

APPLICATION FOR SURFACE COMMINGLING
OFF LEASE STORAGE AND MEASUREMENT APPROVAL

Texaco Exploration and Production Inc. is requesting approval for surface commingling and off-lease storage and measurement of hydrocarbon production from the following formation and wells on Federal Lease No. LC-030174B: W. H. Rhodes B Fed NCT-1

| <u>Well No.</u> | <u>Loc.</u> | <u>Sec.</u> | <u>Twp.</u> | <u>Rnge.</u> | <u>Formation</u> |
|------------------------|--------------------|--------------------|--------------------|---------------------|-------------------------|
| 11 | K | 26 | 26S | 37E | Rhodes Yates 7 Rivers |
| 20 | I | 27 | 26S | 37E | Rhodes Yates 7 Rivers |
| 21 | I | 27 | 26S | 37E | Rhodes Yates 7 Rivers |
| 23 | E | 26 | 26S | 37E | Rhodes Yates 7 Rivers |
| 24 | H | 27 | 26S | 37E | Rhodes Yates 7 Rivers |
| 25 | A | 27 | 26S | 37E | Rhodes Yates 7 Rivers |
| 28 | K | 26 | 26S | 37E | Rhodes Yates 7 Rivers |

NOTE: These are the current producing wells on the lease. Approval is also requested for any additional wells that may be drilled in the future.

with hydrocarbon production from the following formation and well on Federal Lease No. LC-030174B; Rhodes NCT COOP Fed COM-1

| <u>Well No.</u> | <u>Loc.</u> | <u>Sec.</u> | <u>Twp.</u> | <u>Rnge.</u> | <u>Formation</u> |
|------------------------|--------------------|--------------------|--------------------|---------------------|-------------------------|
| 1 * | J | 27 | 26S | 37E | Rhodes Yates 7 Rivers |
| 2 * | G | 27 | 26S | 37E | Rhodes Yates 7 Rivers |
| 3 * | B | 27 | 26S | 37E | Rhodes Yates 7 Rivers |

* Wells are currently being drilled.

Anticipated production from the wells involved is as follows:

| <u>Well Name and Number</u> | <u>BOPD</u> | <u>Oil</u> | |
|------------------------------------|--------------------|-----------------------|--------------------|
| | | <u>Gravity</u> | <u>MCFD</u> |
| Rhodes NCT COOP Fed COM-1 #1 | 80 | 36 deg API | 30 |
| Rhodes NCT COOP Fed COM-1 #2 | 80 | 36 deg API | 30 |
| Rhodes NCT COOP Fed COM-1 #3 | 80 | 36 deg API | 30 |

The proposed operation is described in detail in the attached process description.

A map is attached showing the lease numbers and location of all leases and wells that will contribute production to the proposed commingling/common storage facility. All unitized/communitized areas, producing zones/pools are clearly illustrated.

The storage and measuring facility is located in Unit Ltr G, Sec 27, T-26-S, R-37-E, on lease number LC-030174B, Lea County, New Mexico. BLM will be notified if there is any change in the facility location.

The proposed method for allocating production to contributing sources will be done by the subtraction method. Production from the Rhodes NCT COOP Fed COM-1 wells will be metered at all times and that production will be subtracted from the total facility production to determine the amount of production to be allocated to the W. H. Rhodes B Fed NCT-1 wells.