

Order Number

448

API Number

30-025-39981

Operator

Chevron USA Inc

County

Lea

Order Date

3-30-11

Well Name

C.P. Falby B Federal

Number

006

Location

N

UL

8

Sec

225

T (+Dir)

37E

R. (#Dir)

Pool 1

6660

Blinbery Oil + Gas

Oil %

31%

Gas %

49%

Pool 2

19190

Drinkard

69%

51%

Pool 3

Pool 4

Comments:

Posted in RBOMS 03-30-2011 CO4

DOWNHOLE COMMINGLE CALCULATIONS:

30-025-39981
DHC-HOB-448

OPERATOR: Chevron USA Inc

PROPERTY NAME: C.P. Falby B Federal

WNULSTR: #6-N-8-225-37E

SECTION I:	ALLOWABLE AMOUNT	
POOL NO. 1 <u>Blinebry Oil & Gas</u>	<u>107</u>	<u>428</u> MCF
POOL NO. 2 <u>Drinkard</u>	<u>142</u>	<u>852</u> MCF
POOL NO. 3 _____	_____	_____ MCF
POOL NO. 4 _____	_____	_____ MCF
	POOL TOTALS <u>149</u>	<u>1280</u>

SECTION II:	<u>Oil</u>	<u>Gas</u>
POOL NO. 1 <u>Blinebry Oil & Gas</u>	<u>31%</u>	<u>49%</u>
POOL NO. 2 <u>Drinkard</u>	<u>69% x 149 = 102.81</u>	<u>51%</u>
POOL NO. 3 _____	<u><103></u>	
POOL NO. 4 _____		

<u>OIL</u>	<u>GAS</u>
SECTION III: <u>69% ÷ 142 = 205.797</u>	<u><206></u>

SECTION IV: <u>31% x 206 = 63.86</u>	<u><64></u>
<u>69% x 206 = 142.14</u>	<u><142></u>
_____	_____
_____	_____

Well construction data sheet popular (type wells) Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 1301 W. Grand Ave., Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505

RECEIVED
MAR 30 2011
HOBSOCD
 State of New Mexico
 Energy, Minerals and Natural Resources
 OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

Form C-103
 May 27, 2004

WELL API NO. 30-025-39981
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/> Fed
6. State Oil & Gas Lease No. USA LC 033706
7. Lease Name or Unit Agreement Name C.P. Falby B Federal
8. Well Number 6
9. OGRID Number 4323
10. Pool name or Wildcat Blinebry/Drinkard

SUNDRY NOTICES AND REPORTS ON WELLS
 (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 Gas Well Other

2. Name of Operator
Chevron U.S.A. Inc.

3. Address of Operator
15 Smith Road Midland, TX 79705

4. Well Location
 Unit Letter N : 660 feet from the South line and 1880 feet from the West line
 Section 8 Township 22S Range 37E NMPM County LEA

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3,408' (GL)

Pit or Below-grade Tank Application or Closure

Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____

Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls: Construction Material _____

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"/>	
OTHER: DHC Blinebry/Drinkard <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 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

UNDER THE PROVISION OF RULE 303C (5) IT IS PROPOSED TO DOWNHOLE COMMINGLE PRE-APPROVED POOLS, BLINEBRY OIL & GAS (6660) (5425 - 6100'), AND DRINKARD (19190) (6350 - 6750'), IN THE CAPTIONED WELL. PRODUCTION WILL BE ALLOCATED BACK TO THE TWO POOLS BASED ON THE PERCENTAGES SHOWN IN THE ATTACHED SUPPORT DATA.

DHC-HOB-0448

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines , a general permit or an (attached) alternative OCD-approved plan .

SIGNATURE Oscar Galvis TITLE Petroleum Engineer DATE 3/14/2011

Type or print name Oscar Galvis E-mail address: ogaq@chevron.com Telephone No. 713-372-0095
For State Use Only

APPROVED BY: [Signature] TITLE PETROLEUM ENGINEER DATE MAR 30 2011
 Conditions of Approval (if any): _____

Request for exemption to rule 303-A
FOR WELLS LOCATED IN PRE-APPROVED POOLS OR AREAS

Operator

Chevron U.S.A., Inc.
 15 Smith Road
 Midland, TX 79705

Lease Name and Well Number

C.P. Falby B Federal #6
 30-025-39981
 660' FSL & 1880' FWL, Unit Letter N
 Section 8, T22S, R37E
 Lea County, New Mexico

Division Order

Pre-approved Pools or Areas established by division order # R-11363

Pools To Be Commingled In CP Falby B Federal #6

(6660) Blinebry Oil & Gas (OIL)
 (19190) Drinkard (OIL)

Perforated Intervals

Blinebry Oil & Gas (5425 - 6100')
 Drinkard (6350 - 6750')

Location Plat

Attached

Well Test Report & Production Plots

Attached.

Product Characteristics And Value

Previous commingling of these zones by Chevron and other operators in the area have shown that the produced fluids are compatible and commingling will not cause formation damage or producing problems. Also, the price received by Chevron for products from these zones is very similar, so value will not be adversely affected.

Production Allocation

	<u>Pool</u>	<u>BOPD</u>	<u>BWPD</u>	<u>MCFPD</u>	<u>Remarks</u>
	Blinebry	45	102	155	Estimated from IP from Blinebry offset producers
	Drinkard	10	20	64	Estimated from IP from Drinkard offset producers
	Totals	55	122	219	

	<u>Allocated %</u>	<u>Oil %</u>	<u>Water %</u>	<u>Gas %</u>	<u>Remarks</u>
	Blinebry	31	84	49	Estimated from EUR from Blinebry offset producers
	Drinkard	69	16	51	Estimated from EUR from Drinkard offset producers
	Totals	100	100	100	

Ownership

Ownership of all zones is identical so correlative rights will not be compromised.

State / Federal Land Notification

Federal Lease USA LC 033706 - This application with associated Form 3160 has been submitted to the BLM.

District I
1625 N. French Dr., Hobbs, NM 88240

District II
811 South First, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised March 17, 1999

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, NM 87505

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-39981		² Pool Code 6660		³ Pool Name Bllebry Oil & Gas	
⁴ Property Code 30033		⁵ Property Name C. P. Falby B Federal			⁶ Well Number 6
⁷ OGRID No. 4323		⁸ Operator Name Chevron U.S.A., Inc.			⁹ Elevation 3,408' (GL)

¹⁰ Surface Location

UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	8	22S	37E		660	South	1880	West	Lea

¹¹ 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

¹² Dedicated Acres 40	¹¹ Joint or Infill	⁴ Consolidation Code	¹³ 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 align="center">¹⁷ OPERATOR CERTIFICATION</p> <p align="center"><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <hr/> <p>Signature Oscar Galvis</p> <hr/> <p>Printed Name Petroleum Engineer</p> <hr/> <p>Date 3/07/2011</p>
	<p align="center">¹⁸ SURVEYOR CERTIFICATION</p> <p align="center"><i>I hereby certify that the well location shown on this plat 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.</i></p> <p>Signature and Seal of Professional Surveyor:</p> <hr/> <p align="right">Certificate Number</p>

District I
1625 N. French Dr., Hobbs, NM 88240

District II
811 South First, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised March 17, 1999

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-39981		² Pool Code 19190		³ Pool Name Drinkard	
⁴ Property Code 30033		⁵ Property Name C. P. Falby B Federal			⁶ Well Number 6
⁷ OGRID No. 4323		⁸ Operator Name Chevron U.S.A., Inc.			⁹ Elevation 3,408' (GL)

¹⁰ Surface Location

UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	8	22S	37E		660	South	1880	West	Lea

¹¹ 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

¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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>¹⁷</p> <p>OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p>Signature _____ Oscar Galvis</p> <p>Printed Name _____ Petroleum Engineer</p> <p>Date _____ 3/07/2011</p>
	<p>¹⁸</p> <p>SURVEYOR CERTIFICATION</p> <p><i>I hereby certify that the well location shown on this plat 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.</i></p> <p>Signature and Seal of Professional Surveyor: _____</p> <p>Certificate Number _____</p>

Well: C.P.Falby B Federal #6

Field: Blinebry Oil & Gas
Drinkard

Reservoir: Blinebry & Drinkard

Location:
660' FSL & 1880' FWL
Section: 8
Township: 22S
Range: 37E
County: Lea State: NM

Elevations:
GL: 3408'
KB: 3424'
DF:

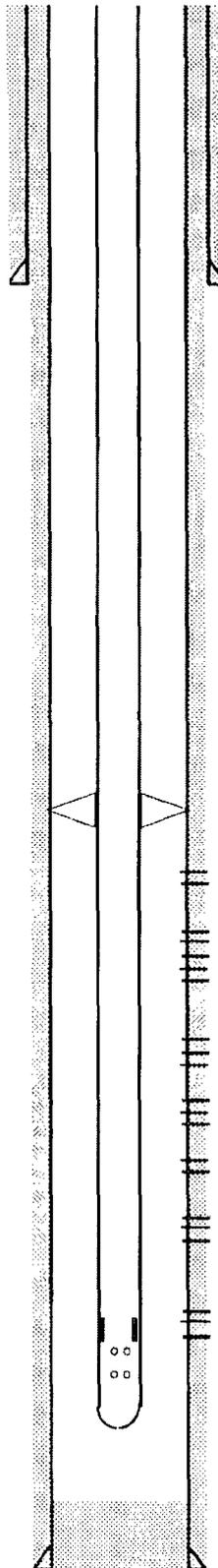
**Proposed
Wellbore Diagram**

Well ID Info:
Chevno: MV9297
API No: 30-025-39981
L5/L6:
Spud Date: 3/9/2011
Compl. Date:

Surf. Csg: 8 5/8", 24#, J-55
Set: @ 1220' w/ 640 sks
Hole Size: 12 1/4"
Circ: Yes **TOC:** Surface
TOC By: Circulated

Tool Joint Details:

ELTs:	Size:	Elevation:
	RD Connection	14.00
1	J-55 2 7/8" EUE BR J-55 Tq.	3006.00
	1A1	3.10
1	J-55 2 7/8" EUE BR J-55 Tq.	434.00
1	4 1/2" EUE BR J-55 Tq.	31.00
	SK	1.10
	2 7/8" x 4" Perm Tq. Tool	4.00
1	J-55 2 7/8" EUE BR J-55 Tq.	31.00
	SK Plug	0.50
132	Bottom Of String >>	4116.75



Perfs: **Status:**
Perfs will be picked after conducting logs.

This wellbore diagram is based on the most recent information regarding wellbore configuration and equipment that could be found in the Midland Office well files and computer databases as of the update date below. Verify what is in the hole with the well file in the Eunice Field Office. Discuss w/ WEO Engineer, WO Rep, OS, ALS, & FS prior to rigging up on well regarding any hazards or unknown issues pertaining to the well.

COTD: unknown
PBTD:
TD: 6800'

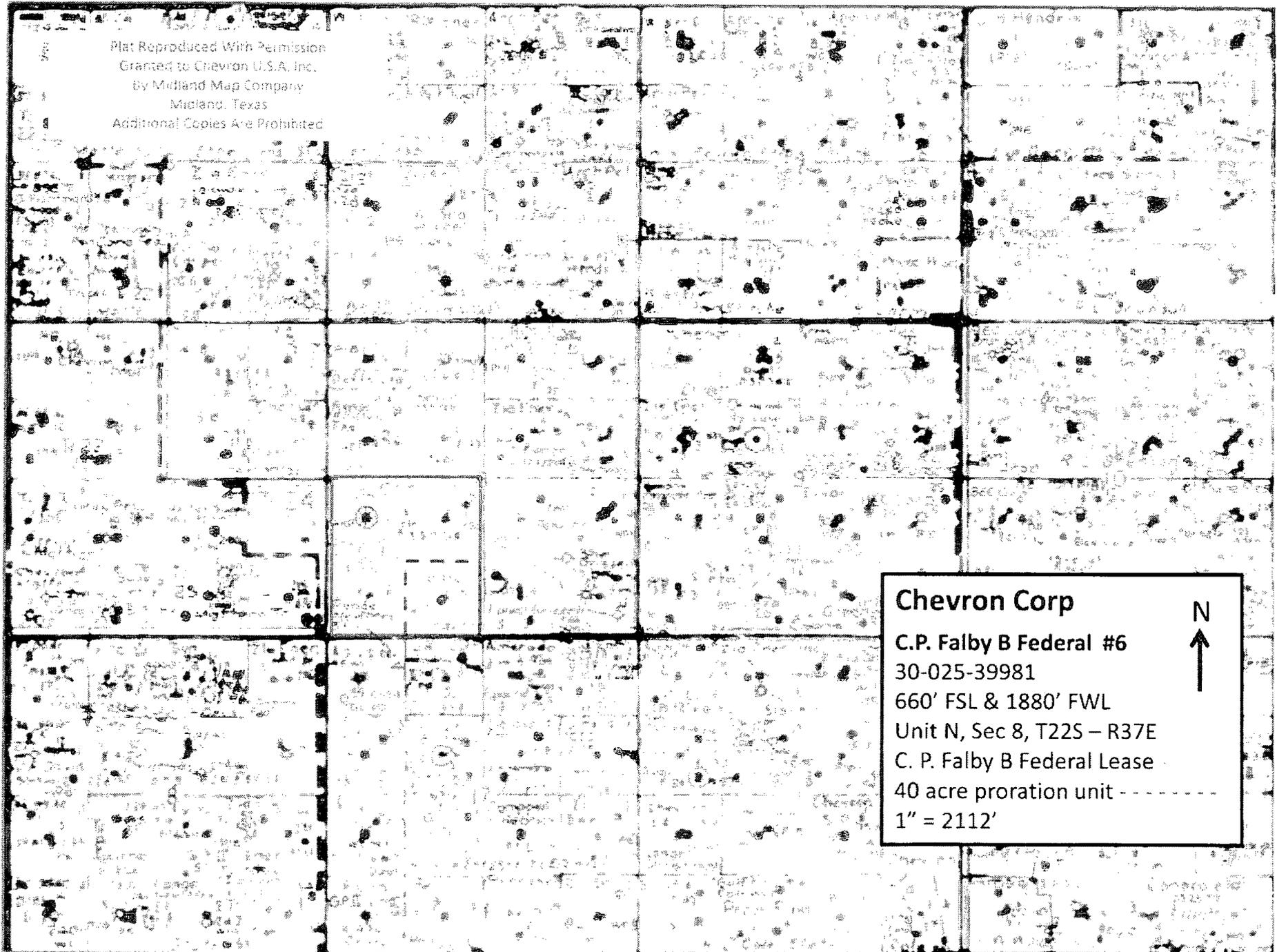
Updated: 3/7/2011

By: G. Pritchard

Prod. Csg: 5 1/2", 17#, L-80
Set: @ 6800' w/ 1325 sks
Hole Size: 7 7/8"
Circ: Yes **TOC:** Surface
TOC By: Circulated

Plat Reproduced With Permission
Granted to Chevron U.S.A. Inc.
by Midland Map Company
Midland, Texas
Additional Copies Are Prohibited

Chevron Corp
C.P. Falby B Federal #6
30-025-39981
660' FSL & 1880' FWL
Unit N, Sec 8, T25S – R37E
C. P. Falby B Federal Lease
40 acre proration unit - - - - -
1" = 2112'



Rate/Time Graph

Project: p:\my documents\powertools\falby_lease_area_prod.mdb

Date: 3/14/2011

Time: 9:49 AM

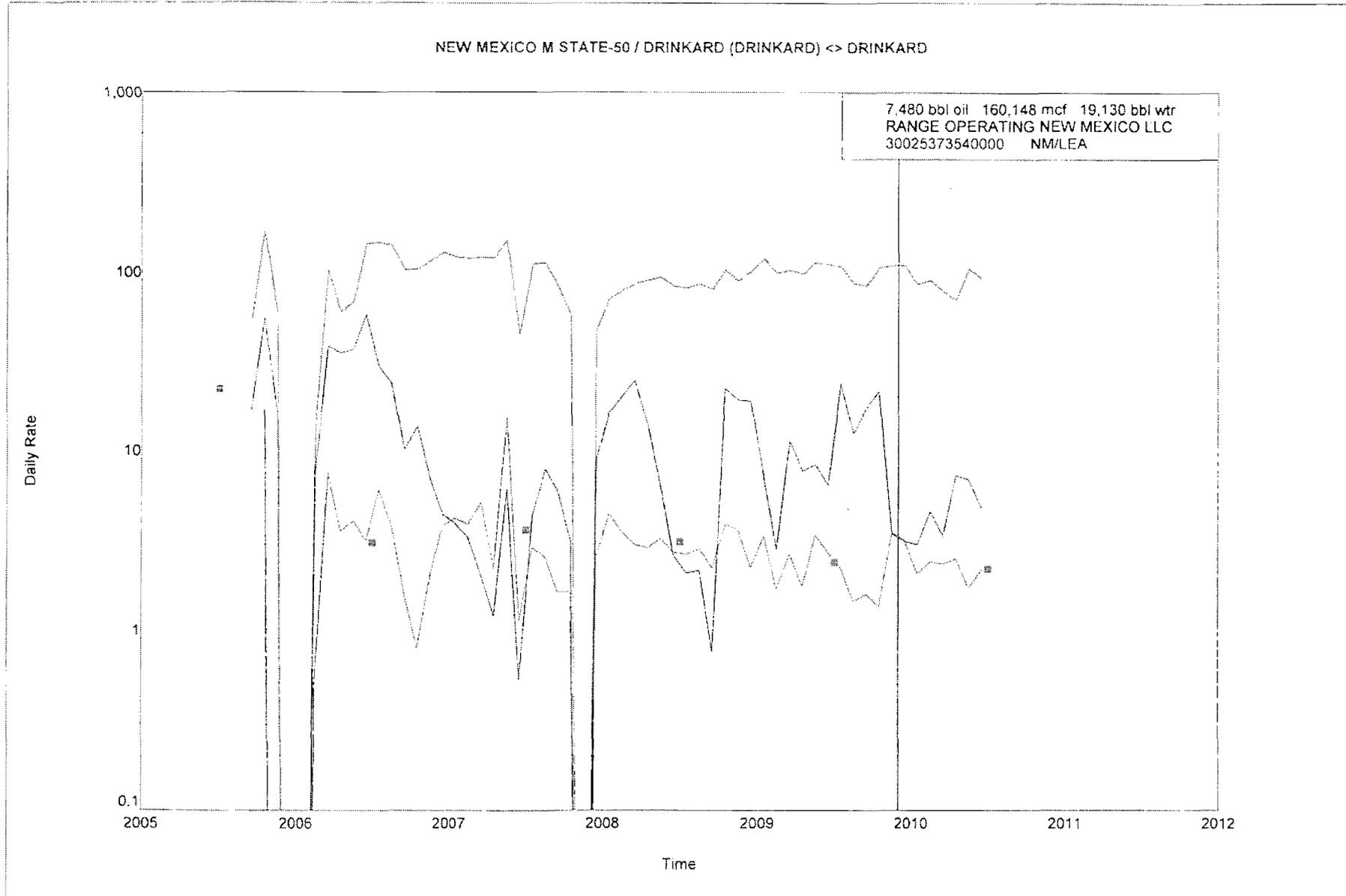
Lease Name: NEW MEXICO M STATE (50)

County, ST: LEA, NM

Location: 17E 22S 37E NW SW NW

Operator: RANGE OPERATING NEW MEXICO LLC

Field Name: DRINKARD



Rate/Time Graph

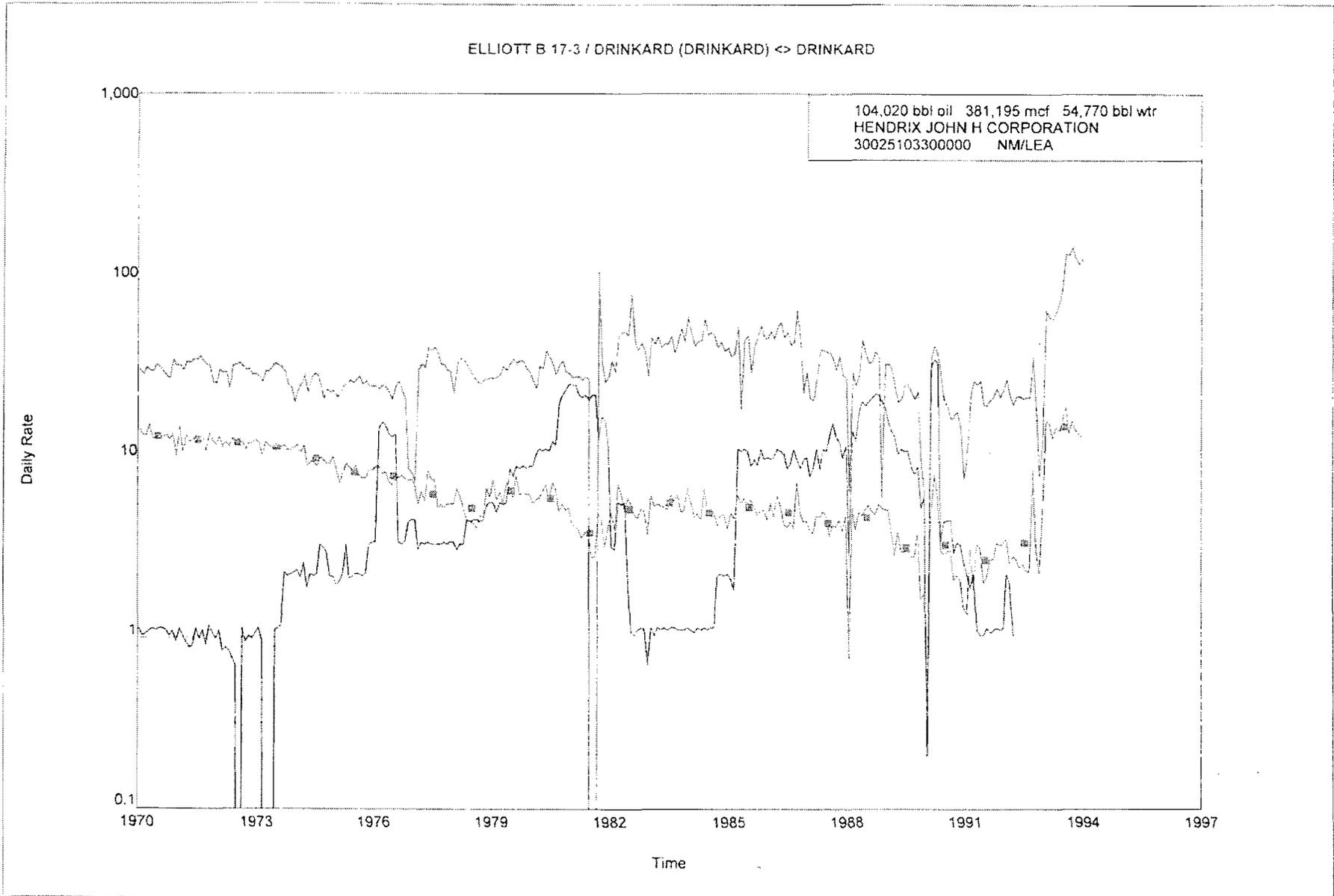
Project: p:\my documents\powertools\falby_lease_area_prod.mdb

Date: 3/14/2011

Time: 9:50 AM

Lease Name: ELLIOTT B 17 (3)
County, ST: LEA, NM
Location: 17C 22S 37E NE NW

Operator: HENDRIX JOHN H CORPORATION
Field Name: DRINKARD



Rate/Time Graph

Project: p:\my documents\powertools\falby_lease_area_prod.mdb

Date: 3/14/2011

Time: 9:49 AM

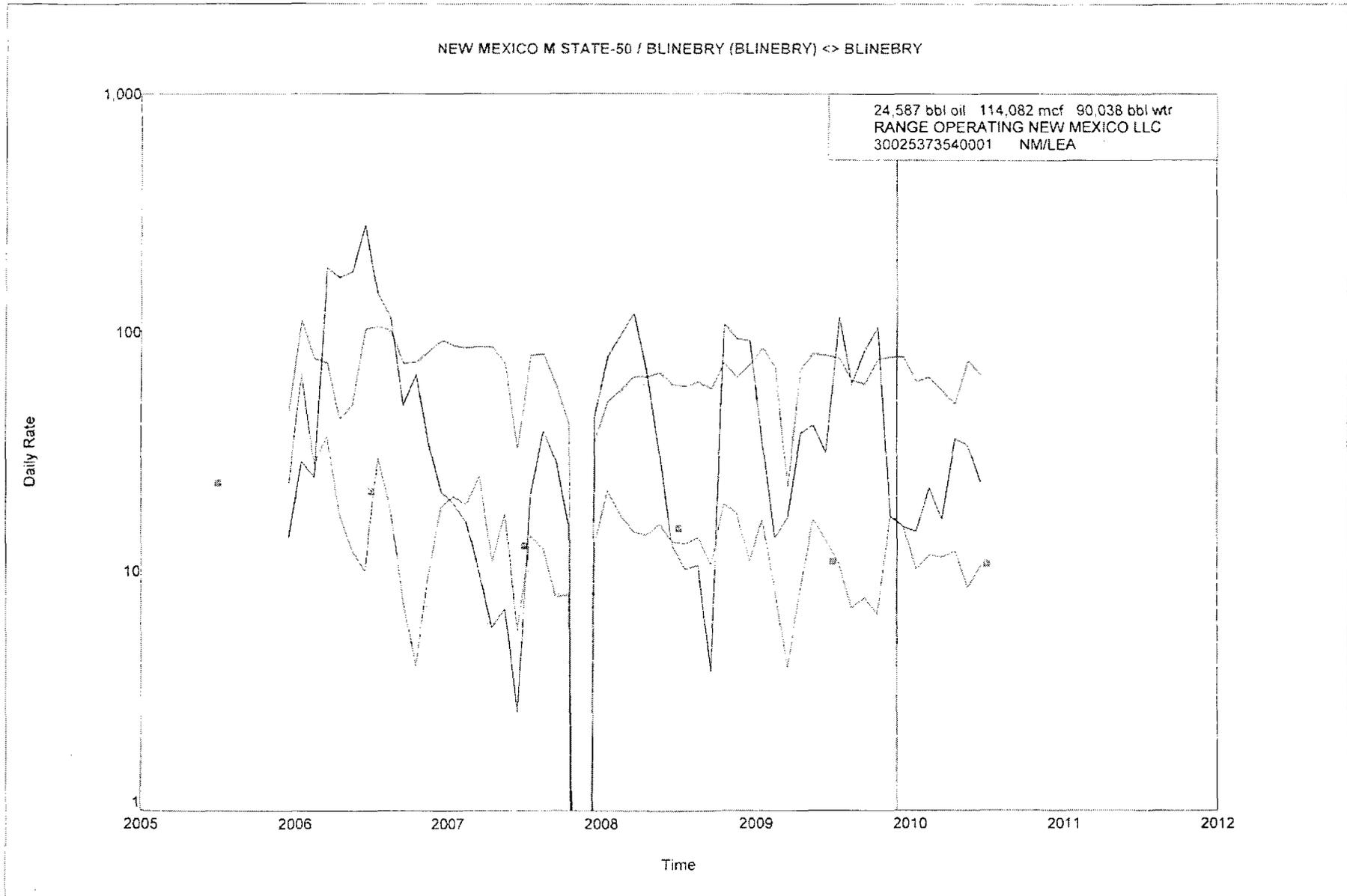
Lease Name: NEW MEXICO M STATE (50)

County, ST: LEA, NM

Location: 17E 22S 37E NW SW NW

Operator: RANGE OPERATING NEW MEXICO LLC

Field Name: BLINEBRY



Rate/Time Graph

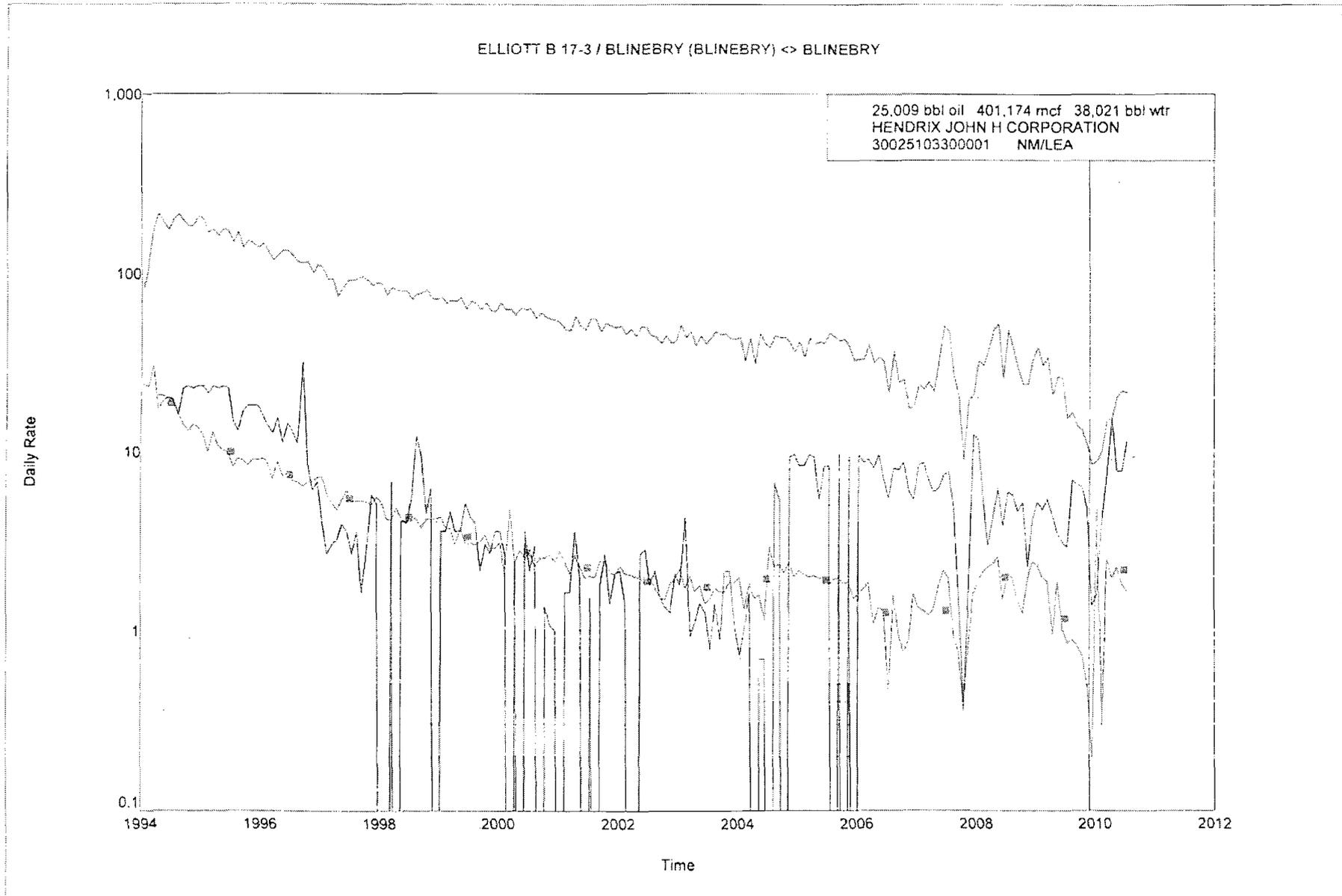
Project: p:\my documents\powertools\falby_lease_area_prod.mdb

Date: 3/14/2011

Time: 9:49 AM

Lease Name: ELLIOTT B 17 (3)
County, ST: LEA, NM
Location: 17C 22S 37E NE NW

Operator: HENDRIX JOHN H CORPORATION
Field Name: BLINEBRY



RECEIVED

Form 3160-5
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
HOBBSSOUL
SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

FORM APPROVED
OMB No. 1001-0137
Expires: July 31, 2010

5. Lease Serial No.
USA LC 033706
6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

7. If Unit of CA/Agreement, Name and/or No.

1. Type of Well
 Oil Well Gas Well Other

8. Well Name and No.
C.P. FALSBY B FEDERAL # 6

2. Name of Operator
CHEVRON U.S.A Inc

9. API Well No.
30-025-39981

3a. Address
15 SMITH RD
MIDLAND, TX 79706

3b. Phone No. (include area code)
432-687-7375

10. Field and Pool or Exploratory Area
BLINEBY OIL / DRINKARD

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
UNIT LETTER N, 6605L E 1880 FWL

11. Country or Parish, State
LEA, NEW MEXICO

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>Drainhole (spring)</u> <u>Blinby / DRINKARD</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Under the provisions of NM state rule 303C(5) it is proposal to drainhole (spring) pre approved pools, Blinby Oil & GAS (6660)(5425'-6100'), and Drinkard (1990) (6350'-6750'), in the captioned well. Production will be allocated back to the two pools based on the percentages shown in the attached supporting data.

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)
Oscar Galvis
Title Petroleum Engineer
Signature Oscar Galvis
Date 3/14/11

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by
PETROLEUM ENGINEER
Date MAR 30 2011

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 LA

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)



Oscar Galvis
Petroleum Engineer
Oil Area AD Team

Permian Business Unit
Chevron U.S.A. Inc.
15 Smith Road
Midland, TX 79705
Tel 713-372-0095
Fax 713-372-1559
ogaq@chevron.com

March 14, 2011

State of New Mexico
Oil Conservation Division
1625 N. French Drive
Hobbs, New Mexico 88240

Request DHC: C. P. Falby B Federal #6 (30-025-39981)

Attention: Oil and Gas Regulatory Department

Chevron U.S.A. Inc. respectfully requests administrative approval for an amendment to Downhole Commingle the Blinebry Oil & Gas (06660), and the Drinkard (19190), in the C. P. Falby #6, API number 30-025-39981. The well is located 660' FSL & 1,880' FWL, Unit N, Section 8, Township 22 South, and Range 37 East in Lea County, New Mexico.

The C. P. Falby B Federal #6 is a new drill in the Blinebry Oil & Gas and the Drinkard fields. It is scheduled to spud March 9, 2011 and drill to a total depth of 6,800'. The proposed completion of the well would commingle production from the Blinebry, and Drinkard formations.

The proposed allocation percentages were calculated using production tests from offset producers. Attached in support of this request are offset well production profiles, a proposed well schematic diagram for the C. P. Falby B Federal #6, a C107, a C102 form for each pool, and a lease plat.

Chevron is the operator, with 100% working interest in the lease.

If you require additional information or have any questions, please contact me by telephone at 713-372-0095, or by email at ogaq@chevron.com.

Sincerely,

A handwritten signature in black ink that reads "Oscar Galvis". The signature is written over a horizontal line.

Oscar Galvis
Petroleum Engineer

Enclosure

cc: BLM

Denise Pinkerton
Denise Beckham