



Chevron

October 10, 1996

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

Administrative Application for Surface Commingling
Keel "A" Federal #1 (Young; San Andres, South) -- 96416
1980' FSL & 2080' FEL, J-33-T18S-R32E
Keel "A" Federal #2 (Wildcat Grayburg) -- 96626
660' FSL & 1980' FEL, O-33-T18S-R32
Keel "A" Federal #4 (Young; San Andres, South)
1980' FSL & 800' FEL, I-33-T18S-R32E
Lea County, New Mexico

State of New Mexico
Energy, Minerals & Natural Resources Department
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Attention: Mr. William J. LeMay - Director

Dear Mr. LeMay:

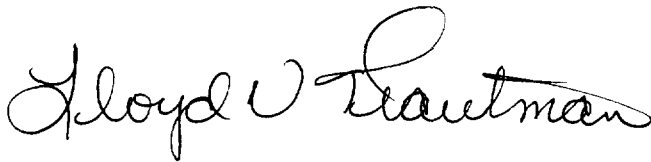
Chevron U.S.A., Inc. respectfully requests administrative approval for surface commingling of the production from the three above described wells.

Keel "A" Federal #1 produces 107 bopd w/an API gravity of 25.3° @ 60° F. Keel "A" Federal #2 IP was 65 bopd, 9 bwpd and 45 mcfpd w/an API gravity of 25.3° @ 60° F. Keel "A" Federal #4 IP was 51 bopd, 94 bwpd and 7 mdcpd w/an API gravity of 23.6° @ 60° F. The commingling of these three wells will allow the producing of the wells into one battery at a savings of approximately \$50,000. The oil produced will be compatible. The value of the commingled oil will be the same as the individual oils. The wells are located on the same lease; therefore, the working interest owners and royalty owners are the same.

Attached are waivers from the working interest owners and oil and gas purchasers. Also attached is a schematic diagram of the production facility.

If you have any questions, or if you require further information, please contact Lloyd Trautman at (915) 687-7152.

Sincerely,

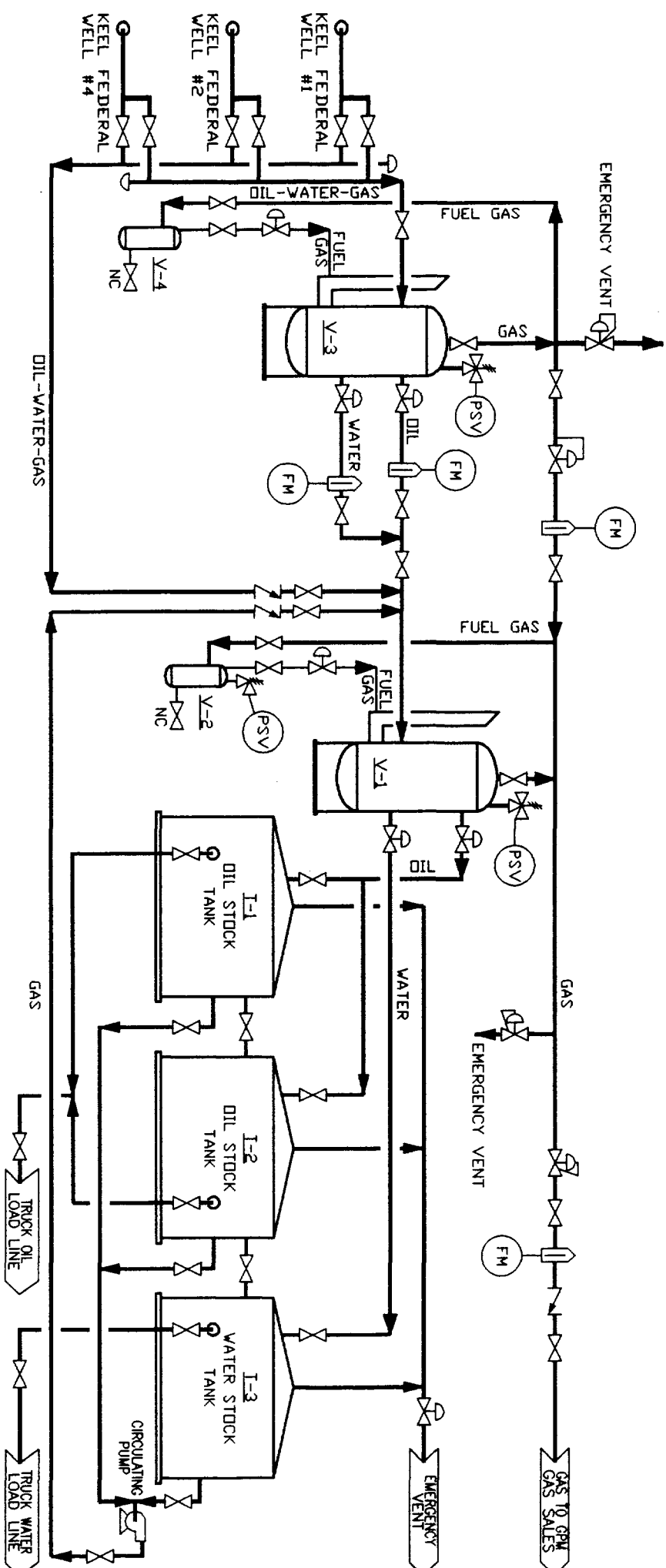
A handwritten signature in black ink that reads "Lloyd V. Trautman". The signature is fluid and cursive, with the first name "Lloyd" and last name "Trautman" clearly legible, and a small "V" for the middle initial.

Lloyd V. Trautman
Senior Petroleum Engineer
New Mexico Area

Attachments

cc: NMOCD - Hobbs, NM
NM State Land Office - Santa Fe, NM
N. V. Mouser
L. V. Trautman
Central Files

V-3 48' X 20'-0" VERTICAL TEST TREATER NATCD 2-83 50 PSIG WP	V-4 6' O.D. X 36' VERTICAL GAS SCRUBBER 125 PSI WP	V-1 48' X 20'-0" VERTICAL TREATER NATCD 1995 50 PSIG WP	V-2 12' X 36' VERTICAL GAS SCRUBBER NATCD 125 PSI WP	I-1 15'-6" X 16'-0" STEEL DIL STOCK TANK 1996	I-2 15'-6" X 16'-0" STEEL DIL STOCK TANK 1996	I-3 15'-6" X 16'-0" STEEL WATER STOCK TANK 1996
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LEASE, NM-24161

Chevron U.S.A. Inc. Permian Oil & Gas Profit Center	
KEEL A FEDERAL #1 TANK BATTERY 1980' FSL, 2080' FEL SECTION 35, T18S - R32E PROCESS FLOW DIAGRAM	
LEAD COUNTY, NEW MEXICO	DATE: 6/12/96 BY: NLS CHECKED: 1 APPROVED: 1
ACCESS: WOLAN-BVAD0101	D-KAF-01-01

WAIVER OF OBJECTION**CHEVRON U.S.A., INC.**

Surface Commingling
Keel "A" Federal #1 (Young; San Andres, South)
Keel "A" Federal #2 (Lusk; North Yates 7R)
Keel "A" Federal #4 (Young; San Andres, South)
Section 33, T18S-R32E
Lea County, New Mexico

We do hereby waive any objections to Chevron's request for NMOCD Administrative approval of the surface commingling of the Keel "A" Federal #1, Keel "A" Federal #2, and Keel "A" Federal #4. The location of the battery is Section 33, T18S, R32E, Lea County, New Mexico.


Signature:Doralea S. Bean**Title:**Personal Representative**Company:**Estate of Thomas Truman Sanders, Jr.**Date:**10/7/96

WAIVER OF OBJECTION

CHEVRON U.S.A., INC.

Surface Commingling
Keel "A" Federal #1 (Young; San Andres, South)
Keel "A" Federal #2 (Lusk; North Yates 7R)
Keel "A" Federal #4 (Young; San Andres, South)
Section 33, T18S-R32E
Lea County, New Mexico

We do hereby waive any objections to Chevron's request for NMOCD Administrative approval of the surface commingling of the Keel "A" Federal #1, Keel "A" Federal #2, and Keel "A" Federal #4. The location of the battery is Section 33, T18S, R32E, Lea County, New Mexico.

Signature: 
Title: OPERATIONS MGR
Company: MATADOR PETROLEUM CORPORATION
Date: 10-10-96

AUG 28 '96 01:15PM CHEVRON MIDLAND

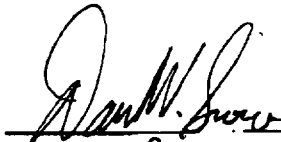
P.3/3

WAIVER OF OBJECTION**CHEVRON U.S.A., INC.**

Surface Commingling
Keel "A" Federal #1 (Young; San Andres, South)
Keel "A" Federal #2 (Lusk; North Yates 7R)
Keel "A" Federal #4 (Young; San Andres, South)
Section 33, T18S-R32E
Lea County, New Mexico

We do hereby waive any objections to Chevron's request for NMOCD Administrative approval of the surface commingling of the Keel "A" Federal #1, Keel "A" Federal #2, and Keel "A" Federal #4. The location of the battery is Section 33, T18S, R32E, Lea County, New Mexico.

Signature:



Title:

V.P.

Company:

SNOW OIL & GAS INC.

Date:

9/8/96

WAIVER OF OBJECTION**CHEVRON U.S.A., INC.**

Surface Commingling
Keel "A" Federal #1 (Young; San Andres, South)
Keel "A" Federal #2 (Lusk; North Yates 7R)
Keel "A" Federal #4 (Young; San Andres, South)
Section 33, T18S-R32E
Lea County, New Mexico

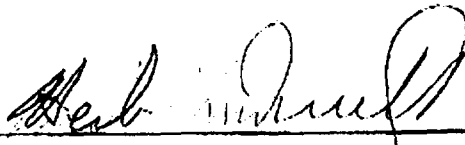
We do hereby waive any objections to Chevron's request for NMOCD Administrative approval of the surface commingling of the Keel "A" Federal #1, Keel "A" Federal #2, and Keel "A" Federal #4. The location of the battery is Section 33, T18S, R32E, Lea County, New Mexico.

Signature:

Title:

Company:

Date:


WT OWNER
McNITT
8-31

WAIVER OF OBJECTION**CHEVRON U.S.A., INC.**

Surface Commingling
Keel "A" Federal #1 (Young; San Andres, South)
Keel "A" Federal #2 (Lusk; North Yates 7R)
Keel "A" Federal #4 (Young; San Andres, South)
Section 33, T18S-R32E
Lea County, New Mexico

We do hereby waive any objections to Chevron's request for NMOCD Administrative approval of the surface commingling of the Keel "A" Federal #1, Keel "A" Federal #2, and Keel "A" Federal #4. The location of the battery is Section 33, T18S, R32E, Lea County, New Mexico.

Signature:

J. B. Roberts

Title:

owner

Company:

Date:

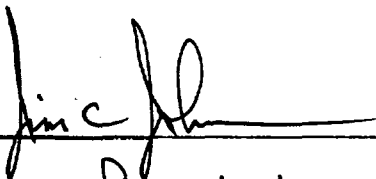
8-30-96

WAIVER OF OBJECTION**CHEVRON U.S.A., INC.**

Surface Commingling
Keel "A" Federal #1 (Young; San Andres, South)
Keel "A" Federal #2 (Lusk; North Yates 7R)
Keel "A" Federal #4 (Young; San Andres, South)
Section 33, T18S-R32E
Lea County, New Mexico

We do hereby waive any objections to Chevron's request for NMOCD Administrative approval of the surface commingling of the Keel "A" Federal #1, Keel "A" Federal #2, and Keel "A" Federal #4. The location of the battery is Section 33, T18S, R32E, Lea County, New Mexico.

Signature:



Title:

Vice President

Company:

Petroleum Development Corp.

Date:

8/28/96

WAIVER OF OBJECTION**CHEVRON U.S.A., INC.**

Surface Commingling
Keel "A" Federal #1 (Young; San Andres, South)
Keel "A" Federal #2 (Lusk; North Yates 7R)
Keel "A" Federal #4 (Young; San Andres, South)
Section 33, T18S-R32E
Lea County, New Mexico

We do hereby waive any objections to Chevron's request for NMOCD Administrative approval of the surface commingling of the Keel "A" Federal #1, Keel "A" Federal #2, and Keel "A" Federal #4. The location of the battery is Section 33, T18S, R32E, Lea County, New Mexico.

Signature: Stuart D. Galt
Title: PRESIDENT
Company: SFC OPERATING
Date: 9/5/96

WAIVER OF OBJECTION

CHEVRON U.S.A., INC.

Surface Commingling
Keel "A" Federal #1 (Young; San Andres, South)
Keel "A" Federal #2 (Lusk; North Yates 7R)
Keel "A" Federal #4 (Young; San Andres, South)
Section 33, T18S-R32E
Lea County, New Mexico

We do hereby waive any objections to Chevron's request for NMOCD Administrative approval of the surface commingling of the Keel "A" Federal #1, Keel "A" Federal #2, and Keel "A" Federal #4. The location of the battery is Section 33, T18S, R32E, Lea County, New Mexico.

Signature: Bill Bratshaw
Title: Exploration Manager
Company: Read & Stevens Inc.
Date: 8/29/96

WAIVER OF OBJECTION**CHEVRON U.S.A., INC.**

Surface Commingling
Keel "A" Federal #1 (Young, San Andres, South)
Keel "A" Federal #2 (Lusk, North Yates 7R)
Keel "A" Federal #4 (Young, San Andres, South)
Section 33, T18S-R32E
Lea County, New Mexico

We do hereby waive any objections to Chevron's request for NMOCD Administrative approval of the surface commingling of the Keel "A" Federal #1, Keel "A" Federal #2, and Keel "A" Federal #4. The location of the battery is Section 33, T18S, R32E, Lea County, New Mexico.

Signature: _____

Title: _____

Company: _____

Date: _____