

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.

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		7. Lease Serial No. Multiple--See Attached
2. Name of Operator CHEVRON USA INC ✓		6. If Indian, Allottee or Tribe Name
3a. Address 1616 W. BENDER BLVD HOBBS, NM 88240		7. If Unit or CA/Agreement, Name and/or No. Multiple--See Attached
3b. Phone No. (include area code) Ph: 432-687-7375		8. Well Name and No. Multiple--See Attached
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Multiple--See Attached		9. API Well No. Multiple--See Attached
		10. Field and Pool or Exploratory Area JENNINGS-UPPER BONE SPRING SH.
		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 Surface Commingling
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<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 recomplete 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 recompletion 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. PROVIDES NOTICE OF INTENT AND REQUESTS APPROVAL TO SURFACE COMMINGLE OIL, GAS, AND WATER PRODUCTION FROM THE JENNINGS; UPPER BONE SPRING SHALE POOL THROUGH THE SALADO DRAW 23 CENTRAL TANK BATTERY. ALL LISTED WELLS ARE OR WILL BE COMPLETED WITHIN THE BONE SPRING FORMATION LOCATED IN SECTIONS 14 AND 23, T26S, R32E, LEA COUNTY, NEW MEXICO.

- SD WE 14 FED P7 #3H 30-025-43086 LEASE NMNM118722
- SD WE 14 FED P7 #4H 30-025-43087 LEASE NMNM118722
- SD WE 14 FED P5 #1H 30-025-42800 LEASE NMNM118722
- SD WE 14 FED P5 #2H 30-025-42801 LEASE NMNM118722
- SD WE 23 FED P7 #3H 30-025-43088 LEASE NMNM118723
- SD WE 23 FED P7 #4H 30-025-43089 LEASE NMNM118723
- SD WE 23 FED P5 #1H 30-025-42802 LEASE NMNM118723

14. I hereby certify that the foregoing is true and correct. Electronic Submission #343508 verified by the BLM Well Information System For CHEVRON USA INC, sent to the Hobbs Committed to AFMSS for processing by PRISCILLA PEREZ on 06/30/2016 (16PP0844SE)	
Name (Printed/Typed) DENISE PINKERTON	Title PERMITTING SPECIALIST
Signature (Electronic Submission)	Date 06/30/2016

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <u>J.D. W. Lutlock</u>	Title <u>TLPET</u>	Date <u>5/11/17</u>
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 <u>CFO</u>

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.

KC

Additional data for EC transaction #343508 that would not fit on the form

5. Lease Serial No., continued

NMNM118722
NMNM118723

Wells/Facilities, continued

Agreement	Lease	Well/Fac Name, Number	API Number	Location
NMNM118723	NMNM118723	SD WE 23 FEDERAL P 5 2H	30-025-42803-00-S1	Sec 14 T26S R32E SWSW 10FSL 698FWL
NMNM118722	NMNM118722	SD WE 14 FEDERAL P7 3H	30-025-43086-00-S1	Sec 14 T26S R32E SESE 215FSL 698FEL
NMNM118723	NMNM118723	SD WE 23 FEDERAL P7 3H	30-025-43088-00-S1	Sec 14 T26S R32E SESE 215FSL 673FEL
NMNM118722	NMNM118722	SD WE 14 FEDERAL P7 4H	30-025-43087-00-S1	Sec 14 T26S R32E SESE 215FSL 648FEL
NMNM118722	NMNM118722	SD WE 14 FEDERAL P 5 1H	30-025-42800-00-X1	Sec 14 T26S R32E SWSW 10FSL 623FWL
NMNM118722	NMNM118722	SD WE 14 FEDERAL P 5 2H	30-025-42801-00-S1	Sec 14 T26S R32E SWSW 10FSL 673FWL
NMNM118723	NMNM118723	SD WE 23 FEDERAL P 5 1H	30-025-42802-00-S1	Sec 14 T26S R32E SWSW 10FSL 648FWL
NMNM118723	NMNM118723	SD WE 23 FEDERAL P7 4H	30-025-43089-00-S1	Sec 14 T26S R32E SESE 215FSL 623FEL

32. Additional remarks, continued

SD WE 23 FED P5 #2H 30-025-42803 LEASE NMNM118723

PLEASE FIND ATTACHED, THE SD 23 CTB SURFACE COMMINGLE APPLICATION 06302016

APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY Chevron U.S.A. Inc.
Salado Draw 23 Central Tank Battery

APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY

Chevron U.S.A. Inc. is requesting approval for the Central Tank Battery (CTB) and commingling for the following wells:

Federal Lease NMNM118722

Well Name	Location	API #	Pool 97838	Oil		Gas	
				BOPD	Gravity	MCFPD	BTU
SD WE 14 Fed P7 #3H	Sec14, SESE T26S R32E	3002543086	Jennings; Upper Bone Spring	470*	43*	940*	1400*
Well Name	Location	API #	Pool 97838	BOPD	Gravity	MCFPD	BTU
SD WE 14 Fed P7 #4H	Sec14, SESE T26S R32E	3002543087	Jennings; Upper Bone Spring	470*	43*	940*	1400*
Well Name	Location	API #	Pool 97838	BOPD	Gravity	MCFPD	BTU
SD WE 14 Fed P5 #1H	Sec14, SWSW T26S R32E	3002542800	Jennings; Upper Bone Spring	470*	43*	940*	1400*
Well Name	Location	API #	Pool 97838	BOPD	Gravity	MCFPD	BTU
SD WE 14 Fed P5 #2H	Sec14, SWSW T26S R32E	3002542801	Jennings; Upper Bone Spring	470*	43*	940*	1400*

Federal Lease NMNM118723

Well Name	Location	API #	Pool 97838	Oil		Gas	
				BOPD	Gravity	MCFPD	BTU
SD WE 23 Fed P7 #3H	Sec14, SESE T26S R32E	3002543088	Jennings; Upper Bone Spring	470*	43*	940*	1400*
Well Name	Location	API #	Pool 97838	BOPD	Gravity	MCFPD	BTU
SD WE 23 Fed P7 #4H	Sec14, SESE T26S R32E	3002543089	Jennings; Upper Bone Spring	470*	43*	940*	1400*
Well Name	Location	API #	Pool 97838	BOPD	Gravity	MCFPD	BTU
SD WE 23 Fed P5 #1H	Sec14, SWSW T26S R32E	3002542802	Jennings; Upper Bone Spring	470*	43*	940*	1400*
Well Name	Location	API #	Pool 97838	BOPD	Gravity	MCFPD	BTU
SD WE 23 Fed P5 #2H	Sec14, SWSW T26S R32E	3002542803	Jennings; Upper Bone Spring	470*	43*	940*	1400*

*These are only estimates; actuals will be supplied after well tests are complete.

The BLM's interest in these leases is the same. Lease NMNM118722 royalty rate is 12.5% and Lease NMNM118723 is 12.5%.

APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY Chevron U.S.A. Inc.
Salado Draw 23 Central Tank Battery

Oil & Gas metering:

Definitions:

Train 1 wells (Lease NMNM 118722) refer to the following:

- SD WE 14 Fed P7 #3H
- SD WE 14 Fed P7 #4H
- SD WE 14 Fed P5 #1H
- SD WE 14 Fed P5 #2H

Train 2 wells (Lease NMNM 118723) refer to the following:

- SD WE 23 Fed P7 #3H
- SD WE 23 Fed P7 #4H
- SD WE 23 Fed P5 #1H
- SD WE 23 Fed P5 #2H

“Bulk” Gas:

- Refers to gas measured downstream of primary gas separation in a Two-Phase separation vessel

“Flash” Gas:

- Refers to gas measured downstream of VRU and Flash Gas Compressor which flashes from the oil following primary gas separation

“Bulk” Oil

- Refers to oil measured downstream of Heater Treater prior to commingling

The Salado Draw 23 CTB is located in the SESW portion of Sec 14 T26S R32E in Lea County, New Mexico

There are three shared oil tanks at the Salado Draw 23 CTB that the wells will utilize, and oil will be sold through a common central delivery point (CDP) Lease Automated Custody Transfer unit (SN TBD). For gas, there will be a common central delivery point (CDP) DBM sales meter (SN TBD) located on the northern pad edge of the Salado Draw 23 CTB. The produced water will go to common water tanks on location at Salado Draw 23 CTB.

All oil from Train 1 Wells will be continuously measured through a coriolis meter (SN TBD) on the oil outlet line of the Train 1 heater treater and all gas will be continuously measured through an orifice meter run with a Total Flow computer (SN TBD) on the outlet of the Train 1 Two-Phase Separator. All oil from Train 2 Wells will be continuously measured through a coriolis meter (SN TBD) on the oil outlet line of the Train 2 heater treater and all gas will be continuously measured through an orifice meter run with a Total Flow computer (SN TBD) on the outlet of the Train 2 Two-Phase Separator.

Oil Allocation:

Oil will be allocated to Train 1 and Train 2 wells on a daily basis, and each area's share of the CTB's total production will be calculated based on the results of continuous oil measurement downstream of each heater treater. This ratio will be applied to the total oil production metered by the Lease Automated Custody Transfer (LACT) meter (SN TBD) located at the Salado Draw 23 CTB.

- Salado Draw 23 Train 1 bulk oil allocation meter on the Salado Draw CTB Train 1 heater treater consists of a Micro Motion Coriolis meter (SN TBD).
- Salado Draw 23 Train 2 bulk oil allocation meter on the Salado Draw CTB Train 2 heater treater consists of a Micro Motion Coriolis meter (SN TBD)

Gas Allocation:

Gas will be allocated to Train 1 and Train 2 on a daily basis based on a combination of each Train's bulk gas measurement and flash gas measurement. Bulk gas for each train will be continuously measured utilizing orifice meters fitted with EFM flow computers installed downstream of each Train's two-phase separator and each area's share of bulk gas will be allocated based on a percentage of total bulk gas metered. Flash gas for the battery will be measured utilizing an orifice meter fitted with EFM flow computer installed downstream of the VRU and Flash Gas Compressor discharge (SN TBD) and each Train's share of flash gas will be allocated based on total oil allocations

APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY Chevron U.S.A. Inc.
Salado Draw 23 Central Tank Battery

to each train. Fuel gas will be pulled from the common gas stream to benefit compressors and heated vessels as necessary.

- Salado Draw 23 Train 1 bulk gas allocation meter on the Salado Draw 23 CTB Train 1 two-phase separator consists of a Total Flow EFM (SN TBD).
- Salado Draw 23 Train 2 bulk gas allocation meter on the Salado Draw 23 CTB Train 2 two-phase separator consists of a Total Flow EFM (SN TBD).
- Salado Draw 23 Flash gas allocation meter on the Salado Draw 23 CTB flash gas outlet consists of a Total Flow EFM (SDN TBD)

Gas from Salado Draw 23 CTB will be either sold through the DBM Sales Meter or compressed for gas lift at the Salado Draw 23 Compressor Station located in the SESW portion of Sec 14 T26S R32E. Gas leaving the CTB will be continuously measured utilizing an orifice meter fitted with EFM flow computers (SN TBD) prior to entering either the Salado Draw 23 DBM Sales Line or the Salado Draw 23 Compressor Station suction.

Process and Flow Descriptions:

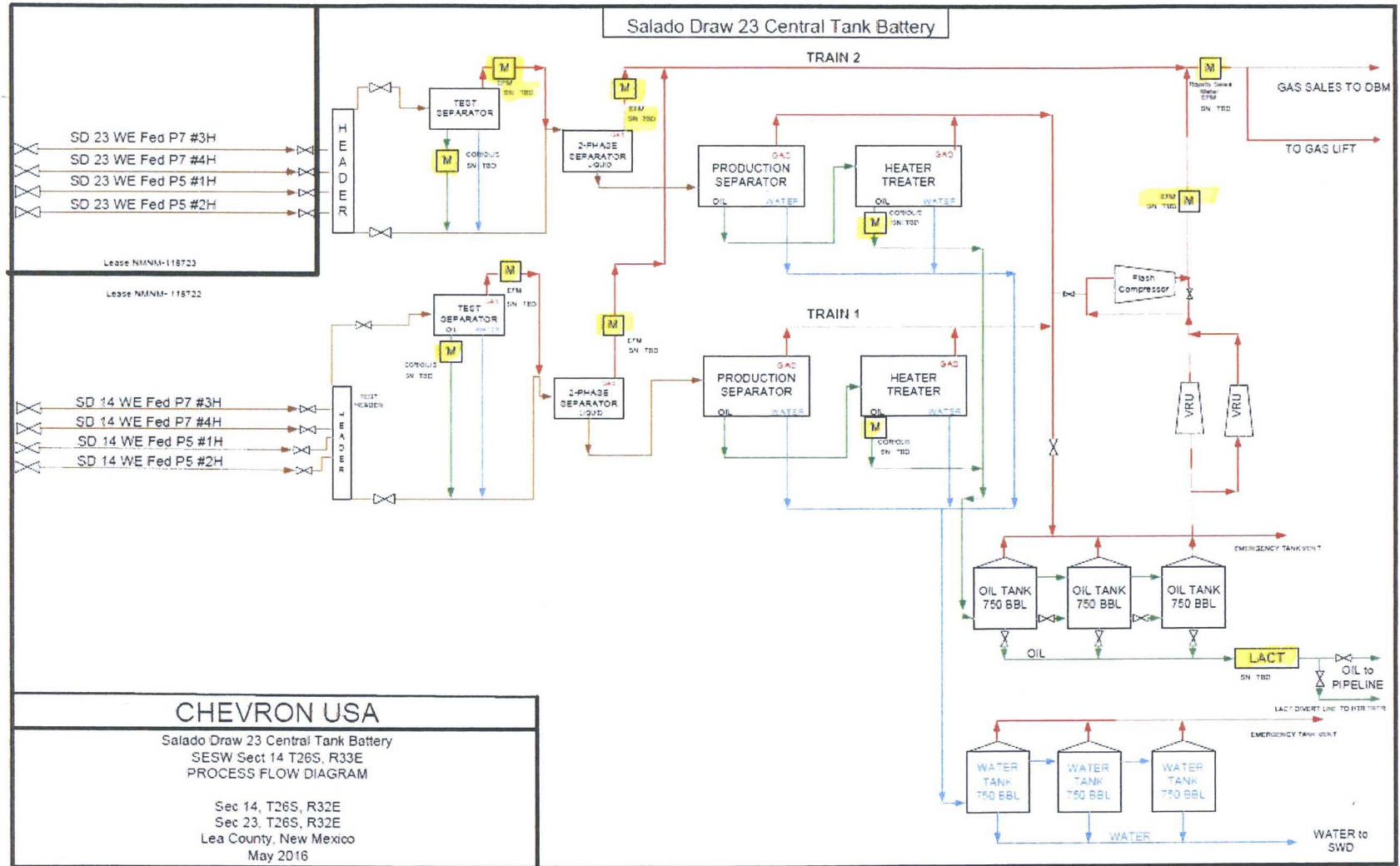
The flow of production is shown in detail on the enclosed facility diagram and map which shows the lease boundaries, location of wells, location of flow lines, facility, and gas sales meter. The commingling of this production is the most efficient means of producing the reserves and will not result in reduced royalty or improper measurement of production. The proposed commingling will reduce the surface facility footprint, reduce traffic, and lower overall emissions.

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

Printed Name: Michelle Burkett
Date: 6/15/2016

Title: Facility Engineer

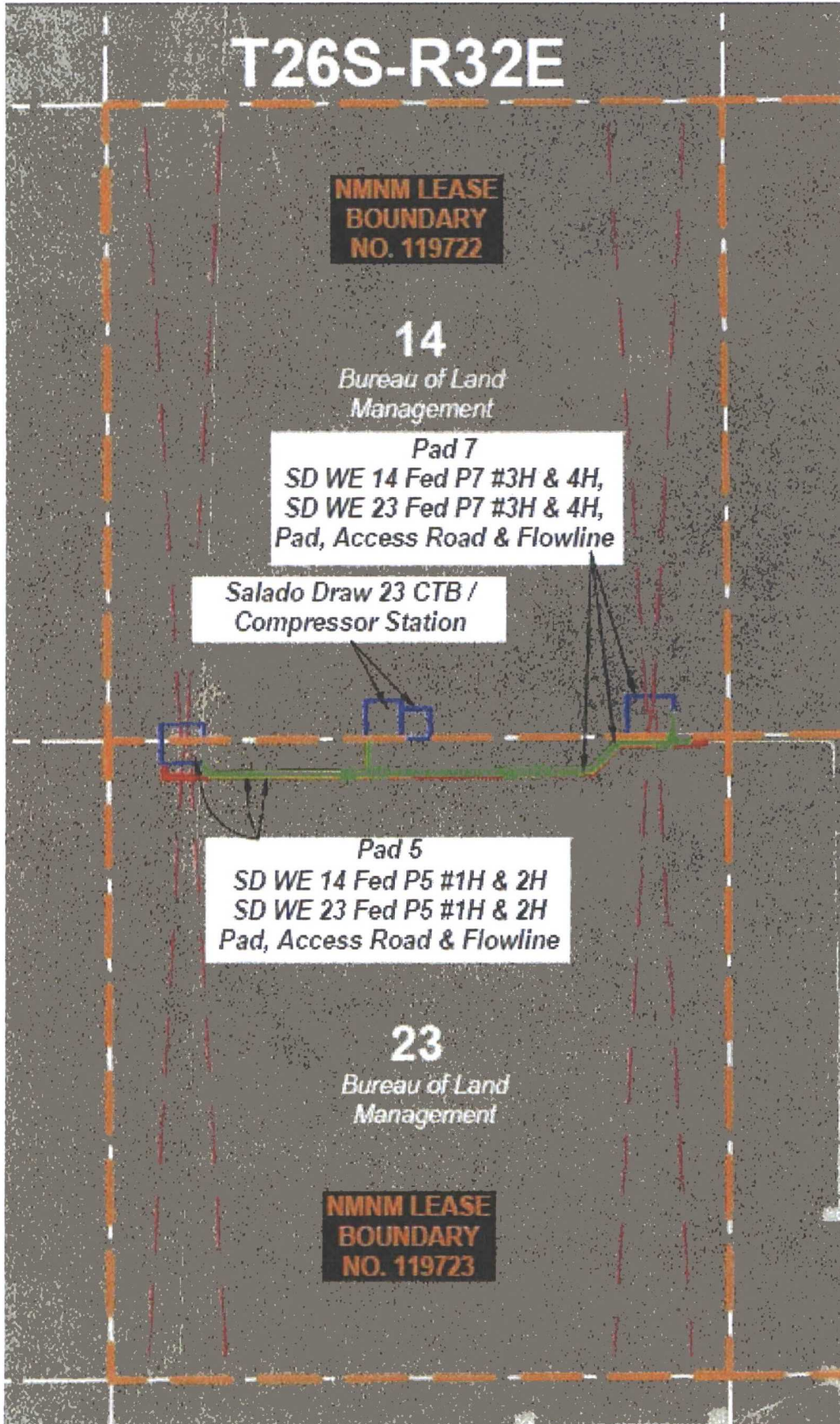
APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY Chevron U.S.A. Inc.
Salado Draw 23 Central Tank Battery



CHEVRON USA

Salado Draw 23 Central Tank Battery
SESW Sect 14 T26S, R33E
PROCESS FLOW DIAGRAM

Sec 14, T26S, R32E
Sec 23, T26S, R32E
Lea County, New Mexico
May 2016



APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY Chevron U.S.A. Inc.
Salado Draw 23 Central Tank Battery

Economic Justification Work Sheet
Salado Draw 23 Central Tank Battery

Commingling proposal for leases: NMNM118722 and NMNM118723

Federal Lease	Royalty Rate	Well Name	BOPD	Oil Gravity (@60 deg)	Value/ bbl	MCFPD	DRY BTU	Value /mcf
NMNM118722	12.5%	SD WE 14 Fed P7 #3H	470*	43*	\$36.48	940*	1400*	\$1.23
NMNM118722	12.5%	SD WE 14 Fed P7 #4H	470*	43*	\$36.48	940*	1400*	\$1.23
NMNM118722	12.5%	SD WE 14 Fed P5 #1H	470*	43*	\$36.48	940*	1400*	\$1.23
NMNM118722	12.5%	SD WE 14 Fed P5 #2H	470*	43*	\$36.48	940*	1400*	\$1.23
NMNM118723	12.5%	SD WE 23 Fed P7 #3H	470*	43*	\$36.48	940*	1400*	\$1.23
NMNM118723	12.5%	SD WE 23 Fed P7 #4H	470*	43*	\$36.48	940*	1400*	\$1.23
NMNM118723	12.5%	SD WE 23 Fed P5 #1H	470*	43*	\$36.48	940*	1400*	\$1.23
NMNM118723	12.5%	SD WE 23 Fed P5 #2H	470*	43*	\$36.48	940*	1400*	\$1.23

Economic Combined Production

Federal Lease	Facility Name	BOPD	Oil Gravity (@60 deg)	Value/ bbl	MCFPD	DRY BTU	Value /mcf
NMNM118722 NMNM118723	Salado Draw 23 Central Tank Battery	3760	43*	\$36.48	7520*	1400*	\$1.23

*These are estimated numbers. Actuals will be supplied after completion.

Bone Spring oil production in the area is sweet and is sold at a flat rate of 40 API gravity. Therefore, regardless of the API values of the individual wells the common stream will be sold as if it was sweet and 40 API gravity.

Gas production is sold at El Paso Permian index commercial value less gathering, processing, transportation, and point sales fees regardless of BTU heating value and commingling will not impact royalty value. These wells are in the same formation and therefore the heating value is similar.

Printed Name: David Macurdy
Title: Factory HES Support Supervisor
Date: 06/17/2016

APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY Chevron U.S.A. Inc.
Salado Draw 23 Central Tank Battery

Salado Draw 23 CTB Surface Commingling Application- Lea County, New Mexico, T26S-R32E

Owner Information:

<u>Interest Type</u>	<u>Name</u>	<u>ADDRESS</u>	<u>CITY</u>	<u>STATE CODE</u>	<u>ZIP CODE</u>
Working Interest	Chevron U.S.A. Inc.	PO Box 2100	Houston	TX	77252-2100
Royalty Interest	United States of America	PO Box 27115	Santa Fe	NM	87502-0115

Wells:

SD WE 14 Fed P7 #3H
SD WE 14 Fed P7 #4H
SD WE 14 Fed P5 #1H
SD WE 14 Fed P5 #2H
SD WE 23 Fed P7 #3H
SD WE 23 Fed P7 #4H
SD WE 23 Fed P5 #1H
SD WE 23 Fed P5 #2H

Leases:

BLM Lease NMNM 118722 - E/2 E/2 and W/2 W/2 of Section 14
BLM Lease NMNM 118723 - E/2 E/2 and W/2 W/2 of Section 23
All within T26S-R32E, Lea County, New Mexico

The royalty and working interest owners are the same in all of the wells and all leases listed above. There is no overriding royalty interest ownership. I verify that the above information is correct.



Shalyce Holmes
Land Representative
6/17/2016

APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY Chevron U.S.A. Inc.
Salado Draw 23 Central Tank Battery

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(MASS) Serial Register Page

Run Time: 02:18 PM
Page 6 of 8

Run Date: 06/16/2018

01 12-22-1987;101STAT1330;30USC181 ET SE
Case Type 312021: O&G LSE COMP PD -1987
Commodity 459: OIL & GAS
Case Disposition: AUTHORIZED

Total Acres 1,800.000
Serial Number NMNM-- - 118722

Serial Number: NMNM-- - 118722
Name & Address Int Rel % Interest
CHEVRON USA INC 6301 DEAUVILLE MIDLAND TX 797062964 LESSEE 100.0000000000

Serial Number: NMNM-- - 118722
Mer Twp Rng Sec STyp SNr Suffix Subdivision District/Field Office County Mgmt Agency
23 0260S 0320E 013 ALIQ N2,SW,W2SE,SE5E; CARLSBAD FIELD OFFICE LEA BUREAU OF LAND MGMT
23 0260S 0320E 014 ALL ENTIRE SECTION CARLSBAD FIELD OFFICE LEA BUREAU OF LAND MGMT
23 0260S 0320E 024 ALIQ N2,N2S2,S2SW; CARLSBAD FIELD OFFICE LEA BUREAU OF LAND MGMT

Serial Number: NMNM-- - 118722
Act Date Code Action Action Remark Pending Office
05/25/2007 387 CASE ESTABLISHED 200707062;
07/18/2007 143 BONUS BID PAYMENT RECD 83600.00;
07/18/2007 191 SALE HELD
07/18/2007 267 BID RECEIVED 8630000.00;
07/25/2007 143 BONUS BID PAYMENT RECD 8626400.00;
08/27/2007 237 LEASE ISSUED
08/27/2007 974 AUTOMATED RECORD VERIF 800
09/01/2007 496 FUND CODE 09;145003
09/01/2007 530 RLTY RATE - 12 1/2%
09/01/2007 968 EFFECTIVE DATE
06/11/2009 817 MERGER RECOGNIZED CHEESA LLC/CHEESA LP
08/22/2009 817 MERGER RECOGNIZED
11/27/2012 140 ASGN FILED CHEESA/CHEVRON U,1
04/10/2013 139 ASGN APPROVED EFF 12/01/12;
04/10/2013 974 AUTOMATED RECORD VERIF ANN
08/31/2017 763 EXPIRES

Serial Number: NMNM-- - 118722
Line Nr Remarks
0002 ETIPULATIONS ATTACHED TO LEASE;
0003 NM-11-IN SPECIAL CULTURAL RESOURCE
0004 SRNM 8-20 SPRINGS, SHEEPS AND TANKS
0005 04/10/2013 - RENTAL PAID 09/01/12; PER ORDER

APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY Chevron U.S.A. Inc.
Salado Draw 23 Central Tank Battery

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(MASS) Serial Register Page

Run Time: 02:21 PM
Page 6 of 6

Run Date: 06/16/2016

01 12-22-1987;101STAT1330;30USC181 ET SE
Case Type 312021: O&G LSE COMP PD -1987
Commodity 459: OIL & GAS
Case Disposition: AUTHORIZED

Total Acres 1,280.000
Serial Number NMNM-- - 118723

Serial Number: NMNM-- - 118723

Name & Address	Int Rel	% Interest
CHEVRON USA INC 6301 DEAUVILLE	MIDLAND TX 797062964 LESSEE	100.000000000

Serial Number: NMNM-- - 118723

Mer Twp Rng Sec	STyp	SNr Suff	Subdivision	District/Field Office	County	Mgmt Agency
23 0260S 0320E 015	ALL		ENTIRE SECTION	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23 0260S 0320E 023	ALL		ENTIRE SECTION	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT

Serial Number: NMNM-- - 118723

Act Date	Code	Action	Action Remark	Pending Office
05/25/2007	387	CASE ESTABLISHED	200707063;	
07/18/2007	143	BONUS BID PAYMENT RECD	\$2560.00;	
07/18/2007	191	SALE HELD		
07/18/2007	267	BID RECEIVED	\$640000.00;	
07/25/2007	143	BONUS BID PAYMENT RECD	\$637440.00;	
08/27/2007	237	LEASE ISSUED		
08/27/2007	974	AUTOMATED RECORD VERIF	BOO	
09/01/2007	496	FUND CODE	05;145003	
09/01/2007	530	RLTY RATE - 12 1/2%		
09/01/2007	968	EFFECTIVE DATE		
06/11/2008	917	MERGER RECOGNIZED	CHEEA LLC/CHEEA LP	
08/22/2008	917	MERGER RECOGNIZED		
10/09/2012	650	HELD BY PROD - ACTUAL	/1/	
11/27/2012	140	ASGN FILED	CHEAPEAK/CHEVRON U;1	
12/20/2012	643	PRODUCTION DETERMINATION	/1/	
12/20/2012	658	MEMO OP 1ST PROD-ACTUAL	/1/ KIEHNE RNCH 15;	
04/10/2013	139	ASGN APPROVED	EPF 12/01/12;	
04/10/2013	974	AUTOMATED RECORD VERIF	NNN	

Serial Number: NMNM-- - 118723

Line Nr	Remarks
0002	STIPULATIONS ATTACHED TO LEASE.
0003	NM-11 1N SPECIAL CULTURAL RESOURCE
0004	04/10/2013 - RENTAL PAID 09/01/12 - PER ONRR

APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY Chevron U.S.A. Inc.
Salado Draw 23 Central Tank Battery

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO
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ABOVE TABLET 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.

David W. Macurdy
Print or Type Name

Signature

Factors HES Support Supervisor
Title

08/17/2016
Date

david.macurdy@chevron.com
e-mail Address

APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY Chevron U.S.A. Inc.
Salado Draw 23 Central Tank Battery

District I
1625 N. French Drive, Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr, Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-B
Revised August 1, 2011

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

Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: Chevron U.S.A. Inc.
OPERATOR ADDRESS: 6301 Deauville Blvd., Midland, TX 79706
APPLICATION TYPE:

Pool Commingling Lease Commingling Pool and Lease Commingling Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: Fee State Federal

Is this an Amendment to existing Order? Yes No If "Yes", please include the appropriate Order No.

Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
 Yes No

(A) POOL COMMINGLING

Please attach sheets with the following information

(1) Pool Names and Codes	Gravities BTU of Non-Commingled Production	Calculated Gravities BTU of Commingled Production	Calculated Value of Commingled Production	Volumes

(2) Are any wells producing at top allowables? Yes No

(3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No

(4) Measurement type Metering Other (Specify)

(5) Will commingling decrease the value of production? Yes No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING

Please attach sheets with the following information

(1) Pool Name and Code Jennings, Upper Bone Spring Shale 97838
(2) Is all production from same source of supply? Yes No
(3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No (BLM is only interest owner)
(4) Measurement type Metering Other (Specify)

(C) POOL and LEASE COMMINGLING

Please attach sheets with the following information

(1) Complete Sections A and B

(D) OFF-LEASE STORAGE and MEASUREMENT

Please attached sheets with the following information

(1) Is all production from same source of supply? Yes No

(2) Include proof of notice to all interest owners

(E) ADDITIONAL INFORMATION (for all application types)

Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location

(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved

(3) Lease Names, Lease and Well Numbers, and API Numbers

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

SIGNATURE



TITLE Factory HES Support Supervisor DATE 06/17/2016

TYPE OR PRINT NAME David W. Macurdy

TELEPHONE NO 713-754-3826

E-MAIL ADDRESS david.macurdy@chevron.com

APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY Chevron U.S.A. Inc.
Salado Draw 23 Central Tank Battery

Chevron Functional Contacts			
<i>Contact Name</i>	<i>Function</i>	<i>Phone Number</i>	<i>Email Address</i>
Michelle Burkett	CD/Performance FE Lead	432-687-7265	mburkett@chevron.com
David Macurdy	Factory HES Support Supervisor	713-754-3826	david.macurdy@chevron.com
Caleb Brown	Facilities Engineer	432-687-7326	Caleb.Brown@chevron.com

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

**SD WE 14 Fed P5 1H & 2H, SD WE 14 Fed P7 3H & 4H, SD WE 23 Fed P5 1H & 2H, SD WE 23 Fed P7 3H & 4H
3002542800, 3002542801, 3002543086, 3002543087, 3002542802, 3002542803, 3002543088, 3002543089
Leases NMNM118722, NMNM118723**

**Chevron USA INCORPORATED
May 11, 2017**

**Condition of Approval
Surface commingling and off lease storage measurement and sales**

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 or product accountability.
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 Federal Regulations, AGA 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 NTL-4A to ONRR. All gas which is vented or flared shall be subject to royalty, unless prior approval was given by the authorized officer.
8. This agency shall be notified of any change in sales method or location of sales point.
9. Additional wells and/or leases require additional commingling approvals.
10. Notify this office 24 Hrs. prior to any meter calibration/proving to allow time for an inspector to witness.
11. Submit update facility diagram with meter number upon installation of meters.