



Cody Cole
Land Representative
Mid-Continent Business Unit
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**Chevron North America Exploration
and Production Company**
a division of Chevron U.S.A. Inc.
1400 Smith St. Room 43192
Houston, Texas 77002

VIA CERTIFIED MAIL – RETURN RECEIPT REQUESTED

July 24, 2014

Burlington Resources Oil & Gas Company
ATTN: Ashley Manning-Dyke
600 N. Dairy Ashford Rd
P10-5-Office 5026
Houston, TX 77079

Re; Well Proposal for Gramma Ridge 14-24-34-5H ("Gramma Ridge 5H")
E/2W/2 of Section 14, T24S, R34E, NMPM Lea County New Mexico

Dear Ashley Manning-Dyke,

Chevron U.S.A. Inc. ("Chevron") hereby proposes to operate the Gramma Ridge 5H well for oil and gas production from the Bone Spring formation. The Gramma Ridge 5H will comprise a one-hundred sixty (160) acre standard unit in the E/2W/2 of Section 14, T24S, R34E, NMPM Lea County, New Mexico.

The Surface location of Gramma Ridge 5H will be 330 feet from the north line and 2,310 feet from the west line. The bottom hole location will be 280 feet from the South line and 1,980 feet from the west line. Chevron expects to navigate the Gramma Ridge 5H through the following depths:

- TD Lateral MD (TVD) = 16,606 feet
- Landing MD (TVD) = 12,106 feet

With respect to the E/2W/2 of Section 14, T24S, R34E, public records indicate you own a **12.5%** working interest. I have enclosed an Authorization for Expenditure ("AFE"). The total estimated cost to drill, complete, and equip Gramma Ridge 5H is \$7,753,151.73 divided as follows:

- Drilling = \$4,296,634.04
- Completion = \$2,472,362.81
- Facilities = \$984,154.88
- Total = \$7,753,151.73

Please indicate whether you elect to participate in the Gramma Ridge 5H by making your election in the space provided on the next page. Once you have made your election, please sign in the space below and return it to me at your earliest convenience. Chevron's Joint Operating Agreement will be furnished if requested prior to

**BEFORE THE OIL CONVERSATION
DIVISION**
Santa Fe, New Mexico
Exhibit No. 7
Submitted by: **CHEVRON U.S.A., INC.**
Hearing Date: September 17, 2014

your election. If you elect to not participate and would like to lease your working interest to Chevron, or if you have any question about this matter, please contact me at either 713-372-1103 or ccole@chevron.com.

Sincerely,

CHEVRON U.S.A. INC.

Cody Cole, RPL
Land Representative

Burlington Resources Oil & Gas Company elects;

☐ Not to Participate in Gramma Ridge 5H

☐ To Participate in Gramma Ridge 5H at **12.5 %** for **\$969,143.97**

By: _____

Date: _____

By: _____

Date: _____

Version 1.0	BIDLINE - WELL DRILLATION - DETAIL OF COST ESTIMATE					Date:	03/04/2018
Well Name	Granada Ridge 14-24-34-31					By:	Kyle Johnson
Cost Center	Description		Units	Rate	Quantity	Amount	
74400001	Rig - Daywork	days	35.18	rate	25000	\$/day	
74400002	Drilling Rig Footage/Turnkey	feet		rate		\$/day	
74400003	Rig Up/Rig Down						
71600000	Fuel/Purchased Natural Gas & Propane						
71700100	Coal - Diesel / Motor Fuel						
71700300	Lubricants - Other (potable water)						
74500022	Mobilization / De-Mobilization	Rig Days	4	Rig/Trucking	100000		
69010100	Company Supervision	days	30.18	rate	4500	\$/day	
70000000	Contract Project Supervision	days	30.18	rate	900	\$/day	
68500100	Drone/Casing						
68500100	Drone/Casing						
68730100	Employee Personal and Business Expense						
70000100	Contract Labor Surface						
70000200	Contract Labor Casual						
76150000	Communications - Radio						
76150000	Communications - Telephone - CLEC						
76200100	Communications - Cellular						
76200300	Communications - Other						
74400004	Drilling Fluids						
71900100	Mud and Completion Fluids (not Service)						
71900500	Materials, Supply, Repair Parts						
72300100	Surface Equipment Rentals						
72300200	Well Service Equipment Rentals						
72300300	Motor Vehicle Rentals						
73000200	Marine Transportation-Allocated						
73400000	Other Transportation Services						
73400400	Air Transportation allocated Act						
73400700	Hauling Services (Not Fracging)						
74400008	Directional Survey and Service Costs						
74400007	Drill String Rentals and Misc						
71900800	Drill Bits						
74400009	Coil Tubing						
74400010	Simulation / Gravel Pack Materials & Service						
74400011	Pumping Services						
74400014	Perforating & Electric Line Services						
74400015	Machine Services						
74500100	Contract Equipment & Services						
74500105	Services - Non Taxable Materials						
74500200	Technical Services						
75100000	HE S Penne Costs & Fees						
75100600	Surface Registration / HSE Inspection						
75600000	Other Professional Services & Fees						
75900800	Misc Services and Fees						
74200300	Solid Waste Disposal						
74200600	Waste Water Disposal						
74400017	Cement						
74400018	Testing						
74400019	Logging Wireline						
74400020	LWD (Logging While Drilling)						
74400021	Logging - Mud	30.00	days @	1250	\$ per day		
71900007	Well Pipe Casing	Size	Feet		\$/foot		

Version 1.4	COMPLETION - WELL APPROPRIATION - DETAIL OF COST ESTIMATE					Date: 03/09/2015
#4027 Area	Well Name	Grainite Ridge 14-24-31 5H	By:	AS		
Cost Element	Description	UNIT	Rate	Quantity	Amount	Amount
74400001	Rig - Daywork	days	4,000.00	1	4,000.00	4,000.00
74400002	Drilling Rig Footage/Turnkey	feet	650.00	1	650.00	650.00
74400003	Rig Up/Rig Down	days	0.00	1	0.00	0.00
71900000	Fluid Purchased Natural Gas & Propane	cu ft	0.00	1	0.00	0.00
71200100	Fluid - Diesel / Motor Fuel	gallons	0.00	1	0.00	0.00
71200200	Fluids - Other (possible water)	gallons	0.00	1	0.00	0.00
74000000	Mobilization / De-Mobilization	days	0.00	1	0.00	0.00
60010100	Company Supervision	days	0.00	1	0.00	0.00
70000000	Contractor Project Supervision	days	0.00	1	0.00	0.00
60010100	Company Supervision	days	0.00	1	0.00	0.00
70000000	Contractor Project Supervision	days	0.00	1	0.00	0.00
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60010100	Company Supervision	days	0.00	1	0.00	0.00
70000000	Contractor Project Supervision	days	0.00	1	0.00	0.00
60010100	Company Supervision	days	0.00	1	0.00	0.00
70000000	Contractor Project Supervision	days	0.00	1	0.00	0.00

Delaware Basin - Lea County
Phase 2 - Facilities Cost Estimate

	Gramma Ridge 5H	
	Quant	Cost
GRAND TOTAL (for all items)		\$ 984,154.88
SUB-TOTAL (for all items)	---	\$ 826,500.00
Contingency	10%	\$ 82,650.00
Tax	8.25%	\$ 75,004.88
Battery	1	\$ -
- Civil	---	\$ -
- Goldilocks Battery (Equip.)	---	\$ -
- Goldilocks Battery (Install.)	---	\$ -
- Electrical (EDS)	---	\$ -
Site Work	1	\$ 520,500.00
- Commingle Mods*	---	\$ -
- Horizontal Heater Treater**	---	\$ 250,000.00
- Supervision	---	\$ 50,000.00
- Well Pad	---	\$ 85,000.00
- Roads	---	\$ 5,000.00
- Cattleguards	---	\$ -
- Frac Pond	---	\$ -
- Land Damages	---	\$ 50,000.00
- Mechanical	---	\$ 25,000.00
- Flowline	---	\$ 43,500.00
- POC/Well Kill	---	\$ 12,000.00
OSBL	1	\$ -
-Gas line to 3rd party	---	
-Connections		
Electrical Distribution	---	\$ 306,000.00
- Feed to Sections	1	\$ 108,000.00
- Transformer Bank	1	\$ 15,000.00
- Generator Contingency	1	\$ 183,000.00