

Gamma Ridge 1H  
Second Bone Spring Development  
Geologic Overview and Drill Plan



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

State of New Mexico  
Energy, Minerals and Natural Resources

Form C-103  
Revised July 18, 2013

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

|                                                                                                     |
|-----------------------------------------------------------------------------------------------------|
| WELL API NO.<br>30-025-41811                                                                        |
| 5. Indicate Type of Lease<br>STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/> |
| 6. State Oil & Gas Lease No.                                                                        |
| 7. Lease Name or Unit Agreement Name<br>GRAMMA RIDGE 14 24 34                                       |
| 8. Well Number -IH-                                                                                 |
| 9. OGRID Number<br>4323                                                                             |
| 10. Pool name or Wildcat<br>RED HILLS; BONE SPRING, NORTH                                           |

|                                                                                                                                                                                                        |  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| SUNDRY NOTICES AND REPORTS ON WELLS<br>(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.) |  |
| 1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>                                                                         |  |
| 2. Name of Operator<br>CHEVRON USA INC.                                                                                                                                                                |  |
| 3. Address of Operator<br>1616 W. BENDER BLVD, HOBBS, NM 88240                                                                                                                                         |  |
| 4. Well Location<br>Unit Letter B: 330 feet from the NORTH line and 2300 feet from the EAST line<br>Section 14 Township 24S Range 34E NMPM County LEA                                                  |  |
| 11. Elevation (Show whether DR, RKB, RT, GR, etc.)<br>3492' GL                                                                                                                                         |  |

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

| NOTICE OF INTENTION TO:                                           |                                           | SUBSEQUENT REPORT OF:                            |                                          |
|-------------------------------------------------------------------|-------------------------------------------|--------------------------------------------------|------------------------------------------|
| PERFORM REMEDIAL WORK <input type="checkbox"/>                    | PLUG AND ABANDON <input type="checkbox"/> | REMEDIAL WORK <input type="checkbox"/>           | ALTERING CASING <input type="checkbox"/> |
| TEMPORARILY ABANDON <input type="checkbox"/>                      | CHANGE PLANS <input type="checkbox"/>     | COMMENCE DRILLING OPNS. <input type="checkbox"/> | P AND A <input type="checkbox"/>         |
| PULL OR ALTER CASING <input type="checkbox"/>                     | MULTIPLE COMPL <input type="checkbox"/>   | CASING/CEMENT JOB <input type="checkbox"/>       |                                          |
| DOWNHOLE COMMINGLE <input type="checkbox"/>                       |                                           |                                                  |                                          |
| CLOSED-LOOP SYSTEM <input type="checkbox"/>                       |                                           |                                                  |                                          |
| OTHER: CHANGE TO ORIGINAL APD <input checked="" type="checkbox"/> |                                           | OTHER: <input type="checkbox"/>                  |                                          |

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

CHEVRON USA INC. INTENDS TO CHANGE FROM THE 3<sup>RD</sup> BONE SPRING TO THE 2<sup>ND</sup> BONE SPRING TARGET.

PLEASE NOTE TARGET CHANGE AND THAT THERE WILL BE NO PILOT HOLE.

ALSO, PLEASE FIND ATTACHED AN UPDATED DIRECTIONAL PLAN, A WELLBORE DIAGRAM ALONG WITH C102.

Spud Date:

Rig Release Date:

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

SIGNATURE Cindy Herrera-Murillo TITLE PERMITTING SPECIALIST DATE 07/07/2014

Type or print name CINDY HERRERA-MURILLO E-mail address: Cherreramurillo@chevron.com PHONE: 575-263-0431  
For State Use Only

APPROVED BY: [Signature] TITLE Petroleum Engineer DATE 07/07/14  
Conditions of Approval (If any):

BEFORE THE OIL CONSERVATION  
DIVISION  
Santa Fe, New Mexico  
Exhibit No. 1  
Submitted by: CHEVRON U.S.A., INC.  
Hearing Date: July 10, 2014

JUL 08 2014

DISTRICT I  
1623 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, New Mexico 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate District Office  
HOBBS OCD  
JUL 07 2014  
AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION RECEIVED

|                            |                                        |                                            |
|----------------------------|----------------------------------------|--------------------------------------------|
| API Number<br>30-025-41811 | Legal Code<br>9604-34                  | Well Name<br>Red Hills, BONE SPRING, NORTH |
| Property Code<br>40461     | Property Name<br>GRAMMA RIDGE 14-24-34 | Well Number<br>1H                          |
| OGRID No<br>4323           | Operator Name<br>CHEVRON USA INC.      | Elevation<br>3492'                         |

| Surface Location |         |          |       |         |               |                  |               |                |        |
|------------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| UL or lot No     | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
| B                | 14      | 24-S     | 34-E  |         | 330           | NORTH            | 2300          | EAST           | LEA    |

| 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 |
| O                                              | 14      | 24-S     | 34-E  |         | 280           | SOUTH            | 1980          | EAST           | LEA    |

|                        |                 |                    |           |
|------------------------|-----------------|--------------------|-----------|
| Dedicated Acres<br>160 | Joint or Infill | Consolidation Code | 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>GEODETIC COORDINATES<br/>NAD 27 NME<br/>SURFACE LOCATION &amp;<br/>FIRST TAKE POINT<br/>Y=446271.8 N<br/>X=776517.0 E<br/>LAT.=32.223755° N<br/>LONG.=103.439165° W</p>                 |  | <p><b>OPERATOR CERTIFICATION</b><br/>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undivided mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Cindy Herrera-Murillo</i> 7-7-14<br/>Signature Date<br/><i>Cindy Herrera-Murillo</i><br/>Printed Name<br/><i>Cherremurillo@chevron.com</i><br/>E-mail Address</p> |
| <p>CORNER COORDINATES TABLE<br/>NAD 27 NME<br/>A - Y=446599.7 N, X=776173.9 E<br/>B - Y=446607.7 N, X=777493.9 E<br/>C - Y=441329.1 N, X=777537.1 E<br/>D - Y=441319.6 N, X=776216.8 E</p> |  | <p><b>SURVEYOR CERTIFICATION</b><br/>I hereby certify that the well location shown on this plan 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>APRIL 18, 2013<br/>Date of Survey<br/>Signature &amp; Seal of Professional Surveyor:<br/><i>Ronald J. Eidson</i><br/>NEW MEXICO<br/>3239<br/>Certificate Number: 12641<br/>Professional: Ronald J. Eidson 3239<br/>ACK R. Eidson 12641 JWS W.O.: 14.13.0676</p>                                                                                                                                                                                     |
| <p>GEODETIC COORDINATES<br/>NAD 27 NME<br/>LAST TAKE POINT<br/>330' FSL &amp; 1983.4' FEL<br/>Y=441654.3 N<br/>X=776871.8 E<br/>LAT.=32.211055° N<br/>LONG.=103.438142° W</p>              |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <p>GEODETIC COORDINATES<br/>NAD 27 NME<br/>BOTTOM HOLE LOCATION<br/>Y=441604.3 N<br/>X=776875.6 E<br/>LAT.=32.210918° N<br/>LONG.=103.438131° W</p>                                        |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

JUL 08 2014