

DATE IN 7/22/15	SUSPENSE	ENGINEER MAM	LOGGED IN 7/23/15	TYPE CTB	APP NO. p5A61520445019
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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]

[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

[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.

Jordan L. Kessler
 Print or Type Name

Signature

Attorney

Title

jlkessler@hollandhart.com

e-mail Address

Date

7/22/15

2015 JUL 22 PM 16:25

Done
 Sp/15

97955

CTB 760

Operator Chevron U.S.A Inc

well Salado Draw 29 26 35

Fed Com #5H/#6H/#7H/#8H

API: 30-025-42440

+ 84

POOL: WK 025

G-06 5263319P



July 22, 2015

VIA HAND DELIVERY

David Catanach
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

RECEIVED
2015 JUL 22 PM 4:25

Re: Application of Chevron U.S.A. Inc. to rescind PLC-414 and for administrative approval to surface commingle gas production from the project area comprised of the E/2 of Section 29 and the E/2 of irregular Section 32 with gas production from the spacing unit comprised of the W/2 W/2 of Section 29 and NW/4 NW/4 of Section 32, Township 26 South, Range 33 East, N.M.P.M., Lea County, New Mexico.

Dear Mr. Catanach:

Chevron U.S.A. Inc. (OGRID 4323) seeks to rescind PLC-414 and replace it with an administrative order approving the surface commingling of gas production only from the WC-025 G-06 S263319P; Wildcat Bone Spring Pool (97955) *from existing and future wells* drilled in the following areas of common ownership in Township 26 South, Range 33 East in Lea County, New Mexico:

(a) The 474.85 acre communitized area that is the subject of Division Case No. 15309¹ and comprised of the E/2 of Section 29 and the E/2 of irregular Section 32. Upon approval of this communitized area as a single "project area" for horizontal well development, it will be initially dedicated to the Salado Draw 29-26-33 Fed Com #5H (30-025-42440), the Salado Draw 29-26-33 Fed Com #6H (30-025-42441), the Salado Draw 29-26-33 #7H (30-025-42442), and the Salado Draw 29-26-33 Fed Com #8H (30-025-42443).

(b) The 200-acre non-standard spacing unit approved under Administrative Order NSP-2021 comprised of the W/2 W/2 of Section 29 and the NW/4 NW/4 of irregular Section 32. This spacing unit is currently dedicated to the Moose's Tooth 29-26-33 Fed Com #1H (30-025-42168).

¹ Case No. 15309 seeks approval from the Division to recognize this communitized area as a single project area for horizontal well development. This case was heard by the Division's Examiners on May 28, 2015, was taken under advisement, and is awaiting the issuance of an Order approving the project area.

HOLLAND & HART



Under NMAC 19.15.12.7, approved spacing units and communitized areas are considered areas of common ownership (or separate "leases") for surface commingling purposes. Pursuant to NMAC 19.15.12.10.C, Chevron seeks authority to surface commingle gas production *from existing and future wells* in these separate areas of common ownership at a surface facility located in the SE/4 SE/4 (Unit P) of Section 19 to the northwest of Section 29. Prior to commingling, gas production from each of these areas of common ownership will be separately metered using an orifice meter.

Exhibit 1 is a land plat showing Chevron's overall development plan for the subject area. The plat identifies the initially planned wells, the state and federal leases contributing to the subject area (VB 1838, NMNM 27506, and NMNM 125653), and the common surface facility to be located at the Porter Brown #1H well site in the SE/4 SE/4 (Unit P) of Section 19.

Exhibit 2 is a completed Application for Surface Commingling (Diverse Ownership) Form C-107-B with attachments.

Exhibit 3 is a diagram of the surface facilities.

Exhibit 4 is a list of the overriding royalty interests affected by this request for approval to surface commingle gas production. A copy of this application with all attachments has been sent by certified mail to all affected parties advising them that if they have an objection they must file it in writing with the division within 20 days from the date the division receives Chevron's application. Chevron owns all of the working interest in the state and federal leases covering Sections 29 and 32. Accordingly, there are no working interest owners affected by this application. Since federal and state lands are involved, pursuant to NMAC 19.15.12.10(C)(4)(h), Chevron is also seeking authority for surface commingling from the Bureau of Land Management – Carlsbad Office and the State Land Office. The BLM and the State Land Office have been provided a courtesy copy of this application and all exhibits.

Your attention to this matter is appreciated.

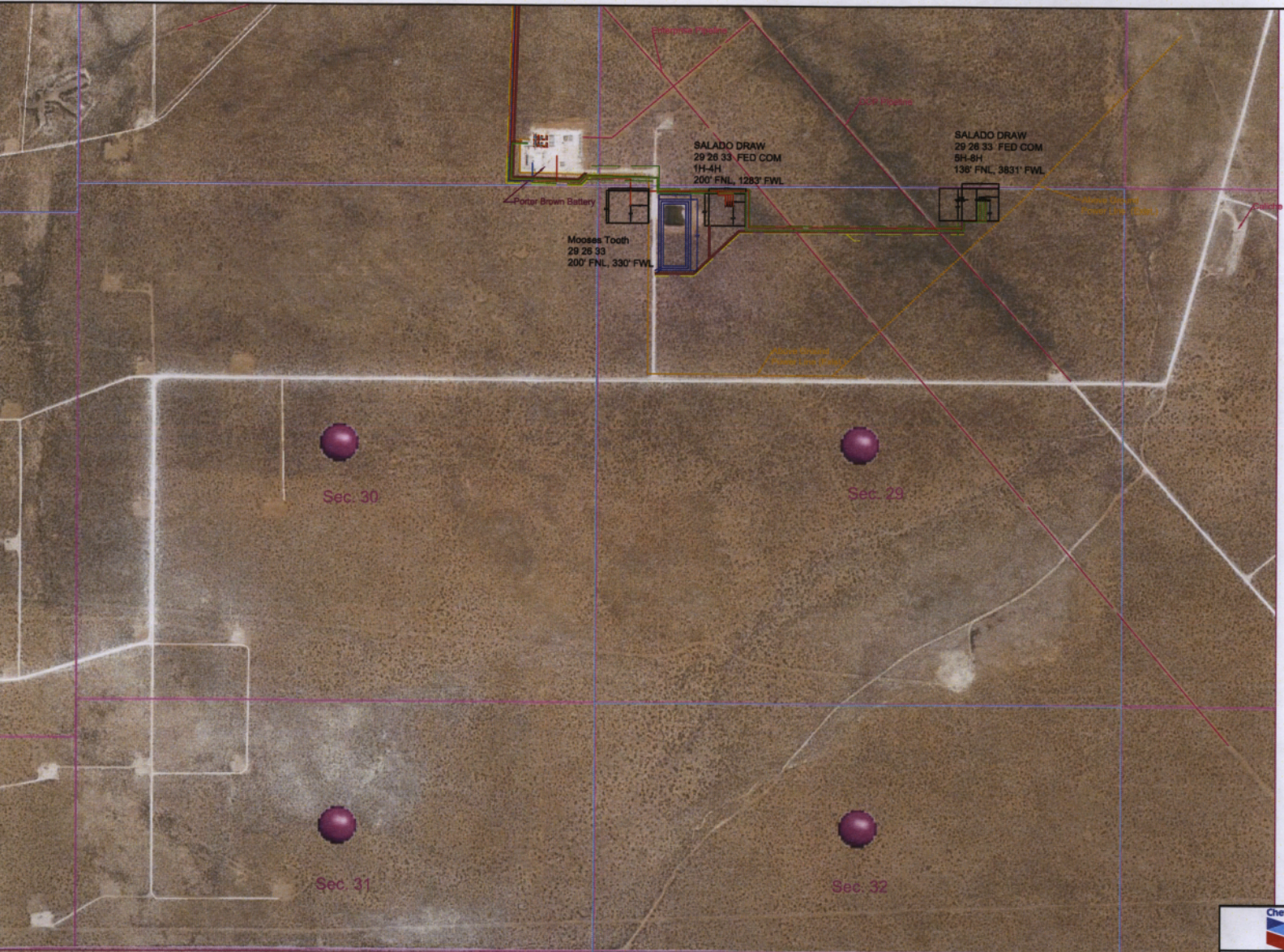
Sincerely,

Jordan L. Kessler

ATTORNEY FOR CHEVRON U.S.A. INC.

cc: Bureau of Land Management
Carlsbad Field Office
620 E. Green Street
Carlsbad, New Mexico 88220

New Mexico State Land Office
P.O. Box 1148
Santa Fe, NM 87504



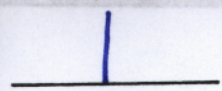
1" = 1000'



Chevron
Midcontinent Business Unit
SALADO DRAW
DRILLING PROGRAM
PHASE 1
SITE LAYOUT

EXHIBIT

tabbles



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: 1616 W. BENDER BLVD HOBBS, NM 88240
APPLICATION TYPE:

☐ Pool Commingling ☒ Lease Commingling ☐ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingling)

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 allowances? ☐ 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: WILDCAT; BONE SPRING (97955)
(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 B.

(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: 07/21/2015

TYPE OR PRINT NAME: CINDY HERRERA-MURILLO

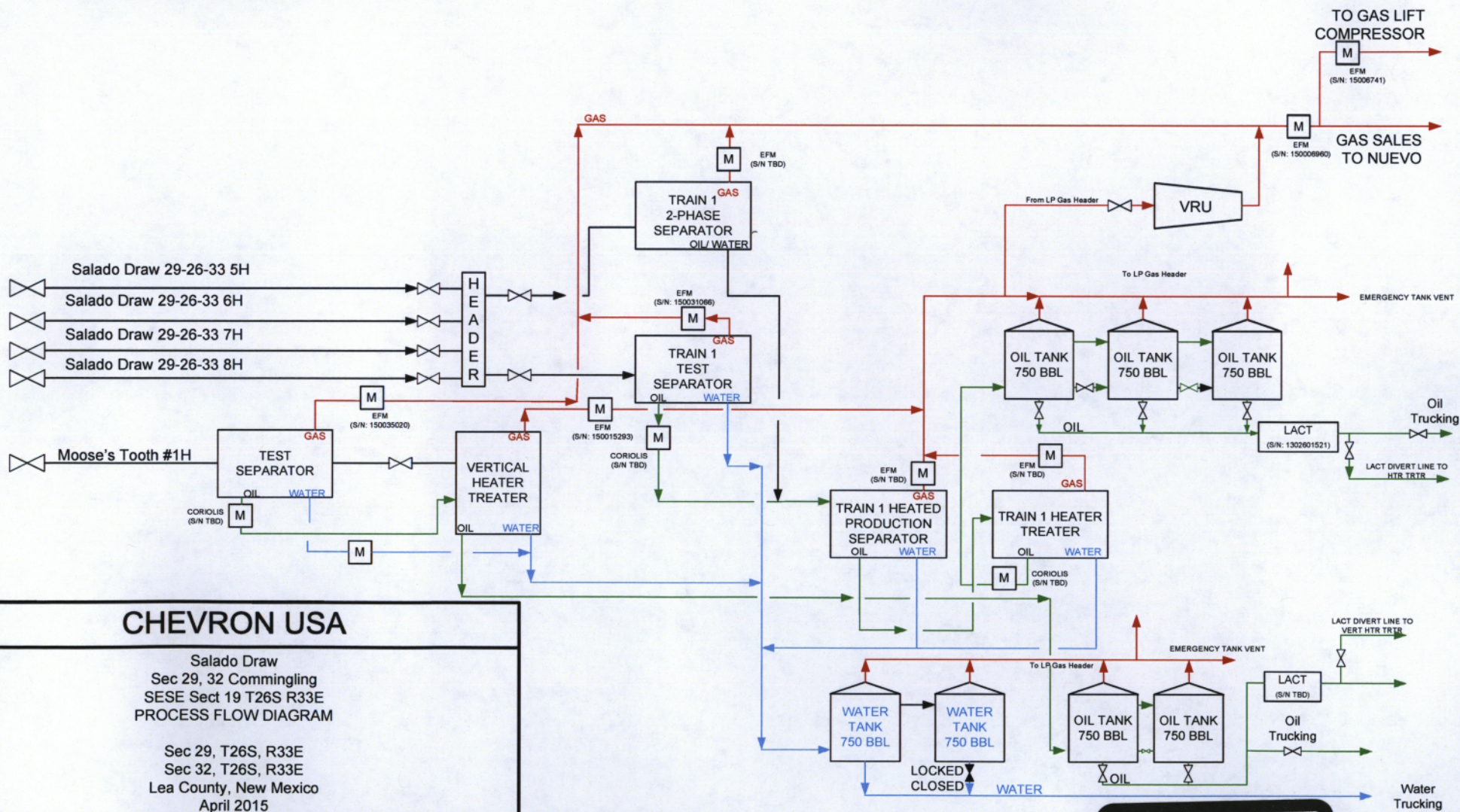
TELEPHONE NO.: 575-263-0431

E-MAIL ADDRESS: CherreraMurillo@chevron.com

EXHIBIT

2

Salado Draw 29 Battery Section 19 Commingling Diagram



CHEVRON USA

Salado Draw
 Sec 29, 32 Commingling
 SESE Sect 19 T26S R33E
 PROCESS FLOW DIAGRAM

Sec 29, T26S, R33E
 Sec 32, T26S, R33E
 Lea County, New Mexico
 April 2015

EXHIBIT

3

EXHIBIT 4

Overriding Royalty Interest Owners

Hazelwood Partners, L. P.
120 Hazelwood Drive
Fort Worth, TX 76107

Edna Brown Hibbitts
2101 Oaklawn Drive
Midland, TX 79705

Sandi Miller
1015 Fern
Roswell, NM 88203

Miller Family Mineral Interests, LLC
100412 E. Vaca Road
Kennewick, WA 99338

HOLLAND & HART^{LLP}



Jordan L. Kessler

Associate

Phone (505) 988-4421

Fax (505) 983-6043

jlkessler@hollandhart.com

July 22, 2015

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: ALL AFFECTED PARTIES

Re: Application of Chevron U.S.A. Inc. for administrative approval to surface commingle gas production from the project area located in the E/2 of Section 29 and the E/2 of irregular Section 32 with gas production from the spacing unit comprised of the W/2 W/2 of Section 29 and NW/4 NW/4 of Section 32, Township 26 South, Range 33 East, N.M.P.M., Lea County, New Mexico.

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application which was filed with the New Mexico Oil Conservation Division on this date. Any objection to this application must be filed in writing within twenty days from this date at the Division's Santa Fe office located at 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If no objection is received within this twenty-day period, this application may be approved administratively by the Division.

If you have any questions about this application, please contact the following:

Rob Morrison, Jr.
Land Representative
Chevron U.S.A. Inc.
(713) 372-6707
rmorrisonjr@chevron.com

Sincerely,

Jordan L. Kessler

ATTORNEY FOR CHEVRON U.S.A. INC.

Holland & Hart ^{LLP}

Phone (505) 988-4421 **Fax** (505) 983-6043 **www.hollandhart.com**

110 North Guadalupe Suite 1 Santa Fe, New Mexico 87501 **Mailing Address** P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Boulder Carson City Colorado Springs Denver Denver Tech Center Billings Boise Cheyenne Jackson Hole Las Vegas Reno Salt Lake City Santa Fe Washington, D.C. ☐

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

Exhibit A-1

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

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

OCT 06 2014
RECEIVED

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-025-4248		2 Pool Name 980.90 WILDCAT; BONE SPRING	
4 Property Code 313764		3 Property Name MOOSE TOOTH 29 26 33 FED COM.	
7 OGRID No. 4323		5 Operator Name CHEVRON U.S.A. INC.	
		6 Well Number 1H	
		8 Elevation 3203'	
9 Surface Location			
UL or lot no. D	Section 29	Township 26 SOUTH	Range 33 EAST, N.M.P.M.
Lot Idn	Feet from the	North/South line	Feet from the
	200'	NORTH	330'
East/West line WEST		County LEA	
10 Bottom Hole Location If Different From Surface			
UL or lot no. E	Section 32	Township 26 SOUTH	Range 33 EAST, N.M.P.M.
Lot Idn	Feet from the	North/South line	Feet from the
	280'	SOUTH	355'
East/West line WEST		County LEA	
12 Dedicated Acres 237.39		13 Joint or Infill	
14 Consolidation Code		15 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>MOOSE TOOTH 29 26 33 FED COM NO. 1H WELL</p> <p>X= 726,885 NAD 27 Y= 372,167 LAT. 32.021087 LONG. 103.601275</p> <p>X= 768,073 NAD83 Y= 372,224 LAT. 32.021213 LONG. 103.601742</p> <p>ELEVATION +3203 NAVD 88</p>	<p>330'</p> <p>200'</p> <p>29</p> <p>32</p> <p>355'</p> <p>280'</p> <p>S 00°39'47"E 7,348.06'</p> <p>LEA COUNTY, NM</p> <p>LOVING COUNTY, TX</p>	<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undivided 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Cindy Herrera-Murillo</i> 05/15/2014 Signature Date</p> <p><i>Cindy Herrera-Murillo</i> Printed Name</p> <p><i>Cherrera.murillo@chevron.com</i> E-mail Address</p> <p>18 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>4.25.14 Date of Survey</p> <p><i>[Signature]</i> Signature and Seal of Professional Surveyor</p> <p>WM. J. DANIEL III NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR 15078</p> <p>Certificate Number #15078</p>
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OCT 09 2014

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-4161 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) 476-3466 Fax: (505) 476-3462

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 70-025-42440		² Pool Code 97955	³ Pool Name WC-025 G 06.9263319P;BONE SPRING
⁴ Property Code 314194	⁵ Property Name SALADO DRAW 29 26 33 FED COM		⁶ Well Number SH
⁷ OGRIN No. 4323	⁸ Operator Name CHEVRON U.S.A. INC.		⁹ Elevation 3247'

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	29	26 SOUTH	33 EAST, N.M.P.M.		136'	NORTH	1457'	EAST	LEA

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
G	32	26 SOUTH	33 EAST, N.M.P.M.		280'	SOUTH	2312'	EAST	LEA

¹⁰ Dedicated Acres 237.41	¹¹ Joint or Infill	¹² Consolidation Code	¹³ Order No.
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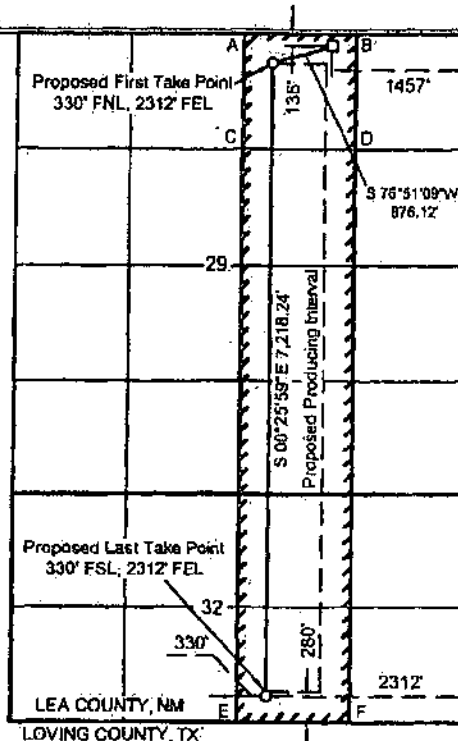
No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

SALADO DRAW 29 26 33 FED COM NO. SH WELL	
X=	730.385 NAD 27
Y=	372.254
LAT.	32.021261
LONG.	103.589979
X=	771.573 NAD83
Y=	372.311
LAT.	32.021388
LONG.	103.590448
ELEVATION = 3247' NAVD 88	

PROPOSED BOTTOMHOLE LOCATION	
X=	729.597 NAD 27
Y=	364.836
LAT.	32.000887
LONG.	103.592720
X=	770.775 NAD83
Y=	364.890
LAT.	32.001012
LONG.	103.593185

CORNER COORDINATES TABLE (NAD 27)

A - Y=372382.09, X=729187.59
B - Y=372380.91, X=730519.68
C - Y=371062.70, X=729207.78
D - Y=371072.13, X=730529.72
E - Y=364553.99, X=729259.12
F - Y=364563.17, X=730579.96



OPERATOR CERTIFICATION

I hereby certify that the information contained 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Cindy Herrera-Murillo 2-12-15
Signature Date

Cindy Herrera-Murillo

Printed Name

cherrera@chevron.com

E-mail Address

SURVEYOR CERTIFICATION

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.

2-12-15
Date of Survey

Signature and Seal of Registered Professional Surveyor

15078

WILL J. DANIEL III

NEW MEXICO

REGISTERED PROFESSIONAL SURVEYOR

15078

2-12-15

FEB 16 2015

District I
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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, NM 87505

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Revised August 1, 2011
Submit one copy to appropriate
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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 70-025-42441		2 Pool Code 97955		3 Pool Name WC-025 G 06 9263319P BONE SPRING	
4 Property Code 314194		5 Property Name SALADO DRAW 29 26 33 FED COM			6 Well Number 6H
7 OGRID No. 4323		8 Operator Name CHEVRON U.S.A. INC.			9 Elevation 3247'

10 Surface Location

11: or lot, no.	Section	Township	Range	Lot 14n	Feet from the	North/South line	Feet from the	East/West line	County
B	29	26 SOUTH	33 EAST, N.M.P.M.		136'	NORTH	1432'	EAST	LEA

11 Bottom Hole Location If Different From Surface

12: or lot, no.	Section	Township	Range	Lot 14n	Feet from the	North/South line	Feet from the	East/West line	County
G	32	26 SOUTH	33 EAST, N.M.P.M.		280'	SOUTH	1651'	EAST	LEA

13 Dedicated Acres 237.41	14 Joint or Infill	15 Consolidation Code	16 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>SALADO DRAW 29 26 33 FED COM NO. 8H WELL</p> <p>X= 730,410 NAD 27 Y= 372,254 LAT. 32.021281 LONG. 103.589899</p> <p>X= 771,508 NAD 83 Y= 372,311 LAT. 32.021388 LONG. 103.590385</p> <p>ELEVATION = 3247' NAVD 83</p>	<p>PROPOSED BOTTOM HOLE LOCATION</p> <p>X= 730,248 NAD 27 Y= 364,841 LAT. 32.000887 LONG. 103.590588</p> <p>X= 771,438 NAD 83 Y= 364,898 LAT. 32.001012 LONG. 103.591053</p>	<p>Proposed First Take Point 330' FNL, 1652' FEL</p> <p>Proposed Last Take Point 330' FSL, 1651' FEL</p> <p>LEA COUNTY, NM LOVING COUNTY, TX</p>	<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained 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 underlying 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the Division.</p> <p><i>Cindy Herrera-Murillo</i> 2-12-15 Signature Date</p> <p>Cindy Herrera-Murillo Printed Name</p> <p>chenheramurillo@chevron.com E-mail Address</p> <p>18 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>2-12-15 Date of Survey</p> <p><i>[Signature]</i> Signature and Seal of Professional Surveyor</p> <p>15078 Professional Surveyor</p>
--	--	--	--

CORNER COORDINATES TABLE (NAD 27)

A - Y=372382.09, X=729197.59
B - Y=372390.91, X=730519.68
C - Y=371062.70, X=729207.78
D - Y=371072.13, X=730529.72
E - Y=364853.88, X=729259.12
F - Y=364563.17, X=730579.96

FEB 16 2015

District I
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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025 42442	² Pool Code 97955	³ Pool Name WC-025 G 06 92633 19P; BONE SPRING
⁴ Property Code 314194	⁵ Property Name SALADO DRAW 29 26 33 FED COM	
⁶ OGRID No. 4323	⁷ Operator Name CHEVRON U.S.A. INC.	⁸ Well Number 7H
		⁹ Elevation 3247'

*** Surface Location**

U/L or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	29	26 SOUTH	33 EAST, N.M.P.M.		136'	NORTH	1407'	EAST	LEA

" Bottom Hole Location If Different From Surface

U/L or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	32	26 SOUTH	33 EAST, N.M.P.M.		280'	SOUTH	991'	EAST	LEA

¹⁰ Dedicated Acres	¹¹ Joint or Infill	¹² Consolidation Code	¹³ Order No.
237.44			

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>SALADO DRAW 29 26 33 FED COM NO. 7H WELL</p> <p>X= 730.435 NAD 27 Y= 372.254 LAT. 32.021261 LONG. 103.589818</p> <p>X= 771.823 NAD83 Y= 372.311 LAT. 32.021386 LONG. 103.590284</p> <p>ELEVATION +3247' NAVD 88</p>	<p>Proposed First Take Point 330' FNL, 991' FEL</p> <p>S 65°27'21"E 459.32'</p> <p>S 00°25'57"E 7217.88'</p> <p>Proposed Last Take Point 330' FSL, 991' FEL</p> <p>LEA COUNTY, NM LOVING COUNTY, TX</p>	<p>" OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this representation either owns a working interest or retained 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Cindy Herrera-Murillo</i> 2-12-15 Signature Date</p> <p>Cindy Herrera-Murillo Printed Name</p> <p>cherreramurillo@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>2-12-15 Date of Survey</p> <p><i>[Signature]</i> Signature and Seal</p> <p>WMA J. DANIEL III NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR 15078</p> <p>Certificate Number #15078</p>
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CORNER COORDINATES TABLE (NAD 27)

A - Y=372382.09, X=729197.99
B - Y=372390.81, X=730519.60
C - Y=372399.73, X=731841.78
D - Y=371082.70, X=729207.78
E - Y=371072.13, X=730529.72
F - Y=367115.79, X=730559.81
G - Y=367127.04, X=731881.26
H - Y=364563.17, X=730579.86
I - Y=364572.35, X=731900.79

FEB 16 2015

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) 744-1243 Fax: (575) 744-9720
District III
1800 Rio Branca 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, NM 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 30-025-42443		Pool Code 97955	Pool Name WC-025 G 06.9263319P; BONE SPRING
Property Code 71497	Property Name SALADO DRAW 29 26 33 FED COM		Well Number 8H
GRID No. 4323	Operator Name CHEVRON U.S.A. INC.		Elevation 3246'

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	29	26 SOUTH	33 EAST, N.M.P.M.		136'	NORTH	1382'	EAST	LEA

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
H	32	26 SOUTH	33 EAST, N.M.P.M.		280'	SOUTH	355'	EAST	LEA

Dedicated Acres 237.44	Joint or InSH	Consolidation Code	Order No.
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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.

<p>SALADO DRAW 29 26 33 FED COM NO. 8H WELL</p> <p>X= 730,460 NAD 27 Y= 372,254 LAT. 32.021261 LONG. 103.589737</p> <p>X= 771,648 NAD83 Y= 372,311 LAT. 32.021388 LONG. 103.590204</p> <p>ELEVATION - 3246' NAVD 83</p>	<p>PROPOSED BOTTOM HOLE LOCATION</p> <p>X= 731,544 NAD 27 Y= 364,850 LAT. 32.000887 LONG. 103.586408</p> <p>X= 772,732 NAD83 Y= 364,907 LAT. 32.001012 LONG. 103.586673</p>	<p>CORNER COORDINATES TABLE (NAD 27)</p> <p>A - Y=372382.09, X=729197.59 B - Y=372390.91, X=730519.68 C - Y=372399.73, X=731841.78 D - Y=371062.70, X=729207.78 E - Y=371072.13, X=730529.72 F - Y=367115.79, X=730559.81 G - Y=367127.04, X=731881.26 H - Y=364583.17, X=730579.96 I - Y=364572.35, X=731900.79</p>	<p>Proposed First Take Point 330' FNL, 355' FEL</p> <p>Proposed Last Take Point 330' FSL, 355' FEL</p> <p>LEA COUNTY, NM LOVING COUNTY, TX</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undivided 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Cindy Herrera-Murillo</i> Signature Date 2-12-15</p> <p>Cindy Herrera-Murillo Printed Name cherramurillo@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>2-12-15 Date of Survey</p> <p><i>[Signature]</i> Signature and Seal of Registered Professional Surveyor</p> <p>W. J. DANIEL III NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR 15678</p> <p>Certificate Number</p>
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#15078

FEB 16 2015

PLC 414 INFO

Porter Brown #1 H and Moose's Tooth 29-26-33 Fed Com #1H

Owner Information

Porter Brown #1 H and Moose's Tooth 29-26-33 Fed Com #1H Commencing Permit

BLM Lease NMNM-27506: W/2E/2, E/2W/2, Lots 1, 3, and 4 of Section 18; ALL (S&E the SW/4SW/4) of section 19;

N/2, SW/4 of section 29

State Lease VB-1838: N/2N/2, Lots 1, 2, 3, 4 (ALL) of section 32

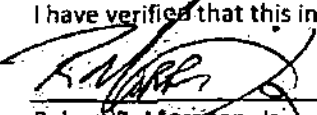
All Leases in T26S-R33E

Lea County, New Mexico

Porter Brown #1H (API# 30-025-40802)						
Lease	Interest Type	Name	Address	City	State Code	Zip Code
NMNM-27506	Working Interest	Chevron U.S.A. Inc.	PO Box 2100	Houston	TX	77252
NMNM-27506	Royalty Interest	United States of America	PO Box 27115	Santa Fe	NM	87502
NMNM-27506	ORRI	Hazelwood Partners, L.P.	120 Hazelwood Drive	Fort Worth	TX	76107
NMNM-27506	ORRI	Edna Brown Hibbits	2101 Oaklawn Drive	Midland	TX	79705
NMNM-27506	ORRI	Sandi Miller	1015 Fern Drive	Roswell	NM	88203
NMNM-27506	ORRI	Miller Family Mineral Interest, LLC	2511 NE 181st Ave	Vancouver	WA	98684

Moose's Tooth 29-26-33 Fed Com #1H (API # 30-025-42168)						
Lease	Interest Type	Name	Address	City	State Code	Zip Code
NMNM-27506 VB-1838	Working Interest	Chevron U.S.A. Inc.	PO Box 2100	Houston	TX	77252
NMNM-27506	Royalty Interest	United States of America	PO Box 27115	Santa Fe	NM	87502
VB-1838	Royalty Interest	State of New Mexico	PO Box 1148	Santa Fe	NM	87504
NMNM-27506	ORRI	Hazelwood Partners, L.P.	120 Hazelwood Drive	Fort Worth	TX	76107
NMNM-27506	ORRI	Edna Brown Hibbits	2101 Oaklawn Drive	Midland	TX	79705
NMNM-27506	ORRI	Sandi Miller	1015 Fern Drive	Roswell	NM	88203
NMNM-27506	ORRI	Miller Family Mineral Interest, LLC	2511 NE 181st Ave	Vancouver	WA	98684

I have verified that this information is correct.


Robert G. Morrison, Jr.
Land Representative

McMillan, Michael, EMNRD

From: Jordan L. Kessler <JLKessler@hollandhart.com>
Sent: Monday, August 10, 2015 4:34 PM
To: McMillan, Michael, EMNRD
Cc: Michael Feldewert
Subject: Salado Draw Commingling Application
Attachments: SD Pad 2_Moose Tooth Surface Commingle Application 8_10_15.docx

Dear Mr. McMillan,

In response to your emails and phone call, I have provided the following information (please see below in red):

Ms. Kessler:

Can you e-mail me a copy of the engineering description for this application that is normally supplied to the BLM. The Order for Com. Agreement is floating around and is on Mr. Catanach's desk.

Mike

Please see attached report.

Do you have the Com. Agreement ID for the W/2 W/2 of Section 29/32? API30-025-42168. Mooses Tooth 29 26 33. #1H?

Mike

NMNM-134673

Can you get an engineer to look at facilities diagram. Based on conversation with Chevron Landman, they were trying to get rid of one train. The diagram shows two trains.

Mike

I received the following update from Chevron's landman, Rob Morrison, who you spoke with last week: After reviewing the facility diagram in the gas commingle application, all trains intended to be included are present and no reduction in train count is being requested at this time. The comment of train reduction was directed toward future applications resulting from the rejection of the enlarged project area.

Thanks,
Jordan

Jordan Lee Kessler

Associate

Holland & Hart LLP

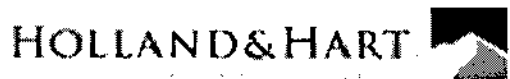
110 North Guadalupe Suite 1

Santa Fe, NM 87501

Phone (505) 988-4421

Fax (505) 983-6043

E-mail: JLKessler@hollandhart.com



CONFIDENTIALITY NOTICE: This message is confidential and may be privileged. If you believe that this email has been sent to you in error, please reply to the sender that you received the message in error; then please delete this e-mail. Thank you.

Oil & Gas metering:

The central tank battery (Salado Draw 29 Central Tank Battery – formerly Porter Brown Central Tank Battery) is located in the SESE portion of Sect 19 T26S, R33E. For gas, there will be a common central delivery point (CDP) gas sales with meter Gas Sales (DBM Gas SN 150006960) located on the northern pad edge of the Salado Draw 29 Central Tank Battery. The produced water will go to common water tanks on location and then to a new SWD station that will be located in the SWSW portion of Sect 13 T26S, R32E.

There will be no oil commingling between the Moose's Tooth 29-26-33 Fed Com #1H well and any other wells. The Moose's Tooth 29-26-33 Fed Com #1H oil will be sold through an individual LACT (Lease Automated Custody Transfer Unit) (*SN TBD). The Moose's Tooth 29-26-33 Fed Com #1H well will be continuously tested through a three-phase test separator located at the Salado Draw 29 Central Tank Battery. The three phase test will measure gas through an orifice meter run with a Total Flow computer (SN 150035020). Flash gas will be measured downstream of the Moose's Tooth 29 26 33 Fed Com #1H vertical heater treater utilizing an orifice meter run with Total Flow computer (SN: 150015293). The gas from the flash gas meter will be allocated directly to the Moose's Tooth 29-26-33 Fed Com #1H communitization agreement.

The Salado Draw 29-26-33 Fed Com #5H, Salado Draw 29-26-33 Fed Com #6H, Salado Draw 29-26-33 Fed Com #7H, and Salado Draw 29-26-33 Fed Com #8H wells will produce through Train 1. The oil from the Salado Draw 29-26-33 Fed Com #5H-#8H wells will be continuously measured by a coriolis meter downstream of the train 1 heater treater (*SN TBD). Gas from the Salado Draw 29-26-33 Fed Com #5H-#8H wells will be continuously measured through an orifice meter run with a Total Flow computer (*SN TBD) on a 2-phase bulk separator. Flash gas will be measured downstream of each heater treater utilizing an orifice meter run with Total Flow computer (Train 1 Heated Production Separator SN: *TBD; Train 1 Heater Treater SN: *TBD). Each flash gas meter will be allocated directly Salado Draw 29-26-33 Fed Com #5H-#8H communitization agreement.

After the train 1 wells are metered at the heater treater, the oil will be sent to common oil tanks. The oil will then be sold through a LACT unit (SN: 1302601521). Moose's Tooth 29 26 33 Fed Com #1H will have a separate oil tank and will be sold through an individual LACT (Lease Automated Custody Transfer Unit) (*SN TBD). Gas from the Salado Draw 29-26-33 Fed Com #5H-#8H and Moose's Tooth 29-26-33 Fed Com #1H wells will be measured and sold through an orifice plate meter run (SN 150006960). Downstream of the gas sales meter, there will be an orifice plate meter for gas lift gas (*SN TBD).

All wells will be tested monthly in order to meet all federal and state requirements. Additionally, value of oil will not be affected because wells will be completed in the same formation; therefore, APIs will be the same or similar. The value of gas will not be affected due to different formations as BTUs are expected to be the same or similar

Process and Flow Descriptions:

The flow of production is shown in detail on the enclosed facility flow diagram and map which shows the lease boundaries, location of wells, and locations of the flow lines, facility, and gas sales meter. The commingling of this will not result in reduced royalty or improper measurement of production. The proposed commingling will reduce the surface facility footprint and overall emissions.

Chevron U.S.A. 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 in the SESE portion of Sect 19 T26S, R33E, on federal lease NM27506 in Lea County, New Mexico. The production from the nine wells will be routed to the Salado Draw 29 Central Tank Battery. After separation and allocation measurement, the oil, gas, and water will go to separate oil tanks, common water tanks, and gas CDP located at edge of facility pad in the SESE of T26S, RR32E Section 19.

All royalty and overriding interest owners will be notified. Chevron is the only working interest owner.

Printed Name: Sarabeth Froneberger
Title: Facility Engineer
Date: 08/10/2015

McMillan, Michael, EMNRD

From: Jordan L. Kessler <JLKessler@hollandhart.com>
Sent: Friday, August 14, 2015 2:05 PM
To: McMillan, Michael, EMNRD
Cc: Michael Feldewert
Subject: Moose's Tooth Com Agreement

Hi Mike,

I received your message—the Moose's Tooth Com Agreement covers the W/2 W/2 of Section 29 and the NW/4 NW/4 of Section 32.

Please let me know if you have any further questions.

Thanks!
Jordan

Jordan Lee Kessler
Associate
Holland & Hart LLP
110 North Guadalupe Suite 1
Santa Fe, NM 87501
Phone (505) 988-4421
Fax (505) 983-6043
E-mail: JLKessler@hollandhart.com

HOLLAND & HART



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