

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION FOR SURFACE COMMINGLING
SUBMITTED BY CHEVRON USA, INC.**

ORDER NO. PLC-693

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having considered the application and the recommendation of the Engineering Bureau, issues the following Order.

FINDINGS OF FACT

1. Chevron USA, Inc. (“Applicant”) submitted a complete application to surface commingle and off-lease measure the oil and gas production ("Application") from the pools, leases, and wells identified in Exhibit A.
2. To the extent that ownership is identical, Applicant submitted a certification by a licensed attorney or qualified petroleum landman that the ownership in the pools, leases, and wells to be commingled is identical as defined in 19.15.12.7(B) NMAC.
3. Applicant proposed a method to allocate the oil and gas production to the pools, leases, and wells to be commingled.
4. To the extent that ownership is diverse, Applicant provided notice of the Application to all persons owning an interest in the oil and gas production to be commingled, including the owners of royalty and overriding royalty interests, regardless whether they have a right or option to take their interests in kind, and those persons either submitted a written waiver or did not file an objection to the Application.
5. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.
6. Applicant certified the commingling of oil and gas production from the pools, leases, and wells will not in reasonable probability reduce the value of the oil and gas production to less than if it had remained segregated.

CONCLUSIONS OF LAW

7. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, §§ 70-2-6, 70-2-11, 70-2-12, 70-2-16, and 70-2-17, and 19.15.12 NMAC.
8. Applicant satisfied the notice requirements for the Application in accordance with 19.15.12.10(A)(2), (C)(4)(c), and (C)(4)(e) NMAC, as applicable.
9. Applicant’s proposed method of allocation, as modified herein, complies with 19.15.12.10(B)(1) or (C)(1) NMAC, as applicable.

10. Commingling of oil and gas production from state, federal, or tribal leases shall not commence until approved by the BLM or NMSLO, as applicable, in accordance with 19.15.12.10(B)(3) and (C)(4)(h) NMAC.
11. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

ORDER

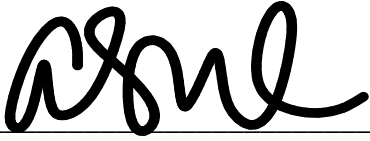
1. Applicant is authorized to surface commingle and off-lease measure oil and gas production from the pools, leases, and wells identified in Exhibit A.
2. This Order supersedes Orders CTB-464, CTB-464-A, PLC-264, and PLC-264-A.
3. The oil and gas production for each well identified in Exhibit A shall be allocated by conducting one (1) well test per month.

Applicant shall conduct a well test by separating and measuring the oil and gas production from that well for a minimum of twenty-four (24) consecutive hours.

The well test requirements of this Order shall be suspended for any well shut-in for a period that continues for more than thirty (30) days until the well commences production.

4. Applicant shall measure the commingled oil at a central tank battery described in Exhibit A in accordance with 19.15.18.15 NMAC or 19.15.23.8 NMAC.
5. Applicant shall measure the commingled gas at a central delivery point described in Exhibit A in accordance with 19.15.19.9 NMAC, provided however that if the gas is flared, and regardless whether OCD has granted an exception pursuant to 19.15.18.12(B) NMAC, Applicant shall report the gas in accordance with 19.15.18.12(F) NMAC.
6. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10(C)(2) NMAC.
7. If the commingling of oil and gas production from any pool, lease, or well reduces the value of the commingled oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred Applicant shall submit a new surface commingle application to OCD to amend this Order to remove the pool, lease, or well whose oil and gas production caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.
8. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
9. OCD retains jurisdiction and reserves the right to modify or revoke this Order as it deems necessary to prevent waste or protect correlative rights, public health, or the environment.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**

A handwritten signature in black ink, appearing to read 'AS', written over a horizontal line.

**ADRIENNE SANDOVAL
DIRECTOR**

AS/dm

DATE: 9/04/2020

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: PLC-693

Operator: Chevron USA, Inc. (4323)

Central Tank Battery: Keel Federal Central Tank Battery

Central Tank Battery Location (NMPM): Unit J, Section 33, Township 18 South, Range 32 East

Gas Custody Transfer Meter Location (NMPM): Unit J, Section 33, Township 18 South, Range 32 East

Pools

| Pool Name | Pool Code |
|--------------------------|-----------|
| LUSK; STRAWN, NORTH | 96678 |
| YOUNG; GRAYBURG, SOUTH | 96626 |
| YOUNG; SAN ANDRES, SOUTH | 96416 |

Leases as defined in 19.15.12.7(C) NMAC

| Lease | Location (NMPM) | |
|--------------|----------------------|------------------|
| NMNM 024161 | SW/4 SE/4, NE/4 SE/4 | Sec 33-T18S-R32E |
| NMNM 0556094 | SW/4 NE/4 | Sec 33-T18S-R32E |

Wells

| Well API | Well Name | Location (NMPM) | Pool Code | Train |
|--------------|--------------|-----------------|-----------|-------|
| 30-025-33340 | Keel A Fed 3 | G-33-18S-32E | 96678 | |
| 30-025-33499 | Keel A Fed 4 | I-33-18S-32E | 96626 | |
| | | | 96416 | |
| 30-025-33339 | Keel A Fed 2 | O-33-18S-32E | 96626 | |