

FORAN OIL COMPANY

SUITE 158, PECAN CREEK

8340 MEADOW ROAD

DALLAS, TEXAS 75231

(214) 373-8792

January 27, 1987

Texaco U.S.A.
Midland Operations Division
P.O. Box 3109
Midland, Texas 79702

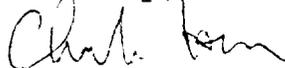
Attn. Curtis D. Smith

Re: Foran-Caudill #1-8, S/2 NW/4 Sec.8,
T-16-S, R-37-E, Lea Co., N.M.

Dear Curtis,

Enclosed please find an AFE on the above referenced well. Please sign and return this AFE if it meets with your approval. We will be requesting prepayment of dry hole costs on this well and expect to spud the second week of February. Upon receipt of the signed AFE we will forward an operating agreement covering this prospect. If you have any questions please contact me at the above number.

Sincerely,



Charles Horn
Land Manager

BEFORE EXAMINER CATANACH	
OIL CONSERVATION DIVISION	
<i>Foran</i>	EXHIBIT NO. <u>4</u>
CASE NO.	<u>9092</u>