						Rec'd 06	5/12/2020 - NM	OCD
Form 3160-5 (June 2015)		UNITED STATE PARTMENT OF THE D UREAU OF LAND MANA	INTERIOR				OMB N Expires: J 5. Lease Serial No.	APPROVED NO. 1004-0137 January 31, 2018
	Do not use thi	NOTICES AND REPO	drill or to re	-enter a	n		NMNM118722	
	abandoned we	II. Use form 3160-3 (AF	PD) for such µ	proposa	ls.		6. If Indian, Allottee	or Tribe Name
	SUBMIT IN	TRIPLICATE - Other ins	structions on	page 2			7. If Unit or CA/Agre	eement, Name and/or No.
 Type of Well Oil Well 	🗖 Gas Well 🔲 Oth	ner					8. Well Name and No SD WE 24 FED F	
 Name of Oper CHEVRON 	rator USA INC	Contact: E-Mail: LBECERF	LAURA BEC RA@CHEVRON				9. API Well No. 30-025-43318-0	00-S1
3a. Address 1616 W. BE HOBBS, N	ENDER BLVD M 88240		3b. Phone No Ph: 432-68		area code)		10. Field and Pool or JENNINGS-UP	Exploratory Area PER BONE SPRING S
4. Location of W	Vell (Footage, Sec., T	C., R., M., or Survey Description	n)				11. County or Parish,	State
Sec 24 T26	68 R32E SWSW 26	60FSL 1283FWL					LEA COUNTY,	NM
12.	CHECK THE AF	PROPRIATE BOX(ES) TO INDICA	TENA	TURE OF	F NOTICE,	REPORT, OR OT	HER DATA
TYPE OF S	SUBMISSION				TYPE OF	ACTION		
Notice of	Intent	□ Acidize	Dee	1 220			tion (Start/Resume)	U Water Shut-Off
Subsequer	nt Report	 Alter Casing Casing Repair 		lraulic Fr v Constru		□ Reclam		 Well Integrity Other
Final Aba	indonment Notice	Change Plans	42	g and Ab			arily Abandon	Surface Commingling
-		Convert to Injection				U Water I	1.7.0	
If the proposa Attach the Bo following com testing has bee determined the production 1 producing t NMNM 118 SD WE 24 SD WE 24 SD WE 24 SD WE 24	I is to deepen directiona nd under which the woi npletion of the involved en completed. Final At at the site is ready for fi spectfully requests from the Bone Spri o this CTB include: 6722 FED P23 1H Sec FED P23 2H Sec FED P23 3H Sec FED P23 4H Sec	administrative approval ing Pool through Chevror 24, T26S-R32E 30-025 24, T26S-R32E 30-025 24, T26S-R32E 30-025 24, T26S-R32E 30-025	r, give subsurface e the Bond No. o esults in a multip iled only after all to surface cor n?s Salado Dr -43318 Jennir -43296 Jennir -43297 Jennir	Iocations In file with le complete requirements mmingle raw 24 C ngs;Upp ngs;Upp ngs;Upp ngs;Upp	and measur BLM/BIA ion or reco- nts, includi oil, gas, central Ta Bone Sp Bone Sp Bone Sp	ed and true vo . Required su mpletion in a ng reclamatio and water nk Battery. ring ring ring	ertical depths of all perti- bsequent reports must b new interval, a Form 310 n, have been completed	nent markers and zones. e filed within 30 days 60-4 must be filed once
SD WE 24		24, T26S-R32E 30-025	-43674 Jennir	ngs;Upp	Bone Sp	ring		
14. I hereby cert	ify that the foregoing is	true and correct. Electronic Submission # For CH	#405514 verifie EVRON USA II	d by the IC. sent	BLM Well	Information	n System	
N		nmitted to AFMSS for proc	cessing by PRI	SCILLA	PEREZ or	03/08/2018	(18PP0740SE)	
Name (Printed	d/Typed) LAURA B	ECERRA		Title	PERMII	TING SPE	CIALIST	
Signature	(Electronic S	Submission)	الغاريدان	Date	02/22/20)18		
	A	THIS SPACE F	OR FEDERA	LOR	STATE (OFFICE U	SE	
Approved By	AK	Dylain Possinace	ngp	Title	P	E		Date 3 3
certify that the appl which would entitle	licant holds legal or equent of the applicant to condu	•	ne subject lease	Office	C	.FO		1 1
Title 18 U.S.C. Sec States any false, 1	ction 1001 and Title 43 fictitious or fraudulent	U.S.C. Section 1212, make it a statements or representations a	a crime for any point to any matter w	erson knov ithin its ju	vingly and risdiction.	willfully to m	ake to any department of	r agency of the United
(Instructions on pag	ge 2)							

^{**} BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED **

Additional data for EC transaction #405514 that would not fit on the form

32. Additional remarks, continued

NMLC 065876-A, NMNM 118722, NMNM 014492 SD WE 24 FED P24 6H Sec 24, T26S-R32E 30-025-43673 Jennings;Upp Bone Spring SD WE 24 FED P24 7H Sec 24, T26S-R32E 30-025-43675 Jennings;Upp Bone Spring

Attached you will all supporting documentation.

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

Conditions of Approval Lease/Pool Commingling of Measurement and Sales of Oil and Gas Production Chevron USA Inc. SD WE 24 CTB

Lease: NMLC065876A, NMNM118722, NMNM014492

Approval of comingling of measurement and sales of production is subject to the following conditions of approval:

- 1. This approval is subject to like approval by the New Mexico Oil Conservation Division.
 - a. All well tests for allocation shall be performed per NMOCD requirements.
- 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 public's interest (surface and/or subsurface). This includes negative impacts to royalties due to price deducts according to purchaser contracts.
- 4. Gas measurement for allocation shall be measured as per 43 CFR 3175 and API requirements.
- 5. Oil measurement for allocation shall be measured as per 43 CFR 3174 and API requirements.
- 6. All oil and gas subject to royalty shall be measured and reported to ONRR as required, unless otherwise approved by an Authorized Officer. Aside from exceptions listed in 43 CFR 3179, all flared/vented gas volumes are royalty bearing and shall be reported on OGOR "B" as disposition code "33" for royalty-bearing flared gas and disposition code 63 for royalty-bearing vented gas.
- 7. This agency shall be notified of any change in sales method or location of the sales point.
- 8. Additional wells require a new and updated commingling application.
- 9. In lieu of FMP numbers on the site facility diagram, which shall be submitted within 30 days of the facility becoming operational per 43 CFR 3173.11, include all meter serial numbers or assign unique meter ID numbers that are reflected in the field. This is to include allocation meters.
- 10. This approval does not authorize bypasses around any allocation meter or metering separator, this is to include the use of headers to divert production to production equipment other than the approved measurement points.
- 11. Vapors will be recovered and metered, allocating based on oil production as per attached writeup. Vapor recovery equipment is also approved with this application.
- 12. Vapors will be recovered and added back into the sales or flare line where it will be metered with the CTB's main production. Vapor recovery equipment is also approved with this application.
- 13. 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 revocations.

DR 01312020

Susana Martinez Governor

Ken McQueen Cabinet Secretary

Matthias Sayer Deputy Cabinet Secretary

April 12, 2018

Chevron USA Inc. Attention: Ms. Laura Becerra

CENTRAL TANK BATTERY

Administrative Order CTB-852

Reference your application received March 6, 2018

The Oil Conservation Division (Division) authorizes Chevron USA Inc. (OGRID 4323) (Chevron) to surface commingle oil production from the WC-025 G-06 S263319P; Bone Spring pool (pool code 97955) from the following diversely-owned federal leases located in Township 26 South, Range 32 East, Lea County, New Mexico.

Lease: Description:	Federal Lease NMNM 118722 W/2 of Section 13, and W/2 of Section 24, Towns	ship 26 South, Range 32 East
Wells:	SD WE 24 Federal P23 Well No. 001H	API No. 30-025-43318
	SD WE 24 Federal P23 Well No. 002H	API No. 30-025-43296
	SD WE 24 Federal P23 Well No. 003H	API No. 30-025-43297
	SD WE 24 Federal P23 Well No. 004H	API No. 30-025-43298
Lease:	Pending SD WE 24 Federal P24 Well No. 5H Federal	•
Description:	W/2 E/2 of Section 13, and W/2 E/2 of Section 24, 32 East	all in Township 26 South, Range
Well:	SD WE 24 Federal P24 Well No. 005H	API No. 30-025-43674
Lease:	Pending Federal SD WE 24 Federal P24 Well No.	6H Communitization Agreement
Description:	E/2 E/2 of Section 13, and E/2 E/2 of Section 24, 32 East	e
Wells:	SD WE 24 Federal P24 Well No. 006H	API No. 30-025-43673
	SD WE 24 Federal P24 Well No. 007H	API No. 30-025-43675

The commingled oil production from the wells detailed above shall be measured and sold at the Salado Draw 24 Central Tank Battery (CTB), in P-24-26S-32E

Heather Riley, Division Director Oil Conservation Division



Administrative Order CTB-852 Chevron USA Inc. April 12, 2018 Page 2 of 2

Production from the subject wells shall be determined as follows.

- 1. The test separator and meters shall be designed to accurately measure production from the wells with the highest production rate.
- 2. All of the oil and gas production from the wells in this application will display a hyperbolic decline and will fit the decline parameters described in Hearing Order R-14299.
 - a. Wells prior to Range 1 of decline shall be measured separately.
 - b. Wells in Range 1 of decline shall be measured with a combination of metering and well testing, and shall be tested at least three times a month.
 - c. Wells in Range 2 of decline shall be measured with a combination of metering and well testing, and shall be tested at least twice a month.
 - d. Wells in Range 3 of decline shall be measured with a combination of metering and well testing and shall be tested at least once a month.
- 3. The allocation meters shall be calibrated quarterly per Paragraph (2) of Subsection C of 19.15.12.10 NMAC.

This approval is subject to like approval from the Bureau of Land Management before commencing commingling operations.

Chevron may add future wells that produce from the subject pool within the project areas approved by this order may be added to this commingling authority by submittal of a Sundry Notice to the Engineering Bureau of the Division in Santa Fe.

For future additions of wells, leases, and pools to this commingling operation, Chevron shall notify only those interest owners in the wells, leases or pools to be added, per Subparagraph (g) of Paragraph (4) of Subsection C of 19.15.12.10 NMAC.

Chevron shall notify the Hobbs District Office of the Division prior to starting commingling operations.

HEAT

Director

HR/mam/rbb

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

CTB 852 Wells and Range of decline

API #	Well Name	Lease	Project Area	Range
30-025- 43318	SD WE 24 FEDERAL P23#1H	MMNM 118722	W/2 W/2 of Section13 and W/2 W/2 of Section 24	3
30-025- 43296	SD WE 24 FEDERAL P23#2H	MMNM 118722	W/2 W/2 of Section 13 and W/2 W/2 of Setion 24	3
30-025- 43297	SD WE 24 FEDERAL P23#3H	MMNM 118722	E/2 W/2 of Section13 and E/2 W/of Section 24	3
30-025- 43298	SD WE 24 FEDERAL P23#4H	MMNM 118722	E/2 W/2 of Section13 and E/2 W/2 of Section 24	3
30-025- 43674	SD WE 24 FEDERAL P24#5H	Pending SD WE 24 Federal 24 Well No. 5H Federal Communitization Agreement	W/2 E/2 of Section13 and W/2 E/2 of Section 24	1
30-025- 43673	SD WE 24 FEDERAL P24#6H	Pending SD WE 24 Federal 24 Well No. 6H Federal Communitization Agreement	E/2 E/2 of Section13 and E/2 E/2 of Section 24	1
30-025- 43675	SD WE 24 FEDERAL P24#7H	Pending SD WE 24 Federal 24 Well No. 6H Federal Communitization Agreement	E/2 E/2 of Section13 and E/2 E/2 of Section 24	1

•

RECEIVED:	REVIEWER:	TYPE:	APP NO:	
		ABOVE THIS TABLE FOR OCD DIVISION	I USE ONLY	
	- Geologia	O OIL CONSERVATION Cal & Engineering Bu ancis Drive, Santa Fo	ureau –	•
	ADMINISTR	ATIVE APPLICATION		
	THIS CHECKLIST IS MANDATORY FOR AL		ns for exceptions to division rules and	
oplicant:	CHEVRON USA INC		OGRID Number:	4323
Il Name:	SD WE 24 FED P23 1H		API: 30-025-43318	
ol:	BONE SPRING		Pool Code:97838	
	APPLICATION: Check those ation – Spacing Unit – Simult		<u> </u>	
		OJECT AREA)		
[] ([] []	eck one only for [1] or [1] Commingling – Storage – M DHC CTB Injection – Disposal – Pressu WFX PMX SN ATION REQUIRED TO: Check Offset operators or lease hold Ovalty, overriding royalty ov Application requires published Inification and/or concurred Inification Inification Inification	C PC OLS re Increase – Enhanc WD IPI EOR those which apply. ders wners, revenue owner ed notice ent approval by SLO ent approval by BLM	rs	on
CERTIFIC administr understa	ATION: I hereby certify that the approval is accurate of the approximate of the approxi	and complete to the ken on this application	itted with this application for best of my knowledge. I also n until the required information	and
	Note: Statement must be comple	ted by an individual with mar	nagerial and/or supervisory capacity.	
			2/22/2010	

LAURA BECERRA

Print or Type Name

2/22/2018

Date

(432) 687-7665

Phone Number

LBECERRA@CHEVRON.COM e-mail Address

Raura Becerra

Signature

District I 1625 N. French Drive, Hobbs, NM 88240 District II 811 S. First St., Artesia. NM 88210 District III 1000 Rio Brazos Road, Aztec, NM 87410 District IV 1220 S. St Francis Dr, Santa Fe, NM 87505

State of New Mexico Energy, Minerals and Natural Resources Department

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.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: Chevron	USA Inc.				
OPERATOR ADDRESS: 6301 De	auville Blvd., Midla	nd, TX 79706			
APPLICATION TYPE:					
Pool Commingling Lease Commingling	ig 🛛 🖾 Pool and Lease Cor	nmingling 🔲 Off-Lease S	Storage and Measur	ement (Only if not Surface	e Commingled)
LEASE TYPE: 🗌 Fee	State 🛛 🔀 Fede				
Is this an Amendment to existing Order Have the Bureau of Land Management ⊠Yes □No					ingling
	· •	L COMMINGLIN s with the following in			
(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes
Bone Spring (97838)	47/ 1287				
				-	
				<u> </u>	
 (2) Are any wells producing at top allowa (3) Has all interest owners been notified b (4) Measurement type: Metering [(5) Will commingling decrease the value of 	y certified mail of the pro	• • •	⊠Yes □No. be why commingli	ing should be approved	

(B) LEASE COMMINGLING

	Please attach sheets with the following information
(1)	Pool Name and Code. Upper Bone Spring (97838)
(2)	Is all production from same source of supply? TYes 🖾 No
(3)	Has all interest owners been notified by certified mail of the proposed commingling?
(4)	Measurement type: 🖾 Metering 🔲 Other (Specify)

(C) POOL and LEASE COMMINGLING Please attach sheets with the following information

(1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT

Please attached sheets with the following information

Is all production from same source of supply? ☐Yes ☐No Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all applica Please attach sheets with the following informati	
(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 Fede	ral 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: <u>Raura Beccerra</u> TITLE: <u>Permitting Specialist</u>	DATE: <u>2/22/2018</u>
TYPE OR PRINT NAME Laura Becerra	TELEPHONE NO.: (432) 687-7665
E-MAIL ADDRESS: LBecerra@Chevron.com	



Chevron North America Exploration and Production Company (A Chevron U.S.A. Inc. Division) 6301 Deauville Blvd Midland, TX 79706 Tel 432.687.7665 LBecerra@Chevron.com

February 22, 2018

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

Application for surface commingling of the Bone Spring Pool (97838), Lea County, NM (Sec. 24, T26S-R32E)

Dear Sir/Madam,

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 Salado Draw 24 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:

SD WE 24 FED P23 1H	SD WE 24 FED P24 5H
SD WE 24 FED P23 2H	SD WE 24 FED P24 6H
SD WE 24 FED P23 3H	SD WE 24 FED P24 7H
SD WE 24 FED P23 4H	

These wells are located in Section 24, T26S-R32E, Lea County, New Mexico. APDs for each well, which includes surface plats, are included with this notification.

The BLM's interest in these leases is the same in all wells and all leases. The royalty rate for Lease NMNM 118722, NMLC 065876-A, and NMNM 014492 is 12.5%. Chevron plans to commingle the Bone Spring formation covering the aforementioned BLM leases. As the BLM's interest across the acreage is the same, the royalty distribution from all wells will be uniform (12.5%).

All wells will be tested monthly to meet all federal and state requirements. Additionally, Value of Oil will not be affected because the wells will be completed in the same formation; therefore, the APIs will be the same or similar. The value of gas will not be affected due to different formations as BTUs are expected to be the same or similar.

Names of all WIO and RIO are included with this request. All owners are being notified of this request and that each will have 20 days with which to object to the commingling request per NMOCD Rule 19.15.12.10 Surface Commingle C. (4) c.

Sincerely,

Laura Becerra

Laura Becerra Regulatory Specialist Midcontinent BU

Submit 1 Copy To Appropriate District Office	State of New N	Aexico		Form C-103
<u>District I</u> – (575) 393-6161 1625 N. French Dr., Hobbs, NM 88240	Energy, Minerals and Na	atural Resources	WELL API NO.	Revised July 18, 2013
District II – (575) 748-1283 811 S. First St., Artesia, NM 88210	OIL CONSERVATIO	N DIVISION	VARIOUS	
<u>District III</u> - (505) 334-6178 1000 Rio Brazos Rd., Aztec, NM 87410	1220 South St. Fr		5. Indicate Type of Le	
$\frac{\text{District IV}}{\text{District IV}} = (505) \ 476-3460$ 1220 S. St. Francis Dr., Santa Fe, NM 87505	Santa Fe. NM	87505	6. State Oil & Gas Lea	ase No.
(DO NOT USE THIS FORM FOR PROPO DIFFERENT RESERVOIR. USE "APPLI		PLUG BACK TO A	7. Lease Name or Uni SD WE 24 FE	-
PROPOSALS.) 1. Type of Well: Oil Well	Gas Well 🔲 Other		8. Well Number: 5H,	
2. Name of Operator CHEVRON USA Inc		*****	9. OGRID Number 4323	
3. Address of Operator 6301 DEAUVILLE BLVD., N	11DLAND, TX 79706		10. Pool name or Wild JENNINGS; UPPER I	
4. Well Location				
Unit Letter: Section 24	feet from the Township 26S	line and Range 32E	feet from the	
	11. Elevation <i>(Show whether D</i>	<u>v</u>	···· ••	
12. Check	Appropriate Box to Indicate		-	
	NTENTION TO: PLUG AND ABANDON	SUB REMEDIAL WOR		RT OF: ERING CASING
		COMMENCE DR	ILLING OPNS.	
PULL OR ALTER CASING		CASING/CEMEN	Т ЈОВ 🔲	
OTHER: ADD WELLS TO S	ALADO DRAW 24 CTB pleted operations. (Clearly state a	OTHER:	d give pertipent dates in	cluding estimated date
	ork). SEE RULE 19.15.7.14 NM			
Chevron is requesting the additi	on of the wells listed below to	the existing admini	strative order Salado D	Draw 24 CTB.
30-025-43674 SD WE 24 FED P	24 5H Sec. 24, SESE, T26S-F	R32E OIL FEDER	AL NEW	
30-025-43673 SD WE 24 FED P	24 6H Sec. 24, SESE, T26S-F	R32E OIL FEDEF	AL NEW	
30-025-43675 SD WE 24 FED P	24 7H Sec. 24, SESE, T26S-F	R32E OIL FEDER	AL NEW	
		5.		
Spud Date:	Rig Release	Date:		
I hereby certify that the information	above is true and complete to the	best of my knowledg	e and belief.	
signature <u><i>Raura</i> B</u> a	<i>ecerta</i> TITLERI	EGULATORY SPEC	IALIST DATE	2/22/2018
Type or print name <u>LAURA B</u> For State Use Only	ECERRA E-mail address:	LBECERRA@CHE	<u>VRON.COM</u> PHONE	E: (432) 687-7665

APPROVED BY:	TITLE	D	
	 		112

Conditions of Approval (i	f any):
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Federal Lease USA NMNM 118722	8722			U	lio	Gas	s
Well Name	Location	API#	Pool 97838	BOPD	BOPD Gravity	MSCFD BTU	BTU
SD WE 24 Federal P23 1H	Sec. 24, SWSW, T26S-R32E	30-025-43318	30-025-43318 Jennings; Upper Bone Spring Shale	607	47	2902	1287
SD WE 24 Federal P23 2H	Sec. 24, SWSW, T26S-R32E	30-025-43296	30-025-43296 Jennings; Upper Bone Spring Shale	598	47	4589	1287
SD WE 24 Federal P23 3H	Sec. 24, SWSW, T26S-R32E	30-025-43297	30-025-43297 Jennings; Upper Bone Spring Shale	618	47	4956	1287
SD WE 24 Federal P23 4H	Sec. 24, SWSW, T26S-R32E	30-025-43298	30-025-43298 Jennings; Upper Bone Spring Shale	665	47	3953	1287
Federal Lease USA NMLC 065876-A, USA NMNM 118722	876-A, USA NMNM 118722						
*COM Agreement forthcomin	*COM Agreement forthcoming Awaiting Lease Consolidation*	tion*					
Well Name	Location	API#	Pool 97838				
SD WE 24 Federal P24 5H	Sec. 24, SESE, T26S-R32E	30-025-43674	30-025-43674 Jennings; Upper Bone Spring Shale	1417	47	2179	1287
Federal Lease USA NMLC 0658	Federal Lease USA NMLC 065876-A, USA NMNM 118722, USA NMNM 014492	JSA NMNM 0144	492				
*COM Agreement forthcomin	*COM Agreement forthcoming Awaiting Lease Consolidation*	tion*					
Well Name	Location	API#	Pool 97838				
SD WE 24 Federal P24 6H	Sec. 24, SESE, T26S-R32E	30-025-43673	30-025-43673 Jennings; Upper Bone Spring Shale	1601	47	2343	1287
SD WE 24 Federal P24 7H	Sec. 24, SESE, T26S-R32E	30-025-43675	30-025-43675 Jennings; Upper Bone Spring Shale	1446	47	2132	1287

The BLM's interest in these leases is the same. The royalty rate for Lease NMNM 118722, NMLC 065876-A, and NMNM 014492 is 12.5%. Chevron plans to commingle the Bone Spring formation covering the aforementioned BLM leases. As the BLM's interest across the acreage is the same, the royalty distribution from all wells will be uniform (12.5%).

APPLICATION FOR COMMINGLING and OFF LEASE MEASUREMENT AT A COMMON CENTRAL TANK BATTERY

Crude Data

Pricing table:

- Assuming crude price is \$50, the netback should be \$48.10
- Crude Price Assumes NYMEX +/-Roll +/- Midland/Cushing diff = \$50. The current transportation deduct is \$1.90 per bbl.

Crude Statement

• "Oil production in the area is currently sold as sweet under an existing contract where Chevron will receive the same sales price for all crude streams delivered at 49 API gravity and below. Because all production is expected to be less than 49 API, surface comingling of these pools will not change the value of the crude sales price under current terms."

Gas Data

Pricing table:

- Assuming crude price is \$50
- Estimate gas value about \$3/Mcf.

Gas Statement:

The commingling of gas between the captioned wells will not have an impact on the value of the production, as the gas to be commingled is produced from a common pool with similar BTUs.

Oil & Gas metering:

The central tank battery (Salado Draw 24 Central Tank Battery) is located in the South portion of Sect 24 T26S, R32E. For gas, there will be a common central delivery point (CDP) gas sales with meter Gas Sales (DBM Gas SN 01605379) located on the northern pad edge of the Salado Draw 24 Central Tank Battery. The produced water will go to common water tanks on location and then to the SWD station that will be located in the SWSW portion of Sect 13 T26S, R32E or third party disposal.

In order to meet all commingling requirements, the Salado Draw WE 24 Fed P24 #5H, #6H, and #7H will produce through Train 1 as described below. Additionally, Salado Draw WE 24 Fed P23 #1H, #2H, #3H, and #4H will also produce through Train 1, described below.

The combined oil from the Salado Draw WE 24 Federal wells mentioned above will be continuously measured by a coriolis meter downstream of the train 1 heater treater (*SN TBD). All flash gas from all wells will be measured at the DBM sales meter (EFM, *SN 01605379) and allocated back to the individual well based on well test data.

After both train 1 and train 2 wells are metered at the heater treater, the oil will be sent to common oil tanks. The oil will then be sold through common LACT units (SN: TBD).

All wells will be tested monthly in order to meet all federal and state requirements. Additionally, Value of oil will not be affected because wells are completed in the same formation; therefore, APIs will be the same or similar. The value of gas will not be affected due to different formations as BTUs are expected to be the same or similar

Gas Allocation:

Salado Draw 24 -

Gas will be allocated to each well based on individual well test data. Gas off of the three-phase bulk separator will be continuously measured utilizing orifice meters fitted with EFM flow computers installed directly downstream (SN: 3300250027 and SN 3300250028). The flash gas off of the production separator, heater treater, and storage tanks will be measured in a EFM-fitted orifice meter downstream (SN: 2300250252). These two measurement points will act as check meters for the final DBM orifice with EFM meter (SN: 01605379).

- Salado Draw Train 1 bulk gas allocation meter on the Salado Draw 24 CTB Train 1 three-phase separator consists of a two Total Flow EFM (SN: 3300250027 and SN 3300250028).
- Salado Draw Train 1 flash gas allocation meter on the Salado Draw 24 CTB Train 1 three-phase heated
 production vessel, three-phase heater treater, and storage tank flash gas, consists of a Total Flow EFM (SN: 2300250252).

Gas Lift -

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No gas from CTB 24 will be used in gas lift, as the DBM sales meter is the only gas takeaway for this facility.

APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY Che Salado Draw 24 Central Tank Battery

Process and Flow Descriptions:

The flow of production is shown in detail on the enclosed facility flow diagram and map which shows the lease boundaries, location of wells, and locations of the flow lines, facility, and gas sales meter. The commingling of this will not result in reduced royalty or improper measurement of production. The proposed commingling will reduce the surface facility footprint and 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.

A central tank battery is located in the Southern portion of Sect 24 T26S, R32E, on federal lease NM132069 in Lea County, New Mexico. The production from the seven wells will be routed to the Salado Draw 24 Central Tank Battery. After separation and allocation measurement, the oil, gas, and water will go to separate oil tanks, common water tanks, and a gas CDP located at edge of facility pad in T26S, RR32E Section 24.

Printed Name: Max Vilmar Title: Facility Engineer Date: 02/21/2018





Run Date/Time: 2/19/2018 7:40 AM

Page 1 Of 3 Serial Number

01 02-25-1920;041STAT0437;30USC226 Case Type 311111: O&G LSE NONCOMP PUB LAND Commodity 459: OIL & GAS Case Disposition: AUTHORIZED Total Acres: 80.000

NMLC 0065876A

Serial Number: NMLC-- 0 065876A

Name & Address					Int Rel	% Interest
PIONEER NATURAL RES USA INC	1401 17TH ST #1200	DENVER	CO	80202	OPERATING RIGHTS	0.000000000
PEAK 9 PRODUCTION CO	PO BOX 10280	MIDLAND	ТΧ	79702	OPERATING RIGHTS	0.000000000
ACME LAND CO	PO BOX 10280	MIDLAND	ТΧ	79702	OPERATING RIGHTS	0.000000000
CHEVRON USA INC	6301 DEAUVILLE	MIDLAND	ТХ	797062964	LESSEE	100.00000000

							Serial Num	ber: NMLC 0 065876A
Mer	Twp Rng	Sec	SType	Nr	Suff Subdivision	District/ Field Office	County	Mgmt Agency
23	0260S 0320E	024	ALIQ		S2SE;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT

Rel	inquis	hed/Wi	ithdra	awn Lands				Serial Number	: NMLC 0 065876A
23	0260S	0320E	713	FF	01	SW,W2SE,SESE,SEGR:	PECOS DISTRICT OFFICE	LEA	BUREAU OF LAND MGMT
23	0260S	0320E	713	FF	02	NESE ASGN;	PECOS DISTRICT OFFICE	LEA	BUREAU OF LAND MGMT
23	0260S	0320E	714	FF		E2,SW,SEGR;	PECOS DISTRICT OFFICE	LEA	BUREAU OF LAND MGMT
23	0260S	0320E	723	FF		N2,SE,SEGR;	PECOS DISTRICT OFFICE	LEA	BUREAU OF LAND MGMT
23	0260S	0320E	724	FF		N2,N2S2,S2SW SEGR;	PECOS DISTRICT OFFICE	LEA	BUREAU OF LAND MGMT

Serial Number: NMLC-- 0 065876A

Act Date	Act Cod	e Action Txt	Action Remarks	Pending Off
08/31/1948	387	CASE ESTABLISHED		
09/01/1948	496	FUND CODE	05;145003	
09/01/1948	530	RLTY RATE - 12 1/2%		
09/01/1948	650	HELD BY PROD - ACTUAL	EFF 04/21/1939	
09/01/1948	658	MEMO OF 1ST PROD-ACTUAL		
09/01/1948	868	EFFECTIVE DATE		
05/01/1953	553	CASE CREATED BY ASGN	OUT OF NMLC065876;	
09/15/1953	235	EXTENDED	THRU 08/31/58;	
08/01/1958	570	CASE SEGREGATED BY ASGN	INTO NMLC065876-B;	
04/01/1959	500	GEOGRAPHIC NAME	UNDEFINED FLD;	
04/01/1959	510	KMA CLASSIFIED		
04/21/1959	658	MEMO OF 1ST PROD-ACTUAL		
	NO WA	RRANTY IS MADE BY BLM FOR USE O	F THE DATA FOR PURPOSES NO	T INTENDED BY BLM

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				Serial Number: NMLC 0 065876A
Act Date	Act Code	Action Txt	Action Remarks	Pending Off
09/29/1959	102	NOTICE SENT-PROD STATUS		
12/22/1970	940	NAME CHANGE RECOGNIZED	KERN CNTY/TENNECO	
10/31/1973	700	LEASE SEGREGATED	INTO NMNM27504;	
11/01/1973	232	LEASE COMMITTED TO UNIT	NMNM70994X;N EL MAR	
10/24/1979	940	NAME CHANGE RECOGNIZED	CONTL OIL/CONOCO INC	
07/15/1986	817	MERGER RECOGNIZED	CHEVRON USA/GULF OIL	
07/15/1986	940	NAME CHANGE RECOGNIZED	GULF OIL/CHEVRON USA	
08/21/1986	963	CASE MICROFILMED/SCANNED	CNUM 103,431 AD	
01/06/1988	932	TRF OPER RGTS FILED		
03/10/1988	933	TRF OPER RGTS APPROVED	EFF 02/01/88;	
10/01/1992	621	RLTY RED-STRIPPER WELL	7.7%;/1/	
04/05/1993	625	RLTY REDUCTION APPV	/1/	
11/09/1993	932	TRF OPER RGTS FILED	GRAHAM RLTY/P&P PROD	
01/13/1994	933	TRF OPER RGTS APPROVED	EFF 12/01/93;	
08/15/1994	932	TRF OPER RGTS FILED	CONOCO/CHILDRESS	
12/06/1994	933	TRF OPER RGTS APPROVED	EFF 09/01/94;	
04/17/1995	932	TRF OPER RGTS FILED	CHILDRESS/ACME LAND	
04/17/1995	932	TRF OPER RGTS FILED	P&P/CHILDRESS	
04/17/1995	932	TRF OPER RGTS FILED	CHILDRESS/PEAK 9 PROD	
07/05/1995	933	TRF OPER RGTS APPROVED	(1)EFF 05/01/95;	
07/05/1995	933	TRF OPER RGTS APPROVED	(2)EFF 05/01/95;	
07/05/1995	933	TRF OPER RGTS APPROVED	(3)EFF 05/01/95;	
10/03/1997	817	MERGER RECOGNIZED	PARKR&PARSLEY/PIONEER	
11/13/1997	817	MERGER RECOGNIZED	KERR-MCGEE/DEVON ENE	
08/16/1999	932	TRF OPER RGTS FILED	PEAK 9/CHILDRESS	
10/08/1999	933	TRF OPER RGTS APPROVED	EFF 09/01/99;	
10/08/1999	974	AUTOMATED RECORD VERIF	JLV	
04/27/2015	932	TRF OPER RGTS FILED	CHILDRESS/ACME LAND;1	
04/27/2015	932	TRF OPER RGTS FILED	CHILDRESS/ACME LAND;2	
05/29/2015	933	TRF OPER RGTS APPROVED	1EFF 05/01/15;	
05/29/2015	933	TRF OPER RGTS APPROVED	23FF 05/01/15;	
05/29/2015	974	AUTOMATED RECORD VERIF	LBO	

Line Number	Remark Text	Serial Number: NMLC 0 065876A
0002	BONDED OPERATOR (S)	
0003	07/01/1995 - CHEVRON USA INC - ES0022 - N/W	

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

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Serial Number

Total Acres: 1,960.000

NMNM 014492

Serial Number: NMNM--- 014492

01 02-25-1920;041STAT0437;30USC181ETSEQ Case Type 311211: O&G LSE SIMO PUBLIC LAND Commodity 459: OIL & GAS Case Disposition: AUTHORIZED

Name & Address					Int Rel	% Interest
CHEVRON USA INC	1400 SMITH ST	HOUSTON	ТΧ	770027327	OPERATING RIGHTS	0.000000000
BTA OIL PRODUCERS	104 S PECOS ST	MIDLAND	ТХ	79701	LESSEE	62.500000000
KAISER FRANCIS OIL	PO BOX 21463	TULSA	ок	741211468	LESSEE	37.500000000
WTG EXPLORATION INC	401 W WADLEY AVE	MIDLAND	ТΧ	79705	OPERATING RIGHTS	0.000000000
PIONEER EXPLORATION LTD	15603 KUYHENDAHL #219	HOUSTON	ТХ	770903655	OPERATING RIGHTS	0.000000000

							Serial Numb	er: NMNM 014492
Mer	Twp Rng	Sec	SType	Nr	Suff Subdivis	ion District/ Field Office	County	Mgmt Agency
23	0260S 0320E	001	ALIQ		ALL;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0260S 0320E	011	ALIQ		ALL;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0260S 0320E	012	ALIQ		ALL;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0260S 0320E	013	ALIQ		NESE;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT

Relinquished/Withdrawn Lands

Serial Number: NMNM-- - 014492

08/22/1971	387			Pending Off
		CASE ESTABLISHED	SPAR80;	
08/23/1971	888	DRAWING HELD		
09/13/1971	909	BOND ACCEPTED	EFF 09/10/71;NM1195	
10/27/1971	237	LEASE ISSUED		
11/01/1971	496	FUND CODE	05;145003	
11/01/1971	530	RLTY RATE - 12 1/2%		
11/01/1971	868	EFFECTIVE DATE		
05/30/1982	500	GEOGRAPHIC NAME	UNDEFINED FLD;	
05/30/1982	510	KMA CLASSIFIED		
05/30/1982	650	HELD BY PROD - ACTUAL		
07/17/1984	512	KMA EXPANDED		
07/30/1984	102	NOTICE SENT-PROD STATUS		
11/01/1984	932	TRF OPER RGTS FILED		

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

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				Serial Number: NMNM 01449:
Act Date	Act Cod	le Action Txt	Action Remarks	Pending Off
12/16/1985	932	TRF OPER RGTS FILED		
02/02/1986	104	ADDTL INFO RQSTD	(1) MT	
02/19/1986	140	ASGN FILED	(1)	
02/21/1986	140	ASGN FILED	MTS LTD/MESA & TEXACO	
02/21/1986	932	TRF OPER RGTS FILED		
03/03/1986	932	TRF OPER RGTS FILED		
04/28/1986	139	ASGN APPROVED	EFF 03/01/86;	
06/02/1986	140	ASGN FILED	MESA/KAISER-FRANCIS	
08/14/1986	139	ASGN APPROVED	EFF 07/01/86;	
08/14/1986	269	ASGN DENIED	(1)	
08/14/1986	933	TRF OPER RGTS APPROVED	EFF 04/01/86;	
08/14/1986	933	TRF OPER RGTS APPROVED	EFF 03/01/86;	
08/14/1986	933	TRF OPER RGTS APPROVED	EFF 12/01/84;	
08/14/1986	933	TRF OPER RGTS APPROVED	EFF 01/01/86;	
08/20/1986	963	CASE MICROFILMED/SCANNED	CNUM 108,257 AD	
09/30/1986	500	GEOGRAPHIC NAME	RED HILLS FLD;	
09/30/1986	512	KMA EXPANDED		
06/15/1987	932	TRF OPER RGTS FILED		
08/31/1987	933	TRF OPER RGTS APPROVED	EFF 07/01/87;	
09/08/1987	974	AUTOMATED RECORD VERIF	MLM/KG	
12/04/1987	140	ASGN FILED	LONQUIST/DGQ PASSIVE	
04/07/1988	269	ASGN DENIED	MEMORIAL/DGQ PASSIVE	
07/08/1988	932	TRF OPER RGTS FILED		
07/18/1988	933	TRF OPER RGTS APPROVED	EFF 08/01/88;	
07/18/1988	974	AUTOMATED RECORD VERIF	TF/JR	
02/01/1989	932	TRF OPER RGTS FILED		
03/09/1989	933	TRF OPER RGTS APPROVED	EFF 03/01/89;	
03/09/1989	974	AUTOMATED RECORD VERIF	DT	
09/09/1991	140	ASGN FILED	TEXACO INC/TEXACO EXP	
12/17/1991	139	ASGN APPROVED	EFF 10/01/91;	
12/17/1991	974	AUTOMATED RECORD VERIF	AR/VHG	
)5/11/1992	140	ASGN FILED	TEXACO/BTA OIL	
07/06/1992	139	ASGN APPROVED	EFF 06/01/92;	
07/06/1992	974	AUTOMATED RECORD VERIF	BTM/JS	
)7/19/1996	932	TRF OPER RGTS FILED	MEMORIAL/WEST TX GAS	
10/22/1996	933	TRF OPER RGTS APPROVED	EFF 08/01/96;	
10/22/1996	974	AUTOMATED RECORD VERIF	MV/MV	
02/05/2001	932	TRF OPER RGTS FILED	JN EXPL/PIONEER EXPL	
03/29/2001	933	TRF OPER RGTS APPROVED	EFF 03/01/01;	

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

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				Serial Number: NMNM 014492
Act Date	Act Co	ode Action Txt	Action Remarks	Pending Off
03/29/2001	974	AUTOMATED RECORD VERIF	MV/MV	
09/01/2016	932	TRF OPER RGTS FILED	KAISER-FR/CHEVRON U;1	
11/04/2016	933	TRF OPER RGTS APPROVED	EFF 10/01/16;	
11/04/2016	974	AUTOMATED RECORD VERIF	EMR	
11/08/2016	932	TRF OPER RGTS FILED	WTG EXPLO/CHEVRON U;1	
02/08/2017	933	TRF OPER RGTS APPROVED	EFF 12/01/16;	
02/08/2017	974	AUTOMATED RECORD VERIF	EMR	
03/20/2017	932	TRF OPER RGTS FILED	BTA OIL P/CHEVRON U;1	
04/13/2017	933	TRF OPER RGTS APPROVED	EFF 04/01/17;	
04/13/2017	974	AUTOMATED RECORD VERIF	RCC	
04/15/2017	3/4	AUTOMATED RECORD VERIE	ROC	

Line Number	Remark Text	Serial Number: NMNM014492
0002	03/29/2001 BONDED OPERATOR	
0003	BTA OIL PRODUCERS NM0087/SW	
0004	BONDED OPERATORS/LESSEES/TRANSFEREES:	
0005	11/04/2016 - BTA OIL PRODUCERS - NMB000849-CFO ONLY;	
0006	02/08/2017-BTA OIL PRODUCERS LLC-NMB000849-CFO ONLY;	
0007	04/13/17 - BONDED TRANSFEREE CHEVRON ES 0105	

01 12-22-1987;101STAT1330;30USC181 ET SEQ Case Type 312021: O&G LSE COMP PD -1987 Commodity 459: OIL & GAS Case Disposition: AUTHORIZED

NMNM 118722

					Serial Numbe	r: NMNM 118722
Name & Address					Int Rel	% Interest
CHEVRON USA INC	6301 DEAUVILLE	MIDLAND	ТХ	797062964	LESSEE	100.00000000

									Serial Number: NMNM 118722		
Mer	Twp Rng	Sec	SType	Nr	Suff	Subdivision	District/	Field Office	County	Mgmt Agency	
23	0260S 0320E	013	ALIQ			N2,SW,W2SE,SESE;	CARLSBAD	FIELD OFFICE	LEA	BUREAU OF LAND MGMT	
23	0260S 0320E	014	ALL			ENTIRE SECTION	CARLSBAD	FIELD OFFICE	LEA	BUREAU OF LAND MGMT	
23	0260S 0320E	024	ALIQ			N2,N2S2,S2SW;	CARLSBAD	FIELD OFFICE	LEA	BUREAU OF LAND MGMT	

Relinquished/Withdrawn Lands

Serial Number: NMNM-- 118722

Act Date	Act Code	Action Txt	Action Remarks	Serial Number: NMNM Pending Off	118722
	Actobac			r chung on	
05/25/2007	387	CASE ESTABLISHED	200707062;		
07/18/2007	143	BONUS BID PAYMENT RECD	\$3600.00;		
07/18/2007	191	SALE HELD			
07/18/2007	267	BID RECEIVED	\$630000.00;		
07/25/2007	143	BONUS BID PAYMENT RECD	\$626400.00;		
08/27/2007	237	LEASE ISSUED			
08/27/2007	974	AUTOMATED RECORD VERIF	BCO		
09/01/2007	496	FUND CODE	05;145003		
09/01/2007	530	RLTY RATE - 12 1/2%			
09/01/2007	868	EFFECTIVE DATE			
06/11/2008	817	MERGER RECOGNIZED	CHESA LLC/CHESA LP		
08/22/2008	817	MERGER RECOGNIZED			
11/27/2012	140	ASGN FILED	CHESAPEAK/CHEVRON U;1		
04/10/2013	139	ASGN APPROVED	EFF 12/01/12;		
04/10/2013	974	AUTOMATED RECORD VERIF	ANN		
08/01/2016	650	HELD BY PROD - ACTUAL	/1/		
08/01/2016	658	MEMO OF 1ST PROD-ACTUAL	/1/ # 3H;		
10/26/2016	643	PRODUCTION DETERMINATION	/1/		

Run Date/Time: 2/19/2018 7:37 AM

Page 2 Of 2 Serial Number: NMNM-- 118722

Line Number	Remark Text	Serial Number: NMNM 118722
0002	STIPULATIONS ATTACHED TO LEASE:	
0003	NM-11-LN SPECIAL CULTURAL RESOURCE	
0004	SENM-S-20 SPRINGS, SEEPS AND TANKS	
0005	04/10/2013 - RENTAL PAID 09/01/12; PER ONRR	



Shalyce Holmes Land Representative

Mid-Continent Business Unit

North American Exploration and Production Co., a division of Chevron U.S.A. Inc. 15 Smith Road Midland, Texas 79705 Tel 432-687-7348 Fax 432-687-7558 SLHolmes@chevron.com

February 22, 2018

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Interest Owners

RE: Request for Commingling & Off-Lease Measurement See List of Wells Attached Sec. 13 & 24, T26S-R32E Pool 97838 – Jennings; Upper Bone Spring Shale Lea County, New Mexico

Dear Sir/Madam;

This letter is to advise you that Chevron U.S.A. Inc. is filing an application with the New Mexico Oil Conservation Division ("NMOCD") seeking approval to commingle production from the attached list of wells and for Off-Lease Measurement, Sales & Storage at a common Central Tank Battery.

A summary of our application to the Division is attached for reference.

Any objections or requests that a hearing should be held regarding this application must be submitted to the NMOCD Sante Fe office within 20 days from the date of this letter.

Please feel free to contact the undersigned at 713-372-6051 should you have any questions, or require any additional information.

Regards, Shalvce Holmes

Land Representative

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	Pool 97838	Jennings; Upper Bone Spring Shale Jennings; Upper Bone Spring Shale
	41dV	30-025-43318 30-025-43296 30-025-43297 30-025-43298 30-025-43674 30-025-43673 30-025-43673
WELL LIST	Location	Sec. 24, 5W5W, T265-R32E Sec. 24, SW5W, T265-R32E Sec. 24, SW5W, T265-R32E Sec. 24, SW5W, T265-R32E Sec. 24, SESE, T265-R32E Sec. 24, SESE, T265-R32E Sec. 24, SESE, T265-R32E Sec. 24, SESE, T265-R32E
	Well Name	SD WE 24 Federal P23 1H SD WE 24 Federal P23 2H SD WE 24 Federal P23 3H SD WE 24 Federal P23 4H SD WE 24 Federal P24 5H SD WE 24 Federal P24 6H SD WE 24 Federal P24 7H

Certified Mailing Number 88203 7013 2630 0001 2327 3475 72149 7013 2630 0001 2327 3499 78296 7013 2630 0001 2327 3505 78701 7013 2630 0001 2327 3536 87502 7013 2630 0001 2327 3451 99352 7013 2630 0001 2327 3482 77090 7013 2630 0001 2327 3512 Zip Code State NΝ WA NN AR X T X X List of Interest Owners san Antonio City Houston Sante Fe Richland Roswell Searcy Austin 15603 Kuykendahl, Suite 200 401 Congress Ave. Ste. 1750 2100 Bellereive Dr., N153 Address 915 E Market Ave 17 Riverside Dr PO Box 27115 PO Box 1600 Miller Family Mineral Interest, LLC Royalty Clearinghouse 2003, LLC Frost National Bank, Trustee United States of America Name Atlas OBO Energy LP Harding University Sandi Miller