



December 30, 2013

VIA HAND DELIVERY

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

Case 15074

RECEIVED
NEW MEXICO DEPT OF ENERGY
DEC 31 2013

Re: Protest of Endurance Resources, LLC to Chevron U.S.A. Inc.'s Bell Lake 18-23-34 1H Well

Dear Ms. Bailey,

This letter is in response to the protest letter filed with the Division on December 27, 2013, by Endurance Resources, LLC ("Endurance").

In its letter, Endurance represents that it owns approximately 20.94% of the working interest in the N/2 of Section 18 through Tritex Energy A LP. Chevron U.S.A. Inc. ("Chevron") currently owns 41.91% of the working interest in the N/2 of Section 18 and has proposed to drill a horizontal well from west to the east in the S/2 N/2 of Section 18. Endurance objects to the orientation of the well.

Enclosed with this letter is the Division approved APD for Chevron's proposed well. Chevron owns an interest in each tract in which any part of this proposed well will be located. See NMAC 19.15.16.15(A).

In addition, on or about November 12, 2013, Chevron sent well proposal letters to the working interest owners of record in the S/2N/2 of Section 18, including Tritex Energy. No competing well proposal has been received by Chevron from Tritex Energy, Endurance, or any other purported working interest or mineral owner in the subject acreage.

On December 12, 2013, Chevron filed an application for pooling the S/2N/2 of Section 18. The Division has set the application for hearing on January 23, 2014.



Chevron has had a rig schedule for this well for some time and plans on spudding the well today. Any concerns Endurance has with this proposed well can be addressed at the scheduled January 23rd hearing, once Endurance demonstrates that it has standing in this matter. Given the above reasons, the diligence with which Chevron has pursued voluntary pooling for its proposed well, and the fact that Endurance has yet to submit any competing development proposal to the working interest owners in Section 18, Chevron respectfully requests that you deny Endurance's request to suddenly suspend Chevron's approved drilling permit.

Sincerely,

Michael H. Feldewert

cc. Gabe Wade, Attorney for the Division
Ernest L. Padilla, Attorney for Endurance Resources, LLC

District I

1625 N. French Dr., Hobbs, NM 88240
Phone: (505) 393-6161 Fax: (505) 393-0720

District II

811 S. First St., Artesia, NM 88210
Phone: (505) 748-1283 Fax: (505) 748-9720

District III

1000 Rio Brazos Rd., Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3470 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-101
August 1, 2011

Permit 178410

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address CHEVRON U.S.A INC Attn: Sandy Stedman-Daniel Houston, TX 77252		2. OGRID Number 4323
4. Property Code 40209		3. API Number 30-025-41481
5. Property Name BELL LAKE 18 23 34		6. Well No. 001H

7. Surface Location

UL - Lot E	Section 18	Township 23S	Range 34E	Lot Idn 2	Feet From 2290	N/S Line N	Feet From 330	E/W Line W	County Lea
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8. Proposed Bottom Hole Location

UL - Lot H	Section 18	Township 23S	Range 34E	Lot Idn H	Feet From 2290	N/S Line N	Feet From 330	E/W Line E	County Lea
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9. Pool Information

BELL LAKE/BONE SPRING, NORTH	5150
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Additional Well Information

11. Work Type New Well	12. Well Type OIL	13. Cable/Rotary	14. Lease Type Private	15. Ground Level Elevation 3525
16. Multiple N	17. Proposed Depth 14817	18. Formation Bone Spring	19. Contractor	20. Spud Date
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water

☒ We will be using a closed-loop system in lieu of lined pits

21. Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48	1050	1050	0
Int1	12.25	9.625	40	5020	1138	0
Prod	8.75	5.5	17	14817	2000	4520

Casing/Cement Program: Additional Comments

THERE WILL BE A PILOT HOLE - 8.75, SETTING DEPTH 11,000. AN OPEN HOLE CEMENTED WHIPSTOCK WILL BE UTILIZED W/2 7/8" TAILPIPE TO PLUG THE PILOT HOLE AFTER EVALUATION. TAIL PIPE WILL BE CEMENTED IN PLACE FROM PILOT HOLE TD OF 11,000' TO 50' ABOVE DETERMINED KOP. LATERAL WILL BE AN OH PACKER COMPLETION (NO CEMENT) FROM TD TO END OF CURVE (+/-10,750') THERE WILL BE A STAGE TOOL AT THE END OF CURVE TO CEMENT BACK UP TO 500' INSIDE INTERMEDIATE CASING.

22. Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	5000	5000	T-3

23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief.
I further certify I have complied with 19.15.14.9 (A) NMAC ☒ and/or 19.15.14.9 (B) NMAC ☒ if applicable.

OIL CONSERVATION DIVISION

Signature

Printed Name: Electronically filed by Denise Pinkerton

Title: Regulatory Specialist

Email Address: leakejd@chevron.com

Date: 11/4/2013

Phone: 432-687-7375

Approved By: Paul Kautz

Title: Geologist

Approved Date: 11/5/2013

Conditions of Approval Attached

Expiration Date: 11/5/2015

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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102

August 1, 2011

Permit 176410

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-025-41481	2. Pool Code 5150	3. Pool Name BELL LAKE, BONE SPRING, NORTH
4. Property Code 40209	5. Property Name BELL LAKE 18 23 34	6. Well No. 001H
7. OGRID No. 4323	8. Operator Name CHEVRON U S A INC	9. Elevation 3525

10. Surface Location

UL - Lot E	Section 18	Township 23S	Range 34E	Lot Idn 2	Feet From 2290	N/S Line N	Feet From 330	E/W Line W	County Lea
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11. Bottom Hole Location if Different From Surface

UL - Lot H	Section 18	Township 23S	Range 34E	Lot Idn	Feet From 2290	N/S Line N	Feet From 330	E/W Line E	County Lea
12. Dedicated Acres 157.71			13. Joint or Infill		14. Consolidation Code			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

OPERATOR CERTIFICATION

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(s) 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.

E-Signed By: Denise Pinkerton
Title: Regulatory Specialist
Date: 11/4/2013

SURVEYOR CERTIFICATION

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.

Surveyed By: RONALD EIDSON
Date of Survey: 8/17/2013
Certificate Number: 3239

District I

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Energy, Minerals and Natural Resources
Oil Conservation Division
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Form APD Comments

Permit 176410

PERMIT COMMENTS

Operator Name and Address: CHEVRON U S A INC [4323] Attn: Sandy Stedman-Daniel Houston, TX 77252	API Number: 30-025-41481
	Well: BELL LAKE 18 23 34 #001H

Created By	Comment	Comment Date
DPINKERTON	PLATS AND RIG LAYOUT INFORMATION WILL BE MAILED IN TODAY.	10/31/2013

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Form APD Conditions

Permit 178410

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

PERMIT CONDITIONS OF APPROVAL

Operator Name and Address: CHEVRON U S A, INC [4323] Attn: Sandy Stedman-Daniel Houston, TX 77252	API Number: 30-025-41481
	Well: BELL LAKE 18 23 34 #001H

OCD Reviewer	Condition
pkautz	Will require a directional survey with the C-104
pkautz	Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string