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-478-A

<u>ORDER</u>

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 oil and gas production from the pools, leases, and wells identified in Exhibit A ("Application").
- 2. Applicant proposed a method to allocate the oil and gas production to the pools, leases, and wells to be commingled.
- 3. Applicant intends to segregate the oil and gas production from each lease and from each pool within that lease as identified in Exhibit B from the oil and gas production from all other pools and leases prior to measuring the production from each pool and lease with an allocation meter.
- 4. To the extent that ownership is diverse, Applicant provided notice of the Application to all persons owning an interest in the oil and 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.
- 5. Applicant provided notice of the Application to the Bureau of Land Management ("BLM") or New Mexico State Land Office ("NMSLO"), as applicable.
- 6. Applicant certified the commingling of oil and gas production from the pools, leases, and wells will not in reasonable probability reduce the value of the oil and gas production to less than if it had remained segregated.
- 7. Applicant stated that it sought authorization to surface commingle and off-lease measure, as applicable, oil and 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 oil and 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. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

<u>ORDER</u>

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

Applicant is authorized to store and measure oil and 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 oil and 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 oil and 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 Orders PLC-478 and OLM-97.

For matters of surface commingling and off-lease storing and measuring oil and gas production and for the wells identified in Exhibit A, this Order supersedes Order R-20300.

- 3. The allocation of oil and gas production to each pool and lease identified in Exhibit B shall be determined by separating and metering the production from each pool and lease as described by Group ID in Exhibit B prior to commingling that production with production from any other pool and lease.
- 4. The allocation of oil and 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 oil and 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.

- 5. Applicant shall measure and market the commingled oil at a central tank battery described in Exhibit A in accordance with this Order and 19.15.18.15. NMAC or 19.15.23.8. NMAC.
- 6. 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.
- 7. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10.C.(2) NMAC.
- 8. If the commingling of oil and gas production from any pool, lease, or well reduces the value of the commingled oil and 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 oil and 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.
- 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 oil and 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.

Order No. PLC-478-A

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

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GERASIMOS RAZATOS DIRECTOR (ACTING) **DATE:** 7/25/2024

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State of New Mexico Energy, Minerals and Natural Resources Department

Exhibit A

Order: PLC-478-A Operator: Chevron USA, Inc. (4323) Central Tank Battery: Salado Draw Section 29 Central Tank Battery Central Tank Battery Location: UL P, Section 19, Township 26 South, Range 33 East Gas Title Transfer Meter Location: UL P, Section 19, Township 26 South, Range 33 East

	Pools			
		ol Name	Pool Code	
	NEEDMORE TANK;		98307	
	NEEDMORE TANK;UPPE	R WOLFCAMP	98308	
	Leases as defined in 19.15.1	2.7(C) NMAC		
	Lease	UL or Q/Q	S-T-R	
C	Welfeemer NMNNA 10549(917 (120722)	All	29-26S-33E	E
CF	A Wolfcamp NMNM 105486817 (139733)	All	32-26S-33E	
CAL	Bone Spring NMNM 105485632 (139732)	All	29-26S-33E	
CAI	bone spring NWINW 105465052 (159752)	All	32-26S-33E	
	Wells			
Well API	Well Name	UL or Q/Q	S-T-R	Pool
0 025 42(20	Salada Duary 20 2(22 Eadaual Cam #111	All	29-26S-33E	98307
0-025-42629	Salado Draw 29 26 33 Federal Com #1H	All	32-26S-33E	
0-025-42637	Salado Draw 29 26 33 Federal Com #2H	All	29-26S-33E	98307
0-025-4205/	Salado Draw 29 20 55 Federal Colli #2H	All	32-26S-33E	
0-025-42638	Salado Draw 29 26 33 Federal Com #3H	All	29-26S-33E	98307
0-025-42038	Salado Draw 29 20 55 Federal Colli #5H	All	32-26S-33E	9830
0-025-42639	Salado Draw 29 26 33 Federal Com #4H	All	29-26S-33E	9830'
0-025-42039	Salado Draw 29 20 55 Federal Colli #4H	All	32-26S-33E	9830
0-025-42441	Salado Draw 29 26 33 Federal Com #6H	All	29-26S-33E	9830'
0-025-42441	Salado Draw 29 20 55 Federal Colli #0H	All	32-26S-33E	9830
0-025-42442	Salado Draw 29 26 33 Federal Com #7H	All	29-26S-33E	0020/
0-025-42442	Salado Draw 29 20 55 Federal Colli #/H	All	32-26S-33E	9830'
0-025-42443	Salado Draw 29 26 33 Federal Com #8H	All	29-26S-33E	0020/
0-025-42445	Salado Draw 29 20 33 Federal Com #8H	All	32-26S-33E	9830
0-025-42168	Salado Draw 29 26 33 Federal Com	All	29-26S-33E	9830
0-023-42108	#33H	All	32-26S-33E	7030
0-025-50395	SD 29 26 33 Federal Com #424H	E/2	29-26S-33E	0830
0-023-30393	5D 27 20 55 FEUERAL COIII #424FI	E/2	32-26S-33E	98307
0-025-50407	SD 29 26 33 Federal Com #425H	E/2	29-26S-33E	98307
0-023-3040/		E/2	32-26S-33E	7030
0 025 50222	SD 20 26 22 Endowal Com #42611	All	29-26S-33E	98307
30-025-50232	SD 29 26 33 Federal Com #426H	All	32-26S-33E	7990

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30-025-49898	SD 29 26 33 Federal Com #421H	All	29-26S-33E	98307
30-023-47070		All	32-26S-33E	70307
30-025-49899	SD 29 26 33 Federal Com #422H	All	29-26S-33E	98307
50-025-47077		All	32-26S-33E	70507
30-025-49900	SD 29 26 33 Federal Com #423H	All	29-26S-33E	98307
50-025-47700		All	32-26S-33E	70507
30-025-50499	SD 29 26 32 Federal Com #21H	All	29-26S-33E	98307
50-025-50477		All	32-26S-33E	70507
30-025-50500	SD 29 26 32 Federal Com #22H	All	29-26S-33E	98307
30-023-30300		All	32-26S-33E	70507
30-025-50501	SD 29 26 32 Federal Com #23H	All	29-26S-33E	98307
30-023-30301	SD 2) 20 32 Federal Colli #2511	All	32-26S-33E	70507
30-025-43268	SD EA 29 Federal Com P8 #9H	All	29-26S-33E	98308
30-023-43200	SD EA 29 Federal Colli 1 8 #911	All	32-26S-33E	70500
30-025-43269	SD EA 29 Federal Com P8 #10H	All	29-26S-33E	98308
30-023-43209		All	32-26S-33E	90300
30-025-43270	SD EA 29 Federal Com P8 #11H	All	29-26S-33E	98308
30-023-43270	SD EA 27 Federal Com 16 #1111	All	32-26S-33E	70300
30-025-43271	SD EA 29 Federal Com P8 #12H	All	29-26S-33E	98308
30-023-43271	SD EA 29 Federal Colli Fo #12H	All	32-26S-33E	90300
30-025-44333	SD EA 29 32 Federal Com P11 #13H	All	29-26S-33E	98308
30-025-44333	SD EA 29 52 Federal Colli P11 #15H	All	32-26S-33E	90300
30-025-44334	SD EA 29 32 Federal Com P11 #14H	All	29-26S-33E	98308
30-023-44334	SD EA 29 52 Federal Colli F11 #14H	All	32-26S-33E	90300
30-025-44335	SD EA 29 32 Federal Com P11 #15H	All	29-26S-33E	98308
30-023-44333	SD EA 29 52 Federal Colli F11 #15H	All	32-26S-33E	90300
20 025 11226	SD EA 29 32 Federal Com P11 #16H	All	29-26S-33E	98308
30-025-44336		All	32-26S-33E	90300
30-025-44485	SD EA 29 32 Federal Com P10 #17H	All	29-26S-33E	98308
30-023-44403		All	32-26S-33E	90300
30-025-44486	SD EA 29 32 Federal Com P10 #18H	All	29-26S-33E	98308
30-025-44460	SD EA 29 32 Federal Colli P10 #18H	All	32-26S-33E	90300
30 025 11197	25-44487 SD EA 29 32 Federal Com P10 #19H	All	29-26S-33E	98308
30-023-4440/		All	32-26S-33E	70300
30-025-44488	44488 SD EA 29 32 Federal Com P10 #20H	All	29-26S-33E	98308
30-023-44488		All	32-26S-33E	70300

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State of New Mexico Energy, Minerals and Natural Resources Department

Exhibit B

Order: PLC-478-A Operator: Chevron USA, Inc. (4323)

Pools

	Pools			
	Р	ool Name	Pool Code	
NEEDMORE TANK; BONE SPRING		98307		
	NEEDMORE TANK;UPPER WOLFCAMP		98308	
	Leases as defined in 19.15.	.12.7(C) NMAC		
	Lease	UL or Q/Q	S-T-R	
C	Walfaame NMNM 10549(917 (120722)	All	29-26S-33E	
CA Wolfcamp NMNM 105486817 (139733)		All	32-26S-33E	
CAI	(14 D S NIMINIA 105495(22) (120722)		29-26S-33E	
CAI	Bone Spring NMNM 105485632 (139732)	All	32-26S-33E	
	Pools within each	Lease		
	Lease	Pool Code	Group ID	
CA	Bone Spring NMNM 105485632 (139732)	98307	AA	
-	A Wolfcamp NMNM 105486817 (139733)	98308	BB	
	Wells			
	wens			C
Well API	Well Name	UL or Q/Q	S-T-R	Group ID
30-025-42629	Salado Draw 29 26 33 Federal Com #1H	All	20.260.220	
30-023-42029		All	29-26S-33E	A A
20.025.42(25	Salado Draw 29 20 55 rederal Colli #1H	All	29-268-33E 32-268-33E	AA
20 025 42627				
30-025-42637	Salado Draw 29 26 33 Federal Com #1H Salado Draw 29 26 33 Federal Com #2H	All	32-26S-33E	AA AA
	Salado Draw 29 26 33 Federal Com #2H	All All	32-26S-33E 29-26S-33E	AA
30-025-42637 30-025-42638		All All All	32-26S-33E 29-26S-33E 32-26S-33E	
30-025-42638	Salado Draw 29 26 33 Federal Com #2H Salado Draw 29 26 33 Federal Com #3H	All All All All	32-26S-33E 29-26S-33E 32-26S-33E 29-26S-33E	AA AA
	Salado Draw 29 26 33 Federal Com #2H	All All All All All	32-26S-33E 29-26S-33E 32-26S-33E 29-26S-33E 32-26S-33E	AA
30-025-42638 30-025-42639	Salado Draw 29 26 33 Federal Com #2H Salado Draw 29 26 33 Federal Com #3H Salado Draw 29 26 33 Federal Com #4H	All All All All All All	32-26S-33E 29-26S-33E 32-26S-33E 29-26S-33E 32-26S-33E 32-26S-33E 29-26S-33E	AA AA AA
30-025-42638	Salado Draw 29 26 33 Federal Com #2H Salado Draw 29 26 33 Federal Com #3H	All All All All All All All	32-26S-33E 29-26S-33E 32-26S-33E 29-26S-33E 32-26S-33E 29-26S-33E 32-26S-33E	AA AA
30-025-42638 30-025-42639 30-025-42441	Salado Draw 29 26 33 Federal Com #2HSalado Draw 29 26 33 Federal Com #3HSalado Draw 29 26 33 Federal Com #4HSalado Draw 29 26 33 Federal Com #6H	All All All All All All All All	32-26S-33E 29-26S-33E 32-26S-33E 32-26S-33E 32-26S-33E 29-26S-33E 32-26S-33E 29-26S-33E	AA AA AA AA
30-025-42638 30-025-42639	Salado Draw 29 26 33 Federal Com #2H Salado Draw 29 26 33 Federal Com #3H Salado Draw 29 26 33 Federal Com #4H	All All All All All All All All All	32-26S-33E 29-26S-33E 32-26S-33E 29-26S-33E 32-26S-33E 32-26S-33E 32-26S-33E 29-26S-33E 32-26S-33E	AA AA AA
30-025-42638 30-025-42639 30-025-42441 30-025-42442	Salado Draw 29 26 33 Federal Com #2HSalado Draw 29 26 33 Federal Com #3HSalado Draw 29 26 33 Federal Com #4HSalado Draw 29 26 33 Federal Com #6HSalado Draw 29 26 33 Federal Com #7H	All All All All All All All All All All	32-26S-33E 29-26S-33E 32-26S-33E 32-26S-33E 32-26S-33E 32-26S-33E 32-26S-33E 29-26S-33E 32-26S-33E 29-26S-33E 29-26S-33E 32-26S-33E 29-26S-33E 32-26S-33E 32-26S-33E 32-26S-33E 32-26S-33E 32-26S-33E	AA AA AA AA AA
30-025-42638 30-025-42639 30-025-42441	Salado Draw 29 26 33 Federal Com #2HSalado Draw 29 26 33 Federal Com #3HSalado Draw 29 26 33 Federal Com #4HSalado Draw 29 26 33 Federal Com #6HSalado Draw 29 26 33 Federal Com #7HSalado Draw 29 26 33 Federal Com #8H	All All All All All All All All All All	32-26S-33E 29-26S-33E 32-26S-33E 32-26S-33E 32-26S-33E 32-26S-33E 32-26S-33E 32-26S-33E 32-26S-33E 32-26S-33E 32-26S-33E	AA AA AA AA
30-025-42638 30-025-42639 30-025-42639 30-025-42441 30-025-42442 30-025-42443	Salado Draw 29 26 33 Federal Com #2HSalado Draw 29 26 33 Federal Com #3HSalado Draw 29 26 33 Federal Com #4HSalado Draw 29 26 33 Federal Com #6HSalado Draw 29 26 33 Federal Com #7HSalado Draw 29 26 33 Federal Com #8HSalado Draw 29 26 33 Federal Com #8H	All All All All All All All All All All	32-26S-33E 29-26S-33E 32-26S-33E	AA AA AA AA AA AA
30-025-42638 30-025-42639 30-025-42441 30-025-42442	Salado Draw 29 26 33 Federal Com #2HSalado Draw 29 26 33 Federal Com #3HSalado Draw 29 26 33 Federal Com #4HSalado Draw 29 26 33 Federal Com #6HSalado Draw 29 26 33 Federal Com #7HSalado Draw 29 26 33 Federal Com #8H	All All All All All All All All All All	32-26S-33E 29-26S-33E 32-26S-33E 32-26S-33E 29-26S-33E 32-26S-33E 29-26S-33E 32-26S-33E	AA AA AA AA AA
30-025-42638 30-025-42639 30-025-42639 30-025-42441 30-025-42442 30-025-42443	Salado Draw 29 26 33 Federal Com #2HSalado Draw 29 26 33 Federal Com #3HSalado Draw 29 26 33 Federal Com #4HSalado Draw 29 26 33 Federal Com #6HSalado Draw 29 26 33 Federal Com #7HSalado Draw 29 26 33 Federal Com #8HSalado Draw 29 26 33 Federal Com #8H	All All All All All All All All All All	32-26S-33E 29-26S-33E 32-26S-33E 32-26S-33E	AA AA AA AA AA AA

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E/2

32-26S-33E

30-025-50407	SD 29 26 33 Federal Com #425H	E/2	29-26S-33E	AA
		E/2	32-26S-33E	
30-025-50232	SD 29 26 33 Federal Com #426H	All	29-26S-33E	AA
		All	32-26S-33E	
30-025-49898	SD 29 26 33 Federal Com #421H	All	29-26S-33E	AA
50-025-47070		All	32-26S-33E	1 1 1
30-025-49899	SD 29 26 33 Federal Com #422H	All	29-26S-33E	AA
JU-02J-HJUJJ	5D 27 20 55 F CUCI AI CUIII #42211	All	32-26S-33E	
30-025-49900	SD 29 26 33 Federal Com #423H	All	29-26S-33E	AA
30-023-49900	SD 29 20 55 Federal Colli #42511	All	32-26S-33E	AA
20 025 50400	SD 29 26 32 Federal Com #21H	All	29-26S-33E	
30-025-50499	SD 29 20 52 Federal Colli #21H	All	32-26S-33E	AA
20.025.50500		All	29-26S-33E	
30-025-50500	SD 29 26 32 Federal Com #22H	All	32-26S-33E	AA
		All	29-26S-33E	
30-025-50501	SD 29 26 32 Federal Com #23H	All	32-26S-33E	AA
		All	29-26S-33E	
30-025-43268	SD EA 29 Federal Com P8 #9H	All	32-26S-33E	BB
		All	29-26S-33E	
30-025-43269	SD EA 29 Federal Com P8 #10H	All	32-26S-33E	BB
		All	29-26S-33E	
30-025-43270	SD EA 29 Federal Com P8 #11H	All	32-26S-33E	BB
		All	29-26S-33E	
30-025-43271	SD EA 29 Federal Com P8 #12H	All	32-26S-33E	BB
		All	29-26S-33E	
30-025-44333	SD EA 29 32 Federal Com P11 #13H	All	32-26S-33E	BB
		All	29-26S-33E	
30-025-44334	SD EA 29 32 Federal Com P11 #14H	All	29-26S-33E 32-26S-33E	BB
30-025-44335	SD EA 29 32 Federal Com P11 #15H	All	29-26S-33E	BB
		All	32-26S-33E	
30-025-44336	SD EA 29 32 Federal Com P11 #16H	All	29-26S-33E	BB
		All	32-26S-33E	
30-025-44485	SD EA 29 32 Federal Com P10 #17H	All	29-26S-33E	BB
		All	32-26S-33E	
30-025-44486	SD EA 29 32 Federal Com P10 #18H	All	29-26S-33E	BB
		All	32-26S-33E	
30-025-44487	SD EA 29 32 Federal Com P10 #19H	All	29-26S-33E	BB
	$SD = IIX I = SI = FOUCHAR COURT I = 10 \pi 1/11$	All	32-26S-33E	~ ~
30-025-44488	SD EA 29 32 Federal Com P10 #20H	All	29-26S-33E	BB
50-025-44466 50 EA 29 52 Federal Com P10 #20H	All	32-26S-33E	50	

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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

CONDITIONS

Operator:	OGRID:
CHEVRON U S A INC	4323
6301 Deauville Blvd	Action Number:
Midland, TX 79706	372231
	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.	8/9/2024

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