



PENNZOIL PLACE • P. O. BOX 2967 • HOUSTON, TEXAS 77252-2967 • (713) 546-4000

October 16, 1987

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

M. Dion Lowe
2306 Cypress Point West
Austin, Texas 78746

BEFORE EXAMINER CATANACH	
OIL CONSERVATION DIVISION	
EXHIBIT NO.	13
CASE NO.	

Re: #1 M. H. Medlin
S/2 NW/4 of Section 14,
T16S - R37E
Lea County, New Mexico

Dear Mr. Lowe:

Pennzoil Company hereby proposes to drill a 12,200' Strawn-Atoka test at a legal location 1980' FNL and 660' FWL of Section 14, T16S-R37E, by January 1, 1988. A copy of our AFE is enclosed for your review.

The Oil and Gas Records of Lea County, New Mexico indicate that you own an undivided and unleased 5.06007% of a 1/48th mineral interest in the S/2 NW/4 of Section 14-16S-37E, and the same interest in the N/2 NW/4, N/2 SW/4 of Section 14, T16S-R37E and the NE/4, N/2 SE/4 of Section 15-16S-37E.

We hereby request that you either participate in our proposed well or lease your interest in the S/2 NW/4 of Section 14-16S-37E and the N/2 NW/4, N/2 SW/4 of Section 14, T16S-R37E and the NE/4, N/2 SE/4 of Section 15-16S-37E to Pennzoil for a bonus consideration of \$100.00 for a one (1) year lease providing for 1/4 royalty and a 180 day continuous drilling program.

Should you elect to participate, please return an executed copy of the enclosed AFE. Upon our receipt of same, an A.A.P.L. Form 610-1982 Model Form Operating Agreement will be forwarded to you for your review and execution.

Please be advised that due to Pennzoil's lease expirations in January of 1988, we plan to make application to compulsory pool the S/2 NW/4 of Section 14-16S-37E on the next available Commission docket.

Your prompt consideration of our proposal will be appreciated. Should you have any questions, please feel free to contact me at 713/546-6195.

Yours very truly,

PENNZOIL COMPANY

Greg Davis
Land Specialist

GD:jt
Enclosure

Co. 251	Dept. 6140	Play No.	AFE No. 7438937	AFE Title or Location Name (25) M. H. MEDLIN #1 D.C. & E.	
COMPANY Pennzoil Company			DIVISION Western		DISTRICT 36
WELL NAME AND NO. M.H. Medlin No. 1			FIELD OR AREA NE Lovington		UNDEVELOPED LEASE NO.
OPERATOR Pennzoil Company			COUNTY OR PARISH Lea		STATE NM
PROJECT DESCRIPTION Drill, complete and equip. a 12,200' Strawn oil well located 1980' FNL & 660' FWL of section 14, T16S, R37E			LEASE NAME AND NO.		
			PROPOSED FORMATION Strawn		

<input checked="" type="checkbox"/> Single	<input type="checkbox"/> Triple	<input checked="" type="checkbox"/> Oil	<input type="checkbox"/> Gas	<input type="checkbox"/> Expl.	<input checked="" type="checkbox"/> Dev.	<input checked="" type="checkbox"/> New	<input type="checkbox"/> Workover	Deepen <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> Dual	<input type="checkbox"/> Bay	DATE TO START		DATE TO COMPLETE		DAYS TO DRILL 36		PROPOSED DEPTH 12,200'
<input checked="" type="checkbox"/> Land	<input type="checkbox"/> Marsh							
Gross		Net		Budget Code 4108	Js./Assoc. Prop. No.	Assoc. AFE No.	Joint Venture <input type="checkbox"/> No <input type="checkbox"/> Yes	Operator <input type="checkbox"/> 2-Co. <input type="checkbox"/> 3-Outsd.
County/ Ph. Code	Civil Dist.	Conveyed <input type="checkbox"/> Yes <input type="checkbox"/> No	Report to Code	Costing Location Mktg	Environmental Cost % Air % Water % Land - Other			% Safety and Health

JUSTIFICATION To test a Strawn lime algal mound in the Lovington NE Field area.

INTANGIBLES				SUB	DRY HOLE	COMPLETION	TOTAL		
CONTRACT DRILLING				12,200	ft. @ \$ 13.00 /ft.	489	158,600		158,600
CONTRACT DAY WORK	DRILLING				days @ \$ /day	490			
	CORING AND DRILL STEM TEST			4	days @ \$ 4,000 /day	490	16,000		16,000
	LOGGING, SFT. AND PERFORATING			2	days @ \$ 4,000 /day	490	8,000		8,000
	OTHER			10	days @ \$ 1,300 /day	490		13,000	13,000
	TOTAL CONTRACT DAY WORK					490			
COMPANY PAYROLL \$195/day						501	7,020	1,950	8,970
EMPLOYEE BENEFITS \$105/day						505	3,780	1,050	4,830
TRANSPORTATION AND HAULING						545	10,000	7,500	17,500
ACCESS CANAL CONSTRUCTION						476			
LOCATION, ROADS, PITS OR KEYWAY						472	7,500	6,000	13,500
BITS, COREHEADS, ETC.						492			
MUD MATERIALS						475	18,000	1,500	19,500
CEMENT AND CEMENTING SERVICES						473	21,000	8,000	29,000
CENTRALIZERS, SHOES, SCRATCHERS AND NON-SALVABLE PACKERS						491	1,000	1,000	2,000
MUD LOGGING 21 days @ \$350/day						474	7,350		7,350
FORMATION TESTING one DST						482	4,500		4,500
LOGGING AND SIDE WALL CORING						478	26,000	3,000	29,000
PERFORATING						479		7,500	7,500
TOOL RENTAL INCLUDING SMALL DIAMETER DRILL PIPE						488	5,000	6,000	11,000
TESTING TUBULAR GOODS						484	6,000	15,000	21,000
INTERNAL COATING						485			
STIMULATION TREATMENT						480		7,500	7,500
OTHER SPECIAL WELL SERVICES includes 60' core						494	16,000		16,000
MISCELLANEOUS COSTS AND CONTINGENCIES 10%						599	31,550	7,900	39,450
TOTAL INTANGIBLES							347,300	86,900	434,200

TANGIBLES							
CASING	ft.	in.	lb.	Gr.	@ \$		
	425	13-3/8	48.0	H-40	21.39	440	9,100
	4,400	8-5/8	28.0	S-80	16.60	440	73,000
	12,200	5-1/2	17	N-80	9.48	440	115,700
TUBING						443	
	11,800	2-7/8	6.5	N-80	4.49	443	53,000
						443	
CASING HEADS						444	4,000
CHRISTMAS TREE						445	8,000
RETRIEVABLE PACKERS						448	6,000
OTHER WELL EQUIPMENT						469	
TOTAL TANGIBLES							86,100
TOTAL WELL COST					100.00000 %		192,200
PRODUCTION EQUIPMENT (Detail Attached)					100.00000 %		104,800
OTHER COSTS - NET (Detail Attached)					100.00000 %		
TOTAL COST					100.00000 %		433,400
CO. OWNERSHIP 616704 %							267,280
COMPANY COST 616704 %							236,753
APPROVAL DATE 10-16-87							504,033
APPROVAL DATE							
AUTHORIZATION DATE							
JOINT INTEREST APPROVAL							
COMPANY NAME:							
APPROVAL							
DATE							

DETAIL OF PRODUCTION EQUIPMENT AND OTHER COSTS

ATR
CD

1	PROPERTY ADDITIONS	
6	REMOVAL COST	
5	SALVAGE	

CO. OWNERSHIP		0 1 0 7 0 4 %		COMPANY COST		6 1 6 6 6 6 7 %	
APPROVAL		DATE		APPROVAL		DATE	

COMPANY NAME:		%	
APPROVAL		%	

APPROVAL _____ DATE _____