

DATE 7/25/02	SUBMITTER 8/14/02	ENGINEER WJ	LOGGED IN KV	TYPE PLC	APP NO. 214257184
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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]

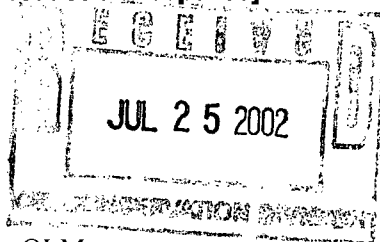
- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
 [A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

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.

CAROLYN L. HAYNIE
 Print or Type Name

Signature

Carolyn L. Haynie

PE TECHNICAL ASSISTANT
 Title

07-15-2002
 Date

CarolynHaynie@ChevronTexaco.com
 e-mail Address

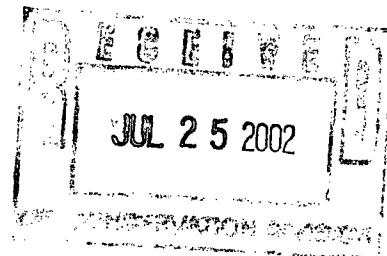
Chevron U.S.A. Production Company
 Carolyn J. Haynie
 New Mexico Waterflood
 Technical Assistant
 15 Smith Road
 P. O. Box 1150
 Midland, Texas 79705

Paddock
Blinebry
TvBB
Brunson *(Drinkard)*
ABo

July 16, 2002

ChevronTexaco

New Mexico Energy, Minerals, and
 Natural Resources Department
 Oil Conservation Division
 1220 South St. Francis Drive
 Santa Fe, NM 87505



Attention: William V. Jones, Jr.
 Oil & Gas Regulatory Department

Re: Application to Pool (Surface) Commingle Gas, Oil, & Water Production

Gentlemen:

ChevronTexaco Exploration & Production Company, a division of Chevron U.S.A. Inc., is requesting NMOCD approval to pool (surface) commingle oil, gas, and water production from the T. R. Andrews # 1, # 2, # 3 (SI) and # 4 (SI) in the Blinebry Oil, # 5 in the Tubb, # 6 and # 8 in the Paddock South with the Watkins #1 in the Brunson South, (Drinkard-Abo), and # 2 in the down hole commingle, Blinebry Oil, and Brunson South, (Drinkard-Abo).

ChevronTexaco, respectfully requests approval to pool (surface) commingle production from these wells. The T. R. Andrews wells are located in Section 32, T22S-R38E and the Watkins wells are located in Section 29, T22S-R38E. The T. R. Andrews # 1, # 2, # 3 (SI) and # 4 (SI) currently produce from the Blinebry Oil pool # 6660 and the Watkins #2 is currently down hole commingled in the Blinebry Oil pool # 6660 and the Brunson South, (Drinkard Abo), pool # 7900. The T. R. Andrews # 5 produces from the Tubb pool # 60240. The Watkins #1 currently produces from the Brunson Drinkard Abo South pool # 7900. The T. R. Andrews # 6 and # 8 currently produces from the Paddock South pool # 49400. The gravity of the oil produced from wells # 1, # 2, # 3, # 4 and # 5 is 35.7° API @ 60 degrees. The gravity of the oil produced from wells # 6 and # 8 is 37° API @ 60 degrees. The gravity of the oil produced from Watkins # 1 and # 2 is 36° API @ 60 degrees.

Current daily well tests are:

Well Name	API	Gas, MCFD	OIL, BOPD	Water, BWPD
T. R. Andrews # 1	30-025-12182	70	2	2
T. R. Andrews # 2	30-025-12183	127	5	0
T. R. Andrews # 3	30-025-12184	SI	SI	SI
T. R. Andrews # 4	30-025-12185	SI	SI	SI
T. R. Andrews # 5	30-025-12186	83	8	15
T. R. Andrews # 6	30-025-20055	10	3	11
T. R. Andrews # 8	30-025-22011	15	20	48
Watkins # 1	30-025-12150	36	4	3
Watkins # 2	30-025-12151	21	4	5

S.V.

Blinebry OIL 6660

Tubb 60240

Paddock S. 49400

B.S. (DRINK/ABO) 7900

Bline OIL/DRINK/ABO 7990

6660 DHC

ChevronTexaco is the operator of all wells with a 100% ownership. The royalty interest in the Watkins wells is the same for the Brunson ~~Upper level~~, and the Blinebry oil /Gas. The royalty interest

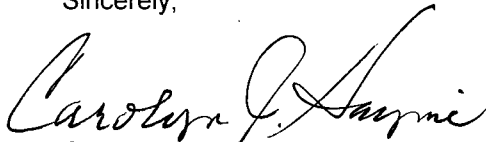
July 16, 2001
Page 2

owners letter of intend and their respective interest, is attached, along with the request to the Commissioner of Public Lands, State of New Mexico, for the T.R. Andrews State Lease.

Gas, and oil, production will be allocated to each of these wells with the use of a metering separator located at the T. R. Andrews Commingled Battery and will be installed in accordance with applicable provisions of the NMOCD's "Manual for the Installation and Operation of Commingling Facilities. Commingling will not reduce the actual commercial value of gas or oil, sold from each lease. Permission to commingle the wells would eliminate the need for separate production facilities at the T. R. Andrews and Watkins, resulting in substantially lower operating costs to ChevronTexaco and will extend the economic life of the wells.

If you have any questions or require additional information, please contact me at 915-687-7384, at the ChevronTexaco, Midland office.

Sincerely,

A handwritten signature in cursive script, reading "Carolyn J. Haynie".

Carolyn J. Haynie
New Mexico Waterflood
PE Technical Assistant
Tel 915-687-7384

CC: NMOCD
Reggie Holzer
Kent Coggan
Nathan Mouser
Mike Howell
Karen Jackson
Central Files

Chevron U.S.A. Production Company
Carolyn J. Haynie
Technical Assistant
Eunice Waterflood
15 Smith Road
Midland, TX 79705

ChevronTexaco

July 16, 2002

T.R. ANDREWS and WATKINS WELLS
Sections 32 and 29, T22S, R38E
Lea County, New Mexico
Re: Notification of Intent to Commingle Production

Royalty Interest Owners:

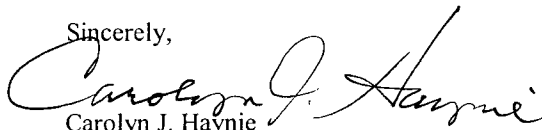
ChevronTexaco Exploration & Production Company, a division of Chevron U.S.A. Inc., respectfully gives notice of intent to Pool (Surface) Lease Commingle the T.R. Andrews wells, # 1, 2, 3, 4, 5, 6, & 8, and the Watkins wells, # 1 and 2.

ChevronTexaco, is requesting NMOCD approval to pool (surface) commingle oil, gas, and water production from the T. R. Andrews # 1, # 2, # 3 (SI) and # 4 (SI) in the Blinebry Oil, # 5 in the Tubb, # 6 and # 8 in the Paddock South with the Watkins #1 in the Brunson South, (Drinkard-Abo), and # 2 in the down hole commingle, Blinebry Oil, and Brunson South, (Drinkard-Abo). The T. R. Andrews wells are located in Section 32, T22S-R38E and the Watkins wells are located in Section 29, T22S-R38E.

Gas, and oil, production will be allocated to each of these wells with the use of a metering separator located at the T. R. Andrews Commingled Battery and will be installed in accordance with applicable provisions of the NMOCD's "Manual for the Installation and Operation of Commingling Facilities. Commingling will not reduce the actual commercial value of gas or oil sold from each lease. Permission to commingle the wells would eliminate the need for separate production facilities at the T. R. Andrews and Watkins, resulting in substantially lower operating costs to ChevronTexaco and will extend the economic life of the wells.

If you have any questions or need additional information, please contact me at 915-687-7384, at the ChevronTexaco, Midland Office.

Sincerely,



Carolyn J. Haynie
New Mexico Waterflood
PE Technical Assistant
Tel 915-687-7384

CC: NMOCD
Reggie Holzer
Kent Coggan
Nathan Mouser
Mike Howell
Karen Jackson
Central Files

Lease	Royalty Interest Owners	Decimal Interest
Watkins (Brunson) Upper Level Lease	MARTHA WATKINS HARRIS LIFE TENANT 326 EAST MAIN ST. HERDERSON, TX 75652	.00651050
Watkins (Brunson) Upper Level Lease	MARTHA WATKINS HARRIS 326 EAST MAIN ST. HERDERSON, TX 75652	.02083350
Watkins (Brunson) Upper Level Lease	CLYDE W. MILLER APT 1612 6500 COCKRELL HILL ROAD DALLAS, TX 75236	.01041600
Watkins (Brunson) Upper Level Lease	MYRTIS DEAN WATKINS LIFE TENANT 322 EAST MAIN ST. HENDERSON, TX 75652	.00651050
Watkins (Brunson) Upper Level Lease	MYRTIS DEAN WATKINS 322 EAST MAIN ST. HENDERSON, TX 75652	.02083350
Watkins (Brunson) Upper Level Lease	TRSTES OF THE JAL PUBLIC LIBRARY FUND P.O. BOX 178 JAL, NM 88252	.0589600
Watkins (Blinebry OIL/GAS) Lease	MARTHA WATKINS HARRIS LIFE TENANT 326 EAST MAIN ST. HERDERSON, TX 75652	.00065800
Watkins (Blinebry OIL/GAS) Lease	MARTHA WATKINS HARRIS 326 EAST MAIN ST. HERDERSON, TX 75652	.01562500
Watkins (Blinebry OIL/GAS) Lease	CLYDE W. MILLER APT 1612 6500 COCKRELL HILL ROAD DALLAS, TX 75236	.01562500
Watkins (Blinebry OIL/GAS) Lease	MYRTIS DEAN WATKINS LIFE TENANT 322 EAST MAIN ST. HENDERSON, TX 75652	.00009130
Watkins (Blinebry OIL/GAS) Lease	MYRTIS DEAN WATKINS 322 EAST MAIN ST. HENDERSON, TX 75652	.00006860
Watkins (Blinebry OIL/GAS) Lease	TRSTES OF THE JAL PUBLIC LIBRARY FUND P.O. BOX 178 JAL, NM 88252	.00006870
T.R. Andrews Lease (STATE LEASE)	STATE of NEW MEXICO PUBLIC LAND OFFICE P.O. BOX 1148 SANTA FE, NM 87504-1148	12.5% Royalty

0.7562
12.5%
12.5%

Chevron U.S.A. Production Company
Carolyn J. Haynie
New Mexico Waterflood
Technical Assistant
15 Smith Road
Midland, TX 79705

ChevronTexaco

July 16, 2002

Commissioner of Public Lands,
State of New Mexico
P.O. Box 1148
Santa Fe, NM 87504

Attn: Pete Martinez

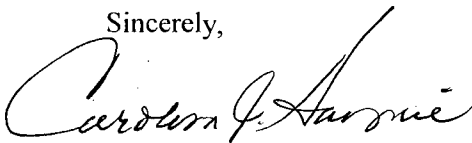
Re: Application for Surface Pool Lease Commingling
T.R. Andrews & Watkins Wells
Sections 29 & 32, T-22S, R-38E
NMPM, Lea County, NM

Dear Mr. Martinez,

ChevronTexaco Exploration & Production Company, a division of Chevron U.S.A. Inc., is requesting approval from the Commissioner of Public Lands, State of New Mexico, to pool (surface) commingle the oil, gas, and water production from the State Lease, T.R. Andrews wells #1, #2, #3 (SI), and #4 (SI) in the Blinebry Oil, well # 5 in the Tubb, wells # 6, and # 8 in the Paddock South, with the Watkins # 1 in the Brunson Drinkard-Abo South and # 2 in the Blinebry Oil. For your information concerning this issue, attachments include, a copy of the package sent to the New Mexico Oil & Gas Division, a letter of Notice of Intend to the Watkins, Royalty Interest Owners, and the Commissioner of Public Lands, State of New Mexico, commingling filing fee, in the amount of \$30.00.

If you have any questions or require additional information, please contact me at 915-687-7384, at the ChevronTexaco, Midland office.

Sincerely,



Carolyn J. Haynie
New Mexico Waterflood
PE Technical Assistant
Tel 915-687-7384

CC: NMOCD
Watkins, Royalty Int. Owners
Reggie Holzer
Kent Coggan
Nathan Mouser
Mike Howell
Karen Jackson
Central Files



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Betty Rivera

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

Mr Reggie Holzer
ChevronTexaco Exploration & Production Company
15 Smith Road
Midland, TX 79705

Date: June 10, 2002

Ref: Administrative Applications for Surface Pool Lease Commingling

This letter acknowledges the receipt of your administrative application dated May 20, 2002, for Pool Lease Commingling in the TR Andrews and the Watkins wells located in Sections 29 and 32, Township 22 South, Range 38 East, NMPM, Lea County, New Mexico. The division received your application May 22, 2002.

Our preliminary review indicates that the information provided is not sufficient to process this administrative order. The following information is necessary:

- 1) Even though your letter states that "royalty interest in all wells is the same", it appears that these are two different fee leases. Please provide this office with a list of all revenue interest owners with their respective percentages in each of these leases.
- 2) If ownership is not identical, please provide notice of your intent to commingle along with your method of allocating all products to all revenue and cost owners in the affected wells. Please provide to the Division proof of this notification in the form of a copy of the letter and list of all owners notified.

Since the submitted information is insufficient to review, the applications have been ruled incomplete on June 10, 2002.

Upon receipt of this data and after any required protest period is passed, the Division will continue to process your applications. The additional information can be faxed (505-476-3471), or mailed to the Division. If you have any questions, please contact me in Santa Fe, at 505-476-3448.

Sincerely,

William V Jones Jr PE



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Betty Rivera
Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

June 20, 2002

Mr Reggie Holzer
ChevronTexaco
15 Smith Road,
PO Box 1150
Midland, Texas 79705

Re: Administrative Application for Pool Lease Commingling
T.R. Andrews and Watkins Leases
Sections 32 and 29, Township 22 South, Range 38 East, NMPM
Lea County, New Mexico.

Dear Mr. Holzer:

The division received your application May 22, 2002 and has since called and/or written requesting more info as necessary to complete the order.

Since we are not permitted to hold pending applications past 30 days, your application is being returned to you.

If you wish to pursue approval of surface commingling for these wells, it will be necessary for you to file new applications.

If I can be of further assistance, please call me at (505) 476-3448.

Sincerely,

William V Jones
Engineer

Xc: OCD-Hobbs

COMMISSIONER'S OFFICE

Phone (505) 827-5760
Fax (505) 827-5766

ADMINISTRATION

Phone (505) 827-5700
Fax (505) 827-5853

GENERAL COUNSEL

Phone (505) 827-5713
Fax (505) 827-4262

PUBLIC AFFAIRS

Phone (505) 827-1245
Fax (505) 827-5766



New Mexico State Land Office
Commissioner of Public Lands
Ray Powell, M.S., D.V.M.

COMMERCIAL RESOURCES

Phone (505) 827-5724
Fax (505) 827-6157

MINERAL RESOURCES

Phone (505) 827-5744
Fax (505) 827-4739

ROYALTY MANAGEMENT

Phone (505) 827-5772
Fax (505) 827-4739

SURFACE RESOURCES

Phone (505) 827-5793
Fax (505) 827-5711

August 15, 2002

Chevron U.S.A. Production Company
P. O. Box 1150
Midland, Texas 79705

Attention: Ms. Carolyn J. Haynie

Re: Application for Surface Commingling
Sections 29 and 32
Township 22 South, Range 38 East
Lea County, New Mexico

Dear Ms. Haynie:

We are in receipt of your letter of July 16, 2002 requesting our approval for pool (surface) commingling of the oil, gas, and water production from the from the following wells:

Well	API	POOL
T.R. Andrews Well No. 1	30-025-12182	6660
T.R. Andrews Well No. 2	30-025-12183	6660
T.R. Andrews Well No. 3	30-025-12184	6660
T.R. Andrews Well No. 4	30-025-12185	6660
T.R. Andrews Well No. 5	30-025-12186	60240
T.R. Andrews Well No. 6	30-025-20055	49400
T.R. Andrews Well No. 8	30-025-22011	49400
Watkins Well No. 1	30-025-12150	7900
Watkins Well No. 2	30-025-12151	6660, 7900

It is our understanding that the gas and oil production will be allocated to each of these wells with the use of a metering separator located at the T.R. Andrews commingled battery. The T.R. Andrews commingled battery is located in the NW/4NE/4 of Section 32-22S-38E.

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.

Your \$30.00 dollar filing fee has been received.

"WE WORK FOR EDUCATION"

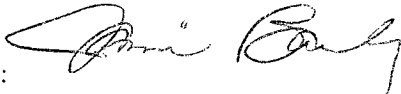
310 Old Santa Fe Trail. P. O. Box 1148 Santa Fe, New Mexico 87504-1148

Chevron U.S.A. Production Company
August 15, 2002
Page 2

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

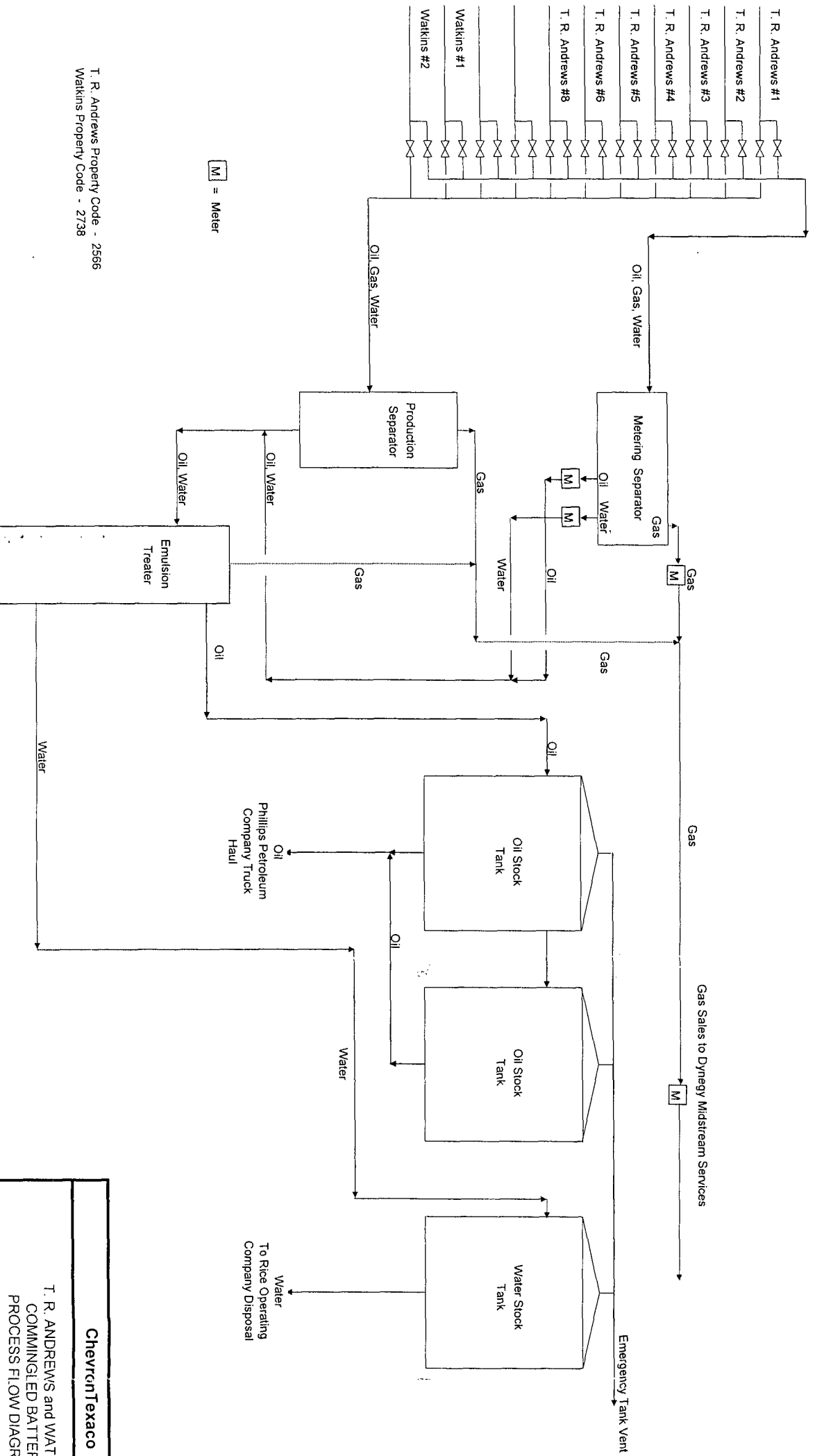
Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

A handwritten signature in cursive script, appearing to read "Jami Bailey".

BY:

JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744
RP/JB/pm
pc: Reader File, OCD-Attention: David Catanach



T. R. Andrews Property Code - 2566
Watkins Property Code - 2738

ChevronTexaco

T. R. ANDREWS and WATKINS
COMMINGLED BATTERY
PROCESS FLOW DIAGRAM

Section 29 & 32, T22S-R38E, Lea County, New Mexico
July 15, 2002