# BEFORE THE OIL CONSERVATION DIVISION EXAMINER HEARING MAY 17, 2018

## CASE No. 16113 AND 16114

SD EA 18 19 FED COMP15 No. 17H, 18H, 19H AND 20H WELLS

## LEA COUNTY, NEW MEXICO



District | 1625 N. French Dr., Hobbs, NM 88240 Phone (575) 393-6161 Fax (575) 393 0720 District II 811 S. First St., Arresso, NM 85210 Phone (575) 748-1283 Fee (575) 748-9720 Distinct III 1000 Rim Brazos Road Artec, NM 87410 Phone (505) 334 6178 Fee (505) 334-6170 1220 S St Prane & Ur Sonta Fe NM 87505 Phone (505) 476 3460 Fax (505) 476-3462

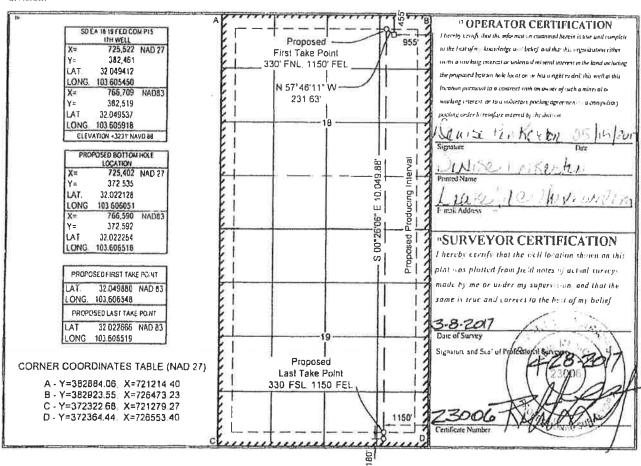
### State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505

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

■ AMENDED REPORT

			WELL LOCATI	ON AND	ACREAG	E DEDICA	TION PLAT	Γ	
70-02	* YY	089	Pool 0	9809	7 5A	NDERS	TANK	Ky W.P.Am	WC.
*Propert	717				roperty Name 19 FED COM				ell Number 17H
10GRI 437					perator Name ON U.S.A. IN	С			Flevation 3231'
	100			∘ Sur	face Locat	ion			
UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Λ	18	26 SOUTH	33 EAST, N.M.P.M.		455'	NORTH	955'	EAST	LEA
			" Bottom H	lole Locat	ion If Diffe	erent From S	Surface		
UL or lat no	Section	Township	Range	Loi (dn	Feet frum the	North/South line	Feet from the	East/West line	County
Р		26 SOUTH	33 EAST, N.M.P.M		180'	SOUTH	1150	EAST	LEA
12 Dedicated Ac	res l'Ion	light to I	*Consolidation Code	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



BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico Exhibit No. 1

Submitted by: Chevron NA Exp & Prod Co

Hearing Date: May 17, 2018

D synct 1
1635 N French Ur , Hobbs, NNI 1824
Phone (575) 393-0161 Fax (575) 393-072
Printel II
811 S Firm St. Artesia, NNI 8821 I
Phone (575) 748 1283 Fax (535) 748 9720
Printel III
1000 Rio Brazos Road, Actes, NNI 8741
Phine (505) 314 6178 Fax (505) 334 617
<u>D-strict IV</u>
1220 S St. Francis Dr. Santa Fe, NNI 87305
Phone (503) 476 3460 Fax (503) 476 3462

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

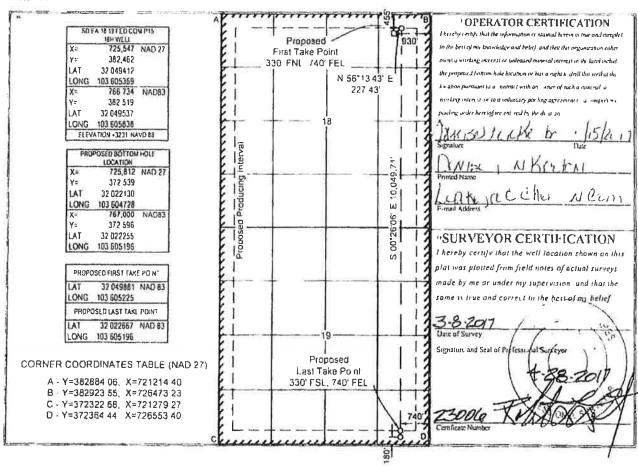
Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

### WELL LOCATION AND ACREAGE DEDICATION PLAT

			WELL LOCATION	OIA WIAD	ACKEAG	ID DEDICA	THINAL		
30-00	4- G	1090	Poul Co	9804	SAI	VAERS"	T'ANK	upau	10
319	1/7				roperty Name		, , , , ,	, ,	Well Number 1811
	ID No 23				perator Name ION U.S.A. IN	c			hlevation 3231'
				" Sur	face Locat	ion			
UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Leet from the	Fast/West line	County
Α	18	26 SOUTH	33 EAST, N.M.P.M.		455'	NORTH	430'	LAST	LLA
			Bottom He	ole Locat	ion If Diff	erent From S	Surface		
UL or lating	Section	Township	Rorge	Lot ldn	Leet from the	North/South line	Feet from the	Fast West line	County
P	19	26 SOUTH	33 LAST, N.M.P.M		180.	SOLTII	740'	1,451	LŁA
Dedicated A	eres "Joir	stor Infill	*Consolidation Cude 11 (	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.



Santa Fe, New Mexico
Exhibit No. 2

District 1
1025 N. French Dr., Hobbs, NM 88240
Phone (573) 373 6161 Fax (575) 393-0720
Phone (575) 733 6161 Fax (575) 793-0720
Phone (575) 748 1283 Fax (575) 748 9720
District III
1000 Rio Branos Road, Antec, NM 87410
Phone (505) 314-6178 Fax (505) 334 6170
District IV
1220 S. St. Francis Dr., Sertia Fe, NM 87503

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

Revised August 1, 2011
Submit one copy to appropriate
District Office

■ AMENDED REPORT

WELL	LOCATION	AND	ACREAGE	DEDICA:	TION DI	AT
WELL	LOCATION	AINU	AURCAGE	DEDICA	HUNEL	AΙ

			WELLS ECCHTI	ONTHIND					
30-0	'API Num 2-6-4	4167	<sup>1</sup> Pool C 9809		GAN	DERS TN	<b>VK</b> ' Pool Nan <del>S263327G</del> ; LIP	PER WOLFCAMP	,
4 Proper	ty Code	5		1 P	roperty Name			6 /	Well Number
319				SD EA 18	19 FED COM	P15			19H
	ID No.			'0	perator Nume				Flevation
43	23			CHEVE	RON U.S.A. IN	C.			3231'
				<sup>≈</sup> Sur	face Locat	ion			
UL or let no.	Section	Township	Range	Lot 1do	Feet from the	North/South line	Feet from the	East/West line	Count
A	18	26 SOUTH	33 EAST, N.M.P.M.		455'	NORTH	905'	EAST	LEA
			" Bottom H	lole Locat	ion If Diffe	erent From S	Surface		
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	Count
р	19	26 SOUTH	33 EAST, N.M.P.M.		180'	SOUTH	330'	EAST	LEA
15 Dedicated A	cres 13 Join	t or Intill	14 Consolidation Code 12	Order No					
320			1			50	5.00	38 3,70	

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

				-iv====		
16 A	,,,,,,,,,	,,,,,,,,	······	8	<b>B</b>	"OPERATOR CERTIFICATION
SOEA 18 19 FED COM PIS				5471	-	I hereby certify that the information contained herein is true and complete
19H WELL X= 725,572 NAD 27	K 1		77°18'18" E	~JIII	2	to the best of my knowledge and belief, and that this organization either
Y= 382,462	k i		588.43	905	1	awas a working interest or unleased mineral interest in the land including
LAT 32 049412	<b>F</b>			/	-2	the proposed bottom hale location or has a right to drill this well at this
LONG 103.605288	k		Propos		1	
X= 766,759 NAD83	r i		First Take		2	breation pursuant to a contract with an owner of such a mineral or
Y= 382,519	Ł!		330 FNL 3	30' FEL	1	working interest, or to a valuatory poeling agreement or a compulsiony
LAT 32.049537	F 1				1	pooling order herptafore entered by the division
LONG. 103.605757	-		8		1	My is a link a strong
ELEVATION +3231 NAVD 88	F i			1 1	1	MALSOU MARKELLI 05/15/2017
	K 15				1	Silputure \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \
PROPOSED BOTTOM HOLE LOCATION	Interval		- 42	ĵŋ.	1	Danies Dullar to
X= 726,222 NAD 27	<u>=</u>			9.5	1	DENIDE MATERIA
Y= 372.542	Proposed Producing			10,049.55		Printed Name
LAY. 32 022131	K lä	1		Ö.	1	Linking a Chevron Com
LONG. 103 603406	F 18			I ш	1	F-crail Address
X= 767,410 NAD83	, ja	(a)		ايو ا	1	Name of the second
Y= 372,599	<u> 8</u>				-4	
LAT 32.022256	l l g			00"26'06"	12	"SURVEYOR CERTIFICATION
LONG 103.503873	<u>, ιξ</u>			S	1	I hereby certify that the well location shown on this
	F i <sup>n</sup>			്	1	
PROPOSED FIRST TAKE POINT	K 1		1		1	plat was plotted from field notes of actual surveys
LAT. 32 049882 NAD 83	<b>/</b>				7	made by me or under my supervision, and that the
LONG 103 603901	K i	1	1	l i	1	same is true and correct to the best of my helief.
	<b>F</b>			1	1	
PROPOSED LAST TAKE POINT	K i			1 1	1	3-8-2017 RT L. LASTRA
LAT 32.022659 NAD 63	k I		1		1	Date of Survey
LONG 103.603873	i i		9		7	(0= / 1/1 1/2 / 1/2 /
	F !	1			1	Signature and Seal of Veolessional Surveyor: O
CORNER COORDINATES TABLE (NAD 27)		1			1	[ (23006) ]
1	k i		Proposed		1	1 4.78 pd171.
A - Y=382884.06, X=721214.40			ist Take Point	-	1	
B · Y=382923.55, X=726473.23	k. I		'FSL 330' FE		1	13000
C - Y=372322.68, X=721279.27	<b>6</b> 1	330	1	11	12	2200- 100
D - Y=372364 44, X=726553.40	Łi			330	1	Com NAMINANA
_	<u> </u>			十士子	36	Ceruficate Number
<u> </u>	eaceee	ereces	une	une	4	
•				81		

### BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. 3

Submitted by: Chevron NA Exp & Prod Co

Hearing Date: May 17, 2018

- 2	
1.5.411	
Dine II	
1:	
D Jil	
n a	(1
P*	15 511 -61
Α	
721	R. Sall Fe MATH Dr
-	0.5 1501 1 / 14 3

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

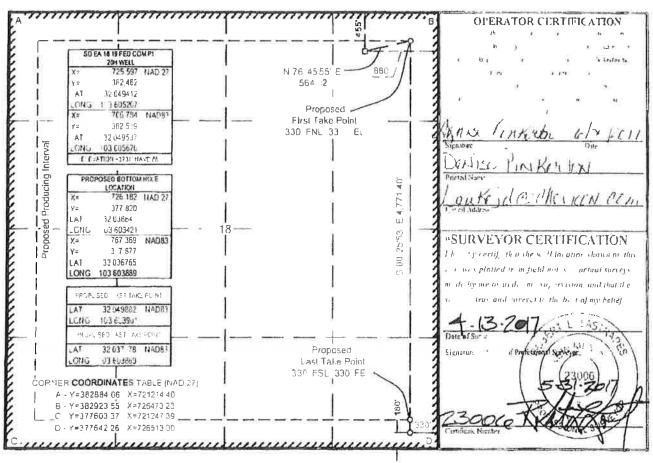
Form C-102 Revised August 1 2011 Submit one copy to appropriate District Office

☐ AMFNDFD REPORT

Surface Location n rg L'I ach n S clar T waship Frifi nie V rib South line fer in the Tall West in: ( minty 26 SOUTH 33 EAST, N.M.P.M. A 455 NORTH 880 LASI LĹA Bottom Hule Location If Different From Surface

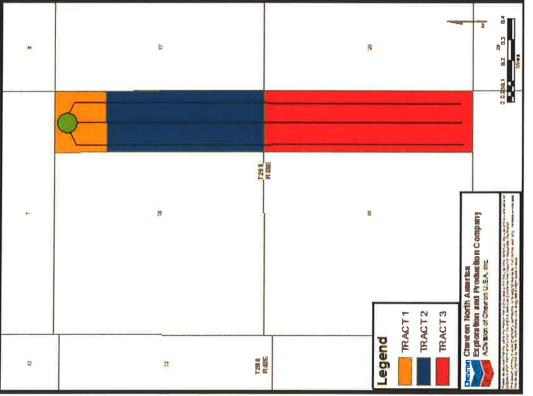
P IS 26 SOUTH THASE NMPM 180 SOUTH 317 FAST			100 FZ ZZ ZZ ZZ		I'm from te	11.00	B ιFε	Lour tap	2 10	L le ne
	I GA	[ AS ]	าเา	SOUTH	180		BLASENMPM	26 SOUTH	13	Ρ
Deducted Vol. 1   Thirt of I'll						Or 75	<sup>pa</sup> fes hrah dr 'd	or elfill	c t Tou	Dedic ted 1

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



# Case 11613: SD EA 18 19 FED COM P15 17,18 &19H

(Wolfcamp Wells)



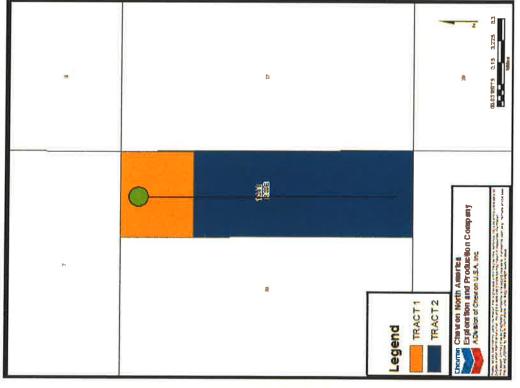


© 2018 Chevron

Santa Fe, New Mexico
Exhibit No. 5

# Case 16114: SD EA 18 19 FED COM P15 20H (Bone

Spring Well)





BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico Exhibit No. 6

### Notice List for SD EA 18 19 Fed Com 17H, 18H & 19H

### **Compulsory Pooled Parties**

**COG Operating LLC** 

One Concho Center

600 W Illinois Avenue

Midland, Texas 79701

AE&J Royalties, LLC

460 St. Michaels Drive

Sante Fe, New Mexico 87505

### Notice List for SD EA 18 19 Fed Com 17H

### Offset Operators for Compulsory Pooling and NSL

**BTA Oil Producers** 

104 S Pecos Street

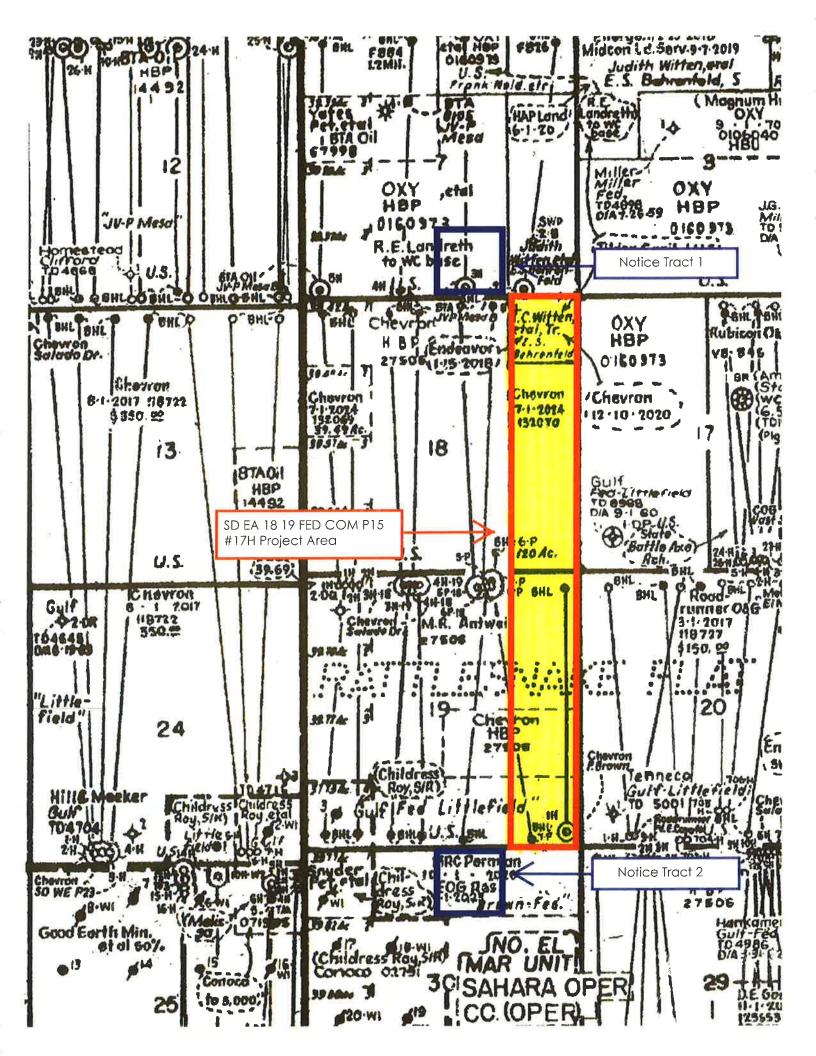
Midland, TX 79701

**MRC Permian** 

5400 LBJ Freeway, Suite 1500

Dallas, Texas 75240

Santa Fe, New Mexico
Exhibit No. 7



### Notice List for SD EA 18 19 Fed Com 20H

600 W Illinois Avenue
Midland, Texas 79701
AE&J Royalties, LLC
460 St. Michaels Drive
Sante Fe, New Mexico 87505
80
Offset Operators for Compulsory Pooling and NSL
BTA Oil Producers
104 S Pecos Street
Midland, TX 79701
OXY USA Inc.
5 Greenway Plaza
Houston, Texas 77046

**Compulsory Pooled Parties** 

**COG Operating LLC** 

**One Concho Center** 



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

January 29, 2018

RE:

Participation Proposal

SD EA 18 19 Fed Com P15 #17H SD EA 18 19 Fed Com P15 #18H SD EA 18 19 Fed Com P15 #19H Township 26 South, Range 32 East

Section 18: E/2 E/2 Section 19: E/2 E/2 Lea County, New Mexico

### Dear Interest Owner:

Chevron U.S.A. Inc. ("Chevron") hereby proposes to drill the SD EA 18 19 Fed Com P15 #17H well ("Well #1"), SD EA 18 19 Fed Com P15 #18H well ("Well #2"), and SD EA 18 19 Fed Com P15 #19H well ("Well #3") all Wolfcamp A wells, and all within the E/2 E/2 of Sections 18 and 19, Township 26 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: 455' FNL & 955' FEL Sec. 18 (Unit A) BHL: 180' FSL & 1150' FEL Sec. 19 (Unit P)

TVD: 12,523' MD: 23,000' Cost: \$11,514,383

### Well 2:

SHL: 455' FNL & 930' FEL Sec. 18 (Unit A) BHL: 180' FSL & 740' FEL Sec. 19 (Unit P)

TVD: 12,213' MD: 22,300' Cost: \$11,299,383

### Well 3:

SHL: 455' FNL & 905' FEL Sec. 18 (Unit A) BHL: 180' FSL & 330' FEL Sec. 19 (Unit P)

TVD: 12,533' MD: 23,000' Cost: \$11,514,383

### BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico
Exhibit No. 9

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

Chevron proposes drilled the wells under the terms of Form 610 -1989 Model Form Operating Agreement – a form of this JOA will be sent to you following this proposal. The JOA will have these general provisions:

- 100/300/300 non-consent penalty
- \$10,000/\$1000 drilling and producing rates
- Contract Area of the E/2 E/2 of Sections 18 & 19, T26S-R33E, Lea County, New Mexico, covering the Wolfcamp formation only.

Your interest under the proposed contract area is as follows (subject to change and title verification):

COG Operating LLC ~ 6.25%

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

Due to lease retention requirements, Chevron will submit an application for a Compulsory Pooling Order with the New Mexico Oil Conservation Division after 30 days of your receipt of this letter. This will allow Chevron to move forward with planning and drilling the subject well(s) while allowing time to properly execute a JOA amongst the parties and meet its lease retention obligations.

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

Shalyce Holmes
Land Representative

Enclosures

### SD EA 18/19 FED P15 17H, 18H and 19H Well Proposals

# SD EA 18 19 Fed Com P15 #17H elects to participate in the drilling, completion and equipping of the SD EA 18 19 Fed Com P15 #17H well. elects NOT to participate in the drilling, completion and equipping of the SD EA 18 19 Fed Com P15 #17H well. SD EA 18 19 Fed Com P15 #18H elects to participate in the drilling, completion and equipping of the SD EA 18 19 Fed Com P15 #18H well. elects NOT to participate in the drilling, completion and equipping of the SD EA 18 19 Fed Com P15 #18H well. SD EA 18 19 Fed Com P15 #19H elects to participate in the drilling, completion and equipping of the SD EA 18 19 Fed Com P15 #19H well. elects NOT to participate in the drilling, completion and equipping of the SD EA 18 19 Fed Com P15 #19H well. **COG Operating LLC** By: \_\_\_\_\_ Print Name: \_\_\_\_\_ Title: \_\_\_\_\_

Date: \_\_\_\_\_

Well Type Horizontal Objective WCA Drillship Nabors X Rig	Field Salado Draw Date 1/29/2018	Block T26S-R33E Estimated By Justin Blackburr Business Unit MCBU Coordinates Mud Line	1 3 J Y	on Request Well Name SD EA 18 19 P15 # Duration (days) 8.4 oint Venture 'es	171
Objective WCA Drillship Nabors X Rig	Date 1/29/2018	Estimated By Justin Blackburn Business Unit MCBU Coordinates Mud Line	1 3 3 Y X (ft)	Ouration (days) 18.4 Joint Venture ′es	H7H
WCA Drillship Nabors X Rig	1/29/2018	Justin Blackburr Business Unit MCBU Coordinates Mud Line	1 3 J Y X (ft)	8.4 Joint Venture 'es	
Drillship Nabors X Rig		Business Unit MCBU Coordinates Mud Line	1 3 J Y X (ft)	8.4 Joint Venture 'es	
Nabors X Rig	Code	MCBU Coordinates Mud Line	x (ft)	loint Venture 'es	
egory	Code	Coordinates Mud Line	x (ft)	'es	
egory	Code	Mud Line			
egory	Code	Mud Line		y (ft)	_
egory	Code	Dellam IIII	0	Ö	_
egory	Code	Bottom Hole	0	0	_
		Sub-co	de T	Amount (\$)	
	0		0		_
	7440		1	83	3,3
	6601		100		3,1
			300	7	0,8
			100		2.9
			300		0,9
				91	3,5
			100		-
	7190		110	3	9,6
	7190		500		0,5
	7230		100		6,7
lais					8,5
d & Marine				7	2,9
			500		-
			300	7	7,0
			4	250	3,0
				299	3,2
rear .			9		
terial			10		
			11		
			14		
			15		
			17		
	The state of the s		18		
			119		
	7440		20		
					75
			24	168	.03
	7440		25		
			21		7.
18.7		***************************************	23		
Party			200		
			500		
	7615		600		40
			Total	3,687,	000
zation		Share		Amount (\$)	
		6.25%		\$230,437.50	_
		6,	25%		-
	Approved	(Signature)	****		
					_
	lais d & Marine	7129 7190 7190 7190 7190 7190 7190 7190 719	7129 7190 7190 7190 7190 7190 7190 7230 7230 0 8 Marine 7340 7340 7440 7440 7440 7440 7440 7440	7129 100 7129 300 7190 21 7190 100 7190 100 7190 500 7190 500 7230 100 181s 7230 200 7340 300 7420 300 7420 300 7440 4 3 7440 6 7440 7 7440 10 7440 11 7440 11 7440 11 7440 15 7440 15 7440 15 7440 16 7440 17 7440 18 7440 19 7440 19 7440 20 7440 20 7440 20 7440 20 7440 20 7440 20 7440 20 7440 20 7440 20 7440 20 7440 20 7440 20 7440 20 7440 21 7440 25 7450 21 7450 23 1 Party 7450 200 76510 500 7615 600 Total	7000 300 7 7129 100 13 7129 300 1 7190 21 91 7190 100 7190 110 3 7190 500 2 7230 100 300 7230 100 300 7230 100 300 7230 100 300 7340 500 7 7440 500 7 7440 4 255 7440 6 296 7440 10 7 7440 11 7 7440 14 7 7440 15 7 7440 15 7 7440 15 7 7440 17 7440 18 7 7440 19 7 7440 19 7 7440 19 7 7440 19 7 7440 19 7 7440 19 7 7440 19 7 7440 19 7 7440 19 7 7440 19 7 7440 19 7 7440 19 7 7440 19 7 7440 18 7 7440 19 7 7440 19 7 7440 19 7 7440 19 7 7440 19 7 7440 20 7 7440 20 7 7440 21 31 7440 21 31 7440 22 18 7440 24 188 7440 25 7 7450 21 7 7450 23 1 Parly 7450 200 7 7650 500 14 Total 3,687,

SD EA 18 19 Fed Co	m P15#1/H	181-14	App	ropriat	ion Request	
Lea County New Mexico	Well Type	Field Salado Draw	Block		Well Name	
Lea Codinty, 14644 MICAICO	Horizontal Objective	Date	T26S-R33E		SD EA 18 19 P15 #17	
Salado Draw	WCA	1/29/2018	Estimated By		Duration (days)	
Est. Depth (ft MD)	Drillship	1/29/2010	Business Unit		33.86	
23.000'	N/A		MCBU		Joint Venture Yes	
Reason for Expenditur			Coordinates	V 1		
	•		Mud Line	× (		
Pad 15 17H Completion			Bottom Hole	0		
Cost Ca	tegony	Code	Sub-co		Amount (\$)	
Company Labor	gory	680		100		
Contract Project Supervision	7	700		300		
Fuel - Diesel/Motor Fuels		712	The state of the s	100	20,010	
Utilities - Other & Potable W	later	712	9	300		
Chemicals and Treating Age	ents	714		100	198,6	
Surface Lifting Equipment A	nd Materials	7150		100	100,01	
WCR - Well Pipe - Tubing U	nder 2" OD	719		20		
WCR - Well Pipe - Tubing 2	OD and Over	7190		21	52,59	
WCR - Well Pipe Casing		7190		22	72,0	
Well Equipment And Materia	115	7190		100	48,69	
Wellheads		7190		110	82,75	
Engineering Services (Not D		7190		120		
Materials, Supply, Repair Pa	arts	7190		500		
Surface Equipment Rentals		7230		100	370,08	
Well Service Equipment Rer		7230		200	87.16	
Manne Transportation - Allo	cated	7320		200		
Other Land Transportation S	iervices - Not Rail	7340		300		
ATC - Air Transportation		7340		400		
Solid Waste Disposal		7420		300		
Wasta Water Disposal		7420		600		
WCR - Rig Daywork		7440	And the second s	1	9,99	
Drilling Fluids	12	7440		6	1,014,66	
NCR - Directional Survey Ar		7440	the state of the s			
WCR - Drill String Rentals & WCR - Coll Tubing	BRS	7440		7	47,28	
Stim/Gravel Pack Service (N	THE PARTY OF THE P	7440		9	96,72	
NCR - Pumping Services	ot materials)	7440		10	4,191,97	
NCR - Equipment Lost In Ho	la .	7440		11	13,14	
NCR - Perforating & Electric		7440 7440		13		
NCR - Slickline Services	Line dervices	7440		14	252,97	
NCR - Coring		7440		15		
NCR - Testing		7440		17		
NCR - Logging Wireline		7440		18		
VCR - LWD (Logging while I	Orilling)	7440		19	14,60	
VCR - Logging Mud	0 mm/81	7440		20		
VCR - Cement & Cementing		7440		21		
ishing Services And Tools		7440		25		
ech Services: CPTC, CRTC	PRC & 3rd Phy	7450		200		
IES Permit Costs & Fees	20010	7510		500	V-10-10-10-10-10-10-10-10-10-10-10-10-10-	
oill Prevention		7510		503		
Other Professional Services &	R Fees	7559		200		
ommunications - Radio		7815		500		
ommunications - Telephone	- CITC	7615		600		
ther Communications - 3rd		7620		300		
MANIEL MA		, 52,0		Total	6,601,000	
				. Jean	0,001,000	
articipation & Author	rization		Share		Amount (\$)	
COG Operating LL			6.25%		\$412,562.65	
				25 %		
pproved (Print Name)		Approve	d (Signature)			
			-			

FIELD:	Jennings; Upper Avalon
WELL NAME:	SD WE 18 FED P15 #17H

Description	\$USD
Battery Total:	2,811,600
Contract Project Supervision	100,000
Contract Labor - Reg/Roustabout	400,000
FCR - Instruments & Electrical	900,000
Pipe, Valves & Fittings	40000
FCR - Pressure Vessels	1,200,000
Sales Tax	171,600
Outside Battery Limits Total:	3,320,319
Fabrication & As-built drawings	10,000
Land & Lease Costs	60,000
Company Project Supervision	100,000
Contract Project Supervision	100,000
Utilities - Other/Water	459,000
Site Work/Roads/Location	949,000
Materials, Supply, Repair Parts	150,000
Contract Labor-Reg/Roustabout	212,494
Pipe, Valves & Fittings	584,177
Pipe - Line (Size 2" and over)	295,000
FCR - Instruments & Electrical	198,000
Sales Tax	202,649
TOTAL C	OST 6,131,919

per well cost: \$1,532,980

Participation & Authorization

Share

Amount-

COG Operating LLC Approved (Print Name)

6.250000% \$

95,811.24

Approved (Signature)

SD EA 18 19 Fed Co	Well Type	Field	Plack	DIODITAL	ion Requ	
Lea County, New Mexico	Horizontal	Salado Draw	Block		Well Nam	
The County, Mew Mexico	Objective	Date	T26S-R33E			19 P15 #18
Salado Draw	WCA	1/29/2018	Estimated By Justin Blackbur	n	Duration (	days)
Est. Depth (ft MD)	Drillship	112312010	Business Unit		35	huna.
22,300	Nabors X Rig		MCBU		Joint Vent Yes	ture
Reason for Expenditur	e		Coordinates	x (f	1	11 (4)
			Mud Line	0	V	y (ft) 0
Pad 15 18H Drilling			Bottom Hole	0		0
Cost Ca	tegory	Code	Sub-co		Ame	ount (\$)
Company Drilling Equipmen	ıt		0	0	- Allis	vante (4)
Rig Work		74	10	1		791,
Company Labor		660	01	100		250.
Contract Project Supervisio	n	700	00	300		67,
Fuel Diesal		713		100		125,
Utilities / Potable Water		712		300		10.
Casing (tangible)		719		21		785,
Well Equipment & Materials		719		100		
Wellheads (tangible)		719		110		40,
Materials, Parts, & Supply		719		500		20,
Surface Equipment Rentals		723		100		291,
Well Service Equipment Re		723		200		125.
Transportation Services, La	nd & Marine	734		300		58,6
Transportation Air		734				
Solid Waste Disposal Drilling Fluids		742	-			78,5
		744				241
Directional Survey & Services Drill-Pipe Rental & Bits		744	The state of the s			286,4
Coll Tubing		744		7		125,8
Stimulation / Gravel Pack M.	atorial	744	-	9		
Pumping Services	aterial	744	and the same of th	10		
Perforating		744	and the same of th	11		
Slickline Services		744		14		
Coring		744 744		15		
Testing		744		17		
ogging Wireline		744		18		
ogging While Driffing (LWD)	The same of the sa	744		19 20		
ogging Mud		744		21		00.0
ementing		744		24		29,9
ishing Services & Tools		744		25		127,6
Sitework / Locations		745		21	-	
Aobilization		745		23		
ech Services, Affiliates, & 3	rd Party	745		200		
IES, Permits, & Fees		7510		500		
ommunications Telephone		761		600		13,7
				Total		3,472,00
						7
articipation & Autho	rization		Share		Amou	int (\$)
COG Operating LLC			6.25%		\$217,	000.00
				.25 %		-
pproved (Print Name)		Approve	d (Signature)			
			d.			
ompany Confidential		Date				

			Total	6,601.000	
www. watermanningtham. of C	g g g	7620	300 Tota!	6,601,000	
ther Communications - 3rd	AN INC.	The second secon	The state of the s	9	
ommunications - Telephone	- CITC	7615	600	(	
ommunications - Radio		7615	500		
ther Professional Services I	& Fees	7559	200		
pill Prevention		7510	503		
ES Permit Costs & Fees	old Liy	7510	500		
ech Services: CPTC, CRTC	PRC & Std Phy	7450	200		
ishing Services And Tools		7440	29		
VCR - Coment & Cementing		7440	24		
VCR - Logging Mud	er minist)	7440	21	The second secon	
VCR - LWD (Logging while I	Drilling)	7440	19		
VCR - Logging Wireline		7440	18		
NCR - Testing		7440	17		
ACR - Coring		7440 7440	15		
NCR - Perforating & Electric NCR - Slickline Services	LINE Services	7440	14	And the same of th	
WCR - Equipment Lost in Hole WCR - Perforating & Electric Line Services		7440	13		
VCR - Pumping Services		7440	11		
WCP - Rumping Socient		7440	10		
NCR - Coll Tubing Stim/Gravel Pack Service (Not Materials)		7440		The state of the s	
NCR - Drill String Rentals & NCR - Coll Tubing	BILS	7440		11,00	
WCR - Directional Survey And Service Costs		7440			
irilling Fluids		7440			
NCR - Rig Daywork		7440			
	/aste Water Disposal		600		
Solid Waste Disposal		7420 7420	300		
ATC - Air Transportation		7340	401		
Other Land Transportation 9	Services - Not Rail	7340	300		
Marine Transportation - Allo	cated	7320	20		
Well Service Egulpment Rer		7230		And the same of th	
Surface Equipment Rentals		7230			
Materials, Supply, Repair Pa	arts	7190	50		
Engineering Services (Not D	Orilling)	7190			
Weliheads		7190	11	7970	
Well Equipment And Materia	3.5	7190	10		
WCR - Well Pipe Casing		7190	2		
WCR - Well Pipe - Tubing 2	" OD and Over	7190	2		
WCR - Well Pipe - Tubing U	Inder 2" OD	7190			
Surface Lifting Equipment A	and Materials	7150		10010	
Chemicals and Treating Age	ents	7140			
Utilities - Other & Potable V	Vater	7129			
Fuel - Diesel/Motor Fuels		7129		and the same of th	
Contract Project Supervisio	n	7000	14	40,7	
Company Labor	redolA	Code 6601	Sub-code	Amount (\$)	
Cost Ca	tonony	Cado		0	
Pad 15 18H Completion				0	
	9			(ft) y (ft)	
Reason for Expenditur	N/A		MCBU	Yes	
22,300'	Drillship		Business Unit	Joint Venture	
Est. Depth (ft MD)	WCA	1/29/2018	Justin Blackburn	33.88	
Salado Draw	Objective	Date	Estimated By	Duration (days)	
Lea County, New Mexico	TIONZONIA GGIGGO DIGIT		T28S-R33E	SD EA 18 19 P15 #181	
Lea County, New Mexico			Block	Well Name	

FIELD:	Jennings; Upper Avalon
WELL NAME:	SD WE 18 FED P15# \8H

Description	\$USD
Battery Total:	2,811,600
Contract Project Supervision	100,000
Contract Labor - Reg/Roustabout	400,000
FCR - Instruments & Electrical	900,000
Pipe, Valves & Fittings	40000
FCR - Pressure Vessels	1,200,000
Sales Tax	171,600
Outside Battery Limits Total:	3,320,319
Fabrication & As-built drawings	10,000
Land & Lease Costs	60,000
Company Project Supervision	100,000
Contract Project Supervision	100,000
Utilities - Other/Water	459,000
Site Work/Roads/Location	949,000
Materials, Supply, Repair Parts	150,000
Contract Labor-Reg/Roustabout	212,494
Pipe, Valves & Fittings	584,177
Pipe - Line (Size 2" and over)	295,000
FCR - Instruments & Electrical	198,000
Sales Tax	202,649
TOTAL CO	OST 6,131,919

per well cost: \$1,532,980

Participation & Authorization

Share

Amount

COG Operating LLC

6.250000% \$

95,811.24

Approved (Print Name)

Approved (Signature)

Well Type Horizontal Objective WCA Drillship Nabors X Rig	Field Salado Draw Date 1/29/2018	Block T26S-R33E Estimated By Justin Blackbur Business Unit MCBU Coordinates Mud Line		Well Na SD EA 1	me 8 19 P15 #19H n (days)
Objective WGA Drillship Nabors X Rig	<b>Date</b> 1/29/2018	Estimated By Justin Blackbur Business Unit MCBU Coordinates		Duration 38,4 Joint Ve	n (days)
WGA Drillship Nabors X Rig	1/29/2018	Justin Blackbur Business Unit MCBU Coordinates		38,4 Joint Ve	
Drillship Nabors X Rig		Business Unit MCBU Coordinates		Joint Ve	-Auro
Nabors X Rig		MCBU Coordinates			man a shape
egory		Coordinates	1.7	Vac	mure
egory	Code				
tegory i	Code	Mud Line	x (	t)	y (ft)
egory	Code		0		0
i		Bollom Hole	0		0
	Code	Sub-co		An	nount (\$)
	7440		0		-
	8601		100		833,3
	7000		300	-	263,1
				-	70,8
				-	132,9
				-	10,9
				-	913,5
					20.0
			-114	-	39,66
				-	20,5
tals					306,70
					178,5
17.W1 11.110					72.9
Transportation Air Solid Waste Disposal					777 0
					77,08
Orilling Fluids Directional Survey & Services				-	253,06
Drill-Pipe Rental & Bits					299,23
Coll Tubing				-	
Stimulation / Gravel Pack Material					
Pumping Services				-	
Perforating		True de la constitución de la co			
Slickline Services				-	
					31,79
					168,03
W-1011-01-01-01-01-01-01-01-01-01-01-01-0					
d Party				-	
				14,40	
	7010				3,687,000
			Jour		3,007,000
zation		Share		Am	ount (\$)
		6.25%		\$230	0,437.50
		6	.25%		
	Approved	(Signature)			
	tals d & Marine s terial d Party	7129 7190 7190 7190 7190 7190 7190 7190 719	7129 7190 7190 7190 7190 7190 7190 7190 719	7129   100 7129   300 7130   21 7190   100 7190   500 7190   500 7190   500 7230   100 7230   200 d & Marine   7340   300 7420   300 7420   300 7440   4  \$   7440   6  7440   70    7440   10    7440   11    7440   15    7440   16    7440   16    7440   16    7440   18    7440   19    7440   19    7440   20    7440   21    7440   21    7440   24    7440   25    7450   21    7450   23    d Party   7450   200   7510   500   7615   600   Total     Ization   Share     6.25%   6.26%	7129 100 7129 300 7130 27 7190 100 7190 100 7190 500 7190 500 7230 100 7230 200 d & Marine 7340 300 7440 500 7440 4 5 7440 6 7440 10 7440 11 7440 15 7440 15 7440 15 7440 15 7440 15 7440 15 7440 15 7440 15 7440 15 7440 15 7440 15 7440 15 7440 15 7440 15 7440 15 7440 15 7440 15 7440 16 7440 17 7440 18 7440 20 7440 21 7440 20 7440 21 7440 21 7440 21 7440 21 7440 25 7450 23 d Party 7450 200 7615 600 7615 600 7615 600 7615 600 7615 600 7615 600 7615 600 7615 600 7615 600 7615 600 7615 600 7615 600 7615 600 7615 600 7615 600 7625%

SD EA 18 19 Fed Co			Appropriat	ion Request	
	Well Type	Field	Block	Well Name	
Lea County, New Mexico	Horizontal	Salado Draw	T26S-R33E	SD EA 18 19 P15 #19	
	Objective	Date	Estimated By	Duration (days)	
Salado Draw	WCA	1/29/2018	Justin Blackburn	33,86	
Est. Depth (ft MD)	Drillship	1120/2010	Business Unit	Joint Venture	
23,000'	N/A		MCBU		
Reason for Expenditu				Yes	
	10		Coordinates x (		
Pad 15 19H Completion			Mud Line 0		
	,		Bottom Hole 0	The second secon	
Cost Ca	itegory	Code	Sub-code	Amount (\$)	
Company Labor		6601	100	89.	
Contract Project Supervision	ΙΠ	7000	300		
Fuel - Diesel/Motor Fuels		7129	100		
Utilities - Other & Potable V	Vater	7129	300		
Chemicals and Treating Agents		7140			
Surface Lifting Equipment And Materials		7150			
WCR - Well Pipe - Tubing I		7190		Accessed to the second	
WCR - Well Pipe - Tubing 2		7190			
WCR - Well Pipe Casing	CO and Over				
Well Equipment And Materi	ata .	7190			
	d/5	7190		48.	
Wellheads		7190		82.	
Engineering Services (Not I		7190			
Materials, Supply, Repair P		7190			
Surface Equipment Rentals		7230	100	370.	
Well Service Equipment Re	ntals	7230	200	87.	
Viarine Transportation - Allo	cated	7320		81,	
Other Land Transportation :	Services - Not Rail	7340			
ATC - Air Transportation	esci (Deser - 1901 I Vall	7340	The state of the s		
Solid Waste Disposal					
		7420			
Waste Water Disposal		7420			
WCR - Rig Daywork		7440	1	9,5	
Orilling Fluids		7440	4	1,014,6	
NCR - Directional Survey And Service Costs		7440	6		
MCR - Drill String Rentals & Bits		7440	7	47.3	
WCR - Coil Tubing		7440	9	96,7	
dim/Gravel Pack Service (N	lot Materials)	7440	10		
WCR - Pumping Services		7440	11	4,191,9	
WCR - Equipment Lost In Hole		7440		13,1	
WCR - Equipment Lost in Hole WCR - Perforating & Electric Line Services			13		
	Little Del VICes	7440	14	252,9	
VCR - Slickline Services		7440	15	The state of the s	
VCR - Coring		7440	17		
VCR - Testing		7440	18		
VCR - Logging Wireline		7440	19	14.6	
VCR - LWO (Logging while	Drilling)	7440	20	17.0	
VCR - Logging Mud		7440	21		
VCR - Cement & Cementing		7440	24		
ishing Services And Tools		7440			
ech Services: CPTC, CRTC	PRC & 3rd Div		25		
ES Permit Costs & Fees	, FRG & Std Pty	7450	200		
		7510	500		
pill Prevention		7510	503		
ther Professional Services	& Faes	7559	200		
ommunications - Radio		7615	500		
ommunications - Telephone	e - CITC	7815	600		
ther Communications - 3rd	Party	7620	300		
			Total	6,601,00	
			, otal	0,001,00	
articipation & Autho	rization		Share	Amount (\$)	
COG Operating LL			6.25%	\$412,562.65	
pproved (Print Name)		Approva	6,25 % (Signature)		
pproved (Print Name)					
pproved (Print Name)					
pproved (Print Name)		Date			

FIELD:	Jennings; Upper Avalon
WELL NAME:	SD WE 18 FED P15 # 19H

Description	\$USD
Battery Total:	2,811,600
Contract Project Supervision	100,000
Contract Labor - Reg/Roustabout	400,000
FCR - Instruments & Electrical	900,000
Pipe, Valves & Fittings	40000
FCR - Pressure Vessels	1,200,000
Sales Tax	171,600
Outside Battery Limits Total:	3,320,319
Fabrication & As-built drawings	10,000
Land & Lease Costs	60,000
Company Project Supervision	100,000
Contract Project Supervision	100,000
Utilities - Other/Water	459,000
Site Work/Roads/Location	949,000
Materials, Supply, Repair Parts	150,000
Contract Labor-Reg/Roustabout	212,494
Pipe, Valves & Fittings	584,177
Pipe - Line (Size 2" and over)	295,000
FCR - Instruments & Electrical	198,000
Sales Tax	202,649
TOTAL COS	6,131,919

per well cost: \$1,532,980

Participation & Authorization

Share 6.250000% \$

Amount 95,811.24

COG Operating LLC Approved (Print Name)

Approved (Signature)



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

January 29, 2018

RE:

Participation Proposal

SD EA 18 19 Fed Com P15 #17H SD EA 18 19 Fed Com P15 #18H SD EA 18 19 Fed Com P15 #19H Township 26 South, Range 32 East

Section 18: E/2 E/2 Section 19: E/2 E/2 Lea County, New Mexico

### Dear Interest Owner:

Chevron U.S.A. Inc. ("Chevron") hereby proposes to drill the SD EA 18 19 Fed Com P15 #17H well ("Well #1"), SD EA 18 19 Fed Com P15 #18H well ("Well #2"), and SD EA 18 19 Fed Com P15 #19H well ("Well #3") all Wolfcamp A wells, and all within the E/2 E/2 of Sections 18 and 19, Township 26 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: 455' FNL & 955' FEL Sec. 18 (Unit A) BHL: 180' FSL & 1150' FEL Sec. 19 (Unit P)

TVD: 12,523' MD: 23,000' Cost: \$11,514,383

### Well 2:

SHL: 455' FNL & 930' FEL Sec. 18 (Unit A) BHL: 180' FSL & 740' FEL Sec. 19 (Unit P)

TVD: 12,213' MD: 22,300' Cost: \$11,299,383

### Well 3

SHL: 455' FNL & 905' FEL Sec. 18 (Unit A) BHL: 180' FSL & 330' FEL Sec. 19 (Unit P)

TVD: 12,533' MD: 23,000' Cost: \$11,514,383

Santa Fe, New Mexico
Exhibit No. 10

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

Chevron proposes drilled the wells under the terms of Form 610 -1989 Model Form Operating Agreement – a form of this JOA will be sent to you following this proposal. The JOA will have these general provisions:

- 100/300/300 non-consent penalty
- \$10,000/\$1000 drilling and producing rates
- Contract Area of the E/2 E/2 of Sections 18 & 19, T26S-R33E, Lea County, New Mexico, covering the Wolfcamp formation only.

Your interest under the proposed contract area is as follows (subject to change and title verification):

AE&J Royalties, LLC - 6.25%

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

Due to lease retention requirements, Chevron will submit an application for a Compulsory Pooling Order with the New Mexico Oil Conservation Division after 30 days of your receipt of this letter. This will allow Chevron to move forward with planning and drilling the subject well(s) while allowing time to properly execute a JOA amongst the parties and meet its lease retention obligations.

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.

Shalyce Holmes

Sincerely

Land Representative

Enclosures

### SD EA 18/19 FED P15 17H, 18H and 19H Well Proposals

	2D EA 19 19 Fed COM P15 #1/H
**************************************	<u>elects to</u> participate in the drilling, completion and equipping of the SD EA 18 19 Fed Com P15 #17H well.
7 <u>0-2-</u>	elects NOT to participate in the drilling, completion and equipping of the SD EA 18 19 Fed Com P15 #17H well.
	SD EA 18 19 Fed Com P15 #18H
***************************************	<u>elects to</u> participate in the drilling, completion and equipping of the SD EA 18 19 Fed Com P15 #18H well.
	<u>elects NOT to</u> participate in the drilling, completion and equipping of the SD EA 18 19 Fed Com P15 #18H well.
	SD EA 18 19 Fed Com P15 #19H
)	<u>elects to</u> participate in the drilling, completion and equipping of the SD EA 18 19 Fed Com P15 #19H well.
	<u>elects NOT to</u> participate in the drilling, completion and equipping of the SD EA 18 19 Fed Com P15 #19H well.
AE&J Royalties	, LLC
Ву:	
Print Name:	
Title:	
_	

SD EA 18 19 Fed Co			App	propriati	on Regu	lest
Lea County, New Mexico	Well Type	Field	Block		Well Name	
Lea County, New Mexico	Horizontal	Salado Draw	T26S-R33E	-	SD EA 18 19 P16 #17H	
	Objective	Date	Estimated By		Duration	(days)
Salado Draw	WCA	1/29/2018	Justin Blackburn		38.4	
Est. Depth (ft MD)	Drillship		Business Unit Joint Ventu MCBU Yes		iture	
23,000'	Nabors X Rig				Yes	
Reason for Expenditu	re		Coordinates	X (fi		y (ft)
Pad 15 17H Drilling			Mud Line	0		0
			Bottom Hole	0		0
Cost C	ategory	Code	Sub-co	de	Am	ount (\$)
Company Drilling Equipme	ent	0		0		
Rig Work		7440		1		833,34
Company Labor		6601		100		263,16
Contract Project Supervisi	on	7000	and the second s	300		70,87
Fuel Diesel		7129		100		132,94
Utilities / Potable Water		7129		300		10.96
Casing (tangible)		7190		21		913,56
Well Equipment & Material	S	7190		100		
Wellheads (tangible)		7190		110		39,66
Materials, Parts, & Supply		7190		500		20.55
Surface Equipment Rental		7230		100		306,78
Well Service Equipment Re		7230		200		178,59
Transportation Services, L	and & Marine	7340				72,95
Transportation Air		7340				
Solid Waste Disposal		7420	300			77,06
Drilling Fluids		7440		4		253,06
Directional Survey & Service	ces	7440		6		299,23
Drill-Pipe Rental & Bits		7440		7		
Coil Tubing		7440		9		
Stimulation / Gravel Pack N	/laterial	7440		10		
oumping Services		7440		11		No.
Perforating		7440		14		
Slickline Services		7440		15		
Coring		7440		17		
esting		7440		18		
ogging Wireline		7440		19		(
ogging While Drilling (LWI	0)	7440		20		
ogging Mud		7440		21		31,799
Cementing		7440		24		168,039
ishing Services & Tools		7440		25		{
itework / Locations		7450		21		(
Mobilization		7450		23		(
ech Services, Affiliates, &	эго Рапу	7450		200		(
ES, Permits, & Fees		7510		500		
ommunications Telephone		7615		600		14,409
				Total		3,687,000
articipation & Autho	wization		61			
articipation & Autili	or ization		Share	-	Апіо	unt (\$)
AE&J Royalties, LLC		( 350/		427.50		
To altito, DEC			6.25%		\$23U	437.50
pproved (Print Name)		Angrova	(Signature)	.25%		
The state of		Approved	(Signature)			
ompany Confidential		Date				

SD EA 18 19 Fed Co	Well Type	lField	Ap	propriat	on Request	
Lea County, New Mexico	Horizontal	Salado Draw	Block T26S-R33E	Well Name		
	Objective	Date			SD EA 18 19 P15 #17 Duration (days)	
Salado Draw	WCA	1/29/2018	Justin Blackbur		33.86	
Est. Depth (ft MD)	Drillship		Business Uni		Joint Venture	
23,000'	N/A		MCBU		Yes	
Reason for Expenditur	6		Coordinates	x (f	t) y (ft)	
Pad 15 17H Completion			Mud Line	0	Ö	
Cost Ca	togoni	8-1	Bottom Hole	0	0	
Company Labor	tegory	Code 6601	Sub-co		Amount (\$)	
Contract Project Supervision	3	7000		100	89,	
Fuel - Diesel/Motor Fuels	Y	7129		300 100	29,	
Utilities - Other & Polable W		7129		300		
Chemicals and Treating Age	ents	7140		100	198	
Surface Lifting Equipment A	nd Materials	7150		100	198	
WCR - Well Pipe - Tubing U	nder 2" OD	7190		20		
WCR - Well Pipe - Tubing 2'	" OD and Over	7190		21	52.	
WCR - Well Pipe Casing		7190		22	OZ.	
Well Equipment And Materia	ils	7190		100	48.6	
Wellheads		7190		110	82,7	
Engineering Services (Not D	(rilling)	7190		120		
Materials, Supply, Repair Pa	rts	7190		500		
Surface Equipment Rentals		7230		100	370,0	
Well Service Equipment Ren Marine Transportation - Allect	itals	7230		200	87,1	
Marine Transportation - Alloc Other Land Transportation S	anden Maria	7320		200		
ATC - Air Transportation	ervices - Not Hail	7340		300		
Solid Waste Disposal		7340	400			
Waste Water Disposal		7420	300			
VCR - Rig Daywork		7420 7440	600			
prilling Fluids		7440				
NCR - Directional Survey And Service Costs		7440		4	1,014,6	
NCR - Drill String Rentals & Bits		7440		7	17.0	
VCR - Coil Tubing		7440		9	47.2 96.7	
Stim/Gravel Pack Service (No	ot Materials)	7440	10		00,7	
VCR - Pumping Services		7440	11		1,101,0	
NCR - Equipment Lost In Hole		7440	13		13.1	
NCR - Perforating & Electric Line Services		7440	14		252.9	
VCR - Slickline Services		7440	15		202.8	
VCR - Coring		7440		17		
VCR - Testing		7440		18		
VCR - Logging Wireline		7440		19	14.6	
VCR - LWD (Logging white D	miling)	7440	-117	20		
VCR - Logging Mud		7440	21			
VCR - Cement & Cementing ishing Services And Tools		7440	24			
ech Services: CPTC, CRTC,	DBC 8 and DL	7440	25			
ES Permit Costs & Fees	FIXE & SIG PILY	7450	200		The second second	
pill Prevention		7510	500		-1	
ther Professional Services 8	Face	7510 75 <b>59</b>	503			
ommunications - Radio	- 500	7615	200			
ommunications - Telephone	- CITC	7615		600		
ther Communications - 3rd F		7620	300			
				Total	6,601,00	
articipation & Author	ization		2			
articipation & Author	ization		Share		Amount (\$)	
E&J Royalties, LLO			6.25%		\$412,562.65	
112				25 %		
proved (Print Name)		Approved	(Signature)			
		Date				

FIELD:	Jennings; Upper Avalon
WELL NAME:	SD WE 18 FED P15 #17H

Description	\$USD
Battery Total:	2,811,600
Contract Project Supervision	100,000
Contract Labor - Reg/Roustabout	400,000
FCR - Instruments & Electrical	900,000
Pipe, Valves & FittIngs	40000
FCR - Pressure Vessels	1,200,000
Sales Tax	171,600
Outside Battery Limits Total:	3,320,319
Fabrication & As-built drawings	10,000
Land & Lease Costs	60,000
Company Project Supervision	100,000
Contract Project Supervision	100,000
Utilities - Other/Water	459,000
Site Work/Roads/Location	949,000
Materials, Supply, Repair Parts	150,000
Contract Labor-Reg/Roustabout	212,494
Pipe, Valves & Fittings	584,177
Pipe - Line (Size 2" and over)	295,000
FCR - Instruments & Electrical	198,000
Sales Tax	202,649
TOTAL COST	6,131,919

per well cost: \$1,532,980

Participation & Authorization

Share

Amount

AE&J Royalties, LLC Approved (Print Name) 6.250000% \$

95,811.24

Approved (Signature)

m P15 #18H	Totald	App	propriat	ion Request	
				Well Name	
				SD EA 18 19 P15 #18	
Objective				Duration (days)	
	1/29/2018			35	
				Joint Venture	
HARDOLZ Y KIĞ				Yes	
2					
fegory	Code				
l l			-	Amount (\$)	
				101,	
1				250,	
				67,	
				125,	
				10,	
				785,	
				40,	
			******	20,	
tals				291,	
d & Marine				125,	
				58,	
				70	
			300	78,	
S		The state of the s	4	241,	
		1		286,4	
				125,0	
terial				<del></del>	
				-	
W 24				20.0	
	7440			29,8	
	7440			127,€	
	7450				
d Party					
	7510				
			100	13,7	
				3,472,00	
				0141210	
ization		Share		Amount (\$)	
		6.25%		\$217,000.00	
	1		1		
		6.	25 %		
	Approved	6. (Signature)	25 %		
	Approved	6. d (Signature)	25 %	The state of the s	
	Well Type Horizontal Objective WCA Drillship Nabors X Rig  degory tegory tals d & Marine	Well Type	Well Type	Well Type	

DE EN 10 19 Fed CO	m P15 #18H	Territa	Appropria	tion Request	
Lea County, New Mexico	Well Type	Field	Block Tage Base	Well Name SD EA 18 19 P15 #18H Duration (days) 33.86	
South) Hen Mexico	Horizontal Objective	Salado Draw Date	T26S-R33E Estimated By		
Salado Draw	WCA	1/29/2018	Justin Blackburn		
Est. Depth (It MD)	Drillship		Business Unit	Joint Venture	
22,300'	N/A		MCBU	Yes	
Reason for Expenditu	re		Coordinates x		
Pad 15 18H Completion			Mud Line (		
	tecon	Code	Bottom Hole (		
Cost Ca Company Labor	redotA	660		Amount (\$) 89.7	
Contract Project Supervisio	n	700			
uel - Diesel/Motor Fuels		712			
Utilities - Other & Potable V		712	300	3	
Chemicals and Treating Ag		714		1.47	
Surface Lifting Equipment A		715		and the second s	
WCR - Well Pipe - Tubing L		7190			
NCR - Well Pipe - Tubing 2 NCR - Well Pipe Casing	OD and Over	7190 7190			
Nell Equipment And Materi	als	7190			
Wellheads	0.0	7190		The second secon	
Ingineering Services (Not I	Drilling)	7190			
Materials, Supply, Repair P.	апқ	7190		the state of the s	
Surface Equipment Rentals		7230	100	370,08	
Vell Service Equipment Re		7230		87,16	
Marine Transportation - Allo		7320	Name and Address of the Owner, where the Owner, which the		
Other Land Transportation :	Services - Not Rail	7340			
ATC - Air Transportation Solid Waste Disposal		7340 7420			
Vaste Water Disposal		7420			
VCR - Rig Daywork		7440			
rilling Fluids		7440			
VCR - Directional Survey A	nd Service Costs	7440	6		
VCR - Drill String Rentals 8	Bits	7440			
VCR - Coil Tubing		7440			
Im/Gravel Pack Service (N	vot Materials)	7440			
VCR - Pumping Services VCR - Equipment Lost In H	ole	7440 7440	The same of the sa	A CONTRACTOR OF THE PARTY OF TH	
VCR - Equipment Lost in H VCR - Perforating & Electric	Line Services	7440			
VCR - Slickline Services	CHE GELAICES	7440			
/CR - Coring		7440			
VCR - Testing		7440		Contract of the Contract of th	
VCR - Logging Wireline		7440	19	14,60	
VCR - LWD (Lagging while	Drilling)	7440			
VCR - Logging Mud		7440			
VCR - Cement & Cementing		7440			
shing Services And Tools  ch Services: CPTC, CRT0	DBC c all bu	7440	The state of the s		
ech Services: UPTC, URTO ES Permit Costs & Fees	FRU & STO PTY	7450 7510			
pill Prevention		7510			
ther Professional Services	& Fees	7559			
ommunications - Radio	127-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-	7616			
ommunications - Telephon		7615	600		
ther Communications - 3rd		7620	300		
			Total	6,601,000	
			61		
Al-last A - Al-	rization		Share	Amount (\$)	
articipation & Autho			6 250	\$412,562.65	
articipation & Autho	C		6.25%	φτ12,302.03	
E&J Royalties, LL	.C	IAnnesia	6.25 %	Ψ112,302.03	
	.C	Approve		Ψ71 <i>L</i> 0,30 <i>L</i> 1.03	
E&J Royalties, LL	C.	Approve	6.25 %	Ψ11 <i>L</i> <sub>2</sub> JU2.UJ	

FIELD:	Jennings; Upper Avalon
WELL NAME:	SD WE 18 FED P15 #18H

Description	\$USD
Battery Total:	2,811,600
Contract Project Supervision	100,000
Contract Labor - Reg/Roustabout	400,000
FCR - Instruments & Electrical	900,000
Pipe, Valves & Fittings	40000
FCR - Pressure Vessels	1,200,000
Sales Tax	171,600
Outside Battery Limits Total:	3,320,319
Fabrication & As-built drawings	10,000
Land & Lease Costs	60,000
Company Project Supervision	100,000
Contract Project Supervision	100,000
Utilities - Other/Water	459,000
Site Work/Roads/Location	949,000
Materials, Supply, Repair Parts	150,000
Contract Labor-Reg/Roustabout	212,494
Pipe, Valves & Fittings	584,177
Pipe - Line (Size 2" and over)	295,000
FCR - Instruments & Electrical	198,000
Sales Tax	202,649
TOTAL CO	ST 6,131,919

per well cost: \$1,532,980

Participation & Authorization

Share

Amount

AE&J Royalties, LLC

6.250000% \$

95,811.24

Approved (Print Name)

Approved (Signature)

SD EA 18 19 Fed Co	m P15 #19H	Te: 1)	Ap	propriat	on Re	quest
Lea County, New Mexico	Well Type Field Block			Well Name		
Lea County, New Mexico	Horizontal	Salado Draw	T26S-R33E			18 19 P15 #19H
	Objective	Date	Estimated By			on (days)
Salado Draw	WCA	1/29/2018	Justin Blackbur		38.4	
Est Depth (ft MD)	Drillship		Business Unit		1	/enture
23,000'	Nabors X Rig		MCBU		Yes	
Reason for Expenditu	re		Coordinates	x (	t)	y (ft)
Pad 15 19H Drilling			Mud Line	0		0
			Bottom Hole	0		0
Cost C	ategory	Code	Sub-co			mount (\$)
Company Drilling Equipme	ent			0		
Rig Work		7440		1		833,34
Company Labor		6601		100		263,16
Contract Project Supervision	OFI	7000		300		70.87
Fuel Diesel	07-18-1-2-1-2-1	7129		100		132,94
Utilities / Potable Water		7129		300		10,96
Casing (tangible)		7190		21		913,56
Well Equipment & Material	s	7190		100		5,.5,00
Wellheads (tangible)		7190		110		39,68
Materials, Parts, & Supply		7190		500		20,55
Surface Equipment Rental	5	7230		100		306.76
Well Service Equipment Re		7230		200		178,59
Transportation Services, La		7340		300		72,95
Transportation Air	orio di morrio	7340		500		72,93
Solid Waste Disposal		7420		300		77.00
Orilling Fluids		7440		4		77,06
Directional Survey & Service	YOC .	7440		6	-	253,06
Drill-Pipe Rental & Bits	769	7440				299,23
				7		
Coll Tubing Stimulation / Gravel Pack N	A-1-2-1	7440		9		
	//ateuat	7440		10		
Pumping Services		7440		11		
Perforating		7440		14		
Slickline Services		7440		15		
Coring		7440		17		
Testing		7440		18		
Logging Wireline		7440		19		
.ogging While Drilling (LWI	0)	7440		20		(
agging Mud		7440		21		31,799
Cementing		7440		24		168,039
ishing Services & Tools		7440		25		
Sitework / Locations		7450		21		(
Mobilization		7450		23		
Fech Services, Affiliates, &	3rd Party	7450		200		
ES, Permits, & Fees		7510		500		(
Communications Telephone	3	7615		600	1	14,409
		,010		Total		3,687,000
						-1001,000
articipation & Author	orization		Share		A	mount (\$)
						197
2000				1		
COG Operating LLC			6.25%	o l	\$2	30,437.50
100 100 100 100 100 100 100 100 100 100						
100 1 120 1				6.25%		
(Print Name)		Approve	d (Signature)			
ompany Confidential		Date				

SD EA 18 19 Fed Co	Well Type	Field	Appropriation Reques			
Lea County, New Mexico	Horizontal	Salado Draw	Block		Well Name	
	Objective	Date	T26S-R33E Estimated By		SD EA 18 19 P15 #19	
Salado Draw	WCA	1/29/2018	Justin Blackburn		Duration (days) 33.86	
Est. Depth (ft MD)	Drillship		Business Unit		Joint Venture	
23,000	N/A		MCBU		Yes	
Reason for Expenditure	e		Coordinates	x (1		
Pad 15 19H Completion			Mud Line	Ó	0	
The state of the s			Bottom Hole	0	0	
Cost Car Company Labor	egory	Code	Sub-co		Amount (\$)	
Contract Project Supervision		6601		100	89,	
Fuel - Diesel/Motor Fuels		7000		300	29	
Utilities - Other & Potable W	ater	7129 7129		100		
Chemicals and Treating Age	ints	7128		300 100		
Surface Lifting Equipment A	nd Materials	7150		100	198,	
WCR - Well Pipe - Tubing U	nder 2" OD	7190		20		
WCR - Well Pipe - Tubing 2"	OD and Over	7190		21	50.1	
WCR - Well Pipe Casing		7190		22	52,	
Nell Equipment And Materia	s	7190		100	48.0	
Neilheads		7190		110	82,7	
ngineering Services (Not D	rilling)	7190		120	02,1	
Vaterials, Supply, Repair Pa	rts	7190		500		
Surface Equipment Rentals		7230		100	370.0	
Well Service Equipment Ren	tals	7230		200	87,1	
Marine Transportation - Alloc	ated	7320		200		
Other Land Transportation Se	ervices - Not Rail	7340		300		
ATC - Air Transportation Solid Waste Disposal		7340		400		
Vaste Water Disposal		7420		300		
VCR - Rig Daywork		7420		600		
Drilling Fluids		7440		1	9,9	
VCR - Directional Survey An	d Sanica Costs	7440		4	1,014,6	
VCR - Drill String Rentals & I	Rits	7440 7440		6		
VCR - Coil Tubing	anto .	7440		7	47.2	
tim/Grave) Pack Service (No	of Materials)	7440		9	96,7	
VCR - Pumping Services		7440		11	4,191,9	
VCR - Equipment Lost In Hol	е	7440		13	13,1	
VCR - Perforating & Electric	Line Services	7440		14	252,9	
VCR - Slickline Services		7440		15	252,8	
VCR - Coring		7440		17		
/CR - Testing		7440		18		
/CR - Logging Wireline	*****	7440		19	14,6	
CR - LWD (Logging while D	rilling)	7440		20	.4,01	
CR - Lagging Mud		7440		21		
ICR - Cement & Cementing shing Services And Tools		7440		24		
ech Services: CPTC, CRTC,	DDC 8 aut 5	7440		25		
ES Permit Costs & Fees	PRU & 3rd Pty	7450		200		
III Prevention		7510		500		
her Professional Services &	Feet	7510		503		
ommunications - Radio	1.000	7559 7815		200		
ommunications - Telephone -	CITC	7615		500		
her Communications - 3rd P	arty	7620		600 300		
		10201		Total	6,601,00	
				Can	0,001,00	
irticipation & Authori	zation		Share		Amount (\$)	
E&J Royalties, LLC			6.25%		\$412,562.65	
manual (Dul-15)				5 %		
		A commenter of	(Signature)			
proved (Print Name)		Approved	(oignature)			
proved (Print Name)		Approved	(orginature)			

FIELD:	Jennings; Upper Avalon
WELL NAME:	SD WE 18 FED P15 #19H

Description	\$USD
Battery Total:	2,811,600
Contract Project Supervision	100,000
Contract Labor - Reg/Roustabout	400,000
FCR - Instruments & Electrical	900,000
Pipe, Valves & Fittings	40000
FCR - Pressure Vessels	1,200,000
Sales Tax	171,600
Outside Battery Limits Total:	3,320,319
Fabrication & As-built drawings	10,000
Land & Lease Costs	60,000
Company Project Supervision	100,000
Contract Project Supervision	100,000
Utilities - Other/Water	459,000
Site Work/Roads/Location	949,000
Materials, Supply, Repair Parts	150,000
Contract Labor-Reg/Roustabout	212,494
Pipe, Valves & Fittings	584,177
Pipe - Line (Size 2" and over)	295,000
FCR - Instruments & Electrical	198,000
Sales Tax	202,649
TOTAL COST	6,131,919

per well cost: \$1,532,980

Participation & Authorization

Share

Amount

95,811.24

AE&J Royalties, LLC Approved (Print Name) 6.250000% \$ Approved (Signature)



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

February 5, 2018

RE:

Participation Proposal

SD EA 18 19 Fed Com P15 #20H Township 26 South, Range 33 East

Section 18: E/2 E/2 Lea County, New Mexico

Dear Interest Owner:

Chevron U.S.A. Inc. ("Chevron") hereby proposes to drill the SD EA 18 19 Fed Com P15 #20H well within the E/2 E/2 of Section 18, Township 26 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 well is as follows:

### SD EA 18 19 Fed Com P15 #20H:

SHL: 455' FNL & 880' FEL Sec. 18 (Unit A) BHL: 180' FSL & 330' FEL Sec. 18 (Unit P)

TVD: 9,200' MD: 14,200' Cost: \$6,003,980

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

Chevron proposes to drill the well under the terms of Form 610 -1989 Model Form Operating Agreement – a form of this JOA will be sent to you following this proposal. The JOA will have these general provisions:

- 100/300/300 non-consent penalty
- \$10,000/\$1000 drilling and producing rates
- Contract Area of the E/2 E/2 of Section 18, T26S-R33E, Lea County, New Mexico, covering the Bone Spring formation only.

Your interest under the proposed contract area is as follows (subject to change and title verification):

COG Operating LLC − 12.5%

If your election is to participate in the drilling and completion of the well, please sign and return a copy of this letter along with the enclosed AFEs within 30 days of receipt of this proposal.

Due to lease retention requirements, Chevron will submit an application for a Compulsory Pooling Order with the New Mexico Oil Conservation Division after 30 days of your receipt of this letter. This will allow Chevron to move forward with planning and drilling the subject well while allowing time to properly execute a JOA amongst the parties and meet its lease retention obligations.

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,

Shalyce Holmes

Land Representative

**Enclosures** 

SD EA 18 19 Fed Cor				propriat		
r.	Well Type	Field			Well N	
Lea County, New Mexico	Horizontal	Salado Draw	T26S-R33E		SD EA	18 19 P15 #20H
	Objective	Date	Estimated By		Duration (days) 19.8	
Salado Draw	Upper Avaion	2/5/2018	Justin Blackbur			
Est. Depth (ft MD)	Drillship		Business Unit		Joint V	enture enture
14,200'	Nabors X Rig		MCBU		Yes	
Reason for Expenditure	9		Coordinates	х (	ft)	y (ft)
Pad 15 20H Drilling			Mud Line	0		0
			Bottom Hole	0		0
Cost Ca	tegory	Code	Sub-co	ode	A	mount (\$)
Company Drilling Equipmen	t			0		
Rig Work		7440		1		406,27
Company Labor		6601		100		128,45
Contract Project Supervision	1	7000		300		27,60
Fuel Diesel		7129		100		50,77
Utilities / Potable Water		7129		300		4,28
Casing (tangible)		7190		21		398,35
Well Equipment & Materials		7190		100		
Wellheads (tangible)		7190		110		34,85
Materials, Parts, & Supply		7190		500		78,32
Surface Equipment Rentals		7230		100		226,93
Well Service Equipment Rer		7230		200		163,25
Transportation Services, Lar	nd & Marine	7340				205,80
Transportation Air		7340	500			
Solid Waste Disposal		7420		300		68,53
Drifling Fluids		7440				62,29
Directional Survey & Service	rs .	7440		6		161,15
Drill-Pipe Rental & Bits		7440		7		100,32
Coil Tubing		7440		9		100,02
Stimulation / Gravel Pack Ma	aterial	7440		10		
Pumping Services		7440		11		
Perforating		7440		14		
Slickline Services		7440		15		
Coring		7440		17		
Testing		7440		18		
Logging Wireline		7440		19		
Logging While Drilling (LWD)		7440		20		
Logging Mud		7440		21	-	11,368
Cementing		7440		24		110,688
Fishing Services & Tools		7440		25		110,000
Sitework / Locations		7450		21		
Mobilization		7450		23		
Tech Services, Affiliates, & 3	rd Party	7450		200		
HES, Permits, & Fees		7510		500		
Communications Telephone		7615				4,708
- Thirties and the second		1010		Total		2,244,000
				, otal		2,244,000
Participation & Autho	rization		Share		Ar	nount (\$)
COG Operatir	ng LLC		12.5%		\$28	0,500.00
				100.00 %		
Approved (Print Name)		Approve	d (Signature)			
Company Confidential		Date				

SD EA 18 19 Fed Co	m P15 #20H			Approp	riat	ion Re	quest
	Well Type	Field		Block		Well N	
Lea County, New Mexico	Horizontal	Salado Draw		T26S-R33E		SD EA	18 19 P15 #20H
	Objective	Date		Estimated By			on (days)
Salado Draw	Upper Avalon	2/5/2017		Justin Blackburn		24.7	
Est. Depth (ft MD)	Drillship			Business Unit		Joint V	enture enture
14,200'	N/A			MCBU		Yes	
Reason for Expenditur	re			Coordinates	X (	ft)	y (ft)
Pad 15 20H Completion				Mud Line	0		0
				Bottom Hole	0		0
Cost Ca	tegory	Code		Sub-code			mount (\$)
Company Labor			6601		100		62,983
Contract Project Supervision	n		7000		300		20,994
Fuel - Diesel/Motor Fuels			7129		100		(
Utilities - Other & Potable V			7129		300		(
Chemicals and Treating Ag			7140		100		
Surface Lifting Equipment A			7150		100		
WCR - Well Pipe - Tubing L			7190		20		
WCR - Well Pipe - Tubing 2	OD and Over		7190	-17-01	21		43,782
WCR - Well Pipe Casing			7190		22		
Well Equipment And Materi Wellheads	lais		7190		100		43,782
	Deilling)		7190		110		14,594
Engineering Services (Not I Materials, Supply, Repair P			7190		120		
Surface Equipment Rentals			7190		500		(
Well Service Equipment Rentals			7230		100		175,580
Marine Transportation - Allo		_	7230		200		40,946
Other Land Transportation			7320 7340		200		
ATC - Air Transportation	Services - Not Rail		7340		300 400		
Solid Waste Disposal			7420		300		
Waste Water Disposal			7420		600		
WCR - Rig Daywork			7440		1		(10.455
Drilling Fluids			7440		4		10,132
WCR - Directional Survey A	nd Service Costs		7440		6		316,206
WCR - Drill String Rentals &			7440		7		00.033
WCR - Coil Tubing	z Dila		7440		9	_	23,372
Stim/Gravel Pack Service (I	Vot Materials)		7440		10		47,807 1,310,554
WCR - Pumping Services	TOT MOTORIST		7440		11	_	13,135
WCR - Equipment Lost In H	ole		7440		13		13,135
WCR - Perforating & Electric			7440		14		88,538
WCR - Slickline Services	2 2/110 001 11000		7440		15		00,030
WCR - Coring			7440		17		C
WCR - Testing			7440		18		C
WCR - Logging Wireline			7440		19	_	14,594
WCR - LWD (Logging while	Drilling)		7440		20		(4,554
WCR - Logging Mud	3/		7440		21		0
WCR - Cement & Cementin	0		7440		24	-	0
Fishing Services And Tools			7440		25		0
Tech Services: CPTC, CRT	C, PRC & 3rd Ptv		7450		200	-	0
HES Permit Costs & Fees			7510		500		0
Spill Prevention			7510		503		0
Other Professional Services	& Fees		7559		200		Ö
Communications - Radio			7615		500		0
Communications - Telephon	e - CITC		7615		600		0
Other Communications - 3rd			7620		300		0
					tal	1100	2,227,000
Participation & Autho	orization			Share		Λ.	
	erating LL	C		12.5%			8,375.00
Approved (Print Name)		I A south	1000	100.00	0 %		
Approved (Print Name)		App	OVO	d (Signature)	-		
Company Confidential		Date	-				

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

FIELD:	Jennings; Upper Avalon
WELL NAME:	SD WE 18 FED P15 #20H

Description	\$USD
Battery Total:	2,811,600
Contract Project Supervision	100,000
Contract Labor - Reg/Roustabout	400,000
FCR - Instruments & Electrical	900,000
Pipe, Valves & Fittings	40000
FCR - Pressure Vessels	1,200,000
Sales Tax	171,600
Outside Battery Limits Total:	3,320,319
Fabrication & As-built drawings	10,000
Land & Lease Costs	60,000
Company Project Supervision	100,000
Contract Project Supervision	100,000
Utilities - Other/Water	459,000
Site Work/Roads/Location	949,000
Materials, Supply, Repair Parts	150,000
Contract Labor-Reg/Roustabout	212,494
Pipe, Valves & Fittings	584,177
Pipe - Line (Size 2" and over)	295,000
FCR - Instruments & Electrical	198,000
Sales Tax	202,649
TOTAL COST	6,131,919

per well cost: \$1,532,980

Participation & Authorization

COG Operating LLC Approved (Print Name)

Share

Amount

12.500000% \$

191,622.47

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

February 5, 2018

RE:

Participation Proposal

SD EA 18 19 Fed Com P15 #20H Township 26 South, Range 33 East

Section 18: E/2 E/2 Lea County, New Mexico

Dear Interest Owner:

Chevron U.S.A. Inc. ("Chevron") hereby proposes to drill the SD EA 18 19 Fed Com P15 #20H well within the E/2 E/2 of Section 18, Township 26 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 well is as follows:

### SD EA 18 19 Fed Com P15 #20H:

SHL: 455' FNL & 880' FEL Sec. 18 (Unit A) BHL: 180' FSL & 330' FEL Sec. 18 (Unit P)

TVD: 9,200' MD: 14,200' Cost: \$6,003,980

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

Chevron proposes to drill the well under the terms of Form 610 -1989 Model Form Operating Agreement – a form of this JOA will be sent to you following this proposal. The JOA will have these general provisions:

- 100/300/300 non-consent penalty
- \$10,000/\$1000 drilling and producing rates
- Contract Area of the E/2 E/2 of Section 18, T26S-R33E, Lea County, New Mexico, covering the Bone Spring formation only.

Your interest under the proposed contract area is as follows (subject to change and title verification):

AE&J Royalties, LLC - 12.5%

If your election is to participate in the drilling and completion of the well, please sign and return a copy of this letter along with the enclosed AFEs within 30 days of receipt of this proposal.

Due to lease retention requirements, Chevron will submit an application for a Compulsory Pooling Order with the New Mexico Oil Conservation Division after 30 days of your receipt of this letter. This will allow Chevron to move forward with planning and drilling the subject well while allowing time to properly execute a JOA amongst the parties and meet its lease retention obligations.

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.

Sincerel

Shalyce Holmes Land Representative

Enclosures

SD EA 18 19 Fed Com P15 #20H			Appropriation Request				
1	Well Type	Field				Well Name	
Lea County, New Mexico	Horizontal	Salado Draw	T26S-R33E		SD EA 18 19 P15 #20H		
la crea a series	Objective	Date	Estimated By		Duration (days)		
Salado Draw	Upper Avalon	2/5/2018	Justin Blackbur		19.8		
Est. Depth (ft MD)	Drillship		Business Unit		Joint Venture		
14,200'	Nabors X Rig				Yes		
Reason for Expenditur	e		Coordinates	× (		y (ft)	
Pad 15 20H Drilling			Mud Line Bottom Hole	0		0	
Cost Ca	tegory	Code	Sub-co			mount (\$)	
Company Drilling Equipmen	nt de de la constant	0000		C		mount (#)	
Rig Work		7440		1		406,270	
Company Labor		6601		100		128,454	
Contract Project Supervision	n	7000		300		27,60	
Fuel Diesel		7129		100		50,77	
Utilities / Potable Water		7129		300		4,283	
Casing (tangible)		7190		21		398,35	
Well Equipment & Materials		7190		100		20,000	
Wellheads (tangible)	The state of the s	7190		110		34,856	
Materials, Parts, & Supply		7190		500		78,329	
Surface Equipment Rentals		7230		100		226,938	
Well Service Equipment Rea	ntals	7230		200		163,25	
Transportation Services, La		7340		300		205,809	
Transportation Air		7340		500		(	
Solid Waste Disposal		7420		300		68,538	
Drilling Fluids		7440		4		62,293	
Directional Survey & Service	es	7440		6		161,158	
Drill-Pipe Rental & Bits		7440		7		100,328	
Coil Tubing		7440		9		(	
Stimulation / Gravel Pack M	aterial	7440		10			
Pumping Services		7440		11			
Perforating		7440		14			
Slickline Services		7440		15		(	
Coring		7440		17			
Testing		7440		18		(	
Logging Wireline		7440		19		(	
Logging While Drilling (LWD	)	7440		20			
Logging Mud		7440		21		11,368	
Cementing		7440	- Commence	24		110,688	
Fishing Services & Tools		7440		25		C	
Silework / Locations		7450		21		(	
Mobilization		7450		23		C	
Tech Services, Affiliates, & 3	ard Party	7450		200		(	
HES, Permits, & Fees		7510		500			
Communications Telephone		7615		600		4,708	
	-			Total		2,244,000	
Participation & Author	rization		Share			mount (ft)	
a tropation of Autho	/ LEGIOT		Stiare		Amount (\$)		
AE&J Royalties, LLC			12.5%		\$28	0,500.00	
				100.00 %			
Approved (Print Name)		Annrove	d (Signature)	100.00 %			
Proved in michanie)		Approve	a loighature)				
Company Confidential		Date					
company confidential		Date					

m P15 #20H	Tax	Appropria	tion Request
			Well Name
			SD EA 18 19 P15 #20H
1 4			Duration (days)
	2/3/2017		24.7
			Joint Venture
INIM			Yes
<u> </u>			
tenory	Code		Amount (\$)
regory			
n			
			40,0
/ater			
" OD and Over			
als			
Drilling)			11,00
arts			
ntals			
			Annual Control of the
nd Service Costs			
Bits			
*			
lot Materials)			
ole			
Line Services	7440		
	7440		
	7440		
	7440		
Drilling)	7440	20	
	7440	21	
	7440		
	7440	25	
, PRC & 3rd Pty	7450		
	7510		
	7510		
& Fees	7559		
	7615	500	
- CITC	7615	600	
Party	7620	300	
		Total	2,227,000
rization		Share	Amount (\$)
	C	12.5%	\$278,375.00
yalties, LL			,
yannes, LL		100.00 %	
yaities, LL			
yanies, LL		100.00 %	
	Well Type Horizontal Objective Upper Avalon Drillship N/A  e  tegory  full dater ents and Materials inder 2" OD " OD and Over als orilling) arts arts and Service Costs Bits lot Materials) ole Line Services  Drilling)	Well Type	Well Type

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

FIELD:	Jennings; Upper Avalon
WELL NAME:	SD WE 18 FED P15 #20H

Description	\$USD
Battery Total:	2,811,600
Contract Project Supervision	100,000
Contract Labor - Reg/Roustabout	400,000
FCR - Instruments & Electrical	900,000
Pipe, Valves & Fittings	40000
FCR - Pressure Vessels	1,200,000
Sales Tax	171,600
Outside Battery Limits Total:	3,320,319
Fabrication & As-built drawings	10,000
Land & Lease Costs	60,000
Company Project Supervision	100,000
Contract Project Supervision	100,000
Utilities - Other/Water	459,000
Site Work/Roads/Location	949,000
Materials, Supply, Repair Parts	150,000
Contract Labor-Reg/Roustabout	212,494
Pipe, Valves & Fittings	584,177
Pipe - Line (Size 2" and over)	295,000
FCR - Instruments & Electrical	198,000
Sales Tax	202,649
TOTAL COST	6,131,919

per well cost: \$1,532,980

Participation & Authorization

Share **AE&J Royalties, LLC** 

12.500000% \$

191,622.47

Amount

Approved (Print Name)

Approved (Signature)

Date

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

APPLICATION OF CHEVRON U.S.A. INC. FOR A NON-STANDARD SPACING AND PRORATION UNIT, COMPULSORY POOLING, AND APPROVAL OF AN UNORTHODOX WELL LOCATION, LEA COUNTY, NEW MEXICO.

**CASE NO. 16113** 

APPLICATION OF CHEVRON U.S.A. INC. FOR A NON-STANDARD SPACING AND PRORATION UNIT, AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

**CASE NO. 16114** 

### **AFFIDAVIT**

STATE OF NEW MEXICO	)
	) ss
COUNTY OF SANTA FE	)

Adam G. Rankin, attorney in fact and authorized representative of Chevron U.S.A., Inc., the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Applications have been provided under the notice letters and proof of receipts attached hereto.

Adam G. Rankin

SUBSCRIBED AND SWORN to before me this 16th day of May, 2018 by Adam G.

Rankin.

Commission Expires:

Notary Public

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico
Exhibit No. 13

Submitted by: Chevron NA Exp & Prod Co Hearing Date: May 17, 2018



Michael H. Feldewert
Recognized Specialist in the Area of
Natural Resources - Oil and Gas Law New Mexico Board of Legal
Specialization
mfeldewert@hollandhart.com

March 28, 2018

### VIA CERTIFIED MAIL CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re:

Application of Chevron U.S.A. Inc. for a non-standard spacing and proration unit, compulsory pooling, and approval of an unorthodox well location, Lea County, New Mexico.

SD EA 18 19 Fed Com P15 No. 17H Well SD EA 18 19 Fed Com P15 No. 18H Well SD EA 18 19 Fed Com P15 No. 19H Well

Ladies & Gentlemen:

This letter is to advise you that Chevron U.S.A. Inc. has filed the enclosed application with the New Mexico Oil Conservation Division. This application will be set for hearing before a Division Examiner at 8:15 a.m. on May 3, 2018. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

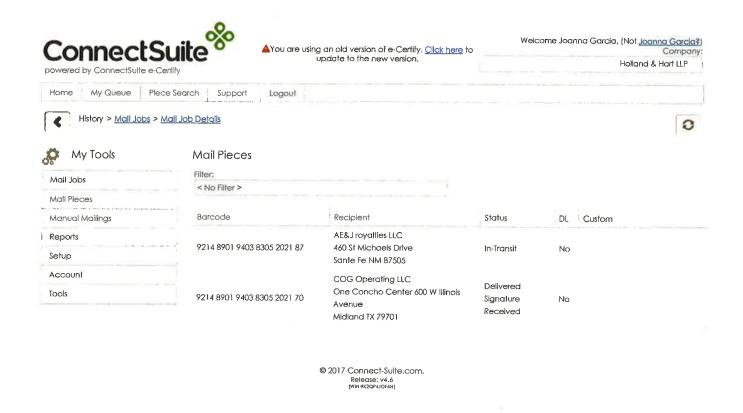
Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Pre-hearing Statement four days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; 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 are to be resolved prior to the hearing.

If you have any questions about this matter please contact Shalyce Holmes at (713) 372-6051 or SLHolmes@chevron.com.

Sincerely,

Michael H. Feldewert

ATTORNEY FOR CHEVRON U.S.A. INC.





### Return address:

HOLLAND & HART LLP 110 N GUADALUPE ST # 1 SANTA FE, NM 87501

### Recipient address:

AE&J ROYALTIES LLC 460 ST MICHAELS DRIVE SANTE FE NM 87505

USPS CERTIFIED MAIL



9214 8901 9403 8305 2021 87

USPS Tracking Label Number: 9214 8901 9403 8305 2021 87

USPS Tracking History	Postal Facility	ZIP	Date	Time
PRE-SHIPMENT INFO SENT USPS AWAITS ITEM		SANTA FE,NM 875	01	03/28/2018 15:10
SHIPMENT RECEIVED ACCEPTANCE PENDING		SANTA FE,NM 87501		
ORIGIN ACCEPTANCE		SANTA FE,NM 87501		
PROCESSED THROUGH USPS FACILITY		ALBUQUERQUE,N	03/28/2018 21:11	
DEPART USPS FACILITY	ALBUQUERQUE,NM 87101		M 87101	03/29/2018 03:15
PROCESSED THROUGH USPS FACILITY		ALBUQUERQUE,NM 87101		03/29/2018 03:33
PROCESSED THROUGH USPS FACILITY		ALBUQUERQUE,NM 87101		03/31/2018 00:39
PROCESSED THROUGH USPS FACILITY		ALBUQUERQUE,NM 87101		04/01/2018 16:29



### **Shipment Confirmation Acceptance Notice**

Note to Mailer: The labels and volume associated to this form online, must match the labeled packages being presented to the USPS® employee with this form.

2018-03-28 Chev-SD EA 17H 18H 19H & 20H PP List - 79044.0002

Shipment Date: 03/28/2018

Shipped From:

Name: HOLLAND & HART LLP

110 N GUADALUPE ST # 1 Address:

City: SANTA FE

State: NM ZIP+4® 87501

Type of Mail	Volume
Priority Mail Express®*	
Priority Mail®	0
First-Class Package Service®	
Returns	
International*	
Other	2
Total	2

<sup>\*</sup>Start time for products with service guarantees will begin when mail arrives at the local Post Office™ and items receive individual processing and acceptance scans.

### B. USPS Action

Note to RSS Clerk:

1. Home screen > Mailing/Shipping > More
2. Select Shipment Confirm
3. Scan or enter the barcode/label number from PS Form 5630
4. Confirm the volume count message by selecting Yes or No
5. Select Pay and End Visit to complete transaction

USPS EMPLOYEE: Please scan upon pickup or receipt of mail. Leave form with customer or in customer's mail receptacle.

USPS SCAN AT ACCEPTANCE



9275 0901 1935 6200 0007 7700 11





Firm Mailing Book For Accountable Mail Privacy Notice: For more information on USPS privacy policies, visit usps.com/privacypolicy. SH Fee Special Handling SCRD Fee Signature Confirmation Restricted Delivery သူ မို့ noifemtitnop etutenbi2 R Pe 1.50 1.50 Receipt Return RD Fee Restricted Deliver ASRD Fee Deliver betaintseA enutsagis HubA ASR Fee Adult Signature Required Sender if COD Insured Value Actual Value if Registered Postmark with Date of Receipt additional copies of this receipt). (if issued as an international certificate of mailing or for Handling Charge Affix Stamp Here Handling Charge - if Registered and ever \$50,000 in value (Extra Service) 3,45 Fee 3.45 Postage | 0.49 0.49 ☐ Signature Confirmation □ Signature Confirmation Priority Mail Express ☐ Return Receipt for Merchandise Restricted Delivery Addressee (Name, Street, City, State, & ZIP Code<sup>TM</sup>) □ Registered Mail Postmaster, Per (Name of receiving employee) COG Operating LLC One Concho Center 600 W Illinois Avenue AE&J royalites LLC 460 St Michaels Drive Sante Fe NM 87505 Complete in Ink Check type of mail or service Midland TX 79701 (Page 1 of 1) Total Number of Pieces Received at Post Office USPS Tracking/Article Number 9214 8901 9403 8305 2021 70 9214 8901 9403 8305 2021 87 110 N Guadalupe St # 1 Santa Fe NM 87501 Name and Address of Sender PS Form **3877**, April 2015 Holland & Hart LLP Total Number of Pieces Listed by Sender N

PSN 7530-02-000-9098



Michael H. Feldewert
Recognized Specialist in the Area of
Natural Resources - Oil and Gas Law New Mexico Board of Legal
Specialization
mfeldewert@hollandhart.com

April 9, 2018

### <u>VIA CERTIFIED MAIL</u> CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re:

Application of Chevron U.S.A. Inc. for a non-standard spacing and proration unit,

and compulsory pooling, Lea County, New Mexico.

SD EA 18 19 Fed Com P15 No. 20H Well

Ladies & Gentlemen:

This letter is to advise you that Chevron U.S.A. Inc. has filed the enclosed application with the New Mexico Oil Conservation Division. This application will be set for hearing before a Division Examiner at 8:15 a.m. on May 3, 2018. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are 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 at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; 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 are to be resolved prior to the hearing.

If you have any questions about this matter please contact Shalyce Holmes at (713) 372-6051 or SLHolmes@chevron.com.

Sincerely.

Michael H. Feldewer

ATTORNEY FOR CHEVRON U.S.A. INC.

Connect powered by Connect Sui			g an old version of e-Certify. Click here update to the new version.	to We	Icome Joan	na Garcla, (Not <u>Joanna Garcla?)</u> Company: Holland & Hart LLP
Home My Queue	Piece Search   Support	Logout				17 11 12 11 11 11 11 11 11 11 11 11 11 11
History > Mail Jo	obs > Mail Job Details					O
My Tools	Mail Piece	<b>?</b> S				
Mail Jobs Mail Pieces	< No Filter >					
Manual Mailings	Barcode		Recipient	Status	DL	Custom
Reports Setup	9214 8901 94	03 8305 4045 12	AE&J Royalties LLC 460 St Michaels Drive Sante Fe NM 87505	Delivered Signature Recelved	No	
Account	9214 8901 940	03 8305 4045 05	COG Operatin LLC One Conco Center 600 W Illinois Avenue Midland TX 79701	Delivered Signature Received	No	



### **Shipment Confirmation Acceptance Notice**

Note to Mailer: The labels and volume associated to this form online, must match the labeled packages being presented to the USPS® employee with this form.

Chevron 20H Well -PP List -PS3877\_92750901193562000007920508 -CM# 7004.0002

Shipment Date: 04/09/2018

Shipped From:

Name: HOLLAND & HART LLP

Address: 110 N GUADALUPE ST # 1

City: SANTA FE

State: NM ZIP+4® 87501

Type of Mail	Volume
Priority Mail Express®*	
Priority Mail®	0
First-Class Package Service®	
Returns	
International*	
Other	2
Total	2

<sup>\*</sup>Start time for products with service guarantees will begin when mail arrives at the local Post Office™ and items receive individual processing and acceptance scans.

### B. USPS Action

- Note to RSS Clerk:
  1. Home screen > Mailing/Shipping > More
  2. Select Shipment Confirm
  3. Scan or enter the barcode/label number from PS Form 5630
- Confirm the volume count message by selecting Yes or No
   Select Pay and End Visit to complete transaction

USPS EMPLOYEE: Please scan upon pickup or receipt of mail. Leave form with customer or in customer's mail receptacle.

**USPS SCAN AT ACCEPTANCE** 

9275 0901 1935 6200 0007 9205 08

DSTATES	L SERVICE ®
UNITE	POSTAL

Affix Stamp Here of Tissued as an international control of the seeplet of Tissued as an international control of the seeplet of Tissued as an international control of the seeplet of Tissued as an international control of the seeplet of Tissued as an international control of the seeplet of Tissued as an international control of T	Check type of mail or service
Handling Charge - if Registered and dover \$50,000 in value  Adult Signature Restricted Delivery  Return Receipt  Signature Confirmation Restricted Delivery	Priority Mail Express Registered Mail Return Receipt for Merchandise Signature Confirmation Signature Confirmation Restricted Delivery
Handling Charge - if Registered and dver \$50,000 in value  Adult Signature Restricted Delivery  Return Receipt  Return Receipt  Signature Confirmation  Signature Confirmation  Signature Confirmation	State, & ZIP Code™) Po
Handling Charge - if Registered and over \$50,000 in value  Adult Signature Restricted Delivery  Restricted Delivery  Return Receipt  Signature Confirmation  Signature Confirmation	Avenue Midland 0.
Handling Charge - if Registered and over \$50,000 in va  Adult Signature Restricted Delivery  Restricted Delivery  Return Receipt  Signature Confirmation  Signature Confirmation  Signature Confirmation	
Handling Charge - if Registered and over \$50,000 in  Adult Signature Restricted Delivery Return Receipt Return Receipt Signature Confirmation Signature Confirmation	0.
Handling Charge - if Registered and over \$50,  Adult Signature Restricted Delivery  Restricted Delivery  Return Receipt  Signature Confirmation  Signature Confirmation  Signature Confirmation	
Handling Charge - if Registered and over 5  Adult Signature Restricted Delivery Restricted Delivery Restricted Delivery Signature Confirmation Signature Confirmation	
Handling Charge - if Registered and charge - if Registered and charge - if Registered and charge showing the Restricted Deliver Restricted Deliver Restricted Deliver Restricted Deliver Restricted Deliver Restricted Deliver Signature Confirmation Restricted Confirmation Restricted Deliver Signature Restricted Del	
Handling Charge - if Registere  Adult Signature Res  Restricted I  Return Re  Signature Co	
Handling Charge - if Registe Adult Signature F Restricte Return Signature Confirmati	
Handling Charge - if Bis tlubA  Palabeter Signature Co	
Handling Charge	
Handling Ch	
D gnilbnsH	
gnilbnsH	
nployee)	
пріоуее)	
	ceiving employee)



Michael H. Feldewert
Recognized Specialist in the Area of
Natural Resources - Oil and Gas Law New Mexico Board of Legal
Specialization
mfeldewert@hollandhart.com

April 9, 2018

### VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED

TO: OFFSETTING LESSEES AND OPERATORS

Re: Application of Chevron U.S.A. Inc. for a non-standard spacing and proration unit, and compulsory pooling, Lea County, New Mexico.

SD EA 18 19 Fed Com P15 No. 20H Well

This letter is to advise you that Chevron U.S.A. Inc. has filed the enclosed application with the New Mexico Oil Conservation Division. *Your interests are not being pooled under this application*, but as a lessee or operator in an offsetting tract, you are entitled to notice of this application.

This application has been set for hearing before a Division Examiner at 8:15 AM on May 3, 2018. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Pre-Hearing Statement with the Oil Conservation Division's Santa Fe office, four days in advance of a scheduled hearing, but at least on the Thursday preceding the hearing. This statement must include: the names of the parties and their attorneys; 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 are to be resolved prior to the hearing.

If you have any questions about this matter please contact Shalyce Holmes at (713) 372-6051 or SLHolmes@chevron.com.

Michael H. Feldewert

ATTORNEY FOR CHEVRON U.S.A. INC.

ConnectSui	ite &	using an old version of e-Certify. <u>Click here</u> to update to the new version.	Welco	me Joa	nna Garci	 Company: & Hart LLP
Home My Queue Piece Sec	arch Support Logout		the Harrison or		Table Table	
History > Mail Jobs > Mail J	ob Details					0
My Tools	Mail Pieces					
Mall Jobs Mail Pieces	Filter: < No Filter >	Gentle 18				
Manual Mailings	Barcode	Recipient	Status	DL	Custom	
Reports Setup	9214 8901 9403 8305 4046 42	OXY USA Inc 5 Greenway Plaza Houston TX 77046	Delivered Signature Received	No		
Account	9214 8901 9403 8305 4046 35	BTA Oil Producers 104 S Pecos Street	Delivered Signature	No		
rools	721707017400 0000 4040 00	Midland TX 79701	Received	NO		
		© 2017 Connect-Suite.com. Release: v4.6 [WIN-9K2GP4JQF6N]				



### **Shipment Confirmation Acceptance Notice**

Note to Mailer: The labels and volume associated to this form online, must match the labeled packages being presented to the USPS® employee with this form.

Chevron 20H Well - Offset List -PS3877\_92750901193562000007920669 - CM# 7004.0002

Shipment Date: 04/09/2018

Shipped From:

Name: HOLLAND & HART LLP

Address: 110 N GUADALUPE ST # 1

City: SANTA FE

ZIP+4® 87501 State: NM

Type of Mail	Volume
Priority Mail Express®*	
Priority Mail®	0
First-Class Package Service®	
Returns	
International*	
Other	2
Total	2

<sup>\*</sup>Start time for products with service guarantees will begin when mail arrives at the local Post Office™ and items receive individual processing and acceptance scans.

### B. USPS Action

Note to RSS Clerk:

- 1. Home screen > Mailing/Shipping > More
- Select Shipment Confirm
   Scan or enter the barcode/label number from PS Form 5630
   Confirm the volume count message by selecting Yes or No
   Select Pay and End Visit to complete transaction

USPS EMPLOYEE: Please scan upon pickup or receipt of mail. Leave form with customer or in customer's mail receptacle.

USPS SCAN AT ACCEPTANCE

9275 0901 1935 6200 0007 9206 69



lie Ma		SH									guill	ouel	1	pecia	S								policy.
14ehr		SCRD Fee				λ	ver	ləC	bet	၁	njsə	A n	<b>i</b> i3	វព្រះពាន	Jþ	၁ ခ	uti	eu	gić	3			rivacy
		သိ မီ							uo	!	ewi	iłno	þ	าลtนre	ίĠι	!S							d/mo:
or A		R Ree	1.50		200	00.1							$\vdash$	Retur	+								Isps.c
k T		RD Fee			1					1	19vil	∍Q I	) ə	astrict	H								visit u
B		ASRD Fee					/	19A	riləQ	þ	ete	- estr	A	nature	٦þ	!S	ılnb	Y					cies,
ailing		ASR Fee							red	įψ	7edı	ıre l	js	ngi2 1	u	lbΑ	,						y poli
Firm Mailing Book For Accountable Mail		Due Sender if COD																					privac
IT		Insured	*		T					1													USPS
	al ceipt). e <b>ceipt.</b>	Actual Value Ir					27.)																Privacy Notice: For more information on USPS privacy policies, visit usps.com/privacypolicy.
	p Here an interna mailing or pies of this ith Date o	Handling Charge		ən	ile/	/ ui	000	'09	/er \$	10	pui	s pə	ıə;	Regisf	]	oral	แสิธ	24:	o f	guilt	Han		more info
	X Stam sued as ifficate of titional co	(Extra Service) Fee	3.45		3.45																		ice: For
	Aff (if is cert add Pos	Postage	0.49		0.49																		cy Not
	Check type of mail or service  Adult Signature Required  Adult Signature Restricted Delivery  Registered Mail  Certified Mail  Certified Mail  Collect on Delivery (COD)  Signature Confirmation  Insured Mail  Restricted Delivery  Addressee (Name Street City, State & 210 Code Mail	ate, & ZIP Code ''')	BTA Oil Producers 104 S Pecos Strae: Midland TX 79701		OXY USA Inc 5 Greenway Plaza Houston TX 77046																	Postmaster, Per (Name of receiving employee)	Complete in Ink
POSTAL SERVICE ®	Name and Address of Sender Holland & Hart LLP 110 N Guadalupe St # 1 Santa Fe NM 87501 USPS Tracking/Article Number	1 9214 8901 9402 830E 404E 2E			2. 9214 8901 9403 8305 4046 42																	Total Number of Pleces Listed by Sender  Received at Post Office 2	PS Form <b>3877</b> , April 2015 (Page 1 of 1)



Michael H. Feldewert
Recognized Specialist in the Area of
Natural Resources - Oil and Gas Law New Mexico Board of Legal
Specialization
mfeldewert@hollandhart.com

March 28, 2018

### VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED

### TO: OFFSETTING LESSEES AND OPERATORS AND AFFECTED PARTIES

Re:

Application of Chevron U.S.A. Inc. for a non-standard spacing and proration unit, compulsory pooling, and approval of an unorthodox well location, Lea County, New Mexico.

SD EA 18 19 Fed Com P15 No. 17H Well SD EA 18 19 Fed Com P15 No. 18H Well SD EA 18 19 Fed Com P15 No. 19H Well

This letter is to advise you that Chevron U.S.A. Inc. has filed the enclosed application with the New Mexico Oil Conservation Division. *Your interests are not being pooled under this application*, but as a lessee or operator in an offsetting tract or a party affected by Chevron's request for an unorthodox location, you are entitled to notice of this application.

This application has been set for hearing before a Division Examiner at 8:15 AM on May 3, 2018. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

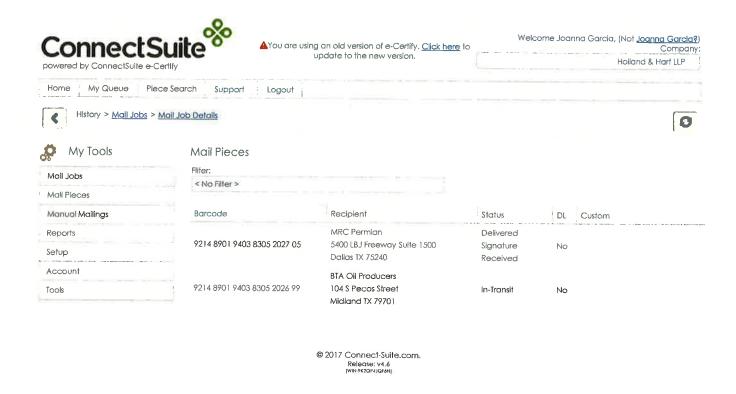
Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Pre-Hearing Statement with the Oil Conservation Division's Santa Fe office, four days in advance of a scheduled hearing, but at least on the Thursday preceding the hearing. This statement must include: the names of the parties and their attorneys; 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 are to be resolved prior to the hearing.

If you have any questions about this matter please contact Shalyce Holmes at (713) 372-6051 or SLHolmes@chevron.com.

Sincerely

Michael H. Feldewert

ATTORNEY FOR CHEVRON U.S.A. INC.





### Return address:

HOLLAND & HART LLP 110 N GUADALUPE ST # 1 SANTA FE, NM 87501

### Recipient address:

BTA OIL PRODUCERS 104 S PECOS STREET MIDLAND TX 79701

USPS CERTIFIED MAIL



9214 8901 9403 8305 2026 99

USPS Tracking Label Number: 9214 8901 9403 8305 2026 99

<b>Postal Facility</b>	ZIP	Date	Time
	SANTA FE,NM 875	01	03/28/2018 15:23
	SANTA FE,NM 875	01	03/28/2018 15:42
	SANTA FE,NM 875	01	03/28/2018 20:12
	ALBUQUERQUE,N	M 87101	03/28/2018 21:27
	ALBUQUERQUE,N	M 87101	03/29/2018 03:15
	MIDLAND,TX 7971	1	03/30/2018 13:37
	MIDLAND,TX 7971	1	03/30/2018 16:55
	MIDLAND,TX 7971	1	03/31/2018 00:55
	Postal Facility	SANTA FE,NM 875 SANTA FE,NM 875 SANTA FE,NM 875 ALBUQUERQUE,N ALBUQUERQUE,N MIDLAND,TX 7971	Postal Facility ZIP Date  SANTA FE,NM 87501  SANTA FE,NM 87501  SANTA FE,NM 87501  ALBUQUERQUE,NM 87101  ALBUQUERQUE,NM 87101  MIDLAND,TX 79711  MIDLAND,TX 79711  MIDLAND,TX 79711



### **Shipment Confirmation Acceptance Notice**

Note to Mailer: The labels and volume associated to this form online, must match the labeled packages being presented to the USPS® employee with this form.

2018-03-28 Chev-SD EA 17H 18H 19H & 20H Offset List - 79044.0002

Shipment Date: 03/28/2018

Shipped From:

Name: HOLLAND & HART LLP

110 N GUADALUPE ST # 1 Address:

City:\_SANTA FE

State: NM ZIP+4®\_87501

Type of Mail	Volume
Priority Mail Express®*	
Priority Mail®	0
First-Class Package Service®	
Returns	
International*	
Other	2
Total	2

<sup>\*</sup>Start time for products with service guarantees will begin when mail arrives at the local Post Office™ and items receive individual processing and acceptance scans.

### B. USPS Action

Note to RSS Clerk:

- 1. Home screen > Mailing/Shipping > More 2. Select Shipment Confirm
- Scan or enter the barcode/label number from PS Form 5630
- Confirm the volume count message by selecting Yes or No
   Select Pay and End Visit to complete transaction

USPS EMPLOYEE: Please scan upon pickup or receipt of mail. Leave form with customer or in customer's mail receptacle.

USPS SCAN AT ACCEPTANCE

9275 0901 1935 6200 0007 7705 85



Name and Address of Date					Firm	Firm Mailing Book For Accountable Mail	g Boo	k For	Acc	unta	hlo M.	=
Holland & Hart LLP 110 N Guadalupe St # 1 Santa Fe NM 87501	Priority Mail Express     Registered Mail     Return Receipt for Merchandise     Signature Confirmation     Signature Confirmation     Restricted Delivery	Affix Star (if issued a certificate additional c	1 200.500	tional for s receipt, if Receipt.								1
	Addressee (Name, Street, City, State, & ZIP Code <sup>nn</sup> )	Postage (Extra Service) Fee	Handling () Charge	Actual Value if Registered	Insured Dr	Due ASR Sender if Fee	ASRD Fee	RD Fee	Fee S	SC SCRD Fee Fee	RD SH	- υ
1. 9214 8901 9403 8305 2026 99	BTA Oil Producers 104 S Pecos Street Midland TX 79701	0.49 3.45	ən		3				1.50			
2. 9214 8901 9403 8305 2027 05	MRC Permian 5400 LBJ Freeway Suite 1500 Dallas TX 75240	0.49 3.45	lev ni 000				/	14	1.50	VYGV	6.00	
			(0\$\$ 1 <del>0</del> 0			ired	reviled I	A				
			ed and o			ure Regu	patointea		1qiəəə7	smritno istaa8 no	gnilbnet	ra .
			Register			tengi <b>2</b> t	A Sinter	estricte				
			ii - agashD bnii			lubA	igis flubA	,4	h:2	ngic npO enutengi2		(2)
1			bneH									
Total Number of Pieces Total Number of Pieces Listed by Sender Received at Post Office 2  PS Form 3877, April 2015 (Page 1 of 1)	Postmaster, Per (Name of receiving employee)  Complete in Ink	Privacy Notice: For more information on USPS privacy policies, visit usps.com/privacymolicy	r more inf	ormation of	- NSPS pri	Vacv poli	cies. vi	- sit usu		- Juniva	oilour	_ I ≥
PSN 7530-02-000-9098		ž į			THE STATE OF			1			ypour	

### Affidavit of Publication

STATE OF NEW MEXICO COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

> Beginning with the issue dated April 13, 2018 and ending with the issue dated April 13, 2018.

Publisher

Sworn and subscribed to before me this 13th day of April 2018.

Business Manager

My commission expires January 29, 2019

(Seal)



OFFICIAL SEAL **GUSSIE BLACK** Notary Public State of New Mexico My Commission Expires 29-19

This newspaper is duly qualified to publish. legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

**LEGAL** 

LEGAL

LEGAL NOTICE April 13, 2018

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

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on May 3, 2018, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appoint for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by April 23, 2018. Public documents, including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed. form is needed.

STATE OF NEW MEXICO TO: All named parties and persons having any right, title, interest or claim in the following cases and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

To: All offset owners and pooled parties, including: COG Operating LLC; AE&J Royalties, LLC; BTA Oil Producers; MRC Permian; Endeavor Energy Resources, L.P.; RSC Resources, L.P.; Bradley S. Bates; fils heirs and devisees; Sagebrush Interests, LLC; R&R Royalty,

Case No. 16113: Application of Chevron U.S.A. Inc. for a non-standard spacing and proration unit, compulsory pooling, and approval of an unorthodox well location, Lea County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a non-standard, 320-acre spacing and proration unit comprised of the E/2 E/2 of Section 18 and the E/2 E/2 of Section 19, Township 26 South, Range 33 East, N.M.P.M., Lea County, New Mexico; (2) pooling all mineral interests in the Wolfcamp formation underlying this acreage; and (3) approving an unorthodox well location. Said non-standard unit is to be dedicated to applicant's proposed SD EA 18 19 Fed Com P15 No. 17H Well, its proposed SD EA 18 19 Fed Com P15 No. 18H Well, which will be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 18 to a bottom noie location in SE/4 SE/4 (Unit A) of Section 18 to a bottom noie location in SE/4 SE/4 (Unit A) of Section 19. The completed interval for the SD EA 18 19 Fed Com P15 No. 17H Well will commence 330 feet from the north line, 1,150 feet from the east line of Section 19. thereby encroaching on the spacing and proration units to the west, northwest, and southwest. The completed interval for the SD EA 18 19 Fed Com P15 No. 19H Well and the SD EA 18 19 Fed Com P15 No. 19H Well and the SD EA 18 19 Fed Com P15 No. 19H Well will remain within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing said wells and a 200% charge for risk involved in drilling said wells, Said area is located approximately 25 miles west of Jal, New Mexico. #32702 of Jal, New Mexico. #32702

67100754

00210099

HOLLAND & HART LLC PO BOX 2208 SANTA FE,, NM 87504-2208

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe. New Mexico Exhibit No. 14

Submitted by: Chevron NA Exp & Prod Co

Hearing Date: May 17, 2018

### Affidavit of Publication

STATE OF NEW MEXICO COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

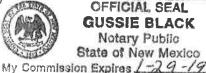
> Beginning with the issue dated April 13, 2018 and ending with the issue dated April 13, 2018.

Publisher

Sworn and subscribed to before me this 13th day of April 2018.

Business Manager

My commission expires



This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

LEGAL

LEGAL

LEGAL NOTICE April 13, 2018

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

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on May 3, 2018, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appoint for the hearing. If you are an individual with a disability who is in need of a reader amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by April 23, 2018. Public documents, including the agenda and minutes can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

STATE OF NEW MEXICO TO:
All named parties and persons having any right, title, interest or claim in the following cases and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

To: All offset owners and pooled parties, including: COG Operating LLC; AE&J Royalties, LLC; BTA Oil Producers; OXY USA Inc.

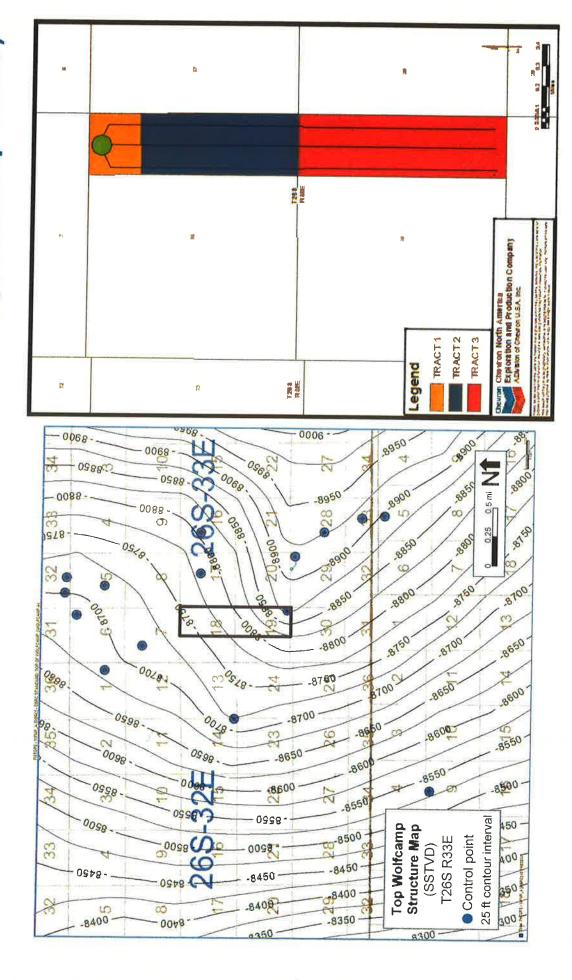
Case No. 16114: Application of Chevron U.S.A. Inc. for a non-standard spacing and proration unit, and compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a non-standard, 160-acre spacing and proration unit comprised of the E/2 E/2 of Section 18, Township 26 South, Range '33 East, N.M.P.M., Lea County, New Mexico (2) pooling all mineral interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed SD EA 18 19 Fed Com P15 No. 20H Well, which will be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 18 to a standard bottom hole location in SE/4 SE/4 (Unit P) of Section 18. The completed interval for this well will remain within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Chevron U.S.A. Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 25 miles west of Jal, New Mexico. of Jal, New Mexico. #32697

67100754

00210093

**HOLLAND & HART LLC** PO BOX 2208 SANTA FE,, NM 87504-2208

# SD EA 18 19 FED COM P15 17,18 &19H (Wolfcamp Wells)



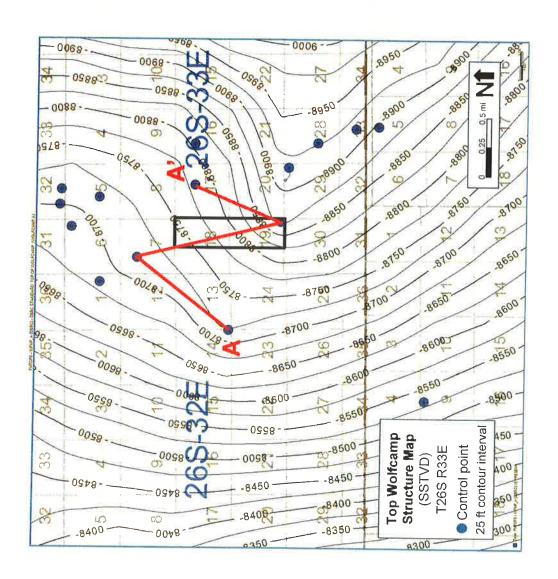


BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico

Exhibit No. 15
Submitted by: Chevron NA Exp & Prod Co
Hearing Date: May 17, 2018

### **Cross-Section Location Map**

All cross-sections in this presentation use the same 4 wells and only vary the depths displayed

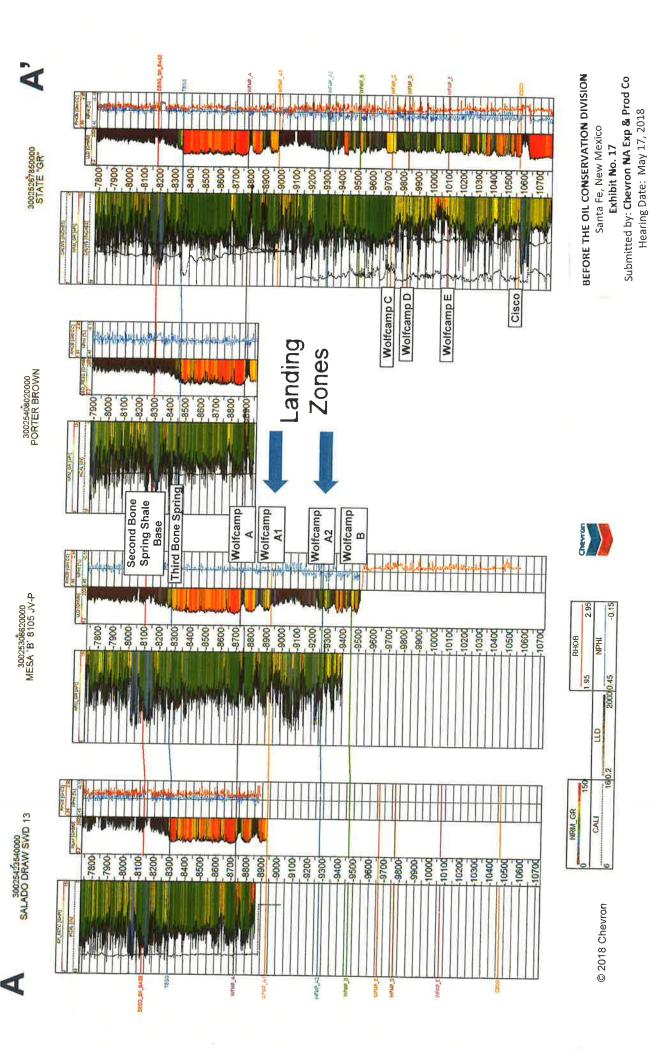




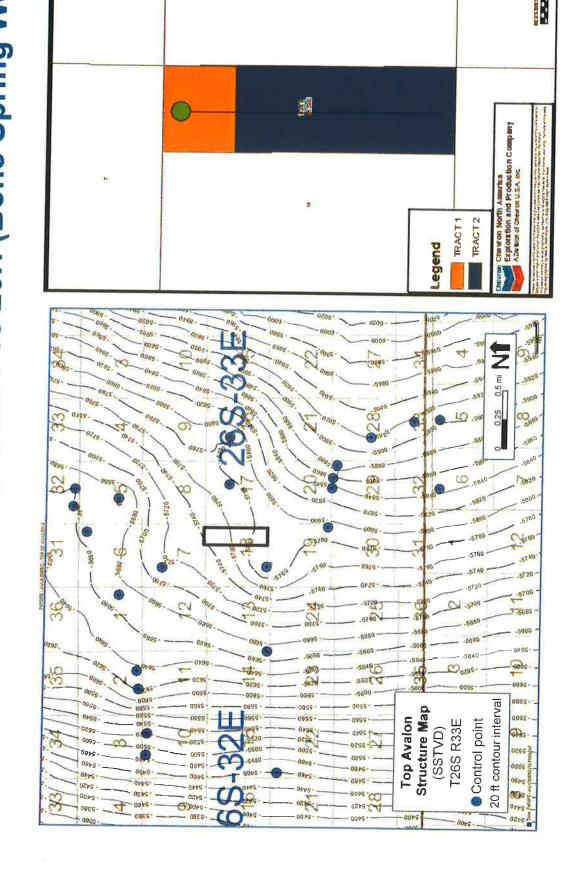
BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 16
Submitted by: Chevron NA Exp & Prod Co

Hearing Date: May 17, 2018

### **Cross-Section of Wolfcamp Formation**



## SD EA 18 19 FED COM P15 20H (Bone Spring Well)



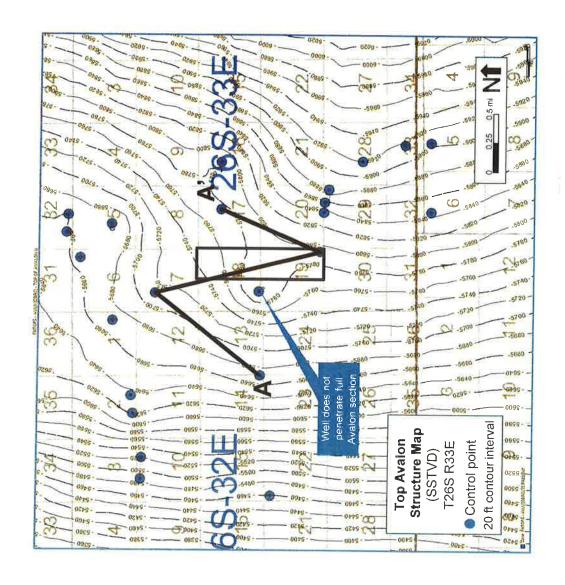


Submitted by: **Chevron NA Exp & Prod Co** Hearing Date: May 17, 2018



### **Cross-Section Location Map**

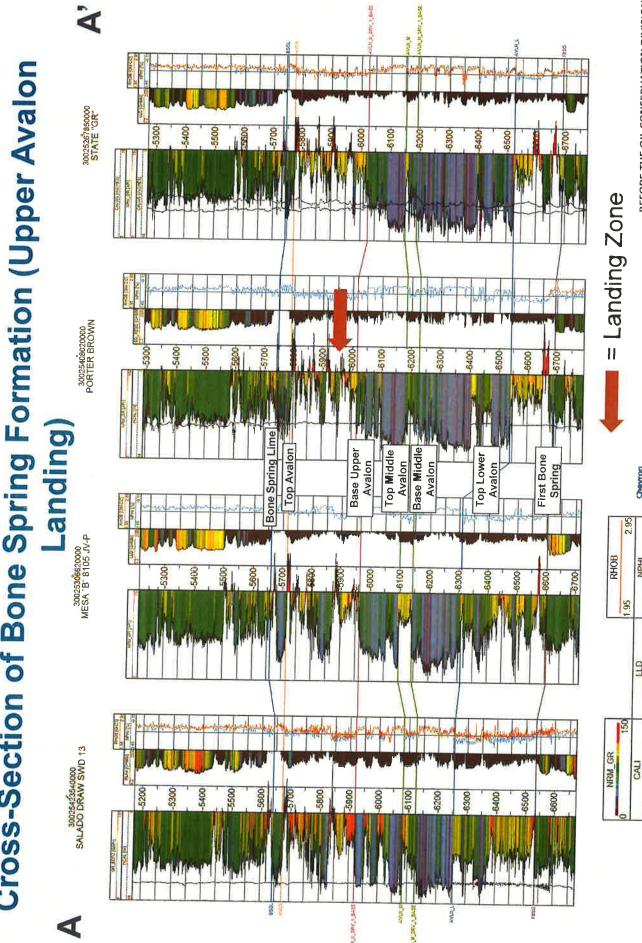
All cross-sections in this presentation use the same 4 wells and only vary the depths displayed





BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 19
Submitted by: Chevron NA Exp & Prod Co
Hearing Date: May 17, 2018

## Cross-Section of Bone Spring Formation (Upper Avalon



© 2018 Chevron

Submitted by: Chevron NA Exp & Prod Co Santa Fe, New Mexico Exhibit No. 20

NPH

20000.45

Hearing Date: May 17, 2018

BEFORE THE OIL CONSERVATION DIVISION