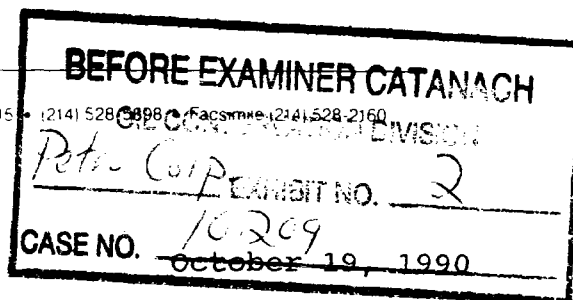


# Presidio Oil Company

## SUBSIDIARIES

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

3131 Turtle Creek Blvd. • Suite 400 • Dallas Texas 75219-5415 • (214) 528-0898 • Facsimile (214) 528-2160



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

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

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

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

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: Proposed Morrow Well  
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.

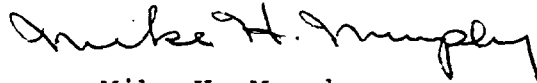
If this Agreement is to be executed, we may also need to delete the N/2 of Section 1 from our existing Agreement, but we can provide for that at a later date.

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

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

Very truly yours,

A handwritten signature in cursive script that reads "Mike H. Murphy". The signature is written in dark ink and is positioned above the typed name.

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 Turtle 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

Mr. Hal H. Dean  
500 West Texas Street  
Ste 1440  
Midland, TX 79702-4299

American Exploration Company  
700 Louisiana Street - Ste 2100  
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Attention: Mr. Gary Diamond

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

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: 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.

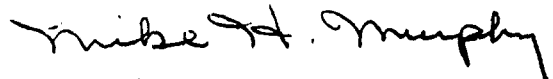
Of course, we will not proceed with this well until such time as the Operating Agreement has been agreed upon and executed. We would urge all parties to review and submit comments at their

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,

A handwritten signature in black ink that reads "Mike H. Murphy". The signature is written in a cursive style with a large, stylized "M" and "H".

Mike H. Murphy  
District Land Manager

MHM:ap

Attachments

MHM-103

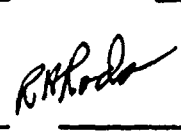
PROSPECT: Potash #310C  
WELL NAME: Superior Federal No. 9


#: 310001302101  
AFE DATE: 10-11-90  
DIVISION: MC

WELL LOCATION: Sec. 1 T20S, R29E COUNTY: Eddy  
PURPOSE OF AFE: Drill and complete development Morrow  
well to 12000'.

AFE NUMBER: MC-90D-136  
STATE: NM

	DRY HOLE COSTS	COMPLETION COSTS
2300-100 <u>INTANGIBLE DRILLING COSTS</u>		
101 Drilling Title Opinions	\$ 0	\$ 0
102 Surveying/Permits	1,000	1,000
103 Roads/Location/Dirt Work	15,000	20,000
104 Contract Drilling	198,000	214,000
105 Power/Fuel/Water	0	9,000
106 Drilling Mud/Chemicals	18,000	23,000
107 Bits/Reamers	0	2,000
108 Transportation	2,500	4,500
109 Equipment Rental	6,000	11,000
110 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
114 Overhead	3,000	5,000
116 Logging/Testing/Coring	48,000	48,000
119 Plug/Abandon Costs	10,000	0
120 Other	30,000	35,000
SUBTOTAL - INTANGIBLE DRILLING COSTS	\$ 379,000	\$ 425,500
200 <u>INTANGIBLE COMPLETION COSTS</u>		
201 Completion Rig Time	\$	\$ 7,500
202 Perforating		10,000
203 Stimulation		15,000
205 Power/Fuel/Water		2,000
207 Cased Hole Logging		5,000
208 Transportation		2,000
209 Equipment Rental		5,000
210 Labor		3,000
211 Cement/Cementing Svcs.		8,500
212 Geological/Engineering		1,500
214 Overhead		3,000
220 Contingencies/Other		5,000
SUBTOTAL - INTANGIBLE COMPLETION COSTS	\$	\$ 67,500
2400-100 <u>TANGIBLE DRILLING COSTS</u>		
101 Conductor Pipe 400' 20" @ 26/Ft.	\$ 10,400	\$ 10,400
102 Surface Casing 850' 13-3/8" @ 20/Ft.	17,000	17,000
103 Intermediate Casing 3100' 8-5/8" @ 10 Ft.	31,000	31,000
104 Casing Head..	15,000	25,000
105 Guide Shoe/Centralizer, etc.	6,000	8,000
106 Other	4,000	4,600
SUBTOTAL - TANGIBLE DRILLING COSTS	\$ 83,400	\$ 96,000
200 <u>TANGIBLE COMPLETION COSTS</u>		
201 Production Casing 12000' 5-1/2" @ 8/Ft.	\$	\$ 96,000
202 Tubing 12000' 2-3/8" @ 2.50/Ft.		30,000
204 Rods/Subsurface Pump		0
205 Packers/Misc Downhole Equip.		10,000
206 Pumping Unit		0
207 Heater Treater		0
208 Separator		10,000
209 Tank Battery/Surface Equip.		10,000
210 Flowlines/Valves/Fittings		15,000
211 Other		16,000
SUBTOTAL - TANGIBLE COMPLETION COSTS	\$	\$ 187,000
TOTAL WELL COSTS	\$ 462,400	\$ 776,000

COMPANY	WORKING INTEREST	NET COSTS	APPROVALS	DATE
Petroleum Corp. of Delaware	.39896445	\$309,596		
American Production Partnership, Ltd. IV	.04627219	\$ 35,907		



PRESTON OIL COMPANY - AUTHORITY FOR EXPENDITURE

PROSPECT: Potash #3100013  
WELL NAME: Superior Federal No. 9  
WELL LOCATION: Sec. 1 T20S, R29E COUNTY: Eddy  
PURPOSE OF AFE: Drill and complete development Morrow well to 12000'.

AC #: 310001302101  
AFE DATE: 10-11-90  
DIVISION: MC  
AFE NUMBER: MC-90D-136  
STATE: NM

2300-100	<u>INTANGIBLE DRILLING COSTS</u>	<u>DRY HOLE COSTS</u>	<u>COMPLETION COSTS</u>
101	Drilling Title Opinions	\$ 0	\$ 0
102	Surveying/Permits	1,000	1,000
103	Roads/Location/Dirt Work	15,000	20,000
104	Contract Drilling	198,000	214,000
105	Power/Fuel/Water	0	9,000
106	Drilling Mud/Chemicals	18,000	23,000
107	Bits/Reamers	0	2,000
108	Transportation	2,500	4,500
109	Equipment Rental	6,000	11,000
110	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
114	Overhead	3,000	5,000
116	Logging/Testing/Coring	48,000	48,000
119	Plug/Abandon Costs	10,000	0
120	Other	30,000	35,000
	SUBTOTAL - INTANGIBLE DRILLING COSTS	\$ 379,000	\$ 425,500
200	<u>INTANGIBLE COMPLETION COSTS</u>		
201	Completion Rig Time	\$	\$ 7,500
202	Perforating		10,000
203	Stimulation		15,000
205	Power/Fuel/Water		2,000
207	Cased Hole Logging		5,000
208	Transportation		2,000
209	Equipment Rental		5,000
210	Labor		3,000
211	Cement/Cementing Svcs.		8,500
212	Geological/Engineering		1,500
214	Overhead		3,000
220	Contingencies/Other		5,000
	SUBTOTAL - INTANGIBLE COMPLETION COSTS	\$	\$ 67,500
2400-100	<u>TANGIBLE DRILLING COSTS</u>		
101	Conductor Pipe 400' 20" @ 26/Ft.	\$ 10,400	\$ 10,400
102	Surface Casing 850' 13-3/8" @ 20/Ft.	17,000	17,000
103	Intermediate Casing 3100' 8-5/8" @ 10 Ft.	31,000	31,000
104	Casing Head	15,000	25,000
105	Guide Shoe/Centralizer, etc.	6,000	8,000
106	Other	4,000	4,600
	SUBTOTAL - TANGIBLE DRILLING COSTS	\$ 83,400	\$ 96,000
200	<u>TANGIBLE COMPLETION COSTS</u>		
201	Production Casing 12000' 5-1/2" @ 8/Ft.	\$	\$ 96,000
202	Tubing 12000' 2-3/8" @ 2.50/Ft.		30,000
204	Rods/Subsurface Pump		0
205	Packers/Misc Downhole Equip.		10,000
206	Pumping Unit		0
207	Heater Treater		0
208	Separator		10,000
209	Tank Battery/Surface Equip.		10,000
210	Flowlines/Valves/Fittings		15,000
211	Other		16,000
	SUBTOTAL - TANGIBLE COMPLETION COSTS	\$	\$ 187,000
	TOTAL WELL COSTS	\$ 462,400	\$ 776,000

<u>COMPANY</u>	<u>WORKING INTEREST</u>	<u>NET COSTS</u>	<u>APPROVALS</u>	<u>DATE</u>
Petroleum Corp. of Delaware	.39896445	\$309,596	<i>RH Rods</i>	
American Production Partnership, Ltd III	.02951875	\$ 22,907		

*(Signature)*

## PRESID OIL COMPANY - AUTHORITY FOR EXAMINATION

PROSPECT: Potash #3100013  
WELL NAME: Superior Federal No. 9

CC #: 310001302101  
AFE DATE: 10-11-90  
DIVISION: MC  
AFE NUMBER: MC-90D-136  
STATE: NM

WELL LOCATION: Sec. 1 T20S, R29E COUNTY: Eddy  
PURPOSE OF AFE: Drill and complete development Morrow well to 12000'.

2300-100	INTANGIBLE DRILLING COSTS	DRY HOLE COSTS	COMPLETION COSTS
101	Drilling Title Opinions	\$ 0	\$ 0
102	Surveying/Permits	1,000	1,000
103	Roads/Location/Dirt Work	15,000	20,000
104	Contract Drilling	198,000	214,000
105	Power/Fuel/Water	0	9,000
106	Drilling Mud/Chemicals	18,000	23,000
107	Bits/Reamers	0	2,000
108	Transportation	2,500	4,500
109	Equipment Rental	6,000	11,000
110	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
114	Overhead	3,000	5,000
116	Logging/Testing/Coring	48,000	48,000
119	Plug/Abandon Costs	10,000	0
120	Other	30,000	35,000
	SUBTOTAL - INTANGIBLE DRILLING COSTS	\$ 379,000	\$ 425,500
200	INTANGIBLE COMPLETION COSTS		
201	Completion Rig Time	\$	\$ 7,500
202	Perforating		10,000
203	Stimulation		15,000
205	Power/Fuel/Water		2,000
207	Cased Hole Logging		5,000
208	Transportation		2,000
209	Equipment Rental		5,000
210	Labor		3,000
211	Cement/Cementing Svcs.		8,500
212	Geological/Engineering		1,500
214	Overhead		3,000
220	Contingencies/Other		5,000
	SUBTOTAL - INTANGIBLE COMPLETION COSTS	\$	\$ 67,500
2400-100	TANGIBLE DRILLING COSTS		
101	Conductor Pipe 400' 20" @ 26/Ft.	\$ 10,400	\$ 10,400
102	Surface Casing 850' 13-3/8" @ 20/Ft.	17,000	17,000
103	Intermediate Casing 3100' 8-5/8" @ 10 Ft.	31,000	31,000
104	Casing Head	15,000	25,000
105	Guide Shoe/Centralizer, etc.	6,000	8,000
106	Other	4,000	4,600
	SUBTOTAL - TANGIBLE DRILLING COSTS	\$ 83,400	\$ 96,000
200	TANGIBLE COMPLETION COSTS		
201	Production Casing 12000' 5-1/2" @ 8/Ft.	\$	\$ 96,000
202	Tubing 12000' 2-3/8" @ 2.50/Ft.		30,000
204	Rods/Subsurface Pump		0
205	Packers/Misc Downhole Equip.		10,000
206	Pumping Unit		0
207	Heater Treater		0
208	Separator		10,000
209	Tank Battery/Surface Equip.		10,000
210	Flowlines/Valves/Fittings		15,000
211	Other		16,000
	SUBTOTAL - TANGIBLE COMPLETION COSTS	\$	\$ 187,000
	TOTAL WELL COSTS	\$ 462,400	\$ 776,000

COMPANY	WORKING INTEREST	NET COSTS	APPROVALS	DATE
Petroleum Corp. of Delaware	.39896445	\$309,596	<i>RRH</i>	
Ameriplor Corporation	.06500334	\$ 50,443		


PREST OIL COMPANY - AUTHORITY FOR F INDIUURE

PROSPECT: Potash #3100013  
WELL NAME: Superior Federal No. 9

CC #: 310001302101  
AFE DATE: 10-11-90  
DIVISION: MC  
AFE NUMBER: MC-90D-136  
STATE: NM

WELL LOCATION: Sec. 1 T20S, R29E COUNTY: Eddy  
PURPOSE OF AFE: Drill and complete development Morrow well to 12000'.

2300-100	<u>INTANGIBLE DRILLING COSTS</u>	<u>DRY HOLE COSTS</u>	<u>COMPLETION COSTS</u>
101	Drilling Title Opinions	\$ 0	\$ 0
102	Surveying/Permits	1,000	1,000
103	Roads/Location/Dirt Work	15,000	20,000
104	Contract Drilling	198,000	214,000
105	Power/Fuel/Water	0	9,000
106	Drilling Mud/Chemicals	18,000	23,000
107	Bits/Reamers	0	2,000
108	Transportation	2,500	4,500
109	Equipment Rental	6,000	11,000
110	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
114	Overhead	3,000	5,000
116	Logging/Testing/Coring	48,000	48,000
119	Plug/Abandon Costs	10,000	0
120	Other	30,000	35,000
	<b>SUBTOTAL - INTANGIBLE DRILLING COSTS</b>	<b>\$ 379,000</b>	<b>\$ 425,500</b>
200	<u>INTANGIBLE COMPLETION COSTS</u>		
201	Completion Rig Time	\$	\$ 7,500
202	Perforating		10,000
203	Stimulation		15,000
205	Power/Fuel/Water		2,000
207	Cased Hole Logging		5,000
208	Transportation		2,000
209	Equipment Rental		5,000
210	Labor		3,000
211	Cement/Cementing Svcs.		8,500
212	Geological/Engineering		1,500
214	Overhead		3,000
220	Contingencies/Other		5,000
	<b>SUBTOTAL - INTANGIBLE COMPLETION COSTS</b>	<b>\$</b>	<b>\$ 67,500</b>
2400-100	<u>TANGIBLE DRILLING COSTS</u>		
101	Conductor Pipe 400' 20" @ 26/Ft.	\$ 10,400	\$ 10,400
102	Surface Casing 850' 13-3/8" @ 20/Ft.	17,000	17,000
103	Intermediate Casing 3100' 8-5/8" @ 10 Ft.	31,000	31,000
104	Casing Head	15,000	25,000
105	Guide Shoe/Centralizer, etc.	6,000	8,000
106	Other	4,000	4,600
	<b>SUBTOTAL - TANGIBLE DRILLING COSTS</b>	<b>\$ 83,400</b>	<b>\$ 96,000</b>
200	<u>TANGIBLE COMPLETION COSTS</u>		
201	Production Casing 12000' 5-1/2" @ 8/Ft.	\$	\$ 96,000
202	Tubing 12000' 2-3/8" @ 2.50/Ft.		30,000
204	Rods/Subsurface Pump		0
205	Packers/Misc Downhole Equip.		10,000
206	Pumping Unit		0
207	Heater Treater		0
208	Separator		10,000
209	Tank Battery/Surface Equip.		10,000
210	Flowlines/Valves/Fittings		15,000
211	Other		16,000
	<b>SUBTOTAL - TANGIBLE COMPLETION COSTS</b>	<b>\$</b>	<b>\$ 187,000</b>
	<b>TOTAL WELL COSTS</b>	<b>\$ 462,400</b>	<b>\$ 776,000</b>

<u>COMPANY</u>	<u>WORKING INTEREST</u>	<u>NET COSTS</u>	<u>APPROVALS</u>	<u>DATE</u>
Petroleum Corp. of Delaware	.39896445	\$309,596		
Siete Oil & Gas Corporation	.18772572	\$145,675		





PRESTID OIL COMPANY - AUTHORITY FOR EXPENDITURE

PROSPECT: Potash #3100013  
WELL NAME: Superior Federal No. 9

CC #: 310001302101  
AFE DATE: 10-11-90  
DIVISION: MC  
AFE NUMBER: MC-90D-136  
STATE: NM

WELL LOCATION: Sec. 1 T20S, R29E COUNTY: Eddy  
PURPOSE OF AFE: Drill and complete development Morrow well to 12000'.

2300-100	<u>INTANGIBLE DRILLING COSTS</u>	<u>DRY HOLE COSTS</u>	<u>COMPLETION COSTS</u>
101	Drilling Title Opinions	\$ 0	\$ 0
102	Surveying/Permits	1,000	1,000
103	Roads/Location/Dirt Work	15,000	20,000
104	Contract Drilling	198,000	214,000
105	Power/Fuel/Water	0	9,000
106	Drilling Mud/Chemicals	18,000	23,000
107	Bits/Reamers	0	2,000
108	Transportation	2,500	4,500
109	Equipment Rental	6,000	11,000
110	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
114	Overhead	3,000	5,000
116	Logging/Testing/Coring	48,000	48,000
119	Plug/Abandon Costs	10,000	0
120	Other	30,000	35,000
	<b>SUBTOTAL - INTANGIBLE DRILLING COSTS</b>	<b>\$ 379,000</b>	<b>\$ 425,500</b>
200	<u>INTANGIBLE COMPLETION COSTS</u>		
201	Completion Rig Time	\$	\$ 7,500
202	Perforating		10,000
203	Stimulation		15,000
205	Power/Fuel/Water		2,000
207	Cased Hole Logging		5,000
208	Transportation		2,000
209	Equipment Rental		5,000
210	Labor		3,000
211	Cement/Cementing Svcs.		8,500
212	Geological/Engineering		1,500
214	Overhead		3,000
220	Contingencies/Other		5,000
	<b>SUBTOTAL - INTANGIBLE COMPLETION COSTS</b>	<b>\$</b>	<b>\$ 67,500</b>
2400-100	<u>TANGIBLE DRILLING COSTS</u>		
101	Conductor Pipe 400' 20" @ 26/Ft.	\$ 10,400	\$ 10,400
102	Surface Casing 850' 13-3/8" @ 20/Ft.	17,000	17,000
103	Intermediate Casing 3100' 8-5/8" @ 10 Ft.	31,000	31,000
104	Casing Head	15,000	25,000
105	Guide Shoe/Centralizer, etc.	6,000	8,000
106	Other	4,000	4,600
	<b>SUBTOTAL - TANGIBLE DRILLING COSTS</b>	<b>\$ 83,400</b>	<b>\$ 96,000</b>
200	<u>TANGIBLE COMPLETION COSTS</u>		
201	Production Casing 12000' 5-1/2" @ 8/Ft.	\$	\$ 96,000
202	Tubing 12000' 2-3/8" @ 2.50/Ft.		30,000
204	Rods/Subsurface Pump		0
205	Packers/Misc Downhole Equip.		10,000
206	Pumping Unit		0
207	Heater Treater		0
208	Separator		10,000
209	Tank Battery/Surface Equip.		10,000
210	Flowlines/Valves/Fittings		15,000
211	Other		16,000
	<b>SUBTOTAL - TANGIBLE COMPLETION COSTS</b>	<b>\$</b>	<b>\$ 187,000</b>
	<b>TOTAL WELL COSTS</b>	<b>\$ 462,400</b>	<b>\$ 776,000</b>

<u>COMPANY</u>	<u>WORKING INTEREST</u>	<u>NET COSTS</u>	<u>APPROVALS</u>	<u>DATE</u>
Petroleum Corp. of Delaware	.39896445	\$309,596	<i>RRH</i>	
Hal S. Dean	.01319947	\$ 10,243		

*JH*

**PRESIT OIL COMPANY - AUTHORITY FOR EXPENDITURE**

PROSPECT:	Potash #3100013	CC #: 310001302101
WELL NAME:	Superior Federal No. 9	AFE DATE: 10-11-90
		DIVISION: MC
WELL LOCATION:	Sec. 1 T20S, R29E COUNTY: Eddy	AFE NUMBER: MC-90D-136
PURPOSE OF AFE:	Drill and complete development Morrow well to 12000'.	STATE: NM

2300-100	<u>INTANGIBLE DRILLING COSTS</u>	<u>DRY HOLE COSTS</u>	<u>COMPLETION COSTS</u>
101	Drilling Title Opinions	\$ 0	\$ 0
102	Surveying/Permits	1,000	1,000
103	Roads/Location/Dirt Work	15,000	20,000
104	Contract Drilling	198,000	214,000
105	Power/Fuel/Water	0	9,000
106	Drilling Mud/Chemicals	18,000	23,000
107	Bits/Reamers	0	2,000
108	Transportation	2,500	4,500
109	Equipment Rental	6,000	11,000
110	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
114	Overhead	3,000	5,000
116	Logging/Testing/Coring	48,000	48,000
119	Plug/Abandon Costs	10,000	0
120	Other	30,000	35,000
	<b>SUBTOTAL - INTANGIBLE DRILLING COSTS</b>	<b>\$ 379,000</b>	<b>\$ 425,500</b>
200	<u>INTANGIBLE COMPLETION COSTS</u>		
201	Completion Rig Time	\$	\$ 7,500
202	Perforating		10,000
203	Stimulation		15,000
205	Power/Fuel/Water		2,000
207	Cased Hole Logging		5,000
208	Transportation		2,000
209	Equipment Rental		5,000
210	Labor		3,000
211	Cement/Cementing Svcs.		8,500
212	Geological/Engineering		1,500
214	Overhead		3,000
220	Contingencies/Other		5,000
	<b>SUBTOTAL - INTANGIBLE COMPLETION COSTS</b>	<b>\$</b>	<b>\$ 67,500</b>
2400-100	<u>TANGIBLE DRILLING COSTS</u>		
101	Conductor Pipe 400' 20" @ 26/Ft.	\$ 10,400	\$ 10,400
102	Surface Casing 850' 13-3/8" @ 20/Ft.	17,000	17,000
103	Intermediate Casing 3100' 8-5/8" @ 10 Ft.	31,000	31,000
104	Casing Head	15,000	25,000
105	Guide Shoe/Centralizer, etc.	6,000	8,000
106	Other	4,000	4,600
	<b>SUBTOTAL - TANGIBLE DRILLING COSTS</b>	<b>\$ 83,400</b>	<b>\$ 96,000</b>
200	<u>TANGIBLE COMPLETION COSTS</u>		
201	Production Casing 12000' 5-1/2" @ 8/Ft.	\$	\$ 96,000
202	Tubing 12000' 2-3/8" @ 2.50/Ft.		30,000
204	Rods/Subsurface Pump		0
205	Packers/Misc Downhole Equip.		10,000
206	Pumping Unit		0
207	Heater Treater		0
208	Separator		10,000
209	Tank Battery/Surface Equip.		10,000
210	Flowlines/Valves/Fittings		15,000
211	Other		16,000
	<b>SUBTOTAL - TANGIBLE COMPLETION COSTS</b>	<b>\$</b>	<b>\$ 187,000</b>
	<b>TOTAL WELL COSTS</b>	<b>\$ 462,400</b>	<b>\$ 776,000</b>

<u>COMPANY</u>	<u>WORKING INTEREST</u>	<u>NET COSTS</u>	<u>APPROVALS</u>	<u>DATE</u>
Petroleum Corp. of Delaware	.39896445	\$309,596	<i>RH Roda</i>	
Howard C. Warren	.00510947	\$ 3,965		

*JH*

PRESUIT OIL COMPANY - AUTHORITY FOR E VENTURE

PROSPECT: Potash #3100013  
WELL NAME: Superior Federal No. 9

CC #: 310001302101  
AFE DATE: 10-11-90  
DIVISION: MC  
AFE NUMBER: MC-90D-136  
STATE: NM

WELL LOCATION: Sec. 1 T20S, R29E COUNTY: Eddy  
PURPOSE OF AFE: Drill and complete development Morrow well to 12000'.

2300-100	<u>INTANGIBLE DRILLING COSTS</u>	<u>DRY HOLE COSTS</u>	<u>COMPLETION COSTS</u>
101	Drilling Title Opinions	\$ 0	\$ 0
102	Surveying/Permits	1,000	1,000
103	Roads/Location/Dirt Work	15,000	20,000
104	Contract Drilling	198,000	214,000
105	Power/Fuel/Water	0	9,000
106	Drilling Mud/Chemicals	18,000	23,000
107	Bits/Reamers	0	2,000
108	Transportation	2,500	4,500
109	Equipment Rental	6,000	11,000
110	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
114	Overhead	3,000	5,000
116	Logging/Testing/Coring	48,000	48,000
119	Plug/Abandon Costs	10,000	0
120	Other	30,000	35,000
	<b>SUBTOTAL - INTANGIBLE DRILLING COSTS</b>	<b>\$ 379,000</b>	<b>\$ 425,500</b>
200	<u>INTANGIBLE COMPLETION COSTS</u>		
201	Completion Rig Time	\$	\$ 7,500
202	Perforating		10,000
203	Stimulation		15,000
205	Power/Fuel/Water		2,000
207	Cased Hole Logging		5,000
208	Transportation		2,000
209	Equipment Rental		5,000
210	Labor		3,000
211	Cement/Cementing Svcs.		8,500
212	Geological/Engineering		1,500
214	Overhead		3,000
220	Contingencies/Other		5,000
	<b>SUBTOTAL - INTANGIBLE COMPLETION COSTS</b>	<b>\$</b>	<b>\$ 67,500</b>
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205	Packers/Misc Downhole Equip.		10,000
206	Pumping Unit		0
207	Heater Treater		0
208	Separator		10,000
209	Tank Battery/Surface Equip.		10,000
210	Flowlines/Valves/Fittings		15,000
211	Other		16,000
	<b>SUBTOTAL - TANGIBLE COMPLETION COSTS</b>	<b>\$</b>	<b>\$ 187,000</b>
	<b>TOTAL WELL COSTS</b>	<b>\$ 462,400</b>	<b>\$ 776,000</b>

<u>COMPANY</u>	<u>WORKING INTEREST</u>	<u>NET COSTS</u>	<u>APPROVALS</u>	<u>DATE</u>
Petroleum Corp. of Delaware	.39896445	\$309,596	<i>RH Roda</i>	
Estate of E.J. Rousuck, Deceased	.00510947	\$ 3,965		

*JH*

# *Presidio Oil Company*

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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.

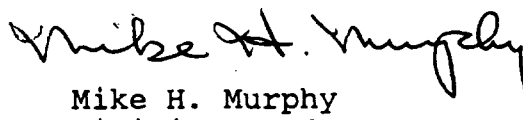
Working Interest Owners  
November 19, 1990  
Page 2

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.

  
Mike H. Murphy  
Division Land Manager

MHM:ap

Attachments

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

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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:

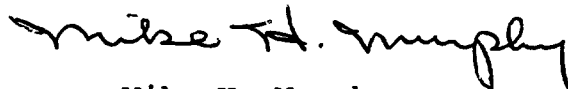
In accordance with our telephone conversation of this date, attached for your information is a complete set of the signature pages for that certain Operating Agreement dated September 30, 1990 covering the drilling of the referenced well.

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,



Mike H. Murphy  
District Land Manager

MHM:ap

Attachment

MHM-101