



Texaco Exploration and Production Inc.
P.O. Box 10000
Houston, Texas 77255-0000

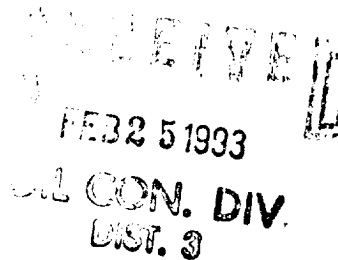
Oil Conservation Division
P.O. Box 10000
Houston, Texas 77255-0000
Tel. 713/952-1000

**OVERNIGHT DELIVERY AND
CERTIFIED--RETURN RECEIPT REQUESTED**

February 22, 1993

TEPI # NM 21075, NM 21076, NM 21077
Peggy Federal #1 and #1A (aka #1J)
Douthit Browning #1 and #1A (aka #1J)
Rio Arriba County, New Mexico
Section 5 & 8, T-23-N, R-1-W

State of New Mexico
Oil Conservation Division
1000 Rio Brazos Road
Aztec, New Mexico 87410



Attn: Mr. Frank T. Chavez

Gentlemen:

Texaco Exploration and Production Inc. "Texaco" is in receipt of your February 10, 1993, letter whereby you gave Texaco and/or Dugan Production Corp. fifteen (15) days to clarify who will operate and report the production on the referenced wells. Texaco respectfully requests a ninety (90) day extension in order to give Texaco time to plug the Peggy Federal #1 and the Douthit Browning #1 wells. Once Texaco plugs the #1 wells then we will be eliminated as an operator in both proration units.

Texaco has operated both the Peggy Federal #1 and #1A wells which are located within one proration unit. Likewise, we have operated both the Douthit Browning #1 and #1A wells. On October 30, 1992, effective September 1, 1992, Texaco sold all of its interests in the Peggy Federal #1J and the Douthit Browning #1J wells to Dugan Production Corp.

Texaco is in the initial stage of plugging the Peggy Federal #1 and the Douthit Browning #1 wells. We will be sending ballots to all the working interest owners in order to receive their approval to plug the wells. The working interest owners will then have thirty (30) days to agree to the plugging of the two wells. When all approvals are received then Texaco will plug these wells. We hope this process will be completed within ninety (90) days.



OFFICIAL SPONSOR
OF THE 1992
U.S. OLYMPIC TEAM

Please send all correspondence to the undersigned at the address on the letterhead. Should you have any questions concerning this matter or if your office cannot agree to this extension please call me at (303) 793-4350.

Sincerely,

TEXACO EXPLORATION AND PRODUCTION INC.

A handwritten signature in black ink, appearing to read "Peggy L. Berube". The signature is fluid and cursive, with the first name "Peggy" being more prominent.

Peggy L. Berube
West Region Land Representative

PLB

OCD2-17

cc: Dugan Production Corp.