

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

Governor

Joanna Prukop

Cabinet Secretary

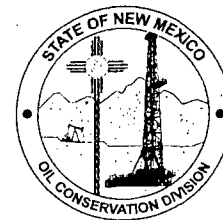
Reese Fullerton

Deputy Cabinet Secretary

Mark Fesmire

Division Director

Oil Conservation Division



Administrative Order PLC-313

August 28, 2008

Chevron U S A, Inc.
15 Smith Road
Room 3337
Midland, TX 79705

Attention: Carolyn Haynie

Chevron U S A, Inc. (OGRID No. 4323) as operator of the following is hereby authorized to surface-commingle oil and gas production from the following 40-acre spacing and proration units (pools and wells) located within Lea County, New Mexico:

State DC Well No. 3 (API No. 30-025-34401) Unit F Sec 19, T21S, R37E, NMPM
Blinebry Oil & Gas (Oil) Pool 6660, 40-acre dedication to Unit F

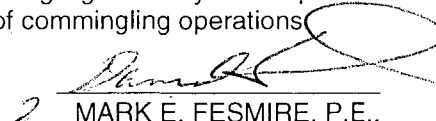
State DC Well No. 4 (API No. 30-025-34510) Unit E Sec 19, T21S, R37E, NMPM
Drinkard (Oil) Pool 19190, 40-acre dedication to Unit E

Harry Leonard J Well No. 5 (API No. 30-025-38789) Unit A Sec 24, T21S, R36E, NMPM
Penrose Skelly; Grayburg (Oil) Pool 50350, 40-acre dedication to Unit A

The State DC Lease was previously approved for Pool Commingling on March 6, 1972 with Division administrative Order No PC-435. It is our understanding that these are two separate State leases and Chevron owns 100% of all working interest. The State Land Office has been notified of the intent to commingle.

As shown on the diagram with this application, the oil and gas production from the Harry Leonard J Well No. 5 shall be separated and metered separately prior to combining with the State DC wells for sales. The oil production from the Harry Leonard J Well No. 5 is approved for off lease measurement and sales and the oil sales point shall be at the State DC Battery. The gas production from both the State DC Wells 3 and 4 and the Harry Leonard J Well No 5 is approved for off-lease measurement and sales.

It is the responsibility of the producer to notify the transporter of this commingling authority. The operator shall notify the Hobbs district office of the Division upon commencement of commingling operations.


2 MARK E. FESMIRE, P.E.,
Division Director

MEF/wvj

cc: Oil Conservation Division – Hobbs
State Land Office – Oil, Gas, and Minerals Division

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