

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM APPROVED  
OMB NO. 1004-0135  
Expires: July 31, 2010**SUNDRY NOTICES AND REPORTS ON WELLS**  
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.***SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMNM113941
2. Name of Operator CHEVRON USA INC		6. If Indian, Allottee or Tribe Name
3a. Address 1616 W. BENDER BLVD HOBBS, NM 88240		7. If Unit or CA/Agreement, Name and/or No.
3b. Phone No. (include area code) Ph: 575-263-0431 Fx: 575-263-0445		8. Well Name and No. SKEEN 22 26 26 FED COM 7H
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 22 T26S R26E Mer NMP SESE 402FSL 660FEL		9. API Well No. 30-015-42889
		10. Field and Pool, or Exploratory WILDCAT;BONE SPRING
		11. County or Parish, and State EDDY COUNTY, NM

## 12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Surface Commingling
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

CHEVRON U.S.A. INC. REQUESTS ADMINISTRATIVE APPROVAL TO SURFACE COMMINGLE OIL, GAS AND WATER PRODUCTION FROM THE BONE SPRING POOL THROUGH CHEVRON'S SKEEN CENTRAL TANK BATTERY. WELLS PRODUCING IN THIS BATTERY INCLUDE THE SKEEN 22 26 26 FED COM #7H AND SKEEN 23 26 26 FED #6H. ALL WELLS WILL BE COMPLETE WITHIN THE SECOND BONE SPRING SAND FORMATION. THESE WELLS ARE LOCATED IN SECTION 22 & 23 T26S - R26E, EDDY COUNTY, NEW MEXICO. API'S INCLUDE:

SKEEN 22 26 26 FED COM #7H API#30-015-42889 LEASE#NMNM113941& NMNM113942  
SKEEN 23 26 26 FED #6H API#30-015-42883 LEASE#NMNM113943

\*\*THIS SURFACE COMMINGLE APPLICATION HAS BEEN AMENDED. THIS REPLACES EC# 306490  
SUBMITTED ON 06/24/2015.\*\*

NM OIL CONSERVATION  
ARTESIA DISTRICT

AUG 3 2015

**SEE ATTACHED FOR  
CONDITIONS OF APPROVAL**

RECEIVED

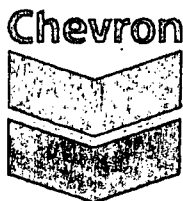
14. I hereby certify that the foregoing is true and correct.	
Electronic Submission #307298 verified by the BLM Well Information System For CHEVRON USA INC. sent to the Carlsbad Committed to AFMSS for processing by DEBORAH HAM on 07/13/2015 ()	
Name (Printed/Typed) CINDY H MURILLO	Title PERMITTING SPECIALIST
Signature (Electronic Submission)	Date 06/29/2015

## THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <i>J.D.W. Little</i>	Title LPE7	Date 7/27/15
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.		Office CFO

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

**\*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\***



**Cindy Herrera-Murillo**  
Regulatory Specialist  
Midcontinent BU

**Chevron North America**  
**Exploration and Production Company**  
(A Chevron U.S.A. Inc. Division)  
1616 W. Bender Blvd Room 134  
Hobbs FMT, Hobbs, NM 88240  
Tel 575-263-0431  
Cherreramurillo@chevron.com

June 24, 2015

Bureau of Land Management  
New Mexico State Office  
620 E. Greene St.  
Carlsbad, NM 88220

Application for surface commingling, Bone Spring Pool, Eddy County, NM (T26S, R26E, Sec 22& 23)

Dear Sirs,

Chevron U.S.A. Inc. respectfully requests administrative approval to surface commingle oil, gas and water production from the Bone Spring Pool through Chevron's Skeen Central Tank Battery. Chevron requests the approval to minimize surface disturbance and future traffic by concentrating activities at one battery. Wells producing to this battery include the Skeen 22 26 26 Fed Com #7H and Skeen 23 26 26 Fed #6H. These wells are located in Section 22 & 23, T26S-R26E, Eddy County, New Mexico.

The working interest and royalties are the same for all leases involved in this request (100% CVX). These wells will be horizontally drilled in Spring of 2015. As such the wells will be continuously tested through discrete three phase test separator located at the central tank battery. Each three phase test will measure oil through a coriolis meter on the oil outlet line and gas through an orifice meter run with a Total flow computer. A schematic is attached.

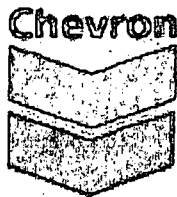
Sincerely,

A handwritten signature in cursive script that reads "Cindy Herrera-Murillo".

Cindy Herrera-Murillo  
Permitting Specialist

APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY  
Skeen 22-26-26 Federal Com #7H & Skeen 23-26-26 Federal #6H

Chevron U.S.A. Inc.



Cindy Herrera-Murillo  
Regulatory Specialist  
Midcontinent BU

Chevron North America  
Exploration and Production Company  
(A Chevron U.S.A. Inc. Division)  
1516 W. Bender Blvd. Room 121  
Hobbs, NM 88241  
Tel 575-263-0431  
Cherrermurillo@chevron.com

January 16, 2015

Oil Conservation Division  
Attn: Engineering Department  
1220 S. St. Francis Drive  
Santa Fe, NM 87505

Application for surface commingling, Bone Spring Pool, Eddy County, NM (T26S-R26E, Sec 22 & 23)

Dear Sirs,

Chevron North America respectfully requests administrative approval to surface commingle oil, gas, and water production from the Bone Spring Pool through Chevron's Skeen Central Tank Battery. Chevron request the approval to minimize surface disturbance and future traffic by concentrating activities at one battery. Wells producing to this battery include the Chevron Skeen 22 26 26 Fed Com #7H; Skeen 23 26 26 Fed Com #6H. All wells will be complete within the Second Bone Spring sand Formation, per attached map. These wells are located in section 22 & 23, T26S-R26E, Eddy County, New Mexico. APDs for each well, which includes surface plats, are included with this notification.

The working interest and royalties are the same for all three leases involved in this request (100% CVXI). These wells will be horizontally drilled in fall of 2014. As such, the wells will be continuously tested through discrete three - phase test separator located at the central tank battery. Each three phase test will measure oil through a coriolis meter on the oil outlet line and gas through an orifice meter run with a Total flow computer. A schematic is attached.

Sincerely,

A handwritten signature in cursive script that reads "Cindy Herrera-Murillo".

Cindy Herrera-Murillo  
Permitting Specialist

APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY  
Skeen 22-26-26 Federal Com #7H & Skeen 23-26-26 Federal #6H

Chevron U.S.A. Inc.

APPLICATION FOR, COMMINGLING and MEASUREMENT AT A COMMON CENTRAL TANK BATTERY

Proposal for Skeen 22-26-26 Fed Com #7H and Skeen 23-26-26 Fed #6H:

Chevron U.S.A. Inc. is requesting approval for the Central Tank Battery, Commingling, and Sales of gas and oil:

**Federal Lease NMNM113941 NMNM113942**

Well Name	Location	API #	Pool 64010	BOPD	Oil Gravities	MCFPD	BTU
Skeen 22 26 26 Fed Com #7H	Sec22, SESE T26S R26E	3001542889	Welch; Bone Spring	700	44	600	1354

**Federal Lease NMNM113943**

Well Name	Location	API #	Pool 64010	BOPD	Oil Gravities	MCFPD	BTU
Skeen 23 26 26 Fed #6H	Sec23, SWSW T23S R33E	3001542883	Welch; Bone Spring	556	46	1670	1283

Maps show the federal leases and well location in Section 22 & 23, T26S, R26E.

The BLM's interest in all leases are the same. Lease # NMNM113941 & NMNM113942 royalty rate is 12.5% and Lease NMNM113943 royalty rate is 12.5%.

**Oil & Gas metering:**

The central tank battery will be located at the Skeen Federal SESE Section 23 T26S, R26E. There are three oil tanks at the central tank battery that the wells will utilize and oil will be sold through the central delivery point (CDP) Lease Automated Custody Transfer unit (1328E10069), which is located at facility in the SESE Section 23, TS26, R26E. For gas they will have a common gas sales meter Regency Co. meter (150046419), which is located at facility in the SESE, Sec. 23 T26S, R26E. Oil, gas and water volumes from each well producing to this battery will be determined by using three-phase metering separators at the facility fitted with Micro Motion Coriolis meter on the oil outlets and orifice meter with Total Flow Computers on the gas outlets.

Oil will be allocated to lease NMNM113942 wells and lease NMNM113943 wells on a daily basis, and each area's share of the central tank battery's total production will be calculated based on the results of the continuous oil measurement downstream of each metering separator. This ratio will be applied to the total oil production metered by the Lease Automated Custody Transfer unit (~~1305609352~~) meter located at the Skeen 23 central tank battery.

**1328E10069**

Skeen 22 26 26 Fed Com #7H oil allocation meter on the Skeen 23 central tank battery three-phase test separator consists of a Micro Motion Coriolis meter (14472957).

Skeen 23 26 26 Fed #6H oil allocation meter on the Skeen 23 central tank battery three-phase test separator consists of a Micro Motion Coriolis meter (14472941).

Gas production will be allocated to each well based on continuous measurement of each well at the 3-phase test separators less the measured gas injected into each well for gas lift. Flash gas will be measured utilizing a V-Cone meter fitted with EFM flow computer installed downstream of the VRU discharge (\*S/N) and each well's share of flash gas will be allocated based on total oil metered in continuous well tests. These ratios will be applied to the total gas production metered by the Regency Co. meter (150046419) less the total buyback gas utilized for gas lift metered by the Regency Co. buyback meter (150036114).

Skeen 22 26 26 Fed Com #7H gas allocation meter on the Skeen 23 central tank battery three-phase test separator consists of a Total Flow EFM (150027403).

Skeen 22 26 26 Fed Com #7H gas lift meter on well location will consists of an orifice meter with Total Flow EFM (\*S/N).

APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY  
Skeen 22-26-26 Federal Com #7H & Skeen 23-26-26 Federal #6H

Chevron U.S.A. Inc.

Skeen 23 26 26 Fed #6H gas allocation meter on the Skeen 23 central tank battery three-phase test separator consists of a Total Flow EFM (150029745).

Skeen 23 26 26 Fed #6H gas lift meter on well location will consist of an orifice meter with Total Flow EFM (\*S/N).

All metering serial numbers (\*S/N) will be provided prior to production from these wells.

These meters will be calibrated on a regular basis per API, NMOCD and BLM specifications. The BLM and OCD will be notified of any future changes in the facilities.

**Process and Flow Descriptions:**

The flow of production is shown in detail on the enclosed facility diagram and map which shows the lease boundaries, location of wells, location of flow lines, facility, and gas sales meter. The commingling of this production is the most effective means to manage surface disturbing activities and will not result in reduced royalty or improper measurement of production. The proposed commingling will reduce footprint, reduce traffic, and lower overall emissions.

Chevron U.S.A. Inc. understands the requested approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument.

The central tank battery will be located at the Skeen Federal SESE Section 23 T26S, R26E on federal lease NMNM113943 in Eddy County, New Mexico. The production from each well will come to a discrete three-phase metering separator located on the east side of the facility.

Production from Skeen 22 26 26 Fed Com #7H and Skeen 23 26 26 Fed #6H will flow to each of their dedicated 3-phase metering separators. The oil then flows into a common oil production line where it is combined with other wells' oil and flows to a shared heater treater. Gas produced from each separator will flow through an EFM meter and proceed to a common sales pipeline routed to the Regency Co. meter (150046419) where total gas for the facility is metered and the custody transfer is made. Gas produced from heater treater and storage tanks will flow through a vapor recovery unit and through a V-Cone EFM (144363) meter then proceed to a common sales pipeline routed to the Regency Co. (150046419) sales meter. Water is metered using turbine meters and is combined downstream of the separator where it flows to one of the 750 bbl produced water tanks.

Working, royalty, and overriding interest owners have been notified of this proposal via certified mail (see attached).

Printed Name: Christopher Smith  
Title: Facilities Engineer  
Date: 12/22/14

APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY  
Skeen 22-26-26 Federal Com #7H & Skeen 23-26-26 Federal #6H

Chevron U.S.A. Inc.

Federal Lease NMNM #	Royalty Rate	Well Name	BOPD	Oil Gravity (@60 deg)	Value/bbl	MCFPD	DRY BTU	Value/mcf
113941 113942	12.5%	Sk22	700	44	91.2	600	1354	4.2
113943	12.5%	Sk23	556	46	91.2	1670	1283	4.2

All Estimates

Federal Lease NMNM	Economic combined production	Well Name	BOPD	Oil Gravity (@60 deg)	Value/bbl	MCFPD	DRY BTU	Value/mcf
113941 113942 113943		Sk22/23	1256	44.5	91.2	2270	1322	4.2

Both wells are producing from Bone Spring and we expect them to have similar BTU content.

Chevron has a master sales agreement in place for all the Bone Spring wells in the area. All Bone Spring oil production in the area is sweet. Part of this agreement is that oil is deemed as sweet and sold at a flat rate of 44.5 API gravity. Therefore, regardless of the API values of the individual wells, the common stream will be sold as if it was sweet and 44.5 API gravity.

Printed Name: Christina Davis

Title: Reservoir Engineer

Date: 10/30/2014

APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY  
Skeen 22-26-26 Federal Com #7H & Skeen 23-26-26 Federal #6H

Chevron U.S.A. Inc.

Serial Register page form LR2000 is attached on the following pages:

Federal Lease	Lease Description	WI/NRI	Lease	Royalty Interest
NMNM113941	Skeen 22 26 26	100% and 87.5%	Federal	12.5%
NMNM113942	Fed Com #7H			
NMNM113943	Skeen 23 26 26	100% and 87.5%	Federal	12.5%
	Fed #6H			

Chevron is the only working interest for each lease.

A list of all interest owner addresses is below.

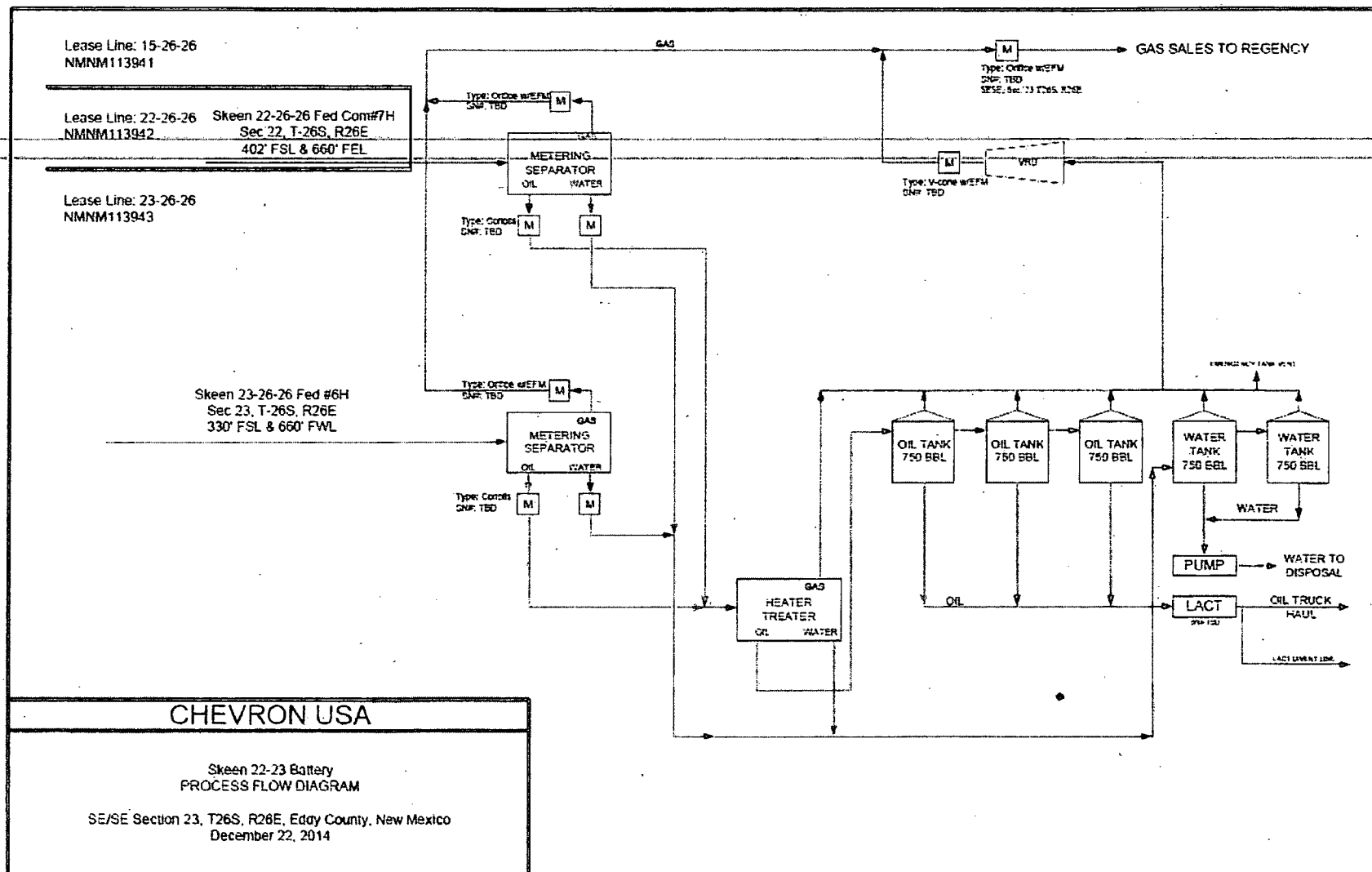
Chevron U.S.A. Inc. PO Box 4791 Houston, TX 77210-4791	Bureau of Land Management New Mexico State Land Office P.O. Box 27115 Santa Fe, NM 87502-0115
--	--

Printed Name: Vadal A. Bolds

Title: Land Representative

APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY  
Skeen 22-26-26 Federal Com #7H & Skeen 23-26-26 Federal #6H

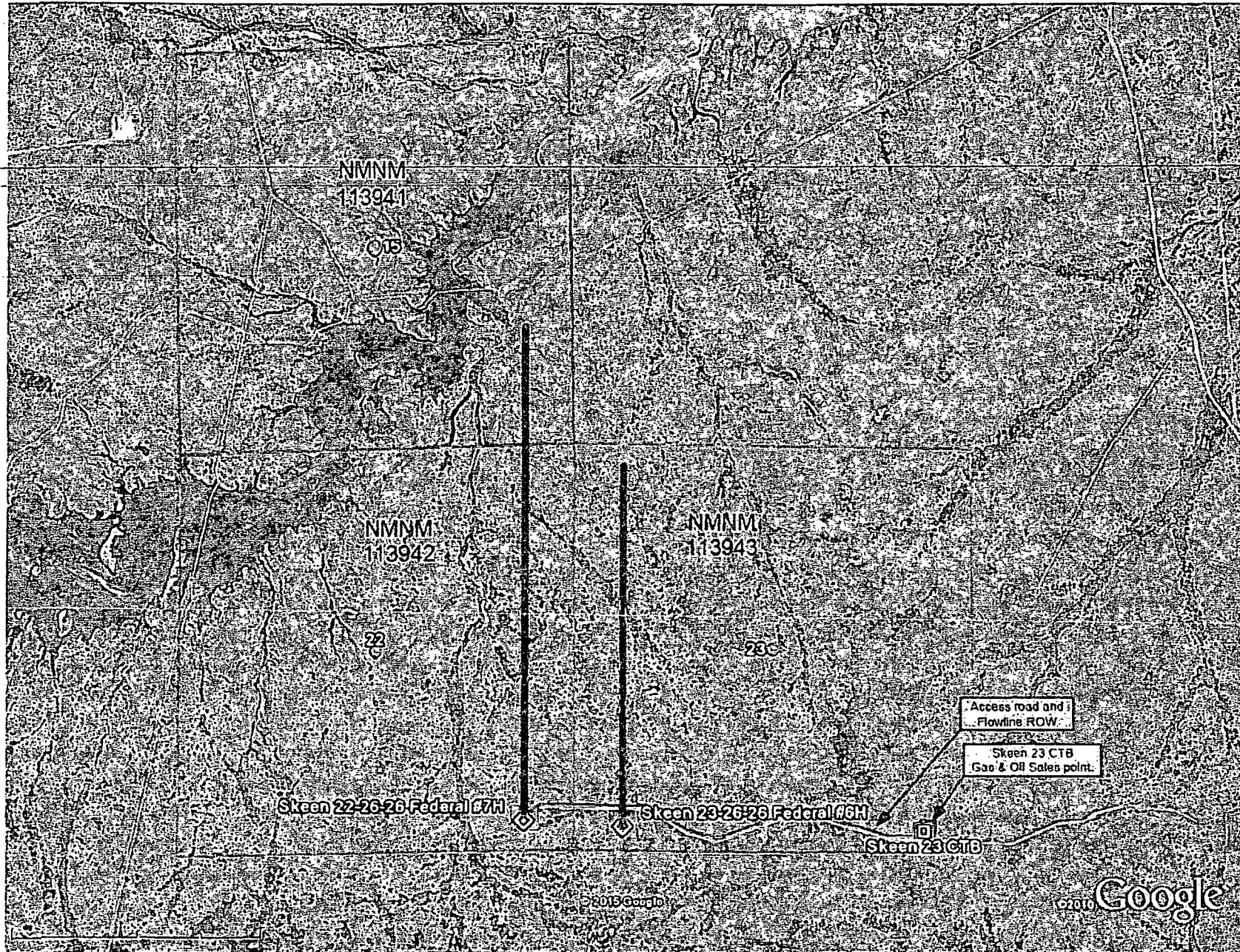
Chevron U.S.A. Inc.



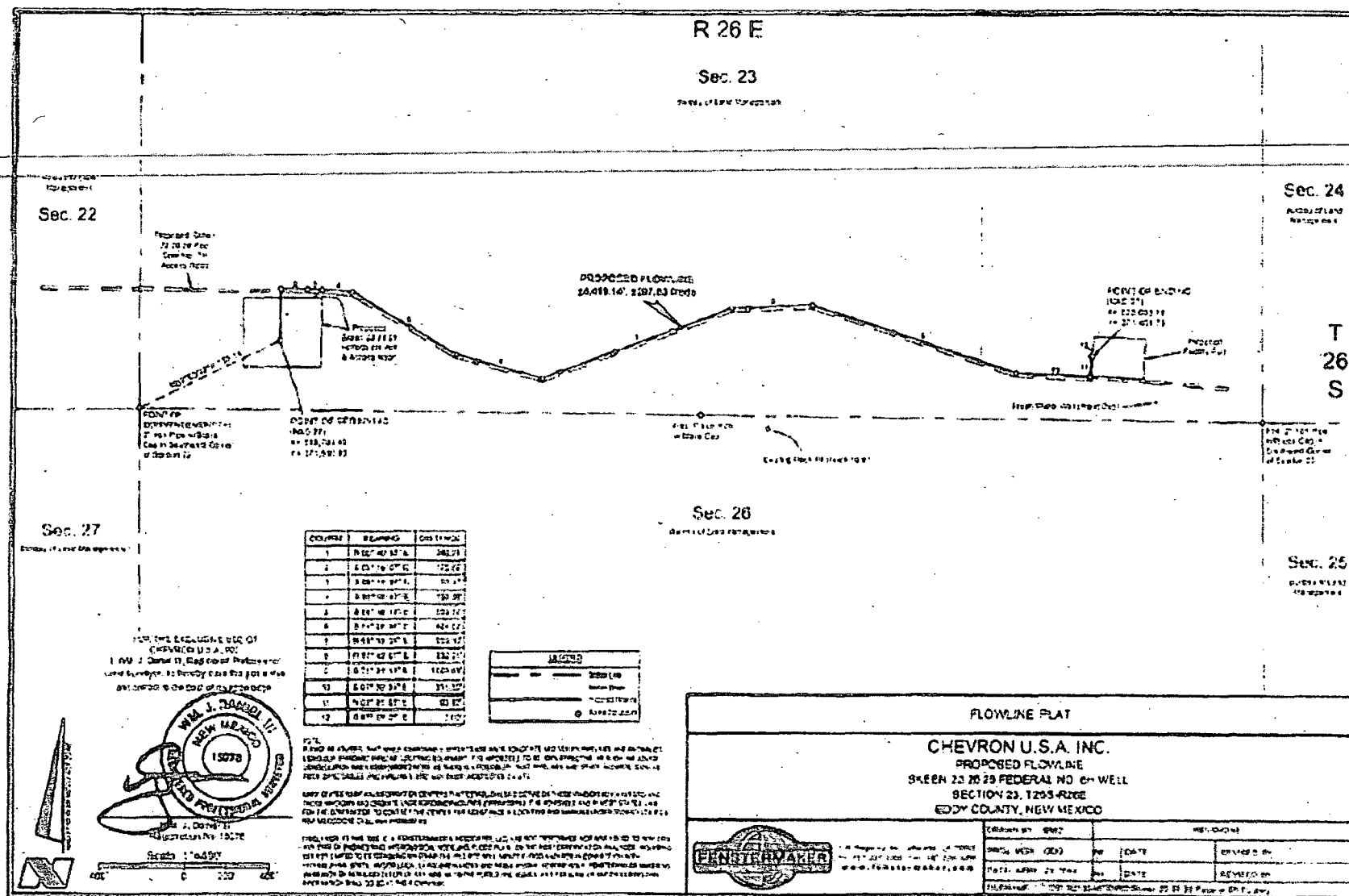


APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY  
Skeen 22-26-26 Federal Com #7H & Skeen 23-26-26 Federal #6H

Chevron U.S.A. Inc.



## Chevron U.S.A. Inc.



APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY  
Skeen 22-26-26 Federal Com #7H & Skeen 23-26-26 Federal #6H

Chevron U.S.A. Inc.

Skeen 23 26 26 Fed Com #6H and Skeen 22 26 26 Fed Com #7H

Owner Information

Skeen 23 26 26 #6H and Skeen 22 26 26 Fed Com #7H Commingling Permit

BLM Lease NMNM -113941 (all of sections 15 and 17); BLM Lease NMNM-113942 (N/2 and SE/4 of Section 20 and all of Sections 21 and Section 22); BLM Lease NMNM 113943 (all of sections 23 and 24)

All leases in T26S, R26E

Eddy County, New Mexico

<u>Interest Type</u>	<u>Name</u>	<u>ADDRESS</u>	<u>CITY</u>	<u>STATE CODE</u>	<u>ZIP CODE</u>
Working Interest	Chevron U.S.A Inc.	PO Box 2100	Houston	TX	77252-2100
Royalty interest	United States of America	PO Box 1148	Santa Fe	NM	87504-1148

I verify that the information is correct.



Vadal A. Balds  
Land Representative

APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY  
Skeen 22-26-26 Federal Com #7H & Skeen 23-26-26 Federal #6H

Chevron U.S.A. Inc.

DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
CASE RECORDATION  
(MASS) Serial Register Page

Run Time: 01:53 PM

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Run Date: 10/30/2014

01 12-22-1987; 101 STAT 1330; 30 USC 181 ET SE  
Case Type 312021: O&G LSE COMP PD-1987  
Commodity 459: OIL & GAS L  
Case Disposition: AUTHORIZED

Total Acres 1,280.000  
Serial Number NMNM-- - 113941

Serial Number: NMNM-- - 113941  
Int Rel % Interest  
Name & Address  
CHEVRON USA INC 1400 SMITH ST HOUSTON TX 77002-3017 LESSEE 100.0000000000

Serial Number: NMNM-- - 113941  
Me Trg Rng Sec Stpt Smt SUFF Subdivision District/Field Office County Mgmt Agency  
23 02806 02806 015 ALL ENTIRE SECTION CARLSBAD FIELD OFFICE EDOY BUREAU OF LAND MGMT  
23 02806 02806 017 ALL ENTIRE SECTION CARLSBAD FIELD OFFICE EDOY BUREAU OF LAND MGMT

Serial Number: NMNM-- - 113941  
Act Date Code Action Action Remark Pending Office  
04/19/2005 299 PROTEST FILED  
04/19/2005 287 CASE ESTABLISHED 200500035;  
04/24/2005 143 RENTERS BID PAYMENT RECD \$2550.00;  
04/28/2005 191 SALE HELD  
04/28/2005 267 RLD RECEIVED \$642000.00;  
04/28/2005 143 RENTERS BID PAYMENT RECD \$637400.00;  
05/24/2005 237 LEASE ISSUED  
05/24/2005 290 PROTEST DISCLOSED  
05/24/2005 970 AUTOMATED RECORD VIOLIF LR  
06/01/2005 496 VIND CODE 05;145001  
06/01/2005 530 RLY RATE - 12 L/2A  
06/01/2005 848 EFFECTIVE DATE  
08/18/2005 140 ASGN FILED CHESAPEAKE/CHEVRON U.S.  
08/29/2005 953 CASE MICROFILMED  
09/28/2005 139 ASGN APPROVED RPT 09/01/05;  
09/28/2005 970 AUTOMATED RECORD VIOLIF M  
06/11/2008 817 MERGER REOPENING CHESA LLC/CHESA LP  
08/12/2008 817 MERGER REOPENING  
11/27/2012 140 ASGN FILED CHESAPEAKE/CHEVRON U.S.  
04/18/2013 139 ASGN APPROVED RPT 12/01/12;  
04/19/2013 970 AUTOMATED RECORD VIOLIF AM  
05/31/2015 763 REPIERS

Serial Number: NMNM-- - 113941  
Line Nr Remarks  
0002 STIPULATIONS ATTACHED TO LEASE:  
0003 NM-11-10 SPECIAL CULTURAL RESOURCE LEASE NOTICE  
0004 SEM-11-1 CAVE - RARE OCCURRENCE AREA  
0005 SEM-5-5 THREATENED PLANT SPECIES  
0006 IOYPSUM WILD-BUCKWHEAT  
0007 SEC. 17: ALL  
0008 SEM-5-17 SLOPES OR FRAGILE SOILS  
0009 SEM-5-20 SPRINGS, SEEPS AND TANKS  
0010 SEM-5-21 CAVERNS AND TANKS  
0011 09/20/05 PER MMS RENTAL PAID 06/01/05 PER 2005

NO WARRANTY IS MADE BY BLM FOR USE OF THE DATA FOR PURPOSES NOT INTENDED BY BLM

APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY  
Skeen 22-26-26 Federal Com #7H & Skeen 23-26-26 Federal #6H

Chevron U.S.A. Inc.

DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
CASE RECORDATION  
(MASS) Serial Register Page

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Run Date: 10/30/2014

01 12-22-1987;101STAT1330;30USC181 ET SE

Total Acres

Serial Number

Case Type 312021: O&G LSE COMP PD-1987

1,760.000

NMNM-- - 113942

Commodity 459: OIL & GAS

Case Disposition: AUTHORIZED

Name & Address	Serial Number: NMNM-- - 113942	Int Rel	% Interest
CHEVRON USA INC	1400 SMITH ST	HOUSTON TX 770027327	LESSEE

Map Type	Range	Section	STYP	SNR SUFF	Subdivision	District/Field Office	County	Mgmt Agency
23	028X5	028X2	020	ALL	ENTIRE SECTION	CARLSBAD FIELD OFFICE	ESDY	BUREAU OF LAND MGMT
23	028X5	028X2	021	ALL	ENTIRE SECTION	CARLSBAD FIELD OFFICE	ESDY	BUREAU OF LAND MGMT
23	028X5	028X2	022	ALL	ENTIRE SECTION	CARLSBAD FIELD OFFICE	ESDY	BUREAU OF LAND MGMT

Act Date	Code	Action	Action Remark	Pending Office
04/19/2004	298	PROTEST FILED		
04/19/2005	287	CASH ESTABLISHED	200504036;	
04/14/2005	143	HOUSE BID PAYMENT REC'D	\$3520.00;	
04/10/2005	191	CASH HELD		
04/28/2005	267	BID RECEIVED	\$616000.00;	
04/28/2005	143	HOUSE BID PAYMENT REC'D	\$612480.00;	
05/10/2005	237	LEASE RESCIND		
05/28/2005	298	PROTEST DISMISSED		
05/20/2005	970	AUTOMATED RECORD VERIFY	LR	
06/01/2005	496	UNIT CODE	05;145003	
06/01/2005	520	RENTY RATE 12 1/2%		
06/01/2005	868	DEFECTIVE DATA		
08/18/2005	140	ASGN FILED	CHAL/PANT/CHESAPEAKE;1	
08/29/2005	963	CASH MICROPAID		
09/20/2005	119	ASGN APPROVED	LET 09/01/05;	
09/21/2005	970	AUTOMATED RECORD VERIFY	NV	
06/11/2008	817	MERGER SCHEDULED	CHESA LLC/CHESA LP	
08/22/2008	817	MERGER SCHEDULED		
11/27/2012	140	ASGN FILED	CHESAPEAKE/CHEVRON U;1	
04/18/2013	119	ASGN APPROVED	LET 06/01/12;	
04/18/2013	970	AUTOMATED RECORD VERIFY	ANN	
06/31/2015	763	EXPIRES		

Line Nr	Remarks
0002	STIPULATIONS ATTACHED TO LEASE;
0003	NM-11 IN SPECIAL CULTURAL RESOURCE LEASE NOTICE
0004	SEDM-15-C CAVE RAREST OCCURRENCE AREA
0005	SEDM-5-17 SLOPES OR FRAGILE SOILS
0006	SEDM-5-20 SPRINGS, SHEEPS AND TANKS
0007	SEDM-5-21 CAVENS AND RAREST
0008	09/20/05 PER MRE RENTAL PAID 06/01/05 FOR 2005
0009	04/10/2013 - RENTAL PAID 06/01/12; PER UNRR

NO WARRANTY IS MADE BY BLM FOR USE OF THE DATA FOR PURPOSES NOT INTENDED BY BLM

APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY  
Skeen 22-26-26 Federal Com #7H & Skeen 23-26-26 Federal #6H

Chevron U.S.A. Inc.

DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
CASE RECORDATION  
(MASS) Serial Register Page

Run Time: 01:54 PM

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Run Date: 10/30/2014

01 12-22-1937; 1018 STAT 1330; 30 USC 181 ET SE

Total Acres

Serial Number

Case Type 312021: OSG LSE COMP PD -1997

1,280.000

NMINM-- - 113943

Commodity 459: OIL & GAS L

Case Disposition: AUTHORIZED

Serial Number: NMINM-- - 113943

Name & Address	Int Rel	% Interest
CHEVRON USA INC	100% SMITH ST	HOUSTON TX 770027327

Serial Number: NMINM-- - 113943

Map Tab	Reg	Sec	Styp	SNr	Subdivision	District/Field Office	County	Map Agency
23	0300	0200	02	ALL	ENTIRE SECTION	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT
23	0300	0300	03	ALL	ENTIRE SECTION	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT

Serial Number: NMINM-- - 113943

Act Date	Code	Action	Action Remark	Pending Office
04/15/2005	295	PROTEST FILED		
04/15/2005	287	CASE ESTABLISHED	200500037;	
04/24/2005	143	BOWE BID PAYMENT EXEC	\$2560.00;	
04/24/2005	192	FILE FILED		
04/24/2005	247	BID RECEIVED	\$541000.00;	
04/24/2005	143	BOWE BID PAYMENT EXEC	\$541000.00;	
05/24/2005	237	LEASE ISSUED		
06/24/2005	296	PERMITS DISMISSED		
06/24/2005	970	AUTOMATED RECORD VERIFY	LR	
06/24/2005	416	FOOD CODE	05,145003	
06/24/2005	530	SLY RATE - 12 1/2%		
06/24/2005	858	RESPECTIVE DATE		
08/17/2005	110	ASGN FILED	CHEAPART/CHEAPART;1	
08/29/2005	963	CASH RECEIVED		
09/21/2005	129	ASGN APPROVED	MTT 09/01/05;	
09/28/2005	970	AUTOMATED RECORD VERIFY	MV	
06/11/2005	817	RECORD RECOGNIZED	CHESS LLC/CHESS LP	
08/22/2005	817	RECORD RECOGNIZED		
11/27/2012	140	ASGN FILED	CHEAPART/CHEVRON C;1	
04/11/2013	139	ASGN APPROVED	MTT 12/01/12;	
04/11/2013	970	AUTOMATED RECORD VERIFY	AMT	
06/21/2015	963	REF FRES		

Serial Number: NMINM-- - 113943

Line Nr	Remarks
0602	STIPULATIONS ATTACHED TO LEASE:
0603	MM-11 LM SPECIAL CULTURAL RESOURCE LEASE NOTICE
0604	SEMI-S-17 SLOPES OR FRAGILE SOILS
0605	09/20/05 RENTAL PAID FOR 2005
0606	04/10/2003 - RENTAL PAID 06/01/12; PER OWNER

NO WARRANTY IS MADE BY BLM FOR USE OF THE DATA FOR PURPOSES NOT INTENDED BY BLM

APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY  
Skeen 22-26 Federal Com #7H & Skeen 23-26 Federal #6H

Chevron U.S.A. Inc.

DATE	SUBJECT	ENGINEER	LOGGED IN	TIME	DATE
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ADDTY THIS LINE FOR DIVISION USE ONLY

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



NM OIL CONSERVATION  
ARTESIA DISTRICT

AUG 3 2015

ADMINISTRATIVE APPLICATION CHECKLIST

RECEIVED

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 Production Unit) (SD-Simultaneous Dedication)  
(DHC-Downhole Commingling) (CTB-Lease Commingling) (PLC-Pool/Lease Commingling)  
(PC-Pool Commingling) (OLS-OR-Loose Storage) (OLM-Off-Loose Measurement)  
(WFX-Waterflood Expansion) (PMX-Pressure Maintenance Expansion)  
(SWD-Salt Water Disposal) (IPI-Injection Pressure Increase)  
(EOR-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 G 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.

Cathy Harman-Marillo  
Print or Type Name

*Cathy Harman-Marillo*  
Signature

Engineering Specialist  
Title

08/07/2015  
Date

Chevronmarillo@chevron.com  
e-mail Address

APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY  
Skeen 22-26-26 Federal Com #7H & Skeen 23-26-26 Federal #6H

Chevron U.S.A. Inc.

District I  
1625 N. French Drive, Hobbs, NM 88240  
District II  
411 S. First St., Artesia, NM 88210  
District III  
1000 Rio Grande Blvd., Aztec, NM 87410  
District IV  
1230 S. St Francis Dr., Santa Fe, 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

NM OIL CONSERVATION  
ARTESIA DISTRICT

AUG 3 2015

RECEIVED

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: CHEVRON USA INC  
OPERATOR ADDRESS: 1616 W. BENDER BLVD HOBBS, NM 88240  
APPLICATION TYPE:

☐ Pool Commingling ☐ Lease Commingling ☐ Pool and Lease Commingling ☒ Off-Lease Storage and Measurement (Only if not Surface Commingling)

LEASE TYPE: ☐ Fee ☐ State ☒ Federal

Is this an Amendment to existing Order? ☐ Yes ☒ No If "Yes", please include the appropriate Order No.  
Have the Bureau of Land Management (BLM) and State Land Office (SLO) been notified in writing of the proposed commingling?  
☒ Yes ☐ No

(A) POOL COMMINGLING

Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production	Calculated Value of Commingled Production	Volumes

- (2) Are any wells producing at top allowable? ☐ Yes ☒ No  
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☒ No  
(4) Measurement type: ☐ Metering ☐ Other (Specify):  
(5) Will commingling decrease the value of production? ☐ Yes ☒ No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING

Please attach sheets with the following information

- (1) Pool Name and Code  
(2) Is all production from same source of supply? ☐ Yes ☒ No  
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☒ No  
(4) Measurement type: ☐ Metering ☐ Other (Specify):

(C) POOL and LEASE COMMINGLING

Please attach sheets with the following information

- (1) Complete Sections A and B.

(D) OFF-LEASE STORAGE and MEASUREMENT

Please attach sheets with the following information

- (1) Is all production from same source of supply? ☒ Yes ☐ No  
(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)

Please attach sheets with the following information

- (1) A schematic diagram of facility, including legal location.  
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.  
(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: Cindy Herrera-Merillo TITLE: PERMITTING SPECIALIST DATE: 08/28/2015

TYPE OR PRINT NAME: CINDY HERRERA-MERILLO TELEPHONE NO: 505-261-0411

E-MAIL ADDRESS: Chevronmerillo@chevron.com



## Chevron Functional Contacts

Contact Name	Function	Phone Number	Email Address
Nick Wann	FE Team Lead / Primary Point of Contact	(432) 687-7852	NWann@chevron.com
Christopher Smith	Facilities Engineer	(432) 687-7249	Christopher.Smith@chevron.com
David Macurdy	Regulatory Team Lead	(713) 754-3826	david.macurdy@chevron.com
Cindy Herrera-Murillo	Regulatory Specialist	(575) 263-0431	CHerreraMurillo@chevron.com
Clayton Williams	Execution Team Lead	(713) 372-0978	clay.williams@chevron.com
Danny Boone	Project Manager	(713) 372-5390	DBoone@chevron.com
Justin Blackburn	Drilling	(713) 372-0235	Justin.Blackburn@chevron.com
Hallie Byth	Reservoir Engineer	(713) 372-7772	HByth@chevron.com
JJ Lanning	Subsurface Land Team Lead	(713) 372-1290	JLPX@chevron.com
Dane Maxwell	Subsurface Land	(713) 372-0466	Dane.Maxwell@chevron.com
Kevin Dickerson	Surface Land	(432) 687-7104	Kevin.Dickerson@chevron.com

**Bureau of Land Management  
Carlsbad Field Office  
620 East Greene Street  
Carlsbad, New Mexico 88220  
575-234-5972**

**Skeen 22 26 26 Fed Com #7H, NMNM113941 & NMNM113942 / Skeen 23 26 26 Fed #6, NMNM113943**

**Chevron USA INC**

July 27, 2015

**Condition of Approval**

**Commingling of lease production, variance to use Coriolis meter for oil measurement**

1. This approval is subject to like approval by the New Mexico Oil Conservation Division.
2. This agency shall be notified of any spill or discharge as required by NTL-3A.
3. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
4. This approval does not constitute right-of-way approval for any off-lease activities. Within 30 days, an application for right-of-way approval must be submitted to the Realty Section if not already done.
5. Approval for combining production from various sources is a privilege which is granted to lessees for the purpose of aiding conservation and extending the economic life of leases. Applicants should be cognizant that failure to operate in accordance with the provisions outlined in the Authorized Officer's conditions of approval and/or subsequent stipulations or modifications will subject such approval to revocation.
6. Gas measurement for allocation must be measured as per Onshore Order #5 for sales meters.
7. All gas and oil subject to royalty shall be measured as per federal regulations and shall be reported to ONRR as required. All gas which is vented, flared or used on lease shall be reported as per NTL-4A to ONRR. All gas which is vented or flared shall be subject to royalty, unless prior approval was given by the authorized officer.
8. This agency shall be notified of any change in sales method or location of sales point.
9. Additional wells and/or leases require additional commingling approvals.
10. Notify this office 24 Hrs. prior to any meter proving to allow time for an inspector to witness.
11. Variance to Onshore Order #4 oil measurement to use Coriolis meters is approved with this approval.
12. Need to provide meter numbers upon installation.

**The approval of this commingling is as per Category I of IM NMPO-2013-02. These wells are on three different leases and have the same royalty rate (12.5%). By combining the production of these leases the royalty value will not be affected due to the production all being Bone Spring. The BTU value of the production is similar being Bone Spring gas. Therefore the commingling of these leases will have no royalty rate or royalty value issues do to everything being the similar. This does not mean that the allocation of production to each lease will be 100% accurate each month. By approving this request it will only guarantee that the public's interest will not be compromised.**