

Form 3160-3
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

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

2007 Lease Serial No. 10-32
NOO-C-14-20-3779

6. If Indian, Allottee or Tribe Name
RECEIVED
NAVAJO ALLOTMENT

1a. Type of work: ☒ DRILL ☐ REENTER

1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone

2. Name of Operator
CHEVRON MIDCONTINENT, L. P.

3a. Address 11111 SOUTH WILCREST
HOUSTON, TX 77236

3b. Phone No. (include area code)
(281) 561-4896

7. If Unit or CA Agreement, Name and No.
SW I 4308 DK

8. Lease Name and Well No.
NAVAJO I-1 #2

9. API Well No.
30-045- 34259

4. Location of Well (Report location clearly and in accordance with any State requirements.)*
At surface 1545' FSL & 1615' FWL
At proposed prod. zone SAME

10. Field and Pool, or Exploratory
BASIN DAKOTA

11. Sec., T. R. M. or Blk. and Survey or Area
K 1-25N-11W NMPM

14. Distance in miles and direction from nearest town or post office*
20 AIR MILES SOUTH OF BLOOMFIELD

12. County or Parish
SAN JUAN

13. State
NM

15. Distance from proposed*
location to nearest
property or lease line, ft
(Also to nearest drig. unit line, if any) 1,025'

16. No. of acres in lease
320

17. Spacing Unit dedicated to this well
S2 320

18. Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft. N/A

19. Proposed Depth
6,400'

20. BLM/BIA Bond No. on file
BIA RLB0002774

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
6,437' GL

22. Approximate date work will start*
09/01/2007

23. Estimated duration
4 WEEKS

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).

4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature

Brian Wood

Name (Printed/Typed)
BRIAN WOOD

Date

03/28/2007

Title

CONSULTANT

PHONE: (505) 466-8120

FAX: (505) 466-9682

Approved by (Signature)

[Signature]
AFM

Name (Printed/Typed)

Date

3/25/08

Title

Office

FFO

Application approval 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
Conditions of approval, if any, are attached.

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)

NMOCD

APR 01 2008

AV

NOTIFY AZTLC OGD 24 HRS.
PRIOR TO CASING & CEMENT

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240

DISTRICT II
1301 W. Grand Ave., Artesia, N.M. 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV
1220 South St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

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

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

2007 MAR 30 10:32 AM AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-34259	² Pool Code 71599	³ Pool Name BASIN DAKOTA
⁴ Property Code 302731	⁵ Property Name NAVAJO I-1	⁶ Well Number 2
⁷ GRID No. 241333	⁸ Operator Name CHEVRON MIDCONTINENT, L.P.	⁹ Elevation 6437

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	1	25-N	11-W		1545	SOUTH	1615	WEST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 320			¹³ Joint or Infill .		¹⁴ Consolidation Code C		¹⁵ Order No.		

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

18	LOT 4	LOT 3	LOT 2	LOT 1	17
<p>FD. 2 1/2" BC. 1932 U.S.G.L.O.</p> <p>N 0°04'47" W 2643.28' (M)</p> <p>1615'</p> <p>LAT. 36.42702° N (NAD 83) LONG. 107.95910° W (NAD 83)</p> <p>1545'</p> <p>N 89°51'15" E 5281.38' (M)</p> <p>FD. 2 1/2" BC. 1932 U.S.G.L.O.</p>					<p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order, heretofore entered by the division.</p> <p><i>Teresa Jackson</i> 7/6/06 Signature Date Teresa Jackson Printed Name</p>
					<p>18 SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>JUNE 5, 2006 Date of Survey JOHN A. VUKONICH Signature of Registered Professional Surveyor NEW MEXICO 14831 REGISTERED PROFESSIONAL SURVEYOR Certificate Number</p>

Submit 3 Copies To Appropriate District Office
District I
1625 N French Dr, Hobbs, NM 88240
District II
1301 W Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd, Aztec, NM 87410
District IV
1220 S. St. Francis Dr, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
May 27, 2004

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO. 30-045- 34259
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator CHEVRON MIDCONTINENT, L. P.		6. State Oil & Gas Lease No. NOO-C-14-20-3779
3. Address of Operator 11111 SOUTH WILCREST, HOUSTON, TX 77236		7. Lease Name or Unit Agreement Name NAVAJO I-1
4. Well Location Unit Letter: K 1545' FSL & 1615' FWL Section 1 Township 25 N Range 11 W NMPM SAN JUAN County		8. Well Number #2
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6,437' GL		9. OGRID Number 241333
<u>Pit</u> or Below-grade Tank Application <input checked="" type="checkbox"/> or Closure <input type="checkbox"/>		10. Pool name or Wildcat BASIN DAKOTA
Pit type: <u>DRILLING</u> Depth to Groundwater: <u>>100'</u> Distance from nearest fresh water well: <u>>1,000'</u> Distance from nearest surface water: <u>>150'</u>		
Pit Liner Thickness: 12 mil Below-Grade Tank: Volume bbls; Construction Material		

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: DRILLING PIT <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE

Brian Wood

TITLE: CONSULTANT

DATE: MAR. 28, 2007

Type or print name: BRIAN WOOD

E-mail address: brian@permitswest.com

Telephone No.: (505) 466-8120

For State Use Only

Deputy Oil & Gas Inspector,
District #3

APPROVED BY:

[Signature]

TITLE

DATE: **APR 01 2008**

Conditions of Approval (if any):

Chevron Midcontinent, L. P.
Navajo I-1 #2
1545' FSL & 1615' FWL
Sec. 1, T. 25 N., R. 11 W.
San Juan County, New Mexico

PAGE 1

Drilling Program

1. ESTIMATED FORMATION TOPS

<u>Formation</u>	<u>GL Depth</u>	<u>KB Depth</u>	<u>Elevation</u>
Nacimiento Formation	0'	12'	+6,437'
Ojo Alamo Sandstone	662'	674'	+5,775'
Fruitland Formation	1,237'	1,249'	+5,200'
Pictured Cliffs Sandstone	1,577'	1,589'	+4,860'
Lewis Shale	1,637'	1,649'	+4,800'
Cliff House Sandstone	2,987'	2,999'	+3,450'
Point Lookout Sandstone	4,037'	4,049'	+2,400'
Mancos Shale	4,337'	4,349'	+2,100'
Gallup Sandstone	4,962'	4,974'	+1,475'
Greenhorn Limestone	5,937'	5,949'	+500'
Graneros Shale	5,987'	5,999'	+450'
Dakota Sandstone	6,112'	6,124'	+325'
Morrison	6,237'	6,249'	+200'
Total Depth (TD)*	6,400'	6,412'	+37'

2. NOTABLE ZONES

<u>Gas or Oil Zones</u>	<u>Water Zones</u>	<u>Coal Zone</u>
Fruitland	Nacimiento	Fruitland
Pictured Cliffs	Ojo Alamo	
Gallup	Fruitland	
Dakota		

Water zones will be protected with casing, cement, and fresh water based mud. Fresh water found while drilling will be recorded. Oil or gas shows will be tested for commercial potential based on the geologist's recommendations.

Chevron Midcontinent, L. P.
Navajo I-1 #2
1545' FSL & 1615' FWL
Sec. 1, T. 25 N., R. 11 W.
San Juan County, New Mexico

PAGE 2

3. PRESSURE CONTROL

The drilling contract has not yet been awarded, thus the exact BOP model to be used is not yet known. A typical 2,000 psi model is on PAGE 3.

A $\geq 2,000$ psi BOP and choke manifold system will be installed and tested to $\approx 2,000$ psi before drilling the surface casing plug. It will remain in use until the well is completed or abandoned. A safety valve and sub with a full opening valve to fit the drill pipe and drill collars will be available on the rig floor in the open position at all times for use when the kelly is not in use.

All BOP mechanical and pressure tests will be recorded on the driller's log. BOPs will be inspected and opened and closed at least daily to assure good mechanical working order. Inspections will be recorded on the daily drilling report. Pressure tests will be conducted before drilling out from under all set and cemented casing strings. Maximum expected bottom hole pressure will be $\leq 2,560$ psi. BOP and mud systems will control pressure.

4. CASING & CEMENT

<u>Hole Size</u>	<u>O. D.</u>	<u>Pounds per Foot</u>	<u>Grade</u>	<u>Age</u>	<u>Connections</u>	<u>Depth Set</u>
12-1/4"	8-5/8"	24	J-55	New	S T & C	325'
7-7/8"	5-1/2"	15.5	J-55	New	L T & C	6,400'

Surface casing will be cemented to the surface with ≈ 270 cubic feet (≈ 230 sacks) Class B Neat + 1/4 pound per sack cellophane + 2% CaCl_2 . Yield = 1.27 cubic feet per sack. Weight = 15.2 pounds per gallon. Centralizers will be set on the bottom two joints and every fourth joint to the surface.

Production casing will be cemented to the surface with a DV set at $\approx 4,000'$. Centralizers will be set on the bottom two joints, every second joint to $\approx 6,000'$ and every fourth joint from $\approx 2,000'$ to the surface.

Chevron Midcontinent, L. P.
Navajo I-1 #2
1545' FSL & 1615' FWL
Sec. 1, T. 25 N., R. 11 W.
San Juan County, New Mexico

PAGE 4

First stage Lead will be cemented to $\approx 4,000'$ with ≈ 541 cubic feet (≈ 392 sacks) 50:50 Poz + 5 pounds per sack gilsonite + 2% gel + 1/4 pound per sack cellophane + dispersant + FLA. Yield = 1.38 cubic feet per sack. Weight = 13.5 pounds per gallon. Excess = 30%.

Second stage Lead will be cemented to the surface with $\approx 1,440$ cubic feet (≈ 327 sacks) Class B or H + 10 pounds per sack gilsonite + 4% gel + 1/2 pound per sack cellophane + 3% Halliburton Econolite or its equivalent. Yield = 2.88 cubic feet per sack. Weight = 11.4 pounds per gallon. Excess = 50%

Second stage Tail will be cemented to $\approx 3,600'$ with ≈ 90 cubic feet (≈ 72 sacks) Class B or H Neat + 1/4 pound per sack cellophane + 2% CaCl_2 . Yield = 1.26 cubic feet per sack. Weight = 15.2 pounds per gallon. Excess = 20%.

5. MUD PROGRAM

<u>Depth</u>	<u>Type</u>	<u>ppg</u>	<u>Viscosity</u>	<u>Fluid Loss</u>	<u>pH</u>
0' - 350'	Fresh water gel	9.0	50	NC	9
350' - TD'	Fresh water gel	9.0	38-50	6.0	9

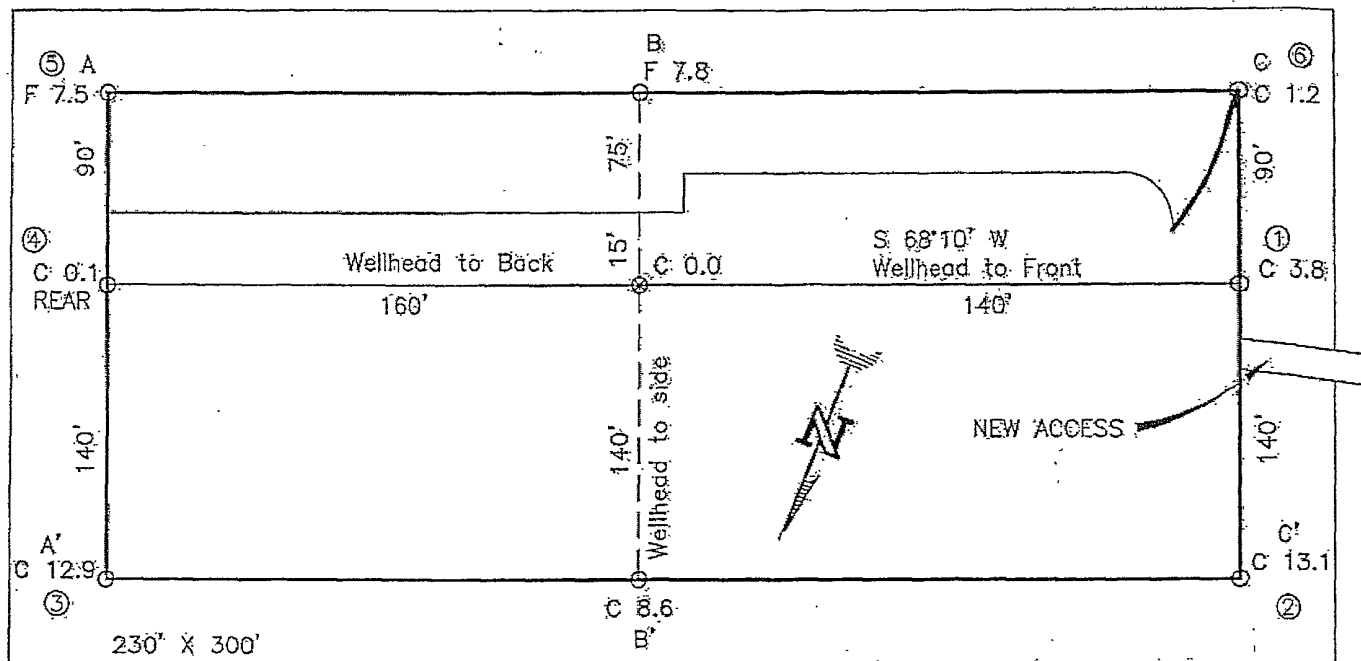
Sufficient material to maintain the mud qualities, control lost circulation, and contain a blowout will be available at the well site while drilling. Mud will be checked hourly by rig personnel. Material to soak up possible oil or fuel spills will be on site.

6. CORES, TESTS, & LOGS

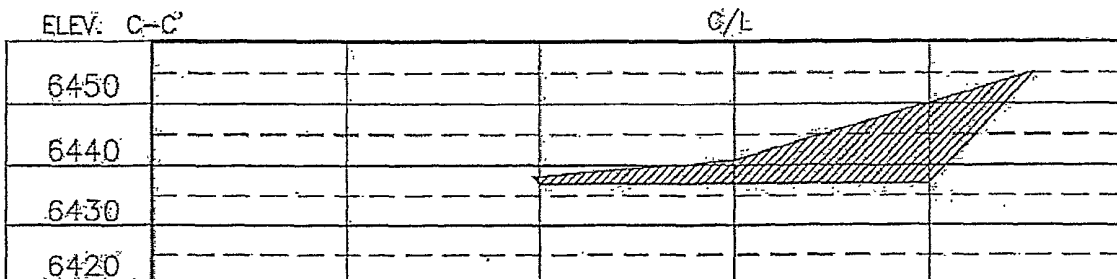
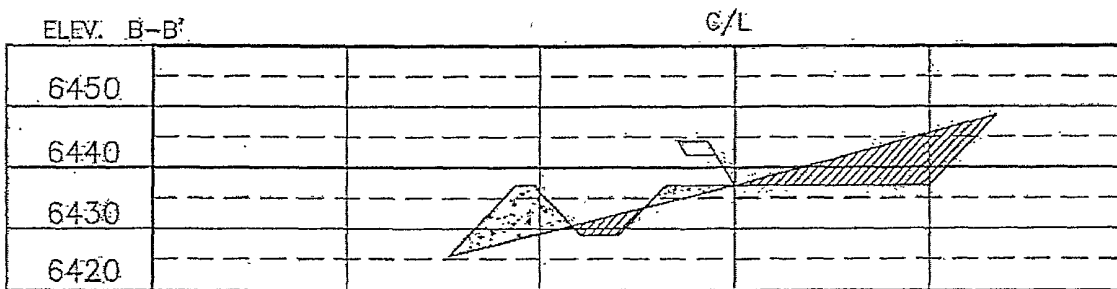
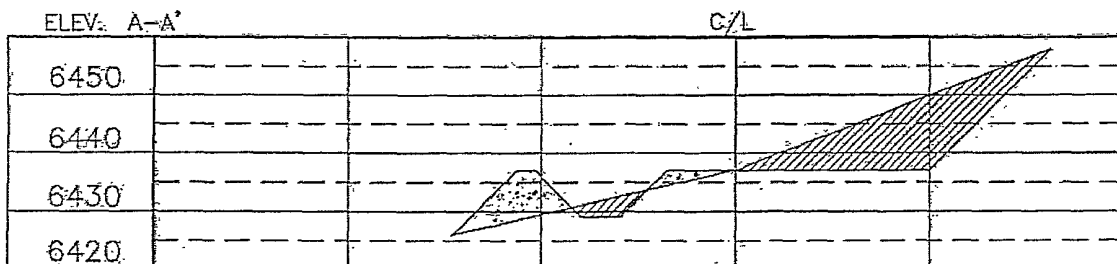
No cores or drill stem tests are planned. Induction logs will be run from TD to $\approx 3,000'$. Neutron density - GR logs will be run from TD to the base of the surface casing.

CHEVRON MIDCONTINENT, L.P.
 NAVAJO I-1 NO. 2, 1545 FSL 1615 FWL
 SECTION 1, T-25-N, R-11-W, N.M.P.M., SAN JUAN COUNTY, N.M.
 GROUND ELEVATION: 6437, DATE: JUNE 5, 2006

NAD 83
 LAT. = 36.42702° N
 LONG. = 107.95910° W



NOTE: DAGGETT ENTERPRISES, INC. IS NOT LIABLE FOR UNDERGROUND UTILITIES OR PIPELINES, NEW MEXICO. ONE CALL TO BE NOTIFIED 48 HOURS PRIOR TO EXCAVATION OR CONSTRUCTION.



NOTE: CONTRACTOR SHOULD CALL ONE-CALL FOR LOCATION OF ANY MARKED OR UNMARKED BURIED PIPELINES OR CABLES ON WELL PAD AND OR ACCESS ROAD AT LEAST TWO (2) WORKING DAYS PRIOR TO CONSTRUCTION.

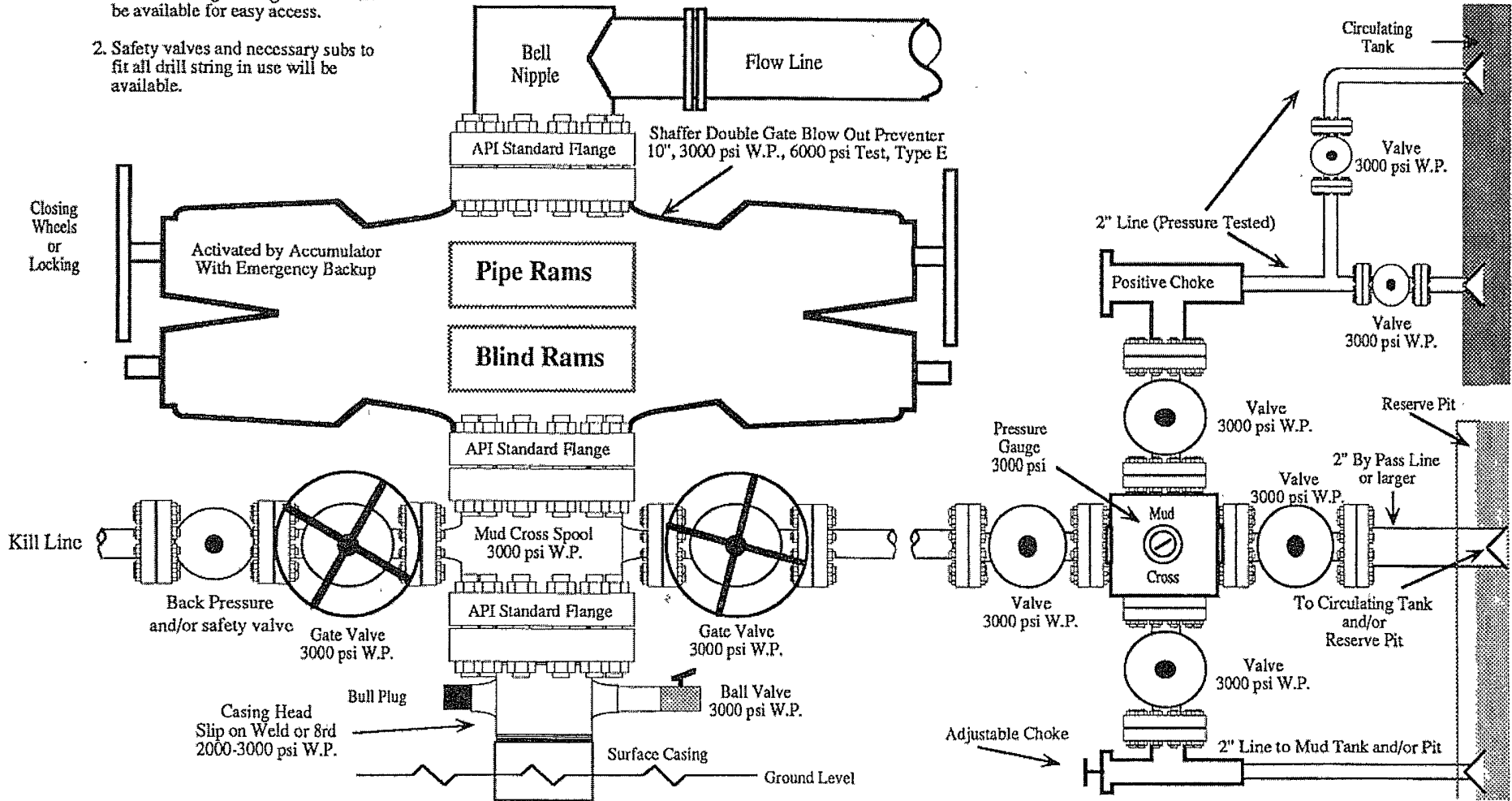
Daggett Enterprises, Inc.
 Surveying and Oil Field Services
 P.O. Box 13068 • Farmington, NM 87401
 Phone (505) 326-1772 • Fax (505) 326-5019
 NEW MEXICO L.S. No. 14831
 CAPLES P141-CFB

REVISION DATE REUSED BY

2,000 PSI BOP SYSTEM

Note: 1. An upper Kelly cock valve will be utilized during drilling. Handle will be available for easy access.

2. Safety valves and necessary subs to fit all drill string in use will be available.



Note: This equipment is designed to meet requirements for a 2-M rating standard per 43 CFR part 3160 (amended). Proper operation and testing of equipment will be carried out per standard. 2,000 psi equipment can be substituted in the drawing to meet minimum requirements per standard.