

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 \_\_\_\_\_

-DLL 458  
 -Chevron US B Inc  
 4323

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- [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

-Wall  
 -Jordan 12 State #1  
 30-025-33532  
 -Jordan 12 State #2  
 30-025-36716  
 -Jordan 12 State #3  
 30-025-37080  
 -Po 4

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

-Mescalero, Cisco, Northwest  
 46636  
 -Mescalero, Upper Penn, North  
 4570  
 -Mescalero, North  
 Wolfcamp  
 4612

[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

11/21/2016  
 Date

Cerreramurillo@chevron.com  
 e-mail Address



**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

November 21, 2016

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

Application for surface commingle, Mescalero ;Cisco NE/Mescalero; Wolfcamp, N/Mescalero, Upper Penn, N Poolsl, Lea County, NM (T10S, R32E, Section 12)

Dear Sirs,

Chevron U.S.A. Inc. respectfully requests administrative approval to surface commingle oil, gas and water production from the Mescalero; Cisco NE/Mescalero; Wolfcamp, N/Mescalero, Upper Penn, N Pools through Chevron's Jordan Central Tank Battery. Chevron requests the approval to minimize surface disturbance and future traffic by concentrating activities at one battery. Wells producing to this battery include the Jordan 12 State #1; Jordan 12 State #2 and the Jordan 12 State #3. These wells are located in Section 12, T 10S, R 32E in Lea County, New Mexico. A list of all wells currently routed to the Jordon Central Tank Battery can be found on the following pages.

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 2004. Each well will be tested monthly through a three - phase test heater treater located at the Jordan 12 State 2 CTB. Oil and water will be metered on the oil and water outlets. The gas will be metered by an orifice meter on the gas outlet. The oil form the three phase separator will then be commingled into a common oil tank. Gas production will be allocated on a daily basis on the results of monthly well tests of each well.

Sincerely,

A handwritten signature in black ink that reads "Cindy Herrera-Murillo". The signature is written in a cursive, flowing style.

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 Jordan wells. Proposal to commingle the oil, water, and some entrained gas for the JORDAN 12 STATE #1, JORDAN 12 STATE #2 AND JORDAN 12 STATE #3

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

Jordan Central Tank Battery							
Well Names	Locations	API Numbers	Pool	Oil BOPD	Oil Gravity	Gas MCFPD	Gas BTU
Jordan 12 State #1	12-10S-32E	30-025-33532	Mescalero;Cisco NE	11	46.4	24	1324
Jordan 12 State #2	12-10S-32E	30-025-36716	Mescalero;Upper Penn, N	7	44.3	43	1407
Jordan 12 State #3	12-10S-32E	30-025-37050	Mescalero;Wolfcamp N	10	44.3	67	1407

**Oil & Gas metering:**

The Jordan 12 State 2 Central Tank Battery (CTB) is located at the Jordan 12 State #2. The production from three wells will go into a common production header where one well will be sent to a test heater treater quantify oil, water, and gas at least once per month. Bulk production will be sent through the production heater treater. There are three oil tanks at the central 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 NWNW of Section 12, Township 10S, Range 32E. For gas there is a central delivery point (CDP) gas sales meter. The produced water will go to one common water tank on location.

Each well will be tested monthly through a three-phase test heater treater located at the Jordan 12 State 2 CTB. Oil and water will be metered on the oil and water outlets and gas is measured by an orifice meter on the gas outlet. The oil from the three-phase separator will then be commingled into a common oil tank.

Production will be allocated to each well by monthly well tests. A 24 hour test will be performed monthly on each well. Each wells share of the central tank battery's total production will be calculated based on the results of each monthly well test. 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.

Gas production will be allocated on a daily basis based on the results of monthly well tests of each well. These meters will be calibrated on a regular basis per API and NMOCD specifications. The 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 .JORDAN 12 STATE 1, 2 & 3

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 will be notified. Chevron is the only working interest owner.

Printed Name: Christopher LeBlanc  
Title: Facility Engineer  
Date: 11/01/2016

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

Unit	Royalty Rate	Federal Tract Percentage of Total Unit Area	BOPD	Oil Gravity (@60 deg)	Value / BBL	MCFPD	DRY BTU	Value / MCF
Jordan 12 State #1	12.5%	0%	11	46.4	38.27	20	1324	1.91
Jordan 12 State #2	12.5%	0%	7	44.3	38.27	43	1407	1.91
Jordan 12 State #3	12.5%	0%	10	464.3	38.27	67	1407	1.91

Economic combined gas production	BOPD	Oil Gravity (@60 deg)	Value / BBL	MCFPD	DRY BTU	Value / MCF
		28	45.1	38.27	1374	1.91

The commingling of gas between the captioned wells will not have an impact on the value of the production, as the oil to be commingled has similar APIs (36-38). The oil, gas, and water from the VGSAU wells have been comingled already and come from a common pool.

Printed Name: Edgar Acero  
 Title: Engineer  
 Date: 11/18/2016

JORDAN CENTRAL TANK BATTERY

Owner Information

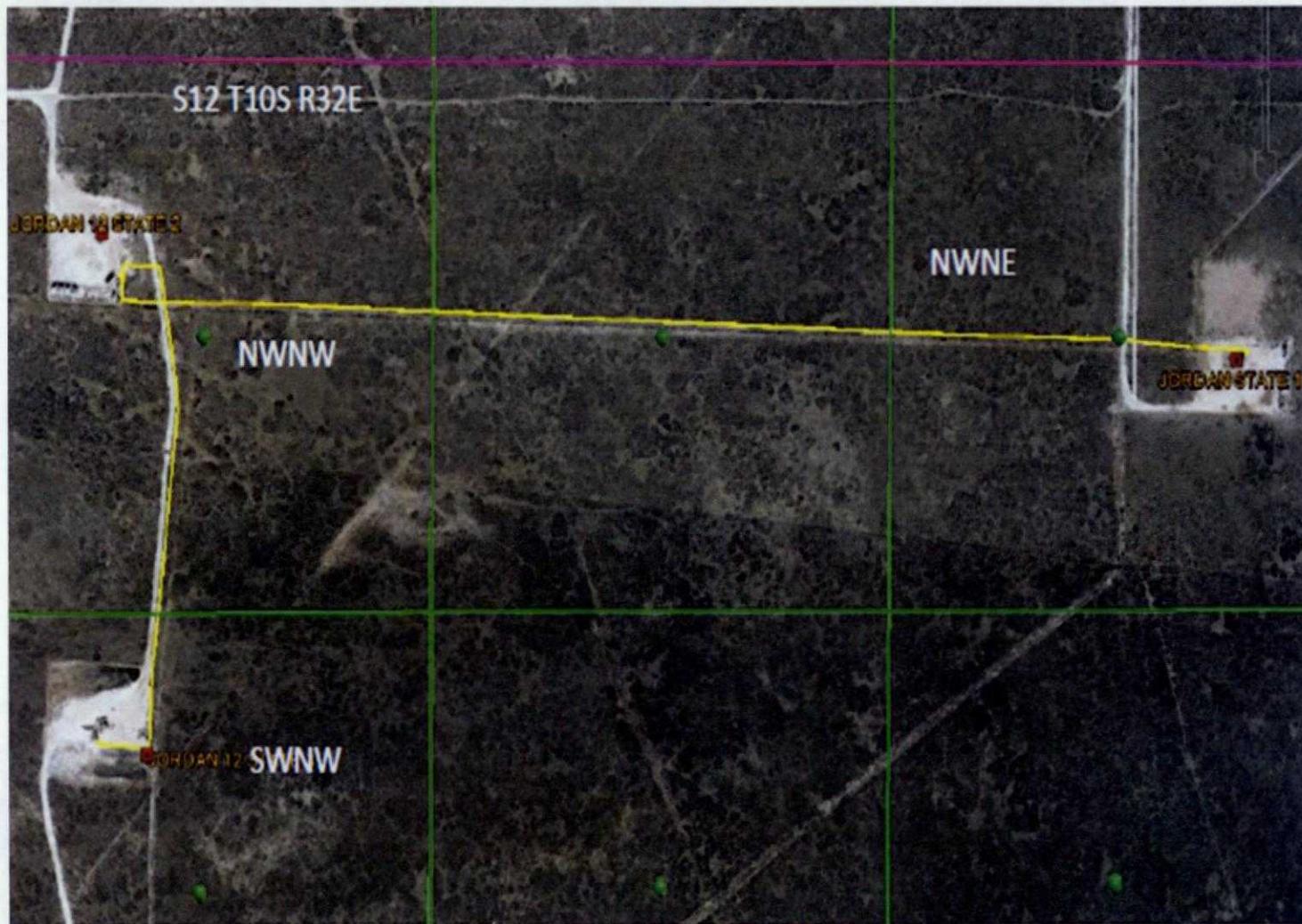
Section 12, T10S, R32E, NMPM, Lea County, New Mexico

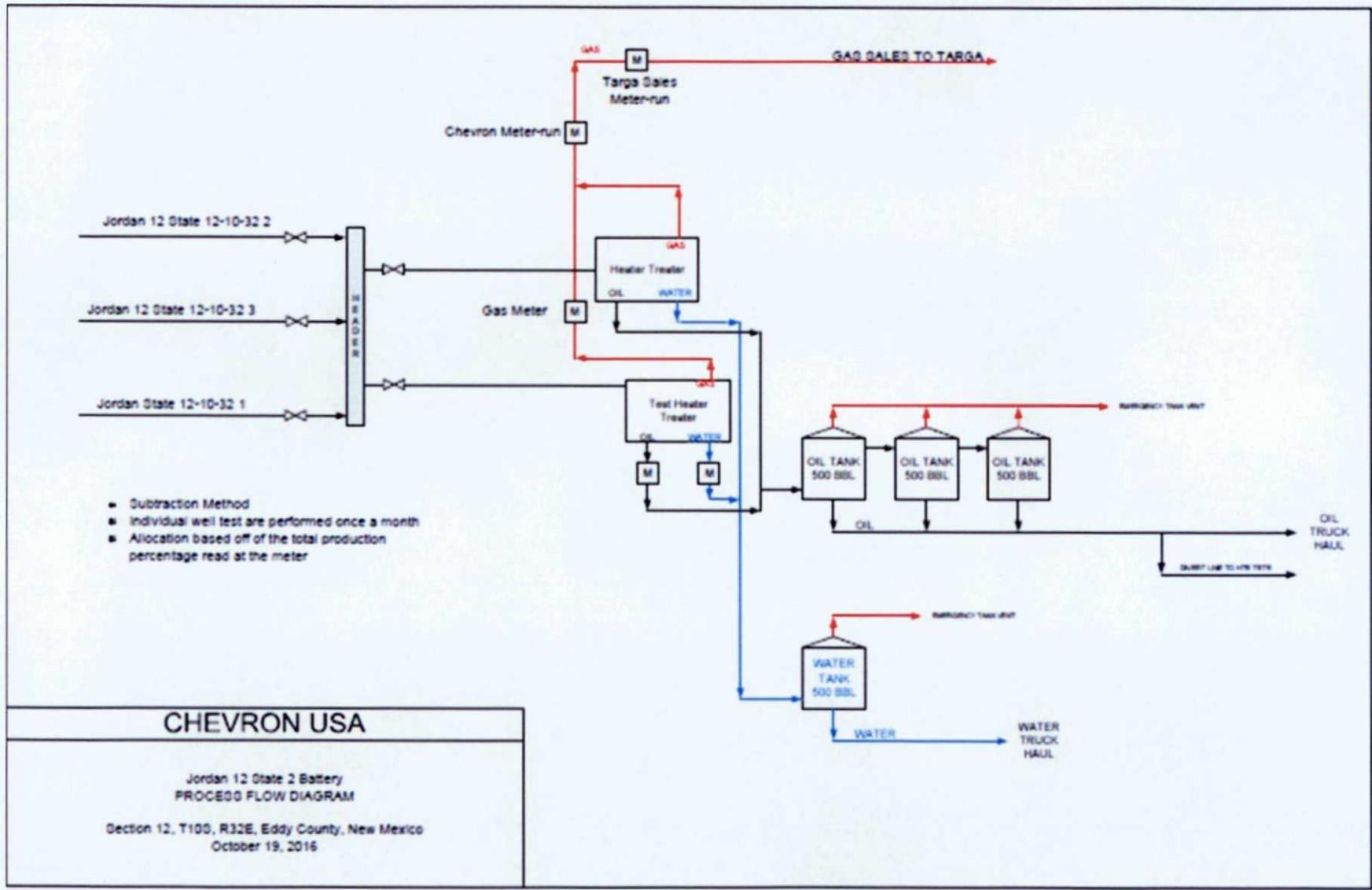
Lease	Interest Type	WI %	Name	Address	City	State	Zip Code
VA-0622	Working Interest	13.9021%	Yates Energy Corp	PO Box 2323	Roswell	NM	88202-2323
VA-0622	Noncensent Working Interest	0.00%	S A Frazier LLC	3805 W. 100 <sup>th</sup> Ave	Westminster	CO	80031-2475
VA-0622	Working Interest	3.77826%	K P Kauffman Company Inc	1675 Broadway Ste 2800	Denver	CO	80202-4628
VA-0622	Working Interest	1.0000%	Daniel G. Lusk	605 Waterway Village Blvd # 31-H	Myrtle Beach	SC	29579-6351
VA-0622	Working Interest	1.5000%	Larry Arnold Est	1112 Telluride Ct	Midland	TX	79705
VA-0622	Working Interest	2.5000%	TLW Investment LLC	1001 Fannin Ste 2020	Houston	TX	77002
VA-0622	Working Interest	21.0000%	Allar Company	P O Box 1567	Graham	TX	76450-1567
VA-0622	Working Interest	10.0000%	Marshall & Winston	P O Box 50880	Midland	TX	79701-0000
VA-0622	Working Interest	46.3193%	Chevron USA Inc	1400 Smith Street	Houston	TX	77002-7327
VA-0622	Working Interest	12.50%	State of New Mexico	P O Box 1148	Santa Fe	NM	87504-1148

I have verified that this information is correct.



Blake O'Donnel  
 Land Representative





APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY CHEVRON USA  
 INC. JORDAN 12 STATE 1, 2 & 3



Cindy Herrera-Murillo  
 Regulatory Specialist  
 Midcontinent BU

Chevron North America  
 Exploration and Production  
 Company  
 1616 W. Bender Blvd Room 134  
 Hobbs FMT, Hobbs, NM 88240  
 Tel 575-263-0431  
 Fax 575-263-0445  
 cherreramurillo@chevron.com

November 14, 2016

Re: Application for Surface Commingling  
 Chevron's Jordan Central Tank Battery  
 Section 12, T10S, R32E,  
 Lea County, New Mexico

Yates Energy Corporation  
 P.O. Box 2323  
 Roswell, NM 88202-2323

Working Interest Owner.

Chevron U.S.A. Inc. respectfully gives notice of intent to surface commingle oil, gas and water production from the Mescalero ;Cisco NE; Mescalero Wolfcamp and Mescalero Upper Penn Pools through Chevron's Jordan Central Tank Battery. Wells producing to this battery include the Chevron Jordan 12 State #1; Jordan 12 State #2 and Jordan 12 State #3 located in Section 12, T10S, R-32E, NMPM, Lea County.

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 2004. Each well will be tested monthly through a three - phase test heater treater located at the Jordan 12 State 2 CTB. Oil and water will be metered on the oil and water outlets. The gas will be metered by an orifice meter on the gas outlet. The oil from the three phase separator will then be commingled into a common oil tank. Gas production will be allocated on a daily basis on the results of monthly well tests of each well.

Any objections to this commingle must be sent to the New Mexico Oil 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 575-263-0431, or by email at: [cherreramurillo@chevron.com](mailto:cherreramurillo@chevron.com).

Sincerely,

*Cindy Herrera-Murillo*

Cindy Herrera-Murillo  
 Regulatory Specialist

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> <li>■ Complete items 1, 2, and 3.</li> <li>■ Print your name and address on the reverse so that we can return the card to you.</li> <li>■ Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	<p>A. Signature <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>X <i>[Signature]</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) C. Date of Delivery</p> <p><i>R. Johnson</i></p>
<p>1. Article Addressed to:</p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>Yates Energy Corp                  P O Box 2323                  Roswell, NM 88202-2323</p>	<p><i>[Circular Postmark: NOV 17 2016]</i></p>
<p>9590 9401 0006 5168 5756 22                  7010 2780 0003 4019 3362</p>	<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Priority Mail Express</p> <p><input type="checkbox"/> Certified Mail <input type="checkbox"/> Registered Mail™</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Registered Mail with Signature Confirmation</p> <p><input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation</p>

**CERTIFIED MAILING LIST**

**Wells : Jordan 12 State #1; Jordan 12 State #2 and Jordan 12 State #3**

<b><u>Respondant Name/Address:</u></b>	<b><u>Certified Receipt #</u></b>
Yates Energy Corporation P O Box 2323 Roswell, NM 88202-2323	7010 2780 0003 4019 3362
<u>SA Frazier LLC</u> 3805 W. 100 <sup>th</sup> Ave Westminster, CO 80031-2475	7010 2780 0003 4019 3379
K P Kauffman Company Inc 1675 Broadway <u>Ste</u> 2800 Denver, CO 80202-4628	7010 2780 0003 4019 3386
Daniel G. Lusk 605 Waterway Village Blvd 31-H Myrtle Beach, SC 29579-6351	7010 2780 0003 4019 3393
<u>Larry Arnold Est</u> 112 Telluride Ct Midland, TX 79705	7010 2780 0003 4019 3690
TLW Investments LLC 1001 Fannin <u>Ste</u> 2020 Houston, TX 77002	7010 2780 0003 4019 3706
Marshall & Winston PO Box 50880 Midland, TX 79710	7010 2780 0003 4019 3713
<u>Allar Company</u> P O Box 1567 Graham, TX 76450-1567	7010 2780 0003 4019 3720
State of New Mexico Commissioner of Public Lands PO Box 1148 Santa Fe, NM 87504-1148	7010 2780 0003 4019 3737

## McMillan, Michael, EMNRD

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**From:** Herrera-Murillo, Cindy O <CHerreraMurillo@chevron.com>  
**Sent:** Tuesday, November 29, 2016 7:27 AM  
**To:** McMillan, Michael, EMNRD  
**Subject:** RE: Jordan State surface commingle Lea County  
**Attachments:** Copy of DAILY PRODUCTION REPORT (2) Jordan 2 &3.xls; Copy of DAILY PRODUCTION REPORT Jordan 1.xls; C-102's Jordan wells.pdf

*Mike,*

*I have attached a copy of the 6 months production and C102 for the Jordan wells.*

The CUM production is as follows:

- 30-025-36716 JORDAN 12 STATE #002
  - 65323 BO
  - 417040 MCF
  - 38248 BW
- 30-025-37050 JORDAN 12 STATE #003
  - 154454 BO
  - 633790 MCF
  - 96207 BW
- 30-025-33532 JORDAN STATE #001
  - 49391 BO
  - 54882 MCF
  - 93107 BW

*Thanks,*



*Cindy Herrera-Murillo*  
Permitting Specialist SE New Mexico  
1616 W. Bender Blvd  
Hobbs, NM 88240  
575-263-0431  
Cherreramurillo@chevron.com

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**From:** McMillan, Michael, EMNRD [mailto:Michael.McMillan@state.nm.us]  
**Sent:** Monday, November 28, 2016 10:39 AM  
**To:** Herrera-Murillo, Cindy O  
**Subject:** **[\*\*EXTERNAL\*\*]** Jordan State surface commingle Lea County

Cindy:

I received your surface commingle for the Jordan State On Wednesday November 23, 2016.  
I need the following information











# DAILY PRODUCTION REPORT

5/1/2016 to 11/26/2016

<b>Area</b>	HOBBS FMT			
<b>Sub Area</b>	HOBBS			
<b>Operator Route</b>	6010012 - CONTRACT			
<b>Collection Point</b>	JORDAN STATE 1			
<b>DAY</b>	<b>OIL (bpd)</b>	<b>WATER (bpd)</b>	<b>GAS (mscf)</b>	<b>BOEG</b>
5/31/2016	10		20	
6/30/2016	8		17	
7/31/2016	17		13	
8/31/2016	0		0	
9/30/2016	0		0	
10/31/2016	0		0	
11/26/2016	0		0	
<b>MTD Total :</b>	<b>566</b>	<b>2452.00</b>	<b>1248.51</b>	<b>773.87</b>
<b>MTD Avg:</b>	<b>2.69</b>	<b>11.68</b>	<b>5.95</b>	<b>3.69</b>
<b>Prev Avg:</b>	<b>4.45</b>	<b>18.74</b>	<b>8.62</b>	<b>5.88</b>
<b>Change +/-</b>	<b>(1.75)</b>	<b>(7.07)</b>	<b>(2.68)</b>	<b>(2.20)</b>

Production Summary Report				
API: 30-025-33532				
JORDAN STATE #001				
		Production		
Year	Pool	Month	Oil(BBLS)	Gas(MCF)
2016	[96636] Mescalero;Cisco, Northeast	Jan	276	441
2016	[96636] Mescalero;Cisco, Northeast	Feb	420	545
2016	[96636] Mescalero;Cisco, Northeast	Mar	288	571
2016	[96636] Mescalero;Cisco, Northeast	Apr	368	552
2016	[96636] Mescalero;Cisco, Northeast	May	298	642
2016	[96636] Mescalero;Cisco, Northeast	Jun	251	478
2016	[96636] Mescalero;Cisco, Northeast	Jul	17	250
2016	[96636] Mescalero;Cisco, Northeast	Aug	0	0
2016	[96636] Mescalero;Cisco, Northeast	Sep	0	0
2016	[96636] Mescalero;Cisco, Northeast	Oct	0	0
	<b>CUM</b>		<b>49431</b>	<b>54882</b>

Production Summary Report				
API: 30-025-36716				
JORDAN 12 STATE #002				
		Production		
Year	Pool	Month	Oil(BBLS)	Gas(MCF)
2016	[45750] Mescalero;Upper Penn, North	Jan	81	1431
2016	[45750] Mescalero;Upper Penn, North	Feb	67	1242
2016	[45750] Mescalero;Upper Penn, North	Mar	89	1223
2016	[45750] Mescalero;Upper Penn, North	Apr	68	1146
2016	[45750] Mescalero;Upper Penn, North	May	313	1345
2016	[45750] Mescalero;Upper Penn, North	Jun	170	1410
2016	[45750] Mescalero;Upper Penn, North	Jul	353	1991
2016	[45750] Mescalero;Upper Penn, North	Aug	164	1594
2016	[45750] Mescalero;Upper Penn, North	Sep	171	1241
2016	[45750] Mescalero;Upper Penn, North	Oct	178	1224
	<b>Cum</b>		<b>65501</b>	<b>418214</b>

**Production Summary Report**  
**API: 30-025-37050**  
**JORDAN 12 STATE #003**

Year	Pool	Month	Production	
			Oil(BBLS)	Gas(MCF)
2016	[45750] MESCALERO;UPPER PENN, NORTH	Jul	0	0
2016	[45750] MESCALERO;UPPER PENN, NORTH	Aug	0	0
2016	[45750] MESCALERO;UPPER PENN, NORTH	Sep	0	0
2016	[45750] MESCALERO;UPPER PENN, NORTH	Oct	0	0
2016	[46120] MESCALERO;WOLFCAMP, NORTH	May	429	2236
2016	[46120] MESCALERO;WOLFCAMP, NORTH	Jun	196	1444
2016	[46120] MESCALERO;WOLFCAMP, NORTH	Jul	352	1990
2016	[46120] MESCALERO;WOLFCAMP, NORTH	Aug	186	1912
2016	[46120] MESCALERO;WOLFCAMP, NORTH	Sep	294	1985
2016	[46120] MESCALERO;WOLFCAMP, NORTH	Oct	284	1940
	<b>CUM</b>		<b>154738</b>	<b>635730</b>