

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

HOEBS OCD

FORM APPROVED OMB NO. 1004-0135 Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals. JUL 01 2013

5. Lease Serial No. NNMN96855
6. If Indian, Allottee or Tribe Name
7. If Unit or CA/Agreement, Name and/or No.
8. Well Name and No. CROSS BONES 2-29 1H
9. API Well No. 30-025-40706
10. Field and Pool, or Exploratory LUSK; NORTH
11. County or Parish, and State LEA COUNTY, NM

SUBMIT IN TRIPLICATE - Other instructions on reverse side RECEIVED

1. Type of Well [X] Oil Well [] Gas Well [] Other
2. Name of Operator CHEVRON U.S.A. INC. Contact: DENISE PINKERTON E-Mail: leakejd@chevron.com
3a. Address 15 SMITH ROAD MIDLAND, TX 79705
3b. Phone No. (include area code) Ph: 432-687-7375
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 29 T18S R32E Mer NMP SWSW 560FSL 660FWL

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

Table with 2 columns: TYPE OF SUBMISSION and TYPE OF ACTION. Includes checkboxes for Notice of Intent, Subsequent Report, Final Abandonment Notice, Acidize, Deepen, Production (Start/Resume), Water Shut-Off, etc.

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

AFTER FLARING DUE TO LACK OF A SALES GAS LINE, WHICH COMMENCED ON FEBRUARY 22, 2013, AND WAS REQUESTED THROUGH MAY 23, 2013, CHEVRON IS REQUESTING TO FLARE AN ADDITIONAL 120 DAYS DUE TO HYDROGEN SULFIDE AND NITROGEN CONCENTRATIONS IN EXCESS OF ALLOWABLE LIMITS SET BY THE GAS GATHERING COMPANY. TO RESOLVE THE H2S ISSUE, CHEVRON IS INSTALLING AN H2S SCAVENGER SYSTEM WHICH INVOLVES PIPING MODIFICATIONS WITHIN THE BATTERY. ALSO, A CHEMICAL SQUEEZE TO KILL H2S PRODUCING MICROBES WILL BE SCHEDULED AND PERFORMED AFTER THE ESP PUMP IS REMOVED FROM THE WELL. THE HIGH NITROGEN ISSUE IS BEING ADDRESSED THROUGH MARKETING AND POSSIBLE RENEGOTIATIONS OF THE CONTRACT WITH THE GAS GATHERING COMPANY, ENTERPRISE. ALSO, FRONTIER, AN ALTERNATIVE TO ENTERPRISE, IS BEING INVESTIGATED. CHEVRON IS HEREBY REQUESTING THAT IT BE ALLOWED TO FLARE THE CASINGHEAD GAS FROM THIS WELL FOR AN ADDITIONAL 120 DAYS BEYOND THE INITIAL 90 DAYS OF FLARING, OR UNTIL SEPTEMBER 20, 2013.

SUBJECT TO LIKE APPROVAL BY STATE

Valid 5/23/2013 - 8/21/2013

SEE ATTACHED FOR CONDITIONS OF APPROVAL

14. I hereby certify that the foregoing is true and correct. Electronic Submission #207527 verified by the BLM Well Information System For CHEVRON U.S.A. INC., sent to the Hobbs Committed to AFMSS for processing by JERRY BLAKLEY on 05/20/2013 () Name (Printed/Typed) DENISE PINKERTON Title REGULATORY SPECIALIST Signature (Electronic Submission) Date 05/15/2013

THIS SPACE FOR FEDERAL OR STATE OFFICE USE APPROVED JUN 27 2013 Approved By [Signature] Title [] Date [] Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. Office [] Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly to provide false information to the Bureau of Land Management or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction. BUREAU OF LAND MANAGEMENT CARLSBAD FIELD OFFICE

** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED **

SEP 09 2013

Additional data for EC transaction #207527 that would not fit on the form

32. Additional remarks, continued

CHEVRON WILL CONTINUE TO MEASURE FLARED GAS VOLUMES AND REPORT ACCORDINGLY TO THE BLM FOR ROYALTY PAYMENTS.

BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972

6/27/2013

Condition of Approval to Flare Gas

1. Report all volumes on OGOR reports.
2. Comply with NTL-4A requirements
3. Subject to like approval from NMOCD
- 4. Flared volumes will still require payment of royalties**
5. Install gas meter on vent/flare line to measure gas prior to venting/flaring operations if it is not equipped as such at this time. Gas meter to meet all requirements for sale meter as Federal Regulations and Onshore Order #5.
6. This approval does not authorize any additional surface disturbance.
7. Submit updated facility diagram as per Onshore Order #3.
8. Approval not to exceed 90 days for date of approval.
9. Submit Subsequent Report with actual volumes of gas flared for each month gas is flared.
10. If flaring is still required past 90 days submit new request for approval.
11. If a portable unit is used to flare gas it must be monitored at all times.
12. Comply with any restrictions or regulations when on State or Fee surface.

JDB6272013