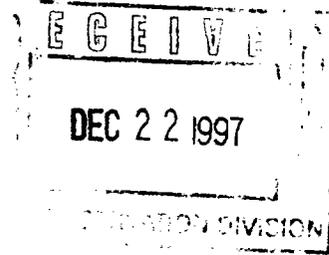


CTB 11/12/98



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

Permian Basin Production Business Unit



December 10, 1997

**Administrative Application for Surface Commingling
North Lusk-Strawn Field
Spear Federal #1
2310' FNL & 2308' FWL, Unit F, Sec. 33, T18S, R32E
Keel "A" Federal #3
2173' FNL & 2191' FEL, Unit G, Sec. 33, T18S, R32E
Lea County, New Mexico**

**State of New Mexico
Energy, Minerals & Natural Resources Department
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505**

Attention: Mr. William J. LeMay - Director

Dear Mr. LeMay:

96678

Chevron U.S.A., Inc. respectfully requests administrative approval for surface commingling of the production from the above described wells.

Spear Federal #1 is completed in North Lusk-Strawn. The IP was 168 bopd, 0 bwpd, and 396 mcfpd. The API gravity is 45.1° at 60° F. Keel "A" Federal #3 has recently been completed in North Lusk-Strawn. The IP is 430 bopd, 1 bwpd, and 706 mcfpd. The API gravity is 44.6° at 60° F.

The commingling of these three wells will allow the producing of the wells with one battery at a savings of approximately \$50,000. The oils are from the same zone and will be compatible. The value of the commingled oil will be the same as the individual oils. The working interest owners and royalty owners are the same on the two leases. Attached is a schematic diagram of the production facility.

If you have any questions, or if you require further information, please contact Lloyd Trautman at (915) 687-7152.

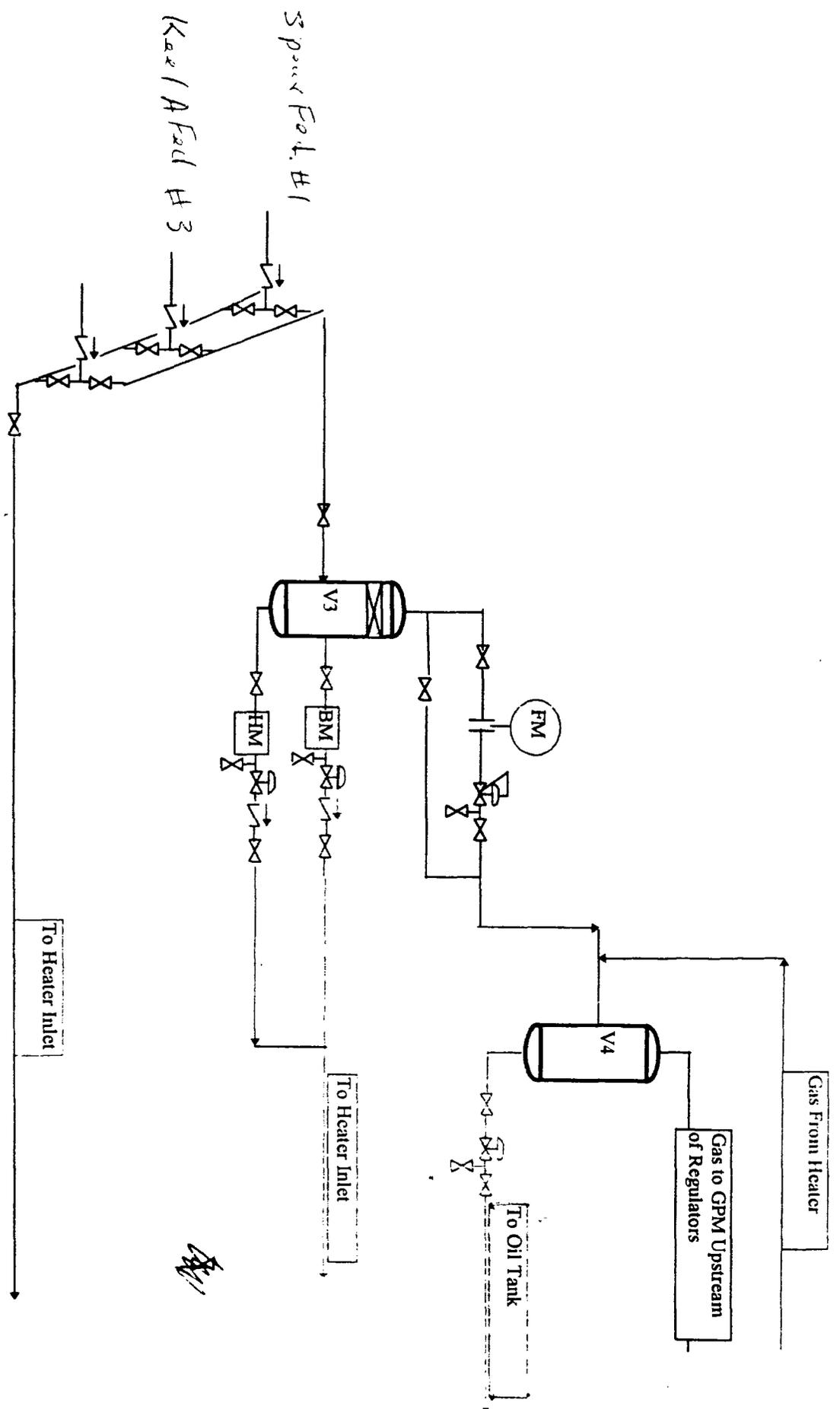
Sincerely,

A handwritten signature in black ink that reads "J. K. Ripley". The signature is written in a cursive style with a large, prominent "J" and "R".

J. K. Ripley

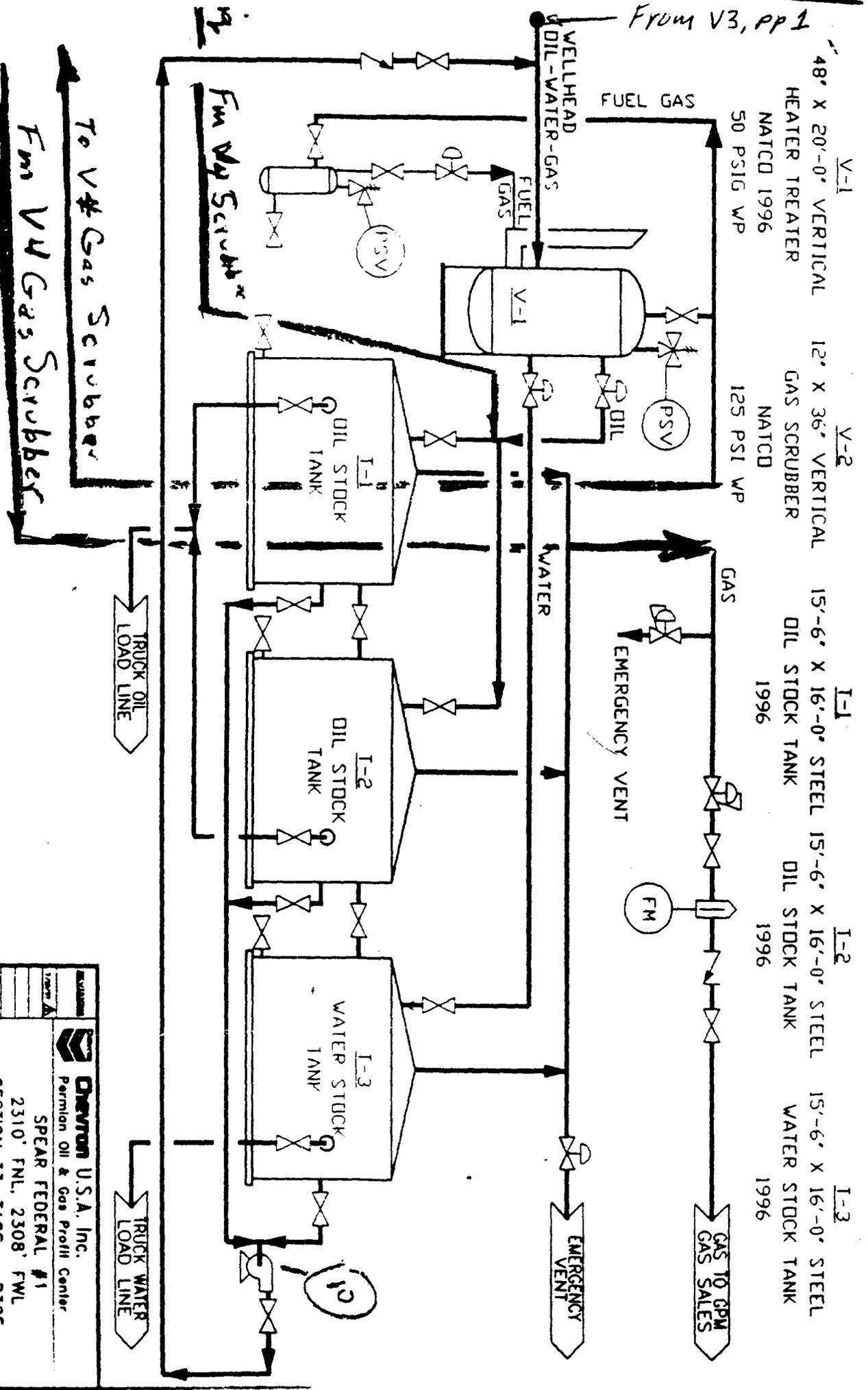
Attachments

**cc: NMOCD - Hobbs, NM
NM State Land Office - Santa Fe, NM**



Sporer Fed. H 1
 Kae / A Fed H 3

From V3, pp 1



OPERATOR:
 CHEVRON USA INC.
 P.O. BOX 1150
 MIDLAND, TX. 79702

NM 18232

CHEVRON U.S.A. Inc. Permian Oil & Gas Profit Center SPEAR FEDERAL #1 2310' FNL, 2308' FWL SECTION 33, T18S - R32E PROCESS FLOW DIAGRAM	
Leo County, New Mexico	Date: 5/19/78 Drawn by: M.L.F. Checked by: M.L.F. Scale: 1" = 10'