

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION  
 - Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505



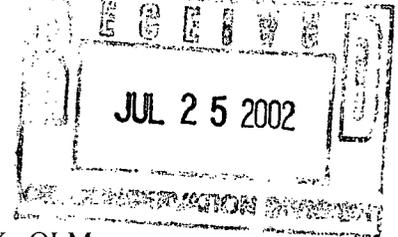
**ADMINISTRATIVE APPLICATION CHECKLIST**

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 \_\_\_\_\_ PE TECHNICAL ASSISTANT \_\_\_\_\_ 07-15-2002  
 Print or Type Name Signature Title Date

CarolynHaynie@ChevronTexaco.com  
 e-mail Address

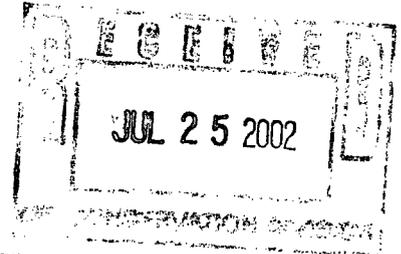
Chevron U.S.A. Production Company  
 Carolyn J. Haynie  
 New Mexico Waterflood  
 Technical Assistant  
 15 Smith Road  
 P. O. Box 1150  
 Midland, Texas 79705

*Paddock*  
*Blineby*  
*Tubb*  
*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 Blineby 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, Blineby 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 Blineby Oil pool # 6660 and the Watkins #2 is currently down hole commingled in the Blineby 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.*

*6660*  
*Blineby OIL*  
*Tubb 60240*  
*Paddock S. 49400*  
*7900*  
*B.S. (DRINK/ABO)*  
*Bline OIL/DRINK/ABO*  
*7900*  
*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 Blineby 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,



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 Intend 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

*Handwritten notes:*  
 0.7562  
 12.5%  
 12.5%

*Handwritten notes:*  
 12.4%  
 12.4%

*Handwritten notes:*  
 12.5%  
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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

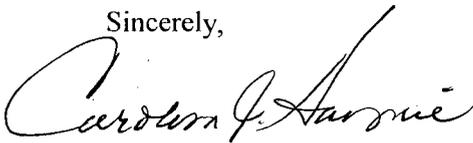
Re: Application for Surface Pool Lease Commingling  
T.R. Andrews & Watkins Wells  
Sections 29 & 32, T-22S, R-38E  
NMPM, Lea County, NM

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 Wrotenberg**  
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"*

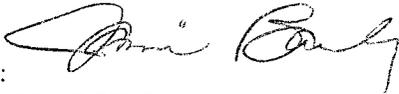
310 Old Santa Fe Trail. P. O. Box 1148 Santa Fe. New Mexico 87504-1148

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

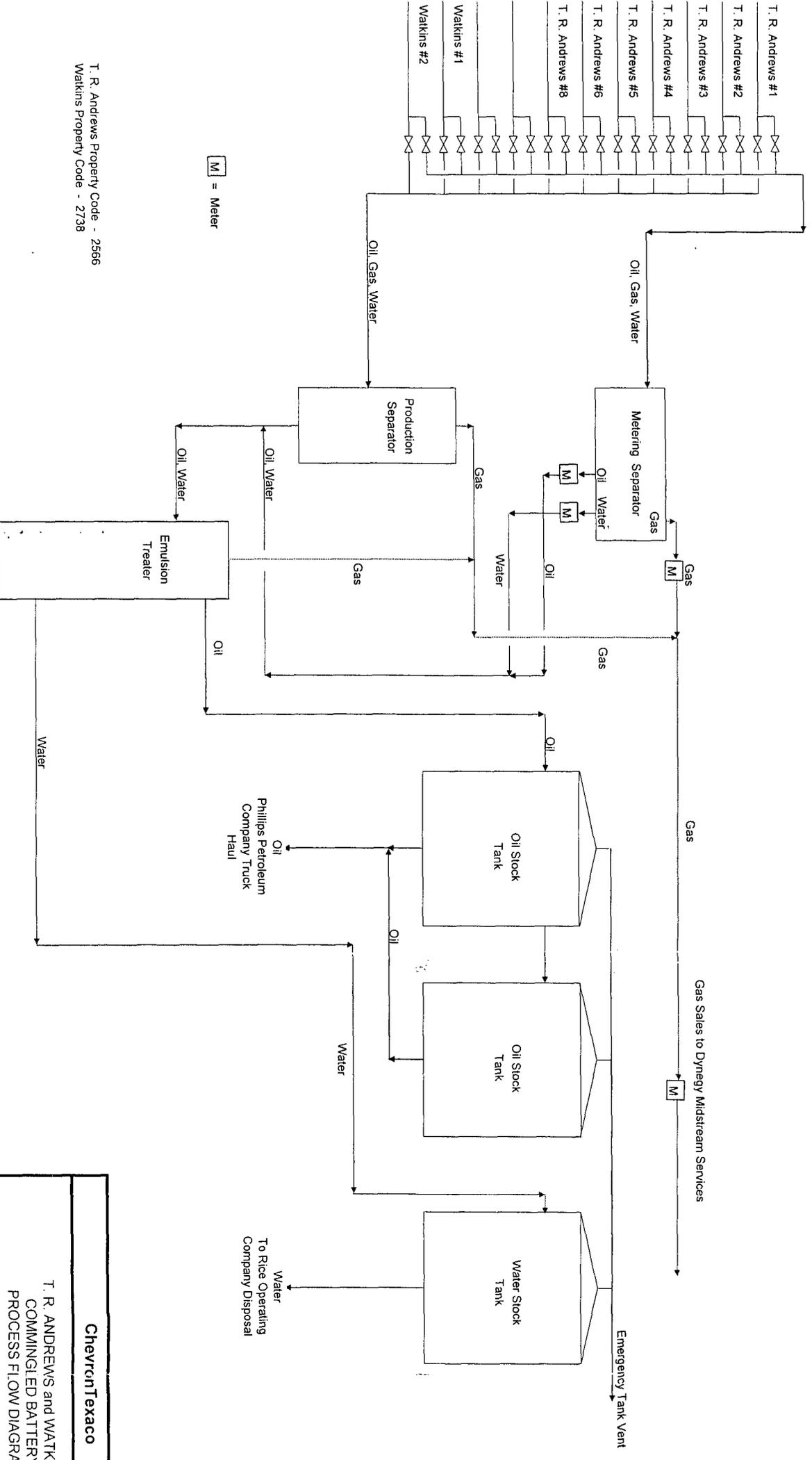
If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

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

A handwritten signature in black ink, appearing to read "Jami Bailey". The signature is written in a cursive, flowing style.

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



M = Meter

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