

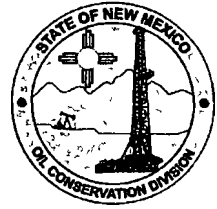
State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



June 20, 2017

Surface Commingling Order PLC-475
Administrative Application Reference No pKSC1715054168

CHEVRON USA INC
Attention Ms Cindy Herrera-Murillo

Pursuant to your application received on May 30, 2017, Chevron USA Inc. (OGRID 4323) is hereby authorized to surface commingle oil and gas production from the following pools located in Section 11, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico,

EUNICE, SAN ANDRES, SOUTH (24170)
PENROSE SKELLY, GRAYBURG (50350)

and from the following diversely owned fee wells and leases in said Section, Township, and Range in Lea County, New Mexico

Lease	Lou Wortham B Well No 2	
Description	SW/4 NE/4 of Section 11, Township 22 South, Range 37 East	
Well	Lou Wortham B Well No 2	API 30-025-22135
Pool	Penrose Skelly; Grayburg	

Lease	Lou Wortham C Well No. 1	
Description	W/2 NE/4 of Section 11, Township 22 South, Range 37 East	
Well	Lou Wortham C Well No 1	API 30-025-23422
	Lou Wortham C Well No 2	API 30-025-23473
Pool	Eunice, San Andres, South	

Lease	Lou Wortham Well No 5	
Description	NW/4 of Section 11, Township 22 South, Range 37 East	
Well	Lou Wortham Well No 5	API 30-025-23606
	Lou Wortham Well No 6	API 30-025-23756
	Lou Wortham Well No 7	API 30-025-36329
	Lou Wortham Well No. 8	API 30-025-36330
	Lou Wortham Well No 9	API 30-025-36536
	Lou Wortham Well No 10	API 30-025-36537
	Lou Wortham Well No 20	API 30-025-10216
Pool	Eunice, San Andres, South	

The combined oil and gas spacing units for these wells include W/2 NE/4, and the NW/4 of Section 11, all in Township 22 South, Range 37 East, NMPM, Lea County, New Mexico

Commingled oil and gas production from the wells shall be measured and sold at the existing Lou Wortham Well No 5 Tank Battery (CTB), located in Unit C of Section 11, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico

Production from the subject wells shall be determined as follows

The oil and gas production from the Lou Wortham B Well No 2, Lou Wortham Well No 5, Lou Wortham Well No 6, Lou Wortham Well No 7, Lou Wortham Well No 8, Lou Wortham Well No 9, Lou Wortham Well No 10, and Lou Wortham Well No 20 shall be measured with a combination of metering and well testing. One well shall flow through the test separator, and the remaining wells shall flow through the production separator. Each well shall be tested at least once a month. Gas production from these wells shall be sold at its own dedicated meter at the CTB. Oil production shall be commingled with the other wells in this application after it has been measured.

The oil and gas production from the Lou Wortham C Well No 1 and Lou Wortham C Well No 2 shall be measured with their own test separator. These shall be measured with a combination of metering and well testing. The production from these wells shall be determined by subtracting the production at the meter minus the production from each of the wells. One well shall be shut in, while the other well is measured through the separator. Each well shall be tested at least once a month. Gas production from these two wells shall be sold at its own dedicated meter at the CTB. Oil production shall be commingled with the other wells in this application after it has been measured.

The allocation meters shall be calibrated quarterly in accordance with Division Rule 19 15 12 10 C (2) NMAC

This installation shall be installed and operated in accordance with the applicable Division Rules and Regulations

This administrative order supersedes PC-1110, issued on February 10, 2004. This administrative order adds the Lou Wortham B Well No 2

The Operator shall notify the transporter of this commingling authority and the Hobbs District Office prior to implementation of commingling operations

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Done at Santa Fe, New Mexico, on June 20, 2017

A handwritten signature in black ink, appearing to read "David R. Catanach". The signature is written in a cursive style with a large, looping initial "D".

DAVID R. CATANACH
Director

DRC/mam

cc Oil Conservation Division District Office – Hobbs