Form 3160-5 (June 2015) DE BI	FORM APPROVED OMB NO. 1004-0137 Expires: January 31, 2018							
SUNDRY	5. Lease Serial No. NMLC062300							
Do not use thi abandoned we	6. If Indian, Allottee o	r Tribe Name						
SUBMIT IN 1	TRIPLICATE - Other inst	tructions on	page BEC 05	5012	7. If Unit or CA/Agree	ement, Name a	nd/or No.	
1. Type of Well Soli Well Gas Well Oth	8. Well Name and No. CO YETI 15 22 FI	ED COM 005:	2H					
2. Name of Operator CHEVRON USA INCORPOR		9. API Well No. 30-025-45534-0	0-X1					
3a. Address 6301 DEAUVILLE BLVD MIDLAND, TX 79706		(include area code) 7-7375		10. Field and Pool or Exploratory Area WOLFCAMP				
4. Location of Well (Footage, Sec., T.	., R., M., or Survey Description)			11. County or Parish,	State		
Sec 15 T25S R32E NENE 10 32.137733 N Lat, 103.658455	FNL 1310FEL W Lon				LEA COUNTY, NM			
12. CHECK THE AF	PPROPRIATE BOX(ES)	TO INDICA	TE NATURE O	F NOTICE,	REPORT, OR OTH	ER DATA		
TYPE OF SUBMISSION			TYPE OF	F ACTION				
150 Notice of Intent	Acidize	🗖 Dee	pen		ion (Start/Resume)	U Water S	shut-Off	
Subsequent Percet	Alter Casing	🖸 Hyd	raulic Fracturing	🗖 Reclam	ation	🗖 Well In	tegrity	
	Casing Repair	🖸 New	Construction	🗋 Recomj	olete	Other Change to	Original A	
Final Abandonment Notice	Change Plans	C Plug	and Abandon	Tempor	rarily Abandon PD		•••B	
Chevron respectfully requests to utilize a 5M system for the wells listed below, when drilling the intermediate hole sections (INT and or INT2) in addition to the production hole lateral drilling in the Wolfcamp formation. CO YETI 15 22 FED COM 0052H API:30-025-45534 CO YETI 15 22 FED COM 0054H API:30-025-45537 CO YETI 15 22 FED COM 0056H API:30-025-45536 Attached, you will find the supporting documentation.								
	SEE ADD.	TIONA	- CÔAS	•				
14. Thereby certify that the foregoing is the and correct. Electronic Submission #491642 verified by the BLM Well Information System For CHEVRON USA INCORPORATED, sent to the Hobbs Committed to AFMSS for processing by PRISCILLA PEREZ on 11/12/2019 (20PP0346SE) Name (Printed/Typed) KAYLA MCCONNELL Title PERMITTING SPECIALIST								
Signature (Electronic S	Submission)		Date 11/08/2019					
	THIS SPACE FO		L OR STATE	OFFICE U	SE			
Approved By NDUNGU KAMAU			TitlePETROLE	UM ENGIN	EER	Date	11/26/2019	
Conditions of approval, if any, are attache certify that the applicant holds legal or equ which would entitle the applicant to condu	d. Approval of this notice does uitable title to those rights in the act operations thereon.	s not warrant or e subject lease	Office Hobbs					
Title 18 U.S.C. Section 1001 and Title 43 States any false, fictitious or fraudulent s	U.S.C. Section 1212, make it a statements or representations as	crime for any pe to any matter w	rson knowingly and ithin its jurisdiction.	willfully to m	ake to any department or	agency of the	United	
(Instructions on page 2) ** BLM REV	ISED ** BLM REVISE	D ** BLM RI	EVISED ** BLN	A REVISEI) ** BLM REVISE	D** K	Y.	

Revisions to Operator-Submitted EC Data for Sundry Notice #491642

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	Operator Submitted	BLM Revised (AFMSS)
Sundry Type:	APDCH NOI	APDCH NOI
Lease:	NMLC062300	NMLC062300
Agreement:		
Operator:	CHEVRON USA INC 6301 DEAUVILLE BLVD MIDLAND, TX 79706 Ph: 432-687-7375	CHEVRON USA INCORPORATED 6301 DEAUVILLE BLVD MIDLAND, TX 79706 Ph: 432.687.7100 Fx: 432-687-7221
Admin Contact:	KAYLA MCCONNELL PERMITTING SPECIALIST E-Mail: kaylamcconnell@chevron.com	KAYLA MCCONNELL PERMITTING SPECIALIST E-Mail: kaylamcconnell@chevron.com
	Ph: 432-687-7375	Ph: 432-687-7375
Tech Contact:	KAYLA MCCONNELL PERMITTING SPECIALIST E-Mail: kaylamcconnell@chevron.com	KAYLA MCCONNELL PERMITTING SPECIALIST E-Mail: kaylamcconnell@chevron.com
	Ph: 432-687-7375	Ph: 432-687-7375
Location: State: County:	NM LEA	NM LEA
Field/Pool:	WOLFCAMP	WOLFCAMP
Well/Facility:	CO YETI 15 22 FED COM 0052H Sec 15 T25S R32E 10FNL 1310FEL	CO YETI 15 22 FED COM 0052H Sec 15 T25S R32E NENE 10FNL 1310FEL 32.137733 N Lat, 103.658455 W Lon

PECOS DISTRICT DRILLING CONDITIONS OF APPROVAL

OPERATOR'S NAME: CHEVRON USA INCORPORATED LEASE NO.: NMLC0062300 COUNTY: LEA

CO YETI 15 22 FED COM 0052H

LOCATION: Section 15, T25S, R32E, NMPM SURFACE HOLE FOOTAGE: 10'/N & 1310'/E BOTTOM HOLE FOOTAGE: 100'/S & 2090'/E

CO YETI 15 22 FED COM 0054H

LOCATION: Section 15, T25S, R32E, NMPM SURFACE HOLE FOOTAGE: 10'/N & 1260'/E BOTTOM HOLE FOOTAGE: 100'/S & 1210'/E

CO YETI 15 22 FED COM 0056H

LOCATION: Section 15, T25S, R32E, NMPM SURFACE HOLE FOOTAGE: 10'/N & 1210'/E BOTTOM HOLE FOOTAGE: 100'/S & 330'/E

COA

ALL PREVIOUS COAs STILL APPLY.

A. PRESSURE CONTROL

1. Variance approved to use flex line from BOP to choke manifold. Manufacturer's specification to be readily available. No external damage to flex line. Flex line to be installed as straight as possible (no hard bends).'

2.

Option 1:

- a. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **3000 (3M)** psi.
- b. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the intermediate casing shoe shall be **5000 (5M)** psi.

Option 2:

- 1. Operator has proposed a multi-bowl wellhead assembly. This assembly will only be tested when installed on the surface casing. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **5000 (5M)** psi.
 - a. Wellhead shall be installed by manufacturer's representatives, submit documentation with subsequent sundry.
 - b. If the welding is performed by a third party, the manufacturer's representative shall monitor the temperature to verify that it does not exceed the maximum temperature of the seal.
 - c. Manufacturer representative shall install the test plug for the initial BOP test.
 - d. If the cement does not circulate and one inch operations would have been possible with a standard wellhead, the well head shall be cut off, cementing operations performed and another wellhead installed.
 - e. Whenever any seal subject to test pressure is broken, all the tests in OOGO2.III.A.2.i must be followed.

Delaware Basin Changes to APD/COA for Federal Well



Well Name		<u>API #</u>	
CO YETI 15 22 FED COM	0052H	3002545534	
CO YETI 15 22 FED COM	0054H	3002545537	
CO YETI 15 22 FED COM	0056H	3002545536	

Chevron Drilling Engineer Contact(s)

Phillipe Salanova (<u>psalanova@chevron.com</u>, 432-257-4140) and Jessica Herren-Onstad (<u>jherren@chevron.com</u>, 832-523-0657)

Summary of Changes to APD Submission

Chevron respectfully requests to utilize a 5M system for the wells named above, when drilling the intermediate hole sections (INT and or INT2) in addition to the production hole lateral drilling in the Wolfcamp formation.

The Class 4 BOP 5M BOP System (with upgraded 10M Stack/Choke manifold) and test pressures shall reflect as follows:

ويستعملها والمستحصيات البنيا الابريا الترتية المتناكر ويتكر المتكري المتكري والمكر المترت المكري		
Component	Pressure – Low (PSI)	Pressure – High (PSI)
13 5/8" Annular	250-350	3500
3.5"x 5.5" or 4.5" x 7"		
VBRs or Rams	250-350	6650
3.5"x 5.5" or 4.5" x 7"		
VBRs or Rams	250-350	6650
Choke Manifold (valves)	250-350	6650

(Per onshore order 2, the 5M BOP/Choke Manifold Equipment stack will include 1x adjustable choke and 1x remotely operated choke.)

Validation of the MASP and associated reservoir fluids in the Wolfcamp A can be found in the documentation below, along with the well control safeguards and plans.

South Lea (and neighboring area) MASP and Reservoir Fluid Analysis

Introduction:

This document is to justify the proposal by Chevron North America to utilize a 10M BOP stack, tested to 6,650 psi (high), in conjunction with a 5M annular preventor, tested to 3,500 psi (high) for all Wolfcamp developments in South Lea County and the bordering fields in Eddy county. These fields currently consist of Sand Dunes, Salado Draw, Cotton Draw, Dagger Lake and future fields that lay within these bounds that have similar Wolfcamp target depths.

The analysis illustrated below in this document use "worst-case" values, such that the deepest formations within the Wolfcamp remain the scope, inclusive of the highest known PP (pore pressure) and applicable FG (Frac Gradient), along with the actual production values supplied by our Reservoir and Production engineering teams.

By validating these worst-case scenarios, the logic is that all reservoirs that are shallower in TVD and lower PP will still fall within the constraints set forth.

Wellbore information and Calculations:

Target formation: Wolfcamp A

Target TVD: 12,000 - 12,852' TVD

Target MW: 12.0 – 14.1 ppg

Expected PP Ranges in Wolfcamp A: 9.8 - 13.1 ppg (Maximum PP: 14.8 ppg)

Reservoir Fluid Densities

An analysis has been performed by the Chevron Reservoir Engineering team to analyze the formation fluid properties. The analysis shows that the Wolfcamp gradient (psi/ft) ranges from 0.377 to 0.390 (assuming full evacuation), which equates to an average of 0.384 psi/ft gradient, or SG of 0.885; referenced in Figure 1 and Figure 2. The inputs for these calculations are recorded field water and oil properties, and bottom hole conditions. (Note: This value does not vary by more than ~1% whether the fluids come from the upper WCA formations, or the lowest possible Wolfcamp A formation which can reach a maximum depth of 12,852.)

BLM MASP Justifications

Mud weight selection in the lateral production hole where this Wolfcamp is drilled is primarily driven by the need to combat mechanical stresses and wellbore instability, which often lead to using higher mud weights that far surpass the reservoir pressure (or PP). Historically, the BLM utilizes the permitted drilling fluid mud weights that Chevron provides for the production hole section in order to calculate the bottom hole pressure conditions.

The subject well, which is the most aggressive possible target that can be developed in the WCA, has a maximum depth of 12,852 ftTVD and a pore pressure range of 13.1 ppg to 14.8 ppg, per the latest Geological assessment. The BLM method of calculating MASP assumes full wellbore evacuation, which in this field equates to a 0.384 psi/ft gradient.

Therefore, the maximum MASP, per BLM calculations, should be between 3,820 and 4,956 psi. It is important to note however, that the deepest TVD lateral drilled to date is 12,783 ft; which then equates to a MASP ranging from 3,799 to 4,929 psi, depending on localized pore pressure estimates.

Conclusion

Chevron follows API Standard 53: Well Control Equipment Systems for Drilling wells, Fifth Edition, December 2018; which specifies a Class 4 BOP, with a 5M annular tested to 70% RWP (3,500 psi) with three (3) rams, including two (2) variable bore rams, tested to 6,650 psi, in accordance to Table C.5 on page 63. Chevron will continue to use the annulars as the first shut in method, with the immediate option to use one of the two variable bore rams. (The test pressure of 6,650 psi on the BOP rams was chosen value based on the wellhead testing pressures. Chevron has chosen to keep values consistent with the wellhead limitations. This pressure also surpasses all MASP scenarios.)

Appendix

Water Cut:	66.5%							c3 =	2.5E-14	-3E-13		
Chlorides:	Chlorides: 270,000 ppm							c2 =	-8.4E-10	9E-09		
WCA TVD:	WCA TVD: 12,352 ft							c1 =		-1E-04		
Temperature:	169 '	۰F						c0 =	0.20387	2.5223		
	Pressure	Temp	W	later Dens	ity	B,	Undersa	aturated Oi	l Density	в。	Depth	Pressure
	(psia)	(•F)	(g/cc)	(lb _m /ft ³)	(psi/ft)	rb/STB	(g/cc)	(Ib _m /ft³)	(psi/ft)	rb/STB	(ft TVD)	(psia)
	10,000	169	1 209	75.48	V 524	0 995	0.615	38.41	0.267	1.964	12,854	9,954
Reservoir	9,954	169	1 209	75.46	0.524	0.995	0.615	38.39	0.267	1.965	12,804	9,935
	9,500	169	1 206	75.26	v 523	0 998	0.612	38.21	0.265	1.974	12,754	9,915
	9,000	169	1.202	75 06	0.521	1.001	0.609	38.00	0.264	1.985	12,704	9,896
	8,500	169	1 199	74.66	0 520	1.003	0.605	37.77	0.262	1.998	12,654	9,876
	8,000	169	1.196	74 67	0.519	1.006	0.601	37.52	0.261	2.011	12,604	9,857
	7,500	169	1 193	74.49	U 517	1.008	0.597	37.26	0.259	2.025	12,554	9,837
	7,000	169	1.191	74.33	0.516	1.010	0.592	36.97	0,257	2.040	12,504	9,818
	6,572	169	1 188	74 19	0515	1.012	0.588	36.72	0.255	2.055	12,454	9,798
	6,079	169	1.186	74 05	0.514	1.014	0.583	36.40	0.253	2.073	12,404	9,779
	5,578	169	1 184	73 91	0.513	1 0 1 6	0.577	36.04	0.250	2.093	12,354	9,759
	5,063	169	1 182	73.78	0.512	1 0 18	0.571	35.64	0.248	2.117	12,304	9,740
	4,471	169	1 180	73.64	0.511	1.020	0.563	35.13	0.244	2.148	12,254	9,720
Bubble Point	4,316	169	1 179	73 61	0 511	1 020	0.561	34.99	0.243	2.156	12,204	9,701
Standard Conditions	15.025	60	1 203	75 11	0 522	1.000				1.000	12,154	9,681
							-				12,104	9,662

Figure 1: Reservoir fluid calculation snap shot

Phil—I've calculated an **Example and the second sec**

- Reservoir is still at initial (virgin) conditions
- Wellbore only contains produced fluids-no muds/completion fluids present
- Remaining pressure is contained at surface (pressure on BOP stack)

The 0.799 number below very likely only represents the hydrocarbon fraction at a single pressure. PVT reports generally exclude water, unless stated otherwise.

Thanks,

Figure 2: Reservoir Engineer communication (dated October 24th 2019)

Well Control Plan & Processes

The following items highlight the applicable Chevron technical standards and operational safeguards which justify how Chevron calculates MASP and how the well's risks are managed.

MASP Justification

Per Chevron global requirements, as seen in Figure 3, Section 1.a; The hydrocarbon to mud gradient, for a wellbore with the maximum hole TVD between 12,001 and 15,000 ftTVD shall be interpolated between 60% hydrocarbon gradient and 50% hydrocarbon gradient. Thus, the hydrocarbon gradient for the subject wellbore is 57.2%, with the mud gradient of 42.8%. (Figure 4)

For the subject well, in order to evacuate the wellbore of drilling fluids by 57.2%, the rig would have to shut in and control the well after receiving a 329 bbl fluid gain. No data can be found for an influx of this size occurring for a Chevron operated well in New Mexico.

With the appropriate hydrocarbon gradient applied for the well's TVD, one can see in the "Mixed" case scenario (Figure 4), which is the commonly chosen scenario, that a MASP of 3,033 psi shall be planned for. This same methodology of using mid-case fluid gradients is what Chevron uses for Gulf of Mexico Worst Case Discharge calculations as well.

Therefore, Chevron Technical Standards validate the usage of the 5M annular and 10M BOP stack, as MASP falls within operating limits and testing scenarios of the well control equipment utilized.

Well Control and Safeguards

All wells are designed per standard technical standards, but Chevron also utilizes the safety assurance program 'WellSafe' to conduct Rig Certifications and manage pertinent operational safeguards in respect to preventing loss of containment incidents. Within the multitude of requirements, the WellSafe program ensures the following items are maintained and validated by both on-site Chevron company representatives, in addition to quarterly assessments conducted by an external group. A few of those requirements and standards are as follow:

- 1) Daily Well control checklists
 - a. These checklists ensure that ever tour (twice a day), the driller has his PVT alarms set at either 5 to 10 bbls, BOP/Manifold is in the proper alignment or status and the accumulator pressures are at correct values. This has been proven to ensure that drillers catch an influx as quickly as possible and are able to shut in immediately without issue.
- 2) PVT calibrations
 - a. PVT's are calibrated by a third-party company and documented in the WellSafe folder on location. This is conducted yearly, at a minimum.
- 3) Well Control drills
 - a. Well control drills are conducted, at a minimum, of once per week per crew. Therefore, on a given week, at least 2x well control drills with be conducted and debriefed. Each one of these Well Control Drills are documented in a central server.
- 4) BOP Well Control Equipment

- WellSafe processes ensure and maintain all BOP components are API, with the COC (Certificate of Compliance) stored for reference on location. This document validates all components used on the BOP stack are tested and certified.
- 5) BOP Testing
 - a. All BOP components (rams, annular) are tested every 14 days, but not to surpass 21 days.
- 6) Well Design Plan Certifications and Well Execution Certifications
 - a. Prior to execution, all drilling programs are reviewed and vetted by WellSafe, a group of senior engineers, to ensure all well control related criteria is validated and accurate.
 - b. The Well Execution Certifications are also a part of WellSafe that validates pertinent procedural steps and well control barriers were executed or installed per plan.
- 7) IADC Well Control Certificates
 - a. All Company Representatives, Rig managers and drillers will be certified for Well Control at all times per IADC stipulations.



Figure 3: MASP Design calculation (DSM-BST-102002-A-MCBU-1, Casing and Tubing Design)



Figure 4: MASP calculations for "Mixed" case = Likely Mud Weight with highest PP possible



BOP Installation Checklist: The following items must be verified and checked off prior to pressure testing BOP equipment

The installed BOP equipment meets at least the minimum requirements (rating, type, size, configuration) as shown on this schematic. Components may be substituted for equivalent equipment rated to higher pressures. Additional components may be put into place as long as they meet or exceed the minimum pressure rating of the system.

All valves on the kill line and choke line will be full opening and will allow straight flow through.

Manual (hand wheels) or automatic locking devices will be installed on all ram preventers. Hand wheels will also be install on all manual valves on the choke and kill line.

A valve will be installed in the closing line as close as possible to the annular preventer to act as a locking device. This valve will remain open unless accumulator is inoperative.

Upper kelly cock valve with handle will be available on rig floor along with saved valve and subs to fit all drill string connections in use.



Flare systems will have an effective method for ignition.

All connections will be flanged, welded or clamped

If buffer tank is used, a valve will be used on all lines at any entry or exit point to or from the buffer tank.