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January 5, 1999

HAND-DELIVERED

Mr. Michael E. Stogner, Hearing Examiner
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

OIL CONSERVATION DIV.
99 JAN -5 PM 3:18

Re: *Case No. 12034: Application of Matador Petroleum Corporation for approval of an unorthodox gas well location and to amend Order No. R-10872-B to approve a standard 600.01-acre gas spacing and proration unit, Eddy County, New Mexico*

Case No. 12051: Application of Texaco Exploration and Production Inc. for compulsory pooling, and unorthodox gas well location and nonstandard spacing and proration units, Eddy County, New Mexico

Dear Mr. Stogner:

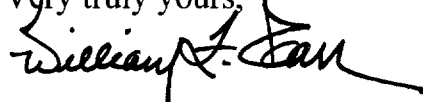
At the December 3, 1998 Examiner hearing in the above referenced consolidated cases, Texaco Exploration and Production Inc. sought a continuance of the December 3, 1998 hearing on the grounds that it had only received certain data necessary to prepare its case on the Monday prior to the hearing. Matador Petroleum Corporation opposed the continuance and was permitted to call witnesses and present its evidence. At the conclusion of the presentation of Matador's case, Texaco renewed its motion for a continuance. Matador opposed this motion and proposed that an order be entered on the December 3rd record and that the case could then be appealed to the Commission by Texaco thereby avoiding any delay in obtaining a final resolution of this matter by the administrative agency. The motion for a continuance was granted and the case continued to the January 7, 1999 Examiner Hearing docket.

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Texaco has advised me that its witnesses are unavailable for the January 7, 1999 hearing and has authorized me to request that an order be entered on the record made at the December 3, 1998 hearing. Texaco is currently attempting to settle the dispute concerning the development of this acreage with Matador. If these negotiations are successful, no further agency involvement may be required. If an agreement cannot be reached, Texaco would have to pursue this matter in a de novo appeal to the Commission but this course of action would at least avoid the additional delays about which Matador expressed concern at the December hearing.

Your attention to this request is appreciated.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr", written over the typed name.

WILLIAM F. CARR

cc: David L. Sleeper
Texaco Exploration and Production Inc.
W. Thomas Kellahin, Esq.
Ronald Horn, Esq.
Ernest Carroll, Esq.

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