

Order Number

449

API Number

30-025-39982

Operator

Chevron USA Inc

County

Lea

Order Date

3-30-11

Well Name

CP Falby B Federal

Number

7

Location

M

UL

8

Sec

225

T (+Dir)

37E

R (+Dir)

Pool 1

6660

Blinebry

Oil %

31%

Gas %

49%

Pool 2

19190

Drinkard

69%

51%

Pool 3

Pool 4

Comments:

Posted in RBOMS 03-30-2011 BOA

DOWNHOLE COMMINGLE CALCULATIONS:

30-025-39982  
DHC-HOB-449

OPERATOR: Chevron USA Inc

PROPERTY NAME: C P Falby B Federal

WNULSTR: # 7-M-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	_____		
POOL NO. 4	_____		

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

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

Well construction data sheet population  
(type wells) Submitter  
Appropriate District Office  
District I  
1625 N. French Dr., Hobbs, NM 88344  
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**  
**HOBBS**

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. <b>30-025-39982</b>	
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/> <b>Fed</b>	
6. State Oil & Gas Lease No. USA LC 033706	
7. Lease Name or Unit Agreement Name <b>C.P. Falby B Federal</b>	
8. Well Number	<b>7</b>
9. OGRID Number	<b>4323</b>
10. Pool name or Wildcat <b>Blinebry/Drinkard</b>	

**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 **M** : **660** feet from the **South** line and **560** feet from the **West** line  
Section **8** Township **22S** Range **37E** NMPM County **LEA**

11. Elevation (Show whether DR, RKB, RT, GR, etc.)  
**3,484' (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

<b>NOTICE OF INTENTION TO:</b>		<b>SUBSEQUENT REPORT OF:</b>	
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: <b>DHC Blinebry/Drinkard</b> <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-0449**

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 #7  
 30-025-39982  
 660' FSL & 560' FWL, Unit Letter M  
 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 #7**

(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
<b>Totals</b>	<b>55</b>	<b>122</b>	<b>219</b>	

<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
<b>Totals</b>	<b>100</b>	<b>100</b>	<b>100</b>	

**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

Well: C.P.Falby B Federal #7

Field: Blinebry Oil & Gas  
Drinkard

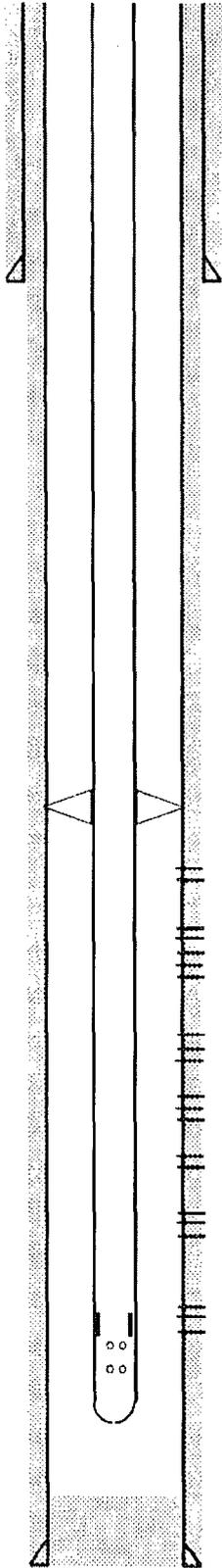
Reservoir: Blinebry & Drinkard

**Location:**  
660' FSL & 560' FWL  
Section: 8  
Township: 22S  
Range: 37E  
County: Lea State: NM

**Elevations:**  
GL: 3484'  
KB: 3500'  
DF:

**Proposed  
Wellbore Diagram**

**Well ID Info:**  
Chevno: MV9298  
API No: 30-025-39982  
L5/L6:  
Spud Date: 3/25/2011  
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

Logging Data:

# Jts.	Spec	Elevation
	RR Connection	15.00
116	Jts 2 7/8" EUC BR J-55 Tag	3590.00
	TAC	3.16
117	Jts 2 7/8" EUC BR J-55 Tag	434.00
1	Jts 2 7/8" EUC BR J-55 PAC Tag	31.00
	SH	1.10
	2 7/8" x 4 Perforation	4.00
1	Jts 2 7/8" EUC BR J-55 Tag	34.16
	Ball P. 1	0.00
132	Bottom Of String 12	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 database as of the update date below. Verify what is in the hole with the well file in the Eunice Field Office. Discuss w/ WED Engineer, WG 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

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**

<sup>1</sup> API Number 30-025-39982		<sup>2</sup> Pool Code 6660		<sup>3</sup> Pool Name Blinebry Oil & Gas			
<sup>4</sup> Property Code 30033		<sup>5</sup> Property Name C. P. Falby B Federal				<sup>6</sup> Well Number 7	
<sup>7</sup> OGRID No. 4323		<sup>8</sup> Operator Name Chevron U.S.A., Inc.				<sup>9</sup> Elevation 3,484' (GL)	

<sup>10</sup> Surface Location

UL or Lot No	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	8	22S	37E		660	South	560	West	Lea

<sup>11</sup> 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

<sup>12</sup> Dedicated Acres 40	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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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

	17	<p align="center"><b>OPERATOR CERTIFICATION</b></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 <b>Oscar Galvis</b></p> <p>Printed Name <b>Petroleum Engineer</b></p> <p>Date <b>3/07/2011</b></p>
	18	<p align="center"><b>SURVEYOR CERTIFICATION</b></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 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**

<sup>1</sup> API Number 30-025-39982		<sup>2</sup> Pool Code 19190		<sup>3</sup> Pool Name Drinkard	
<sup>4</sup> Property Code 30033		<sup>5</sup> Property Name C. P. Falby B Federal			<sup>6</sup> Well Number 7
<sup>7</sup> OGRID No. 4323		<sup>8</sup> Operator Name Chevron U.S.A., Inc.			<sup>9</sup> Elevation 3,484' (GL)

<sup>10</sup> Surface Location

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

<sup>11</sup> 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

<sup>12</sup> Dedicated Acres 40	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
-------------------------------------	-------------------------------	----------------------------------	-------------------------

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	<p align="center"><sup>17</sup> <b>OPERATOR CERTIFICATION</b></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> <p>Signature _____ <b>Oscar Galvis</b></p> <p>Printed Name _____ <b>Petroleum Engineer</b></p> <p>Date _____ <b>3/07/2011</b></p>
	<p align="center"><sup>18</sup> <b>SURVEYOR CERTIFICATION</b></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> <p align="right">Certificate Number _____</p>

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 #7  
30-025-39982  
660' FSL & 560' FWL  
Unit M, Sec 8, T22S – 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: 11:45 AM

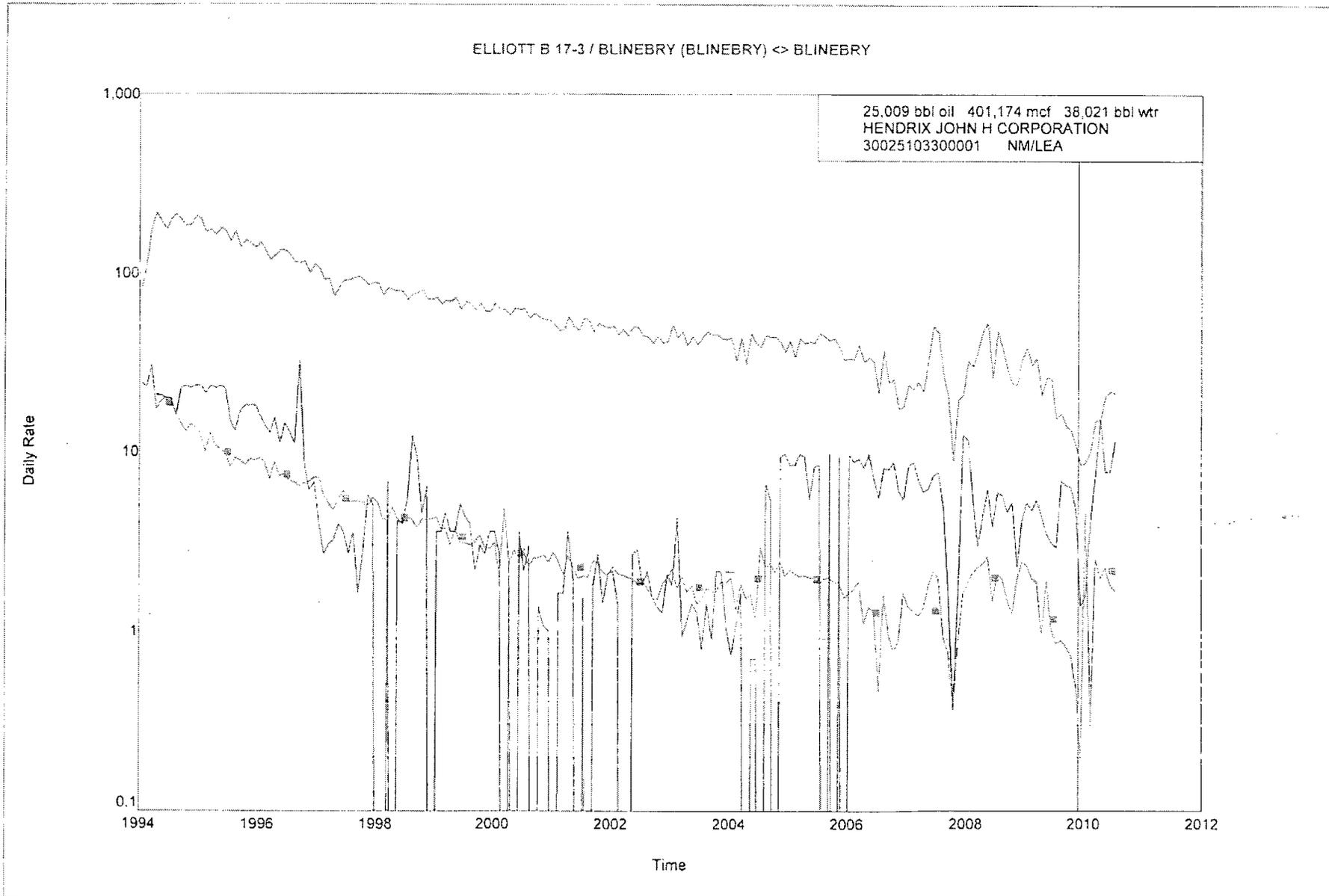
Lease Name: ELLIOTT B 17 (3)

County, ST: LEA, NM

Location: 17C 22S 37E NE NW

Operator: HENDRIX JOHN H CORPORATION

Field Name: BLINEBRY



# Rate/Time Graph

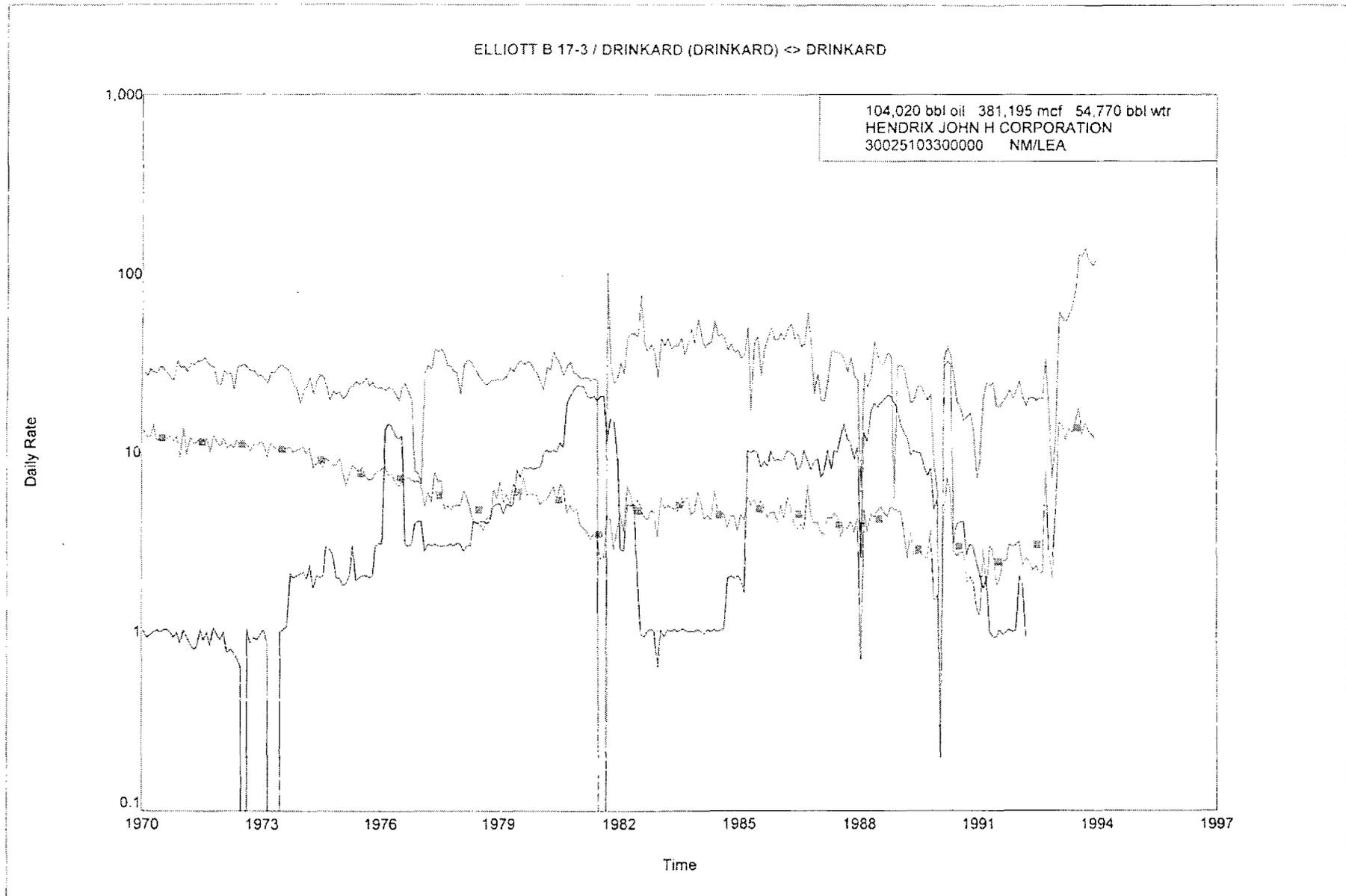
Project: p:\my documents\powertools\falby\_lease\_area\_prod.mdb

Date: 3/14/2011

Time: 11:45 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: 11:45 AM

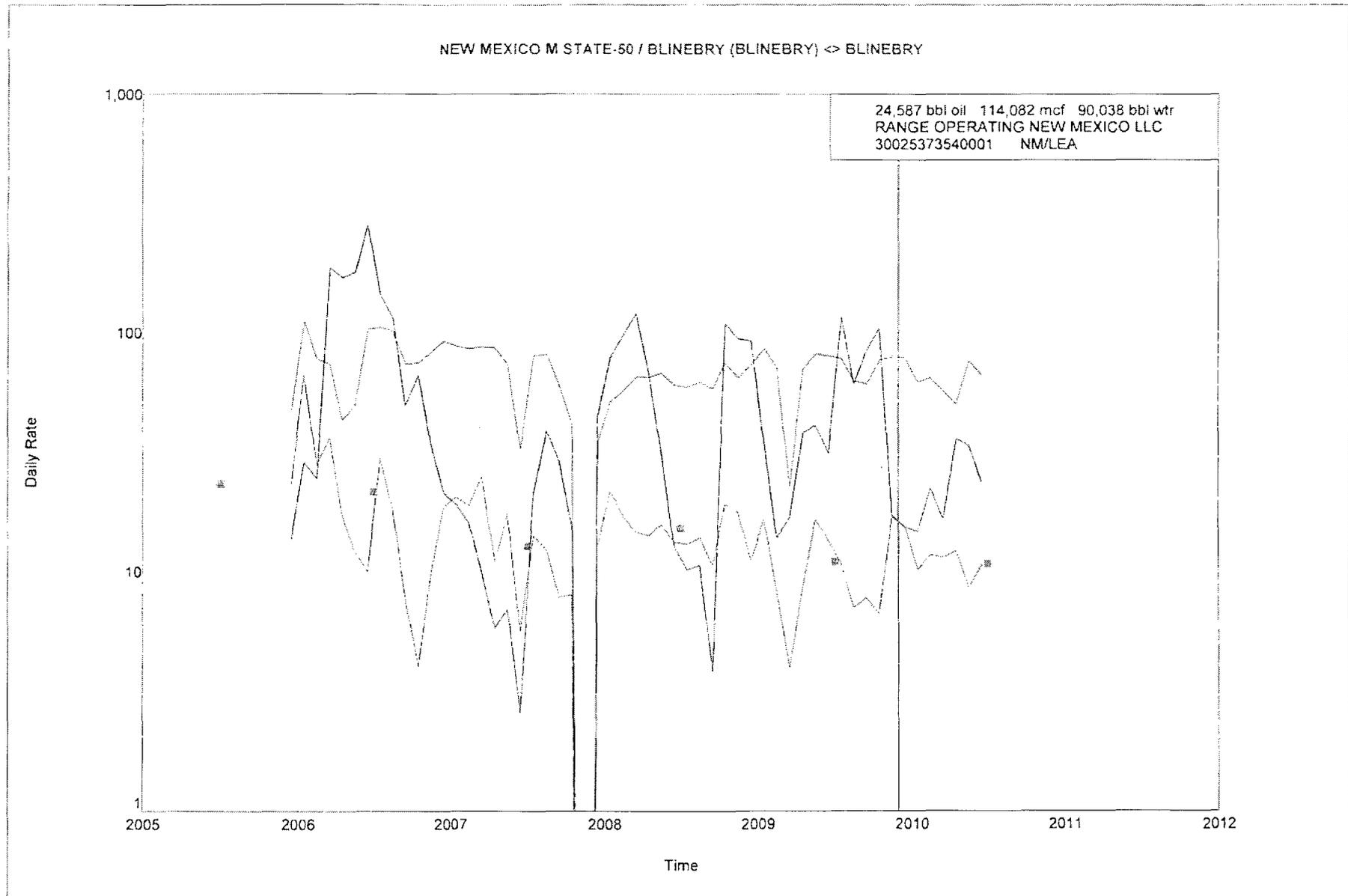
Lease Name: NEW MEXICO M STATE (50)

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\ifalby\_lease\_area\_prod.mdb

Date: 3/14/2011

Time: 11:45 AM

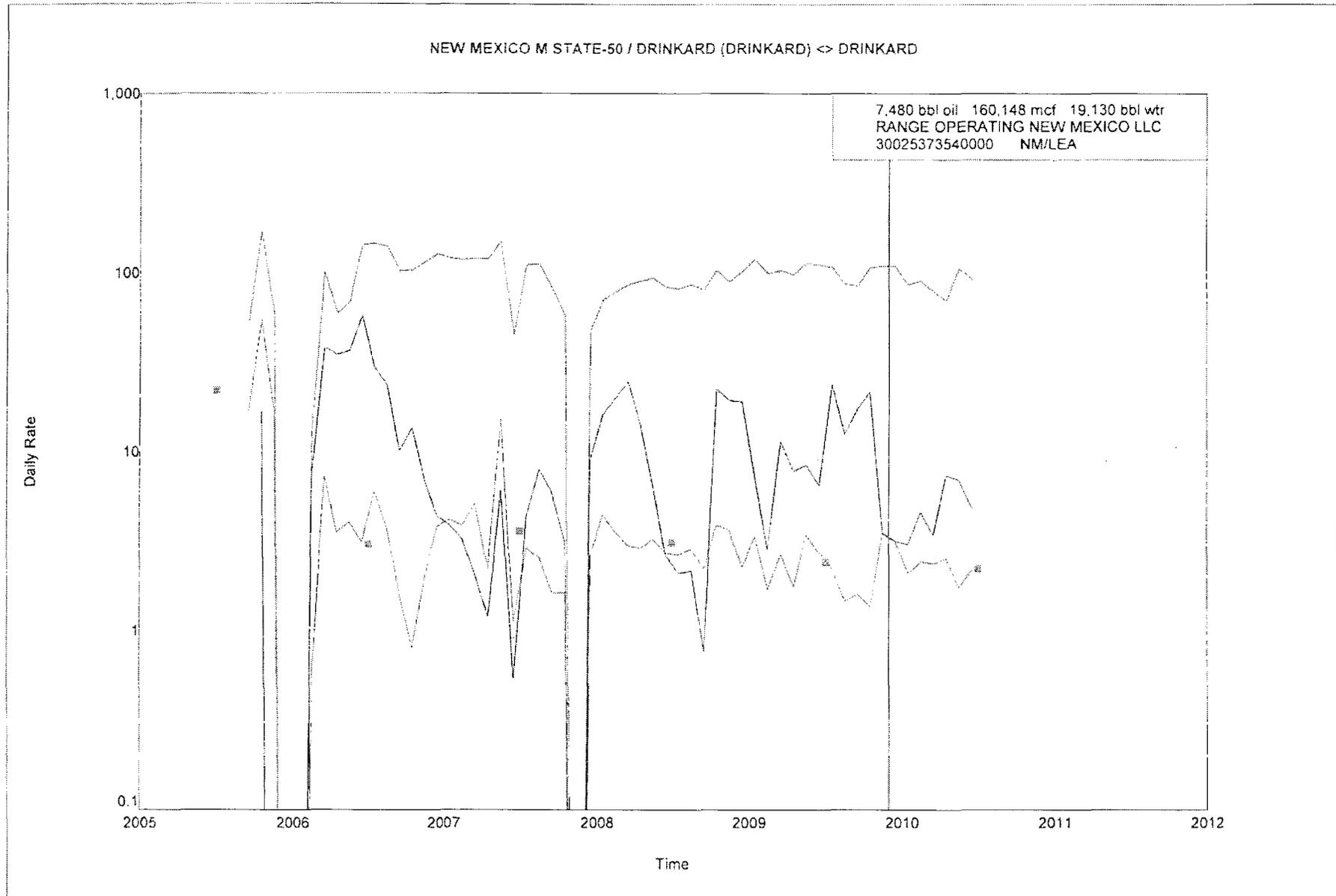
Lease Name: NEW MEXICO M STATE (50)

County, ST: LEA, NM

Location: 17E 22S 37E NW SW NW

Operator: RANGE OPERATING NEW MEXICO LLC

Field Name: DRINKARD



OCD-HOBBS RECEIVED

Form 3160-5 (August 2007)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

MAR 28 2011

FORM APPROVED OMB No. 1004-0137 Expires: July 31, 2010

HOBBSOCD

Case Serial No. USA LC033706

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.

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 [X] Oil Well [ ] Gas Well [ ] Other

8. Well Name and No. C.P. FALBY B FEDERAL #7

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

9. API Well No. 30-025-39982

3a. Address 15 SMITH RD MIDLAND, TX 79706

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

10. Field and Pool or Exploratory Area BLUEBRY OIL GAS / DRINKARD

4. Location of Well (Footage; Sec., T., R., M., or Survey Description) UNIT LETTER M, 660' FSL & 560' FWL

11. Country or Parish, State LEA, NEW MEXICO

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

Table with columns TYPE OF SUBMISSION and TYPE OF ACTION. Includes checkboxes for Notice of Intent, Subsequent Report, Final Abandonment Notice, Acidize, Alter Casing, Casing Repair, Change Plans, Convert to Injection, Deepen, Fracture Treat, New Construction, Plug and Abandon, Plug Back, Production (Start/Resume), Reclamation, Recomplete, Temporarily Abandon, Water Disposal, Water Shut-Off, Well Integrity, and Other Downhole Coning/Bluebry/Drinkard.

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 N.M. state rule 303C(5) it is proposed to downhole Coningle preapproved pools, Bluebry 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 supporting data. SUBJECT TO LIKE APPROVAL BY STATE

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

Signature [Signature] Date 3/14/11 APPROVED

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

MAR 24 2011

Approved by [Signature] Title [Signature] Date [Signature] WESLEY W. INGRAM PETROLEUM ENGINEER

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.

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.



**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 #7 (30-025-39982)

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 (6660), and the Drinkard (19190), in the C. P. Falby #7, API number 30-025-39982. The well is located 660' FSL & 560' FWL, Unit M, Section 8, Township 22 South, and Range 37 East in Lea County, New Mexico.

The C. P. Falby B Federal #7 is a new drill in the Blinebry Oil & Gas and the Drinkard fields. It is scheduled to spud March 25, 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 offset EUR data, as well as 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 #7, 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 in a cursive style and is enclosed within a hand-drawn oval.

Oscar Galvis  
Petroleum Engineer

Enclosure

cc: BLM  
Denise Pinkerton  
Denise Beckham