



Cody Cole
Land Representative
Mid-Continent Business Unit
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Ccole@chevron.com

**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

August 7th, 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 14-24-34-8H ("Gramma Ridge 8H")
E/2E/2 of Section 14, T24S, R34E, NMPM Lea County New Mexico

Dear, Ms. Ashley Manning-Dyke;

Chevron U.S.A. Inc. ("Chevron") hereby proposes to operate the Gramma Ridge 8H well for oil and gas production from the Bone Spring formation. The Gramma Ridge 8H will comprise a one-hundred sixty (160) acre standard unit in the E/2E/2 of Section 14, T24S, R34E, NMPM Lea County, New Mexico.

The Surface location of the Gramma Ridge 8H would be 330 feet from the north line and 380 feet from the East line. The bottom hole location would be 280 feet from the South line and 660 feet from the East line. Chevron expects to navigate the Gramma Ridge 8H through the following depths:

- TD Lateral MD (TVD) = 16,563 feet
- Landing MD (TVD) = 12,063 feet

With respect to the E/2E/2 of Section 14, T24S, R34E, public records indicate you own a **12.5%** working interest within the proposed unit. I have enclosed an Authorization for Expenditure ("AFE"). The total estimated cost to drill, complete, and equip Gramma Ridge 8H is \$9,160,795.25 divided as follows:

- Drilling = \$3,940,414.00
- Completion = \$4,178,475
- Facilities = \$1,041,906.25
- Total = \$9,160,795.25

Please indicate whether you elect to participate in the Gramma Ridge 8H 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. 6
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, 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 8H

☐ To Participate in Gramma Ridge 8H at **12.5%** for **\$1,145,099.41**

By: _____

Date: _____

By: _____

Date: _____

DRILLING - WELL APPROPRIATION - DETAIL OF COST ESTIMATE										Date:	02/15/2014
Well Name: GORMAN MGP 14 24 34 84										By:	Boyd Johnson
Cost Element	Description	Units	Rate	Quantity	Amount	Amount	Amount	Amount	Amount		
7440001	Rig - Daywork	days	32.36	1 day	32.36						
7440002	Drilling Rig Footage/Tenure	feet	1.00	10000	10000.00						
7440003	Rig Up Rig Down	hrs	1.00	1 day	1.00						
7100000	Fuel Purchased Natural Gas & Propane										
7100001	Fuel - Diesel (Hwy Fuel)										
7100002	Propane - (Other positive water)										
7100003	Propane - (Other positive water)										
7100004	Propane - (Other positive water)										
7100005	Propane - (Other positive water)										
7100006	Propane - (Other positive water)										
7100007	Propane - (Other positive water)										
7100008	Propane - (Other positive water)										
7100009	Propane - (Other positive water)										
7100010	Propane - (Other positive water)										
7100011	Propane - (Other positive water)										
7100012	Propane - (Other positive water)										
7100013	Propane - (Other positive water)										
7100014	Propane - (Other positive water)										
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7100018	Propane - (Other positive water)										
7100019	Propane - (Other positive water)										
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7100048	Propane - (Other positive water)										
7100049	Propane - (Other positive water)				</						

COMPLETION - WELL APPROPRIATION - DETAIL OF COST ESTIMATE							Date:	07/30/2014
Version 1.4 Field / Area		Well Name Gamma Ridge 14-24-34 BH					By:	AS
Cost Element	Description		VENDOR	Intangible	Tangible			DOLLARS
74400001	Rig - Daywork	days 5 000000	rate 7000 \$/day	26,000				26 000
74400002	Ongoing Rig-Footage/Turnkey	feet	rate	\$/ft	0			0
74400003	Rig Up/Rig Down			5 000				5 000
71950200	Fuel-Purchased Natural Gas & Propane			0				0
71250100	Fuel - Diesel / Motor Fuels			0				0
71250300	Lubricants - Other (portable water)			13 500				13,500
74500023	Mobilization / De-Mobilization	Rig Days	Rig Trucking	0				0
	Rig Costs Total - Intangible			44,500				44,500
86010100	Company Supervision	days 20 000000	rate 3000 \$/day	60 000				60,000
70000300	Contract Project Supervision	days 20 000000	rate 1700 \$/day	34 000				34,000
	Supervision Total - Intangible			94,000				94,000
74400004	Crafted Fluids	fresh water		450 000				450,000
71901800	Drill and Completion Fluids (not Service)	production chemicals		50 000				50,000
	Mud, Materials Total - Intangible			500,000				500,000
72300100	Surface Equipment Rentals			550 000				550,000
74400007	Oil String Rentals and Mils			65 000				65,000
74400009	Cole Tubing			200 000				200,000
74400010	Stimulation / (Gravel) Pack Materials & Services			2,200 000				2,200,000
74400014	Perforating & Electric Line Services			120 000				120,000
	Contract Rentals & Services Total - Intangible			3,135,000				3,135,000
74700800	Waste Water Disposal			60 000				60,000
	Waste Disposal Total - Intangible			60,000				60,000
74400018	Logging Wireline			5 000				5,000
	Formation Evaluation Total - Intangible			5,000				5,000
7190002*	Well Pipe - Tubing 2" CD and over							76 000
	Size	Pipe	S'/foot					
	2 875	9500	8				76 000	
71900100	Well Equipment / Materials							
71900110	Wellhead / Xmas Tree	Size	Cost					40 000
	Xmas Tree						40 000	
71900120	Submersible Pumps & Equipment							
71500100	Surface Lifting Equipment / Materials							20 000
	Production Plkr					20 000		136,000
	Equipment Total - Tangible			0				136,000
74500021	Site Work / Roads / Locations			5 000				5 000
	Unanticipated & Location Total - Intangible			5 000				5,000
	Sub Total Cost Estimate			3,843,500		136,000		3,979,500
94100700	Contingency 5.0%			192,175		6,800		198,975
				4,035,675		142,800		4,178,475
	TOTAL COST ESTIMATE w/ Contingencies			4,035,675		(12,800)		4,178,475

Delaware Basin - Lea County
Facilities Cost Estimate

Gramma Ridge 8H		
	Quant	Cost
GRAND TOTAL (for all items)	---	\$ 1,041,906.25
SUB-TOTAL (for all items)	---	\$ 875,000.00
Contingency	10%	\$ 87,500.00
Tax	8.25%	\$ 79,406.25
Battery	1	\$ -
- Civil	---	\$ -
- Goldilocks Battery (Equip.)	---	\$ -
- Goldilocks Battery (Install.)	---	\$ -
- Electrical (EDS)	---	\$ -
Site Work	1	\$ 569,000.00
- Commingle Mods*	---	\$ -
- Horizontal Heater Treater**	---	\$ 250,000.00
- Supervision	---	\$ 50,000.00
- Well Pad	---	\$ 85,000.00
- Roads	---	\$ 10,000.00
- Cattleguards	---	\$ -
- Frac Pond	---	\$ -
- Land Damages	---	\$ 50,000.00
- Mechanical	---	\$ 25,000.00
- Flowline	---	\$ 87,000.00
- 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