

DATE <u>5/29/08</u>	SUSPENSE	ENGINEER <u>W Jones</u>	LOGGED IN <u>5/29/08</u>	TYPE <u>PLC</u>	APP NO. <u>PKVR0815051205</u>
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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.

CAROLYN HAYNIE
Print or Type Name

Signature

PETROLEUM ENGINEER TA
Title

Date

chay@chevron.com
e-mail Address

2008 MAY 29 PM 12 30

RECEIVED

add Brewer Arg#30
172 and

5-27-08



Carolyn Haynie
Petroleum Engineering
Technical Assistance

Permian Business Unit
Chevron MidContinent, L.P.
15 Smith Road
Midland, TX 79705
Tel 432-687-7261
Fax 432-687-7558
chay@chevron.com

May 21, 2008

New Mexico Oil Conservations Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87504

RE: Application to Amend Pool Commingle Production
Oil and Gas Department

NE/4 of
Chevron MidContinent, L.P. respectfully requests administrative approval to amend OCD Pool Commingle # PC-1172, in the Brunson Argo Commingled Battery # 3, Section 9, by adding the new development well, Brunson Argo # 30. The API number for the Brunson Argo well # 30 is pending at the OCD. The well will be produced in the Penrose Skelly Grayburg formation, located, 1980' FNL & 1200' FEL, Unit Letter H, Section 9, T22S, R37E, Lea County, NM.

The wells and formations currently included in Pool Commingle #PC-1172 are listed in the attachments; along with the required documentation to amend a pool commingle. Chevron MidContinent LP and BEC Corporation each have 50% working interest in the grayburg formation, and have a Joint Operating Agreement for the grayburg formation. BEC Corporation is in agreement with Chevron's endeavor and the release waiver is attached. The royalty ownership is identical in all pools, and the notification letter is attached.

For your convenience, I have enclosed an envelope with my return address, so that the decision for this application can be sent directly to me. If you require additional information or have any questions, please contact me by telephone at 432-687-7261, or by email at chay@chevron.com.

Sincerely,

Carolyn Haynie
NM PE Technical Assistant

Enclosure

cc: NMOCD – District I; Hobbs
Lease File
Susan Brownlee
Mike Howell
Danny Lovell
Denise Pinkerton
Nary Lao

Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM
87505

State of New Mexico
Department of Energy, Minerals and Natural Resources

Form C-103
May 27, 2004

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Well API NO.

5. Indicate Type of Lease
STATE ☐ FEE ☐
6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A
DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH
PROPOSALS.)

7. Lease Name or Unit Agreement Name
Brunson Argo

1. Type of Well: Oil Well ☐ Gas Well ☐ Other ☐

8. Well Number Various

2. Name of Operator
Chevron U.S.A., Inc.

9. OGRID Number

3. Address of Operator
15 Smith Road, Midland, Texas 79705

10. Pool name or Wildcat
Various

4. Well Location

Unit Letter _____ : _____ feet from the _____ line and _____ feet from the _____ line
Section 9 Township 22S Range 37E NMPM Lea County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

Pit or Below-grade Tank Application ☐ or Closure ☐

Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____

Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

OTHER: Surface Commingle
☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

See Attachments – Request administrative approval to surface commingle oil and gas production from the Paddock, Blinbry, Drinkard and Abo Pools, into the Brunson Argo Commingled #3 Battery, located in Section 9, T22S, R37E Lea County, New Mexico.

PC-1172

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Pamela A. Smith TITLE Office Assistant

DATE 9-1-06

Type or print name Pamela A. Smith

E-mail address: smithpa@chevron.com

Telephone No. 432-687-7305

For State Use Only

APPROVED BY: [Signature] TITLE Engineer

DATE 9/28/06

Conditions of Approval (if any):

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code 50350	Pool Name Denrose Skelly Grayburg
Property Code	Property Name BRUNSON ARGO	Well Number 30
OGRID No. 241333	Operator Name CHEVRON MIDCONTINENT, L.P.	Elevation 3419'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	9	22-S	37-E		1980	NORTH	1200	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

Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No. NSL-5814
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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

GEODETIC COORDINATES NAD 27 NME Y=514154.8 N X=861220.9 E LAT.=32.408089° N LONG.=103.162906° W	1980' 1200'	OPERATOR CERTIFICATION 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. <i>Denise Pinkerton</i> 5-01-08 Signature Date <i>Denise Pinkerton</i> Printed Name
		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. DECEMBER 6, 2007 Date Surveyed Signature & Seal of Professional Surveyor <i>Ronald J. Eidson</i> 3239 07-11-1303 REGISTRATION
		Certificate No. GARY EIDSON 12641 RONALD J. EIDSON 3239

District I

1625 N. French Dr., Hobbs, NM 88240
Phone:(505) 393-6161 Fax:(505) 393-0720

District II

1301 W. Grand Ave., Artesia, NM 88210
Phone:(505) 748-1283 Fax:(505) 748-9720

District III

1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources

Oil Conservation Division**1220 S. St Francis Dr.****Santa Fe, NM 87505**

Form C-102
Permit 74438

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number	2. Pool Code 50350	3. Pool Name PENROSE SKELLY;GRAYBURG
4. Property Code 302745	5. Property Name BRUNSON ARGO	6. Well No. 030
7. OGRID No. 241333	8. Operator Name CHEVRON MIDCONTINENT, L.P.	9. Elevation 3419

10. Surface Location

UL - Lot H	Section 9	Township 22S	Range 37E	Lot Idn	Feet From 1980	N/S Line N	Feet From 1200	E/W Line E	County LEA
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11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 40.00		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

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 unleased mineral interest in the land including the proposed bottom hole location(s) 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.

E-Signed By:

Title:

Date:

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.

Surveyed By: RONALD EIDSON

Date of Survey: 12/6/2007

Certificate Number: 3239

May 7, 2008

Potential Recompletions/New drills in Penrose Skelly
By Chevron Midcontinent, L.P.
NE/4 of Section 9 & NW/4 of Section 10, T-22S, R-37E
Lea County, NM

Chevron Midcontinent, L.P.
Attn: Tami Myers
15 Smith Road
Midland, TX 79705

Dear Ms. Myers:

BEC Corporation waives any objection to Chevron drilling and completing new wells or recompleting any of Chevron's existing wells in the Penrose Skelly; GRAYBURG Pool, due to any encroachment by proration unit, or location of wells, located in the NE/4 of Section 9 & NW/4 of Section 10, T-22S, R-37E, Lea County, New Mexico.

Sincerely,

BEC Corporation

Name: William C. H. Allen

Title: V.P.

Date: 5/12/08

WELL TEST REPORT

Lease: BRUNSON ARGO #1	Field: BLINEBRY OIL & GAS	Reservoir: BLINEBRY
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Well: 1		Field Code: U46		Resv Code: 0000004532	
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Unique Code:	BCU46AA00	Battery:	BRUNSN ARG 3 TB
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					Wellbore: 359437			API No: 300251013700	
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[illegible]

WELL TEST REPORT

Lease:	BRUNSON ARGO #9	Field:	PADDOCK	Reservoir:	PADDOCK
Well:	9	Field Code:	U48	Resv Code:	0000008451
		Unique Code:	BCU482500	Battery:	BRUNSN ARG 5 TB
		Wellbore:	359443	API No:	300251014100

API No: 300251014100

[illegible]

WELL TEST REPORT

Field: BLINEBRY OIL & GAS

Reservoir: **BLINEBRY**

Field Code: U46

Resv Code: 0000004532

Unique Code:	BCU46AA00
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Battery:	BRUNSN ARG 3 TB
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Wellbore:	359430
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API No: 300251014200

[illegible]

WELL TEST REPORT

Reservoir: BLINEBRY

Resv Code: 0000004532

Battery:	BRUNSN ARG 3 TB
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API No: 300251014400

[illegible]

WELL TEST REPORT

Lease: BRUNSON ARGO #27	Field: WANTZ	Reservoir: ABO
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Well: 27 DRK	Field Code: U52	Resv Code: 0000004042
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				Unique Code: BCU524700	Battery: BRUNSN ARG 3 TB
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					Wellbore: 359449		API No: 300253450900	
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[illegible]

WELL TEST REPORT

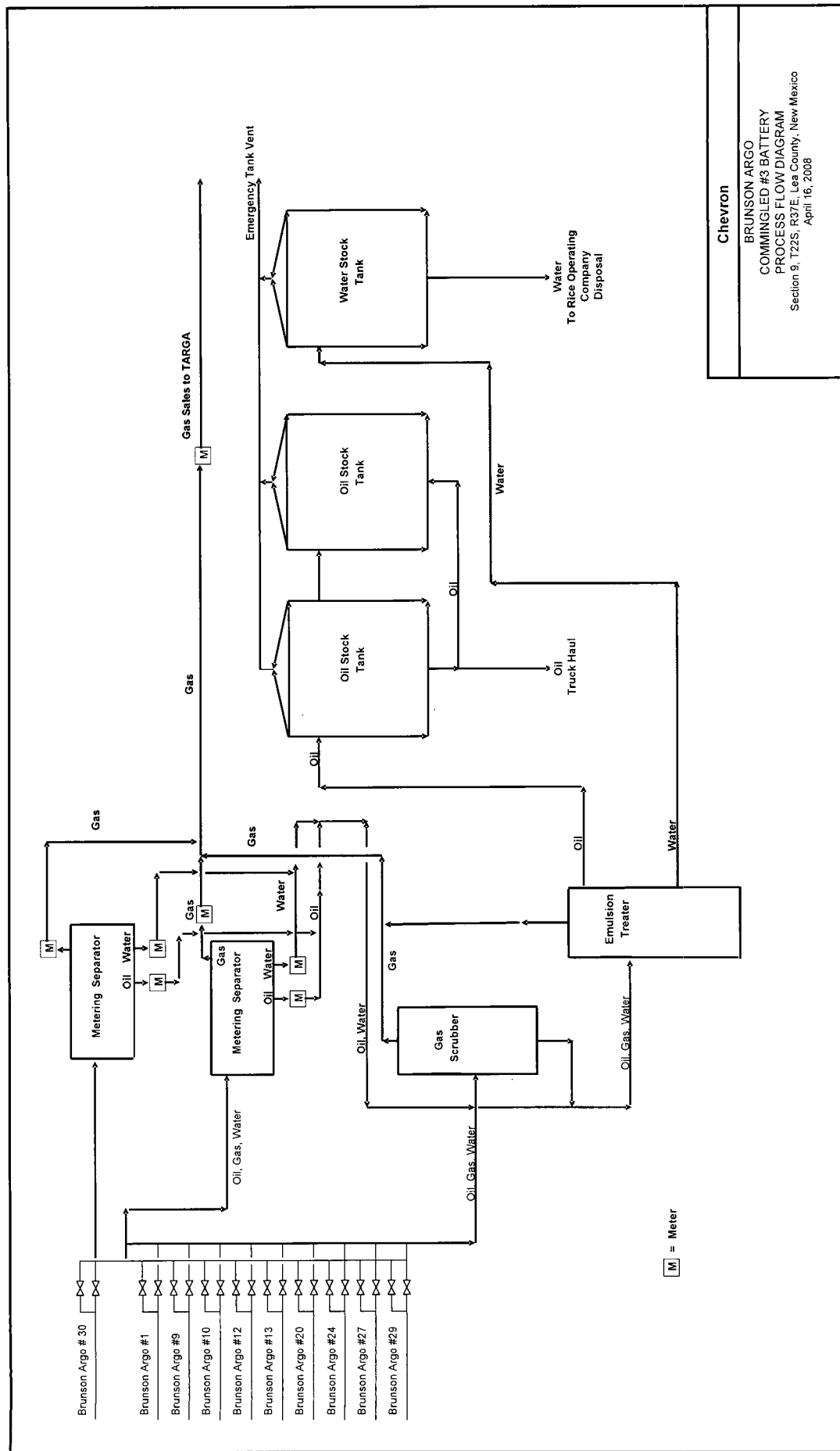
Lease: BRUNSON ARGO #29	Field: PADDOCK	Reservoir: PADDOCK
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Well: 29	Field Code: U48	Resv Code: 0000008451
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				Unique Code: BCU482500	Battery: BRUNSN ARG 3 TB
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					Wellbore: 359672		API No: 300253701900	
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[illegible]



Chevron

BRUNSON ARGO
COMINGLED #3 BATTERY
PROCESS FLOW DIAGRAM
Section 9, T22S, R37E, Lea County, New Mexico
April 16, 2008

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22S-37E

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Chevron U.S.A., Inc.
Brunson Argo Commingled # 3 Battery
1170' FEL & 936' FNL
Section 9, T22S, R37E
Lea County, New Mexico

Approximate Scale: 1" = 2340'



Carolyn Haynie
Petroleum Engineering
Technical Assistance

Chevron MidContinent L.P.
15 Smith Road
Midland, TX 79705
Tel 432-687-7261
Fax 432-687-7558
chay@chevron.com

May 21, 2008

Pool Commingle Amendment
Brunson Argo Commingled Battery # 3
Section 9, T22S, R37E,
Lea County, New Mexico

Royalty Interest Owners:

Chevron MidContinent, L.P. submitted a request to the Oil Conservation Division, to amend the Brunson Argo Commingle Battery # 3, PC-1172, by adding the Brunson Argo # 30. The Brunson Argo # 30 will be a new development well in the Penrose Skelly Grayburg formation, located 1980' FNL & 1200' FEL, Unit Letter H, Sec, 9, T22S, R37E, Lea County, NM.

Chevron and BEC Corporation each has a 50% working interest in the grayburg formation, have a Joint Interest Agreement, (JOA), for the grayburg formation, and are in agreement with the grayburg formation development plans.

This is for informational purposes and no action is required on your behalf. However, any objections to this commingle amendment 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, by telephone at 432-687-7261, or by email at: chay@chevron.com.

Sincerely,

A handwritten signature in cursive script that reads "Carolyn Haynie".

Carolyn Haynie
NM PE Technical Assistant

Enclosure

cc: Lease file

**Brunson Argo Royalty Interest Owners
Commingled Battery # 3, PC-1172
Section 9, T22S, R37E,
Lea County, NM**

CAPRICORN ASSET MANAGEMENT CORP.
214 W. TEXAS, SUITE 200
MIDLAND, TX 79701-4621

POGO PRODUCING CO.
700 MILAM, STE 3100
HOUSTON, TX 77002

DELTEX ROYALTY CO., INC.
P.O. BOX 1449
CASTLE ROCK, CO 80104

FRANCES CORRINE FRISTOE
P.O. BOX 167
MURRAY, KY 42071

PH INC.
P.O. BOX 3142
MIDLAND, TX 79702-3142

PRISCILLA S. WEST
P.O. BOX 50430
EUGENE, OR 97405-0980

BP AMERICA PROD. CO.
P.O. BOX 848103
DALLAS, TX 75284-8103

GY GROUP INC.
P.O. BOX 990
MIDLAND, TX 79702-0990