

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION

**APPLICATION OF CHEVRON U.S.A. INC.
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

CASE NO. 22029



INDEX OF EXHIBITS

<u>Exhibits</u>	<u>Description</u>
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Exhibit A-2	Location Plat
Exhibit A-3	C-102s
Exhibit A-4	Lease Tract Map
Exhibit A-5	Authorization for Expenditure
Exhibit A-6	Sample of Well Proposal Letter
Exhibit A-7	Summary of Communications
Exhibit B	Self-Affirmed Statement of Notice
Exhibit B-1	Copy of Notice Letter and Certified Return Receipts
Exhibit B-2	Affidavit of Publication
Exhibit B-3	Spreadsheet identifying unlocatable parties
Exhibit C	Incorporated by reference into the record for this Case No. 22029 is the geologic testimony of Chevron's Development Geologist Kate Schwer found at pages 14 - 19 of the transcript for the hearing in Case No. 20768 held on September 5, 2019. For ease of reference, included in this hearing packet as Exhibit C is a copy of the hearing transcript for Case No. 20768, together with a copy of the geologic exhibits referenced by Ms. Schwer in her testimony.

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION

**APPLICATION OF CHEVRON U.S.A. INC.
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

CASE NO. 22029

AFFIDAVIT OF KEVIN C. STUBBS

STATE OF TEXAS)
) ss.
COUNTY OF HARRIS)

1 KEVIN C. STUBBS, being duly sworn, deposes and states:
2

3 1. I am over the age of 18, and I am a Land Representative for CHEVRON U.S.A.
4 INC. (“Chevron”). I have previously been qualified by the Oil Conservation Division (“Division”)
5 as an expert in petroleum land matters.

6 2. I am familiar with the application filed by Chevron in the referenced case.

7 3. I submit the following information pursuant to NMAC 19.15.4.12.A.(1) in support
8 of the above-referenced compulsory pooling application.

9 4. In its application Chevron is seeking an order pooling all uncommitted interests in
10 the Bone Spring formation (Lower Avalon: Red Tank; Bone Spring East and TBS: WC-025 G-06
11 S213326D; Bone Spring) underlying a standard 640-acre, more or less, horizontal spacing unit
12 comprised of the E/2 of Section 9 and E/2 of Section 16, Township 22 South, Range 33 East,
13 NMPM, Lea County, New Mexico N.M P.M.

14 5. Chevron seeks to dedicate the above-referenced horizontal spacing unit to the
15 following three proposed initial wells: (1) the **DL 9 16 Loch Ness Fed Com 16H** well; (2) the **DL**

Case Nos. 22029
Affidavit of Kevin C. Stubbs
Page 1 of 5

EXHIBIT A

16 **9 16 Loch Ness Fed Com 17H** well; and (3) the **DL 9 16 Loch Ness Fed Com 18H** well (“Loch
17 Ness Wells”), which were commenced on February 1, 6 and 8, 2020, respectively, and successfully
18 drilled to planned total depth.

19 6. As operator, Chevron drilled the Loch Ness Wells under authority of Division
20 Order R-20859, dated September 13, 2019, which has expired under its terms. A new order
21 pooling all uncommitted mineral interest owners is required before Chevron can initiate
22 completion operations.

23 7. Prior to the drilling of the Loch Ness Wells there were three working interest
24 owners within the proposed unit other than Chevron. Chevron has acquired all of the working
25 interest of EOG Resources, Inc., and is currently negotiating the terms of the proposed JOA with
26 the remaining working interest owners, Marathon Oil Permian LLC and ConocoPhillips Company.
27 The AFE costs of drilling the Loch Ness Wells have been paid by all working interest owners
28 according to their respective interests in the unit.

29 8. Chevron identified all of the working interest, unleased mineral interests and
30 overriding royalty interest owners from a Leasehold Ownership Report. To locate interest owners
31 Chevron conducted a diligent search of the public records in the county where the wells will be
32 located, and conducted phone directory and internet searches to locate contact information for the
33 parties entitled to notice. On July 9, 2019, all working interest owners were sent well proposals
34 via certified mail, return receipt requested, including an Authorization for Expenditure for each
35 well proposed and a proposed form of Operating Agreement upon request.

36 9. As reflected in the Self-Affirmed Statement of Notice submitted herein as **Exhibit**
37 **B**, a letter providing notice of hearing and a copy of the application were provided to all mineral

38 interest owners (i.e. working interest owners, leased mineral interest owners, and overriding
39 royalty interest owners) within the proposed spacing unit as required by Division Rules NMAC
40 19.15.4.12 A. (1). Attached as **Exhibit B-1** is a copy of the notice letter sent to the mineral
41 interest owners, together with copies of the proof of receipts therefor.

42 10. As reflected in the Affidavit of Publication included in the submittals for the case
43 as **Exhibit B-2**, notice was published as to all mineral interest owners in the proposed spacing
44 unit, including the unlocatable mineral interest owners identified in the spreadsheet attached to
45 the Self-Affirmed Statement of Notice, **Exhibit B-3**.

46 11. Leasehold within these units is comprised of six federal leases. Following entry of
47 an order of the Division granting this application an appropriate communitization agreement will
48 be circulated for approval.

49 12. There are no depth severances within the Bone Spring formation in the proposed
50 spacing unit.

51 13. In my opinion, Chevron has made a good faith effort to obtain voluntary joinder of
52 the other working interest owners in the proposed wells.

53 14. Following is a description of the facts supporting the compulsory pooling
54 application in the above-referenced case.

- 55 a. The Application is attached hereto as **Exhibit A-1**.
56 b. A copy of a general location plat is attached hereto as **Exhibit A-2**.
57 c. Attached as **Exhibit A-3** are the C-102s for the proposed Loch Ness Wells. The
58 completed intervals of these wells will comply with statewide setback
59 requirements, as the first and last take points will be no closer than 100' from the
60 proposed unit boundary and the completed interval will be no closer than 330' from
61 the proposed unit boundary.
62 d. Attached as **Exhibit A-4** is a lease tract map outlining the tracts in the proposed
63 unit; a list of the working interest owners in the proposed unit with their
64 respective percentage of interest, and a list of overriding royalty interest owners
in the

65 proposed unit. The names of the parties being pooled are shown in **bold** print.
66 e. Attached as **Exhibit A-5** is the Authorization for Expenditure for each of the
67 proposed wells. The estimated costs reflected in each Authorization for
68 Expenditure are fair, reasonable and comparable to the costs of other wells of
69 similar depth, length and completion method being drilled in this area of New
70 Mexico.
71 f. **Exhibit A-6**, which is a sample well proposal letter sent to each of the working
72 interest owners seeking their voluntary participation in the proposed wells that
73 provides overhead and administrative rates of \$7,000/month during drilling and
74 \$700/month while producing; and
75 g. **Exhibit A-7**, which is a summary of communications with the non-joined
76 working interest owners with respect to the proposed wells and corresponding
77 application, demonstrating Chevron's good faith attempts to obtain voluntary
78 agreement for development of the application lands.
79 15. Chevron requests overhead and administrative rates of \$7000/month for drilling a
80 well and \$700/month for a producing well. These rates are fair, and comparable to the rates
81 charged by other operators for wells of this type in this area of Southeastern New Mexico.
82 16. Chevron requests the maximum cost plus 200% risk charge be assessed against
83 non-consenting working interest owners.
84 17. Chevron requests that overriding royalty interest owners in each of the proposed
85 units be pooled.
86 18. Chevron requests that it be designated operator of all of the spacing units at issue
87 in the above-referenced cases, and the wells drilled thereon.
88 19. The attachments to this affidavit were prepared by me, under my direction or
89 compiled from company business records.
90 20. Upon information and belief, at the time of the filing of this Affidavit no opposition
91 is expected to Chevron's applications in the above-referenced matters.
92 21. I attest that the information provided herein is correct and complete to the best of
93 my knowledge and belief.

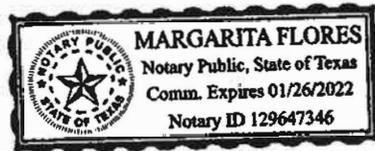
94 22. Based on my knowledge of land matters, in my expert opinion, the granting of
95 Chevron's application in this case is in the interests of conservation, the prevention of waste and
96 protection of correlative rights.

KEVIN C. STUBBS

SUBSCRIBED AND SWORN to before me this 3 day of August 2021, by
KEVIN C. STUBBS on behalf of Chevron U.S.A. Inc.

Notary Public

My Commission Expires: Jan. 26. 2022



**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**APPLICATION OF CHEVRON U.S.A. INC.
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 22029

APPLICATION

Chevron U.S.A. Inc. (“Chevron” or “Applicant”) (OGRID No. 4323), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA (1978), Section 70-2-17, for an order pooling all uncommitted interests in the Bone Spring formation (Lower Avalon: Red Tank; Bone Spring East and TBS: WC-025 G-06 S213326D; Bone Spring) underlying a standard 640-acre, more or less, horizontal spacing unit comprised of the E/2 of Section 9 and the E/2 of Section 16, Township 22 South, Range 33 East, NMPM, Lea County, New Mexico. In support of its application, Chevron states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following three proposed initial wells: the **DL 9 16 Loch Ness Fed Com 16H** well and the **DL 9 16 Loch Ness Fed Com 17H** well, both horizontally drilled from surface hole locations in the SW/4SE/4 (Unit O) of Section 4 to bottom hole locations in the SE/4SW/4 (Unit O) of Section 16; and the **DL 9 16 Loch Ness Fed Com 18H** well horizontally drilled from a surface hole location

EXHIBIT A-1

in the SE/4SE/4 (Unit P) of Section 4 to a bottom hole location in the SE/4SE/4 (Unit P) of Section 16 (“Loch Ness wells”).

3. The completed interval for the proposed **DL 9 16 Loch Ness Fed Com #17H** well is within 330 feet of the quarter-quarter line separating the W/2E/2 from the E/2E/2 of Sections 9 and 16 to allow inclusion of this acreage as proximity tracts into a standard 640-acre horizontal spacing unit.

4. The Loch Ness wells were all timely commenced and drilled to planned Total Depth under Order No. R-20859 entered on September 13, 2019 in Case No. 20768. The drilling of the **DL 9 16 Loch Ness Fed Com 16H** well was commenced on February 1, 2020, the **DL 9 16 Loch Ness Fed Com 17H** well commenced on February 6, 2020 and the **DL 9 16 Loch Ness Fed Com 18H** well commenced on February 8, 2020. The Loch Ness wells have not yet been completed.

5. Under Order No. R-20859 Chevron was required to complete the Loch Ness wells by February 1, 6 and 8, 2021, respectively.

6. Order No. R-20859 entered in Case No. 20768 is one of five Division orders relating to Chevron’s 21-well Dagger Lake group which was intended to be drilled and completed as part of a simultaneous drilling and completion project.

7. Applicant was unable to execute its plan to simultaneously drill and complete the wells in its Dagger Lake project and meet the deadline for completion of the Loch Ness wells in Order No. R-20859 because of delays by the BLM in the issuance of requested APDs, the unfavorable economic environment caused by the global COVID-19 pandemic, and the related impact on CAPEX.

8. Applicant has made a good faith effort but has been unable to obtain voluntary agreement for the development of these lands from all mineral interest owners within the subject horizontal spacing unit.

9. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

10. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted mineral interests in this proposed horizontal spacing unit should be pooled, and Applicant should be designated as operator of these proposed horizontal wells and spacing unit.

11. Notice of this application is being given in accordance with Division rules.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on August 5, 2021, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the Bone Spring formation underlying the proposed horizontal spacing unit;
- B. Approving the initial wells in the proposed horizontal spacing unit;
- C. Designating Applicant as operator of this horizontal spacing unit and the horizontal wells to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping and completing the wells;
- E. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

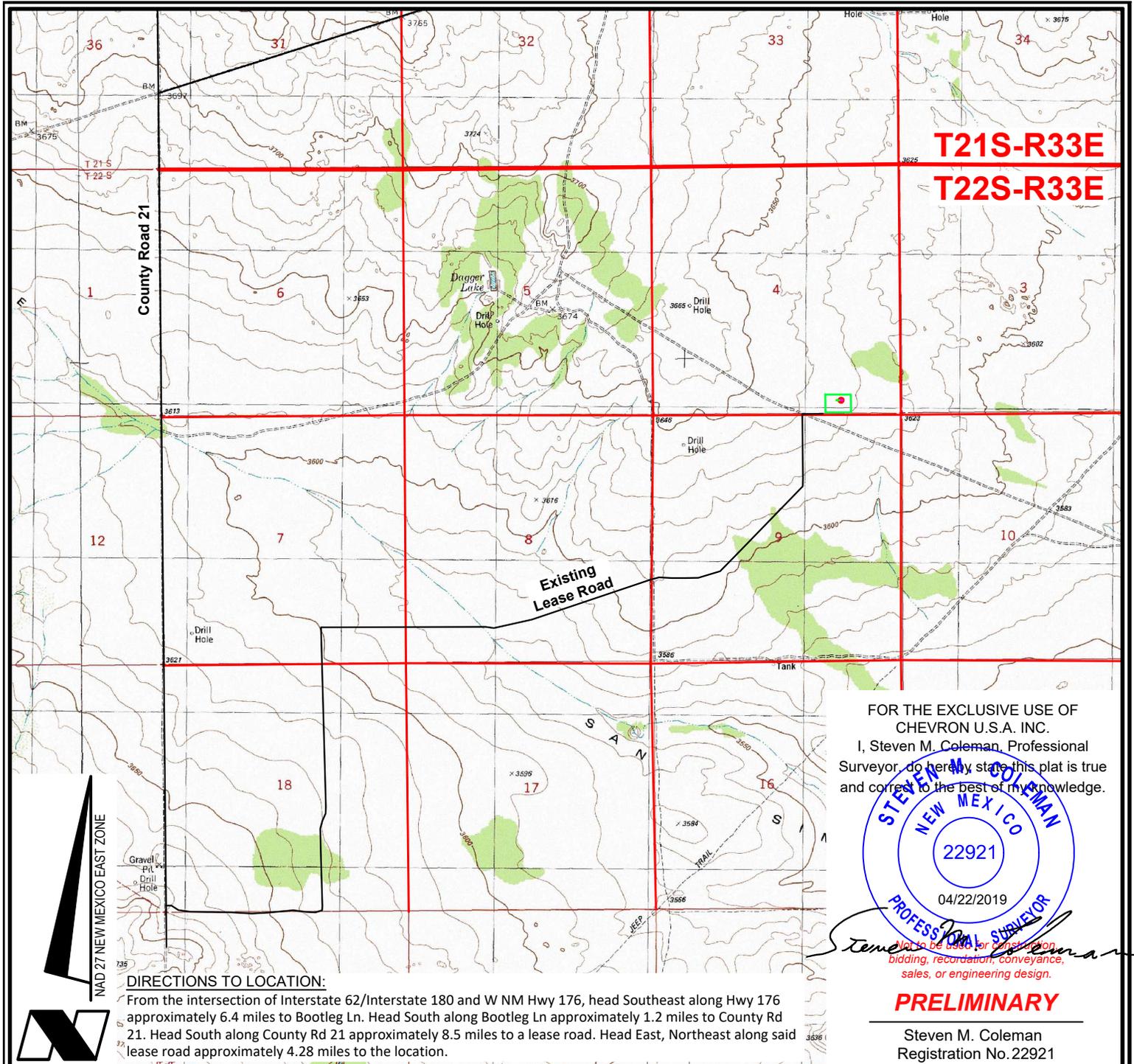
- F. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling and completion of the wells.

Respectfully submitted,

BEATTY & WOZNIAK, P.C.

By: 

Candace Callahan
500 Don Gaspar Avenue
Santa Fe, New Mexico 87505
(505) 983-8545 or (505) 983-8765 (direct)
(800) 886-6566 (fax)
ccallahan@bwenergylaw.com
ATTORNEYS FOR CHEVRON U.S.A. INC.



FOR THE EXCLUSIVE USE OF
 CHEVRON U.S.A. INC.
 I, Steven M. Coleman, Professional
 Surveyor, do hereby state this plat is true
 and correct to the best of my knowledge.



PRELIMINARY

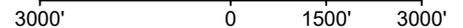
Steven M. Coleman
 Registration No. 22921

DIRECTIONS TO LOCATION:

From the intersection of Interstate 62/Interstate 180 and W NM Hwy 176, head Southeast along Hwy 176 approximately 6.4 miles to Bootleg Ln. Head South along Bootleg Ln approximately 1.2 miles to County Rd 21. Head South along County Rd 21 approximately 8.5 miles to a lease road. Head East, Northeast along said lease road approximately 4.28 miles to the location.

ROAD PLAT

Scale: 1" = 3000'



LEGEND

- Proposed Well
- Proposed Access Road
- Proposed Drillsite
- Existing Road
- Section Line
- Township & Range

CHEVRON U.S.A. INC.
 DL LOCH NESS FED COM P1 NO. 18H WELL
 LOCATED 264' FSL AND 1,272' FEL
 SECTION 4, T22S-R33E
 LEA COUNTY, NEW MEXICO

REVISIONS

DRAWN BY:	#	BY:	DATE:	DESCRIPTION:
RMB				
PROJ. MGR.:				
GDG	1	KJD	02/27/2019	Pad shifted 490' East
DATE:				
02/18/2019	2	DMB	04/05/2019	Well name changed
FILENAME: T:\2019\2199901\DWG\DL Loch Ness Fed Com P1 No 18H Road Plat.dwg				



C. H. Fenstermaker & Associates, L.L.C.
 135 Regency Sq. Lafayette, LA 70508
 Ph. 337-237-2200 Fax. 337-232-3299
www.fenstermaker.com

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District LV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code	³ Pool Name
⁴ Property Code	⁵ Property Name DL 9 16 LOCH NESS FED COM P1	
⁷ OGRID No. 4323	⁸ Operator Name CHEVRON U.S.A. INC.	⁶ Well Number 16H
		⁹ Elevation 3634'

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
O	4	22 SOUTH	33 EAST, N.M.P.M.		263'	SOUTH	1372'	EAST	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
O	16	22 SOUTH	33 EAST, N.M.P.M.		25'	SOUTH	2310'	EAST	LEA

¹² Dedicated Acres 640	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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.

PROPOSED FIRST TAKE POINT	
X= 733,751	Y= 514,851
LAT. 32.413162 N	LONG. 103.575878 W
X= 774,934	Y= 514,912
LAT. 32.413285 N	LONG. 103.576363 W
PROPOSED MID POINT	
X= 733,753	Y= 509,674
LAT. 32.398932 N	LONG. 103.575862 W
X= 774,975	Y= 509,735
LAT. 32.399055 N	LONG. 103.576347 W
PROPOSED LAST TAKE POINT	
X= 733,834	Y= 504,495
LAT. 32.384696 N	LONG. 103.575847 W
X= 775,017	Y= 504,556
LAT. 32.384820 N	LONG. 103.576331 W

CORNER COORDINATES TABLE (NAD 27)	
A - Y=517604.12, X=736041.63	B - Y=514948.69, X=733418.21
C - Y=514965.47, X=736060.36	D - Y=512324.66, X=736081.66
E - Y=509672.38, X=733453.10	F - Y=509685.81, X=736102.72
G - Y=504393.66, X=733496.88	H - Y=504406.30, X=736144.86

DL 9 16 LOCH NESS FEDCOM P1 16H WELL

X= 734,687
Y= 515,220
LAT. 32.414159 N
LONG. 103.572837 W

X= 775,869
Y= 515,281
LAT. 32.414282 N
LONG. 103.573323 W
ELEV. +3634' NAVD88

Proposed First Take Point
100' FNL,
2310' FEL

Proposed Mid Point

Proposed Last Take Point
100' FSL,
2310' FEL

17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order hereto/thereunder/thereby/division.

[Signature] 4/22/2019
Signature Date

Laura Becerra
Printed Name

L.Becerra@Chevron.com
E-mail Address

18 SURVEYOR CERTIFICATION

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.

Date of Survey: 04/22/2019

Signature and Seal of Professional Surveyor:
[Signature]
Certificate Number

EXHIBIT A-3

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code	³ Pool Name
⁴ Property Code	⁵ Property Name DL 9 16 LOCH NESS FED COM P1	
⁷ OGRID No.	⁸ Operator Name CHEVRON U.S.A. INC.	⁶ Well Number 17H ⁹ Elevation 3634'

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
O	4	22 SOUTH	33 EAST, N.M.P.M.		264'	SOUTH	1322'	EAST	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
O	16	22 SOUTH	33 EAST, N.M.P.M.		25'	SOUTH	1430'	EAST	LEA

¹² Dedicated Acres	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.

<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">DL 9 16 LOCH NESS FED COM P1 17H WELL</td> </tr> <tr> <td>X= 734,737 Y= 515,221 LAT. 32.414160 N LONG. 103.572675 W NAD 27</td> </tr> <tr> <td>X= 775,919 Y= 515,282 LAT. 32.414283 N LONG. 103.573161 W ELEV. +3634' NAVD88</td> </tr> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">PROPOSED FIRST TAKE POINT</td> </tr> <tr> <td>X= 734,631 Y= 514,856 LAT. 32.413160 N LONG. 103.573026 W NAD 27</td> </tr> <tr> <td>X= 775,814 Y= 514,917 LAT. 32.413283 N LONG. 103.573511 W NAD83/86</td> </tr> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">PROPOSED MID POINT</td> </tr> <tr> <td>X= 734,673 Y= 509,679 LAT. 32.398927 N LONG. 103.573011 W NAD 27</td> </tr> <tr> <td>X= 775,855 Y= 509,739 LAT. 32.399051 N LONG. 103.573495 W NAD83/86</td> </tr> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">PROPOSED LAST TAKE POINT</td> </tr> <tr> <td>X= 734,714 Y= 504,499 LAT. 32.384691 N LONG. 103.572996 W NAD 27</td> </tr> <tr> <td>X= 775,897 Y= 504,560 LAT. 32.384814 N LONG. 103.573480 W NAD83/86</td> </tr> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">CORNER COORDINATES TABLE (NAD 27)</td> </tr> <tr> <td>A - Y=517604.12, X=736041.63</td> </tr> <tr> <td>B - Y=514948.69, X=733418.21</td> </tr> <tr> <td>C - Y=514965.47, X=736060.36</td> </tr> <tr> <td>D - Y=512324.66, X=736081.66</td> </tr> <tr> <td>E - Y=509672.38, X=733453.10</td> </tr> <tr> <td>F - Y=509685.81, X=736102.72</td> </tr> <tr> <td>G - Y=504393.66, X=733496.88</td> </tr> <tr> <td>H - Y=504406.30, X=736144.86</td> </tr> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">PROPOSED BOTTOM HOLE LOCATION</td> </tr> <tr> <td>X= 734,715 Y= 504,424 LAT. 32.384485 N LONG. 103.572996 W NAD 27</td> </tr> <tr> <td>X= 775,897 Y= 504,485 LAT. 32.384608 N LONG. 103.573480 W NAD83/86</td> </tr> </table>	DL 9 16 LOCH NESS FED COM P1 17H WELL	X= 734,737 Y= 515,221 LAT. 32.414160 N LONG. 103.572675 W NAD 27	X= 775,919 Y= 515,282 LAT. 32.414283 N LONG. 103.573161 W ELEV. +3634' NAVD88	PROPOSED FIRST TAKE POINT	X= 734,631 Y= 514,856 LAT. 32.413160 N LONG. 103.573026 W NAD 27	X= 775,814 Y= 514,917 LAT. 32.413283 N LONG. 103.573511 W NAD83/86	PROPOSED MID POINT	X= 734,673 Y= 509,679 LAT. 32.398927 N LONG. 103.573011 W NAD 27	X= 775,855 Y= 509,739 LAT. 32.399051 N LONG. 103.573495 W NAD83/86	PROPOSED LAST TAKE POINT	X= 734,714 Y= 504,499 LAT. 32.384691 N LONG. 103.572996 W NAD 27	X= 775,897 Y= 504,560 LAT. 32.384814 N LONG. 103.573480 W NAD83/86	CORNER COORDINATES TABLE (NAD 27)	A - Y=517604.12, X=736041.63	B - Y=514948.69, X=733418.21	C - Y=514965.47, X=736060.36	D - Y=512324.66, X=736081.66	E - Y=509672.38, X=733453.10	F - Y=509685.81, X=736102.72	G - Y=504393.66, X=733496.88	H - Y=504406.30, X=736144.86	PROPOSED BOTTOM HOLE LOCATION	X= 734,715 Y= 504,424 LAT. 32.384485 N LONG. 103.572996 W NAD 27	X= 775,897 Y= 504,485 LAT. 32.384608 N LONG. 103.573480 W NAD83/86		<p>¹⁷ 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, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p> <p>¹⁸ 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 style="text-align: center;"> STEVEN M. COLEMAN NEW MEXICO 39904 04/29/2019 PROFESSIONAL SURVEYOR </p> <p>Signature and Seal of Professional Surveyor: _____</p> <p>Certificate Number _____</p>
DL 9 16 LOCH NESS FED COM P1 17H WELL																										
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District I
1625 N French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

District II
811 S First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code	³ Pool Name
⁴ Property Code	⁵ Property Name DL 9 16 LOCH NESS FED COM P1	
⁷ OGRID No. 4323	⁸ Operator Name CHEVRON U.S.A. INC.	⁶ Well Number 18H ⁹ Elevation 3633'

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
P	4	22 SOUTH	33 EAST, N.M.P.M.		264'	SOUTH	1272'	EAST	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
P	16	22 SOUTH	33 EAST, N.M.P.M.		25'	SOUTH	550'	EAST	LEA

¹² Dedicated Acres 640	¹³ Injnt 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.

¹⁶

DL 9 16 LOCH NESS FED COM P1 18H WELL	
X= 734,787	Y= 515,221
LAT. 32.414160 N	LONG. 103.572513 W
X= 775,969	Y= 515,282
LAT. 32.414284 N	LONG. 103.572999 W
ELEV. +3633	NAVD83

PROPOSED FIRST TAKE POINT	
X= 735,511	Y= 514,862
LAT. 32.413158 N	LONG. 103.570175 W
X= 776,694	Y= 514,923
LAT. 32.413282 N	LONG. 103.570660 W

PROPOSED MID POINT	
X= 735,553	Y= 509,683
LAT. 32.398922 N	LONG. 103.570160 W
X= 776,735	Y= 509,744
LAT. 32.399046 N	LONG. 103.570644 W

PROPOSED LAST TAKE POINT	
X= 735,994	Y= 504,504
LAT. 32.384685 N	LONG. 103.570146 W
X= 776,777	Y= 504,564
LAT. 32.384808 N	LONG. 103.570630 W

PROPOSED BOTTOM HOLE LOCATION	
X= 735,595	Y= 504,429
LAT. 32.384479 N	LONG. 103.570145 W
X= 776,777	Y= 504,489
LAT. 32.384602 N	LONG. 103.570630 W

¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interests in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered with the division.

Signature: *Laura Becerra* Date: 4/22/2019

Printed Name: Laura Becerra

E-mail Address: L.Becerra@Chevron.com

¹⁸ SURVEYOR CERTIFICATION

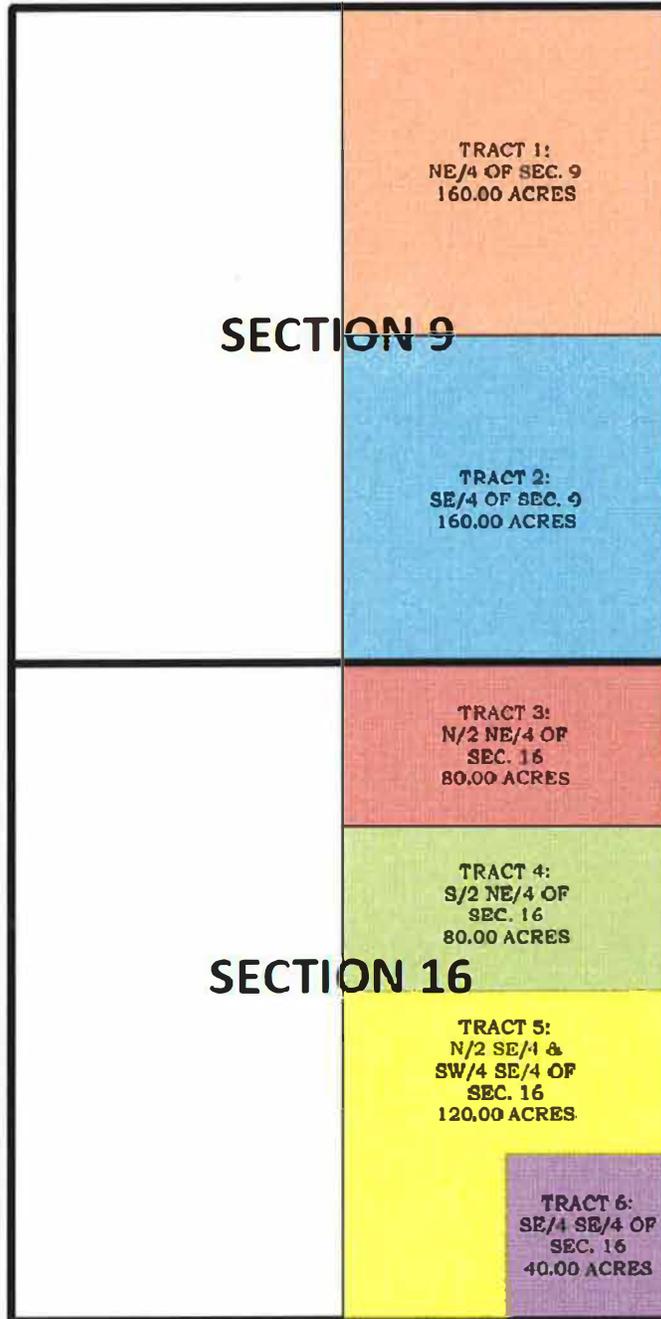
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey: 02/02/2019

Signature and Seal of Professional Surveyor: *Steven M. Coleman*

Certificate Number: 04/22/2019

DL 9 16 Loch Ness Fed Com P1 #16H, #17H, #18H
T22S-R33E – Section 9, E/2
T22S-R33E – Section 16, E/2
Lea County, NM



Seeking to compulsory pool interests in Tracts 1, 3, 4, 5 & 6

EXHIBIT A-4

DL 9 16 Loch Ness Fed Com P1 #16H, #17H, #18H
T22S-R33E – Section 9, E/2
T22S-R33E – Section 16, E/2
Lea County, NM

Tract 1: NE/4 of Section 9, Township 22 South, Range 33 East

Chevron U.S.A. Inc.	97.50%
Marathon Oil Permian, LLC	2.50%
<hr/> Total	<hr/> 100.00%

Tract 2: SE/4 of Section 9, Township 22 South, Range 33 East

Chevron U.S.A. Inc.	100.00%
<hr/> Total	<hr/> 100.00%

Tract 3: N/2 NE/4 of Section 16, Township 22 South, Range 33 East

ConocoPhillips Company	100.00%
<hr/> Total	<hr/> 100.00%

Tract 4: S/2 NE/4 of Section 16, Township 22 South, Range 33 East

EOG Resources, Inc.	100.00%
<hr/> Total	<hr/> 100.00%

Tract 5: N/2 SE/4 & SW/4 SE/4 of Section 16, Township 22 South, Range 33 East

ConocoPhillips Company	100.00%
<hr/> Total	<hr/> 100.00%

Tract 6: SE/4 SE/4 of Section 16, Township 22 South, Range 33 East

EOG Resources, Inc.	100.00%
<hr/> Total	<hr/> 100.00%

DL 9 16 Loch Ness Fed Com P1 #16H, #17H, #18H
T22S-R33E – Section 9, E/2
T22S-R33E – Section 16, E/2
Lea County, NM

UNIT RECAPITULATION

Section 9: E/2
Section 16: E/2
Township 22 South, Range 33 East

Chevron U.S.A. Inc.	49.375%
Marathon Oil Permian, LLC	0.625%
ConocoPhillips Company	31.250%
EOG Resources, Inc.	18.750%
<hr/> Total:	<hr/> 100.00%

Interests seeking to Compulsory Pool

**Facilities and Central Tank Battery --
Detail of Cost Estimate**

FIELD:	Dagger Lake
WELL NAME:	DL 9 16 Loch Ness Fed State Com P1 16H

Description	\$USD
Battery Total:	4,945,000
Contract & Chevron Project Supervision	188,428
Contract Labor - Reg/Roustabout	526,075
FCR - Instruments & Electrical	294,833
Tanks, Liner, Catwalks	282,721
Pipe, Valves, Manifolds, Meters & Fittings	958,978
FCR - Pressure Vessels	1,666,075
Rotating Equipment	704,385
Sales Tax	323,505
Compressor Station Total:	4,615,500
Contract & Chevron Project Supervision	158,199
Contract Labor - Reg/Roustabout	1,617,635
FCR - Instruments & Electrical	218,907
Tanks, Liner, Catwalks	82,345
Pipe, Valves, Manifolds, Meters & Fittings	936,261
FCR - Pressure Vessels	689,522
Rotating Equipment	357,738
Flare	252,946
Sales Tax	301,949
Outside Battery Limits Total:	4,328,980
Fabrication & As-built drawings	2,221
Electric Distribution System	405,778
ITC/Communication	473,204
Land & Lease Costs	62,116
Company Project Supervision	37,478
Contract Project Supervision	29,149
Utilities - Other/Water	53,630
Site Work/Roads/Location	1,633,261
Pipe, Valves, & Fittings	82,243
Pipe - Line (Size 2" and over)	1,149,972
FCR - Instruments & Electrical	116,724
Sales Tax	283,204
TOTAL COST	13,889,480

per well cost: \$ 4,629,827

Participation & Authorization
Marathon Oil Permian LLC
 Approved (Print Name)

Share
0.0125
 Approved (Signature)

Amount
\$ 57,872.83
 Date

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EXHIBIT A-5

Chevron North American Exploration			Appropriation Request	
County, State Lea County, NM	Well Type Development	Field Delaware Basin	Well Name DL 9 16 Loch Ness Fed State Com P1 16H	
Area Dagger Lake	Objective Lower Avalon	Date 7/10/2019	Project Engineer R. Milligan	Duration (days) 27.50
			Business Unit MCBU	Joint Venture Yes
Reason for Expenditure Drilling AFE			Comments	
Cost Category	Code	Sub-code	Amount (\$)	
Company Labor	6601	0100	\$ 112,687	
Contract Project Supervision	7000	0200	\$ 26,791	
Fuel Diesel	7129	0100	\$ 122,947	
Utilities / Potable Water	7129	0300	\$ 8,956	
Casing (tangible)	7190	0022	\$ 877,783	
Wellheads (tangible)	7190	0110	\$ 32,165	
Materials, Parts, & Supply	7190	0500	\$ 35,178	
Drilling Fluids	7190	1900	\$ 374,510	
Surface Equipment Rentals	7230	0100	\$ 294,099	
Well Service Equipment Rentals	7230	0200	\$ 134,673	
Rig Rentals	7230	0800	\$ 8,983	
Transportation Services, Land & Marine	7340	0300	\$ 49,597	
Rig Work	7440	0001	\$ 510,485	
Mobilization / De-Mobilization	7440	0003	\$ -	
Solid Waste Disposal	7420	0300	\$ 130,393	
Directional Survey & Services	7440	0006	\$ 263,308	
Drill-Pipe Rental & Bits	7440	0007	\$ 122,928	
Coring	7440	0017	\$ -	
Testing	7440	0018	\$ -	
Logging Wireline	7440	0019	\$ -	
Logging While Drilling (LWD)	7440	0020	\$ -	
Logging Mud	7440	0021	\$ 16,685	
Cementing	7440	0024	\$ 248,673	
Sitework / Locations	7450	0021	\$ 14,192	
			Total	\$ 3,385,031
Participation & Authorization			Share (%)	Amount (\$)
Marathon Oil Permian LLC			1.2500%	\$42,312.89
			1.2500%	
Approved (Print Name)			Approved (Signature)	
			Date	

Chevron North American Exploration			Appropriation Request	
State	Well Type	Field	Well Name	
New Mexico	Development	Dagger Lake	DL 9 16 Loch Ness Fed State Com P1 16H	
Area	Objective	Date	Project Engineer	Well Duration (days)
Dagger Lake	Lower Avalon	7/10/2019	R. Milligan	15.87
			Business Unit	Joint Venture
			MCBU	Yes
Reason for Expenditure			Comments	
Completions AFE				
Cost Category	Code	Sub-code	Amount (\$)	
Company Labor	6601	0100	\$ 92,453	
Contract Labor	7000	0200	\$ 97,164	
Fuel & Utilities	7129	0100	\$ 376,804	
Artificial Lift Equipment & Materials	7150	0100	\$ 22,671	
Tubing	7190	0021	\$ 57,188	
Sub-Surface Well Equipment & Materials	7190	0100	\$ 91,354	
Wellheads & Trees	7190	0110	\$ 19,117	
Drilling & Completion Fluids	7190	1900	\$ 738,312	
Equipment Rentals	7230	0100	\$ 743,980	
Materials, Supplies, & Parts	7190	0500	\$ -	
Transportation	7340	0300	\$ 27,595	
Waste Water Disposal	7420	0600	\$ -	
Rig Daywork	7440	0001	\$ 4,941	
Drill String & Drill Bits	7440	0007	\$ 57,819	
Coil Tubing	7440	0009	\$ 264,127	
Stimulation / Gravel Pack	7440	0010	\$ 2,092,312	
Stimulation / Gravel Pack	7440	0010	\$ 625,182	
Perforating & Electric Line Services	7440	0014	\$ 343,384	
Logging – Wireline	7440	0019	\$ 13,666	
Sitework / Roads / Location	7450	0021	\$ -	
Capitalized G&A	9410	0700	\$ -	
			Total	\$ 5,668,069
Participation & Authorization			Share (%)	Amount (\$)
Marathon Oil Permian LLC			1.2500%	\$70,850.87
			1.2500%	
Approved (Print Name)			Approved (Signature)	
			Date	

**Facilities and Central Tank Battery --
Detail of Cost Estimate**

FIELD:	Dagger Lake
WELL NAME:	DL 9 16 Loch Ness Fed State Com P1 17H

Description	\$USD
Battery Total:	4,945,000
Contract & Chevron Project Supervision	188,428
Contract Labor - Reg/Roustabout	526,075
FCR - Instruments & Electrical	294,833
Tanks, Liner, Catwalks	282,721
Pipe, Valves, Manifolds, Meters & Fittings	958,978
FCR - Pressure Vessels	1,666,075
Rotating Equipment	704,385
Sales Tax	323,505
Compressor Station Total:	4,615,500
Contract & Chevron Project Supervision	158,199
Contract Labor - Reg/Roustabout	1,617,635
FCR - Instruments & Electrical	218,907
Tanks, Liner, Catwalks	82,345
Pipe, Valves, Manifolds, Meters & Fittings	936,261
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per well cost: \$ 4,629,827

Participation & Authorization	Share	Amount
Marathon Oil Permian LLC	0.0125	\$ 57,872.83
Approved (Print Name)	Approved (Signature)	Date

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County, State Lea County, NM	Well Type Development	Field Delaware Basin	Well Name DL 9 16 Loch Ness Fed State Com P1 17H	
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			Business Unit MCBU	Joint Venture Yes
Reason for Expenditure			Comments	
Drilling AFE				
Cost Category	Code	Sub-code	Amount (\$)	
Company Labor	6601	0100	\$	112,687
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Utilities / Potable Water	7129	0300	\$	8,956
Casing (tangible)	7190	0022	\$	877,783
Wellheads (tangible)	7190	0110	\$	32,165
Materials, Parts, & Supply	7190	0500	\$	35,178
Drilling Fluids	7190	1900	\$	374,510
Surface Equipment Rentals	7230	0100	\$	294,099
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Participation & Authorization			Share (%)	Amount (\$)
Marathon Oil Permian LLC			1.2500%	\$42,312.89
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Approved (Print Name)			Approved (Signature)	
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State	Well Type	Field	Well Name	
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Sitework / Roads / Location		7450	0021	\$ -
Capitalized G&A		9410	0700	\$ -
			Total	\$ 5,668,069
Participation & Authorization			Share (%)	Amount (\$)
Marathon Oil Permian LLC			1.2500%	\$70,850.87
			1.2500%	
Approved (Print Name)			Approved (Signature)	
			Date	

**Facilities and Central Tank Battery --
Detail of Cost Estimate**

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Contract & Chevron Project Supervision	158,199
Contract Labor - Reg/Roustabout	1,617,635
FCR - Instruments & Electrical	218,907
Tanks, Liner, Catwalks	82,345
Pipe, Valves, Manifolds, Meters & Fittings	936,261
FCR - Pressure Vessels	689,522
Rotating Equipment	357,738
Flare	252,946
Sales Tax	301,949
Outside Battery Limits Total:	4,328,980
Fabrication & As-built drawings	2,221
Electric Distribution System	405,778
ITC/Communication	473,204
Land & Lease Costs	62,116
Company Project Supervision	37,478
Contract Project Supervision	29,149
Utilities - Other/Water	53,630
Site Work/Roads/Location	1,633,261
Pipe, Valves, & Fittings	82,243
Pipe - Line (Size 2" and over)	1,149,972
FCR - Instruments & Electrical	116,724
Sales Tax	283,204
TOTAL COST	13,889,480

per well cost: \$ 4,629,827

Participation & Authorization
Marathon Oil Permian LLC
 Approved (Print Name)

Share
0.0125
 Approved (Signature)

Amount
\$ 57,872.83
 Date

--	--	--

Chevron North American Exploration			Appropriation Request	
County, State Lea County, NM	Well Type Development	Field Delaware Basin	Well Name DL 9 16 Loch Ness Fed State Com P1 18H	
Area Dagger Lake	Objective Lower Avalon	Date 7/10/2019	Project Engineer R. Milligan	Duration (days) 27.50
			Business Unit MCBU	Joint Venture Yes
Reason for Expenditure			Comments	
Drilling AFE				
Cost Category	Code	Sub-code	Amount (\$)	
Company Labor	6601	0100	\$ 112,687	
Contract Project Supervision	7000	0200	\$ 26,791	
Fuel Diesel	7129	0100	\$ 122,947	
Utilities / Potable Water	7129	0300	\$ 8,956	
Casing (tangible)	7190	0022	\$ 877,783	
Wellheads (tangible)	7190	0110	\$ 32,165	
Materials, Parts, & Supply	7190	0500	\$ 35,178	
Drilling Fluids	7190	1900	\$ 374,510	
Surface Equipment Rentals	7230	0100	\$ 294,099	
Well Service Equipment Rentals	7230	0200	\$ 134,673	
Rig Rentals	7230	0800	\$ 8,983	
Transportation Services, Land & Marine	7340	0300	\$ 49,597	
Rig Work	7440	0001	\$ 510,485	
Mobilization / De-Mobilization	7440	0003	\$ -	
Solid Waste Disposal	7420	0300	\$ 130,393	
Directional Survey & Services	7440	0006	\$ 263,308	
Drill-Pipe Rental & Bits	7440	0007	\$ 122,928	
Coring	7440	0017	\$ -	
Testing	7440	0018	\$ -	
Logging Wireline	7440	0019	\$ -	
Logging While Drilling (LWD)	7440	0020	\$ -	
Logging Mud	7440	0021	\$ 16,685	
Cementing	7440	0024	\$ 248,673	
Sitework / Locations	7450	0021	\$ 14,192	
			Total	\$ 3,385,031
Participation & Authorization			Share (%)	Amount (\$)
Marathon Oil Permian LLC			1.2500%	\$42,312.89
			1.2500%	
Approved (Print Name)			Approved (Signature)	
			Date	

Chevron North American Exploration			Appropriation Request	
State	Well Type	Field	Well Name	
New Mexico	Development	Dagger Lake	DL 9 16 Loch Ness Fed State Com P1 18H	
Area	Objective	Date	Project Engineer	Well Duration (days)
Dagger Lake	Lower Avalon	7/10/2019	R. Milligan	15.87
			Business Unit	Joint Venture
			MCBU	Yes
Reason for Expenditure			Comments	
Completions AFE				
Cost Category	Code	Sub-code	Amount (\$)	
Company Labor	6601	0100	\$ 92,453	
Contract Labor	7000	0200	\$ 97,164	
Fuel & Utilities	7129	0100	\$ 376,804	
Artificial Lift Equipment & Materials	7150	0100	\$ 22,671	
Tubing	7190	0021	\$ 57,188	
Sub-Surface Well Equipment & Materials	7190	0100	\$ 91,354	
Wellheads & Trees	7190	0110	\$ 19,117	
Drilling & Completion Fluids	7190	1900	\$ 738,312	
Equipment Rentals	7230	0100	\$ 743,980	
Materials, Supplies, & Parts	7190	0500	\$ -	
Transportation	7340	0300	\$ 27,595	
Waste Water Disposal	7420	0600	\$ -	
Rig Daywork	7440	0001	\$ 4,941	
Drill String & Drill Bits	7440	0007	\$ 57,819	
Coil Tubing	7440	0009	\$ 264,127	
Stimulation / Gravel Pack	7440	0010	\$ 2,092,312	
Stimulation / Gravel Pack	7440	0010	\$ 625,182	
Perforating & Electric Line Services	7440	0014	\$ 343,384	
Logging – Wireline	7440	0019	\$ 13,666	
Sitework / Roads / Location	7450	0021	\$ -	
Capitalized G&A	9410	0700	\$ -	
			Total	\$ 5,668,069
Participation & Authorization			Share (%)	Amount (\$)
Marathon Oil Permian LLC			1.2500%	\$70,850.87
			1.2500%	
Approved (Print Name)			Approved (Signature)	
			Date	



Shalyce Holmes
Land Representative

Mid-Continent Business Unit
North American Exploration and
Production Co.,
a division of Chevron U.S.A. Inc.
1400 Smith Street, Room 41102
Houston, Texas 77002
Tel 713-372-6051
Fax 866.819.1448
SLHolmes@chevron.com

VIA CERTIFIED MAIL – RETURN RECEIPT REQUESTED

July 11, 2019

RE: Participation Proposal
DL 9 16 Loch Ness Fed Com #16H
DL 9 16 Loch Ness Fed Com #17H
DL 9 16 Loch Ness Fed Com #18H
Township 22 South, Range 33 East
Section 9: E/2
Section 16: E/2
Lea County, New Mexico

Dear Interest Owner:

Chevron U.S.A. Inc. ("Chevron") hereby proposes to drill the DL 9 16 Loch Ness Fed Com #16H well ("Well #1"), DL 9 16 Loch Ness Fed Com #17H well ("Well #2"), and DL 9 16 Loch Ness Fed Com #18H well ("Well #3") all Bone Spring – Lower Avalon wells, and all within the E/2 of Sections 9 and 16, Township 22 South, Range 33 East, N.M.P.M., Lea County, New Mexico. Chevron will develop this area by pad drilling.

The intended SHL, BHL, TVD, MD and Cost for the wells are as follows:

Well 1:

SHL: 263' FSL & 1372' FEL Sec. 4
BHL: 25' FSL & 2310' FEL Sec. 16
TVD: 9,525'
MD: 20,298'

Well 2:

SHL: 264' FSL & 1322' FEL Sec. 4
BHL: 25' FSL & 1430' FEL Sec. 16
TVD: 9,675'
MD: 20,449'

Well 3:

SHL: 264' FSL & 1272' FEL Sec. 4
BHL: 25' FSL & 550' FEL Sec. 16
TVD: 9,525'
MD: 20,299'

Please note that compliance with topography, cultural, and/or environmental concerns, among others, may require modifications to Chevron's intended procedure and/or location. The AFE's enclosed

EXHIBIT A-6

DL LOCH NESS 9/16 LAV Well Proposals
July 11, 2019

represent an estimate of the costs that will be incurred to drill, complete and equip the wells, but those electing to participate in the wells are responsible for their proportionate share of the actual costs incurred.

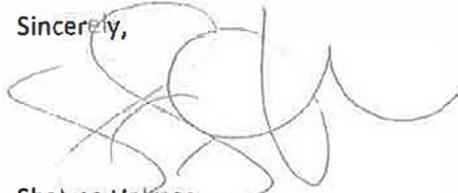
Your interest under the proposed contract areas, being the E/2 of Sections 9 & 16 is as follows (subject to change and title verification):

- Marathon Oil Permian, LLC – 1.25%

If your election is to participate in the drilling, completion and equipping of the wells, please sign and return the enclosed AFEs within 30 days of receipt of this proposal.

Please note that Chevron is open to discuss possible trades, assignments, etc. of your interest in the subject acreage. Should you be interested or have any questions, please feel free to contact me at the information listed above.

Sincerely,

A handwritten signature in black ink, appearing to read 'Shalyce Holmes', written over a circular stamp or watermark.

Shalyce Holmes
Land Representative

Enclosures

Summary of Communications

Date of Email	COPC Contact	Topic
1/6/2021	Lindsay Smith	Trade
2/9/2021-2/10/2021	Lindsay Smith	Trade/Loch Ness Compulsory Pooling Extension
2/23/2021	Lindsay Smith	Trade/Loch Ness Compulsory Pooling Extension
2/23/2021	Dennise Arzola	Trade/Loch Ness Compulsory Pooling Extension
3/2/2021	Dennise Arzola	Loch Ness JOA
3/23/2021	Dennise Arzola	Loch Ness JOA
4/13/2021	Baylor Mitchell	Loch Ness JOA
4/15/2021	Baylor Mitchell	Loch Ness JOA
4/26/2021-4/27/2021	Baylor Mitchell	Loch Ness JOA
5/20/2021	Baylor Mitchell	Loch Ness JOA
6/1/2021	Jennifer Midkiff	Loch Ness JOA
6/3/2021	Jennifer Midkiff	Loch Ness JOA
6/7/2021	Jennifer Midkiff	Loch Ness JOA
6/28/2021-6/30/2021	Jennifer Midkiff	Loch Ness JOA

Date of Email	MRO Contact	Topic
2/1/2021	Jeff Broussard	Trade
3/2/2021	Jeff Broussard	Trade
3/9/2021	Jeff Broussard	Trade
3/15/2021	Jeff Broussard	Trade
3/21/2021	Jeff Broussard	Trade
3/25/2021	Jeff Broussard	Trade
3/25/2021	Jeff Broussard	Trade
3/29/2021	Jeff Broussard	Trade
3/31/2021	Jeff Broussard	Trade
4/7/2021	Jeff Broussard	Trade
4/9/2021	Jeff Broussard	Trade
4/14/2021	Jeff Broussard	Trade
4/19/2021	Jeff Broussard	Trade
4/22/2021	Jeff Broussard	Trade
4/29/2021	Jeff Broussard	Trade
5/26/2021	Jeff Broussard	Trade
6/3/2021	Jeff Broussard	Trade
6/11/2021	Jeff Broussard	Trade
6/14/2021	Jeff Broussard	Trade
6/16/2021	Jeff Broussard	Trade
6/24/2021	Jeff Broussard	Trade
6/28/2021	Jeff Broussard	Trade
7/1/2021	Jeff Broussard	Trade
7/6/2021	Jeff Broussard	Trade

EXHIBIT A-7

BEATTY & WOZNIAK, P.C.

ATTORNEYS AT LAW
500 DON GASPAR AVENUE
SANTA FE, NEW MEXICO 87505
TELEPHONE (505) 983-8545
FACSIMILE (800) 886-6566
www.bwenergylaw.com

COLORADO
NEW MEXICO
NORTH DAKOTA
WYOMING
UTAH

CANDACE CALLAHAN.

DIRECT: (505) 983-8764
E-MAIL: CCALLAHAN@BWENERGYLAW.COM

July 16, 2021

VIA CERTIFIED MAIL-RETURN RECEIPT

To: ALL INTEREST OWNERS ON THE ATTACHED LIST

Re: NMOCD Case No. 22029 – Application of Chevron U.S.A. Inc. for Compulsory Pooling, Lea County, New Mexico – DL 9 16 Loch Ness Fed Com 16H, 17H and 18H (E/2 of Sections 9 and 16, T22S, R33E; Bone Spring formation)

Dear Interest Owner:

This letter is to advise you that Chevron U.S.A. Inc. has filed the enclosed Application for Compulsory Pooling with the New Mexico Oil Conservation Division. This application is set for hearing before a Division Examiner at 8:15 a.m. on August 5, 2021. Although ordinarily the hearing would be held in the Oil Conservation Division’s Santa Fe offices located at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505, during the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. To participate in the electronic hearing, see the instructions posted on the OCD hearings website: <http://www.emnrd.state.nm.us/OCD/announcements.html> and scrolling down to “Hearing Notices” under “OCD Hearings.” You are not required to attend this hearing, but as an interest owner in the well unit you may be affected by this application, and you may appear and present testimony. Failure to appear at that time and become a part of record will preclude you from challenging the matter at a later date. You are not required to attend this hearing, but as an interest owner in the well unit you may be affected by this application, and you may appear and present testimony. Failure to appear at that time and become a part of record will preclude you from challenging the matter at a later date.

A party appearing in a Division case is required by Division Rule 19.15.4.13:B to file a Pre-Hearing Statement four days in advance of a scheduled hearing. This statement must be filed with the Division’s Santa Fe office at the above address or electronically addressed to OCD.Hearings@state.nm.us. The statement should include: the names of the party and its attorney; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that need to be resolved prior to the hearing. The Pre-Hearing Statement must also be provided to the undersigned and to the persons listed on Exhibit A.

EXHIBIT B-1

All Interest Owners on the Attached List
July 16, 2021
Page 2

If you have any questions about this matter, please contact either me or Kevin Stubbs at KevinStubbs@chevron.com.

Very truly yours,



Candace Callahan
Attorneys for Chevron U.S.A., Inc.

Enclosures: at stated.

LIST OF OWNERS

WORKING INTEREST AND UNLEASED MINERAL INTEREST OWNERS

CONOCOPHILLIPS COMPANY
925 N. ELDRIDGE PARKWAY
HOUSTON, TX 77079

MARATHON OIL PERMIAN, LLC
5555 SAN FELIPE STREET
HOUSTON, TX 77056

OVERRIDING ROYALTY INTERESTS OWNERS

C. MARK WHEELER AND J'LYNN WHEELER
4929 RUSTIC TRL
MIDLAND, TX 79704-1418

JAREED PARTNERS, LTD.
PO BOX 51451
MIDLAND, TX 79710

CROWNROCK MINERALS, L.P.
18 DESTA DR.
MIDLAND, TX 79705

PAUL R. BARWIS
1980 SPLIT MTN.
CANYON LAKE, TX 78133

THE CORNERSTONE FAMILY TRUST
PO BOX 17656
GOLDEN, CO 80402

STRYKER ENERGY, LLC
PO BOX 53448
HOUSTON, TX 77052

YATES PETROLEUM
105 SOUTH 4TH ST.
ARTESIA, NM 88210

ABO PETROLEUM
207 S 4TH STREET
ARTESIA, NM 88210

MYCO INDUSTRIES, INC.
PO BOX 840
ARTESIA, NM 88211

CHISOS MINERALS, LLC
1111 BAGBY ST.
HOUSTON, TX 77002

CERTIFIED MAIL® RECEIPT

Domestic Mail Only

For delivery information, visit our website at www.usps.com

OFFICIAL USE

Certified Mail Fee \$

Extra Services & Fees (check box, add fee as appropriate)

Return Receipt (hardcopy) \$

Return Receipt (electronic) \$

Certified Mail Restricted Delivery \$

Adult Signature Required \$

Adult Signature Restricted Delivery \$

Postmark Here

Postage \$

Total \$

NM 22099

Sent To MYCO INDUSTRIES, INC.
PO BOX 840
ARTESIA, NM 88211

Street

City

PS Form 3800, April 2015 PSN 7530-02-000-9047

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

NM 22099

MYCO INDUSTRIES, INC.
PO BOX 840
ARTESIA, NM 88211



9590 9402 5164 9122 9913 40

2. Article Number (Transfer from service label)

7019 2280 0001 8906 3723

PS Form 3811, July 2015 PSN 7530-02-000-9053

COMPLETE THIS SECTION ON DELIVERY

A. Signature X *[Signature]* Agent Addressee

B. Received by (Printed Name) *G. Nadeau Jr* C. Date of Delivery *7-19-21*

D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below:

3. Service Type
- Adult Signature Priority Mail Express®
- Adult Signature Restricted Delivery Registered Mail™
- Certified Mail® Registered Mail Restricted Delivery
- Certified Mail Restricted Delivery Return Receipt for Merchandise
- Collect on Delivery Signature Confirmation™
- Collect on Delivery Restricted Delivery Signature Confirmation Restricted Delivery

Domestic Return Receipt

CERTIFIED MAIL® RECEIPT

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OFFICIAL USE

Certified Mail Fee \$

Extra Services & Fees (check box, add fee as appropriate)

Return Receipt (hardcopy) \$

Return Receipt (electronic) \$

Certified Mail Restricted Delivery \$

Adult Signature Required \$

Adult Signature Restricted Delivery \$

Postmark Here

Postage \$

Total \$

NM 22099

Sent To CROWNROCK MINERALS, L.P.
18 DESTA DR.
MIDLAND, TX 79705

Street

City

PS Form 3800, April 2015 PSN 7530-02-000-9047

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

NM 22099

CROWNROCK MINERALS, L.P.
18 DESTA DR.
MIDLAND, TX 79705



9590 9402 5164 9122 9914 70

2. Article Number (Transfer from service label)

7019 2280 0001 8906 3754

PS Form 3811, July 2015 PSN 7530-02-000-9053

COMPLETE THIS SECTION ON DELIVERY

A. Signature X *Crownrock Minerals* Agent Addressee

B. Received by (Printed Name) *KG 09 09* C. Date of Delivery

D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below:

3. Service Type
- Adult Signature Priority Mail Express®
- Adult Signature Restricted Delivery Registered Mail™
- Certified Mail® Registered Mail Restricted Delivery
- Certified Mail Restricted Delivery Return Receipt for Merchandise
- Collect on Delivery Signature Confirmation™
- Collect on Delivery Restricted Delivery Signature Confirmation Restricted Delivery

Domestic Return Receipt

CERTIFIED MAIL® RECEIPT

Domestic Mail Only

For delivery information, visit our website at www.usps.com

OFFICIAL USE

Certified Mail Fee \$

Extra Services & Fees (check box, add fee as appropriate)

Return Receipt (hardcopy) \$

Return Receipt (electronic) \$

Certified Mail Restricted Delivery \$

Adult Signature Required \$

Adult Signature Restricted Delivery \$

Postmark Here

Postage \$

Total \$

NM 22099

Sent To PAUL R. BARWIS
1980 SPLIT MTN.
CANYON LAKE, TX 78133

Street

City

PS Form 3800, April 2015 PSN 7530-02-000-9047

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

NM 22099

PAUL R. BARWIS
1980 SPLIT MTN.
CANYON LAKE, TX 78133



9590 9402 5164 9122 9915 93

2. Article Number (Transfer from service label)

7019 2280 0001 8906 3891

PS Form 3811, July 2015 PSN 7530-02-000-9053

COMPLETE THIS SECTION ON DELIVERY

A. Signature X *[Signature]* Agent Addressee

B. Received by (Printed Name) *CANYON LAKE TX 78133* C. Date of Delivery

D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below:

3. Service Type
- Adult Signature Priority Mail Express®
- Adult Signature Restricted Delivery Registered Mail™
- Certified Mail® Registered Mail Restricted Delivery
- Certified Mail Restricted Delivery Return Receipt for Merchandise
- Collect on Delivery Signature Confirmation™
- Collect on Delivery Restricted Delivery Signature Confirmation Restricted Delivery

Domestic Return Receipt

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
 Domestic Mail Only

For delivery information, visit our website at www.usps.com®.

OFFICIAL USE

Certified Mail Fee \$

Extra Services & Fees (check box, add fee as appropriate)

Return Receipt (hardcopy) \$

Return Receipt (electronic) \$

Certified Mail Restricted Delivery \$

Adult Signature Required \$

Adult Signature Restricted Delivery \$

Postage \$

Postmark Here

NM 220924

CONOCOPHILLIPS COMPANY
 925 N. ELDRIDGE PARKWAY
 HOUSTON, TX 77079

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3.

Print your name and address on the reverse so that we can return the card to you.

Attach this card to the back of the mailpiece, or on the front if space permits.

NM 220924

CONOCOPHILLIPS COMPANY
 925 N. ELDRIDGE PARKWAY
 HOUSTON, TX 77079



9590 9402 5164 9122 9913 64

2. Article Number (Transfer from service label)
 7019 2280 0001 8906 3693

PS Form 3811, July 2015 PSN 7530-02-000-9053

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 X **ConocoPhillips** Agent
 Addressee

B. Received by (Printed Name)
 ConocoPhillips

C. Date of Delivery
 7/22/21

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type

Adult Signature Priority Mail Express®

Adult Signature Restricted Delivery Registered Mail™

Certified Mail® Registered Mail Restricted Delivery

Certified Mail Restricted Delivery Return Receipt for Merchandise

Collect on Delivery Signature Confirmation™

Collect on Delivery Restricted Delivery Signature Confirmation Restricted Delivery

Insured Mail Insured Mail Restricted Delivery

Domestic Return Receipt

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
 Domestic Mail Only

For delivery information, visit our website at www.usps.com®.

OFFICIAL USE

Certified Mail Fee \$

Extra Services & Fees (check box, add fee as appropriate)

Return Receipt (hardcopy) \$

Return Receipt (electronic) \$

Certified Mail Restricted Delivery \$

Adult Signature Required \$

Adult Signature Restricted Delivery \$

Postage \$

Postmark Here

NM 220924

MARATHON OIL PERMIAN, LLC
 5555 SAN FELIPE STREET
 HOUSTON, TX 77056

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3.

Print your name and address on the reverse so that we can return the card to you.

Attach this card to the back of the mailpiece, or on the front if space permits.

NM 220924

MARATHON OIL PERMIAN, LLC
 5555 SAN FELIPE STREET
 HOUSTON, TX 77056



9590 9402 5164 9122 9913 71

2. Article Number (Transfer from service label)
 7019 2280 0001 8906 3686

PS Form 3811, July 2015 PSN 7530-02-000-9053

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 X C-19 Agent
 Addressee

B. Received by (Printed Name)
 C-19

C. Date of Delivery
 7-20-21

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type

Adult Signature Priority Mail Express®

Adult Signature Restricted Delivery Registered Mail™

Certified Mail® Registered Mail Restricted Delivery

Certified Mail Restricted Delivery Return Receipt for Merchandise

Collect on Delivery Signature Confirmation™

Collect on Delivery Restricted Delivery Signature Confirmation Restricted Delivery

Insured Mail Insured Mail Restricted Delivery

Domestic Return Receipt

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
 Domestic Mail Only

For delivery information, visit our website at www.usps.com®.

OFFICIAL USE

Certified Mail Fee \$

Extra Services & Fees (check box, add fee as appropriate)

Return Receipt (hardcopy) \$

Return Receipt (electronic) \$

Certified Mail Restricted Delivery \$

Adult Signature Required \$

Adult Signature Restricted Delivery \$

Postage \$

Postmark Here

NM 22029

CHISOS MINERALS, LLC
 1111 BAGBY ST.
 HOUSTON, TX 77002

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3.

Print your name and address on the reverse so that we can return the card to you.

Attach this card to the back of the mailpiece, or on the front if space permits.

NM 220924

CHISOS MINERALS, LLC
 1111 BAGBY ST.
 HOUSTON, TX 77002



9590 9402 5164 9122 9914 94

2. Article Number (Transfer from service label)
 7019 2280 0001 8906 3730

PS Form 3811, July 2015 PSN 7530-02-000-9053

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 X **Kye King** Agent
 Addressee

B. Received by (Printed Name)
 Kye King

C. Date of Delivery
 7/23/21

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type

Adult Signature Priority Mail Express®

Adult Signature Restricted Delivery Registered Mail™

Certified Mail® Registered Mail Restricted Delivery

Certified Mail Restricted Delivery Return Receipt for Merchandise

Collect on Delivery Signature Confirmation™

Collect on Delivery Restricted Delivery Signature Confirmation Restricted Delivery

Insured Mail Insured Mail Restricted Delivery

Domestic Return Receipt

Received by QCD: 10/19/2021 11:38:15 AM

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
 Domestic Mail Only

For delivery information, visit our website at www.usps.com®.

OFFICIAL USE

Certified Mail Fee \$
 Extra Services & Fees (check box, add fee as appropriate)
 Return Receipt (hardcopy) \$
 Return Receipt (electronic) \$
 Certified Mail Restricted Delivery \$
 Adult Signature Required \$
 Adult Signature Restricted Delivery \$

Postmark Here

Postage \$
 Total Postage \$

NM 22029

THE CORNERSTONE FAMILY TRUST
 PO BOX 17656
 GOLDEN, CO 80402

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Number (Transfer from service label)

NM 22029

THE CORNERSTONE FAMILY TRUST
 PO BOX 17656
 GOLDEN, CO 80402

9590 9402 5164 9122 9914 63

2. Article Number (Transfer from service label)
 7019 2280 0001 8906 3761

PS Form 3811, July 2015 PSN 7530-02-000-9053

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 S. Thoma Agent
 Addressee

B. Received by (Printed Name) C. Date of Delivery
S. Thoma 7.28.21

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No
*P.O. BOX 17656
 Golden, CO 80402*

3. Service Type
 Adult Signature Priority Mail Express®
 Adult Signature Restricted Delivery Registered Mail™
 Certified Mail® Registered Mail Restricted Delivery
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9590 9402 5164 9122 9913 33

2. Article Number (Transfer from service label)
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STRYKER ENERGY, LLC
PO BOX 53448
HOUSTON, TX 77052



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Article Number (Transfer from service label)

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X *Bulkey* Agent Addressee

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City, State

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PO BOX 53448
HOUSTON, TX 77052

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See Reverse for Instructions

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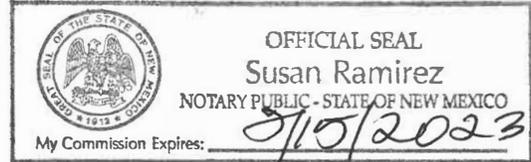
AFFIDAVIT OF PUBLICATION

STATE OF NEW MEXICO

County of Bernalillo SS

Elise Rodriguez, the undersigned, on oath states that she is an authorized Representative of The Albuquerque Journal, and that this newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Session Laws of 1937, and that payment therefore has been made of assessed as court cost; that the notice, copy of which hereto attached, was published in said paper in the regular daily edition, for 1 time(s) on the following date(s):

07/18/2021



Elise Rodriguez

SW

Sworn and subscribed before me, a Notary Public, in and for the County of Bernalillo and State of New Mexico this 19 day of July of 2021

PRICE \$138.43

Statement to come at the end of month.

ACCOUNT NUMBER 1097734

day preceding the scheduled hearing date, with a copy delivered to the undersigned and opposing counsel of record. The statement should include: the names of the party and its attorney; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that need to be resolved prior to the hearing. The attorney for applicant is Candace Callahan, 500 Don Gaspar Ave., Santa Fe, New Mexico 87505, (505) 983-8764. The unit is located approximately 24 miles East of Loving, New Mexico.

Journal: July 18, 2021

TO: The following named parties and persons, their successors or assigns, and to any person having any right, title interest or claim in the following case:
ConocoPhillips Company, Marathon Oil Permian, LLC, Yates Petroleum Corporation, Abo Petroleum Corporation, Myco Industries, Inc., Chisos Minerals, LLC, C. Mark Wheeler and J'lynn Wheeler, Crownrock Minerals, L.P., The Cornerstone Family Trust, Jareed Partners, Ltd., Paul R. Barwis, Stryker Energy, LLC

CASE NO. 22029: Application of Chevron U.S.A. Inc. for Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Bone Spring formation (Lower Avalon: Red Tank; Bone Spring East and TBS; WC-025 G-06 S213326D; Bone Spring) underlying a standard 640-acre, more or less, horizontal spacing unit comprised of the E/2 of Section 9 and the E/2 of Section 16, Township 22 South, Range 33 East, NMPM, Lea County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following three proposed initial wells: the DL 9 16 Loch Ness Fed Com 16H well and the DL 9 16 Loch Ness Fed Com 17H well, both horizontally drilled from surface hole locations in the SW/4SE/4 (Unit O) of Section 4 to bottom hole locations in the SE/4SW/4 (Unit O) of Section 16; and the DL 9 16 Loch Ness Fed Com 18H well horizontally drilled from a surface hole location in the SE /4SE/4 (Unit P) of Section 4 to a bottom hole location in the S E/4SE/4 (Unit P) of Section 16. The completed intervals of all wells will comply with state-wide setbacks. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs, as well as actual operating costs and charges for supervision, designation of Applicant as operator of the wells and a 200% charge for risk involved in drilling said wells. The Application is scheduled to be heard at 8:15 a.m. on August 5, 2021. During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. To participate in the electronic hearing, see the instructions posted on the OCD hearings website at <http://www.emnrd.state.nm.us/OCD/hearings>. You are not required to attend this hearing, but as an interest owner in the well unit you may be affected by this application, and you may appear and present testimony. Failure to appear at that time and become a part of record will preclude you from challenging the matter at a later date. A party appearing in a Division case is required by Division Rule 19.15.4.13:B to file a Pre-Hearing Statement at least four business days in advance of a scheduled hearing, but in no event later than 5:00 p.m. Mountain Time on the Thurs-

EXHIBIT B-2

Owners	Address1	Address2	Ownership	Date RR received or returned/undelivered mail
ConocoPhillips Company	925 N Eldridge Parkway	Houston, Texas 77079	WI	7/22/2021
Marathon Oil Permian, LLC	5555 San Felipe Street	Houston, TX 77056	WI	7/20/2021
Chisos Minerals, LLC	1111 Bagby Street, Suite 2150	Houston, TX 77060	ORRI	7/23/2021
Paul R. Barwis	1980 Split Mtn.	Canyon Lake, TX 78133	ORRI	7/20/2021
Crownrock Minerals, L.P.	18 Desta Dr.	Midland, TX 79705	ORRI	7/20/2021
The Cornerstone Family Trust	P.O. Box 17656	Golden, CO 80402	ORRI	7/28/2021
C. Mark Wheeler and his wife, J'Lynn Wheeler	4929 Rustic Trail	Midland, TX 79707	ORRI	Returned - Unable to forward
Jareed Partners, Ltd.	PO Box 51451	Midland, TX 79710	ORRI	7/22/2021
Stryker Energy, LLC	PO Box 53448	Houston, TX 79710	ORRI	7/23/2021/2021
Yates Petroleum	105 South 4th St.	Artesia, NM 88210	ORRI	Returned - Unable to forward
Myco Industries	PO Box 840	Artesia, NM 88211	ORRI	7/19/2021
ABO Petroleum	207 4th St.	Artesia, NM 88210	ORRI	7/26/2021

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

APPLICATION OF CHEVRON PRODUCTION COMPANY FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO. CASE NO. 20768

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

September 5, 2019

Santa Fe, New Mexico

BEFORE: WILLIAM V. JONES, CHIEF EXAMINER
KATHLEEN MURPHY, TECHNICAL EXAMINER
DYLAN ROSE-COSS, TECHNICAL EXAMINER
DANA Z. DAVID, LEGAL EXAMINER

This matter came on for hearing before the New Mexico Oil Conservation Division, William V. Jones, Chief Examiner; Kathleen Murphy and Dylan Rose-Coss; Technical Examiners; and Dana Z. David, Legal Examiner, on Thursday, September 5, 2019, at the New Mexico Energy, Minerals and Natural Resources Department, Wendell Chino Building, 1220 South St. Francis Drive, Porter Hall, Room 102, Santa Fe, New Mexico.

REPORTED BY: Mary C. Hankins, CCR, RPR
New Mexico CCR #20
Paul Baca Professional Court Reporters
500 4th Street, Northwest, Suite 105
Albuquerque, New Mexico 87102
(505) 843-9241

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EXHIBIT C

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APPEARANCES

FOR APPLICANT CHEVRON PRODUCTION COMPANY:

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kluck@hollandhart.com

FOR INTERESTED PARTY CONOCOPHILLIPS COMPANY:

JAMES G. BRUCE, ESQ.
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Santa Fe, New Mexico 87504
(505) 982-2043
jamesbruc@aol.com

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1 (3:35 p.m.)

2 EXAMINER JONES: Call Case 20768,
3 application of Chevron USA, Inc. for compulsory pooling,
4 Lea County, New Mexico.

5 Call for appearances.

6 MS. LUCK: Kaitlyn Luck, with the Santa Fe
7 office of Holland & Hart, appearing on behalf of Chevron
8 USA, Inc.

9 MR. BRUCE: Is this 768, Mr. Examiner?

10 EXAMINER JONES: It's 768.

11 MR. BRUCE: Jim Bruce representing
12 ConocoPhillips Company.

13 I have no witnesses.

14 EXAMINER JONES: Do you object to --

15 MR. BRUCE: No.

16 EXAMINER JONES: Okay.

17 MS. LUCK: And I'd like to call my first
18 witness in this case, Shalyce Holmes.

19 EXAMINER JONES: Actually, you're putting
20 on witnesses, so he can question the witnesses.

21 Okay. Let the record show the witnesses
22 have been sworn already.

23 SHALYCE HOLMES,

24 after having been previously sworn under oath, was
25 questioned and testified as follows:

1 DIRECT EXAMINATION

2 BY MS. LUCK:

3 Q. Please state your name, by whom you're employed
4 and in what capacity.

5 A. Shalyce Holmes, Chevron, and the land
6 representative for Lea County, New Mexico.

7 Q. And have you previously testified before the
8 Division and had your credentials as an expert petroleum
9 land person accepted and made a matter of record?

10 A. Yes.

11 Q. And are you familiar with the application filed
12 in this case?

13 A. Yes.

14 Q. Are you familiar with the status of the lands
15 in the subject area?

16 A. Yes.

17 MS. LUCK: So with that, I tender
18 Ms. Holmes as an expert witness in petroleum land
19 matters.

20 EXAMINER JONES: Any objection?

21 MR. BRUCE: No objection.

22 EXAMINER JONES: She's so qualified.

23 MS. LUCK: Thanks.

24 Q. (BY MS. LUCK) So please turn to Chevron Exhibit
25 1 and explain what Chevron seeks in this case.

1 A. We're seeking to pool a 640-acre horizontal
2 Bone Spring spacing unit covering the east half of
3 Section 9 and east half of Section 16 of Township 22
4 South, Range 33 East, Lea County, New Mexico.

5 **Q. And what is the ownership of this acreage?**

6 A. Section 9 is 100 percent federal, and Section
7 16 is 100 percent state.

8 **Q. Are there any depth severances in this acreage?**

9 A. There are none.

10 **Q. Please turn to Chevron Exhibit 2 and explain**
11 **what these are.**

12 A. These are the C-102s for the Loch Ness 16H, 17H
13 and 18H wells.

14 **Q. Are these wells located in the Red Tank; Bone**
15 **Spring, East Pool, pool code 51687?**

16 A. Yes, they are.

17 MS. LUCK: So that's not reflected on the
18 C-102s yet, so I just wanted to be sure you guys had
19 that.

20 EXAMINER JONES: Say that one more time.

21 MS. LUCK: The Red Tank; Bone Spring, East
22 Pool.

23 EXAMINER JONES: Okay. Bone Spring, East.

24 MS. LUCK: And it's 51687.

25 EXAMINER JONES: Thank you.

1 Q. (BY MS. LUCK) And will the completed interval
2 for the 16 and the 18H wells comply with statewide
3 setbacks?

4 A. They will.

5 Q. And the 17H well is the well that Chevron is
6 using as the proximity tract well to pull in the
7 additional acreage?

8 A. Yes.

9 Q. And the first and last take points are also
10 shown on these C-102s?

11 A. Yes, they are.

12 Q. Does Chevron Exhibit Number 3 identify each of
13 the interest owners in the spacing unit?

14 A. It does.

15 MS. LUCK: And I'd like to note -- sorry --
16 some of these exhibits are a little bit blurry, but
17 we've already emailed them into the Division, so
18 hopefully you guys can review the electronic version if
19 there is something that's unreadable. We had already
20 just printed them when we realized that there was an
21 error.

22 EXAMINER JONES: Where are they blurry?

23 EXAMINER MURPHY: The C-102s are great.

24 MS. LUCK: Yeah, the C-102s are great. But
25 like Exhibit 1 and Exhibit 3, it looks like the printer

1 started running out of toner or something. So sorry
2 about that.

3 EXAMINER JONES: Oh, yeah. A late Saturday
4 night or something.

5 (Laughter.)

6 EXAMINER DAVID: Well, thank you. I
7 thought it was me, so I appreciate the clarification.

8 MS. LUCK: Yeah. No. We've already
9 emailed them into the Division, so hopefully you'll have
10 those electronic files.

11 Q. (BY MS. LUCK) And so this lists all of the
12 interest owners that Chevron seeks to pool, and it's the
13 working interests, record title and overrides?

14 A. Yes.

15 Q. And were all of the interest owners you seek to
16 pool locatable?

17 A. Yes, they were.

18 Q. What efforts have you undertaken to reach an
19 agreement with the remaining uncommitted working
20 interest owners?

21 A. We have sent well proposals, a JOA and our end
22 discussions to acquire the interest of all the
23 compulsory pooled parties.

24 Q. And so is Chevron Exhibit 4 a sample
25 well-proposal letter, along with the AFE that was sent

1 to the interest owners for each well?

2 A. Yes.

3 Q. And are the costs on the AFE consistent with
4 what Chevron and other operators have incurred for
5 drilling similar horizontal wells?

6 A. Yes.

7 Q. Has Chevron made an estimate of overhead and
8 administrative costs in this case?

9 A. Yes.

10 Q. And what is that?

11 A. 7,000 for drilling and 700 while producing.

12 Q. And will Chevron notify the Division if it
13 reaches an agreement with any of the parties to be
14 pooled?

15 A. Yes.

16 Q. And then finally, does Chevron request the
17 order include a 200 percent charge for any nonconsenting
18 parties?

19 A. Yes, we do.

20 Q. I'm sorry. One additional question: Is
21 Chevron requesting the order in this case be expedited
22 as well?

23 A. Yes.

24 Q. And what is the reason for that?

25 A. There is a federal 2020 expiration on the

1 lease.

2 Q. And so then finally, is Chevron Exhibit 6 an
3 affidavit prepared by my office with attached letters
4 providing notice of this hearing to the parties whom you
5 seek to pool in this case?

6 A. Yes. I think it's Exhibit 5.

7 Q. And so were Exhibits 1 through 4 prepared by
8 you or compiled under your direction and supervision?

9 A. Yes.

10 MS. LUCK: And with that, I'd move the
11 admission of Chevron Exhibits 1 through 5.

12 EXAMINER JONES: Exhibits 1 through 5 are
13 admitted.

14 (Chevron Production Company Exhibit Numbers
15 1 through 5 are offered and admitted into
16 evidence.)

17 EXAMINER JONES: So you posted newspaper
18 notice? At least it looks kind of like a newspaper
19 (laughter) --

20 MS. LUCK: And I apologize about that, but
21 I promise that we did email that in. But the same
22 reason for this case, is that we submitted the Notice of
23 Publication because when we printed our delivery
24 reports, it did not show that all of the notices had
25 been delivered at that time, and so we went ahead and we

1 provided Notice of Publication as well.

2 EXAMINER JONES: Okay. That was August
3 18th.

4 EXAMINER DAVID: I also note that the
5 two -- apparently there are two -- two attempted
6 deliveries here both for the BLM, so I guess they don't
7 read their mail.

8 MS. LUCK: They don't pick it up.

9 And that's all I have for Ms. Holmes.

10 EXAMINER JONES: Okay.

11 CROSS-EXAMINATION

12 BY EXAMINER MURPHY:

13 Q. Ms. Holmes, I was turning a page so I didn't
14 catch something. Is this a lease? Something about
15 2020, it runs out. This is already an existing lease?

16 A. Yes, Section 9. And then Section 16 is held by
17 production. There is no expiration, but there is an
18 expiration on the Chevron land.

19 Q. And so -- and that is in one.

20 And in four, the working interest owners,
21 is anybody against being pooled?

22 A. No, not to my knowledge, or in any
23 communications with the parties, they're not against
24 being pooled.

25 Q. Any of the working interests?

1 A. Right, any of the working interest owners.

2 CROSS-EXAMINATION

3 BY EXAMINER JONES:

4 Q. They just don't want to join? They just --
5 they're happy to go under a compulsory pooling?

6 A. I think they'd be happy to go under the JOA
7 that we sent. I think from a timing perspective, we
8 wanted to get it on the docket and get a compulsory
9 pooling started just so we don't run up against that
10 2020 expiration. We can actually start drilling prior
11 to the expiration.

12 Q. So you'll let us know if everybody signs
13 tomorrow --

14 A. Yes. And the difference here --

15 Q. -- and he (indicating) can go on his trip
16 (laughter).

17 A. The difference here from the Yeti case is that
18 Chevron does own an interest in -- well, Chevron does
19 not own an interest in all of the tracts in this case,
20 so we cannot get that federal permit.

21 Q. Oh.

22 A. So until we get the compuls- --

23 Q. You can't even get the federal permit?

24 A. Correct. So until we get the compulsory
25 pooling order, that gives us the right to drill across

1 lands that we don't have an interest in.

2 CONTINUED CROSS-EXAMINATION

3 BY EXAMINER MURPHY:

4 Q. Which is Section 16?

5 A. 16, correct.

6 Q. And 9, you have all the --

7 A. Uh-huh.

8 CONTINUED CROSS-EXAMINATION

9 BY EXAMINER JONES:

10 Q. I'm not familiar with their rules, but they
11 won't let you have a permit?

12 A. It's because the C-102s, which we also send to
13 them, also verify that you have an interest in each
14 tract, and we do not own an interest in each tract.
15 So --

16 Q. Yeah. I didn't know they paid that much
17 attention to the C-102s. I guess they do.

18 EXAMINER COSS: I do not have any
19 questions.

20 Q. (BY EXAMINER JONES) So basically Section 9, one
21 of those two tracts is the 2020 expiration?

22 A. Yes. Uh-huh.

23 Q. Which one is it?

24 A. It's going to be Tract 1 -- oh, sorry. It's
25 Tract 2.

1 Q. Tract 2.

2 Okay. And it's the same situation?

3 Overrides are -- you can --

4 A. Pool them.

5 Q. -- pool the overrides automatically yourself?

6 A. Yes.

7 Q. So we're not worried about them.

8 So it's just three working interest owners?

9 A. Yes.

10 Q. That's the only issues here. Okay.

11 EXAMINER JONES: Dana's okay with it?

12 EXAMINER DAVID: I've already done my
13 thing.

14 MS. LUCK: Thank you.

15 With that, I'd call my next witness,
16 Ms. Schwehr.

17 KATE SCHWEHR,

18 after having been previously sworn under oath, was
19 questioned and testified as follows:

20 DIRECT EXAMINATION

21 BY MS. LUCK:

22 Q. Please state your name, by whom you're employed
23 and in what capacity.

24 A. Kate Schwehr, development geologist for
25 Chevron.

1 **Q. And have you previously testified before the**
2 **Division and had your credentials as an expert**
3 **petroleum -- sorry -- yeah -- an expert petroleum**
4 **geologist accepted and made a matter of record?**

5 A. Yes.

6 **Q. And are you familiar with the application filed**
7 **by Chevron in this case?**

8 A. Yes.

9 **Q. And have you conducted a geologic study of the**
10 **Bone Spring Formation underlying the subject acreage?**

11 A. Yes.

12 MS. LUCK: With that, I'd tender
13 Ms. Schwehr as an expert witness in petroleum geology.

14 EXAMINER JONES: She is so qualified.

15 **Q. (BY MS. LUCK) Okay. Ms. Schwehr, please turn**
16 **to Exhibit 6 and identify what this map shows.**

17 A. Exhibit 6 is the subsea structure map of the
18 Bone Spring target interval, which we call the Lower
19 Avalon. This map does show the location of the three
20 proposed Bone Spring wells. Again, the contour interval
21 is 25 feet. And this map shows that the Lower Avalon
22 does dip slightly less than 1 degree to the
23 east-southeast of the proposed spacing unit, which again
24 is outlined in red.

25 **Q. And turning to Chevron Exhibit 6, what does**

1 **this map show? Or sorry -- 7.**

2 A. Chevron Exhibit 7 is a gross isopach thickness
3 map of the Lower Avalon. The contour interval is 25
4 feet, and it shows the location of the three proposed
5 horizontal Bone Spring wells. The thickness in the
6 Lower Avalon ranges from about 495 feet to 510 feet in
7 Sections 9 and 10. I'd also like to point out that
8 there are no known stratigraphic complexities, including
9 pinch-outs or any other impediments to horizontal
10 production.

11 **Q. Thank you.**

12 **So please turn to Chevron Exhibit 8 and**
13 **explain what this exhibit shows.**

14 A. Chevron Exhibit 8 is a cross-section location
15 map. This does highlight the spacing unit, which is
16 noted by the dark blue rectangle. The three wells used
17 in the following cross section are also noted by the red
18 circles with the names and the API numbers posted. The
19 wells go from A to A prime, from northwest to southeast
20 through the spacing unit. I would also like to point
21 out that the control points that were used to make the
22 isopach and structure maps are also noted here.

23 **Q. And did you prepare a cross section of the**
24 **wells noted on this map?**

25 A. Yes, I did.

1 **Q. And do you consider these wells to be**
2 **representative of the Bone Spring in the area near the**
3 **proposed spacing unit?**

4 A. Yes.

5 **Q. So turning to Chevron Exhibit 9, explain what**
6 **these logs show.**

7 A. Chevron Exhibit 9, again, is the cross section
8 with the previous noted three wells. The cross section
9 does have tracks that include the gamma ray, neutron and
10 density, porosity logs and the deep resistivity log.
11 I'd like to highlight that this cross section is hung on
12 the Lower Avalon, and we do have our two Avalon target
13 intervals noted by the green stars. And this cross
14 section does show that the lithology and thickness of
15 the Lower Avalon is generally consistent throughout.

16 **Q. And so is the Bone Spring in this area suitable**
17 **for development by horizontal wells?**

18 A. Yes.

19 **Q. And is the proposed orientation of the**
20 **horizontal wells appropriate for this area?**

21 A. Yes.

22 **Q. And do you expect each quarter-quarter section**
23 **within the proposed spacing unit to contribute more or**
24 **less equally to production from the wellbores?**

25 A. Yes.

1 **Q. And in your opinion, is the granting of**
2 **Chevron's application in the best interest of**
3 **conservation, the prevention of waste and the protection**
4 **of correlative rights?**

5 A. Yes.

6 MS. LUCK: So with that, I'd move the
7 admission into evidence of Chevron Exhibits 7 -- 6
8 through 9.

9 EXAMINER JONES: Exhibits 6 through 9 are
10 admitted.

11 (Chevron Production Company Exhibit Numbers
12 6 through 9 are offered and admitted into
13 evidence.)

14 CROSS-EXAMINATION

15 BY EXAMINER MURPHY:

16 **Q. The Avalon generally is a shale; is that**
17 **correct?**

18 A. Yes. It's sort of a mixed shale-limestone
19 facies.

20 **Q. So this is the Lower Avalon?**

21 A. Yes.

22 **Q. How much thickness is above?**

23 A. I think it's similar. I don't know off the top
24 of my head, but it's probably also about 500 feet thick
25 maybe.

1 **Q. The targets in here, are they sandstones?**

2 A. No. So we are targeting a mixed
3 carbonate-shale facies.

4 **Q. Thank you.**

5 EXAMINER COSS: I do not have any
6 questions.

7 CROSS-EXAMINATION

8 BY EXAMINER JONES:

9 **Q. The Avalon, you sometimes call it the Leonard;**
10 **is that right?**

11 A. It's Leonardian in age, I believe.

12 **Q. Okay. So it's below the Guadalupian; is that**
13 **right?**

14 A. Yes, I think so.

15 **Q. Way below it.**

16 A. Yes.

17 **Q. But there is no -- so right above this is the**
18 **Brushy Canyon, is that right, or is this over in Lea**
19 **County?**

20 A. So above this, we have a marker we call the
21 Bone Spring Lime. So we have Lower Avalon, Upper
22 Avalon, Bone Spring Lime and then the Delaware Mountain
23 Group, which does include the Brushy.

24 **Q. Okay. Okay. Thanks very much.**

25 A. Uh-huh.

1 MS. LUCK: If there is nothing further, I'd
2 just ask this case be taken under advisement.

3 EXAMINER JONES: Case 20768 is taken under
4 advisement.

5 MS. LUCK: Thank you.

6 (Case Number 20768 concludes, 3:50 p.m.)

7 EXAMINER JONES: Let's take a ten-minute
8 break.

9 (Recess, 3:50 p.m. to 4:09 p.m.)

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

3

4 CERTIFICATE OF COURT REPORTER

5 I, MARY C. HANKINS, Certified Court
6 Reporter, New Mexico Certified Court Reporter No. 20,
7 and Registered Professional Reporter, do hereby certify
8 that I reported the foregoing proceedings in
9 stenographic shorthand and that the foregoing pages are
10 a true and correct transcript of those proceedings that
11 were reduced to printed form by me to the best of my
12 ability.

13 I FURTHER CERTIFY that the Reporter's
14 Record of the proceedings truly and accurately reflects
15 the exhibits, if any, offered by the respective parties.

16 I FURTHER CERTIFY that I am neither
17 employed by nor related to any of the parties or
18 attorneys in this case and that I have no interest in
19 the final disposition of this case.

20 DATED THIS 1st day of October 2019.

21

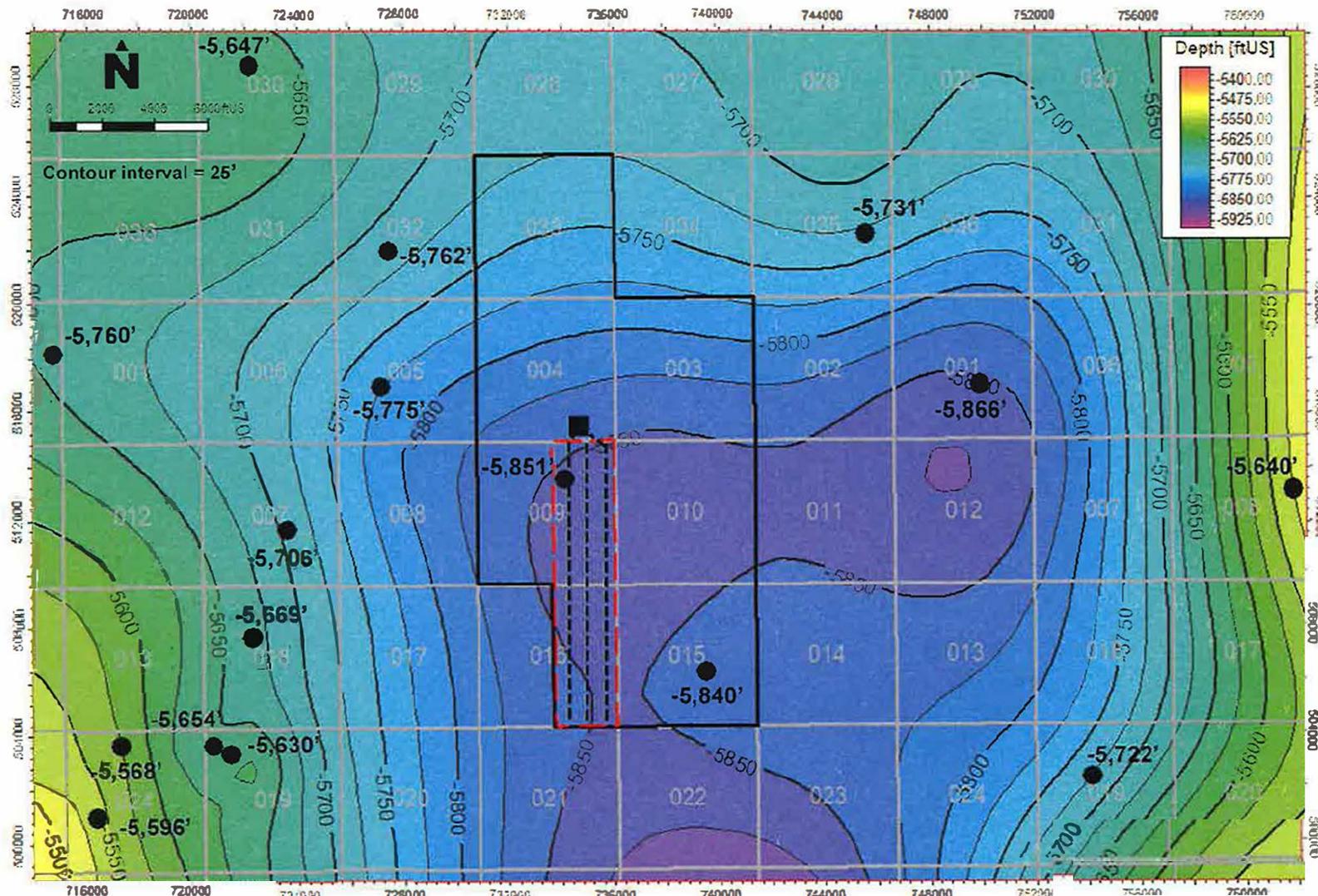
22

23 MARY C. HANKINS, CCR, RPR
24 Certified Court Reporter
25 New Mexico CCR No. 20
Date of CCR Expiration: 12/31/2019
Paul Baca Professional Court Reporters

Top Lower Avalon Structure Map (SSTVD)

DL Loch Ness Pad, Sections 9 & 16, T22S, R33E, Lea, NM

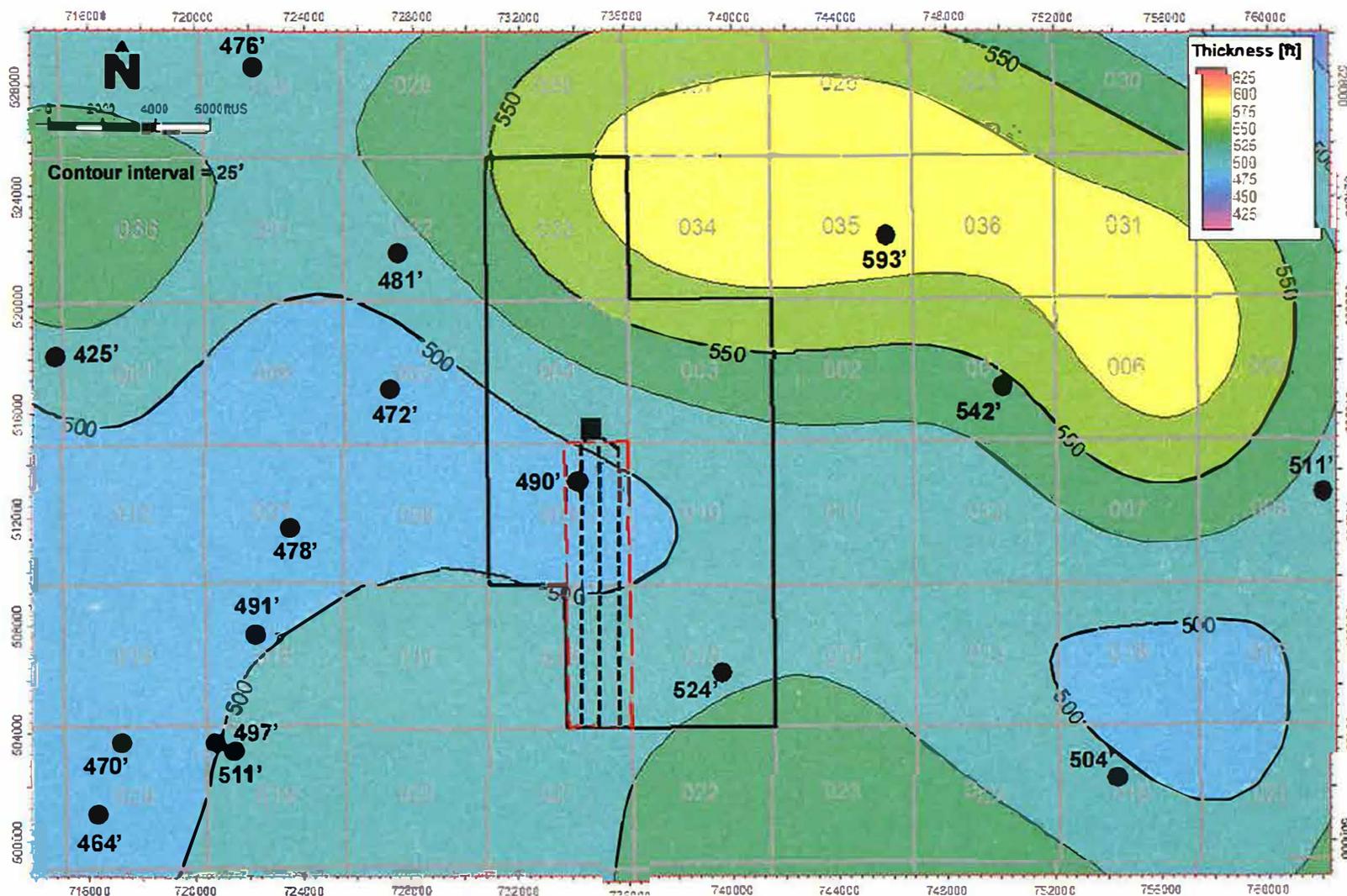
- Lower Avalon deposited in a depositional low in Dagger Lake area.
- Over the Loch Ness spacing unit (outlined in red), the Lower Avalon dips $\sim 0.8^\circ$ to the east-southeast.
- No structural complications or impediments to production.
- Wells shown are the control points.



Gross Isopach Thickness of the Lower Avalon

DL Loch Ness Pad, Sections 9 & 16, T22S, R33E, Lea, NM

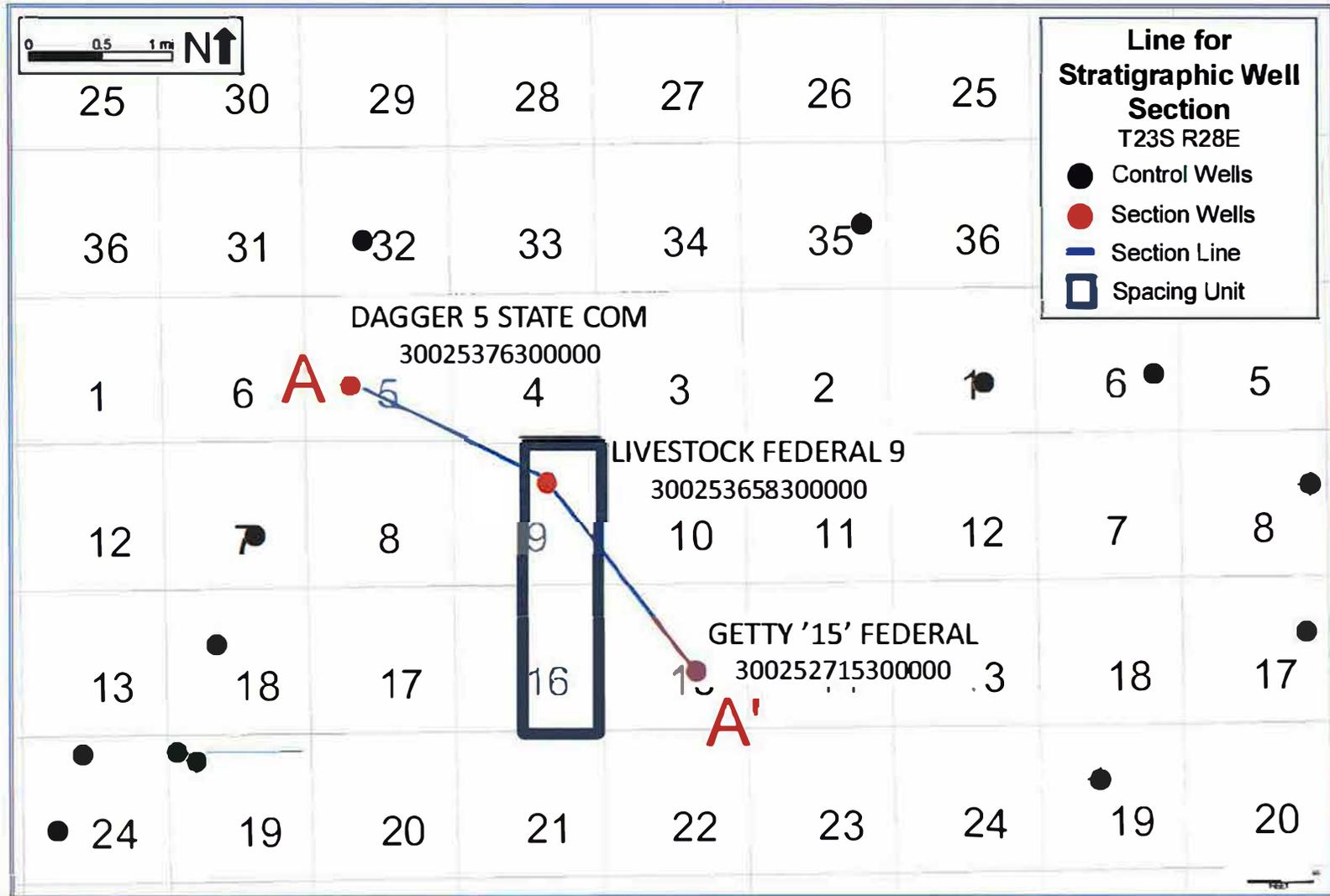
- Thickness in the Lower Avalon ranges from 495' to 510' in Sec. 9 & 16.
- No stratigraphic complexities or impediments to production.



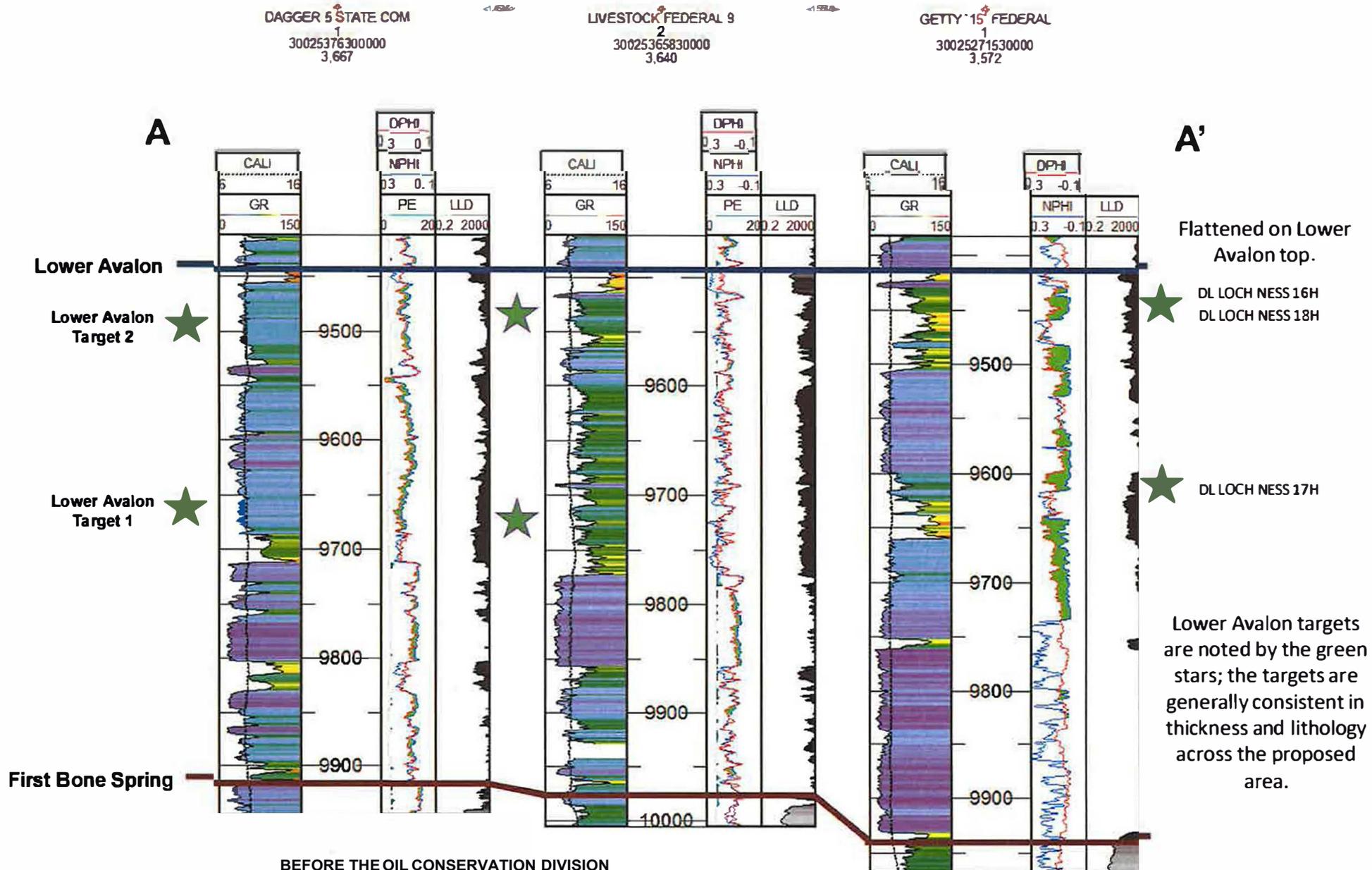
BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Exhibit No. 7
 Submitted by: Chevron U.S.A. Inc.
 Hearing Date: August 5, 2021
 Case No. 20768

Cross Section Location Map

DL Loch Ness Pad, Sections 9 & 16, T22S, R33E, Lea, NM



Cross Section of Lower Avalon



BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 9
Submitted by: Chevron U.S.A. Inc. Hearing Date:
August 5, 2021
Case No. 20768

