Form 3160-5 (June 2015)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

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FORM APPROVED OMB NO. 1004-0137 Expires: January 31, 2018

Lease Serial No. NMLC029420A

	OTICES AND REPORTS ON WELLS
Do not use this t	form for proposals to drill or to re-enter an
shandoned well	Hea form 3160-2 (APD) for such proposals

abandoned wel	I. Use form 3160-3 (AP	D) for such p	roposals.		6. If Indian, Allottee or	inbe N	ame
SUBMIT IN TRIPLICATE - Other instructions on page 2				7. If Unit or CA/Agreement, Name and/or No. 892000276B			
1. Type of Well				8. Well Name and No. SKELLY UNIT 965			
Oil Well Gas Well Other 2. Name of Operator Contact: HOWIE LUCAS CHEVRON USA INCORPORATED E-Mail: howie.lucas@chevron.com					9. API Well No. 30-015-34647-00-S1		
3a. Address 6301 DEAUVILLE BLVD MIDLAND, TX 79706 3b. Phone No. (include area code) Ph: 832-588-4044)	10. Field and Pool or Exploratory Area FREN		
4. Location of Well (Footage, Sec., T., R., M., or Survey Description)					11. County or Parish, State		
Sec 15 T17S R31E SWSW 990FSL 990FWL					EDDY COUNTY, NM		
12. CHECK THE AI	PPROPRIATE BOX(ES)	TO INDICA	TE NATURE C	F NOTICE,	REPORT, OR OTH	ER D	ATA
TYPE OF SUBMISSION			ТҮРЕ О	F ACTION			
Notice of Intent	☐ Acidize	☐ Dee	pen	☐ Produc	tion (Start/Resume)	o w	ater Shut-Off
_	☐ Alter Casing	☐ Hyd	lraulic Fracturing	Reclam Reclam	ation		ell Integrity
☐ Subsequent Report	□ Casing Repair	□ Nev	v Construction	□ Recom	plete	0 O	ther
☐ Final Abandonment Notice	☐ Change Plans	🛭 Plug	g and Abandon	☐ Tempo	rarily Abandon		
	☐ Convert to Injection	☐ Plug	g Back	☐ Water l	Disposal		
determined that the site is ready for f Please see attachments.	inal inspection.				RECLAMATION PR	OCEDI	IRF
					ATTACHE	0	J. N.L.
Accepted for record . N	Mocb NM C	OL CONSE	RICE	ç	EE ATTACHEI	J EU	D
OCT 24 2017			CONDITIONS OF APPROVAL				
11	, , , , ,	RECEIVE) ((, , , , ,	11101/12
Below ground!	evel dry hi	RECEIVEI ole me	Ker reg	uney			
14. I hereby certify that the foregoing is	s true and correct. / Electronic Submission # For CHEVRON ommitted to AFMSS for pi	#384659 verifie USA INCORPO	d by the BLM We RATED, sent to	ell Informatio	n System i		
		rocessing by J			17JA0161SE)		
Name (Printed/Typed) HOWIE L	UCAS		Title ENGIN	IEEK			
Signature (Electronic S	Submission)		Date 08/14/2	2017			
	THIS SPACE F	OR FEDERA	L OR STATE	OFFICE U	SE		
Approved By	a. ams		Title Seg	av. AE	7		10-17-17 Date
Conditions of approval, if any, are attache certify that the applicant holds legal or equivalent would entitle the applicant to conduct the applicant the appli	uitable title to those rights in th		Office	CFO			
Tule 18 U.S.C. Section 1001 and Title 43 states any false, fictitious or fraudulent					ake to any department or	agency o	of the United

Form 3160-5 (August 2007)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

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

Expires July 31, 2010	
5. Lease Serial No NMLC029420A	_
6. If Indian, Allottee or Tribe Name	

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.

aparidoned well.	036 01111 31 00-3 (Al 1	o) for such proposal	· .			
SUBMI	T IN TRIPLICATE – Other in:	structions on page 2.		7. If Unit of CA/Agreen	nent, Name and/or No	
I. Type of Well						
Oil Well Gas Well Other			8. Well Name and No. Skelly Unit 965			
2. Name of Operator CHEVRON USA INC				9. API Well No. 30-015-34647		
3a. Address 6301 DEAUVILLE BLVD RM N3007 MIDLAND, TX 797(-5 832-588-4044			10. Field and Pool or Ex Fren; Glorieta-Yeso	10. Field and Pool or Exploratory Area Fren; Glorieta-Yeso		
4. Location of Well (Footage, Sec., T. SEC 15 T17S R35E MER NMP SWSW 990	R,M., or Survey Description) FSL & 990' FWL			11 Country or Parish, S Eddy County, NM	State	
12 CHE	CK THE APPROPRIATE BOX	(ES) TO INDICATE NATUR	E OF NOT	ICE, REPORT OR OTHE	R DATA	
TYPE OF SUBMISSION		TY	PE OF AC	TION		
✓ Notice of Intent	Acidize Alter Casing	Deepen Fracture Treat				
Subsequent Report	Casing Repair Change Plans	New Construction Plug and Abandon	_	complete nporarily Abandon	Other	
Final Abandonment Notice	Convert to Injection	Plug Back		iter Disposal		
13 3/8" 48# @ 425' TOC surface, 8 4,726' & 5,239', Open perfs 5,520'-Chevron respectfully requests to at 1 Notify BLM 24 hrs. prior to startir 2. MIRU, NDWH, NU BOPE, pull tt 3. Set CIBP @ 5,500', circ salt gel,	6,320', Squeezed perfs 5,216 pandon this well as follows: ng work (575) 234-5909. ng & rods	5'-5,007'		SEE AT CONDIT	39'-6,619' TOC 5,239', DV tools at TACHED FOR TONS OF APPROVAL	
4. Spot 30 sx CL "C" cement at 4,9 5. Spot 25 sx CL "C" cement at 3,4 6. Spot 25 sx CL "C" cement at 2,7 7 Spot 45 sx CL "C" cement at 1,9 8. Spot 25 sx CL "C" cement at 800 9. Spot 60 sx CL "C" cement at 475 10. Cut off wellhead 3' below grade	30'-4.650' (Glorieta, DV tool). 80'-3,280' WOC & tag (San / 50'-2,550' (Queen). 70'-1,650' WOC & tag (B.Sa)'-600' (T.Salt) 5'-Surface (Shoe, FW. Surf)	Andres). It, Yates, Seven Rivers, Sh	oe).	RECL	AMATION PROCEDURE ATTACHED	
14 I hereby certify that the foregoing 45	Broand level	day hole	i m	arker 1	eguired_	
Howie Lucas		inte Project	Engineer			
Signature	<u> </u>	Date 08/14/2	2017			
	THIS SPACE F	OR FEDERAL OR S	TATE O	FICE USE		
Conditions of approval, if any, are attache that me applicant holds legal or equitable entitle the applicant to conduct operations		- 1	Say.		Date 10-17-17	
	USC Section 1212 make it a ci				or agency of the United States any false	
(Instructions on page 2)						

GENERAL INSTRUCTIONS

This form is designed for submitting proposals to perform certain well operations and reports of such operations when completed as indicated on Federal and Indian lands pursuant to applicable Federal law and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local area or regional procedures and practices, are either shown below, will be issued by or may be obtained from the local Federal office.

SPECIFIC INSTRUCTIONS

Item 4 - Locations on Federal or Indian land should be described in accordance with Federal requirements. Consult the local Federal office for specific instructions.

Item 13 - Proposals to abandon a well and subsequent reports of abandonment should include such special information as is required by the local Federal office. In addition, such proposals and reports should include reasons for the abandonment; data on any former or present productive zones or other zones with present significant fluid contents not sealed off by cement or otherwise; depths (top and bottom) and method of placement of cement plugs; mud or other material placed below, between and above plugs; amount, size, method of parting of any casing, liner or tubing pulled and the depth to the top of any tubing left in the hole; method of closing top of well and date well site conditioned for final inspection looking for approval of the abandonment.

NOTICES

The Privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this application.

AUTHORITY: 30 U.S.C. 181 et seq., 351 et seq., 25 U.S.C. 396; 43 CFR 3160.

PRINCIPAL PURPOSE: The information is used to: (1) Evaluate, when appropriate, approve applications, and report completion of subsequent well operations, on a Federal or Indian lease; and (2) document for administrative use, information for the management, disposal and use of National Resource lands and resources, such as: (a) evaluating the equipment and procedures to be used during a proposed subsequent well operation and reviewing the completed well operations for compliance with the approved plan; (b) requesting and grantingapproval to perform those actions covered by 43 CFR 3162.3-2, 3162.3-3, and 3162.3-4; (c) reporting the beginning or resumption of production, as required by 43 CFR 3162.4-1(c)and (d) analyzing future applications to drill or modify operations in light of data obtained and methods used.

ROUTINE USES: Information from the record and/or the record will be transferred to appropriate Federal, State, local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecutions in connection with congressional inquiries or to consumer reporting agencies to facilitate collection of debts owed the Government.

EFFECT OF NOT PROVIDING THE INFORMATION: Filing of this notice and report and disclosure of the information is mandatory for those subsequent well operations specified in 43 CFR 3162.3-2, 3162.3-3, 3162.3-4.

The Paperwork Reduction Act of 1995 requires us to inform you that:

The BLM collects this information to evaluate proposed and or completed subsequent well operations on Federal or Indian oil and gas leases.

Response to this request is mandatory.

The BLM would like you to know that you do not have to respond to this or any other Federal agency-sponsored information collection unless it displays a currently valid OMB control number.

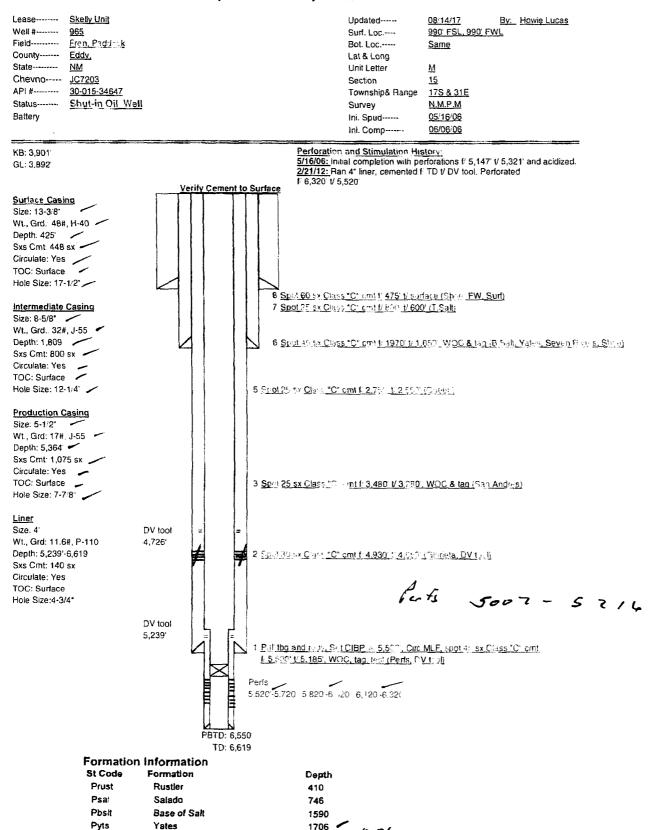
BURDEN HOURS STATEMENT: Public reporting burden for this form is estimated to average 8 hours per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management (1004-0137), Bureau Information Collection Clearance Officer (WO-630), 1849 C St., N.W., Mail Stop 401 LS, Washington, D.C. 20240

Current WBD - Skelly Unit #965

Lease Skelly Unit Well # 965 Field Fren, Paddock County Eddy, State NM Chevno JC7203 API # 30-015-34647 Status Shut-in Oil Well Battery	<u>211</u>	Updated Surf. Loc Surf. Loc Bot. Loc Lat & Long Un't Letter Section Township& Range Survey In: Spud In: Comp	08/14-17 By. Howie Lucas 990 FSL 990 FWL Same M 15 17S & 31E N.M.P.M 05/16:06 06/06/06
KB: 3,901' GL 3,892		Perforation and Stimulation His 5/16/06: Initial completion with pe 2/21/12: Ran 4' liner, cemented fit 6,320 t/ 5,520	erforations # 5,147" t/ 5,321" and acidized.
Surface Casing Size. 13-3'8" Wt., Grd: 48#, H-40 Depth: 425' Sxs Cmt: 448 sx Circulate: Yes TOC. Surface Hole Size: 17-1/2" Intermediate Casing Size: 8-5/8" Wt. Grd:: 32#, J-55 Depth: 1,809 Sxs Cmt: 800 sx Circulate: Yes TOC: Surface Hole Size: 12-1/4 Production Casing Size: 5-1/2' Wt., Grd: 17#, J-55 Depth: 5,364' Sxs Cmt: 1.075 sx Circulate: Yes TOC: Surface Hole Size: 7-7/8	DV toc 4,726 = =	Tubing Deta1s: -J-55, 2-7/8" tubing (blue band) f/s -2-7/8" TAC f/ 4,861' t/ 4864 -J-55, 2-7/8" tubing (blue band) f/s -2-7/8" x 2-3/8" XO at 4 991' -J-55, 2-3/8" tubing (blue band f/4 -J-55, 2-3/8" plastic coated tubing -Tubing barrel f/ 6,325' t/ 6,354' -Seating nipple mechanical type a -Cavins Desander f/ 6,355' t/ 6,375 -Bull Plug Mud Anchor f/ 6,375 t/ 6 Rod Details: -7/8" spray metal polished rod -(4) 1" N-97 rod subs f/ 40' t/ 44 -1" KD 25' rod f/ 44' t/ 69' -(80) 1-1/4" FG rods f/ 6,94' t/ 3,069' t/ 4,55) 3/4" KD-63 rods f/ 4,719' t/ 6 -1-1/2" sinker bars f/ 6,094' t/ 6,31 -7/8" shear tool (unknown rating) a -1-1/2" sinker bars f/ 6,320' t/ 6,34 -Rod Pump 25-175-THBC-24-5-4	4,864' t/ 4,991' .991'-6,260' TK-99 t/ 6,260 t/ 6 325 t 6,354' 5' 6,438 ,719' ,094' 9' at 6,319' .5'
Liner Size: 4 Wt., Grd: 11.6#, P-110 Depth: 5,239-6,619 Sxs Cmt. 140 sx Circulate. Yes TOC: Surface Hole Size:4-3:4'	DV tool 5,239'	Prust Psal Pbsit Pyts Psr Psrbs Pqu Psa Plvsd	formation ormation Rustler 410 Salado 746 Base of Salt 1590 Yates 1706 Seven Rivers 1920 Bowers Sand 2473 Queen 2696 San Andres Lovington Sand 3527 Glorieta Depti

TD: 6,619

Proposed WBD - Skelly Unit #965



1020

2473

3430

3527

4877

2696 .

Par

Pqu

Psa

Pgl

Pivsd

Parba

Seven Rivers

Bowers Sand

San Andres

Lovington Sand

Queen

Glorieta

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

Permanent Abandonment of Federal Wells Conditions of Approval (LPC Habitat)

Failure to comply with the following Conditions of Approval may result in a Notice of Incidents of Noncompliance (INC) in accordance with 43 CFR 3163.1.

1. Plugging operations shall commence within <u>ninety (90)</u> days from the approval date of this Notice of Intent to Abandon.

If you are unable to plug the well by the 90th day provide this office, prior to the 90th day, with the reason for not meeting the deadline and a date when we can expect the well to be plugged. Failure to do so will result in enforcement action.

The rig used for the plugging procedure cannot be released and moved off without the prior approval of the authorized officer. Failure to do so may result in enforcement action.

- 2. <u>Notification:</u> Contact the appropriate BLM office at least 24 hours prior to the commencing of any plugging operations. For wells in Chaves and Roosevelt County, call 575-627-0272; Eddy County, call 575-361-2822; Lea County, call 575-393-3612.
- 3. <u>Blowout Preventers</u>: A blowout preventer (BOP), as appropriate, shall be installed before commencing any plugging operation. The BOP must be installed and maintained as per API and manufacturer recommendations. The minimum BOP requirement is a 2M system for a well not deeper than 9,090 feet; a 3M system for a well not deeper than 13,636 feet; and a 5M system for a well not deeper than 22,727 feet.
- 4. <u>Mud Requirement:</u> Mud shall be placed between all plugs. Minimum consistency of plugging mud shall be obtained by mixing at the rate of 25 sacks (50 pounds each) of gel per 100 barrels of brine water. Minimum nine (9) pounds per gallon.
- 5. <u>Cement Requirement</u>: Sufficient cement shall be used to bring any required plug to the specified depth and length. Any given cement volumes on the proposed plugging procedure are merely estimates and are not final. Unless specific approval is received, no plug except the surface plug shall be less than 25 sacks of cement. Any plug that requires a tag will have a minimum WOC time of 4 hours.

In lieu of a cement plug across perforations in a cased hole (not for any other plugs), a bridge plug set within 50 feet to 100 feet above the perforations shall be capped with 25 sacks of cement. If a bailer is used to cap this plug, 35 feet of cement shall be sufficient. Before pumping or bailing cement on top of CIBP, tag will be required to verify depth. Based on depth, a tag of the cement may be deemed necessary.

Unless otherwise specified in the approved procedure, the cement plug shall consist of either Neat Class "C", for up to 7,500 feet of depth or Neat Class "H", for deeper than 7,500 feet plugs.

6. Below Ground Level Cap (Lesser Prairie-Chicken Habitat): All casing shall be cut-off at the base of the cellar or 3 feet below final restored ground level (whichever is deeper). The BLM is to be notified a minimum of 4 hours prior to the wellhead being cut off to verify that cement is to surface in the casing and all annuluses. Wellhead cut off shall commence within ten (10) calendar days of the well being plugged. If the cut off cannot be done by the 10th day, the BLM is to be contacted with justification to receive an extension for completing the cut off. Upon the plugging and subsequent abandonment of wells that are located in lesser prairie-chicken habitat, the casings shall be cut-off at the base of the cellar or 3 feet below final restored ground level (whichever is deeper). The well bore shall then be covered with a metal plate at least ¼ inch thick and welded in place. A weep hole shall be left in the plate and/or casing.

NMOCD also requires the operator to notify NMOCD when this type of dry hole marker is used. This can be done on the subsequent report of abandonment which is submitted to the BLM after the well is plugged. State that a below ground cap was installed as required in the COA's from the BLM.

- 7. <u>Subsequent Plugging Reporting:</u> Within 30 days after plugging work is completed, file one original and three copies of the Subsequent Report of Abandonment, Form 3160-5 to BLM. The report should give in detail the manner in which the plugging work was carried out, the extent (by depths) of cement plugs placed, and the size and location (by depths) of casing left in the well. <u>Show date well was plugged.</u>
- 8. <u>Trash:</u> All trash, junk and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.

Following the submission and approval of the Subsequent Report of Abandonment, surface restoration will be required. See attached reclamation objectives.

<u>Timing Limitation Stipulation/ Condition of Approval for Lesser Prairie-Chicken:</u>
From March 1st through June 15th annually, abandonment activities will be allowed except between the hours from 3:00 am and 9:00 am. Normal vehicle use on existing roads will not be restricted



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Carlsbad Field Office 620 E. Greene St. Carlsbad, New Mexico 88220-6292 www.blm.gov/nm



In Reply Refer To: 1310

Reclamation Objectives and Procedures

Reclamation Objective: Oil and gas development is one of many uses of the public lands and resources. While development may have a short- or long-term effect on the land, successful reclamation can ensure the effect is not permanent. During the life of the development, all disturbed areas not needed for active support of production operations should undergo "interim" reclamation in order to minimize the environmental impacts of development on other resources and uses. At final abandonment, well locations, production facilities, and access roads must undergo "final" reclamation so that the character and productivity of the land and water are restored.

The long-term objective of final reclamation is to set the course for eventual ecosystem restoration, including the restoration of the natural vegetation community, hydrology, and wildlife habitats. In most cases this means returning the land to a condition approximating or equal to that which existed prior to the disturbance. The final goal of reclamation is to restore the character of the land and water to its predisturbance condition. The operator is generally not responsible for achieving full ecological restoration of the site. Instead, the operator must achieve the short-term stability, visual, hydrological, and productivity objectives of the surface management agency and take steps necessary to ensure that long-term objectives will be reached through natural processes.

To achieve these objectives, remove any and all contaminants, scrap/trash, equipment, pipelines and powerlines. Strip and remove caliche, contour the location to blend with the surrounding landscape, redistribute the native soils, provide erosion control as needed, rip and seed as specified in the original APD COA. This will apply to well pads, facilities, and access roads. Barricade access road at the starting point. If reserve pits have not reclaimed due to salts or other contaminants, submit a plan for approval, as to how you propose to provide adequate restoration of the pit area.

- 1. The Application for Permit to Drill or Reenter (APD, Form 3160-3), Surface Use Plan of Operations must include adequate measures for stabilization and reclamation of disturbed lands. Oil and Gas operators must plan for reclamation, both interim and final, up front in the APD process as per Onshore Oil and Gas Order No. 1.
- 2. For wells and/or access roads not having an approved plan, or an inadequate plan for surface reclamation (either interim or final reclamation), the operator must submit a proposal describing the procedures for reclamation. For interim reclamation, the appropriate time for submittal would be when filing the Well Completion or Recompletion Report and Log (Form 3160-4). For final reclamation, the appropriate time for submittal would be when filing the Notice of Intent, or the Subsequent Report of Abandonment, Sundry Notices and Reports on Wells (Form 3160-5). Interim reclamation is to be completed within 6 months of well completion, and final reclamation is to be completed within 6 months of well abandonment.
- 3. The operator must file a Subsequent Report Plug and Abandonment (Form 3160-5) following the plugging of a well.
- 4. Previous instruction had you waiting for a BLM specialist to inspect the location and provide you with reclamation requirements. If you have an approved Surface Use Plan of Operation and/or an approved Sundry Notice, you are free to proceed with reclamation as per approved APD. If you have issues or concerns, contact a BLM specialist to assist you. It would be in your interest to have a BLM specialist look at the location and access road prior to the removal of reclamation

equipment to ensure that it meets BLM objectives. Upon conclusion submit a Form 3160-5, Subsequent Report of Reclamation. This will prompt a specialist to inspect the location to verify work was completed as per approved plans.

- 5. The approved Subsequent Report of Reclamation will be your notice that the native soils, contour and seedbed have been reestablished. If the BLM objectives have not been met the operator will be notified and corrective actions may be required.
- 6. It is the responsibility of the operator to monitor these locations and/or access roads until such time as the operator feels that the BLM objective has been met. If after two growing seasons the location and/or access roads are not showing the potential for successful revegetation, additional actions may be needed. When you feel the BLM objectives have been met submit a Final Abandonment Notice (FAN), Form 3160-5, stating that all reclamation requirements have been achieved and the location and/or access road is ready for a final abandonment inspection.
- 7. At this time the BLM specialist will inspect the location and/or access road. If the native soils and contour have been restored, and the revegetation is successful, the FAN will be approved, releasing the operator of any further liability of the location and/or access road. If the location and/or access road have not achieved the objective, you will be notified as to additional work needed or additional time being needed to achieve the objective.

If there are any questions, please feel free to contact any of the following specialists:

Jim Amos Supervisory Petroleum Engineering Tech 575-234-5909, 575-361-2648 (Cell)

Arthur Arias Environmental Protection Specialist 575-234-6230

Henryetta Price Environmental Protection Specialist 575-234-5951

Shelly Tucker Environmental Protection Specialist 575-234-5979

Trishia Bad Bear, Hobbs Field Station Natural Resource Specialist 575-393-3612