



Texaco Exploration and Production Inc.
Permian Business Unit

500 North Loraine
Midland TX 79701

P O Box 3109
Midland TX 79702

April 16, 2001

NMOCD

Attn: Chris Williams
1625 N French Drive
Hobbs, NM 88240

RE: Notice of Intent to Down-hole Commingle the Teague Lower Paddock/Blinbry, N. (Assoc.) Pool with the Teague Drinkard-Abo, N. Pool in the R.R. Sims "A" #9 well (API # 30 025 35051).

Dear Sir:

Texaco Exploration and Production, Inc. respectfully states its intention to down-hole commingle the Teague Lower Paddock/Blinbry, N (Assoc.) and Teague Drinkard-Abo, N. pools for the R.R. Sims "A" #9 well, as pre-approved by **Division Order No. R-11363**. We state that this commingling will not reduce the value of the total remaining production. Instead, commingling will allow our company to recover additional reserves that would not have been economically viable to capture otherwise.

The above cited well will be tested in the Teague Lower Paddock/Blinbry, N (Assoc.) (Pool Code 96314) and an established rate and pressure will be documented before DHC with the Teague Drinkard-Abo, N. pool (Pool Code 96313). Production splits will be determined from this testing based on relative proportions, as indicated in the following example:

Blinbry:	25 oil / 315 mcf	Production Splits:	68% of oil / 63% of gas
Drinkard-Abo:	12 oil / 185 mcf	Production Splits:	32% of oil / 37% of gas

The perforated intervals for each pool are as follows:

Blinbry:	5580 - 5888'
Drinkard-Abo:	6372 - 7068'

Ownership and percentages between the Teague Lower Paddock/Blinbry, N. (Assoc.) and the Teague Drinkard-Abo, N. are identical for the specified well and lease.

If you have any questions concerning this matter, please contact Denise Leake at (915) 688-4752 or myself at (915) 688-4639. Thank you in advance for your attention to this.

Sincerely,

Tim Nein
Production Engineer
Hobbs Operating Unit

cc: File