Form 3160-5 (June 2015) DE Bl	FO OM Expir	RM APPROVED IB NO. 1004-0137 es: January 31, 2018					
SUNDRY	S. Lease Senal N NMNM2750	o. 16					
abandoned we	6. If Indian, Allo	ttee or Tribe Name					
SUBMIT IN T	TRIPLICATE - Other instruction	ons on page 2 0 5 2	7. If Unit or CA/	Agreement, Name and/or No.			
1. Type of Well Oil Well Gas Well Oth	ler	DECE	8. Well Name and Multiple-See	I No. Attached			
2. Name of Operator CHEVRON USA INCORPORA	Contact: KAYL ATED E-Mail: kaylamcconnell@	A MCCONNELL Chevron.com	9. API Well No. Multipl e Se	e Attached			
3a. Address 6301 DEAUVILLE BLVD MIDLAND, TX 79706	3b. 1 Ph:	Phone No. (include area code) 432-687-7375	10. Field and Poc WC025G09	ol or Exploratory Area S263327G-UP WOLFCAMP			
4. Location of Well (Footage, Sec., 7	., R., M., or Survey Description)		11. County or Pa	rish, State			
Multiple-See Attached			LEA COUN	LEA COUNTY, NM			
12. CHECK THE AF	PROPRIATE BOX(ES) TO I	NDICATE NATURE OI	F NOTICE, REPORT, OR	OTHER DATA			
TYPE OF SUBMISSION		TYPE OF	ACTION	· · · · · · · · · · · · · · · · · · ·			
B Notice of Intent	□ Acidize	Deepen	Production (Start/Resume	e) 🔲 Water Shut-Off			
	Alter Casing	Hydraulic Fracturing	Reclamation	Well Integrity			
Subsequent Report	Casing Repair	New Construction	Recomplete	S Other Change to Original A			
Final Abandonment Notice	Change Plans	Plug and Abandon	Temporarily Abandon	PD			
determined that the site is ready for final inspection. Chevron respectfully requests to utilize a 5M system for the wells listed below, when drilling the production hole lateral drilling in the Wolfcamp formation. SD EA 18 19 FED COM P13 08H API 30-025-44113 SD EA 18 19 FED COM P13 09H API 30-025-44129 Carlsbad Field Office							
SD EA 18 19 FED COM F13 SD EA 18 19 FED COM P13	11H API 30-025-44131		OCD <u>Hob</u>	bs			
Please see the attached docu	mentation and schematic. $Sac OHac$	hed CoAs					
all	previous 6	As Still	apply				
14. I hereby certify that the foregoing is	true and correct. Electronic Submission #49199	4 verified by the BLM Wel	Information System				
	For CHEVRON USA mitted to AFMSS for processing	by PRISCILLA PEREZ or	The HODDS 11/12/2019 (20PP0360SE)				
Name (Printed/Typea) KATLAM				<u> </u>			
Signature (Electronic S	Submission)	Date 11/12/20	019				
	THIS SPACE FOR FI	EDERAL OR STATE (
_Approved_By_NDUNGU KAMAU_				Date 11/26/2019			
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. Office Hobbs							
Title 18 U.S.C. Section 1001 and Title 43 States any false, fictitious or fraudulent	U.S.C. Section 1212, make it a crime statements or representations as to any	for any person knowingly and matter within its jurisdiction.	willfully to make to any departme	ent or agency of the United			
(Instructions on page 2) ** BLM REV	ISED ** BLM REVISED ** E	BLM REVISED ** BLM	REVISED ** BLM REV	ISED ** KI			

Additional data for EC transaction #491994 that would not fit on the form

Wells/Facilities, continued

•

Agreement	Lease	Well/Fac Name, Number	API Number	Location
NMNM27506	NMNM27506	SD EA 18 19 FED COM P13 8H	30-025-44113-00-X1	Sec 18 T26S R33E 455FNL 1151FWL 32.049530 N Lat. 103.616096 W Lon
NMNM27506	NMNM27506	SD EA 18 19 FED COM P13 10H	30-025-44130-00-X1	Sec 18 T26S R33E 455FNL 1201FWL 32 049530 N Lat 103 615936 W Lon
NMNM27506	NMNM27506	SD EA 18 19 FED COM P13 11H	30-025-44131-00-X1	Sec 18 T26S R33E 455FNL 1226FWL 32 049530 N L at 103 615852 W L on
NMNM27506	NMNM27506	SD EA 18 19 FED COM P13 9H	30-025-44129-00-X1	Sec 18 T26S R33E 455FNL 1176FWL 32.049530 N Lat, 103.616013 W Lon

Revisions to Operator-Submitted EC Data for Sundry Notice #491994

.

	Operator Submitted	BLM Revised (AFMSS)
Sundry Type:	APDCH NOI	APDCH NOI
Lease:	NMNM27506	NMNM27506
Agreement:		
Operator:	CHEVRON USA INC 6301 DEAUVILLE BLVD MIDLAND, TX 79706 Ph: 432-687-7375	CHEVRON USA INCORPORATED 6301 DEAUVILLE BLVD MIDLAND, TX 79706 Ph: 432.687.7100 Fx: 432-687-7221
Admin Contact:	KAYLA MCCONNELL PERMITTING SPECIALIST E-Mail: gncv@chevron.com	KAYLA MCCONNELL PERMITTING SPECIALIST E-Mail: kaylamcconnell@chevron.com
	Ph: 432-687-7375	Ph: 432-687-7375
Tech Contact:	KAYLA MCCONNELL PERMITTING SPECIALIST E-Mail: gncv@chevron.com	KAYLA MCCONNELL PERMITTING SPECIALIST E-Mail: kaylamcconnell@chevron.com
	Ph: 432-687-7375	Ph: 432-687-7375
Location: State: County:	NM LEA	NM LEA
Field/Pool:	WC025G09S263327G-UP WOLFC	WC025G09S263327G-UP WOLFCAMP
Well/Facility:	SD EA 18 19 FED COM P13 8H Sec 18 T26S R33E 455FNL 1151FWL	SD EA 18 19 FED COM P13 8H Sec 18 T26S R33E 455FNL 1151FWL 32.049530 N Lat, 103.616096 W Lon SD EA 18 19 FED COM P13 10H

Sec 18 T26S R33E 455FNL 1151FWL 32.049530 N Lat, 103.616096 W Lon SD EA 18 19 FED COM P13 10H Sec 18 T26S R33E 455FNL 1201FWL 32.049530 N Lat, 103.615936 W Lon SD EA 18 19 FED COM P13 11H Sec 18 T26S R33E 455FNL 1226FWL 32.049530 N Lat, 103.615852 W Lon SD EA 18 19 FED COM P13 9H Sec 18 T26S R33E 455FNL 1176FWL 32.049530 N Lat, 103.616013 W Lon

PECOS DISTRICT DRILLING CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Chevron U.S.A. Incorporated			
LEASE NO.:	NMNM27506			
LOCATION:	Section 18, T.26 S., R.33 E., NMPM			
COUNTY:	Lea County, New Mexico			
WELL NAME & NO.:	SD EA 18 19 Fed Com P13 – 8H			
SURFACE HOLE FOOTAGE:	455'/N & 1151'/W			
BOTTOM HOLE FOOTAGE	180'/S & 440'/W			
WELL NAME & NO.:	SD EA 18 19 Fed Com P13 – 9H			
SURFACE HOLE FOOTAGE:	455'/N & 1176'/W			
BOTTOM HOLE FOOTAGE	180'/S & 850'/W			
WELL NAME & NO.:	SD EA 18 19 Fed Com P13 – 10H			
SURFACE HOLE FOOTAGE:	455'/N & 1201'/W			
BOTTOM HOLE FOOTAGE	180'/S & 1260'/W			
WELL NAME & NO.:	SD EA 18 19 Fed Com P13 – 11H			
SURFACE HOLE FOOTAGE:	455'/N & 1226'/W			
BOTTOM HOLE FOOTAGE	180'/N & 1670'/W			

COA

ALL PREVIOUS COAs STILL APPLY.

A. PRESSURE CONTROL

1. Variance approved to use flex line from BOP to choke manifold. Manufacturer's specification to be readily available. No external damage to flex line. Flex line to be installed as straight as possible (no hard bends).'

2.

Option 1:

- a. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **3000 (3M)** psi.
- b. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the intermediate casing shoe shall be **5000 (5M)** psi.

Option 2:

- 1. Operator has proposed a multi-bowl wellhead assembly. This assembly will only be tested when installed on the surface casing. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **5000 (5M)** psi.
 - a. Wellhead shall be installed by manufacturer's representatives, submit documentation with subsequent sundry.
 - b. If the welding is performed by a third party, the manufacturer's representative shall monitor the temperature to verify that it does not exceed the maximum temperature of the seal.
 - c. Manufacturer representative shall install the test plug for the initial BOP test.
 - d. If the cement does not circulate and one inch operations would have been possible with a standard wellhead, the well head shall be cut off, cementing operations performed and another wellhead installed.
 - e. Whenever any seal subject to test pressure is broken, all the tests in OOGO2.III.A.2.i must be followed.

Delaware Basin Changes to APD/COA for Federal Well



Well Name		<u>API #</u>	
SD EA 18 19 FED COM P13	08H	3002544113	
SD EA 18 19 FED COM P13	09H	3002544129	
SD EA 18 19 FED COM P13	10H	3002544130	
SD EA 18 19 FED COM P13	11H	3002544131	

Chevron Drilling Engineer Contact(s)

Phillipe Salanova (<u>psalanova@chevron.com</u>, 432-257-4140) and Tony Bacon (<u>tonybacon@chevron.com</u>, 713-372-4025)

Summary of Changes to APD Submission

Chevron respectfully requests to utilize a 5M system for the wells named above, when drilling the production hole lateral drilling in the Wolfcamp formation.

The Class 4 BOP 5M BOP System (with upgraded 10M Stack/Choke manifold) and test pressures shall reflect as follows:

Component	Pressure – Low (PSI)	Pressure – High (PSI)		
13 5/8" Annular	250-350	3500		
3.5"x 5.5" or 4.5" x 7"				
VBRs or Rams	250-350	6650		
3.5"x 5.5" or 4.5" x 7"				
VBRs or Rams	250-350	6650		
Choke Manifold (valves)	250-350	6650		

(Per onshore order 2, the 5M BOP/Choke Manifold Equipment stack will include 1x adjustable choke and 1x remotely operated choke.)

Validation of the MASP and associated reservoir fluids in the Wolfcamp A can be found in the documentation below, along with the well control safeguards and plans.

South Lea (and neighboring area) MASP and Reservoir Fluid Analysis

Introduction:

This document is to justify the proposal by Chevron North America to utilize a 10M BOP stack, tested to 6,650 psi (high), in conjunction with a 5M annular preventor, tested to 3,500 psi (high) for all Wolfcamp developments in South Lea County and the bordering fields in Eddy county. These fields currently consist of Sand Dunes, Salado Draw, Cotton Draw, Dagger Lake and future fields that lay within these bounds that have similar Wolfcamp target depths.

The analysis illustrated below in this document use "worst-case" values, such that the deepest formations within the Wolfcamp remain the scope, inclusive of the highest known PP (pore pressure) and applicable FG (Frac Gradient), along with the actual production values supplied by our Reservoir and Production engineering teams.

By validating these worst-case scenarios, the logic is that all reservoirs that are shallower in TVD and lower PP will still fall within the constraints set forth.

Wellbore information and Calculations:

Target formation: Wolfcamp A Target TVD: 12,000 - 12,852' TVD Target MW: 12.0 – 14.1 ppg Expected PP Ranges in Wolfcamp A: 9.8 – 13.1 ppg (Maximum PP: 14.8 ppg)

Reservoir Fluid Densities

An analysis has been performed by the Chevron Reservoir Engineering team to analyze the formation fluid properties. The analysis shows that the Wolfcamp gradient (psi/ft) ranges from 0.377 to 0.390 (assuming full evacuation), which equates to an average of 0.384 psi/ft gradient, or SG of 0.885; referenced in Figure 1 and Figure 2. The inputs for these calculations are recorded field water and oil properties, and bottom hole conditions. (Note: This value does not vary by more than ~1% whether the fluids come from the upper WCA formations, or the lowest possible Wolfcamp A formation which can reach a maximum depth of 12,852.)

BLM MASP Justifications

Mud weight selection in the lateral production hole where this Wolfcamp is drilled is primarily driven by the need to combat mechanical stresses and wellbore instability, which often lead to using higher mud weights that far surpass the reservoir pressure (or PP). Historically, the BLM utilizes the permitted drilling fluid mud weights that Chevron provides for the production hole section in order to calculate the bottom hole pressure conditions.

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The subject well, which is the most aggressive possible target that can be developed in the WCA, has a maximum depth of 12,852 ftTVD and a pore pressure range of 13.1 ppg to 14.8 ppg, per the latest Geological assessment. The BLM method of calculating MASP assumes full wellbore evacuation, which in this field equates to a 0.384 psi/ft gradient.

Therefore, the maximum MASP, per BLM calculations, should be between 3,820 and 4,956 psi. It is important to note however, that the deepest TVD lateral drilled to date is 12,783 ft; which then equates to a MASP ranging from 3,799 to 4,929 psi, depending on localized pore pressure estimates.

Conclusion

Chevron follows API Standard 53: Well Control Equipment Systems for Drilling wells, Fifth Edition, December 2018; which specifies a Class 4 BOP, with a 5M annular tested to 70% RWP (3,500 psi) with three (3) rams, including two (2) variable bore rams, tested to 6,650 psi, in accordance to Table C.5 on page 63. Chevron will continue to use the annulars as the first shut in method, with the immediate option to use one of the two variable bore rams. (The test pressure of 6,650 psi on the BOP rams was chosen value based on the wellhead testing pressures. Chevron has chosen to keep values consistent with the wellhead limitations. This pressure also surpasses all MASP scenarios.)

Appendix

Water Cut: 66.5%							c3 =	2.5E-14	-3E-13	50	1.1	
Chiondes:	Chiondes: 270,000 ppm							C2 -	-0.4E-10	9E-09		1.665
WCA IVD:	12,352 t	t						c1 =	1.2E-05	-1E-04		
Temperature:	. 169 •	F						c0 =	0.20387	2,5223		
	Pressure:	Temp	v	ater Dens	lity	Bw	Undersa	iturated Oi	i Density	в。	Depth	Pressure
	(psia)	(*F)	(g/cc)	(lb _u /ft ³)	(psi/ft)	rb/ST8	(g/cc)	(Ib"/ft ³)	(psi/ft)	rb/STB	(ft TVD)	(psia)
	10,000	169	1.209	75.48	U 524	0 995	0.615	38.41	0.267	1.964	12,854	9,954
Reservoir	9,954	169	1 209	75 46	0 524	0.995	0.615	38.39	0.267	1.965	12,804	9,935
	9,500	169	1 206	75.26	0 523	0 995	0.612	38.21	0.265	1.974	12,754	9,915
	9,000	169	1,202	75 06	0 521	1.001	0.609	38.00	0.264	1.985	12,704	9,896
	8,500	169	1 199	74.86	0.520	1.003	0.605	37.77	0.262	1.998	12,654	9,876
	8,000	169	1.196	74.67	0.519	1.006	0.601	37.52	0.261	2.011	12,604	9,857
	7,500	169	1 193	74 49	0 517	1 003	0.597	37.26	0.259	2.025	12,554	9,837
	7,000	169	1.191	74 33	0.516	1.010	0.592	36.97	0.257	2.040	12,504	9,818
	6,572	169	1 188	74 19	0515	1 012	0.588	36.72	0.255	2.055	12,454	9,798
	6,079	169	1.186	7.105	0.514	1.014	0.583	36.40	0.253	2.073	12,404	9,77 9
	5,578	169	1 18-1	73 91	0.513	1.016	0.577	36.04	0.250	2.093	12,354	9,759
	5,063	169	1 182	73 <i>78</i>	0.512	1018	0.571	35.64	0.248	2.117	12,304	9,740
	4,471	169	1 180	73 64	0.511	1 020	0.563	35.13	0.244	2.148	12,254	9,720
Bubble Point	4,316	169	1 179	7361	0.511	1.030	0.561	34.99	0.243	2.156	12,204	9,701
Standard Conditions	15.025	60	1 203	75-11	0 522	1.000			_	1.000	12,154	9,681
						-	-			-	12,104	9,662

Figure 1: Reservoir fluid calculation snap shot

Phil—I've calculated an **Example State of the state of the combined reservoir fluids of the** Salado Draw WCA. It assumes:

- Reservoir is still at initial (virgin) conditions
- Wellbore only contains produced fluids—no muds/completion fluids present
- Remaining pressure is contained at surface (pressure on BOP stack)

The 0.799 number below very likely only represents the hydrocarbon fraction at a single pressure. PVT reports generally exclude water, unless stated otherwise.

Thanks,

Figure 2: Reservoir Engineer communication (dated October 24th 2019)

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Well Control Plan & Processes

The following items highlight the applicable Chevron technical standards and operational safeguards which justify how Chevron calculates MASP and how the well's risks are managed.

MASP Justification

Per Chevron global requirements, as seen in Figure 3, Section 1.a; The hydrocarbon to mud gradient, for a wellbore with the maximum hole TVD between 12,001 and 15,000 ftTVD shall be interpolated between 60% hydrocarbon gradient and 50% hydrocarbon gradient. Thus, the hydrocarbon gradient for the subject wellbore is 57.2%, with the mud gradient of 42.8%. (Figure 4)

For the subject well, in order to evacuate the wellbore of drilling fluids by 57.2%, the rig would have to shut in and control the well after receiving a 329 bbl fluid gain. No data can be found for an influx of this size occurring for a Chevron operated well in New Mexico.

With the appropriate hydrocarbon gradient applied for the well's TVD, one can see in the "Mixed" case scenario (Figure 4), which is the commonly chosen scenario, that a MASP of 3,033 psi shall be planned for. This same methodology of using mid-case fluid gradients is what Chevron uses for Gulf of Mexico Worst Case Discharge calculations as well.

Therefore, Chevron Technical Standards validate the usage of the 5M annular and 10M BOP stack, as MASP falls within operating limits and testing scenarios of the well control equipment utilized.

Well Control and Safeguards

All wells are designed per standard technical standards, but Chevron also utilizes the safety assurance program 'WellSafe' to conduct Rig Certifications and manage pertinent operational safeguards in respect to preventing loss of containment incidents. Within the multitude of requirements, the WellSafe program ensures the following items are maintained and validated by both on-site Chevron company representatives, in addition to quarterly assessments conducted by an external group. A few of those requirements and standards are as follow:

- 1) Daily Well control checklists
 - a. These checklists ensure that ever tour (twice a day), the driller has his PVT alarms set at either 5 to 10 bbls, BOP/Manifold is in the proper alignment or status and the accumulator pressures are at correct values. This has been proven to ensure that drillers catch an influx as quickly as possible and are able to shut in immediately without issue.
- 2) PVT calibrations
 - a. PVT's are calibrated by a third-party company and documented in the WellSafe folder on location. This is conducted yearly, at a minimum.
- 3) Well Control drills
 - a. Well control drills are conducted, at a minimum, of once per week per crew. Therefore, on a given week, at least 2x well control drills with be conducted and debriefed. Each one of these Well Control Drills are documented in a central server.
- 4) BOP Well Control Equipment

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- a. WellSafe processes ensure and maintain all BOP components are API, with the COC (Certificate of Compliance) stored for reference on location. This document validates all components used on the BOP stack are tested and certified.
- 5) BOP Testing
 - a. All BOP components (rams, annular) are tested every 14 days, but not to surpass 21 days.
- 6) Well Design Plan Certifications and Well Execution Certifications
 - a. Prior to execution, all drilling programs are reviewed and vetted by WellSafe, a group of senior engineers, to ensure all well control related criteria is validated and accurate.
 - b. The Well Execution Certifications are also a part of WellSafe that validates pertinent procedural steps and well control barriers were executed or installed per plan.
- 7) IADC Well Control Certificates
 - a. All Company Representatives, Rig managers and drillers will be certified for Well Control at all times per IADC stipulations.



Figure 3: MASP Design calculation (DSM-BST-102002-A-MCBU-1, Casing and Tubing Design)



Figure 4: MASP calculations for "Mixed" case = Likely Mud Weight with highest PP possible



BOP Installation Checklist: The following items must be verified and checked off prior to pressure testing BOP equipment

The installed BOP equipment meets at least the minimum requirements (rating, type, size, configuration) as shown on this schematic. Components may be substituted for equivalent equipment rated to higher pressures. Additional components may be put into place as long as they meet or exceed the minimum pressure rating of the system.

All valves on the kill line and choke line will be full opening and will allow straight flow through.

Manual (hand wheels) or automatic locking devices will be installed on all ram preventers. Hand wheels will also be install on all manual valves on the choke and kill line.

A valve will be installed in the closing line as close as possible to the annular preventer to act as a locking device. This valve will remain open unless accumulator is inoperative.

Upper kelly cock valve with handle will be available on rig floor along with saved valve and subs to fit all drill string connections in use.



All valves (except chokes) on choke line, kill line and choke manifold will be full opening and will allow straight through flow. This excludes any valves between the mud gas separator and shale shakers.

All manual valves will have hand wheels installed.

Flare systems will have an effective method for ignition.

All connections will be flanged, welded or clamped

If buffer tank is used, a valve will be used on all lines at any entry or exit point to or from the buffer tank.