



APR \_ 8 1998

State of New Mexico  
Commissioner of Public Lands

OIL CONSERVATION DIVISION

RAY POWELL, M.S., D.V.M.  
COMMISSIONER

310 OLD SANTA FE TRAIL P.O. BOX 1148

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SANTA FE, NEW MEXICO 87504-1148

April 6, 1998

Chevron USA Production Company  
P.O. Box 1150  
Midland, Texas 79702

Attn: Mr. Mickey F. Cohlma

Re: Surface Commingling Application  
Cable '26' Lease Well Nos. 1 and 2  
Unit Letters B and D, Section 26- 25S-26E  
Marquardt Federal Lease Well Nos. 4 and 7  
Unit Letters L and N, Section 1-25S-26E  
Murchison '2' State Lease Well Nos. 1, 2, and 4  
Unit Letters A, H and I, Section 2-25S-26E  
White City '6' Federal Well No. 1  
Unit Letter L, Section 6-25S-27E  
Murchison '2' Production Battery  
Eddy County, New Mexico

Dear Mr. Cohlma:

We are in receipt of your application dated March 24, 1998, wherein you have requested our approval to surface commingle the production from the above wells.

We understand that production from the subject wells will be commingled and stored at the Murchison '2' State Lease tank battery located in Section 2-25S-26E, State Lease No. L-896-2.

Since it appears that there will be no loss of revenue to the State of New Mexico's beneficiaries as a result of your proposed operation, your request is hereby approved. Any deviation from the substance of your request will be sufficient grounds for rescinding our approval. Our approval is given with the understanding that the Commissioner of Public Lands reserves the right to amend or withdraw his approval, should this operation prove to be unprofitable to the state at any time in the future. Also, our approval is subject to like approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

Please submit a copy of the New Mexico Oil Conservation Division's approval.

Your \$30.00 filing fee has been received.

Chevron USA Production Company  
Page 2  
April 6, 1998

Please notify Ms. Debra Padilla of our Right-of-Way Section for further information regarding an easement through Section 2-25S-26E. Ms. Padilla's telephone number is 827-5729.

Please also contact Mr. Joe Lopez of our Commercial Resources Division at 827-4003 regarding a possible business lease on the tank battery site in Section 2-25S-26E.

Our approval is contingent upon Chevron obtaining all required easements.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.  
COMMISSIONER OF PUBLIC LANDS

BY:   
JAMI BAILEY, Director  
Oil, Gas and Minerals Division  
(505) 827-5744

RP/JB/cpm  
Enclosure  
Reader File  
Debra Padilla

OCD--Attention: David Catanach and Ben Stone  
Joe Lopez