

December 15, 1998



**Request for Exception to Rule 303-A
Downhole Commingling
Wantz-Abo Pool and
Wantz-Granite Wash Pool
Hugh No. 12
2310' FNL & 330' FEL, Unit Letter H,
Section 14, T-22-S, R-37-E
Lea County, New Mexico**

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

State of New Mexico
Energy, Minerals & Natural Resources Dept.
Oil Conservation Division
2040 S. Pacheco
Santa Fe, New Mexico 87505

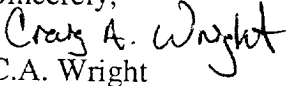
Attention: Ms. Lori Wrotenbery – Director

Dear Ms. Wrotenbery:

Chevron U.S.A. Inc. respectfully requests administrative approval for an exception to Rule 303-A to permit downhole commingling of the Wantz-Abo and Wantz-Granite Wash zones in the Hugh Well No. 12.

Currently the Hugh #12 is producing from the Wantz-Abo. The Lower Wantz-Granite Wash zone is shut-in and isolated with a CIBP. Chevron is planning a workover to complete the Upper Wantz-Granite Wash zone and combine it with existing Wantz-Abo production. The proposed downhole commingling will allow continued production of the Wantz-Abo and Wantz-Granite Wash zones to a lower economic limit, thus increasing ultimate recovery.

Enclosed is the pertinent data supporting this application as outlined in Rule 303-A. A copy of this administrative application is being provided to our offset operators via Certified Mail. If you have any questions, or if you require further information, please contact Craig Wright at (915) 687-7284.

Sincerely,

C.A. Wright
Petroleum Engineer
New Mexico Area

Attachments

Cc: NMOCD – Hobbs, NM
C.O. Blake
C.A. Wright
Central Files – Lease and Well Files