

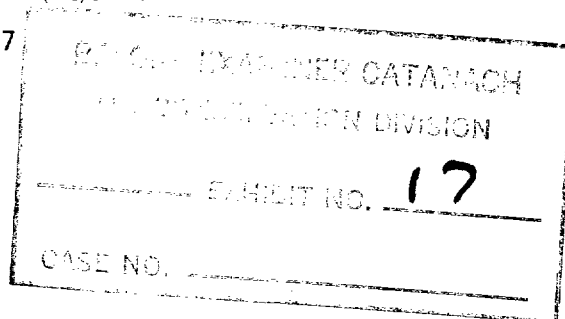


PENNZOIL PLACE • P. O. BOX 2967 • HOUSTON, TEXAS 77252-2967 • (713) 546-4000

October 16, 1987

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Denise Lowe
3424 61st Street
Lubbock, Texas 79413



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 3.3484% 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

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

- | | |
|--------------------------|-------------------|
| 2. Article Addressed to: | 4. Article Number |
|--------------------------|-------------------|

Denise Lowe
3424 61st Street
Lubbock, Texas 79413

P-757-967-749

☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail

5. Signature – Addressee

x ✓ Unsettling

6. Signature – Agent

X

7. Date of Delivery

10.21.57

8. Addressee's Address (*ONLY if requested and fee paid*)

Co.	Dept.	Play No.	AFE No.	AFE Title or Location Name (25)	
251	6140	7438937	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"/> Dual								<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input checked="" type="checkbox"/> Land	<input type="checkbox"/> Bay	DATE TO START		DATE TO COMPLETE		DAYS TO DRILL		PROPOSED DEPTH
<input type="checkbox"/> Marsh	<input type="checkbox"/> Gulf					36		12,200'
Gross	Net	Budget Code 4108	Ls./Assoc. Prop. No.	Assoc. AFE No.	Joint Venture	Operator		Stat. Code
					<input type="checkbox"/> No <input type="checkbox"/> Yes	<input type="checkbox"/> 2-Co. <input type="checkbox"/> 3-Outsd.		
County/Ph. Code	Civil Dist.	Conveyed	Report to Code	Costing Location Mktg	Environmental Cost			% Safety and Health
		<input type="checkbox"/> Yes <input type="checkbox"/> No			% Air	% Water	% Land - Other	

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.	@ \$	440			
	425	13-3/8	48.0	H-40	21.39	440	9,100		9,10
	4,400	8-5/8	28.0	S-80	16.60	440	73,000		73,00
	12,200	5-1/2	17	N-80	9.48	440		115,700	115,70
TUBING						443			
	11,800	2-7/8	6.5	N-80	4.49	443		53,000	53,00
						443			
CASING HEADS						444	4,000	9,500	13,50
CHRISTMAS TREE						445		8,000	8,00
RETRIEVABLE PACKERS						448		6,000	6,00
OTHER WELL EQUIPMENT						469			
TOTAL TANGIBLES							86,100	192,200	278,30
TOTAL WELL COST					1 0 0 . 0 0 0 0 0	%			
PRODUCTION EQUIPMENT (Detail Attached)					1 0 0 . 0 0 0 0 0	%		104,800	104,80
OTHER COSTS - NET (Detail Attached)					1 0 0 . 0 0 0 0 0	%			
TOTAL COST					1 0 0 . 0 0 0 0 0	%	433,400	383,900	817,30
CO. OWNERSHIP		6 1 6 7 0 4		%	COMPANY COST		6 1 6 7 0 4		%
APPROVAL		DATE		APPROVAL		DATE		AUTHORIZATION	
[Signature]		10-16-87							
JOINT INTEREST APPROVAL									
COMPANY NAME:									
APPROVAL					DATE				

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

TOTAL		104,800
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ATR CD		SUMMARY OF ESTIMATED COST			
1	PROPERTY ADDITIONS				
6	REMOVAL COST				
5	SALVAGE				
		TOTAL COST		100.00000 %	104,800
CO. OWNERSHIP		616704 %	COMPANY COST		6166666 7%
APPROVAL		DATE	APPROVAL		DATE
			AUTHORIZATION		DATE
JOINT INTEREST APPROVAL					
COMPANY NAME:					%
APPROVAL				DATE	