



State of New Mexico
Commissioner of Public Lands

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PATRICK H. LYONS
COMMISSIONER

COMMISSIONER'S OFFICE

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www.nmstatelands.org

January 8, 2003

ChevronTexaco Exploration & Production Inc.
15 Smith Road
Midland, Texas 79705

Attention: Ms. Carolyn Haynie

Re: Application for Surface Pool Lease Commingling
New Mexico "DF" State Lease
All, Section 32-21S-23E
New Mexico "DF" State Com Well No. 1
Unit Letter J, Indian Basin-Upper Penn Gas Pool
New Mexico "DF" State Com Well No. 3
Unit Letter G, Indian Basin-Upper Penn Gas Pool
New Mexico "DF" State Com Well No. 4
Unit Letter J, Southeast Loafer Draw-Morrow Gas Pool
Federal "33" Gas Com Lease
All, Section 33-21S-23E
Federal "33" Gas Com Well No. 1
Unit Letter J, Indian Basin-Upper Penn Gas Pool
Federal "33" Com Well No. 2
Unit Letter G, Indian Basin-Upper Penn Gas Pool
Federal "33" Gas Com Well No. 3
Unit Letter G, Indian Basin-Upper Penn/Southeast Loafer Draw-Morrow Gas Pools
Eddy County, New Mexico

Dear Ms. Haynie:

We are in receipt of your application of November 22, 2002. Your application requests our approval to surface commingle the oil, gas and water production from the New Mexico "DF" State Com Wells #1, #3 and #4 with the Federal 33 Com Wells # 1, #2, and the new well #3 which is currently being drilled.

It is our understanding the production from the New Mexico DF State Wells and the Federal 33 Com Wells will be separately and accurately measured prior to commingling.

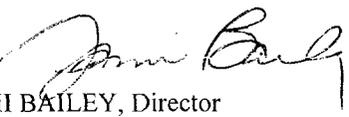
Since it appears that all the New Mexico Oil Conservation Division's rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request is hereby approved. Our approval is subject to like approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

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Your \$30.00 filing fee has been received. If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

PATRICK H. LYONS
COMMISSIONER OF PUBLIC LANDS

BY: 

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

PL/JB/pm

pc: Reader File,
OCD-Attention: David Catanach
BLM-Roswell Attn: Mr. Les Babyak