Submit to Appropriate
District Office
State Lease – 6 copies
Fee Lease – 5 copies

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

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

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-101
Revised 1-1-89

API NO. (assigned by OCD on New Wells)
30-025-31304

5. Indicate Type of Lease STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work:
DRILL ☒ RE-ENTER ☐ DEEPEN ☐ PLUG BACK ☐

b. Type of Well:
OIL WELL ☒ GAS WELL ☐ OTHER
SINGLE ZONE ☒ MULTIPLE ZONE ☐

7. Lease Name or Unit Agreement Name
ARROWHEAD GRAYBURG UNIT

2. Name of Operator
CHEVRON USA INC.

8. Well No.
174

3. Address of Operator
P.O. BOX 1150 MIDLAND, TX 79702 ATTN. RM. 4115-A

9. Pool name or Wildcat
ARROWHEAD Grayburg

4. Well Location
Unit Letter N : 1905 Feet From The WEST Line and 660 Feet From The SOUTH Line

Section 2 Township 22 SOUTH Range 36 EAST NMPM LEA County

10. Proposed Depth	11. Formation	12. Rotary or C.T.
± 4500	GRAYBURG	ROTARY

13. Elevations (Show whether DF, RT, GR, etc.)	14. Kind & Status Plug. Bond	15. Drilling Contractor	16. Approx. Date Work will start
3541	BLANKET	CAPROCK	7-1-91

17.
PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
12 1/4	8 3/8	23 M50	1350	800	SURF.
7 7/8	5 1/2	15.5 K-55	4500	900	SURF.

MUD PROGRAM: 0'-1350 FW SPUD MUD 9.0 PPG.
1350'-4500 BW AIR MIST SYSTEM.

BOPE EQUIPMENT: 3000 PSI WP SEE ATTACHED CHEVRON CLASS III BOP DRAWING.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

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

SIGNATURE E.O. Doherty TITLE T.A. Drlg DATE 6/19/91

TYPE OR PRINT NAME E.O. DOHERTY TELEPHONE NO. 687-7812

(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

Permit Expires 6 Months From Approval Date Unless Drilling Underway.

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State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator	Lease	Well No.
CHEVRON U.S.A. INC	ARROWHEAD GRAYBURG UNIT	174

Unit Letter	Section	Township	Range	County
N	2	22 SOUTH	36 EAST NMPM	LEA

Actual Footage Location of Well:
1905 feet from the WEST line and 660 feet from the SOUTH line

Ground level Elev.	Producing Formation	Pool	Dedicated Acreage:
3541.0	Grayburg	Arrowhead	40 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

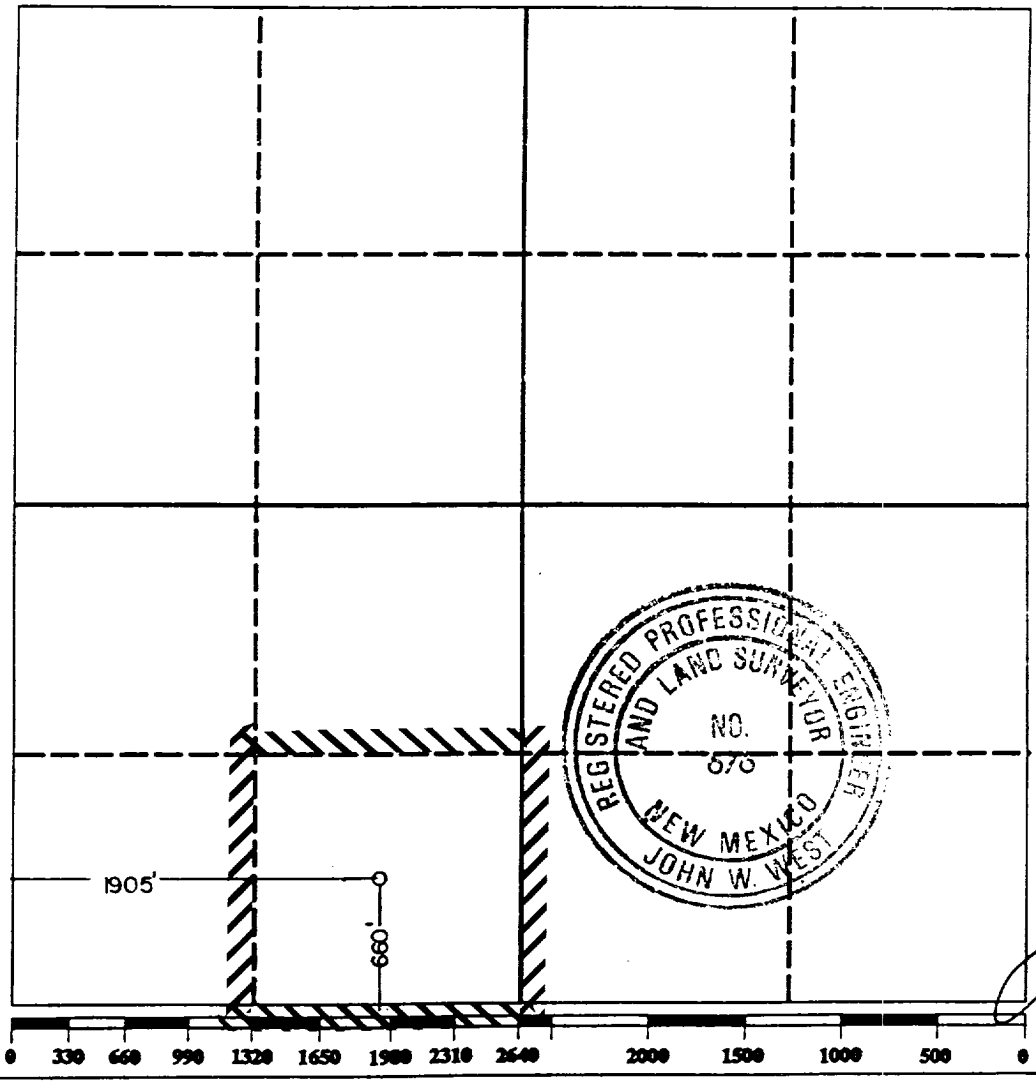
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?

☐ Yes ☐ No If answer is "yes" type of consolidation _____

If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary. _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein in true and complete to the best of my knowledge and belief.

Signature: E.O. Doherty
Printed Name: E.O. DOHERTY
Position: TA Dclg.
Company: CHEVRON USA INC
Date: 6/19/91

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 supervison, and that the same is true and correct to the best of my knowledge and belief.

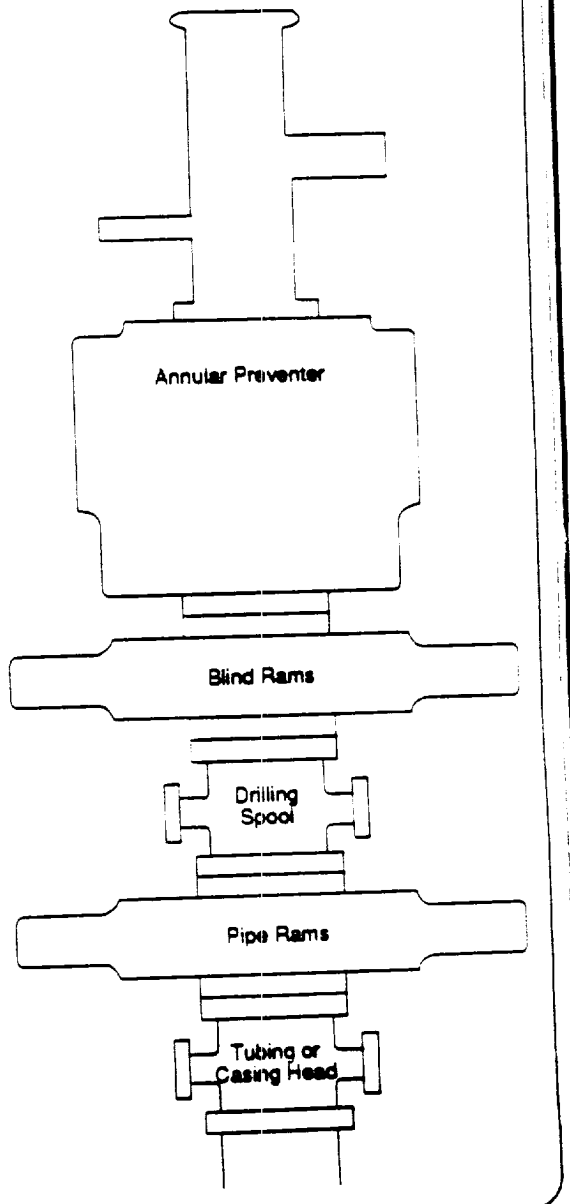
Date Surveyed: 6-12-91
Signature & Seal of Professional Surveyor: John W. West
Certificate No. JOHN W. WEST, 676
RONALD J. EIDSON, 3239

125630

E. CLASS III BLOWOUT PREVENTER STACK:

The Class III preventer stack is designed for drilling or workover operations. It is composed of a single hydraulically operated annular preventer on top, then a blind ram preventer, a drilling spool, and a single pipe ram preventer on bottom. The choke and kill lines are installed onto the drilling spool and must have a minimum internal diameter of 2". All side outlets on the preventers or drilling spool must be flanged, studded, or clamped. An emergency kill line may be installed on the wellhead. A double ram preventer should only be used when space limitations make it necessary to remove the drilling spool. In these instances, the choke manifold should be connected to a flanged outlet between the preventer rams only. In this hookup, the pipe rams are considered master rams only, and cannot be used to routinely circulate out a kick. The Class III blowout preventer stack is shown to the right in Figure 11J.4.

Figure 11J.4
Class III Blowout Preventer Stack



D. CLASS III CHOKE MANIFOLD

The Class III choke manifold is suitable for Class III workovers and drilling operations. The Standard Class III choke manifold is shown in Figure 11J.8 below. Specific design features of the Class III manifold include:

1. The manifold is attached to a drilling spool or the top ram preventer side outlet.

2. The minimun internal diameter is 2" (nominal) for outlets, flanges, valves and lines.

3. Includes two steel gate valves in the choke line at the drilling spool outlet. The inside choke line valve may be remotely controlled (HCR).

4. Includes two manually adjustable chokes which are installed on both side of the manifold cross. Steel isolation gate valves are installed between both chokes and the cross, and also downstream of both chokes.

5. Includes a blooey line which runs straight through the cross and is isolated by a steel gate valve.

6. Includes a valve isolated pressure gauge suitable for drilling service which can display the casing pressure within view of the choke operator.

7. Returns through the choke manifold must be divertible through a mud-gas seperator and then be routed to either the shale shaker or the reserve pit through a buffer tank or manifold arrangement.

8. If the choke manifold is remote from the wellhead, a third master valve should be installed immediately upstream of the manifold cross.

Figure 11J.8 - Class III Choke Manifold

NC = Normally Closed
NO = Normally Open