

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Carlsbad Field Office

FORM APPROVED
NO. 1004-0137
Expires: January 31, 2018**SUNDRY NOTICES AND REPORTS ON WELLS**
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

OCD Hobbs

5. Lease Serial No.
NM16835

SUBMIT IN TRIPLICATE - Other instructions on page 2

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		6. If Indian, Allottee or Tribe Name
2. Name of Operator CHEVRON USA INCORPORATED		7. If Unit or CA/Agreement, Name and/or No.
Contact: CINDY H MURILLO E-Mail: CHERRERAMURILLO@CHEVRON.COM		8. Well Name and No. Multiple--See Attached
3a. Address 6301 DEAUVILLE BLVD MIDLAND, TX 79706	3b. Phone No. (include area code) Ph: 575-263-0431 Fx: 575-263-0445	9. API Well No. Multiple--See Attached
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Multiple--See Attached		10. Field and Pool or Exploratory Area FEATHERSTONE
		11. County or Parish, State LEA COUNTY, NM

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Hydraulic Fracturing	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Surface Commingling
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.

Chevron U.S.A. Inc. respectfully requests administrative approval to surface commingle oil, gas and water production from the Morrow Gas and Bone Spring Oil Pools through Chevron's Neuhaus 14 Federal Central Tank Battery. Chevron requests the approval to minimize surface disturbance and future traffic by concentrating activities at one battery. The well producing to this battery is a dual completion, which includes the Neuhaus 14 Fed #5 Morrow and Neuhaus 14 Fed #5 Bone Spring Completion. These wells are located in Section 14, T 20S, R 35E in Lea County, New Mexico.

The working interest owners are the same for both zones; however, due to owners non-consenting operations the working interest amounts vary in the zones. The well is located on federal lease NMNM 16835 and the royalty rate is the same for all zones involved in this request. These wells were completed in the 2003 & 2005. The Neuhaus 14 Federal #5 Bone Spring will be tested monthly through turbine meters installed on the heater treater and the gas allocation meter and the Neuhaus

14. I hereby certify that the foregoing is true and correct. Electronic Submission #377007 verified by the BLM Well Information System For CHEVRON USA INCORPORATED, sent to the Hobbs Committed to AFMSS for processing by DEBORAH MCKINNEY on 05/24/2017 (17DLM1113SE)	
Name (Printed/Typed) CINDY H MURILLO	Title PERMITTING SPECIALIST
Signature (Electronic Submission)	Date 05/23/2017

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <i>J.D. Whitlock</i>	Title <i>TLPET</i>	Date <i>3/12/18</i>
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.		Office <i>CFO</i>

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

(Instructions on page 2)

** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED **

Additional data for EC transaction #377007 that would not fit on the form

Wells/Facilities, continued

Agreement	Lease	Well/Fac Name, Number	API Number	Location
NMNM16835	NMNM16835	NEUHAUS 14 FEDERAL 05	30-025-37351-01-D1	Sec 14 T20S R35E NENE 1090FNL 330FEL
NMNM16835	NMNM16835	NEUHAUS 14 FEDERAL 05	30-025-37351-01-D2	Sec 14 T20S R35E NENE 1090FNL 330FEL

32. Additional remarks, continued

14 Federal #5 Morrow will be allocated through subtraction method. There are two oil tanks at the CTB that the wells utilize and total oil will be measured by having a qualified field personnel gauge. The Neuhaus 14 Federal #5 Bone Spring will be tested monthly through a three phase heater treater located at the Neuhaus 14 Federal CTB. Oil and water are measured by a turbine meter on the oil and water outlets and gas is measured by an orifice meter on the gas outlet.
If you have any questions, please contact Bradley Hulme, Chevron Petroleum Engineer, 432-687-7129.



Cindy Herrera-Murillo
Regulatory Specialist
Midcontinent BU

Chevron North America
Exploration and Production Company
(A Chevron U.S.A. Inc. Division)
1616 W. Bender Blvd Room 134
Hobbs FMT, Hobbs, NM 88240
Tel 575-263-0431
Cherreramurillo@chevron.com

September 7, 2017

Oil Conservation Division
Attn: Engineering Department
1220 St. Francis Drive
Santa Fe, NM87505

Application for surface commingle, Morrow Gas and Bone Spring Oil Lea County, NM (T20S, R35E, Section 14)

Dear Sirs,

Chevron U.S.A. Inc. respectfully requests administrative approval to surface commingle oil, gas and water production from the Morrow Gas and Bone Spring Oil Pools through Chevron's Neuhaus 14 Federal Central Tank Battery. Chevron requests the approval to minimize surface disturbance and future traffic by concentrating activities at one battery. The well producing to this battery is a dual completion, which includes the Neuhaus 14 Fed #5 Morrow and Neuhaus 14 Fed #5 Bone Spring Completion. These wells are located in Section 14, T 20S, R 35E in Lea County, New Mexico.

The working interest owners are the same for both zones; however, due to owners non-consenting operations the working interest amounts vary in the zones. The well is located on federal lease NMNM 16835 and the royalty rate is the same for all zones involved in this request. These wells were completed in the 2003 & 2005. The Neuhaus 14 Federal #5 Bone Spring will be tested continuously through turbine meters installed on the heater treater and the gas allocation meter and the Neuhaus 14 Federal #5 Morrow will be allocated through subtraction method. There are two oil tanks at the CTB that the wells utilize and total oil will be measured by having a qualified field personnel gauge. The Neuhaus 14 Federal #5 Bone Spring will be tested continuously through a three phase heater treater located at the Neuhaus 14 Federal CTB. Oil and water are measured by a turbine meter on the oil and water outlets and gas is measured by an orifice meter on the gas outlet.

Sincerely,

Cindy Herrera-Murillo
Permitting Specialist

APPLICATION FOR COMMINGLING and OFF LEASE MEASUREMENT AT A COMMON CENTRAL TANK BATTERY

Proposal for commingling all oil, water, and gas for the Neuhaus wells. Proposal to commingle the oil, water, and some entrained gas for the Neuhaus 14 Federal #5 Bone Spring and Morrow

Proposal for Neuhaus Central Tank Battery
Chevron USA Inc. is requesting approval for the Commingling of oil and gas.

Neuhaus Central Tank Battery							
Well Names	Locations	API Numbers	Pool	Oil BOPD	Oil Gravity	Gas MCFPD	Gas BTU
Neuhaus 14 Fed #5	14-20S-35E	30-025-37351-0101	Bone Springs (Oil)	8	49	3	1251
Neuhaus 14 Fed #5	14-20S-35E	30-025-37351-0102	Morrow (Gas)	0	55	231	1249

Oil & Gas metering:

The Neuhaus Battery (CTB) is located at the Neuhaus 14 Federal #2. The production from the Neuhaus 14 Fed #5 Bone Spring will go into a 2 phase production separator and then one to a common heater treater. The Neuhaus 14 Fed #5 Morrow will go into a 3 phase stack pack at the well location and then the gas will go into a separate 2 phase production separator. The Neuhaus 14 Federal #5 will be tested continuously to quantify oil, water and gas via turbine meters installed on the heater treater and the gas allocation meter. The Neuhaus 14 Federal #5 Morrow will be allocated using the subtraction method. There are two oil tanks at the centralized tank battery that the wells will utilize and total oil will be measured by having qualified field personnel gauge the tanks. The CTB is located in the NWNE of Section 14, Township 20S, Range 35E on Federal Lease NMNM 16835. For gas there is a central delivery point (CDP) gas sales meter. The produced water will go to one common water tank on location.

The Neuhaus 14 Fed #5 Bone Spring well will be tested continuously through a three-phase test heater treater located at the Neuhaus CTB. Oil and water are measured by a turbine meters on the oil and water outlets and gas is measured by an orifice meter on the gas outlet.

Production will be allocated to the Neuhaus 14 Fed #5 Bone Spring by continuously metering the well and to the Neuhaus 14 Fed #5 Morrow through the subtraction method. A 24-hour test will be performed continuously on Neuhaus 14 Fed #5 Bone Spring. Each wells share of the central tank battery's total production will be calculated based on the results of subtracting the continuous meter values from the total production. This ratio will be applied to the total oil production metered by tank gauging. This method will also be applied to the total gas production metered by the Targa Sales meter.

These meters will be calibrated on a regular basis per API, NMOCD and BLM specifications. The BLM and OCD will be notified of any future changes in the facilities.

Process and Flow Descriptions:

The flow of production is shown in detail on the enclosed process flow diagram and facility diagram maps which show the lease boundaries, well locations, flow line location, CTB, and gas sales meter. The commingling of this production is the most effective economical means of producing the reserves and will not result in reduced royalty or improper measurement of production. The proposed commingling will reduce footprint, reduce traffic, and lower overall emissions.

APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY CHEVRON USA
INC NEUHAUS 14 FED #5

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

All royalty and overriding interest owners have been notified.

Printed Name: Bradley Hulme

Title: Engineer

Date: 09/05/2017

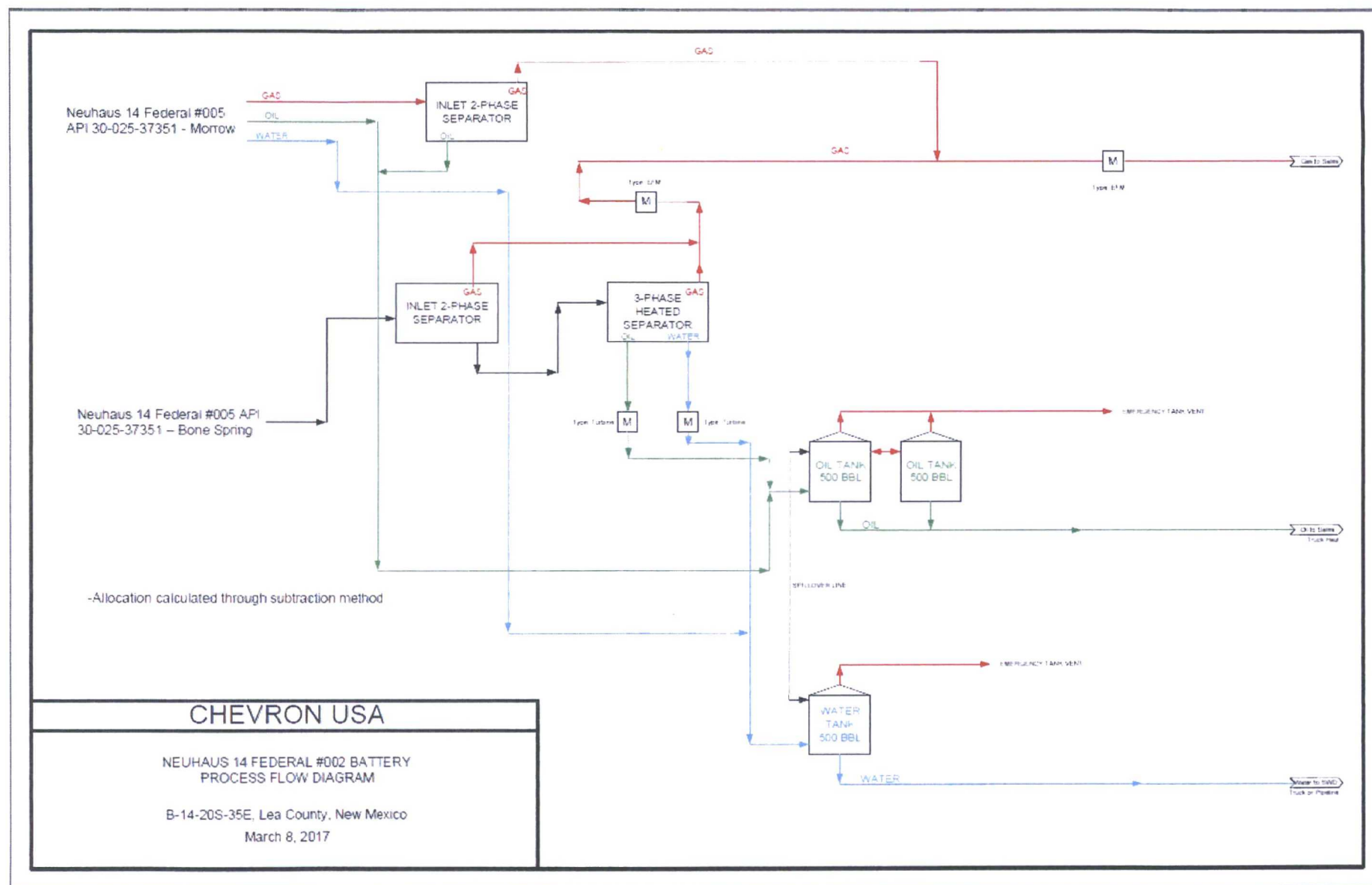
**Economic Justification Work Sheet
Neuhaus Central Tank Battery**

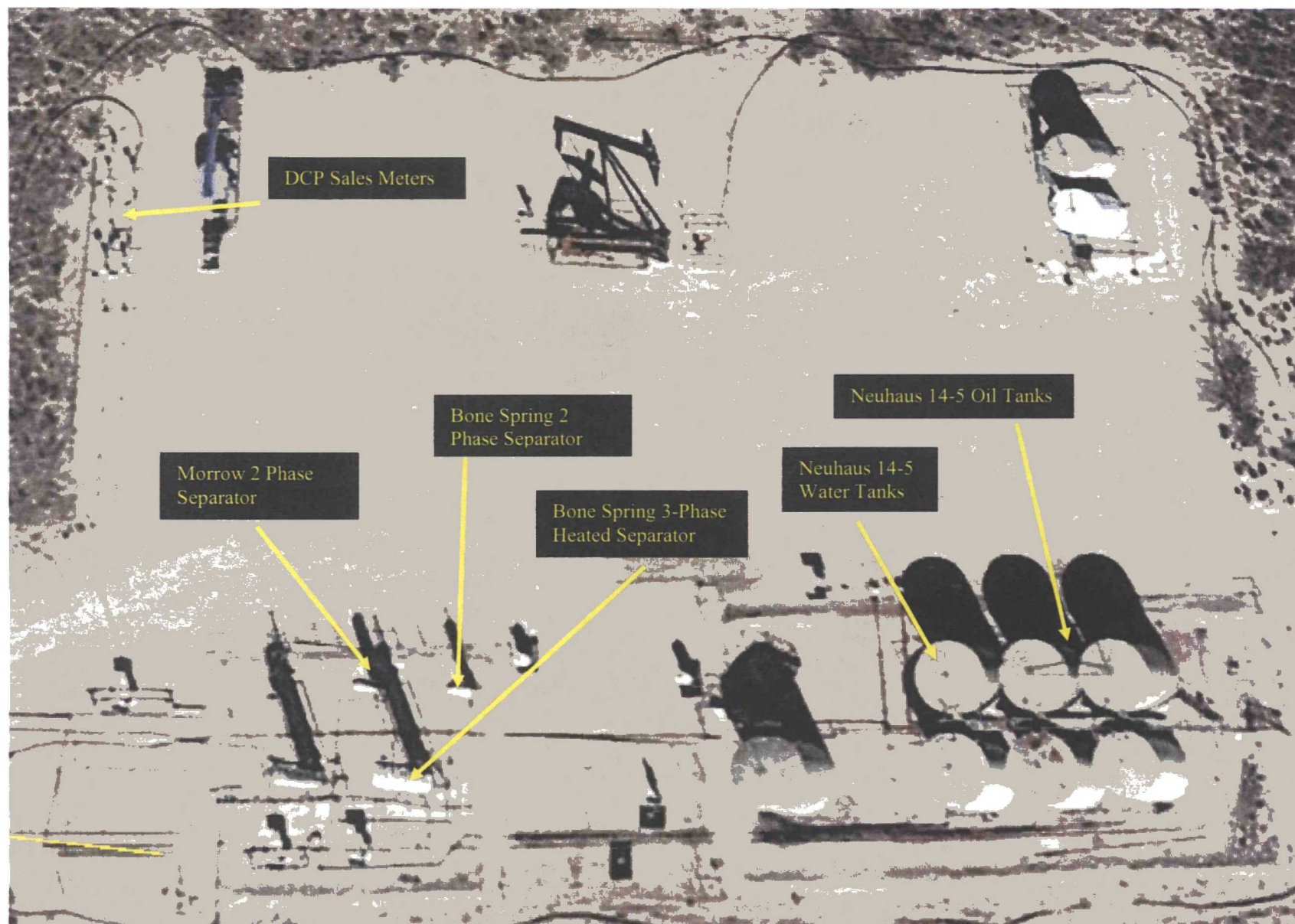
Unit	Royalty Rate	Federal Tract Percentage of Total Unit Area	BOPD	Oil Gravity	Value / BBL	MCFPD	DRY BTU	Value / MCF
Neuhaus 14 Fed #5 Bone Spring	12.5%	100%	8	49	48.59	3	1251	1.16
Neuhaus 14 Fed #5 Morrow	12.5%	100%	0	55	NA	291	1249	1.16

Economic combined gas production	BOPD	Oil Gravity	Value / BBL	MCFPD	DRY BTU	Value / MCF
	8	49	48.59	294	1250	1.16

The Neuhaus 14 Federal 5 Morrow has not made oil over the past two years, and is not expected to make any oil in the coming years. Due to this fact, the oil gravity of the Bone Spring completion will not be discounted.

Printed Name: Bradley Hulme
Title: Reservoir Engineer
Date: 09/05/2017





NMNM 016835

010

NMNM 025369

NMNM 038470

011

012

NMNM 025369

Neuhaus 14 Fed 5

014

NMNM 016835

015

NMNM 136225

NMNM 132075

013

022

NMNM 027205

NMNM 016835

023

024

STRALING GARDEN

**BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(LIVE) SERIAL REGISTER PAGE**

Run Date/Time: 03/12/18 01:24 PM

Page 1 of 5

01 02-25-1920;041STAT0437;30USC181ETSEQ

Case Type 311211: O&G LSE SIMO PUBLIC LAND

Commodity 459: OIL & GAS

Case Disposition: AUTHORIZED Case File Juris:

Total Acres

840.320

Serial Number

NMNM-- - 016835

Serial Number: NMNM-- - 016835

Name & Address			Int Rel	%Interest
ASTON ROGERS	PO BOX 1090	ROSWELL NM 882021090	OPERATING RIGHTS	0.000000000
AXIS ENERGY CORP	PO BOX 219303	HOUSTON TX 77218	OPERATING RIGHTS	0.000000000
BEAN FAMILY LTD CO	PO BOX 1738	ROSWELL NM 882021738	OPERATING RIGHTS	0.000000000
BEAR ENERGY INC	PO BOX 3283	ROSWELL NM 882023283	OPERATING RIGHTS	0.000000000
BEAR ENERGY INC	PO BOX 8221	ROSWELL NM 882028221	OPERATING RIGHTS	0.000000000
BIGHORN INVESTMENTS INC	2512 GAYE DR	ROSWELL NM 88201	OPERATING RIGHTS	0.000000000
BOSS JAMES A	2200 CAROLINA WAY	ROSWELL NM 88201	OPERATING RIGHTS	0.000000000
BTA OIL PRODUCERS	104 S PECOS ST	MIDLAND TX 79701	OPERATING RIGHTS	0.000000000
BURSAKE LLC	PO BOX 51407	MIDLAND TX 797101407	OPERATING RIGHTS	0.000000000
BWB PARTNERS I	PO BOX 51407	MIDLAND TX 79710	OPERATING RIGHTS	0.000000000
CHEVRON USA INC	6301 DEAUVILLE	MIDLAND TX 797062964	OPERATING RIGHTS	0.000000000
COLL BROTHERS OIL	PO BOX 1818	ROSWELL NM 88202	OPERATING RIGHTS	0.000000000
CORRAL INC	PO BOX 2107	ROSWELL NM 882022107	OPERATING RIGHTS	0.000000000
DEVON ENERGY PROD CO LP	333 W SHERIDAN AVE	OKLAHOMA CITY OK 731025010	OPERATING RIGHTS	0.000000000
EAKO LLC	PO BOX 1090	ROSWELL NM 882021090	OPERATING RIGHTS	0.000000000
FEATHERSTONE OLEN F	PO BOX 429	ROSWELL NM 88202	OPERATING RIGHTS	0.000000000
GANNAWAY DAVID R	PO BOX 2791	ROSWELL NM 88202	OPERATING RIGHTS	0.000000000
GUY JAMES E	PO BOX 100	ARTESIA NM 882110100	OPERATING RIGHTS	0.000000000
HAYES LAND & PROD CO	PO BOX 51407	MIDLAND TX 79710	OPERATING RIGHTS	0.000000000
HAYES LAND CORP	3300 N A ST BLDG 1 #220	MIDLAND TX 79705	OPERATING RIGHTS	0.000000000
HESS BLAINE	PO BOX 326	ROSWELL NM 882020326	OPERATING RIGHTS	0.000000000
HICKS MARGIE	6200 OSUNA RD NE	ALBUQUERQUE NM 87109	OPERATING RIGHTS	0.000000000
J T JACKSON & ASSOC	PO BOX 100	ARTESIA NM 88210	OPERATING RIGHTS	0.000000000
JALAPENO CORP	PO BOX 1608	ALBUQUERQUE NM 87103	OPERATING RIGHTS	0.000000000
KIOUS HAROLD	BOX L	ALBUQUERQUE NM 87103	OPERATING RIGHTS	0.000000000
M BRAD BENNETT INC	PO BOX 2062	MIDLAND TX 797022062	OPERATING RIGHTS	0.000000000
NEUHAUS EDWARD K	PO BOX 925567	HOUSTON TX 772925567	OPERATING RIGHTS	0.000000000
NEUHAUS LAURANCE B	PO BOX 925567	HOUSTON TX 772925567	OPERATING RIGHTS	0.000000000
NEUHAUS W O III	PO BOX 925567	HOUSTON TX 772925567	OPERATING RIGHTS	0.000000000
PECOS AIR INC	PO BOX 1518	ROSWELL NM 88202	OPERATING RIGHTS	0.000000000
READ & STEVENS INC	PO BOX 1518	ROSWELL NM 802021518	OPERATING RIGHTS	0.000000000
SISBRO OIL & GAS LLC	3600 S YOSEMITE ST #810	DENVER CO 80237	OPERATING RIGHTS	0.000000000
SPEEREX LTD PTNRSH	PO BOX 266	ROSWELL NM 882020266	OPERATING RIGHTS	0.000000000
STEPHENS TOM P	PO BOX 698	ROSWELL NM 882020698	OPERATING RIGHTS	0.000000000
TEXAKOTA OIL CO	2707 KIPLING	HOUSTON TX 77098	OPERATING RIGHTS	0.000000000
TIERRA OIL CO	BOX 1354	ROSWELL NM 882021354	OPERATING RIGHTS	0.000000000
TOM P STEPHENS TRUST	3707 CAMP BOWIE BLVD STE 220	FORT WORTH TX 761073330	OPERATING RIGHTS	0.000000000
UNITED SHORES INC	6501 AMERICAS PKWY #695	ALBUQUERQUE NM 87110	OPERATING RIGHTS	0.000000000
VALKO LLC	PO BOX 1090	ROSWELL NM 882021090	OPERATING RIGHTS	0.000000000
WALE HERBERT E III	3117 HUMBLE	MIDLAND TX 79705	OPERATING RIGHTS	0.000000000
WILDCAT ENERGY LLC	PO BOX 13323	ODESSA TX 79768	OPERATING RIGHTS	0.000000000
XTO HOLDINGS LLC	810 HOUSTON ST	FORT WORTH TX 761026203	OPERATING RIGHTS	0.000000000
XTO HOLDINGS LLC	810 HOUSTON ST	FORT WORTH TX 761026203	LESSEE	100.000000000
YATES ENERGY CORP	PO BOX 2323	ROSWELL NM 882022323	OPERATING RIGHTS	0.000000000

Serial Number: NMNM-- - 016835

Mer Twp	Rng	Sec	SType	Nr Suff	Subdivision	District/Resource Area	County	Mgmt Agency
23	0200S	0350E	001	ALIQ	S2NE,NESE;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0200S	0350E	001	LOTS	1,2;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0200S	0350E	010	ALIQ	SE;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0200S	0350E	014	ALIQ	E2,SENW;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0200S	0350E	022	ALIQ	NENE,NWNW;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0200S	0350E	023	ALIQ	NENW;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT

**NO WARRANTY IS MADE BY BLM
FOR USE OF THE DATA FOR
PURPOSES NOT INTENDED BY BLM**

**BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(LIVE) SERIAL REGISTER PAGE**

Run Date/Time: 03/12/18 01:24 PM

Page 2 of 5

Serial Number: NMNM-- - 016835

Act Date	Code	Action	Action Remarks	Pending Office
07/23/1972	387	CASE ESTABLISHED	SPAR92;	
07/24/1972	888	DRAWING HELD		
08/17/1972	299	PROTEST FILED		
09/15/1972	298	PROTEST DISMISSED		
05/01/1973	237	LEASE ISSUED		
06/01/1973	496	FUND CODE	05;145003	
06/01/1973	530	RLTY RATE - 12 1/2%		
06/01/1973	868	EFFECTIVE DATE		
06/01/1973	909	BOND ACCEPTED	EFF 09/10/71;NM1195	
03/01/1979	246	LEASE COMMITTED TO CA	CA NMNM72076 SRM1451;	
01/28/1980	246	LEASE COMMITTED TO CA	SRM 1451 EFF 0/1/79	
08/20/1980	102	NOTICE SENT-PROD STATUS		
08/26/1980	315	RENTAL RATE DET/ADJ	\$2.00;	
02/20/1981	246	LEASE COMMITTED TO CA	SCR-47 EFF 12/1/1980	
12/17/1981	651	HELD BY PROD - ALLOCATED	SCR-131	
01/07/1983	932	TRF OPER RGTS FILED	(1)	
01/07/1983	932	TRF OPER RGTS FILED	(2)	
04/27/1983	933	TRF OPER RGTS APPROVED	(1)EFF 02/01/83;	
04/27/1983	933	TRF OPER RGTS APPROVED	(2)EFF 02/01/83;	
04/04/1986	932	TRF OPER RGTS FILED		
09/26/1986	933	TRF OPER RGTS APPROVED	EFF 05/01/86;	
11/03/1986	963	CASE MICROFILMED/SCANNED	CNUM 101,943 DS	
05/05/1988	974	AUTOMATED RECORD VERIF	MLO/SG	
03/31/1989	575	APD FILED	EXXON CORP	
04/28/1989	576	APD APPROVED	NEUHAUS FED NO 1	
10/23/1989	932	TRF OPER RGTS FILED	EXXON CORP/5 STATES	
11/16/1989	933	TRF OPER RGTS APPROVED	EFF 11/01/89;	
11/16/1989	974	AUTOMATED RECORD VERIF	GLC/MIG	
09/10/1990	932	TRF OPER RGTS FILED	AMOCO PROD/MITCHELL	
12/05/1990	933	TRF OPER RGTS APPROVED	EFF 10/01/90;	
12/05/1990	974	AUTOMATED RECORD VERIF	GLC/MT	
06/08/1991	522	CA TERMINATED	SCR-47 MO	
05/18/1992	932	TRF OPER RGTS FILED	EXXON/BENNETT INC	
06/24/1992	933	TRF OPER RGTS APPROVED	EFF 06/01/92;	
06/24/1992	974	AUTOMATED RECORD VERIF	BCO/JS	
09/01/1992	974	AUTOMATED RECORD VERIF	SSP/JS	
09/10/1992	932	TRF OPER RGTS FILED	BENNETT/BTA OIL	
09/21/1992	575	APD FILED	MBRAD BENNETT CE	
10/19/1992	576	APD APPROVED	NEUHAUS 14 FED NO 1	
12/18/1992	933	TRF OPER RGTS APPROVED	EFF 10/01/92;	
12/18/1992	974	AUTOMATED RECORD VERIF	ANN/JS	
03/15/1993	932	TRF OPER RGTS FILED	BTA OIL/HAYES PROP	
04/21/1993	575	APD FILED	MANZANO OIL	
05/07/1993	576	APD APPROVED	#2 NEWHAUS 14 FED	

NO WARRANTY IS MADE BY BLM
FOR USE OF THE DATA FOR
PURPOSES NOT INTENDED BY BLM



Cindy Herrera-Murillo
Regulatory Specialist
Midcontinent BU

Chevron North America
Exploration and Production Company
(A Chevron U.S.A. Inc. Division)
1616 W. Bender Blvd Room 134
Hobbs FMT, Hobbs, NM 88240
Tel 575-263-0431
Cherreramurillo@chevron.com

May 2, 2017

Re: Application for Surface Commingling
Chevron's Neuhaus Central Tank Battery
Section 14, T20S, R35E
Lea County, New Mexico

[Address Here]

Dear Sirs,

Chevron U.S.A. Inc. respectfully requests administrative approval to surface commingle oil, gas and water production from the Morrow Gas and Bone Spring Oil Pools through Chevron's Neuhaus 14 Federal Central Tank Battery. Chevron requests the approval to minimize surface disturbance and future traffic by concentrating activities at one battery. The well producing to this battery is a dual completion, which includes the Neuhaus 14 Fed #5 Morrow and Neuhaus 14 Fed #5 Bone Spring Completion. These wells are located in Section 14, T 20S, R 35E in Lea County, New Mexico.

The working interest and federal royalty rate are the same for all leases involved in this request (100% Chevron.). These wells were completed in the 2003 & 2005. The Neuhaus 14 Federal #5 Bone Spring will be tested monthly through turbine meters installed on the heater treater and the gas allocation meter and the Neuhaus 14 Federal #5 Morrow will be allocated through subtraction method. There are two oil tanks at the CTB that the wells utilize and total oil will be measured by having a qualified field personnel gauge. The Neuhaus 14 Federal #5 Bone Spring will be tested monthly through a three phase heater treater located at the Neuhaus 14 Federal CTB. Oil and water are measured by a turbine meter on the oil and water outlets and gas is measured by an orifice meter on the gas outlet.

Any objections to this commingle must be sent to the New Mexico Conservation Division; 1220 South St. Francis Drive; Santa Fe, NM 87504 within 20 days of receipt of this notification. If you require additional information, please contact me at 505-833-1111.

Sincerely,

Cindy Herrera-Murillo
Permitting Specialist

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to

VALCO LLC

PO BOX 1090

ROSWELL NEW MEXICO 88702-0000



9590 9401 0120 5225 7135 46

2. Article Number (Transfer from service label)

7016 0750 0000 3051 2335

PS Form 3811, July 2015 PSN 7510-102-000-5043

COMPLETE THIS SECTION ON DELIVERY

- A. Signature ☒ Delivered ☐ Not Delivered
- B. Received by (Printed Name) ☐ Addressed ☐ Not Addressed
- C. Is delivery address different from item 1? ☐ Yes ☒ No
- D. If YES, enter delivery address below

- 3. Service Type
 - ☐ Adult Signature
 - ☐ Adult Signature Restricted Delivery
 - ☐ Certified Mail®
 - ☐ Certified Mail Restricted Delivery
 - ☐ Collect on Delivery
 - ☐ Collect on Delivery Restricted Delivery
 - ☐ Insured Mail
 - ☐ Priority Mail Express®
 - ☐ Registered Mail™
 - ☐ Registered Mail Restricted Delivery
 - ☐ Return Receipt for Merchandise
 - ☐ Signature Confirmation™
 - ☐ Signature Confirmation Restricted Delivery

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
---------	----------	----------	-----------	------	---------

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 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.

Cathy Berona Murillo
Print or Type Name

Cathy Berona Murillo
Signature

Engineering Supervisor
Title

01/16/2007
Date

Cberonamurillo@chevron.com
e-mail Address

APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY CHEVRON USA
INC NEUHAUS 14 FED #5

APPLICATION FOR COMMINGLING OF NEUHAUS 14 FED 5 WELLS

OWNER INFORMATION

WELL NAME	INTEREST TYPE	INTEREST %	NAME	ADDRESS	CTY	STATE	ZIP CODE
NEUHAUS 14 FED 5 MORROW	OR	0.06500000	EXXONMOBIL OIL CORPORATION	PO Box 731917	DALLAS	TEXAS	75373-1917
NEUHAUS 14 FED 5 MORROW	WI	0.58812500	CHEVRON USA INC	PO Box 4791	HOUSTON	TEXAS	77210-4791
NEUHAUS 14 FED 5 MORROW	WI	0.05000000	BEAN FAMILY LIMITED COMPANY	PO BOX 1738	ROSWELL	NEW MEXICO	88202-1738
NEUHAUS 14 FED 5 MORROW	WI	0.16187500	HAYES LAND AND PRODUCTION CO	PO BOX 51407	MIDLAND	TEXAS	79710
NEUHAUS 14 FED 5 MORROW	WI	0.02500000	TLW INVESTMENTS LLC	PO BOX 301535	DALLAS	TEXAS	75303-1535
NEUHAUS 14 FED 5 MORROW	WI	0.03385505	YATES ENERGY CORP	PO BOX 2323	ROSWELL	NEW MEXICO	88202-2323
NEUHAUS 14 FED 5 MORROW	WI	0.01614495	JALAPENO CORP	PO BOX 484	ALBUQUERQUE	NEW MEXICO	87103-0000
NEUHAUS 14 FED 5 MORROW	OR	0.03000000	BTA OIL PRODUCERS LLC	104 S PECOS	MIDLAND	TEXAS	79701-0000
NEUHAUS 14 FED 5 MORROW	WI	0.00566800	VALKO L L C	PO BOX 1090	ROSWELL	NEW MEXICO	88202-0000
NEUHAUS 14 FED 5 MORROW	WI	0.01433200	EAKO LLC	PO BOX 1090	ROSWELL	NEW MEXICO	88202-0000
NEUHAUS 14 FED 5 MORROW	WI	0.00500000	JAMES A BOSS	2706 CORONADO DR	ROSWELL	NEW MEXICO	88201-0000
NEUHAUS 14 FED 5 MORROW	CW	-	BLAINE HESS	PO BOX 326	ROSWELL	NEW MEXICO	88202-0326
NEUHAUS 14 FED 5 MORROW	CW	-	TEXAKOTA OIL CO	2707 KIPLING	HOUSTON	TEXAS	77098-0000
NEUHAUS 14 FED 5 MORROW	OR	0.00500000	W O NEUHAUS TR FBO	10906 LITTLE LISA	HOUSTON	TEXAS	77024
NEUHAUS 14 FED 5 MORROW	OR	0.00500000	W O NEUHAUS RES TR FBO	PO BOX 925567	HOUSTON	TEXAS	77292-5567
NEUHAUS 14 FED 5 MORROW	OR	0.00500000	W O NEUHAUS RES TR FBO	479 CAMINO DON MIGUEL	SANTA FE	NEW MEXICO	87505
NEUHAUS 14 FED 5 MORROW	OR	0.01500000	HOWARD F SMITH JR TR FBO	PROP MGMT LLC PO BOX 56429	HOUSTON	TEXAS	77256-6429
NEUHAUS 14 FED 5 MORROW	WI	0.01000000	SISBRO OIL & GAS LLLP	4350 S MONACO ST	DENVER	COLORADO	80236
NEUHAUS 14 FED 5 MORROW	WI	0.05000000	READ & STEVENS INC	F O BOX 1518	ROSWELL	NEW MEXICO	88202-1518
NEUHAUS 14 FED 5 MORROW	RI	0.12500000	OFFICE OF NATURAL RESOURCES REVENUE	PO BOX 25627	DENVER	COLORADO	80225-0627
NEUHAUS 14 FED 5 MORROW	WI	0.02000000	TOM P STEPHENS TR	3707 CAMP BOWIE BLVD STE 220	FORT WORTH	TEXAS	76107-0738
NEUHAUS 14 FED 5 MORROW	WI	0.02000000	BURSAKE LLC	PO BOX 51407	MIDLAND	TEXAS	79710

I have verified that this information is correct

Gabrielle Garcia
Gabrielle Garcia

APPLICATION FOR COMMINGLING OF NEUHAUS 14 FED 5 WELLS

OWNER INFORMATION

WELL NAME	INTEREST	INTEREST %	NAME	ADDRESS	CITY	STATE	ZIP CODE
NEUHAUS 14 FED 5 BONE SPRING	OR	0.06500000	EXXONMOBIL OIL CORPORATION	PO Box 731917	DALLAS	TEXAS	75373-1917
NEUHAUS 14 FED 5 BONE SPRING	CW	-	READ & STEVENS INC	P O BOX 1518	ROSWELL	NEW MEXICO	88202-1518
NEUHAUS 14 FED 5 BONE SPRING	WI	0.63812500	CHEVRON USA INC	PO Box 4791	HOUSTON	TEXAS	77210-4791
NEUHAUS 14 FED 5 BONE SPRING	WI	0.05000000	BEAN FAMILY LIMITED COMPANY	PO BOX 1738	ROSWELL	NEW MEXICO	88202-1738
NEUHAUS 14 FED 5 BONE SPRING	WI	0.16187500	HAYES LAND AND PRODUCTION CO	PO BOX 51407	MIDLAND	TEXAS	79710
NEUHAUS 14 FED 5 BONE SPRING	WI	0.02500000	TLW INVESTMENTS LLC	PO BOX 301535	DALLAS	TEXAS	75303-1535
NEUHAUS 14 FED 5 BONE SPRING	WI	0.03385505	YATES ENERGY CORP	PO BOX 2323	ROSWELL	NEW MEXICO	88202-2323
NEUHAUS 14 FED 5 BONE SPRING	WI	0.01614495	JALAPENO CORP	PO BOX 484	ALBUQUERQUE	NEW MEXICO	87103-0000
NEUHAUS 14 FED 5 BONE SPRING	OR	0.03000000	BTA OIL PRODUCERS LLC	104 S PECOS	MIDLAND	TEXAS	79701-0000
NEUHAUS 14 FED 5 BONE SPRING	WI	0.00566800	VALKO L L C	PO BOX 1090	ROSWELL	NEW MEXICO	88202-0000
NEUHAUS 14 FED 5 BONE SPRING	WI	0.01433200	EAKO LLC	PO BOX 1090	ROSWELL	NEW MEXICO	88202-0000
NEUHAUS 14 FED 5 BONE SPRING	WI	0.00500000	JAMES A BOSS	2706 CORONADO DR	ROSWELL	NEW MEXICO	88201-0000
NEUHAUS 14 FED 5 BONE SPRING	CW	-	BLAINE HESS	PO BOX 326	ROSWELL	NEW MEXICO	88202-0326
NEUHAUS 14 FED 5 BONE SPRING	CW	-	TEXAKOTA OIL CO	2707 KIPLING	HOUSTON	TEXAS	77098-0000
NEUHAUS 14 FED 5 BONE SPRING	OR	0.00500000	W O NEUHAUS TR FBO	10906 LITTLE LISA	HOUSTON	TEXAS	77024
NEUHAUS 14 FED 5 BONE SPRING	OR	0.00500000	W O NEUHAUS RES TR FBO	PO BOX 925567	HOUSTON	TEXAS	77292-5567
NEUHAUS 14 FED 5 BONE SPRING	OR	0.00500000	W O NEUHAUS RES TR FBO	479 CAMINO DON MIGUEL	SANTA FE	NEW MEXICO	87505
NEUHAUS 14 FED 5 BONE SPRING	OR	0.01500000	HOWARD F SMITH JR TR FBO	PROP MGMT LLC PO BOX 56429	HOUSTON	TEXAS	77256-6429
NEUHAUS 14 FED 5 BONE SPRING	WI	0.01000000	SISBRO OIL & GAS LLLP	4350 S MONACO ST	DENVER	COLORADO	80236
NEUHAUS 14 FED 5 BONE SPRING	RI	0.12500000	OFFICE OF NATURAL RESOURCES REVENUE	PO BOX 25627	DENVER	COLORADO	80225-0627
NEUHAUS 14 FED 5 BONE SPRING	WI	0.02000000	TOM P STEPHENS TR	3707 CAMP BOWIE BLVD ST	FORT WORTH	TEXAS	76107-0738
NEUHAUS 14 FED 5 BONE SPRING	WI	0.02000000	BURSAKE LLC	PO BOX 51407	MIDLAND	TEXAS	79710

I have verified that this information is correct

Gabrielle Garcia
Gabrielle Garcia

APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY CHEVRON USA
INC NEUHAUS 14 FED #5

EXXONMOBIL OIL CORPORATION

C/O XTO ENERGY INC
PO Box 731917
DALLAS, TEXAS 75373-1917
7016 0750 0000 3051 2236

BEAN FAMILY LIMITED COMPANY
PO BOX 1738
ROSWELL, NEW MEXICO 88202-1738
7016 0750 0000 3051 2267

TLW INVESTMENTS LLC
PO BOX 301535
DALLAS, TEXAS 75303-1535
7016 0750 0000 3051 2298

ETA OIL PRODUCERS LLC
104 S PECOS
MIDLAND, TEXAS 79701-0000
7016 0750 0000 3051 2328

JAMES A BOSS
2708 CORONADO DR
ROSWELL, NEW MEXICO 88201-0000
7016 0750 0000 3051 2359

TEXAKOTA OIL CO
2707 KIPUNG
HOUSTON, TEXAS 77096-0000
7016 0750 0000 3051 2360

W O NEUHAUS RES TR FBO
W O NEUHAUS III
479 CAMINO DON MIGUEL
SANTA FE, NEW MEXICO 87505
7016 0750 0000 3051 2410

BURSAIE LLC
PO BOX 51407
MIDLAND, TEXAS 79710
7016 0750 0000 3051 2441

READ & STEVENS INC
P O BOX 1518
ROSWELL, NEW MEXICO 88202-1518
7016 0750 0000 3051 2243

HAYES LAND AND PRODUCTION CO
PO BOX 51407
MIDLAND, TEXAS 79710
7016 0750 0000 3051 2274

YATES ENERGY CORP
PO BOX 2323
ROSWELL, NEW MEXICO 88202-2323
7016 0750 0000 3051 2304

VALKO L L C
PO BOX 1090
ROSWELL, NEW MEXICO 88202-0000
7016 0750 0000 3051 2335

BLAINE HESS
PO BOX 326
ROSWELL, NEW MEXICO 88202-0326
7016 0750 0000 3051 2366

W O NEUHAUS TR FBO
EDWARD K NEUHAUS
10908 LITTLE LISA
HOUSTON, TEXAS 77024
7016 0750 0000 3051 2397

HOWARD F SMITH JR TR FBO
LOUISE SMITH NEUHAUS
PROP MGMT LLC PO BOX 56429
HOUSTON, TEXAS 77256-6429
7016 0750 0000 3051 2427

CHEVRON USA INC
PO Box 4791
HOUSTON, TEXAS 77210-4791
7016 0750 0000 3051 2250

OFFICE OF NATURAL RESOURCES REVENUE
PO BOX 25627
DENVER, COLORADO 80225-0627
7016 0750 0000 3051 2281

JALAPENO CORP
PO BOX 484
ALBUQUERQUE, NEW MEXICO 87103-0000
7016 0750 0000 3051 2311

BAKO L L C
PO BOX 1090
ROSWELL, NEW MEXICO 88202-0000
7016 0750 0000 3051 2359

TOM F STEPHENS TR
PLAINS CAPITL BANK SVCE TRST
3707 CAMP BOWIE BLVD STE 220
FORT WORTH, TEXAS 76107-0738
7016 0750 0000 3051 2373

W O NEUHAUS RES TR FBO
LAURANCE B NEUHAUS
PO BOX 925567
HOUSTON, TEXAS 77292-5567
7016 0750 0000 3051 2403

SISBRO OIL & GAS LLLP
250 S MONACO ST
DENVER, COLORADO 80236
7016 0750 0000 3051 2434

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

Neuhaus 14 Federal 5, 300253735101D1 & D2

Chevron USA Inc.

March 12, 2018

**Condition of Approval
Pool Commingling of lease Production**

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. Gas measurement for allocation must be measured as per Onshore Order #5 or 43 CFR 3175 and API requirements for sales meters.
7. 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 43 CFR 3179 to ONRR. All gas which is vented or flared shall be subject to royalty, unless prior approval was given by the authorized officer. These volumes are royalty bearing and shall be reported on OGOR "B" as disposition code "33".
8. This agency shall be notified of any change in sales method or location of sales point.
9. Additional wells and/or leases/CAs require additional commingling approvals.
10. Notify this office 24 Hrs. prior to any meter proving to allow time for an inspector to witness.
11. Submit gas sales meter number (DCP Meter) within 30 days of this approval and provide updated facility diagram with meters numbers.

**Neuhaus 14 Federal 5, 300253735101D1 - Morrow
Neuhaus 14 Federal 5, 300253735101D2 – Bone Spring**

Federal Lease NMNM16835 has a Royalty Rate of 12.5%