



New Mexico Energy, Minerals and Natural Resources Department

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Oil Conservation Division



Surface Commingling Order PLC-243-B
June 14, 2011

Chevron U S A, Inc.
15 Smith Road
Midland, TX 79705

Attention: Carolyn Haynie:

It is our understanding that diversely owned lands producing oil and gas from more than one common source of supply are proposed for commingling through facilities operated by Chevron U S A, Inc. ("applicant"). Applicant has made application for diversely owned surface commingling per 19.15.12.10.C.(4) NMAC. Notice has been provided and no objections were received.

Applicant is hereby authorized to surface commingle oil and gas production from the following wells and oil spacing units all located within Sections 4 and 8, of Township 22 South, Range 37 East, NMPM, Lea County, New Mexico:

L.E. Grizzell Well No. 1 (API No. 30-025-10099),
Located in Unit Letter B of Section 8
Penrose Skelly; Grayburg Pool (50350) Spacing Unit: NW/4 NE/4 of Section 8 (40 acres)

L.E. Grizzell Well No. 2 (API No. 30-025-10102),
Located in Unit Letter A of Section 8
Paddock Pool (49210) Spacing Unit: NE/4 NE/4 of Section 8 (40 acres)

L.E. Grizzell Well No. 3 (API No. 30-025-10100),
Located in Unit Letter A of Section 8
Drinkard Pool (19190), Tubb Oil & Gas (Oil 60240) Pool, Blinebry Oil & Gas (Oil 6660) Pool
Spacing Unit for all three: NE/4 NE/4 of Section 8 (40 acres), See DHC-463Hobbs

L.E. Grizzell Well No. 4 (API No. 30-025-26765),
Located in Unit Letter A of Section 8
Drinkard Pool (19190) Spacing Unit: NE/4 NE/4 of Section 8 (40 acres)

R.L. Clifton Well No. 2 (API No. 30-025-10046),
Located in Unit Letter M of Section 4



Penrose Skelly; Grayburg Pool (50350) Spacing Unit: SW/4 SW/4 of Section 4 (40 acres)

Texaco E.A. Sticher Well No. 1 (API No. 30-025-10038),
Located in Unit Letter K of Section 4
Paddock Pool (49210) Spacing Unit: NE/4 SW/4 of Section 4 (40 acres)

Texaco E.A. Sticher Well No. 2 (API No. 30-025-10039),
Located in Unit Letter L of Section 4
Penrose Skelly; Grayburg Pool (50350) Spacing Unit: NW/4 SW/4 of Section 4 (40 acres)

Texaco E.A. Sticher Well No. 3 (API No. 30-025-10040),
Located in Unit Letter K of Section 4
Penrose Skelly; Grayburg Pool (50350) Spacing Unit: NE/4 SW/4 of Section 4 (40 acres)

Texaco E.A. Sticher Well No. 4 (API No. 30-025-10041),
Located in Unit Letter L of Section 4
SW Eunice; San Andres Pool (24180) Spacing Unit: NW/4 SW/4 of Section 4 (40 acres)

Texaco E.A. Sticher Well No. 5 (API No. 30-025-38340),
Located in Unit Letter L of Section 4
Penrose Skelly; Grayburg Pool (50350) Spacing Unit: NW/4 SW/4 of Section 4 (40 acres)

This installation shall be installed and operated in accordance with the applicable Division Rules and Regulations. Each grouping of wells with identical ownership shall be continuously metered prior to commingling and sales. Within each identically owned set of wells, allocation of production may be made on the basis of periodic well tests.

Oil production from each of the subject wells shall be stored prior to sales at a central tank battery located on the Texaco E.A. Sticher Lease within the SW/4 of Section 4, Township 22 South, Range 37 East, NMPM. Gas from the L.E. Grizzell Lease may be sold on that lease.

The meters on this surface commingle shall be calibrated on a schedule based on throughput as per Division Rule 19.15.12.10.C.(2) NMAC.

The operator shall notify the District office of the Division prior to implementation of commingling operations. It is the responsibility of the producer to notify the transporter of this commingling authority.

This permit supercedes previously issued administrative permits: PC-1044, PLC-243, and PLC-243-A. The addition of future wells or oil or gas spacing units to this commingle shall only be done after notices to all affected parties and approval from the Division.



JAMI BAILEY
Division Director

JB/wvjj

cc: Oil Conservation Division – Hobbs