

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 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 appeciated. Should you have any questions, please feel free to contact me at 713/546-6195.

Yours very truly,

PENNZOIL COMPAN

Greg Davis

Land Specialist

GD:jt Enclosure

SENDER: Complete items 1 and 2 when additional s and 4.  Put your address in the "RETURN TO" Space on the reve card from being returned to you. The return receipt fee delivered to and the date of delivery. For additional fees t postmaster for fees and check box(es) for additional service(1.   Show to whom delivered, date, and addressee's address t (Extracharge)	orse side. Failure to do this will prevent this will provide you the name of the person he following services are available. Consult (s) requested.
Loretta D. Lowe	4. Article Number - P-757-967-746
407 Arch Bluff San Antonio, Texas 78216	Type of Service:  Registered Insured Certified COD Express Mail
	Always obtain signature of addressee or agent and DATE DELIVERED.
Signature — Addressee  Signature — Agent  Sulfan Decimo  Date of Delivery	8. Addressee's Address (ONLY if requested and fee paid)
Form 3811, Mar. 1987 * U.S.G.P.O. 1987-178-268	DOMESTIC RETURN RECEIPT

FORM 25	- 5-117(1)	A 1 1 T 1 1	00174710	OR EXPENDIT	IIRE			DATE		P	AGE
*1 .		AUTH		ELLS					10/16	/87	1 of 2
Co. D	ept. Play No.	AF	E No.		AI	FE Title or Loc	ation Na	me (25)			
2, 5	1 6 1 4 0	7,	4 3 8 9 3	3.7	М	н, м	$\mathbf{E}_{1}\mathbf{D}_{1}\mathbf{I}$	IN # 1	D,	C, & E	<u> </u>
	1 6 1 4 C			DIVISION				DISTRI			
	nnzoil Con	· · · · · · · · · · · · · · · · · · ·		Weste		ELD OR ARE	Δ		36 TUNDE	VELOPED LEA	ASE NO.
	AME AND NO. Medlin N	-			1	E Lovingt					
OPERA"	TOR				1	OUNTY OR PA	ARISH		STATI		
	nzoil Comp		complete	and equip.	1	ea EASE NAME A	ND NO.		1	NM	
				1 1980' FNL &		2,,02,,,,,,					
		section 14				ROPOSED FOR	RMATIO	N			
-X a:					S	trawn				Deepen	····
Ğ Singl ☐ Dual		riple [XOil	□g	as Expl.		🛚 Dev.	X Nev	✓ □ Worko	ver	Yes	⊠ No
X Land	I ☐ Ba	·	TO START	DATE TO	COMP	LETE	DAYS	TO DRILL		PROPOSED D	
☐ Mars	<u>h</u> □ G	ulf					<u> </u>	36		12,200	
! :	Gross	Net	Bud Co		op. No.	Assoc. AF	E No.	Joint Ventu	re	Operato	State
; <del></del>			4 1 (	5 8				□ No □ Ye			3-Outsd.
County/		Conveyed	Res	port to Code	Costina l	Location Mktg	0/	Environm		% Land - Othe	% Safety
Ph. Code	e ) [	☐ Yes ☐ No		1	_	1 1 1 1	/6 /	Air % VV	ater	% Land - Othe	and Health
JUSTIF			trawn li	ne algal moun	d in	the Lovi	ngton	NE Field a	area.		
ļ ——			<del></del>		<del></del>						
<u> </u>	<del></del>										
INTANO			10.00	•	1.		SUB	DRY HOLE	COI	MPLETION	TOTAL
<u> </u>	ACT DRILLING	<u> </u>	12,20	0 ft. @\$ days @\$	1.3	3.00 /ft. /day	489	158,600	+		158,600
CONTRACT DAY WORK	<del></del>	DRILL STEM T	EST	4 days 3 \$	4.	,000 /day	490	16,000			16,000
X X	LOGGING, SF	. AND PERFO	RATING	2 days@\$		,000 /day	490	8,000			8,000
Ö ₹	OTHER CON	TDACT DAV W	OBK	10 days @\$	1.	300 /day	490			13,000	13,000
COMPA	NY PAYROLL	S195	okk o/day				501	7,020		1,950	8,970
EMPLO	YEE BENEFIT	s \$105	o/day				505	3,780		1,050	4,830
<del></del>	PORTATION A		<del></del>	<u></u>			476	10,000	_	7,500	17,500
	S CANAL CONS	ITS OR KEYWA	.Y				472	7,500	-	6,000	13,500
	OREHEADS, E						492				-
	ATERIALS	TING SERVICE					475	18,000 21,000		1,500 8,000	19,500 29,000
<del></del>		TING SERVICE ES, SCRATCHE		SALVABLE PACKER	25		491	1,000		1,000	2,000
	OGGING	21	days @ \$				474	7,350			7,350
	ATION TESTING		ne DST				482	4,500 26,000		3,000	4,500
,	RATING	TALL CORING			<del></del>		479	20,000		7,500	7,500
TOOL	RENTAL INCLI	JDING SMALL (	DIAMETER DR	ILL PIPE			488	5,000		6,000	11,000
1	NG TUBULAR C	OODS					484	6,000		15,000	21,000
-	NAL COATING	TMENT					480		_	7,500	7,500
	R SPECIAL WEL			cludes 60' co	ore		494	16,000			16,000
MISCE	LLANEOUS CO	ANGIBLES	INGENCIES	10%	<del></del> .		599	31,550 347,300		7,900 86,900	39,450 434,200
TANGI		ANOIDEEG						• 347,300		00,700	434,20
ي	425	in. 13-3/8		Gr.		@\$	440	0.100			
CASING	4,400	8-5/8	48.0	H-40 S-80		21.39 16.60	440	9,100 73,000			9,10 73,00
<u> </u>	12,200	5-1/2	17	N-80		9.48	440	- ,		115,700	115,70
ING.	11,800	2-7/8	6.5	N-80		4.49	443		_	53,000	<u> </u>
TUBING			1	1 30		7.77	443	<del>.</del>		22,000	53,00
CASIN	G HEADS				<u>'</u>		444	4,000		9,500	13,50
	TMAS TREE	FRS					445		-	8,000 6,000	8,00 6,00
	R WELL EQUIP						469		+	3,000	0,00
	TOTAL TA	NGIBLES						86,100		192,200	278,30
-		PRODUCTION		TAL WELL COST (Detail Attached)		$\begin{array}{cccccccccccccccccccccccccccccccccccc$		<del>" '                                   </del>	-	104,800	104,80
				(Detail Attached)		0.00000	%		-	207,000	
				TOTAL COST	10	0.00000	%	433,400		383,900	817,30
	WHERSHIP!	6 1 6 7	<del></del>	COMPANY COST	6		4 %	267,280		236,753	504,03
10	Frankley	<u> </u>		AFFRUYAL		, U	7015	AUTHURIZATIO	·n	<b>y</b>	DATE
6000	i 1/			I TNIOL	NTERE	ST APPROV					
APPR	ANY NAME:	<del></del>				<del> </del>	, , %	DATE		ا در در این	and the second second
1	—		i. New North					DATE	10.5		

		<i>y</i>			1			
M 25-116(1)	AUTHORIZAT	TION FOR EXPE	ENDITURE		(	DATE	(107	PAGE
	PRODUCTION EQU	IPMENT AND/OR				10/1	.6/87	2 OF
o. Dept. Play	No. AFE No.		İ	AFE Title or Loc	acion ivame (25)			
5 1 6.1	7,4,38	9 3 7		M. H. M.	E.D.I. T N	#.1.	D, C, &, E.	, , <b>, , , , ,</b>
MPANY	1,4,50	DIVISIO				DISTRICT	<u></u>	·
Pennzoil (	Company		Weste	ern		36		
LL NAME AND	O NO.			FIELD OR ARE		UN	DEVELOPED L	EASE NO.
M.H. Medli	in No. 1			NE Lovi			٨Τ٢	
ERATOR	_			COUNTY OR PA	RISH	ST	ATE	
Pennzoil (		10+0 0-1		Lea LEASE NAME A	ND NO		NM	· · · · · · · · · · · · · · · · · · ·
12.200 St	IPTION Drill, completer of the completer	rere and edi	IIP a	LENGE NAME A				
	of section 14, T169			PROPOSED FOR	RMATION			
				Strawn				
Single	☐ Triple					_	Deepen	<b>63</b>
Dual	Xoii		Expl.	X Dev.	DAYS TO DR	Workover	☐ Yes PROPOSE	∭ No DEPTH
	☐ Bay DATE TO STA☐ Gulf	KI L	DATE TO COM	APLETE	36	LL	12,2	
iviarsn	Guir				1 10			
Gross	Net	Budget Ls./A	Assoc. Prop. N	o. Assoc. AF	E No. Joi	nt Venture	Oper	ator S
		4, 1, 0, 8			□ No	o □ Yes	□ 2-Co.	☐ 3-Outsd.
					<del></del>	nvironmental	Cost	% Safety
unty/   Civil D	1	Report to Code	i	g Location Mktg		% Water	% Land - 0	
<u> </u>	Yes No	<u> </u>	<u> </u>	- +\- Torris	1 1 A L	iold oro		
STIFICATION	To test a Strawn	time aigal	mound ii	n the Lovii	igton NE F	rerd are	a	
<del> </del>	C	DETAIL OF PRO	DUCTION E	QUIPMENT AN	ID OTHER CO	STS		
Account Mai Sub		DE	SCRIPTION				QUANTITY	AMOUNT 100
XXX XXX								
146 457	Production tanks		h1\				3	17,25
146 457 146 459	Fiberglass water Heater treater	Lank (300 b	חד)	<del></del>			1	3,00 12,00
146 458	Gas separator		<del></del>				1	2,80
146 463	LACT unit						1	15,00
146 453	Electrical equipm		formers,	control p	anel, etc.			5,75
146 467	Vapor recovery un						1	12,00
146 456	Flowlines & conne	ction						6,000
146 510 146 545	Contract labor Transportation				<del></del>			17,000 5,000
146 598	Misc. contingenci	es			· <del>-</del> ··			9,00
-								<del></del>
-	·							
-1						<del>-</del>		
						-		
.								
.								
	<u> </u>							
					· <del></del>			
				<del></del>				
.								
·[							<del></del>	
				· · · · · · · · · · · · · · · · · · ·	······································			I
·						TOTAL		104,8
R D		SU	MMARY OF	ESTIMATED CO	OST			<u> </u>
	Y ADDITIONS							
REMOVAL	COST							
SALVAGE								
JAE TAGE				_	0741	1000	0.000	
JALVAGE	616704	ল		<del></del>	OTAL COST	10 0.0		104401
		70		COM DATE	PANY COST AUTHORI		6 6 6 6 7%	
O. OWNERSHIP		APPROVAL						DATE
O. OWNERSHIP	DATE DATE	APPROVAL		DATE	AOTHORI	LATION	•	
O. OWNERSHIP		APPROVAL			AOTHORI	EATION		
O. OWNERSHIF	DATE	APPROVAL	JOINT INTER	REST APPROVAL				
O. OWNERSHIP	DATE	APPROVAL	JOINT INTER			DATE	7.	