



Texaco USA
Producing Department

PO Box 3109
Midland TX 79702

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

August 25, 1988

710960 - WEST JAL "B" DEEP (67)
LEA COUNTY, NEW MEXICO
WELL NO. 1
1980' FNL AND 660' FEL SECTION 17,
T-25-S, R-36-E

BEFORE EXAMINER STOGNER	
OIL CONSERVATION DIVISION	
<u>TEXACO</u>	EXHIBIT NO. <u>3</u>
CASE NO. <u>9490</u>	

Mr. W. D. Dinwiddie
P. O. Box 302
Jal, New Mexico 88252

Dear Mr. Dinwiddie:

Texaco Producing Inc. proposes the re-entry of the captioned well in order to deepen the wellbore from the Wolfcamp formation to the Strawn formation at approximately 12,000'. The development of this property would be under an Operating Agreement with a 300% non-consent provision covering the E/2 Section 17, T-25-S, R-36-E, Lea County, New Mexico, from the surface down to the base of the Strawn formation at approximately 12,000'. Ownership of this venture would be as follows:

<u>Company</u>	<u>Acres</u>	<u>Working Interest</u>
Texaco Producing Inc.	101.08	31.58396%
W. D. Dinwiddie	100.00	31.25000%
Arco	25.59	7.99696%
Chevron U.S.A.	45.83	14.32291%
Phillips Petroleum Co.	29.17	9.11701%
Pitco Production Co.	7.64	2.38715%
Meridian Oil, Inc.	4.58	1.43229%
Sun Oil Co.	3.05	.95486%
Coates Energy Trust	1.53	.47743%
Mobil	<u>1.53</u>	<u>.47743%</u>
TOTAL	320.00	100.00000%

We are including an AFE which, in the event you elect to participate, we would appreciate your signing and returning to us. If you elect not to participate in the re-entry Texaco would like to purchase a lease on your 100 net mineral acres for \$150/acre with your retaining a 25% royalty, as discussed in our earlier conversations.

Mr. W. D. Dinwiddie

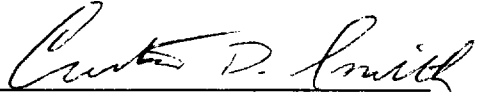
-2-

August 25, 1988

Texaco would like to commence this re-entry at an early date and would appreciate your prompt consideration and response. If there are any questions, please call.

Yours very truly,

Texaco Producing Inc.

A handwritten signature in cursive script that reads "Curtis D. Smith". The signature is written in dark ink and is positioned above a horizontal line.

Curtis D. Smith
Land Representative

CDS-ES

Enclosure

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery
↑(Extra charge)↑ ↑(Extra charge)↑

3. Article Addressed to: W. D. Dinwiddie P.O. Box 302 Jal, New Mexico 88252	4. Article Number P 750 420 134 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail Always obtain signature of addressee or agent and DATE DELIVERED.
5. Signature - Addressee <i>X W. D. Dinwiddie</i>	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent X	
7. Date of Delivery <i>8-26-88 Wed</i>	