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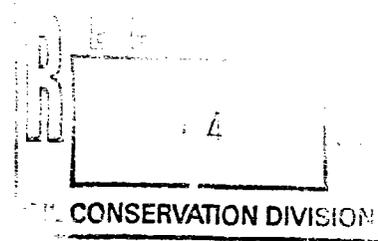
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August 14, 1995

HAND-DELIVERED

Mr. David Catanach
Hearing Examiner
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco
Santa Fe, New Mexico 87505



Re: Oil Conservation Division Case No. 11278; (Order No. R-10371):
Application of Texaco Exploration and Production Inc. for Downhole
Commingling, Lea County, New Mexico

Dear Mr. Catanach:

Since our recent discussions concerning the interpretation of the above-referenced order, I have reviewed the transcript of the May 4, 1995 hearing in Case 11278. At that time Texaco's witnesses requested a combined allowable for wells in the area which is the subject of this case, after commingling of production from the Justis-Blinebry and Justis Tubb Drinkard Pools, of 100 barrels of oil per day. As you will recall, this allowable was needed because Texaco expects total commingled production from these wells to initially exceed this amount.

Some confusion has developed as to the meaning of the provisions in this order and whether it authorizes a commingled well allowable of 100 barrels of oil per day or only 50 barrels. Therefore, a clarification of this matter is necessary to assure that Texaco's operations on this property are consistent with the Division's intentions as expressed in Order No. R-10371.

Mr. David Catanach
Hearing Examiner
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
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Your attention to this matter is appreciated.

Very truly yours,

A handwritten signature in black ink, appearing to read 'William F. Carr', written over a horizontal line.

WILLIAM F. CARR
PAUL R. OWEN
ATTORNEY FOR TEXACO EXPLORATION AND PRODUCTION INC.

WFC:mlh

cc: Mr. Charles Saddler
Texaco Exploration and Production Inc.
Post Office Box 3109
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