

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Oil Cons.

N.M. DIV-Dist. 2

1901 W. Grand Avenue

Artesia, NM 88210

FORM APPROVED

Budget Bureau No. 1004-0135

Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or deepen or reentry to a different reservoir.

Use "APPLICATION FOR PERMIT-" for such proposals

Lease Designation and Serial No.

LC-029419A

6. If Indian, Allottee or Tribe Name

N/A

SUBMIT IN TRIPLICATE

1. Type of well

☒ Oil ☐ Gas ☐ Other

2. Name of Operator

ChevronTexaco Exploration & Production Co.

3. Address and Telephone No.

15 Smith Road; Midland, TX 79705

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Section 22

T17S - R31E

RECEIVED

MAR 29 2004

OCD-ARTESIA

7. If Unit or CA, Agreement Designation

NM-71030X

8. Well Name and No.

Skelly Unit # 940, # 941, 944, & 945

9. API Well No.

30-015-32599; 30-015-32600; 30-015-32963; 30-015-32964

10. Field and Pool, or Exploratory Area

Skelly Unit, Paddock Field

11. County or Parish, State

Eddy County, NM

CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

12	TYPE OF SUBMISSION	TYPE OF ACTION
	☒ Notice of Intent	☐ Abandonment
	☐ Subsequent Report	☐ Recompletion
	☐ Final Abandonment Notice	☐ Plugging Back
		☐ Casing Repair
		☐ Altering Casing
		☒ Commingling, On Lease Storage & Measurement
		☐ Change of Plans
		☐ New Construction
		☐ Non-Routine Fracturing
		☐ Water Shut-Off
		☐ Conversion to Injection
		☐ Dispose Water

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimate date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

ChevronTexaco Exploration & Production Company, has submitted a request to the OCD for approval to Surface Commingle the Paddock production from wells # 940, 941, 944, & 945, in the Skelly Unit # 940 Battery, located in the Fren Paddock Field, at the Skelly Unit # 940 well location, 990' FNL & 330' FWL, Sec. 22, T, 17S, R31E, Eddy County, NM.

Wells to be commingled.

Skelly Unit # 940, Paddock pool # 49210, API 30-015-32599, 990' FNL & 330' FWL, SEC 22, T17S, R31E, Eddy Co., NM

Skelly Unit # 941, Paddock pool # 49210, API 30-015-32600, 990' FNL & 1650' FWL, SEC 22, T17S, R31E, Eddy Co., NM

Skelly Unit # 944, Paddock pool # 49210, API 30-015-32963, 330' FNL & 990' FWL, SEC 22, T17S, R31E, Eddy Co., NM

Skelly Unit # 945, Paddock pool # 49210, API 30-015-32964, 330' FNL & 2310' FWL, SEC 22, T17S, R31E, Eddy Co., NM

ChevronTexaco is the operator of these wells and ChevronTexaco and Mack Energy both have 50% working interest.

The reason for this Lease Commingle is that the royalty and overriding royalty owners are different.

All of the production will be from the same Paddock Pool # 49210.

A production separator and a metering separator will be dedicated to meter the fluid for the Skelly wells # 940 & # 944, and a Test separator and a production separator for the # 941 & #945, as is illustrated on the attached flow diagram.

For your clarification, the OCD Lease commingle package is included with the Sundry notice of Intent.

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS ATTACHED

14. I hereby certify that the foregoing is true and correct

Signed

Catalina Laguerre

Title

Petroleum Engineering Technical Assistant

Date

March 23, 2004

(This space for Federal or State official use)

(ORIG. SGD.) ALEXIS C. SWOBODA

Title

PETROLEUM ENGINEER

Date

MAR 26 2004

Conditions of approval, if any:

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*See Instructions on Reverse Side

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATION WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☒ PLC ☐ PC ☐ OLS ☒ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or ☐ Does Not Apply

- [A] ☒ Working, Royalty or Overriding Royalty Interest Owners
- [B] ☐ Offset Operators, Leaseholders or Surface Owner
- [C] ☐ Application is One Which Requires Published Legal Notice
- [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] ☐ Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

CAROLYN HAYNIE
 Print or Type Name

Signature

PE Technical Assistant 3-16-04
 Title Date

CHAYNIE@CHEVRONTEXACO.COM
 e-mail Address

Chevron USA Production Company Inc.
Carolyn J. Haynie
Waterflood Technical Assistant
15 Smith Road
Midland, TX 79705
Tel 432-687-7384
Fax 432-687-7557

ChevronTexaco

March 15, 2004

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87504

RE: Application to Pool (Surface) Commingle Oil, Gas, and Water Production

Attn: Oil & Gas Regulatory Department

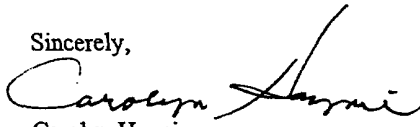
ChevronTexaco Exploration & Production Company, respectfully request administrative approval to Surface Commingle the Paddock production in the Skelly Unit 940 Battery, located in the Fren Paddock Field, at the Skelly Unit # 940 well location, Sec. 22, T17S, R31E, Eddy County, NM.

ChevronTexaco is the operator of the Skelly Unit, of which the # 940, # 941, # 944, # 945, have recently been drilled. ChevronTexaco and Mack Energy both have a 50% Working Interest in these well. The Royalty & Overriding Royalty information for these four wells is included in the attachments. A production separator and a metering separator will be dedicated to meter the fluids for the Skelly wells # 940 & # 944 and the # 941 & # 945, before commingling the production.

In support of this request the attachments include the oil and gas production initial well test, well location information, a lease plat, working interest and royalty information and a proposed schematic diagram for the Skelly Unit facility.

For your convenience, I have enclosed an envelope with my return address, so the decision for this Surface Commingles can be sent directly to me. If you require additional information or have any questions, please contact me at 432-687-7384, at the ChevronTexaco, Claydesta Building; Midland, Texas.

Sincerely,



Carolyn Haynie
New Mexico Technical Assistant

Cc: NMOCD – Artesia District 2
Lease File
Reggie Holzer
Chad Stallard
Danny Lovell
Kim Moore
Denise Mohar
Denise Pinkerton

SKELLY UNIT 940 BATTERY

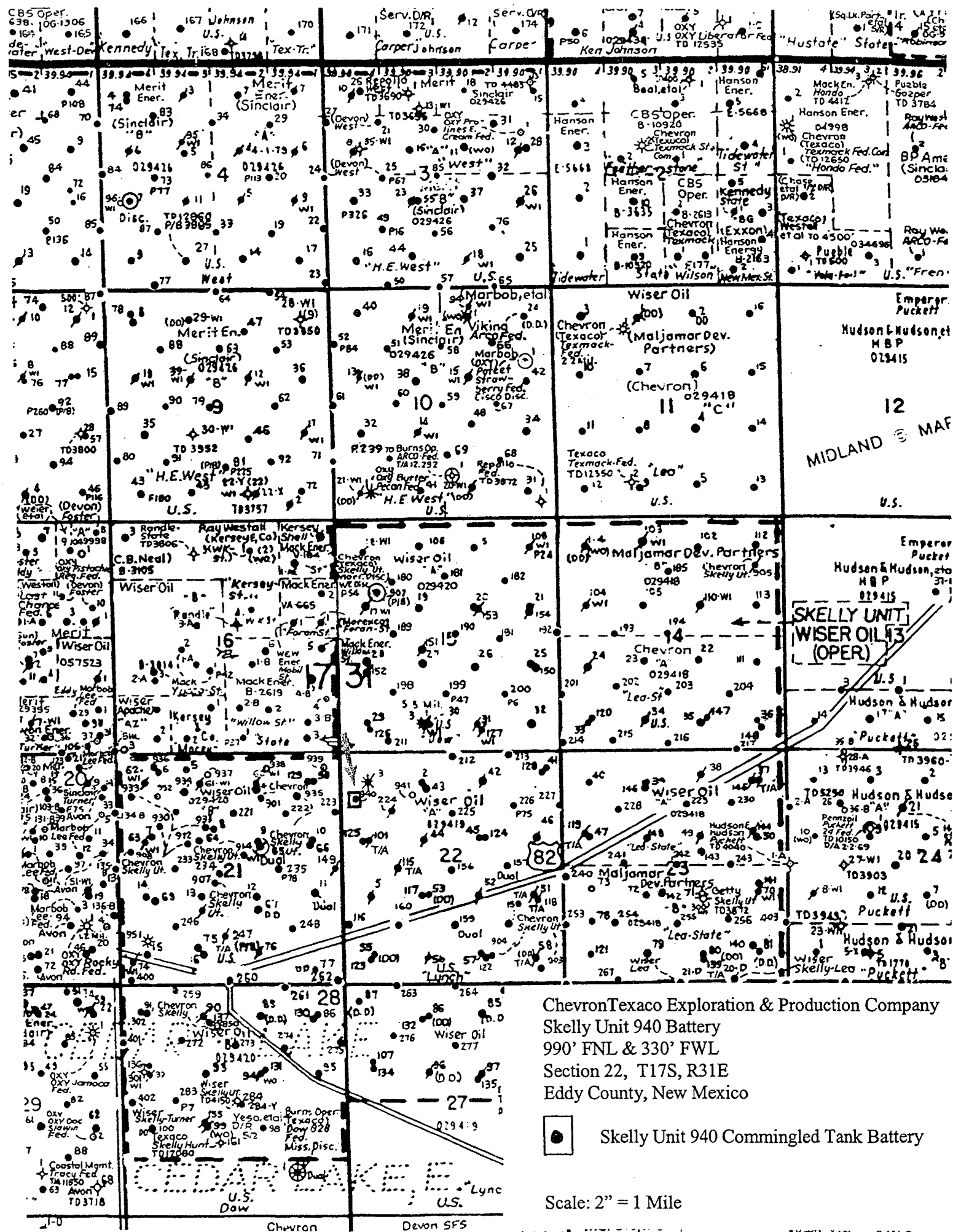
LEASE	Well No.	Status	Pool	Pool Number	API #	Unit Letter	Location	Section	Township	Range	Elevation	County	% of Ownership
SKELLY UNIT	940	PR	PADDOCK	49210	30-015-32599	A	990' FNL & 330' FWL	22	17S	31E	3833'	Eddy	50
SKELLY UNIT	941	PR	PADDOCK	49210	30-015-32600	C	990' FNL & 1650' FWL	22	17S	31E	3836'	Eddy	50
SKELLY UNIT	944	PR	PADDOCK	49210	30-015-32963	A	330' FNL & 990' FWL	22	17S	31E	3845'	Eddy	50
SKELLY UNIT	945	PR	PADDOCK	49210	30-015-32964	C	330' FNL & 2310' FWL	22	17S	31E	3853'	Eddy	50

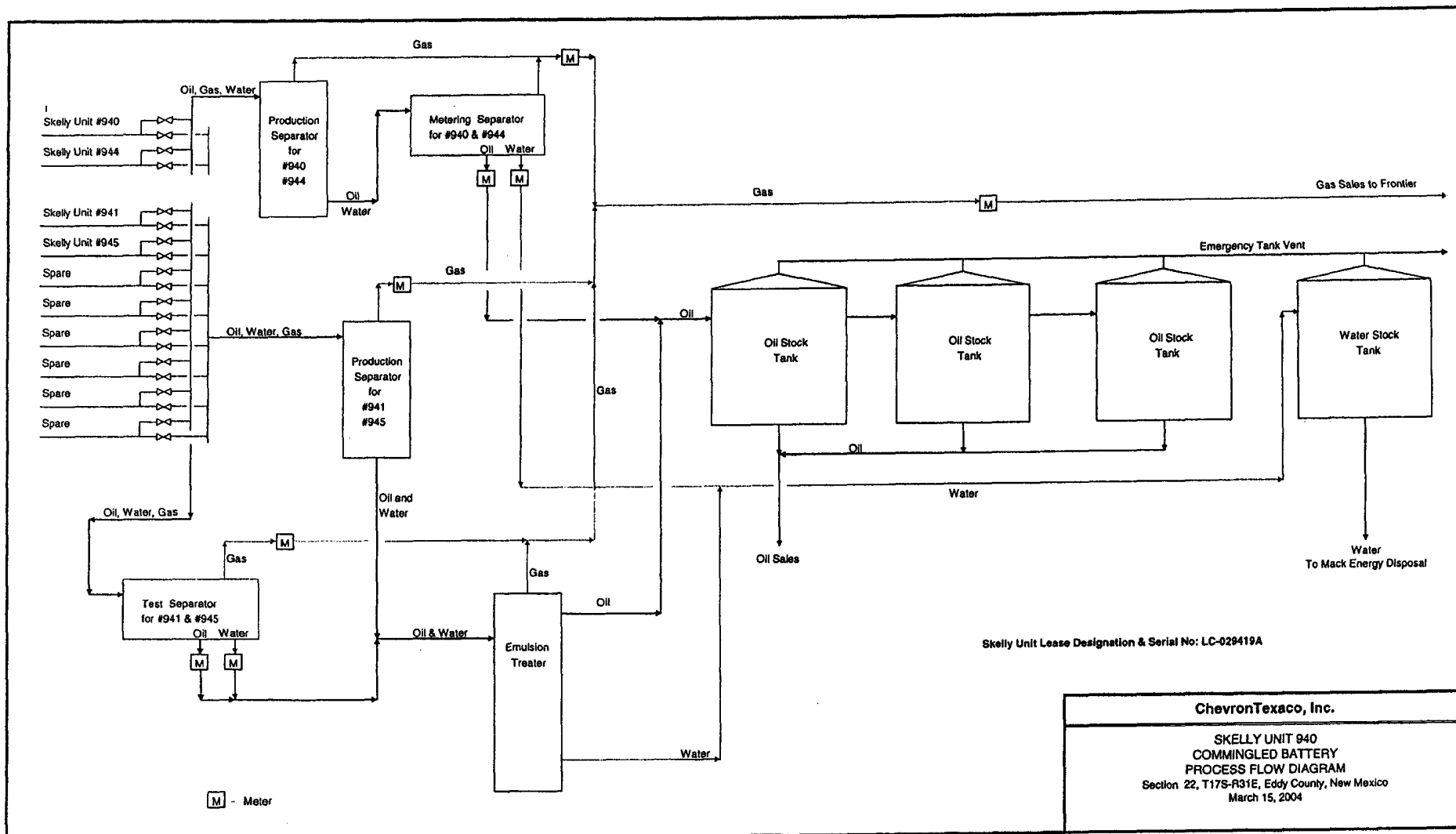
[illegible]

[illegible]

[illegible]

[illegible]





Chevron U.S.A. Production Company
Carolyn J. Haynie
Technical Assistant
Eunice Waterflood
15 Smith Road
Midland, TX 79705
432-687-7384

March 15, 2004

ChevronTexaco

Pool Surface Commingling
Fren Paddock Field
Skelly Unit Lease
Section 22, T17S, R31E
Eddy County, New Mexico

Re: Notice of Intent to Pool Surface Commingle Production

Working Interest, Royalty & Overriding Royalty Interest Owners:

ChevronTexaco Exploration & Production Company, formerly Texaco Exploration & Production Company, respectfully gives notice of intent, pending regulatory approval, to Surface Commingle the Paddock production in the Skelly Unit 940 Battery, located in the Fren Paddock Field, at the Skelly Unit # 940 well location, Sec. 22, T17S, R31E, Eddy County, NM.

ChevronTexaco is the operator of the Skelly Unit, of which the # 940, # 941, # 944, # 945, have recently been drilled. ChevronTexaco and Mack Energy both have a 50% Working Interest in these well. A production separator and a metering separator will be dedicated to meter the fluids for the Skelly wells # 940 & # 944 and the # 941 & # 945 before commingling the production.

Any objection to this Pool Surface Commingle must be submitted to the New Mexico Oil Conservation Division; 1220 South St. Francis Drive; Santa Fe, NM 87504, within 20 days of receipt of this notification.

If you have any questions or require additional information, please contact me at 432-687-7384, at the ChevronTexaco, Claydesta Building; Midland, Texas.

Sincerely,



Carolyn Haynie
New Mexico Waterflood
Petroleum Eng. Technical Assistant

Cc: NMOCD
Working Interest Owners
Royalty/Overriding Royalty Interest Owners

Venture: 007639 00021

Venture Name: SKELLY UNIT

County/State: EDDY, NEW MEXICO

Operator: CHEVRON USA INC.

Product: OIL, CONDENSATES - GBSA & ABOVE

Interest Type	Owner Number	Name & Address	Tax ID	Decimal Interest	Interest Sequence	Pay Status	Suspense Reason	Act Ent
OR	8025858	JAMES D BROWN JR 16105 RED CEDAR TRL DALLAS, TEXAS 75248	452-52-2554	0.005	1	PAY		E
			Subtotal	0.005	Number of Owners = 1			
RI	8040594	MINERALS MANAGEMENT SERVICE ROYALTY MANAGEMENT PROGRAM PO BOX 5810 DENVER, COLORADO 80217-0000		0.125	1	PAY		E
			Subtotal	0.125	Number of Owners = 1			
WI	8014078	CHEVRON USA INC PO Box 4791 HOUSTON, TEXAS 77210-4791	25-0527925	0.4375	1	PAY		A
WI	8029779	G DIANNE CHASE CROUCH PO BOX 693 ARTESIA, NEW MEXICO 88211	525-11-9265	0.0173	1	PAY		A
WI	8040811	CHASE OIL CORPORATION PO BOX 1767 ARTESIA, NEW MEXICO 88211-1767	85-0403681	0.21625	1	PAY		A
WI	8041278	MACK C AND MARILYN Y CHASE TST MACK C CHASE TRSTE PO BOX 693 ARTESIA, NEW MEXICO 88211-0693	52-5620520	0.12975	1	PAY		A
WI	8041279	RICHARD L & KARLA CHASE PO Box 359 ARTESIA, NEW MEXICO 88211-0359	585-96-6040	0.02595	1	PAY		A
WI	8041280	ROBERT C AND DEB E CHASE 2306 SIERRA VISTA DR ARTESIA, NEW MEXICO 88210	58-5807468	0.04325	1	PAY		A
			Subtotal	0.87	Number of Owners = 6			
			Grand Total	1	Number of Owners = 8			

Venture: 005451 00001

Venture Name: SKELLY UNIT

County/State: EDDY, NEW MEXICO

Operator: CHEVRON USA INC.

Product: OIL, CONDENSATES - BELOW GRAYBURG SAN ANDRES

Interest Type	Owner Number	Name & Address	Tax ID	Decimal Interest	Interest Sequence	Pay Status	Suspense Reason	Act Ent
OR	8016298	JACK W MCCA PO BOX 127 ARTESIA, NEW MEXICO 88211-0127	525-24-9048	0.0087121	1	PAY		E
OR	8016298	JACK W MCCA PO BOX 127 ARTESIA, NEW MEXICO 88211-0127	525-24-9048	0.0003788	2	PAY		E
OR	8016298	JACK W MCCA PO BOX 127 ARTESIA, NEW MEXICO 88211-0127	525-24-9048	0.0003788	3	PAY		E
OR	8016299	THOMAS M MCCA PO BOX 7383 PUEBLO WEST, COLORADO 81007-0383	525-74-2036	0.0003788	1	PAY		E
OR	8016300	JACK HAGIN MCCA 8236 PARK RD RYE, COLORADO 81069	525-90-0020	0.0003788	1	PAY		E
OR	8016301	PEGGY RUTH MCCA 801 W QUAY ARTESIA, NEW MEXICO 88210-1947	525-48-2419	0.0003788	1	PAY		E
OR	8016302	JACQUELINE MCCA THOMAS 11438 LOVINGTON HIGHWAY ARTESIA, NEW MEXICO 88210-9634	525-11-7485	0.0003788	1	PAY		E
OR	8016303	WILLIAM REED MCCA JR 4131 DAY DR SAN MARCOS, TEXAS 78666-9540	585-34-0417	0.0003788	1	PAY		E
OR	8016897	HIGGINS TRUST INC PO BOX 2421 WILLIAM P EDWARDS GAINESVILLE, GEORGIA 30503-2421	85-6009063	0.005	1	PAY		E
OR	8019351	SABINE ROYALTY TRST BANK OF AMERICA NA SUC ESCROW AGT LBX # 840887 C/O NATIONSBANK OF TEXAS NA DALLAS, TEXAS 75284-0887	75-6297143	0.0033333	1	PAY		E
OR	8022357	MCCA FAMILY TRST 210 CROSSBOW ROAD ARTESIA, NEW MEXICO 88210	258-38-5957	0.0003787	1	PAY		E

OR	8022945	CHRIS D RATH PO BOX 105 MCINTOSH, FLORIDA 32664-0105	406-20-9781	0.0000694	1	PAY		E
OR	8025858	JAMES D BROWN JR 16105 RED CEDAR TRL DALLAS, TEXAS 75248	452-52-2554	0.005	1	PAY		E
OR	8029599	LINDA B HAACK 1652 W SILVER SPRINGS RD PARK CITY, UTAH 84098	520-46-0081	0.0002083	1	SUSPEND	UNKNOWN	E
OR	8029716	DONALD M TAYLOR AND ALICE L TAYLOR 2425 RALEIGH ST DENVER, COLORADO 80212-1227	523-58-5021	0.0025	1	SUSPEND	REFERRED	E
OR	8029737	ROGER RATH 3705 W 68TH 311C WESTMINSTER, COLORADO 80030-6206	524-09-7742	0.0000694	1	SUSPEND	WITHOUT	E
OR	8029803	BILL COLLINS 6960 BUCKSKIN DR LITTLETON, COLORADO 80125-9236	525-36-3425	0.0010417	1	PAY		E
OR	8029823	ROBERT L COLLINS JR 2004 BRENTWOOD DR AUBURNDALE, FLORIDA 33823-2034	525-54-0393	0.0020833	1	PAY		E
OR	8029837	WANDA COLLINS 606 JOSHUA COURT WALNUT CREEK, CALIFORNIA 94598-1726	525-62-6662	0.0010417	1	PAY		E
OR	8030052	RAYMOND COBB JOHNSON 1111 S HOLLAND COURT LAKEWOOD, COLORADO 80226	537-16-5521	0.0000695	1	SUSPEND	UNKNOWN	E
OR	8032490	LARRY B MCCA W PO BOX 25637 SCOTTSDALE, ARIZONA 85255	525-80-9725	0.0001421	1	PAY		E
OR	8033564	EDWINA K BRADY 100 NORTON AVE #2 S EASTON, MASSACHUSETTS 02375	525-92-9523	0.0001421	1	PAY		E
OR	8033607	ANNALOU MCCUNE 3003A ILLINOIS ST BEDFORD, INDIANA 47421-5452	306-30-9802	0.0004167	1	PAY		E
OR	8033981	SELMA ANDREWS PERPETUAL CHARITABLE TRUST NATIONSBANK NA TRUSTEE PO BOX 840738 DALLAS, TEXAS 75284-0738	75-6327536	0.0035803	1	PAY		E
OR	8038727	SELMA ANDREWS TRUST F/B/O PEGGY BARRETT 5188-01 NATIONSBANK NA TRUSTEE PO BOX 840738 DALLAS, TEXAS 75284-0738	75-6327535	0.0017902	1	PAY		E

OR	8039297	BRaille INSTITUTE OF AMER AGENCY 631 00 PO BOX 840738 C/O NATIONS BANK DALLAS, TEXAS 75284-0738	95-1641426	0.0046295	1	PAY		E
OR	8040927	MARSHALL & WINSTON INC PO BOX 50880 MIDLAND, TEXAS 79710-0880	95-0976450	0.01	1	PAY		E
OR	8042973	NOLA I WILSON 3627 E DOVER MESA, ARIZONA 85205	447-28-2308	0.0003788	1	PAY		E
OR	8043723	BARBARA ZEDNICK 2608 W GRAND ARTESIA, NEW MEXICO 88210	585-09-7312	0.0000946	1	PAY		E
OR	8050042	WILLIAM D SCHAUER LIVING TRUST WELLS FARGO OGM C7300-07D TRSTE P O BOX 5383 DENVER, COLORADO 80217	85-6124095	0.01333335	1	PAY		E
OR	8050043	DIANA WINGFIELD LIVING TRUST WELLS FARGO OGM C7300-07D TRSTE P O BOX 5383 DENVER, COLORADO 80217	85-6124094	0.01333335	1	PAY		E
			Subtotal	0.08	Number of Owners = 31			
RI	8040594	MINERALS MANAGEMENT SERVICE ROYALTY MANAGEMENT PROGRAM PO BOX 5810 DENVER, COLORADO 80217-0000		0.021	1	PAY		E
			Subtotal	0.021	Number of Owners = 1			
WI	8014078	CHEVRON USA INC PO Box 4791 HOUSTON, TEXAS 77210-4791	25-0527925	0.452	1	PAY		A
WI	8029779	G DIANNE CHASE CROUCH PO BOX 693 ARTESIA, NEW MEXICO 88211	525-11-9265	0.01788	1	PAY		A
WI	8040811	CHASE OIL CORPORATION PO BOX 1767 ARTESIA, NEW MEXICO 88211-1767	85-0403681	0.2235	1	PAY		A
WI	8041278	MACK C AND MARILYN Y CHASE TST MACK C CHASE TRSTE PO BOX 693 ARTESIA, NEW MEXICO 88211-0693	52-5620520	0.1341	1	PAY		A
WI	8041279	RICHARD L & KARLA CHASE PO Box 359 ARTESIA, NEW MEXICO 88211-0359	585-96-6040	0.02682	1	PAY		A

WI	8041280	ROBERT C AND DEB E CHASE 2306 SIERRA VISTA DR ARTESIA, NEW MEXICO 88210	58-5807468	0.0447	1	PAY		A
			Subtotal	0.899	Number of Owners = 6			
			Grand Total	1	Number of Owners = 38			

District I
1625 N. French Drive, Hobbs, NM 88240
District II
1301 W. Grand Ave, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr, Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-B
Revised June 10, 2003

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original
application to the Santa Fe
office with one copy to the
appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: ChevronTexaco Exploration & Production Company

OPERATOR ADDRESS: 15 Smith Road; Midland, TX 79705

APPLICATION TYPE:

☐ Pool Commingling ☒ Lease Commingling ☐ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: ☐ Fee ☐ State ☒ Federal

Is this an Amendment to existing Order? ☐ Yes ☒ No If "Yes", please include the appropriate Order No. _____

Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
☒ Yes ☐ No

(A) POOL COMMINGLING

Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes

(2) Are any wells producing at top allowables? ☐ Yes ☐ No

(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No.

(4) Measurement type: ☐ Metering ☐ Other (Specify)

(5) Will commingling decrease the value of production? ☐ Yes ☐ No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING

Please attach sheets with the following information

(1) Pool Name and Code. PADDOCK - POOL # 49210

(2) Is all production from same source of supply? ☒ Yes ☐ No

(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No

(4) Measurement type: ☒ Metering ☐ Other (Specify)

(C) POOL and LEASE COMMINGLING

Please attach sheets with the following information

(1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT

Please attached sheets with the following information

(1) Is all production from same source of supply? ☐ Yes ☐ No

(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)

Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location.

(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.

(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: Carolyn Haynie TITLE: Petro. Eng. Technical Assistant DATE: 03-22-04

TYPE OR PRINT NAME CAROLYN HAYNIE TELEPHONE NO.: 432-687-7384

E-MAIL ADDRESS: CHAYNIE@CHEVRONTXACO.COM