest in and to that portion of the lands identified on said Exhibit "A" that are included within the proration unit applicable to such initial test well. Said assignment would be limited in depth from the surface, or the shallowest depth applicable to your interest down to 100 feet below the total depth drilled and would reserve an overriding royalty interest to you in an amount equal to the difference between all existing leasehold burdens and 25%.

Heirs of D. H. Ostrom and Pearl Ostrom October 22, 1990 Page 2

- 3. At payout, on a well by well basis, you would have the option to convert the aforesaid overriding royalty interest into a 25% working interest.
- 4. Upon drilling and completing the initial test well either as a dry hole or a well capable of producing in commercial quantities, Pacific would have the right to drill additional well on the lands subject to the Farmout Agreement not previously earned, by not allowing more than 180 days to lapse between the completion of one (1) well and the commencement of operations for drilling on the next succeeding well. The earning of an assignment for the drilling of any subsequent well shall be on the same basis as the initial test well.
- 5. The aforesaid overriding royalty interest and converted working interest would be subject to proportionate reduction.

We appreciate the opportunity to submit this proposal to you and hope that you will consider same on a favorable basis. If said proposal described herein is acceptable, please so indicate by signing below in the space indicated and return one (1) fully executed duplicate original of this letter to the undersigned. Should you have any questions or problems concerning this matter, please do not hesitate in contacting me.

Very truly yours,

PACIFIC ENTERPRISES OIL COMPANY (USA)

M. Craig/Clark

Landman

MCC/dsr

Name:

Title:

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