



Texaco Exploration
and Production Inc

500 North Loraine
Midland TX 79701

P O Box 3109
Midland TX 79702

November 21, 1996

Ms. Leslyn M. Swierc
Burlington Resources Oil & Gas Company
P.O. Box 51810
Midland, Texas 79710

NM206621 - Rhodes '23' Fed. Com. No. 1 Well
Lea County, New Mexico
SW/4 Section 23, T26S, R37E

Dear Leslyn:

We have reviewed your November 19, 1996 letter regarding our proposal to drill the captioned well and your counter proposal. We have the following comments:

- Meridian Oil Inc., your predecessor in title, acquired its interest in this proration unit effective April 1, 1996 in conveyances from Doyle Hartman, et al. At that time, the acreage was subject to an Operating Agreement dated April 1, 1996 between Doyle Hartman, as Operator, and Texaco Exploration and Production Inc., et al, as Non-Operators. The agreement provided for the drilling of the Dublin Rhodes Fed. Com. with a commencement date on or before August 1, 1996. This well was never drilled by Hartman or Meridian and the Operating Agreement is no longer in effect.
- We met with you and other representatives from Burlington on August 14, 1996 regarding the drilling of a well(s) in this proration unit. At that meeting and in a subsequent telephone call we agreed to give Burlington until September 13, 1996 to propose the drilling of one horizontal or two vertical wells in the proration unit. We never heard from you regarding a proposal.
- We then proceeded with our own plans and proposed the captioned well to you and the other working interest owners on October 9, 1996.
- If Burlington does not wish to join us in the drilling of this well, we are still interested in acquiring your interest as set out in our letter of October 9, 1996. If these options are not acceptable, we will discuss any other type of trade with you.

Texaco has been attempting to get a well drilled on this acreage since August of 1995. We have given you and your predecessors in title numerous opportunities to drill and operate a well on this

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acreage. We now intend to proceed as necessary with our plans to drill and operate the captioned well.

Sincerely,



Ronald W. Lanning

RWL:

cc: William F. Carr

**BEFORE THE
OIL CONSERVATION DIVISION**
Santa Fe, New Mexico

Case No. 11656 Exhibit No. 4

Submitted by: Texaco Exploration and Production Inc.

Hearing Date: December 19, 1996