

February 12, 1995

New Mexico Oil Conservation Commission 2040 South Pacheco Santa Fe, New Mexico 87505

Attn.: Mr. William J. Lemay

Re: Prorated Allowables for Summer 1996 (April to September);

Indian Basin Upper Penn Pool Eddy County, New Mexico

Dear Mr. LeMay:

Texaco Exploration and Production Inc. respectfully requests that the allowable for the Indian Basin Upper Penn Pool be established for the said period at the proposed NMOCD non-marginal well allowable rate of 200,000 MCF per month. Texaco currently operates one well and owns working interest in one additional well within the Indian Basin Upper Penn Pool. Within the past year, Texaco has invested substantially to maximize the productive capacity of our existing wells and believes that extending the allowable at the proposed rate will enable us to maximize hydrocarbon recovery within our wells.

Texaco Exploration and Production, Inc. believes that the proposed proration unit production schedule will continue to allow a fair allocation of production between the Indian Basin owners. This fair allocation will allow for maximum recovery of hydrocarbons from the pool and prolong the productive life of the pool, therefore preventing waste. In closing, Texaco Exploration and Production Inc. agrees with the commission's findings for the past seven proration unit periods in the Indian Basin Upper Penn Pool and does not intend not to present testimony at the upcoming February 15 hearing. If you have any questions concerning this letter, please contact Michael Alexander at (505) 397 - 0419.

Yours very truly,

Russell Pool

Hobbs Area Engineer

cc: Jerry Sexton (NMOCD / Hobbs)

H. Ray Short (Texaco / Carlsbad)

R.A. Biernbaum (Marathon Oil Co. / Midland)

Mark A. Peavy (Oryx Energy Co. / Midland)

Michelle L. LeVan (Chevron USA / Midland)