

BASS ENTERPRISES PRODUCTION CO.

201 MAIN ST.
FORT WORTH, TEXAS 76102-3131
817/390-8400

August 15, 2000

Texaco Exploration and Production Inc.
500 N. Loraine
Midland, Texas 79702-6513

Attention: Mr. Mike Mullins

Re: Waiver of Protest
Unorthodox Well Location
Cotton Draw Unit No. 89
Eddy County, New Mexico

Dear Mr. Mullins:

Please find attached hereto one (1) copy of your letter dated August 11, 2000, evidencing Bass' waiver of protest to the referenced well which will be drilled at an unorthodox location.

This is to verify our conversation of this date whereby Bass' waiver is conditioned upon Texaco's agreement to provide well information to Bass within thirty (30) days after Texaco's receipt thereof. The specific items to be provided from Texaco to Bass will be as follows:

1. One (1) copy of daily drilling and completion reports (to be provided after the completion of the well)
2. Complete set of logs run in the well
3. All state and federal permits and completion reports.

In the event Texaco is agreeable to providing Bass with the specified items as set forth above, please execute one (1) copy of this letter in the space provided hereinbelow and return same to the undersigned. Thank you very much.

Very truly yours,


J. Wayne Bailey

JWB:ca

ACCEPTED and AGREED this 16 day of August, 2000.

TEXACO EXPLORATION AND PRODUCTION, INC.

By: 

Title: Hobbs Asset Team Manager

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 12487 Exhibit No. 5
Submitted by:
Texaco Exploration and Production, Inc.
Hearing Date: September 7, 2000



Texaco Exploration and Production Inc.
Permian Business Unit

500 North Loraine
Midland TX 79701

P O Box 3109
Midland TX 79702

August 11, 2000

NM186150 - Cotton Draw Unit
E/2 of Section 3, T25S-R31E,
Eddy County, New Mexico
Notice and Request for Waiver
Application for Unorthodox Location
Cotton Draw Unit #89

Bass Enterprises Production Company
Attn: Mr. J. Wayne Bailey
201 Main St.
Fort Worth, Texas 76102-3131

Gentlemen:

Texaco Exploration and Production Inc. plans to apply to the New Mexico Oil Conservation Division for an unorthodox location for the Cotton Draw Unit #89 well. The well location will be 250' FSL and 1,980' FEL of Section 3, T25S-R31E, Eddy County, New Mexico, making it unorthodox to the south lease line. The Cotton Draw Unit #89 well is a Wolfcamp test and, as such, is governed by state wide rules in the Undesignated Big Sinks-Wolfcamp Gas Pool. State wide rules require that a well must be 660' from any lease line.

As a leasehold owner in the W/2 of Section 3 and in the W/2 of Section 10, T25S-R31E, Eddy County, New Mexico, you are hereby given notice of our forthcoming application. In addition, Texaco requests Bass' waiver of protest to our application for the drilling of this well.

Please sign in the space provided indicating Bass' waiver of protest and return a copy hereof to the attention of the undersigned. If you have any questions, please contact the undersigned at (915) 688-4488.

Very truly yours,

Mike Mullins
Landman

AGREED TO THIS 15th DAY OF AUGUST, 2000.

BASS ENTERPRISES PRODUCTION COMPANY

BY: _____

J. Wayne Bailey

TITLE: Division Landman



ENERGY PRODUCTION COMPANY, L.P.

20 North Broadway, Suite 1500
Oklahoma City, Oklahoma 73102-8260

Telephone: (405) 235-3611
Fax: (405) 552-8113

Tuesday, August 29, 2000

VIA FACSIMILE 915/688-4661 AND EXPRESS MAIL

Mr. Mike Mullins, Landman
Texaco Exploration and Production, Inc.
P.O. Box 3190
Midland, TX 79702

RE: Cotton Draw Unit #89
Section 3, T25S-R31E,
Eddy County, New Mexico

Gentlemen:

Devon Energy Production Company, L.P. as co-owners with Texaco in the leases covering the E/2 of Section 3 and all but one of the leases in the E/2 of Section 10 offsetting the proposed unorthodox location, fully supports the drilling of the Cotton Draw Unit #89 well at a location 250' FSL and 1,980' FEL of Section 3, T25S-R31E, Eddy County, New Mexico.

Devon concurs with Texaco that a location of 660' FSL and 1,980' FEL of Section 3 is not acceptable because in Devon's opinion because we may miss the feature in the Wolfcamp formation identified by 3-D seismic.

Please contact Ken Wilpitz at 405/228-4227 if there are any questions.

Sincerely,

DEVON ENERGY PRODUCTION COMPANY, L.P.

Kevin B. Harwi
District Land Supervisor

KBH/mtf

CONCHO RESOURCES INC.

Suite 410
110 W. Louisiana
Midland, Texas 79701

(915) 683-7443
FAX 683-7441

September 5, 2000

Texaco Exploration and Production, Inc.
500 North Loraine
Midland, Texas 79701

Attention: Mr. Mike Mullins, Landman

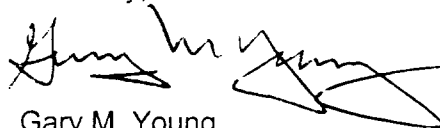
**Re: Application of Texaco Exploration
and Production Inc. for an
unorthodox gas well location**

Gentlemen:

Pursuant to notice from William F. Carr dated August 16, 2000, concerning the captioned application for an unorthodox gas well location 250' FSL and 1,980' FEL of Section 3, Township 25 South, Range 31 East, NMPM, Eddy County, New Mexico, (Texaco-Cotton Draw Unit Well No. 89), please be advised that Concho Resources Inc. hereby waives its right to protest the application for said unorthodox gas well location.

Should you have any questions in this request, do not hesitate to contact me at 915/683-7443.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary M. Young", with a stylized flourish at the end.

Gary M. Young
Land Consultant