

CHEVRONTEXACO
PERMIAN BASIN LAND
DIVISION
CLAYDESTA/MIDLAND/TEXAS**Fax**

PLEASE	DELIVER TO: <i>Will Price</i>	From: <i>Carolyn Hargreave</i>
Fax:	<i>505-476-3462</i>	Pages: <i>3</i>
Phone:	<i>505-476-3448</i>	Phone: <i>915 687-7384</i>
Re:	<i>Royalty Int. Owners - Letter</i>	Date: <i>8-13-02</i>
IF	TRANSMISSION IS INTERRUPTED OR	RECEIVED INCOMPLETE, PLEASE CALL

☐ Urgent ☐ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

• Comments:

Texaco Exploration and Production, Inc.
Carolyn J. Haynie
Technical Assistant
Eunice Waterflood
15 Smith Road
Midland, TX 79705

July 11, 2002

ChevronTexaco

Baxter Culp 31 # 5 and
Love 32 # 3
Monument Field
NMOCD Pool (Surface) Commingling Approval
Sections 31 and 32, T19S, R37E
Lea County, New Mexico

Re: Application to Pool (Surface) Commingle Gas, Oil, & Water Production

Royalty Interest Owners:

ChevronTexaco Exploration & Production Company, formerly Chevron U.S.A. Production Company, is requesting NMOCD approval to Pool (Surface) Commingle the oil, and gas production from the Baxter Culp 31 # 5, with oil and gas production from the Love 32 # 3.

ChevronTexaco, Inc., gives notice of intent to Pool (Surface) Lease Commingle the

BAXTER CULP 31 # 5 (330' FSL & 330' FEL, S-31-T19S-R37E), and
MAY LOVE 32 # 3 (330' FSL & 2310' FEL, S-32-T19S-R37E),

into the Love 32 Battery. The Baxter Culp 31 # 5 currently produces from the Blinebry Oil pool # 6660 and the Love 32 # 3 is currently producing in the Monument-Tubb pool # 47090. The gravity of the oil produced from both the Baxter Culp 31 # 5 and the Love 32 # 3 is 34.8° API @ 60 degrees, and it is anticipated that the oil gravity will remain the same.

ChevronTexaco Exploration & Production Company is the operator of these wells with a 100% ownership.

Current daily well tests are:

Well Name	Gas, MCFD	OIL, BOPD	Water, BWPD
Baxter Culp 31 # 5	32	18	32
Love 32 # 3	20	33	40

Gas, and oil, production will be allocated to each of these wells with the use of a metering separator located at the Love 32 Commingled Battery and will be installed in accordance with applicable provisions of the NMOCD's "Manual for the Installation and Operation of

Commingling Facilities. Commingling will not reduce the actual commercial value of gas or oil sold from each lease. Permission to commingle the wells would eliminate the need for separate production facilities at the Baxter Culp 31 and Love 32, resulting in substantially lower operating costs to ChevronTexaco and will extend the economic life of the wells.

If you have any questions or concerns, please feel free to contact me at 915-687-7384.

Sincerely,



Carolyn Haynie
New Mexico Waterflood
Petroleum Engineering Technical Assistant

CC: NMOCD

Royalty Owners
Reggie Holzer
Mike Howell
Kent Coggan
Nathan Mouser
Karen Jackson
Central Files