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January 24, 1996

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

William J. LeMay, Director
Energy and Minerals Department
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Re: Texaco Exploration & Production, Inc.
Compulsory Pool Application
SW/4 Section 23
T-26-S, R-37-E
Lea County, New Mexico

Gentlemen:

We are in receipt of Texaco's compulsory-pooling application covering interests (both oil & gas) as to three separate-sized tracts corresponding to the SW/4 Section 23, T-26-S, R-37-E, and Texaco's proposal to drill a 3250-foot Yates well at a location consisting of 660' FSL and 660' FWL of Section 23, T-26-S, R-37-E.

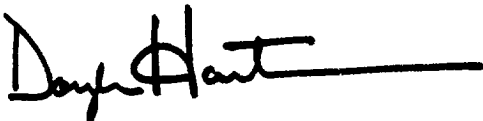
After a careful review of Texaco's recent application, we believe that Texaco's application is either deficient as to Texaco's stated reason for drilling its proposed well (oil or gas), and/or is premature by its inclusion of the E/2 SW/4 and NW/4SW/4 as part of a force pooling application. It appears that Texaco is presently asking that compulsory pooling orders be granted as to three different tract sizes (40 acres, 80 acres, 160 acres).

If it is Texaco's intent to drill and complete a Rhodes oil well, the spacing for such a well is 40 acres and the E/2 SW/4 and the NW/4SW/4 Section 23 most certainly should be excluded from any requested compulsory pooling order. Conversely, if Texaco expects to obtain a gas well, the application needs to clearly make such a statement and should request that only gas-well rights (and most certainly not oil and casinghead gas rights) be included as part of a compulsory pooling order.

So that each affected party will be afforded the opportunity to properly prepare for any compulsory pooling hearing and not be ambushed on hearing day, Texaco is obligated to state in its application its true and complete purpose for drilling its proposed well including the expected well classification and gas-oil ratio. At best, Texaco's application is highly brief and vague as to Texaco's intended purpose for drilling its proposed well. Moreover, Texaco's written proposal to Hartman and Davidson indicated that a well of not greater than 100,000-to-1 GOR (IP=500-1000 MCFPD and 10 BPD of liquids) is the expected well outcome which means that Texaco's application should cover only 40 acres (SW/4SW/4 section 23). We therefore request that no hearing date be set for Texaco's application until a comprehensive and accurate application has been filed by Texaco that provides all affected parties with precise information necessary to properly and thoroughly evaluate Texaco's position and prepare for any resulting compulsory pooling hearing.

Very truly yours,

DOYLE HARTMAN



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DH/jb

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