

DATE IN 11/12/13	SUSPENSE	ENGINEER PG	LOGGED IN 11/13/13	TYPE NSL	APP NO. PPRG1331755212
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



SD
 PPRG1331755671
 Suspended

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 Vacuum Grayburg San Andres Unit (P)

Chevron USA
 NSL - 30-025-41369
 VGSA Unit Well
 No. 113

SD All VGSA Unit

#113/30-025-41369
 #235/30-025-35562
 #43/30-025-02247
 #143/30-025-30844
 #122/30-025-30721
 #250/30-025-38001
 Suspended

[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 (See Amendment to Lease Line Agreement for the Production well previously submitted)

All in
 H

[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.

Daniel Peguero
 Print or Type Name

Signature

Senior Land Representative
 Title

November 8, 2013
 Date

pegd@chevron.com
 e-mail Address



Daniel Pequeno, CPL/ESA
Senior Land Representative

North America Exploration
and Production Company
15 Smith Road, RM-2235
Midland, Texas 79705
Tel 432 687 7461
Fax 432 687 7871
peqd@chevron.com

OVERNIGHT MAIL:

November 8, 2013

Jami Bailey, Division Director
Oil Conservation Division
Attn.: Mr. Phillip Goetze
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

**RE: APPLICATION OF CHEVRON USA INC. FOR AN UNORTHODOX WELL
LOCATION, FOR A LEASELINE PRODUCTION WELL AND SIMULTANEOUS
DEDICATION, LEA COUNTY, NEW MEXICO**

Dear Mr. Goetze,

On October 30, 2013, Chevron U.S.A. Inc. (Chevron) submitted an application requesting the authority and administrative approval for unorthodox well location for lease line production well and simultaneous dedication (see attached).

Due to a third party line crossing the well location, the well had to be moved 150 feet to the north. Therefore, Chevron now seeks authority to drill the unorthodox well location and simultaneous dedication for the following lease line production well:

Well: Vacuum Grayburg San Andres Unit Well No. 113
Location: 820' FSL & 175' FEL (Unit Letter P)
Well Unit: SE/4SE/4 of Section 1, Township 18 South, Range 34 East, N.M.P.M.,
Lea County, New Mexico to produce oil as a lease line producer;

The SE/4SE/4 of Section 1 will be ~~simultaneously dedicated~~ to Well No. 113 and the Vacuum Grayburg San Andres Unit Wells 43, 143, 122, 250 and 235.

All the documentation for this request has been previously submitted to your office by the letter mentioned above. Enclosed for your convenience, is the following documentation in support of this application:

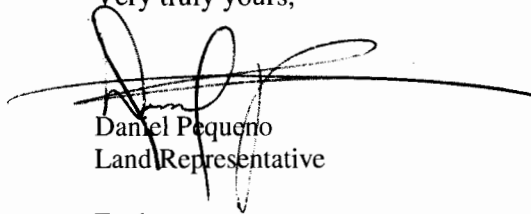
*No SD per conversation w/ Pequeno
11/14/13*

- A. Copy of Letter dated November 8, 2013 sent via email to the Commissioner of Public Lands, State of New Mexico.
- B. Copy of the new Permit request that was submitted to the New Mexico Oil Conservation Division, Hobbs office for approval on 11/7/13 along with a copy of the Well location and Acreage Dedication Plat for the Vacuum Grayburg San Andres Well No. 113.

Again, Chevron respectfully requests administrative approval for the unorthodox well location for its proposed Vacuum Grayburg San Andres Unit Well No. 113 as lease line producing well for the Vacuum Grayburg San Andres Unit and the Central Vacuum Unit and authorization for the simultaneous dedication as outlined above. **The drilling of the subject well is planned for the second week in November 2013; therefore, approval is requested at your earliest convenience.**

If I can be of any assistance or if you need additional information, please let me know by calling me at (432) 687-7461 or you may call Edgar Acero at (432) 687-7343 for technical questions.

Very truly yours,



Daniel Pequeno
Land Representative

Enclosures

Cc: Mr. Pete Martinez
State of New Mexico
Commissioner of Public Lands
310 Old Santa Fe Trail
P. O. Box 1148
Santa Fe, New Mexico 87501

Submit 1 Copy To Appropriate District
Office
District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources

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

Form C-103
Revised July 18, 2013

WELL API NO. 30-025-41369
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name VACUUM GRAYBURG SAN ANDRES UNIT
8. Well Number 113
9. OGRID Number 4323
10. Pool name or Wildcat VACUUM GRAYBURG SAN ANDRES

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.)

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

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

3. Address of Operator
15 SMITH ROAD, MIDLAND, TEXAS 79705

4. Well Location
Unit Letter: P 820 feet from SOUTH line and 175 feet from the EAST line
Section 1 Township 18S Range 34E NMPM County LEA

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3985' GR

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

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
DOWNHOLE COMMINGLE ☐
CLOSED-LOOP SYSTEM ☐
OTHER: NEW WELL IS RE-STAKED - MOVED FOOTAGES

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER:

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 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

PLEASE FIND ATTACHED, THE AMENDED C-102 PLAT, DIRECTIONS TO WELL, LOCATION VERIFICATION MAP, AND VICINITY MAP.

THIS NEW WELL WAS RE-STAKED, AND MOVED 150' NORTH OF PRIOR POSITION.

A NSL ORDER IS BEING SOUGHT THROUGH SANTA FE, AND THEY WILL RECEIVE NOTICE OF RE-STAKING AND NEW PLATS.

ANY QUESTIONS SHOULD BE DIRECTED TO EDGAR ACERO, CHEVRON, AT 687-7343

Spud Date:

Rig Release Date:

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

SIGNATURE Denise Pinkerton TITLE REGULATORY SPECIALIST

DATE 11/07/2013

Type or print name DENISE PINKERTON
For State Use Only

E-mail address: leakejd@chevron.com

PHONE: 432-687-7375

APPROVED BY: _____ TITLE _____ DATE _____

Conditions of Approval (if any):

<div style="border: 1px dashed black; height: 150px; margin-bottom: 10px;"></div> <div style="border: 1px dashed black; height: 150px;"></div>	<div style="border: 1px solid black; padding: 5px;"> <h3 style="text-align: center; margin: 0;">OPERATOR CERTIFICATION</h3> <p style="font-size: small; margin: 5px 0;">I hereby certify that the information 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 mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division</p> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="text-align: center;"> <small>Signature</small> </div> <div style="text-align: center;"> 11/07/2013 <small>Date</small> </div> </div> <div style="margin-top: 10px;"> Denise Pinkerton <small>Printed Name</small> </div> <div style="margin-top: 10px;"> Leakej@chevron.com <small>E-mail Address</small> </div> </div>
<div style="border: 1px dashed black; height: 150px; margin-bottom: 10px;"></div> <div style="border: 1px dashed black; height: 150px;"></div>	<div style="border: 1px solid black; padding: 5px;"> <h3 style="text-align: center; margin: 0;">SURVEYOR CERTIFICATION</h3> <p style="font-size: small; margin: 5px 0;">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 style="text-align: center; margin: 10px 0; font-weight: bold;">NOVEMBER 7, 2013</p> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="text-align: center;"> Date of Survey Signature & Seal of Professional Surveyor </div> <div style="text-align: center;"> <small>Professional Surveyor Seal</small> </div> </div> <div style="margin-top: 10px;"> <div style="display: flex; justify-content: space-between;"> <div style="text-align: center;"> <small>Certificate Number</small> </div> <div style="text-align: center;"> 11/07/2013 <small>Date</small> </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="text-align: center;"> Ronald J. Eidson <small>Professional Surveyor</small> </div> <div style="text-align: center;"> 12641 <small>Certificate Number</small> </div> </div> </div> </div>

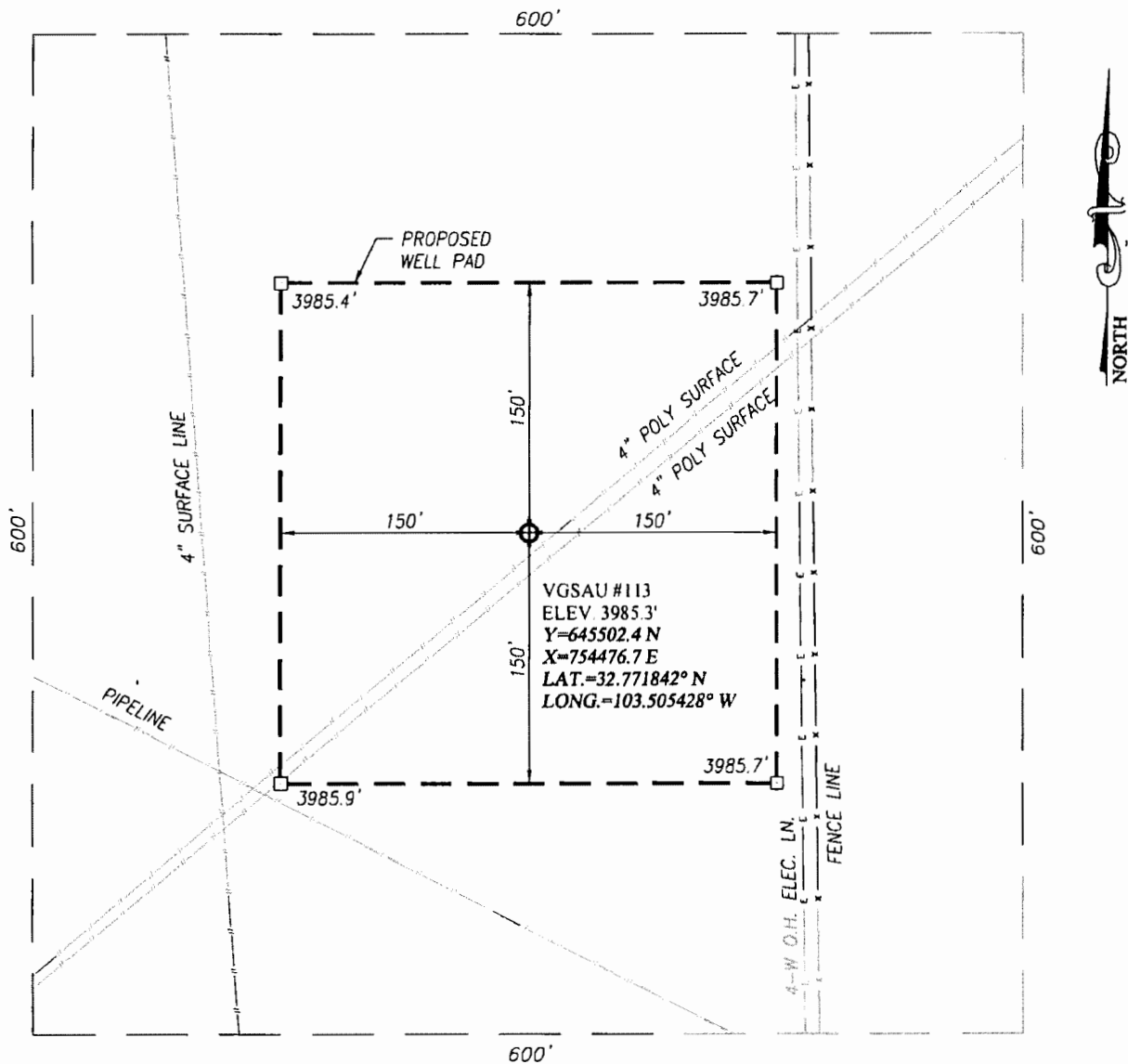
175'

820'

11

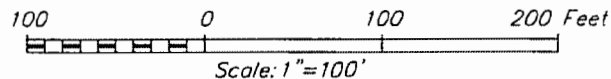
11

BKL REV 11-03-10 JWS W O 13 11 1253



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF STATE HWY. 238 AND CO. RD. L51 (TEXAS CAMP), GO WEST ON CO. RD. L51 APPROX. 300 FEET. TURN LEFT AND GO APPROX. 0.8 MILES. THIS LOCATION IS APPROX. 350 FEET EAST.



CHEVRON USA INC

VGSAU #113 WELL
LOCATED 820 FEET FROM THE SOUTH LINE
AND 175 FEET FROM THE EAST LINE OF SECTION 1,
TOWNSHIP 18 SOUTH, RANGE 34 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO

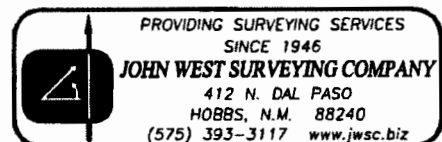
PROVIDING SURVEYING SERVICES
 SINCE 1946
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (575) 393-3117 www.jwsc.biz

Survey Date: 11/7/13	CAD Date: 11/7/13	Drawn By: BKL
W.O. No.: 13111253	Rev: .	Rel. W.O.: 13110856

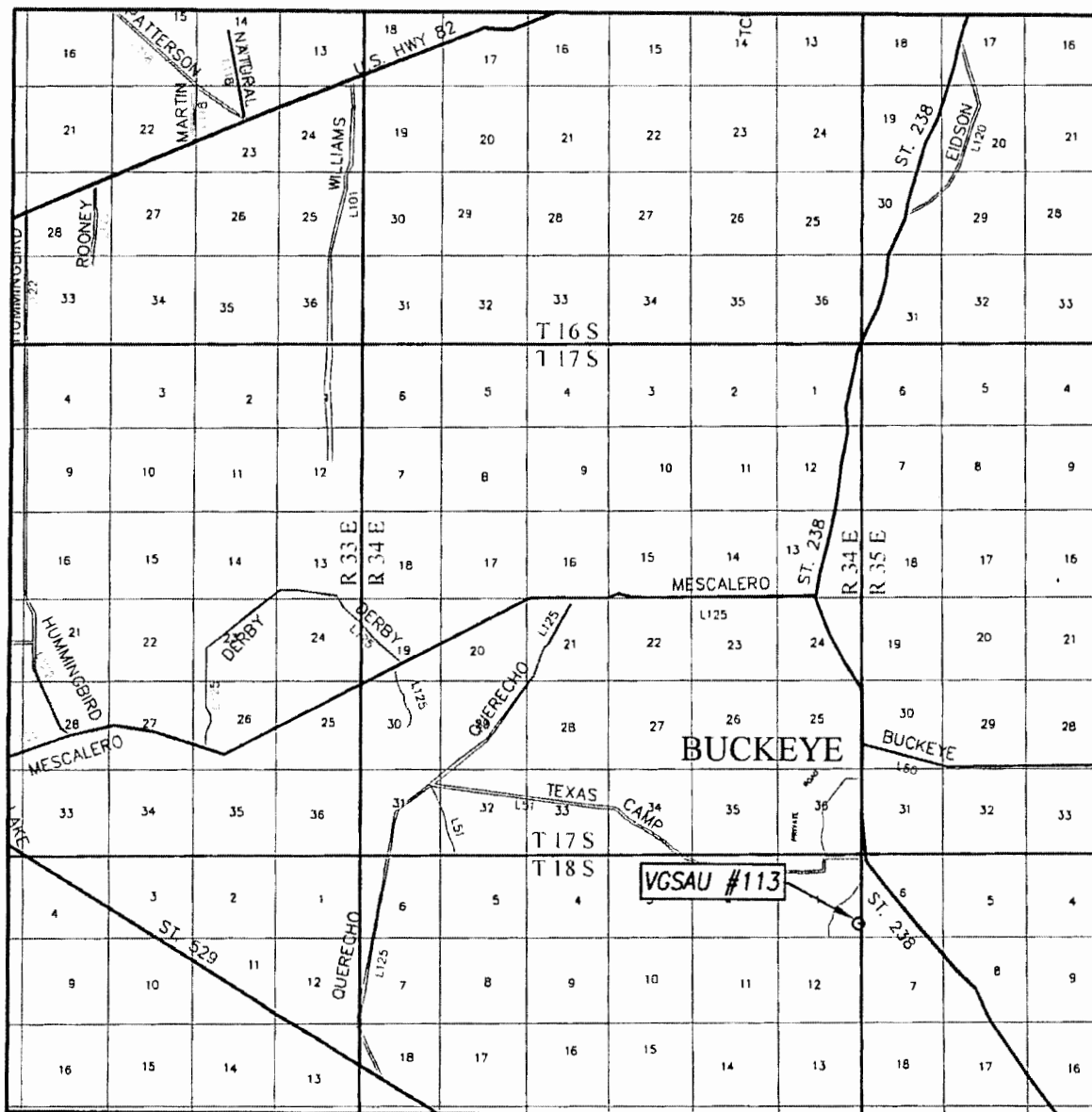
Sheet 1 of 1

CONTOUR INTERVAL:
BUCKEYE, N.M. - 5'

U.S.G.S. TOPOGRAPHIC MAP
BUCKEYE, N.M.



VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 1 TWP. 18-S RGE. 34-E

SURVEY N.M.P.M.

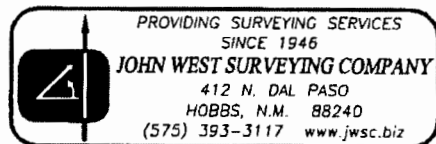
COUNTY LEA STATE NEW MEXICO

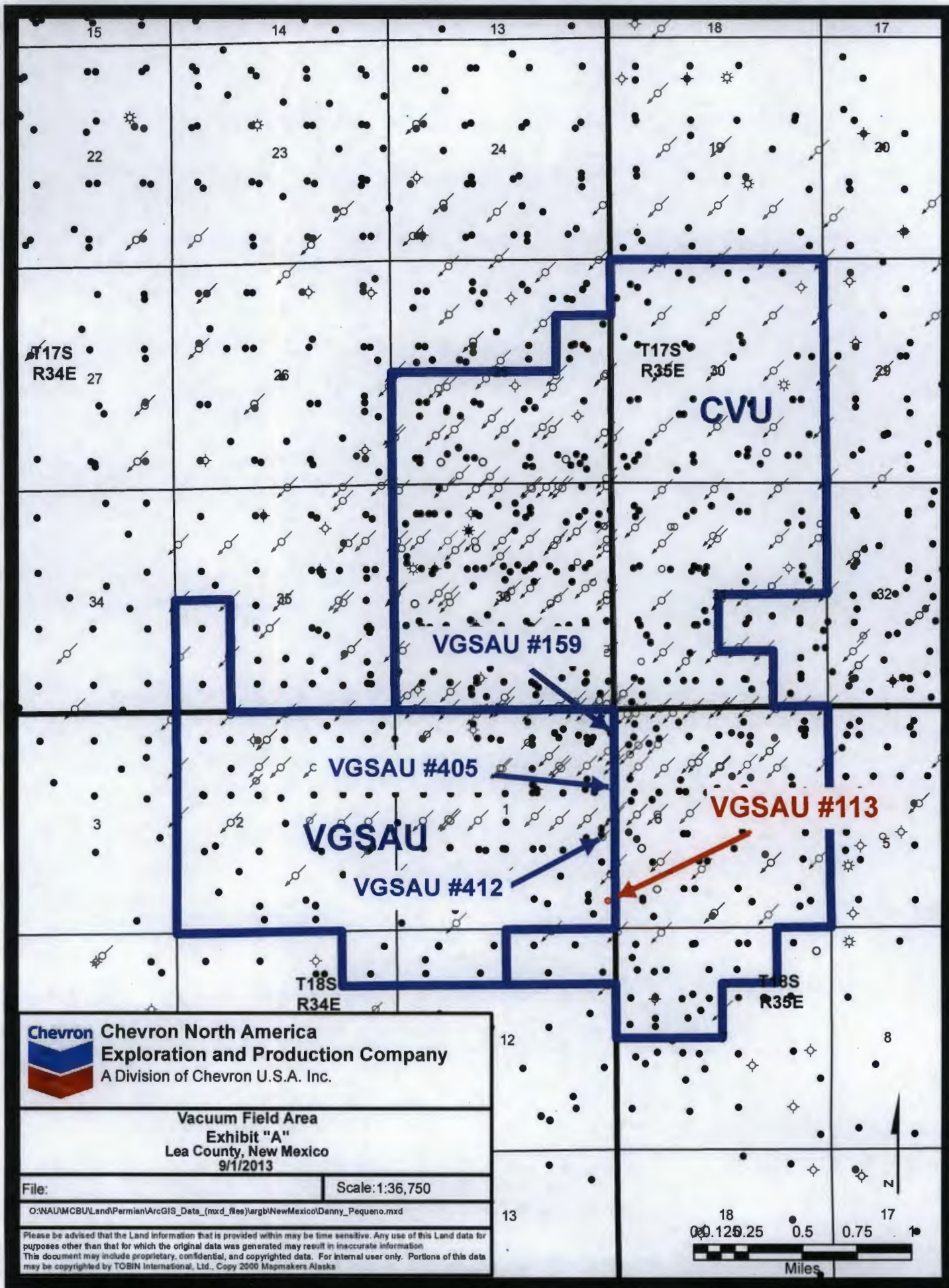
DESCRIPTION 820' FSL & 175' FEL

ELEVATION 3985'

OPERATOR CHEVRON USA INC

LEASE VGSAU





**SECOND AMENDMENT TO VACUUM AREA COOPERATIVE LEASE LINE
AGREEMENT**

STATE OF NEW MEXICO §

COUNTY OF LEA §

THIS AMENDMENT is entered between CHEVRON U.S.A. INC., Successor-in-interest to TEXACO EXPLORATION AND PRODUCTION INC., ("CHEVRON") as Operator and sole working interest owner in the Vacuum Grayburg San Andres Unit, and CHEVRON USA INC. as Operator and on behalf of all the working interest owners in the Central Vacuum Unit ("Unit Operator").

WITNESSETH:

WHEREAS, Unit Operator is the Operator of the Central Vacuum Unit covering certain leases and lands, located in Townships 17 South and 18 South, Ranges 34 East and 35 East, Lea County, New Mexico, as shown on Exhibit "A" and more particularly described in the Central Vacuum Unit Agreement to which reference is made for purposes of description; and

WHEREAS, Chevron is the Operator of the Vacuum Grayburg San Andres Unit covering, among other lands, the following described land in Lea County, New Mexico:

Section 1, Township 18 South, Range 34 East, Lea County, New Mexico, as shown on Exhibit "A" and more particularly described in the Vacuum Grayburg San Andres Unit Agreement to which reference is made for purposes of Description; and

WHEREAS, Unit Operator and Chevron are parties to that certain Vacuum Area Cooperative Lease Line Agreement dated March 1, 1996 in the interest of more properly producing and conserving the oil and gas from the Vacuum Grayburg San Andres Unit and the Central Vacuum Unit; and

WHEREAS, by Amendment to Vacuum Area Cooperative Lease Line Agreement dated November 19, 2007 effective December 1, 2007, Provision I of this agreement was amended to add the Vacuum Grayburg San Andres Unit Well Nos. 405 and 412 for the production oil and gas from the Grayburg and San Andres formations:

WHEREAS, Unit Operator and Chevron now desire to amend Provision I of said Vacuum Area Cooperative Lease Line Agreement, as amended, for the purpose of drilling an additional producing well at or near the Unit lines between the Vacuum Grayburg San Andres Unit and Central Vacuum Unit in order to further enhance the ultimate recovery of hydrocarbons from the lands and Units;

NOW, THEREFORE, for and in consideration of the premises, Unit Operator and Chevron have agreed and do by these presents herein agree that Provision I found on page 1 of the Vacuum Area Cooperative Lease Line Agreement shall be further amended to read as follows:

I.

Chevron will drill and equip the well listed below for the purpose of production of oil and gas from the Grayburg and San Andres formations:

Vacuum Grayburg San Andres Unit Well No. 113, located 670 feet from the South line and 175 feet from the East line of Section 1, T-18-S, R-34-E

The above well and all the current existing wells subject to the Vacuum Area Cooperative Lease Line Agreement are located in Lea County, New Mexico as shown on Exhibit "A" attached hereto.

Unit Operator and Chevron further agree to amend the Vacuum Area Cooperative Lease Line Agreement to add the following Provisions VII and VIII:

VII.

Additional producing well or wells may be drilled within the lease line area within the two Units without any further action required from the working interest and royalty owners to this agreement.

VIII.

Should any of the locations for the well or wells listed (or future wells to be listed) above deviate slightly while drilling from the surface location to the bottom hole location, it is agreed that the well or wells will be equipped at a locations drilled and completed without further action required from the parties to this agreement. All of the above wells (or wells to be listed) are located in Lea County, New Mexico as shown (or to be shown) on the map attached as Exhibit "A" attached hereto and made a part hereof.

All remaining terms and conditions of the original Vacuum Area Cooperative Lease Line Agreement, excepting those herein amended, shall remain unchanged and shall in full force and effect.

IN WITNESS WHEREOF, this instrument is executed on this 12th day of September, but is effective as of the 1ST day of September, 2013.

CHEVRON U.S.A. INC.
As Operator and on behalf of the
Working Interest Owners of the
Central Vacuum Unit

CHEVRON U.S.A. INC.
As Operator and Sole Working
Interest Owner of the Vacuum
Grayburg San Andres Unit

By: [Signature]
T. A. Tipton, Attorney-in-Fact

By: [Signature]
T. A. Tipton, Attorney-in-Fact

STATE OF TEXAS §

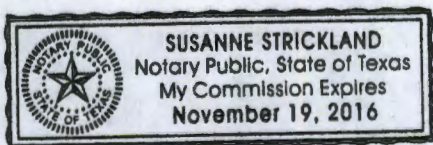
COUNTY OF MIDLAND §

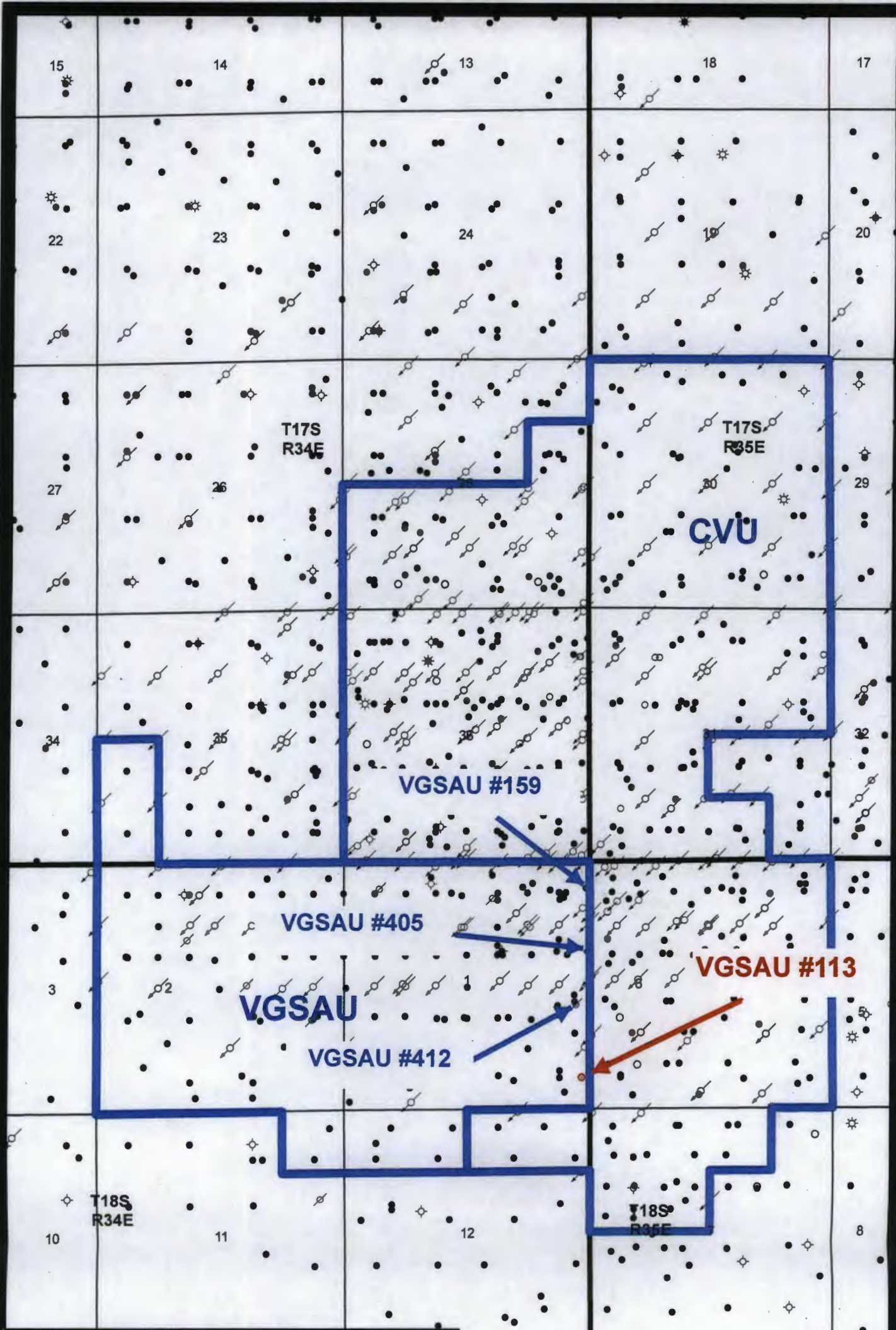
On this the 16th day of September, 2013, before me appeared T. A. Tipton, as Attorney-in-Fact for CHEVRON U.S.A. INC., a Pennsylvania corporation, and acknowledged to me that she executed the instrument for the purposes and consideration therein expressed.

WITNESS my hand and official seal this the 16th day of September, 2013.

My Commission expires: 11-19-2016

[Signature]
Notary Public in and for the State of Texas.





Chevron North America
Exploration and Production Company
A Division of Chevron U.S.A. Inc.

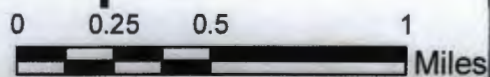
Vacuum Field Area
Exhibit "A"
Lea County, New Mexico
9/1/2013

File:

Scale: 1:31,184

O:\NAU\MCBU\Land\Permian\ArcGIS_Data_(mxd_files)\argb\NewMexico\Danny_Pequeño_VGSAU.mxd

Please be advised that the Land information that is provided within may be time sensitive. Any use of this Land data for purposes other than that for which the original data was generated may result in inaccurate information. This document may include proprietary, confidential, and copyrighted data. For internal user only. Portions of this data may be copyrighted by TOBIN International, Ltd., Copy 2000 Mapmakers Alaska





Daniel Pequeno, CPL/ESA
Senior Land Representative

North America Exploration
and Production Company
15 Smith Road, RM-2235
Midland, Texas 79705
Tel 432 687 7461
Fax 432 687 7871
peqd@chevron.com

OVERNIGHT MAIL:

October 30, 2013

Jami Bailey, Division Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

**RE: APPLICATION OF CHEVRON USA INC. FOR AN UNORTHODOX WELL
LOCATION, FOR A LEASELINE PRODUCTION WELL AND SIMULTANEOUS
DEDICATION, LEA COUNTY, NEW MEXICO**

Dear Mr. Bailey,

Chevron U.S.A. Inc. (Chevron) hereby makes an application requesting the authority and administrative approval for unorthodox well location for lease line production well and simultaneous dedication, and in support hereof states:

1. Chevron is the operator of the Vacuum Grayburg San Andres Unit and the Central Vacuum Unit;
2. The Vacuum Grayburg San Andres Unit was approved by the Division by Order No. R-4433, issued in Case 4851 dated November 8, 1972 and a pressure maintenance project by water flood was authorized for this Unit by Division Order No. R-4442, issued in Case 4852 dated November 27, 1972; and a tertiary recovery project by the injection of CO2 was authorized for this Unit by Division Order No. R-4442-B, issued in Case 13961 dated December 11, 2007;
3. The Central Vacuum Unit was approved by Division Order No. R-5496, issued in Case 5907 dated August 9, 1977, and a waterflood project was authorized for this Unit by Division Order No. R-5530, issued in Case 6008 dated September 20, 1977;
4. Although the Vacuum-Grayburg San Andres Pool is governed by the Division's statewide rules for spacing and the location of wells which provide for 40-acre proration units, the effective spacing units for this pool was reduced to 20 acres in the 1970's and early 1980's and there was sporadic infill drilling on 10-acre spacing in the late 1980's and early 1990's;
5. Chevron's evaluation of the reservoir showed substantial additional reserves would be recovered with development on 10-acre spacing. This was confirmed by the successful drilling of 14 ten-acre wells in 1995;
6. Chevron seeks authority to drill the following unorthodox well location and simultaneous

dedication for the following lease line production well:

Well: Vacuum Grayburg San Andres Unit Well No. 113
Location: 670' FSL & 175' FEL (Unit Letter P)
Well Unit: SE/4SE/4 of Section 1, Township 18 South, Range 34 East, N.M.P.M.,
Lea County, New Mexico to produce oil as a lease line producer;

The SE/4SE/4 of Section 1 will be simultaneously dedicated to Well No. 113 and the Vacuum Grayburg San Andres Unit Wells 43, 143, 122, 250 and 235.

7. This well will be operated pursuant to the Vacuum Area Cooperative Lease Line Agreement dated March 1, 1996 (as amended on November 19, 2007, but effective December 1, 2007) and as amended on September 12, 2013, but effective September 1 2013 which has been approved by Chevron U.S.A. Inc. which owns 100% of the working interest in the Vacuum Grayburg San Andres Unit and by the owners of 94.8% of the working interest in the Central Vacuum Unit. The request for approval of this agreement was submitted to the Commissioner of Public Lands, State of New Mexico on October 30, 2013 which owns 100% of the royalty interest in the Vacuum Grayburg San Andres Unit and 99% of the royalty interest in the Central Vacuum Unit. The States' final approval is expected prior to November 8, 2013.
8. Pursuant to this Amendment to Vacuum Area Cooperative Lease Line Agreement (see item 1 below), half of the production from the proposed wells will be allocated to each Unit;
9. Approval of this application will result in an efficient production pattern for each of these waterflood projects and will otherwise be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

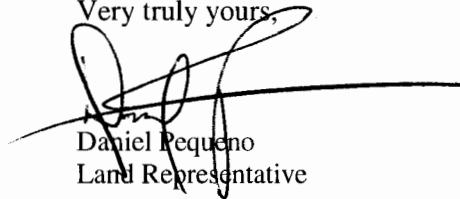
Enclosed for your convenience is the following documentation in support of this application:

- A. Copy of the Second Amendment to Vacuum Area Cooperative Lease Line Agreement dated September 12, 2013, but effective September 1, 2013;
- B. Copy of Letter dated October 30, 2013 to the Commissioner of Public Lands, State of New Mexico.
- C. Copy of the Permit previously approved by the New Mexico Oil Conservation Division on 8/30/13
- D. Copy of the Well location and Acreage Dedication Plat for the Vacuum Grayburg San Andres Well No. 113 previously received by New Mexico Oil Conservation Division on 8/30/13.

Chevron respectfully requests administrative approval for the unorthodox well location for its proposed Vacuum Grayburg San Andres Unit Well No. 113 as lease line producing well for the Vacuum Grayburg San Andres Unit and the Central Vacuum Unit and authorization for the simultaneous dedication as outlined above. **The drilling of the subject well is planned for the second week in November 2013; therefore, approval is requested at your earliest convenience.**

If I can be of any assistance or if you need additional information, please let me know by calling me at (432) 687-7461 or you may call Edgar Acero at (432) 687-7343 for technical questions.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Daniel Pequeno', is written over a horizontal line. The signature is stylized with a large loop and a long horizontal stroke extending to the right.

Daniel Pequeno
Land Representative

Enclosures

Cc: Mr. Pete Martinez
State of New Mexico
Commissioner of Public Lands
310 Old Santa Fe Trail
P. O. Box 1148
Santa Fe, New Mexico 87501



Ray Powell, M.S., D.V.M.
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760
Fax (505) 827-5766
www.nmstatelands.org

October 30, 2013

Chevron USA Inc.
15 Smith Road, Room 2235
Midland, Texas 79705

Attn: Mr. Daniel Pequeno

Re: Second Amended Cooperative Lease Line Agreement
Vacuum Grayburg San Andres Unit & Central Vacuum Unit
Lea County, New Mexico

Dear Mr. Pequeno:


Your letter of September 17, 2013 has been received. As operator of the referenced unit agreements, Chevron requests our approval to amend the Cooperative Lease Line Agreement for the Vacuum Grayburg San Andres Unit and the Central Vacuum Unit.

The Commissioner of Public Lands has this date approved the above referenced lease Line Agreement in order to drill an additional producing well at or near the Unit lines between the Vacuum Grayburg San Andres Unit and Central Vacuum Unit.. It is our understanding that the amendment includes the drilling of the Vacuum Grayburg San Andres Unit Well No. 113 in the SE/4SE/4 Section 1-18S-34E. All costs to drill, equip, operate, plug and abandon the wells and all production therefrom will be allocated and the wells will be owned as follows: Vacuum Grayburg San Andres Unit 50%, Central Vacuum Unit, 50%.

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours.

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: 
Larry J. Roybal, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/LR/pm

cc: Reader File,
OCD-Attention: Mr. Ed Martin
TRD-Attention: Ms. Joan Ishimoto
RMD-Attention: Mr. Kurt McFall