

DATE IN 10/09/13	SUSPENSE	ENGINEER DB	LOGGED IN 10/14/13	TYPE CTB	APP NO. PP641328953057
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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



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OCT -9 P 1:35

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

Chevron USA

30-015-41120
Hayhurst 16 25 27 St. #1H
30-015-41121
Hayhurst 16 25 27 St. #2H

[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.

Cindy Herrera-Murillo
 Print or Type Name

Cindy Herrera-Murillo
 Signature

Permitting Specialist
 Title

10/02/2013
 Date

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)
PO Box 190, Room 121
Hobbs FMT, Hobbs, NM 88241
Tel 575-263-0431
Cherreramurillo@chevron.com

October 4, 2013

Oil Conservation Division
Attn: Engineering Department
1220 S. St. Francis Drive
Santa Fe, NM 87505

Application for surface commingling, Wildcat Bone Spring Pool (Code 39726), Eddy County, NM (T25S-R27E, Sec 16)

Dear Sirs,

Chevron North America respectfully requests administrative approval to surface commingle oil, gas, and water production from the Bone Spring Pool through Chevron's Hayhurst 16 Central Battery. Wells producing to this battery include the Chevron Hayhurst 16 State 1H and the Hayhurst 16 State 2H (which will be horizontally drilled in fall 2013 into the Second Bone Spring sand Formation, attached map). These wells are located in section 16, T25S-R27E, Eddy County, New Mexico. APDs for each well, which includes surface plats, are included with this notification.

State Lease VB-1865 on the W/2 of Section 16, T25S, R27E where the Hayhurst 16 State #2H will be drilled and completed has a 3/16 royalty on oil and gas, while State Lease V0-7320 on the E/2 of Section 16, T25S, R27E where the Hayhurst 16 State #1H will be drilled and completed has a 1/6 royalty on oil and gas. As such, the wells will be allocated by continuous metering with coriolis meter on oil and EFM on gas for each well. A schematic showing this configuration is attached.

Names of all WIO and RIO for each well are included with this request, and all of these owners are being notified of this request and that each will have 20 days with which to object to the commingling request per NMOCD Rule 19.15.12.10 SURFACE COMMINGLING C. (4) c.

Sincerely,

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

Cindy Herrera-Murillo
Permitting Specialist

Submit 1 Copy To Appropriate District
Office
District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources

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

Form C-103
Revised July 18, 2013

015
WELL API NO. 30-025-41120 & 30-025-41121
5. Indicate Type of Lease
STATE ☒ FEE ☐
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name
HAYHURST 16 STATE
8. Well Number 1H & 2H
9. OGRID Number
4323
10. Pool name or Wildcat
WILDCAT G-02 S2527 15A; BONE
SPRING
4. Well Location C 150' feet from the NORTH line and 2280' feet from the WEST line
Unit Letter B : 150' feet from the NORTH line and 1780' feet from the EAST line
Section 16 Township 25S Range 27E NMPM County EDDY
11. Elevation (Show whether DR, RKB, RT, GR, etc.)

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 ☐
DOWNHOLE COMMINGLE ☐
CLOSED-LOOP SYSTEM ☐
OTHER: SURFACE COMMINGLE HAYHURST 1H & 2H ☒

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 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Chevron U.S.A. Inc. respectfully gives notice of intent to surface commingle oil, gas and water production from the Wildcat, Bone Spring Pool through Chevron's Hayhurst 16 Central Battery. Wells producing to this battery include the Chevron Hayhurst 16 State #1H and Hayhurst 16 State #2H (which will be horizontally drilled in fall of 2013 into the Second Bone Spring sand formation, attached map). These wells are located in section 16, township 25 South and Range 27 East.

Spud Date: Estimated Mid Nov of 2013

Rig Release Date: Estimated Mid Dec of 2013

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

SIGNATURE Cindy Herrera-Murillo TITLE PERMITTING SPECIALIST DATE 10/04/2013

Type or print name CINDY HERRERA-MURILLO E-mail address: Cherreramurillo@chevron.com PHONE: 575-263-0431

For State Use Only

APPROVED BY: _____ TITLE _____ DATE _____

Conditions of Approval (if any):



Cindy Herrera-Murillo
Regulatory Specialist
Midcontinent BU

**Chevron North America
Exploration and Production
Company**

PO Box 190 Room 121
Hobbs FMT, Hobbs, NM 88241
Tel 575-263-0431
Fax 575-391-6679
cherreramurillo@chevron.com

October 4, 2013

**Re: Application for Surface Commingling
Hayhurst 16 Central Tank Battery
Section 16, T25S, R27E,
Eddy County, New Mexico**

**State Of New Mexico
Commissioner of Public Lands
Royalty Interest Owner,**

Chevron U.S.A. Inc. respectfully gives notice of intent to surface commingle oil, gas and water production from the Wildcat, Bone Spring Pool through Chevron's Hayhurst 16 Central Battery. Wells producing to this battery include the Chevron Hayhurst 16 State #1H and Hayhurst 16 State #2H (which will be horizontally drilled in fall of 2013 into the Second Bone Spring sand formation, attached map). These wells are located in section 16, township 25 South and Range 27 East.

The working interest is the same for both wells (CVX 100% WI), but the royalty interests are as follows:

Well Name	Lease	WI / NRI / OCD RI
Hayhurst 16 State 1H	Hayhurst W/2 ("Lease #1")	100% WI/81.25% NRI / 18.75% OCD RI
Hayhurst 16 State 2H	Hayhurst E/2 ("Lease #2")	100% WI /83.33% NRI / 16.667% OCD RI

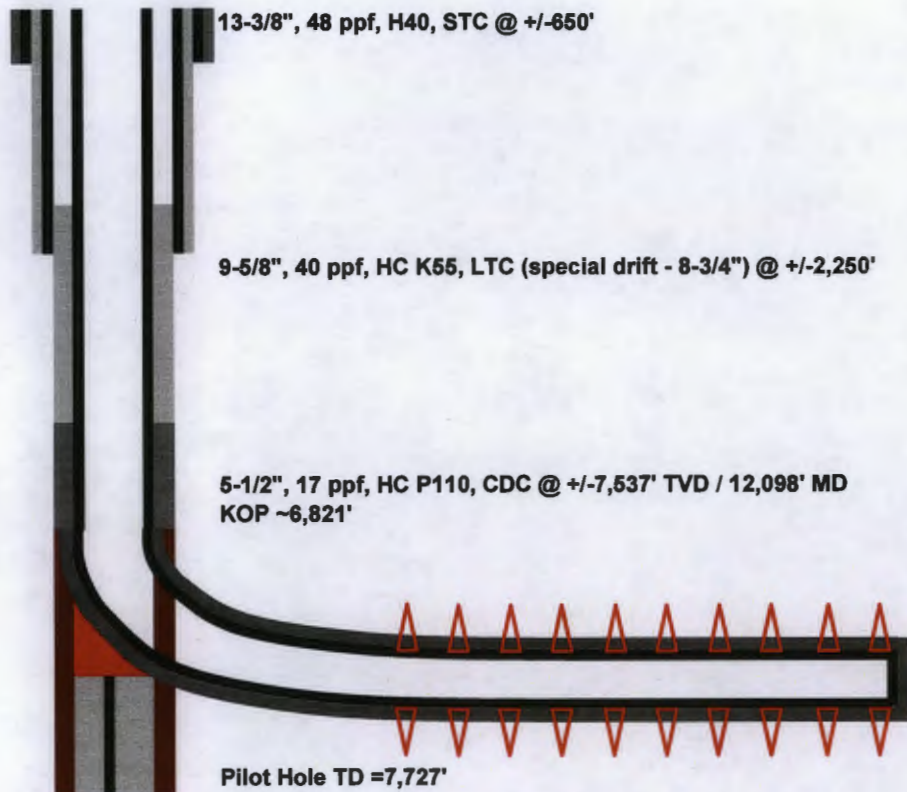
Any objections to this commingle must be sent to the New Mexico Oil Conservation Division; 1220 South St. Francis Drive; Santa Fe, NM 87504, within 20 days of receipt of this notification. If you require additional information, please contact me at 575-263-0431, or by email at: cherreramurillo@chevron.com.

Sincerely,

Cindy Herrera-Murillo
Regulatory Specialist
Enclosure

cc: NMOCD – District II, Artesia
Lease File
James Laning
Greg Minnery
Danny Hunt
Denise Pinkerton

Hayhurst 16 State 1H Drilling Program "Quick-Look"



General Drilling Procedure

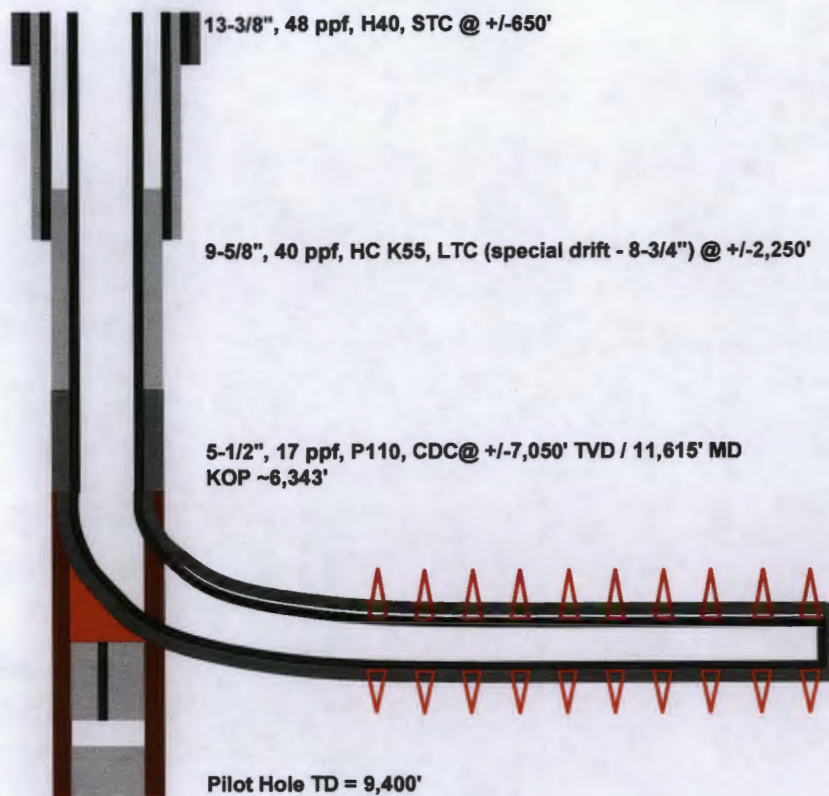
- Currently 10' cylindrical cellar installed with 80' of 20" conductor pipe set.
- MIRU
- N/U on 20" conductor and drill 17-1/2" surface hole with fresh water to 650'.
- Install 13-5/8" 5M SH-2 wellhead on hanger. Run 13-3/8" - 48# - H40 - STC casing and cement with Class "C" lead and tail system.
- N/U and test BOPE to 250 psi / 5,000 psi.
- Drill 12-1/4" intermediate hole to 2,250' with saturated brine past salt zone.
- POOH and run 9-5/8" - 40# - HC K55 - LTC casing and cement with a Class "C" lead and tail system.
- Drill 8-3/4" production hole with cut brine mud to 7,727' to base of Bone Spring formation.
- POOH and run specified logs.
- Run open hole cemented whipstock.
- Drill 8-3/4" build & 8-1/2" lateral hole to +/-12,098' in pay zone.
- POOH with no lateral logs planned.
- Run 5-1/2" - 17# - HC P110 - LTC casing and cement with a Class "H" lead and tail system
- RDMO and turn well over for completion.

Delaware River: 16, 25S, 27E Eddy County, New Mexico

Hole Size	Mud	Bits
17-1/2"	FW/Spud Mud	Rock Bit
12-1/4"	Brine 10.0 ppg	PDC
8-3/4"	Cut Brine/LSND 8.6-8.8 ppg	PDC
8-1/2"	Cut Brine/LSND 8.8-9.4 ppg	PDC

Formation & Geologic Feature Tops	Lithology	Depth (TVD)
Surf Alluv. and Rustler	ss, dol, gyp	0
Castile	anhydrite	460
Lamar LS	LS	2,208
Bell Canyon	SS	2,259
Cherry Canyon	LS	3,052
Brushy Canyon	SS/LS	4,159
T/Bone Spring	LS	5,764
T/1st Bone Spring Sand	SS	6,675
T/2nd Bone Spring Sand	SS	7,367
B/2nd Bone Spring Sand	LS	7,627
TD		

Hayhurst 16 State 2H - Exploration Drilling Program "Quick-Look"



General Drilling Procedure

- Currently 10' cellar installed with 80' of 20" conductor pipe set.
- MIRU
- N/U on 20" conductor and drill 17-1/2" surface hole with fresh water to 650'.
- Run 13-3/8" - 48# - H40 - STC casing and cement with a Class "C" lead and tail system.
- Install 13-5/8" 5M multibowl wellhead. N/U and test BOPE to 5,000 psi / 250 psi.
- Drill 12-1/4" intermediate hole to 2,250' with saturated brine past salt zone.
- POOH and run 9-5/8" - 40# - HC K55 - LTC casing and cement with a Class "C" lead and tail system.
- Drill 8-3/4" hole with cut brine mud to core point of 6,865'
- **Core 8-3/4" hole from 6,865'-7,045'. POOH and lay down cores.**
- Drill 8-3/4" vertical hole to second core point of 8,800'
- **Core 8-3/4" hole from 8,800'-8,980'. POOH and lay down cores.**
- Drill 8-3/4" vertical hole to third core point of 9,125'
- **Core 8-3/4" hole from 9,125'-9,395'. POOH and lay down cores.**
- RIH with a 8-3/4" BHA for wiper trip to TD of 9,400'
- POOH and run specified logs.
- Plug back pilot hole.
- Run open hole whipstock or kick off cement plug.
- Drill 8-3/4" build & lateral hole to +/-11,615' in pay zone.
- POOH with no lateral logs planned.
- Run 5-1/2" - 17# - P110 - CDC casing and cement with a Class "H" lead and tail system

Delaware River: 16, 25S, 27E Eddy County, New Mexico

Hole Size	Mud	Bits
17-1/2"	FW/Spud Mud	Rock Bit
12-1/4"	Brine 10.0 ppg	PDC
8-3/4"	Cut Brine/LSND 8.6-8.8 ppg	PDC
8-1/2"	Cut Brine/LSND 8.8-9.4 ppg	PDC v

Formation & Geologic Feature Tops	Lithology	Depth (TVD)
Surf Alluv and Rustler	ss, dol, gyp	0
Castile	anhydrite	500
Lamar LS	LS	2140
Bell Canyon	SS	2215
Cherry Canyon	LS	2926
Brushy Canyon	SS/LS	4030
T/Bone Spring	LS	5700
T/1st Bone Spring Sand	SS	6660
B/1st Bone Spring Sand	LS	7060
T/2nd Bone Spring Sand	SS	7320
B/2nd Bone Spring Sand	LS	7600
T/3rd Bone Spring Sand	SS	8500
Wolfcamp A	SS	8875

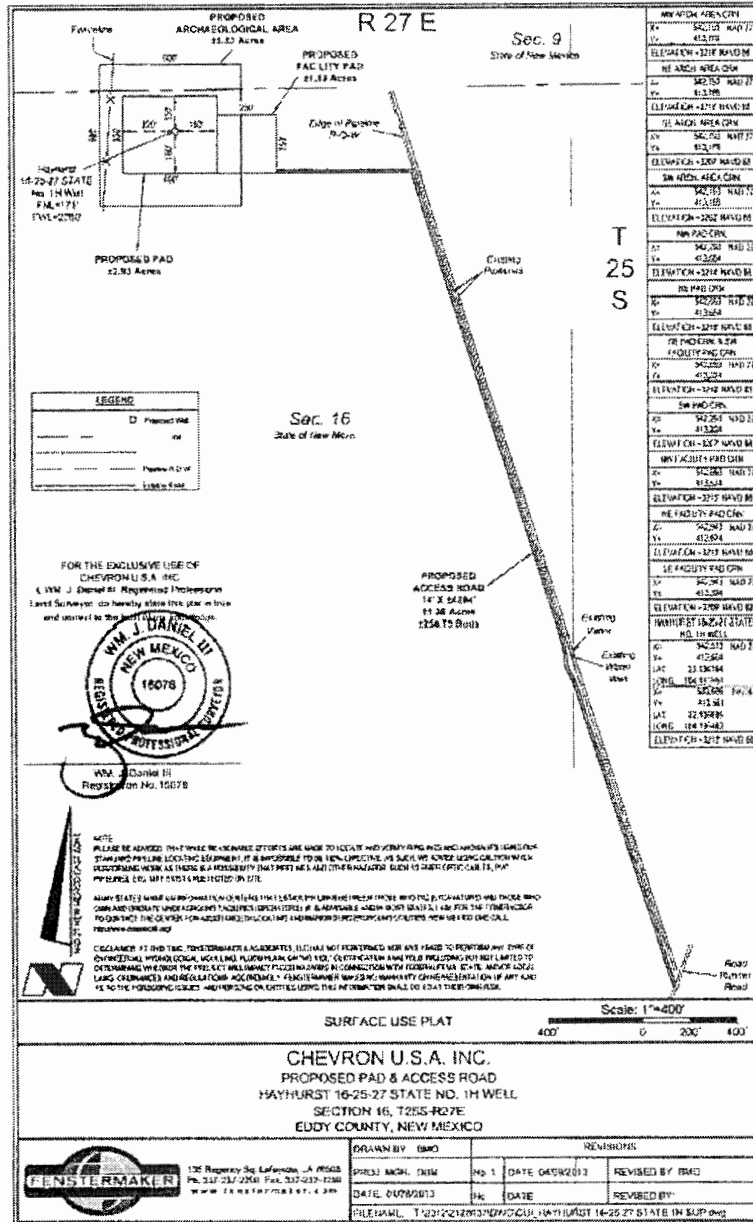
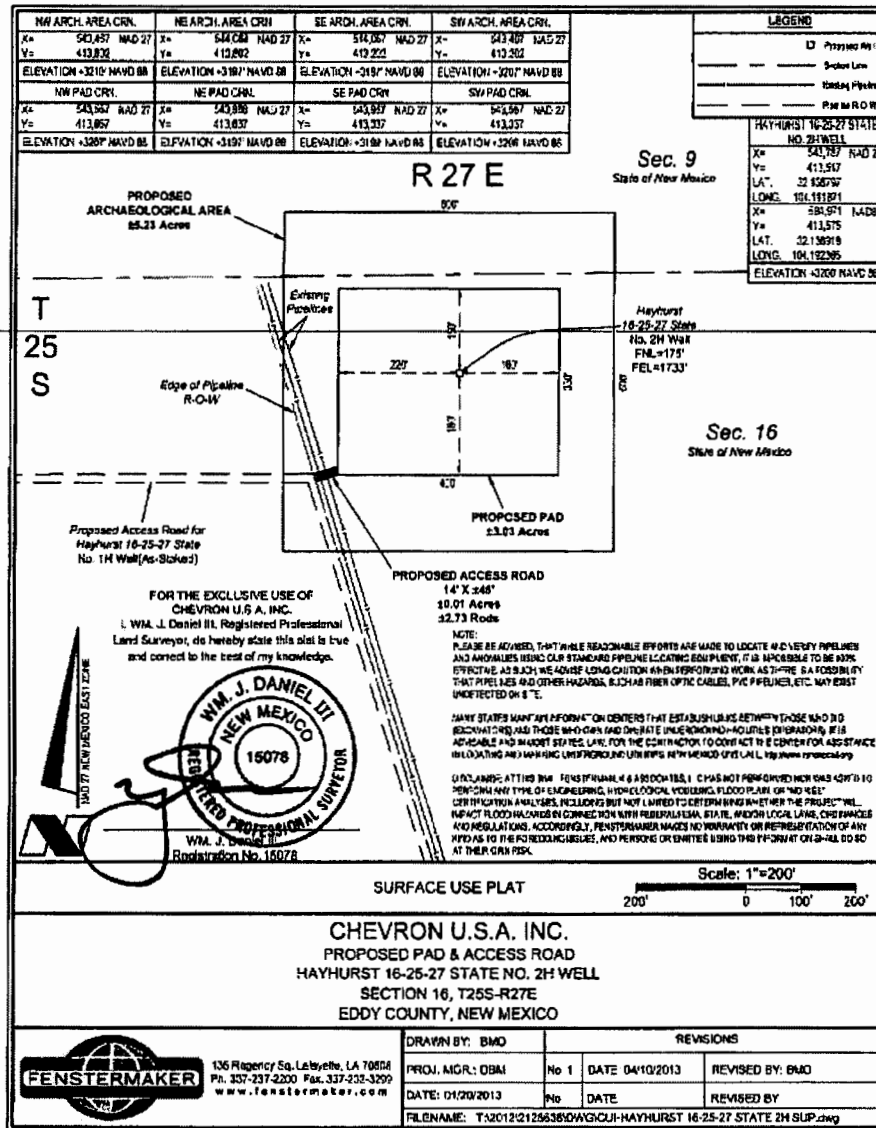
EXHIBIT B

EXHIBIT B





New Mexico Office of the State Engineer

Point of Diversion Summary

(quarters are 1=NW 2=NE 3=SW 4=SE)
(quarters are smallest to largest) (NAD83 UTM in meters)

POD Number	Q64 Q16 Q4 Sec Tws Rng	X	Y
C 02588	3 4 3 33 25S 27E	575645	3549575*

Driller License: TAYLOR WATER WELL SERVICE

Driller Name:

Drill Start Date: 05/31/1998

Drill Finish Date: 06/03/1998

Plug Date:

Log File Date: 08/24/1998

PCW Rcv Date:

Source: Shallow

Pump Type:

Pipe Discharge Size:

Estimated Yield: 2

Casing Size: 5.00

Depth Well: 81 feet

Depth Water: 19 feet

Water Bearing Stratifications:

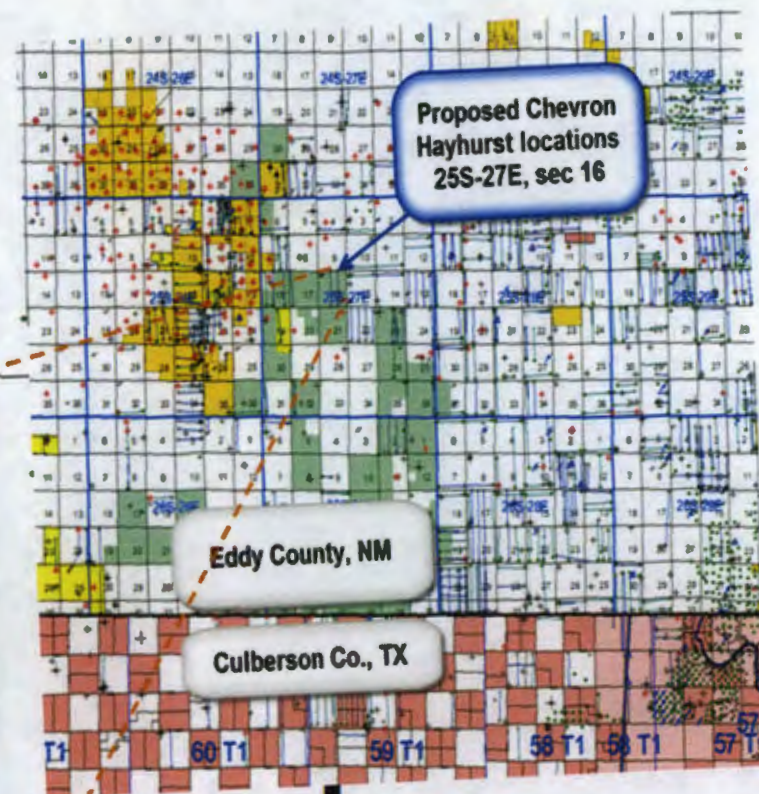
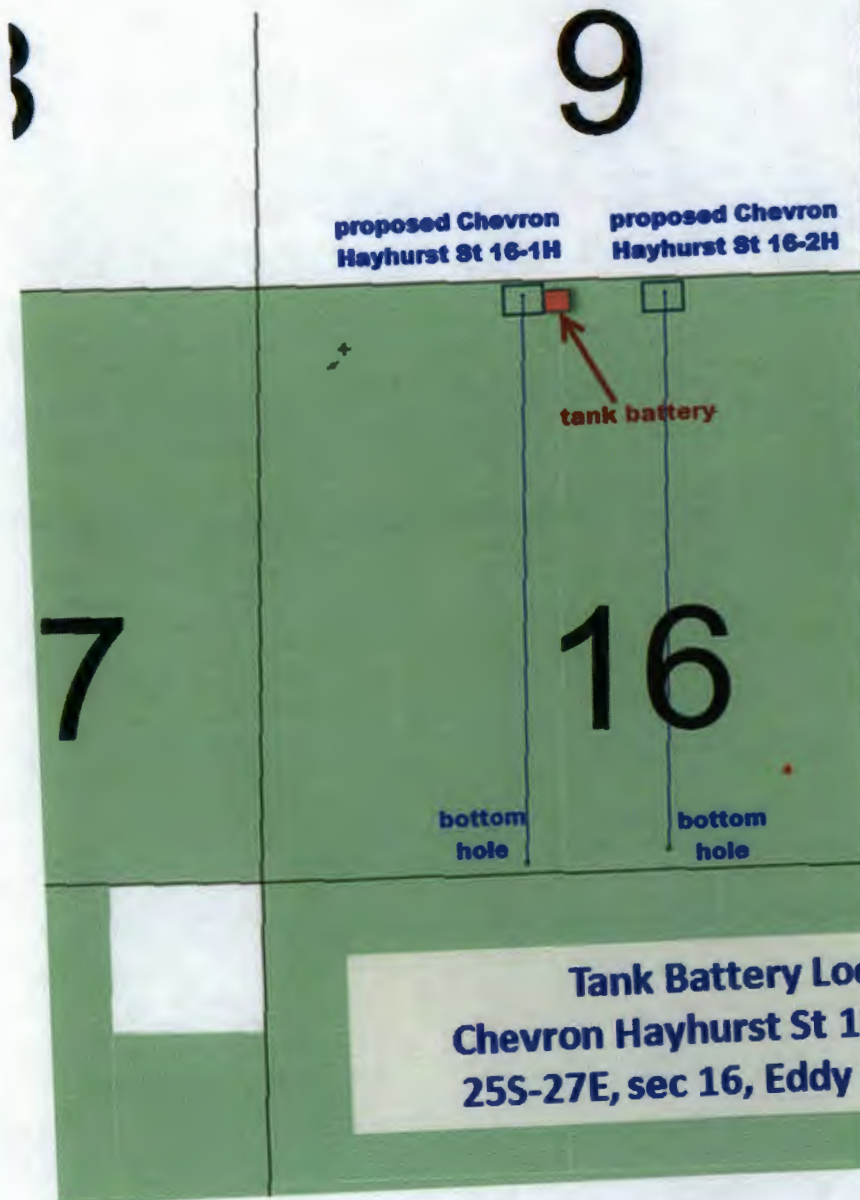
Top	Bottom	Description
21	23	Other/Unknown
52	81	Other/Unknown

Casing Perforations:

Top	Bottom
53	81

*UTM location was derived from PLSS - see Help

The data is furnished by the NMOSE/ISC and is accepted by the recipient with the expressed understanding that the OSE/ISC make no warranties, expressed or implied, concerning the accuracy, completeness, reliability, usability, or suitability for any particular purpose of the data.



CHEVRON USA

Hayhurst 16 Battery PROCESS FLOW DIAGRAM

Section 16, T25S, R27E, Eddy County, New Mexico
October 02, 2013

