Presidio Oil Company

BEFORF FYANNIER CATANACU

SUBSIDIARIES Peake Operating Company Presidio Energy Inc Presidio Exploration. Inc. The Desana Corporation The Petroleum Corp. of Delaware

3131 Turtle Creek Blvd. • Suite 400 • Datlas Texas 75219-5415	- (214) 528 6898 / Facsmine (214) 528-2160
	D.L. Province - March And DINESCO
	Peter Curperiniait No. 2
	LANIBITINO. X
p	CASE NO
5	CASE NO. October 19, 1990
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Siete Oil & Gas Corporation Petroleum Building - Suite 200 P.O. Box 2523 Roswell, New Mexico 80202-2523 Attention: Mr. Gene Shumate

American Exploration Company 700 Louisiana Street - Suite 2100 Houston, Texas 77002-2793 Attention: Mr. Gary Diamond

Estate of E.J. Rousuck, Deceased c/o NCNB-Texas National Bank, Agent P.O. Box 83038 Dallas, Texas 75283-0308 Attention: Mr. J.D. Jasso

Mr. Hal S. Dean 500 West Texas Street Suite 1440 Midland, TX 79702-4299

Mr. Howard C. Warren c/o Absolute Ventures, Inc. 420 Greenbay Road-Ste. 103 Kenilworth, IL 60043

Proposed Morrow Well Re: N/2 Section 1, T-20-S, R-29-E Eddy County, New Mexico

Gentlemen:

In accordance with our recent discussions concerning the referenced well, attached for your information is a copy of our letter of this date to Yates Petroleum Corporation and the attached Operating Agreement that we have proposed.

As you know, we have an Operating Agreement covering our portion of NM-0144698, but we will need a new Agreement for the purpose of drilling the referenced well. We feel the attached Agreement will cover our needs, but we request that you review it and give us any comments you may have.

If this Agreement is to be executed, we may also need to delete the N/2 of Section 1 from our existing Agreement, but we can provide for that at a later date.

We are preparing an AFE for the purpose of drilling the Superior Federal No. 9 well, but we need to complete the new Operating Agreement before we proceed.

October 19, 1990 Page 2

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Please review and provide this office with any suggested changes at your earliest convenience.

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Very truly yours,

H. muply Qui

Mike H. Murphy Division Land Manager

MHM/smv

Enclosures

Presidio Oil Company

SUBSIDIARIES Peake Operating Company Presidio Energy, Inc Presidio Exploration, Inc The Desana Corporation The Petroleum Corp of Delaware

3131 Turtie Creek Blvd • Suite 400 • Dallas, Texas 75219-5415 • (214) 528-5898 • Facsimile (214) 528-2160

October 31, 1990

Siete Oil & Gas Corporation Petroleum Building - Ste 200 P. O. Box 2523 Roswell, NM 80202-2523 Attention: Mr. Gene Shumate

American Exploration Company 700 Louisiana Street - Ste 2100 Houston, Texas 77002-2793 Attention: Mr. Gary Diamond

Estate of E. J. Rousuck, Deceased c/o NCNB-Texas National Bank, Agent P. O. Box 83038 Dallas, Texas 75283-0308 Attention: Mr. J. D. Jasso Mr. Hal H. Dean 500 West Texas Street Ste 1440 Midland, TX 79702-4299

Mr. Howard C. Warren c/o Absolute Ventures, Inc. 420 Greenbay Road - Ste 103 Kenilworth, IL 60043

Re: Proposed Morrow Well N/2 Section 1, T-20-S, R-29-E Eddy County, New Mexico

Gentlemen:

By letter dated October 19, 1990, The Petroleum Corporation of Delaware proposed the formation of a 321.20 acre proration unit consisting of the N/2 Section 1, T-20-S, R-29-E, Eddy County, New Mexico. We also attached our proposed Operating Agreement for your review and comments.

Since the Agreement is now under consideration by all parties, we felt that it would be appropriate to furnish each party with our proposed AFE. Since we would like to get the well started before year end, attached for each of you are two (2) copies of our AFE for drilling and completing the Superior Federal No. 9 well in the SW/4 NE/4 Section 1.

Of course, we will not proceed with this well until such time as the Operating Agreement has been agreed upon and executed. We would urge all parties to review and submit comments at their Siete Oil & Gas Corp., American Exploration Co., Estate of E. J, Rousuck, Deceased, Hal S. Dean and Howard C. Warren October 31, 1990 Page 2

earliest convenience.

If we can be of further assistance, please advise.

Very truly yours,

nibe A. muph

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Mike H. Murphy District Land Manager

MHM:ap

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Attachments

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MHM-103

PROSPECT:	Potash #3100	1			310001302	101
WELL NAME		, 1 No. 9		AFE LACE:		
Millin Marin	, Departor reader			DIVISION:		
WELL LOCA	TION: Sec. 1 T20S, RA	OF COINTY: Ed	dv Al	FE NUMBER:		6
	F AFE: Drill and com			STATE:		•
FUNCUE OF	well to 12000	i ceretom				
	"GII 00 12000	•				
2300-100	INFANGIBLE DRILLING	COSTS		DRY HOLE	COSTS	COMPLETION COSTS
	Drilling Title Opini			\$ 0		\$ 0
	Surveying/Permits			1,00		1,000
	Roads/Location/Dirt	Work		15,00		20,000
	Contract Drilling			198,00		214,000
	Power/Fuel/Water			0		9,000
	Drilling Mud/Chemica	als		18,00		23,000
107	Bits/Reamers			0		2,000
	Transportation			2,50		4,500
	Equipment Rental			6,00		11.000
	Labor			1,50		4,000
	Cement/Cementing Svo	2		33,00		33,000
	Geological/Engineer:			12,00		15,000
	Surface/Water Damage			1,00		1,000
	Overhead	~		3,00		5,000
	Logging/Testing/Cor:	ing		48,00		48,000
	Plug/Abandon Costs	** **	•	10.00		0
120				30,00		35,000
120	SUBIOIAL - INI			\$ 379,00		\$ 425,500
	SOBIOTAL - INI	HALTGER DRUTH	ING CUBIS	3 3/9.00	<u> </u>	5 423,200
200	INFANGIBLE COMPLETIO					
	Completion Rig Time			¢		¢ 7 500
	Perforating			<u>\$</u>		\$ 7,500
	Stimulation			·····		10,000
	Power/Fuel/Water					15,000
	Cased Hole Logging					2,000
					·····	5,000
	Transportation					2,000
	Equipment Rental					5,000
210	Labor					3,000
	Cement/Cementing Svo					8,500
	Geological/Engineer	ing				1,500
	Overhead					3,000
220	Contingencies/Other					5,000
	SUBIOTAL - INT	ANGIBLE COMPLI	ETION COSTS	\$		<u>\$ 67,500</u>
0400 300						
	TANGIBLE DRILLING O			• • • • •	_	• • • • • • • •
101	Conductor Pipe 400'	20" @ 26/Ft.		\$ 10.40		<u>\$ 10,400</u>
102	Surface Casing 850'	13-3/8" @ 20/	Ft.	17.00		17,000
103		3100' 8-5/8"	@ 10 Ft.	31,00		31,000
	Casing Head			15,00		25,000
	Guide Shoe/Centrali	zer, etc.		6,00		
106	Other			4,00	0	4,600
	SUBIOIAL - TAN	GIBLE DRILLING	G COSTS	<u>\$ 83.40</u>	0	\$ 96,000
200						
	Production Casing 1		9 8/Ft.	<u>\$</u>		\$ 96,000
202	Tubing 12000' 2-3/8	" @ 2.50/Ft.	•			30,000
204	Rods/Subsurface Pum	p .				0
205	Packers/Misc Downho	le Equip.				10,000
206	Pumping Unit	· · · · ·				0
	Heater Treater			·		0
208	Separator			·		10,000
209	Tank Battery/Surface					10,000
210	Flowlines/Valves/Fi					15,000
211	Other	-				16,000
	SUBIOIAL - TAN	GIBLE COMPLET	ION COSTS	\$		\$ 187,000
	TOTAL WELL COS	IS		\$ 462,40	0	\$
		WORKING				
	COMPANY	INTEREST	NET COSTS	A	PPROVALS	DATE
				.00.	•	
				CHRode		
Petroleum	Corp. of Delaware	,39896445	<u>\$309,596</u>	In		

Petroleum Corp. of Delaware	
American Production	.04627219
Partnership, Ltd. IV	

<u>\$ 35,907</u>

	PREST DO	IL COMPANY -	AUTHORITY	FOR F TANK	<u>utuks</u>	
	Detech #2100070			~· #•	31000130210	דר
PROSPECT:				-		/1
WELL NAME	: Superior Federal	NO. 9		AFE DATE:		
				DIVISION:		
WELL LOCA	TION: Sec. 1 T205, R29E	COUNTY: Eddy			MC-90D-136	•
PURPOSE O	F AFE: Drill and comple	te developmer	nt Morrow	STATE:	NM	
	well to 120001.					
2300-100				DRY HOLE		CMPLETION COSTS
101		S		<u>\$</u> 0	a a a a a a a a a a a a a a a a a a a	0
102				1,00		1,000
	Roads/Location/Dirt Wo	rk		15,00		20,000
	Contract Drilling			198,00		214,000
	Power/Fuel/Water			0		9,000
	Drilling Mud/Chemicals			18,00		23,000
107	Bits/Reamers			0		2,000
108	Transportation			2,50	<u> </u>	4,500
109	Equipment Rental			6,00	<u>o </u>	11,000
110	Labor			1,50	0	4,000
111	Cement/Cementing Svcs.			33,00	0	33,000
	Geological/Engineering			12,00	0	15,000
	Surface/Water Damages			1,00		1,000
	Overhead			3,00		5,000
	Logging/Testing/Coring	r	-	48,00		48,000
	Plug/Abandon Costs			10,00		0
120	Other			30,00		35,000
120	SUBIOIAL - INIANI		n mare	\$ 379,00		
			3 0015	<u>9 9/9100</u>	¥ ¥	425,500
200	INTANGIBLE COMPLETION	<u>COSTS</u>				
201	Completion Rig Time			\$	\$	7,500
202	Perforating					10,000
203	Stimulation					15,000
205	Power/Fuel/Water					2,000
	Cased Hole Logging				····	5,000
208	Transportation					2,000
209	Equipment Rental			,,,,,,,		5,000
210	Labor			····		3,000
211				<u></u>		8,500
	Geological/Engineering	r				1,500
	Overhead					3,000
	Contingencies/Other					5,000
220	SUBIOIAL - INIAN		TON MOSTS	\$	\$	
				¥	¥	
2400-100	TANGIBLE DRILLING COST	2				
	Conductor Pipe 400' 20	₩ @ 26/F+		\$ 10.40	<u>o s</u>	10,400
102	Surface Casing 850' 13	-3/8" 6 20/F	+-	17.00		17,000
103	Intermediate Casing 31	001 8-5/01 8	10 F+	31.00		
104	Casing Head	.00* 8-5/8* 6	IO FC.			31,000
				15,00		25,000
	Guide Shoe/Centralizer	c, etc.		6,00		8,000
100	Other			4,00		4,600
	SUBIOIAL - TANGIH	SLE DRILLING	COSIS	<u>\$ 83,40</u>	<u>0 </u>	96,000
200						
200		012	
201	Production Casing 1200	0' 5-1/2" @	8/Ft.	\$	<u> </u>	
202		2.50/Ft.				
	Rods/Subsurface Pump					0
205	Packers/Misc Downhole	Equip.				10,000
	Pumping Unit					0
	Heater Treater					0
	Separator					10,000
209	Tank Battery/Surface H					10,000
	Flowlines/Valves/Fitti					15,000
211		-				16,000
	SUBIOTAL - TANGI	LE COMPLETIO	N COSIS	\$	\$	
	TOTAL WELL COSTS			\$ 462,40	<u>0 \$</u>	776,000
		ORKING				
	COMPANY	INTEREST	NET COSTS	A	PPROVALS	DATE

		\$309,596 R.H. Anda	
Petroleum Corp. of Delaware	.39896445	\$309,596	
American Production Partnership, Ltd III	.02951875	<u>\$ 22,907</u>	

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PROSPECT:	Potash #3100013			cc ‡ ;	310001302	2101
WELL NAME		L No. 9		AFE DATE:		
				DIVISION:		
WELL TOCA	TION: Sec. 1 T20S, R29	E COUNTY: Edd	v AF	E NUMBER:		36
	F AFE: Drill and compl		4	STATE:		•
	well to 12000'					
	1011 00 12000 1	•				
2300-100	INTANGIBLE DRILLING	Y)STS		DRY HOLE	COSTS	COMPLETION COSTS
101	Drilling Title Opinio			<u>S</u> 0		\$ 0
	Surveying/Pennits			1,00	the second s	1,000
102	Roads/Location/Dirt V	Jork		15,00		20,000
	Contract Drilling	IOL X		198,00		214,000
				0		9,000
	Power/Fuel/Water	1 -		The second se		23,000
106		LS		18,00		
107	Bits/Reamers			0	the second s	2.000
108	Transportation			2,50		4,500
109	Equipment Rental			6,00		11,000
110				1,50		4,000
	Cement/Cementing Svc			33,00	0	33,000
112	Geological/Engineeria	ng		12,00	0	15,000
113	Surface/Water Damages	5		1,00	0	1,000
114	Overhead			3,00	0	5,000
116	Logging/Testing/Cori	na		48,00	0	48,000
	Plug/Abandon Costs			10,00		0
	Other			30,00		35,000
	SUBIOTAL - INTAL	WINCLE DRILLIN	r oosts	\$ 379,00		\$ 425,500
				<u> </u>	<u>×</u>	<u></u>
200	INTANGIBLE COMPLETIO					
200				ċ		¢ 7 500
201				3	<u> </u>	<u>\$ 7,500</u>
	Perforating					10,000
203	Stimulation				<u> </u>	15,000
	Power/Fuel/Water					2,000
	Cased Hole Logging					5,000
	Transportation			·		2,000
209	Equipment Rental			·		5,000
210	Labor					3,000
	Cement/Cementing Svc					8,500
212	Geological/Engineeri	ng				1,500
214	Overhead	-				3,000
220	Contingencies/Other					5,000
	SUBIOTAL - INTA	NGIBLE COMPLET	TON COSTS	\$		\$ 67,500
2400-100	TANGIBLE DRILLING CO	SIS				
	Conductor Pipe 400'			\$ 10,40	0	\$ 10,400
102	Surface Casing 850'	13-3/8" @ 20/1	* +-	17.00		17,000
	Intermediate Casing			31.00		31,000
	Casing Head	2100 8-2/8 6	10 FC.	15,00		25,000
	Guide Shoe/Centralize	an ata				
	Other	er, etc.		6.00		8,000
100				4,00		4,600
	SUBIOTAL - TANG	TRUE DRITTING	CUSIS	<u>\$ 83,40</u>	<u>v </u>	\$ 96,000
	TANGIBLE COMPLETION		e (71)	•		A
	Production Casing 12		8/FC.	<u>\$</u>		<u>\$ 96,000</u>
	Tubing 12000' 2-3/8"					30,000
	Rods/Subsurface Pump			·····		0
	Packers/Misc Downhold	e Equip.				10,000
	Pumping Unit					0
	Heater Treater					0
	Separator					10,000
	Tank Battery/Surface					10,000
210	Flowlines/Valves/Fit	tings				15,000
211	Other					16,000
	SUBIOIAL - TANG	IBLE COMPLETIC	n costs	\$		\$ 187,000
	TOTAL WELL COST	S		\$ 462,40	0	<u>\$ 776,000</u>
		WORKING				
	COMPANY	INTEREST	NET COSTS	۵	PPROVALS	DATE
		<u></u>	X	1		<u></u>

PRESID. DIL COMPANY - AUTHORITY FOR EX IDITURE

		\$309.596 RHRoda
Petroleum Corp. of Delaware	.39896445	\$309,596
Ameriplor Corporation	.06500334	\$ 50,443

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	PRESE OIL COMPANY - AUTHORITY	FOR F NDITURE	
PROSPECT: WELL NAME		CC #: 31000130 AFE DATE: 10-11-90 DIVISION: MC	
WELL LOCA FURPOSE O	TION: Sec. 1 T2OS, R29E COUNTY: Eddy A F AFE: Drill and complete development Morrow well to 12000'.	FE NUMBER: MC-90D-J	L36
2300-100 101 102		DRY HOLE COSTS \$ 0 1,000	COMPLETION COSTS \$ 0 1,000
103 104	Roads/Location/Dirt Work Contract Drilling	15,000 198,000	20,000
	Power/Fuel/Water Drilling Mud/Chemicals Bits/Reamers	0 18,000 0	<u>9,000</u> <u>23,000</u> 2,000
108 109	Transportation Equipment Rental	2,500	4,500
111 112	Labor Cement/Cementing Svcs. Geological/Engineering	<u>1,500</u> <u>33,000</u> <u>12,000</u>	<u>4,000</u> <u>33,000</u> <u>15,000</u>
114	Surface/Water Damages Overhead Logging/Testing/Coring	1,000 3,000 48,000	<u> </u>
	Plug/Abandon Costs Other SUBIOTAL - INTANTIGLE DRILLING COSIS	10,000 30,000 \$ 379,000	0 35,000 \$ 425,500
200	INFANGIBLE COMPLETION COSTS	3_3/3/000	
202	Completion Rig Time Perforating Stimulation	<u>\$</u>	<u>\$ 7,500</u> <u>10,000</u> 15,000
205 207 208	Power/Fuel/Water Cased Hole Logging Transportation		2,000 5,000 2,000
209 210	Equipment Rental Labor		5,000
212 214	Cement/Cementing Svcs. Geological/Engineering Overhead	· · · · · · · · · · · · · · · · · · ·	8,500 1,500 3,000
	Contingencies/Other SUBIOTAL - INTANGIBLE COMPLETION COSIS	<u>\$</u>	<u> </u>
101	TANGIBLE DRILLING COSTS Conductor Pipe 400' 20" @ 26/Ft. Surface Casing 850' 13-3/8" @ 20/Ft.	<u>\$ 10,400</u> 17,000	<u>\$ 10,400</u> 17,000
103 104	Intermediate Casing 3100' 8-5/8" @ 10 Ft. Casing Head	<u>31,000</u> 15,000	<u> </u>
105	Guide Shoe/Centralizer, etc. Other SUBIOTAL - TANGIBLE DRILLING COSTS	<u>6,000</u> <u>4,000</u> <u>\$83,400</u>	<u> </u>
200 201	TANGIBLE COMPLETION COSTS Production Casing 12000' 5-1/2" @ 8/Ft.	s	\$ 96,000
202 204			30,000
206 207	Pumping Unit Heater Treater		0
209 210	Separator Tank Battery/Surface Equip. Flowlines/Valves/Fittings		<u> 10,000</u> <u> 10,000</u> <u> 15,000</u>
211		\$	16,000 \$ 187,000
	TOTAL WELL COSTS	<u>\$ 462,400</u>	<u>\$ 776,000 </u>

COMPANY	WORKING <u>INTEREST</u>	NET_COSTS	APPROVALS	DATE
Petroleum Corp. of Delaware	.39896445	\$309,596 RM	, de	
Siete_Oil_& Gas_Corporation	18772572	\$145,675		
		H		

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CC #: 310001302101 Potash #3100013 PROSPECT: AFE DATE: 10-11-90 WELL NAME: Superior Federal No. 9 DIVISION: MC AFE NUMBER: MC-90D-136 WELL LOCATION: Sec. 1 T20S, R29E COUNTY: Eddy STATE: NM FURPOSE OF AFE: Drill and complete development Morrow well to 12000'. INVANCIBLE DRILLING COSIS DRY HOLE COSTS COMPLETION COSTS 2300-100 101 Drilling Title Opinions \$ 0 <u>\$</u> 0 1,000 Surveying/Permits 1,000 102 20,000 15,000 Roads/Location/Dirt Work 103 Contract Drilling 198,000 214,000 104 Power/Fuel/Water 9,000 105 n Drilling Mud/Chemicals 106 18,000 23,000 107 Bits/Reamers 0 2,000 108 Transportation 2 ,500 4,500 109 Equipment Rental 6,000 11,000 Labor 1,500 4,000 110 111 Cement/Cementing Svcs. 33,000 33,000 Geological/Engineering 15,000 12,000 112 113 Surface/Water Damages 1,000 1,000 3,000 5,000 114 Overhead 116 Logging/Testing/Coring 48,000 48,000 119 Plug/Abandon Costs 10.000 0 120 Other 30,000 35,000 SUBIOTAL - INTANTIGLE DRILLING COSTS \$ Ś 379,000 425,500 200 INTANGIBLE COMPLETION COSTS Completion Rig Time 201 \$ \$ 7,500 202 Perforating 10,000 Stimulation 203 15,000 205 Power/Fuel/Water 2,000 207 Cased Hole Logging 5,000 208 Transportation 2,000 209 Equipment Rental 5,000 Labor 210 3,000 Cement/Cementing Svcs. 211 8,500 Geological/Engineering 212 ,500 1 214 Overhead 3,000 220 Contingencies/Other 5,000 SUBIOTAL - INTANGIBLE COMPLETION COSIS \$ \$ 67,500 2400-100 TANGIBLE DRILLING COSTS 101 Conductor Pipe 400' 20" @ 26/Ft. <u>\$</u> 10,400 <u>\$</u> 10,400 Surface Casing 850' 13-3/8" @ 20/Ft. 102 17,000 17,000 Intermediate Casing 3100' 8-5/8" @ 10 Ft. 103 31,000 31,000 Casing Head 104 15,000 25,000 Guide Shoe/Centralizer, etc. 105 6,000 8,000 106 Other 4,000 4,600 SUBIOTAL - TANGIBLE DRILLING COSTS \$ \$ 83,400 96,000 200 TANGIBLE COMPLETION COSTS Production Casing 12000' 5-1/2" @ 8/Ft. \$ <u>\$</u> 201 96,000 Tubing 12000' 2-3/8" @ 2.50/Ft. 202 30,000 Rods/Subsurface Pump 204 0 Packers/Misc Downhole Equip. 205 10,000 206 Pumping Unit 0 Heater Treater 207 0 208 Separator 10,000 209 Tank Battery/Surface Equip. 10,000 210 Flowlines/Valves/Fittings 15,000 16,000 211 Other SUBIOTAL - TANGIBLE COMPLETION COSTS Ś Ŝ 187,000 TOTAL WELL COSTS \$ 462,400 \$ 776,000 WORKING

<u> 21L COMPANY - AUTHORITY FOR EZ</u>

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		\$309 595 Rithodo	
Petroleum Corp. of Delaware	.39896445	\$309,596 N	
Hal S. Dean	.01319947		

NET COSTS

INTEREST

COMPANY

APPROVALS

DATE

∞ #: 310001302101 Potash #3100013 PROSPECT: WELL NAME: AFE DATE: 10-11-90 Superior Federal No. 9 DIVISION: MC AFE NUMBER: MC-90D-136 WELL LOCATION: Sec. 1 T20S, R29E COUNTY: Eddy STATE: NM FURPOSE OF AFE: Drill and complete development Morrow well to 12000'. 2300-100 INPANGIBLE DRILLING COSTS DRY HOLE COSTS COMPLETION COSTS 101 Drilling Title Opinions Ŝ 0 <u>\$</u> 0 ,000 Surveying/Permits ,000 102 103 Roads/Location/Dirt Work 15,000 20,000 Contract Drilling 198,000 214,000 104 105 Power/Fuel/Water 0 9,000 Drilling Mud/Chemicals 18,000 23,000 106 Bits/Reamers 107 0 2,000 500 Transportation 4,500 108 2 Equipment Rental 109 6,000 11,000 110 Labor 1,500 4,000 Cement/Cementing Svcs. 33,000 111 33,000 Geological/Engineering 112 12,000 15,000 Surface/Water Damages 1,000 113 1,000 Overhead 3,000 5,000 114 48,000 116 Logging/Testing/Coring 48,000 119 Plug/Abandon Costs 10,000 0 35,000 120 Other 30,000 SUBTOTAL - INTANTIGLE DRILLING COSTS \$ \$ 379,000 425,500 200 INFANCIBLE COMPLETION COSTS 201 Completion Rig Time <u>\$</u> <u>\$</u> 7,500 Perforating 202 10,000 203 Stimulation 15,000 205 Power/Fuel/Water 2,000 207 Cased Hole Logging 5,000 Transportation 208 2,000 209 Equipment Rental 5,000 210 Labor 3,000 Cement/Cementing Svcs. 211 8,500 Geological/Engineering 212 1,500 214 Overhead 3,000 Contingencies/Other 220 5,000 SUBIOTAL - INTANGIBLE COMPLETION COSTS Ś Ś 67,500 TANGIBLE DRILLING COSTS 2400-100 Conductor Pipe 400' 20" @ 26/Ft. 101 \$ 10,400 10,400 <u>\$</u> Surface Casing 850' 13-3/8" @ 20/Ft. 102 17,000 17,000 Intermediate Casing 3100' 8-5/8" @ 10 Ft. 31,000 103 31.000 104 Casing Head 15,000 25,000 6,000 105 Guide Shoe/Centralizer, etc. 8,000 106 Other 4,000 4,600 SUBIOTAL - TANGIBLE DRILLING COSTS Ś 83,400 \$ 96,000 200 TANGIBLE COMPLETION COSTS Production Casing 12000' 5-1/2" @ 8/Ft. 201 96,000 <u>\$</u> <u>\$</u> Tubing 12000' 2-3/8" @ 2.50/Ft. 202 30,000 204 Rods/Subsurface Pump 0 205 Packers/Misc Downhole Equip. 10,000 Pumping Unit 206 0 207 Heater Treater 0 208 Separator 10,000 Tank Battery/Surface Equip. 209 10,000 Flowlines/Valves/Fittings 210 15,000 211 Other 16,000 SUBIOTAL - TANGIBLE COMPLETION COSIS \$ <u>\$</u> 187,000 TOTAL WELL COSTS <u>\$</u> 462,400 \$ 776,000

OIL COMPANY - AUTHORITY FOR E' NDITURE

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COMPANY	WORKING <u>INTEREST</u>	NET COSTS	APPROVALS	DATE
		\$309.596 RAK	de	
Howard C. Warren	.00510947	<u>\$</u> 3,965	<u></u>	
		(SI)		

	PRESIT OIL COMPANY - AUTHORITY	FOR & NDITURE	
	D-to-th #0100010	œ #: 31000130	וחוכר
PROSPECT: WELL NAME		AFE DATE: 10-11-90	
WELLE INAME	: Superior redetat No. 9	DIVISION: MC	,
WETT. TOOM	TION: Sec. 1 T20S, R29E COUNTY: Eddy A	FE NUMBER: MC-90D-1	136
HIRPOSE O	F AFE: Drill and complete development Morrow		•
	well to 12000'.		
2300 -100	INTANGIBLE DRILLING COSTS	DRY HOLE COSTS	COMPLETION COSTS
	Drilling Title Opinions	\$ 0	\$
	Surveying/Permits	1,000	1,000
	Roads/Location/Dirt Work	15,000	20,000
	Contract Drilling	198,000	214,000
	Power/Fuel/Water	0	9,000
	Drilling Mud/Chemicals	18,000	23,000
	Bits/Reamers	0	2,000
	Transportation	2,500	4,500
	Equipment Rental	6,000	11,000
	Labor	1,500	4,000
111	Cement/Cementing Svcs.	33,000	33,000
112	Geological/Engineering	12,000	15,000
113	Surface/Water Damages	1,000	1,000
	Overhead	3,000	
110	Logging/Testing/Coring	48,000	<u> 48,000 </u>
119	Plug/Abandon Costs Other	30,000	35,000
120	SUBIOTAL - INTANTIGLE DRILLING COSTS	\$ 379,000	\$ 425,500
	SUBIDIAL - INTANTIGLE DELLING CUSIS	3_3/9,000	5 425,500
200	INTANGIBLE COMPLETION COSTS		
	Completion Rig Time	\$	\$ 7,500
201	Perforating	¥	10,000
	Stimulation		15,000
	Power/Fuel/Water		2,000
207	Cased Hole Logging		5,000
208	Transportation		2,000
	Equipment Rental		5,000
	Labor		3,000
	Cement/Cementing Svcs.		8,500
	Geological/Engineering		1,500
	Overhead		3,000
220	Contingencies/Other		5,000
	SUBIOTAL - INTANGIBLE COMPLETION COSIS	\$	\$ 67,500
	·		
	TANGIBLE DRILLING COSTS	• •• •• •	·
101	Conductor Pipe 400' 20" @ 26/Ft.	\$ 10,400	<u>\$ 10,400</u>
	Surface Casing 850' 13-3/8" @ 20/Ft.	17,000	17,000
	Intermediate Casing 3100' 8-5/8" @ 10 Ft.	31,000	
	Casing Head	15,000	25,000
	Guide Shoe/Centralizer, etc.	6,000	8,000
106	Other	4,000	4,600
	SUBIOTAL - TANGIBLE DRILLING COSTS	\$ 83,400	\$ 96,000
200			
	TANGIBLE COMPLETION COSTS	\$	¢ 06.000
	Production Casing 12000' 5-1/2" @ 8/Ft.	2	<u>\$ 96,000</u> 30,000
	Tubing 12000' 2-3/8" @ 2.50/Ft. Rods/Subsurface Pump	- <u></u>	0
	Packers/Misc Downhole Equip.		10,000
			0
	Pumping Unit Heater Treater		0
	Separator		10,000
208	Tank Battery/Surface Equip.	- <u></u>	10,000
	Flowlines/Valves/Fittings	•	15,000
	Other		16,000
424	SUBIOTAL - TANGIBLE COMPLETION COSIS	\$	\$ 187,000
		****** <u>*******************************</u>	, terigi ayi keletati in interationali anda a
	TOTAL WELL COSIS	<u>\$ 462,400</u>	<u>\$ 776,000 </u>

COMPANY	WORKING INTEREST	NET COSTS	APPROVALS	DATE
Petroleum Corp. of Delaware		\$309,596 RHA	da	· · · · · · · · · · · · · · · · · · ·
Estate of E.J. Rousuck, Deceased	.00510947	<u>\$</u> 3,965		
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Presidio Oil Company

3131 Turtle Creek Blvd. • Suite 400 • Dallas, Texas 75219-5415 • (214) 528-5898 • Facsimile (214) 528-2160

SUBSIDIARIES. Peake Operating Company Presidio Energy, Inc. Presidio Exploration. Inc The Desana Corporation The Petroleum Corp of Delaware

November 19, 1990

TO All Working Interest Owners (See Attached List)

Re: Superior Federal No. 9 Well N/2 Section 1, T-20-S, R-29-E Eddy County, New Mexico

Ladies and Gentlemen:

By letters of October 19, 1990, The Petroleum Corporation of Delaware (TPC) proposed the formation of a 321.20 acre proration unit for the purpose of drilling the referenced well at a location in the SW/4 NE/4 Section, T-20-S, R-29-E, Eddy County, New Mexico. The well is to be drilled to 12,000 feet or a depth sufficient to encounter the Morrow Formation; however, our primary objective will be to test the Strawn Formation.

A copy of our proposed Operating Agreement was included with the above mentioned letter, and our proposed AFE was forwarded to all working interest owners by letter of October 31, 1990.

We have not received any written comments concerning either the Operating Agreement or AFE; however, we have had conversations with several individuals representing in excess of 97% of the ownership. Basically 97% expressed little or no concern with the Operating Agreement or AFE. The only real concern expressed was whether the well should be drilled in either the SW/4 NE/4 or SE/4 NW/4 Section 1. The preference was 79% for the SW/4 NE/4 and 19% for the SE/4 NW/4, but again, the location did not appear to be a real problem.

Since a clear majority of the ownership desires to proceed with the well at this time, we are enclosing another copy of the Operating Agreement that has been executed by TPC. Also, enclosed are two (2) copies of our proposed AFE. If both the Agreement and the AFE meet with your approval, please have the Agreement executed before a Notary Public and return the extra signature and acknowledgement page and one (1) copy of the AFE to the undersigned at your earliest convenience.

Working Interest Owners November 19, 1990 Page 2

We plan to file an application for compulsory pooling with the Oil Conservation Division of the State of New Mexico to cover the interest of any party that fails to execute these instruments.

If additional information is required, please advise.

Very truly yours,

PRESIDIO EXPLORATION, INC.

mbe H. Mu

Mike H. Murphy V Division Land Manager

MHM:ap

Attachments

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MHM-106

ADDRESSEE LIST WORKING INTEREST OWNERS SUPERIOR FEDERAL NO. 9 WELL EDDY COUNTY, NEW MEXICO

The Petroleum Corporation of Delaware c/o Presidio Oil Company 3131 Turtle Creek Blvd. - Suite 400 Dallas, Texas 75219-5415 Attention Mr. R. H. Roda Telephone (214) 528-5898 Fax (214) 443-2150 Siete Oil & Gas Corporation Petroleum Building - Suite 200 P. O. Box 2523 Roswell, New Mexico 80202-2523 Attention Mr. Gene Shumate Telephone (505) 622-2202 Fax (505) 622-2297 Ameriplor Corp. American Production Partnership, Ltd III American Production Partnership, Ltd IV

c/o American Exploration Company 700 Louisiana Street - Suite 2100 Houston, Texas 77002-2793 Attention Mr. Gary Diamond Telephone (713) 237-0800

Hal S. Dean 500 West Texas Street Suite 1440 Midland, Texas 79702-4299 Telephone (915) 684-7195 Fax (915)

Howard C. Warren c/o Absolute Ventures, Inc. 420 Greenbay Road - Suite 103 Kenilworth, Illinois 60043 Telephone (708) 256-2282 Fax (708)

Estate of E. J. Rousuck, Deceased c/o NCNB-Texas National Bank, Agent P. O. Box 83038 Dallas, Texas 75283-0308 Attention Mr. J. D. Jasso Telephone (214) 508-2333 Fax (214) Working Interest Owners Continued Superior Federal No. 9 Well November 19, 1990 Page 2

Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Incorporated Yates Building 105 South Fourth Street Artesia, New Mexico 88210 Attention Ms. Janet Richardson Telephone (505) 748-1471 Fax (505)

David Petroleum Corporation 116 West First Street Roswell, New Mexico 88201 Attention Mr. Bill Owen Telephone (505) 623-8800 Fax (505)

Colin R. McMillan Permian Exploration Corporation 118 West First Street Roswell, New Mexico 88201 Attention Mr. Bill Owen Telephone (505) 623-8800 Fax (505)

Presidio Oil Company

3131 Turtle Creek Blvd. • Suite 400 • Dallas, Texas 75219-5415 • (214) 528-5898 • Facsimile (214) 528-2160

SUBSIDIARIES. Peake Operating Company Presidio Energy. Inc. Presidio Exploration. Inc The Desana Corporation The Petroleum Corp of Delaware

January 3, 1991

Estate of E. J. Rousuck, Deceased c/o NCNB-Texas National Bank, Agent P. O. Box 83038 Dallas, Texas 75283-0308

Attention Mr. J. D. Jasso

Re: Superior Federal No. 9 Well N/2 Section 1, T-20-S, R-29-E Eddy County, New Mexico

Ladies and Gentlemen:

In accordance with our telephone conversation of this date, attached for your information is a complete set of the signature pages for that certain Operating Agreement dated September 30, 1990 covering the drilling of the referenced well.

As you can see, all parties to said Operating Agreement are participating in the well except the Estate of E. J. Rousuck, Deceased.

This letter is to advise you that the interest of the Estate will be the subject of a compulsory pooling hearing to be conducted before the New Mexico Oil Conservation Division on Thursday, January 10, 1991 in Santa Fe, New Mexico. It is our understanding that you have received the official notification by letter dated December 12, 1990 from the Hinkle, Cox, Eaton, Coffield & Hensley law firm of Albuquerque, New Mexico. They will represent The Petroleum Corporation of Delaware at this hearing.

We just wanted to be certain that you were aware of the hearing, and understood the consequences thereof should we be successful.

Very truly yours,

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Mike H. Murphy District Land Manager

MHM:ap

Attachment

MHM-101