

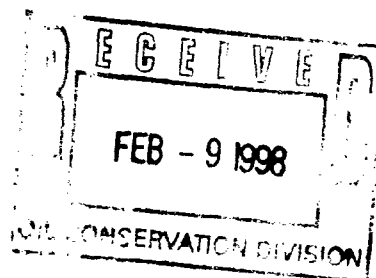
CTB 3/2/98



February 5, 1998

Administrative Application for Surface Commingling
Herradura Bend, East - Delaware Field
Quahada Ridge '31' Federal #4
990' FSL & 330' FWL, Unit M, Sec. 31, T22S, R29E
Lentini Production Battery
Lentini '1' Federal Lease, Sec. 1, T23S, R28E
Eddy County, New Mexico

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



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:

Chevron U.S.A. Inc. respectfully requests administrative approval for surface commingling of production from Quahada Ridge '31' Federal Well No. 4 with production at the Lentini '1' Federal Lease.

Quahada Ridge '31' Federal Well No. 4 is completed in the Herradura Bend, East - Delaware Field. Current production is 5 bopd, 45 bwpd, and 15 mcfpd. The API gravity is 42.8 at 60 F. Metering and allocation currently occur at the Quahada Ridge '31' Federal production battery.

Fourteen Lentini producers exist on the Lentini '1' Federal lease and all wells are completed in the Herradura Bend, East - Delaware Field. Current production is 190 bopd, 800 bwpd, and 1000 mcfpd. The average API gravity is 44.0 at 60 F. Metering and allocation occur at the Lentini '1' Federal production battery.

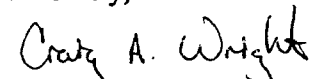
Permission to surface commingle the Quahada Ridge Well No. 4 with the Lentini producers would eliminate the need for the Quahada Ridge production battery, resulting in substantially lower operating costs to Chevron. Production from Quahada Ridge Well No. 4 would not be metered prior to leaving the Quahada Ridge lease. Oil, water, and gas production would be pumped directly from the wellhead via a flowline to the Lentini production battery. Test separation equipment located at the Lentini production battery would allow frequent and independent testing of said wells, and ensure accurate oil and gas allocations from said leases.

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 and royalty interest is the same on the two leases; only the overriding royalty interest varies.

A copy of this administrative application is being provided to the overriding royalty interest owners via Certified Mail. Attached is a schematic diagram of the Lentini '1' Federal production battery and a C-102 plat illustrating the well location of the Quahada Ridge '31' Federal Well No. 4. Also included is a copy of the letter sent to the overriding royalty interest owners.

If you have any questions, or if you require further information, please contact Craig Wright at (915)687-7284.

Sincerely,


C.A. Wright

Attachments

cc: NMOCD - Artesia, NM
NM State Land Office - Santa Fe, NM
NM BLM Office - Carlsbad, NM
NM BLM Office - Roswell, NM
A.G. Danhof
B.A. Foster
N.V. Mouser
R.M. Vaden
C.A. Wright

MAR 23 1998



02:04PM CHEVRON MIDLAND
Chevron U.S.A. Production Company
P.O. Box 1150, Midland, TX 79702

P.1/2

PLEASE DELIVER TO:

Name: Ben Stone

Room #: NMOCD

Location: Santa Fe, NM

Fax #: (505) 827-1389

THIS FAX IS FROM:

Craig Wright

Chevron

Midland, TX

Ph. # (915) 687-7284

The total number of pages, including cover page are: 2

PERMIAN GAS /OIL PROFIT CENTER

TEXAS - NEW MEXICO

ROOM 2204

FAX. # (915) 687-7905 or CTN 687-7905

Ben -

Per our conversation earlier this
morning... amendment to surface commingling
of Quahada Ridge & Lentini production.

Thanks,

Craig

468



March 23, 1998

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

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

Attention: Mr. Ben Stone

**RE: Amendment to Administrative Application for Surface
Commingling of Quahada Ridge '31' Federal and Lentini '1'
Federal Production.**

Dear Mr. Stone:

On February 5, 1998, Chevron U.S.A. Inc. submitted an administrative application requesting approval to surface commingle production from Quahada Ridge '31' Federal Well No. 4 with production at the Lentini '1' Federal Lease.

The original administrative application stated that test separation equipment located at the Lentini production battery would be utilized to "allocate" oil & gas production to the Quahada Ridge Well No. 4. Due to a diversity in overriding royalty interest between the two federal leases, Chevron now realizes that oil & gas production must be "metered" rather than "allocated".

To accomplish independent metering of the Quahada Ridge and Lentini lease, Chevron now proposes to continuously produce & meter Quahada Ridge Well No. 4 through an existing, inactive 4' x 10' vertical production separator located at the Lentini battery. Lentini production will continue to be metered through the bulk separator and two test separators.

Chevron apologizes for the oversight and appreciates your review of this amendment.

If you have any questions, please contact Craig Wright (915)687-7284.

Sincerely,

A handwritten signature in dark ink that reads "Craig A. Wright".
Craig A. Wright

District I
PO Box 1908, Hobbs, NM 88241-1908
District II
PO Drawer DD, Aramis, NM 88211-0719
District III
1008 Rio Brann Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-045-27533	Pool Code 30670	Pool Name Herradura Bend, East Delaware
Property Code	Property Name Lentini '1' Federal	Well Number 1
OGED No. 4323	Operator Name Chevron USA Inc	Elevation 3063' GL

10 Surface Location

UL of lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	1	23S	28E		500'	North	400'	West	Eddy

11 Bottom Hole Location If Different From Surface

UL of lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Ditch: 1 Acre 12 Joles or Infill 13 Consolidation Code 14 Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

17 OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature Craig A. Wright
Printed Name Craig A. Wright
Title Petroleum Engineer
Date 4-14-98

18 SURVEYOR CERTIFICATION
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey _____
Signature and Seal of Professional Surveyor _____
Certificate Number _____

District I
PO Box 1988, Hobbs, NM 88241-1988
District II
PO Drawer DD, Artesia, NM 88211-8719
District III
1000 Rio Grande Rd., Aztec, NM 87410
District IV
PO Box 1088, Santa Fe, NM 87504-2088

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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-045-27535	Pool Code 30670	Pool Name Herradura Bend, East Delaware
Property Code	Property Name Lentini '1' Federal	Well Number 3
OGRID No. 4323	Operator Name Chevron USA Inc.	Elevation 3067' GL

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
E	1	23S	28E		1825'	North	900'	West	Eddy

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

12 District	1 Acre	13 Joint or Infill	14 Consolidation Code	15 Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	17 OPERATOR CERTIFICATION			
	I hereby certify that the information contained herein is true and correct to the best of my knowledge and belief.			
	Signature: <u>Craig A. Wright</u> Printed Name: <u>Craig A. Wright</u> Title: <u>Petroleum Engineer</u> Date: <u>4-14-98</u>			
	Date			
	18 SURVEYOR CERTIFICATION			
	I hereby certify that the well location shown on this plat was placed from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.			
	Date of Survey			
	Signature and Seal of Professional Surveyor			
	Certificate Number			

District I
PO Box 1700, Hobbs, NM 88241-1900
District II
PO Drawer DD, Aramis, NM 88211-0719
District III
1000 Rio Grande Rd., Alamogordo, NM 87610
District IV
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WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-045-27594	Pool Code 30670	Pool Name Herradura Bend, East Delaware
Property Code	Property Name Lentini '1' Federal	Well Number 4
OGED No. 4323	Operator Name Chevron USA Inc.	Elevation 3111' GL

10 Surface Location

UL of lot no.	Section	Township	Range	Lot Ids	Feet from the	North/South line	Feet from the	East/West line	County
B	1	23S	28E		330'	North	2310'	East	Eddy

11 Bottom Hole Location if Different From Surface

UL of lot no.	Section	Township	Range	Lot Ids	Feet from the	North/South line	Feet from the	East/West line	County

12 District	1 Acres	13 Joint or 1a/1b	14 Consolidation Code	15 Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16		17 OPERATOR CERTIFICATION
		I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature: <u>Craig A. Wright</u> Printed Name: <u>Craig A. Wright</u> Title: <u>Petroleum Engineer</u> Date: <u>4-14-98</u>
		18 SURVEYOR CERTIFICATION
		I hereby certify that the well location shown on this plat was placed from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Date of Survey: Signature and Seal of Professional Surveyor:

District I
PO Box 1988, Hobbs, NM 88241-1988
District II
PO Drawer DD, Artesia, NM 88211-9719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

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WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-27565	Pool Code 30670	Pool Name Herradura Bend, East Delaware
Property Code	Property Name Lentini "1" Federal	Well Number 5
OGRID No. 4323	Operator Name Chevron USA Inc.	Elevation 3067' GL

10 Surface Location

UT or lot no.	Section	Township	Range	Lot Ids	Feet from the	North/South line	Feet from the	East/West line	County
F	1	23S	28E		1650'	North	1725'	West	Eddy

11 Bottom Hole Location If Different From Surface

UT or lot no.	Section	Township	Range	Lot Ids	Feet from the	North/South line	Feet from the	East/West line	County

12 District 1 Acres 13 Joint or Infill 14 Consolidation Code 15 Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature <u>Craig A. Wright</u> Printed Name <u>Craig A. Wright</u> Title <u>Petroleum Engineer</u> Date <u>4-14-98</u>
18	19 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Date of Survey _____ Signature and Seal of Professional Surveyor _____ CERTIFICATE NUMBER _____

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PO Box 1988, Hobbs, NM 88241-1988
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District III
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WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-27569	Pool Code 30670	Pool Name Herradura Bend, East Delaware
Property Code	Property Name Lentini '1' Federal	Well Number 9
OGRID No. 4323	Operator Name Chevron USA Inc.	Elevation 3034' GL

10 Surface Location

UL or loc no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
L	1	23S	28E		2060'	South	900'	West	Eddy

11 Bottom Hole Location If Different From Surface

UL or loc no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

12 District	1 Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
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	Signature: <u>Craig A. Wright</u> Printed Name: <u>Craig A. Wright</u> Title: <u>Petroleum Engineer</u> Date: <u>4-14-98</u>			
	18 SURVEYOR CERTIFICATION			
	I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.			
	Date of Survey: _____ Signature and Seal of Professional Surveyor: _____ Certificate Number: _____			

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PO Box 1988, Hobbs, NM 88241-1988
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WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-045-27570	Pool Code 30670	Pool Name Herradura Bend, East Delaware
Property Code	Property Name Lentini '1' Federal	Well Number 10
OGUID No. 4323	Operator Name Chevron USA Inc.	Elevation 3039' GL

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	1	23S	28E		2310'	South	1750'	West	Eddy

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 District	13 Acres	14 Joint or Infill	15 Consolidation Code	16 Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
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					18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

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PO Box 1900, Hobbs, NM 88241-1900
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WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-045-27571	Pool Code 30670	Pool Name Herradura Bend, East Delaware
Property Code	Property Name Lentini '1' Federal	Well Number 11
OGRED No. 4323	Operator Name Chevron USA Inc.	Elevation 3052' GL

10 Surface Location

UL of sec. no.	Section	Township	Range	Lot Ids	Feet from the	North/South line	Feet from the	East/West line	County
J	1	23S	28E		2310'	South	2160'	East	Eddy

11 Bottom Hole Location If Different From Surface

UL of sec. no.	Section	Township	Range	Lot Ids	Feet from the	North/South line	Feet from the	East/West line	County

12 Dunes	1 Acres	13 Joint or (a)ll	14 Consolidation Code	15 Order No.

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16					17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and correct to the best of my knowledge and belief. Craig A. Wright Signature Craig A. Wright Printed Name Petroleum Engineer Title 4-14-98 Date
					18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was placed from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Date of Survey Signature and Seal of Professional Surveyor CERTIFICATE NUMBER
	#11 2310' 2160'				

District I
PO Box 1700, Hobbs, NM 88241-1700
District II
PO Drawer DD, Artesia, NM 88211-9719
District III
1000 Rio Brueh Rd., Aztec, NM 87410
District IV
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WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-045-28228	Pool Code 30670	Pool Name Herradura Bend, East Delaware
Property Code	Property Name Lentini '1' Federal	Well Number 13
OGRIID No. 4323	Operator Name Chevron USA Inc.	Elevation 3025' GL

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South Line	Feet from the	East/West Line	County
M	1	23S	28E		990'	South	900'	West	Eddy

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South Line	Feet from the	East/West Line	County

12 District	1 Acres	12 Joint or (a)id	13 Consolidation Code	14 Order No.

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16 Diagram showing well location #13 at the intersection of 900' lines.	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature: <u>Craig A. Wright</u> Printed Name: <u>Craig A. Wright</u> Title: <u>Petroleum Engineer</u> Date: <u>4-14-98</u>	
	18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was placed from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Date of Survey: Signature and Seal of Professional Surveyor:	
	Certification Number:	

District I
PO Box 1908, Hobbs, NM 88241-1908
District II
PO Drawer DD, Artesia, NM 88211-4719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
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PO Box 2088, Santa Fe, NM 87504-2088

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WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-045-28229	Pool Code 30670	Pool Name Herradura Bend, East Delaware
Property Code	Property Name Lentini '1' Federal	Well Number 14
OGRIID No. 4323	Operator Name Chevron USA Inc.	Elevation 3034' GL

10 Surface Location

UL or loc. no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	1	23S	28E		990'	South	1750'	West	Eddy

11 Bottom Hole Location If Different From Surface

UL or loc. no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 District	1 Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

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					18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Date of Survey Signature and Seal of Professional Surveyor

District I
PO Box 1988, Hobbs, NM 88241-1988
District II
PO Drawer DD, Artesia, NM 88211-8779
District III
1008 Rio Brazos Rd., Aztec, NM 87418
District IV
PO Box 2088, Santa Fe, NM 87504-2088

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WELL LOCATION AND ACREAGE DEDICATION PLAT

AFT Number 30-045-28437	Pool Code 30670	Pool Name Herradura Bend, East Delaware
Property Code	Property Name Lentini 11d Federal	Well Number 19
OGRID No. 4323	Operator Name Chevron USA Inc.	Elevation 3018' GL

10 Surface Location

UT or loc. no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	12	23S	28E		330'	North	2050'	West	Eddy

11 Bottom Hole Location if Different From Surface

UT or loc. no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Delineation	13 Acres	14 Joint or 15/18	16 Consolidation Code	17 Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and correct to the best of my knowledge and belief. Signature: <u>Craig A. Wright</u> Printed Name: <u>Craig A. Wright</u> Title: <u>Petroleum Engineer</u> Date: <u>4-14-98</u>			
	18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Date of Survey: Signature and Seal of Professional Surveyor:			
	CERTIFICATE NUMBER			

District I
PO Box 1908, Hobbs, NM 88241-1908
District II
PO Drawer 00, Artesia, NM 88211-0719
District III
1000 Rio Bravo Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

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WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-045-28475	Post Code 30670	Pool Name Herradura Bend, East Delaware
Property Code	Property Name Lentini '1' Federal	Well Number 22
OGRID No. 4323	Operator Name Chevron USA Inc.	Elevation 3100' GL

10 Surface Location

UL or loc. no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
C	1	23S	28E		990'	North	2310'	West	Eddy

11 Bottom Hole Location If Different From Surface

UL or loc. no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

12 Division 1 Acre 12 Joint or 12/12 12 Commencement Code 12 Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature <u>Craig A. Wright</u> Printed Name <u>Craig A. Wright</u> Title <u>Petroleum Engineer</u> Date <u>4-14-98</u>
	18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Date of Survey Signature and Seal of Professional Surveyor CERTIFICATE NUMBER

District I
PO Box 1900, Hobbs, NM 88241-1900
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Bravo Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-27836	Pool Code 30670	Pool Name Herradura Bend, East Delaware
Property Code :	Property Name Quahada Ridge "31" Federal	Well Number 4
OGRID No. 4323	Operator Name Chevron U.S.A. Inc.	Elevation 3135' GL

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South Line	Feet from the	East/West Line	County
M	31	22S	29E		990'	South	330'	West	Eddy

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South Line	Feet from the	East/West Line	County
12 Dedication Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16					17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief Tanya Kerley Signature Tanya Kerley Printed Name Office Assistant Title 11-18-97 Date
					18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by

February 5, 1998

Administrative Application for Surface Commingling
Herradura Bend, East - Delaware Field
Quahada Ridge '31' Federal #4
990' FSL & 330' FWL, Unit M, Sec. 31, T22S, R29E
Lentini Production Battery
Lentini '1' Federal Lease, Sec. 1, T23S, R28E
Eddy County, New Mexico

Ladies/Gentlemen:

This is to inform you as an overriding royalty interest owner that Chevron U.S.A. Inc. has applied for administrative approval for surface commingling of production from Quahada Ridge '31' Federal Well No. 4 with production at the Lentini '1' Federal Lease.

Quahada Ridge '31' Federal Well No. 4 is completed in the Herradura Bend, East - Delaware Field. Current production is 5 bopd, 45 bwpd, and 15 mcfpd. The API gravity is 42.8 at 60 F. Metering and allocation currently occur at the Quahada Ridge '31' Federal production battery.

Fourteen Lentini producers exist on the Lentini '1' Federal lease and all wells are completed in the Herradura Bend, East - Delaware Field. Current production is 190 bopd, 800 bwpd, and 1000 mcfpd. The average API gravity is 44.0 at 60 F. Metering and allocation occur at the Lentini '1' Federal production battery.

Permission to surface commingle the Quahada Ridge Well No. 4 with the Lentini producers would eliminate the need for the Quahada Ridge production battery, resulting in substantially lower operating costs to Chevron. Production from Quahada Ridge Well No. 4 would not be metered prior to leaving the Quahada Ridge lease. Oil, water, and gas production would be pumped directly from the wellhead via a flowline to the Lentini production battery. Test separation equipment located at the Lentini production battery would allow frequent and independent testing of said wells, and ensure accurate oil and gas allocations from said leases.

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.

Attached is a schematic diagram of the Lentini '1' Federal production battery and a C-102 plat illustrating the well location of the Quahada Ridge '31' Federal Well No. 4.

If you have any questions, or if you require further information, please contact Craig Wright at (915)687-7284.

Sincerely,

C.A. Wright

Overriding Royalty Interest Owners:

Collins & Ware Inc.
508 W. Wall St.
Suite 1200 Empire Plaza
Midland, TX 79701-5076

A. Charles Lentini
369 South West
28th Road
Miami, Florida 33129

COUNTY

POOL

TOWNSHIP

RANGE

NMPM

6	5	4	3	2		
7	8	9	10	11	12	
18	17	16	15	14	13	
19	20	21	22	23	24	
30	29	28	27	26	25	
31	32	33	34	35	36	

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22

2-NE NW
15 NWNW
18 NWNW
12

LENTINI
FEDERAL
LEASE

