

**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

Well No.	Loc.	Sec.	Twp.	Rnge.	Formation
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

Well No.	Loc.	Sec.	Twp.	Rnge.	Formation
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:

Well Name and Number	BOPD	Oil Gravity	MCFD
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.