

TXO

PRODUCTION CORP.

415 WEST WALL, SUITE 900
MIDLAND, TEXAS 79701-4468
(915) 682-7992

November 17, 1989

RECEIVED

NOV 20 '89

ARTESIA OFFICE

State Land Office
Commissioner of Public Lands
310 Old Santa Fe Trail
Santa Fe, New Mexico 87504

Attn: Jamie Bailey

RE: COMMUNITIZATION AGREEMENT
Shugart State Com. #1 Well,
Eddy County, New Mexico

Dear Mrs. Bailey:

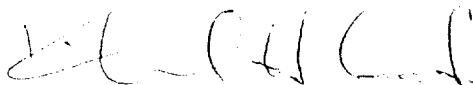
Pursuant to our conversation today, enclosed herewith you will find one (1) original and one (1) copy of a Communitization Agreement for the Shugart State Com. #1 well covering the S/2 of Section 16, T-18-S, R-31-E, N.M.P.M., Eddy County, New Mexico ("said well").

TXO Production Corp. requests that this Communitization Agreement, which has been executed by the appropriate Lessees of Record, be approved and that the existing Communitization Agreement (copy attached) for said well which covers the W/2 of Section 16, be terminated.

A revised C-102 form for the S/2 of Section 16, has been sent to M. B. Williams at the Oil Conservation Division in Artesia. A copy of said form is enclosed herewith for your information.

Your prompt attention to this request will be greatly appreciated. Please let me know if you have any questions or comments.

Sincerely,



Richard H. Coats
Landman

RHC/lc

Enclosures