

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTCarlsbad Field Office
OCD HobbsFORM APPROVED
OMB NO. 1004-0137
Expires: January 31, 2018**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.*5. Lease Serial No.
NMNM27506

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.
Multiple--See Attached9. API Well No.
Multiple--See Attached10. Field and Pool or Exploratory Area
WC025G06S263319P-BONE SPRING11. County or Parish, State
LEA COUNTY, NM**SUBMIT IN TRIPLICATE - Other instructions on page 2** MAY 16 2017

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other2. Name of Operator
CHEVRON USA INCORPORATEDContact: DENISE PINKERTON
E-Mail: leakejd@chevron.com3a. Address
6301 DEAUVILLE BLVD
MIDLAND, TX 797063b. Phone No. (include area code)
Ph: 432-687-73754. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Multiple--See Attached

12. CHECK THE 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"/> Hydraulic Fracturing	<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 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 must 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 must be filed once testing has been completed. Final Abandonment Notices must 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. PROVIDES NOTICE OF INTENT AND REQUESTS APPROVAL TO SURFACE COMMINGLE OIL, GAS, AND WATER PRODUCTION FROM THE WILDCAT; BONE SPRING POOL THROUGH THE SALADO DRAW 29 CENTRAL TANK BATTERY. NOTE THAT THIS IS AN AMENDED APPLICATION TO THE PREVIOUS SUBMITTAL UNER EC#312780 AND SUPERCEDES THAT APPLICATION TO ADDRESS GAS COMPRESSION/GAS LIFT OPERATIONS ASSOCIATED WITH THE IDENTIFIED WELLS. ALL LISTED WELLS ARE OR WILL BE COMPLETED WITHIN THE BONE SPRING FORMATION AND LOCATED IN SECTIONS 29 AND 32, T26S, R33E, LEA COUNTY, NEW MEXICO.

MOOSE TOOTH 29 26 33 FED COM #1H 30-025-42168 LEASE NMNM27506, VB1838
SALADO DRAW 29 26 33 FED COM #1H 30-025-42629 LEASE NMNM27506, VB1838
SALADO DRAW 29 26 33 FED COM #2H 30-025-42637 LEASE NMNM27506, VB1838
SALADO DRAW 29 26 33 FED COM #3H 30-025-42638 LEASE NMNM27506, VB1838
SALADO DRAW 29 26 33 FED COM #4H 30-025-42639 LEASE NMNM27506, VB1838

14. I hereby certify that the foregoing is true and correct.

Electronic Submission #341526 verified by the BLM Well Information System
For CHEVRON USA INCORPORATED, sent to the Hobbs
Committed to AFMSS for processing by PRISCILLA PEREZ on 06/14/2016 (16PP0769SE)

Name (Printed/Typed) DENISE PINKERTON

Title PERMITTING SPECIALIST

Signature (Electronic Submission)

Date 06/09/2016

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By

Title

Date

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

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)

** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED

Additional data for EC transaction #341526 that would not fit on the form

7. If Unit or CA/Agreement, Name and No., continued

NMNM134673
NMNM135620
NMNM136451

Wells/Facilities, continued

Agreement	Lease	Well/Fac Name, Number	API Number	Location
NMNM134673	NMNM27506	MOOSES TOOTH 29 26 33 FED COM #5H	30-025-42168-00-S1	Sec 29 T26S R33E NWNW 200FNL 330FWL 32.021087 N Lat, 103.601275 W Lon
NMNM136451	NMNM27506	SALADO DRAW 29 26 33 FED COM #6H	30-025-42629-00-S1	Sec 29 T26S R33E NWNW 200FNL 1283FWL
NMNM136451	NMNM27506	SALADO DRAW 29 26 33 FED COM #7H	30-025-42637-00-S1	Sec 29 T26S R33E NWNW 200FNL 1308FWL
NMNM136451	NMNM27506	SALADO DRAW 29 26 33 FED COM #8H	30-025-42638-00-S1	Sec 29 T26S R33E NENW 200FNL 1333FWL
NMNM136451	NMNM27506	SALADO DRAW 29 26 33 FED COM #9H	30-025-42639-00-S1	Sec 29 T26S R33E NENW 200FNL 1358FWL 32.021087 N Lat, 103.597958 W Lon
NMNM135620	NMNM125653	SALADO DRAW 29 26 33 FED COM #10H	30-025-42440-00-S1	Sec 29 T26S R33E NWNE 136FNL 1457FEL 32.021261 N Lat, 103.589979 W Lon
NMNM135620	NMNM125653	SALADO DRAW 29 26 33 FED COM #11H	30-025-42441-00-S1	Sec 29 T26S R33E NWNE 136FNL 1432FEL 32.021261 N Lat, 103.589899 W Lon
NMNM135620	NMNM125653	SALADO DRAW 29 26 33 FED COM #12H	30-025-42442-00-S1	Sec 29 T26S R33E NWNE 136FNL 1407FEL 32.021261 N Lat, 103.589618 W Lon
NMNM135620	NMNM125653	SALADO DRAW 29 26 33 FED COM #13H	30-025-42443-00-S1	Sec 29 T26S R33E NWNE 136FNL 1382FEL 32.021261 N Lat, 103.589737 W Lon

32. Additional remarks, continued

SALADO DRAW 29 26 33 FED COM #5H 30-025-42440 LEASE NMNM27506,125653,VB1838
SALADO DRAW 29 26 33 FED COM #6H 30-025-42441 LEASE NMNM27506,125653,VB1838
SALADO DRAW 29 26 33 FED COM #7H 30-025-42442 LEASE NMNM27506,125653,VB1838
SALADO DRAW 29 26 33 FED COM #8H 30-025-42443 LEASE NMNM27506,125653,VB1838

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

Chevron U.S.A. Inc. is requesting approval for the Salado Draw 29 Central Tank Battery and off lease measurement, sales, and storage for the following wells:

Federal Lease NMNM27506; State Lease VB1838

Communitization Agreement NMNM134673

Well Name	Location	API #	Pool 97955	Oil		Gas	
				BOPD	Gravity	MCFPD	BTU
Moose's Tooth 29 26	Sec29, NWNW	3002542168	Wildcat;	524	48.4	1117	1301
33 Fed Com # 1H	T26S R33E		Bone Spring				

Federal Lease NMNM27506; State Lease VB1838

Communitization Agreement submitted 7/14/15 NMNM136451**

Well Name	Location	API #	Pool 97955	Oil		Gas	
				BOPD	Gravity	MCFPD	BTU
Salado Draw 29 26	Sec29, NWNW	3002542629	Wildcat;	880*	50.3*	3710*	1314*
33 Fed Com #1H	T26S R33E		Bone Spring				

Federal Lease NMNM27506; State Lease VB1838

Communitization Agreement submitted 7/14/15 NMNM136451**

Well Name	Location	API #	Pool 97955	Oil		Gas	
				BOPD	Gravity	MCFPD	BTU
Salado Draw 29 26	Sec29, NWNW	3002542637	Wildcat;	880*	50.3*	3710*	1314*
33 Fed Com #2H	T26S R33E		Bone Spring				

Federal Lease NMNM27506; State Lease VB1838

Communitization Agreement submitted 7/14/15 NMNM136451**

Well Name	Location	API #	Pool 97955	Oil		Gas	
				BOPD	Gravity	MCFPD	BTU
Salado Draw 29 26	Sec29, NENW	3002542638	Wildcat;	880*	50.3*	3710*	1314*
33 Fed Com #3H	T26S R33E		Bone Spring				

Federal Lease NMNM27506; State Lease VB1838

Communitization Agreement submitted 7/14/15 NMNM136451**

Well Name	Location	API #	Pool 97955	Oil		Gas	
				BOPD	Gravity	MCFPD	BTU
Salado Draw 29 26	Sec29, NENW	3002542639	Wildcat;	880*	50.3*	3710*	1314*
33 Fed Com #4H	T26S R33E		Bone Spring				

Federal Leases NMNM27506 and NMNM125653; State Lease VB1838

Communitization Agreement NMNM135620

Well Name	Location	API #	Pool 97955	Oil		Gas	
				BOPD	Gravity	MCFPD	BTU
Salado Draw 29 26	Sec29, NWNE	3002542440	Wildcat;	880*	50.3*	3710*	1314*
33 Fed Com #5H	T26S R33E		Bone Spring				

Federal Leases NMNM27506 and NMNM125653; State Lease VB1838

Communitization Agreement NMNM135620

Well Name	Location	API #	Pool 97955	Oil		Gas	
				BOPD	Gravity	MCFPD	BTU
Salado Draw 29 26	Sec29, NWNE	3002542441	Wildcat;	880*	50.3*	3710*	1314*
33 Fed Com #6H	T26S R33E		Bone Spring				

APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY
Salado Draw 29 Central Tank Battery

Chevron U.S.A. Inc.

**Federal Leases NMNM27506 and NMNM125653; State Lease VB1838
Communitization Agreement NMNM135620**

Well Name	Location	API #	Pool 97955	Oil		Gas	
				BOPD	Gravity	MCFPD	BTU
Salado Draw 29 26 33 Fed Com #7H	Sec29, NWNE T26S R33E	3002542442	Wildcat; Bone Spring	880*	50.3*	3710*	1314*

**Federal Leases NMNM27506 and NMNM125653; State Lease VB1838
Communitization Agreement NMNM135620**

Well Name	Location	API #	Pool 97955	Oil		Gas	
				BOPD	Gravity	MCFPD	BTU
Salado Draw 29 26 33 Fed Com #8H	Sec29, NWNE T26S R33E	3002542443	Wildcat; Bone Spring	880*	50.3*	3710*	1314*

*These are only estimates; actuals will be supplied after well tests are complete.

****Communitization Agreement was submitted, CA # will be provided upon receipt of BLM approval.**

The BLM's interest in these leases is the same. Lease NMNM 27506 royalty rate is 12.5% and Lease NMNM125653 is 12.5%.

Oil & Gas metering:

The central tank battery (Salado Draw 29 Central Tank Battery – formerly Porter Brown Central Tank Battery) is located in the SESE portion of Sect 19 T26S, R33E. For gas, there will be a common central delivery point (CDP) gas sales with meter Gas Sales (DBM Gas SN 01605329) located on the northern pad edge of the Salado Draw 29 Central Tank Battery. The produced water will go to common water tanks on location and then to a new SWD station that will be located in the SWSW portion of Sect 13 T26S, R32E.

There will be no oil commingling between the Moose's Tooth 29-26-33 Fed Com #1H well and any other wells. The Moose's Tooth 29-26-33 Fed Com #1H oil will be sold through an individual LACT (Lease Automated Custody Transfer Unit) (*SN TBD). The Moose's Tooth 29-26-33 Fed Com #1H well will be continuously tested through a three-phase test separator located at the Salado Draw 29 Central Tank Battery. The three phase test will measure gas through an orifice meter run with a Total Flow computer (SN 2300250183). Flash gas will be measured downstream of the Moose's Tooth 29 26 33 Fed Com #1H vertical heater treater utilizing an orifice meter run with Total Flow computer (SN: 2300230209). The gas from the flash gas meter will be allocated directly to the Moose's Tooth 29-26-33 Fed Com #1H communitization agreement.

In order to meet all commingling requirements, the Salado Draw 29-26-33 Fed Com #1H, Salado Draw 29-26-33 Fed Com #2H, Salado Draw 29-26-33 Fed Com #3H, and Salado Draw 29-26-33 Fed Com #4H wells will produce through Train 2 as described below. Additionally, the Salado Draw 29-26-33 Fed Com #5H, Salado Draw 29-26-33 Fed Com #6H, Salado Draw 29-26-33 Fed Com #7H, and Salado Draw 29-26-33 Fed Com #8H wells will produce through Train 1 as described below.

The oil from the Salado Draw 29-26-33 Fed Com #1H-#4H wells will be continuously measured by a coriolis meter downstream of the train 2 heater treater (*SN TBD). Gas from the Salado Draw 29-26-33 Fed Com #1H-#4H wells will be continuously measured through an orifice meter run with a Total Flow computer (*SN TBD) on a 2-phase bulk separator. Flash gas will be measured downstream of each heater treater utilizing an orifice meter run with Total Flow computer (Train 2 Heated Production Separator SN: *TBD; Train 2 Heater Treater SN: *TBD). Each flash gas meter will be allocated directly to the Salado Draw 29-26-33 1H-4H communitization agreement.

The oil from the Salado Draw 29-26-33 Fed Com #5H-#8H wells will be continuously measured by a coriolis meter downstream of the train 1 heater treater (*SN TBD). Gas from the Salado Draw 29-26-33 Fed Com #5H-#8H wells will be continuously measured through an orifice meter run with a Total Flow computer (*SN TBD) on a 2-phase bulk separator. Flash gas will be measured downstream of each heater treater utilizing an orifice meter run with Total Flow computer (Train 1 Heated Production Separator SN: *TBD; Train 1 Heater Treater SN: *TBD). Each flash gas meter will be allocated directly Salado Draw 29-26-33 Fed Com #5H-#8H communitization agreement.

After both train 1 and train 2 wells are metered at the heater treater, the oil will be commingled and sent to common oil tanks. The oil will then be sold through a common LACT unit (SN: 1302601521). Moose's Tooth 29 26 33 Fed Com #1H will have a separate oil tank and will be sold through an individual LACT (Lease Automated Custody Transfer Unit) (*SN TBD). Gas from the Salado Draw 29-26-33 Fed Com #1H-#8H and Moose's Tooth 29-26-33 Fed Com #1H wells will be measured and sold through an orifice plate meter run (SN 01605329).

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 will be 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 29 -

Gas will be allocated to Train 1 and Train 2 on a daily basis based on a combination of each Train's bulk gas measurement and flash gas measurement. Bulk gas for each train will be continuously measured utilizing orifice meters fitted with EFM flow computers installed downstream of each Train's two-phase separator and each area's share of bulk gas will be allocated based on a percentage of total bulk gas metered. Bulk gas for Moose's Tooth 29-26-33 Fed Com #1H will be continuously measured utilizing orifice meters fitted with EFM flow computers installed downstream of the three-phase separator. Flash gas for each train will be measured utilizing an orifice meter fitted with EFM flow computer installed downstream of each Train's heater treater.

- Salado Draw Train 1 bulk gas allocation meter on the Salado Draw 29 CTB Train 1 two-phase separator consists of a Total Flow EFM (SN 2300250211).
- Salado Draw Train 2 bulk gas allocation meter on the Salado Draw 29 CTB Train 2 two-phase separator consists of a Total Flow EFM (*SN TBD).
- Moose's Tooth 29-26-33 Fed Com #1H bulk gas allocation meter on the Moose's Tooth test separator consists of a Total Flow EFM (SN 150035020)
- Salado Draw Train 1 flash gas allocation meters on the Salado Draw 29 CTB Train 1 three-phase heated production vessel (SN 2300250210) and three-phase heater treater (SN 2300250212) each consist of a Total Flow EFM.
- Salado Draw Train 2 flash gas allocation meter on the Salado Draw 29 CTB Train 2 three-phase heated production vessel (SN TBD) and three-phase heater treater (SN TBD) each consist of a Total Flow EFM.
- Moose's Tooth 29-26-33 Fed Com #1H flash gas allocation meter on the Moose's Tooth heater treater consists of a Total Flow EFM (SN 2300250209)

Gas Lift –

Gas from Salado Draw 19 CTB and Salado Draw 29 CTB will be combined upstream of the Salado Draw 19 Compressor Station. Each CTB's gas will be continuously measured utilizing orifice meters fitted with EFM flow computers located at Salado Draw 19 CTB (SN 2300250229) and Salado Draw 29 CTB (SN 2300250228) prior to entering the Compressor Station suction. Gas will be utilized by the compressor station as needed for gas lift of wells in Sections 18, 19 and 29. Total gas lift volumes for each well will be measured through individual well gas lift orifice meters fitted with Total Flow EFM flow computers.

- Salado Draw 18-26-33 Fed Com #1H gas lift meter consists of a Total Flow EFM (SN 2300250221).
- Salado Draw 19-26-33 Fed Com #1H gas lift meter consists of a Total Flow EFM (SN 2300250223).
- Salado Draw 18-26-33 Fed Com #2H gas lift meter consists of a Total Flow EFM (SN 2300250222).
- Salado Draw 19-26-33 Fed Com #2H gas lift meter consists of a Total Flow EFM (SN 2300250224).
- Salado Draw 18-26-33 Fed #3H gas lift meter consists of a Total Flow EFM (SN 2300250205).
- Salado Draw 19-26-33 Fed #3H gas lift meter consists of a Total Flow EFM (SN 2300250206).
- Salado Draw 18-26-33 Fed #4H gas lift meter consists of a Total Flow EFM (SN 2300250208).
- Salado Draw 19-26-33 Fed #4H gas lift meter consists of a Total Flow EFM (SN 2300250207).
- Salado Draw 18-26-33 Fed #5H gas lift meter consists of a Total Flow EFM (*SN TBD).
- Salado Draw 19-26-33 Fed #5H gas lift meter consists of a Total Flow EFM (*SN TBD).
- Salado Draw 18-26-33 Fed #6H gas lift meter consists of a Total Flow EFM (*SN TBD).
- Salado Draw 19-26-33 Fed #6H gas lift meter consists of a Total Flow EFM (*SN TBD).
- Salado Draw 19-26-33 Fed #7H gas lift meter consists of a Total Flow EFM (*SN TBD).

APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY
Salado Draw 29 Central Tank Battery

Chevron U.S.A. Inc.

- Porter Brown 19-26-33 Fed #1H gas lift meter consists of a Total Flow EFM (*SN TBD).
- Salado Draw 29-26-33 Fed Com #1H gas lift meter consists of a Total Flow EFM (SN 2300250234).
- Salado Draw 29-26-33 Fed Com #2H gas lift meter consists of a Total Flow EFM (SN 2300250235).
- Salado Draw 29-26-33 Fed Com #3H gas lift meter consists of a Total Flow EFM (SN 2300250236).
- Salado Draw 29-26-33 Fed Com #4H gas lift meter consists of a Total Flow EFM (SN 2300250237).
- Salado Draw 29-26-33 Fed Com #5H gas lift meter consists of a Total Flow EFM (SN 2300250215).
- Salado Draw 29-26-33 Fed Com #6H gas lift meter consists of a Total Flow EFM (SN 2300250216).
- Salado Draw 29-26-33 Fed Com #7H gas lift meter consists of a Total Flow EFM (SN 2300250217).
- Salado Draw 29-26-33 Fed Com #8H gas lift meter consists of a Total Flow EFM (SN 2300250218).
- Moose's Tooth 29-26-33 Fed Com #1H gas lift meter consists of a Total Flow EFM (SN 2300250204).

Each Sales Point will have an orifice meter fitted with an EFM flow computer.

- Salado Draw 19 DBM Sales EFM (SN 3300250021)
- Salado Draw 29 DBM Sales EFM (SN 01605329)
- Enterprise Sales EFM (SN 5300250193)
- DCP Sales EFM (SN 3300250022)

The total gas sales from these meters will be combined and allocation to the batteries will be conducted based on the following allocation methodology:

SD 19 Gas Allocation

$$\begin{aligned}\text{Total Sales Gas} &= \text{SD 19 DBM Meter} + \text{SD 29 DBM Meter} + \\ &\quad \text{Enterprise Meter} + \text{DCP Meter} \\ \text{Total Battery Gas} &= \text{SD 19 Battery Bulk Gas} + \text{SD 19 Fuel Gas} + \text{SD} \\ &\quad \text{29 Battery Bulk Gas} + \text{SD 29 Fuel Gas} \\ \text{Total Gas Lift} &= \text{Sum of all well gas lift meters} + \text{Compressor} \\ &\quad \text{Fuel Gas} \\ \text{SD 19 Gas Lift} &= \text{Sum of all CTB 19 Gas Lift meters} \\ \text{SD 19 Train 1 Gas Lift} &= \text{SD 181H} + \text{SD 182H} + \text{SD 191H} + \text{SD 192H} \\ &\quad \text{SD 183H} + \text{SD 184H} + \text{SD 185H} + \text{SD 186H} + \text{SD} \\ \text{SD 19 Train 2 Gas Lift} &= \text{193H} + \text{SD 194H} + \text{SD 195H} + \text{SD 196H} + \text{SD} \\ &\quad \text{197H} + \text{Porter Brown 1H} \\ \text{SD 19 Comm 1 Gas Lift} &= \text{SD 181H} + \text{SD 182H} \\ \text{SD 19 Comm 2 Gas Lift} &= \text{SD 191H} + \text{SD 192H} \\ \text{SD 19 Train 1 Flash} &= \text{SD 19 T1 Oil \%} * \text{SD 19 Flash Gas} \\ \text{SD 19 Comm 1 Flash} &= \text{SD 19 Comm 1 Oil \%} * \text{SD 19 Train 1 Flash} \\ \text{SD 19 Comm 2 Flash} &= \text{SD 19 Comm 2 Oil \%} * \text{SD 19 Train 2 Flash} \\ \text{SD 19 Train 2 Flash} &= \text{SD 19 T2 Oil \%} * \text{SD 19 Flash Gas} \\ \text{SD 19 Train 1 Oil \%} &= \frac{\text{SD 19 T1 Oil}}{(\text{SD 19 Train 1 Oil} + \text{SD 19 Train 2 Oil})} \\ \text{SD 19 Comm 1 Oil \%} &= \frac{\text{SD 19 Comm 1 Oil}}{(\text{SD 19 Comm 1 Oil} + \text{SD 19 Comm 2 Oil})} \\ \text{SD 19 Comm 2 Oil \%} &= \frac{\text{SD 19 Comm 2 Oil}}{(\text{SD 19 Comm 1 Oil} + \text{SD 19 Comm 2 Oil})} \\ \text{SD 19 Train 2 Oil \%} &= \frac{\text{SD 19 T2 Oil}}{(\text{SD 19 Train 1 Oil} + \text{SD 19 Train 2 Oil})} \\ \text{SD 19 Produced Gas \%} &= \frac{(\text{SD 19 Battery Gas} - \text{SD 19 Gas Lift})}{(\text{Total Battery Gas} - \text{Total Gas Lift})}\end{aligned}$$

APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY
Salado Draw 29 Central Tank Battery

Chevron U.S.A. Inc.

$$\begin{aligned}\text{SD 19 Train 1 Produced Gas\%} &= \frac{(\text{SD 19 T1 Gas} - \text{SD 19 T1 Gas Lift} + \text{SD 19 Train 1 Flash})}{(\text{SD19 Train 1 Gas} + \text{SD 19 Train 2 Gas} + \text{SD 19 Flash Gas} - \text{SD 19 Gas Lift})} \\ \text{SD 19 Train 2 Produced Gas\%} &= \frac{(\text{SD 19 Train 2 Gas} - \text{SD 19 Train 2 Gas Lift} + \text{SD 19 Train 2 Flash})}{(\text{SD19 Train 1 Gas} + \text{SD19 Train 2 Gas} + \text{SD19 Flash Gas} - \text{SD 19 Gas Lift})} \\ \text{SD 19 Comm 1 Produced Gas \%} &= \frac{(\text{SD 19 C1 Gas} - \text{SD 19 C1 Gas Lift} + \text{SD 19 C1 Flash})}{(\text{SD19 C1 Gas} + \text{SD C2 Gas} + \text{SD Train 1 Flash} - \text{SD Train 1 Gas Lift})} \\ \text{SD 19 Comm 2 Produced Gas \%} &= \frac{(\text{SD 19 C2 Gas} - \text{SD 19 C2 Gas Lift} + \text{SD19 C2 Flash})}{(\text{SD19 C1 Gas} + \text{SD19 C2 Gas} + \text{SD19 T1 Flash} - \text{SD Train 1 Gas Lift})}\end{aligned}$$

$$\begin{aligned}\text{SD 19 Produced Gas} &= \text{SD 19 Produced Gas \%} * (\text{Total Sales Gas} + \text{Flared Gas}) \\ \text{SD 19 Train 1 Produced Gas} &= \text{SD 19 Train 1 Produced Gas\%} * \text{SD 19 Produced Gas} \\ \text{SD 19 Train 2 Produced Gas} &= \text{SD 19 Train 2 Produced Gas\%} * \text{SD 19 Produced Gas} \\ \text{SD 19 Comm 1 Produced Gas} &= \text{SD 19 Comm 1 Produced Gas\%} * \text{SD 19 T1 Produced Gas} \\ \text{SD 19 Comm 2 Produced Gas} &= \text{SD 19 Comm 2 Produced Gas\%} * \text{SD 19 T1 Produced Gas}\end{aligned}$$

SD 29 Gas Allocation

$$\begin{aligned}\text{Total Sales Gas} &= \text{SD 19 CTB} + \text{SD 29 CTB Sales Meters} \\ \text{Total Battery Gas} &= \text{SD 19 Battery Bulk Gas} + \text{SD 19 Fuel Gas} + \text{SD 29 Battery Bulk Gas} + \text{SD 29 Fuel Gas} \\ \text{Total Gas Lift} &= \text{Sum of all well gas lift meters} + \text{Compressor Fuel Gas} \\ \text{SD 29 Gas Lift} &= \text{Sum of all CTB 29 Gas Lift meters} \\ \text{SD 29 Train 1 Gas Lift} &= \text{SD29-5H} + \text{SD29-6H} + \text{SD29-7H} + \text{SD29-8H} \\ \text{SD 29 Train 2 Gas Lift} &= \text{SD29-1H} + \text{SD29-2H} + \text{SD29-3H} + \text{SD29-4H} \\ \text{Moose's Tooth Gas Lift} &= \text{Moose's Tooth 29-1H Gas Lift} \\ \text{SD 29 Train 1 Flash} &= \text{SD 29 Train 1 HPS Gas} + \text{SD 29 Train 1 HT Gas} \\ \text{SD 29 Train 2 Flash} &= \text{SD 29 Train 2 HPS Gas} + \text{SD 29 Train 2 HT Gas} \\ \text{Moose's Tooth Flash} &= \text{Moose's Tooth Oil HT Gas} \\ \text{SD 29 Train 1 Oil\%} &= \frac{\text{SD 29 T1 Oil}}{(\text{SD29 Train 1 Oil} + \text{SD29 Train 2 Oil} + \text{Moose's Tooth Oil})} \\ \text{SD 29 Train 2 Oil\%} &= \frac{\text{SD29 T2 Oil}}{(\text{SD29 Train 1 Oil} + \text{SD29 Train 2 Oil} + \text{Moose's Tooth Oil})} \\ \text{Moose's Tooth Oil\%} &= \frac{\text{SD 19 Comm 2 Oil}}{(\text{SD29 Train 1 Oil} + \text{SD29 Train 2 Oil} + \text{Moose's Tooth Oil})} \\ \text{SD 29 Produced Gas\%} &= \frac{(\text{SD 29 Battery Gas} - \text{SD 29 Gas Lift})}{(\text{Total Battery Gas} - \text{Total Gas Lift})} \\ \text{SD 29 Train 1 Produced Gas\%} &= \frac{(\text{SD 29 T1 Gas} - \text{SD 29 T1 Gas Lift} + \text{SD 29 Train 1 Flash})}{(\text{SD29 Train 1 Gas} + \text{SD 29 Train 2 Gas} + \text{Moose's Tooth Gas} + \text{SD 29 Flash Gas} - \text{SD 29 Gas Lift})} \\ \text{SD 29 Train 2 Produced Gas\%} &= \frac{(\text{SD 19 Train 2 Gas} - \text{SD 19 Train 2 Gas Lift} + \text{SD 19 Train 2 Flash})}{(\text{SD29 Train 1 Gas} + \text{SD 29 Train 2 Gas} + \text{Moose's Tooth Gas} + \text{SD 29 Flash Gas} - \text{SD 29 Gas Lift})} \\ \text{Moose's Tooth Produced Gas \%} &= \frac{(\text{Moose's Tooth Gas} - \text{Moose's Tooth Gas Lift} + \text{Moose's Tooth Flash})}{(\text{SD29 Train 1 Gas} + \text{SD 29 Train 2 Gas} + \text{Moose's Tooth Gas} + \text{SD 29 Flash Gas} - \text{SD 29 Gas Lift})}\end{aligned}$$

$$\begin{aligned}\text{SD 29 Produced Gas} &= \text{SD 29 Produced Gas \%} * (\text{Total Sales Gas} + \text{Flare Gas}) \\ \text{SD 29 Train 1 Produced Gas} &= \text{SD 29 Train 1 Produced Gas\%} * \text{SD 29 Produced Gas} \\ \text{SD 29 Train 2 Produced Gas} &= \text{SD 29 Train 2 Produced Gas\%} * \text{SD 29 Produced Gas} \\ \text{Moose's Tooth Produced Gas} &= \text{Moose's Tooth Produced Gas\%} * \text{SD 29 Produced Gas}\end{aligned}$$

APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY
Salado Draw 29 Central Tank Battery

Chevron U.S.A. Inc.

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 SESE portion of Sect 19 T26S, R33E, on federal lease NM27506 in Lea County, New Mexico. The production from the nine wells will be routed to the Salado Draw 29 Central Tank Battery. After separation and allocation measurement, the oil, gas, and water will go to separate oil tanks, common water tanks, and gas compression or gas CDP located at edge of facility pad in the SESE of T26S, RR32E Section 19.

All royalty and overriding interest owners will be notified. Chevron is the only working interest owner.

Printed Name: Michelle Burkett
Title: Facility Engineer
Date: 06/06/2016

APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY
Salado Draw 29 Central Tank Battery

Chevron U.S.A. Inc.

ECONOMIC JUSTIFICATION

CA #	Lease Number	Royalty Rate	Well Name	BOPD	Oil Gravity (@60 deg.)	Value / BBL	MCFPD	DRY BTU	Value / MCF
NMNM134673	NMNM-27506 VB-1838	12.5% 18.75%	Moose's Tooth 29-26-33 Fed Com #1H	524	48.4	51.06	1117	1301	2.71
(W/2) Submitted- Pending Approval	NMNM-27506 VB-1838	12.5% 18.75%	Salado Draw 29-26-33 Fed Com #1H	880*	50.3*	51.06*	3710*	1314*	2.71*
			Salado Draw 29-26-33 Fed Com #2H	880*	50.3*	51.06*	3710*	1314*	2.71*
			Salado Draw 29-26-33 Fed Com #3H	880*	50.3*	51.06*	3710*	1314*	2.71*
			Salado Draw 29-26-33 Fed Com #4H	880*	50.3*	51.06*	3710*	1314*	2.71*
NMNM135620	NMNM-27506 NMNM-125653 VB1838	12.5% 12.5% 18.75%	Salado Draw 29-26-33 Fed Com #5H	880*	50.3*	51.06*	3710*	1314*	2.71*
			Salado Draw 29-26-33 Fed Com #6H	880*	50.3*	51.06*	3710*	1314*	2.71*
			Salado Draw 29-26-33 Fed Com #7H	880*	50.3*	51.06*	3710*	1314*	2.71*
			Salado Draw 29-26-33 Fed Com #8H	880*	50.3*	51.06*	3710*	1314*	2.71*

* These are only estimates; actuals will be supplied after wells are complete.

CA #	Lease Number	Economic Combined Production	Well Name	BOPD	Oil Gravity (@60 deg.)	Value / BBL	MCFPD	DRY BTU	Value / MCF
NMNM134673 (W/2) NMNM135620	NMNM-27506 NMNM-125653 VB-1838	GAS	Moose's Tooth 29-26-33 Fed Com #1H Salado Draw 29-26-33 Fed Com #1H-#8H	-	-	-	30797*	1309*	2.71*
	NMNM-27506 VB-1838	OIL	Moose's Tooth 29-26-33 Fed Com #1H	524	48.4	51.06	-	-	-
	NMNM-27506 NMNM-125653 VB-1838		Salado Draw 29-26-33 Fed Com #1H-#8H	7024	50.3*	51.06	-	-	-

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. There will be no effect on the value of the oil to be commingled, as production from the Salado Draw 29-26-33 Fed Com #1H-#8H is produced from the same pool and contains similar API values to the commingled production.

Printed Name: Willians Guaregua
Title: Reservoir Engineer
Date: 07/29/2015

APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY
Salado Draw 29 Central Tank Battery

Chevron U.S.A. Inc.

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

Salado Draw 29-26-33 Fed Com #1H-#8H, Moose's Tooth 29-26-33 Fed Com #1H
Owner Information

E/2 and W/2 of Section 29 & 32-T26S-R33E and Moose's Tooth 29-26-33 Fed Com #1H Commingle Application

BLM Lease NMNM-27506: N/2, SW/4 of section 29, and additional lands-T26S-R33E

BLM Lease NMNM-125653: SE/4 of section 29-T26S-R33E

State of New Mexico Lease: N/2N/2, Lots 1-4 of section 32-T26S-R33E

<p>E/2 of Section 29 and 32-T26S-R33E (Oil & Gas) <i>Salado Draw 29-26-33 Fed Com #5H (API #30-025-42440)</i> <i>Salado Draw 29-26-33 Fed Com #6H (API #30-025-42441)</i> <i>Salado Draw 29-26-33 Fed Com #7H (API #30-025-42442)</i> <i>Salado Draw 29-26-33 Fed Com #8H (API # 30-025-42443)</i> <i>**as well as any future well(s) drilled under the captioned project area</i></p>						
<u>Lease</u>	<u>Interest Type</u>	<u>Name</u>	<u>Address</u>	<u>City</u>	<u>State Code</u>	<u>Zip Code</u>
NMNM-27506 NMNM-125653 VB-1838	Working Interest	Chevron U.S.A. Inc.	PO Box 2100	Houston	TX	77252
NMNM-27506 NMNM-125653 VB-1838	Royalty Interest	BLM-Carlsbad Field Office	620 E. Greene Street	Carlsbad	NM	88220
	Royalty Interest	State of New Mexico	PO BOX 1148	Santa Fe	NM	87504
NMNM-27506	ORRI	Hazelwood Partners, LP	120 Hazelwood Drive	Fort Worth	TX	76107
NMNM-27506	ORRI	Edna Brown Hibbitts	2101 Oaklawn Drive	Midland	TX	79705
NMNM-27506	ORRI	Sandi Miller	1015 Fern	Roswell	NM	88203
NMNM-27506	ORRI	Miller Family Mineral Interests, LLC	100412 E. Vaca Road	Kennewick	WA	99338

APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY Chevron U.S.A. Inc.
Salado Draw 29 Central Tank Battery

Salado Draw 29-26-33 Fed Com #1H-#8H, Moose's Tooth 29-26-33 Fed Com #1H

Owner Information

(Continued)

W/2 of Section 29 and 32-T26S-R33E (Oil & Gas)

Salado Draw 29-26-33 Fed Com #1H (API #30-025-42629)

Salado Draw 29-26-33 Fed Com #2H (API #30-025-42637)

Salado Draw 29-26-33 Fed Com #3H (API #30-025-42638)

Salado Draw 29-26-33 Fed Com #4H (API # 30-025-42639)

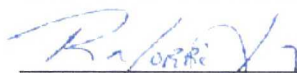
***as well as any future well(s) drilled under the captioned project area*

Moose's Tooth 29-26-33 Fed Com #1H (API #30-025-42168)*

**Gas only*

<u>Lease</u>	<u>Interest Type</u>	<u>Name</u>	<u>Address</u>	<u>City</u>	<u>State Code</u>	<u>Zip Code</u>
NMNM-27506 VB-1838	Working Interest	Chevron U.S.A. Inc.	PO Box 2100	Houston	TX	77252
NMNM-27506 VB-1838	Royalty Interest	BLM-Carlsbad Field Office	620 E. Greene Street	Carlsbad	NM	88220
NMNM-27506 VB-1838	Royalty Interest	State of New Mexico	PO BOX 1148	Santa Fe	NM	87504
NMNM-27506	ORRI	Hazelwood Partners, LP	120 Hazelwood Drive	Fort Worth	TX	76107
NMNM-27506	ORRI	Edna Brown Hibbitts	2101 Oaklawn Drive	Midland	TX	79705
NMNM-27506	ORRI	Sandi Miller	1015 Fern	Roswell	NM	88203
NMNM-27506	ORRI	Miller Family Mineral Interests, LLC	100412 E. Vaca Road	Kennewick	WA	99338

I have verified that this information is correct.



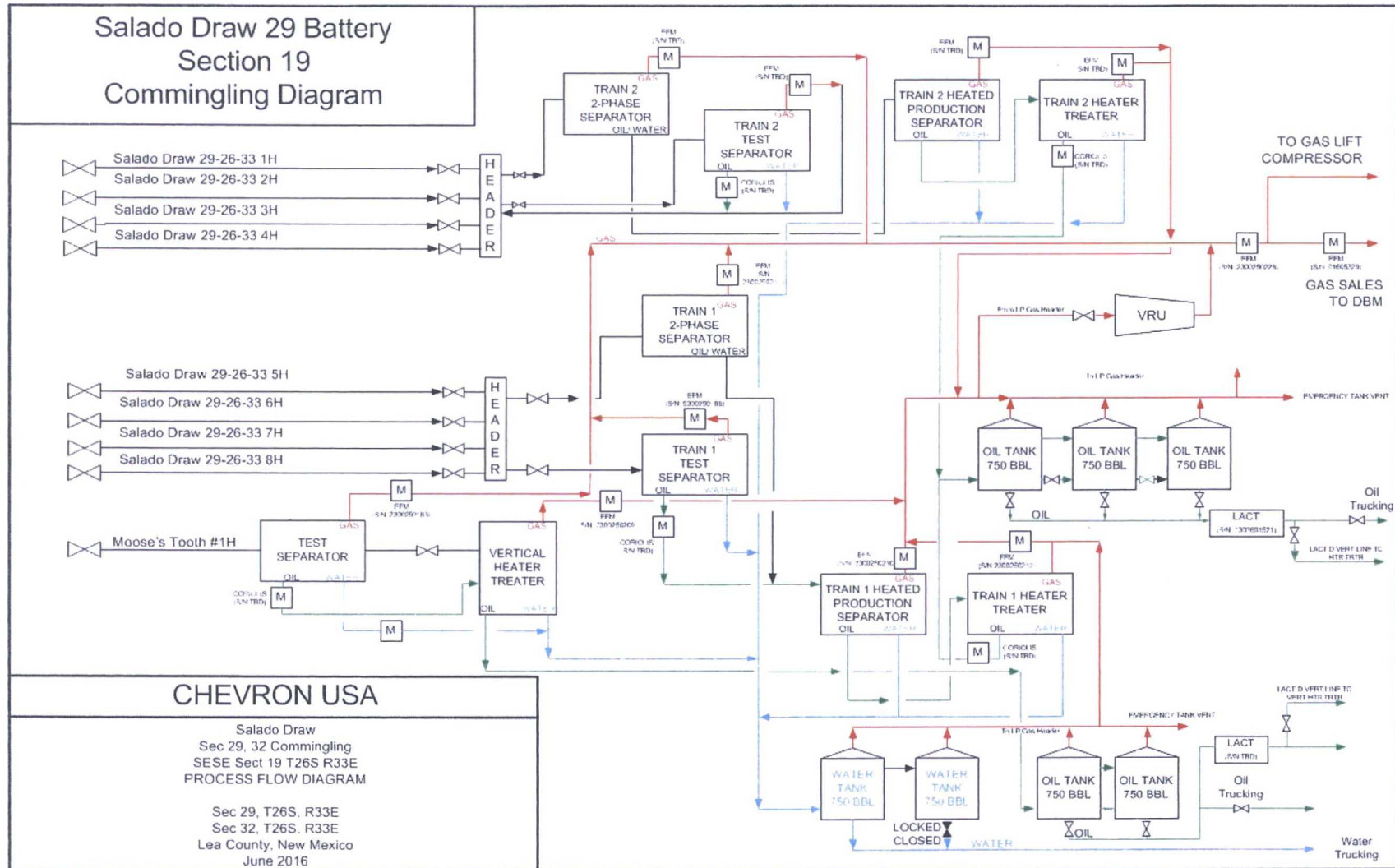
Robert B. Morrison, Jr.

Land Representative

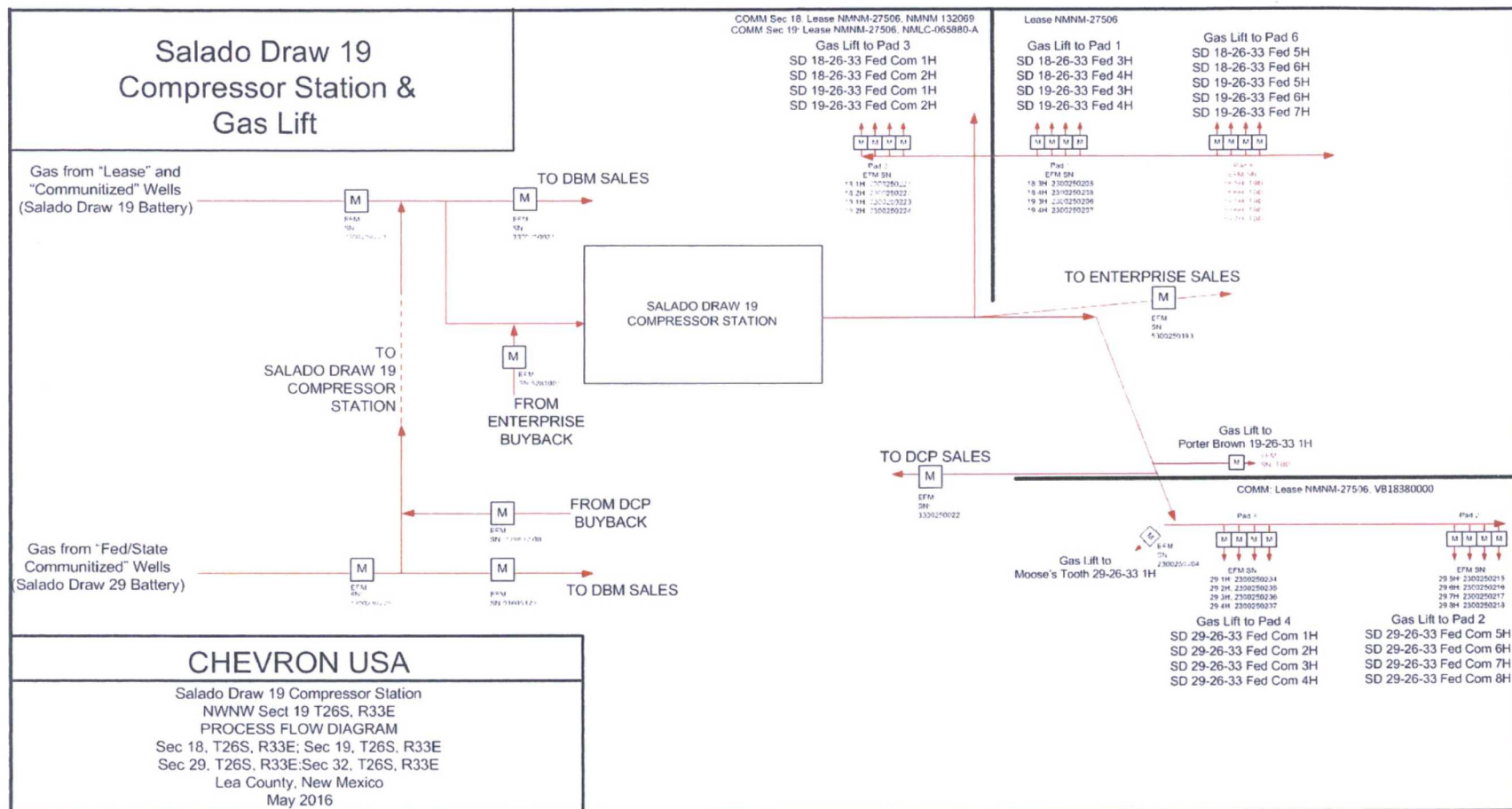
Chevron owns 100% WI in each lease.

APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY
Salado Draw 29 Central Tank Battery

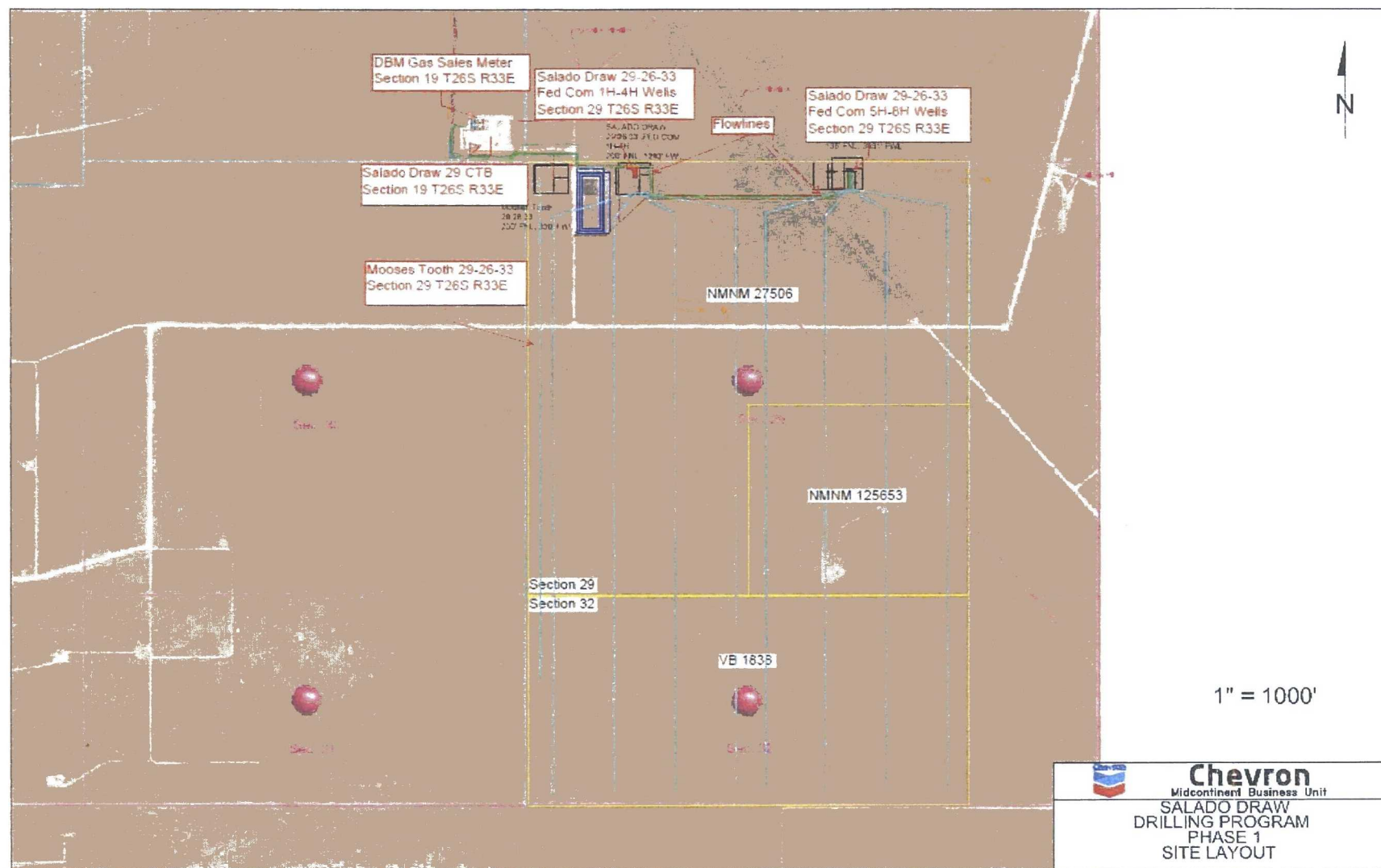
Chevron U.S.A. Inc.



APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY Chevron U.S.A. Inc.
Salado Draw 29 Central Tank Battery



APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY Chevron U.S.A. Inc.
Salado Draw 29 Central Tank Battery



**BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(LIVE) SERIAL REGISTER PAGE**

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01 02-25-1920;041STAT0437;30USC226

Case Type 311111: O&G LSE NONCOMP PUB LAND

Commodity 459: OIL & GAS

Case Disposition: AUTHORIZED Case File Juris:

Total Acres

1,517.740

Serial Number

NMNM-- - 027506

Serial Number: NMNM-- - 027506

Name & Address	Int Rel	%Interest
CHEVRON USA INC 6301 DEAUVILLE MIDLAND TX 797062964	LESSEE	100.000000000

Serial Number: NMNM-- - 027506

Mer Twp	Rng	Sec	SType	Nr Suff	Subdivision	District/Resource Area	County	Mgmt Agency
23	0260S	0330E	018	ALIQ	W2E2,E2W2;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0260S	0330E	018	LOTS	1,3,4;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0260S	0330E	019	ALIQ	E2,E2W2;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0260S	0330E	019	LOTS	1,2,3;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0260S	0330E	029	ALIQ	N2,SW;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT

Serial Number: NMNM 027506

Relinquished/Withdrawn Lands

23 0260S 0330E 720	FF	ALL, ASGN;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
--------------------	----	------------	-----------------------	-----	---------------------

Serial Number: NMNM-- - 027506

Act Date	Code	Action	Action Remarks	Pending Office
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	868	EFFECTIVE DATE		
11/01/1973	209	CASE CREATED BY SEGR	OUT OF NMLC065880A;	
11/01/1973	648	EXT BY PROD ON ASSOC LSE	NMLC065880A;	
08/12/1983	932	TRF OPER RGTS FILED		
08/13/1983	933	TRF OPER RGTS APPROVED	(1)EFF 12/01/80;	
08/13/1983	933	TRF OPER RGTS APPROVED	(2)EFF 12/01/80;	
08/16/1983	932	TRF OPER RGTS FILED		
07/17/1984	500	GEOGRAPHIC NAME	EL MAR/SALDADO DRAW;	
07/17/1984	510	KMA CLASSIFIED		
08/15/1984	111	RENTAL RECEIVED	\$0;84-85	
08/31/1984	315	RENTAL RATE DET/ADJ	\$2.00;	
02/27/1985	932	TRF OPER RGTS FILED		
06/17/1985	111	RENTAL RECEIVED	\$0;85-86	
06/25/1985	932	TRF OPER RGTS FILED		
08/26/1985	932	TRF OPER RGTS FILED		
07/15/1986	817	MERGER RECOGNIZED	CHEVRON USA/GULF OIL	
07/15/1986	940	NAME CHANGE RECOGNIZED	GULF OIL/CHEVRON USA	
08/15/1986	933	TRF OPER RGTS APPROVED	EFF 03/01/85;	
08/15/1986	933	TRF OPER RGTS APPROVED	EFF 07/01/85;	
08/15/1986	933	TRF OPER RGTS APPROVED	EFF 09/01/85;	
08/25/1986	111	RENTAL RECEIVED	\$0;86-87	
08/29/1986	963	CASE MICROFILMED/SCANNED	CNUM 558,771 GLC	
11/03/1986	932	TRF OPER RGTS FILED		
02/04/1987	933	TRF OPER RGTS APPROVED	EFF 12/01/86;	
08/17/1987	111	RENTAL RECEIVED	\$4316.00;1YR/87-88	
01/20/1988	974	AUTOMATED RECORD VERIF	AT/JL	

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**BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(LIVE) SERIAL REGISTER PAGE**

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

Total Acres
160.000

Serial Number
NMNM-- - 125653

Serial Number: NMNM-- - 125653

Name & Address						Int Rel	%Interest	
CHEVRON USA INC		6301 DEAUVILLE		MIDLAND TX 797062964		OPERATING RIGHTS	0.000000000	
CHEVRON USA INC		6301 DEAUVILLE		MIDLAND TX 797062964		LESSEE	100.000000000	
						Serial Number: NMNM-- - 125653		
Mer Twp	Rng	Sec	SType	Nr Suff	Subdivision	District/Resource Area	County	Mgmt Agency
23	0260S	0330E	029	ALIQ	SE;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT

Serial Number: NMNM-- - 125653

Act Date	Code	Action	Action Remarks	Pending Office
09/03/2010	387	CASE ESTABLISHED	201010026;	
10/05/2010	299	PROTEST FILED	WILDEARTH GUARD	
10/20/2010	143	BONUS BID PAYMENT RECD	\$320.00;	
10/20/2010	191	SALE HELD		
10/20/2010	267	BID RECEIVED	\$576000.00;	
10/29/2010	143	BONUS BID PAYMENT RECD	\$575680.00;	
12/06/2010	298	PROTEST DISMISSED	WILDEARTH GUARD	
12/16/2010	237	LEASE ISSUED		
12/16/2010	974	AUTOMATED RECORD VERIF	RAYO/RAYO	
01/01/2011	496	FUND CODE	05;145003	
01/01/2011	530	RLTY RATE - 12 1/2%		
01/01/2011	868	EFFECTIVE DATE		
04/04/2012	140	ASGN FILED	GONZALES/EOG RESOU;1	
07/19/2012	139	ASGN APPROVED	EFF 05/01/12;	
07/19/2012	974	AUTOMATED RECORD VERIF	LR	
04/14/2014	932	TRF OPER RGTS FILED	EOG RESOU/CHEVRON U;1	
06/06/2014	933	TRF OPER RGTS APPROVED	EFF 05/01/14;	
06/06/2014	974	AUTOMATED RECORD VERIF	ANN	
04/07/2015	140	ASGN FILED	EOG RESOU/CHEVRON U;1	
05/26/2015	139	ASGN APPROVED	EFF 05/01/15;	
05/26/2015	974	AUTOMATED RECORD VERIF	LBO	
09/01/2015	246	LEASE COMMITTED TO CA	NMNM135620;	
09/24/2015	650	HELD BY PROD - ACTUAL	/1/	
09/24/2015	658	MEMO OF 1ST PROD-ACTUAL	/1/NMNM135620;	
03/01/2016	643	PRODUCTION DETERMINATION	/1/	

Line Nr	Remarks	Serial Number: NMNM-- - 125653
0002	STIPULATIONS ATTACHED TO LEASE	
0003	NM-11-LN SPECIAL CULTURAL RESOURCE	
0004	SENM-S-22 PRAIRIE CHICKENS	
0005	RENTAL PAID TO ONRR FROM 01/01/11 THRU 12/31/12	

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**BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(LIVE) SERIAL REGISTER PAGE**

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MOOSE'S FOOT 29 26 73 Federal Page 1 of 1

01 02-25-1920;041STAT0437;30USC181

Total Acres

Serial Number

Case Type 318310: O&G COMMUNITIZATION AGRMT

200.000

NMNM-- - 134673

Commodity 459: OIL & GAS

Case Disposition: AUTHORIZED

Case File Juris: CARLSBAD FIELD OFFICE

Serial Number: NMNM-- - 134673

Name & Address

Int Rel

%Interest

BLM CARLSBAD FO
CHEVRON USA INC

620 E GREENE ST
6301 DEAUVILLE

CARLSBAD NM 88220
MIDLAND TX 797062964

OFFICE OF RECORD
OPERATOR

0.000000000
100.000000000

Serial Number: NMNM-- - 134673

Mer Twp Rng Sec SType Nr Suff Subdivision

District/Resource Area

County

Mgmt Agency

23 0260S 0330E 029 ALIQ W2W2;
23 0260S 0330E 032 ALIQ NWNW;

CARLSBAD FIELD OFFICE
CARLSBAD FIELD OFFICE

LEA
LEA

BUREAU OF LAND MGMT
BUREAU OF LAND MGMT

Serial Number: NMNM-- - 134673

Act Date

Code

Action

Action Remarks

Pending Office

03/01/2015 387 CASE ESTABLISHED
03/01/2015 516 FORMATION
03/01/2015 525 ACRES-NONFEDERAL
03/01/2015 526 ACRES-FED INT 100%
03/01/2015 868 EFFECTIVE DATE
03/11/2015 654 AGRMT PRODUCING
03/11/2015 658 MEMO OF 1ST PROD-ACTUAL
06/18/2015 643 PRODUCTION DETERMINATION

BONE SPRING
40; 20%
160; 80%
/A/ 3002542168
/1/
/1/ MEMO 6/18/15
/1/

Line Nr

Remarks

Serial Number: NMNM-- - 134673

0001 /A/ RECAPITULATION EFFECTIVE 03/01/15
0002 TR# LEASE SERIAL NO AC COMMITTED % INTEREST
0003 1 NMNM 27506 160.00 80.00
0004 2 STATE 40.00 20.00
0005 TOTAL 200.00 100.00
0006 10/27/2016 CA REPLACED WITH REVISED; ADDED PARAGRAPH
0007 TO CLARIFY WELLBORE SPECIFIC.

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**BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(LIVE) SERIAL REGISTER PAGE**

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01 02-25-1920;041STAT0437;30USC181

Total Acres

Serial Number

Case Type 318310: O&G COMMUNITIZATION AGRMT

474.710

NMNM-- - 136451

Commodity 459: OIL & GAS

Case Disposition: AUTHORIZED Case File Juris: CARLSBAD FIELD OFFICE

Serial Number: NMNM-- - 136451

Name & Address			Int Rel	%Interest
BLM CARLSBAD FO	620 E GREENE ST	CARLSBAD NM 88220	OFFICE OF RECORD	0.00000000
CHEVRON USA INC	1400 SMITH ST	HOUSTON TX 770027327	OPERATOR	100.00000000

Serial Number: NMNM-- - 136451

Mer Twp	Rng	Sec	SType	Nr Suff	Subdivision	District/Resource Area	County	Mgmt Agency
23	0260S	0330E	029	ALIQ	W2;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0260S	0330E	032	ALIQ	N2NW;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0260S	0330E	032	LOTS	3,4;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT

Serial Number: NMNM-- - 136451

Act Date	Code	Action	Action Remarks	Pending Office
01/01/2016	387	CASE ESTABLISHED		
01/01/2016	516	FORMATION	BONE SPRING	
01/01/2016	525	ACRES-NONFEDERAL	154.71;32.60%	
01/01/2016	526	ACRES-FED INT 100%	320.00;67.40%	
01/01/2016	868	EFFECTIVE DATE	/A/	
03/04/2016	654	AGRMT PRODUCING	/1/	
03/04/2016	658	MEMO OF 1ST PROD-ACTUAL	/1/30-025-42637	
10/28/2016	334	AGRMT APPROVED		
10/28/2016	643	PRODUCTION DETERMINATION	/1/	

Serial Number: NMNM-- - 136451

Line Nr	Remarks			
0001	/A/ RECAPITULATION EFFECTIVE 01/01/2016			
0002	TR# LEASE SERIAL NO AC COMMITTED % INTEREST			
0003	1 NMNM 27506	320.00	67.40	
0004	2 STATE	154.71	32.60	
0005	TOTAL	474.71	100.00	

NO WARRANTY IS MADE BY BLM
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**BUREAU OF LAND MANAGEMENT
CASE RECORDATION
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SD 29 26 33 Fed Com 54, 64, 74, 84

Page 1 of 1

01 02-25-1920;041STAT0437;30USC181

Total Acres

Serial Number

Case Type 318310: O&G COMMUNITIZATION AGRMT

474.850

NMNM-- - 135620

Commodity 459: OIL & GAS

Case Disposition: AUTHORIZED

Case File Juris: CARLSBAD FIELD OFFICE

Serial Number: NMNM-- - 135620

Name & Address	Int Rel	%Interest
BLM CARLSBAD FO	620 E GREENE ST	CARLSBAD NM 88220
CHEVRON USA INC	6301 DEAUVILLE	MIDLAND TX 797062964
		OFFICE OF RECORD
		OPERATOR
		0.000000000
		100.000000000

Serial Number: NMNM-- - 135620

Mer Twp	Rng	Sec	SType	Nr Suff	Subdivision	District/Resource Area	County	Mgmt Agency
23	0260S	0330E	029	ALIQ	E2;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0260S	0330E	032	ALIQ	N2NE;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0260S	0330E	032	LOTS	1,2;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT

Serial Number: NMNM-- - 135620

Act Date	Code	Action	Action Remarks	Pending Office
09/01/2015	387	CASE ESTABLISHED		
09/01/2015	516	FORMATION	BONE SPRING	
09/01/2015	525	ACRES-NONFEDERAL	154.85;32.610%	
09/01/2015	526	ACRES-FED INT 100%	320;67.390%	
09/01/2015	868	EFFECTIVE DATE	30-025-42442	
09/24/2015	654	AGRMT PRODUCING	/1/	
09/24/2015	658	MEMO OF 1ST PROD-ACTUAL	/1/30-025-42442	
03/01/2016	334	AGRMT APPROVED		
03/01/2016	643	PRODUCTION DETERMINATION	/1/	

Line Nr Remarks

Serial Number: NMNM-- - 135620

0001	RECAPITULATION EFFECTIVE 09/01/2015			
0002	TRACT #	LEASE SERIAL #	AC COMMITTED	PCT INT
0003	1	NMNM27506	160.00	33.694851
0004	2	NMNM125653	160.00	33.694851
0005	3	STATE	154.85	32.610298
0006		TOTAL	474.85	100.00

67.389702

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
Salado Draw 29 Central Tank Battery

Chevron U.S.A. Inc.



Cindy Herrera-Munilla
Regulatory Specialist
Midcontinent BU

Chevron North America
Exploration and Production
Company
1616 W. Bender Blvd. Room 134
Hobbs NM, Hobbs, NM 88240
Tel 575-263-0431
Fax 575-263-0445
cherreramunilla@chevron.com

July 17, 2015

Re: Application for Surface Commingling
Chevron's Salado Draw 29 Central Tank Battery
Section 29, T26S, R33E,
Lea County, New Mexico

Hazelwood Partners, LP
120 Hazelwood Drive
Fort Worth, TX 76107
Royalty Interest Owner,

Chevron U.S.A. Inc. respectfully gives notice of intent to surface commingle oil, gas and water production from the Wildcat Bone Spring Pool through Chevron's Salado Draw 29 Central Tank Battery. Wells producing to this battery include the Chevron Moose's Tooth 29 26 33 #1H; Salado Draw 29 26 33 #1H, Salado Draw 29 26 33 #2H; Salado Draw 29 26 33 #3H; Salado Draw 29 26 33 #4H, Salado Draw 29 26 33 #4H; Salado Draw 29 26 33 #5H; Salado Draw 29 26 33 #6H, Salado Draw 29 26 33 #7H and Salado Draw 29 26 33 #8H. All wells will be complete within the Second Bone Spring sand formation. These wells are located in section 29, T26S, R33E, Lea County, New Mexico.

The working interest and royalties for each well are as follows:

Moose's Tooth 29 26 33 #1H	(WI:100%; NRI: 83.25%; RI 12.5%)
Salado Draw 29 26 33 #1H	(WI:100%; NRI: 82.93%; RI 12.5%)
Salado Draw 29 26 33 #2H	(WI:100%; NRI: 82.93%; RI 12.5%)
Salado Draw 29 26 33 #3H	(WI:100%; NRI: 82.93%; RI 12.5%)
Salado Draw 29 26 33 #4H	(WI:100%; NRI: 82.93%; RI 12.5%)
Salado Draw 29 26 33 #5H	(WI:100%; NRI: 84.19%; RI 12.5%)
Salado Draw 29 26 33 #6H	(WI:100%; NRI: 84.19%; RI 12.5%)
Salado Draw 29 26 33 #7H	(WI:100%; NRI: 84.19%; RI 12.5%)
Salado Draw 29 26 33 #8H	(WI:100%; NRI: 84.19%; RI 12.5%)

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 at 575-263-0431, or by email at: cherreramunilla@chevron.com.

Sincerely,

Cindy Herrera-Munilla
Cindy Herrera-Munilla
Regulatory Specialist

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3.

Print your name and address on the reverse so that we can return the card to you.

Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

Hazelwood Partners, LP
120 Hazelwood Drive
Fort Worth, TX 76107



7590 9401 0006 5168 5762 54

Article Number (Transfer from service label)

7015 0640 0002 6428 0039

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *Cindy Herrera-Munilla*

B. Received by (Printed Name)

Cindy Herrera-Munilla

C. Date of Delivery

7-21-15

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below ☐ No

3. Service Type

☐ Adult Signature

☐ Adult Signature Restricted Delivery

☐ Certified Mail

☐ Certified Mail Restricted Delivery

☐ Collect on Delivery

☐ Collect on Delivery Restricted Delivery

☐ Insured Mail

☐ Mail Restricted Delivery

☐ Signature Confirmation

☐ Signature Confirmation Restricted Delivery

☐ Priority Mail Express

☐ Registered Mail

☐ Registered Mail Restricted Delivery

☐ Return Receipt for Merchandise

☐ Signature Confirmation

☐ Signature Confirmation Restricted Delivery

PS Form 3811, April 2015 PSN 7530-02-000 0063

Domestic Return Receipt

CERTIFIED MAILING LIST

**Wells and Leases: Moose's Tooth 29 26 33 (NMNM27506), Salado Draw 29 26 33 Fed Com #1H-
8H(NMNM27506 & NMNM125653)**

Respondant Name/Address:

Certified Receipt #

Hazelwood Partners, LP
120 Hazelwood Drive
Fort Worth, TX 76107

7015 0640 0002 6428 0029

State of New Mexico
P.O. Box 1148
Santa Fe, NM 87504

7015 0640 0002 6428 0012

Edna Brown Hibbits
2101 Oaklawn Drive
Midland, TX 79705

7015 0640 0002 6428 0036

Sandi Miller
1015 Fern
Roswell, NM 88203

7015 0640 0002 6428 0043

Miller Family Mineral Interests, LLC
100412 Vaca Road
Kennewick, WA 99338

7015 0640 0002 6428 0050

APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY
Salado Draw 29 Central Tank Battery

Chevron U.S.A. Inc.



Robert B. Morrison, Jr.
Land Representative

Mid-Continent Business Unit
Chevron U.S.A. Inc.
P.O. Box 2100
Houston, TX 77252
Tel: (713) 372-6707
Fax: (855) 721-7259
rmorrisonjr@chevron.com

April 1, 2015

Sent via US Mail

Bureau of Land Management
ATTN: Mr. Ed Fernandez
620 E. Greene Street
Carlsbad, NM 88220

RE: **Fed/State Communitization Agreement**
Salado Draw 29-26-33 Fed Com #5H-#8H
Township 26 South, Range 33 East, N.M.P.M.
Section 29: E/2
Section 32: N/2NE/4, Lot 1, Lot 2
Limited to the Bone Springs Formation
Lea County, New Mexico

Dear Mr. Fernandez,

I have enclosed, for your review and approval, four (4) executed original Fed/State communitization agreements covering the Bone Spring Formation under the captioned lands. The Salado Draw #5H was spud on March 21, 2015. I will submit completion reports as the wells are completed.

Should you have any questions, or require additional information, please do not hesitate to contact me directly at 713-372-6707 or by email at rmorrisonjr@chevron.com.

Sincerely,

A handwritten signature in dark ink, appearing to read "Rob Morrison", written over a horizontal line.

Robert (Rob) Morrison, Jr.
Land Representative

Enclosure(s): (4) Fed/State Communitization Agreement

APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY
Salado Draw 29 Central Tank Battery

Chevron U.S.A. Inc.



Robert B. Morrison, Jr.
Land Representative

Mid-Continent Business Unit
Chevron U.S.A. Inc.
P.O. Box 2100
Houston, TX 77252
Tel: (713) 372-6707
Fax: (855) 721-7259
rmorrisonjr@chevron.com

July 14, 2015

Sent via US Mail

Bureau of Land Management
ATTN: Mr. Ed Fernandez
620 E. Greene Street
Carlsbad, NM 88220

RE: **Fed/State Communitization Agreement**
Salado Draw 29-26-33 Fed Com #111-#411
Township 26 South, Range 33 East, N.M.P.M.
Section 29: W/2
Section 32: N/2NW/4, Lot 4, Lot 3 (W/2)
Limited to the Bone Springs Formation
Lea County, New Mexico

Dear Mr. Fernandez:

I have enclosed, for your review and approval, four (4) executed original Fed/State communitization agreements covering the Bone Spring Formation under the captioned lands. The *Salado Draw 29-26-33 Fed Com #111* is scheduled to spud in October 2015. I will submit completion reports as the wells are completed.

Should you have any questions, or require additional information, please do not hesitate to contact me directly at 713-372-6707 or by email at rmorrisonjr@chevron.com.

Sincerely,

A handwritten signature in dark ink, appearing to read "Rob Morrison", written over a horizontal line.

Robert (Rob) Morrison, Jr.
Land Representative

Enclosure(s): (4) Fed/State Communitization Agreement

APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY
Salado Draw 29 Central Tank Battery

Chevron U.S.A. Inc.

DATE IN	SUSPENSE	ENDORSE	COMMENTS	TYPE	APPROV
---------	----------	---------	----------	------	--------

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
☐ DHC ☒ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

- [D] Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] ☒ Working, Royalty or Overriding Royalty Interest Owners
[B] ☐ Offset Operators, Leaseholders or Surface Owner
[C] ☐ Application is One Which Requires Published Legal Notice
[D] ☒ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
[F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Jordan L. Kessler
Print or Type Name

Signature

Attorney
Title

Date

jlkessler@hollandhart.com

e-mail Address

7/22/15

APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY
Salado Draw 29 Central Tank Battery

Chevron U.S.A. Inc.

District I
1624 N. Frisco Drive Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 R. P. Driscoll 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

Form C-107-B
Revised August 1, 2011

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: 1516 W. BENJAMIN 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: ☐ Free ☒ 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 in top allowables? ☐ 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: WILDCAT BONE SPRING (97955)
(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 attached 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 plot 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-MURILLO TITLE: PERMITTING SPECIALIST

DATE: 02/21/2013

TYPE OR PRINT NAME: CINDY HERRERA-MURILLO

TELEPHONE NO: 505-265-0431

E-MAIL ADDRESS: Chevronmtn@chevron.com



APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY
Salado Draw 29 Central Tank Battery

Chevron U.S.A. Inc.

Chevron Functional Contacts			
<i>Contact Name</i>	<i>Function</i>	<i>Phone Number</i>	<i>Email Address</i>
Michelle Burkett	CD/Performance FE Lead	432-687-7265	mburkett@chevron.com
David Macurdy	Factory HES Support Supervisor	713-754-3826	david.macurdy@chevron.com
Caleb Brown	Facilities Engineer	432-687-7326	Caleb.Brown@chevron.com

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

**Moose's Tooth 29 26 33 Fed Com 1H, Salado Draw 29 26 33 Fed Com 1H, 2H, 3H, 4H, 5H, 6H, 7H, & 8H
3002542168, 3002542629, 3002542637, 3002542638, 3002542639,
3002542440, 3002542441, 3002542442, 3002542443
Leases NMNM27506, NMNM125653 and CA's – NMNM134673, NMNM136451, & NMNM135620**

Chevron USA INCORPORATED

May 11, 2017

Condition of Approval

Surface commingling, off lease/CA storage measurement and sales.

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 or product accountability.
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 Federal Regulations, AGA and API requirements 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 calibration/proving to allow time for an inspector to witness.