

Record in Case 12105

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August 27, 1998

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

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SEP 01 1998

TO AFFECTED INTEREST OWNERS:

MARATHON OIL COMPANY
MCR LAND DEPARTMENT

Re: Application of Texaco Exploration and Production Inc. for compulsory pooling, an unorthodox gas well location and non-standard spacing and proration units, Eddy County, New Mexico

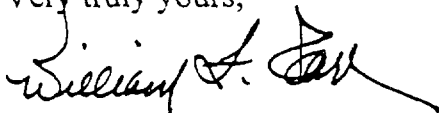
Gentlemen:

This letter is to advise you that Texaco Exploration and Production Inc. has filed the enclosed application with the New Mexico Oil Conservation Division seeking the force pooling of all mineral interests in certain non-standard gas spacing units in irregular Section 1, Township 21 South, Range 25 East, NMPM, Eddy County, New Mexico. Texaco proposes to dedicate the referenced pooled units to its Rocky Arroyo Federal Com Well No. 1 to be drilled at an unorthodox location 3200 feet from the North line and 660 feet from the West line of said Section 1.

This application has been set for hearing before a Division Examiner on September 17, 1998. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, 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.

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,



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