

RECEIVED: <u>12/14/2017</u>	REVIEWER: <u>MAM</u>	TYPE: <u>LTB</u>	APP NO: <u>DMAM1734857361</u>
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
 - Geological & Engineering Bureau  
 1220 South St. Francis Drive, Santa Fe, NM 87505



RECEIVED OCD  
 2017 DEC 14 P 3:26

**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

**Applicant:** CHEVRON USA INC. **OGRID Number:** 4323  
**Well Name:** MANZANITA STATE #1 **API:** 30-025-35120  
**Pool:** FEATHERSTONE;BONE SPRING **Pool Code:** 24250

**SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW**

- 1) **TYPE OF APPLICATION:** Check those which apply for [A]
- A. Location – Spacing Unit – Simultaneous Dedication  
 NSL       NSP (PROJECT AREA)       NSP (PRORATION UNIT)       SD
- B. Check one only for [ I ] or [ II ]
- [ I ] Commingling – Storage – Measurement  
 DHC     CTB     PLC     PC     OLS     OLM
- [ II ] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery  
 WFX     PMX     SWD     IPI     EOR     PPR

LTB-824-A

- 2) **NOTIFICATION REQUIRED TO:** Check those which apply.
- A.  Offset operators or lease holders  
 B.  Royalty, overriding royalty owners, revenue owners  
 C.  Application requires published notice  
 D.  Notification and/or concurrent approval by SLO  
 E.  Notification and/or concurrent approval by BLM  
 F.  Surface owner  
 G.  For all of the above, proof of notification or publication is attached, and/or,  
 H.  No notice required

<b>FOR OCD ONLY</b>	
<input type="checkbox"/>	Notice Complete
<input type="checkbox"/>	Application Content Complete

3) **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

12/12/2017  
 Date  
575-263-0431  
 Phone Number

Cindy Herrera-Murillo  
 \_\_\_\_\_  
 Signature

Cherreramurillo@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

December 12, 2017

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

Application for surface commingle, Bone Spring Oil Lea County, NM (T20S, R35E, Section 16)

Dear Sirs,

Chevron U.S.A. Inc. respectfully requests administrative approval to surface commingle oil, gas and water production from the Bone Spring Oil Pool through Chevron's Manzanita St. 2 Central Tank Battery. Chevron requests the approval to minimize surface disturbance and future traffic by concentrating activities at one battery. The wells producing to this battery includes the Manzanita St. #1 and Manzanita St. #2. These wells are located in the NW/4 Section 16, T 20S, R 35E in Lea County, New Mexico.

The working interest varies but the wells are located on the same State of New Mexico oil and gas lease V0 5694 and contain the same royalty rate. These wells were completed in the 2000 & 2001. The wells will be tested monthly through turbine meters installed on the heater treater and the gas allocation meter. 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 wells will be tested monthly through a three phase heater treater located at the Manzanita St. 2 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,

A handwritten signature in blue ink that reads "Cindy Herrera-Murillo".

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 Manzanita wells. Proposal to commingle the oil, water, and some entrained gas for the Manzanita State #1 & #2

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

Manzanita Central Tank Battery							
Well Names	Locations	API Numbers	Pool	Oil BOPD	Oil Gravity	Gas MCFPD	Gas BTU
Manzanita St. #1	16-20S-35E	30-025-35120	Bone Springs (Oil)	3	33	2	1439
Manzanita St. #2	16-20S-35E	30-025-35778	Bone Springs (Oil)	9	33	4	1439

**Oil & Gas metering:**

The Manzanita Battery (CTB) is located at the Manzanita St. #2. The production from the Manzanita State #1 and Manzanita State #2 will go into a 3 phase heater treater shared by both wells. Each well will be tested once per month to quantify oil, water and gas by shutting in the well not being tested and metering the tested well via turbine meters installed on the heater treater and the gas allocation meter. 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 NW/4 NW/4 of Section 16, Township 20S, Range 35E on State of New Mexico lease V0-5694. For gas there is a central delivery point (CDP) gas sales meter at the Neuhaus 14-2 Facility as seen in on Page 9. 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 Manzanita State 2 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 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 DCP Sales meter.

These meters will be calibrated on a regular basis per API, based on NMOCD specifications. The State and NMOCD 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.

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.

APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY CHEVRON USA  
INC MANZANITA ST. #1 & #2

All royalty and overriding interest owners have been notified.

Printed Name: Bradley Hulme  
Title: Engineer  
Date: 05/19/2017

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

Unit	Royalty Rate	Federal Tract Percentage of Total Unit Area	BOPD	Oil Gravity	Value / BBL	MCFPD	DRY BTU	Value / MCF
Manzanita St. #1	16.6666%	0%	3	33	44.60	3	1439	0.84
Manzanita St. #2	16.6666%	0%	9	33	44.60	4	1439	0.84

Economic combined gas production	BOPD	Oil Gravity	Value / BBL	MCFPD	DRY BTU	Value / MCF
	12	33	44.60	7	1439	0.84

Printed Name: Bradley Hulme  
 Title: Reservoir Engineer  
 Date: 05/19/2017

APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY CHEVRON USA  
 INC MANZANITA ST. #1 & #2

APPLICATION FOR COMMINGLING OF MANZANITA WELLS

OWNER INFORMATION

WELL NAME	INTEREST	INTEREST %	NAME	ADDRESS	CITY	STATE	ZIP CODE
MANZANITA STATE 1	OR	0.00500000	CHEVRON USA INC	PO Box 4791	HOUSTON	TEXAS	77210-4791
MANZANITA STATE 1	WI	0.85285750	CHEVRON USA INC	PO Box 4791	HOUSTON	TEXAS	77210-4791
MANZANITA STATE 1	WI	0.00916750	ROBERT O ANDERSON	PO BOX 1000	ROSWELL	NEW MEXICO	88202-1000
MANZANITA STATE 1	OR	0.01000000	BEAR ENERGY INC	PO BOX 1734	EDMOND	OKLAHOMA	73013-1734
MANZANITA STATE 1	WI	0.04297500	COTTON CREEK INVESTMENTS LTD	301 COMMERCE ST STE 3655	FORT WORTH	TEXAS	76102-4140
MANZANITA STATE 1	RI	0.16666667	STATE OF NEW MEXICO	PO BOX 2308	SANTA FE	NEW MEXICO	87501
MANZANITA STATE 1	WI	0.07500000	WALTER DUNCAN OIL LLC	100 PARK AVE STE 1120	OKLAHOMA CITY	OKLAHOMA	73102
MANZANITA STATE 1	WI	0.02000000	LARRY ARNOLD	PO BOX 2253	HOBBS	NEW MEXICO	88240-2253

I have verified that this information is correct



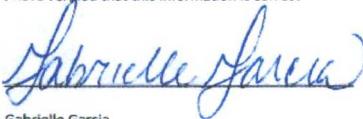
Gabrielle Garcia  
 Land Representative

APPLICATION FOR COMMINGLING OF MANZANITA WELLS

OWNER INFORMATION

WELL NAME	INTEREST	INTEREST %	NAME	ADDRESS	CITY	STATE	ZIP CODE
MANZANITA STATE 2	OR	0.00500000	CHEVRON USA INC	PO Box 4791	HOUSTON	TEXAS	77210-4791
MANZANITA STATE 2	WI	0.85143750	CHEVRON USA INC	PO Box 4791	HOUSTON	TEXAS	77210-4791
MANZANITA STATE 2	CW	-	CHEVRON USA INC - CARRIED INT ONLY	PO BOX 4791	HOUSTON	TEXAS	77210-4791
MANZANITA STATE 2	WI	0.00916750	ROBERT O ANDERSON	PO BOX 1000	ROSWELL	NEW MEXICO	88202-1000
MANZANITA STATE 2	OR	0.01000000	BEAR ENERGY INC	PO BOX 1734	EDMOND	OKLAHOMA	73013-1734
MANZANITA STATE 2	WI	0.04341730	COTTON CREEK INVESTMENTS LTD	301 COMMERCE ST STE 3655	FORT WORTH	TEXAS	76102-4140
MANZANITA STATE 2	RI	0.16666667	STATE OF NEW MEXICO	PO BOX 2308	SANTA FE	NEW MEXICO	87501
MANZANITA STATE 2	WI	0.07577190	WALTER DUNCAN OIL LLC	100 PARK AVE STE 1120	OKLAHOMA CITY	OKLAHOMA	73102
MANZANITA STATE 2	WI	0.02020580	LARRY ARNOLD	PO BOX 2253	HOBBS	NEW MEXICO	88240-2253

I have verified that this information is correct



Gabrielle Garcia  
 Land Representative

APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY CHEVRON USA  
INC MANZANITA ST. #1 & #2



STATE OF NEW MEXICO  
COMMISSIONER OF PUBLIC LANDS  
PO BOX 2308  
SANTA FE, NM 87501  
7015 3010 0001 4369 3175

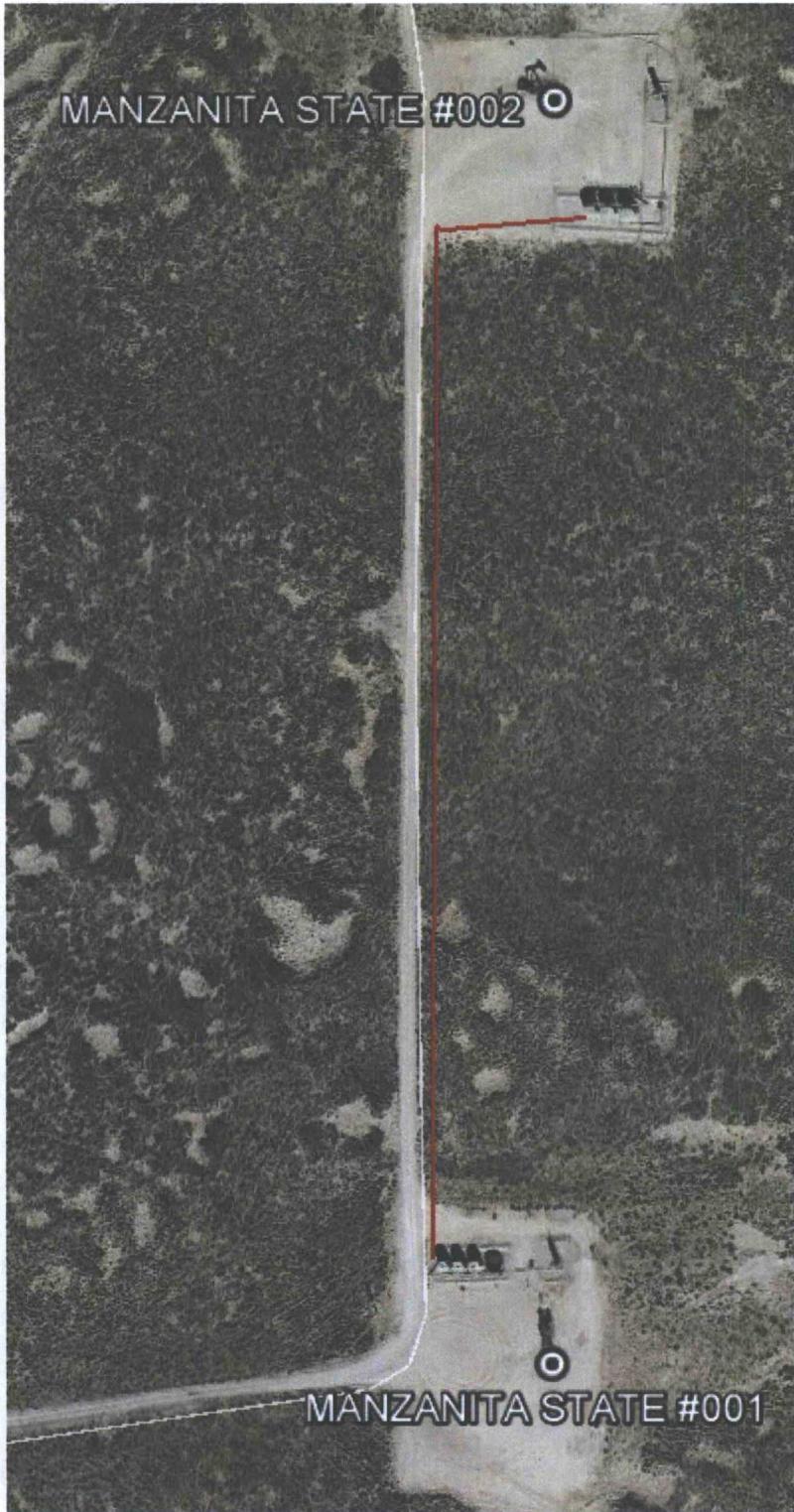
ROBERT O ANDERSON  
PO BOX 1000  
ROSWELL, NM 88202-1000  
7016 0750 0000 3051 2472

COTTON CREEK INVESTMENTS LTD  
301 COMMERCE ST STE 3655  
FORT WORTH, TX 76102-4140  
7016 0750 0000 3051 2458

BEAR ENERGY INC  
PO BOX 1734  
EDMOND, OK 73013  
7016 0750 0000 3051 2489

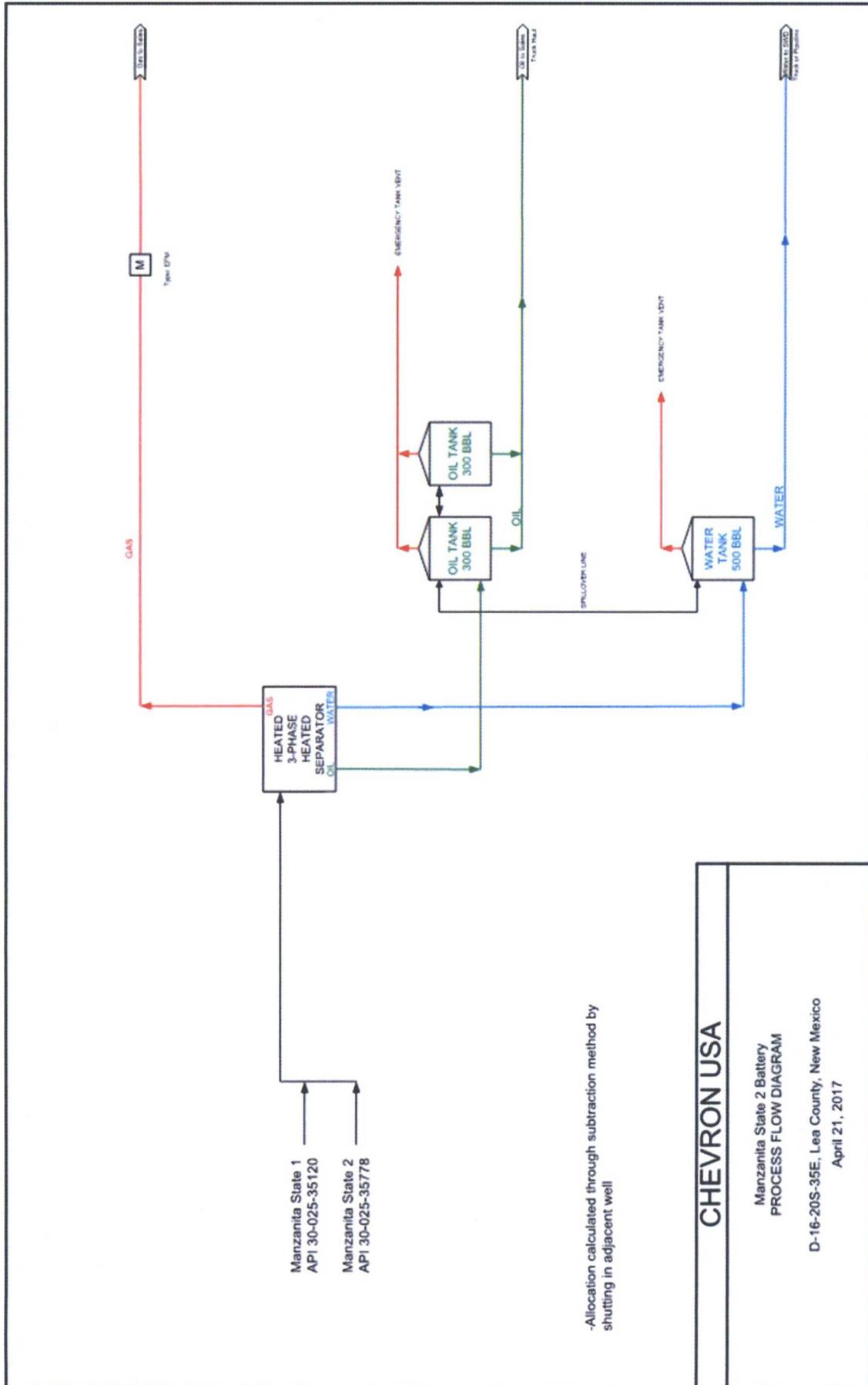
LARRY ARNOLD  
PO BOX 2253  
HOBBS, NM 88240-2253  
7016 0750 0000 3051 2465

WALTER DUNCAN OIL LLC  
100 PARK AVE STE 1120  
OKLAHOMA CITY, OK 73102  
7016 0750 0000 3051 2496









-Allocation calculated through subtraction method by  
 shutting in adjacent well

**CHEVRON USA**

Manzanita State 2 Battery  
 PROCESS FLOW DIAGRAM

D-16-20S-35E, Lea County, New Mexico  
 April 21, 2017



**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

December 5, 2017

Cotton Creek Investments LTD  
 301 Commerce St Ste 3655  
 Fort Worth, TX 76102-4140

Application for surface commingle, Bone Spring Oil Lea County, NM (T20S, R35E, Section 16)

Dear Sirs,

Chevron U.S.A. Inc. respectfully requests administrative approval to surface commingle oil, gas and water production from the Bone Spring Oil Pool through Chevron's Manzanita St. 2 Central Tank Battery. Chevron requests the approval to minimize surface disturbance and future traffic by concentrating activities at one battery. The wells producing to this battery includes the Manzanita St. #1 and Manzanita St. #2. These wells are located in the NW/4 Section 16, T 20S, R 35E in Lea County, New Mexico.

The working interest varies but the wells are located on the same State of New Mexico oil and gas lease V0 5694 and contain the same royalty rate. These wells were completed in the 2000 & 2001. The wells will be tested monthly through turbine meters installed on the heater treater and the gas allocation meter. 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 wells will be tested monthly through a three phase heater treater located at the Manzanita St. 2 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

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 checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>x <i>Megan Jordan</i></p> <p>B. Received by (Printed Name) <input type="checkbox"/> Date of Delivery</p> <p>DEC 9, 7 2017</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> No</p> <p>If YES, enter delivery address below:</p>
<p>1. Article Addressed to:</p> <p><b>Cotton Creek Investments LTD</b>  <b>301 Commerce St Ste 3655</b>  <b>Fort Worth, TX 76102-4140</b></p>	
<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™</p> <p><input type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery</p> <p>or Restricted Delivery</p>	
<p>9590 9401 0006 5168 5752 64</p> <p>7007 0220 0001 1727 6088</p>	<p>PS Form 3811, April 2015 PSN 7530-02-000-9053 Domestic Return Receipt</p>

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) 748-1283 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) 476-3462

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

<sup>1</sup> API Number <b>30-025-35120</b>	<sup>2</sup> Pool Code <b>24250</b>	<sup>3</sup> Pool Name <b>FEATHERSTONE; BONE SPRING</b>
<sup>4</sup> Property Code <b>310707</b>	<sup>5</sup> Property Name <b>MANZANITA STATE</b>	
<sup>7</sup> OGRID No. <b>4323</b>	<sup>8</sup> Operator Name <b>CHEVRON USA INC</b>	<sup>6</sup> Well Number <b>1</b>
<sup>9</sup> Elevation <b>3707</b>		

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>E</b>	<b>16</b>	<b>20S</b>	<b>35E</b>		<b>1880</b>	<b>NORTH</b>	<b>660</b>	<b>WEST</b>	<b>LEA</b>

<sup>11</sup> 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
<sup>12</sup> Dedicated Acres <b>80</b>	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code		<sup>15</sup> 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.

				<b><sup>17</sup> OPERATOR CERTIFICATION</b>	
				<i>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 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i>	
				<i>Cindy Herrera-Murillo</i>	12/12/2017
				Signature	Date
				Cindy Herrera-Murillo Printed Name	
				Cherreramurillo@chevron.com E-mail Address	
				<b><sup>18</sup> SURVEYOR CERTIFICATION</b>	
				<i>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.</i>	
				Date of Survey	
				Signature and Seal of Professional Surveyor:	
				Certificate Number	



**Production Summary Report**

**API: 30-025-35120**

**MANZANITA STATE #001**

<b>Year</b>	<b>Pool</b>	<b>Oil(BBLS)</b>	<b>Gas(MCF)</b>	<b>Days P/I</b>
5/1/2017	[24250] FEATHERSTONE;BONE SPRING	0	0	0
6/1/2017	[24250] FEATHERSTONE;BONE SPRING	0	0	0
7/1/2017	[24250] FEATHERSTONE;BONE SPRING	0	0	0
8/1/2017	[24250] FEATHERSTONE;BONE SPRING	0	0	0
9/1/2017	[24250] FEATHERSTONE;BONE SPRING	0	0	0
10/1/2017	[24250] FEATHERSTONE;BONE SPRING	0	0	0
<b>Cum</b>		<b>97851</b>	<b>40632</b>	

**Production Summary Report**

**API: 30-025-35778**

**MANZANITA STATE #002**

<b>Year</b>	<b>Pool</b>	<b>Oil(BBLS)</b>	<b>Gas(MCF)</b>	<b>Days P/I</b>
5/1/2017	[24250] FEATHERSTONE;BONE SPRING	86	64	31
6/1/2017	[24250] FEATHERSTONE;BONE SPRING	114	87	30
7/1/2017	[24250] FEATHERSTONE;BONE SPRING	134	79	31
8/1/2017	[24250] FEATHERSTONE;BONE SPRING	0	0	0
9/1/2017	[24250] FEATHERSTONE;BONE SPRING	0	0	23
10/1/2017	[24250] FEATHERSTONE;BONE SPRING	9	10	19
<b>Cum</b>		<b>51725</b>	<b>17478</b>	

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



ADMINISTRATIVE CENTRAL TANK BATTERY ORDER

Administrative Order CTB-824  
Administrative Application Reference No pKSC1715833737

June 27, 2017

Chevron USA Inc  
Attention Ms Cindy Herrera-Murillo

Chevron USA Inc (OGRID 4323) "Applicant" is hereby authorized to surface commingle oil and gas production from the diversely owned state lease from the Featherstone, Bone Spring Pool (Pool code 24250) located in Section 16, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico

Lease	State Lease VO 5694
Description	S/2 NW/4 of Section 16, Township 20 South, Range 35 East, NMPM
Wells	Manzanita State Well No 1                      30-025-35120

Lease	State Lease VO 5694
Description	N/2 NW/4 of Section 16, Township 20 South, Range 35 East, NMPM
Wells	Manzanita State Well No 2                      30-025-35778

The combined oil spacing and proration unit for these wells include the NW/4 of Section 16, Township 20 South, Range 35 East, NMPM

The commingled oil and gas production from the wells detailed above shall be measured and sold at the Manzanita State Well No. 2 central tank battery (CTB) in Unit D of Section 16, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico

Production from the subject wells shall be determined as follows:

Production for the separately owned leases shall be measured with a combination of well testing and metering. Each well shall be tested monthly for oil and gas production through a three-phase test separator. The remaining well shall flow through a three-phase test separator.

The allocation meters shall be calibrated quarterly in accordance with Rule 19.15 12.10.C(2).

Administrative Order CTB-824  
Chevron USA Inc  
June 27, 2017  
Page 2 of 2

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This installation shall be installed and operated in accordance with the applicable Division Rules. It is the responsibility of the producer to notify the transporter of this commingling authority

The operator shall notify the Hobbs District office of the Division prior to implementation of the commingling operations



**DAVID R. CATANACH**  
Director

DRC/mam

cc: Oil Conservation Division – Hobbs  
New Mexico State Land Office – Oil, Gas, and Minerals