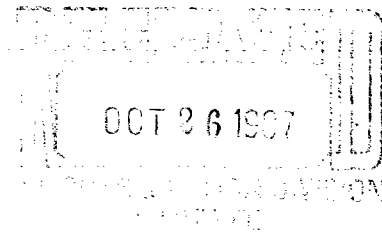




Texaco USA
Producing Department

P O Box 3109
Midland TX 79702



October 20, 1987

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Case No. 9134 - Amendment of Rule 1207(a)7

Gentlemen:

Mr. Jeff Taylor has advised me that in Case No. 9134 the Oil Conservation Division is proposing to clarify its notice rules by eliminating Rule 1207(a)7. It is understood that this case will be heard at the Commission hearing in November, 1987. Texaco Inc. agrees that this provision of the notice rules is unnecessary. In fact, the requirement to provide such notice to royalty interest owners is believed to be regulation of matters that are properly contractual between lessor and lessee, and over which the Commission should not attempt to establish jurisdiction. Texaco therefore supports the Division's proposed elimination of Rule 1207(a)7.

Yours very truly,

ALLAN W. DEES
Regulatory Compliance Manager

AWD:mg

File
Chrono