APPNO p5A6 1520445

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ABOVE THIS LINE FOR DIVISION USE ONLY

## NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -1220 South St. Francis Drive, Santa Fe, NM 87505



		ADMINISTRATIVE APP	LICATION CHECKLIST
т	HIS CHECKLIST IS M	ANDATORY FOR ALL ADMINISTRATIVE APPLIC	ATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS THE DIVISION LEVEL IN SANTA FE
Applic	[DHC-Dow [PC-Po	s: ndard Location] [NSP-Non-Standard nhole Commingling] [CTB-Lease Cool Commingling] [OLS - Off-Lease [WFX-Waterflood Expansion] [PM	Proration Unit] [SD-Simultaneous Dedication] commingling] [PLC-Pool/Lease Commingling] Storage] [OLM-Off-Lease Measurement] X-Pressure Maintenance Expansion] Pl-Injection Pressure Increase]
	_		Oferator Classica USA Inc
[1]	[A]	PPLICATION - Check Those Which Location - Spacing Unit - Simultane NSL NSP SD	Fed Com #5H / #6 H /#7H / X8H
	Check	One Only for [B] or [C]	101 30-025-0240
	[B]	Commingling - Storage - Measuren  DHC CTB PLC	PC OLS OLM
	[C]	Injection - Disposal - Pressure Incre WFX PMX SWD	ease - Enhanced Oil Recovery $\frac{6001}{606}$ WC 025
	[D]	Other: Specify	& De pare
[2]	NOTIFICAT [A]	TION REQUIRED TO: - Check Tho: Working, Royalty or Overridin	se Which Apply, or Does Not Apply ng Royalty Interest Owners
	[B]	Offset Operators, Leaseholder	s or Surface Owner
	[C]	Application is One Which Rec	_
	[D]	Notification and/or Concurren U.S. Bureau of Land Management - Commissi	and of Bubba Lands State Land Office
	[E]	For all of the above, Proof of	Notification of Publication is Attached, and/or, # 97955
	[F]	Waivers are Attached	
[3]	SUBMIT AC OF APPLIC	CCURATE AND COMPLETE INFO ATION INDICATED ABOVE.	ORMATION REQUIRED TO PROCESS THE TYPE
[4] appro appli	oval is accurate:	ATION: I hereby certify that the informand complete to the best of my knowlequired information and notifications	mation submitted with this application for administrative edge. I also understand that <b>no action</b> will be taken on this are submitted to the Division.
	Note	e: Statement must be completed by an indiv	idual with managerial and/or supervisory capacity.
_		$\mathcal{A}_{\Lambda}$	7/22/10
_	dan L. Kessler	- Vinne	Attorney Date
Print	or Type Name	Signafure	jlkessler@hollandhart.com
			e-mail Address



Jordan L. Kessier Associate Phone (505) 988-4421 Fax (505) 983-6043 ilkessler@hollandhart.com

July 22, 2015

## VIA HAND DELIVERY

David Catanach
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Application of Chevron U.S.A. Inc. to rescind PLC-414 and for administrative approval to surface commingle gas production from the project area comprised of the E/2 of Section 29 and the E/2 of irregular Section 32 with gas production from the spacing unit comprised of the W/2 W/2 of Section 29 and NW/4 NW/4 of Section 32, Township 26 South, Range 33 East, N.M.P.M., Lea County, New Mexico.

Dear Mr. Catanach:

Chevron U.S.A. Inc. (OGRID 4323) seeks to rescind PLC-414 and replace it with an administrative order approving the surface commingling of gas production only from the WC-025 G-06 S263319P; Wildcat Bone Spring Pool (97955) from existing and future wells drilled in the following areas of common ownership in Township 26 South, Range 33 East in Lea County, New Mexico:

- (a) The 474.85 acre communitized area that is the subject of Division Case No. 15309<sup>1</sup> and comprised of the E/2 of Section 29 and the E/2 of irregular Section 32. Upon approval of this communitized area as a single "project area" for horizontal well development, it will be initially dedicated to the Salado Draw 29-26-33 Fed Com #5H (30-025-42440), the Salado Draw 29-26-33 Fed Com #6H (30-025-42441), the Salado Draw 29-26-33 #7H (30-025-42442), and the Salado Draw 29-26-33 Fed Com #8H (30-025-42443).
- (b) The 200-acre non-standard spacing unit approved under Administrative Order NSP-2021 comprised of the W/2 W/2 of Section 29 and the NW/4 NW/4 of irregular Section 32. This spacing unit is currently dedicated to the Moose's Tooth 29-26-33 Fed Com #1H (30-025-42168).

<sup>&</sup>lt;sup>1</sup> Case No. 15309 seeks approval from the Division to recognize this communitized area as a single project area for horizontal well development. This case was heard by the Division's Examiners on May 28, 2015, was taken under advisement, and is awaiting the issuance of an Order approving the project area.

## HOLLAND&HART.

Under NMAC 19.15.12.7, approved spacing units and communitized areas are considered areas of common ownership (or separate "leases") for surface commingling purposes. Pursuant to NMAC 19.15.12.10.C, Chevron seeks authority to surface commingle gas production *from existing and future wells* in these separate areas of common ownership at a surface facility located in the SE/4 SE/4 (Unit P) of Section 19 to the northwest of Section 29. Prior to commingling, gas production from each of these areas of common ownership will be separately metered using an orifice meter.

Exhibit 1 is a land plat showing Chevron's overall development plan for the subject area. The plat identifies the initially planned wells, the state and federal leases contributing to the subject area (VB 1838, NMNM 27506, and NMNM 125653), and the common surface facility to be located at the Porter Brown #1H well site in the SE/4 SE/4 (Unit P) of Section 19.

**Exhibit 2** is a completed Application for Surface Commingling (Diverse Ownership) Form C-107-B with attachments.

**Exhibit 3** is a diagram of the surface facilities.

Exhibit 4 is a list of the overriding royalty interests affected by this request for approval to surface commingle gas production. A copy of this application with all attachments has been sent by certified mail to all affected parties advising them that if they have an objection they must file it in writing with the division within 20 days from the date the division receives Chevron's application. Chevron owns all of the working interest in the state and federal leases covering Sections 29 and 32. Accordingly, there are no working interest owners affected by this application. Since federal and state lands are involved, pursuant to NMAC 19.15.12.10(C)(4)(h), Chevron is also seeking authority for surface commingling from the Bureau of Land Management – Carlsbad Office and the State Land Office. The BLM and the State Land Office have been provided a courtesy copy of this application and all exhibits.

Your attention to this matter is appreciated.

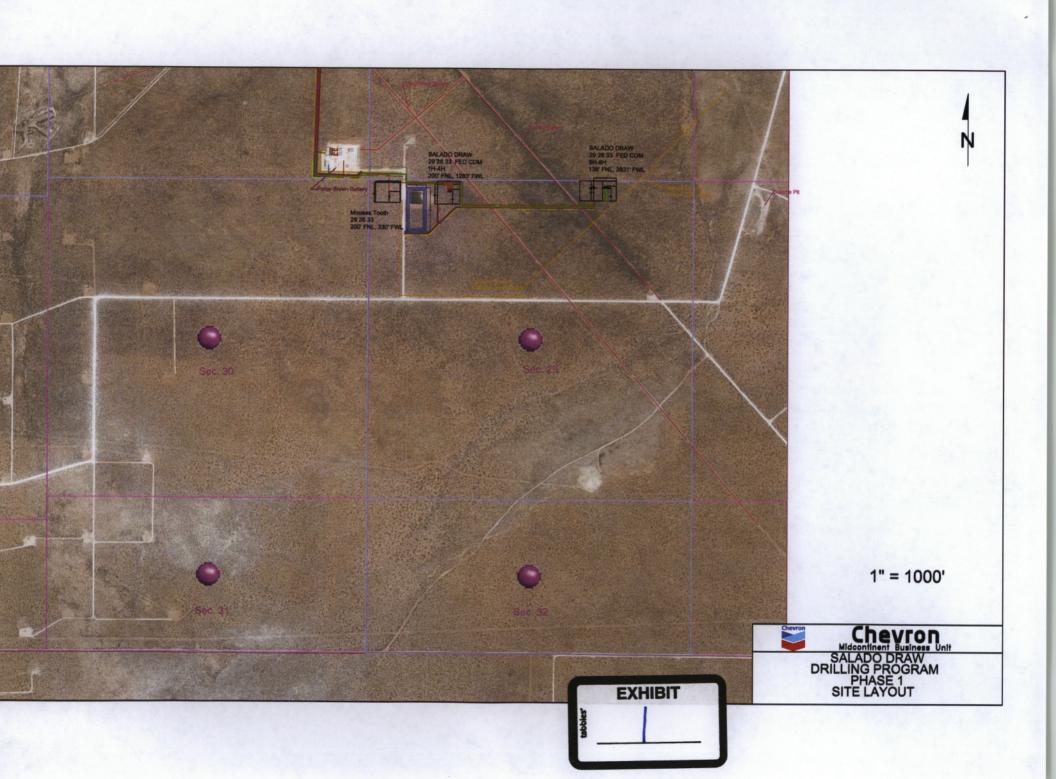
Sincerely,

Jordan L. Kessler

ATTORNEY FOR CHEVRON U.S.A. INC.

ce: Bureau of Land Management Carlsbad Field Office 620 E. Green Street Carlsbad, New Mexico 88220

> New Mexico State Land Office P.O. Box 1148 Santa Fe, NM 87504



District 1
1625 N. French Drive, Hobbs, NM 88240
District II
811 S. First St., 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 August 1, 2011

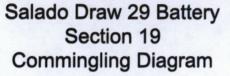
## OIL CONSERVATION DIVISION

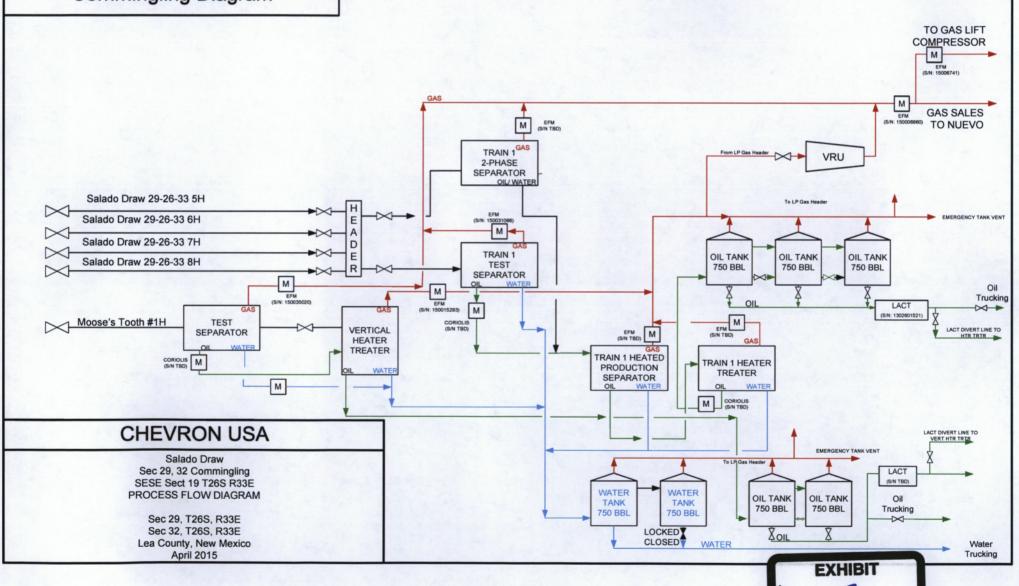
1220 S. St Francis Drive Santa Fe, New Mexico 87505

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

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

OPERATOR NAME:	CHEVRON USA INC.				
OPERATOR ADDRESS:	1616 W. BENDER BLVD H	OBBS, NM 88240			
APPLICATION TYPE:					
Pool Commingling   Dease C	Commingling Pool and Lease C	ommingling Doff-Lease	Storage and Measur	ement (Only if not Surfac	e Commingled)
LEASE TYPE: Ge					
ls this an Amendment to exist	ing Order? □Yes ⊠No I	f"Yes", please include	the appropriate C	rder No.	
Have the Bureau of Land Mar. ⊠Yes □No	nagement (BLM) and State Lan	id office (SLO) been no	tified in writing o	of the proposed comm	ingling
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	top allowables?  Ves No			<del></del>	<u> </u>
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		SE COMMINGLIN			E
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## **EXHIBIT 4**

## **Overriding Royalty Interest Owners**

Hazelwood Partners, L. P. 120 Hazelwood Drive Fort Worth, TX 76107

Edna Brown Hibbitts 2101 Oaklawn Drive Midland, TX 79705

Sandi Miller 1015 Fern Roswell, NM 88203

Miller Family Mineral Interests, LLC 100412 E. Vaca Road Kennewick, WA 99338



Jordan L. Kessler Associate Phone (505) 988-4421 Fax (505) 983-6043 jlkessler@hollandhart.com

July 22, 2015

## <u>CERTIFIED MAIL</u> RETURN RECEIPT REQUESTED

TO: ALL AFFECTED PARTIES

Re: Application of Chevron U.S.A. Inc. for administrative approval to surface commingle gas production from the project area located in the E/2 of Section 29 and the E/2 of irregular Section 32 with gas production from the spacing unit comprised of the W/2 W/2 of Section 29 and NW/4 NW/4 of Section 32, Township 26 South, Range 33 East, N.M.P.M., Lea County, New Mexico.

### Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application which was filed with the New Mexico Oil Conservation Division on this date. Any objection to this application must be filed in writing within twenty days from this date at the Division's Santa Fe office located at 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If no objection is received within this twenty-day period, this application may be approved administratively by the Division.

If you have any questions about this application, please contact the following:

Rob Morrison, Jr. Land Representative Chevron U.S.A. Inc. (713) 372-6707 rmorrisonjr@chevron.com

Sincerely,

Jordan L. Kessler

ATTORNEY FOR CHEVRON U.S.A. INC.

District I 1625 N. French Dr. Hobbs, NM 88740 Phone: (\$75) 393-6161 Fex: (\$75) 393-0720 District II 813 S. First St., Artesia, NM 88210 Phone: (575) 748-1283 Fax: (575) 748-9720 1000 Rio Brezos Rosd, Aztea, NM 87410 Phones (505) 334-6178 Fex: (505) 334-6170 District (V

1220 S. St. Francis Dr., Senta Fe, NM 87505 Phone: (505) 476-3460 Fee: (505) 476-3462

Energy, Minerals & Natural Resources December 1 OIL CONSERVATION DIVISION

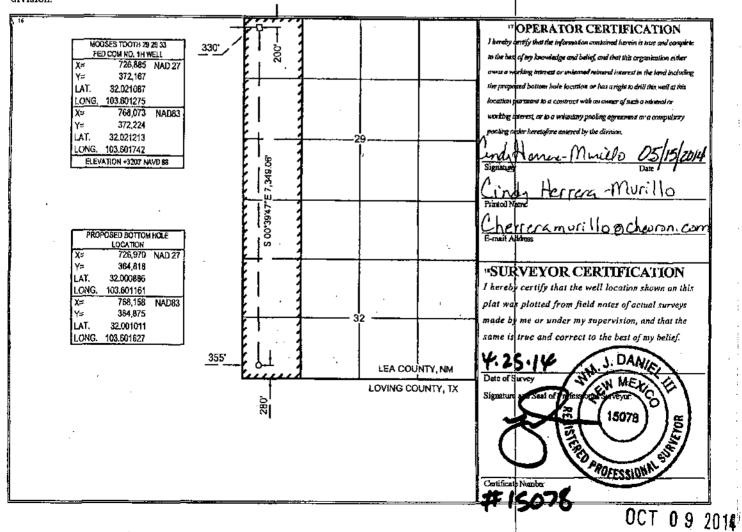
1220 South St. Francis Dr. 0C7 06 2014

Santa Fe, NM 87505

Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

☐ AMENDED REPORT

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UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/W	est line	County
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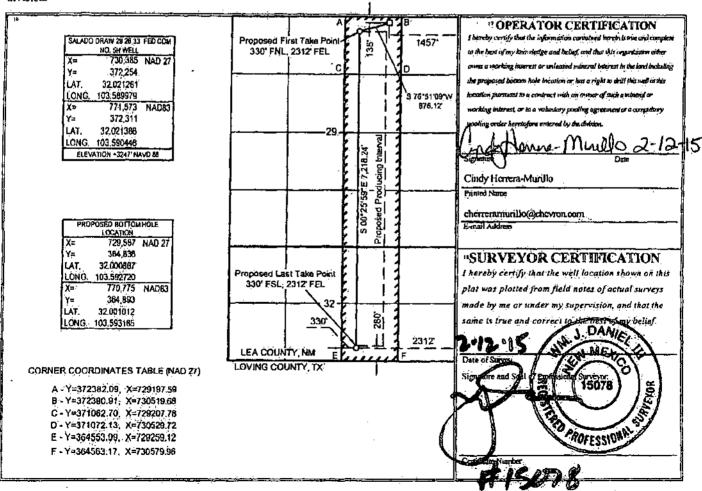
District 1
1623 N. Prenich Dr., Hobba, NM 88240
Phanes (375) 393-4161 Fm; (575) 393-0720
District II
811 S. Finst St., Artenia, NM 88210
Phanes (373) 748-1283 Fm; (375) 748-9720
District III
1000 Rio Biratos Roind, Arten, NM 87410
Phônes (395) 354-6178 Fm; (365) 334-6170
District IV
1770 S. St. Francis Dr.; Sapia Fc, NM 87505
Phones (505) 476-3460 Fm; (505) 476-3462

# State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

■ AMENDED REPORT

			WELL LOCAT	ION AND	<b>ACREAG</b>	E DEDICA	TION PLAT	<i>.</i>	
	API Nun		Pool	Code	i		<sup>3</sup> Pool Nam	E	<del></del>
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В.	29	26 SOUTH	33 EAST, N.M.P.M.		136	NORTH	1457	EAST	LEA
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UL or lot no.	Section	Township	Range .	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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12 Dedicated A	cies li Jain	is or putill	Consolidation Code 1	Order No.					



District 1
1625 N. French Dr., Hobbs, NM 88240
Phome: (575) 393-6161 Faz: (575) 393-6720
Pintict II
811 S. Fjort St., Artesia, NM 88210
Phone: (575) 743-1283 Fren; (375) 748-9770
Pistrict III
1000 Ric Brazon Road, Azne, NM 87410
Phone: (505) 334-6178 Frin; (505) 334-6170
District IV
1220 S.S.S. Frincis Dr., Swite Fe, NM 87505
Phone: (505) 476-3460 Frin; (505) 476-3462

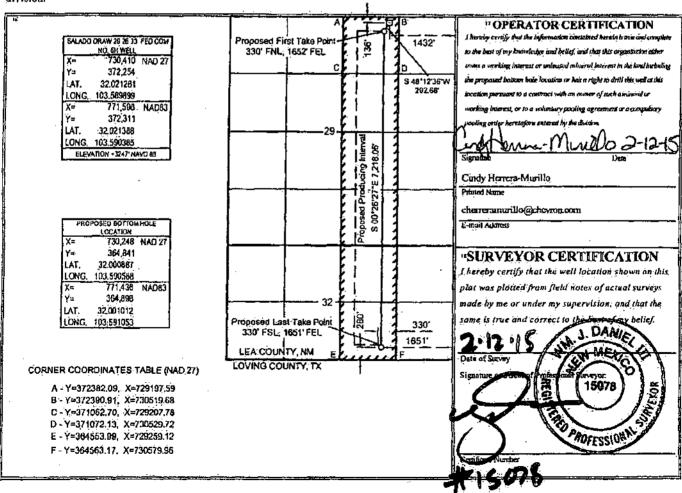
# State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505

Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

	API.Nur	her	Pool C		T	<u>DDDD</u>	<sup>1</sup> Poel Nar		<del></del>	
70-02	· · ·	441	9795		•	WC-025		BONE SPRING		
*Property Code			·	Property Name					Well Number	
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'OGR	ID No.	·		*0	perator Numbe				Elevation	
4323				CHEVE	RON U.S.A. IN	IÇ.	-	}	3247'	
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UL or lot aa	Section	Township	Range	Loi Idn	Feet from the	North/South line	Feet from the	East/West line	County	
G	32	26 SOUTH	33 EAST, N.M.P.M.	].	280'	SOUTH	1651'	EAST	LFA	
Dedicated A	res <sup>(3</sup> Join	ntorin5D	14 Consolidation Code 15	Order No.						
237.41		ļ								



District I 1625 N. French Dr., Hubba, NM 88740 Thoms: (375) 393-6101 Fext (575) 393-0770 District II 81) S. Pinn St., Americ, NM 88210 Phone: (375) 748-1287 Fext (575) 748-9720 District II 1000 Ric, Beizzog Rond, Aites, NM 87410 Phone: (505) 334-6178 Fext (505) 334-6170 District IV: 1270 S. St. Francis Dr., Santi Pc, NM 87505 Phone: (505) 476-1460 Feat (505) 476-3462

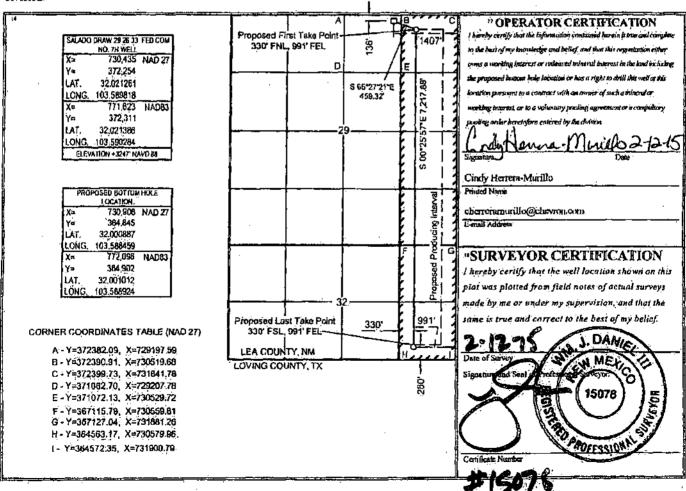
# State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

AMENDED REPORT

	T LOCKTION AND AC	REAGE DEDICATION LEAT	<u></u>
API Number	Pool Code	<sup>3</sup> Pool Name	'
30-025-42942	Pl Number 'Proof Code 'Proof Name 'Proof Name 'Property Name 'Property Name 'SALADO DRAW 29 26 33 FED COM	SPRING	
Property Code	1 Propert	y Name	Well Number
314194	SALADO DRAW 2	9 26 33 FED COM	7H
<sup>7</sup> OGRID No.	* Operation	r Name	* Elevation

43	4323				CHEVRON U.S.A. INC.				3247!	
				* Sur	face Locat	ion				
UL or lot no.	Section	Township .	Range	Lot Idu	Feet from the	North/South line	Feet fruit the	Enst/West line	County	
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			" Bottom H	ole Locat	ion If Diff	erent From S	urface	•		
Ul. or lot no.	Section	Township	Range	Loi lớn	Feet from the	North/South Hac	Feet from the	East/West line	County	
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1) Dedicated A	cres <sup>1)</sup> Jair	st or Infill	Consolidation Code 13	Order No.						
237;44									ľ	



District 1
1623 N.Frynch Dr., Hobbs, NM 88240
Fhome: (575) 393-6161 Fear. (575) 393-0720
District II
811 S. Forst St., Artesia, NM 88210
Fhome: (575) 744-1243 Fear. (575) 744-9720
District III
1000 Rice Brazzos Roind, Artesi, NM 887410
Phoner: (595) 334-6178 Feir. (505) 334-6170
District IX
1220 S. St. Fringillo De., Sente Fei NM 97505
Phone: (505) 476-3460 Fex: (505) 476-3462

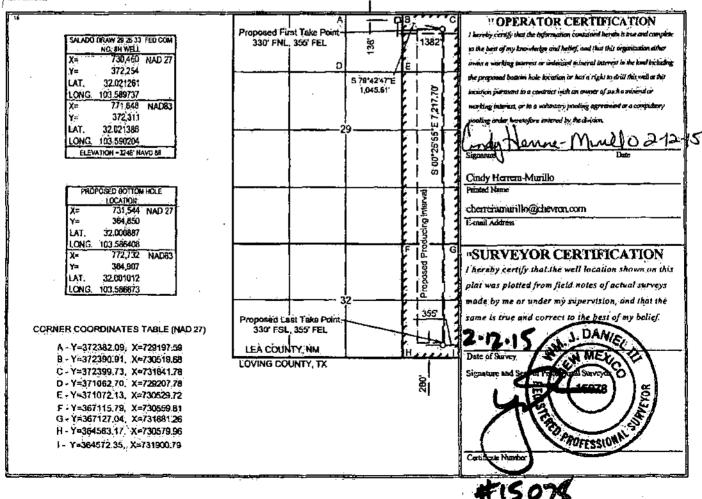
# State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505

Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

	API Nu		Pool Co				<sup>3</sup> Pool Nan	DE .	-	
70-02	25-46	1443	97955	97955 WC-025 G 06-9263319P; BONE					SPRING	
4 Рторет	Property Code			5 Property Name					Well Number	
31494			ŠA	ALADO DRA	W 29 26 33 F	ED COM			8H	
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	<u> </u>		" Bottom H	ole Locat	ion If Diff	creat From S	Surface			
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County	
Ħ	32	26 SOUTH	33.EAST, N.M.P.M.		280	SOUTH	355	EAST	ĻEĄ	
Dedicated A	iot 13 loi	nt og Infill	Consolidation Code 13	Order No.		· · ·				
237,44	}									



## Porter Brown #1 H and Moose's Tooth 29-26-33 Fed Com #1H Owner Information

Porter Brown #1 H and Moose's Tooth 29-26-33 Fed Com #1H Commingling Permit

BLM Lease NMNM-27506: W/2E/2, E/2W/2, Lots 1, 3, and 4 of Section 18; ALL (S&E the SW/4SW/4) of section 19;

N/2, SW/4 of section 29

State Lease VB-1838: N/2N/2, Lots 1, 2, 3, 4 (ALL) of section 32

All Leases in T265-R33E Lea County, New Mexico

	Porter Brown #1H (API# 30-025-40802)									
Lease	Interest Type	Name	<u>Address</u>	City	State Code	Zip Code				
NMNM-27506	Working interest	Chevron U.S.A. Inc.	PO Box 2100	Houston	TX	77252				
NMNM-27506	Royalty Interest	United States of America	PO Box 27115	Santa Fe	NM	87502				
NMNM-27506	ORRI	Hazelwood Partners, L.P.	120 Hazelwood Drive	Fort Worth	ΤX	76107				
NMNM-27506	ORRI	Edna Brown Hibbits	2101 Oaklawn Drive	Midland	TX	79705				
NMNM-27506	ORRI	Sandi Miller	1015 Fern Drive	Roswell	NM	88203				
NMNM-27506	ORRI	Miller Family Mineral Interest, LLC	2511 NE 181st Ave	Vancouver	WA	98684				

Moose's Tooth 29-26-33 Fed Com #1H (API # 30-025-42168)										
Lease	Interest Type	<u>Name</u>	<u>Address</u>	<u>City</u>	State Code	Zip Code				
NMNM-27506										
VB-1838	Working Interest	Chevron U.S.A. Inc.	PO Box 2100	Houston	ТХ	77252				
NMNM-27506	Royalty Interest	United States of America	PO Box 27115	Santa Fe	NM	87502				
VB-1838	Royalty Interest	State of New Mexico	PO Box 1148	Santa Fe	NM	87504				
NMNM-27506	ORRI	Hazelwood Partners, L.P.	120 Hazelwood Drive	Fort Worth	TX	76107				
NMNM-27506	ORRI	Edna Brown Hibbits	2101 Oaklawn Drive	Midland	TX	79705				
NMNM-27506	ORRI	Sandi Miller	1015 Fern Drive	Roswell	NM	88203				
NMNM-27506	ORRI	Miller Family Mineral Interest, LLC	2511 NE 181st Ave	Vancouver	WA	98684				

I have verifice that this information is correct

Robert & Morrison, Jr.

Land Representative

## McMillan, Michael, EMNRD

From:

Jordan L. Kessler < JLKessler@hollandhart.com>

Sent:

Monday, August 10, 2015 4:34 PM

To:

McMillan, Michael, EMNRD

Cc:

Michael Feldewert

Subject:

Salado Draw Commingling Application

Attachments:

SD Pad 2\_Moose Tooth Surface Commingle Application 8\_10\_15.docx

Dear Mr. McMillan,

In response to your emails and phone call, I have provided the following information (please see below in red):

### Ms. Kessler:

Can you e-mail me a copy of the engineering description for this application that is normally supplied to the BLM. The Order for Com. Agreement is floating around and is on Mr. Catanach' s desk.

Mike

Please see attached report.

Do you have the Com. Agreement ID for the W/2 W/2 of Section 29/32? API30-025-42168. Mooses Tooth 29 26 33.

#1H?

Mike

NMNM-134673

Can you get an engineer to look at facilities diagram. Based on conversation with Chevron Landman, they were trying to get rid of one train. The diagram shows two trains.

Mike

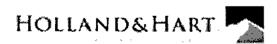
received the following update from Chevron's landman, Rob Morrison, who you spoke with last week: After reviewing the facility diagram in the gas commingle application, all trains intended to be included are present and no reduction in train count is being requested at this time. The comment of train reduction was directed toward future applications resulting from the rejection of the enlarged project area.

Thanks, Jordan

## Jordan Lee Kessler

Associate
Holland & Hart LLP
110 North Guadalupe Suite 1
Santa Fe, NM 87501
Phone (505) 988-4421
Fax (505) 983-6043

E-mail: JLKessler@hollandhart.com



### Oil & Gas metering:

The central tank battery (Salado Draw 29 Central Tank Battery – formerly Porter Brown Central Tank Battery) is located in the SESE portion of Sect 19 T26S, R33E. For gas, there will be a common central delivery point (CDP) gas sales with meter Gas Sales (DBM Gas SN 150006960) located on the northern pad edge of the Salado Draw 29 Central Tank Battery. The produced water will go to common water tanks on location and then to a new SWD station that will be located in the SWSW portion of Sect 13 T26S, R32E.

There will be no oil commingling between the Moose's Tooth 29-26-33 Fed Com #1H well and any other wells. The Moose's Tooth 29-26-33 Fed Com #1H oil will be sold through an individual LACT (Lease Automated Custody Transfer Unit) (\*SN TBD). The Moose's Tooth 29-26-33 Fed Com #1H well will be continuously tested through a three-phase test separator located at the Salado Draw 29 Central Tank Battery. The three phase test will measure gas through an orifice meter run with a Total Flow computer (SN 150035020). Flash gas will be measured downstream of the Moose's Tooth 29 26 33 Fed Com #1H vertical heater treater utilizing an orifice meter run with Total Flow computer (SN: 150015293). The gas from the flash gas meter will be allocated directly to the Moose's Tooth 29-26-33 Fed Com #1H communitization agreement.

The Salado Draw 29-26-33 Fed Com #5H, Salado Draw 29-26-33 Fed Com #6H, Salado Draw 29-26-33 Fed Com #7H, and Salado Draw 29-26-33 Fed Com #8H wells will produce through Train 1. The oil from the Salado Draw 29-26-33 Fed Com #5H-#8H wells will be continuously measured by a coriolis meter downstream of the train 1 heater treater (\*SN TBD). Gas from the Salado Draw 29-26-33 Fed Com #5H-#8H wells will be continuously measured through an orifice meter run with a Total Flow computer (\*SN TBD) on a 2-phase bulk separator. Flash gas will be measured downstream of each heater treater utilizing an orifice meter run with Total Flow computer (Train 1 Heated Production Separator SN: \*TBD; Train 1 Heater Treater SN: \*TBD). Each flash gas meter will be allocated directly Salado Draw 29-26-33 Fed Com #5H-#8H communitization agreement.

After the train 1 wells are metered at the heater treater, the oil will be sent to common oil tanks. The oil will then be sold through a LACT unit (SN: 1302601521). Moose's Tooth 29 26 33 Fed Com #1H will have a separate oil tank and will be sold through an individual LACT (Lease Automated Custody Transfer Unit) (\*SN TBD). Gas from the Salado Draw 29-26-33 Fed Com #5H-#8H and Moose's Tooth 29-26-33 Fed Com #1H wells will be measured and sold through an orifice plate meter run (SN 150006960). Downstream of the gas sales meter, there will be an orifice plate meter for gas lift gas (\*SN TBD).

All wells will be tested monthly in order to meet all federal and state requirements. Additionally, value of oil will not be affected because wells will be completed in the same formation; therefore, APIs will be the same or similar. The value of gas will not be affected due to different formations as BTUs are expected to be the same or similar.

## **Process and Flow Descriptions:**

The flow of production is shown in detail on the enclosed facility flow diagram and map which shows the lease boundaries, location of wells, and locations of the flow lines, facility, and gas sales meter. The commingling of this will not result in reduced royalty or improper measurement of production. The proposed commingling will reduce the surface facility footprint and overall emissions.

Chevron U.S.A. Inc. understands the requested approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument.

A central tank battery is located in the SESE portion of Sect 19 T26S, R33E, on federal lease NM27506 in Lea County, New Mexico. The production from the nine wells will be routed to the Salado Draw 29 Central Tank Battery. After separation and allocation measurement, the oil, gas, and water will go to separate oil tanks, common water tanks, and gas CDP located at edge of facility pad in the SESE of T26S, RR32E Section 19.

All royalty and overriding interest owners will be notified. Chevron is the only working interest owner.

Printed Name: Sarabeth Froneberger

Title: Facility Engineer Date: 08/10/2015

## McMillan, Michael, EMNRD

From: Jordan L. Kessler < JLKessler@hollandhart.com>

Sent: Friday, August 14, 2015 2:05 PM

To: McMillan, Michael, EMNRD

Cc: Michael Feldewert

Subject: Moose's Tooth Com Agreement

Hi Mike,

I received your message—the Moose's Tooth Com Agreement covers the W/2 W/2 of Section 29 and the NW/4 NW/4 of Section 32.

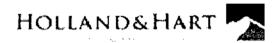
Please let me know if you have any further questions.

Thanks! Jordan

### Jordan Lee Kessler

Associate
Holland & Hart LLP
110 North Guadalupe Suite 1
Santa Fe, NM 87501
Phone (505) 988-4421
Fax (505) 983-6043

E-mail: JLKessler@hollandhart.com



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