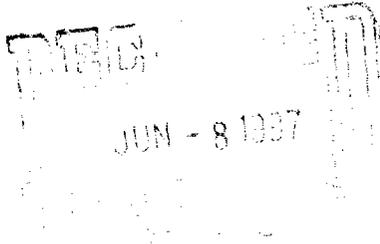


CAMPBELL & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
J. SCOTT HALL
PETER N. IVES
JOHN H. BEMIS
MARTE D. LIGHTSTONE



GUADALUPE PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

June 4, 1987

Mr. Charles High, Esq.
Kemp, Smith, Duncan & Hammond
P.O. Drawer 2800
El Paso, Texas 79999-2800

Re: Application of Texaco Producing, Inc., OCC Case Nos. 9148
and 9158

Dear Charlie:

Enclosed is a copy of the Stipulations Proposed by Texaco Producing, Inc. in the above consolidated cases. A copy of the same was also telecopied to you today.

Please let me have your thoughts on these proposed stipulations or your own proposals as soon as is convenient.

Very truly yours,

A handwritten signature in cursive script that reads "J. Scott Hall". The signature is written in dark ink and is positioned above the typed name.

J. Scott Hall

JSH/dmg

cc: William J. Lemay, Chairman
New Mexico Oil Conservation Commission

BEFORE THE
OIL CONSERVATION COMMISSION
DEPARTMENT OF ENERGY AND MINERALS

APPLICATION OF TEXACO PRODUCING, INC.
FOR PERMITS TO DRILL IN POTASH-OIL
AREA, EDDY COUNTY, NEW MEXICO

Case No. 9148
Case No. 9158

STIPULATED ISSUES

1. Texaco Producing, Inc. is the owner of State of New Mexico Oil and Gas Lease No. E-5229-4 covering Section 16, T-23 S, R-30 E, N.M.P.M., Eddy County, New Mexico (the "State Lease").

2. The State Lease is committed to the Forty-Niner Ridge Unit.

3. Western-Ag Mineral Company is the owner of State Mineral Lease No. M-19794 covering Section 16, T-23 S, R-30 E, among other lands.

4. The potash and hydro-carbon reserves underlying Section 16 are owned by the State of New Mexico and are subject to the Mineral Lease owned by Western-Ag Mineral Company and the Oil and Gas Lease owned by Texaco Producing, Inc.

5. Royalties from the production of potash and oil and gas from Section 16 would be payable to the State of New Mexico.

6. The Skelly State Forty-Niner Ridge Unit No. 1 Well located 1980' FSL and FEL of said Section 16 was completed on November 10, 1973 and has produced and is producing oil and gas.

7. All other matters are disputed by the parties.

APPROVED:

CAMPBELL & BLACK

By J. Scott Hall 6/10/87

J. Scott Hall
P.O. Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421

Attorneys/Texaco Producing, Inc.

KEMP, SMITH, DUNCAN & HAMMOND

By Approved via Telephone 6/10/87 JSH

Charles F. High
P.O. Drawer 2800
El Paso, Texas 79999-2800

Attorneys for Western-Ag
Mineral Co. and International
Minerals Chemical Corporation

BEFORE THE
OIL CONSERVATION COMMISSION
DEPARTMENT OF ENERGY AND MINERALS

APPLICATION OF TEXACO PRODUCING, INC.
FOR PERMITS TO DRILL IN POTASH-OIL
AREA, EDDY COUNTY, NEW MEXICO

Case No. 9148
Case No. 9158

CERTIFICATE OF SERVICE

I hereby certify that I mailed a copy of the foregoing
pleading to Charles High, Esq. on this 10th day of June, 1987.

Respectfully submitted:

CAMPBELL & BLACK

By J. Scott Hall
J. Scott Hall
P.O. Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421