



Texaco USA
Producing Department
Midland Division

PO Box 3109
Midland TX 79702

September 29, 1988

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

BEFORE EXAMINER STOGNER	
OIL CONSERVATION DIVISION	
TEXACO	EXHIBIT NO. 4
SE NO.	9490

EXPRESS MAIL/RRR:

Pitco Production Co.
Box 35368
Tulsa, Oklahoma 74153

Gentlemen:

According to our records, Pitco is the successor in interest to Shell Oil Company for the Oil and Gas Lease dated April 14, 1959, from Wachovia Bank and Trust Company, recorded in Book 180, Page 92, Lea County Records covering the S/2 NE/4 and NE/4 NE/4 Section 17, T-25-S, R-36-E (see attached plat).

This lease is contributed to the West Jal Unit covering among other lands the E/2 Section 17, T-25-S, R-36-E, Lea County, New Mexico. Texaco is the operator of this unit by virtue of the Operating Agreement dated February 2, 1962. We propose to recomplete/deepen the West Jal "B" Deep Well No. 1 from the Wolfcamp formation to the Strawn. In order to do this we will need to form a 320 acre proration unit, being the E/2 Section 17, T-25-S, R-36-E. There are 43 mineral owners under the S/2 NE/4 and NE/4 NE/4 Section 17, and all but five mineral owners have amended their leases to provide for pooling. The enclosed Amendment lists the four mineral owners that need to amend their leases and to expedite matters Texaco has already mailed copies of the Amendments to them for their execution. Please execute the enclosed Amendments and return them to Texaco keeping one original for your files. We will mail you an executed original from each mineral owner as they become available.

Texaco has applied for Compulsory Pooling to pool the mineral owners for the E/2 Section 17, T-25-S, R-36-E. The reason for this is the fact that one mineral owner in the SE/4 and NW/4 NE/4 Section 17 will not lease to us on reasonable terms. After we receive the Order from the Commission we will send out AFE's for partner approval. This should be in the latter part of November, 1988 since the force pool hearing is set for October 26, 1988.

Pitco Production Co.

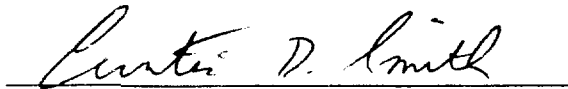
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September 29, 1988

Please execute and return the amendments at an early date and if you have any questions, please call at (915) 688-4486.

Yours very truly,

Texaco Producing Inc.

A handwritten signature in cursive script, reading "Curtis D. Smith", is written over a horizontal line.

Curtis D. Smith
Land Representative

CDS-SLB
Attachments

cc: Atlantic Richfield Company
300 N. Pecos
Midland, Texas 79701

Chevron
15 Smith Rd.
Midland, Texas 79702

Phillips Petroleum Co.
4001 Penbrook
Odessa, Texas 79762

Pitco Production Co.
Box 35368
Tulsa, Oklahoma 74153

Meridian Oil Inc.
1800 Wilco Bldg.
Midland, Texas 79701

Sun Oil Co.
Claydesta Plaza, Suite 600
Midland, Texas 79705

Coates Energy Trust
Energy Plaza II
8610 New Braunfels
San Antonio, Texas 78217

Mobil Producing Texas & New Mexico, Inc.
500 W. Illinois
Midland, Texas 79702



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September 29, 1988

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

EXPRESS MAIL/RRR:

Richard L. Cromartie, Jr.
155 Ocean Lane Dr. Apt. #509
Key Biscayne, Florida 33149

Jane Cromartie Williams
308 Lake Dr.
Clinton, North Carolina 28328

Harry E. Smith
c/o Lillian Smith Ward
300 W. 34th St.
Lumberton, North Carolina 28358

Harry Eldon Smith
827 Springs Ave.
Birmingham, Alabama 35242

Eva Graham
1300 Hwy Rt. 1, Box 307
Ash, North Carolina 28420

Ladies and Gentlemen:

Texaco Producing Inc. is the operator of the West Jal "B" Deep Well No. 1 located 1980 feet from the north line and 660 feet from the east line of Section 17, T-25-S, R-36-E, Lea County, New Mexico, see attached plat.

This well is presently producing from the Wolfcamp formation, which requires a 40 acre proration spacing unit, and is at or near its economic limit for Wolfcamp oil production. Texaco proposes recompleting/deepening the well to produce from the Strawn formation, making it a gas well. The required acreage for gas proration units in this field are 320 acres; therefore, we will be required to pool the entire E/2 Section 17 to meet the requirements for well spacing rules. Presently there are 43 mineral owners under the S/2 NE/4 and NE/4 NE/4 Section 17. All

Richard L. Cromartie, Jr.

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September 29, 1988

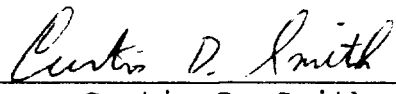
of the mineral owners have amended their Oil and Gas Leases to provide for Pooling with the exception of the addressees of this letter. In order for Texaco to recomplate this well and increase the ultimate production from your mineral ownership we will need to obtain an executed amendment from you.

Please execute the attached "Amendment to Oil and Gas Lease Authorizing Pooling" before a notary public and return to Texaco by October 5, 1988.

Your cooperation in this is appreciated and if you have any questions or comments, please call at (915) 688-4486.

Yours very truly,

Texaco Producing Inc.



Curtis D. Smith
Land Representative

CDS-SLB
Attachments

AMENDMENT TO OIL AND GAS LEASE
AUTHORIZING POOLING

STATE OF NEW MEXICO }
 } KNOW ALL MEN BY THESE PRESENTS THAT:
COUNTY OF LEA }

WHEREAS, on the 14th day of April, 1959, Wachovia Bank and Trust Company, Successor Trustee by merger to the Wilmington Savings and Trust Company, as lessor, made, executed and delivered unto Shell Oil Company, as lessee, an oil and gas lease recorded in Book 180, at Page 92 (hereinafter referred to as "said lease"), covering and applying to the following described land located in Lea County, New Mexico, to wit:

Township 25 South, Range 36 East, N.M.P.M.

Section 17: S/2 N/2, NE/4 NE/4

containing 200 acres, more or less,

hereinafter referred to as "said land"; and

WHEREAS, the undersigned owns an interest subject to said lease; and

WHEREAS, said lease is now owned by Pitco Production Company, and as between the parties hereto, it is mutually desirable and advantageous that said lease be amended in the particulars hereinafter set out;

NOW, THEREFORE, in consideration of the premises and of the bonus and rentals heretofore paid under the terms of said lease and of Ten Dollars (\$10.00) cash in hand paid to each party hereto by Pitco Production Company, and other good and valuable considerations, the receipt and sufficiency of all of which are hereby acknowledged and confessed by each and all of the parties hereto, the parties hereto agree as follows:

1. Said lease is hereby amended by incorporating the following, to wit:

"Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, lease, leases, mineral estates, or parts thereof for the production of oil or gas or either of them, or any other minerals leased. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the New Mexico Oil Conservation Commission or by other lawful authority for the pool or area in which said land is situated, plus a tolerance of 10%. Lessee shall file written designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the number of surface acres in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production

of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by lessee, as provided herein, may be dissolved by lessee by recording an appropriate instrument in the county where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit."

2. The undersigned also agree to be bound by the terms and conditions of this Amendment whether or not the same is agreed to by all of the parties owning an interest subject to said lease.

EXECUTED this 6th day of October, 1988, but effective as of October 1, 1988.

ATTEST:

Tonya Maroutsos
Tonya Maroutsos, Secretary

PITCO PRODUCTION COMPANY

BY:

Bruce D. Locke
Bruce D. Locke, President of The Prospective Investment and Trading Company, Ltd., Managing Partner

OWNER:

Henry E. Smith, by Lillian Smith Ward, his attorney-in-fact

Henry Eldon Smith

Richard L. Cromartie, Jr.

Jane Cromartie Williams

Eva Graham

of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by lessee, as provided herein, may be dissolved by lessee by recording an appropriate instrument in the county where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit."

2. The undersigned also agree to be bound by the terms and conditions of this Amendment whether or not the same is agreed to by all of the parties owning an interest subject to said lease.

EXECUTED this _____ day of _____, 1988, but effective as of October 1, 1988.

ATTEST:

PITCO PRODUCTION COMPANY

BY: _____

OWNER: *Harry E. Smith, by Lillian Smith Ward, his attorney-in-fact*

HARRY

~~Henry~~ E. Smith, by Lillian Smith Ward, his attorney-in-fact

HARRY

~~Henry~~ Eldon Smith

Richard L. Cromartie, Jr.

Jane Cromartie Williams

Eva Graham

of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by lessee, as provided herein, may be dissolved by lessee by recording an appropriate instrument in the county where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit."

2. The undersigned also agree to be bound by the terms and conditions of this Amendment whether or not the same is agreed to by all of the parties owning an interest subject to said lease.

EXECUTED this 4th day of October, 1988, but effective as of October 1, 1988.

ATTEST:

PITCO PRODUCTION COMPANY

BY: _____

OWNER:

Harry E. Smith, by Lillian
Smith Ward, his attorney-in-fact

Harry Eldon Smith



Richard L. Cromartie, Jr.

Jane Cromartie Williams

Eva Graham

of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by lessee, as provided herein, may be dissolved by lessee by recording an appropriate instrument in the county where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit."

2. The undersigned also agree to be bound by the terms and conditions of this Amendment whether or not the same is agreed to by all of the parties owning an interest subject to said lease.

EXECUTED this _____ day of _____, 1988, but effective as of October 1, 1988.

ATTEST:

PITCO PRODUCTION COMPANY

BY: _____

OWNER:

Henry E. Smith, by Lillian
Smith Ward, his attorney-in-fact

Henry Eldon Smith

Richard L. Cromartie, Jr.

Jane Cromartie Williams

Jane Cromartie Williams

Eva Graham

STATE OF Oklahoma }
COUNTY OF TULSA }

The foregoing instrument was acknowledged before me on October 6, 1988, by Bruce D. Locke, President of The Prospective Investment and Trading Company, Ltd., Managing Partner of PITCO Production Company, an Oklahoma corporation, on behalf of said corporation.

Janja Maroutas
Notary Public in and for the State
of Oklahoma

My Commission Expires: February 19, 1989

STATE OF _____ }
COUNTY OF _____ }

The foregoing instrument was acknowledged before me on _____, 1988, by _____.

Notary Public in and for the State
of _____

My commission expires: _____

STATE OF _____ }
COUNTY OF _____ }

The foregoing instrument was acknowledged before me on _____, 1988, by _____.

Notary Public in and for the State
of _____

My commission expires: _____

STATE OF _____ }
COUNTY OF _____ }

The foregoing instrument was acknowledged before me on _____, 1988, by _____.

Notary Public in and for the State
of _____

My commission expires: _____

STATE OF NEW MEXICO }
COUNTY OF LEA }

The foregoing instrument was acknowledged before me on _____, 19____, by _____ of PITCO PRODUCTION COMPANY, a _____ corporation, on behalf of said corporation.

Notary Public in and for the State
of New Mexico

My Commission Expires: _____

STATE OF North Carolina }
COUNTY OF Robeson }

The foregoing instrument was acknowledged before me on Oct 3, 1988, 1988, by Lillian Smith, Wife of Harry E. Smith. In Fact
Shirley D. Covington

Notary Public in and for the State
of North Carolina

My commission expires: 4-22-89

STATE OF _____ }
COUNTY OF _____ }

The foregoing instrument was acknowledged before me on _____, 1988, by _____.

Notary Public in and for the State
of _____

My commission expires: _____

STATE OF _____ }
COUNTY OF _____ }

The foregoing instrument was acknowledged before me on _____, 1988, by _____.

Notary Public in and for the State
of _____

My commission expires: _____

STATE OF NEW MEXICO }
COUNTY OF LEA }

The foregoing instrument was acknowledged before me on _____, 19____, by _____, _____ of PITCO PRODUCTION COMPANY, a _____ corporation, on behalf of said corporation.

Notary Public in and for the State
of New Mexico

My Commission Expires: _____

STATE OF Fla. }
COUNTY OF Dade }

The foregoing instrument was acknowledged before me on October 4th _____, 1988, by Richard L. Cromartie BRIDE AT LARGE

NOTARY PUBLIC, STATE OF FLORIDA
MY COMMISSION EXPIRES MAR. 24, 1992
BONDED THRU AGENT'S NOTARY BROKERAGE

Notary Public in and for the State
of Florida

My commission expires: March 24, 1992

STATE OF _____ }
COUNTY OF _____ }

The foregoing instrument was acknowledged before me on _____, 1988, by _____.

Notary Public in and for the State
of _____

My commission expires: _____

STATE OF _____ }
COUNTY OF _____ }

The foregoing instrument was acknowledged before me on _____, 1988, by _____.

Notary Public in and for the State
of _____

My commission expires: _____

STATE OF NEW MEXICO }
COUNTY OF LEA }

The foregoing instrument was acknowledged before me on _____, 19____, by _____ of PITCO PRODUCTION COMPANY, a _____ corporation, on behalf of said corporation.

Notary Public in and for the State
of New Mexico

My Commission Expires: _____

STATE OF _____ }
COUNTY OF _____ }

The foregoing instrument was acknowledged before me on _____, 1988, by _____.

Notary Public in and for the State
of _____

My commission expires: _____

STATE OF _____ }
COUNTY OF _____ }

The foregoing instrument was acknowledged before me on _____, 1988, by _____.

Notary Public in and for the State
of _____

My commission expires: _____

STATE OF North Carolina }
COUNTY OF Sampson }

The foregoing instrument was acknowledged before me on October 10th, 1988, by Jane Cromartie Williams.

Brenda S. Matthis
Notary Public in and for the State
of North Carolina

My commission expires: Aug. 4, 1991

STATE OF _____ }
COUNTY OF _____ }

This instrument was acknowledged before me on _____, 1988
by _____.

Notary Public in and for the State
of _____

My commission expires: _____

STATE OF _____ }
COUNTY OF _____ }

The foregoing instrument was acknowledged before me on
_____, 1988, by _____.

Notary Public in and for the State
of _____

My commission expires: _____

AMENDMENT TO OIL AND GAS LEASE
AUTHORIZING POOLING

STATE OF NEW MEXICO }
 } KNOW ALL MEN BY THESE PRESENTS THAT:
COUNTY OF LEA }

WHEREAS, on the 14th day of April, 1959, Wachovia Bank and Trust Company, Successor Trustee by merger to the Wilmington Savings and Trust Company, as lessor, made, executed and delivered unto Shell Oil Company, as lessee, an oil and gas lease recorded in Book 180, at Page 92 (hereinafter referred to as "said lease"), covering and applying to the following described land located in Lea County, New Mexico, to wit:

Township 25 South, Range 36 East, N.M.P.M.

Section 17: S/2 N/2, NE/4 NE/4

containing 200 acres, more or less,

hereinafter referred to as "said land"; and

WHEREAS, the undersigned owns an interest subject to said lease; and

WHEREAS, said lease is now owned by Pitco Production Company, and as between the parties hereto, it is mutually desirable and advantageous that said lease be amended in the particulars hereinafter set out;

NOW, THEREFORE, in consideration of the premises and of the bonus and rentals heretofore paid under the terms of said lease and of Ten Dollars (\$10.00) cash in hand paid to each party hereto by Pitco Production Company, and other good and valuable considerations, the receipt and sufficiency of all of which are hereby acknowledged and confessed by each and all of the parties hereto, the parties hereto agree as follows:

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"Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, lease, leases, mineral estates, or parts thereof for the production of oil or gas or either of them, or any other minerals leased. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the New Mexico Oil Conservation Commission or by other lawful authority for the pool or area in which said land is situated, plus a tolerance of 10%. Lessee shall file written designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the number of surface acres in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production

of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by lessee, as provided herein, may be dissolved by lessee by recording an appropriate instrument in the county where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit."

2. The undersigned also agree to be bound by the terms and conditions of this Amendment whether or not the same is agreed to by all of the parties owning an interest subject to said lease.

EXECUTED this _____ day of _____, 1988, but effective as of October 1, 1988.

ATTEST:

PITCO PRODUCTION COMPANY

BY: _____

OWNER:

Henry E. Smith, by Lillian
Smith Ward, his attorney-in-fact

Henry Eldon Smith

Richard L. Cromartie, Jr.

Jane Cromartie Williams

Eva Graham

STATE OF NEW MEXICO }
COUNTY OF LEA }

The foregoing instrument was acknowledged before me on _____, 19____, by _____, _____ of PITCO PRODUCTION COMPANY, a _____ corporation, on behalf of said corporation.

Notary Public in and for the State
of New Mexico

My Commission Expires: _____

STATE OF _____ }
COUNTY OF _____ }

The foregoing instrument was acknowledged before me on _____, 1988, by _____.

Notary Public in and for the State
of _____

My commission expires: _____

STATE OF _____ }
COUNTY OF _____ }

The foregoing instrument was acknowledged before me on _____, 1988, by _____.

Notary Public in and for the State
of _____

My commission expires: _____

STATE OF _____ }
COUNTY OF _____ }

The foregoing instrument was acknowledged before me on _____, 1988, by _____.

Notary Public in and for the State
of _____

My commission expires: _____

STATE OF _____ }
COUNTY OF _____ }

This instrument was acknowledged before me on _____, 1988
by _____.

Notary Public in and for the State
of _____

My commission expires: _____

STATE OF _____ }
COUNTY OF _____ }

The foregoing instrument was acknowledged before me on
_____, 1988, by _____.

Notary Public in and for the State
of _____

My commission expires: _____