

**PENNZOIL COMPANY**
WESTERN DIVISION

MIDLAND DISTRICT BRIERCROFT SAVINGS BUILDING • (915) 682-7316
MAILING ADDRESS P. O. DRAWER 1828 MIDLAND, TEXAS 79702-1828

November 6, 1985

Certified Mail
Return Receipt Requested

Working Interest Owners
(Address List Attached)

Re: B. E. Shipp Estate #1
W/2 NE/4 of Section 4-17S-37E
Lea County, New Mexico

Gentlemen:

Enclosed herein are New Mexico Oil Conservation Division Order No. R-8062 and R-8067. NMOCD Order R-8062 establishes field rules for the Shipp-Strawn pool. NMOCD Order R-8067 pools all mineral interests in the Strawn formation underlying the W/2 NE/4 of Section 4-17S-37E. Also enclosed is an itemized schedule of estimated well costs (AFE) for the B. E. Shipp Estate #1 Well.

Although you have returned a signed AFE for the drilling of the subject well, we still have not received an executed signature page to the Operating Agreement. We do not feel you are contractually bound to participate until you have signed the Operating Agreement. A completed Exhibit "A" to the Operating Agreement is enclosed. We also ask that you insert the date of December 1, 1985, as the commencement date in Article VI. of the JOA.

Pennzoil respectfully requests that you return an executed signature page to the Operating Agreement as soon as possible, or in the alternative, return an executed copy of the enclosed AFE and prepay your proportionate share of the estimated well costs within thirty (30) days of receipt, as provided in the enclosed NMOCD Order R-8067.

Should you have any questions, please feel free to contact this office.

Very truly yours,



Greg Davis
Landman

GD/mk

cc: Mr. Richard L. Stamets
Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87504

Working Interest Owners

B. E. Shipp Estate 1

The Superior Oil Company
P. O. Box 633
Midland, Texas 79702
Attn: K. M. Johnston

Shell Western E&P Inc.
P. O. Box 831
Houston, TX 77001
Attn: Terry Enders

Atlantic Richfield Company
P. O. Box 1610
Midland, TX 79702
Attn: Mike Snyder

J. R. McGinley, Jr.
Lanroy, Inc.
Cleroy, Inc.
P. O. Box 3405
Tulsa, OK 74101

Harry A. Miller, Jr.
600 First National Bank Building
Midland, TX 79701

Harry A. Miller III
2403 Ben White Blvd.
Austin, TX 78704

Margaret Ann Miller Carrico
406 Farley Trail
Austin, TX 78746

E. B. White, Jr.
P. O. Box 2052
Midland, TX 79702

TELEPHONE NUMBER:
(918) 585-5853

J. R. MCGINLEY, JR.

512 MAYO BUILDING
TULSA, OKLAHOMA 74103

MAILING ADDRESS
P. O. BOX 3405
TULSA, OK 74101

November 25, 1985

Pennzoil Company
P.O. Drawer 1828
Midland, TX 79702-1828

RE: B.E. Shipp Estate #1
W/2 NE/4 Sec. 4-17S-37E
Lea County, New Mexico
State of New Mexico
Energy and Minerals Department
Oil Conservation Division
Case No. 8728
Order No. R-8067

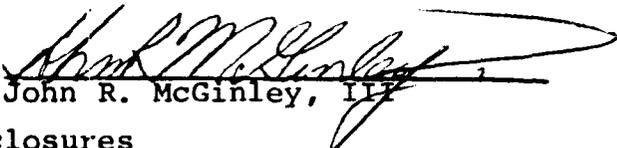
Gentlemen:

In keeping with page 3, paragraph (4) of the captioned order, J.R. McGinley, Jr., Lanroy Inc. and Cleroy Inc. each will participate in the working interest of the captioned well. Enclosed find checks totaling \$48,400.00 representing each of their proportionate shares of the estimated well costs as follows:

J.R. McGinley, Jr.		\$16,200.00
(J.R. McGinley, Jr.	\$5,400.00	
P.A. McGinley	5,400.00	
Zuleme T. McGinley	2,700.00	
Estate of J.R.McGinley	2,700.00)	
Lanroy Inc.		16,100.00
Cleroy Inc.		16,100.00
Total Enclosed		<u>\$48,400.00</u>

Yours truly,

J.R. McGinley, Jr.
Lanroy Inc.
Cleroy Inc.

By: 
John R. McGinley, III

Enclosures

cc: New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504
ATTN: Mr. Richard L. Stamets