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JAN 29 2008

Bureau of Land Management  
Farmington Field Office

MidContinent SBU  
Chevron North America  
Exploration and Production Company  
P. O. Box 36366  
Houston, TX 77236

December 23, 2008

Via Certified Mail 7004 2510 0004 5412 6395

Bureau of Land Management  
Attn: Margie Dupree  
1235 La Plata Highway, Suite A  
Farmington, New Mexico 87401

RE: Proposed DHC Commingling  
Pictured Cliffs/Mesaverde/Dakota  
Rincon Unit: Well # 166E  
API NO. 30-039-25483  
Unit F, Sec 32 T27N, R6W  
Rio Arriba County, New Mexico

RCVD JAN 8 '09

OIL CONS. DIV.  
DIST. 3

*DHC 1784 2/24/1998*

Dear Ms. Dupree,

Unocal, our predecessor operator, applied for and received approval to down hole commingle production from the Mesaverde and Dakota formations in Well #166E Rincon Unit [Administrative Order DHC-1784]. Chevron Midcontinent, L. P. has recently applied to the NMOC for approval to DHC production from the Pictured Cliffs formation as well. All production from this well is located inside their respective Participating Areas of the Rincon Unit, making the ownership common. We are required to notify the United States Bureau of Land Management, as well as all offset operators of the proposed commingling. Under the Rincon Unit 2008 Plan of Development the above referenced well was included as potential commingling zone add. The attached plat indicates the location of the well and also identifies the two offset operators being notified by certified mail of even date.

The Rincon Unit No. 166E well was drilled and completed as a Dakota and Mesaverde well in 1995 as a dual completion (two tubing strings). Later in 1998, the Pictured Cliffs formation was added to the wellbore, and the well was completed as a dual completion with the Dakota and Mesaverde producing from one tubing string and the Pictured Cliffs producing from another. Chevron MidContinent proposes down hole commingling the three zones and producing them through one string of tubing. Considering the current reservoir and wellbore conditions this is the best way to economically produce this well and capture the remaining reserves.

Should you have any questions please feel free to call Michael Murray, petroleum engineer, for the project: Phone: 281-561-3857.

Sincerely,

Greg P. Davis  
Contract Landman  
Midcontinent SBU  
281-561-4897

ACCEPTED FOR RECORD

JAN 07 2009

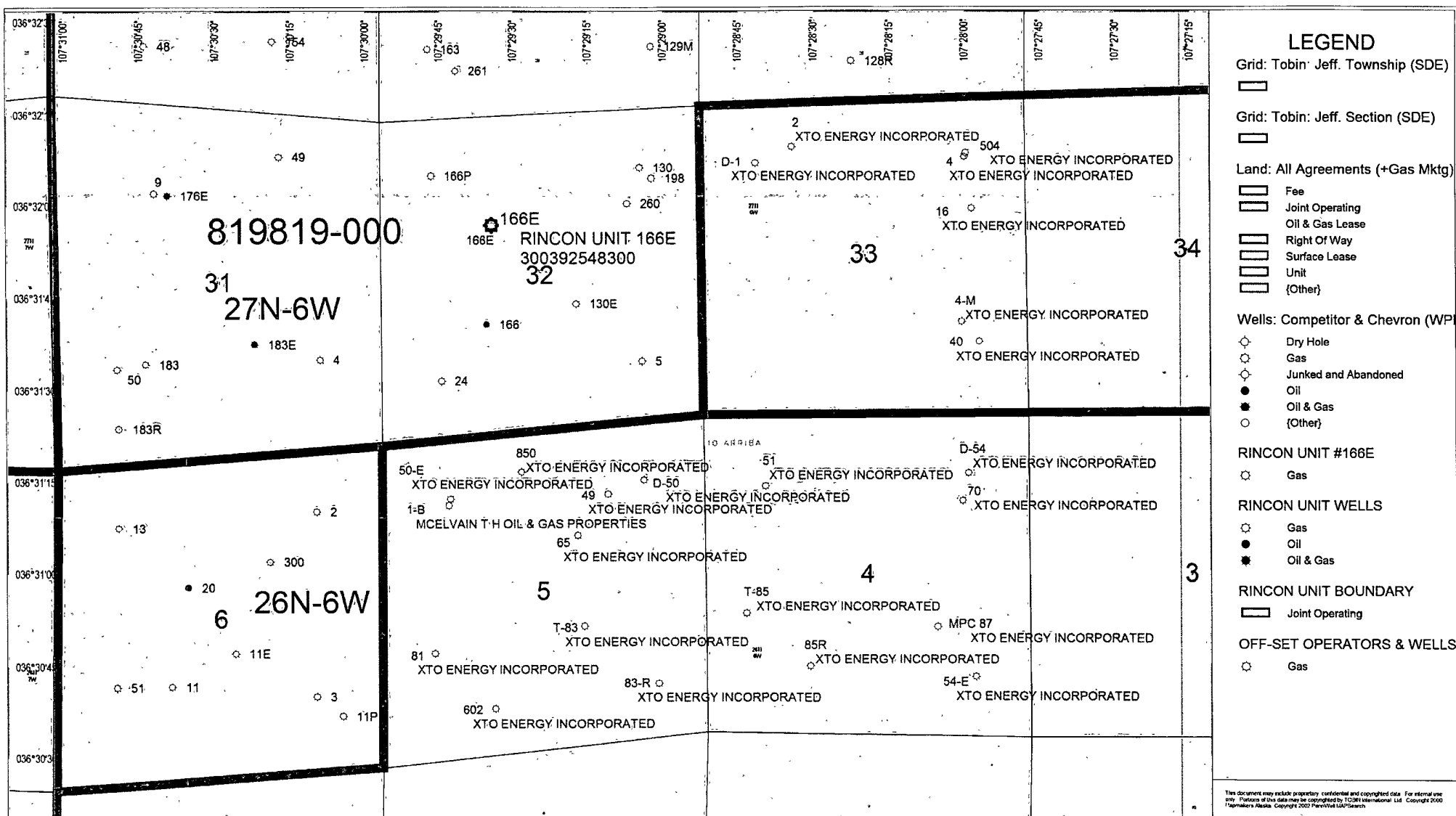
FARMINGTON FIELD OFFICE

*Joe Hewitt*

NMOC

**OFFSET OPERATORS:**

- 1) XTO ENERGY, INC                      CERTIFIED MAIL 7004 2510 0004 5412 6401  
382 ROAD 3100  
AZTEC NM 87410
  
- 2) MCELVAIN OIL & GAS PROPERTIES, INC.      CERTIFIED MAIL 7004 2510 0004 5412 6418  
1050 17th Street, Ste 1800  
DENVER CO 80265



**RIO ARRIBA COUNTY, NEW MEXICO**

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