

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

OCD Hobbs

HOBBS OCD

JUN 02 2011

RECEIVED

ATTACHMENT A

FORM APPROVED  
OMB No. 1004-0137  
Expires March 31, 2007

## 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 type="checkbox"/> Oil Well <input type="checkbox"/> <input type="checkbox"/> Gas Well <input type="checkbox"/> <input checked="" type="checkbox"/> Other		5 Lease Serial No LC-033706 (A) & (B)
2 Name of Operator CHEVRON U.S.A.		6 If Indian, Allottee or Tribe Name
3a Address 15 Smith Road; Midland, Texas 79705	3b Phone No (include area code) 713-372-7584	7 If Unit or CA/Agreement, Name and/or No
4 Location of Well (Footage, Sec, T, R, M, or Survey Description) NE/4, SW/4 of Section 8, T22S, R37E, NMPM, Lea County, NM.		8 Well Name and No C.P. FALBY A & B Fed. Leases
		9 API Well No PLC-59-C
		10 Field and Pool, or Exploratory Area PnrSkJGrbg, Blnbry, Drk, Eunice SA
		11 County or Parish, State Lea County, New Mexico

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

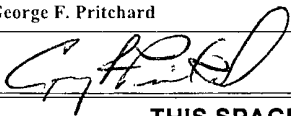
TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> 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 Amend-PLC59-C
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<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 accept PLC-59-C to allow for the surface commingling of oil, water and gas production from the C.P. Falby A & B Federal leases into the existing commingled Falby A & B Battery. PLC-59-C grants authority to commingle production from the C. P. Falby A & B Federal leases, which consists of Penrose Skelly (Grayburg) (Oil - 50350) Pool, Eunice San Andres; SW (Oil - 24180) Pool, and Cary San Andres Gas (Gas - 96801) Pool production. The proposed two new CP Falby B Federal wells and the one CP Falby A Federal well will add production from the Drinkard (Oil - 19190) and Blinbry O&G (Oil - 06660) Pools. Approval is requested to accept PLC-59-C granting authority for the surface commingling of these additional pools into the existing commingled C. P. Falby A & B Battery. Current plans are to produce the new downhole commingled wells and transport all products to the commingled C.P. Falby A & B Battery in accordance with applicable provisions of the NMOCD's "Manual for the installation and Operation of Commingling Facilities. Chevron is the operator with 100% working interest, in all three leases. The royalty interest owners are different, therefore notification was sent to the royalty owners. The commingled products will be collected, temporarily stored and metered from these similarly producing adjacent Federal leases at the C.P. Falby A & B Battery. The fluids to be commingled are compatible, and the sales value of the crude oil will not be significantly affected.

SEE ATTACHED FOR  
CONDITIONS OF APPROVAL

PLC-59-C

14 I hereby certify that the foregoing is true and correct Name (Printed/Typed) George F. Pritchard		Title Geologist
Signature 		Date 04/26/2011

## THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by <u>/s/ JD Whitlock Jr</u>	Title <u>LPET</u>	Date <u>5/26/11</u>
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 <u>CFO</u>	

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.

(Instructions on page 2)

## **Request for BLM Off-Lease Measurement, Storage and Surface Commingle Approval**

Chevron U.S.A. Inc

Updated: 5/24/2011

NMOCD – Commingle approval - PLC59-C

USA LC-033706A [C.P. Falby A Federal]

USA LC-033706B [C.P. Falby B Federal]

Following the guidelines for BLM approval of off-lease measurement, storage and surface commingling, the attachments are submitted for your review of Chevron U.S.A. Inc's request to ratify the New Mexico OCD approval [PLC59-C] (Attachment C) of its surface commingle amendment dated March 1, 2011. Chevron has requested the New Mexico OCD to adjust this approved surface commingle amendment to exclude the L.F. Grizzell lease, and its wells, to correct the amendment. Chevron requests the BLM to approve the surface commingle amendment, as corrected, for the purpose of commingling production from the subject Federal leases.

1. Attachment A is Sundry Notice Form 3160-5 for approval to combine, store, or measure production off-lease. BLM approval is requested to surface commingle production from USA LC-033706A [Falby A] and USA LC-033706B [Falby B] Federal leases into the Falby A & B Battery located on lease USA LC-033706B at SWSW, Sec 8, T22S-R37E. Five producing wells from Falby A lease produce from the Penrose Skelly Grayburg and Eunice San Andres, SW pools and would add the new well proposed from the Blinbry Oil & Gas and the Drinkard pools that would be piped off lease to the centralized Falby A & B Battery located on the Falby B lease. The oil and gas production will be comingled and temporarily stored at the Falby A & B Battery with the oil measured by gage line tank measurement using PLC gage readings then truck hauled from the battery by Plains trucking. The gas is sold through the battery gas sales meter with Targa ID # 161 212216. Well production allocation is determined using the scheduled monthly test of each well through the Vertical Tester located on the Falby A & B Battery. The monthly well tests are conducted for a minimum of 24 continuous hours on each well individually. The oil and water are measured at the Vertical Tester by NuFlo (Halliburton) turbine meters with associated proven loops that are independently calibrated monthly by a 3<sup>rd</sup> party. The gas measured at the Vertical Tester goes through an electric flow meter that is independently calibrated monthly by a 3<sup>rd</sup> party. The well tests are used to proportionately allocate the battery's monthly gas sales volumes that are measured through the Targa gas meter ID# 161 212216 and the oil volumes measured in the oil trucking hauls back to each individual well.

2. The attached lease map (Figure 1) and surface map (Figure 2) illustrate the 160 acre Federal lease USA LC-033706A containing five active wells and one proposed well producing from underlying Penrose Skelly Grayburg [50350], Eunice San Andres, SW [24180], and proposed to produce from the Blinebry Oil & Gas [06660] and the Drinkard [19190] oil pools. The second 160 acre Federal lease USA LC-033706B contains two active wells and two new wells producing from underlying Penrose Skelly Grayburg [50350], Eunice San Andres, SW [24180], Blinebry Oil & Gas [06660] and the Drinkard [19190] oil pools.
3. Attached is a current Falby A & B Battery diagram (Figure 3) illustrating the input headers for the seven Falby A lease wells and the four Falby B lease wells. The production products will be separated at the battery with the oil and water production temporarily stored on location prior to sale or disposal. The produced product initially runs through the Horizontal Free Water Knockout with the oil sent on to the Vertical Heater Treater. From the Heater Treater, the oil is stored in the battery's Oil Tank storage until truck hauled. The truck haul volumes are measured by gage line tank measurement using PLC gage readings. The natural gas leaves the Horizontal Free Water Knockout and the Vertical Heater Treater and enters the Vertical Gas Scrubber before it is sent to the sales line measured through the Targa gas sales meter #161 212216. The water from the Horizontal Free Water Knockout, the Vertical Heater Treater and the Vertical Gas Scrubber is sent to the battery Water Tank storage before being pumped through the NuFlo (Halliburton) turbine meter into the Rice Operating Co. SWD system. The Rice system disposes of this water into two SWD wells that include: well N18, 3002525616 (Section 18, T22S-R37E) with Lease No. SWD-078 and well D20, 3002537168 (section 20, T22S-R37E) with lease No. SWD-224. The sales and disposal volumes are proportionately allocated to each well, on each lease based on the minimal 24 hr, monthly well tests conducted at the battery's Vertical Tester. The flow transfer lines from each well to the Falby A & B Battery can be seen on the surface map (Figure 2).
4. Table A and Table B include a list of each well located on each of the two federal leases, API identification, location, associated producing pool & formations as well as current production tests and oil quality.
5. Table C and Table D are a comparison of the proposed method for measuring, allocating and valuing the products from the individual wells and as commingled through the Falby A & B Battery. Table C illustrates the individual well production values and calculates a weighted average API gravity of 33.6 for the commingling of the products. Table D uses the calculated weighted average gravity to further calculate a commingled value. The results show that the surface commingling of products does not significantly affect the value of the individual well products.
6. Attachment B is a letter to the overriding royalty owners associated with the Falby A [USA LC-033706A] lease dated January 19, 2011 notifying each of Chevron USA Inc's request to amend

the commingle permit PLC-59-B for the authority to add three new wells to the commingle permit [PLC59-B] and their opportunity to object to the amendment.

7. The two Federal leases USA LC-033706A [Falby A] and USA LC-033706B [Falby B] involved in this commingle amendment request contain seven marginally producing wells with the addition of three new wells that will produce from previously approved commingled pools [see attachments D, E & F]. The Federal royalty is identical for the two leases and commingle sales metering at the Falby A & B Battery will assure Federal royalty payment remains whole.
8. The expense to separately meter and store produced product on these individual leases would make the new drilling uneconomical. The use of shared facilities for similar products from similar Federal leases will not reduce the amount of royalty or significantly affect the value of the royalty paid to these Federal leases.

FIGURE 1

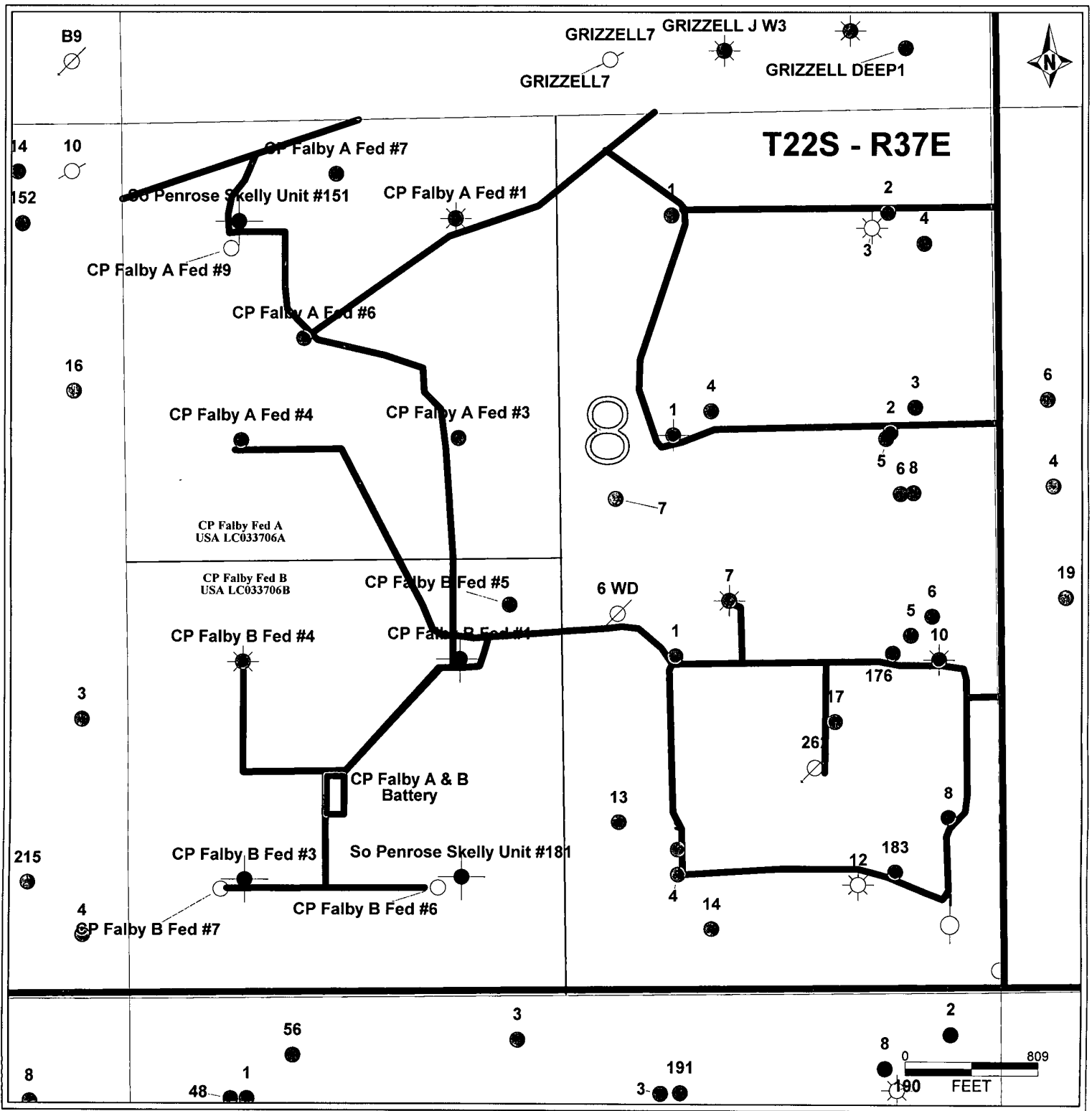


FIGURE 2

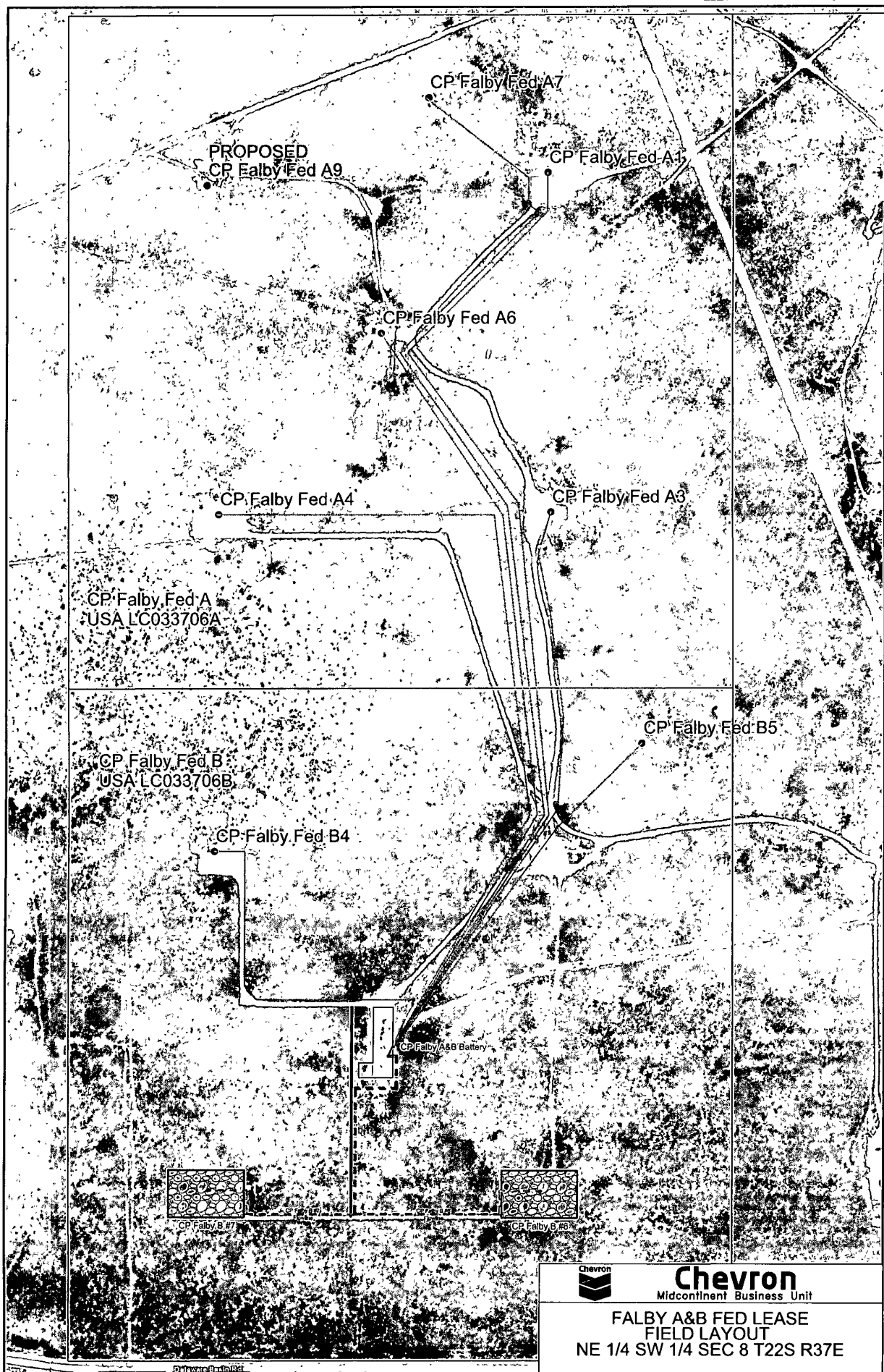
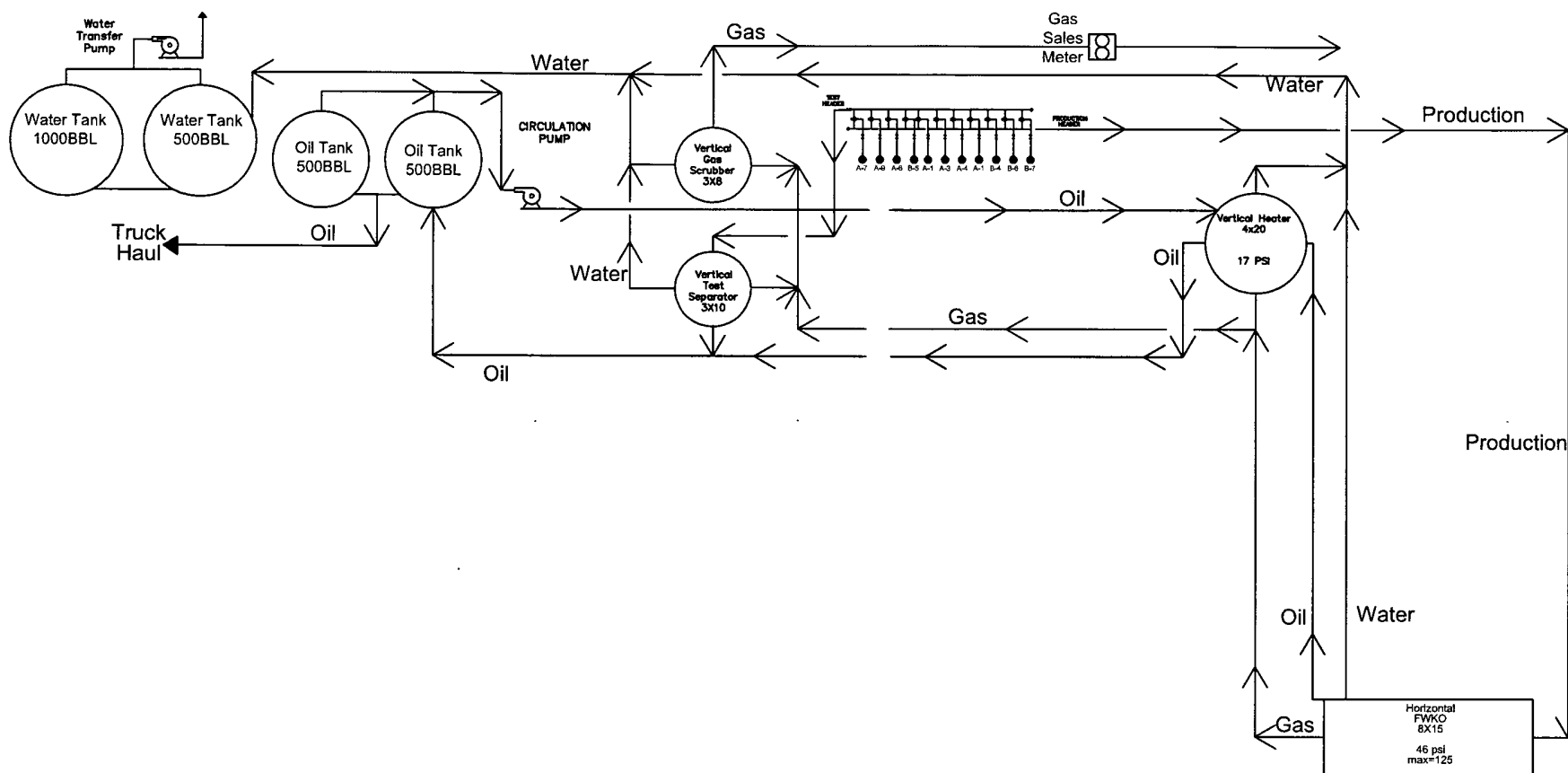


FIGURE 3



# Chevron

C.P. Falby A & B  
 Commingled Battery  
 NE  $\frac{1}{4}$  SW  $\frac{1}{4}$  Section 8 T22S, R37E  
 Battery 1 Lea County 71-033706

ENGINEERING :	ENG. :	DATE :	SCALE :
OPERATIONS :	DRAWN :	SHEET	OF
FILE :	CK. BY :	DWG NO :	IRF

TABLE A

Chevron Corp Inc. is requesting approval for surface commingle and off lease storage and measurement of hydrocarbon production from the following formations and wells:

**Federal Lease No. USA LC-033706A**

Well Name	API No.	Location	Pool	Formation	Test Date	BOPD	BWPD	MCFPD	Gravity @ 60	Sulfur %
C.P. Falby A Fed #1	3002510117	NENW,Sec8,T22S-R37E	Penrose Skelly Grayburg 50350	Grayburg	1/10/11	4	303	88	31.5	1.6
					11/4/10	8	365	96		
					7/8/10	9	360	260		
					6/14/10	13	384	277		
					1/5/10	15	417	289		
C.P. Falby A Fed #3	3002510118	SENW,Sec8,T22S-R37E	Penrose Skelly Grayburg 50350, & DHC 3441	Grayburg, San Andres	1/9/11	4	69	131	31.7	1.5
					11/7/10	6	80	73		
					7/9/10	7	75	136		
					6/15/10	7	77	137		
					1/6/10	9	80	130		
C.P. Falby A Fed #4	3002510120	SWNW,Sec8,T22S-R37E	Eunice San Andres, Southwest 24180	San Andres	1/11/11	0.5	19	46	31.7	1.5
					11/10/10	0.5	20	45		
					8/11/10	0.5	19	98		
					7/11/10	1	36	102		
					6/26/10	0.8	38	99		
C.P. Falby A Fed #6	3002538372	NWNW,Sec8,T22S-R37E	Penrose Skelly Grayburg 50350	Grayburg	1/6/11	8	223	105	32.6	1.5
					11/13/10	6	210	86		
					7/10/10	7	200	157		
					6/28/10	8	206	157		
					1/8/10	9	200	150		
C.P. Falby A Fed #7	3002539048	NWNW,Sec8,T22S-R37E	Penrose Skelly Grayburg 50350	Grayburg	1/8/11	4	478	43	31.5	1.6
					11/16/10	1	501	57		
					7/12/10	1	498	112		
					6/27/10	1	501	118		
					1/11/10	1	493	113		
C.P. Falby A Fed #9	3002539980	NWNW,Sec8,T22S-R37E	Proposed: Blinbry O & G 06660, Drinkard 19190, & DHC 0448	Proposed Blinbry, Drinkard	New Well	NA			34	1.0

With hydrocarbon from: **Grayburg & San Andres with possible addition of Blinbry & Drinkard**

Chevron Corp Inc. is requesting approval for surface commingle and off lease storage and measurement of hydrocarbon production from the following formations and wells:

**Federal Lease No. USA LC-033706B**

Well Name	API No.	Location	Pool	Formation	Test Date	BOPD	BWPD	MCFPD	Gravity @ 60	Sulfur %
C.P. Falby B Fed #4	3002510106	NWSW,Sec8,T22S-R37E	Penrose Skelly Grayburg 50350, & DHC 3594	Grayburg San Andres	11/19/10	0.5	5	20	33.9	1.5
					7/22/10	0.2	1	19		
					6/24/10	0.4	2	18		
					1/13/10	0	129	29		
C.P. Falby B Fed #5	3002537938	NESW,Sec8,T22S-R37E	Penrose Skelly Grayburg 50350	Grayburg	1/7/11	4	71	70	31.5	1.6
					11/23/10	3	75	76		
					7/25/10	4	69	118		
					6/16/10	4	68	118		
					1/14/10	6	90	124		
C.P. Falby B Fed #6	3002539981	SESW,Sec8,T22S-R37E	Proposed: Blinebry O & G 06660, Drinkard 19190, & DHC 0448	Proposed: Blinebry, Drinkard	New Well	NA			34	1.0
C.P. Falby B Fed #7	3002539982	SWSW,Sec8,T22S-R37E	Proposed: Blinebry O & G 06660, Drinkard 19190, & DHC 0448	Proposed Blinebry, Drinkard	New Well	NA			34	1.0

With hydrocarbon from: **Grayburg & San Andres with addition of Blinebry & Drinkard**

Oil quality tests performed 4/20/2011. Low volume oils were inferred from offset wells, new wells are inferred from CP Falby B Fed #6 sample test.

The commingle storage and measuring facility is located at SWSW,Sec8,T22S-R37E, on lease No. USA LC-033706B.

TABLE C

**Proposed Amendment Of Surface  
Commingling Order PLC-59-B  
C. P. Falby A & B Federal Commingled Battery  
Section 8, T22S, R37E  
Lea County, New Mexico**

**Production From All Wells Sold Separately**

Pool	Well	BOPD	API Gravity	\$/BBL	\$/Day	Remarks
Penrose Skelly Grayburg (50350)	C.P. Falby A Fed #1	4	31.5	75.14	300.56	Measured API Gravity
Penrose Skelly Grayburg (50350) & Eunice; San Andres, SW (24180) (DHC)	C.P. Falby A Fed #3	4	31.7	75.14	300.56	Measured API Gravity
Eunice; San Andres, SW (24180)	C.P. Falby A Fed #4	0.5	31.7	75.14	37.57	Measured API Gravity
Penrose Skelly Grayburg (50350)	C.P. Falby A Fed #6	8	32.6	75.14	601.12	Measured API Gravity
Penrose Skelly Grayburg (50350)	C.P. Falby A Fed #7	4	31.5	75.14	300.56	Measured API Gravity
Proposed: Blinebry O & G (06660) & Drinkard (19190) (DHC)	C.P. Falby A Fed #9		34.0	75.47	0	Proposed New Well - Not Drilled Yet
Penrose Skelly Grayburg (50350) & Cary-San Andres (96801) (DHC)	C.P. Falby B Fed #4	0.5	33.9	75.47	37.735	Measured API Gravity
Penrose Skelly Grayburg (50350)	C.P. Falby B Fed #5	4	31.5	75.14	300.56	Measured API Gravity
Proposed: Blinebry O & G (06660) & Drinkard (19190) (DHC)	C.P. Falby B Fed #6	49	34.0	75.47	3698.03	Measured API Gravity
Proposed: Blinebry O & G (06660) & Drinkard (19190) (DHC)	C.P. Falby B Fed #7	49	34.0	75.47	3698.03	Measured API Gravity
<b>Totals</b>		<b>123</b>			<b>\$9,274.73</b>	

TABLE D

## Production From All Wells Commingled Into C. P. Falby A &amp; B Federal Commingled Tank Battery

Pool	Well	BOPD	API Gravity	\$/BBL	\$/Day	Remarks
Penrose Skelly Grayburg (50350)	C.P. Falby A Fed #1	4	33.6	75.47	301.88	Calculated gravity of commingled oil
Penrose Skelly Grayburg (50350) & Eunice; San Andres, SW (24180) (DHC)	C.P. Falby A Fed #3	4	33.6	75.47	301.88	Calculated gravity of commingled oil
Eunice; San Andres, SW (24180)	C.P. Falby A Fed #4	0.5	33.6	75.47	37.735	Calculated gravity of commingled oil
Penrose Skelly Grayburg (50350)	C.P. Falby A Fed #6	8	33.6	75.47	603.76	Calculated gravity of commingled oil
Penrose Skelly Grayburg (50350)	C.P. Falby A Fed #7	4	33.6	75.47	301.88	Calculated gravity of commingled oil
Proposed: Bliebry O & G (06660) & Drinkard (19190) (DHC)	C.P. Falby A Fed #9		33.6	75.47	0	Proposed New Well - Not Drilled Yet
Penrose Skelly Grayburg (50350) & Cary-San Andres (96801) (DHC)	C.P. Falby B Fed #4	0.5	33.6	75.47	37.735	Calculated gravity of commingled oil
Penrose Skelly Grayburg (50350)	C.P. Falby B Fed #5	4	33.6	75.47	301.88	Calculated gravity of commingled oil
Proposed: Bliebry O & G (06660) & Drinkard (19190) (DHC)	C.P. Falby B Fed #6	49	33.6	75.47	3698.03	Calculated gravity of commingled oil
Proposed: Bliebry O & G (06660) & Drinkard (19190) (DHC)	C.P. Falby B Fed #7	49	33.6	75.47	3698.03	Calculated gravity of commingled oil
<b>Totals</b>		<b>123</b>			<b>\$9,282.81</b>	



**Carolyn Haynie**  
Petroleum Engineering  
Technical Assistant

**MidContinent/Alaska SBU**  
Chevron North America  
Exploration and Production  
Company  
15 Smith Road  
Midland, TX 79705  
Tel 432-687-7261  
Fax 432-687-7703  
chay@chevron.com

January 19, 2011

New Mexico Oil Conservations Division  
1220 South San Francis Drive  
Santa Fe, New Mexico 87504

Royalty Interest Owners,

Chevron U.S.A., Inc. has requested administrative approval to amend PLC-59-B to allow for the surface commingling of oil and water production from the L.E. Grizzell Lease and the C.P. Falby A & B Federal leases in the existing Falby A & B Commingled Battery. PLC-59-B granted authority to commingle production from the C. P. Falby A & B Federal leases.

Current plans are to produce the Grizzell wells into a 3-phase separator with meters for oil, water, and gas, in accordance with applicable provisions of the NMOCD's "Manual for the installation and Operation of Commingling Facilities, located on the L. E. Grizzell lease. The Grizzell gas will also be sold at this site. The Grizzell oil and water will be measured and then pumped to the C. P. Falby A & B Commingled Battery for processing. The value of the produced oil will not be significantly impacted by the proposed action. This commingling is necessary because the existing L. E. Grizzell Battery is in poor condition and the wells are too marginal to justify a battery upgrade. The nearby C. P. Falby A & B Commingled Battery can easily handle the fluid production from the L. E. Grizzell lease.

Any objections to this commingle must be sent to the **New Mexico Oil Conservation Division; 1220 South St. Francis Drive; Santa Fe, NM 87504**, within 20 days of receipt of this notification.

If you require additional information, please contact me, by telephone at 432-687-7261, or by email at: [chay@chevron.com](mailto:chay@chevron.com).

Sincerely,

A handwritten signature in cursive script that reads "Carolyn Haynie".

Carolyn Haynie  
NM PE Technical Assistant

Enclosure

NM OCD District 1, Hobbs  
Mike Howell  
Danny Lovell  
Central Files

## Royalty Interest Owners

NUEVO SEIS LIMITED  
PARTNERSHIP  
P.O. BOX 2588  
ROSWELL, NEW MEXICO 88202

EMMA GALE BARTLETT TRUST  
BANK OF AMERICA  
P.O. BOX 840738  
DALLAS, TX 75284-0738

DIANA M. BISTLINE  
410 E. PARKSIDE DR.  
HAYDEN, ID 83835

P.J. HANNIFIN FAMILY TRUST  
765 SANTA CAMELIA  
SOLANA BEACH, CA 92075-1612

LARAMIE PLAINS MUSEUM  
FIRST INTERSTATE BK, AGENT  
P.O. BOX 3004  
GILLETTE, WY 82717

CLAIRE BISTLINE  
1801 WOLSEY  
AJÓ, AZ 85321

NANCY A COINER  
359 SUMMERHILL DR.  
MORRIS PLAINS, NJ 07950

NANCY B SOLA  
4340 SAN GABRIEL DR  
RENO, NV 89502

ERIN BROUGHTON HUGHES  
5605 N. MADISON STREET  
SPOKANE, WA 99205

MARGARET WYGOCKI  
721 ROBINS RD  
LANSING, MI 48917-2022

MINERALS MANAGEMENT  
ROYALTY MANAGEMENT PROG  
P.O. BOX 5810  
DENVER, CO 80217

STEPHEN PATRICK BISTLINE  
P.O. BOX 151  
HOPE, ID 83836

EMILY CHRISTINE COINER  
22503 SIERRA LAKE CT.  
KATY, TEXAS 77494

PITCH ENERGY CORP.  
P.O. BOX 304  
ARTESIA, NM 88211

H. THERESIA REVOC TRUST  
H. THERESIA REVOC TRUSTEE  
13313 E. VALLEY RD  
OKLAHOMA CITY, OK 73170

BETTY ADKINS  
P.O. BOX 218  
MIDLAND, TX 79702

SUSAN JEAN BISTLINE  
394 BEERS HUMBERD ROAD  
SAGLE, ID 83860

TEX ZIA PROPERTIES LTD  
P.O. BOX 261427  
PLANO, TX 75026

BEVERLY NIX COINER  
C/O TX COMPTROLLER  
P.O. BOX 12019  
AUSTIN, TX 78711-2019

WILLIAM J. SEWELL EST  
NANCY SWELL SERWATKA IND.  
705 POST OAK CT  
EL PASO, TX 79932-2511

EST. OF RICHARD TIDE COINER III  
C/O CATHERINE COINER PARK & RICHARD  
COINER IV CO-EXEC  
127 W. BRANDON  
SAN ANTONIO, TX 78209

NANCY COINER GROTHE  
14492 W. COUNTY RD K  
HAYWARD, WI 54843

SALESIAN BOYS & GIRLS CLUB  
ATTN: RUSSELL GUMIA  
680 FILBERT ST.  
SAN FRANCISCO, CA 94133

MCCORMICK TRUST A  
ELIZABETH A PITTS TRSTE  
2715 WESTWIND ROAD  
LAS CRUCES, NM 88007

SOUTHWEST FOUNDATION FOR  
BIOMEDICAL  
P.O. BOX 760549  
SAN ANTONIO, TX 78245-0549

HANNIFIN FAMILY TRUST  
P.O. BOX 218  
MIDLAND, TX 79702

SANDRA DOBSON LIVING TRST  
SOLE TRUSTEE  
8318 WILLOW CREEK BLVD  
OKLAHOMA CITY, OK 73162

SAN ANTONIO SYMPHONY  
P.O. BOX 658  
SAN ANTONIO, TX 78293-0658

WILLIAM LANIER COINER EST  
ANN THOMPSON COINER  
232 PARKHILL DR.  
SAN ANTONIO TX 78209

BOLDRICK FAMILY PROP LP  
MILES BOLDRICK, MGE  
P.O. BOX 0648  
MIDLAND, TX 79702

SPINDLETOP EXPL CO INC.  
P.O. BOX 25163  
DALLAS, TX 75225

FIRST CHURCH OF CHRIST  
SCIENTIST  
BANK OF AMERICA NA  
P.O. BOX 840738  
DALLAS, TX 75284

MARJORIE B HAYNES  
521 PRINCETON DR.  
TYLER, TX 75703

D M ROYALTIES LTD  
6300 RIDGLEA PLACE STE 605  
FORT WORTH, TX 761165

SANTA BARBARA HUMANE SOC.  
5399 OVERPASS RD  
SANTA BARBARA, CA 93111

PATRICIA MCNALLEN CLEMENS  
5127 E. 102<sup>nd</sup> PLACE SOUTH  
TULSA, OK 74137

BEN M FITZGERALD & BOOTS  
FITZGERALD  
904 VISTA VERDE  
BAKERSFIELD, CA 93309

OXY USA WTP LTD PARTNERSHIP  
LOCK BOX 841735  
DALLAS, TX 75284

MICHAEL J MCNALLEN  
1427 B E 38 PL  
TULSA, OK 74105

AMERICAN RED CROSS  
SANTA BARBARA CO CHAPTER  
2707 STATE ST.  
SANTA BARBARA, CA 93105

PATRICIA PENROSE SCHIEFFER  
AGNECY AGMT DTD 12/2/99  
BANK OF AMERICA NA  
P.O. BOX 840738  
DALLAS, TX 75284

VEDA E BROWN EST  
CHARLES MCNALLEN, EXEC  
P.O. BOX # 26  
JOHNSON CITY, TX 78636

RITA FAYE WHARRY  
165 SCENIC VALLEY RD, LOT 37  
KERVILLE, TX 78028

DERRALD H BILYEU 1986 TRUST  
D K & NOAMIE -CO TRUSTEES  
1414 FALLS DR  
STILLWATER, OK 74075

WILLIAM MCNALLEN  
23635 OXNARD ST.  
WOODLAND HILLS, CA 91367

CLIFTON E PERRY  
1210 N CAIN  
LIBERAL, KS 67901

MARY K MCNALLEN BASHAW  
3509 S. KNOWVILLE AVE.  
TULSA, OK 74135

LIBERMAN FAMILY TRST  
DATE 8-12-99  
5172 RENAISSANCE AVE.  
SAN DIEGO, CA 92122

HOWARD A CROW JR  
P.O. BOX 1031  
SANDY UT 840911

HOLLOWAY TRST  
GERALD & MERCEDES HOLLOWAY  
TR # 4; BOX 1695  
WAGONER, OK 74467

DOROTHY GRAY  
1409 REYNOLDS ST.  
MARSHALL, MO 65340

WHITE STAR ENERGY INC.  
P.O. BOX 51108  
MIDLAND, TX 79702

JANET BILYEU  
3803 GOLF CART DRIVE  
FORT MYERS, FL 33917

KATHY LYNN DEGOLLADO  
66210 E. 29 RD  
QUAPAW, OK 74363

ROC ENERGY INC.  
P.O. BOX 51008  
MIDLAND, TX 79701

LIBERMAN FAMILY TRUST  
DATE: 8/12/99  
5172 RENAISSANCE AVE.  
SAN DIEGO, CA 92122

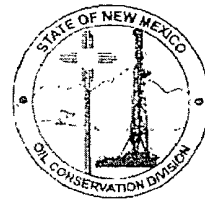
YARBOROUGH OIL & GAS LP  
200 N. LORRAINE, STE 1400  
MIDLAND, TX 79701

# New Mexico Energy, Minerals and Natural Resources Department

**Susana Martinez**  
Governor

Brett F. Woods, Ph.D.  
Acting Cabinet Secretary

Daniel Sanchez  
Acting Division Director  
Oil Conservation Division



March 1, 2011

## Commingle Order-PLC-59-C

Chevron U.S.A. Inc.  
15 Smith Road  
Midland, Texas 79705

Attention: Ms. Carolyn Haynie

Chevron U.S.A., Inc. is hereby authorized to surface commingle Penrose-Skelly (Grayburg) (Oil - 50350), Southwest Eunice-San Andres (Oil - 24180), Cary-San Andres Gas (Gas - 96801), Paddock (49210), Drinkard (19190, and Blinbry production from the following-described leases and wells in Lea County, New Mexico:

Lease: C. P. Falby "A" Federal Lease (Lease No. LC-033706-A)  
Description: NW/4 Section 8, Township 22 South, Range 37 East, NMPM.

Wells: C. P. Falby "A" Fed. Well No. 1 (API No. 30-025-10117)  
C.P. Falby "A" Fed. Well No. 6 (API No. 30-025-38372)  
C.P. Falby "A" Fed. Well No. 7 (API No. 30-025-39048)  
C. P. Falby "A" Fed. Well No. 3 (API No. 30-025-10118)  
All from Penrose-Skelly (Grayburg) Pool  
C. P. Falby "A" Fed. Well No. 4 (API No. 30-025-10120)  
Southwest Eunice-San Andres Pool.  
C. P. Falby "A" Fed. Well No. 9 (Proposed New well)  
Proposed DHC in Blinbry/Drinkard

Lease: C. P. Falby "B" Federal Lease (Lease No. LC-033706-B)  
SW/4 Section 8, Township 22 South, Range 37 East, NMPM

Wells: C. P. Falby "B" Fed. Well No. 4 (API No. 30-025-10106)  
C. P. Falby "B" Fed Well No. 5 (API No. 30-025-37938)  
Cary-San Andres Gas Pool (DHC- 3594)  
Penrose-Skelly (Grayburg) Pool.  
C.P. Falby "B" Fed. Well No. 6 (Proposed New Well)  
C.P. Falby "B" Fed. Well No. 7 (Proposed New Well)  
Proposed DHC in Blinbry/Drinkard

Lease: ~~L.E. Grizzell Lease~~  
~~NE/4, Section 8, T-22-S, R-37-E~~

LEASE REMOVED

March 2, 2011

Page 2

Wells: ~~L.E. Grizzell Well No. 1 (API No. 30-025-10099)  
Penrose Skelly Grayburg  
L.E. Grizzell Well No. 2 (API no. 30-025-10102)  
Paddock Pool  
L.E. Grizzell Well No. 3 (API No. 30-025-10100)  
L.E. Grizzell Well No. 4 (API No. 30-025-26765)  
All from Drinkard Pool~~

WELLS REMOVED

The production from each well/lease shall be determined by monthly well tests. This method of production allocation may be utilized as long as the interest ownership between the wells remains identical.

The commingled production shall be stored at a common tank battery located on the C. P. Falby "B" Lease in the NE/4 SW/4 of Section 8, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.

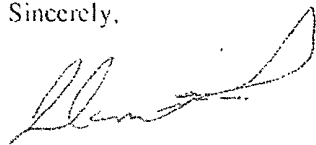
The operator/producer shall notify the transporter of this commingling authority. The operator shall notify the Hobbs District Office of the Division upon commencement of commingling operations.

This Order supersedes Order No. PLC-59-B

**This approval is subject to like approval by the Bureau of Land Management (BLM) before commencing the commingling operations.**

Done, at Santa Fe, New Mexico on this 1st day of March, 2011.

Sincerely,



J. Daniel Sanchez  
Acting Director

DS/rc

cc: Oil Conservation Division - Hobbs  
Bureau of Land Management-Carlsbad