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William F. Carr

wcarr@hollandhart.com

June 24, 2003

VIA FACSIMILE AND U. S. MAIL
FAX NO. (505) 393-0720

Mr. Chris Williams, Supervisor
and Oil & Gas Inspector
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1625 North French
Hobbs, New Mexico 88240

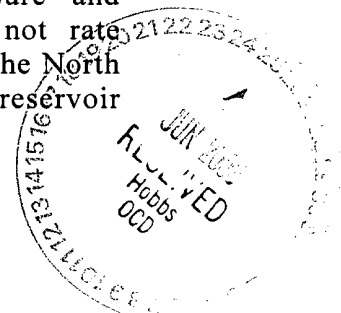
Re: Chevron U.S.A. Inc.'s Lusk Federal "29" Well No. 1
Request for 90-day testing allowable

Dear Mr. Williams:

Chevron U.S.A. Inc. ("Chevron") requests a 90-day testing allowable for its Lusk Federal "29" Well No. 1 located 330 feet from the South line and 2005 feet from the West line of Section 29, Township 189 South, Range 32 East, NMPM, Lea County, New Mexico. Chevron drilled this well in 1999 and throughout its producing life has regulated the oil production from the well by controlling the gas production. The well is shut in approximately 50% of the time.

As shown on the attached daily production plot and table of production data, when the well is produced at a gas-oil-ratio of 2000 to 1, the rate is too low to produce oil. When Chevron increases the rate, by the time the rate is stabilized, it is time to shut the well in. In addition to the operational problems created by this situation, Chevron has been unable to acquire the information it needs to file an application to increase the GOR in this pool and prepare for a hearing.

A testing allowable will enable Chevron to gather pressure and production information needed to establish that the reservoir is not rate sensitive and that adoption of Special Pool Rules and Regulations for the North Lusk-Strawn Pool to increase the pool's GOR will not dissipate reservoir energy and will not cause the waste of oil.

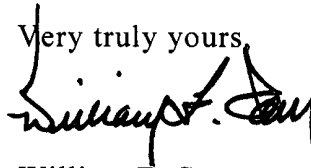


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Mr. Chris Williams
Supervisor and Oil & Gas Inspector
June 24, 2003
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Enclosed is a copy of the Division Form C-104 (Request for Allowable and Authorization to Transport) for this well. If you have any questions concerning this request please contact me at (505) 988-4421 or David Crawford at (432) 687-7331 or Scott Ingram at (432) 687-7212. Your attention to this request is appreciated.

Very truly yours,



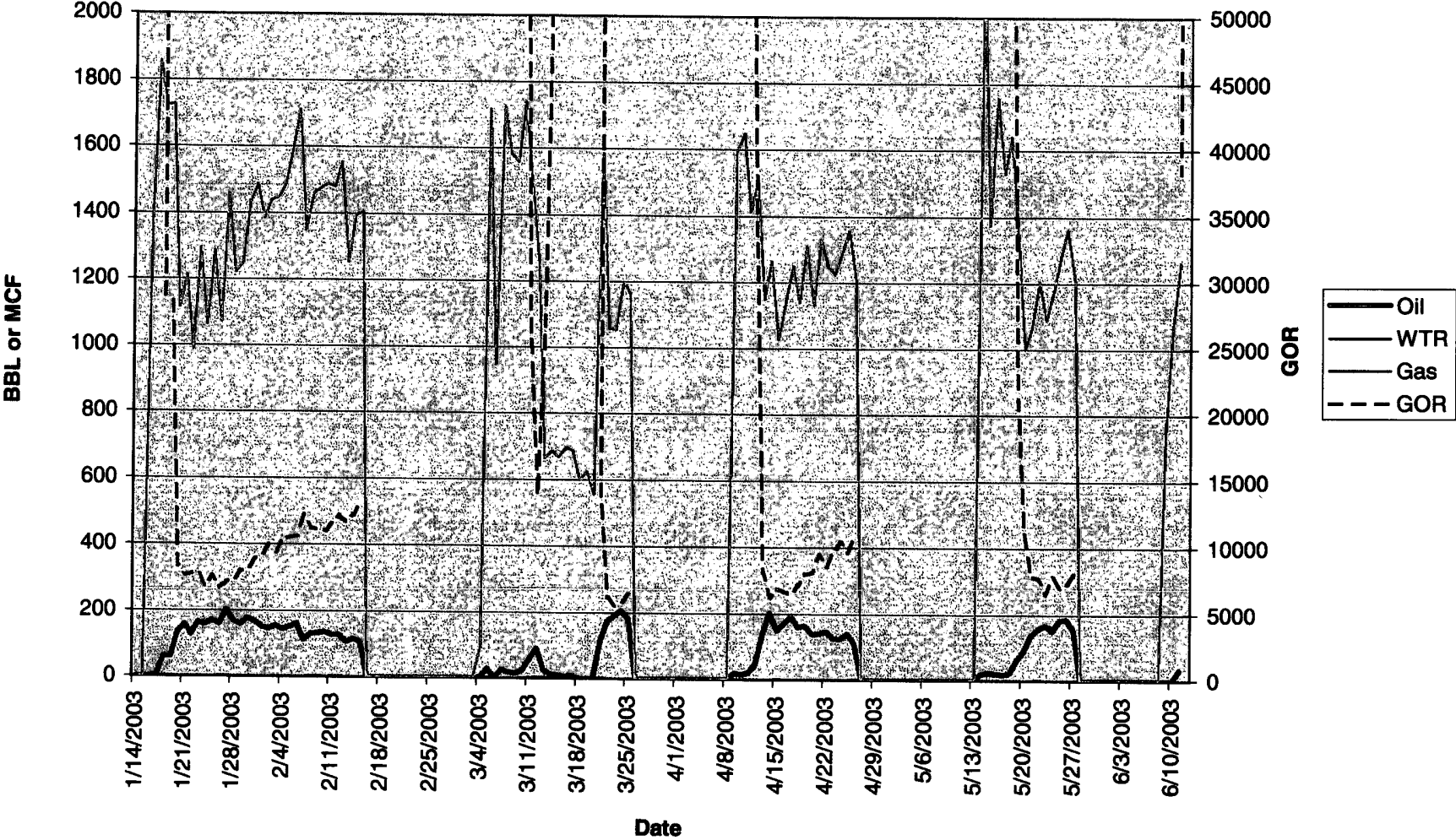
William F. Carr

Enclosures

cc: J. David Crawford
Sr. Petroleum Engineer
Carlsbad Team
Chevron U.S.A. Inc.
15 Smith Road
Midland, Texas 79705

OR Chris Williams

N. Lusk 29 Fed #1 - Daily Production



N. Lusk 29 #1 daily production

numbers in purple are
manufactured: 0.5 BO
substituted for 0 BO to
facilitate GOR calc.

	Oil	cum BO	WTR	Gas	cum MCF	GOR	Monthly Cum Gas	Mo. avg GOR	Cum GOR	Tbg PSI	ck	Comments
1/14/2003	0		0	0								SI
1/15/2003	0		0	0								SI
1/16/2003	0.5	0.5	0	1383	1383	2,766,000	1,383	45	2,766,000			
1/17/2003	5	5.5	0	1857	3240	371,400	3,240	107	589,091			
1/18/2003	60	65.5	1	1725	4965	28,750	4,965	163	75,802			
1/19/2003	61	126.5	2	1726	6691	28,295	6,691	220	52,893			
1/20/2003	134	260.5	0	1115	7806	8,321	7,806	257	29,965			
1/21/2003	158	418.5	0	1212	9018	7,671	9,018	297	21,548			
1/22/2003	127	545.5	0	986	10004	7,764	10,004	329	18,339			
1/23/2003	164	709.5	0	1296	11300	7,902	11,300	372	15,927			
1/24/2003	157	866.5	0	1063	12363	6,771	12,363	407	14,268			
1/25/2003	170	1036.5	0	1288	13651	7,576	13,651	449	13,170			
1/26/2003	159	1195.5	2	1072	14723	6,742	14,723	484	12,315			
1/27/2003	203	1398.5	2	1458	16181	7,182	16,181	532	11,570			
1/28/2003	169	1567.5	0	1223	17404	7,237	17,404	573	11,103			
1/29/2003	157	1724.5	0	1250	18654	7,962	18,654	614	10,817			
1/30/2003	177	1901.5	0	1431	20085	8,085	20,085	661	10,563			
1/31/2003	168	2069.5	0	1487	21572	8,851	21,572	696	10,424			
2/1/2003	151	2220.5	0	1385	22957	9,172	1,385	49	10,339			
2/2/2003	145	2365.5	0	1439	24396	9,924	2,824	101	10,313			
2/3/2003	154	2519.5	0	1448	25844	9,403	4,272	153	10,258			
2/4/2003	143	2662.5	0	1485	27329	10,385	5,757	206	10,264			
2/5/2003	152	2814.5	0	1598	28927	10,513	7,355	263	10,278			estimated prod
2/6/2003	161	2975.5	0	1711	30638	10,627	9,066	324	10,297			
2/7/2003	111	3086.5	0	1352	31990	12,180	10,418	372	10,364			
2/8/2003	130	3216.5	2	1462	33452	11,246	11,880	424	10,400			
2/9/2003	133	3349	1	1476	34927.5	11,136	13,356	477	10,429			estimated prod
2/10/2003	135	3484	0	1489	36416.5	11,030	14,845	530	10,452			
2/11/2003	128	3612	1	1480	37896.5	11,563	16,325	583	10,492			
2/12/2003	128	3740	1	1554	39450.5	12,141	17,879	639	10,548			
2/13/2003	107	3847	0	1254	40704.5	11,720	19,133	683	10,581			
2/14/2003	114	3961	0	1394	42098.5	12,228	20,527	733	10,628			
2/15/2003	106	4067	0	1406	43504.5	13,264	21,933	783	10,697			
2/16/2003	0	4067	0	0	43504.5				10,697			SI in for allowable
2/17/2003	0	4067	0	0	43504.5				10,697			SI
2/18/2003	0	4067	0	0	43504.5				10,697			SI
2/19/2003	0	4067	0	0	43504.5				10,697			SI
2/20/2003	0	4067	0	0	43504.5				10,697			SI
2/21/2003	0	4067	0	0	43504.5				10,697			SI
2/22/2003	0	4067	0	0	43504.5				10,697			SI
2/23/2003	0	4067	0	0	43504.5				10,697			SI
2/24/2003	0	4067	0	0	43504.5				10,697			SI
2/25/2003	0	4067	0	0	43504.5				10,697			SI
2/26/2003	0	4067	0	0	43504.5				10,697			SI
2/27/2003	0	4067	0	0	43504.5				10,697			SI
2/28/2003	0	4067	0	0	43504.5				10,697			SI
3/1/2003	0	4067	0	0	43504.5				10,697			SI
3/2/2003	0	4067	0	0	43504.5				10,697			SI

3/3/2003	0	4067	0	0	43504.5				10,697			opened today
3/4/2003	1	4068	0	91	43595.5	91,000	91	3	10,717			froze off
3/5/2003	28	4096	2	1717	45312.5	61,321	1,808	58	11,063			
3/6/2003	0.5	4096.5	0	946	46258.5	1,892,000	2,754	89	11,292	650	15/64	- opened up to get oil
3/7/2003	26	4122.5	0	1724	47982.5	66,308	4,478	144	11,639			
3/8/2003	18	4140.5	0	1582	49564.5	87,889	6,060	195	11,971			
3/9/2003	14	4154.5	0	1558	51122.5	111,286	7,618	246	12,305			
3/10/2003	25	4179.5	0	1738	52860.5	69,520	9,356	302	12,648			
3/11/2003	58	4237.5	2	1501	54361	25,871	10,857	350	12,829			estimated prod
3/12/2003	91	4328.5	3	1263	55624	13,879	12,120	391	12,851			
3/13/2003	25	4353.5	3	664	56288	26,560	12,784	412	12,929			
3/14/2003	11	4364.5	0	686	56974	62,364	13,470	435	13,054			
3/15/2003	9	4373.5	0	668	57642	74,222	14,138	456	13,180			
3/16/2003	5	4378.5	0	696	58338	139,200	14,834	479	13,324			
3/17/2003	8	4386.5	0	687	59025	85,875	15,521	501	13,456			
3/18/2003	0.5	4387	0	599	59624	1,198,000	16,120	520	13,591			
3/19/2003	0.5	4387.5	0	625	60249	1,250,000	16,745	540	13,732			
3/20/2003	0.5	4388	0	556	60805	1,112,000	17,301	558	13,857			
3/21/2003	115	4503	1	1586	62391	13,791	18,887	609	13,855	420	25/64	
3/22/2003	173	4676	0	1058	63449	6,116	19,945	643	13,569			
3/23/2003	189	4865	0	1053	64502	5,571	20,998	677	13,258			
3/24/2003	206	5071	0	1200	65702	5,825	22,198	716	12,956			
3/25/2003	182	5253	0	1163	66865	6,390	23,361	754	12,729			
3/26/2003	0	5253	0	0	66865				12,729	600		SI
3/27/2003	0	5253	0	0	66865				12,729			SI
3/28/2003	0	5253	0	0	66865				12,729	750		SI
3/29/2003	0	5253	0	0	66865				12,729			SI
3/30/2003	0	5253	0	0	66865				12,729			SI
3/31/2003	0	5253	0	0	66865				12,729			SI
4/1/2003	0	5253	0	0	66865				12,729			SI
4/2/2003	0	5253	0	0	66865				12,729			SI
4/3/2003	0	5253	0	0	66865				12,729			SI
4/4/2003	0	5253	0	0	66865				12,729			SI
4/5/2003	0	5253	0	0	66865				12,729			SI
4/6/2003	0	5253	0	0	66865				12,729			SI tbg 760#
4/7/2003	0	5253	0	0	66865				12,729			SI
4/8/2003	0	5253	0	0	66865				12,729			opened up at 1200 hrs
4/9/2003	19	5272	0	1594	68459	83,895	1,594	53	12,985			
4/10/2003	15	5287	0	1648	70107	109,867	3,242	108	13,260			
4/11/2003	21	5308	0	1413	71520	67,286	4,655	155	13,474			
4/12/2003	45	5353	0	1501	73021	33,356	6,156	205	13,641			
4/13/2003	141	5494	0	1149	74170	8,149	7,305	244	13,500			
4/14/2003	202	5696	0	1265	75435	6,262	8,570	286	13,244			
4/15/2003	149	5845	2	1028	76463	6,899	9,598	320	13,082			
4/16/2003	170	6015	0	1138	77601	6,694	10,736	358	12,901			est. prod
4/17/2003	192	6207	0	1249	78850	6,505	11,985	400	12,703			
4/18/2003	159	6366	0	1139	79989	7,164	13,124	437	12,565			
4/19/2003	164	6530	0	1310	81299	7,988	14,434	481	12,450			
4/20/2003	139	6669	0	1132	82431	8,144	15,566	519	12,360			
4/21/2003	141	6810	0	1330	83761	9,433	16,896	563	12,300			
4/22/2003	146	6956	0	1248	85009	8,548	18,144	605	12,221			
4/23/2003	126	7082	0	1225	86234	9,722	19,369	646	12,177			
4/24/2003	124	7206	0	1290	87524	10,403	20,659	689	12,146			
4/25/2003	141	7347	0	1358	88882	9,631	22,017	734	12,098			
4/26/2003	112	7459	1	1210	90092	10,804	23,227	774	12,078			
4/27/2003	0	7459	0	0	90092				12,078			SI
4/28/2003	0	7459	0	0	90092				12,078			SI allowable mdae

4/29/2003	0	7459	0	0	90092				12,078			SI allowable mdae
4/30/2003	0	7459	0	0	90092				12,078			
5/1/2003	0	7459	0	0	90092				12,078			
5/2/2003	0	7459	0	0	90092				12,078			
5/3/2003	0	7459	0	0	90092				12,078			
5/4/2003	0	7459	0	0	90092				12,078			
5/5/2003	0	7459	0	0	90092				12,078			
5/6/2003	0	7459	0	0	90092				12,078			
5/7/2003	0	7459	0	0	90092				12,078			
5/8/2003	0	7459	0	0	90092				12,078			
5/9/2003	0	7459	0	0	90092				12,078			
5/10/2003	0	7459	0	0	90092				12,078			
5/11/2003	0	7459	0	0	90092				12,078			
5/12/2003	0	7459	0	0	90092				12,078			
5/13/2003	0	7459	0	0	90092				12,078	700		opened today -700# TP
5/14/2003	20	7479	0	2155	92247	107,750	2,155	72	12,334			
5/15/2003	24	7503	0	1376	93623	57,333	3,531	118	12,478			
5/16/2003	20	7523	0	1758	95381	87,900	5,289	176	12,679			
5/17/2003	17	7540	0	1530	96911	90,000	6,819	227	12,853			
5/18/2003	23	7563	0	1642	98553	71,391	8,461	282	13,031			
5/19/2003	63	7626	0	1328	99881	21,079	9,789	326	13,097			
5/20/2003	90	7716	0	1000	100881	11,111	10,789	360	13,074			
5/21/2003	135	7851	0	1067	101948	7,904	11,856	395	12,985			
5/22/2003	156	8007	1	1206	103154	7,731	13,062	435	12,883			
5/23/2003	167	8174	0	1088	104242	6,515	14,150	472	12,753			
5/24/2003	150	8324	0	1174	105416	7,827	15,324	511	12,664			
5/25/2003	181	8505	0	1279	106695	7,066	16,603	553	12,545			
5/26/2003	186	8691	0	1362	108057	7,323	17,965	599	12,433			
5/27/2003	151	8842	0	1208	109265	8,000	19,173	639	12,357			SI @ 10 am, Plant prob
5/28/2003	0	8842	0	0	109265				12,357			SI
5/29/2003	0	8842	0	0	109265				12,357			SI
5/30/2003	0	8842	0	0	109265				12,357			SI
5/31/2003	0	8842	0	0	109265				12,357			SI
6/1/2003	0	8842	0	0	109265				12,357			SI
6/2/2003	0	8842	0	0	109265				12,357			SI
6/3/2003	0	8842	0	0	109265				12,357			SI
6/4/2003	0	8842	0	0	109265				12,357			(opened @ 1300 hrs)?
6/5/2003	0	8842	0	0	109265				12,357			SI ?
6/6/2003	0	8842	0	0	109265				12,357			SI ?
6/7/2003	0	8842	0	0	109265				12,357			SI ?
6/8/2003	0	8842	0	0	109265				12,357			SI ?
6/9/2003	0.5	8842.5	0	755	110020	1,510,000	755	25	12,442			
6/10/2003	0.5	8843	0	1070	111090	2,140,000	1,825	61	12,562			
6/11/2003	33	8876	0	1263	112353	38,273	3,088	103	12,658			
6/12/2003		8876			112353				12,658			