

RECEIVED

DEC 08 2010

OCD-HOBBS

HOBBSOCD  
Split EstateForm 3160-3  
(August 2007)FORM APPROVED  
OMB No. 1004-0137  
Expires July 31, 2010UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

## APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. USA LC 033706
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name N/A
2. Name of Operator CHEVRON U.S.A. INC.		7. If Unit or CA Agreement, Name and No. N/A
3a. Address 15 SMITH ROAD MIDLAND, TEXAS 79706		8. Lease Name and Well No. <b>&lt;30033&gt;</b> C.P. FALBY FEDERAL B #7
3b. Phone No. (include area code) 432-687-7375		9. API Well No. <b>30-025-39982</b>
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface UNIT LETTER: M, 660' FSL & 560' FWL At proposed prod. zone SAME		10. Field and Pool, or Exploratory BLINEBRY OIL AND GAS
14. Distance in miles and direction from nearest town or post office* 2.5 MILES SOUTHWEST OF EUNICE, NM		11. Sec., T. R. M. or Blk. and Survey or Area SEC 8, T-22S, R-37E
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 330'	16. No. of acres in lease 160	17. Spacing Unit dedicated to this well 40
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 6800'	20. BLM/BIA Bond No. on file CA0329 NATIONWIDE BOND
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3484' GL	22. Approximate date work will start* 11/01/2010	23. Estimated duration 17 DAYS TO DRILL

## 24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

- |  |   |
|--|---|
| 1. Well plat certified by a registered surveyor.   | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan.  | 5. Operator certification   |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the BLM.             |

25. Signature <i>Denise Pinkerton</i>	Name (Printed/Typed) DENISE PINKERTON	Date 08/03/2010
Title REGULATORY SPECIALIST		
Approved by (Signature) <i>/s/ Don Peterson</i>	Name (Printed/Typed)	Date DEC 6 2010
Title FIELD MANAGER	Office CARLSBAD FIELD OFFICE	

Application approval 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.

Conditions of approval, if any, are attached.

APPROVAL FOR TWO YEARS

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 2)

Capitan Controlled Water Basin

\*(Instructions on page 2)

Conditions of Approval: Approval to drill &amp; test all new zones separate, but cannot produce Downhole commingle until DHC is approved in Hobbs District office according to R-11363.

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS  
AND SPECIAL STIPULATIONS  
ATTACHEDSEE ATTACHED FOR  
CONDITIONS OF APPROVAL

DISTRICT I  
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II  
1301 W. Grand Ave., Artesia, NM 88210

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV  
1220 St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-1021  
Revised October 12, 2005

OIL CONSERVATION DIVISION

1220 South St. Francis Drive  
Santa Fe, NM 87505

RECEIVED

DEC 08 2010

HOBBSOCD

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number <b>30-025-39982</b>		2 Pool Code <b>6660</b>		3 Pool Name <b>Blindburg</b>					
4 Property Code <b>30033</b>		5 Property Name <b>C.P. FALBY FEDERAL B</b>				6 Well Number <b>7</b>			
7 GSRD No. <b>4323</b>		8 Operator Name <b>CHEVRON USA, INC.</b>				9 Elevation <b>3484'</b>			
10 Surface Location									
UL or lot no. <b>M</b>	Section <b>8</b>	Township <b>22-S</b>	Range <b>37-E</b>	Lot Idn	Feet from the <b>660'</b>	North/South line <b>South</b>	Feet from the <b>560'</b>	East/West line <b>West</b>	County <b>Lea</b>
11 Bottom Hole Location If Different From Surface									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres <b>40</b>		13 Joint or Infill		14 Consolidation Code		15 Order No.			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION.

	<p>17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Denise Pinkerton</i> 8-3-10 Signature Date <b>Denise Pinkerton</b> Printed Name</p>
	<p>18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.</p> <p><b>4/2 &amp; 10/10</b> Date of Survey</p> <p>Signature &amp; Seal of Professional Surveyor: <i>[Signature]</i></p>
	<p>Certificate No. <b>7254</b></p>

○ = Staked Location • = Producing Well ⊕ = Injection Well ⊕ = Water Supply Well ⊕ = Plugged & Abandon Well  
⊙ = Found Section Corner, 2 or 3" Iron Pipe & GLO B.C. ○ = Found 1/4 Section Corner, 1" Iron Pipe & GLO B.C.

ADDITIONAL INFORMATION ON THE LOCATION

State Plane Coordinates			
Northing 511459.80 (1927 NAD= 511400.45)		Easting 893645.62 (1927 NAD= 852460.79)	
Latitude 32°24'03.244"		Longitude 103°11'30.658"	
Zone	North American Datum	Combined Grid Factor	Coordinate File
East	1983/HARN	0.999888168	Weatherly83E.crd
Drawing File		Field Book	
Weatherly83E.Dwg		Lea #24, Pg. 45	

PROJECT I  
5 N. Francis Dr., Hobbs, NM 88240  
PROJECT II  
1 W. Grand Ave., Artesia, NM 88210  
PROJECT III  
9 Rio Arriba Rd., Aztec, NM 87410  
PROJECT IV  
C. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

RECEIVED

Form O-102  
Revised October 12, 2005

Submit to Appropriate District Office  
State Lease-4 copies  
Fee Lease-3 copies

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

DEC 08 2010

HOBBSOCD

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number <b>30-025-39982</b>		2 Pool Code <b>19190</b>		3 Pool Name <b>Arnkard</b>					
4 Property Code <b>30033</b>		5 Property Name <b>C.P. FALBY FEDERAL B</b>				6 Well Number <b>7</b>			
7 GORID No <b>4323</b>		8 Operator Name <b>CHEVRON USA, INC.</b>				9 Elevation <b>3484'</b>			
10 Surface Location									
11 R. or lot no <b>M</b>	12 Section <b>8</b>	13 Township <b>22-S</b>	14 Range <b>37-E</b>	15 Lot ldr. <b>660'</b>	16 North/South line <b>South</b>	17 Feet from the <b>560'</b>	18 East/West line <b>West</b>	19 County <b>Lea</b>	
20 Bottom Hole Location If Different From Surface									
21 R. or lot no	22 Section	23 Township	24 Range	25 Lot ldr.	26 Feet from the	27 North/South line	28 Feet from the	29 East/West line	30 County
31 Dedicated Acre <b>40</b>		32 Joint or Unit		33 Consolidation Code		34 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.

	11 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill any well at this location pursuant to a contract with an owner of such a mineral or working interest or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.  <i>Denise Pinkerton</i> 8-3-10 Signature Date Denise Pinkerton Printed Name	
	12 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.  4/2 & 10/10 Date of Survey  Signature & Seal of Professional Surveyor  <i>John P. [Signature]</i> Certificate No. 7254	
	13 Scale 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0	
	14 Legend ○ = Staked Location    ● = Producing Well    ⊗ = Injection Well    ⊕ = Water Supply Well    ⊗ = Plugged & Abandon Well ⊙ = Found Section Corner, 2 or 3" Iron Pipe & GLO B.C.    ○ = Found 1/4 Section Corner, 1" Iron Pipe & GLO B.C.	

ADDITIONAL INFORMATION ON THE LOCATION

State Plane Coordinates			
Northing 511459.80 (1927 NAD= 511400.45)		Easting 893645.62 (1927 NAD= 852460.79)	
Latitude 32°24'03.244"		Longitude 103°11'30.658"	
Zone	North American Datum	Combined Grid Factor	Coordinate File
East	1983/HARN	0.999888168	Weatherly83E.crd
Drawing File		Field Book	
Weatherly83E.Dwg		Lea #24, Pg. 45	

- Updated -

## BLM 9 Point Drilling Plan

Chevron U.S.A.

C.P. Falby Federal B #7

Lea County, New Mexico

Lot M, Section 8, T22S, R37E

660 FSL, 560' FWL

### (1) Formation Tops

Formation	Depth
Rustler	1,063'
Yates	2,596'
Queen	3,354'
Glorieta	5,096'
Blinbry	5,557'
Drinkard	6,372'

### (2) Zones Containing Oil, Gas, Water, and Other Minerals

Formation	Top	Bottom	Properties
Blinbry	5,557'	6,088'	Oil & Gas
Drinkard	6,372'	6,692"	Oil & Gas

Shallow water sands may contain fresh water. These sands will be protected by bringing surface casing cement to surface.

### (3) Blow-Out Prevention *See COA*

*CIT* { Surface Casing: 1500 psi test pressure  
Production Casing: 3000 psi test pressure

Casing Head: QCS 8 5/8" LC Box, 11" 3M QCS- PIN top

Tubing Head: FTSM-IT 5 1/2" QCS 5M Pin x 7 1/16" 5M Top

BOPE: 11" 3M Double ram and 11" 3M Annular preventer

Testing:

250/3000 psi for production hole

Test upon installation and every 14 days

### (4) Casing Design

*New casing will be used*

Drill 12 1/4" hole to ±1188'. Set 8 5/8", 24#/ft, J55 casing and cement to surface. WOC and drill 7-7/8" hole to ±6800'. Log well. Set 5-1/2", 17#, L80 casing and cement.

*See COA*

Hole Size	Casing Size	Wt/Ft	Grade	Joint	Depth Set
12 1/4"	8-5/8"	24	J-55	STC	1188'
7-7/8"	5-1/2"	17	L-80	LTC	6800'

*1185*

RECEIVED

DEC 08 2010  
HOBBSOCD

(5) Cementing

Casing	Slurry	Sacks	Density (ppg)	Yield (cf/sx)	% Excess
8 5/8"	ExtendaCem C + 0.125lbm/sk Poly-E-Flake	430	13.5	1.75	100
	HalCem C + 1%CaCl + 0.125 bm/sk Poly-E-Flake	200	14.8	1.34	100
5-1/2"	VersaCem PBSh2+0.5%LAP-1+0.5%CFR-3+1 lbm/sk Salt+0.25 lbm/sk Poly-E-Flake+0.25 lbm.sk D-Air+0.2% HR 800	480	13.2	1.61	30
	EconoCem C	375	11.9	2.4	30
	HalCem C	65	14.8	1.33	30

The surface casing will be cemented to surface. A 1" top-job will be performed if necessary. Casing will be centralized on the bottom 1 joint and every 4<sup>th</sup> joint thereafter to surface.

*see CoA 3*

The production casing is designed to be cemented to surface. Casing will be centralized on the bottom 2 joints and across pay as required.

The above cement volumes are approximate and are calculated on the assumption of a gauge hole being drilled. Actual cement volumes may vary due to hole conditions and/or caliper logs.

(6) Circulating Medium

Visual monitoring will be used from surface to TD. Sufficient materials to maintain mud properties will be available on location while drilling. The cut brine will be mudded up near TD to a starch/XCD mud for logging and running casing.

Interval	Mud Type	Density	Viscosity	Fluid Loss
0-1088	FW spud	8.4-9.0	26-30	NC
1088-800	Brine	10	26	NC

*6*

(7) Testing, Logging, and Coring *see CoA*

**Logs**

Platform Express/Sonic/Spectral GR  
Drillers Log

TD to surface  
TD to surface

**DST's**

None planned

**Core's**

None planned

(8) Anticipated Pressures, Abnormal/Hazardous Drilling Conditions

Normal pressures and temperatures are expected to TD.

Surface sands have a potential for lost circulation. Losses will be managed with LCM sweeps/pills as required.

Losses and/or flares may be encountered from surface casing to TD. ~~Setting intermediate casing should minimize impact by allowing drilling with lighter mud weights with salt zones protected.~~

Maximum anticipated bottom-hole pressure is 2320 psi with a maximum anticipated surface pressure of 2000 psi.

H2S is possible in Permian Basin drilling; therefore safety monitoring will be in place.

(9) Other Facets of the Proposal

Anticipated Start Date: December 2010

Drilling Days: 15

**Pinkerton, J. Denise (leakejd)**

---

**From:** CAPO, JESUS  
**Sent:** Friday, August 27, 2010 2:14 PM  
**To:** Pinkerton, J. Denise (leakejd)  
**Cc:** Pritchard, George F (GPritchard); Guerra, Jesus Gilberto  
**Subject:** RE: Blinebry - 9pt Drilling Programs Federal well

Denise,

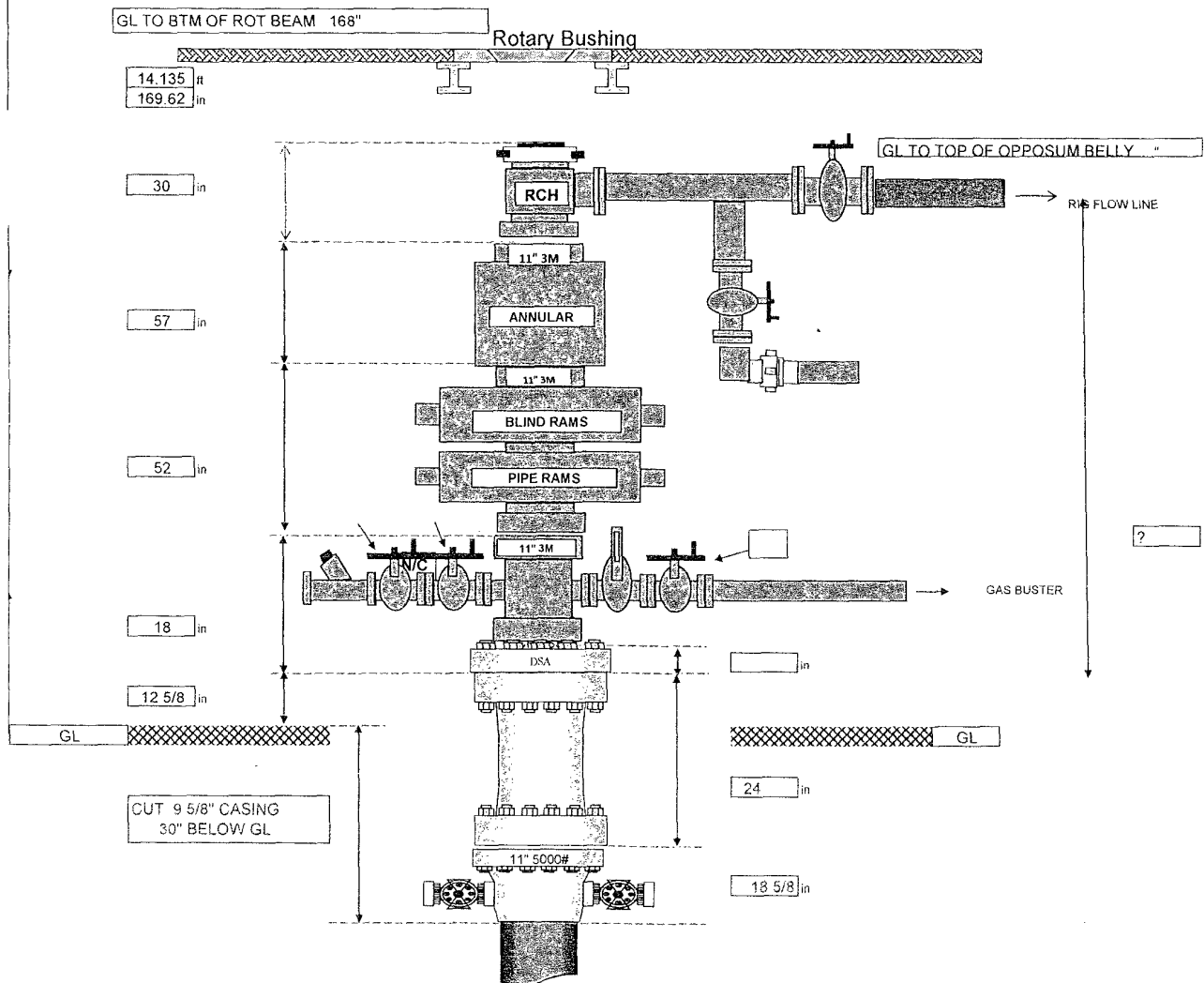
Below you will find the safety factors for the  
(Falby wells).

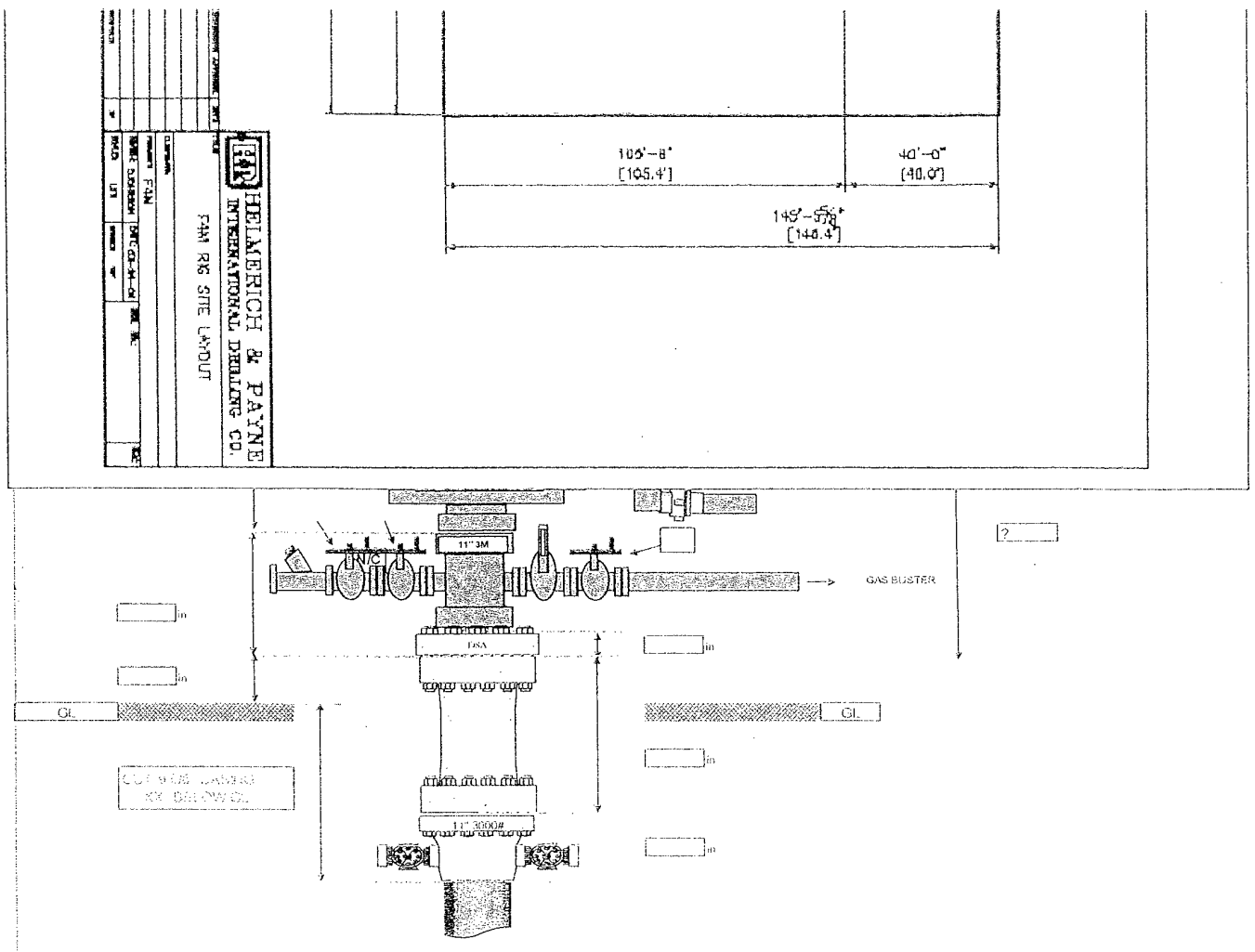
HOLE SIZE	CASING (Indicate if liner)	CASING SIZE	WEIGHT	GRADE	BURST RATING	COLLAPSE RATING	TYPE CONNECTION	MASP	SAFETY FACTORS		
									B	C	T
12 1/4"	Conductor Casing	8 5/8"	24	J-55	2946.09	1370.92	STC	718	2.9	1.74	1.98
7 7/8"	Production Casing	5 1/2"	17	N-80	7738.18	6285.44	LTC	1448	1.5	1.24	1.76

BOP TYPE	WORKING PRESSURE RATING	TEST RATING	MANUFACTURER
11" Double Ram Preventer	3000 psi	3000 psi	
11" Annular Preventer	3000 psi	3000 psi	



RIG: H&P 304  
 WELL: Blinebrywells  
 BOP Nipple Up on 8 5/8" Casing





#### Operating & Maintenance Plan and Closure Plan

##### H&P 304: Operating and Maintenance Plan

1. 250 bbl, ¼ frac. Tank, cutting tank with dimensions of 32' x 10.5' x 6' tall will be installed on top of 20 mil plastic barrier.
2. Cuttings will be discharged from shaker into cuttings tank.
3. Cuttings tank will be continuously monitored by designated roughneck so that cuttings tank will not be overfilled.
4. Rig crew will visually inspect fluid integrity of cuttings tank on a daily basis.
5. Documentation of visual inspection of cuttings tank will be captured on IADC Drilling Report.

##### H&P 304: Closure Plan

1. Drilled cuttings will be dipped out of tank with backhoe bucket and placed in suitable transport container (dump truck tank or cuttings bin)
2. Drill cuttings will be disposed of at a suitable off-location waste facility.

RIG: H&P 304  
WELL: Falby Fed wells  
Choke Manifold

