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CERTIFIED MAIL
RETURN RECEIPT REQUESTED

October 31, 1996

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Burlington Resources
Oil & Gas Company
Post Office Box 51810
Midland, TX 79710

Re: Amended Application of Texaco Exploration and Production Inc. for
compulsory pooling, an unorthodox surface location and directional drilling,
Lea County, New Mexico

Gentlemen:

This letter is to advise you that Texaco Exploration and Production Inc. has filed the enclosed amended application with the New Mexico Oil Conservation Division seeking the force pooling of certain mineral interests in all formations from the surface to the base of the Yates formation, in and under the SW/4 of Section 23, Township 26 South, Range 37 East, N.M.P.M., Lea County, New Mexico. Texaco Exploration and Production Inc. proposes to dedicate the referenced pooled unit as a project area to its Rhodes "23" Fed Com No. 1 Well, which will be directionally drilled in a northwesterly direction as two high angle laterals in the Yates formation, Rhodes Yates-Seven Rivers Gas Pool, from an unorthodox surface location 660 feet from the South line and 1100 feet from the West line of said Section 23.

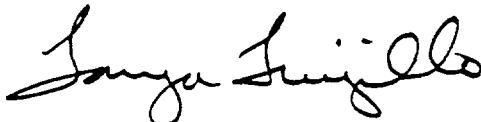
This matter has been set for hearing before a Division Examiner on November 21, 1996. You are not required to attend this hearing, but as an owner of an interest that may be affected by the order entered in this case, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 11678 Exhibit No. **2**
Submitted By:
Burlington Oil & Gas Company
Hearing Date: December 19, 1996

Burlington Resources
Oil & Gas Company
October 31, 1996
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Parties appearing in cases have been requested by the Division (Memorandum 2-90) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p.m. on the Friday before a scheduled hearing.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Wm F Carr".

WILLIAM F. CARR
ATTORNEY FOR TEXACO EXPLORATION AND PRODUCTION INC.

WFC:mlh

Enc.

cc: Ronald W. Lanning

COPY

BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE AMENDED APPLICATION
OF TEXACO EXPLORATION AND
PRODUCTION INC. FOR COMPULSORY
POOLING, AN UNORTHODOX SURFACE
LOCATION AND DIRECTIONAL DRILLING
LEA COUNTY, NEW MEXICO.

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Oil Conservation Division

CASE NO. _____

AMENDED 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 (1) pooling all mineral interests in the SW/4 of Section 23, Township 26 South, Range 37 East, NMPM, Lea County, New Mexico; (2) for approval of an unorthodox surface location; and (3) for directional drilling and in support thereof states:

1. Texaco is a working interest owner in the SW/4 of Section 23 and has the right to drill thereon.
2. Texaco proposes to dedicate this spacing unit as the "project area" for its Rhodes "23" Fed. Com No. 1 Well which it seeks authority to directionally drill from an unorthodox surface location 660 feet from the South line and 1100 feet from the West line (Unit M) of Section 23, Township 26 South, Range 37 East, NMPM, Lea County, New Mexico. Texaco proposes to initially drill a vertical hole to a measured depth of

approximately 3200 feet and then, using short radius drilling techniques, directionally drill two high angle laterals along a northwesterly azimuth in the Yates formation, Rhodes Yates-Seven Rivers Gas Pool, until approximately 1392 feet of lateral distance is attained. Texaco proposes a lateral in Sand 4 of the Middle Yates of approximately 500 feet and a lateral in Sand 6 of the Middle Yates of approximately 1392 feet. The wellbore will not be closer than 660 feet to the outer boundary of the project area and the projected bottomhole location for the well at the end of the lateral distance is 1980 feet from the South line and 660 feet from the West line of said Section 23.

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 well to be drilled thereon.

WHEREFORE, Texaco Exploration and Production Inc., requests that this amended application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on November 21, 1996, and after notice and hearing as required by law, the Division enter its order (1) pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling


Amended Application.

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and after completion, including overhead charges. imposing a risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well: (2) approving an unorthodox surface location for the well 660 feet from the South line and 1100 feet from the West line of Section 23, Township 26 South, Range 37 East: and (3) authorizing the directional drilling of two high angle laterals for said well in the Yates formation until approximately 1392 feet of lateral distance is attained.

Respectfully submitted.

CAMPBELL, CARR & BERGE,
& SHERIDAN, P.A.

By: 
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ATTORNEYS FOR TEXACO EXPLORATION
AND PRODUCTION INC.