

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.

Pamela A. Smith Print or Type Name
Pamela A. Smith Signature
Office Assistant Title
8-30-06 Date
Smithpa@Chevron.com e-mail Address



Tiffany L. Kalmus
Land Representative
Permian Basin

Mid-Continent SBU
Chevron North America
Exploration and Production
Company
15 Smith Rd.
Midland, Texas 79705
Tel 432-687-7302
Fax 432-687-7448
tifik@chevron.com

2006 SEP 22 AM 11 58

September 18, 2006

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87504

Attention: Oil & Gas Regulatory Department
Lea County, New Mexico

Through a search of our division order records, we have found that the wells under the Brunson-Argo leases, further described below, covering the NE/4 of Section 9, T-22-S, R-37-E NMPM, Lea County, New Mexico, show to have identical ownership in the Paddock, Blinebry, Drinkard and Abo formations and therefore qualify for commingling. Attached in support of this is a spreadsheet defining the mineral ownership.

Oil and Gas Lease dated May 30, 1934, by and between Rollon L. Brunson and Guy H. Hooper recorded in Lea County, Book 25, Page 242 on September 28, 1934.

Oil and Gas Lease dated May 30, 1934, by and between Argo Royalty Company and Guy H. Hooper recorded in Lea County, Book 25, Page 106 on July 14, 1934.

If you require additional information or have any questions, please contact me at the letterhead address.

Sincerely yours,

A handwritten signature in cursive script that reads "Tiffany Kalmus".

Tiffany Kalmus
Land Representative



Pamela A. Smith
Office Assistant-Facilities
Permian Basin

Mid-Continent Business Unit
Chevron U.S.A. Inc.
15 Smith Rd
Midland, Texas 79705
Tel 432-687-7305
Fax 432-687-7871
smithpa@chevron.com

August 30, 2006

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87504
Lea County, New Mexico

RE: Application To Pool (Surface) Commingle Oil And Gas Production

Attn: Oil & Gas Regulatory Department

Chevron U.S.A., Inc. respectfully requests administrative approval to surface commingle oil and gas production from the Paddock, Blinebry, Drinkard, and Abo Pools, respectively, into the Brunson Argo Commingled # 3 Battery, located in Section 9, T22S, R37E, Lea County, New Mexico. The production from each pool will be allocated based on periodic well tests of each of the respective pool producers. All wells are on Chevron's wholly owned Brunson Argo lease and royalty ownership is identical in all pools.

Attached in support of this request is a table showing oil production volumes, gravities, and monetary values for each of the wells/pools proposed for commingling, a proposed schematic diagram for the subject facility, and a lease plat. As can be seen on the table, the value of the production will not be significantly impacted by the proposed action. However, environmental exposure and operating costs will be reduced by having fewer tank storage facilities to operate and maintain.

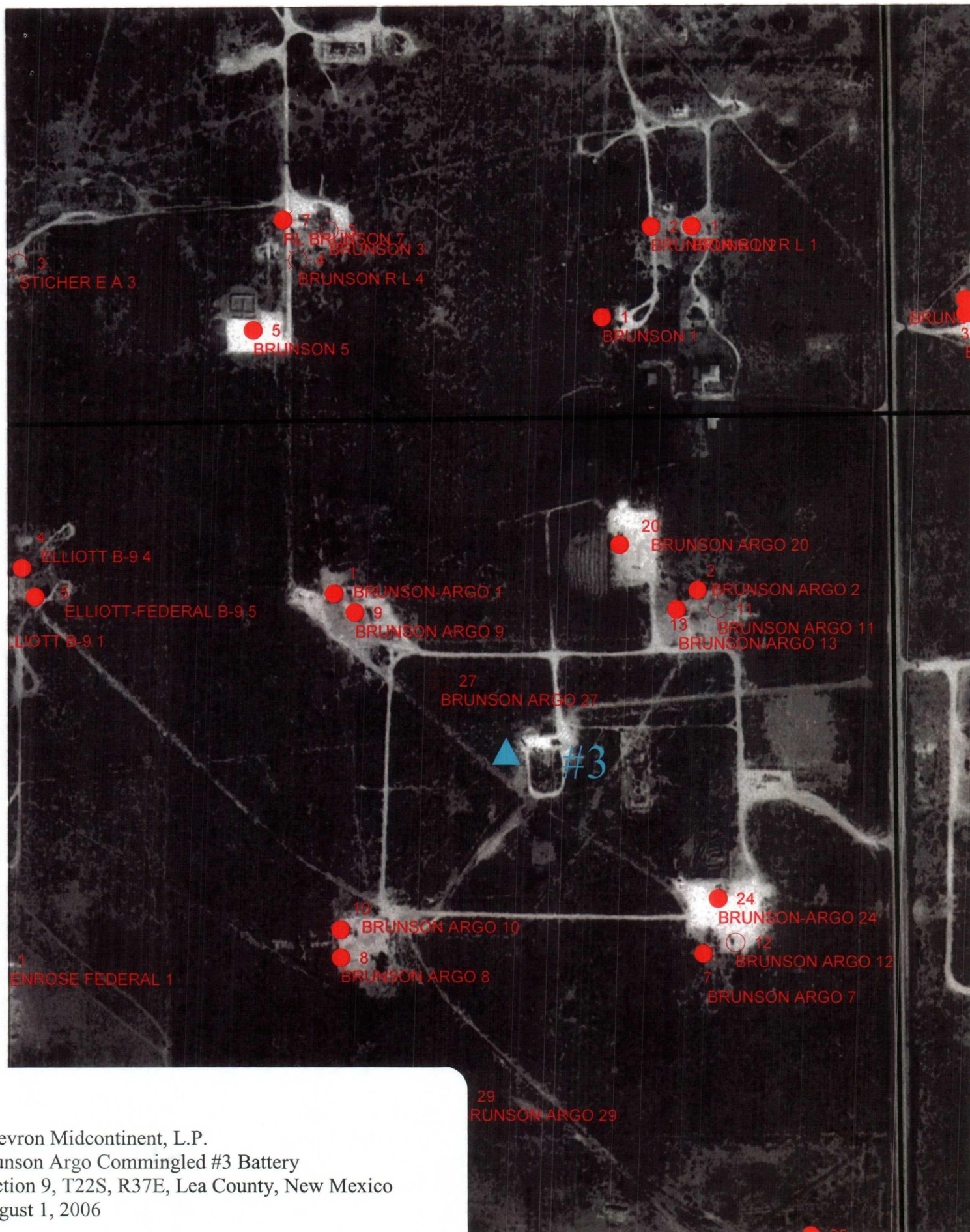
For your convenience, I have enclosed an envelope with my return address, so that the decision for this application can be sent directly to me. If you require additional information or have any questions, please contact me by telephone at (432) 687-7305 or by e-mail at smithpa@chevron.com.

Sincerely,

A handwritten signature in cursive script that reads "Pamela A. Smith".

Pamela A. Smith
Office Assistant-Facilities

CC: NMOCD – Hobbs District 1
Lease File
Reggie Holzer
Nathan Mouser
Danny Lovell
Denise Pinkerton
Jesse Williams



Proposed Amendment Of Surface
Commingleing Order PC-
Brunson Argo Commingled Battery
Section 9, T22S, R37E
Lea County, New Mexico

Section 9 Brunson Argo Production Into 2 Separate Batteries (Current State)

Pool	Well	BOPD	API Gravity	\$/BBL	\$/Day	Remarks	Battery
Blinebry	Brunson Argo # 1	0.0	34.8	68.42	0.00		# 3
Paddock	Brunson Argo # 9	6.9	32.0	64.67	446.22		# 5
Blinebry	Brunson Argo # 12	0.1	34.0	68.42	6.84		# 3
Paddock	Brunson Argo # 13	17.6	35.5	64.67	1138.19		# 3
Blinebry	Brunson Argo # 13	1.1	35.5	68.42	75.26		# 3
Drinkard	Brunson Argo # 13	0.0	35.5	68.29	0.00		# 3
Drinkard	Brunson Argo # 20	7.5	35.0	68.29	512.18		# 3
Abo	Brunson Argo # 20	2.3	35.0	62.87	144.60		# 3
Paddock	Brunson Argo # 24	8.1	32.0	64.67	523.83		# 5
Drinkard	Brunson Argo # 27	5.4	36.5	68.29	368.77		# 3
Abo	Brunson Argo # 27	1.8	36.5	62.87	113.17		# 3
Paddock	Brunson Argo # 29	3.2	34.0	64.67	206.94		# 3
Totals		54.0			\$3,536.00		

Production From All Section 9 Brunson Argo Wells Commingleing Into Brunson Argo Commingled Battery - Sec. 9

Pool	Well	BOPD	API Gravity	\$/BBL	\$/Day	Remarks	Battery
Blinebry	Brunson Argo # 1	0.0	34.5	64.67	0.00	Calculated API gravity of commingled oil	Sec. 9
Paddock	Brunson Argo # 9	6.9	34.5	64.67	446.22	Calculated API gravity of commingled oil	Sec. 9
Blinebry	Brunson Argo # 12	0.1	34.5	64.67	6.47	Calculated API gravity of commingled oil	Sec. 9
Paddock	Brunson Argo # 13	17.6	34.5	64.67	1138.19	Calculated API gravity of commingled oil	Sec. 9
Blinebry	Brunson Argo # 13	1.1	34.5	64.67	71.14	Calculated API gravity of commingled oil	Sec. 9
Drinkard	Brunson Argo # 13	0.0	34.5	64.67	0.00	Calculated API gravity of commingled oil	Sec. 9
Drinkard	Brunson Argo # 20	7.5	34.5	64.67	485.03	Calculated API gravity of commingled oil	Sec. 9
Abo	Brunson Argo # 20	2.3	34.5	64.67	148.74	Calculated API gravity of commingled oil	Sec. 9
Paddock	Brunson Argo # 24	8.1	34.5	64.67	523.83	Calculated API gravity of commingled oil	Sec. 9
Drinkard	Brunson Argo # 27	5.4	34.5	64.67	349.22	Calculated API gravity of commingled oil	Sec. 9
Abo	Brunson Argo # 27	1.8	34.5	64.67	116.41	Calculated API gravity of commingled oil	Sec. 9
Paddock	Brunson Argo # 29	3.2	34.5	64.67	206.94	Calculated API gravity of commingled oil	Sec. 9
Totals		54.0			\$3,492.18		

WELL TEST REPORT									
Lease: BRUNSON ARGO #1			Field: BLINEBRY OIL & GAS			Reservoir: BLINEBRY			
Well: 1			Field Code: U46			Resv Code: 0000004532			
			Unique Code: BCU46AA00			Battery: BRUNSN ARG 3 T			
			Wellbore: 359437			API No: 300251013700			

API No: 300251013700

[illegible]

WELL TEST REPORT									
Lease: BRUNSON ARGO #9			Field: PADDOCK			Reservoir: PADDOCK			
Well: 9			Field Code: U48			Resv Code: 0000008451			
			Unique Code: BCU482500			Battery: BRUNSN ARG 5 T			
			Wellbore: 359443			API No: 300251014100			

API No: 300251014100

[illegible]

WELL TEST REPORT									
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Lease: BRUNSON ARGO #10	Field: BLINEBRY OIL & GAS	Reservoir: BLINEBRY
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Well: 10	Field Code: U46	Resv Code: 0000004532
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				Unique Code:	BCU46AA00	Battery:	BRUNSN ARG 3 T
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[illegible]

Test	Tha	% Comp	Fluid	Eld Lvl
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Test				Fig		% Comp				Field	Field	
Date	BOPD	BWPD	MCFPD	PSI	GOR	Oil	No.	Status	Remarks	Level	Date	BTFPD

7/5/06	1	0	28	35000	88.9	01	FL	4/27/06	1
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5/16/06	1	0	29	29000	83.3	01	FL	4/27/06	1
4/10/06	1	0	28	25000	88.0	01	FL	4/27/06	1

[illegible][illegible][illegible]

WELL TEST REPORT									
Lease: BRUNSON ARGO #12				Field: BLINEBRY OIL & GAS			Reservoir: BLINEBRY		
Well: 12				Field Code: U46			Resv Code: 0000004532		
				Unique Code: BCU46AA00			Battery: BRUNSN ARG 3 T		
				Wellbore: 359438			API No: 300251014400		

API No: 300251014400

[illegible]

WELL TEST REPORT									
Lease: BRUNSON ARGO #13			Field: PADDOCK			Reservoir: BLINEBRY			
Well: 13 BLN			Field Code: U48			Resv Code: 0000004532			
			Unique Code: BCU482500			Battery: BRUNSN ARG 3 T			
			Wellbore: 359444			API No: 300251014500			

API No: 300251014500

[illegible]

WELL TEST REPORT									
Lease:	BRUNSON ARGO #20			Field:	WANTZ		Reservoir:	ABO	
Well:	20 DRK			Field Code:	U52		Resv Code:	0000004042	
				Unique Code:	BCU524700		Battery:	BRUNSN ARG 3 T	
				Wellbore:	359445		API No:	300253381000	

API No: 300253381000

[illegible]

[illegible]

WELL TEST REPORT									
Lease: BRUNSON ARGO #27			Field: WANTZ			Reservoir: ABO			
Well: 27 DRK			Field Code: U52			Resv Code: 0000004042			
			Unique Code: BCU524700			Battery: BRUNSN ARG 3 T			
			Wellbore: 359449			API No: 300253450900			

API No: 300253450900

[illegible]

WELL TEST REPORT

Lease: **BRUNSON ARGO #29**

Field: Paddock

Reservoir: Paddock

Well: 29

Field Code: U48

Resv Code: 0000008451

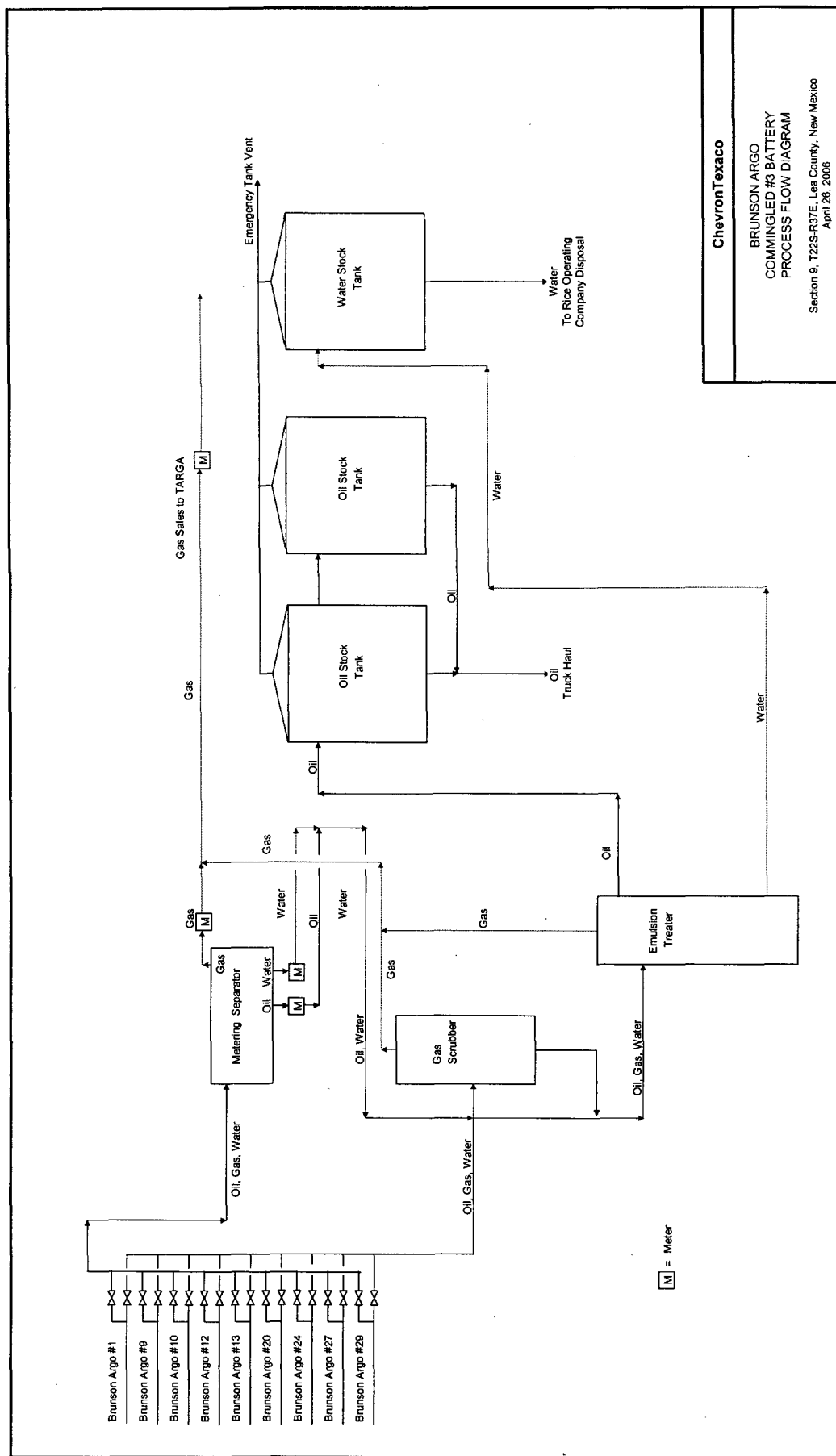
Unique Code:	BCU482500
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Battery:	BRUNSN ARG 3 T
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Wellbore: 359672

API No: 300253701900

[illegible]



ChevronTexaco

**BRUNSON ARGO
COMMINGLED #3 BATTERY
PROCESS FLOW DIAGRAM**

Section 9, T22S-R37E, Lea County, New Mexico
April 26, 2006

Lease	Well No.	Status	Wellbore No.	WCNO	TWNSHIP	RANGE	SECTION	Chevno	API No.	Reasv. Code	Reservoir Name	L5 Name	L5 Code	L6 Code	L4 Code	Class	Map Label	TD
BRUNSON ARGO #1	1	FL	359437	01	S022	E037	9	FB1140	3002510137	0000004532	BLINEBRY	FLD-BLINEBRY OIL & GAS	U46	AA00	EU	UN	BRUNAR 01	6569
BRUNSON ARGO #10	10	FL	359430	01	S022	E037	9	FB1145	3002510142	0000004532	BLINEBRY	FLD-BLINEBRY OIL & GAS	U46	AA00	EU	OI	BRUNAR 10	7901
BRUNSON ARGO #12	12	FL	359438	01	S022	E037	9	FB1147	3002510144	0000004532	BLINEBRY	FLD-BLINEBRY OIL & GAS	U46	AA00	EU	OI	BRUNAR 12	7471
BRUNSON ARGO #13 BLN	13 BLN	FL	359444	01	S022	E037	9	FB1148	3002510145	0000004532	BLINEBRY	FLD-PADDOCK	U48	2500	EU	OI	BRUNAR 13 BLN	6580
BRUNSON ARGO #13 BLN PARENT	13 BLN	FL	359444	99	S022	E037	9	FB1148	3002510145	0000004532	BLINEBRY	FLD-PADDOCK	U48	2500	EU	OI	BRUNAR 13 BLNDHC	6580
BRUNSON ARGO #13 DRK	13 DRK	FL	359444	02	S022	E037	9	FB1148	3002510145	0000005817	DRINKARD	FLD-PADDOCK	U48	2500	EU	OI	BRUNAR 13 DRK	6580
BRUNSON ARGO #13 PDK	13 PDK	FL	359444	03	S022	E037	9	FB1148	3002510145	0000008451	PADDOCK	FLD-PADDOCK	U48	2500	EU	OI	BRUNAR 13 PDK	6580
BRUNSON ARGO #20 DRK	20 DRK	FL	359445	01	S022	E037	9	BO9659	3002533810	0000004042	ABO	FLD-WANTZ	U52	4700	EU	OI	BRUNAR 20 DRK	7670
BRUNSON ARGO #20 DRK PARENT	20 DRK	FL	359445	99	S022	E037	9	BO9659	3002533810	0000004042	ABO	FLD-WANTZ	U52	4700	EU	OI	BRUNAR 20 DRKDHG	7670
BRUNSON ARGO #20 WAN	20 WAN	FL	359445	02	S022	E037	9	BO9659	3002533810	0000005817	DRINKARD	FLD-WANTZ	U52	4700	EU	OI	BRUNAR 20 WAN	7670
BRUNSON ARGO #24	24	FL	359435	01	S022	E037	9	BQ2614	3002533827	0000008451	PADDOCK	FLD-PADDOCK	U48	2500	EU	OI	BRUNAR 24	7495
BRUNSON ARGO #27 DRK	27 DRK	FL	359449	01	S022	E037	9	BU4032	3002534509	0000004042	ABO	FLD-WANTZ	U52	4700	EU	OI	BRUNAR 27 DRK	7500
BRUNSON ARGO #27 DRK PARENT	27 DRK	FL	359449	99	S022	E037	9	BU4032	3002534509	0000004042	ABO	FLD-WANTZ	U52	4700	EU	OI	BRUNAR 27 DRKDHG	7500
BRUNSON ARGO #27 WAN	27 WAN	FL	359449	02	S022	E037	9	BU4032	3002534509	0000005817	DRINKARD	FLD-WANTZ	U52	4700	EU	OI	BRUNAR 27 WAN	7500
BRUNSON ARGO #29	29	FL	359672	01	S022	E037	9	HS7514	3002537019	0000008451	PADDOCK	FLD-PADDOCK	U48	2500	EU	OI	BRUNAR 29	7980
BRUNSON ARGO #9	9	FL	359443	01	S022	E037	9	FB1144	3002510141	0000008451	PADDOCK	FLD-PADDOCK	U48	2500	EU	OI	BRUNAR 09	7681

Jones, William V., EMNRD

From: Smith, Pamela A [smithpa@chevron.com]
Sent: Wednesday, September 20, 2006 8:53 AM
To: Jones, William V., EMNRD
Cc: Williams, Jesse (JesseWilliams)
Subject: RE: PC application: Brunson Argo battery in Lea County, NM

I am mailing the requested documents to you today. Please let me know if I need to send further information.

Thank you for your assistance in this matter.

From: Jones, William V., EMNRD [mailto:William.V.Jones@state.nm.us]
Sent: Monday, September 11, 2006 3:32 PM
To: smithpa@chevron.com
Subject: PC application: Brunson Argo battery in Lea County, NM

Hello Pamela:

Our rule 303 requires a written and signed certification from a landman or an attorney as to the identical ownership in the pools you are commingling within this lease. In addition, Rule 303 asks you to send a Sundry form requesting this commingling. We will simply assign an order number to the Sundry and sign it and mail it back to you.

Please mail these to "attention, Will Jones" in Santa Fe at the OCD.

Regards,

William V. Jones Engineering Bureau Oil Conservation Division Santa Fe

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