



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

October 16, 1987

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Loretta D. Lowe
407 Arch Bluff
San Antonio, Texas 78216

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION

EXHIBIT NO. 15

CASE NO. _____

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

Dear Ms. 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 10.69327% 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

DOMESTIC RETURN RECEIPT

AUTHORIZATION FOR EXPENDITURE
WELLS

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 checked="" type="checkbox"/> Land		<input type="checkbox"/> Bay		DATE TO START		DATE TO COMPLETE		DAYS TO DRILL 36		PROPOSED DEPTH 12,200'		<input type="checkbox"/> Yes		<input checked="" type="checkbox"/> No																																																																																																																																																																																																																								
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County/ Ph. Code		Civil Dist.		Conveyed		Report to Code		Costing Location Mktg		Environmental Cost		% Air		% Water		% Land - Other																																																																																																																																																																																																																						
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CO. OWNERSHIP		616704 %		COMPANY COST		616704 %		267,280		236,753		504,033																																																																																																																																																																																																																										
APPROVAL		DATE 10-16-87		APPROVAL		DATE		AUTHORIZATION		DATE																																																																																																																																																																																																																												
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JUSTIFICATION To test a Strawn lime algal mound in the Lovington NE Field area.

[illegible]

1	PROPERTY ADDITIONS								
6	REMOVAL COST								
5	SALVAGE								
			TOTAL COST		100.00000	%	104,800		
CO. OWNERSHIP			616704	%	COMPANY COST			61666667	%
APPROVAL			DATE	APPROVAL	DATE	AUTHORIZATION		DATE	
JOINT INTEREST APPROVAL									
COMPANY NAME:							%		
APPROVAL						DATE			