

September 27, 2000

NMOCD

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

RE: Notice of Intent to Down-Hole Commingle the Justis Blinebry Pool and Justis Tubb/Drinkard Pool in the C.C. Fristoe "B" NCT-2 #25 well.

Gentlemen:

Texaco Exploration and Production, Inc. respectfully states its intention to down-hole commingle the Justis Blinebry and Justis Tubb-Drinkard pools for the C.C. Fristoe "B" NCT-2 #25, 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 Texaco to recover additional reserves that would not have been economically viable to capture otherwise.

The above cited well will be tested in the Justis Blinebry (Pool Code 3⁴200) and an established rate and pressure will be documented before DHC with the Justis Tubb/Drinkard (Pool Code 35280). Production splits will be determined from this testing, as indicated in the following example:

Blinebry:	30 oil / 15 mcf	Production Splits:	60% of oil / 33% of gas
Tubb/Drinkard:	20 oil / 30 mcf	Production Splits:	40% of oil / 67% of gas

The perforated intervals for each pool are as follows:

Blinebry:	5084' – 5365'
Tubb-Drinkard:	5888' – 5925' & 6054' – 6208'

Ownership and percentages between the Justis Blinebry and the Justis Tubb-Drinkard 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 Denise Wann at (915) 688-2928. Thank you in advance for your attention to this.

Sincerely,

Tim Nein
Production Engineer
Hobbs Operating Unit