STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

APPLICATION FOR SURFACE COMMINGLING
SUBMITTED BY CHEVRON USA, INC. **ORDER NO. PLC-887**

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having considered the application and the recommendation of the OCD Engineering Bureau, issues the following Order.

FINDINGS OF FACT

1. Chevron USA, Inc. ("Applicant") submitted a complete application to surface commingle the gas production from the pools, leases, and wells identified in Exhibit A ("Application").
2. Applicant proposed a method to allocate the gas production to the pools, leases, and wells to be commingled.
3. To the extent that ownership is diverse, Applicant provided notice of the Application to all persons owning an interest in the gas production to be commingled, including the owners of royalty and overriding royalty interests, regardless of whether they have a right or option to take their interests in kind, and those persons either submitted a written waiver or did not file an objection to the Application.
4. Applicant provided notice of the Application to the Bureau of Land Management ("BLM") or New Mexico State Land Office ("NMSLO"), as applicable.
5. Applicant certified the commingling of gas production from the pools, leases, and wells will not in reasonable probability reduce the value of the gas production to less than if it had remained segregated.
6. Applicant in the notice for the Application stated that it sought authorization to prospectively include additional pools, leases, and wells in accordance with 19.15.12.10.C.(4)(g) NMAC.
7. Applicant stated that it sought authorization to surface commingle and off-lease measure, as applicable, gas production from wells which have not yet been approved to be drilled, but will produce from a pool and lease identified in Exhibit A.

CONCLUSIONS OF LAW

8. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, §§ 70-2-6, 70-2-11, 70-2-12, 70-2-16, and 70-2-17, 19.15.12. NMAC, and 19.15.23. NMAC.
9. Applicant satisfied the notice requirements for the Application in accordance with 19.15.12.10.A.(2) NMAC, 19.15.12.10.C.(4)(c) NMAC, and 19.15.12.10.C.(4)(e) NMAC, as applicable.

10. Applicant satisfied the notice requirements for the Application in accordance with 19.15.23.9.A.(5) NMAC and 19.15.23.9.A.(6) NMAC, as applicable.

11. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.10.B.(1) NMAC or 19.15.12.10.C.(1) NMAC, as applicable.

12. Commingling of gas production from state, federal, or tribal leases shall not commence until approved by the BLM or NMSLO, as applicable, in accordance with 19.15.12.10.B.(3) NMAC and 19.15.12.10.C.(4)(h) NMAC.

13. Applicant satisfied the notice requirements for the subsequent addition of pools, leases, and wells in the notice for the Application, in accordance with 19.15.12.10.C.(4)(g) NMAC. Subsequent additions of pools, leases, and wells within Applicant's defined parameters, as modified herein, will not, in reasonable probability, reduce the commingled production's value or otherwise adversely affect the interest owners in the production to be added.

14. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

ORDER

1. Applicant is authorized to surface commingle gas production from the pools, leases, and wells identified in Exhibit A.

   Applicant is authorized to store and measure gas production off-lease from the pools, leases, and wells identified in Exhibit A at a central tank battery or gas title transfer meter described in Exhibit A.

   Applicant is authorized to surface commingle gas production from wells not included in Exhibit A but that produce from a pool and lease identified in Exhibit A.

   Applicant is authorized to store and measure gas production off-lease from wells not included in Exhibit A but that produce from a pool and lease identified in Exhibit A at a central tank battery or gas title transfer meter described in Exhibit A.

2. This Order supersedes Order CTB-947.

3. The allocation of gas production to wells not included in Exhibit A but that produce from a pool and lease identified in Exhibit A shall be determined in the same manner as to wells identified in Exhibit A that produce from that pool and lease, provided that if more than one allocation method is being used or if there are no wells identified in Exhibit A that produce from the pool and lease, then allocation of gas production to each well not included in Exhibit A shall be determined by OCD prior to commingling production from it with the production from another well.

4. The allocation of gas production shall be based on the production life of each well as measured for three periods: (a) the initial production period shall be measured from the first production until the earlier of either the peak production rate or thirty (30) days after the first production; (b) the plateau period shall be measured from the end of the initial production

period to the peak decline rate; and (c) the decline period shall be measured from the end of the plateau period until the well is plugged and abandoned.

During the initial production period, the gas production for each well identified in Exhibit A shall be allocated using a production curve calculated from a minimum of ten (10) well tests per month, except that any day in which a well test cannot achieve an accurate result due to a temporary change in gas production shall not be included in the computation of time determining the well test schedule. The production curve shall be calculated by interpolating daily production for each day using the known daily production obtained by well tests and shall use a method of interpolation that is at minimum as accurate as maintaining a constant rate of change for each day's production between the known daily production values.

During the plateau period, the gas production for each well identified in Exhibit A shall be allocated using a minimum of three (3) well tests per month.

During the decline period, the gas production for each well identified in Exhibit A shall be allocated as follows: (a) a minimum of three (3) well tests per month when the decline rate is greater than twenty-two percent (22%) per month; (b) a minimum of two (2) well tests per month when the decline rate is between twenty-two percent (22%) and ten percent (10%) per month; and (c) a minimum of one (1) well test per month when the decline rate is less than ten percent (10%) per month.

Upon OCD's request, Applicant shall submit a Form C-103 to the OCD Engineering Bureau that contains the decline rate curve and other relevant information demonstrating the production life of a well.

Applicant shall conduct a well test by separating and metering the gas production from that well for either (a) a minimum of twenty-four (24) consecutive hours; or (b) a combination of nonconsecutive periods that meet the following conditions: (i) each period shall be a minimum of six (6) hours; and (ii) the total duration of the nonconsecutive periods shall be a minimum of eighteen (18) hours.

The well test requirements of this Order shall be suspended for any well shut-in for a period that continues for more than fifteen (15) days until the well commences production.

5. Applicant shall measure and market the commingled gas at a well pad, central delivery point, central tank battery, or gas title transfer meter described in Exhibit A in accordance with this Order and 19.15.19.9. NMAC, provided however that if the gas is vented or flared, and regardless of the reason or authorization pursuant to 19.15.28.8.B. NMAC for such venting or flaring, Applicant shall measure or estimate the gas in accordance with 19.15.28.8.E. NMAC.

6. Applicant shall calibrate the meters used to measure or allocate gas production in accordance with 19.15.12.10.C.(2) NMAC.

7. If the commingling of gas production from any pool, lease, or well reduces the value of the commingled gas production to less than if it had remained segregated, no later than sixty (60)

days after the decrease in value has occurred Applicant shall submit a new surface commingling application to OCD to amend this Order to remove the pool, lease, or well whose gas production caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.

8. Applicant may submit an application to amend this Order to add pools, leases, and subsequently drilled wells with spacing units adjacent to or within the tracts commingled by this Order by submitting a Form C-107-B in accordance with 19.15.12.10.C.(4)(g) NMAC, provided the pools, leases, and subsequently drilled wells are within the identified parameters included in the Application.
9. If a well is not included in Exhibit A but produces from a pool and lease identified in Exhibit A, then Applicant shall submit Forms C-102 and C-103 to the OCD Engineering Bureau after the well has been approved to be drilled and prior to off-lease measuring or commingling oil or gas production from it with the production from another well. The Form C-103 shall reference this Order and identify the well, proposed method to determine the allocation of gas production to it, and the location(s) that commingling of its production will occur.
10. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
11. If OCD determines that Applicant has failed to comply with any provision of this Order, OCD may take any action authorized by the Oil and Gas Act or the New Mexico Administrative Code (NMAC).
12. OCD retains jurisdiction of this matter and reserves the right to modify or revoke this Order as it deems necessary.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

DATE: 3/24/23

DYLAN M. FUGE
DIRECTOR (ACTING)

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: PLC-887
Operator: Chevron USA, Inc. (4323)
Central Tank Battery: Hayhurst Central Tank Battery 10
Central Tank Battery Location: UL A, Section 10, Township 26 South, Range 27 East
Central Tank Battery: Hayhurst Central Tank Battery 35
Central Tank Battery Location: UL A, Section 35, Township 25 South, Range 27 East
Central Tank Battery: Hayhurst Central Tank Battery 12
Central Tank Battery Location: UL G, Section 12, Township 26 South, Range 27 East
Central Tank Battery: Hayhurst Central Tank Battery 9
Central Tank Battery Location: UL M, Section 9, Township 26 South, Range 27 East
Gas Title Transfer Meter Location: UL A, Section 10, Township 26 South, Range 27 East

Pools

Pool Name	Pool Code
DELAWARE RIVER; BONE SPRING	16800
HAY HOLLOW; BONE SPRING, NORTH	30216
WELCH; BONE SPRING	64010
PURPLE SAGE; WOLFCAMP (GAS)	98220

Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R
PA Wolfcamp NMNM 137168A	All	23-25S-27E
	All	26-25S-27E
	All	35-25S-27E
	All	1-26S-27E
	All	2-26S-27E
	All	10-26S-27E
	All	11-26S-27E
	All	12-26S-27E
	All	14-26S-27E
	All	15-26S-27E
PA Bone Spring for NMNM 137168X	All	23-25S-27E
	All	26-25S-27E
	All	35-25S-27E
	All	1-26S-27E
	All	2-26S-27E
	All	10-26S-27E
	All	11-26S-27E
	All	12-26S-27E
	All	14-26S-27E
	All	15-26S-27E
CA Wolfcamp NMNM 138618	All	5-26S-27E
	All	8-26S-27E
	All	17-26S-27E
	All	20-26S-27E

Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-015-43929	Cicada Unit #1H	E/2 E/2	10-26S-27E 15-26S-27E	98220
30-015-43930	Cicada Unit #2H	W/2 W/2	10-26S-27E 15-26S-27E	98220
30-015-43937	Cicada Unit #3H	E/2 E/2	10-26S-27E 15-26S-27E	98220
30-015-43936	Cicada Unit #4H	W/2 W/2	10-26S-27E 15-26S-27E	98220
30-015-43926	Cicada Unit #5H	E/2 E/2	10-26S-27E 15-26S-27E	98220
30-015-43932	Cicada Unit #6H	W/2 W/2	10-26S-27E 15-26S-27E	98220
30-015-44367	Cicada Unit #13H	W/2 W/2	10-26S-27E 15-26S-27E	98220
30-015-44371	Cicada Unit #14H	W/2 W/2	10-26S-27E 15-26S-27E	98220
30-015-44353	Cicada Unit #15H	W/2 W/2	10-26S-27E 15-26S-27E	98220
30-015-44351	Cicada Unit #16H	W/2 W/2	10-26S-27E 15-26S-27E	98220
30-015-44354	Cicada Unit #17H	W/2 W/2	10-26S-27E 15-26S-27E	98220
30-015-44352	Cicada Unit #18H	W/2 W/2	10-26S-27E 15-26S-27E	98220
30-015-46468	Cicada Unit #27H	E/2 E/2	10-26S-27E 15-26S-27E	98220
30-015-46469	Cicada Unit #28H	E/2 E/2	10-26S-27E 15-26S-27E	98220
30-015-46470	Cicada Unit #29H	E/2 E/2	10-26S-27E 15-26S-27E	98220
30-015-46898	Cicada Unit #30H	W/2 W/2	11-26S-27E 14-26S-27E	98220
30-015-46901	Cicada Unit #31H	W/2 W/2	11-26S-27E 14-26S-27E	98220
30-015-46913	Cicada Unit #32H	W/2 W/2	11-26S-27E 14-26S-27E	98220
30-015-49001	Cicada Unit #51H	W/2 W/2	10-26S-27E 15-26S-27E	64010
30-015-49000	Cicada Unit #52H	W/2 W/2	10-26S-27E 15-26S-27E	64010
30-015-48999	Cicada Unit #53H	W/2 W/2	10-26S-27E 15-26S-27E	64010
30-015-44347	Cicada Unit #7H	E/2 E/2	35-25S-27E 2-26S-27E	98220
30-015-44346	Cicada Unit #8H	E/2 E/2	35-25S-27E 2-26S-27E	98220

30-015-44350	Cicada Unit #9H	E/2 E/2	35-25S-27E 2-26S-27E	98220
30-015-44349	Cicada Unit #10H	E/2 E/2	35-25S-27E 2-26S-27E	98220
30-015-44345	Cicada Unit #11H	E/2 E/2	35-25S-27E 2-26S-27E	98220
30-015-44348	Cicada Unit #12H	E/2 E/2	35-25S-27E 2-26S-27E	98220
30-015-45602	Cicada Unit #23H	E/2 E/2	23-25S-27E 26-25S-27E	98220
30-015-45720	Cicada Unit #24H	E/2 E/2	23-25S-27E 26-25S-27E	98220
30-015-45601	Cicada Unit #25H	W/2 W/2	23-25S-27E 26-25S-27E	98220
30-015-45600	Cicada Unit #26H	W/2 W/2	23-25S-27E 26-25S-27E	98220
30-015-45426	Cicada Unit #19H	W/2 W/2	23-25S-27E 26-25S-27E	98220
30-015-45425	Cicada Unit #20H	W/2 W/2	23-25S-27E 26-25S-27E	98220
30-015-45424	Cicada Unit #21H	W/2 W/2	23-25S-27E 26-25S-27E	98220
30-015-45423	Cicada Unit #22H	W/2 W/2	23-25S-27E 26-25S-27E	98220
30-015-46342	Cicada Unit #33H	W/2 W/2	35-25S-27E 2-26S-27E	98220
30-015-46343	Cicada Unit #34H	W/2 W/2	35-25S-27E 2-26S-27E	98220
30-015-46344	Cicada Unit #35H	E/2 E/2	35-25S-27E 2-26S-27E	98220
30-015-46345	Cicada Unit #36H	E/2 E/2	35-25S-27E 2-26S-27E	98220
30-015-46346	Cicada Unit #37H	W/2 W/2	35-25S-27E 2-26S-27E	98220
30-015-46347	Cicada Unit #38H	W/2 W/2	35-25S-27E 2-26S-27E	98220
30-015-46348	Cicada Unit #39H	W/2 W/2	35-25S-27E 2-26S-27E	98220
30-015-48782	Cicada Unit #41H	E/2 E/2 NE/4	23-25S-27E 26-25S-27E 35-25S-27E	98220
30-015-48783	Cicada Unit #43H	E/2 E/2 NE/4	23-25S-27E 26-25S-27E 35-25S-27E	98220
30-015-49465	Cicada Unit #45H	E/2 E/2	11-26S-27E 14-26S-27E	98220
30-015-49466	Cicada Unit #47H	E/2 E/2	11-26S-27E 14-26S-27E	98220
30-015-49467	Cicada Unit #48H	E/2 E/2	11-26S-27E 14-26S-27E	98220

30-015-49468	Cicada Unit #50H	E/2 E/2	11-26S-27E 14-26S-27E	98220
30-015-49469	Cicada Unit #56H	W/2 W/2	1-26S-27E 12-26S-27E	98220
30-015-49470	Cicada Unit #57H	W/2 W/2	1-26S-27E 12-26S-27E	98220
30-015-49471	Cicada Unit #58H	W/2 W/2	1-26S-27E 12-26S-27E	98220
30-015-49472	Cicada Unit #59H	W/2 W/2	1-26S-27E 12-26S-27E	98220
30-015-49624	Cicada Unit #60H	E/2 E/2	1-26S-27E 12-26S-27E	98220
30-015-49625	Cicada Unit #61H	E/2 E/2	1-26S-27E 12-26S-27E	98220
30-015-49626	Cicada Unit #62H	E/2 E/2	1-26S-27E 12-26S-27E	98220
30-015-49627	Cicada Unit #63H	E/2 E/2	1-26S-27E 12-26S-27E	98220
30-015-45100	HH SO 17 20 Federal 1 #1H	W/2 W/2	17-26S-27E 20-26S-27E	98220
30-015-45101	HH SO 17 20 Federal 1 #2H	W/2 W/2	17-26S-27E 20-26S-27E	98220
30-015-45154	HH SO 17 20 Federal 1 #3H	W/2 W/2	17-26S-27E 20-26S-27E	98220
30-015-45155	HH SO 17 20 Federal 1 #4H	W/2 W/2	17-26S-27E 20-26S-27E	98220
30-015-45102	HH SO 17 20 Federal 1 #5H	W/2 W/2	17-26S-27E 20-26S-27E	98220
30-015-45103	HH SO 17 20 Federal 1 #6H	W/2 W/2	17-26S-27E 20-26S-27E	98220
30-015-45115	HH SO 8 5 Federal 3 #1H	E/2 E/2	5-26S-27E 8-26S-27E	98220
30-015-45116	HH SO 8 5 Federal 3 #2H	W/2 W/2	5-26S-27E 8-26S-27E	98220
30-015-45117	HH SO 8 5 Federal 3 #3H	W/2 W/2	5-26S-27E 8-26S-27E	98220
30-015-45118	HH SO 8 5 Federal 3 #4H	E/2 E/2	5-26S-27E 8-26S-27E	98220
30-015-45119	HH SO 8 5 Federal 3 #5H	W/2 W/2	5-26S-27E 8-26S-27E	98220
30-015-45120	HH SO 8 5 Federal 3 #6H	E/2 E/2	5-26S-27E 8-26S-27E	98220
30-015-43935	HH SO 8 P2 #5H	W/2 W/2	5-26S-27E 8-26S-27E	98220
30-015-43934	HH SO 8 P2 #6H	W/2 W/2	5-26S-27E 8-26S-27E	98220
30-015-43933	HH SO 8 P2 #13H	W/2 W/2	5-26S-27E 8-26S-27E	98220
30-015-43931	HH SO 8 P2 #14H	W/2 W/2	5-26S-27E 8-26S-27E	98220

30-015-43927	HH SO 8 P2 #21H	W/2 W/2	5-26S-27E 8-26S-27E	98220
30-015-43928	HH SO 8 P2 #22H	W/2 W/2	5-26S-27E 8-26S-27E	98220
30-015-45104	HH SO 17 20 Federal 2 #1H	E/2 E/2	17-26S-27E 20-26S-27E	98220
30-015-45105	HH SO 17 20 Federal 2 #2H	E/2 E/2	17-26S-27E 20-26S-27E	98220
30-015-45106	HH SO 17 20 Federal 2 #3H	E/2 E/2	17-26S-27E 20-26S-27E	98220
30-015-45107	HH SO 17 20 Federal 2 #4H	E/2 E/2	17-26S-27E 20-26S-27E	98220
30-015-45108	HH SO 17 20 Federal 2 #5H	E/2 E/2	17-26S-27E 20-26S-27E	98220
30-015-45109	HH SO 17 20 Federal 2 #6H	E/2 E/2	17-26S-27E 20-26S-27E	98220
30-015-45987	HH SO 8 5 Federal 4 #1H	E/2 E/2	5-26S-27E 8-26S-27E	98220
30-015-45988	HH SO 8 5 Federal 4 #2H	E/2 E/2	5-26S-27E 8-26S-27E	98220
30-015-45989	HH SO 8 5 Federal 4 #3H	E/2 E/2	5-26S-27E 8-26S-27E	98220
30-015-45990	HH SO 8 5 Federal 4 #4H	E/2 E/2	5-26S-27E 8-26S-27E	98220
30-015-45991	HH SO 8 5 Federal 4 #5H	E/2 E/2	5-26S-27E 8-26S-27E	98220
30-015-45992	HH SO 8 5 Federal 4 #6H	E/2 E/2	5-26S-27E 8-26S-27E	98220
30-015-48353	HH SO 17 20 Federal 3 #401H	W/2 W/2	17-26S-27E 20-26S-27E	98220
30-015-48356	HH SO 17 20 Federal 3 #402H	W/2 W/2	17-26S-27E 20-26S-27E	98220
30-015-48355	HH SO 17 20 Federal 3 #403H	W/2 W/2	17-26S-27E 20-26S-27E	98220
30-015-48354	HH SO 17 20 Federal 3 #404H	W/2 W/2	17-26S-27E 20-26S-27E	98220
30-015-50181	Macallan 12 1 Federal State Com 23 #1H	W/2 W/2	1-26S-27E 12-26S-27E	16800
30-015-49598	Macallan 12 1 Federal State Com 23 #2H	W/2 W/2	1-26S-27E 12-26S-27E	16800
30-015-49603	Wild Turkey 12 1 Federal Com 24 #1H	E/2 E/2	1-26S-27E 12-26S-27E	16800
30-015-49602	Wild Turkey 12 1 Federal Com 24 #2H	E/2 E/2	1-26S-27E 12-26S-27E	16800
30-015-49604	Wild Turkey 12 1 Federal Com 24 #3H	E/2 E/2	1-26S-27E 12-26S-27E	16800
30-015-49684	Tito 26 23 Federal State Com 25 #1H	W/2 W/2	23-25S-27E 26-25S-27E	30216
30-015-49685	Tito 26 23 Federal State Com 25 #2H	W/2 W/2	23-25S-27E 26-25S-27E	30216

30-015-49686	Tito 26 23 Federal State Com 25 #3H	W/2 W/2	23-25S-27E 26-25S-27E	30216
30-015-49687	Tito 26 23 Federal State Com 25 #4H	W/2 E/2 W/2 E/2	23-25S-27E 26-25S-27E	30216

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 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

COMMENTS

Action 201884

COMMENTS

Operator: CHEVRON U S A INC 6301 Deauville Blvd Midland, TX 79706	OGRID: 4323
	Action Number: 201884
	Action Type: [IM-SD] Admin Order Support Doc (ENG) (IM-AAO)

COMMENTS

Created By	Comment	Comment Date
dmcclure	Approved under Action ID: 191772	3/29/2023

District I
1625 N. French Dr., Hobbs, NM 88240
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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 201884

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Operator: CHEVRON U S A INC 6301 Deauville Blvd Midland, TX 79706	OGRID: 4323
	Action Number: 201884
	Action Type: [IM-SD] Admin Order Support Doc (ENG) (IM-AAO)

CONDITIONS

Created By	Condition	Condition Date
dmcclure	Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.	3/29/2023