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PATRICK H. LYONS  
COMMISSIONER

2008 AUG 14 PM 12:44

*State of New Mexico*  
*Commissioner of Public Lands*

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COMMISSIONER'S OFFICE

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August 12, 2008

Chevron MidContinent, L.P.  
15 Smith Road  
Midland, TX 79705

Attention: Ms. Carolyn Haynie

Re: Pool Lease Commingling  
State "DC" Commingled Battery  
Lot 2, Sec. 19-21S-37E  
Lea County, New Mexico

Dear Ms. Haynie:

We are in receipt of your letter of July 23, 2008 notifying this office of your intent to surface commingle the oil and gas production from the Blinebry, Drinkard, and Penrose Skelly Grayburg formations for the following wells at the State "DC" Battery.

State DC #3, API # 30-025-34401, (F) Sec. 19-21S-37E, Lease No. B-1040-6.  
State DC # 4, API # 30-025-34510 (Lot 2) Sec. 19-21S-37E, Lease No. B-1040-6.  
Harry Leonard J #5, API # 30-025-38789 (A) Sec. 24-21S-36E, Lease No. B-1732-1

It is our understanding that Chevron will run a flowline from the Harry Leonard J# 5 in Section 24 to the State "DC" Battery (Section 19) connecting to a dedicated 3-phase separator with meters for oil and gas.

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.

Please submit a \$30.00 dollar filing fee.

Please contact Ms. Anna Villa of our Right-of-Way Division at (505) 827-5789 for a possible right of way through Lot 2 of Section 19-21S-36E.

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  
PL/JB/pm

cc: Reader File, OCD Attention: Mr. Ed Martin

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