

DATE IN 2/22/2014	SUSPENSE	ENGINEER Re	LOGGED IN 2/21/2014	TYPE CTB	APP NO. PMAM 1405258647
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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]

698

CHEVRON

4323

CTB

- [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 _____

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- [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

Wells

- Hayhurst

18 Federal

30-015-41848

40

- Hayhurst 17

Federal

30-015-41845

Pool

- Cottonwood

Draw Bone

Spring - 97494

- [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

02/11/2014
Date

Cherreramurillo@chevron.com
e-mail Address

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 USA INC

OPERATOR ADDRESS: 15 SMITH RD, MIDLAND, TX 79705

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. COTTONDRAW;BONE SPRING (97494)

(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

(4) Measurement type: ☒ Metering ☐ Other (Specify)

(C) POOL and LEASE COMMINGLING

Please attach sheets with the following information

(1) Complete Sections A and E.

(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: Cindy Herrera-Murillo TITLE: PERMITTING SPECIALIST DATE: 04/21/2014

TYPE OR PRINT NAME: CINDY HERRERA-MURILLO TELEPHONE NO.: 575-263-0431

E-MAIL ADDRESS: Cherreramurillo@chevron.com



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

February 18, 2014

Bureau of Land Management
New Mexico State Office
P.O. Box 27115
Santa Fe, NM 87502-0115

Application for surface commingling, Cottonwood Draw, Bone Spring Pool (Code 97494), Eddy County, NM (T25S-R27E, Sec 17 & 18)

Dear Sirs,

Chevron North America respectfully requests administrative approval to surface commingle oil, gas, and water production from the Cottonwood Draw, Bone Spring Pool through Chevron's Hayhurst Battery. Wells producing to this battery include the Chevron Hayhurst 17 Federal #1H and the Hayhurst 18 Federal #1H (which will be horizontally drilled in spring of 2014 into the Second Bone Spring sand Formation, attached map). These wells are located in section 17 & 18, T25S-R27E, Eddy County, New Mexico. APDs for each well, which includes surface plats, are included with this notification.

The working interest and royalties are the same for both wells (100% CVXI). These wells will be horizontally drilled in spring of 2014. As such, the wells will be allocated by monthly Well test with coriolis on oil and EFM on gas. A schematic showing this configuration is attached.

Names of RIO for these wells 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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires: January 31, 2004

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 reverse side.

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

2. Name of Operator
CHEVRON USA INC

3a. Address
15 SMITH RD, MIDLAND, TX 79705

3b. Phone No. (include area code)
575-263-0431

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

**Unit Letter D, 55' FNL and 190' FWL, Section 17 Township 25-S, Range 27E,
Unit Letter A, 340' FNL and 1040' FEL, Section 18 Township, 25-S, Range 27E**

5. Lease Serial No.
NMNM 113954 & NMNM 111530

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.
HAYHURST 17 & 18 FED # 1H

9. API Well No.
30-015-41845 & 30-015-41848

10. Field and Pool, or Exploratory Area
COTTONWOOD DRAW;BS

11. County or Parish, State
EDDY CO, NM

12. CHECK 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"/> After Casing	<input type="checkbox"/> Fracture Treat	<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 Commingle
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Hayhurst 17 & 18
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	Federal #1H

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 shall 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 shall be filed once testing has been completed. Final Abandonment Notices shall 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 USA INC, respectfully gives notice of intent to surface commingle oil, gas and water production from the Cottonwood Draw; Bone Spring Pool through Chevron's Hayhurst 17 Central Battery, Wells producing to this battery include the Chevron Hayhurst 17 Federal # 1H and Hayhurst 18 Federal # 1H (which will be horizontally drilled in Spring of 2014 into the Second Bone Spring sand formation, attached map). These wells are located in Section 17 and Section 18, Township 25 South and Range 27 East. The working interest and royalties are the same for both wells (100 CVX)

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

CINDY HERRERA-MURILLO

Title **PERMITTING SPECIALIST**

Signature

Cindy Herrera-Murillo

Date

01/23/2014

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

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.

Title

Date

Office

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.

(Instructions on page 2)

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 Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-41845	Pool Code 97494	Pool Name Cottonwood Draw; Bone Spring
Property Code 40276	Property Name HAYHURST 17 FEDERAL	Well Number 1H
OGRID No. 4323	Operator Name CHEVRON USA INC	Elevation 3245'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	17	25-S	27-E		55	NORTH	190	WEST	EDDY

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
M	17	25-S	27-E		250	SOUTH	800	WEST	EDDY
Dedicated Acres 160	Joint or Infill	Consolidation Code	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

<p>S.L. SEE DETAIL</p> <p>DETAIL</p> <p>GRID AZ = 172°58'29"</p> <p>HORIZ. DIST = 5038.4'</p> <p>800'</p> <p>B.H.</p>	<p>GEODETIC COORDINATES NAD 27 NME</p> <p>SURFACE LOCATION Y=413601.9 N X=535142.8 E</p> <p>LAT.=32.137057° N LONG.=104.219798° W</p> <p>BOTTOM HOLE LOCATION Y=408602.6 N X=535758.8 E</p> <p>CORNER COORDINATES TABLE</p> <table> <tr> <td>A - Y=413657.1 N, X=534952.7 E</td> </tr> <tr> <td>B - Y=413655.9 N, X=536272.9 E</td> </tr> <tr> <td>C - Y=408352.8 N, X=536282.1 E</td> </tr> <tr> <td>D - Y=408352.5 N, X=534959.3 E</td> </tr> </table>	A - Y=413657.1 N, X=534952.7 E	B - Y=413655.9 N, X=536272.9 E	C - Y=408352.8 N, X=536282.1 E	D - Y=408352.5 N, X=534959.3 E	<p>OPERATOR CERTIFICATION</p> <p>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.</p> <p><i>Denise Pinkerton</i> 07/09/13 Signature Date</p> <p>DENISE PINKERTON Printed Name</p> <p><i>leakejd@chevron.com</i> E-mail Address</p>
	A - Y=413657.1 N, X=534952.7 E					
B - Y=413655.9 N, X=536272.9 E						
C - Y=408352.8 N, X=536282.1 E						
D - Y=408352.5 N, X=534959.3 E						
<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>JUNE 4, 2013</p> <p>Date of Survey</p> <p><i>Ronald J. Eidson</i> Signature Professional Surveyor</p> <p>RONALD J. EIDSON NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR 3239</p> <p><i>Ronald J. Eidson</i> 06/19/2013 Certified by: Ronald J. Eidson 12641 Professional Surveyor 3239</p> <p>ACK JWSC W.O.: 13.11.0327</p>						

EXHIBIT A-2

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

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

DISTRICT IV
1220 S St. Francis Dr., Santa Fe, NM 87505
Phone (505) 476-3460 Fax (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-41848	Pool Code 97494	Pool Name COTTONWOOD DRAW; BOGE SPRING
Property Code 40281	Property Name HAYHURST 18 FEDERAL	
OGUID No 4323	Operator Name CHEVRON USA INC	
		Well Number 1H
		Elevation 3209'

Surface Location

UL or lot No	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	18	25-S	27-E		340	NORTH	1040	EAST	EDDY

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
P	18	25-S	27-E		250	SOUTH	855	EAST	EDDY

Dedicated Acres 16.0	Joint or Infill	Consolidation Code	Order No NSL -
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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

1	<p>DETAIL</p> <p>3209.4' 3224.9'</p> <p>600'</p> <p>3197.6' 3220.6'</p>	A	<p>S.L. SEE DETAIL</p> <p>1040'</p>	B	<p>OPERATOR CERTIFICATION</p> <p>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.</p> <p><i>Denise Pinkerton</i> 07/09/13 Signature Date Denise Pinkerton Printed Name Lea Reid@chevron.com E-mail Address</p> <p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>JUNE 4, 2013</p> <p>Date of Survey Signature of Professional Surveyor RONALD J. EIDSON 3239 Professional Surveyor <i>Ronald J. Eidson</i> 06/19/2013 Certification Number ACK JWSC W.O. 13 11 0329</p>
2	<p>GEODETIC COORDINATES NAD 27 NME</p> <p>SURFACE LOCATION Y=413305.0 N X=533913.4 E</p>				
3	<p>LAT.=32.136245° N LONG.=104.223771° W</p> <p>BOTTOM HOLE LOCATION Y=408593.7 N X=534104.2 E</p> <p>CORNER COORDINATES TABLE</p> <p>A - Y=413641.7 N, X=533630.3 E B - Y=413657.1 N, X=534952.7 E C - Y=408352.5 N, X=534959.3 E D - Y=408338.9 N, X=533633.7 E</p>				
4					

Exhibit A-2

Operator Guidelines for Commingling Approval

A request for commingling should contain the following documentation in this order:

1. A formal request on Form 3160-5, Sundry Notices and Reports on Wells (Notice of Intent) for approval to combine (commingle), store, measure production and sales of production off-lease with an appropriate explanation, and diagram(s) describing the proposed operation in detail.

Completed Form 3160-5 is attached.

2. List all wells by lease or agreement number to include the following information
 - well name and number
 - API number
 - Location to include ¼ ¼ Section, Township and Range
 - State (NM) Pool name (formation) and Pool Code
 - Current daily production from each contributing well (BOPD and MCFPD)
 - Current oil gravity at 60 deg.
 - Current dry gas BTU

Chevron Corp is requesting approval for the Central Tank Battery, Commingling:

Federal Lease	Well Name	Location	API#	Pool#
NMNM113954	Hayhurst 17 Fed 1H	S 17 W2W2 T25S R27E	30-015-41845	Cottonwood Draw; Bone Spring
NMNM111530	Hayhurst 18 Fed 1H	S 18 E2E2 T25S R27E	30-015-41848	Cottonwood Draw; Bone Spring

(continued)	Well Name	Oil BOPD	Gravities @ 60 deg	MCFPD	BTU
	Hayhurst 17 Fed 1H	406 BOPD	43.1	1454 mcfpd	1313
	Hayhurst 18 Fed 1H	406 BOPD	43.1	1454 mcfpd	1313

The BLM's interest in both wells is the same.

Federal Lease	Lease description	WI / NRI	Lease	Royalty interest
NMNM113954	1 Lease covering all of S. 17	100%/87.5% NRI	Fed	12.5%
NMNM111530	1 Lease covering E/2 of S. 18	100%/81.5% NRI/6% ORRI	Fed	12.5%

3. Written documentation giving details of the proposed method of measurement and allocation of production for each lease or agreement involved. This shall include, at a minimum, the following, but more information may be requested for complex commingling requests:
- Proposed method of measurement (i.e., metered, coriolis, tank gauge, LACT, test equipment, etc.)
 - well test frequency and time frames for each well
 - location of measurement points
 - measurement point station name and/or number or FMP

Oil & Gas metering:

The Hayhurst 17 Federal 1H and Hayhurst 18 Federal 1H have five oil/water tanks at the Hayhurst 17 tank battery that both wells will utilize. They have a common gas sales meter, Enterprise Field Services, LLC (*), which is located on the northeast side of the facility. Oil will be exported via a LACT unit located in the center of the facility. Oil, gas, and water volumes from each well producing to this battery will be determined by using two three-phase metering separators at the proposed facility. Oil production will be allocated on a continuous basis based on the Coriolis Test. The Micro Motion Coriolis meters for Hayhurst 17 (*) and Hayhurst 18 (*) will be proven, as per API, NMOCD, and BLM specifications when installed and quarterly thereafter. Gas production will be allocated on a continuous basis based on separate EFM meters for Hayhurst 17 (*) and Hayhurst 18 (*). These meters will be calibrated on a regular basis per API, NMOCD and BLM specifications. The BLM and OCD will be notified of any future changes in the facilities.

(*) All serial numbers will be provided prior to the construction date

Process and Flow Descriptions:

The flow of production is shown in detail on enclosed facility diagram and Map which shows the lease, communitization boundaries, location of wells, facility, and gas sales meter. The commingling of production in the interest of conservation will result in the most effective, economic means of producing the reserves in place from the affected wells and will not result in reduced royalty or improper measurement of production. The proposed commingling will reduce operating expenses as well as reduce the surface facility footprint and overall emissions.

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

A central tank battery is located to the east of the well pad for the Hayhurst 17 Federal 1H located at Sec. 17-T25S-R37E on federal lease NMNM113954 in Eddy County, New Mexico. The production from each well will come to a discrete three-phase metering separator located on the east side of the facility.

APPLICATION FOR, COMMINGLING AT A COMMON CENTRAL TANK BATTERY
Hayhurst 17 Fed 1H & Hayhurst 18 Fed 1H
Chevron Corporation

Each phase produced from a separator will proceed to a common process within the facility. The oil is metered with a Micro Motion coriolis meter for Hayhurst 17 (*) and Hayhurst 18 (*). The oil then flows into an oil production line where it is combined with the other well oil and flows to one of the 500 bbl. oil tanks. Water is metered using turbine meters and is combined downstream of the separator where it flows to one of the 500 bbl. produced water tanks.


The gas from each separator flows through an EFM meter for Hayhurst 17 (*) and Hayhurst 18 (*). The gas from the separators then combine and route to the Enterprise Field Services, LLC (*) sales meter where total gas for the facility is metered and the custody transfer is made.

Signed: _____
Printed Name: Jimmy Batton
Title: Facility Engineer
Date: 01/13/14

APPLICATION FOR, COMMINGLING AT A COMMON CENTRAL TANK BATTERY
Hayhurst 17 Fed 1H & Hayhurst 18 Fed 1H **Chevron Corporation**

Each phase produced from a separator will proceed to a common process within the facility. The oil is metered with a Micro Motion coriolis meter for Hayhurst 17 (*) and Hayhurst 18 (*). The oil then flows into an oil production line where it is combined with the other well oil and flows to one of the 500 bbl. oil tanks. Water is metered using turbine meters and is combined downstream of the separator where it flows to one of the 500 bbl. produced water tanks.

The gas from each separator flows through an EFM meter for Hayhurst 17 (*) and Hayhurst 18 (*). The gas from the separators then combine and route to the Enterprise Field Services, LLC (*) sales meter where total gas for the facility is metered and the custody transfer is made.

Signed: 
Printed Name: Jimmy Batton
Title: Facility Engineer
Date: 01/13/14

APPLICATION FOR, COMMINGLING AT A COMMON CENTRAL TANK BATTERY
 Hayhurst 17 Fed 1H & Hayhurst 18 Fed 1H Chevron Corporation

4. Provide a statement with evidence (using the attached worksheet) that Federal or Indian royalties will not be reduced by commingling of production and is in the interest of conservation and will not result in improper measurement of production. The evidence (worksheet) shall include the following data.
- Current value of oil by gravity at 60 deg. prior to commingling
 - Current value of dry gas by BTU prior to commingling
 - Dollar value of oil production after commingling
 - Dollar value of gas production after commingling
 - Dollar value of oil must also include if production is sold as sweet or sour and the difference in value

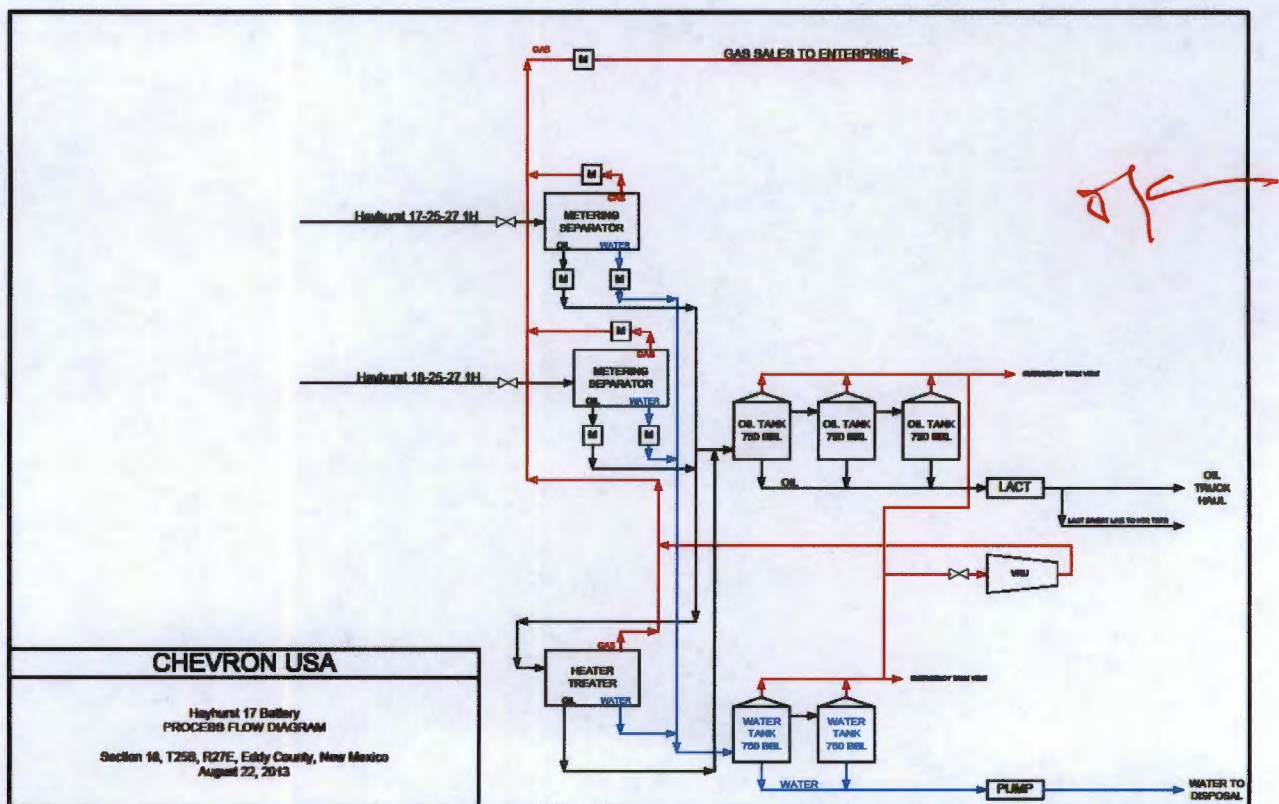
Federal Lease	Royalty Rate	Well Name	BOPD	Oil Gravity @60 deg	Value/bbl	MCFPD	Dry BTU	Value/mcf
NMNM113954	12.5%	Hayhurst 17 Fed 1H	406	43.1	\$88.24	1454	1313	\$3.05
NMNM111530	12.5%	Hayhurst 18 Fed 1H	406	43.1	\$88.24	1454	1313	\$3.05

	Facility Name	BOPD	Oil Gravity @60 deg	Value/bbl	MCFPD	Dry BTU	Value/mcf
Economic combined production	Hayhurst 17/18 Battery	812	43.1	\$88.24	2908	1313	\$3.05

Signed: _____
 Printed Name: Willians Guaregua
 Title: Reservoir Engineer
 Date: 01/20/2014

APPLICATION FOR, COMMINGLING AT A COMMON CENTRAL TANK BATTERY
 Hayhurst 17 Fed 1H & Hayhurst 18 Fed 1H Chevron Corporation

5. A current facility diagram which clearly identifies and places all equipment, starting at the header, that will be utilized for surface commingling to show the following items:
- identify all wells and flow lines
 - identify allocation or check meters (to include meter station name and/or number)
 - include additional diagrams (with location) of any test or allocation facilities at other location
 - identify gas sales/transfer meters (to include meter station name and/or number or FMP)
 - give location of gas sales/transfer point to include ¼ ¼, Section, Township and Range of meter if it is not at this facility



6. Map(s) with the following items displayed to proper scale and in a legible format to show the following items:

- Lease and agreement (CA or PA or Unit) boundaries
- Lease serial numbers or agreement numbers
- Legal location (section, township, range)
- Actual well surface locations (with names and numbers) of all wells that will contribute production; if wells are directional or horizontal and produce from a different lease or agreement than the surface location, the map should include the approximate wellbore path and the location of the producing interval(s)
- Gas allocation meters, central delivery points (CDP) and sales meters. Include meter station name and/or number, or FMP.
- Oil storage and sales facilities (sales tanks and LACTs). Give LACT meter number or FMP.

A map of the leases is located on the following page. An additional plat shows the battery detail.

Hayhurst 17/18 Commingle Location Map

USA (NM NM 93471) LSE

7

8

Hayhurst 18 Fed 1H
30015418480000

Facilities Pad

Hayhurst 18 Fed 1H
30015418480000

18

NM7910001-000

25S-27E

17

NM7440017-000

Eddy

NM7910001-000

19

USA NMNM-107368 LSE

NM7440014-000

20

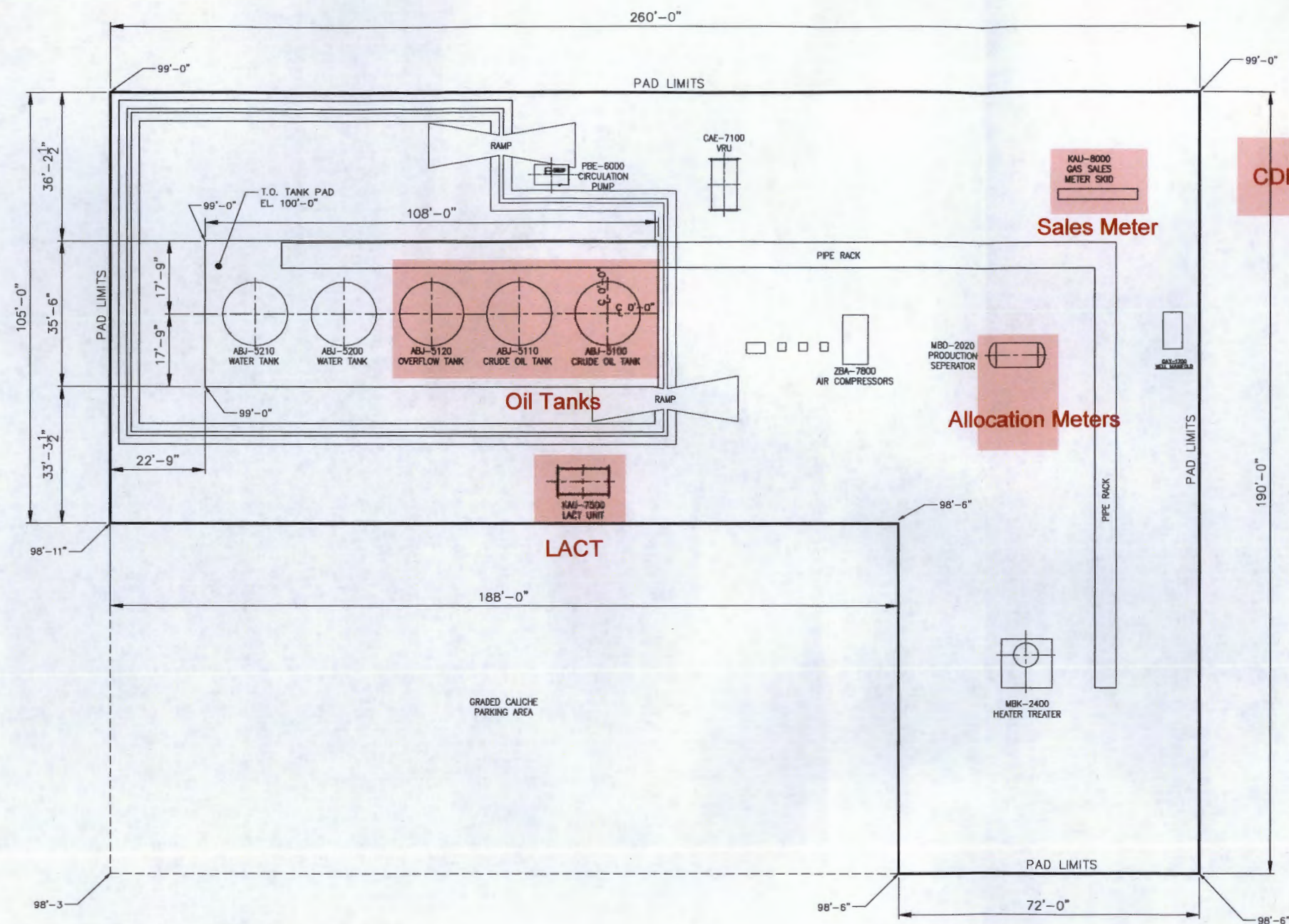
NM7440003-012

30-000048-001

NM7440003-013



0 0.125 0.25 0.5 Miles



REVISIONS

ISSUED FOR REVIEW	J. VUELVAZ 9/30/13	✓	△
△			△
△			△

ISSUED FOR
REVIEW



Chevron U.S.A. Inc.

EUNICE FMT-DELAWARE BASIN
Hayhurst MTB-EDDY COUNTY, NEW MEXICO

PLOT PLAN

API

LEASE

EUCHMTB-04-01



APPLICATION FOR, COMMINGLING AT A COMMON CENTRAL TANK BATTERY
Hayhurst 17 Fed 1H & Hayhurst 18 Fed 1H
Chevron Corporation

7. Attach a copy of the serial register page to show the present royalty rate for the following:
- Each lease
 - Each agreement
 - All leases associated with agreements

Serial register page form LR2000 is attached on the following pages.

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

Run Time: 06:07 AM

Page 1 of 3

Run Date: 01/06/2014

01 12-22-1987;101STAT1330;30USC181 ET SE

Total Acres

Serial Number

Case Type 312021: O&G LSE COMP PD -1987

478.860

NMNM-- - 111530

Commodity 459: OIL & GAS L

Case Disposition: AUTHORIZED

Serial Number: NMNM-- - 111530

Name & Address			Int Rel	% Interest
CHEVRON USA INC	1400 SMITH ST	HOUSTON TX 770027327	LESSEE	100.0000000
CHEVRON USA INC	1400 SMITH ST	HOUSTON TX 770027327	OPERATING RIGHTS	0.0000000

Serial Number: NMNM-- - 111530

Mer Twp	Rng	Sec	STyp	SNr Suff	Subdivision	District/Field Office	County	Mgmt Agency
23	0250S	0270E	018	ALIQ	E2,E2SW;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT
23	0250S	0270E	018	LOTS	3,4;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT

Serial Number: NMNM-- - 111530

Act Date	Code	Action	Action Remark	Pending Office
01/20/2004	299	PROTEST FILED		
01/20/2004	387	CASE ESTABLISHED	200401061;	
01/21/2004	143	BONUS BID PAYMENT RECD	\$958.00;	
01/21/2004	191	SALE HELD		
01/21/2004	267	BID RECEIVED	\$299375.00;	
02/04/2004	143	BONUS BID PAYMENT RECD	\$298417.00;	
04/27/2004	298	PROTEST DISMISSED		
04/29/2004	237	LEASE ISSUED		
04/29/2004	974	AUTOMATED RECORD VERIF	BTM	
05/01/2004	496	FUND CODE	05;145003	
05/01/2004	530	RLTY RATE - 12 1/2%		
05/01/2004	868	EFFECTIVE DATE		
05/24/2004	120	APPEAL FILED		
05/24/2004	963	CASE MICROFILMED		
07/19/2004	138	STAY DENIED		
10/28/2004	899	TRF OF ORR FILED	1	
01/10/2005	932	TRF OPER RGTS FILED	RUBICON OG/CHESAPEAKE	
03/02/2005	933	TRF OPER RGTS APPROVED	EFF 02/01/05;	
03/02/2005	974	AUTOMATED RECORD VERIF	JLV	
06/24/2005	140	ASGN FILED	RUBICON O/CHESAPEAK;1	
07/19/2005	139	ASGN APPROVED	EFF 07/01/05;	
07/19/2005	974	AUTOMATED RECORD VERIF	JLV	
08/28/2005	651	HELD BY PROD - ALLOCATED		
05/03/2006	643	PRODUCTION DETERMINATION		
05/03/2006	658	MEMO OF 1ST PROD-ACTUAL		
09/08/2006	119	APPEAL DISMISSED		
06/11/2008	817	MERGER RECOGNIZED	CHESA LLC/CHESA LP	
08/22/2008	817	MERGER RECOGNIZED	CHES PERM/EXPL LP	
08/22/2008	817	MERGER RECOGNIZED	CHESA EXP LP/EXP LLC	
11/24/2011	246	LEASE COMMITTED TO CA	CA NM131781	
11/27/2012	140	ASGN FILED	CHESAPEAK/CHEVRON U;1	
11/27/2012	932	TRF OPER RGTS FILED	CHESAPEAK/CHEVRON U;1	
02/27/2013	139	ASGN APPROVED	EFF 12/01/12;	
02/27/2013	933	TRF OPER RGTS APPROVED	EFF 12/01/12;	
02/27/2013	974	AUTOMATED RECORD VERIF	LBO	

NO WARRANTY IS MADE BY BLM FOR USE OF THE DATA FOR PURPOSES NOT INTENDED BY BLM

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

Run Time: 06:07 AM

Page 2 of 3

Run Date: 01/06/2014

05/22/2013	246	LEASE COMMITTED TO CA	CA NM131780
10/28/2013	899	TRF OF ORR FILED	1
10/28/2013	899	TRF OF ORR FILED	2
10/28/2013	899	TRF OF ORR FILED	3

Line Nr	Remarks	Serial Number: NMNM-- - 111530
0002	STIPULATIONS ATTACHED TO LEASE:	
0003	SENM-LN-1 (CAVES OR KARST)	
0004	SENM-S-18 (STREAMS, RIVERS & FLOODPLAINS)	
0005	RENTAL PAID ON 05/01/05;	

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

Run Time: 06:07 AM

Page 3 of 3

Run Date: 01/06/2014

01 12-22-1987;101STAT1330;30USC181 ET SE

Total Acres

Serial Number

Case Type 312021: O&G LSE COMP PD -1987

640.000

NMNM-- - 113954

Commodity 459: OIL & GAS L

Case Disposition: AUTHORIZED

Serial Number: NMNM-- - 113954

Name & Address	Int Rel	% Interest
CHEVRON USA INC 1400 SMITH ST HOUSTON TX 770027327	LESSEE	100.0000000

Serial Number: NMNM-- - 113954

Mer Twp Rng Sec	STyp	SNr Suff	Subdivision	District/Field Office	County	Mgmt Agency
23 0250S 0270E 017	ALL		ENTIRE SECTION	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT

Serial Number: NMNM-- - 113954

Act Date	Code	Action	Action Remark	Pending Office
04/19/2005	299	PROTEST FILED		
04/19/2005	387	CASE ESTABLISHED	200504048;	
04/20/2005	143	BONUS BID PAYMENT RECD	\$1280.00;	
04/20/2005	191	SALE HELD		
04/20/2005	267	BID RECEIVED	\$512000.00;	
04/28/2005	143	BONUS BID PAYMENT RECD	\$510720.00;	
05/20/2005	237	LEASE ISSUED		
05/20/2005	298	PROTEST DISMISSED		
05/20/2005	974	AUTOMATED RECORD VERIF	LR	
06/01/2005	496	FUND CODE	05;145003	
06/01/2005	530	RLTY RATE - 12 1/2%		
06/01/2005	868	EFFECTIVE DATE		
07/01/2005	963	CASE MICROFILMED		
08/10/2005	140	ASGN FILED	CHALFANT/CHESAPEAK;1	
09/20/2005	139	ASGN APPROVED	EFF 09/01/05;	
09/20/2005	974	AUTOMATED RECORD VERIF	MV	
06/11/2008	817	MERGER RECOGNIZED	CHESA LLC/CHESA LP	
08/22/2008	817	MERGER RECOGNIZED		
11/27/2012	140	ASGN FILED	CHESAPEAK/CHEVRON U;1	
04/09/2013	139	ASGN APPROVED	EFF 12/01/12;	
04/09/2013	974	AUTOMATED RECORD VERIF	ANN	
05/31/2015	763	EXPIRES		

Serial Number: NMNM-- - 113954

Line Nr	Remarks
0002	STIPULATIONS ATTACHED TO LEASE:
0003	NM-11-LN SPECIAL CULTURAL RESOURCE LEASE NOTICE
0004	SENM-LN-1 CAVE - KARST OCCURRENCE AREA
0005	SENM-S-17 SLOPES OR FRAGILE SOILS
0006	SENM-S-18 STREAMS, RIVERS, AND FLOODPLAINS
0007	SENM-S-21 CAVES AND KARST
0008	0409/2013 - RENTAL PAID 06/01/2013 - PER ONRR

APPLICATION FOR, COMMINGLING AT A COMMON CENTRAL TANK BATTERY
Hayhurst 17 Fed 1H & Hayhurst 18 Fed 1H Chevron Corporation

8. A statement that all interest owners have been notified of the proposed Commingling to include the following.
- Include a copy of one of the interest owner letters
 - A list of all interest owner addresses and the Certified Mailing Numbers for each notification
 - If the commingling proposal includes allotted trust leases, evidence that all Indian mineral owners of any right, title or interest in the mineral resources included in the commingling request have been notified of the request.

Working, royalty, and overriding interest owners have been notified of this proposal via certified mail. A copy of one of the Letters which was sent to interest owners is attached at the end of this document.

Federal Lease	Lease description	WI / NRI	Lease	Royalty interest
NMNM113954	1 Lease covering all of S. 17	100%/87.5% NRI	Fed	12.5%
NMNM111530	1 Lease covering E/2 of S. 18	100%/81.5% NRI/6% ORRI	Fed	12.5%

Chevron is the only working interest owner for each lease.

A list of all interest owner addresses is below:

Chevron MidContinent PO Box 4791 Houston, Texas 77210-4791	Bureau of Land Management New Mexico State Office P.O. Box 27115 Santa Fe, NM 87502-0115
Oxy USA Inc. 5 Greenway Plaza Houston, TX 77046	COG Operating LLC 600 W. Illinois Avenue Midland, TX 79701
Cimarex Energy Co. of Colorado 600 N. Marienfeld, St. Suite 600 Midland, TX 79701	Yates Petroleum 105 S. 4th St. Artesia, NM 88210
State of New Mexico Commissioner of Public Lands P.O. Box 1148 Santa Fe, NM 7504-1148	

McMillan, Michael, EMNRD

From: Herrera-Murillo, Cindy O <CHerreraMurillo@chevron.com>
Sent: Thursday, March 13, 2014 11:49 AM
To: McMillan, Michael, EMNRD
Subject: RE: Hayhurst 17 and Hayhurst 18 Eddy County

Michael,
These are new drills and no production on these wells yet.
Thanks,



Cindy Herrera-Murillo
Permitting Specialist
1616 W. Bender Blvd
Hobbs, NM 88240
575-263-0400 ext 30431
Cherreramurillo@chevron.com

From: McMillan, Michael, EMNRD [<mailto:Michael.McMillan@state.nm.us>]
Sent: Thursday, March 13, 2014 11:47 AM
To: Herrera-Murillo, Cindy O
Subject: Hayhurst 17 and Hayhurst 18 Eddy County

Ms. Murillo:
I am writing the central tank battery application for the Hayhurst 17 Federal and Hayhurst 18 Federal wells. Do you have any production for these wells? If so, can you provide them, so I can determine the appropriate method to gauge the wells.
Thank You

Michael A. McMillan

Engineering and Geological Services Bureau, Oil Conservation Division
1220 South St. Francis Dr., Santa Fe NM 87505
O: 505.476.3448 F. 505.476.3462