

Gray, Ken

From: Stubbs, Kevin C <KevinStubbs@chevron.com>
Sent: Wednesday, December 12, 2012 7:33 AM
To: Gray, Ken
Cc: Brown, Austin
Subject: RE: Wells Proposals

Hi Ken,

Austin Brown and I share the workload in the Delaware Basin, and it just so happens he's going to handle this one. At this point, there's very little rhyme or reason how we split it up other than just trying to keep our desks balanced. I've copied Austin to this email. Please continue to send correspondence regarding Cotton Draw or any new prospect in the Basin to me.

Thanks,

Kevin

From: Gray, Ken [<mailto:Ken.Gray@dvn.com>]
Sent: Tuesday, December 11, 2012 5:32 PM
To: Stubbs, Kevin C
Subject: Wells Proposals

Kevin, last week I mailed to your attention, 2 well proposals. to be drilled from a common pad located in Section 31-T23S-R29E, Eddy County (Harroun Trust 31 Fed Com #2H, Harroun Trust 31 #3H), I presumed these would be in your area of responsibility. Along with the proposals, I sent a new JOA for review. I believe the JOA to be substantially identical to the one we executed on the Cotton Draw 32 Fed Com #1. In any event, I need to enlist your support to try and get the proposals evaluated and JOA executed in order to meet an early February start. I have title that you are certainly welcome to review if you need to. Let me know if for see any timing problems. Of course if Chevron were to elect not to participate, we would certainly want to take a farmout. Thanks for your help.

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Oil Conservation Division
Case No. 50
Exhibit No. 7C

Gray, Ken

From: Brown, Austin <AustinBrown@chevron.com>
Sent: Thursday, January 03, 2013 2:56 PM
To: Gray, Ken; Stubbs, Kevin C
Subject: RE: Wells Proposals

Ken,

The proposals have been sent off for review. I will let you know just as soon as I hear something back.

Thanks,
Austin

From: Gray, Ken [<mailto:Ken.Gray@dvn.com>]
Sent: Thursday, January 03, 2013 9:33 AM
To: Stubbs, Kevin C
Cc: Brown, Austin
Subject: RE: Wells Proposals

Austin/Kevin, just following up on these well proposals and JOA. We are still intending to start these in a month or so. Please let me know Chevron's intentions as soon as possible.

From: Stubbs, Kevin C [<mailto:KevinStubbs@chevron.com>]
Sent: Wednesday, December 12, 2012 7:33 AM
To: Gray, Ken
Cc: Brown, Austin
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Gray, Ken

From: Brown, Austin <AustinBrown@chevron.com>
Sent: Wednesday, January 23, 2013 3:55 PM
To: Gray, Ken
Subject: RE: Harroun Trust 2H & 3H
Attachments: Document.pdf

Ken,

Attached are the signed AFE's for the referenced wells. Everything still looks good on our end, I am just waiting on responses from HES and Legal.

We are fine with having Chevron listed on the pooling application, with the understanding that if and when the proposed JOA is fully executed, Devon will remove Chevron from the application.

Thanks,

Austin Brown

Land Representative
Permian Asset Development
Chevron U.S.A. Inc.
1400 Smith, Room #43034
Houston, TX 77002
Phone: 713-372-7540

austinbrown@chevron.com

From: Gray, Ken [<mailto:Ken.Gray@dvn.com>]
Sent: Wednesday, January 23, 2013 1:08 PM
To: Brown, Austin
Subject: Harroun Trust 2H & 3H

Austin, just following up based on our last conversation wherein you thought that Chevron would participate in these D&C proposals. Any further word on executed AFE and/or JOA?

I think we might have the need to compulsory pool one or more parties. Would Chevron be offended if included in the pooling application? We really need to keep the drilling schedule moving forward, we can always dismiss when a voluntary agreement (JOA) is executed. Let me know.

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Gray, Ken

From: Brown, Austin <AustinBrown@chevron.com>
Sent: Thursday, February 14, 2013 11:12 AM
To: Gray, Ken
Subject: Harroun Trust 31-30 Fed Com #2H and Harroun Trust 31 #3H - JOA - Eddy County, New Mexico

Ken,

We have a few requested changes to the above referenced JOA. Please see below:

Page 17g, Article XVI.II:

Amend the provision so as to read: "This Operating Agreement dated November 1, 2012, shall supercede in its entirety any and all previous Joint Operating Agreements pertaining to or covering any portion of the Contact Area, save and except the Joint Operating Agreement dated April 1, 1981, between Getty Oil Company, as Operator, and Amoco Production Company, et al, as Non-Operators, covering Lot 3, E/2 SW/4 Section 31, Township 23 South, Range 29 East, Eddy County, New Mexico, among other lands."

Exhibit "A", Lease No. 6 Description:

Remove "SE/4 of Section 30".

Exhibit "C"

I.1. Definitions:

"Rig-Related Commissioning" shall mean all commissioning costs charged by the vendor and all costs (both onsite and offsite) incurred by the Operator to oversee the construction, modification, repair, maintenance or transportation of a rig including, but not limited to, their salaries and wages, personal expenses and support costs.

II.6. Equipment And Facilities Furnished By Operator:

C. Operator may, under COPAS Accounting Guideline 25 ("Allocation of Rig Related Expenditures") or its successor publication, charge the Joint Account an allocated portion of any rig or Rig-Related Commissioning costs pursuant to the provisions of Paragraphs 6.A. and 6.B. above, provided such rig or Rig-Related Commissioning costs are not included in the rig rate charged by the drilling contractor.

Exhibit "E":

- 4.1, page 2, line 36: change to 30 days
- 6.2, page 2, line 74: leave in
- 6.2.1, page 3, line 3-10: leave in
- 7.7, page 4, line 5-9: delete
- 7.10, page 4, line 23-29: leave in
- 14.1, page 5a: delete
- 14.2, page 5a: delete

Please feel free to call me if you have any questions or concerns.

Thanks,

Austin Brown
Land Representative
Permian Asset Development
Chevron U.S.A. Inc.

1400 Smith, Room #43034

Houston, TX 77002

Phone: 713-372-7540

austinbrown@chevron.com

Gray, Ken

From: Brown, Austin <AustinBrown@chevron.com>
Sent: Wednesday, March 13, 2013 9:50 AM
To: Gray, Ken
Subject: RE: Harroun Trust 31-30 Fed Com #2H and Harroun Trust 31 #3H - JOA - Eddy County, New Mexico

Ken,

I am just waiting on a response from our Ownership group regarding the actuals versus entitlements on the GBA. I do not believe this will be a problem, but I have to verify nonetheless.

Thanks,
Austin

From: Gray, Ken [<mailto:Ken.Gray@dvn.com>]
Sent: Monday, March 11, 2013 3:56 PM
To: Brown, Austin
Subject: FW: Harroun Trust 31-30 Fed Com #2H and Harroun Trust 31 #3H - JOA - Eddy County, New Mexico

Austin, I believe these were the final changes. If you agree, let me know and I'll get correction pages to you.

From: Gray, Ken
Sent: Friday, February 15, 2013 8:13 AM
To: 'Brown, Austin'
Subject: RE: Harroun Trust 31-30 Fed Com #2H and Harroun Trust 31 #3H - JOA - Eddy County, New Mexico

Austin, thanks for the comments and per our subsequent telephone conversation, I wanted to attach a plat which might help address your concern over Page 17g, Article XVI.II. With regard to having the proposed operating agreement supercede all others except the 4/1/81 JOA as to Lot 2, E/2 SW/4 Section 31 doesn't make sense to me as we would still have conflicting/competing JOAs covering part of the newly proposed contract area. The purpose was to get all of the participating parties under one JOA. If we need to amend the superceding language to say that the new JOA would only supercede prior JOAs as long as it is in effect, I would be in favor of that. In any event, take a look at the plat and see if it helps as a visual as to the issue of multiple JOAs. The red text box corresponds to the red JOA outline, green to green, blue to blue. In addition, the Midcontinent, Lerwick and Roden interests have agreed to farmout their interests.

As to your other comments, obviously we need to delete SE/4 Section 30, the "Rig Related" language is fine, COPAS change if fine. We can agree to the change in Exhibit "E" 4.1, page 2, line 36: change to 30 days but our marketing group prefers not to change the remainder of the GBA requested changes.

We're close. Let me know if any additional questions or concerns.

From: Brown, Austin [<mailto:AustinBrown@chevron.com>]
Sent: Thursday, February 14, 2013 11:12 AM
To: Gray, Ken
Subject: Harroun Trust 31-30 Fed Com #2H and Harroun Trust 31 #3H - JOA - Eddy County, New Mexico

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