Submit 3 copies to Appropriate District Office

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-103
Revised 1-1-89

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240
DISTRICT II
P.O. Box Drawer DD, Artesia, NM 88210
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION

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

WELL API NO. 30-025-06900

5. Indicate Type of Lease STATE ☐ FEE ☑

6. State Oil / Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMI (FORM C-101) FOR SUCH PROPOSALS.

7. Lease Name or Unit Agreement Name: H.T. MATTERN NCT-B

1. Type of Well: OIL WELL ☑ GAS WELL ☐ OTHER

2. Name of Operator: CHEVRON USA INC

8. Well No. 1

3. Address of Operator: 15 SMITH RD, MIDLAND, TX 79705

9. Pool Name or Wildcat: PENROSE SKELLY GRAYBURG

4. Well Location

Unit Letter I : 2310' Feet From The SOUTH Line and 330' Feet From The EAST Line

Section 30 Township 21-S Range 37-E NMPM LEA COUNTY

10. Elevation (Show whether DF, RKB, RT,GR, etc.) 3483' GL

11. 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 OPERATION	☐	PLUG AND ABANDONMENT	☐
PULL OR ALTER CASING	☐			CASING TEST AND CEMENT JOB	☐		
OTHER: DRILL DEEPER IN GRAYBURG & FRAC STIM	☑			OTHER:			☐

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

CHEVRON U.S.A. INC. INTENDS TO DRILL THE SUBJECT WELL DEEPER IN THE EXISTING GRAYBURG RESERVOIR. THE WELL IS CURRENTLY A SHUT-IN UPPER GRAYBURG PRODUCER. THIS WORK SHOULD RETURN THE WELL TO PROFITABLE STATUS.

****A PIT WILL NOT BE USED FOR THIS DEEPENING. A STEEL FRAC TANK WILL BE UTILIZED.****

THE CURRENT & PROPOSED WELLBORE DIAGRAMS ARE ATTACHED FOR YOUR APPROVAL.

PLEASE SEE ATTACHMENT FOR THE INTENDED PROCEDURE.

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

SIGNATURE Denise Pinkerton TITLE Regulatory Specialist DATE 4/5/2005

TYPE OR PRINT NAME Denise Pinkerton Telephone No. 432-687-7375

(This space for State Use)

APPROVED

CONDITIONS OF APPROVAL, IF ANY: TITLE PETROLEUM ENGINEER DATE APR 08 2005

DeSoto/Nichols 12-93 ver 1.0

H. T. Mattern (NCT-B) # 1
Penrose Skelly Field
T21S, R37E, Section 30
Job: Drill Well Deeper To Lower Grayburg Formation And Frac Stimulate

Procedure:

1. Displace flowline with fresh water. Have field specialist close valve at header. Pressure line according to the type of line. AGU, EMSU, and EMSUB buried fiberglass lines will be tested with 300 psi. All polypipe (SDR7 and SDR11) will be tested w/100 psi. All steel lines will be tested w/500 psi. If a leak is found, contact Donnie Ives for repair/replacement. If test is good, bleed off pressure and **open valve** at header. Document this process in the morning report.

2. MI & RU workover unit. Bleed pressure from well, if any. Pump down csg with 8.6 PPG cut brine water, if necessary to kill well. POH with rods and pump. Remove WH. Install BOP's and test to 1000 psi. POH LD 2 3/8" production tbg string. **Note: Minimize water pumped into well since deepening will be performed using foam due to low pressure Upper Grayburg interval.**

3. PU 4 ¾" MT bit and GIH on 2 7/8" work string to approximately 3790'. MI & RU foam unit(s). LD and cleanout 4 ¾" open hole to original TD at 3813'. Drill well deeper to a new TD of 3915'. Circulate well clean from 3915'. POH with 4 ¾" MT bit and drill string. LD MT bit.

4. PU & GIH 5 ½" treating pkr on 2 7/8" work string. Set pkr at approximately 3550'. Pressure test pkr and csg to 500 psi.

5. MI & RU DS Services. Acidize Grayburg interval from 3652-3915' with 4,500 gals antisludge 15% HCl acid *** at a maximum rate of **6 BPM** and a maximum surface pressure of **3500 psi**. Pump job as follows:

   Pump 1,500 gals acid at 6 BPM
   Pump 1,000 gals gelled 10 PPG brine containing 1500 lbs GRS at 6 BPM
   Pump 1,500 gals acid at 6 BPM
   Pump 1,000 gals gelled 10 PPG brine containing 1500 lbs GRS at 6 BPM
   Pump 1,500 gals acid at 6 BPM

   Displace acid with 8.6 PPG cut brine water -- do not overdisplace. Record ISIP, 5, 10, & 15 minute SIP's. RD and release DS Services. **Note: It is not necessary to pickle tbg due to the low BHP.**

*** Acid system is to contain:	1 GPT A264	Corrosion Inhibitor
	8 GPT L63	Iron Control Agent

2 PPT A179	Iron Control Aid
20 GPT U66	Mutual Solvent
2 GPT W53	Non-Emulsifier

6. Open well and flow/swab back spent treatment fluids. Recover 100% of spent acid and load before SI well for the night. Report oil cut, recovered fluid volumes, pressures, and/or swabbing fluid levels.

7. Open well. Pump down tbg with 8.6 PPG cut brine water to kill well, if necessary. Release pkr. POH with 2 7/8" work string and packer. LD pkr.

8. PU 4 ¾" MT bit and GIH on 2 7/8" work string to TD at 3915'. If fill is encountered, MI & RU foam unit(s) and cleanout to 3915' using foam. POH with 2 7/8" work string and MT bit. LD MT bit.

9. PU and GIH w/ 5 ½" Lok-Set pkr & On-Off tool w/ 2.25" "F" profile on 110 jts. of 3 ½" EUE 8R L-80 work string, testing to 7500 psi. Set Lok-Set pkr at 3550'. Pressure annulus to 500 psi to test csg and pkr. Install frac head. Leave pressure on csg during frac job to observe for communication.

10. MI & RU DS Services. Frac well down 3 ½" tubing at **40 BPM** with 84,000 gals of YF130, 160,000 lbs. 16/30 mesh Jordan Sand, and 30,000 lbs **resin-coated** 16/30 mesh CR1630 proppant. Observe a maximum surface treating pressure of **7400 psi**. Pump job as follows:

    Pump 2,000 gals 2% KCL water containing 55 gals Baker RE 4777-SCW Scale Inhibitor
    Pump 1,000 gals 2% KCL water spacer
    Pump 14,000 gals YF130 pad containing 5 GPT J451 Fluid Loss Additive
    Pump 14,000 gals YF130 containing 0.5 PPG 16/30 mesh Jordan Sand & 5 GPT J451 FL Additive
    Pump 12,000 gals YF130 containing 1.5 PPG 16/30 mesh Jordan Sand
    Pump 12,000 gals YF130 containing 2.5 PPG 16/30 mesh Jordan Sand
    Pump 12,000 gals YF130 containing 3.5 PPG 16/30 mesh Jordan Sand
    Pump 14,000 gals YF130 containing 4.5 PPG 16/30 mesh Jordan Sand
    Pump 6,000 gals YF130 containing 5 PPG **resin-coated** 16/30 mesh CR1630 proppant.

    Flush to 3596' with 1,344 gals WF130. **Do not overflush.** Shut well in. Record ISIP, 5, 10, and 15 minute SI tbg pressures. SWI. RD & Release DS Services. **Leave well SI overnight.**

11. Open well. GIH and swab well until there is no sand inflow. Report recovered fluid volumes, pressures, and/or swabbing fluid levels. Release pkr and POH with 3 ½" work string. Lay down work string and pkr.

12. PU and GIH with 4 ¾" MT bit on 2 7/8" work string to 3915'. If fill is tagged, clean out to 3915' using 8.6 PPG cut brine water and air unit (if necessary). POH with 2 7/8" work string and bit. LD 2 7/8" work string and bit.

13. PU and GIH w/ BP mud anchor jt of 2 7/8" tbg, 2 7/8" x 4' perforated sub, SN, 1 jt 2 7/8" EUE 8R J-55 IPC tbg, 6 jts 2 7/8" EUE 8R J-55 tbg, TAC, and 115 jts 2 7/8" EUE 8R J-55 tbg, testing to 5000 psi. Set TAC at 3600', with EOT at 3865' and SN at 3830'.

14. Remove BOP's and install WH. GIH with rods, weight bars, and pump per ALS recommended design. RD & release pulling unit.

15. Turn well over to production. Report producing rates, choke sizes, flowing pressures and/or fluid levels.

AMH
4/5/2005

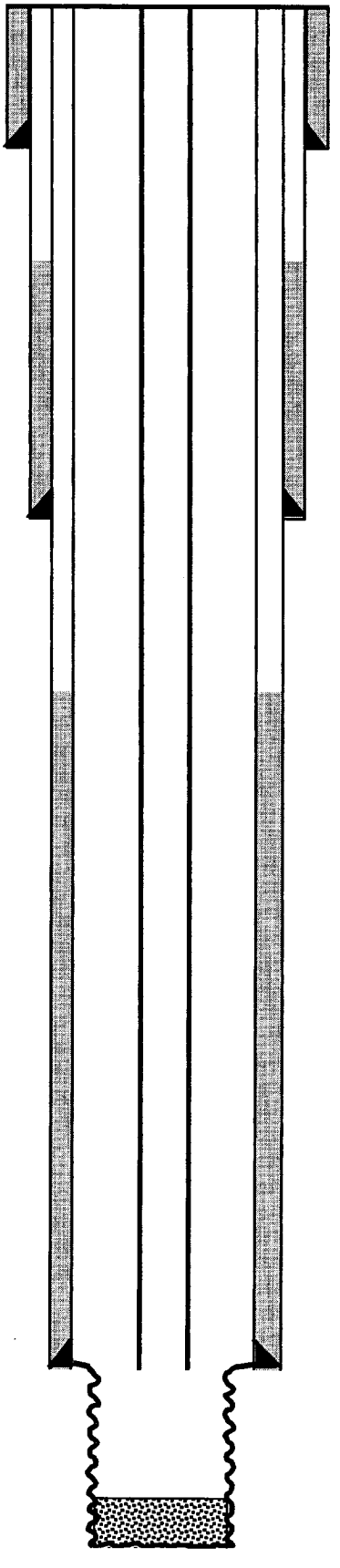
Well: **H.T. Mattern 'B' # 1** Field: **Penrose Skelly** Reservoir: **Grayburg**

Current
Wellbore Diagram

Location:
2310' FSL & 330' FEL
Section: 30
Township: 21S
Range: 37E Unit: I
County: Lea State: NM

Elevations:
GL: 3483'
KB: 3493'
DF: 3492'

Well ID Info:
Chevno: FA7997
API No: 30-025-06900
L5/L6:
Spud Date: 3-2-37
Compl. Date: 4-12-37



Surf. Csg: 10 3/4" 32.75# SCLW
Set: @ 317' w/250 sx cmt
Hole Size: 13 3/4"
Circ: NA **TOC:** NA
TOC By: NA

Interm. Csg: 7 5/8" 22#, 8rd SCLW
Set: @ 1252' w/ 250 sx cmt
Hole Size: 9 5/8"
Circ: NR **TOC:** NA
TOC By: NA

Tubing Detail: 5-20-89

#Jts:	Size:	Footage
	KB Correction	10.00
1	Jts. 2 3/8" J-55 8Rd	31.50
127	Jts. 2 3/8" 4.7# 10Rd	3699.97
	2-3/8" API SN	1.10
	MA Jt. 2-3/8"	10.40
128	**Bottom Of Mtr >>**	**3752.97**

Prod. Csg: 5-1/2", 17#, 10rd SCLW
Set: @ 3652' w/ 150 sx cmt
Hole Size: 6 3/4"
Circ: No **TOC:** 2710'
TOC By: Temperture Survey

PBTD: 3790'
TD: 3813'

4-3/4" Open Hole f/ 3652' to 3813'
OH PB w/ Hydromite

chay: 3/15/05

Well: **H.T. Mattern 'B' # 1** Field: **Penrose Skelly** Reservoir: **Grayburg**

Proposed
Wellbore Diagram

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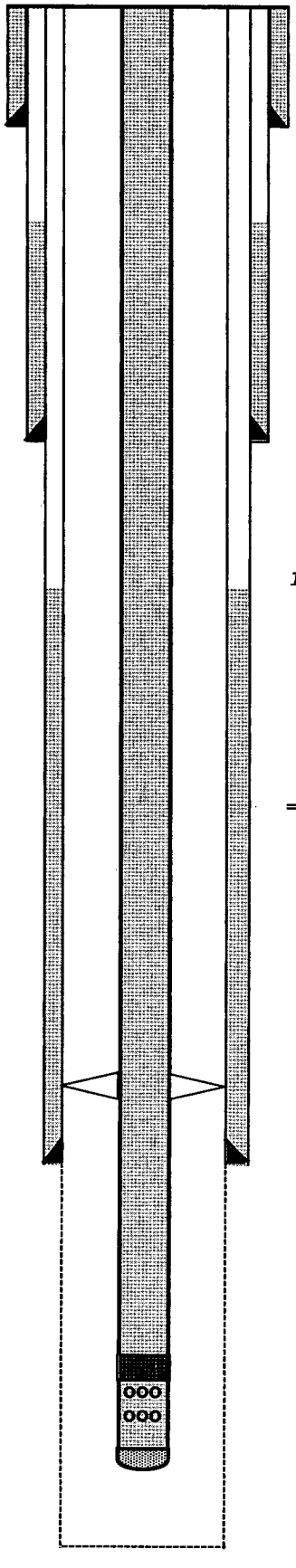

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Circ: NA **TOC:** NA
TOC By: NA

Interm. Csg: 7 5/8" 22#, 8rd SCLW
Set: @ 1252' w/ 250 sx cmt
Hole Size: 9 5/8"
Circ: NR **TOC:** NA
TOC By: NA

Tubing Detail:

#Jts:	Size:	Footage
	KB Correction	10.00
115	Jts. 2 7/8" J-55 Tbg	3600.00
	TAC	3.70
6	Jts. 2 7/8" J-55 Tbg	186.00
1	Jt. 2 7/8" J-55 IPC Tbg	31.00
	SN	1.10
	2 7/8" x 4' Perf Tbg Sub	4.00
1	Jt. 2 7/8" J-55 Tbg w/ BP	31.60
123	**Bottom Of String >>**	**3867.40**

Prod. Csg: 5-1/2", 17#, 10rd SCLW
Set: @ 3652' w/ 150 sx cmt
Hole Size: 6 3/4"
Circ: No **TOC:** 2710'
TOC By: Temperture Survey

4-3/4" Open Hole f/ 3652' to 3915'

PBTD: 3790'
TD: 3915'

chay: 3/15/05