

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD HOBBS

FORM APPROVED
OMB No 1004-0135
Expires January 31, 2004

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.

NOV 14 2012

5 Lease Serial No
NM 96855

6 If Indian, Allottee or Tribe Name
N/A

7 If Unit or CA/Agreement, Name and/or No
N/A

8 Well Name and No
N. LUSK "29" FEDERAL # 1

9 API Well No
30-025-34673

10 Field and Pool, or Exploratory Area
NORTH LUSK, STRAWN

11 County or Parish, State
LEA CO, NEW MEXICO

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other

2 Name of Operator
CHEVRON U.S.A. INC.

3a Address
15 SMITH ROAD

3b Phone No. (include area code)
432-687-7261

4 Location of Well (Footage, Sec, T, R, M, or Survey Description)
330' FSL & 2005' FNL, N-29-18S-32E, N.M.P.M SURVEY, LEA COUNTY,

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

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

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 recompleat 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 recompleat 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)

Application to Pool Commingle

Chevron U.S.A., Inc. respectfully requests BLM administrative approval to Surface Commingle the North Lusk 29 Fed # 1, (30-025-34673), and the 2 new drills, Cross Bones 2-29-1 H (30-025-40706) and Cross Bones 1-29-2 H (30-025-40711). Chevron also plans to drill additional wells in 2013, in this same bone springs formation; Cross Bones, 1 29 # 1 H and Cross Bones 2 # 29 # 2 H, and would like to add these 2013 wells to the battery in the future. A well detail list is attached with the current pools, API number, and location information.

The North Lusk 29 Fed # 1 produces in the Strawn formation and is the only well going into the current North Lusk Battery. Chevron would like to decommission the old battery, which is in poor condition, and lay a flowline to move the production for the N. Lusk 29 Fed # 1, to the new Cross Bones Battery which is being built for the new Cross Bones wells being drilled in the Bone Spring formation. Both the N. Lusk 29 Fed # 1 and the Cross Bones wells are 100% Chevron working interest.

The Cross Bones battery will be located in Section 29, T18S, R32E, N.M.P.M., Lea County, New Mexico, and a process flow diagram is attached, as shown on the attachment.

SUBJECT TO LIKE

For additional information, please contact me at 432-687-7261, or email me at chay@chevron.com.

APPROVAL BY STATE

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

CAROLYN HAYNIE

Title PE TECHNICAL ASSISTANT

Signature

Carolyn Haynie

Date

10-8-12

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

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 continue operations thereon.

Title

Office

Date



Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any States any false, fictitious or fraudulent statements or representations as to any matter

(Instructions on page 2)

**SUBJECT TO LIKE
APPROVAL BY STATE**

OIL CONSERVATION DIVISION

CONDITION OF APPROVAL Approval for drilling/workover ONLY -- CANNOT Surface commingle until the Surface Commingle is approved in the OCD Santa Fe Office

NOV 15 2012

ATTACHMENT I

LAND OWNERSHIP STATUS

PREPARED BY Daniel Pequeno, Landman, CPL/ESA

October 3, 2012

Application of Chevron U.S.A. Inc. for Administrative Approval for Surface Pool
Commingled for the Bone Springs Pool:

Chevron's Cross Bones Battery

Section 29, T-18-S, R-32E
Lea County, New Mexico

SECTION 29 – T18S-R32, NMPM – FEDERAL LEASE NM LC 029418 B:

Lease Owner – 100% WI

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

Royalty Owner – 1/8 Royalty

Bureau of Land Management
P. O. Box 27115
Santa Fe, New Mexico 87502-0115

Wells located on the Lease are the North Lusk 29 Federal #1 (API # 30-25-34673)
producing from the Strawn Reservoir; Cross bones 1 29-1H (API #30-25-40710), 1 29
2H (API #30-25-40711) & 2 29-1H (API #30-25-40706) to be new drills into the Bone
Springs Reservoir.

Surface Owner for Section 29, T18S-R32E:

Bureau of Land Management
Attention: Mr. Jim Stovall
620 East Greene Street
Carlsbad, New Mexico 87220-6292

[illegible]



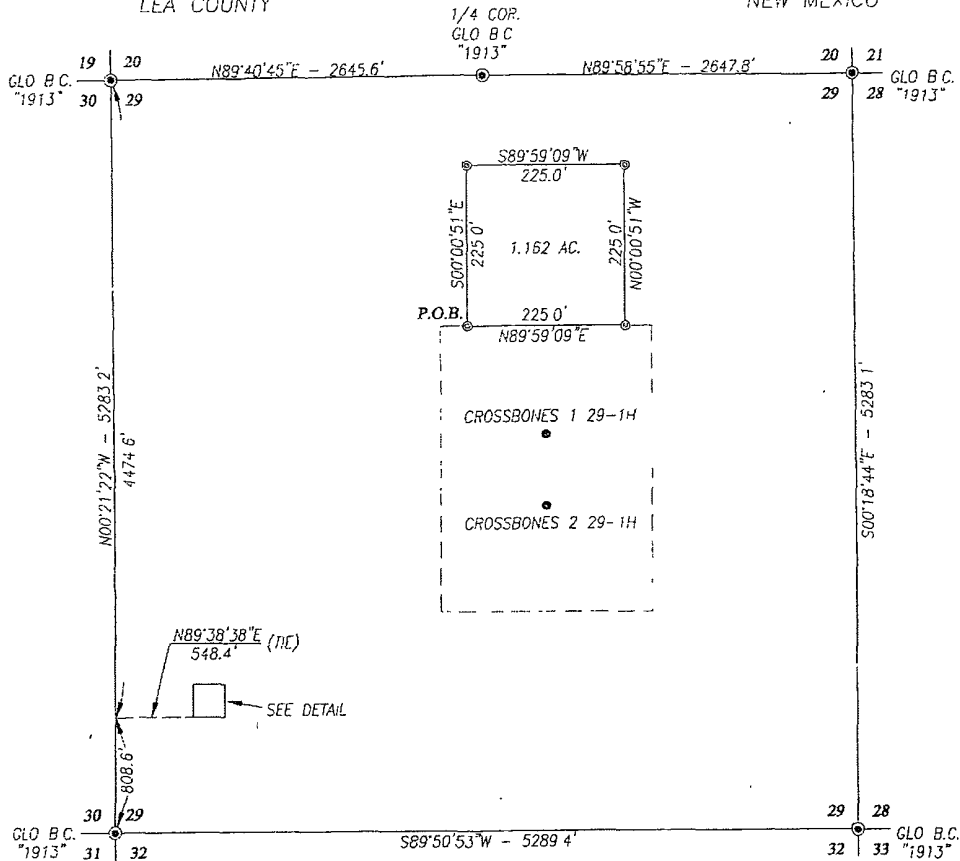
Daily Production - All Data

10/1/2012 to 10/7/2012

Hierarchy: OIL AREA OPERATIONS ->VACUUM ->VACUUM ->4080013 - VACUUM 6 ->N LUSK 29 FED

Date	Collection Point	Oil (BOPD)	Water (BWPD)	Gas (MCFPD)	BOEG (BOEGPD)
10/01/2012	N LUSK 29 FED	0	0	62	10
10/02/2012	N LUSK 29 FED	0	0	60	10
10/03/2012	N LUSK 29 FED	0	0	62	10
10/04/2012	N LUSK 29 FED	0	0	0	0
10/05/2012	N LUSK 29 FED	0	0	0	0
10/06/2012	N LUSK 29 FED	0	0	0	0
10/07/2012	N LUSK 29 FED	0	0	0	0
	Total	0	0	184	30
	Average	0	0	26	4
		0	0	184	30
		0	0	26	4
Total		0	0	184	30

SECTION 29, TOWNSHIP 18 SOUTH, RANGE 32 EAST, N.M.P.M.
LEA COUNTY NEW MEXICO



DESCRIPTION

SURVEY FOR A TANK BATTERY SITE LOCATED IN THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 29, TOWNSHIP 18 SOUTH, RANGE 32 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS.

BEGINNING AT THE SOUTHWEST CORNER OF THIS TRACT, WHICH LIES N00°21'22\"W ALONG THE WEST LINE OF SAID SECTION A DISTANCE OF 808.6 FEET AND N89°38'38\"E 548.4 FEET FROM THE SOUTHWEST CORNER; THEN N89°59'09\"E 225.0 FEET, THEN N00°00'51\"W 225.0 FEET, THEN S89°59'09\"W 225.0 FEET, THEN S00°00'51\"E 225.0 FEET TO THE POINT OF BEGINNING AND CONTAINING 1.162 ACRES MORE OR LESS.

NOTE

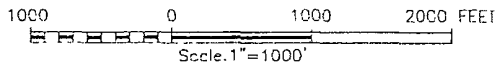
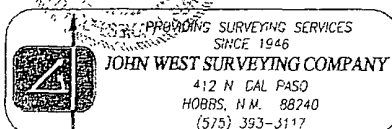
BEARINGS SHOWN HEREON ARE MERCATOR GRID AND CONFORM TO THE NEW MEXICO COORDINATE SYSTEM \"NEW MEXICO EAST ZONE\" NORTH AMERICAN DATUM 1983. DISTANCES ARE SURFACE VALUES.

LEGEND

- DENOTES FOUND CORNER AS NOTED
- ⊙ DENOTES SET SPIKE NAIL

I HEREBY CERTIFY THAT I DIRECTED AND AM RESPONSIBLE FOR THIS ACTUAL ON-THE-GROUND SURVEY, THAT THIS SURVEY IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF, AND THAT THIS SURVEY AND PLAN MEET THE MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO.

Ronald J. Edson 02/28/2012
GARY G. EDSON, N.M. P.S. No. 12641
RONALD J. EDSON, N.M. P.S. No. 3239

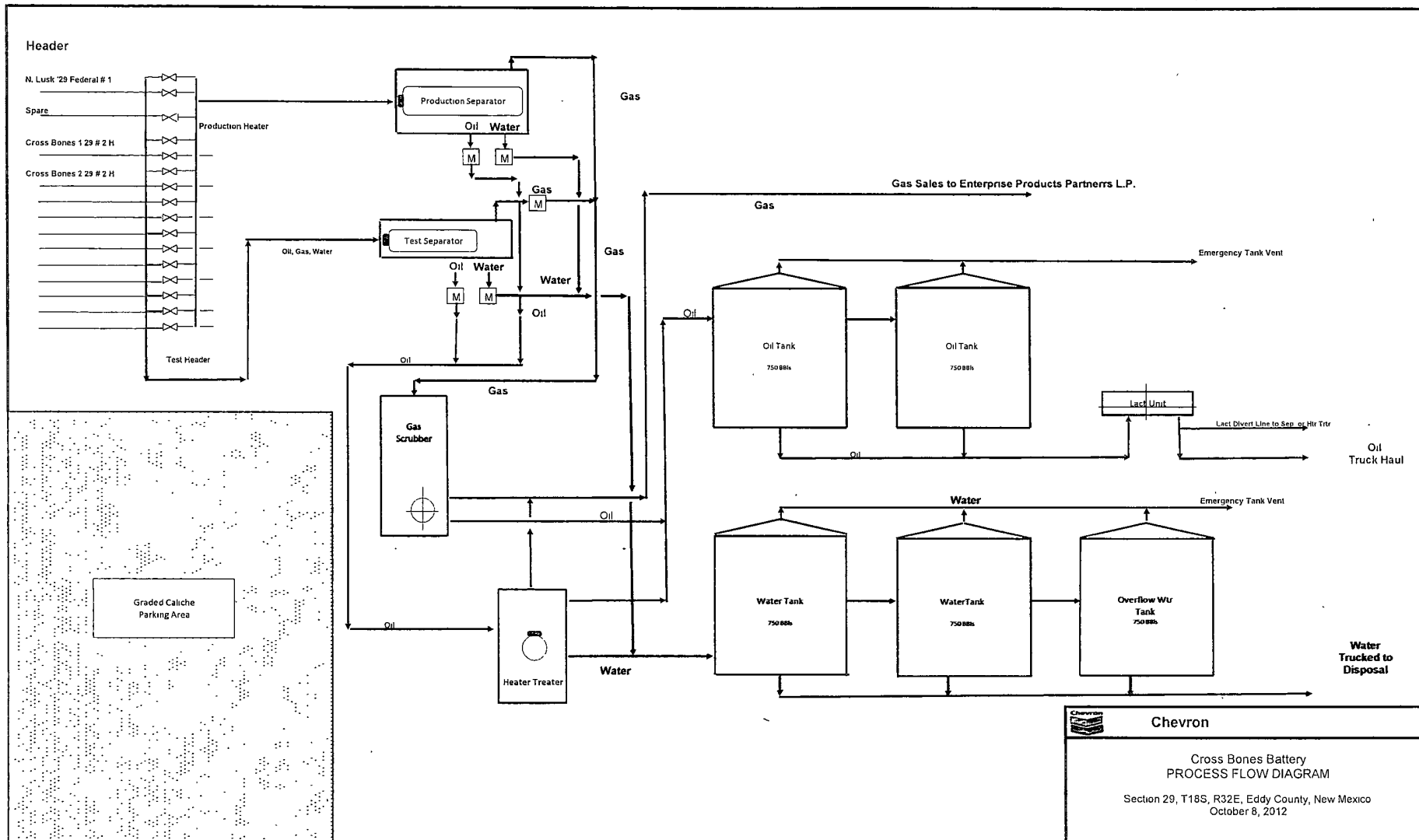


CHEVRON USA, INC.

SURVEY FOR A TANK BATTERY SITE
LOCATED IN
SECTION 29, TOWNSHIP 18 SOUTH,
RANGE 32 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO

Survey Date: 2/1/12	Sheet 1 of 1 Sheets
W.O. Number 12.11.0193	Drawn By: GJE
Date: 2/24/12	CAD File: 12110193







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

October 8, 2012

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

RE: Application to Pool Commingle
Oil and Gas Department

Chevron U.S.A., Inc. respectfully requests administrative approval to Pool Commingle the North Lusk 29 Fed # 1, (30-025-34673), and the 2 new drills, Cross Bones 2-29-1 H (30-025-40706) and Cross Bones 1-29-2 H (30-025-40711) and future Cross Bones, Bone Spring production wells, Cross Bones, 1 29 # 1 H and Cross Bones 2 # 29 # 2 H, which are planned to be drilled in 2013. A well detail list is attached with the current pools, API number, and location information.

The North Lusk 29 Fed # 1 is the only well going into the North Lusk Battery. The battery is in poor condition and Chevron would like to decommission the old battery and lay a flowline to move the N. Lusk 29 Fed # 1 production to the new Cross Bones Battery which is being built for the new Cross Bones wells of which the first well is in progress in the Bone Spring formation. Both the N. Lusk 29 Fed # 1 and the Cross Bones wells are 100% Chevron working interest, and the BLM notification information is included with the attachments.

The Cross Bones battery will be located in Section 29, T18S, R32E, N.M.P.M., Lea County, New Mexico, and a process flow diagram is attached as an approximation of the new battery, now is progress.

Current plans are to produce the Cross Bones wells into a 3-phase separator with meters for oil, water, and gas, in accordance with applicable provisions of the NMOCDC's Manual for the installation and Operation of Commingling Facilities. The gas will be sold on site to Enterprise Products Partners L.P., and the oil will be trucked to sales and water will be for disposal.

If you require additional information, please contact me by telephone at 432-687-7261, or by email at 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
Ryan Warmke Paul Brown
Nick Moschetti Danielle Reyna
Sean Cheben Central Files

Pool Commingle, BTU, Gravity Information										
Field	Well	API #	Location	ULSTR	Pool	Formation	Status	Gas Analysis	BTU	Oil Gravity
Lusk, North	Spear Federal # 1	30-025-33645	2310' FNL & 2308' FWL	F-33-18S-32E	41450	Bone Springs	Active	Attached	1587.03 @ 42.92 PSIA	36.9
Lusk, North	Scott E. Federal # 1	30-025-27442	1148' FSL & 775' FWL	M-28-18S-32E	41450	Bone Springs	Active	Attached	1587.03 @ 43.45 PSIA	36.9
Lusk, North	North Lusk Federal # 1	30-025-34673	330' FSL & 2005' FWL	N-29-18S-32E	96678	Strawn	Active	NA	1620.202 @ 1.025 PSIA	43.7

August 7, 2012 5:01:34 PM

(281) 282-0822

(800) 231-9741

CoastalFlow™

GAS MEASUREMENT, INC.

P.O. Box 58965 / Houston, TX 77258-8965

Gas Accounting Statement

Hobbs

Company: Chevron USA Inc.
 Location: Scott E Federal
 CFM No: 2300250075
 Station No:

Date: July, 2012
 Pressure Base: 14.650
 Temp. Base: 60.00 °F
 BTU Base:

<u>Tube I.D.</u>	<u>Interval</u>	<u>Meter Range</u>			<u>Tap Location</u>		<u>Atmos. Press.</u>	<u>AGA Mhd.</u>		<u>Fov Mhd.</u>		<u>Contract Hr.</u>	
2.081 in	1 Hour	113# 100"			Flange - Down		13.200	AGA3-1992		AGA8-Detail		7	
<u>CO2</u>	<u>N2</u>	<u>H2O</u>	<u>H2S</u>	<u>O2</u>	<u>He</u>	<u>C1</u>	<u>C2</u>	<u>C3</u>	<u>I-C4</u>	<u>N-C4</u>	<u>I-C5</u>	<u>N-C5</u>	<u>C6+</u>
0.553	1.887	0.000	0.000	0.000	0.000	57.076	17.846	13.188	1.671	4.336	1.002	1.143	1.319

GAS
ANALYSIS

Day	Avg. Diff. (In. H2O)	Pressure (PSIA)	Temp (°F)	Hours Flow	Relative Density	Orifice Diameter	Volume (Mcf)	BTU	MMBTU	Edited
1	15.21	41.25	88.94	20.00	0.9507	0.375	7	1587.03	11	No
2	15.60	41.24	88.17	19.50	0.9507	0.375	7	1587.03	11	No
3	14.78	41.81	84.48	19.82	0.9507	0.375	7	1587.03	11	No
4	12.69	43.15	84.71	18.33	0.9507	0.375	6	1587.03	10	No
5	15.28	41.78	80.40	19.98	0.9507	0.375	7	1587.03	12	No
6	13.32	41.64	75.52	19.59	0.9507	0.375	7	1587.03	11	No
7	13.40	41.71	84.56	20.28	0.9507	0.375	7	1587.03	11	No
8	14.89	41.72	88.86	20.31	0.9507	0.375	7	1587.03	11	No
9	14.76	41.64	83.76	19.60	0.9507	0.375	7	1587.03	11	No
10	14.75	41.73	74.22	19.80	0.9507	0.375	7	1587.03	11	No
11	12.67	41.55	81.28	20.53	0.9507	0.375	7	1587.03	11	No
12	15.10	41.85	85.40	20.16	0.9507	0.375	7	1587.03	11	No
13	12.94	41.48	87.00	20.36	0.9507	0.375	7	1587.03	11	No
14	14.83	41.71	87.99	20.28	0.9507	0.375	7	1587.03	11	No
15	13.64	41.68	89.78	20.39	0.9507	0.375	7	1587.03	11	No
16	14.29	41.78	85.97	20.27	0.9507	0.375	7	1587.03	11	No
17	15.88	41.91	85.27	20.81	0.9507	0.375	7	1587.03	12	No
18	14.90	42.09	87.46	19.31	0.9507	0.375	7	1587.03	11	No
19	14.79	42.08	85.74	20.07	0.9507	0.375	7	1587.03	11	No
20	15.85	46.81	86.86	17.61	0.9507	0.375	6	1587.03	10	No
21	15.52	50.50	89.12	15.60	0.9507	0.375	6	1587.03	10	No
22	11.39	52.46	95.67	17.22	0.9507	0.375	6	1587.03	10	No
23	7.24	50.85	87.24	20.41	0.9507	0.375	7	1587.03	12	No
24	13.46	50.28	88.61	16.81	0.9507	0.375	7	1587.03	12	No
25	12.93	49.38	91.41	17.82	0.9507	0.375	7	1587.03	11	No
26	12.82	44.28	93.08	18.17	0.9507	0.375	7	1587.03	11	No
27	12.18	41.15	79.63	18.05	0.9507	0.375	7	1587.03	11	No
28	10.02	41.60	86.24	18.43	0.9507	0.375	7	1587.03	11	No
29	6.07	40.05	98.34	14.97	0.9507	0.375	4	1587.03	6	No
30	0.60	39.67	106.24	0.27	0.9507	0.375	0	1587.03	0	No
31	0.37	39.76	109.70	0.18	0.9507	0.375	0	1587.03	0	No
TOTALS	13.58	43.45	86.10	555.71	0.9507		196		314	

Volume at 14.730 = 195

Energy = 314

Bone Springs
formation

August 7, 2012 5:01:34 PM

(281) 282-0622

(800) 231-9741

CoastalFlow™

GAS MEASUREMENT, INC.

P.O. Box 58965 / Houston, TX 77258-8965

Gas Accounting Statement

Hobbs

Company: Chevron USA Inc.
Location: Spoor Federal
CFM No: 2300250072
Station No:

Date: July, 2012
Pressure Base: 14.750
Temp. Base: 60.00 °F
BTU Base:

Tube I.D.	Interval	Motor Range	Tap Location	Atmos. Press.	AGA Mthd.	Fav. Mthd.	Contract Hr.
2.067 in.	1 Hour	113# 250"	Flange - Up	13.200	AGA3-1992	AGA8-Detail	7

CO2	N2	H2O	H2S	O2	He	C1	C2	C3	I-C4	N-C4	I-C5	N-C5	C6+
0.553	1.887	0.000	0.000	0.000	0.000	57.076	17.846	13.188	1.671	4.336	1.002	1.143	1.319

GAS
ANALYSIS

Day	Avg. Diff. (In. H2O)	Pressure (PSIA)	Temp (°F)	Hours Flow	Relative Density	Orifice Diameter	Volume (Mcf)	BTU	MMBTU	Edited
1	0.78	40.56	90.70	0.70	0.9507	0.375	0	1587.03	0	No
2	0.43	40.65	92.28	3.63	0.9507	0.375	0	1587.03	1	No
3	0.36	41.03	86.28	3.08	0.9507	0.375	0	1587.03	1	No
4	0.33	40.96	95.30	1.71	0.9507	0.375	0	1587.03	0	No
5	13.53	42.44	80.39	2.58	0.9507	0.375	1	1587.03	1	No
6	8.03	41.49	68.98	8.70	0.9507	0.375	4	1587.03	6	No
7	6.49	41.48	85.00	10.01	0.9507	0.375	4	1587.03	6	No
8	6.76	41.42	80.33	8.83	0.9507	0.375	3	1587.03	5	No
9	6.75	41.32	84.34	9.39	0.9507	0.375	4	1587.03	6	No
10	6.98	41.44	73.40	8.88	0.9507	0.375	4	1587.03	6	No
11	7.30	41.40	81.78	7.95	0.9507	0.375	3	1587.03	5	No
12	8.05	41.39	85.61	8.94	0.9507	0.375	3	1587.03	5	No
13	8.38	41.32	86.75	6.61	0.9507	0.375	3	1587.03	5	No
14	8.94	41.47	88.56	8.16	0.9507	0.375	3	1587.03	5	No
15	9.76	41.51	88.11	5.52	0.9507	0.375	3	1587.03	4	No
16	9.27	41.60	84.23	7.08	0.9507	0.375	3	1587.03	5	No
17	10.45	41.88	87.73	3.90	0.9507	0.375	2	1587.03	3	No
18	39.58	43.73	72.90	7.55	0.9507	0.375	7	1587.03	12	No
19	20.72	42.52	81.43	9.49	0.9507	0.375	6	1587.03	9	No
20	14.36	42.98	90.55	1.83	0.9507	0.375	1	1587.03	1	No
21	25.30	48.35	92.34	3.25	0.9507	0.375	2	1587.03	3	No
22	8.85	51.07	99.07	4.50	0.9507	0.375	2	1587.03	3	No
23	15.52	50.36	86.09	4.55	0.9507	0.375	2	1587.03	4	No
24	12.32	50.21	86.14	3.89	0.9507	0.375	2	1587.03	3	No
25	10.85	49.07	90.73	5.87	0.9507	0.375	2	1587.03	3	No
26	14.02	43.84	95.82	5.37	0.9507	0.375	2	1587.03	4	No
27	17.37	40.46	77.25	2.88	0.9507	0.375	1	1587.03	2	No
28	13.33	41.89	87.99	5.18	0.9507	0.375	2	1587.03	4	No
29	17.94	40.45	90.63	3.97	0.9507	0.375	2	1587.03	3	No
30	17.74	40.65	89.60	4.51	0.9507	0.375	2	1587.03	3	No
31	14.48	40.62	95.05	4.83	0.9507	0.375	2	1587.03	3	No
TOTALS	14.15	42.92	84.28	169.53	0.9507		75		121	

Volume at 14.730 = 75

Energy = 121

Bone Springs
formation