



October 20, 2000

New Mexico Oil Conservation Division
Attn: Lori Wrotenbery, Director
2040 S. Pacheco Street
Santa Fe, New Mexico 87505

Chevron U.S.A. Production Company
Non-Operated Joint Ventures
P.O. Box 36366
Houston, TX 77236
Fax 281 561 3880

RE: Application of Conoco Inc. to Increase
the Special Depth Bracket Oil Allowable and
to Make Permanent Temporary Special Rules
for the North Hardy-Strawn Pool, Lea County,
New Mexico

Gentlemen:

Chevron U. S. A. Inc. as co-owner with Conoco Inc., et al in the development of the North-Hardy Strawn Pool, and as an offset operator, hereby supports Conoco's application for an increase in the special depth bracket oil allowable from 600 BOPD to 900 BOPD, as well as their proposal to make permanent all temporary special rules granted by Order R-112221 on July, 12, 1999. Conoco's development is located within portions of Sections 25 and 36, T-20S, R-37E and Sections 30 and 31, T-20S, R-38E, Lea Co, New Mexico.

On September 12, 2000, Conoco's engineering and geologic staff presented a technical overview of the North Hardy-Strawn Pool to the working interest owners in the Southeast Monument Unit. Included in this overview were geologic maps of the Strawn formation, a reservoir properties summary based on log and pressure build-up analysis, and future proposed locations to complete development of the North Hardy-Strawn Pool. In addition, step rate testing data was presented supporting an increased allowable. It is our opinion, as a co-owner with Conoco, et al and as an operator of offsetting acreage, that Conoco's development plans conform to the ideals of protection of offsetting ownership rights and minimization of waste.

Yours truly,

CHEVRON U. S. A. INC.

By: *Parks Tilly*
Parks Tilly, Area Advisor

CC: Conoco Inc.
Atlantic Richfield Corporation

BEFORE THE
OIL CONSERVATION DIVISION
Case #12532⾖ Exhibit No. 2
Submitted By:
Conoco, Inc.
Hearing Date: November 16, 2000