Submit 1 Copy To Appropriate District Office
District I – (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II – (575) 748-1283
811 S. First St., Artesia, NM 88210
District III – (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV – (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

HOBBS OCD
OCT 17 2013
RECEIVED

State of New Mexico
Energy, Minerals and Natural Resources

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

Form C-103
Revised August 1, 2011

WELL API NO. 30-025-23801

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 A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

7. Lease Name or Unit Agreement Name: CENTRAL VACUUM UNIT

1. Type of Well: Oil Well ☒ Gas Well ☐ Other

8. Well Number 132

2. Name of Operator: CHEVRON U.S.A. INC..

9. OGRID Number 4323

3. Address of Operator: 15 SMITH ROAD, MIDLAND, TEXAS 79705

10. Pool name or Wildcat: VACUUM GRAYBURG SAN ANDRES

4. Well Location
Unit Letter: O 475 feet from the SOUTH line and 1650 feet from the EAST line
Section 30 Township 17S Range 35E NMPM County LEA

11. Elevation *(Show whether DR, RKB, RT, GR, etc.)*

12. 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 OPNS.	☐	P AND A	☐
PULL OR ALTER CASING	☐	MULTIPLE COMPL	☐	CASING/CEMENT JOB	☐		
DOWNHOLE COMMINGLE	☐						
OTHER: NEW PLUGGING PROCEDURE				OTHER:			

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

PLEASE FIND ATTACHED, THE NEW PLUGGING PROCEDURE FOR THE SUBJECT WELL AS PER THE LETTER OF VIOLATION DATED 10/07 /2013. (ATTACHED).

WE ARE CURRENTLY RIGGED UP ON THIS WELL ATTEMPTING TO P&A. TO DATE, THE P&A OPERATIONS HAVE NOT BEEN SUCCESSFUL & WE ARE STILL IN THE PROCESS OF WASHING OVER/PULLING THE 4 ½" CASING.

QUESTIONS SHOULD BE DIRECTED TO RYAN WARMKE, PROD ENGR, CHEVRON, AT 432-687-7452.

Spud Date: Rig Release Date:

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: 10/15/2013

Type or print name: DENISE PINKERTON E-mail address: leakejd@chevron.com PHONE: 432-687-7375

For State Use Only

APPROVED BY: TITLE Dist. Mgr DATE 10-21-2013

Conditions of Approval (if any):

OIL CONSERVATION DIVISION - Hobbs office **Must Be Notified** **24 hours prior** to the beginning of Plugging Operations.

OCT 22 2013

Chevron

Central Vacuum Unit #132

Preface:

A cleanout/stimulation & casing repair job was performed 7/99. The casing repair consisted of squeezing a hole in the casing at 200' to 260'. The leak interval was squeezed twice with a total of 500 sx cement. The wellhead was also replaced 7/04. The well was rigged up on again 8/11 at which time the ESP and tubing were found to be stuck. During the initial fishing operations the tubing was cut at 4,300' and 2 joints were pulled. A second and third cut were made at 551' and 457'. Subsequent fishing operations resulted in a section of the existing 4 ½" casing being milled out and an unintentional sidetrack performed at +/-491'. Heavy red bed heaving has prevented successful camera images and has further hampered additional fishing operations.

Current Conditions:

8 5/8" Surface casing set at 397'.

4 ½" 11.6# production casing set at 4,750'. TOC at 2,650' via temperature survey. Remedial squeeze work performed on holes at 200' to 260' have resulted in a TOC inside the 8 5/8" surface casing at +/- 100' verified via CBL

2 3/8" tubing and #4 flat ESP cable from 491' to 551' and 551' to 4,240'. 2 3/8" tubing, #4 flat cable and ESP equipment from 4,300' to 4,408'.

Washpipe Specifications and Options:

7" 26# L-80 grade with WP Hydril Connections (Flush Joint) 10,100 ft/lbs Torque Yield

7" 26# L-80 grade with LT&C Connections, 7.656" Coupling OD, 6,490 ft/lbs max, 9,990 ft/lbs with torque rings.

7" 26# L-80 grade with CDC Buttress Connections, 7.656" Coupling OD, 17,200 ft/lbs max

Description of work:

Wash over existing 4 ½" casing from surface to +/- 600' to provide a conduit and block off the open red bed interval to allow continued fishing operations.

Pre-Work:

1. Prior to moving in and rigging up pulling unit, confirm there is an existing 8 5/8" wellhead and that the 8 5/8" was not plated to the 4 ½" casing during the wellhead change out performed on 7/04.

Will need to organize the availability of a 8 5/8" test plug and provisions to hang off the 7" casing in the wellhead with GE-Vetco.

2. Contact Halliburton/Baroid for their recommended mud system for drilling stability in red beds.
3. Utilize the rig move check list.
4. Check anchors and verify that pull test has been completed in the last 24 months.
5. Ensure location of & distance to power lines is in accordance with MCA SWP. Complete and electrical variance and electrical variance RUMS if necessary.
6. Ensure that location is of adequate build and construction.
7. Ensure that elevators and other lifting equipment are inspected. Caliper all lifting equipment at the beginning of each day or when sizes change.
8. When NU anything over an open wellhead (EPA, etc.) ensure the hole is covered to avoid dropping anything down hole
9. For wells to be worked on or drilled in an H2S field/area, include the anticipated maximum amount of H2S that an individual could be exposed to along with the ROE calculations for 100 ppm and 500 ppm (attached).
10. If the possibility of trapped pressure exists, check for possible obstruction by:

    Pumping through the fish/tubular – this is not guaranteed with an old fish as the possibility of a hole above the obstruction could yield inconclusive results

    Dummy run – make a dummy run through the fish/tubular with sandline, slickline, eline or rods to verify no obstruction. Prior to making any dummy run contact RE and discuss. If unable to verify that there is no obstruction above the connection to be broken, or if there is an obstruction:

    Hot Tap at the connection to check for pressure and bleed off

    Observe and watch for signs / indicators of pressure as connection is being broken. Use mud bucket (with seals removed) and clear all non-essential personnel from the floor.

Procedure:

1. Rig up pulling unit. Check wellhead pressure.
2. ND wellhead. Nipple up 7 1/16" 5,000 psi BOP with 2 3/8" pipe rams over blinds. RIH with 1 joint of 2 3/8"tubing and 4 1/2" test packer. Set packer at +/- 30'. Test BOP to 250 psi low / 500 psi high. Pull out of hole with test packer.
3. Pick up and run in hole with 4 ½" RBP on 2 3/8" tubing to +/- 250'. Set RBP. Pull out of hole with 2 3/8" tubing and retrieving head.
4. Load casing full with brine water. Dump 2 sx sand down casing.
5. Nipple down BOP equipment. Nipple down wellhead "B" section.
6. Pick up 4 ½" internal casing cutter. Cut 4 ½" casing +/- 2' below casing slips.
7. Spear casing stub. Pull stub and slips out of hanger bowl.
   Note: Ensure proper precautions are made to prevent dropping slips and/or debris down wellbore.
8. Nipple up 11" or 9" BOP equipment with 2 3/8" pipe rams over blind rams. Run in hole with wellhead test plug to seat in surface wellhead. Test BOP to 250 psi low, 500 psi high. Pull test plug.

9. Pick up and run in hole with retrieving head on 2 3/8" tubing. Wash sand and retrieve RBP set at 250'. Pull out of hole laying down 2 3/8" tubing.
10. Change out pipe rams from 2 3/8" to 7". Run in hole with wellhead test plug to seat in surface wellhead. Test BOP to 250 psi low, 500 psi high. Pull test plug. Nipple up bell nipple with 4" side outlet and on top of BOP. Install 4" flow line to pit. Ensure sufficient angle exist for fluid returns to gravity feed to pit/shaker.
11. Pick up 7" OD X 7 1/2" Smooth OD X 5 ¾" Rough ID tapered out to a +/- 6 1/8" ID on the leading, bottom edge. (See attached shoe diagram for clarification) Run in hole with shoe and 7" 26 ppf. casing/washpipe.
12. Tag top of cement at +/- 100'. Rig up to wash over 4 ½" casing.
    Note: Ensure all personnel discuss picking up washpipe/casing on a power swivel and making it up. This is an unusual operation and great care should be taken so as to prevent accidents and injury.
13. Wash over 4 ½" casing using brine water at +/- 4 to 6 bpm or as required to maintain good cuttings removal. Pump EZ-Mud sweeps as required. Wash over to +/- 380'.
    Note: Immediately pick up off bottom and notify Remedial Engineer should any abnormal torque and/or surface indications are observed or if significant amounts of metal are seen in returns.
14. Circulate clean. Pull out of hole with casing/washpipe & shoe.
15. Prepare for 24 hour operations. Clean pits as required. Change out fluids as per Halliburton/Baroid recommendation.
16. Run in hole with same shoe design as in step 12.
17. Circulate hole displacing brine with mud.
18. Continue washing over casing from 380' to a minimum of 600'. If washing operations are progressing without difficulty, continue to +/- 1,000'.
    Note: Take extreme care while washing over/ across the known problem area from +/-450' to 520'. Consider running a lower WOB and slowing down the ROP across this interval to prevent the shoe from walking across and/or off of the 4 ½" casing.
19. Once a TD has been reached with the 7" casing, cut and land the 7" casing as required.
20. Nipple down the 11" BOP.
21. Nipple up wellhead "B" section and 7 1/16" 5,000 BOP equipment with 2 3/8" pipe rams over blind rams. Pick up GE/Vetco test plug. Test BOP to 250 psi low, 500 psi high. Remove test plug.
22. Pick up and run in hole with RBP retrieving head on 2 3/8" tubing. Wash sand and retrieve RBP at 351'.
23. Pull out of hole with RBP laying down 2 3/8" tubing.
24. Change out pipe rams to 4 ½". Pick up GE/Vetco test plug. Test BOP to 250 psi low, 500 psi high. Remove test plug.
25. Move in and rig up wireline.
26. Set up an exclusion zone around the wireline operation. All phones, radios, etc. need to be turned off.
27. Run in hole and chemical cut 4 ½" casing at 491'. Notify Remedial Engineer if unable to get to this depth.

28. Rig up casing crew and equipment. Pull out of hole laying down 4 ½" casing.
29. Change out pipe rams to 2 7/8". Pick up GE/Vetco test plug. Test BOP to 250 psi low, 500 psi high. Remove test plug.
30. Pick up and run in hole with 6 1/8" concave junk mill and 6 ea. 4 ¼" OD drill collars on 2 7/8" workstring.
31. Mill/Dress off 4 ½" casing and 2 3/8" tubing from +/- 491' to +/- 510' to establish clean fish top.
32. Pull out of hole with workstring, drill collars and tubing.
33. Run in hole with 3 ¾" shoe made up on 3 ¾" overshot dressed with 2 3/8" grapple, 3 1/8" OD lubricated bumper sub, 3 1/8" OD hydraulic jars, 6 ea. 3 1/8" drill collars and 3 1/8" OD intensifier on 2 7/8" workstring. Wash down and over top of fish at +/- 510'. Latch fish. Jar/work fish free as required. (Should be +/- 41' of fish)
    Note: If fish has fallen down hole, you will only be able to chase it +/- 200' down due to the 2 7/8" tubing. If the short 41' of fish is recovered, run in hole and pull out laying down the 2 7/8" work string.
34. Run in hole with 3 ¾" shoe made up on 3 ¾" full opening overshot dressed with 2 3/8" grapple on 2 3/8" workstring. Wash down over top of tubing. Latch fish.
35. Attempt to pull the +/- 3,730' of 2 3/8" production tubing and cable.
    Note: If production tubing pulls free, notify Remedial Engineer for revised plugging procedure. If unable to pull fish free, proceed with step 36. Do Not get rough while attempting to free fish so as to not damage the fish thereby limiting and/or preventing coil tubing operations.
36. Space out and land tubing.
37. Move in and rig up coil tubing unit and flowback equipment.
38. Clean out tubing to +/-4,300'.
39. Pull out of hole with coil tubing and BHA
40. Run in hole with open ended coil tubing.
41. Initiate plugging operations as per ODC recommendations.

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey, Division Director
Oil Conservation Division

***Response Required - Deadline**

Field Inspection Program
"Preserving the Integrity of Our Environment"

07-Oct-13

Scanned In Sent to Nick Niescheffi 10-14-13 12:30pm

CHEVRON U S A INC
Attn: DENISE PINKERTON
15 SMITH ROAD
MIDLAND, TX 79705

LETTER OF VIOLATION -

Dear Operator:

The following inspection(s) indicate that the well, equipment, location or operational status of the well(s) failed to meet standards of the New Mexico Oil Conservation Division as described in the detail section below. To comply with standards imposed by Rules and Regulations of the Division, corrective action must be taken immediately and the situation brought into compliance. The detail section indicates preliminary findings and/or probable nature of the violation. This determination is based on an inspection of your well or facility by an inspector employed by the Oil Conservation Division on the date(s) indicated.
Please notify the proper district office of the Division, in writing, of the date corrective actions are scheduled to be made so that arrangements can be made to re-inspect the well and/or facility.

INSPECTION DETAIL SECTION

CENTRAL VACUUM UNIT No.132 O-30-17S-35E **30-025-23801-00-**

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
10/07/2013	File and Compliance	Sylvia Dickey	Yes	No	1/10/2014	iSAD1328029221

Comments on Inspection: A REVIEW OF THE STATUS OF THE WELL SHOWS THAT THE WELL HAD BEEN INCORRECTLY STATED AS A PLUGGED WELL PER SUBSEQUENT REPORT C103 APPROVED 8/22/2013. WITHIN THE S/RPT C103, OCD REQUESTED THAT A NEW P&A PROCEDURE BE WORKED ON AND SUBMITTED TO OCD. AS OF 10/7/2013 NO REPORT HAS BEEN SUBMITTED. ***OPERATOR IN VIOLATION OF NMOCD 19.15.7.14***SUNDRY NOTICES & REPORTS ON WELLS*** PLEASE SUBMIT AND CONFIRM STATUS OF THIS WELL ON A C103 SUNDRY FORM AND/OR IF APPLICABLE A SUBSEQUENT REPORT OF PLUG AND ABANDONMENT PROCEDURE****

In the event that a satisfactory response is not received to this letter of direction by the "Corrective Action Due By:" date shown above, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well.

Sincerely,

Sylvia A Dickey

Hobbs OCD District Office
COMPLIANCE OFFICER

Note: Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data.
*Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas.