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Chevron

Cody Cole
Land Representative
Mid-Continent Business Unit
Tel 713-372-1103
Ccole@chevron.com

Chevron North America Exploration and Production Company
a division of Chevron U.S.A. Inc.
1400 Smith St. Room 43192
Houston, Texas 77002

VIA CERTIFIED MAIL – RETURN RECEIPT REQUESTED

May 12, 2014

Burlington Resources Oil & Gas Company
ATTN: Ashley Manning-Dyke
600 N. Dairy Ashford Rd
P10-5-Office 5026
Houston, TX 77079

Re; Well Proposal for Gramma Ridge 14-24-34-1H ("Gramma Ridge 1H")
W/2E/2 of Section 14, T24S, R34E, NMPM Lea County New Mexico

Dear, Ms. Ashley Manning-Dyke;

Chevron U.S.A. Inc. ("Chevron") hereby proposes to operate the Gramma Ridge 1H well for oil and gas production from the Third Bone Spring formation. The Gramma Ridge 1H will comprise a one-hundred sixty (160) acre standard unit in the W/2E/2 of Section 14, T24S, R34E, NMPM Lea County, New Mexico.

The Surface location of Gramma Ridge 1H would be 330 feet from the north line and 2,300 feet from the East line. The bottom hole location would be 330 feet from the South line and 2,300 feet from the East line. Chevron expects to navigate the Gramma Ridge 1H through the following depths:

- TD Lateral MD (TVD) = 16,985 feet
- Landing MD (TVD) = 11,009 feet
- TD Pilot MD (TVD) = 12,200 feet

With respect to the W/2E/2 of Section 14, T24S, R34E, public records indicate you own a 12.5% working interest within the proposed unit. I have enclosed an Authorization for Expenditure ("AFE"). The total estimated cost to drill, complete, and equip Gramma Ridge 1H is $8,635,600 divided as follows:

- Drilling = $4,296,634
- Completion = $3,422,088
- Facilities = $916,878
- Total = $8,635,600

Please indicate whether you elect to participate in the Gramma Ridge 1H by making your election in the space provided on the next page. Once you have made your election, please sign in the space below and return it to

BEFORE THE OIL CONVERSATION DIVISION
Santa Fe, New Mexico
Exhibit No. 4
Submitted by: **CHEVRON U.S.A., INC.**
Hearing Date: July 10, 2014

me at your earliest convenience. Chevron's Joint Operating Agreement will be furnished if requested prior to your election. If you elect to not participate, and would like to lease your working interest to Chevron, please contact me at either 713-372-1103 or ccole@chevron.com.

Sincerely,

CHEVRON U.S.A. INC.

____
Cody Cole, RPL
Land Representative

Burlington Resources Oil & Gas Company elects:

[____] Not to Participate in Gramma Ridge 1H

[____] To Participate in Gramma Ridge 1H at 12.5% for $1,079,450

By:________________ Date:________________

By:________________ Date:________________

Version 1.4	DRILLING – WELL APPROPRIATION – DETAIL OF COST ESTIMATE			Date:	03/04/2014
Field / Area:	Well Name: Gramma Ridge 14-24-34 1H			By:	Kyle Johnson
Cost Element	Description	VENDOR	Intangible	Tangible	DRILLING
74400001	Rig - Daywork days 35.18 rate 25000 $/day		879,532		879,532
74400002	Drilling Rig-Footage/Turnkey feet rate $/day		0		0
74400003	Rig Up/ Rig Down		0		0
71050200	Fuel-Purchased Natural Gas & Propane		0		0
71290100	Fuel - Diesel / Motor Fuels		167,316		167,316
71290300	Utilities - Other (potable water)		0		0
74500023	Mobilization / De-Mobilization Rig Days 4 RigTrucking 100000		200,000		200,000
	Rig Costs Total – Intangible		**1,246,848**	**0**	**1,246,848**
66010100	Company Supervision days 39.18 rate 4500 $/day		176,316		176,316
70000300	Contract Project Supervision days 39.18 rate 900 $/day		35,263		35,263
	Supervision Total – Intangible		**211,579**	**0**	**211,579**
68200100	Onshore Catering		0		0
68250100	Offshore Catering		0		0
68730100	Employee Personal and Business Expense		0		0
70000100	Contract Labor Surface		0		0
70000200	Contract Labor Casual		0		0
76150500	Communications - Radio		0		0
76150600	Communications - Telephone -CITC		0		0
76200100	Communications- Cellular		0		0
76200300	Communications-Other		3,360		3,360
	Other People Costs Total – Intangible		**3,360**	**0**	**3,360**
74400004	Drilling Fluids		209,460		209,460
71901900	Drill and Completion Fluids (not Service)				0
71900500	Materials, Supply, Repair Parts		10,000		10,000
	Mud, Materials Total – Intangible		**219,460**	**0**	**219,460**
72300100	Surface Equipment Rentals		459,189		459,189
72300200	Well Service Equipment Rentals		130,134		130,134
72300300	Motor Vehicle Rentals				0
73200200	Marine Transportation-Allocated				0
73400300	Other Transportation Services		75,000		75,000
73400400	Air Transportation allocated Adj				0
73400700	Hauling Services (Not Freight)				0
74400006	Directional Survey and Service Costs		347,995		347,995
74400007	Drill String Rentals and Mills		17,591		17,591
71901800	Drill Bits		72,000		72,000
74400009	Coil Tubing				0
74400010	Stimulation / Gravel Pack Materials & Service				0
74400011	Pumping Services				0
74400014	Perforating & Electric Line Services				0
74400015	Slickline Services				0
74500100	Contract Equipment & Services				0
	Contract Rentals & Services Total – Intangible		**1,101,909**	**0**	**1,101,909**
74500105	Services- Non Taxable Materials		0		0
74500200	Technical Services		0		0
75100500	HES Permit Costs & Fees		0		0
75100501	Surface Regulatory & HES Inspection		0		0
75590200	Other Professional Services & Fees		0		0
75900800	Misc. Services and Fees		0		0
	Other Services Total – Intangible		**0**	**0**	**0**
74200300	Solid Waste Disposal		125,000		125,000
74200600	Waste Water Disposal		10,000		10,000
	Waste Disposal Total – Intangible		**135,000**	**0**	**135,000**
74400017	Coring		0		0
74400018	Testing		0		0
74400019	Logging Wireline		50,000		50,000
74400020	LWD (Logging While Drilling)		0		0
74400021	Logging - Mud 30.08 days @ 1250 $ per day		37,602		37,602
	Formation Evaluation Total – Intangible		**87,602**	**0**	**87,602**
71900022	Well Pipe Casing Size Feet $/foot				836,576
	Conductor			0	
	Surface 13-3/8" 1200 33.58			40,296	
	Intermediate 1 9-5/8" 9075 38.14			346,121	
	Intermediate 2			0	
	Drilling Liner			0	
	Production 5-1/2" 16430 16.93			278,160	
	Production Liner			0	
	Centralizers & Float Equipment				
	Conductor				
	Surface			3000	
	Intermediate 1 (DV TOOL & ECP)			20000	
	Intermediate 2				
	Whipstock			104000	
	Production			45000	
	Packers/Sleeves				
71900020	Well Pipe - Tubing Under 2" OD				0
	Size Feet $/foot				
				0	
				0	
71900021	Well Pipe - Tubing 2" OD and over				6,300
	Size Feet $/foot				
	2.875 660			6,300	
				0	
71900100	Well Equipment / Materials			0	0
71900110	Wellhead / Xmas Tree Size Cost				110,000
	"A" 110000			110,000	
	"B"			0	
	"C"			0	
	Tubing Head			0	
	Xmas Tree			0	
71900120	Submersible Pumps & Equipment			0	0
71500100	Surface Lifting Equipment / Materials				0
	Rod String Size Feet $/foot				
				0	
				0	
	Production Pkr:				
	Well Pump:				
	Other:				
	Equipment Total – Tangible		**0**	**952,876**	**952,876**
74400024	Cement & Cementing				308,000
	Conductor Size: Sacks: Cost		0		
	Surface Size: 13-3/8" Sacks: Cost 18000		18000		
	Intermediate 1 Size: 9-5/8" Sacks: Cost 120000		120000		
	Intermediate 2 Size: Sacks: Cost		0		
	Pilot Plug Back Size: 2-7/8" Sacks: Cost 50000		50000		
	Production Size: 5-1/2" Sacks: Cost 120000		120000		
	Production Liner Size: Sacks: Cost		0		
	Squeeze Jobs Size: Sacks: Cost		0		
	Squeeze Jobs Size: Sacks: Cost		0		

	Squeeze Jobs Size: Sacks: Cost		0		
	Cement Total -- Intangible		308,000	0	308,000
74400013	Equipment Lost in Hole		0		0
74400025	Fishing Costs		0		0
74500021	Site Work / Roads / Locations		30,000		30,000
	Unanticpated & Location Total -- Intangible		30,000	0	30,000
	Sub Total Cost Estimate		3,343,758	952,876	4,296,634
94100700	Contingency 0.0%		0	0	0
			3,343,758	952,876	4,296,634
	TOTAL COST ESTIMATE w/ Contingencies		3 343,758	952,876	4 296,634

Delaware Basin - Lea County

Phase 3 - Facilities Cost Estimate

	Gramma Ridge 1H	
	Quant	Cost
GRAND TOTAL (for all items)	---	$ 916,877.50
SUB-TOTAL (for all items)	---	**$ 770,000.00**
Contingency	10%	$ 77,000.00
Tax	8.25%	$ 69,877.50
Battery	1	$ -
- Civil	---	$ -
- Equipment	---	$ -
- Installation	---	$ -
- Electrical (EDS)	---	$ -
Site Work	1	$ 597,000.00
- Commingle Mods	---	$ 300,000.00
- Supervision	---	$ 30,000.00
- Well Pad	---	$ 70,000.00
- Roads	---	$ 25,000.00
- Cattleguards	---	$ 25,000.00
- Frac Pond	---	$ 60,000.00
- Land Damages	---	$ 40,000.00
- Mechanical	---	$ 20,000.00
- Flowline	---	$ 15,000.00
- POC/Well Kill	---	$ 12,000.00
Electrical Distribution	---	$ 173,000.00
- Feed to Sections	1	$ 108,000.00
- Transformer Bank	1	$ 15,000.00
- Generator Contingency	1	$ 50,000.00

Version 1 4	COMPLETION – WELL APPROPRIATION – DETAIL OF COST ESTIMATE			Date:	03/05/2013
Field / Area.	Well Name: Gramma Ridge 1H			By:	AS
Cost Element	Description	VENDOR	Intangible	Tangible	DRILLING
74400001	Rig - Daywork days 4.000000 rate 6500 $/day		26,000		26,000
74400002	Drilling Rig-Footage/Turnkey feet rate $/day		0		0
74400003	Rig Up/ Rig Down		5,000		5,000
71050200	Fuel-Purchased Natural Gas & Propane		0		0
71290100	Fuel - Diesel / Motor Fuels		0		0
71290300	Utilities - Other (potable water)		13,500		13,500
74500023	Mobilization / De-Mobilization Rig Days RigTrucking		0		0
	Rig Costs Total – Intangible		**44,500**	**0**	**44,500**
66010100	Company Supervision days 0.000000 rate $/day		69,938		69,938
70000300	Contract Project Supervision days 0.000000 rate $/day		46,625		46,625
	Supervision Total – Intangible		**116,563**	**0**	**116,563**
68200100	Onshore Catering		0		0
68250100	Offshore Catering		0		0
68730100	Employee Personal and Business Expense		0		0
70000100	Contract Labor Surface		0		0
70000200	Contract Labor Casual		0		0
76150500	Communications - Radio		0		0
76150600	Communications - Telephone -CITC		0		0
76200100	Communications- Cellular		0		0
76200300	Communications-Other		0		0
	Other People Costs Total – Intangible		**0**	**0**	**0**
74400004	Drilling Fluids		0		0
71901900	Drill and Completion Fluids (not Service)		250,000		250,000
71900500	Materials, Supply, Repair Parts		0		0
	Mud, Materials Total – Intangible		**250,000**	**0**	**250,000**
72300100	Surface Equipment Rentals		357,069		357,069
72300200	Well Service Equipment Rentals		0		0
72300300	Motor Vehicle Rentals		0		0
73200200	Marine Transportation-Allocated		0		0
73400300	Other Transportation Services		0		0
73400400	Air Transportation allocated Adj		0		0
73400700	Hauling Services (Not Freight)		0		0
74400006	Directional Survey and Service Costs		0		0
74400007	Drill String Rentals and Mills		65,000		65,000
71901800	Drill Bits		0		0
74400009	Coil Tubing		160,000		160,000
74400010	Stimulation / Gravel Pack Materials & Service		2,000,000		2,000,000
74400011	Pumping Services		0		0
74400014	Perforating & Electric Line Services		100,000		100,000
74400015	Slickline Services		0		0
74500100	Contract Equipment & Services		0		0
	Contract Rentals & Services Total – Intangible		**2,682,069**	**0**	**2,682,069**
74500105	Services- Non Taxable Materials		0		0
74500200	Technical Services		0		0
75100500	HES Permit Costs & Fees		0		0
75100501	Surface Regulatory & HES Inspection		0		0
75590200	Other Professional Services & Fees		0		0
75900800	Misc. Services and Fees		0		0
	Other Services Total – Intangible		**0**	**0**	**0**
74200300	Solid Waste Disposal		0		0
74200600	Waste Water Disposal		20,000		20,000
	Waste Disposal Total – Intangible		**20,000**	**0**	**20,000**
74400017	Coring		0		0
74400018	Testing		0		0
74400019	Logging Wireline		5,000		5,000
74400020	LWD (Logging While Drilling)		0		0
74400021	Logging - Mud days @ $ per day		0		0
	Formation Evaluation Total – Intangible		**5,000**	**0**	**5,000**
71900022	Well Pipe Casing Size Feet $/foot				0
	Conductor			0	
	Surface			0	
	Intermediate 1			0	
	Intermediate 2			0	
	Drilling Liner			0	
	Production			0	
	Production Liner			0	
	Centralizers & Float Equipment				
	Conductor				
	Surface				
	Intermediate 1				
	Intermediate 2				
	Drilling Liner				
	Production				
	Production Liner				
71900020	Well Pipe - Tubing Under 2" OD				0
	Size Feet $/foot				
				0	
				0	
71900021	Well Pipe - Tubing 2" OD and over				76,000
	Size Feet $/foot				
	2.875 9500 8			76,000	
				0	
71900100	Well Equipment / Materials			0	0
71900110	Wellhead / Xmas Tree Size Cost				40,000
	"A"			0	
	"B"			0	
	"C"			0	
	Tubing Head			0	
	Xmas Tree			40,000	
	Riser				
71900120	Submersible Pumps & Equipment			0	0
71500100	Surface Lifting Equipment / Materials				20,000
	Rod String Size Feet $/foot				
				0	
				0	
	Production Pkr:			20,000	
	Well Pump.				
	Other:				
	Equipment Total – Tangible		**0**	**136,000**	**136,000**
74400024	Cement & Cementing				0
	Conductor Size. Sacks: Cost		0		
	Surface Size Sacks: Cost		0		
	Intermediate 1 Size: Sacks Cost		0		
	Intermediate 2 Size Sacks: Cost		0		
	Drilling Liner Size Sacks. Cost		0		
	Production Size Sacks: Cost		0		
	Production Liner Size. Sacks. Cost		0		
	Squeeze Jobs Size: Sacks. Cost		0		
	Squeeze Jobs Size Sacks: Cost		0		
	Squeeze Jobs Size Sacks. Cost		0		
	Cement Total – Intangible		**0**	**0**	**0**
74400013	Equipment Lost in Hole		0		0
74400025	Fishing Costs		0		0
74500021	Site Work / Roads / Locations		5,000		5,000
	Unanticipated & Location Total – Intangible		**5,000**	**0**	**5,000**

	Sub Total Cost Estimate		3,123,131	136,000	3,259,131
94100700	Contingency 5.0%		156,157	6,800	162,957
			3,279,288	142,800	3,422,088
			0	0	0
	TOTAL COST ESTIMATE w/ Contingencies		3,279,288	142,800	3,422,088