

Oil Conservation Division

July 20, 1995

Plains Petroleum Operating Company
415 West Wall Street, Suite 1000
Midland, Texas 79701

Attn: Dominic J. Bazile

Re: Recent Application for Expansion of Waterflood Project

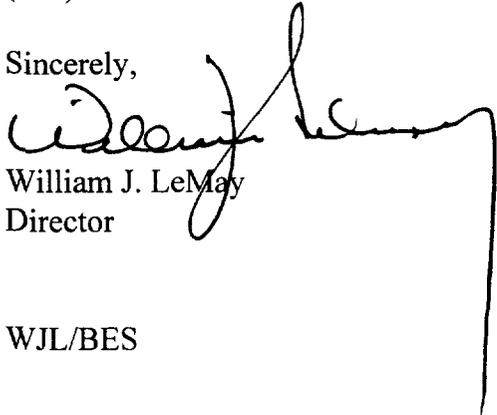
Dear Sir:

Reference is made to your application for authorization to inject into two wells in the former Teague-Simpson (McKee) Waterflood Project authorized by Division Order R-2883 on March 25, 1965. In the course of research to process the application, it was discovered that the initial wells in this project were both converted to production in approximately April, 1973. In light of the fact that no injection has occurred in more than twenty years, the Division considers the subject waterflood project to be terminated.

Should you want to continue your efforts to re-establish the project, we hereby request that the matter be set for public hearing for consideration.

If you have any questions or need additional assistance, please feel free to contact Ben Stone at (505)827-8186.

Sincerely,


William J. LeMay
Director

WJL/BES