March 28, 1985

716778 LEA COUNTY, NEW MEXICO

Lynx Petroleum Consultants, Inc. P. O. Box 1666 Hobbs, New Mexico 88241-1666

Attention: Mr. Gary W. Fonay

Gentlemen:

Reference is made to your letter dated January 15, 1985, discussing your plans for a recompletion attempt in your Geraldine Doughty No. 1 well located 2100' FWL and 1650' FSL in Section 25, T-16-S, R-36-E, Lea County, New Mexico. Your plans call for a completion attempt in the Queen with a possible dual completion in the Paddock. You requested consideration by Texaco of unitizing our lease covering the S/2 SW/4 Section 25 with your acreage in the N/2 SW/4 Section 25.

While your plans for recompleting in the Queen zone held some interest to us, the proposal as set out in your letter of January 15th was not acceptable.

You have now requested to be advised whether or not Texaco would oppose an unorthodox location for your Queen completion.

This is to advise you that Texaco would oppose such a location.

Yours very truly,

E. H. Watkins Manager - Land and Leasing Texaco Inc.

J. H. Clark

For Texaco Producing Inc.

JHC-ES