



July 20, 1995

Prorated Gas Allowables (October 1995 - March 1996)
Indian Basin (Upper Penn) Gas Pool
Eddy County, New Mexico

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

Mr. William J. LeMay
Oil Conservation Commission
State Land Office Building
310 Old Santa Fe Trail, Room 206
Santa Fe, NM 87503

Dear Mr. LeMay:

Chevron U.S.A. Production Company operates 10 producing gas wells in the subject field and has a working interest in 3 non operated properties in the subject pool.

Chevron U.S.A. Production Company supports the Oil Conservation Division's proposed allowable assignment factors that resulted in a Monthly Acreage Allocation Factor of 200,000 mcf. Seven of Chevron's 10 wells are currently capable of producing at or above the proposed allowable. Our current efforts in additional compressor installations is expected to maintain and improve the current production capability of Chevron operated wells. An allowable of 200,000 mcf per month will protect the interest of a majority of operators in the Pool.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Michelle L. LeVan".

Michelle L. LeVan
Chevron U.S.A. Production Company

MLL:trk

cc: Marathon Oil Company (Ron False)
Oryx Energy Company (Mark A. Peavy)
Texaco E&P (Kirk Spilman)