EXHIBIT No. 2

[From the Houston Chronicle, Houston, Tex., May 22, 1968]

TEXACO TOP OFFSHORE LEASE BIDDER

(By Tommy Thompson)

NEW ORLEANS.—Texaco Inc. and Humble Oil & Refining Co. were high bidders on 62.5 percent of the stunning $602 million offered by oil companies for offshore oil and gas leases in federal waters along the Upper Texas Gulf Coast.

Texaco, biggest spender in the sale, bid high on 20 tracts for $183,358,080, almost equalling the Interior Department's prediction of $200 million it would receive for the entire 169 tracts offered here Tuesday.

Humble, the big buyer in February's Santa Barbara Channel sale in California, bid high on only four tracts outright, but offered a whopping $88,335,360 for them. The California sale, which brought $602.7 million, set the record for such offshore leasing.

Texaco and Humble teamed on seven tracts offering $103,599,360 for them. Their combined total bids were $375 million.

Industry sources said successful bidders would have to spend another $1.5 billion to develop this rank wildcat area in the Gulf of Mexico.

Many oil men thought that the sale would go more or less according to what Shell Oil Co. did. As it turned out, things went just the opposite.

Shell, which spent $101 million the federal lease sale for offshore Louisiana last June, made 26 bids Tuesday, and was successful on only one. Shell bought Tract 302 (This is Block 289 next to Shell's productive Buccaneer Field) for $1.5 million. Only one other bid was received on this tract.

The ornate, mirror-walled grand ballroom of the Sheraton Charles Hotel was packed with about 500 oil men for the bid opening with little in the early going to indicate the bombshells that were to come.

Then the fifteenth bid, on Tract 230, was held for about 10 seconds by John Rankin, New Orleans manager for the Bureau of Land Management.

"The next bid is by Texaco for $43,528,320," he said slowly, then added, "And I'm not kidding."

This tract is in the Brazos area, about 31 miles southeast of Galveston, which turned out to be the hot spot of the sale. The tract immediately south, Tract 238 (Black 541) later drew the high bid of the sale, $43,787,520, also by Texaco.

This tract, 238, was the one that drew the most attention. The Mobil-Union of Cal.-Gulf combine bid $36.2 million on it, while the Phillips-Dow-Champlin-Bass-Cox-Clark-American Petrofina combine went to $21.2 million, Humble to $22 million and Standard Oil of Texas and Pan American to $15.7 million.

Tract 237, immediately to the west of Tract 238 and southeast of Tract 230, drew a high bid of $23.1 million from Humble.

While the Brazos area was where the action was, with 8 of the top 10 bids in that area, Texaco and Humble didn't ignore the area off Stewart Beach in Galveston.

They teamed to bid $41,529,600 on Tract 362 (Block 206 in the High Island area). Five other companies bid more than $10 million on this tract which is northeast of four dry holes drilled by Shell in Blocks 236, 237, 258 and 259.

Tract 366, also off Galveston immediately south of 362, also made the top 10 in bidding as Texaco and Humble offered $18 million for it.

Despite the fact that Interior threw in some quarter blocks of 1440 acres to give the smaller independent oilmen a chance, they had to bid high to compete.

The only independent to show considerable success was Forest Oil Corp. of San Antonio, which was high bidder on eight tracts, offering a total of $30,447,820.

While Texaco and Humble were picking off choice tracts for millions, Sun Oil Co. picked a formula and stuck with it, winding up as high bidder on 67 tracts covering 270,631 acres. Sun's total bids on this acreage was $25,966,323.

The government does not have to accept any of the bids, and a crew of about 10 were burning the midnight oil here last night. A decision on the lower bids, most of which involve Sun's formula of $129 per acre, will be made some time today.

Many oilmen felt that a percentage of Sun's bids would be thrown out, along with several other bids which were below what Interior feels is the minimum.

A missing signature on one high bid sent the 5760 acres in Tract 228 to the Superior Oil combine, which included Kerr-Mcgee, Transocean, Texas Eastern,