

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] ☒ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners

[B] ☐ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☐ Notification and/or Concurrent Approval by BLM or SLO
 U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

SEE TITLE CLEARANCE

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Michael Staff
 Print or Type Name

Michael Staff
 Signature

PETROLEUM ENGINEER
 Title

8/27/14
 Date

NQBC@CHEVRON.COM
 e-mail Address

-DHC
 -CHEVRON USA Inc
 4323
 W 211
 -TR Andrews #2
 30-025-12183
 P201
 -Blincherry
 Oil and Gas
 10156660

-Paddock South
 49400

To Whom It May Concern at the New Mexico Oil Conservation Division,

Thank you for reviewing my downhole comingle application for the **TR Andrews #2** for pools 49400 and 06660. This cover letter will be brief, allowing my application package to cover in full detail my request. My co-worker, Abdul Sule, has had substantial communication with Phillip Goetz in the Santa Fe office. He was referred to Mr. Goetz by Paul Kautz in the district office. They have helped us understand the information required from the NOMCD to downhole commingle.

The TR Andrews #2 is currently producing from the Blinebry formation and 06660 pool. The depths are in the wellbore diagram. It is located in the Blinebry Oil & Gas Field. This proposal is to perforate and begin production from the Paddock formation in the Paddock South, Pool 49400. This will result in the commingling of the Paddock and Blinebry formations, pools 06660 and 49400. Per your approval, the paddock will be completed. The TR Andrews #6 is an analog well, a quarter mile away from the TR Andrews #2, and has been completed in both formations, individually at separate times. Extensive information on the TR Andrews #2 is provided in this package and explanation is provided as to how estimations were calculated.

Given the approval of the NOMCD, I would like to complete this work in early October. Please let me know if there is any other information you need in order to complete or expedite the return of your evaluation of this request. Please do not hesitate to contact me regarding any questions on this package. Thank you in advance for your time.

Regards,
Michael Staff

Petroleum Engineer
Eunice FMT
Delaware Basin Ops
Chevron Mid-Continent Business Unit
Office: (432)-687-7126
Cell: (281)-772-6205

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

District II
811 S. First St., Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-107A
Revised August 1, 2011

APPLICATION TYPE
☐ Single Well
☐ Establish Pre-Approved Pools
EXISTING WELLBORE
☐ Yes ☐ No

APPLICATION FOR DOWNHOLE COMMINGLING

Chevron U.S.A. INC.

15 Smith Rd. Midland, TX 79705

Operator Address
T. R. Andrews 2 G-32-22S-38E Lea

Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 4323 Property Code 2566 API No. 30025121830001 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	PADDOCK SOUTH		BLINEBRY OIL & GAS
Pool Code	49400		06660
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	5160-5198		5580-5630
Method of Production (Flowing or Artificial Lift)	Artificial Lift (predicted)		Artificial Lift
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	N/A		N/A
Oil Gravity or Gas BTU (Degree API or Gas BTU)	37		35.5
Producing, Shut-In or New Zone	New Zone		New Zone
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	See predicted attachment() Date: "see attachment" Rates:		See predicted attachment() Date: 6/29/2014 Rates: 1.5 BOPD 1 BWPB 57 MCFD
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil 92.75% Gas 10.18%		Oil 7.25% Gas 89.82%

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes ☒ No ☐
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes ☐ No ☐

Are all produced fluids from all commingled zones compatible with each other? Yes ☒ No ☐

Will commingling decrease the value of production? Yes ☐ No ☒

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes ☐ No ☒

NMOCD Reference Case No. applicable to this well: _____

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE G. Sale Jr TITLE Production Engr. DATE 9/8/2011

TYPE OR PRINT NAME Abdullahi A Sale Jr. TELEPHONE NO. (432) 687-7419

E-MAIL ADDRESS asale@chevron.com

McMillan, Michael, EMNRD

From: Sule, Abdul A <ASule@chevron.com>
Sent: Wednesday, September 17, 2014 9:44 AM
To: McMillan, Michael, EMNRD
Cc: Staff, Michael G; Jones, William V.
Subject: T R ANDREWS #2 DHC APPLICATION
Attachments: C107 - T R ANDREWS #2.pdf; DHC APPLICATION - T R ANDREWS #2.pdf

Michael,

Per our conversation, I have attached the DHC application that Michael Staff and I worked on for William Jones to review as well. Allow me to explain the table below.

Column A: This is the month in which we are showing production starting with month 1 being the first month after the comingle.

Column B-D: This column is to show predicted production for the Paddock production on the T R Andrews #2 based off the decline characteristics of the offset T R Andrews #6 Paddock producer.

Column C: This column is the predicted oil production for each month from the Paddock, declining at the predicted Paddock decline rate.

Column D: This column is the predicted gas production for each month from the Paddock, declining at the predicted Paddock decline rate.

Column E-H: This column is the predicted based off stimulating the Blinebry with acid and returning the Blinebry production to its historical trend on this already existing Blinebry zone from the T R Andrews #2. This decline is based off its existing Blinebry decline.

Column G: This column is the forecasted oil production for each month from the Blinebry, declining at the historical Blinebry decline rate. Oil production is not expected to increase significantly from the acid stimulation.

Column H: This column is the forecasted gas production for each month from the Blinebry, declining at the historical Blinebry decline rate. Gas production is expected to return to the historic production trend (with an IP of 92) from the acid stimulation.

Column I: This is the sum of oil production for each month.

Column J: This is the sum of gas production for each month.

Column K-L: This is the allocated percent of Paddock predicted production using formulas $\text{Column K} = \text{Column C} / \text{Column I}$ and $\text{Column L} = \text{Column D} / \text{Column J}$

Column M-N: This is the allocated percent of Blinebry forecasted production using formulas $\text{Column M} = \text{Column E} / \text{Column I}$ and $\text{Column N} = \text{Column H} / \text{Column J}$

The averages were taken at the bottom over different time periods and all of them were very similar.

The allocated percentages were taken from the average over the first 18 months.

"Attachment"

Downhole Comingle Production Estimates Based onTR Andrews #6													
	Pool 49400 (Paddock South)				Pool 0660 (Blinebry Oil & Gas)					% that is Pool 49400		% that is Pool 0660	
A Month	B Date	C Oil Test (BOPD)	D Gas Test (MCFD)		E Date	F Oil Test (BOPD)	G Gas Test (MCFD)	H Total Oil (BOPD)	I Total Gas (MCFD)	J Oil %	K Gas %	L Oil %	M Gas %
1	Based on offset producer TR andrews #6	13	20	Based on offset producer TR andrews #2		1.0	92	14	112	92.86%	17.94%	7.14%	82.06%
2		12.7	19.0			1.0	91	14	110	92.85%	17.23%	7.15%	82.77%
3		12.6	18.5			1.0	91	14	110	92.84%	16.88%	7.16%	83.12%
4		12.5	18.1			1.0	91	13	109	92.84%	16.54%	7.16%	83.46%
5		12.4	17.6			1.0	91	13	109	92.84%	16.20%	7.16%	83.80%
6		12.2	17.2			0.9	91	13	108	92.83%	15.87%	7.17%	84.13%
7		12.1	16.7			0.9	91	13	108	92.83%	15.55%	7.17%	84.45%
8		12.0	16.3			0.9	91	13	107	92.82%	15.23%	7.18%	84.77%
9		11.9	15.9			0.9	91	13	107	92.82%	14.91%	7.18%	85.09%
10		11.8	15.5			0.9	91	13	106	92.82%	14.61%	7.18%	85.39%
11		11.6	15.1			0.9	91	13	106	92.81%	14.30%	7.19%	85.70%
12		11.5	14.7			0.9	91	12	105	92.81%	14.00%	7.19%	86.00%
13		11.4	14.4			0.9	90	12	105	92.80%	13.71%	7.20%	86.29%
14		11.3	14.0			0.9	90	12	104	92.80%	13.42%	7.20%	86.58%
15		11.2	13.7			0.9	90	12	104	92.80%	13.14%	7.20%	86.86%
16		11.1	13.3			0.9	90	12	103	92.79%	12.86%	7.21%	87.14%
17		11.0	13.0			0.9	90	12	103	92.79%	12.59%	7.21%	87.41%
18		10.8	12.7			0.8	90	12	103	92.78%	12.32%	7.22%	87.68%
19		10.7	12.3			0.8	90	12	102	92.78%	12.06%	7.22%	87.94%
20		10.6	12.0			0.8	90	11	102	92.77%	11.80%	7.23%	88.20%
21		10.5	11.7			0.8	90	11	101	92.77%	11.55%	7.23%	88.45%
22		10.4	11.4			0.8	90	11	101	92.77%	11.30%	7.23%	88.70%
23		10.3	11.1			0.8	90	11	101	92.76%	11.06%	7.24%	88.94%
24		10.2	10.9			0.8	90	11	100	92.76%	10.82%	7.24%	89.18%
25		10.1	10.6			0.8	89	11	100	92.75%	10.58%	7.25%	89.42%
26		10.0	10.3			0.8	89	11	100	92.75%	10.36%	7.25%	89.64%
27		9.9	10.1			0.8	89	11	99	92.75%	10.13%	7.25%	89.87%
28		9.8	9.8			0.8	89	11	99	92.74%	9.91%	7.26%	90.09%
29		9.7	9.6			0.8	89	10	99	92.74%	9.69%	7.26%	90.31%
30		9.6	9.3			0.8	89	10	98	92.73%	9.48%	7.27%	90.52%
31		9.5	9.1			0.7	89	10	98	92.73%	9.27%	7.27%	90.73%
32		9.4	8.9			0.7	89	10	98	92.72%	9.07%	7.28%	90.93%
33		9.3	8.6			0.7	89	10	97	92.72%	8.87%	7.28%	91.13%
34		9.2	8.4			0.7	89	10	97	92.72%	8.67%	7.28%	91.33%
35		9.1	8.2			0.7	89	10	97	92.71%	8.48%	7.29%	91.52%
					Avg. ALL:		12	105	92.80%	13.72%	7.20%	86.28%	
					Avg. After 1st Year:		12	102	92.78%	11.97%	7.22%	88.03%	
					Avg. After 18 Mos:		11	101	92.75%	10.18%	7.25%	89.82%	

Form C102

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 30-025-12183	² Pool Code 066660	³ Pool Name Bunibey Oil & Gas
⁴ Property Code	⁵ Property Name T R ANDREWS	⁶ Well Number 2
⁷ OGRID No. 4323	⁸ Operator Name CHEVRON U.S.A. INC.	⁹ Elevation

¹⁰ Surface Location

UL or lot no. G	Section 32	Township 22S	Range 38E	Lot Idn	Feet from the 1980	North/South line NORTH	Feet from the 1980	East/West line EAST	County LEA
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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
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¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
-------------------------------------	-------------------------------	----------------------------------	-------------------------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

	<p>¹⁷ OPERATOR CERTIFICATION</p> <p>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.</p> <p>Signature: <i>Denise Pinkerton</i> Date: 08/27/2014</p> <p>DENISE PINKERTON REGULATORY SPECIALIST Printed Name</p> <p>leakejd@chevron.com E-mail Address</p>
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <p>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.</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p>
	<p>Certificate Number</p>

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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 30-025-12183	² Pool Code 49400	³ Pool Name Paddock South
⁴ Property Code	⁵ Property Name T R ANDREWS	⁶ Well Number 2
⁷ OGRID No. 4323	⁸ Operator Name CHEVRON U.S.A. INC.	⁹ Elevation

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
G	32	22S	38E		1980	NORTH	1980	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

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

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

	<p>¹⁷ 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 heretofore entered by the division.</p> <p>Signature: <i>Denise Pinkerton</i> Date: 08/27/2014</p> <p>Printed Name: DENISE PINKERTON Title: REGULATORY SPECIALIST</p> <p>E-mail Address: leakejd@chevron.com</p>
	<p>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.</p> <p>Date of Survey:</p> <p>Signature and Seal of Professional Surveyor:</p>
	<p>Certificate Number</p>



**Geological Assessment
Andrews State #2
04/17/2014**

Well Name: Andrews State #2
Location: T22S, R38E, Sec. 32
County: Lea
State: NM

API#: 3002512183
Geologist: Walt Harston
Engineer: Abdul Sule
FMT: Eunice

EXECUTIVE SUMMARY

This well presents an opportunity to recomplete a highly porous, 38 ft zone at the top of the Paddock. The proposed interval has significant offset production.

WELL HISTORY

This well has produced from the Drinkard, Tubb, and Blinebry.

JUSTIFICATION

This well is slightly updip from several well producing from the top of the Paddock. The worst producing offset has cum'd 98,335 BO; 71,812 MCF; and 337,107 BW. The best producing offset has cum'd 429,341 BO; 633,157 MCF; and 479,663 BW.

Proposed Perf Interval: Paddock

<u>Top</u> <u>(md)</u>	<u>Base</u> <u>(md)</u>	<u>Net</u> <u>(ft)</u>	<u>Avg.</u> <u>Porosity</u>	<u>Rt</u>	<u>Rw</u>	<u>Sw</u>	<u>Gas</u> <u>Effect</u>	<u>GR</u> <u>(API)</u>	<u>Additional Comments</u>
5160	5198	38	30%	12	.035	0.18	N/A	25	

Offset Proposed Perf Interval: Paddock

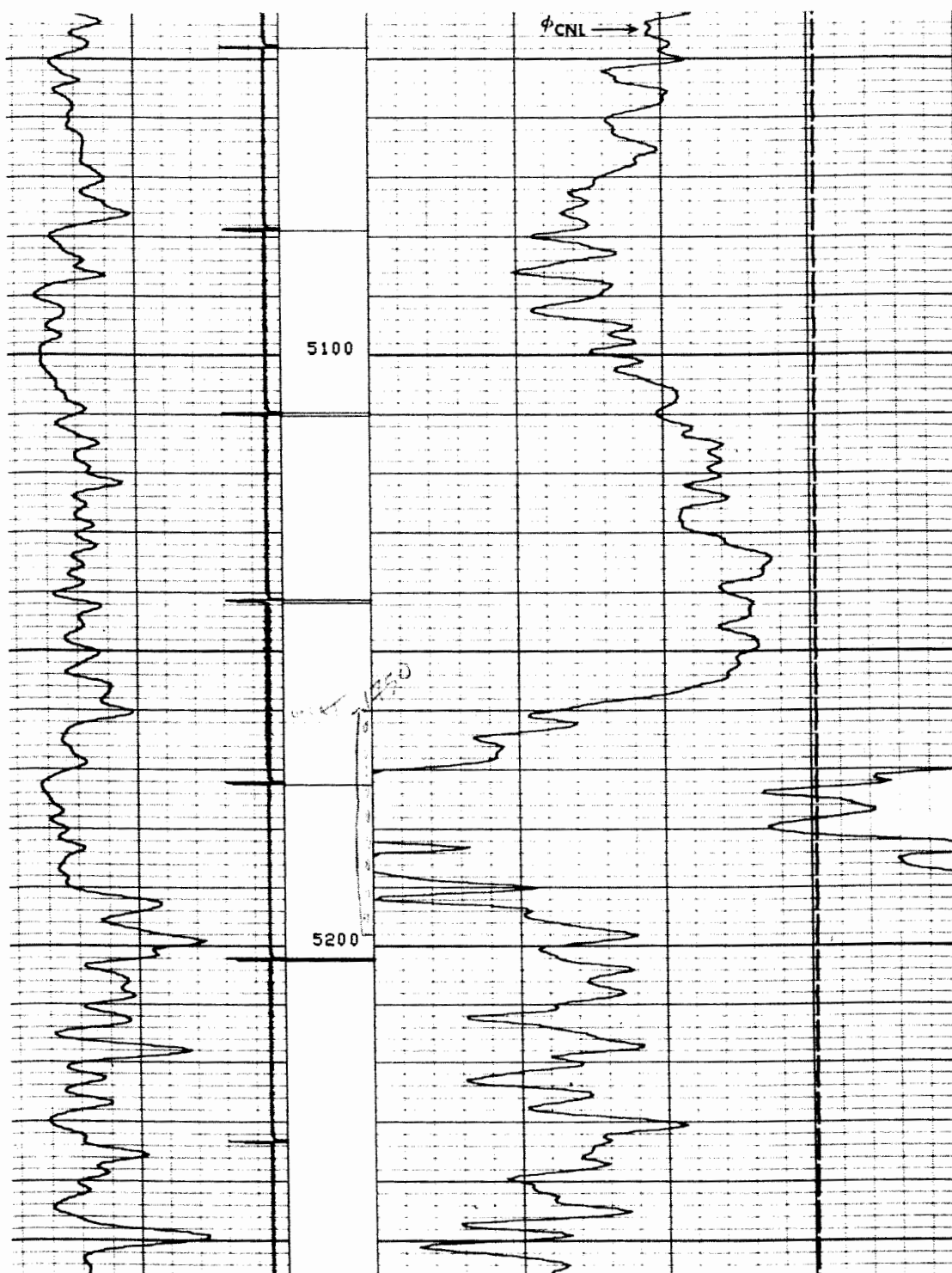
<u>Top</u> <u>(md)</u>	<u>Base</u> <u>(md)</u>	<u>Net</u> <u>(ft)</u>	<u>Avg.</u> <u>Porosity</u>	<u>Rt</u>	<u>Rw</u>	<u>Sw</u>	<u>Gas</u> <u>Effect</u>	<u>GR</u> <u>(API)</u>	<u>Additional Comments</u>
5266	5274	8	30%	15	.035	0.16	N/A	N/A	Higgins #2 (3002512147): DST describes GTS 5 minutes, 4280' oil & mud, IFP 525 #, FFP 1475 #
5187	5182	5	30%	41	.035	0.10	N/A	N/A	State P #3 (3002512181)

EXHIBITS

Wireline Logs:

Formation: Paddock

The image below is a cased-hole gamma ray and neutron log combination. The proposed perforations are penciled in the depth track.

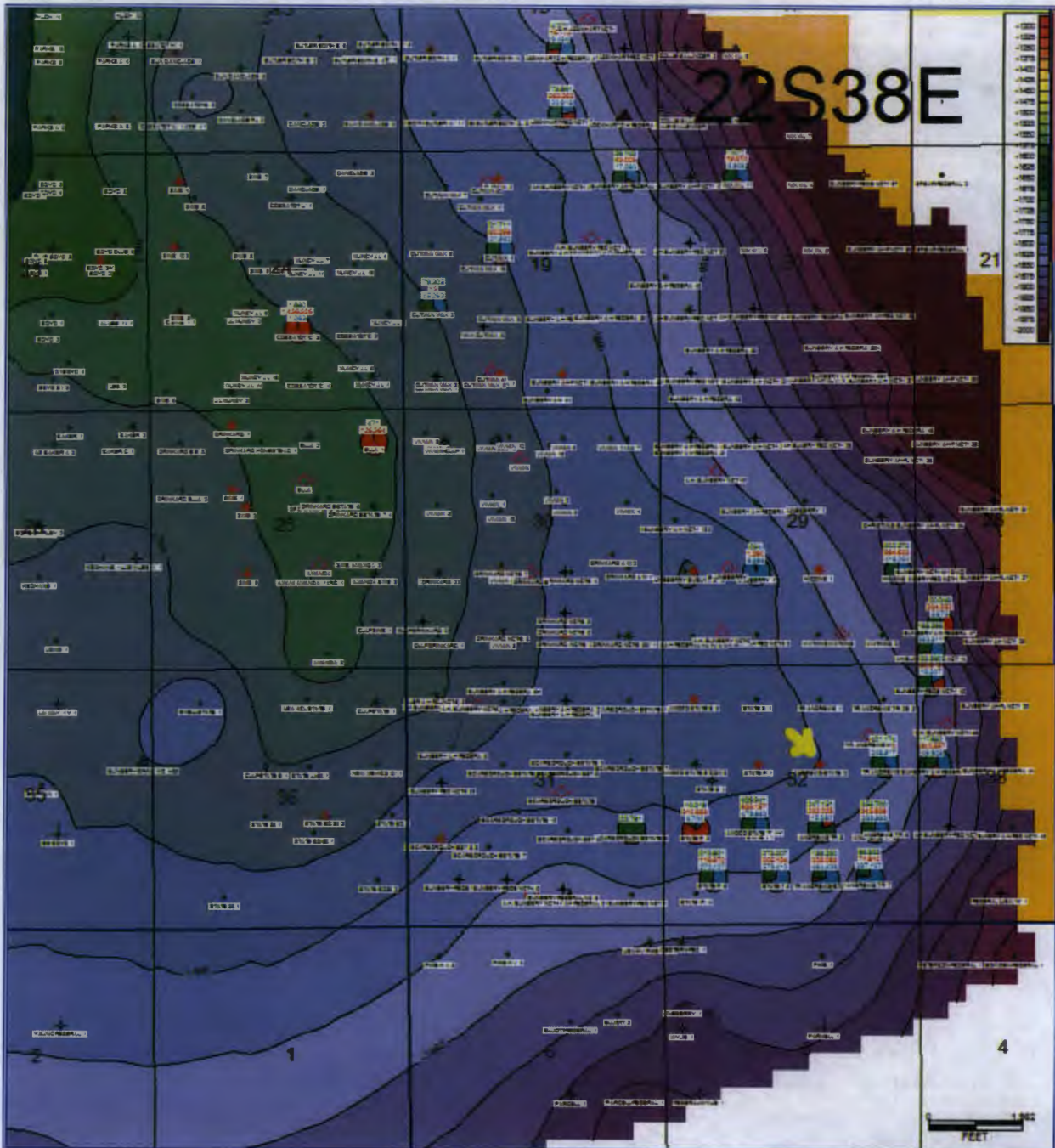


Structure Map:

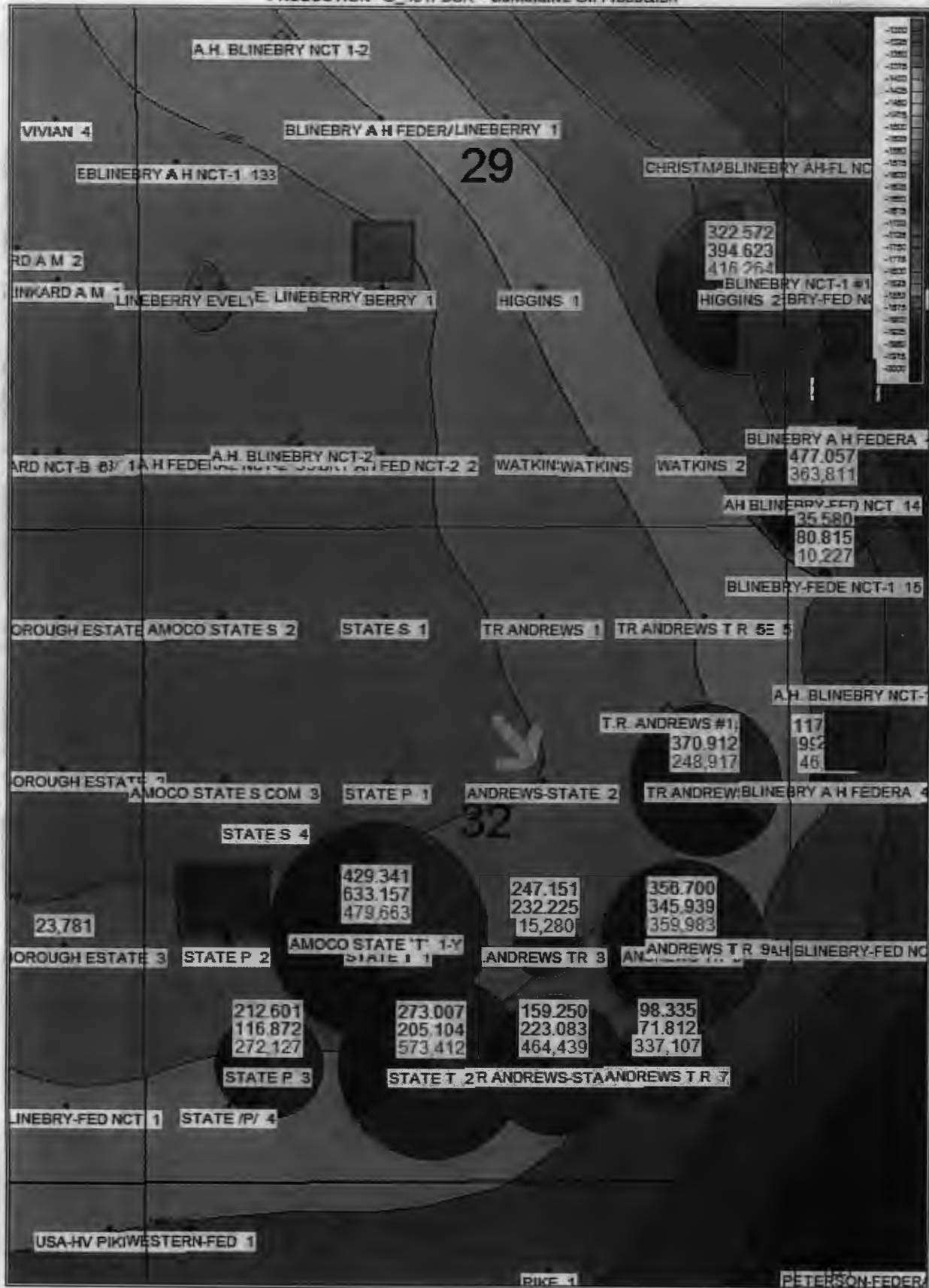
Structure: Paddock

CI 25'

The map below is drawn on the top of the Paddock and has pie charts to show production from the Paddock. The position of the subject well is noted by a yellow arrow. Note that the subject well is slightly updip from its offset producers.



The map below has pie charts and cumulative production from the Paddock. The subject well is noted with a yellow arrow. I have blocked out production data that did not come from the proposed interval.



WELL TITLE CLEARANCE

Title Clearance Request

TO: Gaby Garcia

PROPOSED OPERATION (New Drill & Re-completion):	Plug & Abandon the Blinebry and Recomplete to the Glorieta
DATE:	4/17/2014
WELL NAME AND API #:	T R Andrews #2 30-025-12183
CURRENT FIELD:	Blinebry Oil & Gas - Blinebry
PROPOSED FIELD:	Blinebry Oil & Gas - Paddock Glorieta
COUNTY, STATE	Lea, New Mexico
SURFACE LOCATION:	32-22S-38E 1980 FNL 1980 FEL N 32° 20' 59.6394", W -103° 4' 47.9994" (NAD27)
BOTTOM HOLE LOCATION:	---
DESIRED COMMENCEMENT DATE:	5/18/2014
PRESENT TD:	6,850'
TOTAL DEPTH:	6,994'
ESTIMATED DRILLING TIME:	8
CURRENT COMPLETION	5,580'-5,630' Blinebry
PROPOSED COMPLETION	5,100'- 5,250' Paddock Glorieta
SURFACE SUBJECT TO SOPA (New Dirt to be disturbed or Off Pad activity?):	Yes

Title clearance for the above described operation is requested by: Abdul Sule

Title Clearance Memorandum

Date: 04/30/2014

It is satisfactory from a Land standpoint to commence the proposed operation, as outlined above, subject to the matters hereinafter set forth.

1. You are proposing to plug and abandon the Blinebry formation (5,580'-5,630') and recomplete in the Glorieta formation (5,100'-5,250') at a surface location of 1,980 FNL and 1,980' FEL in Section 32, T-22-S, R-38-E, Lea County, New Mexico.

Leasehold

2. The T.R. Andrews #2 well is governed by the following oil and gas lease, which covers the E/2 of Section 32, T-22-S, R-38-E, Lea County, New Mexico.
 - a. State of New Mexico oil and gas lease #B-4467 dated 06/10/1935, no depth limitation. (QLS #318853)
3. Land records indicate this lease is beyond its primary term and is HBP by production from the E/2 of Section 32, T-22-S, R-38-E, as to all depths.

Note 2: Please ensure that production from this lease has been continuous and in paying quantities since initial production

Working Interest

4. Chevron U.S.A. Inc. owns 100% working interest as to the E/2 of Section 32, T-22-S, R-38-E resulting in an NRI of 87.5%.

Operating Agreement

5. No operating exists for this well; Chevron owns 100% working interest.

Surface Interest and Access

6. It is noted that the proposed operations will disturb "new dirt", and that the operation will not be confined to the existing location.

Note 3: Should your proposed operation disturb "new dirt" or require off-pad activity, Chevron must comply with the conservation measures of the Candidate Conservation Agreement with Assurances for the Lesser Prairie-Chicken and Sand Dune Lizard. Pauline Lee is responsible for the implementation of the conservation measures and should be contacted (432) 687-7310 with questions.

Note 4: Per Kevin Dickerson, Hollis Cox will be speaking with D.K. Boyd regarding our operations and access. At this point Kevin sees no issues moving forward so long as the pad cleanup does not unreasonably expand the existing area. Prior to entering the property please contact Kevin Dickerson.

7. Numerous prior easements and pipelines may be located in the E/2 of Section 32. Avoid interference with same when conducting your recompletion operation.
8. Unless you are accessing (road, pipeline, transmission line, etc.) this well by public road and staying within the legal description of the oil and gas lease as described above, you should provide Land with your access route for review.

Note 5: Please contact Kevin Dickerson prior to entering the property.

Gas Contract

9. Please contact the Commercial Department in order to determine if this lease is dedicated to an existing gas contract.

Regulatory

10. Prior to commencing the proposed operation on the subject premises, you must secure all permits and approvals that are required by any local, state or federal authority having jurisdiction.
11. All operations conducted on the subject premises should comply with the applicable rules and regulations promulgated by the NMOCD.
12. Should this well be recompleted as an oil well rather than a gas well, the rules and regulations for the (1) spacing unit, (2) location to the outer boundary of the spacing unit, and (3) location to the quarter-quarter section line or subdivision inner boundary may be different. A non-standard location permit may be required.

Legal

13. It is assumed there are no pending lawsuits, adverse claims, or other matters that will affect the proposed operation on the subject premises.

Limitations

14. This title clearance is limited to the operations set out above. Land Department approvals should be obtained prior to performing additional operations.

BY: Gabrielle Garcia

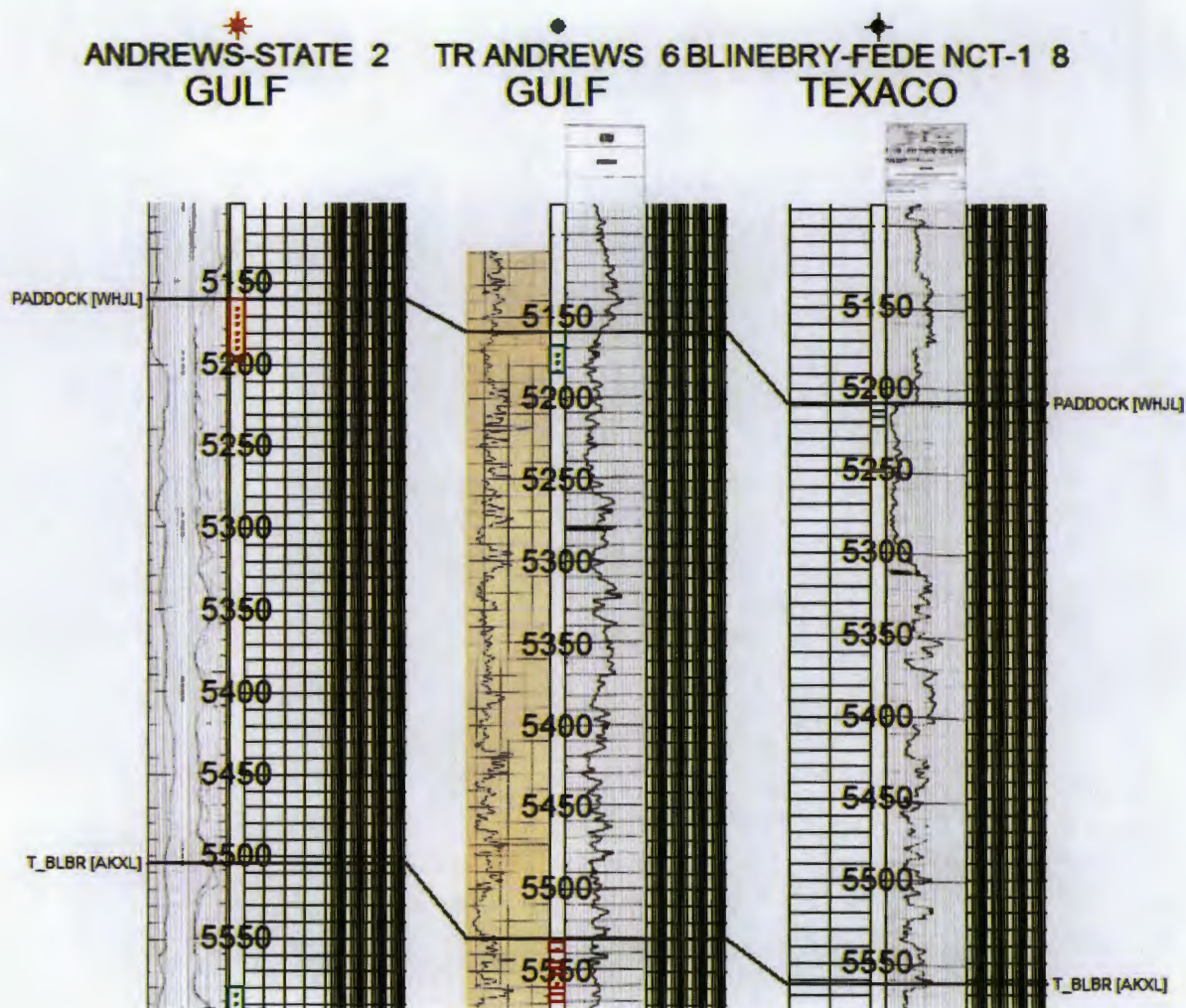
DATE: 04/28/2014

cc: Justin Fehr, Jeannie Powers, Danny Hunt, Malcolm Rowland, Warren Anderson, Jordan Huff, Alex Ferguson, Jesus Carbonell, Dee Hagy, Blain Floyd, Trudy Morris, Sue Heidelberg, Kevin Peters, Denise Pinkerton, Kevin McNally, Kevin Dickerson (QLS #318853)

Cross Section:

Structure: Paddock

Proposed perms in the subject well are pink in the depth track. Open perms are green in the offset producers. Note the proposed interval is slightly updip from offset producers.



Chevron U.S.A. Inc. Wellbore Diagram : TRANDREW2

Lease: OEU EUNICE FMT

Well No.: ANDREWS T R 2 2

Field: BLINEBRY OIL & GAS

Location: 1980FNL1980FEL

Sec.: N/A

Blk:

Survey: N/A

County: Lea **St.:** New Mexico

Refno: FB3127

API: 3002512183

Cost Center: UCU460400

Section: E038

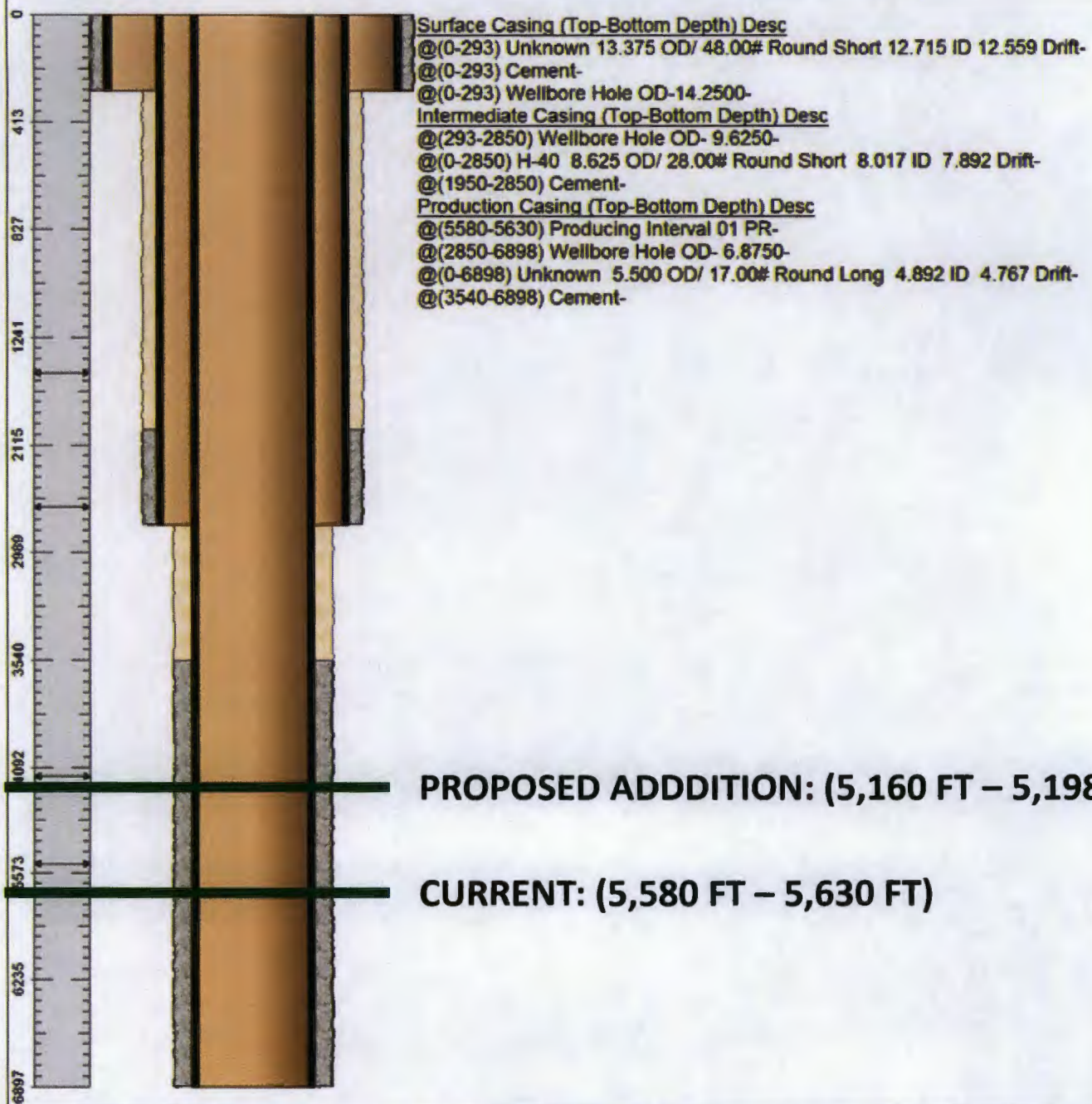
Township: 32 S

Range: S022 E

Current Status: ACTIVE

Dead Man Anchors Test Date: NONE

Directions:



Ground Elevation (MSL): 0.00

Spud Date: 02/05/1970

Compl. Date: 04/16/1970

Well Depth Datum: Kelly Bushing

Elevation (MSL): 0.00

Correction Factor: 0.00

Last Updated by: Migration

Date: 12/06/2005

RECORD OF DRILL-STEM AND SPECIAL TESTS

If drill-stem or other special tests or deviation surveys were made, submit report on separate sheet and attach hereto

TOOLS USED

Rotary tools were used from 0 feet to 5870 feet, and from _____ feet to _____ feet.
Cable tools were used from _____ feet to _____ feet, and from _____ feet to _____ feet.

PRODUCTION

Put to Producing 4-1- 63
OIL WELL: The production during the first 24 hours was 98 bbls barrels of liquid of which 78 was oil; _____ % was emulsion; 22 % water, and _____ % was sediment. A.P.I. Gravity 40.0

GAS WELL: The production during the first 24 hours was _____ M.C.F. plus _____ barrels of liquid Hydrocarbon. Shut in Pressure _____ lbs.

Length of Time Shut in _____

PLEASE INDICATE BELOW FORMATION TOPS (IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE):

Southeastern New Mexico

Northwestern New Mexico

T. Anhy. <u>1290</u>	T. Devonian. _____	T. Ojo Alamo. _____
T. Salt. _____	T. Silurian. _____	T. Kirtland-Fruitland. _____
B. Salt. _____	T. Montoya. _____	T. Farmington. _____
T. Yates. <u>2618</u>	T. Simpson. _____	T. Pictured Cliffs. _____
T. 7 Rivers. _____	T. McKee. _____	T. Menefee. _____
T. Queen. <u>3198</u>	T. Ellenburger. _____	T. Point Lookout. _____
T. Grayburg. _____	T. Gr. Wash. _____	T. Mancos. _____
T. San Andres. _____	T. Granite. _____	T. Dakota. _____
T. Glorieta. <u>5167</u>	T. _____	T. Morrison. _____
T. Drinkard. _____	T. _____	T. Penn. _____
T. Tubbs. _____	T. _____	T. _____
T. Abo. _____	T. _____	T. _____
T. Penn. _____	T. _____	T. _____
T. Miss. _____	T. _____	T. _____

FORMATION RECORD

From	To	Thickness in Feet	Formation	From	To	Thickness in Feet	Formation
0	332		Red Beds				4 hour DST #1, 5140' to 5185', 5/8" bot ok, 1" surface ok. GTS in 3 min. GV not measured. Rev out full string of oil. Rec 90' of salt water below cire sub. 30 min ISIP 1020#, IFP 220#, FT 1020#. 70 min ISIP 1020#, HP in 2700#, out 2690#.
	942		Red Bed & Shells				
	1260		Red Beds				
	1330		Red Beds & Anhy				
	3626		Anhy				
	5870		Lime				

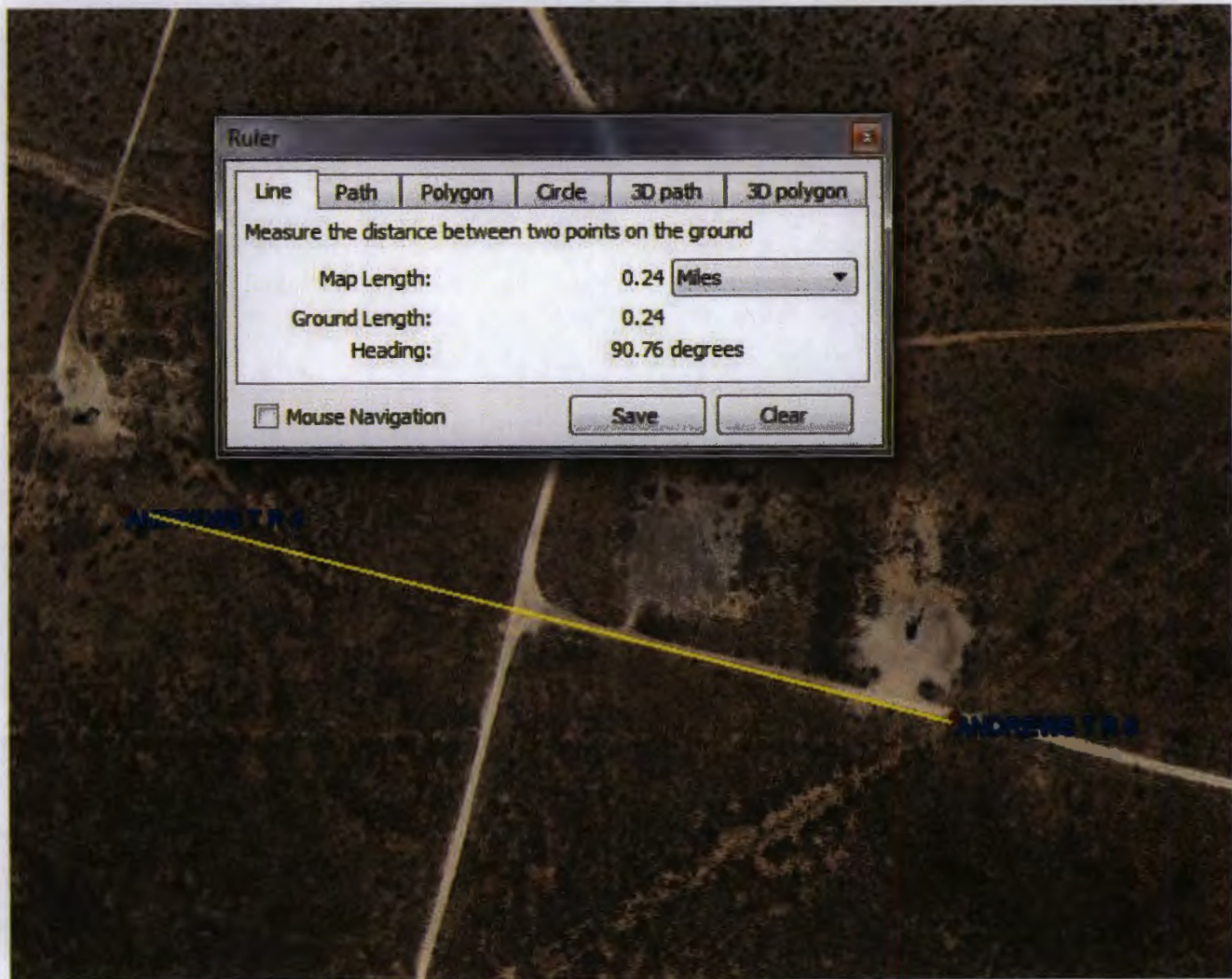
TR Andrews #2 DHC Application

OFFSET PRODUCER, TR ANDREWS #6 USED TO CALCULATE
ALLOCATIONS FOR DOWN HOLE COMMINGLING

Offset producer, TR ANDREWS #6

PRODUCED FROM **BLINEBRY** UNTIL 1969

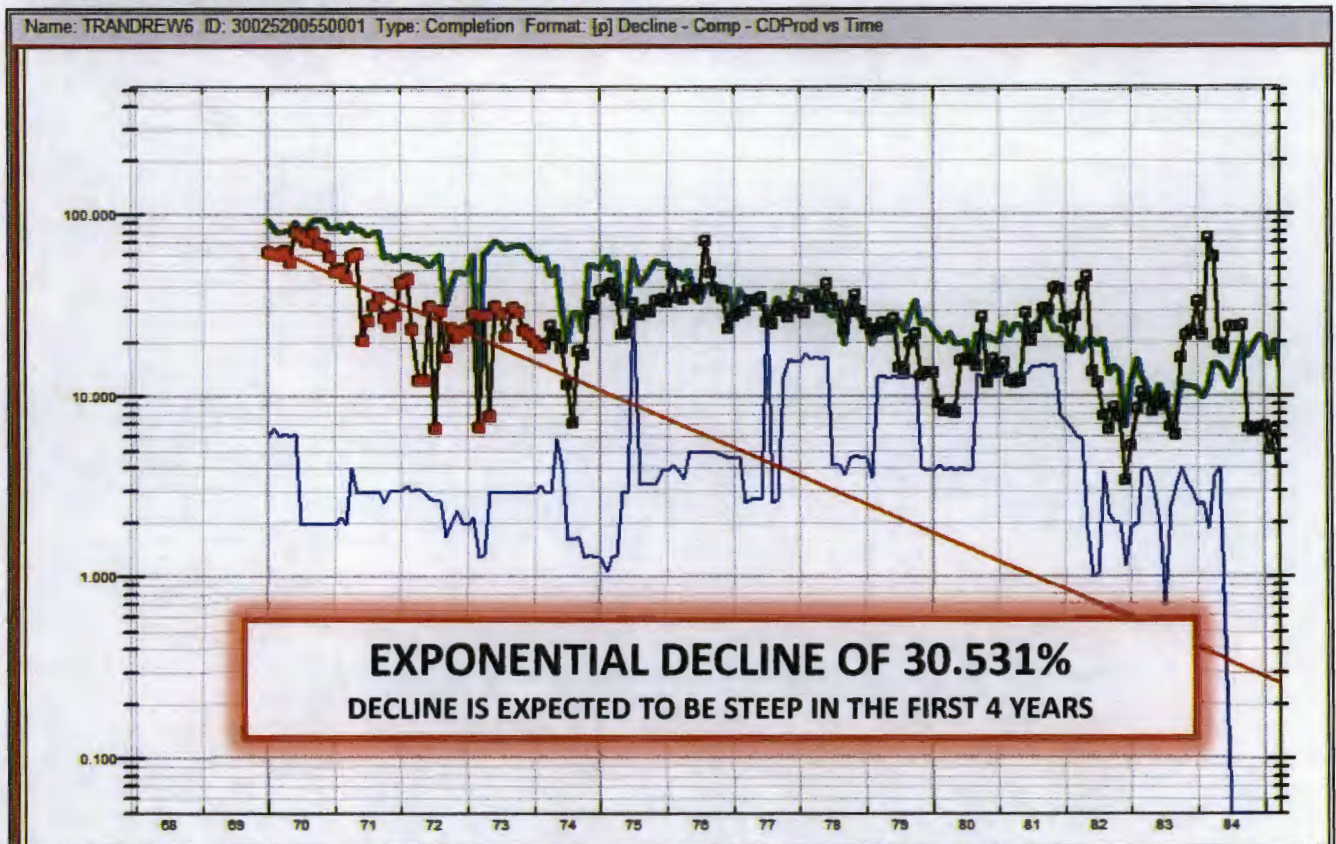
CURRENTLY PRODUCING FROM **PADDOCK**



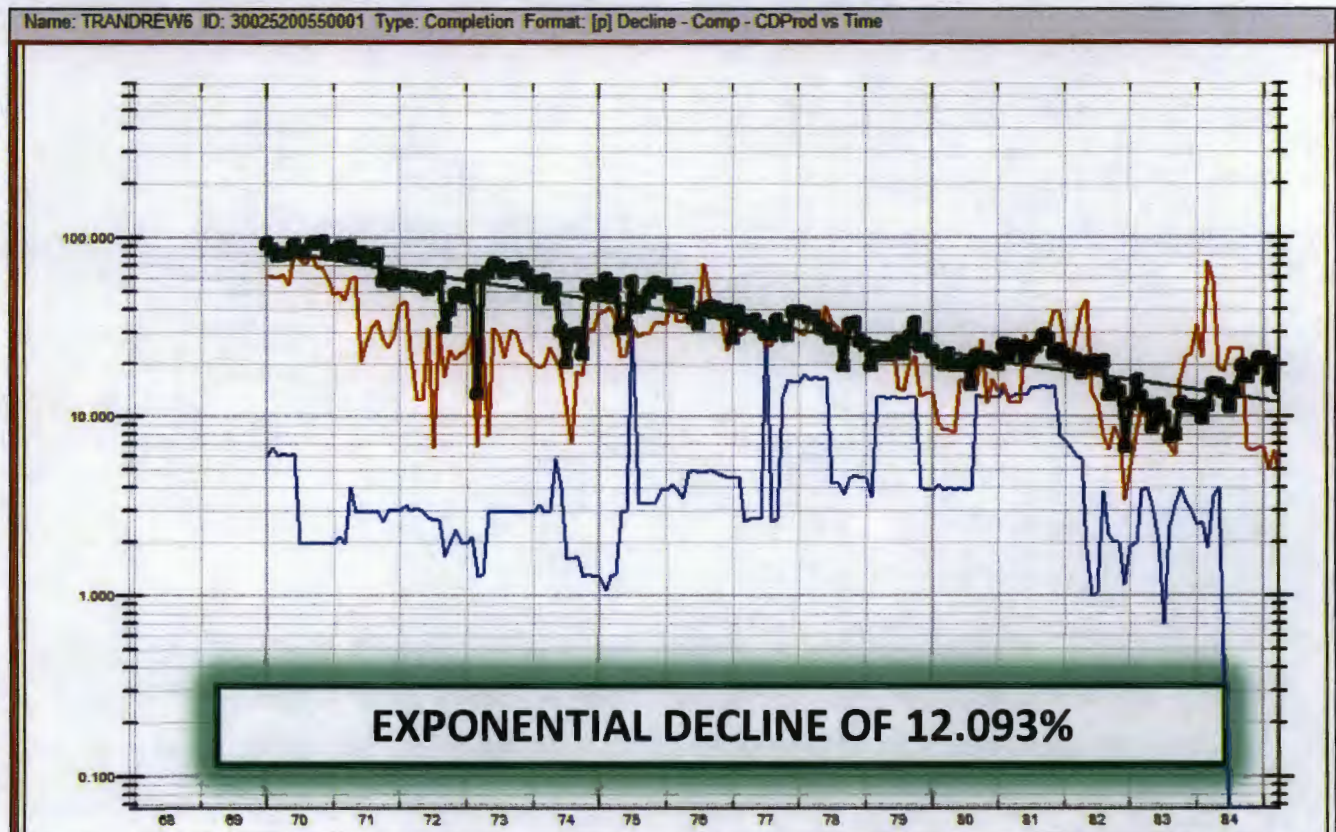
OFFSET INITIAL PRODUCTION:

TR ANDREWS #6: Paddock

GAS



OIL



Note: proposed initial production rate for the TR Andrews #2 in the Paddock POOL is significantly lower than offset producers IP due to pressure decline.

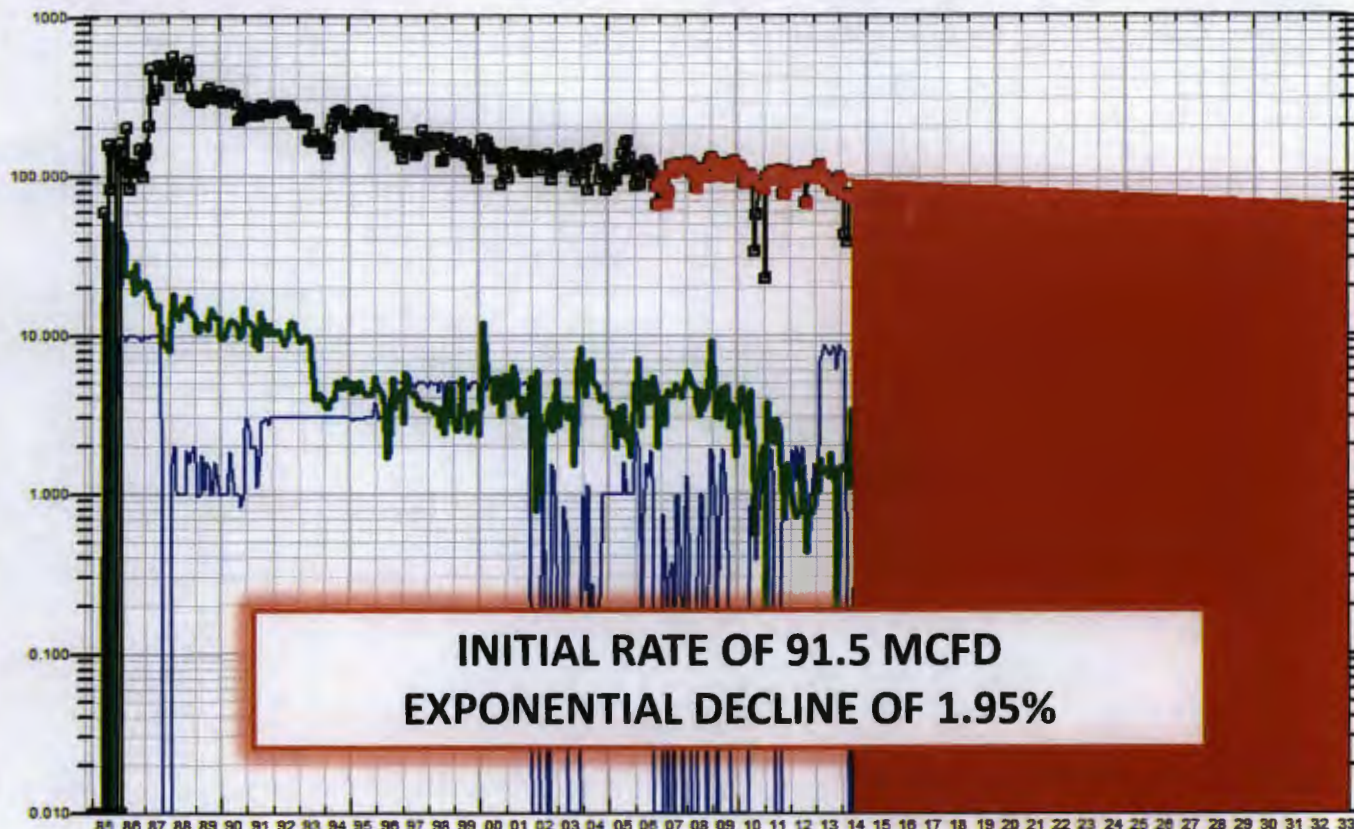
$$q = kh\Delta P / (141.2\mu B * \ln\left(\frac{r_e}{r_w}\right) + s)$$

FORECASTED PRODUCTION:

TR ANDREWS #2: BLINEBRY

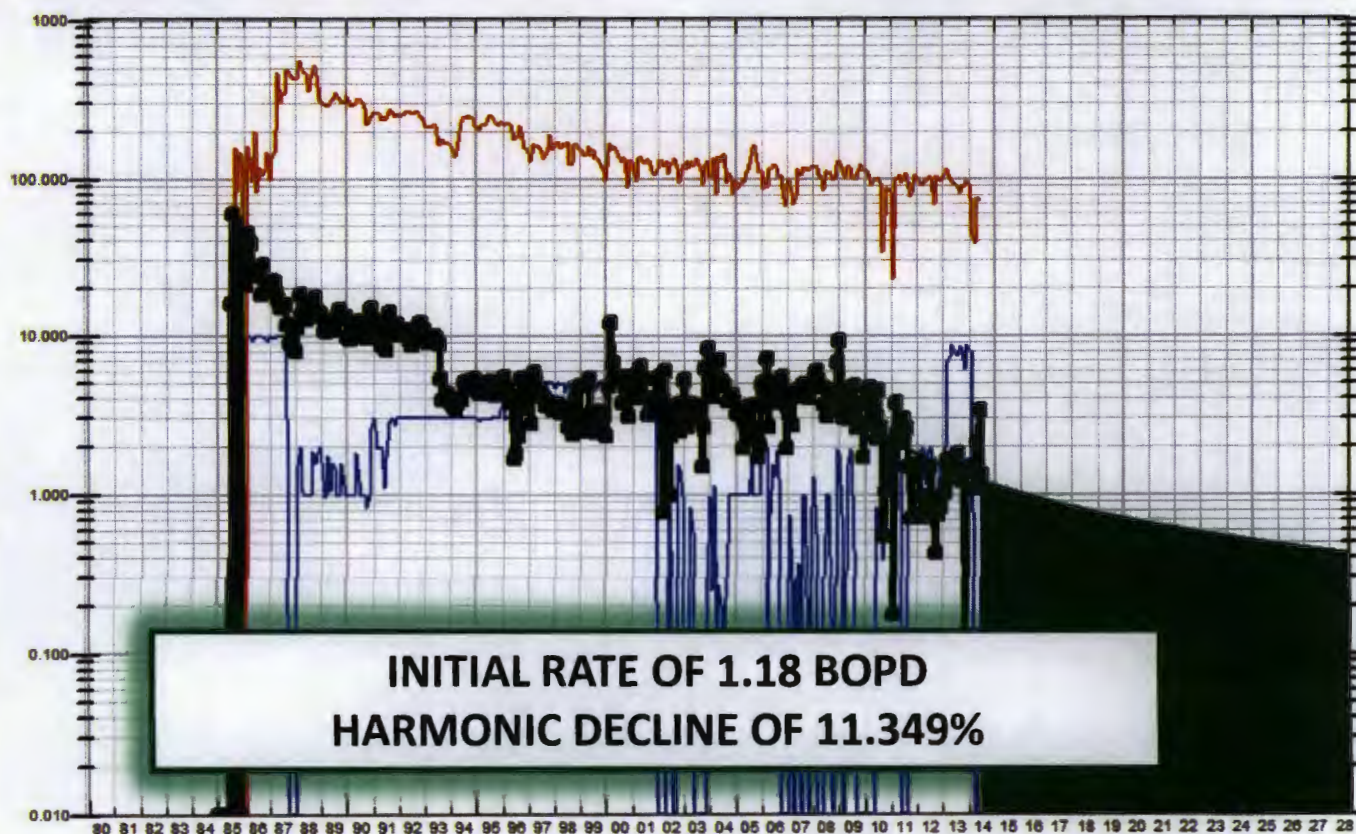
Name: TRANDREW2 ID: 30025121830001 Type: Completion Format: [p] Decline - Comp - CDPProd vs Time

GAS



Name: TRANDREW2 ID: 30025121830001 Type: Completion Format: [p] Decline - Comp - CDPProd vs Time

OIL

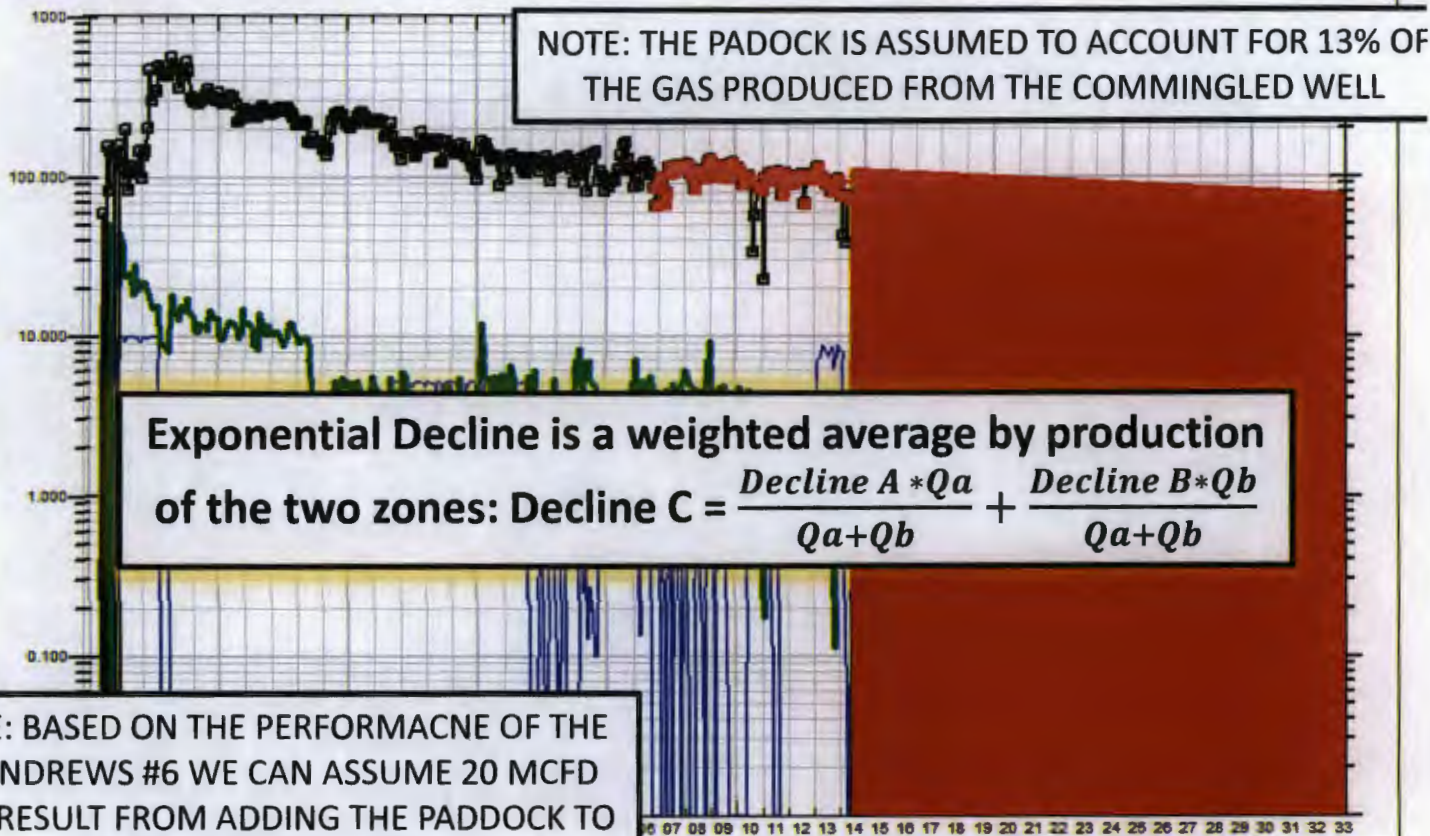


FORECASTED PRODUCTION:

TR ANDREWS #2: PADDOCK & BLINEBRY

Name: TRANDREW2 ID: 30025121830001 Type: Completion Format: [p] Decline - Comp - CDProd vs Time

GAS



NOTE: BASED ON THE PERFORMACNE OF THE TR ANDREWS #6 WE CAN ASSUME 20 MCFD WILL RESULT FROM ADDING THE PADDOCK TO THE TR ANDREWS #2

Name: TRANDREW2 ID: 30025121830001 Type: Completion Format: [p] Decline - Comp - CDProd vs Time

OIL

