

Chevron Exhibits 1 through 6
Complete Set



Chevron U.S.A. Inc.
P.O. Box 670, Hobbs, NM 88240

January 3, 1990

R. C. Anderson
Division Manager
Production Department
Hobbs Division

BEFORE EXAMINER CATANACH	
OIL CONSERVATION DIVISION	
<i>CHEVRON</i>	EXHIBIT NO. <u>1</u>
CASE NO.	<u>9878</u>

ADMINISTRATIVE APPLICATION FOR
NON-STANDARD GAS PRORATION UNIT
AND SIMULTANEOUS DEDICATION
W/2 NE/4, SE/4 NE/4 & SE/4 NW/4
SECTION 8, T-20-S, R-37-E, NMPM
EUMONT Y-SR-QN (PRO GAS) POOL
LEA COUNTY, NEW MEXICO

State Of New Mexico
Energy, Minerals & Natural Resources Dept.
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

Attention: Mr. William J. LeMay - Director

Gentlemen:

Chevron U.S.A. Inc. respectfully requests your approval of our administrative application for a 160-acre Non-Standard Gas Proration Unit in the Eumont Yates-Seven Rivers-Queen (Prorated Gas) Pool comprising the W/2 NE/4, SE/4 NE/4 and SE/4 NW/4 Section 8, T-20-S, R-37-E, NMPM, Lea County, New Mexico. We are also requesting your approval to simultaneously dedicate this 160-acre proration unit to our Bertie Whitmire Wells No. 1 and 2, located in letter units G & B of Section 8, respectively. In support thereof, Chevron U.S.A. Inc. states the following facts:

- 1) That NMOCD Administrative Order NSP-240, issued March 3, 1956, approved a 160-acre Non-Standard Gas Proration Unit, consisting of W/2 NE/4, SE/4 NE/4 and SE/4 NW/4 Section 8, T-20-S, R-37-E, for the Bertie Whitmire Well No. 2.
- 2) That subsequent to NSP-240, an agreement was executed between Chevron U.S.A. Inc. (Gulf Oil Corporation) and Oxy U.S.A. Inc. (Cities Service) unitizing the above acreage plus the NE/4 NE/4 of Section 8.
- 3) That NMOCD Order No. R-858, effective August 16, 1956, approved a Non-Standard Gas Proration Unit of 200-acres comprising NE/4 and SE/4 NW/4 of Section 8 for the Bertie Whitmire Well No. 2.
- 4) That the above mentioned Operating Agreement and pooling order have expired due to lack of gas production in paying quantities since 1985 from the Bertie Whitmire Well No. 2.

5) That Oxy U.S.A. Inc. concurs that old gas pooling and operating agreements have terminated and Oxy does not elect to pursue new agreements for participation in Chevron's proposed re-entry of Bertie Whitmire Well No. 1.

6) That Chevron U.S.A. Inc. proposes to re-enter the Bertie Whitmire Well No. 1 and complete in the Eumont Yates-Seven Rivers-Queen (Prorated Gas) Pool and simultaneously dedicate the 160-acre Non-Standard Gas Proration Unit to both Bertie Whitmire Wells No. 1 and 2.

7) The proposed Non-Standard Gas Proration Unit complies with the following provisions:

a) The proposed unit consists of 160-acres that are contiguous.

b) The proposed unit lies wholly within a single governmental section in the Eumont Yates-Seven Rivers-Queen (Prorated Gas) Pool.

c) The entire proposed unit may reasonably be presumed to be productive of gas from the Eumont Yates-Seven Rivers-Queen (Prorated Gas) Pool.

d) A copy of this application will be sent by certified mail to all offset operators and operators owning interests in the proposed unit's boundary and shall serve as notification.

In support of this application, attached are plats outlining the proposed Non-Standard Gas Proration Unit, the acreage to be simultaneously dedicated to our Bertie Whitmire Wells No. 1 and 2, and showing all offset operated properties and wells.

In view of the facts submitted, Chevron U.S.A. Inc. requests that administrative approval of the subject 160-acre Non-Standard Gas Proration Unit and simultaneous dedication of acreage be granted.

Yours very truly,



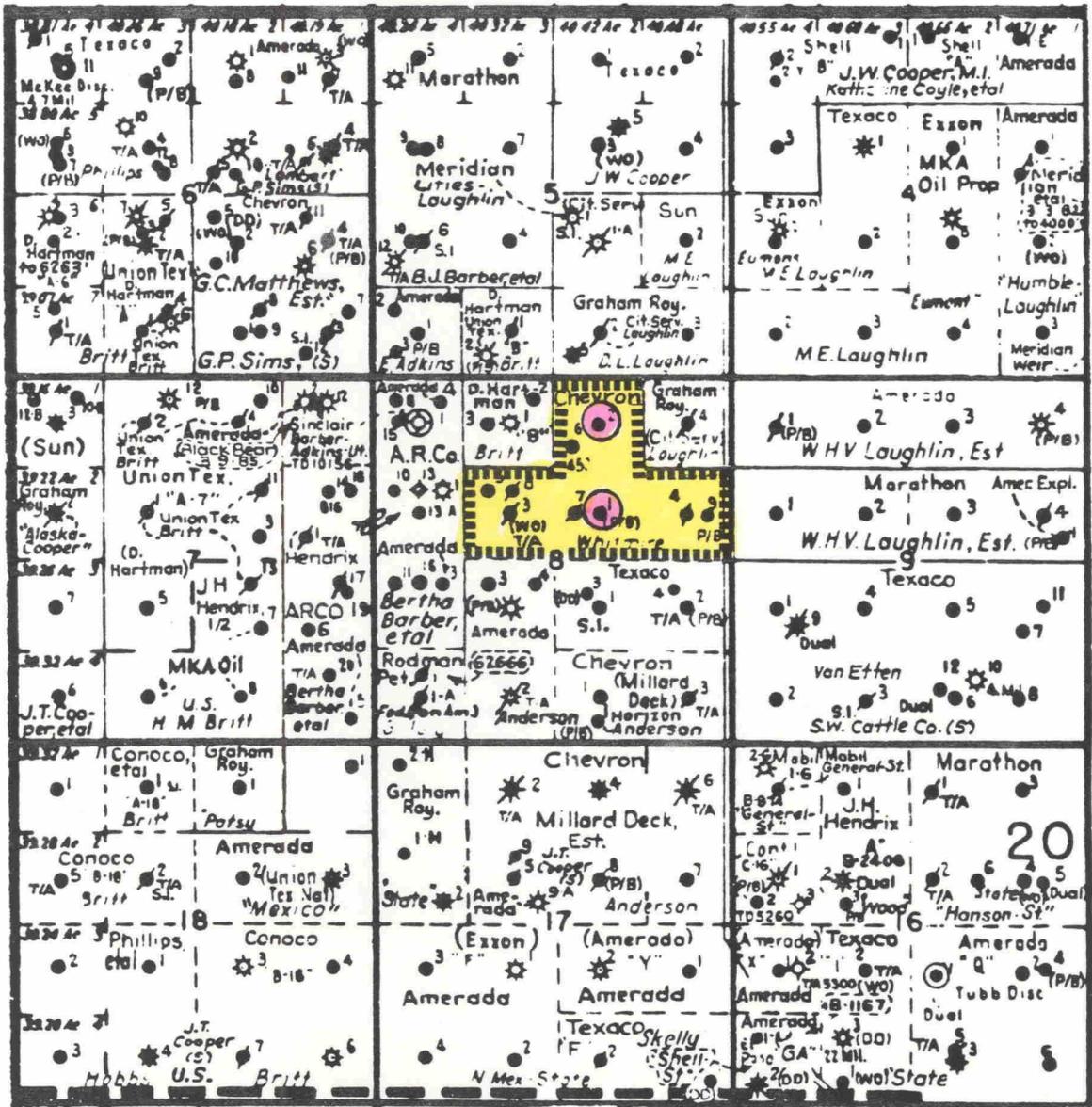
R. C ANDERSON

AWB/awb
Attachments
Enclosures

cc: NMOCD - Hobbs

CHEVRON U.S.A. INC.
Bertie Whitmire Lease

Application For A 160-Acre
Non-Standard Gas Proration Unit
and
Simultaneous Dedication of Acreage
Eumont Y-SR-QN (Pro Gas) Pool
Section 8, T20S, R37E
Lea County, New Mexico



Submit to Appropriate District Office
 State Lease - 4 copies
 Fee Lease - 3 copies

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-102
 Revised 1-1-89

OIL CONSERVATION DIVISION
 P.O. Box 2088
 Santa Fe, New Mexico 87504-2088

DISTRICT I
 P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
 P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
 1000 Rio Brazos Rd., Aztec, NM 87410

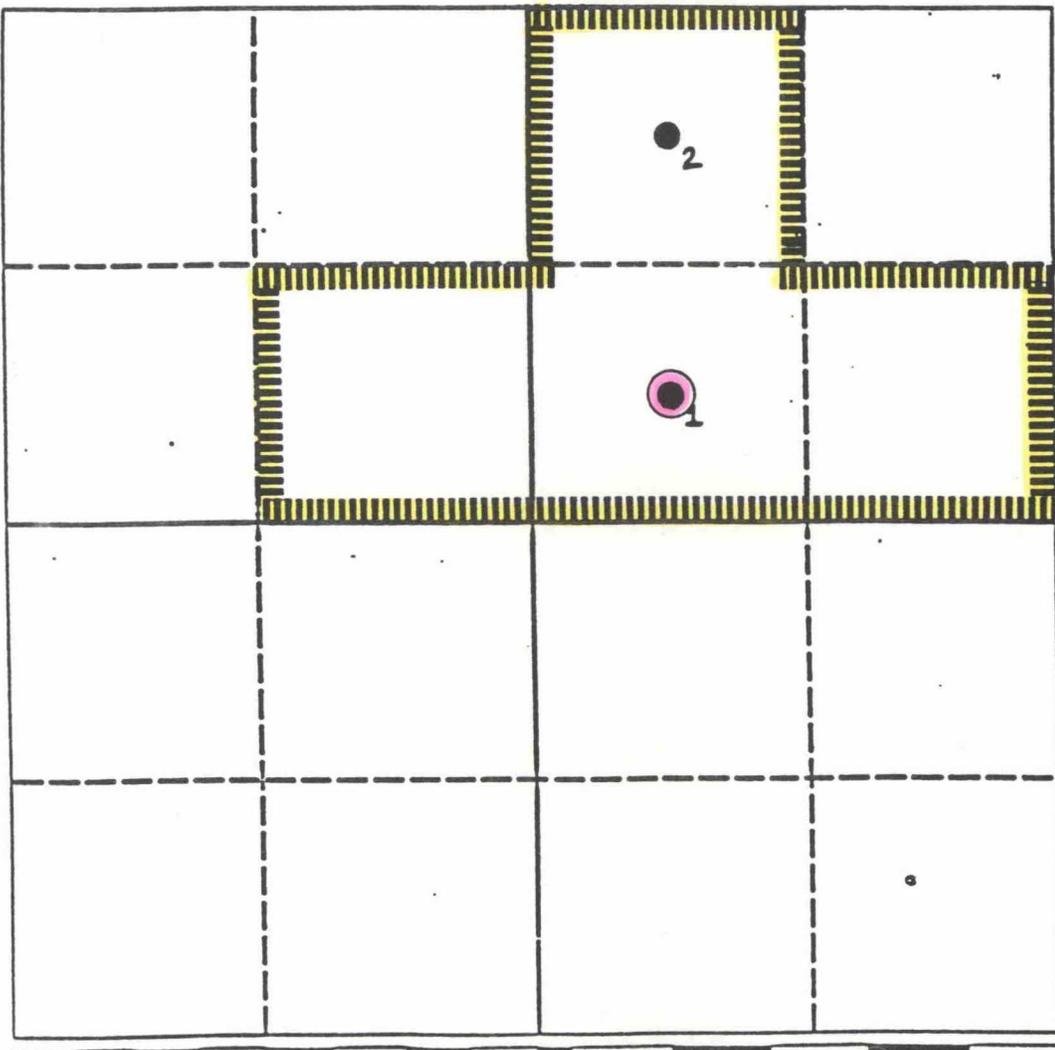
WELL LOCATION AND ACREAGE DEDICATION PLAT
 All Distances must be from the outer boundaries of the section

Operator Chevron U.S.A., Inc.			Lease Bertie Whitmire			Well No. 1		
Unit Letter G	Section 8	Township T-20-S	Range R-37-E	County NMPM		Lea		

Actual Footage Location of Well:
 1980 feet from the North line and 1980 feet from the East line

Ground level Elev. 3557'	Producing Formation Yates-Seven Rivers-Queen	Pool Eumont (Prorated Gas)	Dedicated Acreage: 160 Acres
------------------------------------	--	--------------------------------------	--

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
 Yes No If answer is "yes" type of consolidation _____
 If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____
 No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.

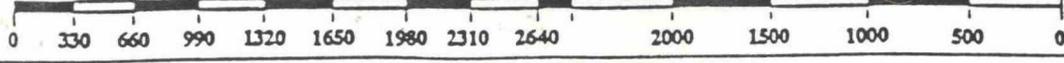


OPERATOR CERTIFICATION
 I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature
Alan W. Bohling
 Printed Name
Alan W. Bohling
 Position
Special Projects Eng.
 Company
Chevron U.S.A., Inc.
 Date
January 3, 1990

SURVEYOR CERTIFICATION
 I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed _____
 Signature & Seal of Professional Surveyor _____
 Certificate No. _____



Submit to Appropriate District Office
 State Lease - 4 copies
 Fee Lease - 3 copies

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-102
 Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
 Santa Fe, New Mexico 87504-2088

DISTRICT I
 P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
 P.O. Drawer DD, Artesia, NM 88210

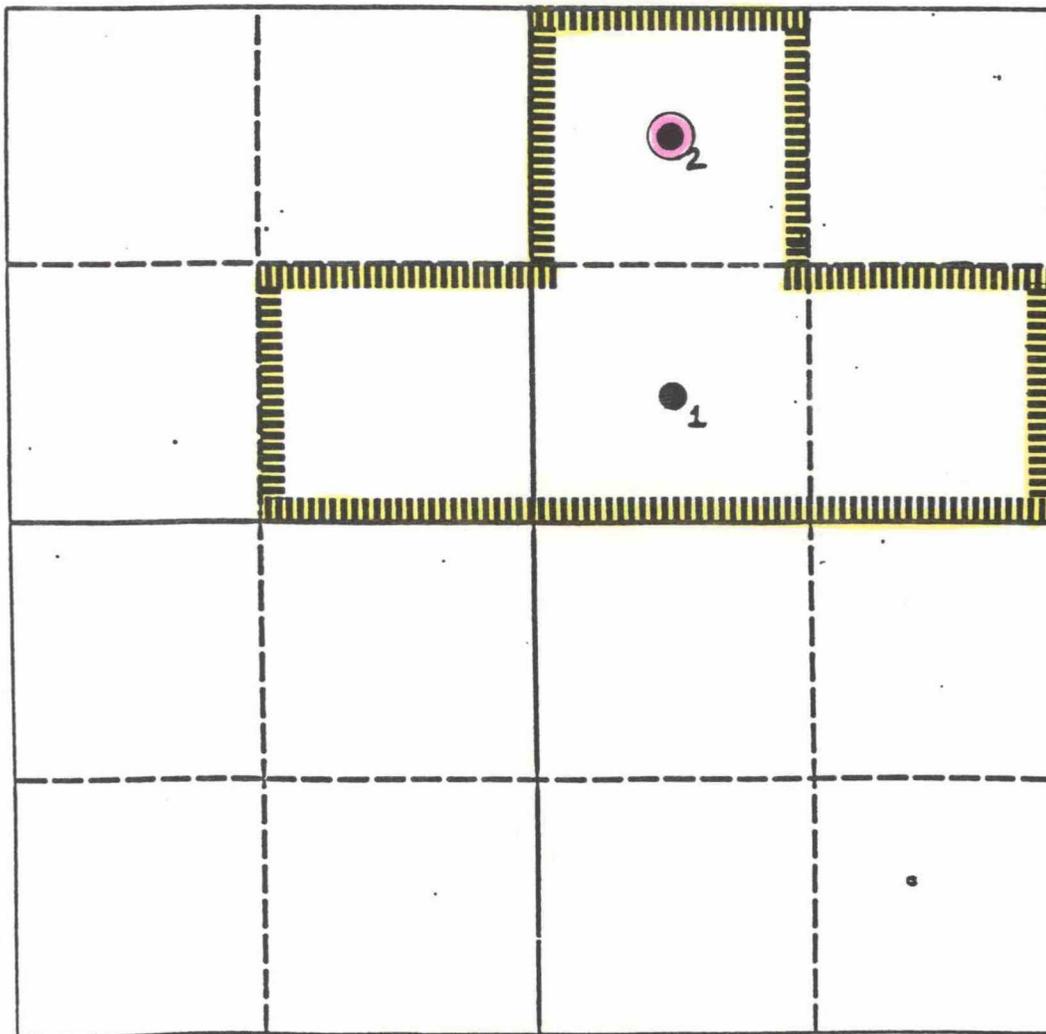
DISTRICT III
 1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator Chevron U.S.A., Inc.			Lease Bertie Whitmire			Well No. 2		
Unit Letter B	Section 8	Township T-20-S	Range R-37-E	County NMPM		Lea		
Actual Footage Location of Well: 660 feet from the North line and 1980 feet from the East line								
Ground level Elev. 3566'	Producing Formation Yates-Seven Rivers-Queen			Pool Eumont (Prorated Gas)	Dedicated Acreage: 160 Acres			

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
 Yes No If answer is "yes" type of consolidation _____
 If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)
 No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION
 I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *Alan W. Bohling*
 Printed Name: Alan W. Bohling
 Position: Special Projects Eng.
 Company: Chevron U.S.A., Inc.
 Date: January 3, 1990

SURVEYOR CERTIFICATION
 I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: _____
 Signature & Seal of Professional Surveyor: _____
 Certificate No.: _____



CHEVRON U.S.A. INC.
Bertie Whitmire Lease

Application For A 160-Acre
Non-Standard Gas Proration Unit
and
Simultaneous Dedication of Acreage
Eumont Y-SR-QN (Pro Gas) Pool
Section 8, T20S, R37E
Lea County, New Mexico

OFFSET OPERATORS

Amerada Hess Corporation
P.O. Box 840
Seminole, TX 79360

ARCO Oil and Gas Company
P.O. Box 1610
Midland, TX 79702

Conoco Inc.
P.O. Box 460
Hobbs, NM 88240

Exxon Company U.S.A.
P.O. Box 1600
Midland, TX 79702-1600

Graham Royalty Ltd.
5429 LBJ Frwy. Ste. 550
Dallas, TX 75240

Doyle Hartman
P.O. Box 10426
Midland, TX 79702

MKA Oil Properties
500 W. Texas Ste. 1230
Midland, TX 79701

Marathon Oil Company
P.O. Box 552
Midland, TX 79702

Oxy U.S.A. Inc.
P.O. Box 1919
Midland, TX 79702

Texaco Producing Co.
P.O. Box 728
Hobbs, NM 88240

Union Texas Petroleum
365 U.S. Hwy. 64
Farmington, NM 87401



Chevron U.S.A. Inc.
P.O. Box 670, Hobbs, NM 88240

R. C. Anderson
Division Manager
Production Department
Hobbs Division

January 3, 1990

**WAIVER REQUEST
NON-STANDARD GAS PRORATION UNIT
AND SIMULTANEOUS DEDICATION
W/2 NE/4, SE/4 NE/4 & SE/4 NW/4
SECTION 8, T-20-S, R-37-E, NMPM
EUMONT Y-SR-QN (PRO GAS) POOL
LEA COUNTY, NEW MEXICO**

**Amerada Hess Corporation
P.O. Box 840
Seminole, Texas 79360**

Gentlemen:

Attached is a copy of Chevron's administrative application for NMOCD approval of a Non-Standard Gas Proration Unit of 160-acres in the Eumont Y-SR-QN (Prorated Gas) Pool comprising the W/2 NE/4, SE/4 NE/4 and SE/4 NW/4 Section 8, T-20-S, R-37-E, NMPM, Lea County, New Mexico. We are also making application to simultaneously dedicate this 160-acre proration unit to our Bertie Whitmire Wells No. 1 and 2 located in unit letters G and B, respectively, of Section 8.

As an offset operator, if you do not have any objections to the attached application, please sign the enclosed waivers and mail the original and two copies to the NMOCD in Santa Fe and one copy to the NMOCD in Hobbs. We would also request that you send a copy to Chevron U.S.A. Inc. in Hobbs. We have enclosed self addressed, stamped envelopes for your convenience.

If you have any questions, please contact Mr. A. W. Bohling at (505) 393-4121. Your prompt consideration in the above matter is appreciated.

Yours very truly,

Alan W. Bohling
R. C. ANDERSON

awb
Attachments
Enclosures



Chevron U.S.A. Inc.
P.O. Box 670, Hobbs, NM 88240

R. C. Anderson
Division Manager
Production Department
Hobbs Division

January 3, 1990

**WAIVER REQUEST
NON-STANDARD GAS PRORATION UNIT
AND SIMULTANEOUS DEDICATION
W/2 NE/4, SE/4 NE/4 & SE/4 NW/4
SECTION 8, T-20-S, R-37-E, NMPM
EUMONT Y-SR-QN (PRO GAS) POOL
LEA COUNTY, NEW MEXICO**

ARCO Oil and Gas Company
P.O. Box 1610
Midland, Texas 79702

Gentlemen:

Attached is a copy of Chevron's administrative application for NMOCD approval of a Non-Standard Gas Proration Unit of 160-acres in the Eumont Y-SR-QN (Prorated Gas) Pool comprising the W/2 NE/4, SE/4 NE/4 and SE/4 NW/4 Section 8, T-20-S, R-37-E, NMPM, Lea County, New Mexico. We are also making application to simultaneously dedicate this 160-acre proration unit to our Bertie Whitmire Wells No. 1 and 2 located in unit letters G and B, respectively, of Section 8.

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Alan W. Bohling
for R. C. ANDERSON

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Chevron U.S.A. Inc.
P.O. Box 670, Hobbs, NM 88240

R. C. Anderson
Division Manager
Production Department
Hobbs Division

January 3, 1990

**WAIVER REQUEST
NON-STANDARD GAS PRORATION UNIT
AND SIMULTANEOUS DEDICATION
W/2 NE/4, SE/4 NE/4 & SE/4 NW/4
SECTION 8, T-20-S, R-37-E, NMPM
EUMONT Y-SR-QN (PRO GAS) POOL
LEA COUNTY, NEW MEXICO**

Conoco Inc.
P.O. Box 460
Hobbs, New Mexico 88240

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Alan W. Bohling
R. C. ANDERSON

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Chevron U.S.A. Inc.
P.O. Box 670, Hobbs, NM 88240

January 3, 1990

R. C. Anderson
Division Manager
Production Department
Hobbs Division

**WAIVER REQUEST
NON-STANDARD GAS PRORATION UNIT
AND SIMULTANEOUS DEDICATION
W/2 NE/4, SE/4 NE/4 & SE/4 NW/4
SECTION 8, T-20-S, R-37-E, NMPM
EUMONT Y-SR-QN (PRO GAS) POOL
LEA COUNTY, NEW MEXICO**

**Exxon Company U.S.A.
P.O. Box 1600
Midland, Texas 79702-1600**

Gentlemen:

Attached is a copy of Chevron's administrative application for NMOCD approval of a Non-Standard Gas Proration Unit of 160-acres in the Eumont Y-SR-QN (Prorated Gas) Pool comprising the W/2 NE/4, SE/4 NE/4 and SE/4 NW/4 Section 8, T-20-S, R-37-E, NMPM, Lea County, New Mexico. We are also making application to simultaneously dedicate this 160-acre proration unit to our Bertie Whitmire Wells No. 1 and 2 located in unit letters G and B, respectively, of Section 8.

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for R. C. ANDERSON

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P.O. Box 670, Hobbs, NM 88240

R. C. Anderson
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Hobbs Division

January 3, 1990

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NON-STANDARD GAS PRORATION UNIT
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W/2 NE/4, SE/4 NE/4 & SE/4 NW/4
SECTION 8, T-20-S, R-37-E, NMPM
EUMONT Y-SR-QN (PRO GAS) POOL
LEA COUNTY, NEW MEXICO**

Graham Royalty Ltd.
5429 LBJ Frwy. Ste. 550
Dallas, Texas 75240

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Alan W. Bohling

for
R. C. ANDERSON

awb
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Enclosures



Chevron U.S.A. Inc.
P.O. Box 670, Hobbs, NM 88240

R. C. Anderson
Division Manager
Production Department
Hobbs Division

January 3, 1990

**WAIVER REQUEST
NON-STANDARD GAS PRORATION UNIT
AND SIMULTANEOUS DEDICATION
W/2 NE/4, SE/4 NE/4 & SE/4 NW/4
SECTION 8, T-20-S, R-37-E, NMPM
EUMONT Y-SR-QN (PRO GAS) POOL
LEA COUNTY, NEW MEXICO**

Doyle Hartman
P.O. Box 10426
Midland, Texas 79702

Gentlemen:

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P.O. Box 670, Hobbs, NM 88240

R. C. Anderson
Division Manager
Production Department
Hobbs Division

January 3, 1990

**WAIVER REQUEST
NON-STANDARD GAS PRORATION UNIT
AND SIMULTANEOUS DEDICATION
W/2 NE/4, SE/4 NE/4 & SE/4 NW/4
SECTION 8, T-20-S, R-37-E, NMPM
EUMONT Y-SR-QN (PRO GAS) POOL
LEA COUNTY, NEW MEXICO**

**MKA Oil Properties
500 W. Texas Ste. 1230
Midland, Texas 79701**

Gentlemen:

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R. C. Anderson
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**WAIVER REQUEST
NON-STANDARD GAS PRORATION UNIT
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W/2 NE/4, SE/4 NE/4 & SE/4 NW/4
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EUMONT Y-SR-QN (PRO GAS) POOL
LEA COUNTY, NEW MEXICO**

Marathon Oil Company
P.O. Box 552
Midland, Texas 79702

Gentlemen:

Attached is a copy of Chevron's administrative application for NMOCD approval of a Non-Standard Gas Proration Unit of 160-acres in the Eumont Y-SR-QN (Prorated Gas) Pool comprising the W/2 NE/4, SE/4 NE/4 and SE/4 NW/4 Section 8, T-20-S, R-37-E, NMPM, Lea County, New Mexico. We are also making application to simultaneously dedicate this 160-acre proration unit to our Bertie Whitmire Wells No. 1 and 2 located in unit letters G and B, respectively, of Section 8.

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Alex W. Bohling

for R. C. ANDERSON

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P.O. Box 670, Hobbs, NM 88240

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Division Manager
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W/2 NE/4, SE/4 NE/4 & SE/4 NW/4
SECTION 8, T-20-S, R-37-E, NMPM
EUMONT Y-SR-QN (PRO GAS) POOL
LEA COUNTY, NEW MEXICO**

Oxy U.S.A. Inc.
P.O. Box 1919
Midland, Texas 79702

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for R. C. ANDERSON

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January 3, 1990

R. C. Anderson
Division Manager
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SECTION 8, T-20-S, R-37-E, NMPM
EUMONT Y-SR-QN (PRO GAS) POOL
LEA COUNTY, NEW MEXICO**

Texaco Producing Co.
P.O. Box 728
Hobbs, New Mexico 88240

Gentlemen:

Attached is a copy of Chevron's administrative application for NMOCD approval of a Non-Standard Gas Proration Unit of 160-acres in the Eumont Y-SR-QN (Prorated Gas) Pool comprising the W/2 NE/4, SE/4 NE/4 and SE/4 NW/4 Section 8, T-20-S, R-37-E, NMPM, Lea County, New Mexico. We are also making application to simultaneously dedicate this 160-acre proration unit to our Bertie Whitmire Wells No. 1 and 2 located in unit letters G and B, respectively, of Section 8.

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If you have any questions, please contact Mr. A. W. Bohling at (505) 393-4121. Your prompt consideration in the above matter is appreciated.

Yours very truly,

Alan W. Bohling

for R. C. ANDERSON

awb
Attachments
Enclosures



Chevron U.S.A. Inc.
P.O. Box 670, Hobbs, NM 88240

January 3, 1990

R. C. Anderson
Division Manager
Production Department
Hobbs Division

**WAIVER REQUEST
NON-STANDARD GAS PRORATION UNIT
AND SIMULTANEOUS DEDICATION
W/2 NE/4, SE/4 NE/4 & SE/4 NW/4
SECTION 8, T-20-S, R-37-E, NMPM,
EUMONT Y-SR-QN (PRO GAS) POOL
LEA COUNTY, NEW MEXICO**

Union Texas Petroleum
365 U.S. Hwy. 64
Farmington, New Mexico 87401

Gentlemen:

Attached is a copy of Chevron's administrative application for NMOCD approval of a Non-Standard Gas Proration Unit of 160-acres in the Eumont Y-SR-QN (Prorated Gas) Pool comprising the W/2 NE/4, SE/4 NE/4 and SE/4 NW/4 Section 8, T-20-S, R-37-E, NMPM, Lea County, New Mexico. We are also making application to simultaneously dedicate this 160-acre proration unit to our Bertie Whitmire Wells No. 1 and 2 located in unit letters G and B, respectively, of Section 8.

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Yours very truly,

for 
R. C. ANDERSON

awb
Attachments
Enclosures

CHEVRON U.S.A. INC.
Bertie Whitmire Lease

Application For A 160-Acre
Non-Standard Gas Proration Unit
and
Simultaneous Dedication of Acreage
Eumont Y-SR-QN (Pro Gas) Pool
Section 8, T20S, R37E
Lea County, New Mexico

WAIVER TO OBJECTION

We, the undersigned, as an offset operator, waive any objection to Chevron U.S.A. Inc.'s application for NMOCD approval of a Non-Standard Gas Proration Unit of 160-acres in the Eumont Y-SR-QN (Prorated Gas) Pool comprising the W/2 NE/4, SE/4 NE/4 and SE/4 NW/4 Section 8, T-20-S, R-37-E, NMPM, Lea County, New Mexico. We understand that this 160-acre proration unit will be simultaneously dedicated to the Bertie Whitmire Wells No. 1 and 2 located in unit letters G and B, respectively, of Section 8.

Company: _____

Representative: _____

Signature: _____

Title: _____

Date: _____



Chevron U.S.A. Inc.
P.O. Box 1635, Houston, TX 77251 • Phone (713) 754-2681

Ray M. Vaden
Land Representative
Interior Division
Land Department
Central Region

November 1, 1989

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

Oxy U.S.A. Inc.
Attention: Mr. Ed Taylor
#6 Desta Drive
P. O. Box 50250
Midland, TX

Eumont Gas Unit
NE $\frac{1}{4}$ & SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 8
T-20-S, R-37-E, NMPM
Lea County, New Mexico

Gentlemen:

The gas well for the captioned Eumont Gas Unit, Chevron's Bertie Whitmire #2 well, has reached its economic limit. Under the old 1956 pooling agreement and operating agreement (see attached copies), Chevron received 1/20th of Cities share of production and paid all drilling, re-working and operating costs. Our Hobbs Division has reviewed the situation with the current well and does not believe that the No. 2 well can produce sufficient quantities of allowable gas to justify the unit well rework operation expenses at today's gas prices. Considering that the No. 2 has not produced since 1985, the Operating Agreement and pooling agreement have expired due to a lack of gas production in paying quantities. Additionally, Chevron has elected not to exercise its option to substitute the No. 1 Bertie Whitmire well for the existing No. 2 well.

Considering the above, Chevron proposes the following alternatives for OXY's approval:

Option #1

Reform a 200 acre non-standard Eumont Gas pooled unit subject to a mutually agreeable 1982 AAPL JOA for the re-entry of the #1 well located in the SW/4 NE/4 of Section 8. Estimated re-entry cost may require up to \$130,000 if two foam fracs are required to complete such well in the Eumont. Oxy would have the option to participate or Chevron would consider a farmout, subject to mutually agreeable terms.

Option #2

In the event Oxy elects not to pursue the above, Chevron and Oxy will retain 100% of their rights in their respective individual leases previously committed to the above mentioned 1956 agreements. In the event Oxy elects this alternative, Chevron will re-enter the above mentioned No. 1 well as a Chevron 100% lease well and commit its 160 acre Whitmire lease to the proration unit.

Please advise us of your intent regarding the above proposals at your earliest convenience. If you are interested in joining in the well, we will send you a detailed AFE. If we do not have your response by November 10, Chevron will assume Oxy does not desire to commit its interest in the NE/4 NE/4 of Section 8 to a joint venture. Please indicate your election below and return a copy of this letter to Chevron or fax to 713/754-2016.

Very truly yours,



R. M. Vaden

RMV/tmh

Attachments

cc: John Clarke, Hobbs

Agreed and Accepted

Option #1 _____ Option #2
this 14 day of November, 1989

OXY USA INC.

by Robert L. Auty

title Exploitation Manager



OXY USA INC.

Box 50250, Midland, TX 79710

November 15, 1989

RECEIVED

NOV 20 1989

LAND SURVEY REGION
INTERIOR DIVISION

Chevron U.S.A. Inc.
P.O. Box 1635
Houston, Texas 77251

Attention: Mr. Ray M. Vaden

Re: Eumont Gas Unit
NE/4 and SE/4 NW/4 of Section
8, T-20-S, R-37-E, NMPM,
Lea County, New Mexico

Gentlemen:

Enclosed is an original of your letter dated November 1, 1989, reflecting OXY USA Inc.'s selection of Option #2. We concur with you in the fact that the old gas pooling and operating agreements have terminated and new agreements would be necessary had we elected to participate in your proposed well.

Ray, we sincerely appreciate the goodwill and/or ethical gesture affording us this opportunity. Perhaps we can get together on some other mutually beneficial trade in the future.

Very truly yours,

OXY USA Inc.

A handwritten signature in black ink, appearing to read "A. E. Taylor", written over a horizontal line.

A. E. Taylor

AET/df

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
 Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. (Extra charge) 2. Restricted Delivery (Extra charge)

3. Article Addressed to: AMERADA HESS CORPORATION P.O. BOX 840 SEMINOLE, TX 79360	4. Article Number P 117 384 694
	Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise
	Always obtain signature of addressee or agent and DATE DELIVERED.
5. Signature - Addressee X <i>Vicki Redman</i>	8. Addressee's Address (ONLY if requested and fee paid) AWB
6. Signature - Agent X	
7. Date of Delivery 1-10-90	

PS Form 3811, Apr. 1989

*U.S.G.P.O. 1989-238-815

DOMESTIC RETURN RECEIPT

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1. Show to whom delivered, date, and addressee's address. (Extra charge) 2. Restricted Delivery (Extra charge)

3. Article Addressed to: ARCO OIL AND GAS COMPANY P.O. BOX 1610 MIDLAND, TX 79702	4. Article Number P 117 384 696
	Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise
	Always obtain signature of addressee or agent and DATE DELIVERED.
5. Signature - Addressee X	8. Addressee's Address (ONLY if requested and fee paid) AWB
6. Signature - Agent X <i>Norma</i>	
7. Date of Delivery JAN 10 1990	

PS Form 3811, Apr. 1989

*U.S.G.P.O. 1989-238-815

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1. Show to whom delivered, date, and addressee's address. (Extra charge) 2. Restricted Delivery (Extra charge)

3. Article Addressed to: CONOCO INC. P.O. BOX 460 HOBBS, NM 88240	4. Article Number P 117 384 698
	Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise
	Always obtain signature of addressee or agent and DATE DELIVERED.
5. Signature - Addressee X	8. Addressee's Address (ONLY if requested and fee paid) AWB
6. Signature - Agent X	
7. Date of Delivery 1-9-90 <i>Wally Fair</i>	

PS Form 3811, Apr. 1989

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1. Show to whom delivered, date, and addressee's address. (Extra charge) 2. Restricted Delivery (Extra charge)

3. Article Addressed to: EXXON COMPANY U.S.A. P.O. BOX 1600 MIDLAND, TX 79702-1600	4. Article Number P 117 384 700
	Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise
Always obtain signature of addressee or agent and DATE DELIVERED.	
5. Signature — Addressee X	8. Addressee's Address (ONLY if requested and fee paid) AWB
6. Signature — Agent X <i>J. Jackson</i>	
7. Date of Delivery JAN 10 1990	

PS Form 3811, Apr. 1989 *U.S.G.P.O. 1989-238-815 DOMESTIC RETURN RECEIPT

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3. Article Addressed to: GRAHAM ROYALTY LTD. 5429 LBJ FRWY. STE. 550 DALLAS, TX 75240	4. Article Number P 117 384 702
	Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise
Always obtain signature of addressee or agent and DATE DELIVERED.	
5. Signature — Addressee X <i>C. Addison</i>	8. Addressee's Address (ONLY if requested and fee paid) AWB
6. Signature — Agent X <i>BW</i>	
7. Date of Delivery 1-11-90	

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1. Show to whom delivered, date, and addressee's address. (Extra charge) 2. Restricted Delivery (Extra charge)

3. Article Addressed to: DOYLE HARTMAN P.O. BOX 10426 MIDLAND, TX 79702	4. Article Number P 117 384 704
	Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise
Always obtain signature of addressee or agent and DATE DELIVERED.	
5. Signature — Addressee X	8. Addressee's Address (ONLY if requested and fee paid) AWB
6. Signature — Agent X <i>J. Ressler</i>	
7. Date of Delivery JAN 10 1990	

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1. Show to whom delivered, date, and addressee's address. (Extra charge) 2. Restricted Delivery (Extra charge)

3. Article Addressed to: MKA OIL PROPERTIES 500 W. TEXAS STE. 1230 MIDLAND, TX 79701	4. Article Number P 117 384 695
	Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise
	Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .
5. Signature - Addressee X	8. Addressee's Address (ONLY if requested and fee paid) AWB
6. Signature - Agent X <i>[Signature]</i>	
7. Date of Delivery 1-9	

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3. Article Addressed to: MARATHON OIL COMPANY P.O. BOX 552 MIDLAND, TX 79702	4. Article Number P 117 384 697
	Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise
	Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .
5. Signature - Addressee X <i>[Signature]</i>	8. Addressee's Address (ONLY if requested and fee paid) AWB
6. Signature - Agent X	
7. Date of Delivery JAN 10 1990	

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1. Show to whom delivered, date, and addressee's address. (Extra charge) 2. Restricted Delivery (Extra charge)

3. Article Addressed to: <i>Only U.S.A.</i> <i>P.O. Box 50250</i> <i>Midland, TX 79710</i>	4. Article Number P 117 381 670
	Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise
	Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .
5. Signature - Addressee X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent X <i>[Signature]</i>	
7. Date of Delivery JAN 22 1990	

PS Form 3811, Apr. 1989 *U.S.G.P.O. 1989-238-815 **DOMESTIC RETURN RECEIPT**

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3. Article Addressed to: TEXACO PRODUCING CO. P.O. BOX 728 HOBBS, NM 88240 <i>Pat McKelvey</i>	4. Article Number P 117 384 701
	Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise
	Always obtain signature of addressee or agent and DATE DELIVERED.
5. Signature — Addressee X	8. Addressee's Address (ONLY if requested and fee paid) <i>awB</i>
6. Signature — Agent X	
7. Date of Delivery	

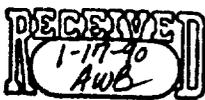
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3. Article Addressed to: UNION TEXAS PETROLEUM 365 U.S. HWY. 64 FARMINGTON, NM 87401	4. Article Number P 117 384 703
	Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise
	Always obtain signature of addressee or agent and DATE DELIVERED.
5. Signature — Addressee X	8. Addressee's Address (ONLY if requested and fee paid) <i>awB</i>
6. Signature — Agent <i>Delcie Carlton</i>	
7. Date of Delivery 1-12-90	

PS Form 3811, Apr. 1989 *U.S.G.P.O. 1989-238-815 **DOMESTIC RETURN RECEIPT**



CHEVRON U.S.A. INC.
Bertie Whitmire Lease

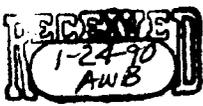
Application For A 160-Acre
Non-Standard Gas Proration Unit
and
Simultaneous Dedication of Acreage
Eumont Y-SR-QN (Pro Gas) Pool
Section 8, T20S, R37E
Lea County, New Mexico

WAIVER TO OBJECTION

We, the undersigned, as an offset operator, waive any objection to Chevron U.S.A. Inc.'s application for NMOCD approval of a Non-Standard Gas Proration Unit of 160-acres in the Eumont Y-SR-QN (Prorated Gas) Pool comprising the W/2 NE/4, SE/4 NE/4 and SE/4 NW/4 Section 8, T-20-S, R-37-E, NMPM, Lea County, New Mexico. We understand that this 160-acre proration unit will be simultaneously dedicated to the Bertie Whitmire Wells No. 1 and 2 located in unit letters G and B, respectively, of Section 8.

Company: AMERADA HESS CORP.
Representative: GRANT B. MILLER
Signature: *Grant B. Miller*
Title: OPERATIONS MANAGER
Date: 1/15/90

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION
CHEVRON EXHIBIT NO. 2
CASE NO. 9878



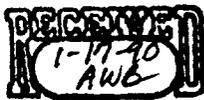
CHEVRON U.S.A. INC.
Bertie Whitmire Lease

Application For A 160-Acre
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Company: ARCO Oil & Gas
Representative: J. A. Nicholson
Signature: J. A. Nicholson
Title: District Engineer
Date: 1/22/90

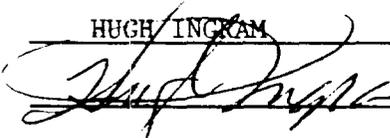


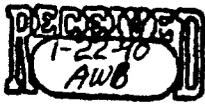
CHEVRON U.S.A. INC.
Bertie Whitmire Lease

Application For A 160-Acre
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Eumont Y-SR-QN (Pro Gas) Pool
Section 8, T20S, R37E
Lea County, New Mexico

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Company: CONOCO INC.
Representative: HUGH INGRAM
Signature: 
Title: CONSERVATION COORDINATOR
Date: JANUARY 15, 1990



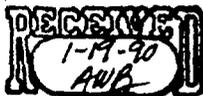
**CHEVRON U.S.A. INC.
Bertie Whitmire Lease**

**Application For A 160-Acre
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Company: Graham Royalty, Ltd.
Representative: Jim Hale
Signature: [Signature]
Title: Dist Engr
Date: 1-19-90



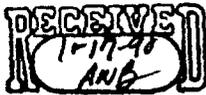
**CHEVRON U.S.A. INC.
Bertie Whitmire Lease**

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Company: OXY USA INC.
 Representative: RICHARD E. FOPPIANO
 Signature: Richard E. Foppiano
 Title: Regulatory Affairs Advisor
 Date: 1-19-90



CHEVRON U.S.A. INC.
Bertie Whitmire Lease

**Application For A 160-Acre
Non-Standard Gas Proration Unit
and
Simultaneous Dedication of Acreage
Eumont Y-SR-QN (Pro Gas) Pool
Section 8, T20S, R37E
Lea County, New Mexico**

WAIVER TO OBJECTION

We, the undersigned, as an offset operator, waive any objection to Chevron U.S.A. Inc.'s application for NMOCD approval of a Non-Standard Gas Proration Unit of 160-acres in the Eumont Y-SR-QN (Prorated Gas) Pool comprising the W/2 NE/4, SE/4 NE/4 and SE/4 NW/4 Section 8, T-20-S, R-37-E, NMPM, Lea County, New Mexico. We understand that this 160-acre proration unit will be simultaneously dedicated to the Bertie Whitmire Wells No. 1 and 2 located in unit letters G and B, respectively, of Section 8.

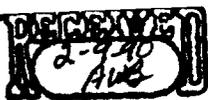
Company: TEXACO U.S.A.

Representative: J. A. Head

Signature: *J. A. Head*

Title: Area Manager

Date: January 15, 1990



CHEVRON U.S.A. INC.
Bertie Whitmire Lease

Application For A 160-Acre
Non-Standard Gas Proration Unit
and
Simultaneous Dedication of Acreage
Eumont Y-SR-QN (Pro Gas) Pool
Section 8, T20S, R37E
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Company: Union Texas Petroleum
Representative: G. T. Lepley
Signature: *G. T. Lepley*
Title: Manager Reservoir Engineering
Date: February 7, 1990

Structure Map Top Of Queen Chevron U.S.A. Inc. Bertie Whitmire Lease

Section 8, T20S R37E
Lea County, New Mexico

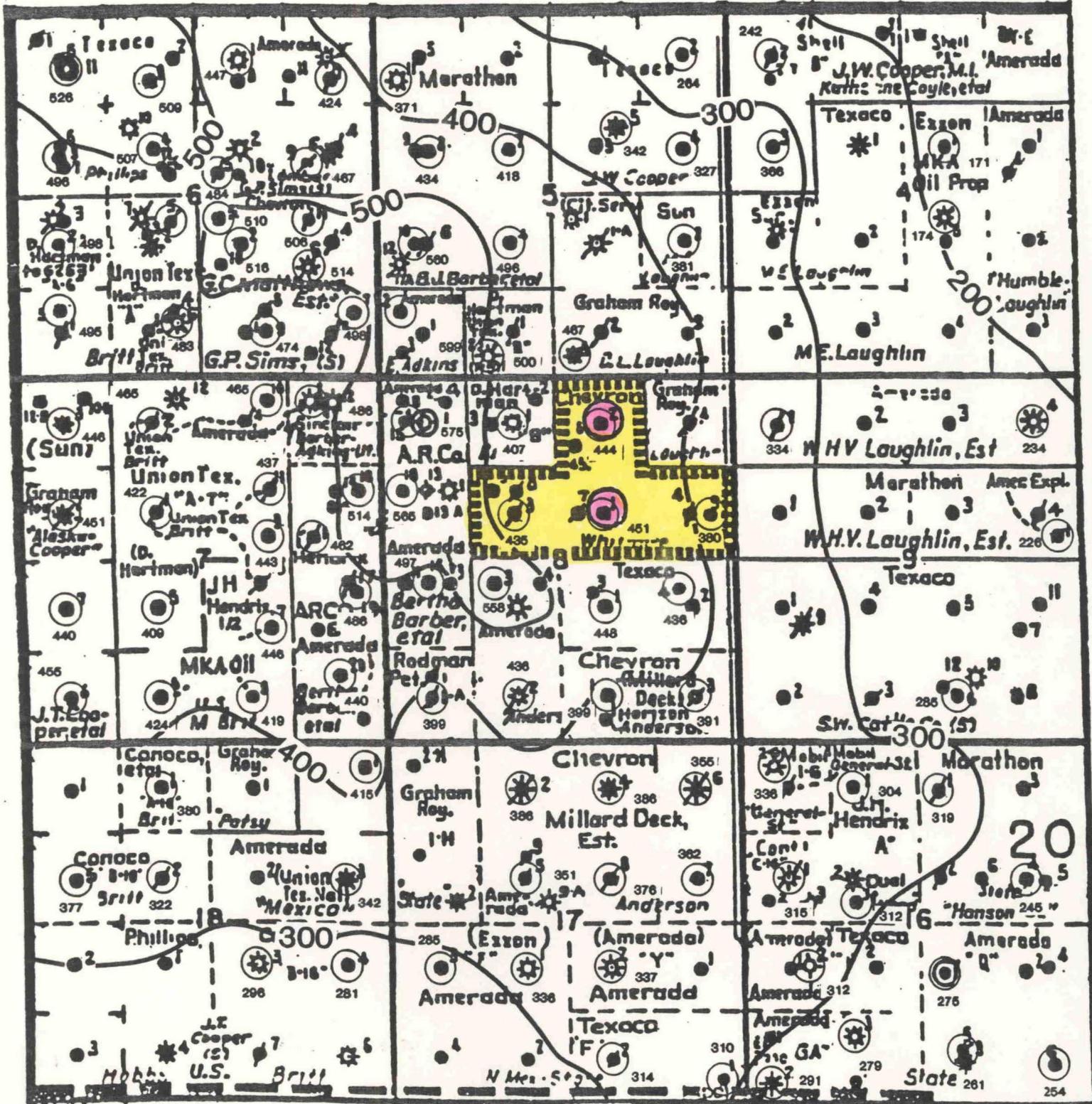


EXHIBIT NO. 3

Case No. 9878

March 7, 1990

Non-Standard Proration Unit
& Simultaneous Dedication
Eumont Y-SR-QN (Pro Gas) Pool
Section 8, T20S, R37E, NMPM
Lea County, New Mexico

Hobbs Division

Chevron U.S.A.