

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



HOBBS OCD

APR 16 2014

ADMINISTRATIVE APPLICATION CHECKLIST

RECEIVED

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS 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.

Cindy Herrera-Murillo
Print or Type Name

Cindy Herrera-Murillo
Signature

Permitting Specialist
Title

03/05/2014
Date

Cherreramurillo@chevron.com
e-mail Address

APR 23 2014

District I
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

HOBBS OCD

Form C-107-B
Revised August 1, 2011

APR 16 2014

OIL CONSERVATION DIVISION

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

RECEIVED

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: CHEVRON USA INC
OPERATOR ADDRESS: 15 SMITH RD, 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
SEE ATTACHED LIST					

- (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.
(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. ATTACHED
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved. ATTACHED
(3) Lease Names, Lease and Well Numbers, and API Numbers. SEE FORM ATTACHED

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

SIGNATURE: Cindy Herrera-Murillo TITLE: PERMITTING SPECIALIST DATE: 03/05/2014

TYPE OR PRINT NAME CINDY HERRERA MURILLO TELEPHONE NO.: 575-263-0431

E-MAIL ADDRESS: Cherreramurillo@chevron.com

McCloy State Battery								BTU Commingled Production
Well Name	Lease	Property ID	API Number	Pool Name	Pool Code	MCFPD	Dry BTU	
McCloy Ranch 2-24-32 State Com 1H	State	310784	30-025-40551	Tristie Draw; Bone Spring	96603	380	1136	
McCloy Ranch 2-24-32 State Com 2H	State	310784	30-025-40860	Tristie Draw; Bone Spring	96604	420	1136	
McCloy Ranch 2-24-32 State Com 4H	State	310784	30-025-40861	Tristie Draw; Bone Spring	96605	500	1136	
J Keats Federal Battery (new)								
Well Name	Lease	Property ID	API Number	Pool Name	Pool Code	MCFPD	Dry BTU	
J Keats 1-24-32 40H (estimated values)	Federal	40399	30-025-41582			741	1400	
Combined Production								1231.8

This request is only for for gas production, therefore, only gas volumes and BTU values are given.

Sec. 2

Sec. 1



1" = 600'



Chevron

Midcontinent Business Unit

BONE SPRINGS
DRILLING PROGRAM
J KEATS SECTION 1
MCCLOY SECTION 2

Exhibit A-1

DISTRICT I
1623 N French Dr., Hobbs, NM 88240
Phone (575) 393-6161 Fax (575) 393-0720

DISTRICT II
817 S First St., Artesia, NM 88210
Phone (575) 748-1281 Fax (575) 748-9720

DISTRICT III
1000 Rio Brazos Road, Aztec, NM 87410
Phone (505) 334-6178 Fax (505) 334-6170

DISTRICT IV
1220 S. St. Francis Dr. Santa Fe, NM 87505
Phone (505) 476-3460 Fax (505) 476-3463

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

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-47582	Pool Code 96674	Pool Name TRIPLE X; BONE SPRING, West
Property Code 40307	Property Name J KEATS I-24-32	Well Number 40H
OGRID No. 4323	Operator Name CHEVRON USA INC	Elevation 3607'

Surface Location									
UL or lot No	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	1	24-S	32-E		330	SOUTH	400	EAST	LEA

Bottom Hole Location If Different From Surface									
UL or lot No	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A LOT 1	1	24-S	32-E		330	NORTH	340	EAST	LEA
Dedicated 160	Joint or Infill	Consolidation Code	Order No.						
159.93									

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>4 3 2 A 1 B</p> <p>39.49 AC. 39.54 AC. 39.78 AC. 39.93 AC.</p> <p>GEODETIC COORDINATES NAD 27 NME</p> <p>SURFACE LOCATION Y=451851.4 N X=720368.3 E</p> <p>LAT.=32.240246° N LONG.=103.620599° W</p> <p>BOTTOM HOLE LOCATION Y=456471.5 N X=720401.6 E</p> <p>CORNER COORDINATES TABLE</p> <p>A - Y=456790.4 N, X=719418.7 E B - Y=456805.3 N, X=720739.6 E C - Y=451523.8 N, X=720770.2 E D - Y=451515.8 N, X=719453.6 E</p> <p>DETAIL</p> <p>3608.6' 3610.8'</p> <p>600'</p> <p>3605.2' 3606.1'</p> <p>S.L. 400'</p> <p>SEE DETAIL</p> <p>GRID AZ.=00°24'40" HORIZ. DIST.=4621.3'</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Denise Pinkerton</i> 08/22/2013 Signature Date</p> <p>Denise Pinkerton Printed Name</p> <p><i>Lea.kejd@chevron.com</i> E-mail Address</p> <p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>MAY 23, 2013</p> <p>Date of Survey</p> <p><i>Ronald J. Eidson</i> Surveyor</p> <p>NEW MEXICO REG. 3239 SURVEYOR</p> <p>7/23/2013</p> <p>Certified Professional Ronald J. Eidson 12641 Ronald J. Eidson 3239</p> <p>BKL REV W.O. 13.11.0345 JWSC W.O. 13.11.0849</p>
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JAN 06 2014

HOBBS OCD

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APR 27 2012

APR 27 2012

Form C-102

Revised August 1, 2011

Submit one copy to appropriate District Office

☐ AMENDED REPORT

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

District II
811 S. First St., Artesia, NM 88210
Phone: (575) 743-1283 Fax: (575) 743-9720

District III
1000 Rio Arriba Road, Aztec, NM 87410
Phone: (505) 331-6178 Fax: (505) 331-6170

District IV
1320 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

RECEIVED

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-40551	² Pool Code 96603	³ Pool Name TRISTE DRAW; BONE SPRING
⁴ Property Code 39190	⁵ Property Name MCCLOY RANCH 2 24 32 STATE COM	⁶ Well Number 1H
⁷ OGRID No. 147179	⁸ Operator Name CHESAPEAKE OPERATING, INC.	⁹ Elevation 3616'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	2	24 SOUTH	32 EAST, N.M.P.M.		100'	SOUTH	1980'	WEST	LEA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	2	24 SOUTH	32 EAST, N.M.P.M.		165'	NORTH	1980'	WEST	LEA

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
159.86			

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

	PROPOSED BOTTOM HOLE LOCATION X= 712,151 NAD 27 Y= 458,550 LAT. 32.253308 LONG. 103.647078 X= 753,334 NAD83 Y= 456,609 LAT. 32.253431 LONG. 103.647560	" OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or released mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature: <i>Bryan Arrant</i> Date: 4/27/2012 Printed Name: Bryan Arrant E-mail Address: bryan.arrant@chk.com
	MCCLOY RANCH 2 24 32 STATE COM 1H X= 712,185 NAD 27 Y= 451,552 LAT. 32.239571 LONG. 103.647070 X= 753,369 NAD83 Y= 451,611 LAT. 32.239694 LONG. 103.647561 ELEVATION +3616' MVD 88	" SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Date of Survey: April 27, 2012 Signature and Seal of Professional Surveyor: <i>[Signature]</i> Certificate Number: 15078

PROJECTED FIRST PERFORATIONS
330' FSL & 1880' FWL

APR 30 2012

District I
1625 N. French Dr., Hobbs, NM 88240
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Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
HOBBS OGD 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

NOV 13 2012

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-40860	² RECEIVED Code (96603)	³ Pool Name TRISTE DRAW; BONE SPRING
⁴ Property Code 310784	⁵ Property Name MCCLOY RANCH 2 24 32 STATE COM	⁶ Well Number 2H
⁷ OGRID No. 4323	⁸ Operator Name CHEVRON USA, INC.	⁹ Elevation 3632'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	2	24 SOUTH	32 EAST, N.M.P.M.		100	SOUTH	400	WEST	LEA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	2	24 SOUTH	32 EAST, N.M.P.M.		150	NORTH	400	WEST	LEA

¹² Dedicated Acres 160	¹³ Joint or Infill -	¹⁴ Consolidation Code	¹⁵ Order No.
--------------------------------------	------------------------------------	----------------------------------	-------------------------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

	<p>PROPOSED BOTTOM HOLE LOCATION</p> <p>X= 710,571 NAD 27 Y= 456,549 LAT. 32.253334 LONG. 103.652189</p> <p>X= 751,754 NAD83 Y= 456,608 LAT. 32.253457 LONG. 103.652671</p>	<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or released mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Bryan Arrant</i> 11/08/2012 Signature Date</p> <p>Bryan Arrant (Agent)</p> <p>Printed Name bryan.arrant@chk.com</p> <p>E-mail Address</p>
	<p>MCCLOY RANCH 2 24 32 STATE COM 2H</p> <p>X= 710,605 NAD 27 Y= 451,536 LAT. 32.239555 LONG. 103.652180</p> <p>X= 751,789 NAD83 Y= 451,595 LAT. 32.239679 LONG. 103.652661</p> <p>ELEVATION +3632' NAVD 88</p>	<p>¹⁸ SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>Nov 8 2012 Date of Survey</p> <p><i>Wm. J. Daniel III</i> Signature and Seal of Professional Surveyor</p> <p>#15078 Certificate Number</p>

ELG 11-14-2012

District I
1625 N French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
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811 S. First St., Artesia, NM 88210
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State of New Mexico

Form C-102

Revised August 1, 2011

Submit one copy to appropriate
District Office

Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ APT Number 30025 40861	² Pool Code (96603)	³ Pool Name TRISTE DRAW: BONE SPRING
⁴ Property Code 310784	⁵ Property Name MCCLOY RANCH 2 24 32 STATE COM	⁶ Well Number 4H
⁷ OGRID No. 4323	⁸ Operator Name CHEVRON USA, INC.	⁹ Elevation 3606'

¹⁰ Surface Location

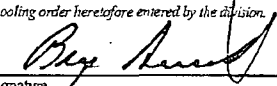
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	2	24 SOUTH	32 EAST, N.M.P.M.		100	SOUTH	660	EAST	LEA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	2	24 SOUTH	32 EAST, N.M.P.M.		150	NORTH	660	EAST	LEA

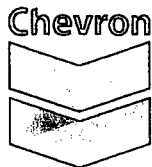
¹² Dedicated Acres 160	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--------------------------------------	-------------------------------	----------------------------------	-------------------------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

<div>16</div> <div><div>PROPOSED BOTTOM HOLE LOCATION</div><div>X= 714,797 NAD 27 Y= 456,591 LAT. 32.253374 LONG. 103.638517 X= 755,981 NAD83 Y= 456,650 LAT. 32.253498 LONG. 103.638999</div></div> <div><div>MCCLOY RANCH 2 24 32 STATE COM 4H</div><div>X= 714,844 NAD 27 Y= 451,579 LAT. 32.239597 LONG. 103.638470 X= 756,028 NAD83 Y= 451,638 LAT. 32.239720 LONG. 103.638951 ELEVATION +3606' NAVD 88</div></div>	<div>Project Area</div> <div>Producing Area</div> <div>N 00°32'14"W 5012.33'</div> <div>Projected Penetration Point 330' FSL & 660' FEL</div> <div>660'</div> <div>150'</div> <div>100'</div> <div>660'</div>	<div>17 OPERATOR CERTIFICATION</div> <div>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or leased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</div> <div> Signature 11/10/2012 Date Bryan Arrant (Agent) Printed Name bryan.arrant@chk.com E-mail Address</div> <div>18 SURVEYOR CERTIFICATION</div> <div>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</div> <div><div>Nov 9 2012</div><div>WM. J. DANIEL III NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR 5078</div><div>#15078</div><div>Certificate Number</div></div>
--	---	--

ELG 11-24-2012

[illegible]



February 26, 2014

Certified Mail- Return Receipt Requested
xxxx-xxxx-xxxx-xxxx-xxxx

ADDRESS:

Twin Montana, Inc.
P.O. Box 1210
Graham, Texas 76450

ATTN: Kenneth C. Haggart
940-549-7752
kchag@echoproduction.com
roger@echoproduction.com

RE: Notice of Application to Temporarily Surface Commingle
J. Keats #40 and McCloy Ranch #1
Township 24 South, Range 32 East, NMPM
Section 1: All
Section 2: All
Lea County, New Mexico

Dear Interest Owner,

According to our records, you have a working interest or royalty interest in one or more wells that are currently connected to the McCloy battery (Section 2-24-32) or J Keats battery (Section 2-24-32).

Chevron USA Inc. is applying to the New Mexico Oil Conservation Division (NMOCD) for approval for a temporary commingling arrangement where the new J Keats (Federal) battery will flow produced gas to the nearby McCloy (state) battery.

The J Keats well is planned to begin production April 1, but the gas pipeline has been delayed resulting in a 2-3 month gap with no commercial gas takeaway. In lieu of flaring produced gas, Chevron proposes the following in which Chevron temporarily lays a surface gas line to the nearby Chevron McCloy Battery.

The gas purchaser and Chevron have agreed to measure and pay appropriate royalties for the Keats gas at the Keats facility with a Chevron gas meter (EFM, Sales Quality). Likewise, Chevron will measure and pay appropriate royalties of the McCloy battery based on the Chevron meter (EFM, Sales Quality) upstream of the tie-in/commingling point. The tie-in/commingling point will be on the suction side of the compressor at the McCloy battery which then in turn goes into the DCP high pressure line. This arrangement will ensure that both facilities are metered separately, and no well is deducted fuel gas for the compressor at the McCloy battery. In other words, Chevron will pay for the compressor fuel gas while this temporary commingling arrangement is in place.

This proposal shall not affect your interest in these wells and should allow for all interest owners to recover more of the gas reserves from each well via expedited production at J Keats (2-3 mo. acceleration) and temporary relief from deducting compressor fuel gas at McCloy.

JDW
BLM
CFO

BLM representatives have reviewed this proposal and determined that it meets all of their requirements, and ~~that neither~~ ^{AND} a Sundry ~~for~~ Commingling Permit are required from the perspective of the J Keats Federal Lease. However, the NMOCD has indicated that this Surface Commingling application is necessary to ensure all interest owners of both leases are notified and have the opportunity to object.

If you support this approach and would like to help expedite this process please sign below and return to NWann@chevron.com.

If you have any objections to our application you must notify in writing Chevron and the NMOCD Santa Fe office at 1220 South St. Francis Drive, Santa Fe, NM 87505 within 20 days.

If you have any questions or would like to discuss further please contact Nicholas Wann (see contact information below).

Regards:

Nicholas Wann, P.E.
Facility Engineer, Chevron
NWann@chevron.com
432-687-7852

I support this approach and would like to help expedite the approval of this commingling permit.

Name: _____

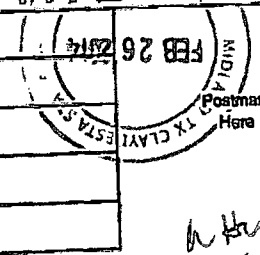
Company/Interest Owner: _____

Signature: _____

Date: _____

U.S. Postal Service[®]
CERTIFIED MAIL[®] RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)
 For delivery information visit our website at www.usps.com.

OFFICIAL USE

Postage	\$	
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	

Postmark Here

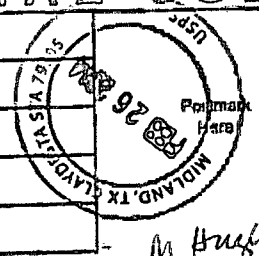
Postage & Fees

Send To: *Alus, Inc. Attn: Kenneth Haggard*
 Street, Apt. No. or PO Box No.: *P.O. Box 1210*
 City, State, ZIP+4[®]: *Graham, Texas 76450*

PS Form 3800, August 2005 See Reverse for Instructions

U.S. Postal Service[®]
CERTIFIED MAIL[®] RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)
 For delivery information visit our website at www.usps.com.

OFFICIAL USE

Postage	\$	
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	

Postmark Here

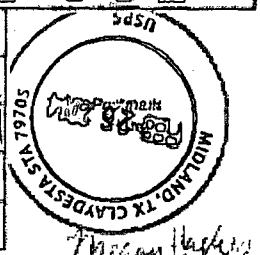
Postage & Fees

Send To: *The Alar Company Attn: John Chiles*
 Street, Apt. No. or PO Box No.: *135 Elm St.*
 City, State, ZIP+4[®]: *Graham, TX 76450*

PS Form 3800, August 2005 See Reverse for Instructions

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Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	

Postmark Here

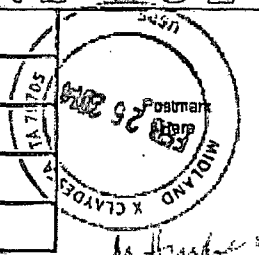
Postage & Fees

Send To: *Bureau of Land Mgmt Attn: James Amos*
 Street, Apt. No. or PO Box No.: *670 E. Greene St*
 City, State, ZIP+4[®]: *Carlsbad NM 88220-292*

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Postage	\$	
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	

Postmark Here

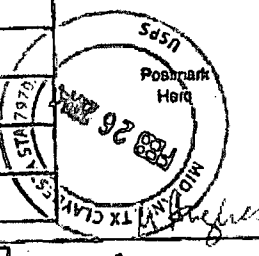
Postage & Fees

Send To: *Twin Mountain, Inc. Attn: Kenneth Haggard*
 Street, Apt. No. or PO Box No.: *P.O. Box 1210*
 City, State, ZIP+4[®]: *Graham, TX 76450*

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Postage	\$	
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	

Postmark Here

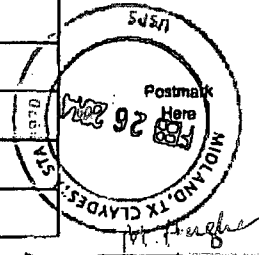
Postage & Fees

Send To: *Sandra M. Thoma*
 Street, Apt. No. or PO Box No.: *30 Mill Run Rd*
 City, State, ZIP+4[®]: *Athens, Texas 75751*

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Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	

Postmark Here

Postage & Fees

Send To: *USA Inc Attn: Donna Havias*
 Street, Apt. No. or PO Box No.: *Greenway Plaza Ste 110*
 City, State, ZIP+4[®]: *Houston, TX 77046*

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5622 548 1000 0606 0702 7010 3090 0001 8453 2952

5162 548 1000 0606 0702 7010 3090 0001 8453 2952

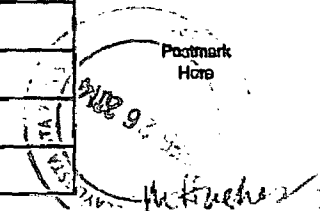
4862 548 1000 0606 0702 7010 3090 0001 8453 2984

7010 3090 0001 8453 2885

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Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	

Send To
John L. Thoma
Street, Apt. No.
or P.O. No. **Box 17656**
City, State, ZIP+4[®]
Golden, CO 80402

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7010 3090 0001 8453 3158

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Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$

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MAR 10 - 10AM
MIDLAND, TX CLAYDES ST 79705

Remarks

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Wann

Sent To	State Land Office, Oil & Gas / Minerals
Street, Apt. No. or PO Box No.	P.O. Box 1148
City, State, ZIP+4 [®]	Santa Fe NM 87504

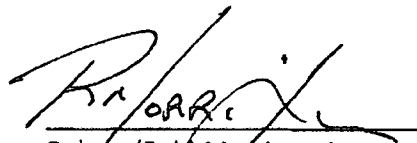
PS Form 3800, August 2005

McCloy Ranch State Com #1H- #4H
Owner Information

McCloy Ranch (Tank Battery)
Section 2-T24S-R32E
VB-1177
VB1170

<u>INTEREST TYPE</u>	<u>NAME</u>	<u>ADDRESS</u>	<u>CITY</u>	<u>STATE CODE</u>	<u>ZIP CODE</u>
Working Interest	Chevron U.S.A.	PO BOX 2100	Houston	TX	77252-2100
Royalty Interest	State of New Mexico	PO BOX 1148	Santa FE	NM	87504-1148

I verify that the above information is correct.


Robert (Rob) Morrison, Jr.
Land Representative

**Bureau of Land Management
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972**

J Keats 1 24 32 #40H

Chevron USA Inc.

April 1, 2014

**Condition of Approval
Commingling off lease**

1. This approval is subject to like approval by the New Mexico Oil Conservation Division.
2. This agency shall be notified of any spill or discharge as required by NTL-3A.
3. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
4. This approval does not constitute right-of-way approval for any off-lease activities. Within 30 days, an application for right-of-way approval must be submitted to the Realty Section if not already done.
5. Approval for combining production from various sources is a privilege which is granted to lessees for the purpose of aiding conservation and extending the economic life of leases. Applicants should be cognizant that failure to operate in accordance with the provisions outlined in the Authorized Officer's conditions of approval and/or subsequent stipulations or modifications will subject such approval to revocation.
6. All above ground structures on the lease shall be painted Shale Green (5Y 4/2), or as per approved APD stipulations. This is to be done within 90 days, if you have not already done so.
7. Gas measurement for allocation must be measured as per Onshore Order #5 for sales meters.
8. All gas and oil subject to royalty shall be measured as per federal regulations and shall be reported to ONRR as required. All gas which is vented, flared or used on lease shall be reported as per NTL-4A to ONRR. All gas which is vented or flared shall be subject to royalty, unless prior approval was given by the authorized officer.
9. This agency shall be notified of any change in sales method or location of sales point.
10. Additional wells and/or leases require additional commingling approvals.
11. **Approval to commingle the J Keats 40H with the McCloy States wells is approved for a 90 day period ending July 1, 2014.**
12. Notify the Hobbs BLM office 24 hrs. prior to meter proving on the DCP Gas Meter #728812 located in Section 2 T24S, R32E and allocation gas meter for the J Keats 40H well. (575-393-3612) Meters are required to meet all Federal Regulation to include Onshore Order #5.