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December 31, 2013

**VIA EMAIL**

*Case 15074*

Jami Bailey, Division Director  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505

**Re: *Chevron U.S.A. Inc.***  
***Bell Lake 18-23-34 #1H ("Bell Lake")***  
***S/2N/2 of Section 18, T23S, R34E, NMPM, Lea County, New Mexico***

Dear Mr. Bailey:

We have received a copy of the letter dated December 30, 2013, to you from Mr. Michael Feldewert on behalf of Chevron. Mr. Feldewert's letter omits facts that are very relevant to the issues that we brought to your attention by our December 27, 2013 letter to you.

First, Mr. Feldewert's letter states in part:

"No competing well proposal has been received by Chevron from Tritex Energy, Endurance, or any other purported working interest or mineral owner in the subject acreage."

Because Endurance Resources LLC (Tritex Energy A LP is an affiliated entity) has been actively leasing in Section 18, it had formulated a proposal to drill a north/south oriented well in the E/2E/2 of Section 18. Randall Harris, one of the interest owners in the N/2 of Section 18 received Chevron's well proposal on November 15, 2013. He transmitted the proposal to Endurance Resources. On November 20, 2013, Endurance Resources principals immediately set up a meeting with Chevron, and then, together with Mr. Harris, met with Chevron personnel in Houston to present their E/2E/2 proposed well to Chevron. On November 20, Endurance submitted to its AFE to Chevron. In fact, Endurance Resources has submitted its AFE to all working interest owners affected by its proposal, and all have agreed in principal. Chevron, through its personnel at the November 20 meeting, did not respond to the proposal or the AFE, so Endurance, again submitted its proposal to Chevron's higher management.

As a consequence, we can only surmise that Mr. Feldewert was not given the full version of the communications that have occurred between Endurance Resources and Chevron relative to the drilling of a well in Section 18.

Mr. Feldewert's letter transmits Chevron's C-102 for its proposed well. Sections 14 and 15 of the C-102 are not filled out. No code was specified for Section 14 of how the various working interests or unleased interests were consolidated or force pooled to dedicate the interest to the proposed spacing unit. Section 15 of the form requires the Division's order for a non-standard spacing unit which is required in this case; there is none stated on the form.

To date Endurance Resources has not received notice of the proposed hearing scheduled for January 23, 2014, as mentioned in Mr. Feldewert's letter. We suppose that the notice of the hearing has been geared to give only the minimum 20-day notice.

In this case Endurance Resources has reached out to Chevron and has shown good faith in proposing its well to Chevron. It presented its geologic conclusions and supporting data, based on its significant experience in drilling Bone Springs wells, and an AFE which is approximately \$2.8 million less than the Chevron AFE which is slightly short of \$10 million. On the other hand, Chevron has sent out a minimal proposal and has exhibited a take it or leave it attitude.

Chevron's application is premature. For one thing, there is still about 28% of unleased acreage in the N/2 of Section 18. Because of the prematurity of Chevron's actions in this instance, we view their action of spudding and commencement of a well as an intentional trespass, therefore, in bad faith.

Accordingly, we renew our earlier request that drilling of the well be suspended until a hearing is held in this matter.

Very truly yours,

*Ernest L. Padilla*

ERNEST L. PADILLA

ELP:jbg

c: Endurance Resources, LLC  
Michael Feldewert, Esq.  
Gabe Wade, Esq.