

**BEFORE THE OIL CONSERVATION DIVISION  
EXAMINER HEARING OCTOBER 8, 2020**

**APPLICATION OF CHEVRON U.S.A. INC.  
FOR A HORIZONTAL SPACING UNIT  
AND COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO**

**Case No. 21435**

SND 14-23 Fed Com 001 P26 225H Well  
SND 14-23 Fed Com 001 P26 226H Well  
SND 14-23 Fed Com 001 P26 227H Well

**Chevron U.S.A. Inc.**

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**STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES OIL  
CONSERVATION DIVISION**

**APPLICATION OF CHEVRON U.S.A. INC.  
FOR A HORIZONTAL SPACING UNIT  
AND COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO**

**Case No. 21435**

**APPLICATION**

Chevron U.S.A. Inc. ("Chevron"), OGRID No. 4323, through its undersigned attorneys, hereby files this Application with the Oil Conservation Division ("Division") pursuant to the provisions of NMSA 1978, § 70-2-17, for an order (1) establishing a standard 640-acre, more or less, spacing and proration unit comprised of the W/2 of Sections 14 and 23, Township 24 South, Range 31 East, NMPM, Eddy County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation (COTTON DRAW; BONE SPRING [Pool Code 13367]), underlying said unit.

In support of its Application, Chevron states the following:

1. Chevron is a working interest owner in the proposed horizontal spacing and proration unit ("HSU") and has a right to drill a well thereon.
2. Chevron seeks to dedicate the HSU to its **SND 14-23 Fed Com 001 P26 226H Well**, an oil well, proposed to be horizontally drilled from a surface location in SW/4 SW/4 (Unit M) of Section 11, Township 24 South, Range 31 East to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 23. The **SND 14-23 Fed Com 001 P26 226H Well** is the Defining Well for the HSU.

3. Chevron also proposes two infill wells for the HSU as described in Paragraphs 4 and 5, below.

4. Chevron proposes the **SND 14-23 Fed Com 001 P26 225H Well**, an infill oil well, to be horizontally drilled from a surface location in SW/4 SW/4 (Unit M) of Section 11 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 23.

5. Chevron proposes the **SND 14-23 Fed Com 001 P26 227H Well**, an infill oil well, to be horizontally drilled from a surface location in SW/4 SW/4 (Unit M) of Section 11 to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 23.

6. The completed intervals and first and last take points for all wells proposed in the HSU meet the setback requirements set forth in the Division's statewide rules and regulations for horizontal oil wells. Chevron will incorporate proximity tracts, pursuant to 19.15.16.15(B)(1)(b) NMAC, into its HSU, such that the completed interval for the wells will adhere to requirements of the statewide rules. Take points of Well 226H will be located (66 ft from the midsection of the W/2) to allow for proximity tracts.

7. Since production of the wells will be managed by a single well pad, Chevron plans to apply administratively for approval of surface commingling in the event such provisions are needed.

8. Chevron has sought in good faith, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the wells or in the commitment of their interests to the wells for their development within the proposed HSU.

9. The pooling of all interests in the Bone Spring formation within the proposed HSU, and creation of the spacing unit, will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.



10. In order to provide for its just and fair share of the oil and gas underlying the subject lands, Chevron requests that all uncommitted interests in this HSU be pooled and that Chevron be designated the operator of the proposed horizontal wells and HSU.

11. Chevron reserves the right to add additional wells to the HSU when and if deemed necessary by Chevron for the proper development of the HSU and its resources.

12. Since Chevron will be drilling and completing this well as part of a simultaneous drilling program, Chevron requests that it be allowed to commence drilling the initial well at any time within one year after the date of the Order, with the option to complete the well any time within one year after the commencement of drilling.

WHEREFORE, Chevron requests that this Application be set for hearing before an Examiner of the Oil Conservation Division on October 8, 2020, and after notice and hearing as required by law, the Division enter an order:

A. Approving the creation of a standard 640-acre, more or less, spacing and proration unit comprising the W/2 of Sections 14 and 23, Township 24 South, Range 31 East, NMPM, Eddy County, New Mexico;

B. Pooling all uncommitted mineral interests in the Bone Spring formation (COTTON DRAW; BONE SPRING [Pool Code 13367]) underlying the proposed HSU;

C. Approving the three proposed wells in the HSU;

D. Designating Chevron as operator of this HSU and the horizontal wells to be drilled thereon;

E. Authorizing Chevron to recover its costs of drilling, equipping and completing these wells;

F. Approving actual operating charges and costs of supervision, to the maximum extent allowable, while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures;

G. Setting a 200% charge for the risk assumed by Chevron in drilling and completing the wells in the event a working interest owner elects not to participate in the wells;

H. Allowing the application for surface commingling to be submitted administratively; and

I. Allowing the commencement of drilling the initial well any time within one year after the date of the Order and completing the well any time within one year after commencement of drilling.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

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Darin C. Savage

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**Attorneys for Chevron U.S.A. Inc.**

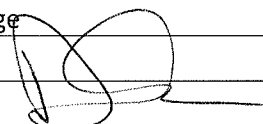
***Case No. 21435: Application of Chevron U.S.A. Inc. for a Horizontal Spacing and Proration Unit and Compulsory Pooling, Eddy County, New Mexico.*** Applicant in the above-styled cause seeks an order from the Division: (1) establishing a standard 640-acre, more or less, horizontal spacing and proration unit comprised of the W/2 of Sections 14 and 23, Township 24 South, Range 31 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation (COTTON DRAW; BONE SPRING [Pool Code 13367]) underlying the unit. Said horizontal spacing unit is to be dedicated to the **SND 14-23 Fed Com 001 P26 226H Well**, an oil well, proposed to be horizontally drilled from a surface location in SW/4 SW/4 (Unit M) of Section 11, Township 24 South, Range 31 East to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 23. The **SND 14-23 Fed Com 001 P26 226H Well** is the Defining Well for the HSU. Applicant also proposes the **SND 14-23 Fed Com 001 P26 225H Well**, an infill oil well, to be horizontally drilled from a surface location in SW/4 SW/4 (Unit M) of Section 11 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 23, and proposes the **SND 14-23 Fed Com 001 P26 227H Well**, an infill oil well, to be horizontally drilled from a surface location in SW/4 SW/4 (Unit M) of Section 11 to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 23. Approval of surface commingling will be applied for administratively. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 15 1/2 miles north of the New Mexico state line, and approximately 18 miles east of Loving, New Mexico.

# COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

<b>Case:</b>	<b>APPLICANT'S RESPONSE</b>
<b>Date</b>	<b>October 5, 2020</b>
Applicant	Chevron U.S.A. Inc.
Designated Operator & OGRID (affiliation if applicable)	4323
Applicant's Counsel:	Darin C. Savage - Abadie & Schill, PC
Case Title:	Application of Chevron U.S.A. Inc. for a Horizontal Spacing Unit and Compulsory Pooling, Eddy County, New Mexico
Entries of Appearance/Intervenors:	Douglas McLeod
Well Family	SND (Sand Dunes)
<b>Formation/Pool</b>	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Exhibit B-2, B-3 and B-4
Pool Name and Pool Code:	Cotton Draw; Bone Spring, Code 13367
Well Location Setback Rules:	NMAC statewide rules apply
Spacing Unit Size:	40-acre tracts, within 640 ac unit
<b>Spacing Unit</b>	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	640 acres
Building Blocks:	40-acre tracts
Orientation:	North - South
Description: TRS/County	W/2 of Sections 14 and 23, T24S-R31E, NMPM, Eddy County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
<b>Other Situations</b>	
Depth Severance: Y/N. If yes, description	No depth severance in the lands owned by parties to be pooled and ownership is uniform; one depth severance in the S/2 of Section 14, the interest of all owners has been accounted for in this S/2 by an executed JOA.
Proximity Tracts: If yes, description	Yes, Q/Q tracts in E/2 W/2
Proximity Defining Well: if yes, description	Yes, SND 14-23 Fed Com 001 P26 226H Well
Applicant's Ownership in Each Tract	See Landman Exhibit A-2
<b>Well(s)</b>	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed
Well #1	SND 14-23 Fed Com 001 P26 226H Well (API-pending), SHL: Unit M, 140' FSL, 1283' FWL, Section 11, T24S-R31E, NMPM; BHL: Unit M, 25' FSL, 1254' FWL, Section 23, T24S-R31E, NMPM, standup, standard

Well #2	SND 14-23 Fed Com 001 P26 225H Well (API-pending), SHL: Unit M, 140' FSL, 1258' FWL, Section 11, T24S-R31E, NMPM; BHL: Unit M, 25' FSL, 330' FWL, Section 23, T24S- R31E, NMPM, standup, standard
Well #3	SND 14-23 Fed Com 001 P26 227H Well (API-pending), SHL: Unit M, 140' FSL, 1308' FWL, Section 11, T24S-R31E, NMPM; BHL: Unit M, 25' FSL, 2178' FWL, Section 23, T24S- R31E, NMPM, standup, standard
Horizontal Well First and Last Take Points	SND 14-23 Fed Com 001 P26 226H Well: FTP 100' FNL, 1254' FWL, LTP 100' FSL, 1254' FWL; SND 14-23 Fed Com 001 P26 225H Well: FTP 100' FNL, 330' FWL, LTP 100' FSL, 330' FWL; SND 14-23 Fed Com 001 P26 227H Well: FTP 100' FNL, 2178' FWL, LTP 100' FSL, 2178' FWL
Completion Target (Formation, TVD and MD)	SND 14-23 Fed Com 001 P26 226H Well: TVD approx 9,073', TMD approx 19,799'; SND 14-23 Fed Com 001 P26 225H Well: TVD approx 9,058', TMD approx 19,871; SND 14-23 Fed Com 001 P26 227H Well: TVD approx 9,063', TMD approx 19,886'
<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	\$7000, Exhibit A
Production Supervision/Month \$	\$700, Exhibit A
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%, Exhibit A
<b>Notice of Hearing</b>	
Proposed Notice of Hearing	Exhibit C-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C-2
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-3
<b>Ownership Determination</b>	
Land Ownership Schematic of the Spacing Unit	Exhibit A-2
Tract List (including lease numbers and owners)	Exhibit A-2
Pooled Parties (including ownership type)	Exhibit A-2
Unlocatable Parties to be Pooled	Exhibit A, N/A
Ownership Depth Severance (including percentage above & below)	Exhibit A-2, N/A
<b>Joinder</b>	
Sample Copy of Proposal Letter	Exhibit A-3
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-2
Chronology of Contact with Non-Joined Working Interests	Exhibit A-4
Overhead Rates In Proposal Letter	Exhibit A-3
Cost Estimate to Drill and Complete	Exhibit A-3
Cost Estimate to Equip Well	Exhibit A-3
Cost Estimate for Production Facilities	Exhibit A-3
<b>Geology</b>	
Summary (including special considerations)	Exhibit B - Geologist's Affidavit

Spacing Unit Schematic	Exhibit B-1
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-2, B-3
Well Orientation (with rationale)	Exhibit B - Geologist's Affidavit
Target Formation	Exhibit B - Geologist's Affidavit
HSU Cross Section	Exhibit B-3, B-4
Depth Severance Discussion	Exhibit B - Geologist's Affidavit
<b>Forms, Figures and Tables</b>	
C-102	Exhibit A-1
Tracts	Exhibit A-1, A-2, B-1
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-2
General Location Map (including basin)	Exhibit A-2
Well Bore Location Map	Exhibit B-1
Structure Contour Map - Subsea Depth	Exhibit B-1, B-2
Cross Section Location Map (including wells)	Exhibit B-3, B-4
Cross Section (including Landing Zone)	Exhibit B-3, B-4
<b>Additional Information</b>	
<p><b>CERTIFICATION:</b> I hereby certify that the information provided in this checklist is complete and accurate.</p>	
<b>Printed Name</b> (Attorney or Party Representative):	Darin C. Savage
<b>Signed Name</b> (Attorney or Party Representative):	
<b>Date:</b>	5-Oct-20

**STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES OIL  
CONSERVATION DIVISION**

**APPLICATION OF CHEVRON U.S.A. INC.  
FOR A HORIZONTAL SPACING UNIT  
AND COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO**

**Case No. 21435**

**AFFIDAVIT OF SCOTT SUBRSULA**

STATE OF TEXAS                )  
  ) ss.  
COUNTY OF HARRIS         )

I, being duly sworn on oath, state the following:

1. I am over the age of eighteen years and have the capacity to execute this Affidavit, which is based on my personal knowledge.
2. I am employed as a Lead Land Representative with Chevron U.S.A. Inc. (“Chevron”), and I am familiar with the subject application and the lands involved.
3. I graduated from the University of Houston Law Center with a Doctor of Jurisprudence degree in 2008. I have worked at Chevron for approximately two years, and I have been working in New Mexico for two years. I have not previously testified before the Division and have attached a one-page resume to this affidavit for the Division’s review.
4. This affidavit is submitted in connection with the filing by Chevron of the above-referenced spacing and compulsory pooling application pursuant to 19.15.4.12.A(1), (8) NMAC.

**EXHIBIT  
A**

5. The purpose of this application is to force pool uncommitted working interest owners and overriding royalty interest owners in the horizontal spacing unit described below, and in the wells proposed to be drilled in the unit by Chevron.

6. Chevron seeks an order creating a standard 640-acre, more or less, spacing and proration unit comprised of the W/2 of Sections 14 and 23, Township 24 South, Range 31 East, NMPM, Eddy County, New Mexico, pooling all uncommitted mineral interests in the Bone Spring formation (COTTON DRAW; BONE SPRING with Pooling Code 13367) underlying said unit. The proposed spacing unit will be dedicated to the **SND 14-23 Fed Com 001 P26 226H Well**, an oil well, proposed to be horizontally drilled from a surface location in SW/4 SW/4 (Unit M) of Section 11, Township 24 South, Range 31 East to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 23. The **SND 14-23 Fed Com 001 P26 226H Well** is the Defining Well for the HSU.

7. Chevron also proposes the following infill oil wells to be drilled in the unit: the **SND 14-23 Fed Com 001 P26 225H Well**; and the **SND 14-23 Fed Com 001 P26 227H Well**. Chevron proposes the **SND 14-23 Fed Com 001 P26 225H Well** to be horizontally drilled from a surface location in SW/4 SW/4 (Unit M) of Section 11 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 23, and the **SND 14-23 Fed Com 001 P26 227H Well** to be horizontally drilled from a surface location in SW/4 SW/4 (Unit M) of Section 11 to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 23.

8. A plat outlining the unit being pooled is attached hereto as **Exhibit A-2**, which shows the location of the proposed wells within the unit. The location of all the wells is orthodox, and the completed intervals and first and last take points for all wells proposed in the HSU meet the setback requirements set forth in the Division's statewide rules and regulations for horizontal



oil wells. Chevron will incorporate proximity tracts, pursuant to 19.15.16.15(B)(1)(b) NMAC, into its HSU, such that the completed interval for the wells will adhere to requirements of the statewide rules. As shown in Exhibit A-1, the take points are as follows:

SND 14-23 Fed Com 001 P26 226H Well

First Take Point: 100' FNL, 1254' FWL; Last Take Point: 100' FSL, 1254' FWL

SND 14-23 Fed Com 001 P26 225H Well

First Take Point: 100' FNL, 330' FWL; Last Take Point: 100' FSL, 330' FWL

SND 14-23 Fed Com 001 P26 227H Well

First Take Point: 100' FNL, 2178' FWL; Last Take Point: 100' FSL, 2178' FWL

9. The parties being pooled, the nature of their interests, and their last known addresses are listed on **Exhibit A-2** attached hereto. **Exhibit A-2** includes information regarding working interest owners and overriding royalty interest owners.

10. There are no depth severances in the Bone Spring formation in this acreage owned by the parties to be pooled and the ownership is uniform. There was one depth severance in the S/2 of Section 14, but it involved only two interest owners, Vladin, LLC, and Douglas McLeod, and the allocation of those interests have been accounted for by the voluntary agreement of a JOA, which the parties have agreed to and executed.

11. The locations and proposed depths of the wells to be drilled on the pooled units are as follows:

Well Name	SHL	BHL	TVD	TMD
SND 14-23 Fed Com 001 P26 226H	140' FSL / 1283' FWL (Sec 11-24S-31E)	25' FSL / 1254' FWL (Sec 23-24S-31E)	9073'	19799'
SND 14-23 Fed Com 001 P26 225H	140' FSL / 1258' FWL (Sec 11-24S-31E)	25' FSL / 330' FWL (Sec 23-24S-31E)	9058'	19871'
SND 14-23 Fed Com 001 P26 227H	140' FSL / 1308' FWL (Sec 11-24S-31E)	25' FSL / 2178' FWL (Sec 23-24S-31E)	9063'	19886'

12. I provided the law firm of Abadie & Schill P.C. a list of names and addresses for the uncommitted interest owners and ORRI owners shown on Exhibit A-2. In compiling these addresses, I conducted a diligent search of the public records in Eddy County, New Mexico, where the wells are located, and did computer searches to locate the contact information for parties entitled to notification. All parties were locatable; nonetheless, notice of this hearing was published in the Carlsbad Current Argus, a newspaper of general circulation in Eddy County, New Mexico, to cover any potential oversights. The initial mailing to Moon Royalty, LLC, was returned, but I was provided an updated address by their landman and that mailing was delivered. As of the filing of these exhibits prior to the hearing, we were still waiting on some of the green cards.

13. Chevron has made a good faith effort to obtain voluntary joinder of the working interest owners in the proposed wells.

14. The interest owners being pooled have been contacted regarding the proposed wells, but have failed or refused to voluntarily commit their interests in the wells. However, Chevron has been in ongoing discussions with some of the interest owners to voluntarily enter into a Joint Operating Agreement. If a mutually agreeable Joint Operating Agreement is reached between Chevron and another interest owner(s), Chevron requests that the voluntary agreement become operative and supersede the Division's order for said parties, except to the extent the Division deems it necessary to maintain spacing criteria for the purpose of conservation, the prevention of waste, and the protection of correlative rights.

15. Proposed C-102's for the wells are attached as **Exhibit A-1**. The wells will develop the Bone Spring formation (COTTON DRAW; BONE SPRING with Pool Code 13367), which is designated for oil.

16. Since production of the wells will be managed by a single well pad, Chevron plans to apply administratively for approval of surface commingling, pursuant to state-wide rules, in the event such provisions are needed

17. **Exhibit A-3** is a sample proposal letter and the AFE for the proposed wells. The estimated cost of the wells set forth in the AFE is fair, reasonable, and comparable to the costs of other wells of similar depths and lengths drilled in this area of New Mexico.

18. Chevron requests overhead and administrative rates of \$7,000/month for drilling each well and \$700/month for producing wells, which are the same overhead rates provided to the interest owners prior to the hearing in the proposed JOA. These rates are fair and comparable to the rates charged by other operators for wells of this type in this area of southeastern New Mexico. Chevron requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

19. Chevron requests the maximum cost, plus 200% risk charge be assessed against non-consenting working interest owners.

20. Chevron requests that it be designated operator of the unit and wells.


21. The Exhibits to this Affidavit were prepared by me or compiled from Chevron's company business records under my direct supervision.

22. The granting of this Application is in the interests of conservation, the prevention of waste, and the protection of correlative rights.

23. The foregoing is correct and complete to the best of my knowledge and belief.

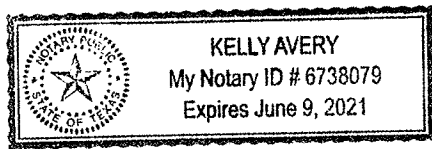
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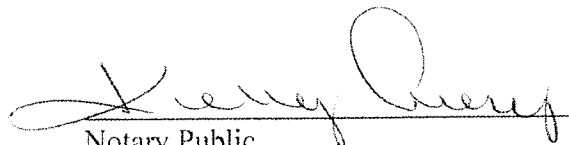
FURTHER AFFIANT SAYETH NAUGHT

  
\_\_\_\_\_  
Scott Sabrsula

STATE OF TEXAS            )  
                                      )  
COUNTY OF HARRIS        )

Subscribed to and sworn before me this 30<sup>th</sup> day of September, 2020.



  
\_\_\_\_\_  
Notary Public

My Commission Expires:

June 9, 2021

## Scott Sabrsula

2014 Crystal River Drive

Kingwood, TX 77345

Cell: 281-520-1114

Email: scottsabrsula@chevron.com

### EMPLOYMENT HISTORY

- **Chevron Corporation**, August 2018-Present, full time
  - **Lead Land Representative**
    - Supporting New Mexico Permian Team
- **Hess Corporation**, February 2013-August 2018, full-time
  - **Land Negotiator**
    - Supported Bakken Team
    - Drafted trade agreements, acquisition offer letters, lease exchange agreements and other legal documents dealing with the acquisition, disposition or exchange of properties or property rights
    - Negotiated trades, acquisitions and dispositions of land rights with JV partners and private parties
    - Negotiated terms for leases and surface use agreements with private landowners
  - **Well Planner for Area Work Team in the Bakken**
    - Supported Area Work Team Manager in preparation and maintenance of area drill schedule
    - Helped orchestrate rig handoffs, startups and shut downs as necessary to optimize operations; ensured proper permitting and spacing by working with regulatory and surface teams in Minot
- **ExxonMobil Corporation**, March 2009-February 2013, full-time (as well as Summer 2008, full-time Property/Title intern)
  - **Property/Title Land Analyst**
  - **OBO (Operated By Other/Non-Operated) Division of Interest Team Lead**

### EDUCATION/LICENSE

- **State Bar of Texas**
  - Licensed since 2009
- **Doctor of Jurisprudence**, University of Houston Law Center, December 2008 (Top 35%)
- **Bachelor of Business Administration**, Baylor University (Waco, TX) (Top 5%)
  - Magna Cum Laude
- **American Association of Petroleum Landmen (AAPL)**
  - Member since 2013
  - RPL certification since 2015

District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
District II  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

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 August 1, 2011  
Submit one copy to appropriate  
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number	<sup>2</sup> Pool Code	<sup>3</sup> Pool Name
<sup>4</sup> Property Code	<sup>5</sup> Property Name	<sup>6</sup> Well Number
	SND 14 23 FED COM 001 P26	225H
<sup>7</sup> OGRID No.	<sup>8</sup> Operator Name	<sup>9</sup> Elevation
	CHEVRON U.S.A. INC.	3538'

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	11	24 SOUTH	31 EAST, N.M.P.M.		140'	SOUTH	1258'	WEST	EDDY

<sup>11</sup> 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
M	23	24 SOUTH	31 EAST, N.M.P.M.		25'	SOUTH	330'	WEST	EDDY

<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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.

<p><b>SND 14 23 FED COM 001 P26 NO. 225H WELL</b></p> <p>PROPOSED FIRST TAKE POINT</p> <p>X= 679,582' Y= 446,021' NAD 27 LAT. 32.224895° N LONG. 103.752609° W</p> <p>X= 720,766' Y= 446,080' NAD83/2011 LAT. 32.225018° N LONG. 103.753093° W ELEV. +3,538' NAVD88</p>		<p><b><sup>17</sup> OPERATOR CERTIFICATION</b></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>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p> <p><b><sup>18</sup> SURVEYOR CERTIFICATION</b></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>03/31/2020 Date of Survey</p> <p>Signature and Seal of Professional Surveyor: </p> <p>Certificate Number _____</p>
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CORNER COORDINATES TABLE  
(NAD 27)

A - Y=447193.90, X= 678318.78  
B - Y=445873.60, X=678324.50  
C - Y=435311.46, X=678390.49  
D - Y=447201.92, X=679640.10  
E - Y=445881.52, X=679646.09  
F - Y=447225.98, X=683604.05  
G - Y=435342.34, X=683670.54

EXHIBIT  
A-1

District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
District II  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

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 August 1, 2011  
Submit one copy to appropriate  
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number	<sup>2</sup> Pool Code	<sup>3</sup> Pool Name
<sup>4</sup> Property Code	<sup>5</sup> Property Name SND 14 23 FED COM 001 P26	<sup>6</sup> Well Number 226H
<sup>7</sup> OGRID No.	<sup>8</sup> Operator Name CHEVRON U.S.A. INC.	<sup>9</sup> Elevation 3538'

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	11	24 SOUTH	31 EAST, N.M.P.M.		140'	SOUTH	1283'	WEST	EDDY

<sup>11</sup> 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
M	23	24 SOUTH	31 EAST, N.M.P.M.		25'	SOUTH	1254'	WEST	EDDY

<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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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.

<sup>16</sup> <table><tr><td>SND 14 23 FED COM 001 P26 NO. 226H WELL</td><td>PROPOSED FIRST TAKE POINT</td></tr><tr><td>X= 679,607' Y= 446,021' LAT. 32.224895° N LONG. 103.752529° W</td><td>X= 679,579' Y= 445,781' LAT. 32.224235° N LONG. 103.752623° W</td></tr><tr><td>X= 720,791' Y= 446,080' LAT. 32.225018° N LONG. 103.753012° W ELEV. +3538' NAVD88</td><td>X= 720,763' Y= 445,840' LAT. 32.224359° N LONG. 103.753106° W</td></tr><tr><td>PROPOSED LAST TAKE POINT</td><td>PROPOSED BOTTOM HOLE LOCATION</td></tr><tr><td>X= 679,644' Y= 435,418' LAT. 32.195749° N LONG. 103.752594° W</td><td>X= 679,644' Y= 435,343' LAT. 32.195543° N LONG. 103.752594° W</td></tr><tr><td>X= 720,828' Y= 435,477' LAT. 32.195872° N LONG. 103.753076° W</td><td>X= 720,829' Y= 435,402' LAT. 32.195666° N LONG. 103.753076° W</td></tr></table>	SND 14 23 FED COM 001 P26 NO. 226H WELL	PROPOSED FIRST TAKE POINT	X= 679,607' Y= 446,021' LAT. 32.224895° N LONG. 103.752529° W	X= 679,579' Y= 445,781' LAT. 32.224235° N LONG. 103.752623° W	X= 720,791' Y= 446,080' LAT. 32.225018° N LONG. 103.753012° W ELEV. +3538' NAVD88	X= 720,763' Y= 445,840' LAT. 32.224359° N LONG. 103.753106° W	PROPOSED LAST TAKE POINT	PROPOSED BOTTOM HOLE LOCATION	X= 679,644' Y= 435,418' LAT. 32.195749° N LONG. 103.752594° W	X= 679,644' Y= 435,343' LAT. 32.195543° N LONG. 103.752594° W	X= 720,828' Y= 435,477' LAT. 32.195872° N LONG. 103.753076° W	X= 720,829' Y= 435,402' LAT. 32.195666° N LONG. 103.753076° W		<sup>17</sup> <b>OPERATOR CERTIFICATION</b> <i>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.</i>  Signature _____ Date _____  Printed Name _____  E-mail Address _____
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Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
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WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number		<sup>2</sup> Pool Code	<sup>3</sup> Pool Name
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UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	11	24 SOUTH	31 EAST, N.M.P.M.		140'	SOUTH	1308'	WEST	EDDY

<sup>11</sup> 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
N	23	24 SOUTH	31 EAST, N.M.P.M.		25'	SOUTH	2178'	WEST	EDDY

<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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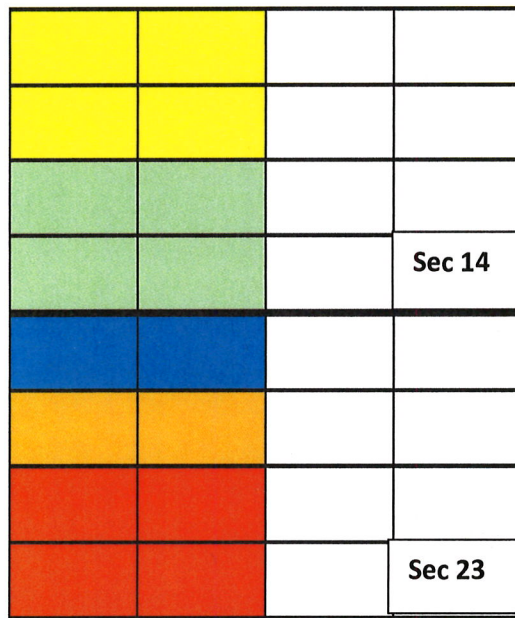
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F - Y=447225.98, X=683604.05  
G - Y=435342.34, X=683670.54



**OWNERSHIP BREAKDOWN  
SND 14 23 FED COM 001 P26**

W/2 of Section 14 and W/2 of Section 23, T24S, R31E, Eddy County, New Mexico, Bone Spring  
Formation, Delaware Basin



-  Tract 1: NMNM 116004 (160 acres)
-  Tract 2: NMNM 141882 (160 acres)
-  Tract 3: NMNM 57274 (160 acres)
-  Tract 4: NMNM 55974 (80 acres)
-  Tract 5: Private Fee (80 acres)

**Tract 1 Ownership (SW/4 Sec 14-T24S-R31E, being 160 acres)**

Owner	WI	Net Acres	Status
Chevron U.S.A., Inc. 1400 Smith Street Houston, TX 77002	38.67%	61.875	Committed
Douglas Cameron McLeod 600 Grant Street, Ste 850 Denver, CO 80203	43.75%	70	Committed
Vladin, LLC 105 South 4th Street Artesia, NM 88210	17.58%	28.125	Committed
<b>Total:</b>	<b>100.00%</b>	<b>160</b>	

**Tract 2 Ownership (NW/4 Sec 14-T24S-R31E, being 160 acres)**

Owner	WI	Net Acres	Status
Chevron U.S.A., Inc. 1400 Smith Street Houston, TX 77002	100.00%	160	Committed
<b>Total:</b>	<b>100.00%</b>	<b>160</b>	

**Tract 3 Ownership (SW/4 Sec 23-T24S-R31E, being 160 acres)**

<b>Owner</b>	<b>WI</b>	<b>Net Acres</b>	<b>Status</b>
Chevron U.S.A., Inc. 1400 Smith Street Houston, TX 77002	60.87%	97.394	Committed
Vladin, LLC 105 South 4th Street Artesia, NM 88210	20.31%	32.500	Committed
Foran Oil Company 5400 LBJ Freeway, Ste 1500 Dallas, TX 75240	6.25%	10.000	Uncommitted
John A. Yates, Sr. Trustee of Trust Q Under Will of Peggy. A. Yates "Trust Q" 105 South 4th Street Artesia, NM 88210	2.71%	4.332	Committed
Abo Petroleum, LLC 105 South 4th Street Artesia, NM 88210	3.75%	5.999	Committed
The Allar Company P.O. Box 1567 Graham, TX 76450	1.59%	2.550	Uncommitted
Bettis Brothers, LP 500 W. Texas Ave., Ste 830 Midland, TX 79701	0.94%	1.500	Uncommitted
H. M. Bettis, Inc. 505 5th Street Graham, TX 76450	0.73%	1.167	Uncommitted
B.A.G.A.M., Ltd. 901 4th Street Graham, TX 76450	0.70%	1.125	Uncommitted
Sonic Oil & Gas, LP P.O. Box 1240 Graham, TX 76450	0.56%	0.903	Uncommitted
W. T. Boyle & Co. P.O. Box 57 Graham, TX 76450	0.47%	0.750	Uncommitted
Stovall Energy, Ltd. 605 3rd Street Graham, TX 76450	0.47%	0.750	Uncommitted
S. B. Street & Co. P.O. Box 206 Graham, TX 76450	0.19%	0.300	Uncommitted

[Type here]

Exhibit A-2

[Type here]

L. E. Opperman 500 W. Texas Ave #83 Midland, TX 79701-4276	0.10%	0.167	Committed
Moon Royalty LLC 5737 N.W. 132nd Street Oklahoma City, OK 73142	0.09%	0.150	Committed
Guinn Family Properties, Ltd. 623 Elm Street, Suite 306 Graham, TX 76450	0.09%	0.150	Uncommitted
G. E. Rogers, LLC P.O. Box 1424 Graham, TX 76450	0.08%	0.121	Uncommitted
B. F. Albritton, LLC 1012 Normandy Graham, TX 76450	0.04%	0.071	Uncommitted
T. C. Energy, LLC P.O. Box 1461 Graham, TX 76450	0.04%	0.071	Uncommitted
Total:	100.00%	160.000	

**Tract 4 Ownership (S/2 NW/4 Sec 23-T24S-R31E, being 80 acres)**

Owner	WI	Net Acres	Status
Chevron U.S.A., Inc. 1400 Smith Street Houston, TX 77002	60.87%	48.697	Committed
Vladin, LLC 105 South 4th Street Artesia, NM 88210	20.31%	16.250	Committed
Foran Oil Company 5400 LBJ Freeway, Ste 1500 Dallas, TX 75240	6.25%	5.000	Uncommitted
John A. Yates, Sr. Trustee of Trust Q Under Will of Peggy. A. Yates "Trust Q" 105 South 4th Street Artesia, NM 88210	2.71%	2.166	Committed
Abo Petroleum, LLC 105 South 4th Street Artesia, NM 88210	3.75%	2.999	Committed
The Allar Company P.O. Box 1567 Graham, TX 76450	1.59%	1.275	Uncommitted

[Type here]

## Exhibit A-2

[Type here]

Bettis Brothers, LP 500 W. Texas Ave., Ste 830 Midland, TX 79701	0.94%	0.750	Uncommitted
H. M. Bettis, Inc. 505 5th Street Graham, TX 76450	0.73%	0.583	Uncommitted
B.A.G.A.M., Ltd. 901 4th Street Graham, TX 76450	0.70%	0.563	Uncommitted
Sonic Oil & Gas, LP P.O. Box 1240 Graham, TX 76450	0.56%	0.452	Uncommitted
W. T. Boyle & Co. P.O. Box 57 Graham, TX 76450	0.47%	0.375	Uncommitted
Stovall Energy, Ltd. 605 3rd Street Graham, TX 76450	0.47%	0.375	Uncommitted
S. B. Street & Co. P.O. Box 206 Graham, TX 76450	0.19%	0.150	Uncommitted
L. E. Opperman 500 W. Texas Ave #83 Midland, TX 79701-4276	0.10%	0.083	Committed
Moon Royalty LLC 5737 N.W. 132nd Street Oklahoma City, OK 73142	0.09%	0.075	Committed
Guinn Family Properties, Ltd. 623 Elm Street, Suite 306 Graham, TX 76450	0.09%	0.075	Uncommitted
G. E. Rogers, LLC P.O. Box 1424 Graham, TX 76450	0.08%	0.061	Uncommitted
B. F. Albritton, LLC 1012 Normandy Graham, TX 76450	0.04%	0.036	Uncommitted
T. C. Energy, LLC P.O. Box 1461 Graham, TX 76450	0.04%	0.036	Uncommitted
Total:	100.00%	80.000	

**Tract 5 Ownership (N/2 NW/4 Sec 23-T24S-R31E, being 80 acres)**

<b>Owner</b>	<b>WI</b>	<b>Net Acres</b>	<b>Status</b>
Chevron U.S.A., Inc. 1400 Smith Street Houston, TX 77002	100.00%	80	Committed
<b>Total:</b>	<b>100.00%</b>	<b>80</b>	

**Overriding Royalty Interest seeking to Compulsory Pool:****ORRI Owners (Tract 1)**

None

**ORRI Owners (Tract 2)**

None

**ORRI Owners (Tract 3)**

MCM Permian, LLC  
223 W Wall St.  
Midland, TX 79701

Morris E. Schertz  
1104 W 3<sup>rd</sup> Street  
Roswell, NM 88210

Oscura Resources, Inc.  
P.O. Box 2292  
Roswell, NM 88202

Sonic Oil & Gas, LP  
P.O. Box 1240  
Graham, TX 76450

**ORRI Owners (Tract 4)**

Sonic Minerals, LP  
P.O. Box 1240  
Graham, TX 76450

**ORRI Owners (Tract 5)**

None

**Unit Recapitulation – Bone Spring – 640 AC****SND 14 23 FED COM 001 P26**

W/2 of Section 14 and W/2 of Section 23, T24S, R31E, Eddy County, New Mexico

<b>Owner</b>	<b>Unit WI</b>
Chevron U.S.A. Inc.	69.9947%
Douglas Cameron McLeod	10.9375%
Vladin, LLC	12.0117%
<b>Foran Oil Company</b>	<b>2.3438%</b>
John A. Yates, Sr. Trustee of Trust Q Under Will of Peggy. A. Yates "Trust Q"	1.0154%
Abo Petroleum, LLC	1.4059%
<b>The Allar Company</b>	<b>0.5977%</b>
<b>Bettis Brothers, LP</b>	<b>0.3516%</b>
<b>H. M. Bettis, Inc.</b>	<b>0.2734%</b>
<b>B.A.G.A.M., Ltd.</b>	<b>0.2637%</b>
<b>Sonic Oil &amp; Gas, LP</b>	<b>0.2116%</b>
<b>W. T. Boyle &amp; Co.</b>	<b>0.1758%</b>
<b>Stovall Energy, Ltd.</b>	<b>0.1758%</b>
<b>S. B. Street &amp; Co.</b>	<b>0.0703%</b>
L. E. Opperman	0.0391%
Moon Royalty LLC	0.0352%
<b>Guinn Family Properties, Ltd.</b>	<b>0.0352%</b>
<b>G. E. Rogers, LLC</b>	<b>0.0284%</b>
<b>B. F. Albritton, LLC</b>	<b>0.0167%</b>
<b>T. C. Energy, LLC</b>	<b>0.0167%</b>
<b>Total</b>	<b>100.0000%</b>

Uncommitted Working Interest Owners seeking to Compulsory Pool



**Scott Sabrsula**  
Land Representative

**Chevron U.S.A. Inc.**  
1400 Smith Street  
Houston, Texas 77002  
Tel 281.520.1114  
Email [scottsabrsula@chevron.com](mailto:scottsabrsula@chevron.com)

August 6, 2020

John A. Yates Sr.  
Trustee of Trust Q Under the Will of Peggy A. Yates "Trust Q"  
105 South 4<sup>th</sup> Street  
Artesia, NM 88210

**RE: Proposal To Drill – Sand Dunes Pad 26**  
**SND 14 23 FED COM 001 P26 225H**  
**SND 14 23 FED COM 001 P26 226H**  
**SND 14 23 FED COM 001 P26 227H**  
**West Half Sections 14 and 23, T24S, R31E**  
**Eddy County, New Mexico**

Dear Working Interest Owner:

Chevron U.S.A. Inc. hereby proposes to drill the above-mentioned horizontal wells in the Bone Spring (Avalon) formation.

The wells are proposed to drill vertically to a depth of approximately 9,058' (225H), 9,073' (226H) and 9,063' (227H) at a surface hole location in the SW/4SW/4 of Section 11, T24S, R31E (all wells), and horizontally in a southern direction within the Bone Spring formation to a bottom hole location in the SW/4SW/4 of Section 23, T24S, R31E (225H and 226H) and in the SE/4SW/4 of Section 23, T24S, R31E (227H). Total measured depth of the wells is proposed to be approximately 19,871' (225H), 19,799' (226H) and 19,886' (227H) from surface to terminus.

Please note that compliance with topography, cultural, and/or environmental concerns, among others, may require modifications to Chevron's intended procedure and/or location.

Enclosed for your review and execution are detailed AFEs for each well, in duplicate, reflecting estimated costs associated with this proposal. If you intend to participate, please execute in the appropriate box on each AFE, for each individual well, and return to the undersigned within 30 days of receipt of this proposal. Failure to respond within 30 days of receipt will be deemed an election not to participate in the proposed wells.

***Due to stay-at-home orders issued for Covid-19 in the State of Texas, please send an electronic copy of all executed documents to [scottsabrsula@chevron.com](mailto:scottsabrsula@chevron.com) to ensure timely receipt. Originals can be sent to the office address in the letterhead, or to 2014 Crystal River Drive, Kingwood, TX 77345.***

Also find enclosed with this letter a proposed Joint Operating Agreement based on the A.A.P.L. Form 610 – 1989 Model Form Operating Agreement, along with Exhibits for your reference and review.

Chevron currently shows the following working interest in the proposed contract area. Please note that this interest is subject to change pending further title verification:

John A. Yates, Trustee

1.015371%

**Chevron will submit an application for a Compulsory Pooling Order with the New Mexico Oil Conservation Division within 30 days of your receipt of this letter.** This will allow Chevron to move forward with planning and drilling the subject wells while allowing time to properly execute a JOA amongst the parties.

Please note that Chevron is open to discuss possible trades, assignments, etc. of your working interest in the subject acreage. Should you be interested or have any questions, please feel free to contact me at the information listed above.

Sincerely,

Scott Sabrsula  
Land Representative

*Enclosures*



SND 14 23 FED COM 001 P26 225H (Lower Avalon)		State: New Mexico Township/Range: 24S-31E	County: Eddy Sections: 14/23
Location	Depth	Cost Breakdown	
SHL 140' FSL 1258' FWL, Section 11 (R24S-T31E)	9,058' TVD	Project Cost	\$9,558,270
BHL 25' FSL, 330' FWL, Section 23	19,871' TMD		
	Code	Cost Element	Drilling      Completions      Facilities
Tangibles			
	71900021	Casing (tangible)	450,000
	71900110	Wellheads (tangible)	115,000      45,000
	71500100	Surface Lifting Equipment And Materials	
	71900020	WCR - Well Pipe - Tubing Under 2" OD	
	71900021	WCR - Well Pipe - Tubing 2" OD and Over	
	71900022	WCR - Well Pipe Casing	
	71900100	Well Equipment And Materials	45,000
		Facility Modifications	216,670
		Electrical Distribution System	80,000
		Well Pad & Infrastructure	660,000
		Gas Infrastructure	70,000
Intangibles			
	00000000	Company Drilling Equipment	
	74400001	Rig Work	685,000
	66010100	Company Labor	100,000      120,000
	70000300	Contract Project Supervision	25,000      30,000
	71290100	Fuel Diesel	130,000      300,000
	71290300	Utilities / Potable Water	8,000
	71900100	Well Equipment & Materials	
	71900500	Materials, Parts, & Supply	40,000
	72300100	Surface Equipment Rentals	220,000      835,000
	72300200	Well Service Equipment Rentals	140,000      170,000
	72300200	Rig Rentals	6,000
	73400300	Transportation Services, Land & Marine	50,000      30,000
	73400500	Transportation Air	
	74200300	Solid Waste Disposal	98,600
	71901900	Drilling and Completions Fluids	300,000      700,000
	74400006	Directional Survey & Services	250,000
	74400007	Drill-Pipe Rental & Bits	80,000
	74400009	Coil Tubing	200,000
	74400010	Stimulation / Gravel Pack Material	2,570,000
	74400011	Pumping Services	
	74400014	Perforating	
	74400015	Slickline Services	
	74400017	Coring	
	74400018	Testing	
	74400019	Logging Wireline	
	74400020	Logging While Drilling (LWD)	
	74400021	Logging Mud	18,000
	74400024	Cementing	300,000
	74400025	Fishing Services & Tools	
	74500021	Sitework / Locations	15,000
	74400003	Mobilization/De-mobilization	150,000
	74500200	Tech Services, Affiliates, & 3rd Party	
	75100500	HES, Permits, & Fees	
	76150600	Communications Telephone	
	71400100	Chemicals and Treating Agents	
	71900120	Engineering Services (Not Drilling)	
	71900500	Materials, Supply, Repair Parts	
	73200200	Marine Transportation - Allocated	
	73400300	Other Land Transportation Services - Not Rail	
	73400400	ATC - Air Transportation	
	74200300	Solid Waste Disposal	
	74200600	Waste Water Disposal	6,000
	74400001	WCR - Rig Daywork	
	74400006	WCR - Directional Survey And Service Costs	
	74400010	Stim/Gravel Pack Service (Not Materials)	
	74400011	WCR - Pumping Services	
	74400013	WCR - Equipment Lost In Hole	
	74400014	WCR - Perforating & Electric Line Services	300,000
	74400015	WCR - Slickline Services	
	74400017	WCR - Coring	
	74400018	WCR - Coring	
	74400019	WCR - Logging Wireline	
	74400020	WCR - LWD (Logging while Drilling)	
	74400021	WCR - Logging Mud	
	74400024	WCR - Cement & Cementing	

	74400025	Fishing Services And Tools		
	74500200	Tech Services: CPTC, CRTC, PRC & 3rd Pty		
	75100500	HES Permit Costs & Fees		
	75100503	Spill Prevention		
	75590200	Other Professional Services & Fees		
	76150500	Communications - Radio		
	76150600	Communications - Telephone - CITC		
	76200300	Other Communications - 3rd Party		
	Tangible	Intangible	Total	
Subtotal	\$1,681,670		\$7,876,600	\$9,558,270
G&A	0.0		0.0	0.0
Total Cost	\$1,681,670		\$7,876,600	\$9,558,270
G&A Percentage:	0.00			
Participation & Authorization		WI Share	Amount	
Chevron U.S.A. Inc.		69.99474600%	\$6,690,287	
Douglas Cameron McLeod		10.93750000%	\$1,045,436	
Vladin, LLC		12.01171875%	\$1,148,113	
Foran Oil Company		2.34375000%	\$224,022	
John A. Yates, Sr.		1.01537100%	\$97,052	
Abo Petroleum, LLC		1.40589863%	\$134,380	
The Allar Company		0.59765625%	\$57,126	
Bettis Brothers, Inc.		0.35156250%	\$33,603	
H. M. Bettis, Inc.		0.27343763%	\$26,136	
B.A.G.A.M., Ltd.		0.26367188%	\$25,202	
Sonic Oil & Gas, LP		0.21164063%	\$20,229	
W. T. Boyle & Co.		0.17578125%	\$16,802	
Stovall Energy, Ltd.		0.17578125%	\$16,802	
S. B. Street & Co.		0.07031250%	\$6,721	
L. E. Opperman		0.03906263%	\$3,734	
Moon Royalty LLC		0.03515625%	\$3,360	
Guinn Family Properties, Ltd.		0.03515625%	\$3,360	
G. E. Rogers, LLC		0.02843738%	\$2,718	
B. F. Albritton, LLC		0.01667963%	\$1,594	
T. C. Energy, LLC		0.01667963%	\$1,594	
		100.0000000%		
Participation & Authorization Entity				
Approved By (Print Name)		Approval (Signature)		
		Date		

## SND 14 23 FED COM 001 P26 226H (Lower Avalon)

State: New Mexico  
Township/Range: 24S-31ECounty: Eddy  
Sections: 14/23

Location	Depth	Cost Breakdown			
SHL 140' FSL 1283' FWL, Section 11 (R24S-T31E)	9073' TVD	Project Cost			
BHL 25' FSL, 1254' FWL, Section 23	19,799' TMD				
					\$9,558,270
	Code	Cost Element	Drilling	Completions	Facilities
Tangibles	71900021	Casing (tangible)	450,000		
	71900110	Wellheads (tangible)	115,000	45,000	
	71500100	Surface Lifting Equipment And Materials			
	71900020	WCR - Well Pipe - Tubing Under 2" OD			
	71900021	WCR - Well Pipe - Tubing 2" OD and Over			
	71900022	WCR - Well Pipe Casing			
	71900100	Well Equipment And Materials		45,000	
		Facility Modifications			216,670
		Electrical Distribution System			80,000
		Well Pad & Infrastructure			660,000
		Gas Infrastructure			70,000
Intangibles	00000000	Company Drilling Equipment			
	74400001	Rig Work	685,000		
	66010100	Company Labor	100,000	120,000	
	70000300	Contract Project Supervision	25,000	30,000	
	71290100	Fuel Diesel	130,000	300,000	
	71290300	Utilities / Potable Water	8,000		
	71900100	Well Equipment & Materials			
	71900500	Materials, Parts, & Supply	40,000		
	72300100	Surface Equipment Rentals	220,000	835,000	
	72300200	Well Service Equipment Rentals	140,000	170,000	
	72300200	Rig Rentals	6,000		
	73400300	Transportation Services, Land & Marine	50,000	30,000	
	73400500	Transportation Air			
	74200300	Solid Waste Disposal	98,600		
	71901900	Drilling and Completions Fluids	300,000	700,000	
	74400006	Directional Survey & Services	250,000		
	74400007	Drill-Pipe Rental & Bits	80,000		
	74400009	Coil Tubing		200,000	
	74400010	Stimulation / Gravel Pack Material		2,570,000	
	74400011	Pumping Services			
	74400014	Perforating			
	74400015	Slickline Services			
	74400017	Coring			
	74400018	Testing			
	74400019	Logging Wireline			
	74400020	Logging While Drilling (LWD)			
	74400021	Logging Mud	18,000		
	74400024	Cementing	300,000		
	74400025	Fishing Services & Tools			
	74500021	Sitework / Locations	15,000		
	74400003	Mobilization/De-mobilization	150,000		
	74500200	Tech Services, Affiliates, & 3rd Party			
	75100500	HES, Permits, & Fees			
	76150600	Communications Telephone			
	71400100	Chemicals and Treating Agents			
	71900120	Engineering Services (Not Drilling)			
	71900500	Materials, Supply, Repair Parts			
	73200200	Marine Transportation - Allocated			
	73400300	Other Land Transportation Services - Not Rail			
	73400400	ATC - Air Transportation			
	74200300	Solid Waste Disposal			
	74200600	Waste Water Disposal		6,000	
	74400001	WCR - Rig Daywork			
	74400006	WCR - Directional Survey And Service Costs			
	74400010	Stim/Gravel Pack Service (Not Materials)			
	74400011	WCR - Pumping Services			
	74400013	WCR - Equipment Lost In Hole			
	74400014	WCR - Perforating & Electric Line Services		300,000	
	74400015	WCR - Slickline Services			
	74400017	WCR - Coring			
	74400018	WCR - Testing			
	74400019	WCR - Logging Wireline			
	74400020	WCR - LWD (Logging while Drilling)			
	74400021	WCR - Logging Mud			
	74400024	WCR - Cement & Cementing			



SND 14 23 FED COM 001 P26 227H (Lower Avalon)		State: New Mexico Township/Range: 24S-31E	County: Eddy Sections: 14/23
<b>Location</b>	<b>Depth</b>	<b>Cost Breakdown</b>	
SHL 140' FSL 1308' FWL, Section 11 (R24S-T31E)	9063' TVD	Project Cost	\$9,558,270
BHL 25' FSL, 2178' FWL, Section 23	19,886' TMD		
	<b>Code</b>	<b>Cost Element</b>	<b>Drilling</b> <b>Completions</b> <b>Facilities</b>
<b>Tangibles</b>			
	71900021	Casing (tangible)	450,000
	71900110	Wellheads (tangible)	115,000      45,000
	71500100	Surface Lifting Equipment And Materials	
	71900020	WCR - Well Pipe - Tubing Under 2" OD	
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	71900100	Well Equipment And Materials	45,000
		Facility Modifications	216,670
		Electrical Distribution System	80,000
		Well Pad & Infrastructure	660,000
		Gas Infrastructure	70,000
<b>Intangibles</b>			
	00000000	Company Drilling Equipment	
	74400001	Rig Work	685,000
	66010100	Company Labor	100,000      120,000
	70000300	Contract Project Supervision	25,000      30,000
	71290100	Fuel Diesel	130,000      300,000
	71290300	Utilities / Potable Water	8,000
	71900100	Well Equipment & Materials	
	71900500	Materials, Parts, & Supply	40,000
	72300100	Surface Equipment Rentals	220,000      835,000
	72300200	Well Service Equipment Rentals	140,000      170,000
	72300200	Rig Rentals	6,000
	73400300	Transportation Services, Land & Marine	50,000      30,000
	73400500	Transportation Air	
	74200300	Solid Waste Disposal	98,600
	71901900	Drilling and Completions Fluids	300,000      700,000
	74400006	Directional Survey & Services	250,000
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	74500021	Sitework / Locations	15,000
	74400003	Mobilization/De-mobilization	150,000
	74500200	Tech Services, Affiliates, & 3rd Party	
	75100500	HES, Permits, & Fees	
	76150600	Communications Telephone	
	71400100	Chemicals and Treating Agents	
	71900120	Engineering Services (Not Drilling)	
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	74400001	WCR - Rig Daywork	
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	74400010	Stim/Gravel Pack Service (Not Materials)	
	74400011	WCR - Pumping Services	
	74400013	WCR - Equipment Lost In Hole	
	74400014	WCR - Perforating & Electric Line Services	300,000
	74400015	WCR - Slickline Services	
	74400017	WCR - Coring	
	74400018	WCR - Testing	
	74400019	WCR - Logging Wireline	
	74400020	WCR - LWD (Logging while Drilling)	
	74400021	WCR - Logging Mud	
	74400024	WCR - Cement & Cementing	



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permitted outfalls as required by applicable Laws, or other pollution containment and removal equipment deemed appropriate by the Operator for prudent operations, are directly chargeable.

#### **14. ABANDONMENT AND RECLAMATION**

Costs incurred for abandonment and reclamation of the Joint Property, including costs required by lease agreements or by Laws.

#### **15. OTHER EXPENDITURES**

Any other expenditure not covered or dealt with in the foregoing provisions of this Section II (Direct Charges), or in Section III (Overhead) and which is of direct benefit to the Joint Property and is incurred by the Operator in the necessary and proper conduct of the Joint Operations. Charges made under this Section II.15 shall require approval of the Parties, pursuant to Section I.6.A (General Matters).

### **III. OVERHEAD**

As compensation for costs not specifically identified as chargeable to the Joint Account pursuant to Section II (Direct Charges), the Operator shall charge the Joint Account in accordance with this Section III.

Functions included in the overhead rates regardless of whether performed by the Operator, Operator's Affiliates or third parties and regardless of location, shall include, but not be limited to, costs and expenses of:

- warehousing, other than for warehouses that are jointly owned under this Agreement
- design and drafting (except when allowed as a direct charge under Sections II.13, III.1.A(ii), and III.2, Option B)
- inventory costs not chargeable under Section V (Inventories of Controllable Material)
- procurement
- administration
- accounting and auditing
- gas dispatching and gas chart integration
- human resources
- management
- supervision not directly charged under Section II.2 (Labor)
- legal services not directly chargeable under Section II.9 (Legal Expense)
- taxation, other than those costs identified as directly chargeable under Section II.10 (Taxes and Permits)
- preparation and monitoring of permits and certifications; preparing regulatory reports; appearances before or meetings with governmental agencies or other authorities having jurisdiction over the Joint Property, other than On-site inspections; reviewing, interpreting, or submitting comments on or lobbying with respect to Laws or proposed Laws.

Overhead charges shall include the salaries or wages plus applicable payroll burdens, benefits, and Personal Expenses of personnel performing overhead functions, as well as office and other related expenses of overhead functions.

#### **1. OVERHEAD—DRILLING AND PRODUCING OPERATIONS**

As compensation for costs incurred but not chargeable under Section II (Direct Charges) and not covered by other provisions of this Section III, the Operator shall charge on either:

☒ (Alternative 1) Fixed Rate Basis, Section III.1.B.

☐ (Alternative 2) Percentage Basis, Section III.1.C.

#### A. Technical Services

- (i) Except as otherwise provided in Section II.13 (Ecological Environmental, and Safety) and Section III.2 (Overhead – Major Construction and Catastrophe), or by approval of the Parties pursuant to Section I.6.A (General Matters), the salaries, wages, related payroll burdens and benefits, and Personal Expenses for **On-site** Technical Services, including third party Technical Services:

☐ (Alternative 1 – Direct) shall be charged direct to the Joint Account.

☒ (Alternative 2 – Overhead) shall be covered by the overhead rates.

- (ii) Except as otherwise provided in Section II.13 (Ecological, Environmental, and Safety) and Section III.2 (Overhead – Major Construction and Catastrophe), or by approval of the Parties pursuant to Section I.6.A (General Matters), the salaries, wages, related payroll burdens and benefits, and Personal Expenses for **Off-site** Technical Services, including third party Technical Services:

☐ (Alternative 1 – All Overhead) shall be covered by the overhead rates.

☐ (Alternative 2 – All Direct) shall be charged direct to the Joint Account.

☒ (Alternative 3 – Drilling Direct) shall be charged direct to the Joint Account, only to the extent such Technical Services are directly attributable to drilling, redrilling, deepening, or sidetracking operations, through completion, temporary abandonment, or abandonment if a dry hole. Off-site Technical Services for all other operations, including workover, recompletion, abandonment of producing wells, and the construction or expansion of fixed assets not covered by Section III.2 (Overhead - Major Construction and Catastrophe) shall be covered by the overhead rates.

Notwithstanding anything to the contrary in this Section III, Technical Services provided by Operator's Affiliates are subject to limitations set forth in Section II.7 (Affiliates). Charges for Technical personnel performing non-technical work shall not be governed by this Section III.1.A, but instead governed by other provisions of this Accounting Procedure relating to the type of work being performed.

#### B. Overhead—Fixed Rate Basis

- (1) The Operator shall charge the Joint Account at the following rates per well per month:

Drilling Well Rate per month \$7,000.00 (prorated for less than a full month)

Producing Well Rate per month \$700.00



As compensation for costs incurred but not chargeable under Section II (Direct Charges) and not covered by other provisions of this Section III, the Operator shall charge on either:

☒ **(Alternative 1)** Fixed Rate Basis, Section III.1.B.

☐ **(Alternative 2)** Percentage Basis, Section III.1.C.

#### **A. Technical Services**

- (i) Except as otherwise provided in Section II.13 (Ecological Environmental, and Safety) and Section III.2 (Overhead – Major Construction and Catastrophe), or by approval of the Parties pursuant to Section I.6.A (General Matters), the salaries, wages, related payroll burdens and benefits, and Personal Expenses for **On-site** Technical Services, including third party Technical Services:

☐ **(Alternative 1 – Direct)** shall be charged direct to the Joint Account.

☒ **(Alternative 2 – Overhead)** shall be covered by the overhead rates.

- (ii) Except as otherwise provided in Section II.13 (Ecological, Environmental, and Safety) and Section III.2 (Overhead – Major Construction and Catastrophe), or by approval of the Parties pursuant to Section I.6.A (General Matters), the salaries, wages, related payroll burdens and benefits, and Personal Expenses for **Off-site** Technical Services, including third party Technical Services:

☐ **(Alternative 1 – All Overhead)** shall be covered by the overhead rates.

☐ **(Alternative 2 – All Direct)** shall be charged direct to the Joint Account.

☒ **(Alternative 3 – Drilling Direct)** shall be charged direct to the Joint Account, only to the extent such Technical Services are directly attributable to drilling, re-drilling, deepening, or sidetracking operations, through completion, temporary abandonment, or abandonment if a dry hole. Off-site Technical Services for all other operations, including workover, recompletion, abandonment of producing wells, and the construction or expansion of fixed assets not covered by Section III.2 (Overhead - Major Construction and Catastrophe) shall be covered by the overhead rates.

Notwithstanding anything to the contrary in this Section III, Technical Services provided by Operator's Affiliates are subject to limitations set forth in Section II.7 (Affiliates). Charges for Technical personnel performing non-technical work shall not be governed by this Section III.1.A, but instead governed by other provisions of this Accounting Procedure relating to the type of work being performed.

#### **B. Overhead—Fixed Rate Basis**

- (1) The Operator shall charge the Joint Account at the following rates per well per month:

Drilling Well Rate per month \$7,000.00 (prorated for less than a full month)

Producing Well Rate per month \$700.00

Chronology of Contacts between Chevron U.S.A., Inc., and the Uncommitted Interest Owners in Case No. TBD:

1. Well Proposal Letter, ballot AFEs and a proposed JOA from Chevron U.S.A., Inc., to all the Working Interest Owners dated and mailed August 6, 2020.
2. Finalized JOA with exhibits from Chevron U.S.A., Inc., to all the Working Interest Owners dated and mailed August 31, 2020.
3. Follow up emails sent from Chevron U.S.A. to interest owners:
  - a. Bettis Brothers – August 12, 2020 - Spoke with John Cox with Bettis Brothers but he spoke on behalf of Bettis Brothers, H. M. Bettis, Inc., B.A.G.A.M., Ltd., Sonic Oil & Gas, L.P., W. T. Boyle & Co., Stovall Energy, Ltd., S. B. Street & Co., Guinn Family Properties, Ltd., G. E. Rogers, LLC, B. F. Albritton, LLC and T. C. Energy, LLC (hereafter referred to as “Bettis Brothers, et. al.”).
  - b. Bettis Brothers et. al. – August 18, 2020 – emailed John Cox regarding a group inquiry.
  - c. Bettis Brothers – August 27, 2020 - Confirming changes to naming convention and preferred mailing address.
  - d. Bettis Brothers et. al. – September 17, 2020 – Emailed John Cox regarding requested title background information.
  - e. Foran Oil Company – September 22, 2020 – Emailed with requested information regarding a title inquiry made by phone same day.
  - f. Bettis Brothers, et. al. – September 28, 2020 – Emailed John Cox to see if anyone had any questions or anticipated elections.
  - g. Foran Oil Company – September 28, 2020 – Emailed to ask if they had any questions or anticipated elections.
  - h. The Allar Group – September 28, 2020 – Emailed to ask if they had any questions or anticipated elections.
  - i. TC Energy – September 29, 2020 – Emailed owner requested duplicates for AFEs and JOA signature pages. Later received emailed scans of AFE signatures electing to participate.
4. Follow up phone call(s) between Chevron U.S.A. and the Interest Owners:
  - a. Bettis Brothers et. al. – August 12, 2020 - Spoke with John Cox to discuss unit acreage.
  - b. Bettis Brothers et. al. – August 18, 2020 - Another phone call with John Cox to answer questions about the proposed unit.
  - c. Bettis Brothers, et. al. – September 8, 2020 - Spoke with John Cox to answer questions.
  - d. Bettis Brothers, et. al. – September 16, 2020 - Spoke with John Cox regarding the unit acreage.
  - e. Foran Oil Company – September 22, 2020 – Returned voicemail and spoke with landman regarding title inquiry.
  - f. TC Energy – September 29, 2020 – Spoke with owner regarding AFE. Anticipate JOA signatures but do not have receipt of such at this time.

**STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION**

**APPLICATIONS OF CHEVRON U.S.A. INC.  
FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO**

**CASE NOS. 21435**

**AFFIDAVIT OF SARAH WRIGHT**

STATE OF TEXAS            )  
                                      ) ss.  
COUNTY OF HARRIS        )

SARAH WRIGHT, being duly sworn, deposes and states:

1.       I am over the age of 18, I am a Development Geologist for CHEVRON U.S.A. INC. (“Chevron”) and have personal knowledge of the matters stated herein.

2.       I have previously testified before the New Mexico Oil Conservation Division (“Division”) as an expert petroleum geologist, and my credentials as a petroleum geologist have been accepted by the Division and made a matter of record.

3.       I submit the following information pursuant to NMAC 19.15.4.12.A(1) in support of the above-referenced compulsory pooling applications.

4.       I am familiar with the applications filed by Chevron in the above-referenced cases. My work for Chevron includes the Permian Basin in New Mexico and I have been involved in the study and evaluation of the Bone Spring formation in the area of Eddy County encompassing Chevron’s planned wells for development of the Bone Spring formation (hereinafter “Bone Spring Proposed Wells”), as follows:

**Case No. 21435: (W/2 of Sections 14 and 23)  
SND 14 23 Fed Com 001 P26 225H;  
SND 14 23 Fed Com 001 P26 226H; and  
SND 14 23 Fed Com 001 P26 227H.**

5. As a result of my geological study of the area that encompasses the horizontal spacing units that are the subject of Chevron's applications in all of the above-referenced cases, I am familiar with the geological matters involved in these cases.

6. As a part of my study I prepared geological exhibits pertaining to the proposed horizontal spacing units.

7. Exhibit B-1 shows a structure map of the top of the Lower Avalon interval within the Bone Spring Formation. Cooler colors indicate deeper depths and well control points are shown as white squares. The structure map was generated using an integrated dataset of both seismic reflectors and well tops. The entirety of the Chevron Sand Dunes development area is outlined, with the compulsory pooling area (W/2 Sections 14 and 23) highlighted with a dotted black line. The inset to the left shows a zoomed in view of this area, with well control values posted. The approximate positions of the proposed wellbores are illustrated with dark red arrows. Chevron's three proposed wells will be drilled from north to south as 2-mile laterals in this area, which is the preferred orientation. In the area of interest, the stratigraphy is relatively flat lying with no major structural changes or faulting observed that would affect production.

8. Exhibit B-2 is a north to south seismic amplitude section focusing on the Lower Avalon interval. The location of the line is shown on the map in the lower left. Amplitude troughs are shown in red and peaks in blue. Colored squares indicate formation tops from well control. The reflectors on the seismic section are flat lying with no faulting or folding observed. The thickness of the Lower Avalon interval is also consistent and no differences in production are expected across the proposed spacing unit.

9. Exhibit B-3 shows a cross-section from north to south for the Lower Avalon interval. The log scales are noted on the slide (central, lower image), and the logs displayed are gamma ray (GR), resistivity (RES), photoelectric (PE), density (RHOB), and neutron porosity (NPHI) where they are available. Four wells were used to generate this cross-section and were chosen based on their proximity to Sections 14 and 23 and based on the availability of the desired logs spanning the Lower Avalon interval. A location map for the cross-section is shown in the lower right, with the area of interest outlined with a dotted black line. The cross-section is flattened on the Lower Avalon, with the interval of interest denoted with a blue bar. Because these wells are close to Sections 15 and 22, and three of the wells are on-strike with the planned well bores, the cross-section represents a good analog for the geology in Sections 14 and 23 where wellbores have been proposed. There is little change in thickness or lithology across the spacing unit. Chevron's interval of interest for these horizontal wells are in the upper portion of the Lower Avalon in an interval that has been interpreted as a lowstand, where environments of deposition are expected to be silica dominated, making them ideal targets for unconventional development. Chevron plans to geo-steer these wells, and carbonate-rich lithologies, indicated by low gamma ray values and photoelectric values greater than 3.7 barn/electron (shaded turquoise) in the basal portion of the Lower Avalon will be avoided.

10. Exhibit B-4 shows a cross-section from west to east for the Lower Avalon interval. As with Exhibit B-3, the logs displayed are gamma ray (GR), resistivity (RES), photoelectric (PE), density (RHOB), and neutron porosity (NPHI) where they are available. Four wells were used to generate this cross-section (see map at lower right) and were chosen based on their proximity to Sections 14 and 23 and based on the availability of the desired logs spanning the Lower Avalon interval. The cross-section is flattened on the Lower Avalon, with the interval of interest again denoted with a blue bar. As with the north to south cross-section, the interval of interest falls in a

lowstand interval where the dominant environments of deposition are siliceous in nature and there is little lithologic variability across the spacing unit. Thickness is also consistent. The consistent lithology and thickness of this interval, as well as the presence of prominent gamma ray markers to use while geo-steering and previous experience drilling this interval, Chevron anticipates no problems keeping the wellbores within the lowstand interval. There are no changes in lithology, thickness, or structure in this interval and no differences in production are expected.

11. Based upon my study as illustrated in the exhibits referenced above, my knowledge of the geology of this area, and my education and training, it is my expert opinion that:

- a. The horizontal spacing units for both the Bone Spring formation are justified from a geologic standpoint.
- b. There are no structural impediments or faulting that will interfere with Chevron's proposed horizontal development.
- c. Each quarter-quarter section within each of the proposed units will contribute more or less equally to production from each unit.

12. The producing interval for each of the wells within each proposed unit will be orthodox and comply with the Division's setback requirements

13. The attachments to this affidavit were prepared by me, under my direction or compiled from company business records under my control and supervision.

14. I attest that the information provided herein is correct and complete to the best of my knowledge and belief.

15. The granting of these applications is in the interests of conservation, the prevention of waste and protection of correlative rights.

*[Signature page to follow]*

FURTHER AFFIANT SAYETH NOT,

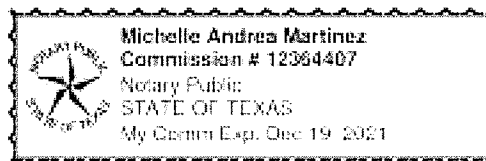
STATE OF TEXAS       )  
                                  )  
COUNTY OF HARRIS    )

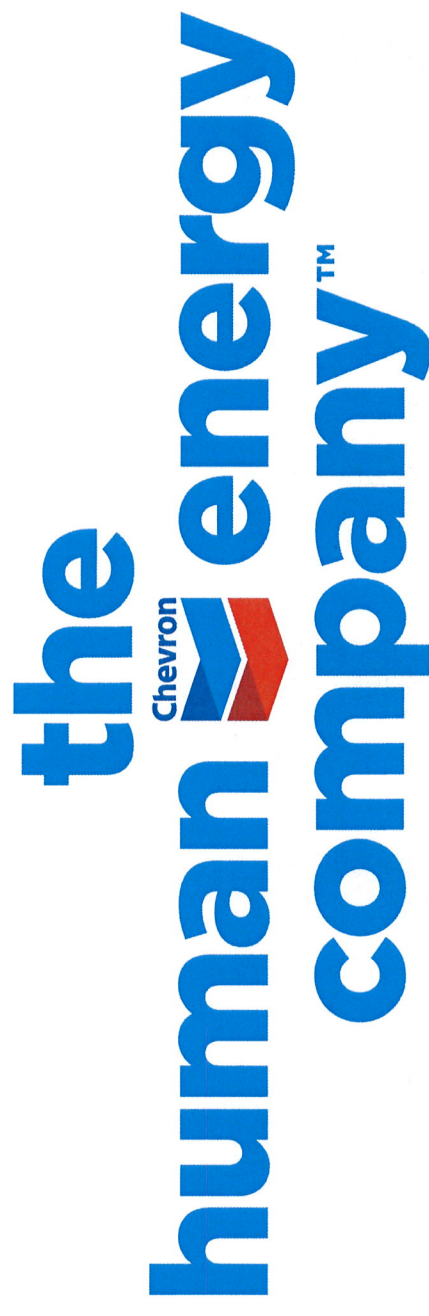
  
SARAH WRIGHT

SUBSCRIBED AND SWORN to before me this 1st day of October 2020, by SARAH WRIGHT on behalf of Chevron U.S.A. Inc.

  
Notary Public

My Commission Expires: 12/19/2021



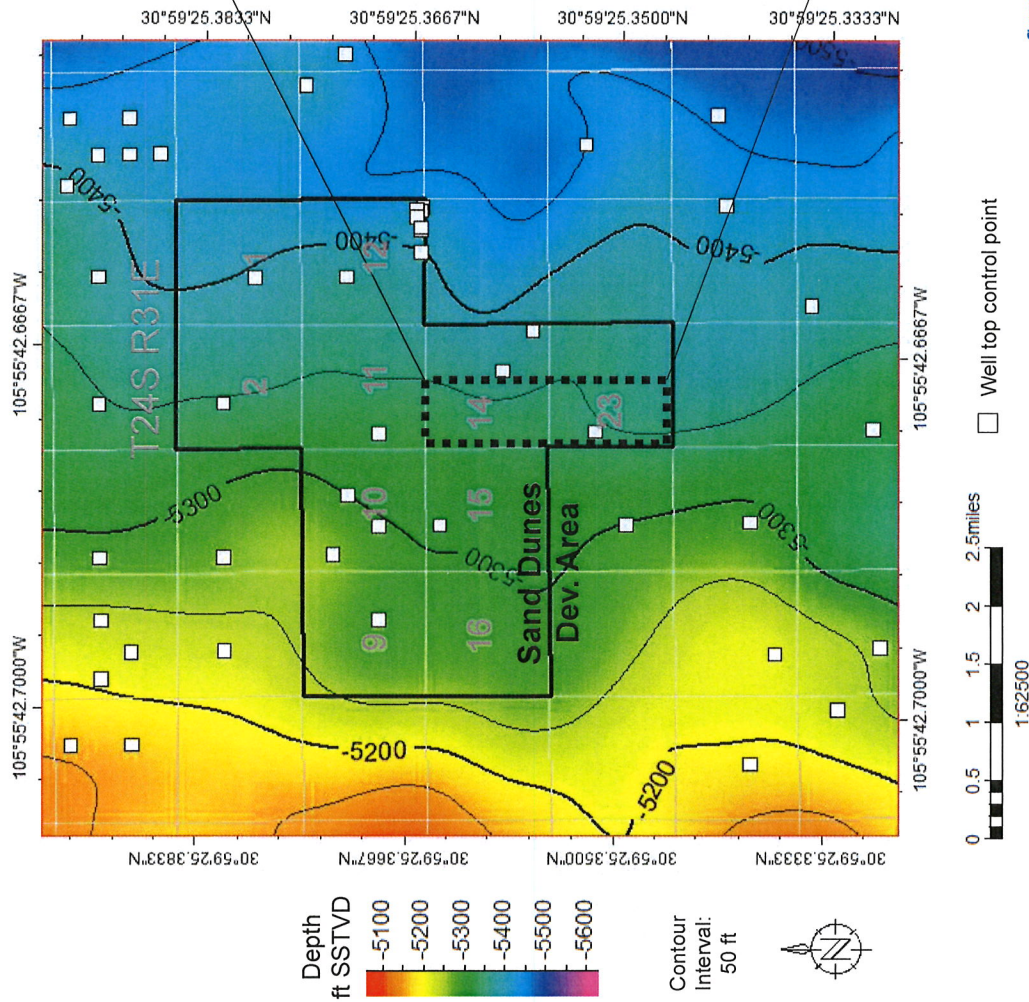


## Sand Dunes Pad 26 Geologic Exhibits

Prepared by:  
Sarah Wright  
MCBU AD C&D Earth Scientist

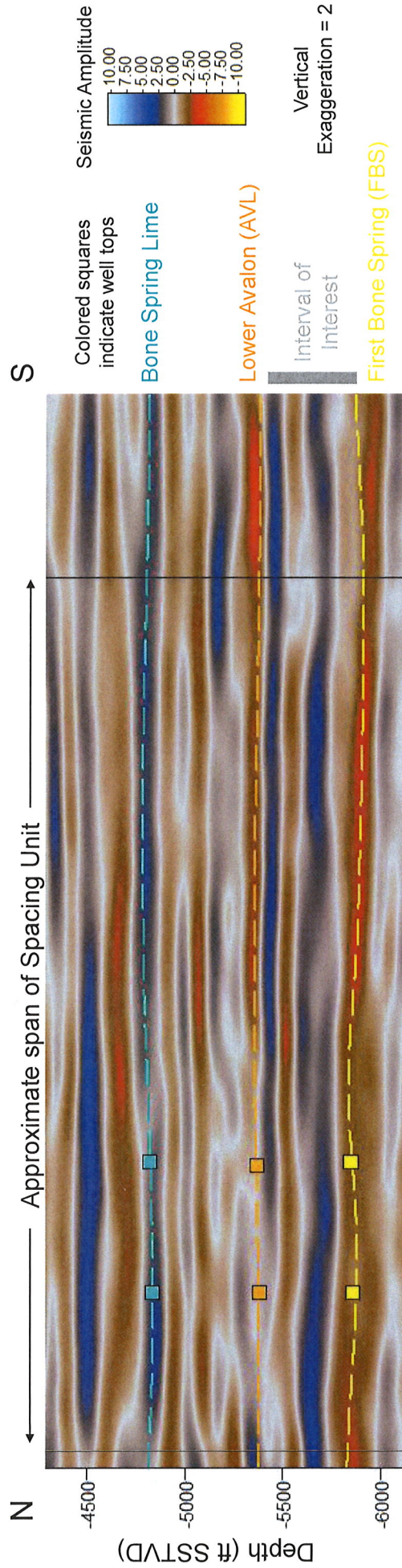


# Exhibit B-1: Structure Map Top of Lower Avalon Interval

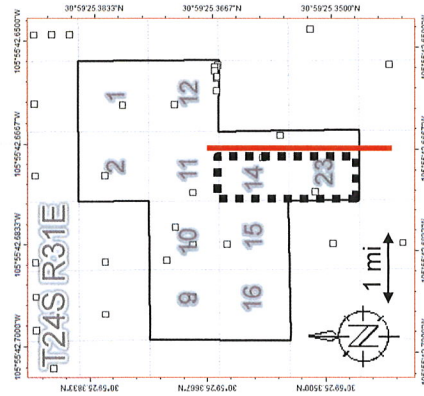


- Map and spacing unit inset shown at left is the structure for the top Lower Avalon (AVL) generated using both seismic and well data.
- The top of the Lower Avalon dips shallowly to the east.
- Structure is uninterrupted by faults and folds and is very consistent across the proposed spacing unit.
- Planned wells will be drilled from north to south parallel to the strike of the formation, minimizing well complexity. Red arrows in spacing unit indicate approximate well paths, which will be orthodox locations with ~924 ft between laterals.

# Exhibit B-2: Lower Avalon Seismic Section



- Red line on map at left indicates the location of the north-to-south seismic section shown above. Black dotted line on map indicates spacing unit and will also be shown on the following slides.
- Seismic reflectivity is decent, with flat-lying and parallel reflectors
- No fault, folding, or other structure can be observed in the seismic section within the spacing unit interval of interest (Lower Avalon to First Bone Spring).
- Thickness of the Lower Avalon is also consistent across the spacing unit.



Chevron

EXHIBIT  
B-2

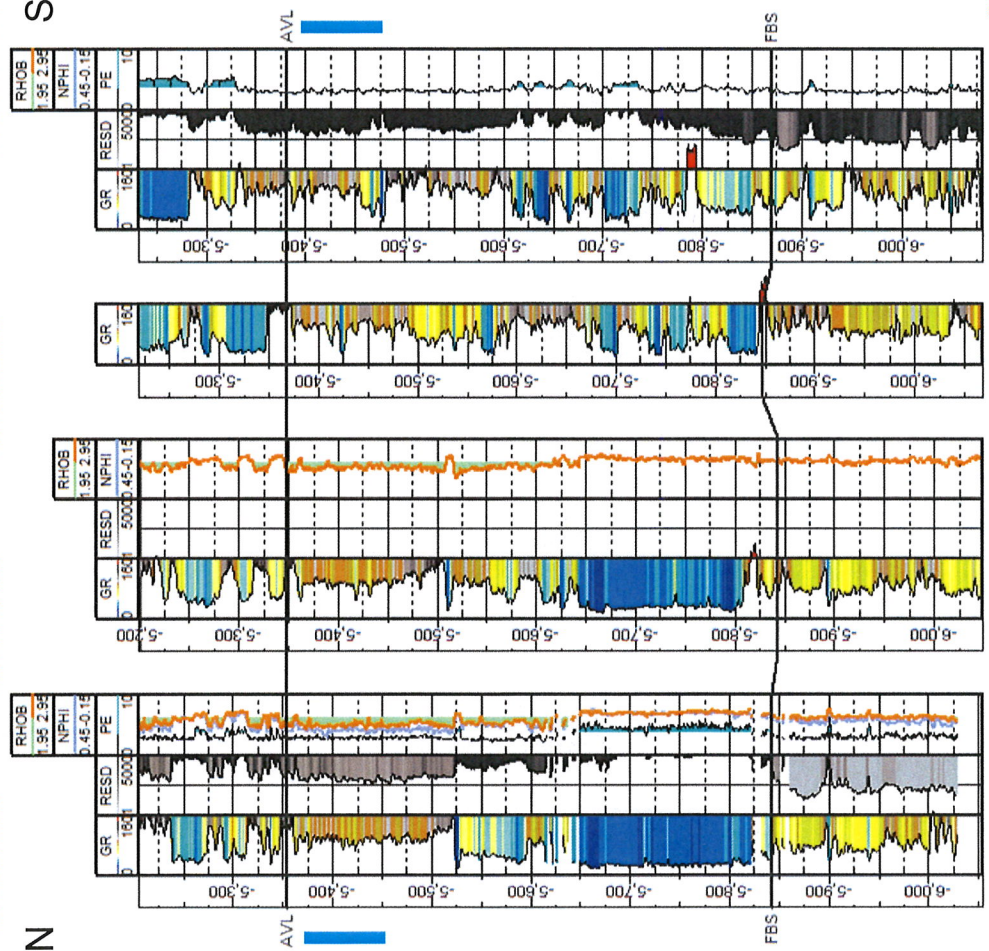


CAL-MON 2  
30015251760000

TODD /2/ STATE 1  
30015214970000

PETROGULF BJT FEDERAL 1  
30015273650000

COTTON DRAW "AJT" FEDERAL 1  
30015266300000



# Exhibit B-3

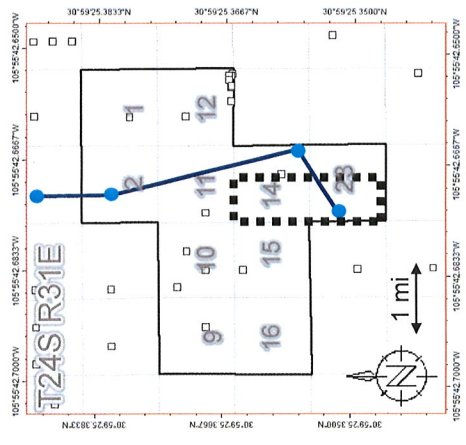
## North to South Cross-Section

- Similar to the east-to-west cross-section and seismic section, variation in the Lower Avalon is minimal in a north to south direction
- Target interval is highlighted with blue bar and logs indicate similar lithologies are expected across the area and spacing unit.
- The thickness of the Lower Avalon interval does not significantly across the area and spacing unit.

Cross-section is flattened on the top of the Lower Avalon (AVL)

Depth is in ft SSTVD

Well Log Header		
GR	RESD	PE
0	1601	50000
		10



Chevron

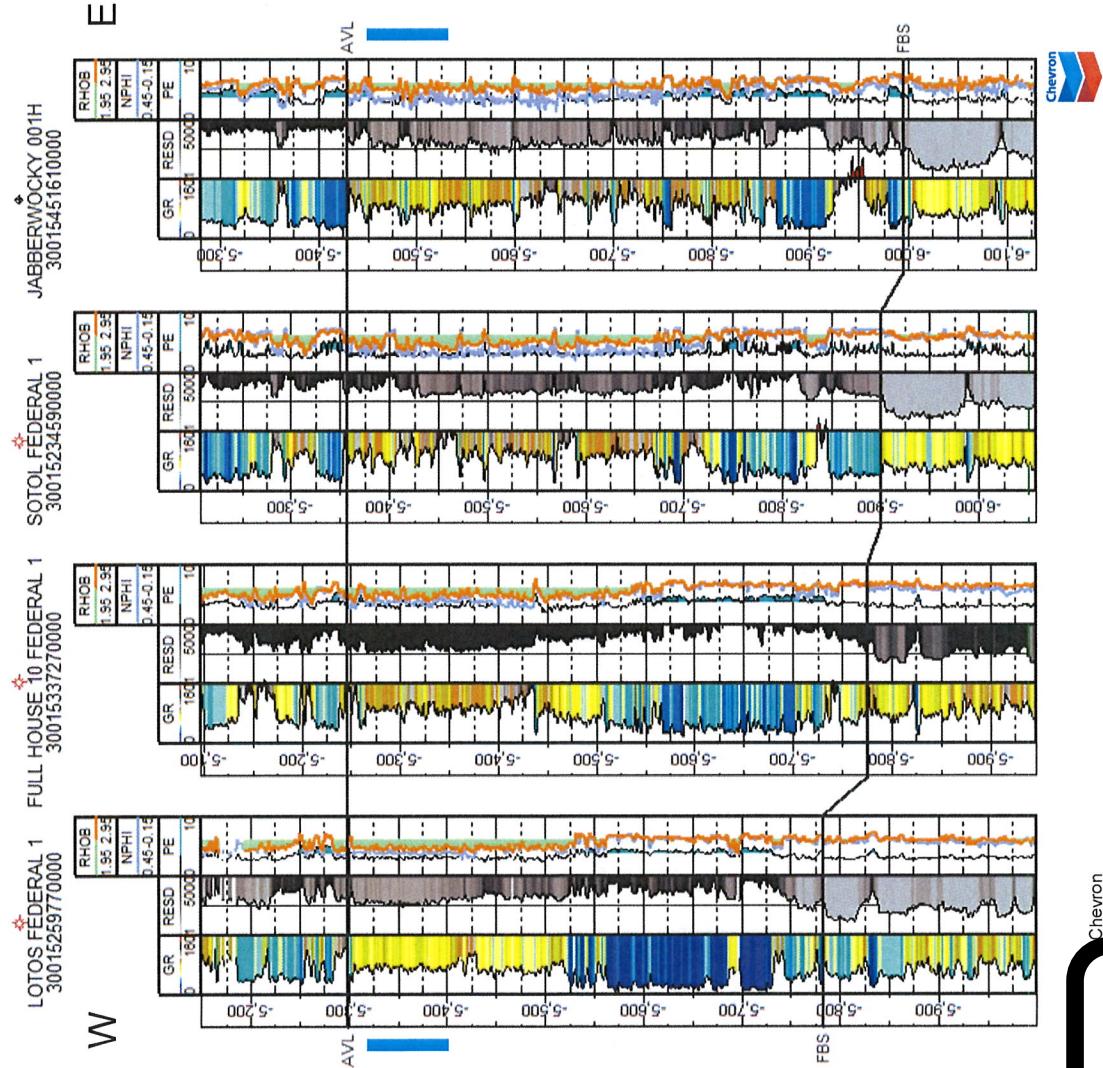
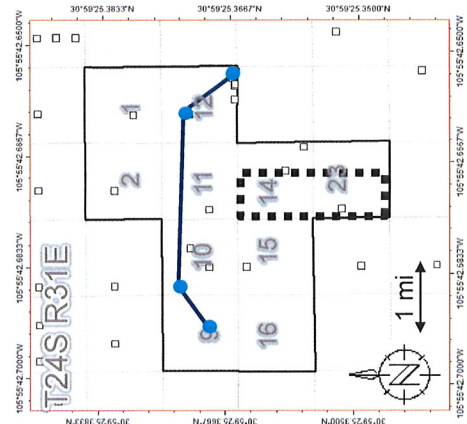
# Exhibit B-4: West to East Cross-Section

- Variation in the Lower Avalon in minimal in an east to west direction.
- Target interval is highlighted with blue bar and logs indicate similar lithologies are expected across the area.
- The thickness of the Lower Avalon interval does not significantly across the area.

Cross-section is flattened on the top of the Lower Avalon (AVL)

Depth is in ft SSTVD

Well Log Header			
RHOB	1.95	2.95	
NPHI	0.45	0.15	
GR	1601	5000	10
RESD			
PE			



Chevron

**STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES OIL  
CONSERVATION DIVISION**

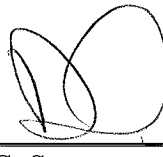
**APPLICATION OF CHEVRON U.S.A. INC.  
FOR A HORIZONTAL SPACING UNIT  
AND COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO**

**Case No. 21435**

**AFFIDAVIT OF NOTICE**

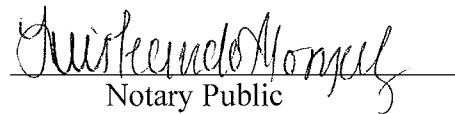
STATE OF NEW MEXICO   )  
  ) ss.  
COUNTY OF SANTA FE    )

Darin C. Savage, attorney and authorized representative of Chevron U.S.A. Inc., the Applicant herein, being first duly sworn, upon oath, states that the above referenced Application was under a notice letter and that proof of receipt attached hereto.



\_\_\_\_\_  
Darin C. Savage

SUBSCRIBED AND SWORN to before me this 2<sup>nd</sup> day of October, 2020, by Darin C. Savage.

  
Notary Public

My Commission Expires:

May 14, 2022



**OFFICIAL SEAL  
Luis Fernando Gonzalez  
NOTARY PUBLIC  
STATE OF NEW MEXICO**

My Commission Expires: May 14, 2022

**EXHIBIT  
C**





For the Pursuit of Energy

ABADIE | SCHILL PC

Colorado	New Mexico
Louisiana	Texas
Kansas	Utah
Nebraska	Wyoming
Montana	California
Oklahoma	North Dakota

September 15, 2020

VIA CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of Chevron U.S.A. Inc. for a horizontal spacing and compulsory pooling, Eddy County, New Mexico  
SND 14-23 Fed Com 001 P26 225H Well  
SND 14-23 Fed Com 001 P26 226H Well  
SND 14-23 Fed Com 001 P26 227H Well

Case No. 21435

Dear Interest Owners:

This letter is to advise you that Chevron U.S.A. Inc. has filed the enclosed application, Case No. 21435, with the New Mexico Oil Conservation Division (NMOCD) for creating a 640-acre, more or less, horizontal spacing unit and the compulsory pooling of the Bone Spring formation underlying the W/2 of Sections 14 and 23, in T24S, R31E, NMPM, Eddy County, New Mexico. The descriptions of the wells are included in the enclosed Application. The completed intervals for the proposed Wells will comply with the setback requirements. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 15.5 miles north of the New Mexico state line and approximately 18 miles east of Loving, New Mexico.

A hearing has been requested before a Division Examiner on Thursday, October 8, 2020, and the status of the hearing can be monitored through the Division's website. Under the current conditions resulting from the COVID-19 precautions, the Division has moved its hearings to an online platform using a link to their Webex Meeting application. Division hearings had previously been held in person at 8:15 a.m. in Porter Hall at the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. However, during the

[abadieschill.com](http://abadieschill.com)

214 McKenzie Street, Santa Fe, New Mexico, 87501

O : 970.385.4401 • F : 970.385.4901

**EXHIBIT**  
**C-1**

COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely online. You can obtain access information at the NMOCD website: <http://www.emnrd.state.nm.us/ocd/> or by calling (505) 476-3441.

You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date. Parties appearing in cases are required by Division Rule 19.15.4.13.B NMAC to file a Pre-hearing Statement at least four business days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: The names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter, please contact Scott Sabrsula at (713) 372-9610 or at [scottsabrsula@chevron.com](mailto:scottsabrsula@chevron.com).

Sincerely,

A handwritten signature in black ink, appearing to read 'Darin C. Savage', written over a horizontal line.

Darin C. Savage  
Attorney for Chevron U.S.A. Inc.



For the Pursuit of Energy

ABADIE | SCHILL PC

Colorado	New Mexico
Louisiana	Texas
Kansas	Utah
Nebraska	Wyoming
Montana	California
Oklahoma	North Dakota

September 15, 2020

VIA CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of Chevron U.S.A. Inc. for a horizontal spacing and compulsory pooling, Eddy County, New Mexico  
SND 14-23 Fed Com 001 P26 225H Well  
SND 14-23 Fed Com 001 P26 226H Well  
SND 14-23 Fed Com 001 P26 227H Well

Case No. 21435

Dear ORRI Interest Owners:

This letter is to advise you that Chevron U.S.A. Inc. has filed the enclosed application, Case No. 21435, with the New Mexico Oil Conservation Division (NMOCD) for creating a 640-acre, more or less, horizontal spacing unit and the compulsory pooling of the Bone Spring formation underlying the W/2 of Sections 14 and 23, in T24S, R31E, NMPM, Eddy County, New Mexico. The descriptions of the wells are included in the enclosed Application. The completed intervals for the proposed Wells will comply with the setback requirements. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 15.5 miles north of the New Mexico state line and approximately 18 miles east of Loving, New Mexico.

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[abadieschill.com](http://abadieschill.com)

214 McKenzie Street, Santa Fe, New Mexico, 87501

O : 970.385.4401 • F : 970.385.4901



COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely online. You can obtain access information at the NMOCD website: <http://www.emnrd.state.nm.us/ocd/> or by calling (505) 476-3441.

You are receiving this letter as an owner of an overriding royalty interest, which is not a participating interest. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date. Parties appearing in cases are required by Division Rule 19.15.4.13.B NMAC to file a Pre-hearing Statement at least four business days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: The names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter, please contact Scott Sabrsula at (713) 372-9610 or at [scottsabrsula@chevron.com](mailto:scottsabrsula@chevron.com).

Sincerely,

A handwritten signature in black ink, appearing to read 'Darin C. Savage', written over a horizontal line.

Darin C. Savage  
Attorney for Chevron U.S.A. Inc.

	Owner Name	Address	USPS Article Number	Date Mailed	Status	Service	Delivery Date	Pages Printed	Card Returned?	New Address
W/O	Douglas Cameron McLeod	600 Grant Street, Ste 850 Denver, CO 80203	70192970000011436998	9/15/20	Delivered	Certified w/Return Receipt	9/19/20	7	NO	
W/O	Vladin, LLC	Attention Land Manager 105 South 4th Street Artesia, NM 88210	70192970000011436981	9/15/20	Delivered	Certified w/Return Receipt	9/21/20	7	YES	
W/O	Foran Oil Company	Attention Land Manager 5400 LBJ Freeway, Ste 1500 Dallas, TX 75240	70192970000011437025	9/15/20	Delivered	Certified w/Return Receipt	9/19/20	7	YES	PO Box 100 Artesia, NM 88211-0100
W/O	John A. Yates, Sr. Trustee of Trust Q Under Will of Peggy A. Yates "Trust Q"	105 South 4th Street Artesia, NM 88210	70192970000011437063	9/15/20	Delivered	Certified w/Return Receipt	9/30/20	7	NO	
W/O	Abo Petroleum, LLC	Attention Land Manager 105 South 4th Street Artesia, NM 88210	70192970000011437049	9/15/20	Delivered	Certified w/Return Receipt	9/30/20	7	NO	
W/O	The Ailar Company	Attention Land Manager P.O. Box 1567 Graham, TX 76450	70192970000011437094	9/15/20	Delivered	Certified w/Return Receipt	9/21/20	7	YES	
W/O	Bettis Brothers, LP	Attention Land Manager 500 W. Texas Ave., Ste 830 Midland, TX 79701	70192970000011437124	9/15/20	Delivered	Certified w/Return Receipt	9/19/20	7	NO	
W/O	H. M. Bettis, Inc.	Attention Land Manager 505 5th Street Graham, TX 76450	70192970000011437100	9/15/20	Delivered	Certified w/Return Receipt	9/21/20	7	YES	
W/O	B.A.G.A.M., Ltd.	Attention Land Manager 901 4th Street Graham, TX 76450	70192970000011437155	9/15/20	Delivered	Certified w/Return Receipt	9/21/20	7	YES	
W/O	Sonic Oil & Gas, LP	Attention Land Manager P.O. Box 1240 Graham, TX 76450	70192970000011437001	9/15/20	Delivered	Certified w/Return Receipt	9/22/20	7	YES	
W/O	W. T. Boyle & Co.	Attention Land Manager P.O. Box 57 Graham, TX 76450	70192970000011437032	9/15/20	Delivered	Certified w/Return Receipt	9/21/20	7	YES	
W/O	Stovall Energy, Ltd.	Attention Land Manager 605 3rd Street Graham, TX 76450	70192970000011437018	9/15/20	Delivered	Certified w/Return Receipt	9/21/20	7	YES	
W/O	S. B. Street & Co.	Attention Land Manager P.O. Box 206 Graham, TX 76450	70192970000011437056	9/15/20	Delivered	Certified w/Return Receipt	9/21/20	7	YES	
W/O	L. E. Opperman	500 W. Texas Ave #83 Midland, TX 79701-4276	70192970000011437087	9/15/20	Delivered	Certified w/Return Receipt	10/3/20	7	NO	
W/O	Moon Royalty LLC	Attention Land Manager 5737 N.W. 132nd Street Oklahoma City, OK 73142	70192970000011437070	9/15/20	Returned	Certified w/Return Receipt	N/A	7	NO	
W/O	Moon Royalty LLC	PO Box 720070 OKC, OK 73172	70192970000011437230	RESENT: 9/30/2020	Delivered	Certified w/Return Receipt	10/5/20	7	NO	
W/O	Gunn Family Properties, Ltd.	Attention Land Manager 525 Elm Street, Suite 306 Graham, TX 76450	70192970000011437117	9/15/20	Delivered	Certified w/Return Receipt	9/21/20	7	YES	
W/O	G. E. Rogers, LLC	Attention Land Manager P.O. Box 1424 Graham, TX 76450	70192970000011437148	9/15/20	Delivered	Certified w/Return Receipt	9/23/20	7	YES	

WFO	B. F. Albritton, LLC	70192970000011437131	Attention Land Manager 1012 Normandy Graham, TX 76450	9/15/20	Delivered	Certified w/Return Receipt	9/19/20	7	YES
WFO	T. C. Energy, LLC	70192970000011436950	Attention Land Manager P.O. Box 1461 Graham, TX 76450	9/15/20	Delivered	Certified w/Return Receipt	9/21/20	7	YES
ORRI	MCM Permian, LLC	70192970000011437186	Attn: Land Manager 223 W Wall St. Suite 400 Midland, TX 79701	9/15/20	Delivered	Certified w/Return Receipt	9/19/20	7	NO
ORRI	Morris E. Schertz	70192970000011437179	1104 W 3rd St. Roswell, NM 88201	9/15/20	Delivered	Certified w/Return Receipt	9/18/20	7	YES
ORRI	Oscura Resources, Inc.	70192970000011437162	Attn: Land Manager P.O. Box 2292 Roswell, NM 88202	9/15/20	Delivered	Certified w/Return Receipt	9/21/20	7	YES
ORRI	Vladin, LLC	70192970000011437223	Attention Land Manager 105 South 4th Street Artesia, NM 88210	9/15/20	Delivered	Certified w/Return Receipt	9/30/20	7	NO
ORRI	John A. Yates, Sr. Trustee of Trust Q Under Will of Peggy A. Yates "Trust Q"	70192970000011437216	105 South 4th Street Artesia, NM 88210	9/15/20	Delivered	Certified w/Return Receipt	9/21/20	7	YES
ORRI	Alco Petroleum, LLC	70192970000011437209	Attention Land Manager 105 South 4th Street Artesia, NM 88210	9/15/20	Delivered	Certified w/Return Receipt	9/30/20	7	NO
ORRI	Sonic Minerals LP	70192970000011437193	Attention Land Manager 505 5th St. Graham, TX 76450	9/15/20	Delivered	Certified w/Return Receipt	9/22/20	7	YES
BLM	Bureau of Land Management	70192970000011436967	620 E. Greene St. Carlsbad, NM 88220-6292	9/15/20	Delivered	Certified w/Return Receipt	9/18/20	7	YES
BLM	Bureau of Land Management	70192970000011436974	301 Dinosaur Trail Santa Fe, NM 87508	9/15/20	Delivered	Certified w/Return Receipt	9/17/20	7	YES

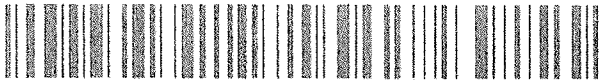
PO Box 100  
Artesia, NM 88211-0100

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

**1. Article Addressed to:**

G. E. Rogers, LLC  
Attention: Land Manager  
P.O. Box 1124  
Graham, TX 76450



9590 9402 5714 9346 1169 86

**2. Article Number (Transfer from service label)**

7019 2970 0000 1143 7148

**COMPLETE THIS SECTION ON DELIVERY****A. Signature****X**☐ Agent☐ Addressee**B. Received by (Printed Name)**

G. E. Rogers

**C. Date of Delivery**

09/23/20

**D. Is delivery address different from item 1?**☐ Yes

If YES, enter delivery address below:

☒ No

SEP 2 2020

**3. Service Type**☐ Adult Signature☐ Adult Signature Restricted Delivery☒ Certified Mail®☐ Certified Mail Restricted Delivery☐ Collect on Delivery☐ Collect on Delivery Restricted Delivery

1 Mail

1 Mail Restricted Delivery

(over 500)

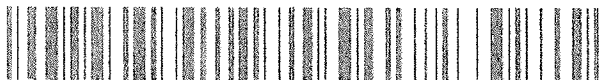
☐ Priority Mail Express®☐ Registered Mail™☐ Registered Mail Restricted Delivery☐ Return Receipt for Merchandise☐ Signature Confirmation™☐ Signature Confirmation Restricted Delivery

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

B. F. Albritton, LLC  
Attention Land Manager  
1012 Normandy  
Graham, TX 76450



9590 9402 5714 9346 1169 79

7019 2970 0000 1143 7131  
(Transfer from service label)

PS Form 3811, July 2015 PSN 7530-02-000-9053

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

9-19-20

D. Is delivery address different from item 1? ☐ Yes  
If YES, enter delivery address below: ☐ No

## 3. Service Type

- ☐ Adult Signature
- ☐ Adult Signature Restricted Delivery
- ☒ Certified Mail®
- ☐ Certified Mail Restricted Delivery
- ☐ Collect on Delivery
- ☐ Collect on Delivery Restricted Delivery
- ☐ Insured Mail
- ☐ Insured Mail Restricted Delivery (over \$500)

- ☐ Priority Mail Express®
- ☐ Registered Mail™
- ☐ Registered Mail Restricted Delivery
- ☐ Return Receipt for Merchandise
- ☐ Signature Confirmation™
- ☐ Signature Confirmation Restricted Delivery

Domestic Return Receipt

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

B.A.G.A.M., Ltd.  
Attention Land Manager  
901 4th Street  
Graham, TX 76450



9590 9402 5714 9346 1169 17

2. Article Number (Transfer from service label)

7019 2970 0000 1143 7155

PS Form 3811, July 2015 PSN 7530-02-000-9053

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes  
If YES, enter delivery address below: ☐ No

3. Service Type

☐ Adult Signature☐ Adult Signature Restricted Delivery☒ Certified Mail®☐ Certified Mail Restricted Delivery☐ Collect on Delivery☐ Collect on Delivery Restricted Delivery

Insured Mail

Insured Mail Restricted Delivery

(over \$500)

☐ Priority Mail Express®☐ Registered Mail™☐ Registered Mail Restricted Delivery☐ Return Receipt for Merchandise☐ Signature Confirmation™☐ Signature Confirmation Restricted Delivery

Domestic Return Receipt

**SENDER: COMPLETE THIS SECTION**

- Complete Items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Sonic Oil & Gas, LP  
Attention Land Manager  
P.O. Box 1240  
Graham, TX 76450



9590 9402 5714 9346 1169 00

2. Article Number (Transfer from service label)

7019 2970 0000 1143 7001

PS Form 3811, July 2015 PSN 7530-02-000-9053

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X *Terry Berend*☐ Agent☐ Addressee

B. Received by (Printed Name)

*Terry Berend*

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes  
If YES, enter delivery address below: ☐ No

3. Service Type

☐ Adult Signature  
☐ Adult Signature Restricted Delivery☒ Certified Mail®☐ Certified Mail Restricted Delivery☐ Collect on Delivery☐ Collect on Delivery Restricted Delivery

red Mail

red Mail Restricted Delivery

(over \$500)

☐ Priority Mail Express®☐ Registered Mail™☐ Registered Mail Restricted Delivery☐ Return Receipt for Merchandise☐ Signature Confirmation™☐ Signature Confirmation Restricted Delivery

Domestic Return Receipt

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

**1. Article Addressed to:**

Oscura Resources, Inc.  
Attn: Land Manager  
P.O. Box 2292  
Roswell, NM 88202



9590 9402 5714 9346 1170 06

**2. Article Number (Transfer from service label)**

7019 2970 0000 1143 7162

**COMPLETE THIS SECTION ON DELIVERY****A. Signature**

X

☐ Agent☒ Addressee**B. Received by (Printed Name)**

POLA E. HINKLE III

**C. Date of Delivery**

9/21/2020

**D. Is delivery address different from item 1? ☐ Yes**If YES, enter delivery address below: ☐ No**3. Service Type**

- ☐ Adult Signature
- ☐ Adult Signature Restricted Delivery
- ☒ Certified Mail®
- ☐ Certified Mail Restricted Delivery
- ☐ Collect on Delivery
- ☐ Collect on Delivery Restricted Delivery
- ☐ Registered Mail
- ☐ Registered Mail Restricted Delivery

- ☐ Priority Mail Express®
- ☐ Registered Mail™
- ☐ Registered Mail Restricted Delivery
- ☐ Return Receipt for Merchandise
- ☐ Signature Confirmation™
- ☐ Signature Confirmation Restricted Delivery



**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

**1. Article Addressed to:**

Vladin, LLC  
 Attention Land Manager  
 105 South 4th Street  
 Artesia, NM 88210



9590 9402 5714 9346 1168 49

**2. Article Number (Transfer from service label)**

7019 2970 0000 1143 6981

**COMPLETE THIS SECTION ON DELIVERY**

**A. Signature**

*Sharon Snowden*

- ☒ Agent  
☐ Addressee

**B. Received by (Printed Name)**

Sharon Snowden

**C. Date of Delivery**

9-21-2020

- D. Is delivery address different from item 1?** ☒ Yes  
 If YES, enter delivery address below: ☐ No

E.O. BOX 100  
 Artesia, nm 88211-0100

**3. Service Type**

- ☐ Adult Signature  
☐ Adult Signature Restricted Delivery  
☒ Certified Mail®  
☐ Certified Mail Restricted Delivery  
☐ Collect on Delivery  
☐ Collect on Delivery Restricted Delivery  
☐ Registered Mail  
☐ Registered Mail Restricted Delivery (over \$500)

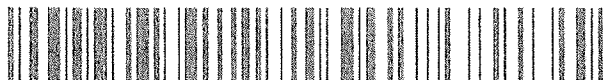
- ☐ Priority Mail Express®  
☐ Registered Mail™  
☐ Registered Mail Restricted Delivery  
☐ Return Receipt for Merchandise  
☐ Signature Confirmation™  
☐ Signature Confirmation Restricted Delivery

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

## 1. Article Addressed to:

John A. Yates, Sr. Trustee  
of Trust Q  
105 South 4th Street  
Artesia, NM 88210



9590 9402 5714 9346 1170 37

## 2. Article Number (Transfer from service label)

7019 2970 0000 1143 7216

PS Form 3811, July 2015 PSN 7530-02-000-9053

**COMPLETE THIS SECTION ON DELIVERY**

## A. Signature

☒ Sharon Snowden☐ Agent☐ Addressee

## B. Received by (Printed Name)

Sharon Snowden

## C. Date of Delivery

9-21-2020

D. Is delivery address different from item 1? ☒ YesIf YES, enter delivery address below: ☐ No

P.O. Box 100

Artesia, NM 88211-0840

## 3. Service Type

- ☐ Adult Signature
- ☐ Adult Signature Restricted Delivery
- ☒ Certified Mail®
- ☐ Certified Mail Restricted Delivery
- ☐ Collect on Delivery
- ☐ Collect on Delivery Restricted Delivery
- ☐ Insured Mail
- ☐ Insured Mail Restricted Delivery (over \$500)

- ☐ Priority Mail Express®
- ☐ Registered Mail™
- ☐ Registered Mail Restricted Delivery
- ☐ Return Receipt for Merchandise
- ☐ Signature Confirmation™
- ☐ Signature Confirmation Restricted Delivery

Domestic Return Receipt

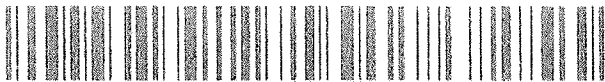
(60)

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Morris E. Schertz  
1104 W 3rd St.  
Roswell, NM 88201



9590 9402 5714 9346 1170 13

2. Article Number (Transfer from service label)

7019 2970 0000 1143 7179

PS Form 3811, July 2015 PSN 7530-02-000-9053

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X

JIM BOX

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes  
If YES, enter delivery address below: ☐ No

3. Service Type

- ☐ Adult Signature
- ☐ Adult Signature Restricted Delivery
- ☒ Certified Mail®
- ☐ Certified Mail Restricted Delivery
- ☐ Collect on Delivery
- ☐ Collect on Delivery Restricted Delivery
- ☐ Insured Mail
- ☐ Insured Mail Restricted Delivery (over \$500)

- ☐ Priority Mail Express®
- ☐ Registered Mail™
- ☐ Registered Mail Restricted Delivery
- ☐ Return Receipt for Merchandise
- ☐ Signature Confirmation™
- ☐ Signature Confirmation Restricted Delivery

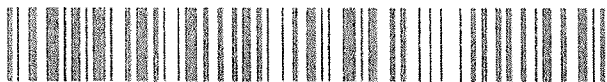
Domestic Return Receipt

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

**1. Article Addressed to:**

Bureau of Land Management  
301 Dinosaur Trail  
Santa Fe, NM 87508



9590 9402 5714 9346 1168 01

**2. Article Number (Transfer from service label)**

7019 2970 0000 1143 6974

**COMPLETE THIS SECTION ON DELIVERY****A. Signature**

X *R Duran*

☐ Agent

☒ Addressee

**B. Received by (Printed Name)**

*Regina Duran*

**C. Date of Delivery**

*9-17-20*

- D. Is delivery address different from item 1?** ☐ Yes  
If YES, enter delivery address below: ☐ No

**3. Service Type**

- ☐ Adult Signature
- ☐ Adult Signature Restricted Delivery
- ☒ Certified Mail®
- ☐ Certified Mail Restricted Delivery
- ☐ Collect on Delivery
- ☐ Collect on Delivery Restricted Delivery
- ☐ Insured Mail
- ☐ Insured Mail Restricted Delivery (over \$500)

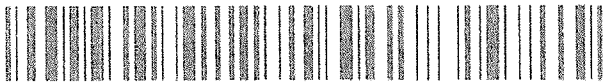
- ☐ Priority Mail Express®
- ☐ Registered Mail™
- ☐ Registered Mail Restricted Delivery
- ☐ Return Receipt for Merchandise
- ☐ Signature Confirmation™
- ☐ Signature Confirmation Restricted Delivery

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to: \_\_\_\_\_

Bureau of Land Management  
620 E. Greene St.  
Carlsbad, NM 88220



9590 9402 5714 9346 1167 95

2. Article Number (Transfer from service label)

7019 2970 0000 1143 6967

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X

MV C-3 CW

☐ Agent☐ Addressee

B. Received by (Printed Name)

C-19

C. Date of Delivery

9-18-2020

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below:

☐ No

3. Service Type

☐ Adult Signature☐ Adult Signature Restricted Delivery☒ Certified Mail®☐ Certified Mail Restricted Delivery☐ Collect on Delivery☐ Collect on Delivery Restricted Delivery

d Mail

d Mail Restricted Delivery

(over \$500)

☐ Priority Mail Express®☐ Registered Mail™☐ Registered Mail Restricted Delivery☐ Return Receipt for Merchandise☐ Signature Confirmation™☐ Signature Confirmation Restricted Delivery

PS Form 3811, July 2015 PSN 7530-02-000-9053

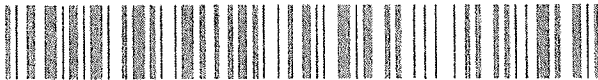
Domestic Return Receipt

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Foran Oil Company  
Attention Land Manager  
5400 LBJ Freeway, Ste 1500  
Dallas, TX 75240



9590 9402 5714 9346 1168 32

2. Article Number (Transfer from service label)

7019 2970 0000 1143 7025

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X *[Signature]* C19☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes  
If YES, enter delivery address below: ☐ No

3. Service Type

- ☐ Adult Signature
- ☐ Adult Signature Restricted Delivery
- ☐ Certified Mail®
- ☐ Certified Mail Restricted Delivery
- ☐ Collect on Delivery
- ☐ Collect on Delivery Restricted Delivery
- ☐ Registered Mail
- ☐ Registered Mail Restricted Delivery (\$500)

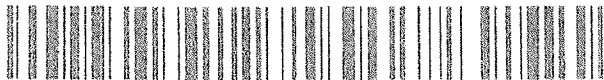
- ☐ Priority Mail Express®
- ☐ Registered Mail™
- ☐ Registered Mail Restricted Delivery
- ☐ Return Receipt for Merchandise
- ☐ Signature Confirmation™
- ☐ Signature Confirmation Restricted Delivery

**SENDER: COMPLETE THIS SECTION**

- ☒ Complete items 1, 2, and 3.
- ☒ Print your name and address on the reverse so that we can return the card to you.
- ☒ Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

H. M. Bettis, Inc.  
Attention Land Manager  
505 5th Street  
Graham, TX 76450



9590 9402 5714 9346 1169 24

2 Article Number (Transfer from service label)

7019 2970 0000 1143 7100

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X

B. Received by (Printed Name)

- ☐ Agent  
☐ Addressee

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes  
If YES, enter delivery address below: ☐ No

## 3. Service Type

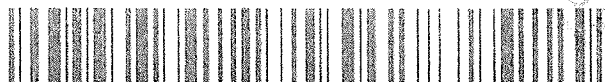
- |   |   |
|---|---|
| <input type="checkbox"/> Adult Signature                                  | <input type="checkbox"/> Priority Mail Express®                     |
| <input type="checkbox"/> Adult Signature Restricted Delivery              | <input type="checkbox"/> Registered Mail™                           |
| <input checked="" type="checkbox"/> Certified Mail®                       | <input type="checkbox"/> Registered Mail Restricted Delivery        |
| <input type="checkbox"/> Certified Mail Restricted Delivery               | <input type="checkbox"/> Return Receipt for Merchandise             |
| <input type="checkbox"/> Collect on Delivery                              | <input type="checkbox"/> Signature Confirmation™                    |
| <input type="checkbox"/> Collect on Delivery Restricted Delivery          | <input type="checkbox"/> Signature Confirmation Restricted Delivery |
| <input type="checkbox"/> Registered Mail                                  |   |
| <input type="checkbox"/> Registered Mail Restricted Delivery (over \$500) |   |

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

W. T. Boyle & Co.  
Attention Land Manager  
P.O. Box 57  
Graham, TX 76450



9590 9402 5714 9346 1168 94

2. Article Number (Transfer from service label)

7019 2970 0000 1143 7032

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X

*W. T. Boyle*

☒ Agent

☐ Addressee

B. Received by (Printed Name)

*W. T. Boyle*

C. Date of Delivery

*9-21-2020*

D. Is delivery address different from item 1? ☐ Yes  
If YES, enter delivery address below: ☐ No

3. Service Type

- ☐ Adult Signature
- ☐ Adult Signature Restricted Delivery
- ☒ Certified Mail®
- ☐ Certified Mail Restricted Delivery
- ☐ Collect on Delivery
- ☐ Collect on Delivery Restricted Delivery
- ☐ Insured Mail
- ☐ Insured Mail Restricted Delivery (over \$500)

- ☐ Priority Mail Express®
- ☐ Registered Mail™
- ☐ Registered Mail Restricted Delivery
- ☐ Return Receipt for Merchandise
- ☐ Signature Confirmation™
- ☐ Signature Confirmation Restricted Delivery

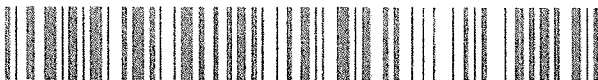


**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

**1. Article Addressed to:**

The Allar Company  
Attention Land Manager  
P.O. Box 1567  
Graham, TX 76450



9590 9402 5714 9346 1168 70

**2. Article Number (Transfer from service label)**

7019 2970 0000 1143 7094

**COMPLETE THIS SECTION ON DELIVERY****A. Signature****X**☒ Agent☐ Addressee**B. Received by (Printed Name)**

M Barrett

**C. Date of Delivery**

- D. Is delivery address different from item 1?** ☐ Yes  
If YES, enter delivery address below: ☐ No

**3. Service Type**

- ☐ Adult Signature
- ☐ Adult Signature Restricted Delivery
- ☒ Certified Mail®
- ☐ Certified Mail Restricted Delivery
- ☐ Collect on Delivery
- ☐ Collect on Delivery Restricted Delivery
- ☐ Registered Mail™
- ☐ Registered Mail Restricted Delivery
- ☐ Return Receipt for Merchandise
- ☐ Signature Confirmation™
- ☐ Signature Confirmation Restricted Delivery

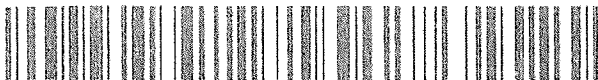
- ☐ Priority Mail Express®
- ☐ Registered Mail™
- ☐ Registered Mail Restricted Delivery
- ☐ Return Receipt for Merchandise
- ☐ Signature Confirmation™
- ☐ Signature Confirmation Restricted Delivery

**SENDER: COMPLETE THIS SECTION**

- ☒ Complete Items 1, 2, and 3.
- ☒ Print your name and address on the reverse so that we can return the card to you.
- ☒ Attach this card to the back of the mailpiece, or on the front if space permits.

**1. Article Addressed to:**

Sonic Minerals LP  
Attention Land Manager  
505 5th St.  
Graham, TX 76450



9590 9402 5714 9346 1170 51

**2. Article Number (Transfer from service label)**

7019 2970 0000 1143 7193

**COMPLETE THIS SECTION ON DELIVERY****A. Signature****X**☐ Agent☐ Addressee**B. Received by (Printed Name)**

John Cox

**C. Date of Delivery**

- D. Is delivery address different from item 1?** ☐ Yes  
If YES, enter delivery address below: ☐ No

**3. Service Type**

- ☐ Adult Signature
- ☐ Adult Signature Restricted Delivery
- ☒ Certified Mail®
- ☐ Certified Mail Restricted Delivery
- ☐ Collect on Delivery
- ☐ Collect on Delivery Restricted Delivery
- ☐ Registered Mail
- ☐ Registered Mail Restricted Delivery (over \$500)

- ☐ Priority Mail Express®
- ☐ Registered Mail™
- ☐ Registered Mail Restricted Delivery
- ☐ Return Receipt for Merchandise
- ☐ Signature Confirmation™
- ☐ Signature Confirmation Restricted Delivery

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

T. C. Energy, LLC  
Attention Land Manager  
P.O. Box 1461  
Graham, TX 76450



9590 9402 5714 9346 1168 18

2. Article Number (Transfer from service label)

7019 2970 0000 1143 6950

PS Form 3811, July 2015 PSN 7530-02-000-9053

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X

B. Received by (Printed Name)

- ☐ Agent  
☐ Addressee

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes  
If YES, enter delivery address below: ☐ No

## 3. Service Type

- |  |   |
|--|---|
| <input type="checkbox"/> Adult Signature                             | <input type="checkbox"/> Priority Mail Express®                     |
| <input type="checkbox"/> Adult Signature Restricted Delivery         | <input type="checkbox"/> Registered Mail™                           |
| <input type="checkbox"/> Certified Mail®                             | <input type="checkbox"/> Registered Mail Restricted Delivery        |
| <input type="checkbox"/> Certified Mail Restricted Delivery          | <input type="checkbox"/> Return Receipt for Merchandise             |
| <input type="checkbox"/> Collect on Delivery                         | <input type="checkbox"/> Signature Confirmation™                    |
| <input type="checkbox"/> Collect on Delivery Restricted Delivery     | <input type="checkbox"/> Signature Confirmation Restricted Delivery |
| <input type="checkbox"/> Insured Mail                                |   |
| <input type="checkbox"/> Registered Mail Restricted Delivery (\$500) |   |

Domestic Return Receipt

**SENDER: COMPLETE THIS SECTION**

- Complete Items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

## 1. Article Addressed to:

S. B. Street & Co.  
Attention Land Manager  
P.O. Box 206  
Graham, TX 76450



9590 9402 5714 9346 1169 48

## 2. Article Number (Transfer from service label)

7019 2970 0000 1143 7056

**COMPLETE THIS SECTION ON DELIVERY**

## A. Signature

X

☒ Agent☐ Addressee

## B. Received by (Printed Name)

M Bryant

## C. Date of Delivery

9/21/20

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

## 3. Service Type

- ☐ Adult Signature
- ☐ Adult Signature Restricted Delivery
- ☒ Certified Mail®
- ☐ Certified Mail Restricted Delivery
- ☐ Collect on Delivery
- ☐ Collect on Delivery Restricted Delivery

| Mail

| Mail Restricted Delivery

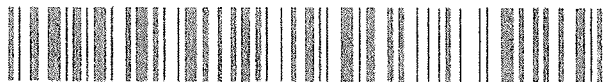
(500)

- ☐ Priority Mail Express®
- ☐ Registered Mail™
- ☐ Registered Mail Restricted Delivery
- ☐ Return Receipt for Merchandise
- ☐ Signature Confirmation™
- ☐ Signature Confirmation Restricted Delivery

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

Guinn Family Properties, Ltd.  
Attention Land Manager  
623 Elm Street, Suite 306  
Graham, TX 76450



9590 9402 5714 9346 1169 93

**2. Article Number (Transfer from service label)**

7019 2970 0000 1143 7117

PS Form 3811, July 2015 PSN 7530-02-000-9053

**COMPLETE THIS SECTION ON DELIVERY****A. Signature**

X

*Kay Guinn*

- ☐ Agent  
☐ Addressee

**B. Received by (Printed Name)****C. Date of Delivery**

- D. Is delivery address different from item 1?** ☐ Yes  
If YES, enter delivery address below: ☐ No

**3. Service Type**

- |  |   |
|--|---|
| <input type="checkbox"/> Adult Signature                               | <input type="checkbox"/> Priority Mail Express®                     |
| <input type="checkbox"/> Adult Signature Restricted Delivery           | <input type="checkbox"/> Registered Mail™                           |
| <input checked="" type="checkbox"/> Certified Mail®                    | <input type="checkbox"/> Registered Mail Restricted Delivery        |
| <input type="checkbox"/> Certified Mail Restricted Delivery            | <input type="checkbox"/> Return Receipt for Merchandise             |
| <input type="checkbox"/> Collect on Delivery                           | <input type="checkbox"/> Signature Confirmation™                    |
| <input type="checkbox"/> Collect on Delivery Restricted Delivery       | <input type="checkbox"/> Signature Confirmation Restricted Delivery |
| <input type="checkbox"/> Insured Mail                                  |   |
| <input type="checkbox"/> Insured Mail Restricted Delivery (over \$500) |   |

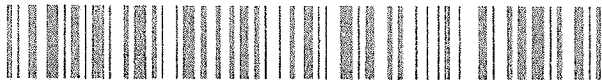
Domestic Return Receipt

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Stovall Energy, Ltd.  
Attention Land Manager  
605 3rd Street  
Graham, TX 76450



9590 9402 5714 9346 1169 55

2. Article Number (Transfer from service label)

7019 2970 0000 1143 7018

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X

AMC-2

☒ Agent☐ Addressee

B. Received by (Printed Name)

C-19

C. Date of Delivery

9-21-20

D. Is delivery address different from item 1? ☐ Yes  
If YES, enter delivery address below: ☐ No

3. Service Type

- ☐ Adult Signature
- ☐ Adult Signature Restricted Delivery
- ☒ Certified Mail®
- ☐ Certified Mail Restricted Delivery
- ☐ Collect on Delivery
- ☐ Collect on Delivery Restricted Delivery
- ☐ Registered Mail®
- ☐ Registered Mail Restricted Delivery
- ☐ Return Receipt for Merchandise
- ☐ Signature Confirmation™
- ☐ Signature Confirmation Restricted Delivery

- ☐ Priority Mail Express®
- ☐ Registered Mail™
- ☐ Registered Mail Restricted Delivery
- ☐ Return Receipt for Merchandise
- ☐ Signature Confirmation™
- ☐ Signature Confirmation Restricted Delivery

# Carlsbad Current Argus.

## Affidavit of Publication

Ad # 0004376543

This is not an invoice

ABADIE SCHILL P.C.

555 RIVERGATE LANE SUITE B4-18

DURANGO, CO 81301

I, a legal clerk of the **Carlsbad Current Argus**, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

09/17/2020

  
Legal Clerk

Subscribed and sworn before me this September 17, 2020:

  
State of WI, County of Brown  
NOTARY PUBLIC

8-25-23  
My commission expires

SHELLY HORA  
Notary Public  
State of Wisconsin

Ad # 0004376543

PO #:

# of Affidavits 1

This is not an invoice

EXHIBIT  
C-3

CASE No. 21435: Notice to all affected parties and persons having any right, title interest or claim to this case, including overriding royalty interest owners, as well as the known and unknown heirs, devisees and successors of DOUGLAS CAMERON MCLEOD, VLADIN LLC, FORAN OIL COMPANY, JOHN A. YATES, SR. TRUSTEE OF TRUST Q UNDER WILL OF PEGGY. A. YATES TRUST Q, ABO PETROLEUM LLC, THE ALLAR COMPANY, BETTIS BROTHERS LP, H. M. BETTIS INC., B.A.G.A.M. LTD., SONIC OIL & GAS LP, W. T. BOYLE & CO., STOVALL ENERGY LTD., S. B. STREET & CO., L. E. OPPERMAN, MOON ROYALTY LLC, GUINN FAMILY PROPERTIES LTD., G. E. ROGERS LLC, B. F. ALBRITTON LLC, T. C. ENERGY LLC, MCM PERMIAN LLC, MORRIS E. SCHERTZ, OSCURA RESOURCES INC. of Chevron U.S.A. Inc.'s application for approval of a spacing unit and compulsory pooling, Eddy County, New Mexico. The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division Examiner will conduct a public hearing at 8:15 a.m. on October 8, 2020, at 1220 S. St. Francis, Santa Fe, New Mexico, 87505. Under the COVID-19 Public Health Emergency, during which state buildings are closed, this hearing will be conducted remotely. For information about attending the remote hearing, contact the Division at (505) 476-3441, or visit their website at <http://www.emnrd.state.nm.us/OC/hearings.html>. Chevron U.S.A. Inc. at 1400 Smith Street, Houston, Texas 77002, seeks an order from the Division: (1) establishing a standard 640-acre, more or less, horizontal spacing and proration unit comprised of the W/2 of Sections 14 and 23, Township 24 South, Range 31 East, NMIPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation (COTTON DRAW; BONE SPRING [Pool Code 13367]) underlying the unit. Said horizontal spacing unit is to be dedicated to the SND 14-23 Fed Com 001 P26 226H Well, an oil well, proposed to be horizontally drilled from a surface location in SW/4 SW/4 (Unit M) of Section 11, Township 24 South, Range 31 East to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 23; this well defines the unit. Also proposed are the SND 14-23 Fed Com 001 P26 225H Well, an infill oil well, to be horizontally drilled from a surface location in SW/4 SW/4 (Unit M) of Section 11 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 23; and the SND 14-23 Fed Com 001 P26 227H Well, an infill oil well, to be horizontally drilled from a surface location in



one from a surface location in SW/4 SW/4 (Unit M) of Section 11 to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 23. Approval of surface commingling will be applied for administratively. The completed intervals for the proposed Wells will comply with the setback requirements. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 15 1/2 miles north of the New Mexico state line, and approximately 18 miles east of Loving, New Mexico.  
#4376543, Current Argus, September, 17, 2020