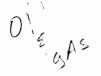
8/22/2014

PLL.

PMAM1423455030

ABOVE THIS LINE FOR DIVISION USE ONLY



## NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



		AUMINIS I KA IIVE APPLI		
		ANDATORY FOR ALL ADMINISTRATIVE APPLICATION WHICH REQUIRE PROCESSING AT THE		JLES AND REGULATIONS
Applic	[DHC-Down	ndard Location] [NSP-Non-Standard Pronhole Commingling] [CTB-Lease Com ool Commingling] [OLS - Off-Lease Sto [WFX-Waterflood Expansion] [PMX-Pi [SWD-Salt Water Disposal] [IPI-li	mingling] [PLC-Pool/Lease Corage] [OLM-Off-Lease Meastressure Maintenance Expansionjection Pressure Increase]	commingling] urement] on]
	[EOR-Qua	lified Enhanced Oil Recovery Certification	on] [PPR-Positive Production	n Response] < 3
[1]	TYPE OF AP [A]	PPLICATION - Check Those Which App Location - Spacing Unit - Simultaneous NSL NSP SD	oly for [A]	三 日 日
	Check [B]	One Only for [B] or [C]  Commingling - Storage - Measurement  DHC CTB PLC		
	[C]	Injection - Disposal - Pressure Increase WFX PMX SWD	- Enhanced Oil Recovery  IPI EOR PPR	, G
	[D]	Other: Specify _Amend PLC 393 to in	nclude Brininstool 24 Fed #2H	- Cheuronusu Fre 4323
[2]	NOTIFICAT [A]	ION REQUIRED TO: - Check Those W  Morking, Royalty or Overriding R		- Limestone 1123'3 Federal 14 30-025-41360
	[B]	Offset Operators, Leaseholders or	Surface Owner	30-025-41360 - Brissian
	[C]	Application is One Which Require	es Published Legal Notice	- Brin Ninstool 233333 USA 14 30-025-4133 U Brinnin stool 233333
	[D]	Notification and/or Concurrent Ap U.S. Bureau of Land Management - Commissioner of		Briwninstool 233333 24 30-025-41331
	[E]	For all of the above, Proof of Notif	fication or Publication is Attache	ed, and/or, -Brinninstool
	[F]	☐ Waivers are Attached		1333 -135 4162> 2333
[3]		CURATE AND COMPLETE INFORM ATION INDICATED ABOVE.	MATION REQUIRED TO PR	OCESS THE TYPE  Pools  Tani unius too
	al is <b>accurate</b> a	<b>TION:</b> I hereby certify that the information of complete to the best of my knowledge quired information and notifications are s	. I also understand that no action	
	Note:	Statement must be completed by an individual		capacity Inipicx, Bone Sphing
	rrera-Murillo r Type Name	Cinds Tomas Mue Signature	Permitting Specialist Title	08/20/2014 9400 Date
			Cherreramurillo@chevro e-mail Address	on.com



August 20,2014

Bureau of Land Management New Mexico State Office 620 E. Greene St. Carlsbad NM 88220 Cindy Herrera-Murillo Regulatory Specialist Midcontinent BU

Exploration and Production Company 1616 W. Bender Blvd Rm #121 Hobbs FMT, Hobbs, NM 88240 Tel 575-263-0431

**Chevron North America** 

Fax 575-263-0445 cherreramurillo@chevron.com

# Application for Amending Surface Commingle, Bone Spring Pool, Lea County, NM (T23S,-R33E, Section 11, 23 & 25) and adding Section 24

#### Dear Sirs:

Chevron U.S.A. Inc. respectfully requests administrative approval to surface commingle oil, gas and water production from the Bone Spring pool through Chevron's Brininstool Battery Chevron request the approval to minimize surface disturbance and future traffic by concentrating activities at on battery. Wells producing to this battery include the Chevron Brininstool 23 23 33 #1H; Brininstool 23 23 33 #2H, Brininstool 25 23 33 #2H and Limestone 11 23 33 Federal #1. Chevron is requesting to add the Brininstool 24 23 33 #2H to existing Surface Commingle order PLC-393. All wells are completed within the Second Bone Spring sand formation, per attached map. These wells are located in Section 11, 23 & 25 and adding Section 24, T23S-R33E, Lea County, New Mexico.

The working interest and royalties are the same for all deases involved in this request. (100 Chevron). All wells are allocated by monthly well test with coriolis on oil and EFM on gas. A schematic showing this configuration is attached.

Sincerely,

Cindy Horrera-Murillo Cindy Herrera-Murillo Regulatory Specialist

Enclosure

#### APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANKBATIERY

#### Chevron Corporation

Federal lease	lease description	WI/NBI	lease	Royalty Interest
NMNM114985	Limestone #1H	100%/87.5%	Federal	12.5%
NMNM112940	Brininstool 23#2H	100%/87.5%	Federal	12.5%
NMNM114986	Brininstool 23#1H	100%/87.5%	Federal	12.5%
NMNM114986	Brininstool25 #2H	100%/ 87.5%	Federal	12.5%
NMNM1 14986	Brininstool24 #2H	100%/87.5%	Federal	12.5%

Chevron is the only working interest for each lease.

A list of all interest owner addresses is below:

-		
	Chevron USA Inc	Bureau of Land Management
-	P.O. Box 4791	New Mexico State Office
	Houston/ TX 77210-4791	PO Box 27115
		Santa Fe/ NM 87502-0115
Ł		

Cody Cole Land Representative

Form 3160-5 (August 2007)

### **UNITED STATES** DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

SUNDRY   Do not use thi	NOTICES AND REPOR s form for proposals to a l. Use form 3160-3 (APD	RTS ON WE	enter an		5. Lease Serial No. NMNM114986 6. If Indian, Allottee or	r Tribe	Name	
SUBMIT IN TRII	PLICATE - Other instruc	tions on reve	erse side.		7. If Unit or CA/Agree	ement, l	Name and/or No.	
Type of Well     Gas Well ☐ Oth	er				8. Well Name and No. BRININSTOOL 24	23 33	2H	
2. Name of Operator CHEVRON USA INC		CINDY H MU AMURILLO@C		ı	9. API Well No. 30-025-41935			
3a. Address 1616 W. BENDER BLVD HOBBS, NM 88240		3b. Phone No. Ph: 575-263 Fx: 575-263		le)	10. Field and Pool, or BONE SPRING	Explora	itory	
4. Location of Well (Footage, Sec., T.	, R., M., or Survey Description)				II. County or Parish, a	and Stat	te	
Sec 24 T23S R33E Mer NMP	150FNL 1980FWL				LEA COUNTY, I	NM		
12. CHECK APPE	ROPRIATE BOX(ES) TO	INDICATE	NATURE OF	NOTICE, R	EPORT, OR OTHER	R DA	ГА	
TYPE OF SUBMISSION	OF ACTION							
Notice of Intent	☐ Acidize	☐ Deep	en	☐ Product	tion (Start/Resume)	_ V	☐ Water Shut-Off	
Notice of filterit	□ Alter Casing	☐ Fract	ure Treat	□ Reclam	ation		Vell Integrity	
☐ Subsequent Report	□ Casing Repair	■ New	Construction	□ Recomp	plete		ther	
☐ Final Abandonment Notice	□ Change Plans	☐ Plug	and Abandon	□ Tempor	rarily Abandon	Sur	face Commingling	
	☐ Convert to Injection	☐ Plug	Back	■ Water I	Disposal			
If the proposal is to deepen directions Attach the Bond under which the wor following completion of the involved testing has been completed. Final Abdetermined that the site is ready for fit CHEVRON USA INC requests Surface Commingle oil, gas an Brininstool Battery. Wells prod 23 23 33 #1H, Brininstool 23 2 Brininstool 24 23 33 #2H. The Lea County, New Mexico. Limestone 11 23 33 #1H. AF Brininstool 23 23 33 #1H. AF Brininstool 23 23 33 #2H. API Brininstool 25 23 33 #2H. API Brininstool 24 23 33 #2H. API	k will be performed or provide operations. If the operation respendence on the performed of the performed operation of the performed of the performance of the perform	the Bond No. on ults in a multiple d only after all r we well to the ne Bone Sprin de the Limest 23 33 #2H. Cl Section 11, 2 # NMNM11498 NMNM11498 NMNM11498	file with BLM/B completion or requirements, included and pool throughout 11 23 33 are vron is requirements, included and pool throughout 12 3 3 are vron is requirements. 25 of 185 186 186 186 186 186 186 186 186 186 186	IA. Required succompletion in a uding reclamation ce Commingle h Chevron's HH, Brininstonesting to add	bsequent reports shall be new interval, a Form 316 n, have been completed, a e Order.The ol the	filed wi 0-4 shal	ithin 30 days	
	Electronic Submission #2 For CHE	257750 verifie VRON USA IN	C, sent to the	Hobbs				
Name (Printed/Typed) CINDY H	MURILLO		Title PERM	MITTING SPE	CIALIST			
Signature (Electronic S	Submission)		Date 08/20	/2014				
	THIS SPACE FO	R FEDERA	L OR STAT	E OFFICE U	SE			
Approved By			Title				Date	
Conditions of approval, if any, are attached certify that the applicant holds legal or equivalent would entitle the applicant to conduct the applicant the appli	itable title to those rights in the	not warrant or subject lease	Office					
Title 18 U.S.C. Section 1001 and Title 43 States any false, fictitious or fraudulent s	U.S.C. Section 1212, make it a statements or representations as	crime for any pe to any matter wi	son knowingly a	nd willfully to m	ake to any department or	agency	of the United	

<u>District I</u>
1625 N. French Drive, Hobbs, NM 88240
<u>District II</u>
811 S. First St., Artesia, NM 88210
<u>District III</u>

1000 Rio Brazos Road, Aztec, NM 87410

TYPE OR PRINT NAME\_CINDY HERRERA-MURILLO\_

E-MAIL ADDRESS: Cherreramurillo@chevron.com

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.

ALLECT	ATION FOR SURFACE	COMMINITION	DIVERSE	OWNERSHIP)	
OPERATOR NAME:	CHEVRON USA INC	3,44			
OPERATOR ADDRESS:	1616 W. BENDER BLVD HO	OBBS, NM 88240			
APPLICATION TYPE:					
☐ Pool Commingling ☐ Lease	Commingling Pool and Lease Co	ommingling Off-Lease	Storage and Measur	rement (Only if not Surface	Commingled)
LEASE TYPE:	e 🗌 State 🛛 Fede	eral			
	ting Order? Yes No If				
Have the Bureau of Land Ma  ⊠Yes □No	nagement (BLM) and State Lan	d office (SLO) been not	tified in writing o	of the proposed comm	ingling
ZICS LINO	(A) PO(	OL COMMINGLIN	<u> </u>		
		ts with the following in			
(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes
		7			
		1			
		7			
	top allowables? Yes No				
	n notified by certified mail of the pr fetering  Other (Specify)	oposed commingling?	☐Yes ☐No.		
(5) Will commingling decrease	e the value of production?	☐No If "yes", descri	be why commingli	ing should be approved	
	(B) LEA	SE COMMINGLIN	IC.	409	
W. W		ts with the following in			
(1) Pool Name and Code. BO					
	e source of supply? Yes Notified by certified mail of the pro		My., Ou	_	
(4) Measurement type: Me		posed comminging?	⊠Yes □N	0	
, , , , , , , , , , , , , , , , , , ,					
400 F	- 100 m	Visite Co.	*****		
	- ,	I LEASE COMMIN ts with the following in			
(1) Complete Sections A and F	100	is with the following in	itor mation		
	(D) OFF-LEASE ST	ORAGE and MEA	SUREMENT		
(I) Is all production from some	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	ets with the following	information		
(1) Is all production from same (2) Include proof of notice to a	source of supply? Yes N	THE PERSON NAMED IN COLUMN 1	<u>information</u>	الله الأرانيين المستويدين	
<ol> <li>Is all production from same</li> <li>Include proof of notice to a</li> </ol>	source of supply? Yes N	THE PERSON NAMED IN COLUMN 1	information		
_	e source of supply? Yes Null interest owners.	DRMATION (for all	application ty	vpes)	
(2) Include proof of notice to a	e source of supply?	lo	application ty	/pes)	
(2) Include proof of notice to a  (1) A schematic diagram of fac	c source of supply? Yes Null interest owners.  (E) ADDITIONAL INFO  Please attach sheet  cility, including legal location.	ORMATION (for all ts with the following in	application ty	100.5E/	
(1) A schematic diagram of fac (2) A plat with lease boundarie	e source of supply?	ORMATION (for all ts with the following in	application ty	100.5E/	
(1) A schematic diagram of fac (2) A plat with lease boundarie (3) Lease Names, Lease and W	c source of supply?  Yes  New Market Supply? Yes  New Market Supply. Yes  New	DRMATION (for all ts with the following in ions. Include lease number	application tynformation rs if Federal or Sta	100.5E/	
(1) A schematic diagram of fac (2) A plat with lease boundarie (3) Lease Names, Lease and W	e source of supply?  Yes  Nell interest owners.  (E) ADDITIONAL INFO  Please attach sheet cility, including legal location. es showing all well and facility locat	DRMATION (for all ts with the following in ions. Include lease number	application tynformation rs if Federal or Sta	100.5E/	

TELEPHONE NO .: 575-263-0431

### Additional data for EC transaction #257750 that would not fit on the form

#### 32. Additional remarks, continued

Pleaes find attached surface commingle for the above wells and facility diagram and maps.

# APPLICATION FOR, COMMINGLING and OFF LEASE MEASUREMENT AT A COMMON CENTRAL TANK BATTERY

Proposal for Limestone 11-23-33 Federal #1H, Brininstool 23-23-33 Federal #1H, Brininstool 23-23-33 Federal #2H, and Brininstool 25-23-33 #2H:**Adding Brininstool 24 23 33 #2H**Chevron USA Inc is requesting approval for the Central Tank Battery, Commingling, and Off lease sales of gas and oil:

Federal Lease NMNM11	.14985			Oil			
Well Name	Location	API#	Pool 7320	BOPD	Gravities	MCFPD	BTU
Limestone Fed #1H	Sec11, W2W2	3002541360	Brininstool;	480	40.1	541	1294
	T23SR33E		Bone Spring				
Federal Lease NMNM11	2940			Oil			
Well Name	Location	API#	Pool 59900	BOPD	Gravities	<b>MCFPD</b>	BTU
Brininstool 25 Fed #2H	Sec25, E/2W/2	3002541627	Triple-X;	480	40.1	541	1294
	T23SR33E		Bone Spring				
Federal Lease NMNM11	4986			Oil			
Well Name	Location	API#	Pool 5150	<b>BOPD</b>	Gravities	<b>MCFPD</b>	BTU
Brininstool 23 Fed #1H	Sec23, W/2E/2	3002541330	Bell Lake;	480	40.1	541	1294
	T23SR33E		Bone Spring				
Federal Lease NMNM11	4986			Oil			
Well Name	Location	API#	Pool 5150	BOPD	Gravities	MCFPD	<b>BTU</b>
Brininstool 23Fed #2H	Sec 23 W/2E/2	3002541331	Bell Lake;	480	40.1	541	1294
	T23SR33E		Bone Spring				
Federal Lease NMNM11	4986			Oil			
Well Name	Location	API#	Pool 5150	BOPD	Gravities	MCFPD	BTU
Brininstool 24 Fed #2H	Sec 24 W/2E/2	3002541935	Bell Lake;	480	40.1	541	1294

Map shows the federal leases and well locations in Section 11,23,24 & 25-T23S-R33E.

The BLM's interest in these leases is the same. Lease NMNM114985 royalty rate is 12.5%, Lease NMNM112940 royalty rate is 12.5%, and Lease NMNM114986 royalty rate is 12.5%.

#### Oil & Gas metering:

The central tank battery will be located at the Brininstool Federal. There are three oil tanks at the Central tank battery that the wells will utilize and oil will be sold through the central delivery point (CDP) Lease Automated Custody Transfer unit (S/N 11263551-A), which is located in the NENE, Sect 23 T23S, R33E. For gas they will have a common central delivery point (CDP) gas sales meter (Targa Gas #76880-00-444) which is located in the SWSE, Sec. 23 T23S, R33E. The produced water will go to a common water tank on location.

Each well will be tested monthly through a three –phase test separator located at the nearest facility to each well's wellhead. The Limestone 23 23 33 #1H will be tested at a dedicated production satellite. The Brininstool wells will be tested at the central battery. Each three phase test will measure oil through a coriolis meter on the oil outlet line and gas through an orifice meter run with a Total Flow computer.

Production will be allocated to each by monthly well test. Each well's share of the central tank battery's total production will be calculated based on the results of each monthly well test. This ratio will be applied to the total oil production metered by the Lease Automated Custody Transfer(LACT) meter located at the Brininstool central tank battery. The production will also be applied to the total gas production metered by the Targa Resources Corp sales meter.

Limestone 11 23 33 #1H oil allocation meter on the Limestone Production Satellite three-phase test separator consists of a Micro Motion Coriolis meter (S/N 14385561).

Brininstool 23 23 33 #1H oil allocation meter on the Brininstool central tank battery three-phase test separator consists of a Micro Motion Coriolist meter (S/N 14385211).

Brininstool 23 23 33 #2H oil allocation meter on the Brininstool central tank battery three-phase test separator consists of a Micro Motion Coriolis meter (S/N 14385211).

Brininstool 25 23 33 #2H oil allocation meter on the Brininstool central tank battery three-phase test separator consists of a Micro Motion Coriolis meter (S/N 14385211).

Brininstool 24 23 33 #2H oil allocation meter on the Brininstool central tank battery three-phase test separator consists of a Micro Motion Coriolis meter (S/N 14385211).

These meters will be proven as per API, NMOCD, and BLM specifications when installed, once per month for the first 3 months (to establish a consistent repeatability factor), and then quarterly thereafter. The factor obtained will be used to allocate the production volumes.

Gas production will be allocated on a daily basis based on the results of a monthly well test of each well.

Limestone 11 23 33 Federal #1H gas allocation meter on the Limestone Production Satellite three-phase test separator consists of a Tele Flow EFM (S/N T134246234).

Brininstool 23 23 33 Federal #1H gas allocation meter on the Brininstool central tank battery three-phase test separator consists of a Total Flow EFM (S/N T132022714).

Brininstool 23 23 33 Federal #2H gas allocation meter on the Brininstool central tank battery three-phase test separator consists of a Total Flow EFM (S/N T132022714).

Brininstool 25 23 33 Federal #2H gas allocation meter on the Brininstool central tank battery three-phase test separator consists of a Total Flow EFM (S/N T132022714).

Brininstool 24 23 33 Federal #2H gas allocation meter on the Brininstool central tank battery three-phase test separator consists of a Total Flow EFM (S/N T132022714).

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.

#### **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 effective economical means of producing the reserves 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 USA Inc 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 on the Brininstool Federal #1H located in Sec. 23 W/2E/2, T23S-R33E, on federal lease NMNM114986 in Lea County, New Mexico. The production from the four wells will be routed to the Brininstool Federal tank battery. After separation and allocation measurement, the oil, gas, and water will go to common oil tanks, water tank, and gas CDP located in Section 23.

Limestone 11 23 33 #1H and Brininstool 25 23 33 #2H will require off lease measurement, storage and sales of oil and gas.

No working, royalty, and overriding interest owners will have to be notified. Chevron is the only working interest owner.

Signed:

Printed Name: Cindy Herrera-Murillo Title: Regulatory Compliance Associate

Date: 08/19/2014

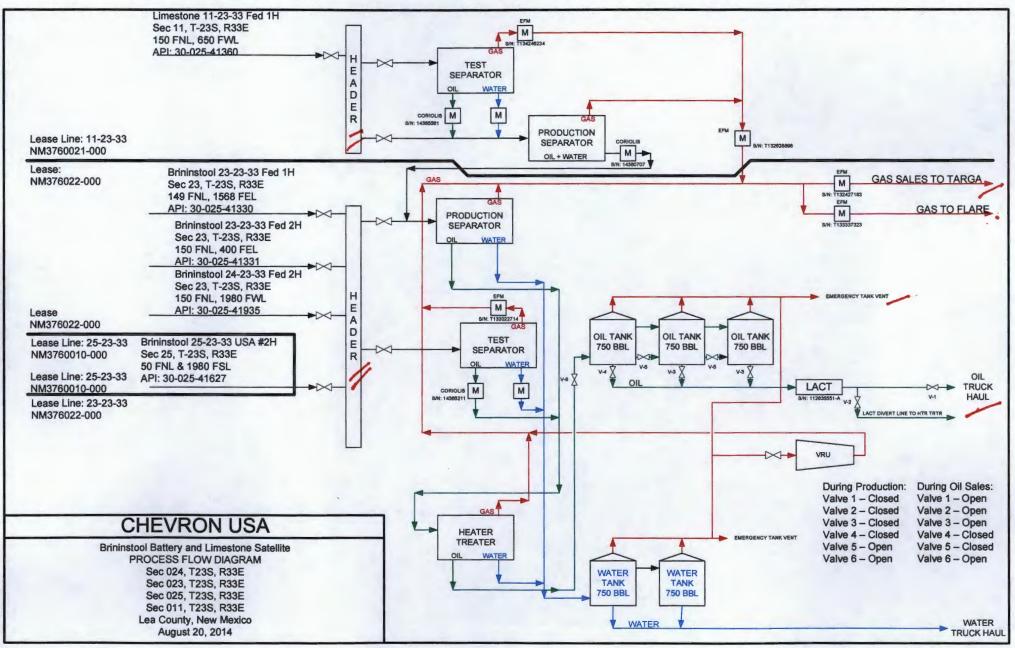
Federal Lease NMNM #	Royalty Rate	Well Name	BOPD	Royalty Rate 16/23 Oil Gravity (@60 deg)	Value/bbl	MCFPD	DRY BTU	Value/mcf
114985	12.5%	Limestone 11 23 33 1H	480	40.1	\$87.97	541	1294	\$2.46
112940	12.5%	Brininstool 25-23-33 2H	480	40.1	\$87.97	541	1294	\$2.46
114986	12.5%	Brininstool 23 23 33 1H	480	40.1	\$87.97	541	1294	\$2.46
114986	12.5%	Brininstool 23 23 33 2H	480	40.1	\$87.97	541	1294	\$2.46
114986	12.5%	Brininstool 24 23 33 2H	480	40.1	\$87.97	541	1294	\$2.46

Federal Lease NMNM	Economic combined production	Well Name	BOPD	Oil Gravity (@60 deg)	Value/bbl	MCFPD	DRY BTU	Value/mcf
114986		Brininstool Battery	1920	40.1	\$87.97	2164	1294	\$2.46

Chevron has a master sales agreement in place for all the Bone Spring wells in the area. All Bone Spring oil production in the area is sweet. Part of the agreement is that all oil is deemed as sweet and 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.

Printed Name: Christina Davis Date: 08/20/2014

Title: Reservoir Engineer



Project: Lea County NM (NAD27 NME) Site: Brininstool 24-23-33 USA

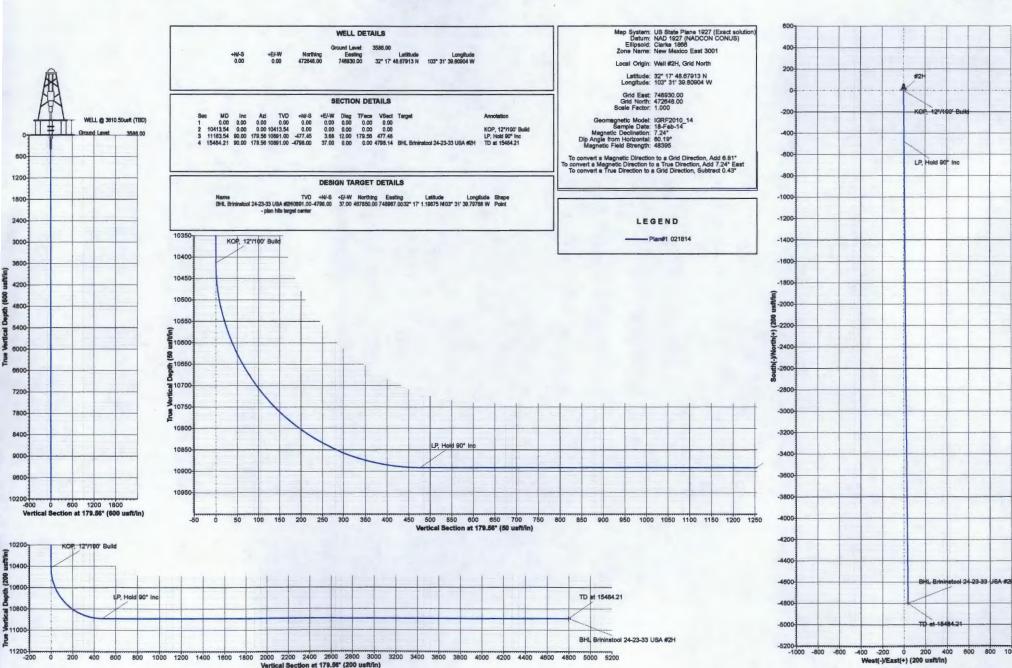
Well: #2H Wellbore: Wellbore #1 Design: Plan#1 021814

Rig: TBD



Azimuths to Grid North True North: -0.43° Magnetic North: 6.81°

Megnetic Fleid Strength: 48395.5anT Dip Angle: 60.19° Date: 2/18/2014 Model: IGRF2010\_14



Created By: Jim Vernor Date: 11:00, February 18 2014

Exhibi+ A-1

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

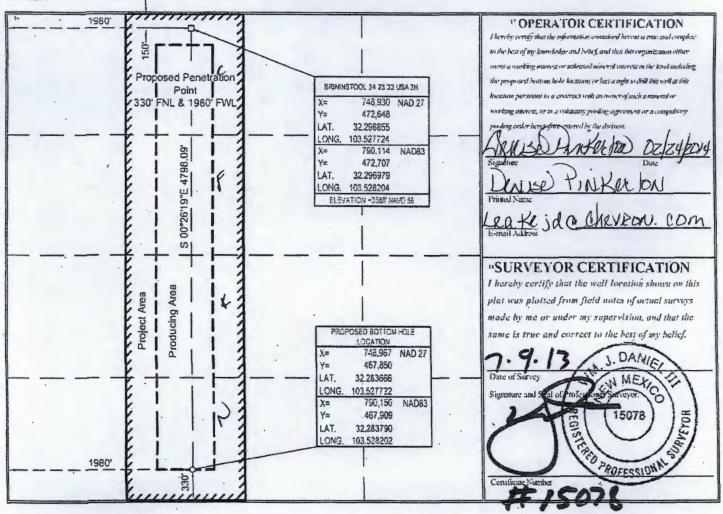
AMENDED REPORT

#### WELL LOCATION AND ACREAGE DEDICATION PLAT

30-025-4/934	5158	BE	LL LAKE:	BONE SPRING	NORTH		
Property Code		Property Name	7		* Well Number		
3/3385	3/3385 BRININSTOOL 24 23 33 USA						
OGRIP No.		Operator Name			'Elevation		
4525	CHE	VRON U.S.A. INC			3586'		
	m S	urface Location	on ·				
Il. or lot no. Section Township	Range Lut I	dn Feet from the	North/South line Feet from	the East West li	ne Count		

С	24	23 SOUTH	33 EAST, N,M.P,M.		150'	NORTH	1980	WEST	LEA
			" Bottom Ho	ole Locat	ion If Diffe	erent From S	urface		
UL or lot no.	Section	Township	Range	Lot lân	Feet from the	North/South line	Feet from the	East/West line	County
N	24	23 SOUTH	33 EAST, N.M.P.M.		330'	SOUTH	1980'	WEST	LEA
Dedicated As	7	nt or lasill	* Consolidation Code   15 (	Order No.		1	<u> </u>	•	

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.



JUN 2 4 2014

