

ATS-10-742

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Form 3160-3
(August 2007)

FORM APPROVED
OMB No. 1004-0137
Expires July 31, 2010

UNITED 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 A
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. <29921> C.P. FALBY FEDERAL A #9
3b. Phone No. (include area code) 432-687-7375		9. API Well No. 3D-025-3998L
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface UNIT LETTER: D, 760' FNL & 660' FWL At proposed prod. zone SAME		10. Field and Pool, or Exploratory BLINEBRY OIL AND GAS <06660>
11. Sec., T. R. M. or Blk. and Survey or Area SEC 8, T-22S, R-37E Drinkard <19190>		12. County or Parish LEA
13. State NM		14. Distance in miles and direction from nearest town or post office* 2.5 MILES SOUTHWEST OF EUNICE, NM
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.) 3426' 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 statement or report.

(Continued on page 2)

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

*(Instructions on page 2)

Capitan Controlled Water Basin

GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

SEE 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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION

1 API Number 30-025-39980		2 Pool Code 66660		3 Pool Name Blindup Oil & Gas					
4 Property Code 29921		5 Property Name C.P. FALBY FEDERAL A							
6 Well Number 9		7 Operator Name CHEVRON USA, INC.							
8 UGRID No. 4323		9 Elevation 3426'							
10 Surface Location									
UL or lot no. D	Section 8	Township 22-S	Range 37-E	Lot Idn	Feet from the 760'	North/South line North	Feet from the 660'	East/West line West	County Lea
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 40		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>Signature: Denise Pinkerton Date: 08/03/2010</p> <p>Printed Name: Denise Pinkerton</p>
	<p>18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plot 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>4/2 & 10/10</p> <p>Date of Survey</p>
	<p>Signature & Seal of Professional Surveyor:</p> <p></p>
	<p>Certificate No. 7254</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 /4 Section Corner, 1" Iron Pipe & GLO B.C.

ADDITIONAL INFORMATION ON THE LOCATION

State Plane Coordinates			
Northing 515319.66 (1927 NAD= 515260.26)		Easting 893703.79 (1927 NAD= 852519.05)	
Latitude 32°24'41.426"		Longitude 103°11'29.498"	
Zone	North American Datum	Combined Grid Factor	Coordinate File
East	1983/HARN	0.999890945	Weatherly83E.crd
Drawing File		Field Book	
Weatherly83E.Dwg		Lea #24, Pg. 45	

DISTRICT I
1025 N. Francis Dr., Hobbs, NM 88240
DISTRICT II
1301 W. Grand Ave., Azusa, NM 88210
DISTRICT III
1000 Rio Pecos Rd., Aztec, NM 87410
DISTRICT IV
1220 St. Francis Dr., Santa Fe, NM 87503

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised October 12, 2005
In Appropriate District Office
State Lease-4 copies
Fee Lease-3 copies

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

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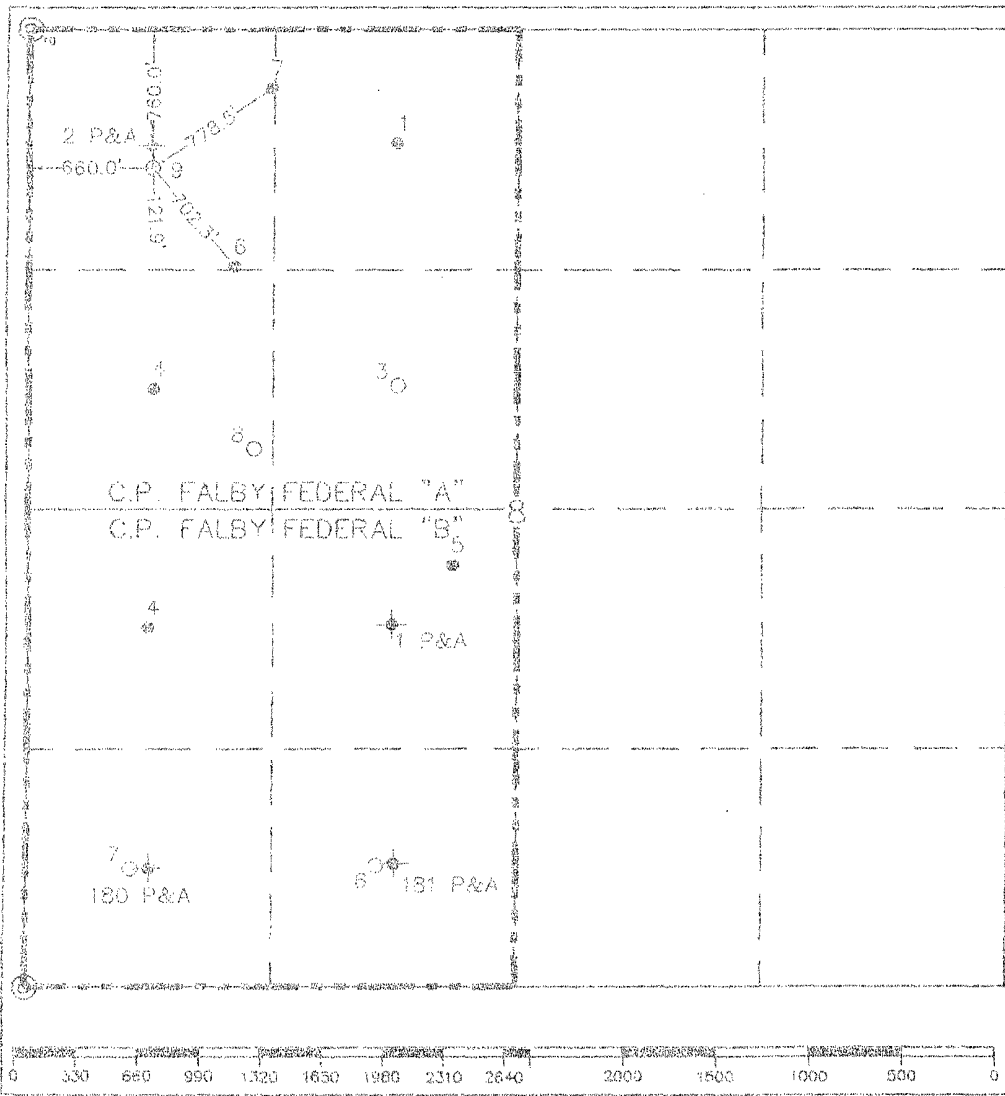
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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

APN Number 30-025-39980		Pool Code 19190		Pool Name Arin Kard					
Well Code 29921		Property Name C.P. FALBY FEDERAL A				Well Number 9			
CORD No 4323		Operator Name CHEVRON USA, INC.				Elevation 3426'			
10 Surface Location									
UL or lot no D	Section 8	Township 22-S	Range 37-E	Lot Ion	Feet from the 760'	North/South line North	Feet from the 660'	East/West line West	County Lea
11 Bottom Hole Location If Different From Surface									
UL or lot no	Section	Township	Range	Lot Ion	Feet from the	North/South line	Feet from the	East/West line	County
12 Deducted Acres 40		13 Amount of Infill		14 Consolidation Code		15 Order No.			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
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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.	
Signature Denise Pinkerton	Date 08/03/2010
Printed Name Denise Pinkerton	
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.	
Date of Survey 4/2 & 10/10	
Signature & Seal as Professional Surveyor 	
Certificate No. 7254	

○ = 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	515319.66 (1927 NAD= 515260.26)	Easting	893703.79 (1927 NAD= 852519.05)
Latitude	32°24'41.426"	Longitude	103°11'29.498"
Zone	North American Datum	Combined Grid Factor	Coordinate File
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Drawing File	Field Book		
Weatherly83E.Dwg	Lea #24, Pg. 45		

DISTRICT I
1625 N. French Dr., Santa Fe, NM 87505

DISTRICT II
1201 W. Grand Ave., Artesia, NM 87003

DISTRICT III
1000 N. Branch Rd., Aztec, NM 87410

DISTRICT IV
1226 St. Francis Dr., Santa Fe, NM 87505

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State of New Mexico
Energy, Minerals and Natural Resources Department

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

Form O-100
Revised October 12, 2005

Submit to: Appropriate District Office
State Lease-4 copies
Fee Lease-1 copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number		2. Pool Code		3. Pool Name	
Property Code		Property Name			
4323		C.P. FALBY FEDERAL A			
4. Well Number		9			
Operator Name		CHEVRON USA, INC.			
5. Elevation		3426'			
10. Surface Location					
Oil or Gas	Section	Township	Range	Lot	Feet from the
D	8	22-S	37-E	760'	North
Feet from the		East/West line		City	
660'		West		Leo	
Bottom Hole Location If Different From Surface					
Oil or Gas	Section	Township	Range	Lot	Feet from the
					North/South line
Feet from the		East/West line		City	
11. Acreage		12. Containment		13. Order No.	
40					

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OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION.

	<p>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 possesses mineral interest in the land including the proposed bottom hole location, or has a right to drill and use all the location covered in a contract with or prior to date a mineral or working interest in a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p>
	<p>12. SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was obtained 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>4/2 & 10/10 Date of Survey</p> <p>Signature & Seal of Professional Surveyor _____</p> <p>Survey Date No. 7254</p>
	<p>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.</p>
	<p>Scale: 0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0</p>

ADDITIONAL INFORMATION ON THE LOCATION

State Plane Coordinates		Easting 893703.79 (1927 NAD= 852519.05)	
Northing 515319.66 (1927 NAD= 515260.26)		Longitude 103°11'29.498"	
Latitude 32°24'41.426"		Zone North American Datum	
East 1983/HARN		Combined Grid Factor 0.999890945	Coordinate File Weatherly83E.crd
Drawing File Weatherly83E.Dwg		Field Book Leo #24, Pg. 45	

BLM 9 Point Drilling Plan

Chevron U.S.A.

C.P. Falby Federal A #9

Lea County, New Mexico

Lot D, Section 8, T22S, R37E

760' FNL, 660' FWL

(1) Formation Tops

Formation	Depth
Rustler	1,125'
Yates	2,650'
Queen	3,344'
Glorieta	5,080'
Blinebry	5,553'
Drinkard	6,370'

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

Formation	Top	Bottom	Properties
Blinebry	5,553'	6,064'	Oil & Gas
Drinkard	6,370'	6,660'	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: FTCEM-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. Installation of BOP will be done before dri

(4) Casing Design

Drill 12 1/4" hole to $\pm 1150'$. Set 8 5/8", 24#/ft, J55 casing and cement to surface. WOC and drill 7-7/8" hole to $\pm 6800'$. 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	1150 1160
7-7/8"	5-1/2"	17	L-80	LTC	6800

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(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 2 joints and every 4th 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.

Interval	Mud Type	Density	Viscosity	Fluid Loss
0-1150	FW spud	8.4-9.0	26-30	NC
1150-6800	Brine	10	26	NC

(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

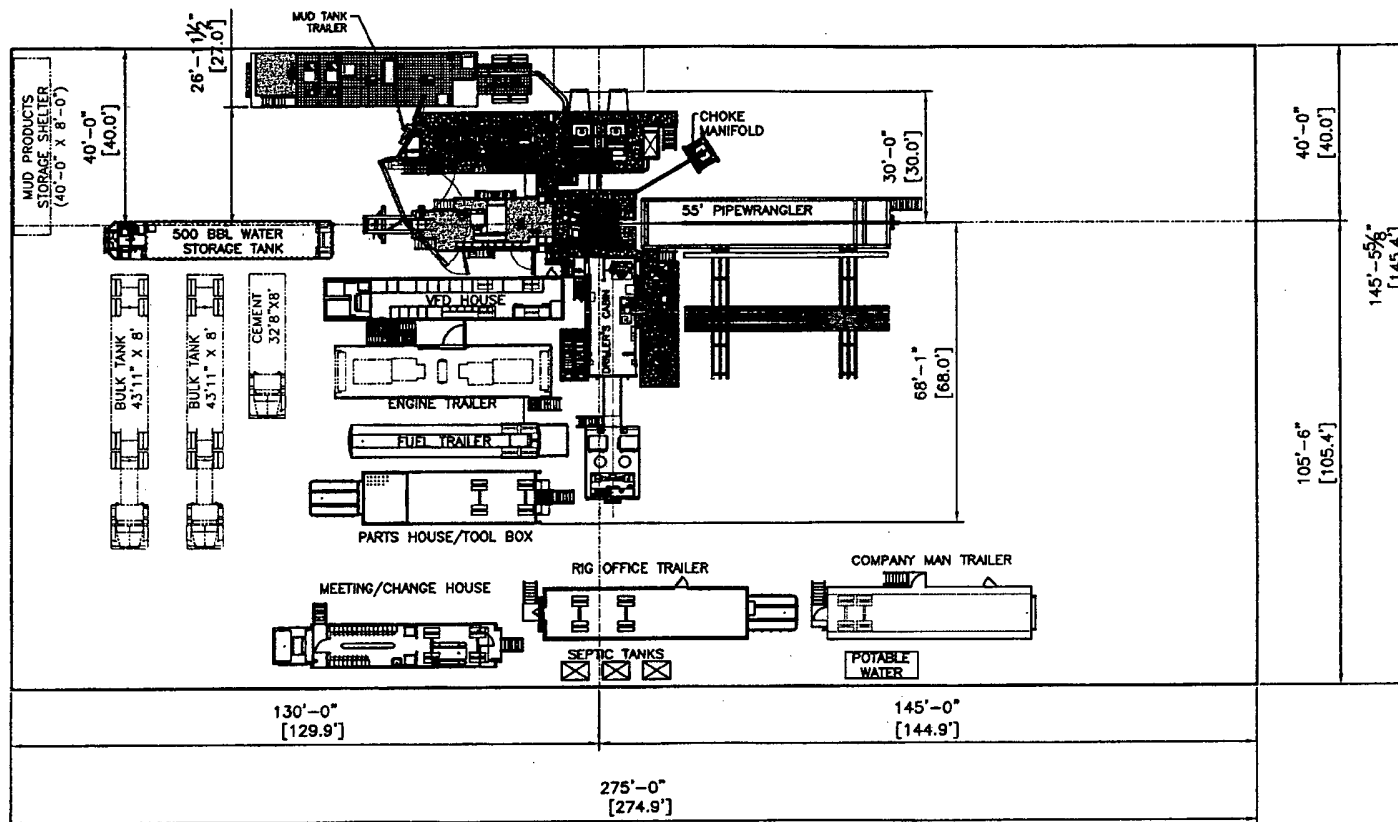
(8) Anticipated Pressures, Abnormal/Hazardous Drilling Conditions

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.

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



PROPRIETARY

THIS DRAWING AND THE IDEAS AND INFORMATION INCLUDED IN THIS DRAWING ARE PROPRIETARY AND ARE NOT TO BE REPRODUCED, DISTRIBUTED OR DISCLOSED IN ANY MANNER WITHOUT THE PRIOR WRITTEN CONSENT OF A QUALIFIED OFFICER OF HELMERICH & PAYNE INT'L DRILLING CO.

HELMERICH & PAYN
INTERNATIONAL DRILLING CC

ENGINEERING APPROVAL DATE TITLE

F4M RIG SITE LAYOUT

CUSTOMER

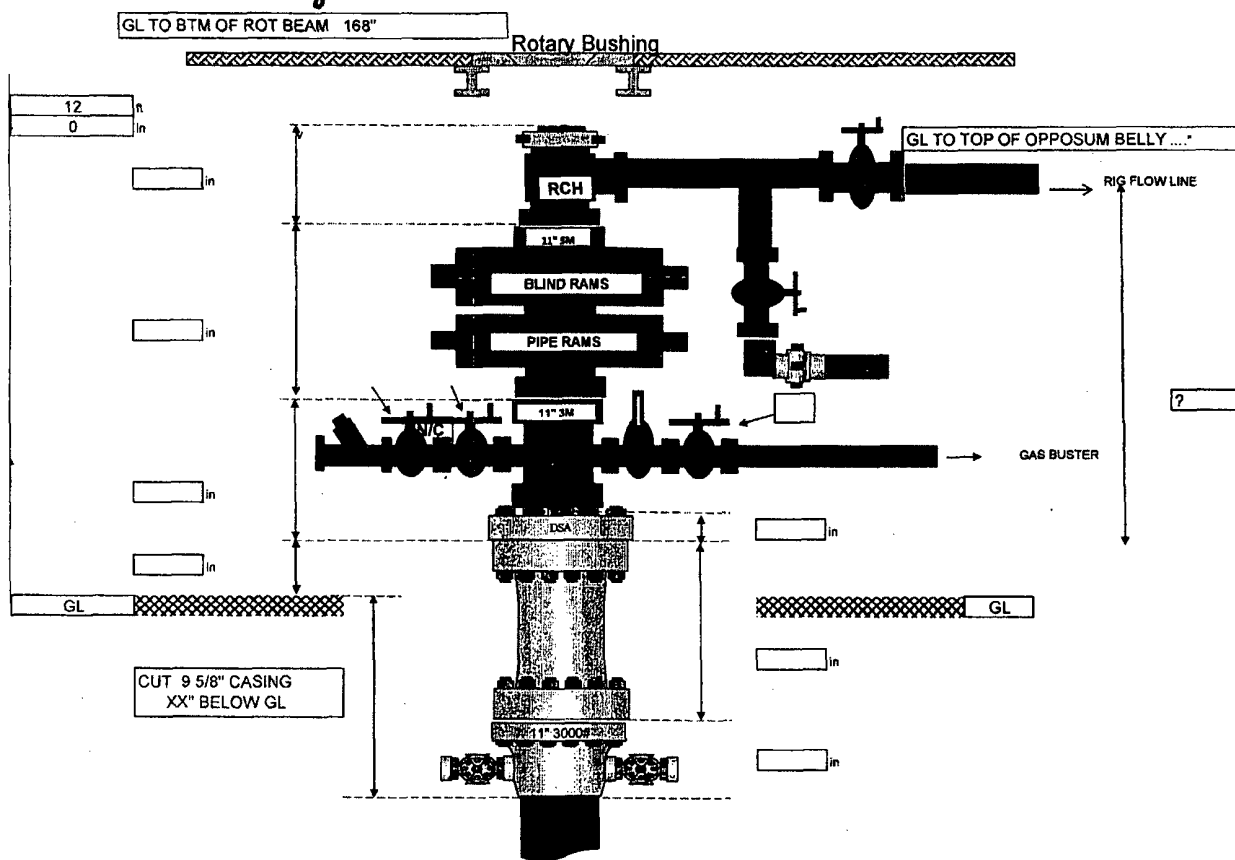
PROJECT: F4M

DRAWN: DJOHNSON DATE: 03-24-06 DWG. NO.

SOLD: NTS SHEET OF

REV	DATE	DESCRIPTION	BY	SOLD	NTS	SHEET	OF
1							
2							
3							
4							
5							

RIG: H&P 304
 WELL: Blinebry wells
 BOP Nipple Up on 9 5/8" Casing



H&P 304: Operating and Maintenance Plan

1. 250 bbl, ½ 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: Blinebry wells
Choke Manifold

