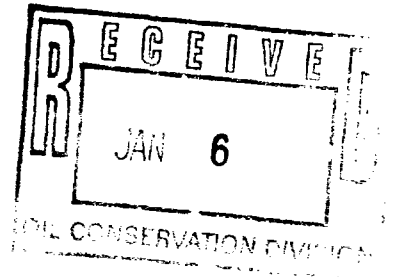


BEFORE THE
OIL CONSERVATION DIVISION



NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF TEXACO EXPLORATION AND
PRODUCTION INC. FOR
COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

CASE NO. 11475

APPLICATION

TEXACO EXPLORATION AND PRODUCTION INC. ("TEXACO"), by its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat. Ann. § 70-2-17, (1978), for an order pooling all mineral interests in the SW/4 of Section 23, for formations developed on 160-acre spacing, in the W/2 SW/4 of Section 23, for all formations developed on 80-acre spacing and in the SW/4 SW/4 of Section 23 for all formations developed on 40-acre spacing in Township 26 South, Range 37 East, N.M.P.M., Lea County, New Mexico, and in support thereof states:

1. Texaco is a working interest owner in the SW/4 of Section 23 and Applicant has the right to drill thereon.
2. Texaco proposes to dedicate each of these spacing or proration units to its Rhodes "23" Fed. Com No. 1 Well which is located at an orthodox location at a point 660 feet from the South line and 660 feet from the West line. Applicant proposes to drill this well and test any and all formations from the surface to the base of the Yates formation,

Yates-Seven Rivers Gas Pool.

3. Applicant has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the SW/4 of said Section 23.

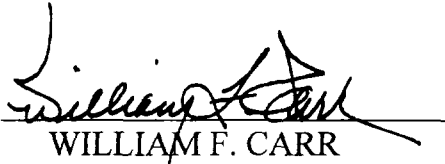
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Applicant should be designated the operator of the wells to be drilled thereon.

WHEREFORE, Texaco Exploration and Production Inc., requests that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on February 22, 1996, and after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well.

Respectfully submitted,

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