



September 23, 1993

Amerada Hess Corporation
P. O. Box 2040
Tulsa, Oklahoma 74102

RE: Surface Commingling
W. H. Rhodes B NCT-1 Wells
W. H. Rhodes B NCT-1/Rhodes Yates Unit Lease Line Wells

Attn: Attn: R W Mullins

Texaco Exploration & Producing Inc. (TEPI) will drill three lease line wells (W. H. Rhodes B NCT-1 Well No.s 22, 26, 27) between the W. H. Rhodes B NCT-1 lease and the Rhodes Yates Unit in the very near future. TEPI proposes to surface commingle the production in the existing W. H. Rhodes B NCT-1 Tank Battery.

Approval of all Working Interest Owners is required before the NMOCD will approve this request due to the fact that the different wells have a diverse working interest ownership.

A three phase separator will be set to produce the three lease line wells. Each phase will be metered before it is commingled with the other wells on the lease. Normal regulations would also require metering the production from the other wells before commingling with the lease line wells. TEPI further proposes to meter only the lease line wells and allocate production by subtracting the metered lease line production from the total lease production. The subtraction method will result in lower equipment costs and easier accounting procedures compared to separate metering of production before commingling.

The attached AFEs will provide the equipment necessary to handle the increased production from the new non-lease line wells and separate metering for the lease line wells. These AFEs represent only the funds required to handle production on the W. H. Rhodes B NCT-1 lease. Additional AFEs will follow as infill drilling progresses.