

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Carlsbad Field Office

OCD Hobbs

FORM 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.

SUBMIT IN TRIPLICATE - Other instructions on page 2

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMNM27506
2. Name of Operator CHEVRON USA INCORPORATED		6. If Indian, Allottee or Tribe Name
Contact: DENISE PINKERTON E-Mail: leakejd@chevron.com		7. If Unit or CA/Agreement, Name and/or No.
3a. Address 6301 DEAUVILLE BLVD MIDLAND, TX 79706	3b. Phone No. (include area code) Ph: 432-687-7375	8. Well Name and No. Multiple--See Attached
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Multiple--See Attached		9. API Well No. Multiple--See Attached
		10. Field and Pool or Exploratory Area WC025G06S263319P-BONE SPRING
		11. County or Parish, State LEA COUNTY, NM

HOBBS OCD
MAR 19 2018
RECEIVED

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 Surface Commingling
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 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. RESPECTFULLY REQUESTS APPROVAL TO SURFACE COMMINGLE OIL, GAS, AND WATER PRODUCTION FROM THE BONE SPRING OIL POOL AND UPPER WOLFCAMP POOL THROUGH CHEVRON'S SALADO DRAW 29 CENTRAL TANK BATTERY.

THE FOLLOWING WELLS ARE TO BE INCLUDED IN THIS SURFACE COMMINGLE:

- *Moose's Tooth 29 26 33 Fed Com #1H 30-025-42168
- *Salado Draw 29 26 33 Fed Com #1H 30-025-42629
- *Salado Draw 29 26 33 Fed Com #2H 30-025-42637
- *Salado Draw 29 26 33 Fed Com #3H 30-025-42638
- *Salado Draw 29 26 33 Fed Com #4H 30-025-42639
- *Salado Draw 29 26 33 Fed Com #5H 30-025-42440
- *Salado Draw 29 26 33 Fed Com #6H 30-025-42441

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

**Electronic Submission #379915 verified by the BLM Well Information System
For CHEVRON USA INCORPORATED, sent to the Hobbs
Committed to AFMSS for processing by DEBORAH MCKINNEY on 06/30/2017 (17DLM1370SE)**

Name (Printed/Typed) DENISE PINKERTON	Title PERMITTING SPECIALIST
Signature (Electronic Submission)	Date 06/27/2017

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <i>J. D. Whitlock</i>	Title <i>TLDET</i>	Date <i>3/15/18</i>
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 <i>CFO</i>

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 #379915 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
NMNM136451	NMNM27506	SALADO DRAW 29 26 33 FED COM #7H	30-025-42629-00-S1	Sec 29 T26S R33E NWNW 200FNL 1283FWL
NMNM136451	NMNM27506	SALADO DRAW 29 26 33 FED COM #8H	30-025-42637-00-S1	Sec 29 T26S R33E NWNW 200FNL 1308FWL
NMNM136451	NMNM27506	SALADO DRAW 29 26 33 FED COM #9H	30-025-42638-00-S1	Sec 29 T26S R33E NENW 200FNL 1333FWL
NMNM136451	NMNM27506	SALADO DRAW 29 26 33 FED COM #10H	30-025-42639-00-S1	Sec 29 T26S R33E NENW 200FNL 1358FWL
NMNM135620	NMNM125653	SALADO DRAW 29 26 33 FED COM #11H	30-025-42440-00-S1	32.021087 N Lat, 103.597958 W Lon
NMNM135620	NMNM125653	SALADO DRAW 29 26 33 FED COM #12H	30-025-42441-00-S1	Sec 29 T26S R33E NWNE 136FNL 1457FEL
NMNM135620	NMNM125653	SALADO DRAW 29 26 33 FED COM #13H	30-025-42442-00-S1	32.021261 N Lat, 103.589979 W Lon
NMNM135620	NMNM125653	SALADO DRAW 29 26 33 FED COM #14H	30-025-42443-00-S1	Sec 29 T26S R33E NWNE 136FNL 1432FEL
NMNM27506	NMNM27506	SD EA 29 FED COM P8 10H	30-025-43269-00-X1	32.021261 N Lat, 103.589899 W Lon
NMNM27506	NMNM27506	SD EA 29 FED COM P8 11H	30-025-43270-00-X1	Sec 29 T26S R33E NWNE 136FNL 1657FEL
NMNM27506	NMNM27506	SD EA 29 FED COM P8 12H	30-025-43271-00-X1	Sec 29 T26S R33E NWNE 136FNL 1632FEL
NMNM27506	NMNM27506	SD EA 29 FED COM P8 9H	30-025-43268-00-X1	Sec 29 T26S R33E NWNE 136FNL 1607FEL
NMNM134673	NMNM27506	MOOSES TOOTH 29 26 33 FED COM #15H	30-025-42168-00-S1	Sec 29 T26S R33E NWNE 136FNL 1682FEL
				Sec 29 T26S R33E NWNW 200FNL 330FWL
				32.021087 N Lat, 103.601275 W Lon

32. Additional remarks, continued

- *Salado Draw 29 26 33 Fed Com #7H 30-025-42442
- *Salado Draw 29 26 33 Fed Com #8H 30-025-42443
- *SD EA 29 Fed Com P8 #9H 30-025-43268
- *SD EA 29 Fed Com P8 #10H 30-025-43269
- *SD EA 29 Fed Com P8 #11H 30-025-43270
- *SD EA 29 Fed Com P8 #12H 30-025-43271

*Wolfcamp CA NEEDED.
 NOT Filed. area same as NMNM135620*

Please find attached for your approval, the Surface Commingle package containing all information pertinent for this application.

QUESTIONS/CONCERNS SHOULD BE DIRECTED TO COLIN MACRITCHIE AT 432-687-7107, colinmac@chevron.com

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 33 Fed Com # 1H	Sec29, NWNW T26S R33E	3002542168	Wildcat; Bone Spring	168	45.9	738	1255

**Federal Lease NMNM27506; State Lease VB1838
Communitization Agreement NM136451**

Well Name	Location	API #	Pool 97955	Oil		Gas	
				BOPD	Gravity	MCFPD	BTU
Salado Draw 29 26 33 Fed Com #1H	Sec29, NWNW T26S R33E	3002542629	Wildcat; Bone Spring	302	44.7	614	1287

**Federal Lease NMNM27506; State Lease VB1838
Communitization Agreement NM136451**

Well Name	Location	API #	Pool 97955	Oil		Gas	
				BOPD	Gravity	MCFPD	BTU
Salado Draw 29 26 33 Fed Com #2H	Sec29, NWNW T26S R33E	3002542637	Wildcat; Bone Spring	27	44.7	275	1287

**Federal Lease NMNM27506; State Lease VB1838
Communitization Agreement NM136451**

Well Name	Location	API #	Pool 97955	Oil		Gas	
				BOPD	Gravity	MCFPD	BTU
Salado Draw 29 26 33 Fed Com #3H	Sec29, NENW T26S R33E	3002542638	Wildcat; Bone Spring	232	44.7	506	1287

**Federal Lease NMNM27506; State Lease VB1838
Communitization Agreement NM136451**

Well Name	Location	API #	Pool 97955	Oil		Gas	
				BOPD	Gravity	MCFPD	BTU
Salado Draw 29 26 33 Fed Com #4H	Sec29, NENW T26S R33E	3002542639	Wildcat; Bone Spring	152	44.7	589	1287

**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 #5H	Sec29, NWNE T26S R33E	3002542440	Wildcat; Bone Spring	200	44.7	741	1287

**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 #6H	Sec29, NWNE T26S R33E	3002542441	Wildcat; Bone Spring	87	44.7	300	1287

**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	263	44.7	366	1287

**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	113	44.7	662	1287

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

Federal Leases NMNM27506 and NMNM125653; State Lease VB1838 *CA - NOT Filed*
 Well Name Location API # Pool 90897 BOPD Gravity MCFPD BTU
 SD EA 29 Fed Com Sec29, NWNE N/A Upper Wolfcamp 955* 46.5* 1919* 1233*
 P8 9H T26S R33E WC-025 G-09 S263327G

Federal Leases NMNM27506 and NMNM125653; State Lease VB1838 *CA - NOT Filed*
 Well Name Location API # Pool 90897 BOPD Gravity MCFPD BTU
 SD EA 29 Fed Com Sec29, NWNE N/A Upper Wolfcamp 955* 46.5* 1919* 1233*
 P8 10H T26S R33E WC-025 G-09 S263327G

Federal Leases NMNM27506 and NMNM125653; State Lease VB1838 *CA - NOT Filed*
 Well Name Location API # Pool 90897 BOPD Gravity MCFPD BTU
 SD EA 29 Fed Com Sec29, NWNE N/A Upper Wolfcamp 955* 46.5* 1919* 1233*
 P8 11H T26S R33E WC-025 G-09 S263327G

Federal Leases NMNM27506 and NMNM125653; State Lease VB1838 *CA - NOT Filed*
 Well Name Location API # Pool 90897 BOPD Gravity MCFPD BTU
 SD EA 29 Fed Com Sec29, NWNE N/A Upper Wolfcamp 955* 46.5* 1919* 1233*
 P8 12H T26S R33E WC-025 G-09 S263327G

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

The BLM's interest in these leases is the same. Lease NMNM 27506 royalty rate is 12.5% and Lease NMNM 27506 is 12.5%. Chevron plans to unitize the Bone Spring and Wolfcamp formations covering federal leases NMNM 27506, NMNM 27506, and state lease VB1838. The BLM's royalty distribution will be uniform across both proposed units.

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

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 or third party disposal.

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 1** 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 1 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 1 Heated Production Separator SN: *TBD; Train 1 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**).

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

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

separator and each area's share of bulk gas will be allocated based on a percentage of total bulk gas metered. 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).

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

- 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).
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- 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)

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

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

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 CIB 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{Procter 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})} \\ \\ \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{SD 19 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{SD 19 Train 1 Gas} + \text{SD 19 Train 2 Gas} + \text{SD 19 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{SD 19 C1 Gas} + \text{SD 19 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{SD 19 C2 Flash})}{(\text{SD 19 C1 Gas} + \text{SD 19 C2 Gas} + \text{SD 19 T1 Flash} + \text{SD Train 1 Gas Lift})} \\ \\ \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}$$

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

SD 29 Gas Allocation

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

$$\text{SD 29 Train 1 Produced Gas\%} = \frac{(\text{SD 29 T1 Gas} - \text{SD 29 T1 Gas Lift} + \text{SD 29 Train 1 Flash})}{(\text{SD29 Train 1 Gas} + \text{SD 29 Train 2 Gas} + \text{Moose's Tooth Gas} + \text{SD 29 Flash Gas} - \text{SD 29 Gas Lift})}$$

$$\text{SD 29 Train 2 Produced Gas\%} = \frac{(\text{SD 19 Train 2 Gas} - \text{SD 19 Train 2 Gas Lift} + \text{SD 19 Train 2 Flash})}{(\text{SD29 Train 1 Gas} + \text{SD 29 Train 2 Gas} + \text{Moose's Tooth Gas} + \text{SD 29 Flash Gas} - \text{SD 29 Gas Lift})}$$

$$\text{Moose's Tooth Produced Gas\%} = \frac{(\text{Moose's Tooth Gas} - \text{Moose's Tooth Gas Lift} + \text{Moose's Tooth Flash})}{(\text{SD29 Train 1 Gas} + \text{SD 29 Train 2 Gas} + \text{Moose's Tooth Gas} + \text{SD 29 Flash Gas} - \text{SD 29 Gas Lift})}$$

$$\text{SD 29 Produced Gas} = \text{SD 29 Produced Gas\%} * (\text{Total Sales Gas} + \text{Flare Gas})$$

$$\text{SD 29 Train 1 Produced Gas} = \text{SD 29 Train 1 Produced Gas\%} * \text{SD 29 Produced Gas}$$

$$\text{SD 29 Train 2 Produced Gas} = \text{SD 29 Train 2 Produced Gas\%} * \text{SD 29 Produced Gas}$$

$$\text{Moose's Tooth Produced Gas} = \text{Moose's Tooth Produced Gas\%} * \text{SD 29 Produced Gas}$$

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

Salado Draw 29 Battery Section 19 Commingling Diagram

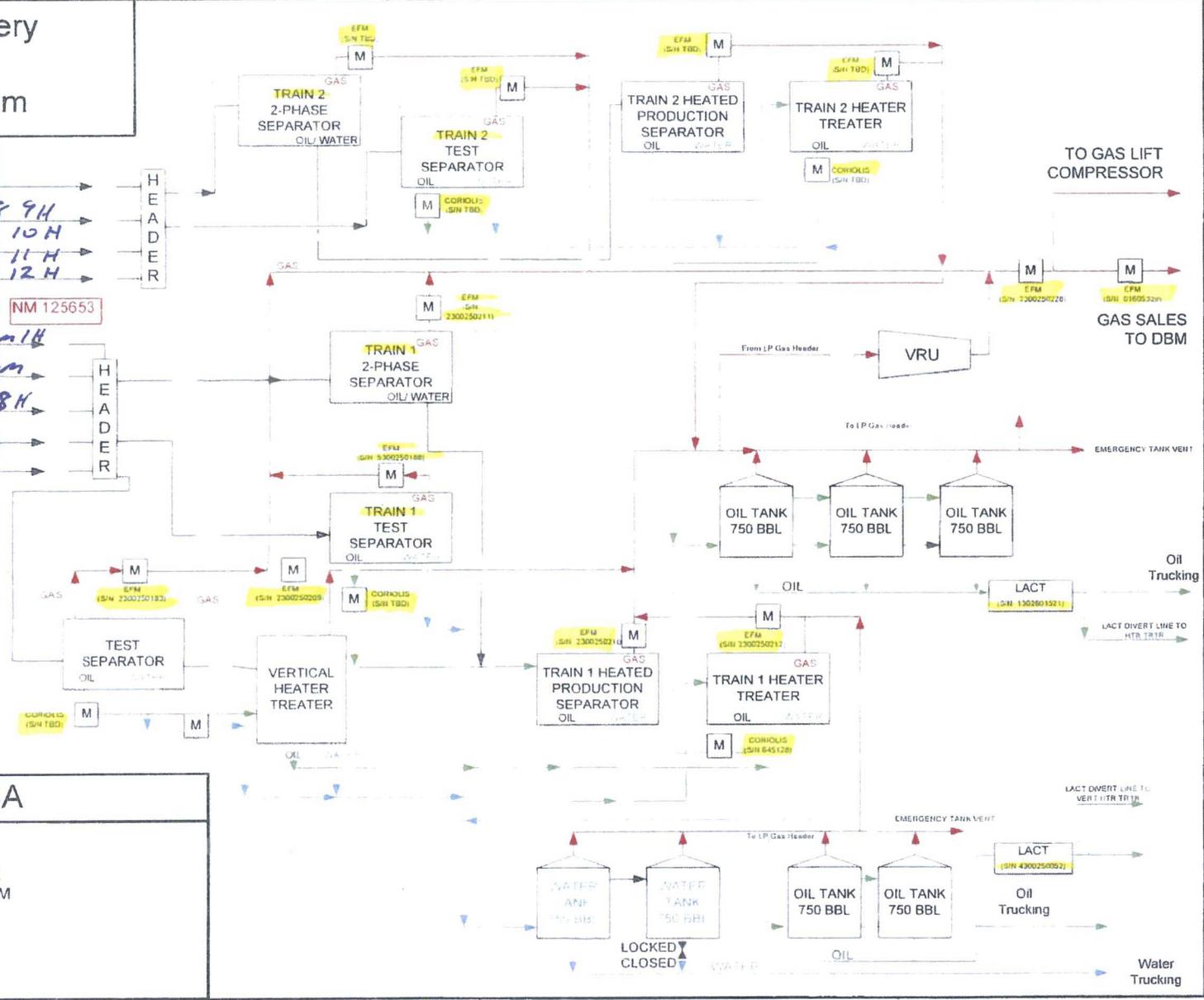
WC Sec 29/32 Wells
SDEA 29 Fed com P8 9H
" " " " " 10H
" " " " " 11H
" " " " " 12H

Pad 4, Pad 2, and
 Moose's Tooth Wells
 NM 27506 NM 125653
29 2633 Fed com LH
Salado Draw 29 2633 Fed com
1H, 2H, 3H, 4H, 5H, 6H, 7H, 8H

CHEVRON USA

Salado Draw
 Sec 29, 32 Commingling
 SESE Sect 19 T26S R33E
 PROCESS FLOW DIAGRAM

Sec 29, T26S, R33E
 Sec 32, T26S, R33E
 Lea County, New Mexico
 April 2017



019

020

021

NMNM 118727

NMNM 136219

NMNM 027506

NMNM 121490

030

029

028

NMNM 084898

NMNM 027510

NMNM 125653

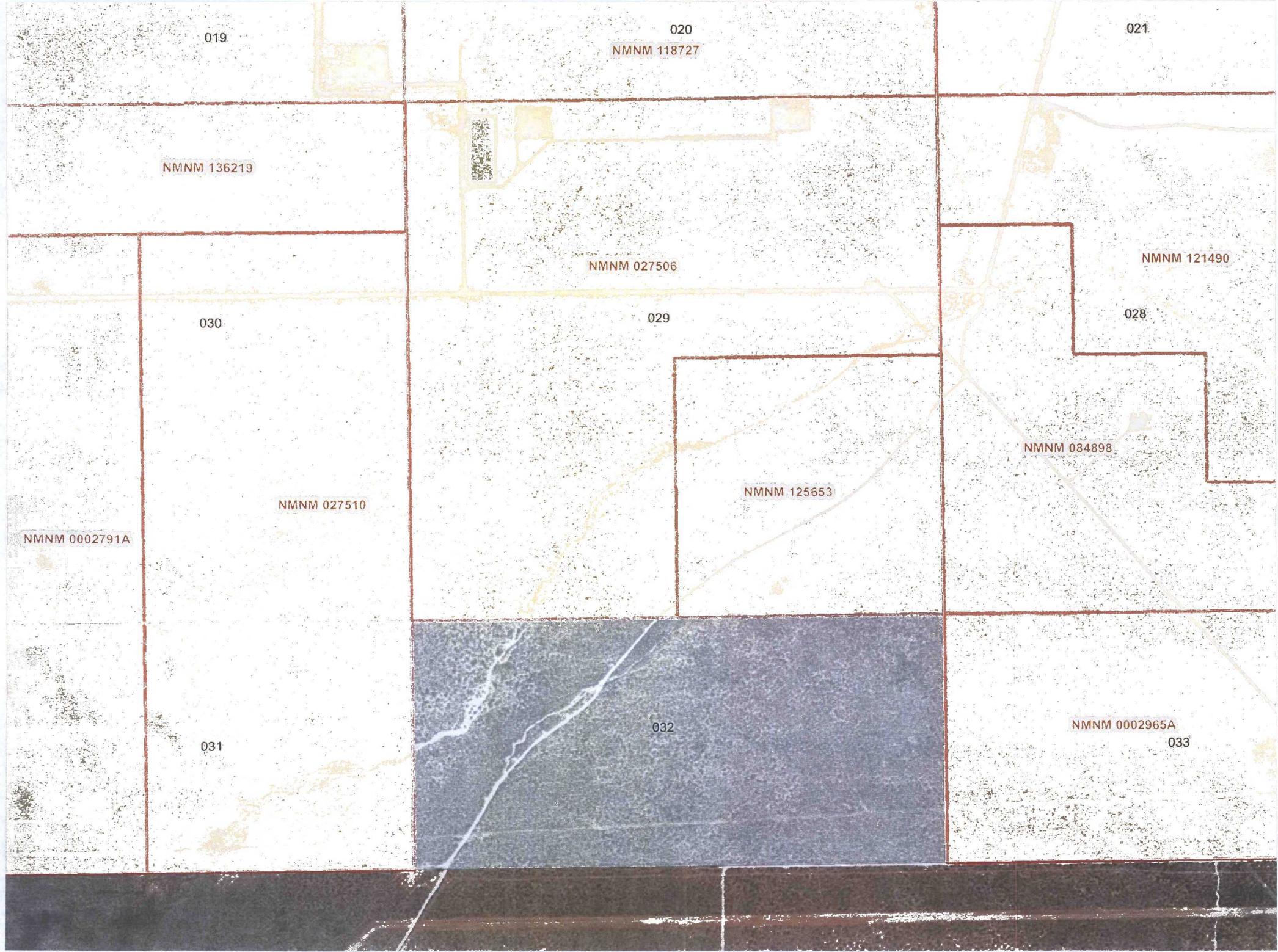
NMNM 0002791A

031

032

NMNM 0002965A

033



NMNM 135731

020
NMNM 118727

019

NMNM 136219

NMNM 121490

028

NMNM 027506

029

030

NMNM 134673

NMNM 135620

NMNM 137021

NMNM 137016

NMNM 13

NMNM 125653

NMNM 084898

NMNM 136451

NMNM 027510

NMNM 0002965A

NMNM 0002791A

033

032

031

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

Run Date/Time: 03/15/18 01:14 PM

Page 1 of 3

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	100.00000000

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**

Run Date/Time: 03/15/18 01:18 PM

Page 1 of 2

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;#7H	
03/01/2016	643	PRODUCTION DETERMINATION	/1/	

Serial Number: NMNM-- - 125653

Line Nr	Remarks
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**

Run Date/Time: 03/15/18 01:27 PM

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	OFFICE OF RECORD	0.000000000
CHEVRON USA INC	6301 DEAUVILLE	MIDLAND TX 797062964	OPERATOR	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

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

Run Date/Time: 03/15/18 01:23 PM

Page 1 of 1

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 0.000000000
CHEVRON USA INC	1400 SMITH ST	HOUSTON TX 770027327	OPERATOR 100.000000000

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/	

Line Nr **Remarks** **Serial Number: NMNM-- - 136451**

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

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

Run Date/Time: 03/15/18 01:22 PM

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	620 E GREENE ST	CARLSBAD NM 88220	OFFICE OF RECORD	0.00000000
CHEVRON USA INC	6301 DEAUVILLE	MIDLAND TX 797062964	OPERATOR	100.00000000

Serial Number: NMNM-- - 134673

Mer Twp	Rng	Sec	SType	Nr Suff	Subdivision	District/Resource Area	County	Mgmt Agency
23	0260S	0330E	029	ALIQ	W2W2;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0260S	0330E	032	ALIQ	NWNW;	CARLSBAD FIELD OFFICE	LEA	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	BONE SPRING	
03/01/2015	525	ACRES-NONFEDERAL	40; 20%	
03/01/2015	526	ACRES-FED INT 100%	160; 80%	
03/01/2015	868	EFFECTIVE DATE	/A/ 3002542168	
03/11/2015	654	AGRMT PRODUCING	/1/	
03/11/2015	658	MEMO OF 1ST PROD-ACTUAL	/1/ MEMO 6/18/15	
06/18/2015	643	PRODUCTION DETERMINATION	/1/	

Serial Number: NMNM-- - 134673

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



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 432-687-1348
Fax 432-687-7555
SLHolmes@chevron.com

May 23, 2017

CERTIFIED MAIL -- 7014 2120 00014561 0361

Interest Owners **Shalyce Holmes**
Land Representative

RE Request for Commingling & Off-Lease Measurement
See List of Wells Attached
Sec. 29 & 32 T26S-R33E
Pool 97955 - Wildcat; Bone Spring
Pool 90897 - Upper Wolfcamp, WC-025 G-09 S263327G Lea
County, New Mexico

Dear Sir/Madam,

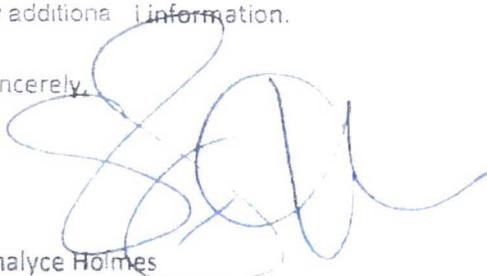
This letter is to advise you that Chevron U.S.A. Inc. is filing an application with the New Mexico Oil Conservation Division ("NMOCD") seeking approval to commingle production from the attached list of wells and for Off-Lease Gas Measurement, Sales & Storage at a common Central Tank Battery.

A copy 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.

Sincerely,


Shalyce Holmes

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

WELL LIST

Well Name	API	Pool Code
Mooses Tooth 29 26 33 Fed Com 1H	30-025-4216S	Pool97955-Wildcat; Bone Spring
Salado Draw 29 26 33 Fed Com 1H	30-025-42629	Pool97955-Wildcat; Bone Spring
Salado Draw 29 26 33 Fed Com 2H	30-025-42637	Pool97955-Wildcat; Bone Spring
Salado Draw 29 26 33 Fed Com 3H	30-025-4263S	Pool97955-Wildcat; Bone Spring
Salado Draw 29 26 33 Fed Com 4H	30-025-42639	Pool97955-Wildcat; Bone Spring
Salado Draw 29 26 33 Fed Com 5H	30-025-42440	Pool97955-Wildcat; Bone Spring
Salado Draw 29 26 33 Fed Com 6H	30-025-42441	Pool97955-Wildcat; Bone Spring
Salado Draw 29 26 33 Fed Com 7H	30-025-42442	Pool97955-Wildcat; Bone Spring
Salado Draw 29 26 33 Fed Com 8H	30-025-42443	Pool97955-Wildcat; Bone Spring
SD EA 29 Fed Com P8 9H	N/A - not yet received	Pool 90S97 - Upper Wolfcamp; WC-025 G-09 S263327G
SD EA 29 Fed Com P8 10H	N/A - not yet received	Pool 90S97 - Upper Wolfcamp; WC-025 G-09 S263327G
SD EA 29 Fed Com P8 11H	N/A - not yet received	Pool 90S97 - Upper Wolfcamp; WC-025 G-09 S263327G
SD EA 29 Fed Com P8 12H	N/A - not yet received	Pool 90S97 - Upper Wolfcamp; WC-025 G-09 S263327G

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

CERTIFIED MAILING LIST

Name	Address	City	State Code	ZipCode	Certified Mailing Number
United States of America	POBox27115	Santa Fe	NM	87502	7014 2120 00014561 0316
State of New Mexico	POBox1146	Santa Fe	NM	87504	7014 2120 00014561 0323
Hazelwood Partners, LP	120Hazelwood Drive	Fort Worth	TX	76107	7014 2120 00014561 0330
Edna Brown Hibbits	2101Oaklawn Drive	Midland	TX	79705	7014 2120 00014561 0347
Sandi Miller	1013 Ferr Drive	Roswell	NM	88203	7014 2120 00014561 0354
Miller Family Mineral Interest, LLC	2511NE 181st Ave	Vancouver	WA	98684	7014 2120 00014561 0361



Denise Pinkerton
Regulatory Specialist
Midcontinent BU

**Chevron North America
Exploration and Production Company**
(A Chevron U.S.A. Inc. Division)
6301 Deauville Blvd
Midland, Texas 79706
Tel 432-687-7375
leakejd@chevron.com

June 26, 2017

Oil Conservation Division
Attn: Engineering Department
1220 St. Francis Drive
Santa Fe, NM87505

Application for surface commingle, Bone Spring Oil and Wolfcamp, Lea County, NM (T26S, R33E, Section 29)

Dear Sirs,

Chevron U.S.A. Inc. respectfully requests administrative approval to surface commingle oil, gas and water production from the Bone Spring Oil Pool and Wolfcamp Pool through Chevron's Salado Draw 29 Central Tank Battery. Chevron requests the approval to minimize surface disturbance and future traffic by concentrating activities at one battery. Wells producing to this battery include the Salado Draw 29 26 33 Fed Com 1H - 8H, Mooses Tooth, SD EA 29 Fed Com P8 9H-12H. These wells are in Section 29, T 26S, R 33E in Lea County, New Mexico.

The BLM's interest in these leases are the same. Lease # NMNM27506 royalty rate is 12.5 %. Chevron plans to unitize the Bone Spring and Wolfcamp formations covering federal Lease NMNM27506 and state lease VB1838. The BLM's royalty distribution will be uniform across both proposed units.

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, API's will be the same or similar. The value of gas will not be affected due to different formations as BTU's are expected to be the same or similar.

Sincerely,

A handwritten signature in blue ink that reads "Denise Pinkerton".

Denise Pinkerton
Permitting Specialist

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

District I
1625 N. French Drive Hobbs, NM 88240
District II
811 S. First St. Amarillo, NM 89100
District III
1000 Rio Blvd. Road Arto, NM 87410
District IV
1220 S. St Francis Dr. Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-07-D
Revised August 1, 2011

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original application to the Santa Fe office with one copy to the appropriate District Office

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME Chevron USA INC.
OPERATOR ADDRESS 1616 W. Beaver Blvd Hobbs, NM 88240
APPLICATION TYPE

Pool Commingling Lease Commingling Pool and Lease Commingling Off-lease Storage and Measurement (Only in a Surface Commingling)

LEASE TYPE Fee State Federal

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

(A) POOL COMMINGLING

Please attach sheets with the following information

(1) Well Names and Codes	Gravities: BTU's of Non-Commingled Production	Calculated Gravities: BTU's of Commingled Production	Calculated Value of Commingled Production	Acres
<u>Wildcat; Bone Spring 97955</u>	<u>44.7 / 1297</u>			
<u>Upper Wolfcamp 90897</u>	<u>46.5 / 1233 (commingled)</u>			

- (2) Are any wells producing or potential? 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) + Upper Wolfcamp (90897)
(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 plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved
(3) Lease Names, Lease and Well Numbers, and API Numbers

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

SIGNATURE

[Handwritten Signature]

TITLE

Regulatory

DATE 6-15-17

TYPE OR PRINT NAME

Roman K Fuentes

TELEPHONE NO 432-687-6731

E-MAIL ADDRESS

djw@chevron.com

RECEIVED:	REVIEWER:	TYPE:	APP NO:
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Geological & 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

Applicant: CHEVRON U.S.A. INC.	OGRID Number: 4323
Well Name: SALADO DRAW 29 26 33 FED COM #1H	API: 30-025-42629
Pool: WILDCAT, BONE SPRING	Pool Code: 97955

SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW

- 1) **TYPE OF APPLICATION:** Check those which apply for [A]
- A. Location - Spacing Unit - Simultaneous Dedication
 NSL NSP (PROJECT AREA) NSP (PRODUCTION UNIT) SD
- B. Check one only for [I] or [II]
- [I] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
- [II] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

- 2) **NOTIFICATION REQUIRED TO:** Check those which apply.
- A. Offset operators or lease holders
 B. Royalty, overriding royalty owners, revenue owners
 C. Application requires published notice
 D. Notification and/or concurrent approval by SLO
 E. Notification and/or concurrent approval by BLM
 F. Surface owner
 G. For all of the above, proof of notification or publication is attached, and/or,
 H. No notice required

FOR OCD ONLY	
<input type="checkbox"/>	Notice Complete
<input type="checkbox"/>	Application Content Complete

3) **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.

DENISE PINKERTON

 Print or Type Name

Denise Pinkerton

 Signature

06/26/2017

 Date

432-687-7375

 Phone Number

leakejd@chevron.com

 e-mail Address

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

**(See list of wells below)
Chevron USA Inc.
March 15, 2018**

Condition of Approval

Pool Commingling & Commingling, Off lease/CA measurement, Storage and Sales of CA production

1. This approval is subject to like approval by the New Mexico Oil Conservation Division.
2. This agency shall be notified of any spill or discharge as required by NTL-3A.
3. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
4. This approval does not constitute right-of-way approval for any off-lease activities. Within 30 days, an application for right-of-way approval must be submitted to the Realty Section if not already done.
5. Approval for combining production from various sources is a privilege which is granted to lessees for the purpose of aiding conservation and extending the economic life of leases. Applicants should be cognizant that failure to operate in accordance with the provisions outlined in the Authorized Officer's conditions of approval and/or subsequent stipulations or modifications will subject such approval to revocation.
6. Gas measurement for allocation must be measured as per Onshore Order #5 or 43 CFR 3175 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 43 CFR 3179 to ONRR. All gas which is vented or flared shall be subject to royalty, unless prior approval was given by the authorized officer. These volumes are royalty bearing and shall be reported on OGOR "B" as disposition code "33".
8. This agency shall be notified of any change in sales method or location of sales point.
9. Additional wells and/or leases/CAs require additional commingling approvals.
10. Notify this office 24 Hrs. prior to any meter proving to allow time for an inspector to witness.
11. Submit meter numbers upon installation of meters and also provide updated facility diagram with meters numbers.

Well Name	API #	Formation	CA
Moose's Tooth 29 26 33 Fed Com #1H	30-025-42168	Bone Springs	NMNM134673
Salado Draw 29 26 33 Fed Com #1H	30-025-42629	Bone Springs	NMNM136451
Salado Draw 29 26 33 Fed Com #2H	30-025-42637	Bone Springs	NMNM136451
Salado Draw 29 26 33 Fed Com #3H	30-025-42638	Bone Springs	NMNM136451
Salado Draw 29 26 33 Fed Com #4H	30-025-42639	Bone Springs	NMNM136451
Salado Draw 29 26 33 Fed Com #5H	30-025-42440	Bone Springs	NMNM135620
Salado Draw 29 26 33 Fed Com #6H	30-025-42441	Bone Springs	NMNM135620
Salado Draw 29 26 33 Fed Com #7H	30-025-42442	Bone Springs	NMNM135620

Salado Draw 29 26 33 Fed Com #8H	30-025-42443	Bone Springs	NMNM135620
SD EA 29 Fed Com P8 #9H	30-025-43268	Wolfcamp	CA not filed
SD EA 29 Fed Com P8 #10H	30-025-43269	Wolfcamp	CA not filed
SD EA 29 Fed Com P8 #11H	30-025-43270	Wolfcamp	CA not filed
SD EA 29 Fed Com P8 #12H	30-025-43271	Wolfcamp	CA not filed

NMNM27506 – Royalty Rate 12.5%

NMNM125653 – Royalty Rate 12.5%

CA – NMNM134673 Bone Springs, Leases NMNM27506 – 80.00% and State – 20.00%

CA – NMNM136451 Bone Springs, Leases NMNM27506 – 67.40% and State – 32.60%

CA – NMNM135620 Bone Springs, Leases NMNM27506 – 33.69%, NMNM125653 – 33.39% and State – 32.61%

CA – NMNM not filed Wolfcamp, Leases NMNM27506 – 33.69%, NMNM125653 – 33.39% and State – 32.61%