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District I - (575) 393-6161
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811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised July 18, 2013

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

HOBBS OCD

JAN 14 2016
RECEIVED

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO. 30-025-40922
1. Type of Well: Oil Well ☒ Gas Well ☐ Other ☐		5. Indicate Type of Lease STATE ☒ FEE ☐
2. Name of Operator CHEVRON USA INC		6. State Oil & Gas Lease No.
3. Address of Operator 1616 W. BENDER BLVD HOBBS, NM 88240		7. Lease Name or Unit Agreement Name PADUCA BREAKS 32 26 32 STATE
4. Well Location Unit Letter <u>A</u> : <u>400'</u> feet from the <u>NORTH</u> line and <u>182'</u> feet from the <u>EAST</u> line Section <u>32</u> Township <u>26S</u> Range <u>32E</u> NMPM County <u>LEA</u>		8. Well Number <u>1H</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3101' GL		9. OGRID Number 4323
		10. Pool name or Wildcat JENNINGS;UPPER BONE SPRING

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK ☐	PLUG AND ABANDON ☐	REMEDIAL WORK ☐	ALTERING CASING ☐
TEMPORARILY ABANDON ☒	CHANGE PLANS ☐	COMMENCE DRILLING OPNS. ☐	P AND A ☐
PULL OR ALTER CASING ☐	MULTIPLE COMPL ☐	CASING/CEMENT JOB ☐	
DOWNHOLE COMMINGLE ☐			
CLOSED-LOOP SYSTEM ☐			
OTHER: INTENT TO RECLASSIFY TO A GAS WELL ☒		OTHER: ☒	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

CHEVRON USA INC IS REQUESTING TO RECLASSIFY THE ABOVE WELL FROM AN OIL WELL TO A GAS WELL. BLAKE O'DONNELL/CHEVRON HAS SPOKEN TO PAUL KAUTZ ON 01/13/2016 REGARDING TO RECLASSIFY THIS WELL TO A GAS WELL. ATTACHED IS A COPY OF THE PVT REPORT. THE GOR CAN BE FOUND ON THE BOTTOM OF PAGE 5 AND API GRAVITY ON PAGE 8.

NOTE THEAT THESE ARE THE DOCUMENT PAGE NUMBERS AND NOT THE REPORT PAGE NUMBERS

Spud Date:

Rig Release Date:

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

SIGNATURE Cindy Herrera Murillo TITLE PERMITTING SPECIALIST DATE 01/14/2016

Type or print name CINDY HERRERA-MURILLO E-mail address: Cherreramurillo@chevron.com PHONE: 575-263-0431
For State Use Only

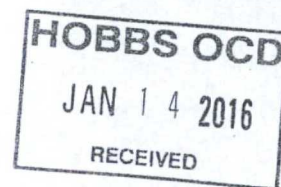
APPROVED BY: [Signature] TITLE Petroleum Engineer DATE 01/14/16
Conditions of Approval (if any):

JAN 14 2016

af



FESCO, Ltd.
Petroleum Engineers



**Retrograde Gas PVT Fluid Study
for
Chevron North America Exploration and Production Company
Paduca Breaks 32-26-32 State No. 1H
Jennings Field
Lea County, New Mexico**

The analysis, opinions and interpretations contained in this report are based upon observations, assumptions, empirical factors, inferences and data supplied by the customer, which are not infallible. The results expressed in this report represent the best judgment of FESCO. Accordingly, FESCO assumes no responsibility and makes no warranty as to the accuracy or correctness of any analysis, opinion or interpretation. FESCO shall not be liable or responsible for any loss, cost, damage, claim or expense whatsoever incurred or sustained by the customer resulting from any analysis, opinion or interpretation made by any of our employees.

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FESCO, Ltd.
Petroleum Engineers

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ALICE LABORATORY: (361) 661-7015 • FAX (361) 661-7019

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November 19, 2013

Ms. Maria B. Garcia
Chevron North America Exploration and Production Company
P. O. Box 2100
Houston, Texas 77252

Re: Well: Paduca Breaks 32-26-32 State No. 1H
Field: Jennings
Location: Lea County, New Mexico
Formation: Upper Avalon
Perforations: 9034 -- 13208 ft MD
Test Type: Retrograde Gas PVT Fluid Study

Dear Ms. Garcia:

The attached report contains results from a laboratory study performed on the recombined separator fluids from the subject well. The study determined the type and character of the reservoir fluid. The fluid study was performed using first-stage separator gas and oil samples obtained from the well on July 18, 2013 by FESCO, Ltd. FESCO then delivered the separator samples to its PVT laboratory in Alice, Texas. Extended compositional analyses were performed on the separator gas (C₁₁₊) and on the separator oil (C₃₁₊) samples. Tables 1-A through 1-C list the compositional analyses of the separator gas, separator oil and mathematically recombined wellstream fluid through C₇₊, C₁₁₊ and C₃₁₊, respectively. The Appendix contains the Report of Water Analysis, ASTM D-86 Distillation conducted on the stock tank oil and the C₇₊ compositional analyses of the flash gases. Table 2 reports the fluid properties measured as the separator oil was flashed from separator conditions to ambient laboratory conditions.

The separator gas and oil were physically recombined in a visual PVT cell at the reservoir temperature of 137 °F and at the reported gas-oil ratio of 26793 Scf/Sep Bbl (28000 Scf/STB). The laboratory attempted to compress the recombined reservoir fluid into a single-phase mixture. However, the mixture was still two-phase at 10000 psig. The recombined fluid was evaluated during a Constant Composition Expansion (CCE) process ranging from 10000 to 916 psig. The resulting CCE data is reported in Table 3. Figures 1 through 3 illustrate the data reported in Table 3. The

Chevron North America Exploration and Production Company
Paduca Breaks 32-26-32 State No. 1H
November 19, 2013

reservoir fluid exists as two-phases at the reservoir pressure (4057 psig) and temperature (205 °F).

The fluid created by recombining the 1st stage separator gas and liquid to the producing GOR did not accurately model the existing reservoir fluid. By definition, the saturation pressure greater than reservoir pressure occurs most often in the following cases.

- The well produces reservoir oil and gas that originate from separate, unassociated formations that subsequently commingle in the wellbore.
- The well produces from a highly saturated zone.

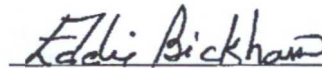
Thank you for this opportunity to serve Chevron North America Exploration and Production Company. Please call me if you have any questions or concerns regarding this report.

Sincerely,

FESCO, Ltd.



Armando Ramirez
Natural Gas Engineer
Alice, Texas
Phone: 361-661-7015
Email: Armando.Ramirez@FescoInc.com



Eddie Bickham, P. E.
Vice - President
Alice, Texas
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FESCO, Ltd.

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**WELL SUMMARY****WELL INFORMATION**

Company:	Chevron North America Exploration and Production Company
Well Name:	Paduca Breaks 32-26-32 State No. 1H
Field:	Jennings
Location:	Lea County, New Mexico

RESERVOIR INFORMATION

Formation:	Upper Avalon
Perforations:	9034 - 13208 ft MD
Reservoir Datum:	Unavailable
Reservoir Temperature:	137 °F
Static Reservoir Pressure:	2500 psig
Flowing Reservoir Pressure:	Unavailable

SAMPLE INFORMATION

Sampling Date:	7/18/2013
Sampled By:	FESCO, Ltd. - Odessa, Texas
Sample Type:	1st-Stage Separator Gas and Oil
Flowing Tubing Pressure:	230 psig
1st Stage Separator Pressure:	160 psig
1st Stage Separator Temperature:	71 °F
2nd Stage Separator Pressure:	40 psig
2nd Stage Separator Temperature:	70 °F
3rd Stage Separator Pressure:	23 psig
3rd Stage Separator Temperature:	108 °F

PRODUCTION INFORMATION

Test Date:	7/18/2013
1st Stage Separator Gas Rate:	1596 Mcf/d
Stock Tank Oil Rate:	57.00 STB/d
Water Rate:	113.00 STB/d
Stock Tank Gas-Oil Ratio:	28000 Scf 1st Stage Gas / STB
Separator Gas-Oil Ratio:	26793 Scf 1st Stage Gas / Sep Bbl
Separator Oil Volume Factor:	1.04506 Sep Oil Vol / STO Vol

FESCO, Ltd.

Petroleum Engineers



RESULTS SUMMARY

Company:	Chevron North America Exploration and Production Company
Well:	Paduca Breaks 32-26-32 State No. 1H
Type of Test:	Retrograde Gas PVT Fluid Study
Reservoir Fluid Type:	Saturated Gas
Saturation Conditions:	
Pressure (Retrograde Dew Point):	10000 psig
Temperature:	137 °F
Gas Deviation Factor (Z):	1.50342
Gas Expansion Factor:	2.15623 Mscf/Bbl
Reservoir Conditions:	
Pressure:	2500 psig
Temperature:	137 °F
Gas Deviation Factor (Z):	N/A (Pres < Psat)
Gas Expansion Factor:	N/A (Pres < Psat)
Report Date:	11/19/2013

FESCO, Ltd.

Petroleum Engineers



SAMPLE SUMMARY

Company: Chevron North America Exploration and Production Company
Well: Paduca Breaks 32-26-32 State No. 1H
Sample Date: 07/18/13

Separator Conditions

Pressure: 160 psig
Temperature: 71 °F

Laboratory Quality Test

Separator Gas:	<u>Pressure</u>	<u>Temperature</u>
Cylinder ID No. G-4082*	155 psig	71 °F
Cylinder ID No. G-3609	151 psig	71 °F

Separator Liquid:	<u>BP Pressure</u>	<u>Temperature</u>
Cylinder ID No. T-3074*	160 psig	71 °F
Cylinder ID No. T-3113	159 psig	71 °F

Report Date: 11/19/2013

* Samples used in fluid study

TABLE 1-A

**COMPOSITIONAL ANALYSIS OF THE SEPARATOR GAS, OIL
AND MATHEMATICALLY RECOMBINED WELLSTREAM THROUGH C₇.**

SEPARATOR GOR.....: 26793 Scf/Sep Bbl

SEPARATOR PRESSURE.....: 160 psig

SEPARATOR TEMPERATURE.....: 71 °F

Component	SEPARATOR GAS		SEPARATOR OIL		WELLSTREAM	
	Mole%	* GPM	Mole %	Liquid Volume %	Mole %	* GPM
Hydrogen Sulfide	0.000	0.000	0.000	0.000	0.000	0.000
Nitrogen	1.675	0.000	0.019	0.004	1.627	0.000
Carbon Dioxide	9.741	0.000	1.104	0.361	9.490	0.000
Methane	71.559	0.000	3.601	1.169	69.582	0.000
Ethane	9.591	2.616	3.137	1.607	9.403	2.565
Propane	4.648	1.306	5.209	2.749	4.664	1.311
Iso-butane	0.525	0.175	1.350	0.846	0.549	0.183
N-butane	1.233	0.396	4.668	2.819	1.333	0.429
2-2 Dimethylpropane	0.000	0.000	0.233	0.171	0.007	0.003
Iso-pentane	0.309	0.115	2.985	2.091	0.387	0.144
N-pentane	0.332	0.123	4.308	2.991	0.448	0.165
2-2 Dimethylbutane	0.002	0.001	0.053	0.043	0.003	0.001
Cyclopentane	0.000	0.000	0.000	0.000	0.000	0.000
2-3 Dimethylbutane	0.020	0.008	0.505	0.396	0.034	0.014
2 Methylpentane	0.070	0.030	2.623	2.085	0.144	0.061
3 Methylpentane	0.038	0.016	1.612	1.261	0.084	0.035
Other Hexanes	0.000	0.000	0.000	0.000	0.000	0.000
n-Hexane	0.082	0.034	4.245	3.344	0.203	0.085
Heptanes Plus	0.175	0.072	64.348	78.064	2.042	1.279
TOTAL	100.000	4.893	100.000	100.000	100.000	6.275

HEPTANES PLUS (C ₇₊) FRACTION CHARACTERISTICS					
COMPONENT	Specific Gravity		Molecular Weight lb/lb-mole	Vapor Volume Scf/Gal	Gross Heating Value ***
	°API	**			
Gas	N/A	3.2931	95.377	24.165	5,096
Oil	45.555	0.7992	159.739	15.482	130,129
Wellstream	N/A	0.7962	154.382	15.959	N/A

TOTAL SAMPLE CHARACTERISTICS						
COMPONENT	Specific Gravity		Molecular Weight lb/lb-mole	Vapor Volume Scf/Gal	Gross Heating Value	
	°API	**			Dry ***	Saturated ***
Gas	N/A	0.7973	23.004	204.379	1,141	1,122
Oil	56.792	0.7515	123.814	18.782	N/A	123,518
Wellstream	N/A	0.8955	25.936	49.667	N/A	N/A

* GPM (gallons per Mscf) determined at 15.025 psia and 60 °F

** Gas specific gravity and wellstream specific gravity determined relative to air (SG=1.000).
Oil specific gravity determined relative to water (SG=1.000).

*** Gross Heating Value units for gas (real basis) and oil are BTU/Scf and BTU/Gal, respectively.

TABLE 1-B

**COMPOSITIONAL ANALYSIS OF THE SEPARATOR GAS, OIL
AND MATHEMATICALLY RECOMBINED WELLSTREAM THROUGH C₁₁₊**

SEPARATOR GOR.....: 26793 Scf/Sep Bbl

SEPARATOR PRESSURE.....: 160 psig

SEPARATOR TEMPERATURE.....: 71 °F

Component	SEPARATOR GAS		SEPARATOR OIL		WELLSTREAM	
	Mole%	* GPM	Mole %	Liquid Volume %	Mole %	* GPM
Hydrogen Sulfide	0.000	0.000	0.000	0.000	0.000	0.000
Nitrogen	1.675	0.000	0.019	0.004	1.627	0.000
Carbon Dioxide	9.741	0.000	1.104	0.361	9.490	0.000
Methane	71.559	0.000	3.601	1.169	69.582	0.000
Ethane	9.591	2.616	3.137	1.607	9.403	2.565
Propane	4.648	1.306	5.209	2.749	4.664	1.311
Iso-butane	0.525	0.175	1.350	0.846	0.549	0.183
N-butane	1.233	0.396	4.668	2.819	1.333	0.429
2-2 Dimethylpropane	0.000	0.000	0.233	0.171	0.007	0.003
Iso-pentane	0.309	0.115	2.985	2.091	0.387	0.144
N-pentane	0.332	0.123	4.308	2.991	0.448	0.165
2-2 Dimethylbutane	0.002	0.001	0.053	0.043	0.003	0.001
Cyclopentane	0.000	0.000	0.000	0.000	0.000	0.000
2-3 Dimethylbutane	0.020	0.008	0.505	0.396	0.034	0.014
2 Methylpentane	0.070	0.030	2.623	2.085	0.144	0.061
3 Methylpentane	0.038	0.016	1.612	1.261	0.084	0.035
Other Hexanes	0.000	0.000	0.000	0.000	0.000	0.000
n-Hexane	0.082	0.034	4.245	3.344	0.203	0.085
Methylcyclopentane	0.028	0.010	2.080	1.410	0.088	0.032
Benzene	0.016	0.005	1.141	0.612	0.049	0.014
Cyclohexane	0.015	0.005	1.430	0.933	0.056	0.019
2-Methylhexane	0.009	0.004	1.609	1.433	0.056	0.026
3-Methylhexane	0.011	0.005	1.452	1.277	0.053	0.025
2,2,4 Trimethylpentane	0.000	0.000	0.000	0.000	0.000	0.000
Other Heptanes	0.027	0.012	2.545	2.156	0.100	0.045
n-Heptane	0.019	0.009	3.330	2.943	0.115	0.054
Methylcyclohexane	0.014	0.006	2.649	2.040	0.091	0.037
Toluene	0.010	0.003	2.666	1.710	0.087	0.030
Other C-8's	0.016	0.008	6.664	6.079	0.209	0.102
n-Octane	0.004	0.002	2.374	2.329	0.073	0.038
Ethylbenzene	0.001	0.000	0.296	0.219	0.010	0.004
M&P-Xylenc	0.001	0.000	1.343	0.998	0.040	0.016
O-Xylene	0.000	0.000	0.653	0.475	0.019	0.007
Other C-9's	0.003	0.002	5.280	5.379	0.156	0.085
n-Nonane	0.001	0.001	1.493	1.609	0.044	0.025
Other C10's	0.000	0.000	4.797	5.370	0.140	0.083
n-Decane	0.000	0.000	1.173	1.379	0.034	0.021
Undecanes Plus	0.000	0.000	21.372	39.714	0.622	0.615
TOTAL	100.000	4.893	100.000	100.000	100.000	6.275

TABLE 1-B

**COMPOSITIONAL ANALYSIS OF THE SEPARATOR GAS, OIL
AND MATHEMATICALLY RECOMBINED WELLSTREAM THROUGH C₁₁₊**

SEPARATOR GOR.....: 26793 Scf/Sep Bbl
SEPARATOR PRESSURE.....: 160 psig
SEPARATOR TEMPERATURE.....: 71 °F

UNDECANES PLUS (C ₁₁₊) FRACTION CHARACTERISTICS					
COMPONENT	Specific Gravity		Molecular Weight lb/lb-mole	Vapor Volume Scf/Gal	Gross Heating Value ***
	°API	**			
Gas	N/A	0.8250	156.000	16.365	8,400
Oil	35.501	0.8473	259.400	10.108	133,201
Wellstream	N/A	0.8473	259.400	10.108	N/A

TOTAL SAMPLE CHARACTERISTICS						
COMPONENT	Specific Gravity		Molecular Weight lb/lb-mole	Vapor Volume Scf/Gal	Gross Heating Value	
	°API	**			Dry ***	Saturated ***
Gas	N/A	0.7973	23.004	204.379	1,141	1,122
Oil	56.792	0.7515	123.814	18.782	N/A	123,518
Wellstream	N/A	0.8955	25.936	49.667	N/A	N/A

* GPM (gallons per Mscf) determined at 15.025 psia and 60 °F

** Gas specific gravity and wellstream specific gravity determined relative to air (SG=1.000).
Oil specific gravity determined relative to water (SG=1.000).

*** Gross Heating Value units for gas (real basis) and oil are BTU/Scf and BTU/Gal, respectively.

TABLE 1-C

**COMPOSITIONAL ANALYSIS OF THE SEPARATOR GAS, OIL
AND MATHEMATICALLY RECOMBINED WELLSTREAM THROUGH C₃₁**

SEPARATOR GOR.....: 26793 Scf/Sep Bbl

SEPARATOR PRESSURE.....: 160 psig

SEPARATOR TEMPERATURE.....: 71 °F

Component	SEPARATOR GAS		SEPARATOR OIL		WELLSTREAM	
	Mole%	* GPM	Mole %	Liquid Volume %	Mole %	* GPM
Hydrogen Sulfide	0.000	0.000	0.000	0.000	0.000	0.000
Nitrogen	1.675	0.000	0.019	0.004	1.627	0.000
Carbon Dioxide	9.741	0.000	1.104	0.361	9.490	0.000
Methane	71.559	0.000	3.601	1.169	69.582	0.000
Ethane	9.591	2.616	3.137	1.607	9.403	2.565
Propane	4.648	1.306	5.209	2.749	4.664	1.311
Iso-butane	0.525	0.175	1.350	0.846	0.549	0.183
N-butane	1.233	0.396	4.668	2.819	1.333	0.429
2-2 Dimethylpropane	0.000	0.000	0.233	0.171	0.007	0.003
Iso-pentane	0.309	0.115	2.985	2.091	0.387	0.144
N-pentane	0.332	0.123	4.308	2.991	0.448	0.165
2-2 Dimethylbutane	0.002	0.001	0.053	0.043	0.003	0.001
Cyclopentane	0.000	0.000	0.000	0.000	0.000	0.000
2-3 Dimethylbutane	0.020	0.008	0.505	0.397	0.034	0.014
2 Methylpentane	0.070	0.030	2.623	2.085	0.144	0.061
3 Methylpentane	0.038	0.016	1.612	1.261	0.084	0.035
Other Hexanes	0.000	0.000	0.000	0.000	0.000	0.000
n-Hexane	0.082	0.034	4.245	3.344	0.203	0.085
Methylcyclopentane	0.028	0.010	2.080	1.410	0.088	0.032
Benzene	0.016	0.005	1.141	0.612	0.049	0.014
Cyclohexane	0.015	0.005	1.430	0.933	0.056	0.019
2-Methylhexane	0.009	0.004	1.609	1.433	0.056	0.026
3-Methylhexane	0.011	0.005	1.452	1.277	0.053	0.025
2,2,4 Trimethylpentane	0.000	0.000	0.000	0.000	0.000	0.000
Other Heptanes	0.027	0.012	2.545	2.156	0.100	0.045
n-Heptane	0.019	0.009	3.330	2.943	0.115	0.054
Methylcyclohexane	0.014	0.006	2.649	2.040	0.091	0.037
Toluene	0.010	0.003	2.666	1.710	0.087	0.030
Other C-8's	0.016	0.008	6.664	6.079	0.209	0.102
n-Octane	0.004	0.002	2.374	2.329	0.073	0.038
Ethylbenzene	0.001	0.000	0.296	0.219	0.010	0.004
M&P-Xylene	0.001	0.000	1.343	0.998	0.040	0.016
O-Xylene	0.000	0.000	0.653	0.475	0.019	0.007
Other C-9's	0.003	0.002	5.280	5.380	0.156	0.085
n-Nonane	0.001	0.001	1.493	1.609	0.044	0.025
Other C10's	0.000	0.000	4.797	5.371	0.140	0.083
n-Decane	0.000	0.000	1.173	1.379	0.034	0.021
Undecanes	0.000	0.000	3.245	3.727	0.094	0.058
Dodecanes	0.000	0.000	2.353	2.919	0.068	0.045
Tridecanes	0.000	0.000	2.250	2.993	0.065	0.046

TABLE 1-C

**COMPOSITIONAL ANALYSIS OF THE SEPARATOR GAS, OIL
AND MATHEMATICALLY RECOMBINED WELLSTREAM THROUGH C₃₁**

SEPARATOR GOR..... 26793 Scf/Sep Bbl
SEPARATOR PRESSURE..... 160 psig
SEPARATOR TEMPERATURE..... 71 °F

Component	SEPARATOR GAS		SEPARATOR OIL		WELLSTREAM	
	Mole%	* GPM	Mole %	Liquid Volume %	Mole %	* GPM
Tetradecanes	0.000	0.000	1.832	2.611	0.053	0.040
Pentadecanes	0.000	0.000	1.467	2.239	0.043	0.035
Hexadecanes	0.000	0.000	1.137	1.855	0.033	0.029
Heptadecanes	0.000	0.000	1.014	1.749	0.029	0.027
Octadecanes	0.000	0.000	0.955	1.735	0.028	0.027
Nonadecanes	0.000	0.000	0.849	1.606	0.025	0.025
Eicosanes	0.000	0.000	0.656	1.290	0.019	0.020
Heneicosanes	0.000	0.000	0.570	1.180	0.017	0.018
Docosanes	0.000	0.000	0.453	0.978	0.013	0.015
Tricosanes	0.000	0.000	0.387	0.864	0.011	0.013
Tetracosanes	0.000	0.000	0.336	0.779	0.010	0.012
Pentacosanes	0.000	0.000	0.302	0.726	0.009	0.011
Hexacosanes	0.000	0.000	0.244	0.608	0.007	0.009
Heptacosanes	0.000	0.000	0.278	0.718	0.008	0.011
Octacosanes	0.000	0.000	0.206	0.550	0.006	0.009
Nonacosanes	0.000	0.000	0.205	0.566	0.006	0.009
Triacosanes	0.000	0.000	0.178	0.507	0.005	0.008
Hentriacosanes Plus	0.000	0.000	2.456	9.511	0.071	0.147
TOTALS	100.000	4.893	100.000	100.000	100.000	6.275

TOTAL SAMPLE CHARACTERISTICS						
COMPONENT	Specific Gravity		Molecular Weight lb/lb-mole	Vapor Volume Scf/Gal	Gross Heating Value	
	°API	**			Dry ***	Saturated ***
Gas	N/A	0.7973	23.004	204.379	1,141	1,122
Oil	56.792	0.7515	123.814	18.782	N/A	123,518
Wellstream	N/A	0.8955	25.936	49.667	N/A	N/A

* GPM (gallons per Mscf) determined at 15.025 psia and 60 °F

** Gas specific gravity and wellstream specific gravity determined relative to air (SG=1.000).
Oil specific gravity determined relative to water (SG=1.000).

*** Gross Heating Value units for gas (real basis) and oil are BTU/Scf and BTU/Gal, respectively.



HOFFMAN PLOT

EQUILIBRIUM CHECK of SEPARATOR LIQUID and GAS COMPOSITIONAL ANALYSES

Separator Pressure = 160 psig
Separator Temperature = 71 °F

Components	Gas (X)	Oil (Y)	Equil. Ratio (K=Y/X)	K*Psep (psiA)	Normal BP (NBP) °R	$T_{NBP}^{-1} - T_{SEP}^{-1}$	Critical Pressure (Pc) psiA	Critical Temperature (Tc) °R	B-Factor	Graph Results	
	Mole %	Mole %	(K=Y/X)							$B(1/Tb - 1/Tsp)$	$\log(K*Psep)$
N2	1.675	0.019	88.244	15444.92	139	0.005294	493	227	547	2.894	4.189
CO2	9.741	1.104	8.821	1543.89	350	0.000969	1071	548	1801	1.746	3.189
C1	71.559	3.601	19.870	3477.67	201	0.003091	668	343	800	2.473	3.541
C2	9.591	3.137	3.057	535.14	332	0.001126	708	550	1404	1.580	2.728
C3	4.648	5.209	0.892	156.17	416	0.000519	616	666	1787	0.928	2.194
IC4	0.525	1.350	0.389	68.08	471	0.000241	529	735	2023	0.487	1.833
NC4	1.233	4.668	0.264	46.23	491	0.000153	551	765	2143	0.327	1.665
IC5	0.309	3.218	0.096	16.81	542	-0.000038	490	829	2366	-0.091	1.225
NC5	0.332	4.308	0.077	13.49	557	-0.000087	489	845	2465	-0.216	1.130
C6	0.212	9.039	0.023	4.11	615	-0.000259	437	913	2763	-0.717	0.613
C7+	0.175	64.348	0.003	0.48	763	-0.000574	332	1070	3578	-2.054	-0.322
Total	100.000	100.000									

(Note: C7+ Critical Properties as C9. The C6 composition includes iso-hexanes.)

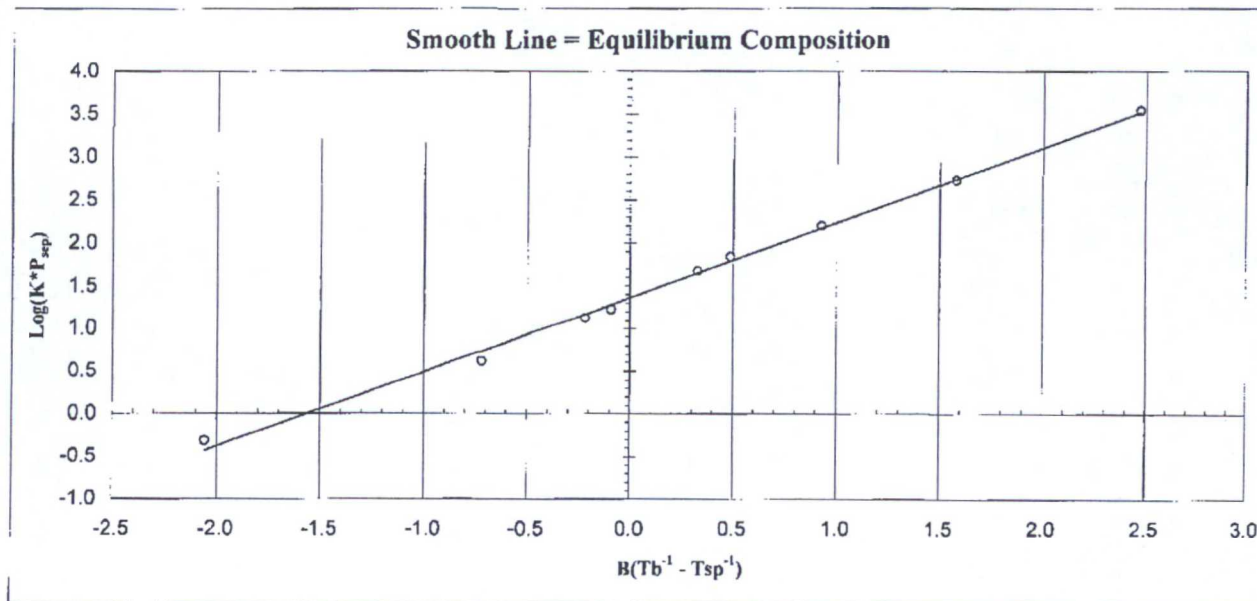




TABLE 2
FLASH LIBERATION OF 1st-STAGE SEPARATOR LIQUID

SEPARATOR CONDITIONS and FLUID PROPERTIES						
Conditions	Pressure psia	Temperature °F	GOR (1)	Separator Oil Volume Factor (2)	Oil Density (3)	Gas Specific Gravity (4)
1st Stage Separator	175	71	N/A	1.0451	0.7663	0.797
2nd Stage Separator	55	70	32	1.0370	0.7655	0.971
3rd Stage Separator	38	108	20	1.0338	0.7623	1.291
Ambient Lab Conditions	14.72	72	19	1.0077	0.7754	1.515
Standard Conditions	15.025	60	0	1.0000	0.7813	1.515
TOTALS	-----	-----	71		-----	-----

Stock Tank Oil Gravity: 49.42 °API at 60 °F

- (1) Gas-Oil Ratio (GOR) is the cubic feet of gas at standard conditions per barrel of stock tank oil.
- (2) Barrels of oil at indicated separator conditions per barrel of stock tank oil.
- (3) Oil Density (g/cc) at indicated separator conditions.
- (4) Air = 1.000



TABLE 3
PRESSURE-VOLUME RELATION
OF
A 26793 Scf/Sep Bbl RESERVOIR FLUID AT 137 °F
(Constant Composition Expansion)

Pressure, (psig)	Relative Volume	Density, (g/cc)	Y-Function (1)	Retrograde Liquid Volume		Gas Deviation Factor, Z	Gas Expansion Factor, (4)
				% of HC Pore Volume (2)	Bbls / MMscf (3)		
10000	1.00000	N/A	N/A	Trace	Trace	1.50342	2.15623
9500	1.01338	N/A	3.92713	Trace	Trace	N/A	N/A
9000	1.02832	N/A	3.91630	Trace	Trace	N/A	N/A
8500	1.04499	N/A	3.91550	Trace	Trace	N/A	N/A
8000	1.06346	N/A	3.93217	0.00%	0.000	N/A	N/A
7500	1.08453	N/A	3.93540	0.82%	3.782	N/A	N/A
7000	1.11230	N/A	3.80830	1.49%	6.914	N/A	N/A
6500	1.13693	N/A	3.92321	2.04%	9.417	N/A	N/A
6000	1.17003	N/A	3.91119	2.46%	11.382	N/A	N/A
5500	1.20977	N/A	3.88980	2.79%	12.920	N/A	N/A
5000	1.25924	N/A	3.84581	3.05%	14.125	N/A	N/A
4500	1.32286	N/A	3.77297	3.27%	15.126	N/A	N/A
4000	1.40728	N/A	3.66923	3.46%	16.016	N/A	N/A
3500	1.52706	N/A	3.50851	3.63%	16.794	N/A	N/A
3000	1.70879	N/A	3.27561	3.77%	17.462	N/A	N/A
2500	Pres 2.00597	N/A	2.96438	3.87%	17.907	N/A	N/A
2001	2.52826	N/A	2.59622	3.90%	18.036	N/A	N/A
1570	3.32711	N/A	2.28546	3.85%	17.795	N/A	N/A
916	6.13982	N/A	1.89831	3.61%	16.702	N/A	N/A

(1) Y - Function = Dimensionless Compressibility = $(P_{sat} - P_i) * [P_i * (RV_i - 1)]^{-1}$

(2) Retrograde liquid volume at the indicated pressure and reservoir temperature as a percent of the hydrocarbon pore volume at the dew point pressure and reservoir temperature.

(3) Retrograde liquid volume at the indicated pressure and reservoir temperature (Bbls) per volume of gas (MMscf) at the dew point pressure and reservoir temperature.

(4) Gas Expansion Factor = the volume of surface gas at standard conditions (Mscf) produced from one barrel of undersaturated gas at the indicated pressure and reservoir temperature.

Relative Volume = volume at indicated pressure per volume at the saturation pressure.

Psat = Saturation (Retrograde Dew Point) pressure at reservoir temperature.

Pres = Current static reservoir pressure.

FIGURE 1
Relative Volume vs Pressure

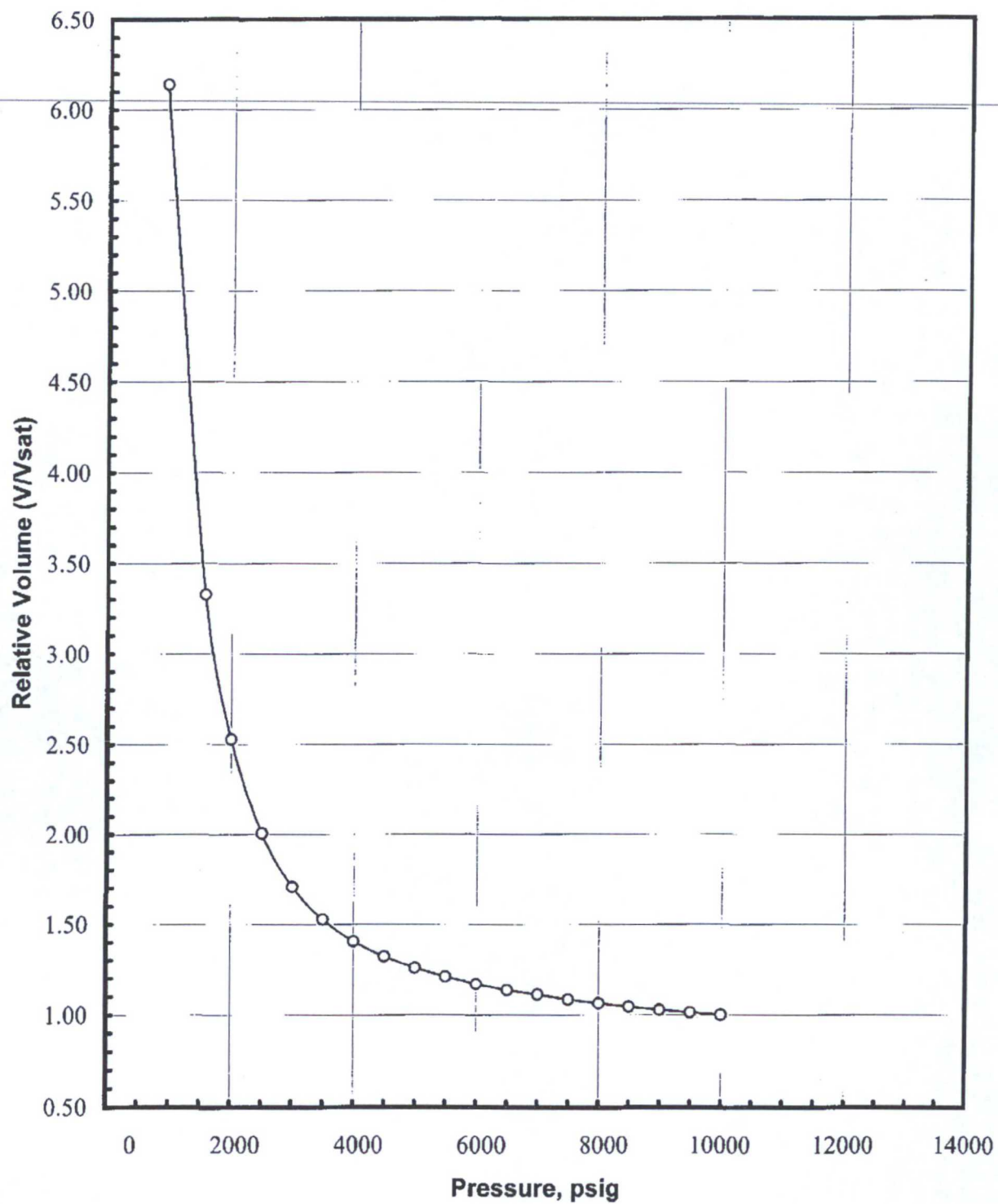


FIGURE 2
Retrograde Liquid Volume vs Pressure

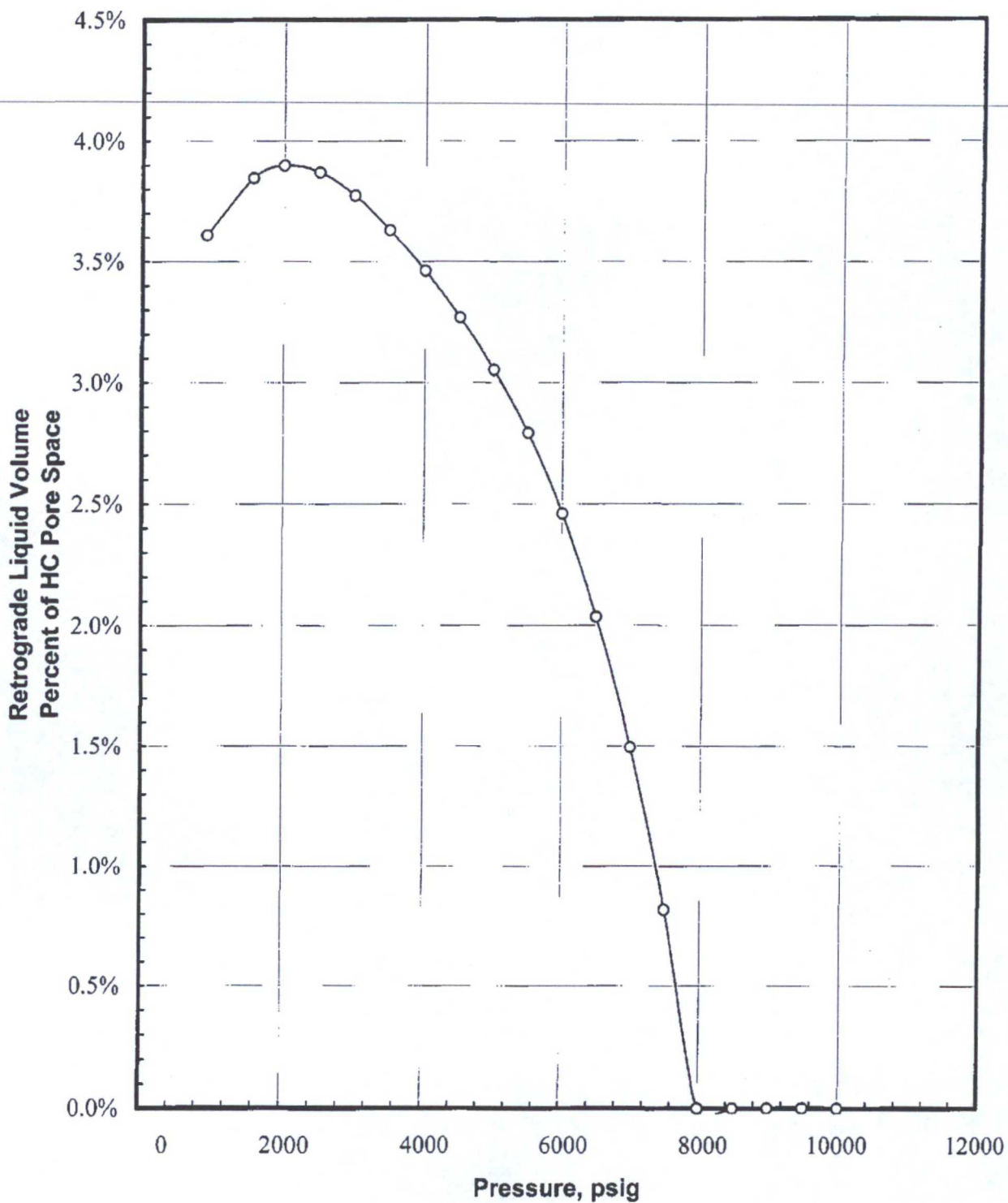
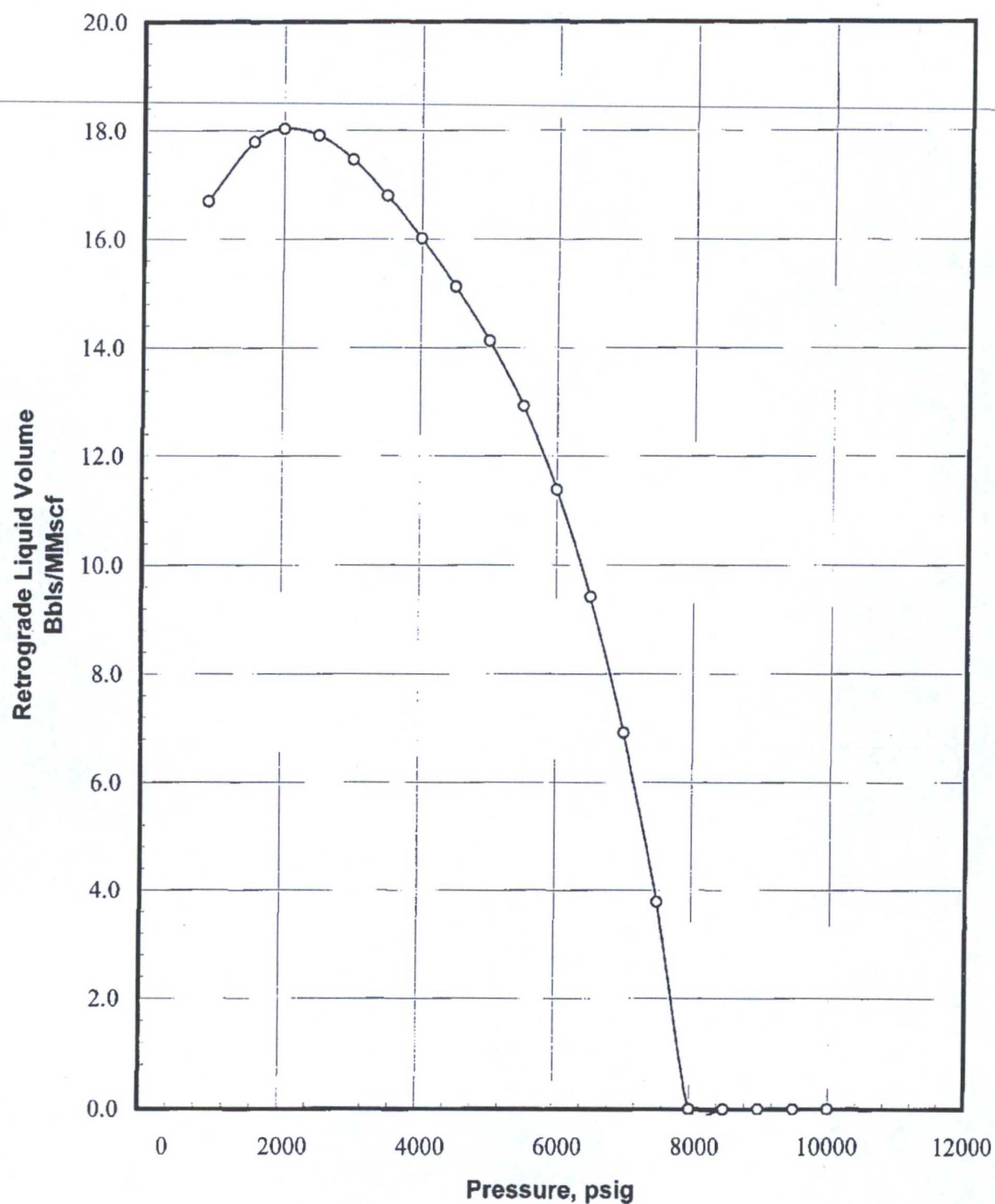


FIGURE 3
Retrograde Liquid Volume vs Pressure





Petroleum Engineers

FESCO, Ltd.
Petroleum Engineers

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ALICE HYDRAULICS (361) 661-1538	PROD. TEST (361) 882-4124	LAFAYETTE, LA.....(337) 896-3838	OZONA.....(325) 392-3773
BEAUMONT.....(409) 842-3000	WIRELINE (361) 452-1631	LAREDO.....(956) 724-7501	PECOS.....(432) 445-1993
BRIDGEPORT, WV.....(304) 592-3366	EDINBURG.....(956) 383-8378	LIBERAL, KS.....(580) 778-3384	REFUGIO.....(361) 526-4644
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CANADIAN.....(806) 323-5050	HOUSTON SALES (281) 565-1115	MANSFIELD, LA.....(318) 872-0734	WOODWARD, OK..(580) 256-0848

December 27, 2013

Chevron North America Exploration and Production Company
P. O. Box 2100
Houston, Texas 77252

Attention: Ms. Maria B. Garcia

Re: Jennings Field
Paduca Breaks 32-26-32 State No. 1H

Gentlemen:

Enclosed are the following covering our tests on the subject well:

2 Copies -
Water Analysis
Gas Analyses (3)
ASTM D-86 Distillation
Retrograde Gas PVT Fluid Study

The invoice was sent via EDI.

Thank you.

Yours very truly,

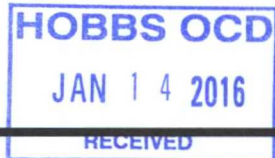
FESCO, Ltd.

Armando Ramirez
AR

Armando Ramirez
Natural Gas Engineer
Alice, Texas
Phone: (361) 661-7015 / (877) 593-7015
Email: armando.ramirez@fescoinc.com

AR/kv

Copy: FESCO, Odessa - 1 Report



Herrera-Murillo, Cindy O

From: O'Donnel, Blake M
Sent: Wednesday, January 13, 2016 2:57 PM
To: Herrera-Murillo, Cindy O
Cc: Brown, Paul T (PaulBrown); DeBruin, Ronald
Subject: Request to Reclassify as a Gas Well: Paduca Breaks 32-26-32 State #1H
Attachments: Paduca Breaks 32-26-32 1H PVT Analysis.pdf

Follow Up Flag: Follow up
Flag Status: Flagged

Cindy,

Per our conversation, do you mind working up a C-103 and sending it to Paul Kautz at the NMOCD? Please copy me on the email.

Brief Write-up:

Chevron submitted a shut-in payment to the NM State Land Office to hold the Paduca lease (State of NM VB-1397) through April 2017. Chevron learned yesterday that the NM State Land Office intends to reject the shut-in payment because the Paduca well is classified as an oil, not a gas, well. Chevron has notified the NM State Land Office that we will try to reclassify Paduca as a gas well. Upon submission of a C-103, Paul Kautz at the NMOCD stated he would approve the reclassification (See email below).

As requested, attached is a copy of the referenced PVT report. The GOR can be found on the bottom of page 5, and the API gravity on page 8. Note that these are the document page numbers and not the report page numbers.

Should you have any questions, please feel free to call me.

Thanks,

Blake M. O'Donnel

Land Representative | Delaware Basin Base Ops

Mid-Continent Business Unit

Chevron North America Exploration and Production Co.
(a division of Chevron U.S.A. Inc.)
15 Smith Rd. Midland, TX 79705 #3304
Tel: 432.687.7959
Fax: 432.687.7448
Mob: 713.628.4340
bodonnel@chevron.com



From: Kautz, Paul, EMNRD [<mailto:paul.kautz@state.nm.us>]
Sent: Wednesday, January 13, 2016 3:10 PM

To: O'Donnel, Blake M

Subject: [**EXTERNAL**] RE: Request to Reclassify as a Gas Well: Paduca Breaks 32-26-32 State #1H

Hi Blake,

Please note that the cut-off between an oil well and gas well is a GOR greater than a 100,000 to 1. However, you did fail to show the results of the PVT test. Did the PVT show that this is a retrograde gas reservoir. If this is a retrograde gas reservoir the GOR should have increased with time instead of decline. I will go along with it as a gas well, however, the acreage dedication for this well will remain at 160 acres, since this will remain as a gas well in an oil pool. This pool is not classified as an associated pool, therefore as a gas well in an oil pool it will have the same acreage as an oil well.

You will need to submit a C-103 with the below info attached and on the C-103 please state that you are requesting that the well be reclassified as a gas well in an oil pool.

Paul Kautz
Hobbs District Geologist
NM Oil Conservation Div.
1625 N French Dr.
Hobbs, NM 88240
575-393-6161 Ext. 104

From: O'Donnel, Blake M [<mailto:bodonnael@chevron.com>]

Sent: Wednesday, January 13, 2016 12:56 PM

To: Kautz, Paul, EMNRD

Cc: Dade, Randy, EMNRD; McGowen, Matthew H

Subject: Request to Reclassify as a Gas Well: Paduca Breaks 32-26-32 State #1H

Paul,

Per our phone conversation, I have notified the NM State Land Office that we will work with the NMOCD and try to have the subject well reclassified as a gas well. Based on the information below, are you able to approve the reclassification?

Paduca Breaks 32-26-32 #1H
API #30-025-40922

A detailed Retrograde Gas PVT Fluid Study was done in November 2013, and showed a GOR of 28,000 SCF/STB with an oil API gravity of 45.6°.

This table below summarizes the monthly measured production GOR history for the well, which has averaged 21,399 since July 2013 and 16,564 during 2015.

<u>Month</u>	<u>Gas Prod</u> <u>(MCF)</u>	<u>Oil Prod</u> <u>(STBO)</u>	<u>Producing</u> <u>GOR</u> <u>(SCF/STBO)</u>
Jul-13	48,674	1,904	25,564
Aug-13	29,505	1,342	21,986
Sep-13	22,891	951	24,070
Oct-13	20,434	884	23,115
Nov-13	13,991	530	26,398
Dec-13	14,399	690	20,868
Jan-14	13,159	668	19,699
Feb-14	9,504	494	19,239
Mar-14	10,642	559	19,038
Apr-14	9,484	523	18,134
May-14	8,503	444	19,151
Jun-14	7,251	391	18,545
Jul-14	8,410	500	16,820
Aug-14	7,888	427	18,473
Sep-14	7,770	400	19,425
Oct-14	2,738	105	26,076
Nov-14	7,747	300	25,823
Dec-14	8,535	261	32,701
Jan-15	6,252	337	18,552
Feb-15	5,130	281	18,256
Mar-15	4,874	329	14,815
Apr-15	6,069	378	16,056
May-15	5,133	339	15,142
Total	278,983	13,037	21,399

Should you have any questions or need additional information, please feel free to give me a call.

Thanks,

Blake M. O'Donnel

Land Representative | Delaware Basin Base Ops

Mid-Continent Business Unit

Chevron North America Exploration and Production Co.

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Tel: 432.687.7959

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Mob: 713.628.4340

bodonnel@chevron.com



From: Levine, Jason
Sent: Wednesday, January 13, 2016 9:02 AM
To: Schnare, Andrea M (Andrea.Schnare)
Cc: Schwartz, Kenneth M.; Rains, David B. (DavidRains); Taxiarchou, John G; McGowen, Matthew H; Isbell, India; Macurdy, David W
Subject: Urgent - Paduca Breaks 32 26 32 State #001H
Importance: High

Hi Andrea,

We submitted a shut-in payment to the NM State Land Office to hold the Paduca lease through April 2017. We learned yesterday that the NM State Land Office intends to reject the shut-in payment because the Paduca well is classified as an oil, not a gas, well. The NM State Land Office wants to know by tomorrow if we will try to reclassify Paduca as a gas well, and if yes, when will we expect the NMOCD to approve or deny the reclassification. I don't have any experience reclassifying and I would defer to David Macurdy. Alternatively, because the Paduca well is subject to the recent plant explosion, we may be able to invoke force majeure in lieu of reclassification.

Let me know your thoughts.

Sincerely,
Jason A. Levine
Land Representative
jlevine@chevron.com

Delaware Basin - New Mexico
Chevron North America Exploration and Production Company
1400 Smith St.
Houston, TX 77002
713-372-5313
Schedule A