



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Pecos District
Carlsbad Field Office
620 E Greene
Carlsbad New Mexico 88220 6292
www.blm.gov/nm



NM136140X
3180 (P0220)

Reference
Application and Request for Designation
Polvadera Resource Development Unit

August 31, 2016

CERTIFIED—RETURN RECEIPT REQUESTED
7016 0910 0000 9343 4001

MCA Business Unit
Shalyce Holmes
Chevron U S A Inc
1400 Smith Street, Room 40195
Houston, TX 77002

Gentlemen

Your application of August 24, 2016, filed with the Bureau of Land Management (BLM) Carlsbad Field Office, requests the designation of the Polvadera Resource Development Unit area, embracing 1920 00 acres, more or less, in Lea County, New Mexico, as logically subject to a resource development under the unitization provisions of the Mineral Leasing Act as amended

Pursuant to public interest requirements and unit plan regulations 43 CFR 3180, the land requested as outlined on your plat marked Exhibit "A" and Exhibit "B", the Polvadera Unit area, Lea County New Mexico, is hereby designated as a logical unit area and has been assigned agreement number NMNM136140X. This designation is for all oil and gas formations from the Bone Springs formations only and valid for a period of one year from the date of this letter.

The resource development unit agreement to be submitted for the area designated shall provide for a proposed obligation well (Salado Draw WE 14 Fed P7 3H) named the Polvadera Unit 3H, a 9,020' TVD horizontal lateral Bone Spring well, with a surface location in the SESE of Section 14, T26S-R32E, sufficient to test the Upper Avalon Shale of the Bone Spring formation.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe New Mexico
Exhibit No. 4
Submitted by
CHEVRON USA INC
Hearing Date April 13, 2017

The Polvadera Unit 3H well will be the first designated obligation horizontal well to test the Bone Spring formation for the unit As stated in paragraph 3 in the unit agreement unitized substances are as follows

"All oil and gas from the stratigraphic equivalent of the top of the Bone Spring formation encountered at a true vertical depth of 8,800 feet down to the stratigraphic equivalent of the base of the Bone Spring formation at a true vertical depth of 11,950 feet as encountered in the Salado Draw SWD 13 1 well in Section 13, Township 26 South, Range 32 East, N M P M , Lea County, New Mexico (API # 30 025 42354) are unitized under the terms of this Agreement and herein are called "Unitized Substances" (See type log attached as Exhibit "C") subject to the limitation in the second paragraph of this Agreement"

Your proposed use of a Resource Development Unit Agreement which is a modification of the Model onshore unit agreement for unproven areas in 43 CFR 3186 1 and provided by the BLM Carlsbad Field Office is accepted

In the absence of any type of land requiring special provisions or of any objections not now apparent, a duly executed agreement identical with said form, modified as outlined above, will be approved if submitted in approvable status within a reasonable period of time However, notice is hereby given that the right is reserved to deny approval of any executed agreement submitted that, in our opinion, does not have the full commitment of sufficient lands to afford effective control of operations in the unit area

Please include the latest status of all acreage when the executed agreement is submitted for final approval In preparing Exhibits "A" and "B", the format of the sample exhibits of the model form shall be followed A minimum of three copies of the executed agreement shall be submitted with your request for final approval

Please contact Edward G Fernandez, Petroleum Engineer, at 575-234-2220 or Chris Walls at 575-234 2234 if you have any questions

Sincerely,



George MacDonell
Field Manager
Lands and Minerals

Enclosure

cc

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NMP0220