

September 20, 1994



OCD Commissioner's Hearing
September 22, 1994, Case No. 11102
Gas Allowables For Prorated Gas Pools
New Mexico

Chevron U.S.A. Production Company
P.O. Box 1150
Midland, TX 79702

Mr. William F. Carr
Campbell, Carr, Berge & Sheridan
Suite 1 - 110 North Guadalupe
P.O. Box 2208
Santa Fe, New Mexico 87504-2208

Dear Bill,

In reference to the captioned case and OCD Commissioner's hearing, Chevron will support the Preliminary F1 Factor of 30,000 MCF per month for the Eumont (Yates 7-Rivers Queen) Prorated Gas Pool, as presented in the OCD Memorandum dated September 2, 1994. Therefore, I would request that you, on behalf of Chevron, read the following statement into record at the captioned Commissioner's hearing:

Mr. Commissioner, Chevron U.S.A. Production Company, as the principal producer in the Eumont (Pro Gas) Pool, supports the preliminary Monthly Acreage Allocation Factor (F1) of 30,000 MCF as presented in the OCD's Memorandum dated September 2, 1994.

Since March, 1994, Chevron has completed 6 workovers and 4 Re-Frac stimulations yielding a net increase of approximately 5.3 MMCF gas per day. This brings Chevron's total production of 24,672 MCF/D in March, 1994, to approximately 29,998 MCF/D in September, 1994. Further, Chevron plans to pursue 6 more Re-Frac stimulations and 3 more workovers to increase production an estimated 4 MMCF gas per day by the end of 1994.

In order to complete our 1994 development program and economically pursue a similar, already budgeted, program for 1995, Chevron requests that the proposed Monthly Acreage Allocation Factor of 30,000 MCF be adopted for the period of October, 1994 through March, 1995. Any lower allowable would have a negative economic impact, jeopardizing continuation of our development program within the Eumont (Pro Gas) Pool.

Additionally, Chevron understands that a higher allowable may be sought by other operators within the Eumont (Pro Gas) Pool and Chevron would not be opposed to a higher allowable if the Commission deems it appropriate.

We appreciate your representation of Chevron in this matter. Should you have any questions or need additional information for the benefit of the Commissioner or OCD, please let me know.

Very truly yours,

A handwritten signature in cursive script that reads "Alan W. Bohling".
Alan W. Bohling