£7B

PMAM 1623 4489

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
тн	IIS CHECKLIST IS MA	NDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE
Applic	[DHC-Down [PC-Poo	
[1]	TYPE OF AP [A]	PLICATION - Check Those Which Apply for [A]  Location - Spacing Unit - Simultaneous Dedication  NSL NSP SD  NSD SD  1 NSP SD  1 NSP SD
	Check [B]	One Only for [B] or [C]  Commingling - Storage - Measurement  Commingling - Storage - Measurement  Commingling - Storage - Measurement
	[C]	Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  WFX PMX SWD IPI EOR PPR
	[D]	Other: Specify
[2]	NOTIFICAT: [A]	ION REQUIRED TO: - Check Those Which Apply, or □ Does Not Apply  Working, Royalty or Overriding Royalty Interest Owners
	[B]	ON REQUIRED TO: - Check Those Which Apply, or □ Does Not Apply  Working, Royalty or Overriding Royalty Interest Owners  7 LURS— GNC  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]		CURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE ATION INDICATED ABOVE.
	val is a <mark>ccurate</mark> a	TION: I hereby certify that the information submitted with this application for administrative and complete to the best of my knowledge. I also understand that no action will be taken on this quired information and notifications are submitted to the Division.
	Note:	Statement must be completed by an individual with managerial and/or supervisory capacity.
	STOKER or Type Name	Signature Title Regulatory Affairs Coordinator Date
		carie@stokeroilfield.com

E-mail Address

District I 1625 N. French Orive, Hobbs, NM 88210 District II

811 S. Füst St., Artesia, NM 88210

District III 1000 Rio Brazos Road, Aztec, NM 87410 District IV

1220 S. St Francis Dr, Santa Fc, NM 87505

State of New Mexico Energy, Minerals and Natural Resources Department

Form C-107-B Revised August 1, 2011

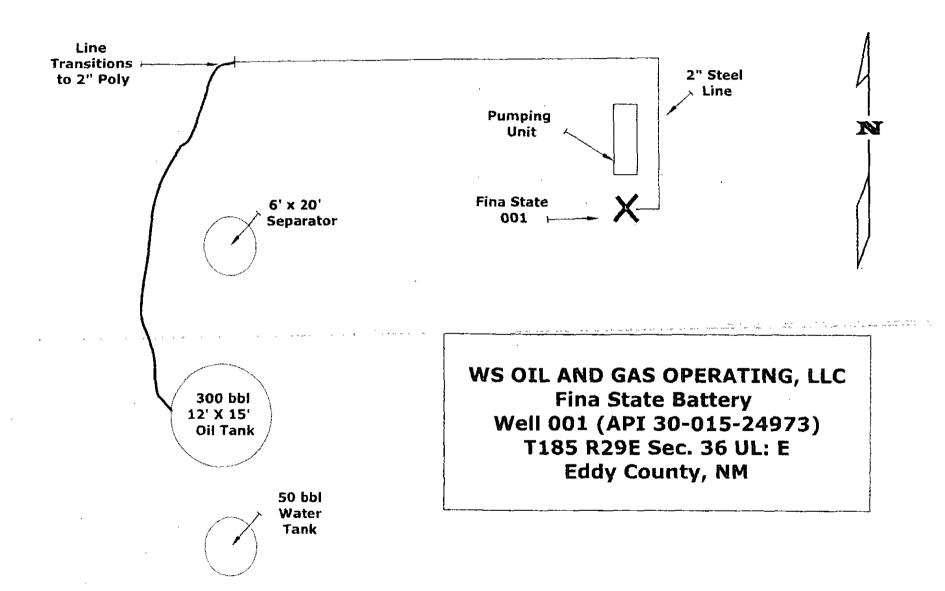
#### OIL CONSERVATION DIVISION

1220 S. St Francis Drive Santa Fe, New Mexico 87505

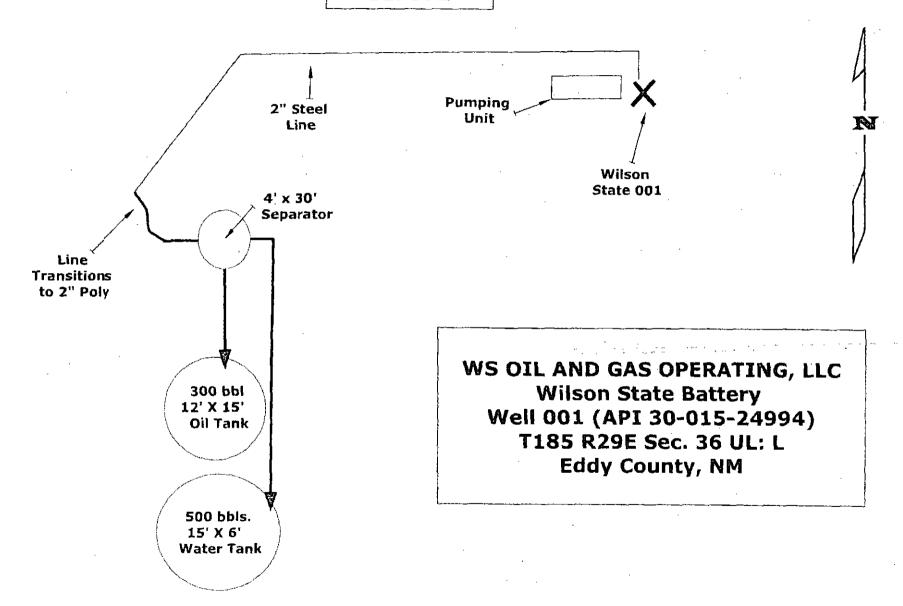
Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

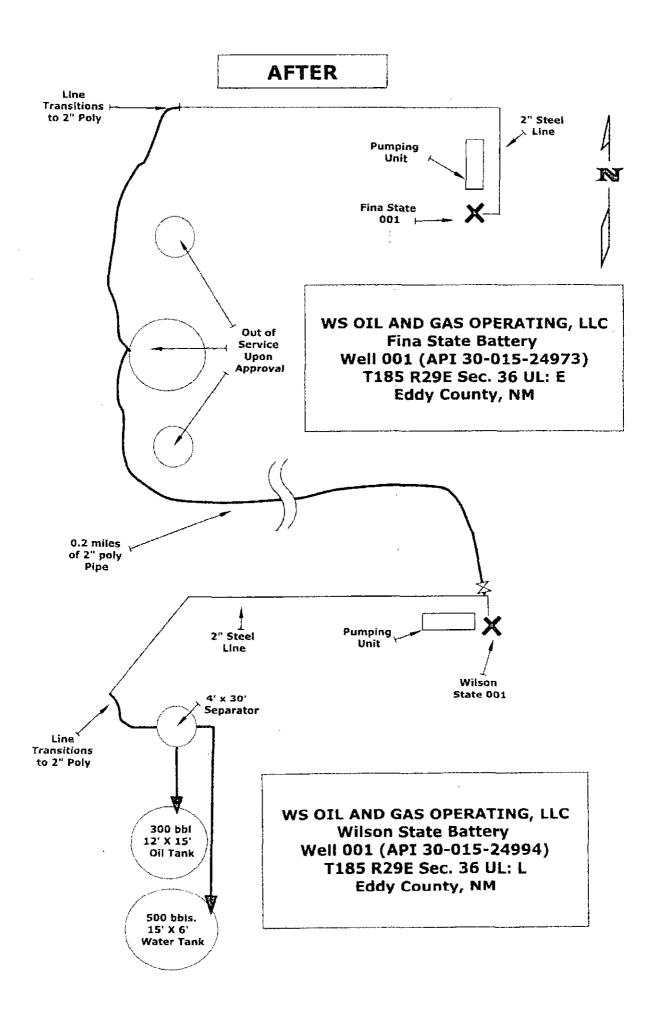
APPLIC	ATION FOR SURFACE	COMMINGLING	(DIVERSE	OWNERSHIP)	
OPERATOR NAME:	WS Oil & Gas Operating, LLC				
OPERATOR ADDRESS:	PO BOX 5375 Midland, TX 79	9704			
APPLICATION TYPE:					
☐ Pool Commungling ☐ Lease	Comminging Pool and Lease Co	ommingling DIT-Lease	Storage and Measur	ement (Only if not Surface	: Commingled)
LEASE TYPE: 🔲 Fo	e 🖾 State 🔲 Fede	eral			
	sting Order? Yes No II		the appropriate C	Order No.	
Have the Bureau of Land Ma	magement (BLM) and State Lan-	d office (SLO) been no	titled in writing t	of the proposed comm	ingling
⊠Yes □No			·····		
		OL COMMINGLIN ts with the following in			
	Gravitics / BTU of	Calculated Gravities /		Calculated Value of	
(1) Pool Names and Codes	Non-Commingled	BTU of Commingled		Commingled	Volumes
	Production	Production	*	Production	
				,	
	nt top allowables? Yes No				
	en notified by certified mail of the pr	roposed commingling?	□Yes □No.		
<ul><li>(4) Measurement type: []?</li><li>(5) Will commingling decreases</li></ul>	Metering \[ \bigcirc \text{Other (Specify)} \] se the value of production? \[ \bigcirc \text{Yes} \]	The 10 was bearing	ha almania al	lan chould be snaroused	
(5) Will commissing decreas	se the value of production;	Lino ii jes , destii	me way communica	ing should be approved	
	and the same of th				***************************************
	(B) LEA	SE COMMINGLIN	iG		
		ts with the following i	nformation	ч	
	20- TURKEY TRACK: 7 RVRS-QU				
	ne source of supply? See 1		⊠Yes □N	les.	
	n notified by certified mail of the pro- letering — 🔯 Other (Specify) Well to		⊠165 ⊔N	· (t	
(1) (11-12-11-11) (1) (1) (1) (1) (1) (1) (1) (1) (1)	Est Office (Specify) were to	est matrica (see anather)			
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(1) Complete occions A and	San transport				
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	· /	ets with the following			
	ne source of supply? Yes ::			neuron meneralis errais (1905) de la Electrica de Principal de Principal de Principal de Principal de Principal	
(2) Include proof of notice to	all interest owners.				
				· · · · · · · · · · · · · · · · · · ·	
	(E) ADDITIONAL INFO	DRMATION (for at ets with the following i		ypes)	
(1) A schematic diagram of f	acility, including legal location,	TO WITH THE RUIDWING I	ICIVI BILLIATUM		
<del>-</del>	ies showing all well and facility loca	aions. Include lease numb	ers if Federal or St	ate lands are involved.	
	Well Numbers, and API Numbers.				
·					
hereby certify that the informati	on above is true and complete to the	best of my knowledge and	l belief.		1
SIGNATURE: CON	estoken n	This Regulatory Affai	rs Coordinator	DATE 1	5/16
YPE OR PRINT NAMECO	Commence and the commence of t		TELEPHO	NE NO.: 432.664.76	<u>59</u>
E-MAIL ADDRESS: carie	a store formero com	· · · · · · · · · · · · · · · · · · ·			

#### **BEFORE**



#### **BEFORE**





### WS OIL & GAS OPERATING, LLC

#### Commingled Battery Testing & Allocation Procedures

#### Eddy County, NM

WS Oil & Gas Operating, LLC proposes the surface commingling of its wells on Wilson State Unit and one offset adjacent producing lease, the Fina State into a single Commingled Battery (the "Battery") located on the Wilson State 001 located at the SW/4 NW/4 UL-L, Section 36, Township 18S, Range 29E in Eddy County, New Mexico. The following discussion outlines the basic equipment that will be installed in the Commingled Battery, as well as the basic procedures that will be instituted to test producing wells and equitably allocate monthly oil and water production to each well based on well test results.

#### **Battery Equipment & Vessels**

A Commingled Battery permitted and constructed by WS Oil & Gas Operating, LLC with the basic equipment, vessels, and facilities in its design in order to test producing wells on a regular basis and equitably allocate oil and water production between all wells producing into the Battery. This Battery equipment will include:

- Inlet Well Header which allows the switching of each well tied into the battery from production to the portable test vessel individually
- 1 portable test tank
- A primary separator to send all of the commingled oil to the oil tank and all commingled water to the water
- At least 1 steel oil tank where total oil production is gauged and oil is sold
- 1 fiberglass water tank

#### Tank Gauging

Each day, each oil tank and water tank in the battery will be gauged by the WS Oil & Gas Operating, LLC pumper using a steel tapeline. The amount of oil and water is measured by using water-finding paste ("color-cut") on the steel tape line. The gauge levels of oil and water in the battery tanks are recorded in the daily field gauge report and used to calculate the total daily and monthly oil and water production volumes for the Battery. The daily battery oil and water production are sent to the WS Oil & Gas Operating, LLC – Midland, Texas office each day and are used at the end of each month to determine the total monthly battery production – oil and water production volumes.

Additionally, a record is kept of the number of producing days each month for each well. This information is recorded by the pumper each day on a monthly "Days On and Off Report" form which tracks the days on production and the days off production for each well over the course of the month. This report is sent to the WS Oil & Gas Operating, LLC — Midland, Texas office at the end of each month to be used in the allocation process.

#### Well Testing

Prior to each Well Test, the portable test tank is emptied using the circulating pump to move contents to the primary battery separator. The remaining volume in the portable Test Tank, if any, is gauged and color-cut to determine the oil and water volumes in the tank at the start of the Well Test.

- At the Well Header at the entry to the Battery, the well selected to be tested is switched
  from primary Production to the test tank by opening and closing the appropriate valves
  on the header manifold to route the produced fluids from the well to a portable test tank.
- Each well producing into the Battery is to be tested periodically, but no less than annually.
- The well will be left "on test" until a stabilized daily production rate is established.
- After the well has been on test, the produced fluids in the Test Tank will be gauged and color-cut to determine volumes.
- The Test Volumes of Oil and Water production from the well are recorded
- At the conclusion of each Well Test, the produced oil and water volumes in the portable Test Tank are sent to the primary separator.

#### Monthly Production Allocations

Each month, the total monthly battery oil and water production volumes are allocated to each producing well producing into the battery based on the well's well tests during the month and its number of producing days during the month. The monthly production allocations methodology is as follows:

- The total monthly battery production (oil and water) is determined from the daily field gauge reports from the pumper.
- The representative well test for each well is selected from the well tests run during the
  month. If more than one well test is ran on a well during the month and all are
  determined to be representative, then the arithmetic average of the individual well tests
  is used as the well test for the well during the month.
- For each well producing into the battery, the well test for the month is multiplied by the
  well's producing days during the month to calculate the well pseudo-production for the
  month.
- The well pseudo-production for each well is calculated and then all are summed for the month to calculate the total battery pseudo-production for the month.
- The monthly well allocation factor is then calculated for each well by dividing the well
  pseudo-production for the month by the total battery pseudo-production for the month.
  Individual allocation factors are determined for both oil and water production for each
  well in the Battery by this method.
- The monthly allocated production for each well is then calculated by multiplying the
  well's monthly well allocation factor by the total monthly battery production. Individual
  monthly oil and water allocated production volumes for each well in the battery are
  determined by this method.
- Monthly oil Sales for each well are also determined using the Monthly Well Allocation Factors and the Total Monthly Battery Oil Sales volumes for the Battery.

#### **EXHIBIT A**

DATE: Mon Feb 22, 2016

HOLLYFRONTIER REFINING & MARKETING LLC

Division of Interest ~ Exhibit

REPORT: DC3 PAGE: 1 of 1

TIME: 08:51:52

Division Of

Owner Hame
O00001 COMMISSIONER OF FUBLIC LANDS

Interest Interest
0.18750000 RI

Type

Pay Code GS

P O BOX 1148

SANTA FE, NM 87504-1148

0.81250000

WI

069896 WS OIL & GAS OPERATING LLC

P 0 BOX 5375 . MIDLAND, TX 79704

ΑD

Interest Total

1.000000000

"THIS INFORMATION IS FURNISHED AS A COURTESY. HOLLYFRONTIER REFINING & MARKETING LLC ASSUMES NO LIABILITY FOR ACCURACY OR CORRECTNESS OF THE INFORMATION HEREIN SET OUT." .

DATE: Mon Feb 22, 2016 HOLLYFRONTIER REFINING & MARKETING LLC REPORT: DC3 TIME: 08:50:24 PAGE: 1 of Division of Interest - Exhibit Lease 00019937 Sub . Name Wilson STATE #1

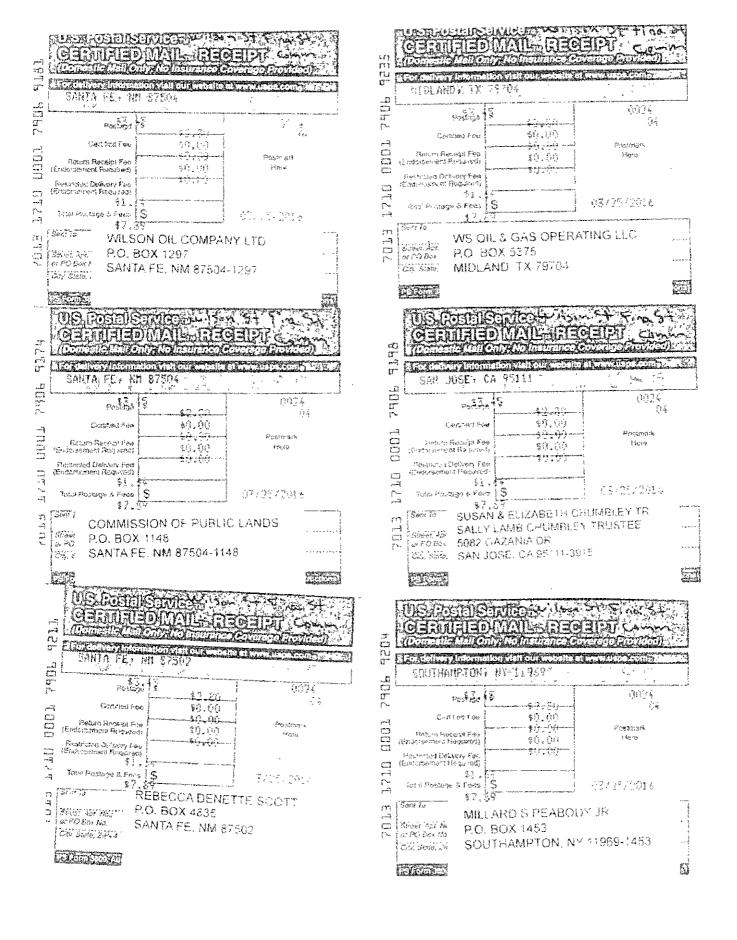
G/L Comp 66 Division 48 Period 02-3016 - Username irene
Operator 069896 Name WS CLL & GAS OPERATING LIC Civision Of Pay Interest Interest Name Code 000001 COMMISSIGNER OF PUBLIC LANDS P O BOX 1148 SANTA FE. NM 87504-1148 009995 WILSON OIL COMPANY LTD 0.05000000 OR PA FO BOX 1297 SANTA FE, NM 67504-1297 010606 SUSAN & ELIZABETH CHUMBLEY TR 0.01500000 PA SALLY LAMB CHUMBLEY TRUSTEE 5082 GAZÁNIA DR SAN JOSE, CA 95111-3915 010607 MILLARD & PEAGODY JR 0.01900000 ₽A PO BOX 1453 SOUTHAMPTON, NY 11969-1453 038432 REBECCA DENETTE SCOTT 0.05000000 P O BOX 4835 SANTA FE, NM 87502 058089 ELSIE WILSON 0.03800000 AC WI 4872 VIEJA DRIVE SANTA BARBARA, CA 93110-2045 069896 WS OIL & GAS OPERATING LLC 0.70300000 · AD P 0 BOX 5375

Interest Total

MICLAND, TX 79704

1.00000000

"THIS INFORMATION IS FURNISHED AS A COURTESY. HOLLYPRONTIER REFINING & MARKETING LLC ASSUMES NO LIABILITY FOR ACCURACY OR CORRECTNESS OF THE INFORMATION HEREIN SET OUT."





* * API (**)	Well Name	Well Number	Type	Lease	الإيلى ال	Status 🤔 📆 🚕	Unit Letter	Section	Township	Range	OCD Unit Letter	Current Operator
					· · · · · ·							
30-015-24973	FINA STATE	#001	Oil	State	Active		ε 3	36	185	29E	E	[370922] WS OIL AND GAS OPERATING, LLC
					_							
30-015-24994	WILSON ST	#001	Oil	State	Active		ւ	36	185_	29€_	L	[370922] WS OIL AND GAS OPERATING, LLC

#### **Production Summary Report**

#### API: 30-015-24973

#### FINA STATE #001

#### Printed On: Tuesday, March 22 2016

			Production				Injection				
Year	Paol	Month	Oil(BBLS)	Gas(MCF)	Water(BBLS)	Days P/I	Water(BBLS)	Co2(MCF)	Gas(MCF)	Other	Pressure
2015	[61020] TURKEY TRACK;7 RVRS-QU-G8-SA	Nov	38	0	13	30	0	0	0	0	0
2015	[61020] TURKEY TRACK;7 RVRS-QU-G8-SA	Dec	42	0	30	31	0	0	0	0	0
2016	[61020] TURKEY TRACK;7 RVRS-QU-GB-SA	Jan	27	0	50	29	0	0	0	0	0

#### **Production Summary Report**

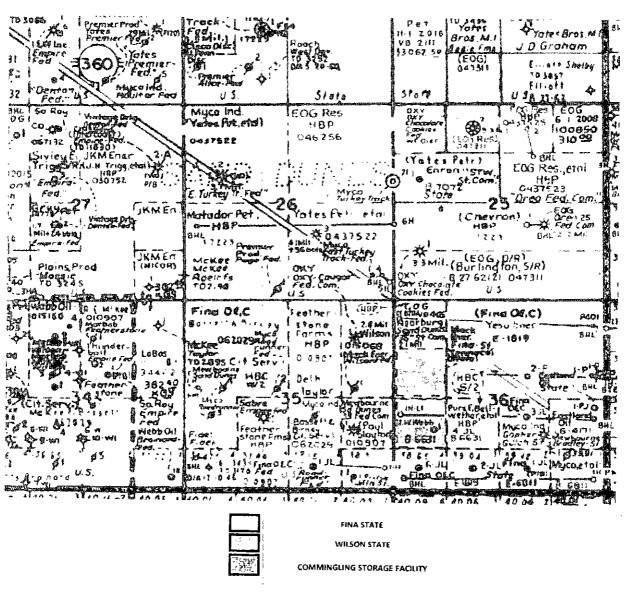
#### API: 30-015-24994

#### WILSON ST #001

#### Printed On: Tuesday, March 22 2016

				Producti	on		Injection				
Year	Paal	Month	Oil(BBLS)	Gas(MCF)	Water(BBLS)	Days P/I	Water(BBLS)	Co2(MCF)	Gas(MCF)	Other	Pressure
2015	[61020] TURKEY TRACK;7 RVRS-QU-GB-SA	Nov	G	0	G	0	0	0	0	0	0
2015	[61020] TURKEY TRACK;7 RVRS-QU-GB-SA	Dec	0	0	0	0	0	0	0	0	0
2016	[61020] TURKEY TRACK;7 RVRS-QU-GB-SA	Jan	٥	0	0	0	0	0	0	O	0

WS Oil & Gas Operating, LLC.



LEASE BOUNDARY LINES

LEGAL LOCATION: NW/4 SW/4 UL-L, SEC 36, T185, R29E, EDDY COUNTY, NM

To: Surface & Interest Owners:

Re: WS Oil & Gas Operating, LLC

Application for Approval of Surface Commingling

Part of Section 36, T18S, R29E Wilson State 001, Fina State 001 Eddy County, New Mexico

Ladies and gentlemen:

Please be advised that WS Oil & Gas Operating, LLC, has requested approval for a surface commingling application. You have been identified as a surface or interest owner in the above referenced lands therefore, requiring notification of this application. Enclosed for your review, is a copy of the submitted application. Please be advised that any objections must be made in writing to the New Mexico Oil Conservation Division, 1220 S. St. Francis Drive, Santa Fe, NM 87504 within twenty (20) days of this applications filing date.

Please do not hesitate to contact us should you have any questions. Thank you for your attention to this matter.

Sincerely,

Carie Stoker

Regulatory Affairs Coordinator

August 17, 2016

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
District II
811 S. First St.
Artesia, NM 88210

RE: WS C

WS Oil & Gas Operating, LLC.

Application for Approval of Surface Commingling

Part of Section 36, T18S, R29E, Wilson State 001, Fina State 001 Eddy County, New Mexico

Dear Sirs:

Please be advised that WS Oil & Gas, LLC has notified every individual who has been identified as owning an interest within the above described properties of WS Oil & Gas, LLC's requested approval for surface commingling application for the properties. Attached and labeled Exhibit "A" is the list of notified individuals. Enclosed for your review, is a copy of the correspondence and copies of the certified mail receipts.

Do not hesitate to contact us should you have any questions or need further data. Thank you for your attention in this matter.

Sincerely.

Carie Stoker

Regulatory Affairs Coordinator

CC: State of New Mexico

Energy, Minerals and Natural Resources

Oil Conservation Division 1220 South St. Francis Drive

Santa Fe, NM 87505

Attachment

Enclosures



## Aubrey Dunn COMMISSIONER

### State of New Mexico Commissioner of Public Lands

COMMISSIONER'S OFFICE

Phone (505) 827-5760 Fax (505) 827-5766 www.nmstatelands.org

March 31, 2016

9.O. BOX 1148 P.O. BOX 1148 SANTA FE, NEW MEXICO 87504-1148

WS OIL AND GAS OPERATING, LLC PO BOX 5375 MIDLAND, TX 79704

Attention: Ms. Carrie Stoker

Re: Request Surface Commingle

Wilson State Central Tank Battery

Sec 36-18S-29E

Fina State #1 API #30-015-24973 (VB-0405-3) Wilson State #1 API #30-015-24994 (BO-6631-36)

Turkey Track: Seven Rivers Queen Grayburg San Andres Pool #61020

Eddy County, New Mexico

Dear Ms. Stoker:

We are in receipt of your amended application requesting to surface commingle the above captioned wells into a central tank battery at Wilson State Battery located in the NW4SW4 Sec 36-18S-29E Lease BO-6631-36.

Since it appears that all the New Mexico Oil Conservation Division's rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request is hereby approved. Our approval is subject to like approval by the New Mexico Oil Conservation Division. Please submit a copy of the NMOCD's approval to this office.

Our approval does not constitute the granting of any right-of-way or construction rights not granted by the lease instrument. Our approval is subject to WS Oil and Gas Operating, LLC submitting a business lease application for the tank battery site located in the NW4SW4 of Sec 36-18S-29E.

Please submit a \$30.00 dollar filing fee. When you provide a check as payment, you authorize the State of New Mexico to either use information from your check to make a one-time electronic fund transfer from your account or to process the payment as a check transaction.

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Respectfully,

AUBREY DUNN

COMMISSIONER OF PUBLIC LANDS

AD/sk

cc: Reader File

OCD-Mr. Daniel Sanchez

### NEW MEXICO OIL CONSERVATION COMMISSI WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102 Supersedes C-128 Effective 1-1-65

RONALD J. EIDSON.

3239

All distances must be from the outer boundaries of the Section. Operator Well No. Legae 1 METEX PIPE & SUPPLY WILSON STATE Section Township Romge County L'out Letter 29 EAST EDDY 18 SOUTH I. 36 Actual Footage Location of Well; 990 WEST 1650 SOUTH line and feet from the feet from the line Ground Level Elev. Producing Formation Dedicated Acreage: 3441.9 Acres 1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below. 2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty). 3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc? If answer is "yes," type of consolidation . No If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.). No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission. CERTIFICATION I hereby certify that the information contained herein is true and complete to the my knowledge and belief. Position MUNER I hereby certify that the well location my supervision, and that the same 990 knowledge and belief. Date Surveyed AUGUST 8, 1984 Registered Professional Engineer

1000

100

4000

1800

1980

# NI MEXICO OIL CONSERVATION COMMISS WELL LOCATION AND ACREAGE DEDICATION PLAT

All distances must be from the outer boundaries of the Section

Operator					Lease	15 :17			Tw	ell No.
	<del></del>	Oil Co.	1=			.H. 36	1	<del></del>		<del></del> -
Unit Letter	Secti	on 36	Township	18 Souti	Romge 1	29 East	County	Eddv		
Actual Footage Lac	ation c	i Well:	<del>-l</del> -			····	ــــــــــــــــــــــــــــــــــــــ	·		<del></del>
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Parameter State						2 1 7th 11 Lt 11 14	1	Certificate		W. WEST, 676

#### Production Summary Report API: 30-015-24994 WILSON ST #001

Printed On: Tuesday, August 23 2016

		Production									
Year	Pool	Month	Oil(BBLS)	Gas(MCF)	Water(BBLS)	Days P/I					
2015	[61020] TURKEY TRACK;7 RVRS-QU-GB-SA	Dec	0	0	0	0					
2016	[61020] TURKEY TRACK;7 RVRS-QU-GB-SA	Jan	0	0	0	0					
2016	[61020] TURKEY TRACK;7 RVRS-QU-GB-SA	Feb	38	. 0	312	29					
2016	[61020] TURKEY TRACK;7 RVRS-QU-GB-SA	Mar _	70	0	520	30					
2016	[61020] TURKEY TRACK;7 RVRS-QU-GB-SA	Apr	30	0	446	31					
2016	[61020] TURKEY TRACK;7 RVRS-QU-GB-SA	May	76	0	454	30					

#### Production Summary Report API: 30-015-24973 FINA STATE #001

Printed On: Tuesday, August 23 2016

			Production								
Year	Pool	Month	Oil(BBLS)	Gas(MCF)	Water(BBLS)	Days P/1					
2015	[61020] TURKEY TRACK;7 RVRS-QU-GB-SA	Dec	42	0	30	31					
2016	[61020] TURKEY TRACK;7 RVRS-QU-GB-SA	Jan	27	0	50	29					
2016	[61020] TURKEY TRACK;7 RVRS-QU-GB-SA	Feb	58	0	_48	29					
2016	[61020] TURKEY TRACK;7 RVRS-QU-GB-SA	Mar	83	0	48	_30					
2016	[61020] TURKEY TRACK;7 RVRS-QU-GB-SA	Apr	2	0	39	31					
2016	[61020] TURKEY TRACK;7 RVRS-QU-GB-SA	May	1	0	42	30					