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JUN 29

June 26, 1999

DXC
CASE FILE
12193

David Catanach
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Case 12193; Application of Texakoma Oil & Gas Corporation
for compulsory pooling, San Juan County, New Mexico

Dear David:

Enclosed is the original affidavit regarding overhead rates for the
above case (I previously sent you a copy).

Enclosed is a listing of interest owners and oil and gas leases
which Texakoma has made deals to acquire (either from Jerry McHugh
or Merrion Oil & Gas). I have requested correspondence from Mr.
McHugh regarding these matters, which you asked for at hearing, but
have not yet received it. However, Texakoma does not seek to pool
McHugh and his entities (Kindermac Partners or San Juan Resources),
Merrion, or any other locatable owner. We only seek to pool the
unlocatable interest owners (described on attached Exhibit 2,
submitted at hearing), and ask that the order in this case be
issued as soon as possible. Thank you.

Very truly yours,



James Bruce

Attorney for Texakoma
Oil & Gas Corporation

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF TEXAKOMA OIL & GAS
CORPORATION FOR COMPULSORY POOLING
AND AN UNORTHODOX GAS WELL LOCATION,
SAN JUAN COUNTY, NEW MEXICO.

Case No. 12193

AFFIDAVIT

STATE OF TEXAS)
) ss.
COUNTY OF DALLAS)

Craig H. Sluetz, being duly sworn upon his oath, deposes and states:


1. I am over the age of 18, and have personal knowledge of the matters stated herein.

2. I am an employee of Applicant, and I am familiar with drilling and operational matters pertaining to the proposed La Plata Well No. 7-1, which is a proposed 2000 foot Fruitland Coal test well.

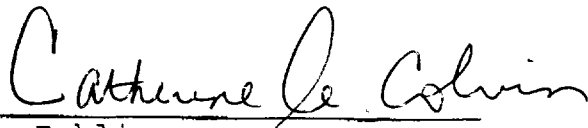
3. Applicant's proposed overhead rates for the proposed well are \$4000/month for a drilling well and \$400/month for a producing well.

4. The proposed overhead rates are reasonable, and are comparable to those charged by applicant and other operators in this area of San Juan County.

5. Overhead rates for Fruitland Coal wells are higher than for other shallow wells in San Juan County because of the large amounts of water which must be disposed of, and due to expenses related to gas compression.

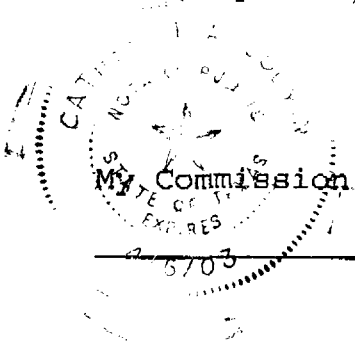

Craig H. Sluetz

SUBSCRIBED AND SWORN TO before me this 15th day of June, 1999, by Craig H. Sluetz.


Notary Public

My Commission Expires:

4/6/03



New Lease

Lessor: George Engquist
Lessee: San Juan Resources
Date: 9-1-94
Term: 5 Years
Expires: 9-1-99
Royalty: 1/8
Recorded: Book 1190, Page 715
Covers: Covers Subject Lands
Assigned: No assignment of record

Lessor: Dorothy McGuinn
Lessee: San Juan Resources
Date: 9-1-94
Term: 5 Years
Expires: 9-1-99
Royalty: 1/8
Recorded: Book 1190, Page 716
Covers: Covers Subject Lands
Assigned: No assignment of record

Old Leases

<u>Book/Page</u>	<u>Lessor:</u>	<u>Lessee:</u>
1119/798	James Earl McGuinn & Harriett L. McGuinn >	Kindermac Partners
1119/115	Barbara Ann Pohlada & Richard Pohlada >	Kindermac Partners
1118/619	Alfred S.C. McGuinn >	Kindermac Partners
1119/515	Edwin A. Templeman & Wanita B. Templeman >	Kindermac Partners
1119/797	John C. O'Conner, Jr. & Dorothy B. O'Conner, his wife >	Kindermac Partners
1119/516	Mary Henry O'Conner Pfahl & William H. Pfahl >	Kindermac Partners
1118/779	Robert W. McGuinn & Jacqueline D. McGuinn >	Kindermac Partners
1119/114	Milida May Nelson >	Kindermac Partners
1151/99	Frances F. Leroux & Bank of Oklahoma Co-Trustees of the W.E. Leroux Trust >	San Juan Resources
1024/103	Loren F. Jones, Marlene M. Davis, Lorene Kohlan, Margaret E. Wankerl & Jason Charles Wankerl, Husband & Wife >	Kindermac Partners

Heirs and Devisees of the following Persons:

Margaret McGuinn	1/16
Catherine McGuinn	1/16
Mary McGuinn Sharpsteen	1/4
And her children and grandchildren:	
Albert Sharpsteen	
William Sharpsteen	
Mary Sharpsteen Ketchum and her husband William Ketchum	
Ellen Ketchum Dapprich	
Louis Ketchum	
Russell Ketchum	
Thomas Frances McGuinn	1/36
Margaret Mary Stewart	1/36
And her children and grandchildren:	
Inez Mary Stewart	
Frances Mary Stewart	
Mary Jane Best	
Alice G. Stewart	
William Stewart	
Lucille Loretta Ledden	
Raymond J. Stewart and his wife Ethel Stewart	
Martin Joseph McGuinn	1/36
Leo Cleveland McGuinn	1/36
Total	11/24

NEW MEXICO
OIL CONSERVATION DIVISION
EXHIBIT 2
CASE NO. 12193