

DATE <u>8/9/12</u>	SUSPENSE	ENGINEER <u>W Jones</u>	LOGGED IN <u>8/10/12</u>	TYPE <u>DHC</u>	APP NO. <u>PUNK1222345458</u>
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ABOVE THIS LINE FOR DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
 - Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505



*Chevron Midcontinent  
 LP  
 Rincon Unit #135E*

## ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Application Acronyms:**

**[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]**  
**[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]**  
**[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]**  
**[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]**  
**[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]**  
**[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]**

**[1] TYPE OF APPLICATION - Check Those Which Apply for [A]**

- [A] Location - Spacing Unit - Simultaneous Dedication  
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement  
☒ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

- [D] Other: Specify \_\_\_\_\_

**[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply**

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners  
 [B] ☐ Offset Operators, Leaseholders or Surface Owner  
 [C] ☐ Application is One Which Requires Published Legal Notice  
 [D] ☒ Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office  
 [E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,  
 [F] ☐ Waivers are Attached

**[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

**[4] CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Ray Hosford  
 Print or Type Name

Ray Hosford  
 Signature

NM Production Team Lead 8/7/12  
 Title Date

ray.hosford@chevron.com  
 e-mail Address

District I  
1624 N. French Drive, Hobbs, NM 88240

District II  
1301 W. Grand Avenue, Artesia, NM 88210

District III  
1000 Rai Branch Road, Artesia, NM 88210

District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

Form C-107A  
Revised June 10, 2003

APPLICATION TYPE  
☒ Single Well  
☐ Establish Pre-Approved Pools  
EXISTING WELLBORE  
☒ Yes ☐ No

APPLICATION FOR DOWNHOLE COMMINGLING

Chevron Midcontinent, L.P. Attn: Regulatory Specialist 332 Road 3100, Aztec, NM 87410  
Operator Address

RINCON 135 E D 29 T27N R06W  
Lease Well No. Unit Letter-Section-Township-Range

Rio Arriba  
County

OGRID No. 241333 Property Code 302737 API No. 30-039-25225 Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Otero Chacra	Blanco Mesaverde	Basin Dakota
Pool Code	82329	48450	71599
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	Perforated Interval 4080'-4096' (TVD)	Estimated gross interval to be perforated 4857'-5375' (TVD)	Perforated Interval 7338'-7554' (TVD)
Method of Production (Flowing or Artificial Lift)	Artificial Lift (Plunger Lifting)	Artificial Lift (Proposed Plunger Lifting)	Artificial Lift (Plunger Lifting)
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	~250 psi	Not required as within 150% ~300 psi	~269 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1181 (DHC 582)	~1269 offset	1181 (DHC 582)
Producing, Shut-In or New Zone	Producing	New Zone	Producing
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: spud 10/1992 Rates: 0 BO / 4 MCF / 0 BW	Date: est. recompleted 11/2012 Est. Rates: 0.5 BO / 120 MCF / 0.5 BW	Date: spud 10/1992 Rates: 0.1 BO / 60 MCF / 0.1 BW
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas 0 % 2 %	Oil Gas 83 % 65 %	Oil Gas 17 % 33 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?  
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?

Yes ☒ No ☐  
Yes ☐ No ☐

Are all produced fluids from all commingled zones compatible with each other?

Yes ☒ No ☐

Will commingling decrease the value of production?

Yes ☐ No ☒

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands  
or the United States Bureau of Land Management been notified in writing of this application?

Yes ☒ No ☐

NMOCD Reference Case No. applicable to this well: \_\_\_\_\_

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

SIGNATURE April E. Pohl TITLE Regulatory Specialist DATE 10/15/12

TYPE OR PRINT NAME April E. Pohl TELEPHONE NO. ( 505 ) 333-1941

E-MAIL ADDRESS April.Pohl@chevron.com

## **Rincon 135E Supplemental Data for C-107A**

### **Well History**

This well was drilled in 1992 and completed in the Dakota and Chacra formations. Chevron Midcontinent, L.P proposes to add a Mesaverde completion and seeks approval to downhole tri-mingle with the Dakota and Chacra. On current spacing and with the economic limitations in drilling a stand-alone Mesaverde well, this is the most economic method of capturing the Mesaverde reserves. By running artificial lift (plunger lifted) will prevent downhole problems between these three zones.

### **Production History**

The current production is 60 mcf/d from the Dakota with very little oil and water and 4 mcf/d from the Chacra without any fluid. Cumulatively, these two zones produce 64 mcf/d and less than 0.3 bbl/day of fluids. An estimated stabilize rate for the Mesaverde completion is 120 mcf/d and 0.5 bopd. This estimate is based on IP's, stabilized rates and current production from 9 latest MV completions in Rincon area. See attached graphs and table for supporting data.

### **Allocation of Production**

Chevron Midcontinent, L.P proposes to use an allocation based on the subtraction method. A baseline of production and decline will be established from the existing production data. The incremental production added after the Mesaverde completion will be used to determine an appropriate allocation factor for the new zone. See the attached historical production curves for the existing Dakota and Chacra producing zones.

### **Working Interest and Royalty**

Chevron Midcontinent, L.P own 76.82% working interest in all formations in this area including Gallup and Dakota. There is no uncommon interest case for these two zones.

Overall, the approval of this downhole tri-mingle with plunger lift will ensure the best way to recover marginal remaining reserves in the life of the Rincon 135E well. By doing so, this would protect the correlative rights and eliminate waste.

District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
District II  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-039-25225	<sup>2</sup> Pool Code 48450	<sup>3</sup> Pool Name Blanco Mesaverde
<sup>4</sup> Property Code 302737	<sup>5</sup> Property Name Rincon	<sup>6</sup> Well Number #135 E
<sup>7</sup> OGRID No. 241333	<sup>8</sup> Operator Name Chevron Midcontinent L.P.	<sup>9</sup> Elevation GL 6583'

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	29	27N	6W		790	North	790	West	Rio Arriba

<sup>11</sup> 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

<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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><b><sup>17</sup> OPERATOR CERTIFICATION</b></p> <p>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><i>James D. Micikas</i> 8-3-12 Signature Date</p> <p>James D. Micikas Printed Name</p> <p>MicikJd@chevron.com E-mail Address</p>
				<p><b><sup>18</sup> SURVEYOR CERTIFICATION</b></p> <p>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 belief.</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p>

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

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

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator UNOCAL			Lease RINCON		Well No 135E
Unit Letter D	Section 29	Township 27 North	Range 6 West	County NMPM	Rio Arriba
Actual Footage Location of Well: 790 feet from the North line and 790 feet from the West line					
Ground level Elev. 6583	Producing Formation Chacra / Dakota		Pool Otero Chacra / Basin Dakota	Dedicated Acreage: 160/320 Acres	

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

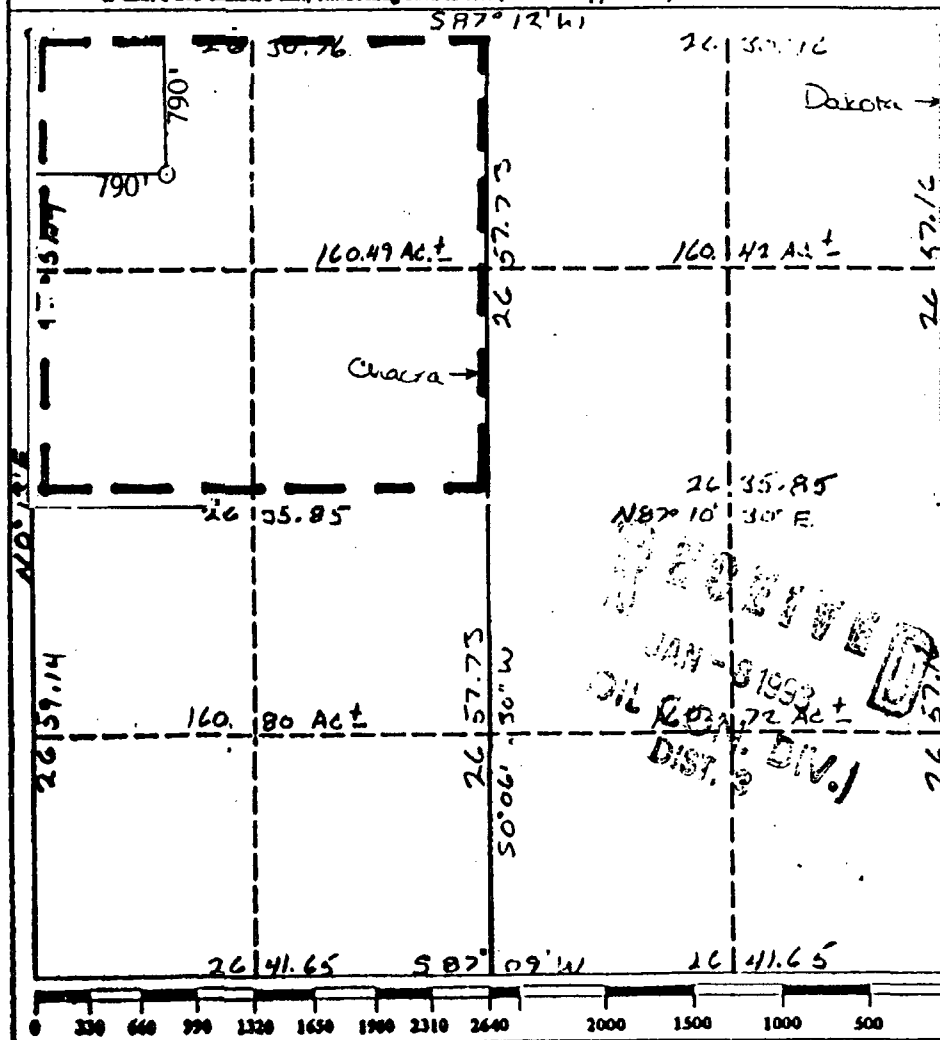
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

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 is true and complete to the best of my knowledge and belief

Signature

Printed Name

W.L. Irwin

Position

District Petroleum Engineer  
Company

Union Oil Company of California

Date

12/14/92

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 Surveyed

July 22, 1992

Signature

Cecil B. Tullis

Professional Surveyor

9672

REGISTERED PROFESSIONAL LAND SURVEYOR

Certificate No.

9672

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

State of New Mexico  
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

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

RECEIVED  
SEP 10 1992  
OIL CON. DIV.  
DIST. 3

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator UNOCAL			Lease RINCON		Well No. 135E
Unit Letter D	Section 29	Township 27 North	Range 6 West	County NMPM	Rio Arriba
Actual Footage Location of Well: 790 feet from the North line and 790 feet from the West line					
Ground level Elev. 6583		Producing Formation Gallup/Dakota	Pool Undesignated/Basin	Dedicated Acreage: 160.49 Acres	

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

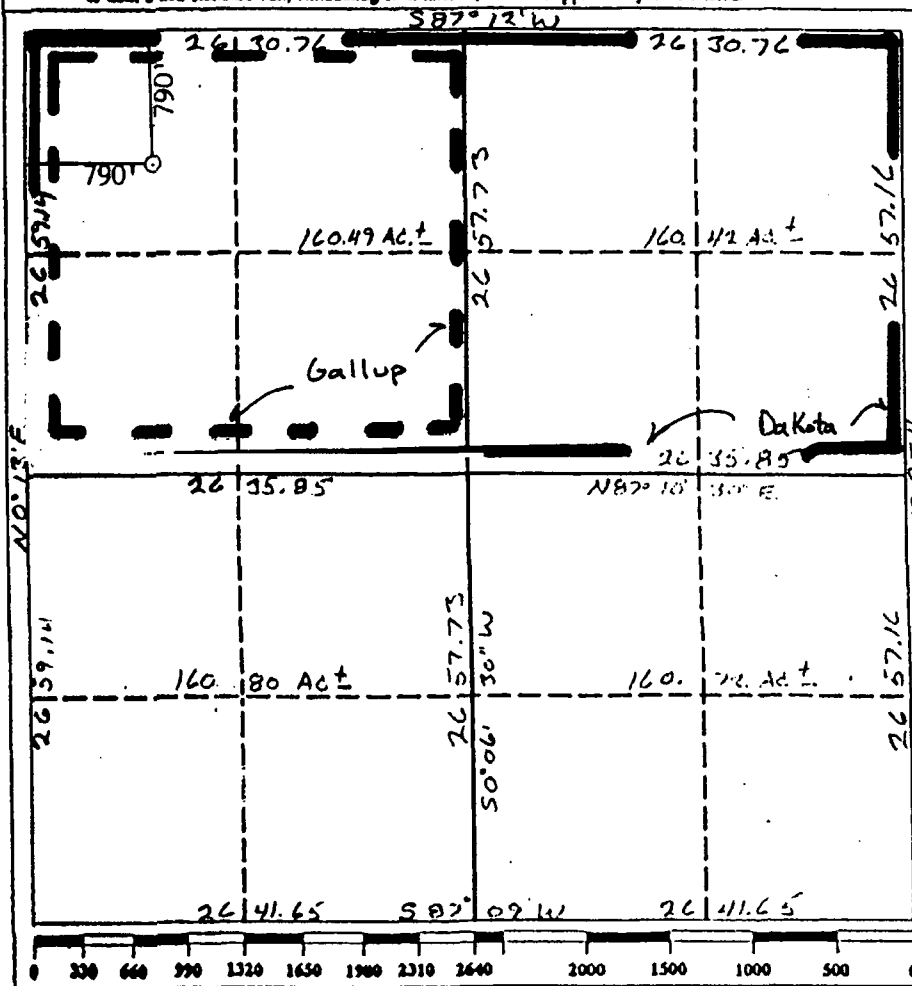
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

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 Unitization

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 is true and complete to the best of my knowledge and belief.

Signature  
Robert C. Frank  
Printed Name  
Robert C. Frank  
Position  
Agent  
Company  
Union Oil Company of California  
Date  
August 4, 1992

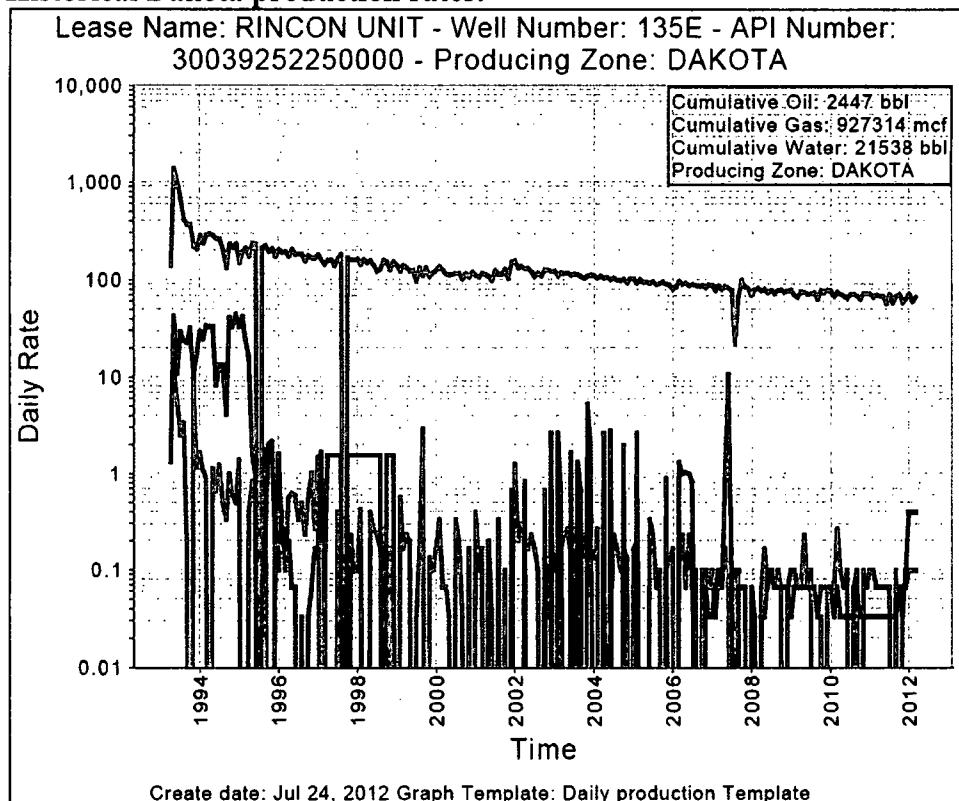
SURVEYOR CERTIFICATION

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.

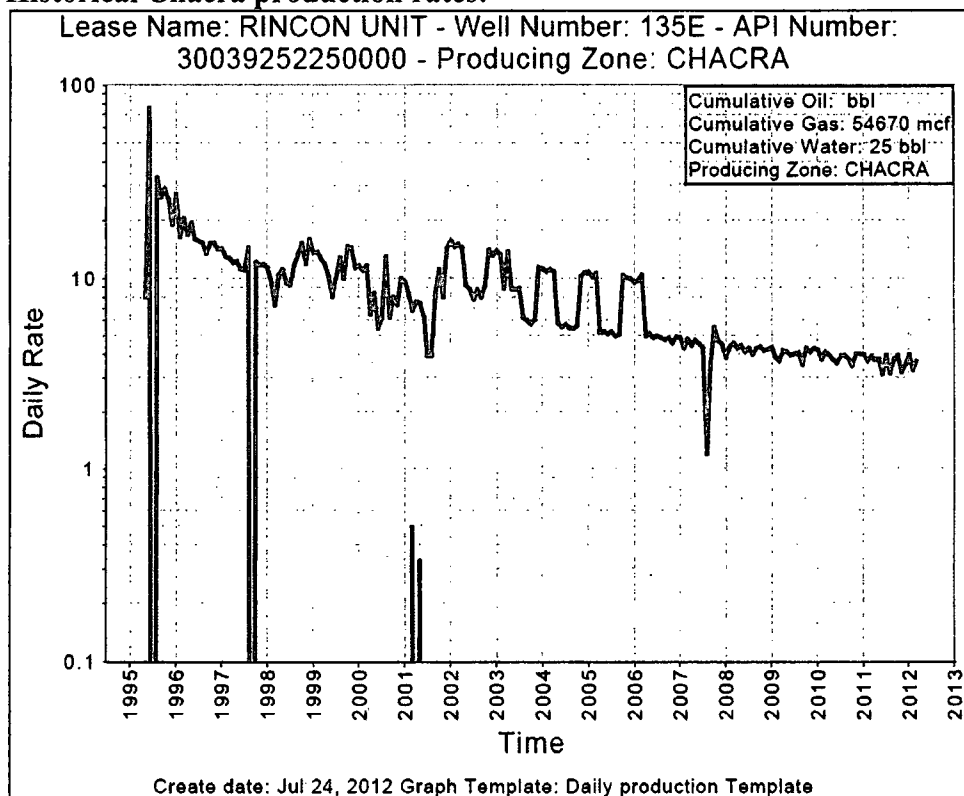
Date Surveyed  
July 22, 1992  
Signature  
Cecil B. Tullis  
Professional Surveyor  
Certificate No.  
9672

Exhibit I

### Historical Dakota production rates:



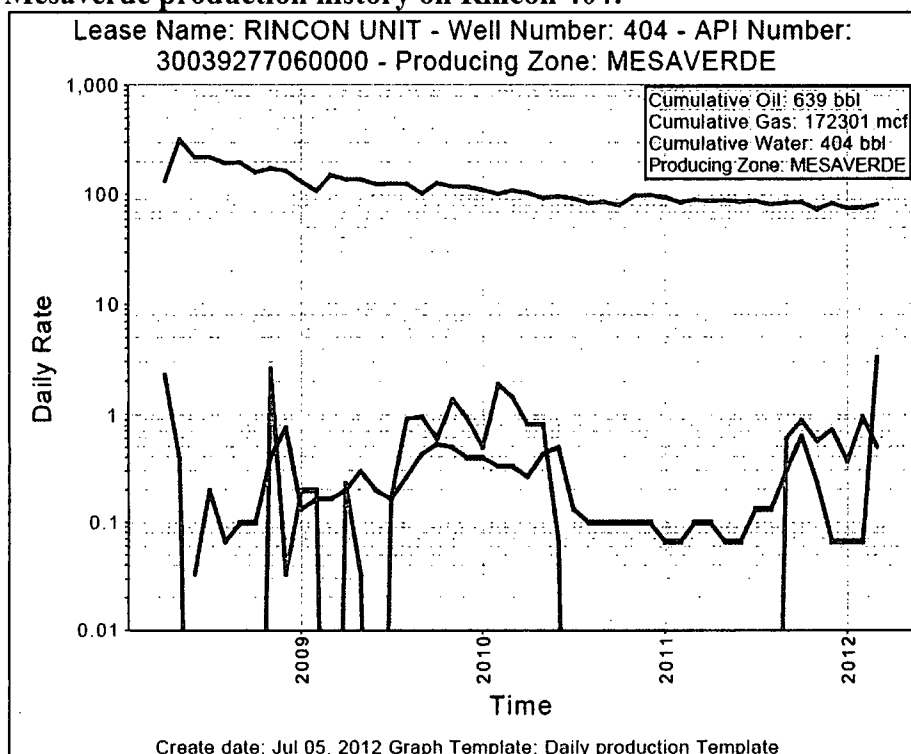
### Historical Chacra production rates:



**Offset Mesaverde Well Production - justification for Rincon 135E Mesaverde recompletion.**

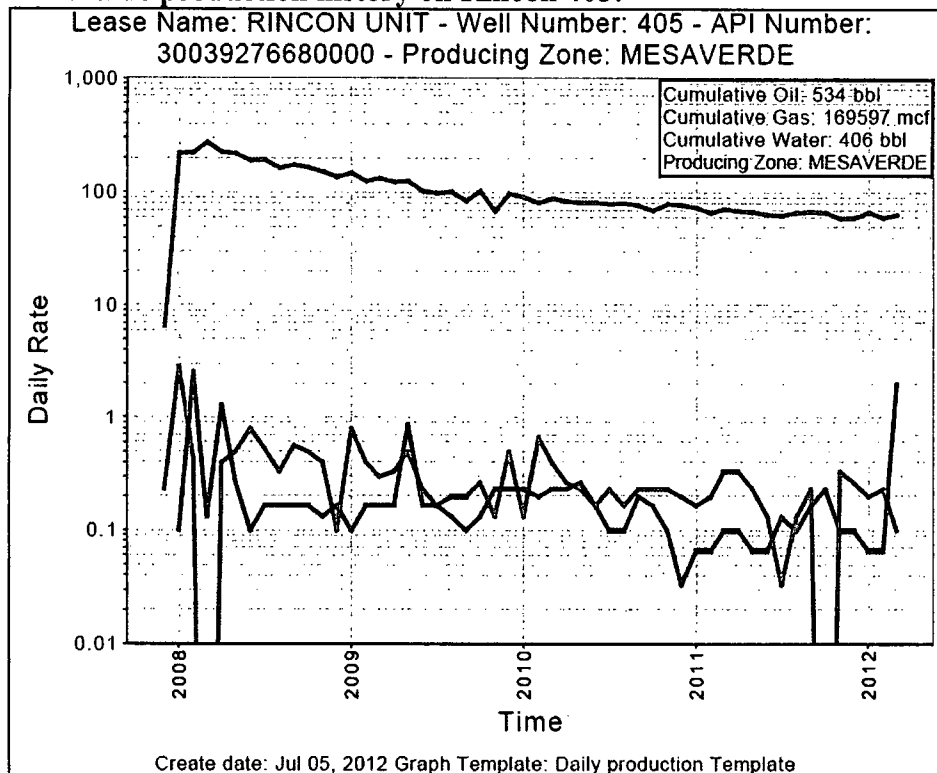
Well #	API	Spud	Mesaverde IP (mcf/d)	Mesaverde Stabilize Rate (mcf/d)	Current Mesaverde Rate (mcf/d)
Rincon 404	300392770600	1/6/2008	300	200	80
Rincon 405	300392766800	9/18/2007	210	200	70
Rincon 407	300392774200	9/2/2007	300	160	80
Rincon 408	300392779600	10/15/2007	400	200	75
Rincon 412	300392780300	10/31/2007	300	120	50
Rincon 413	300392782400	12/5/2007	300	210	90
Rincon 419	300392779700	10/1/2007	120	80	40
Rincon 503	300392969100	11/17/2007	220	120	50
Rincon 505	300392965000	12/21/2007	280	150	50
<b>Average</b>			<b>270</b>	<b>160</b>	<b>65</b>

**Mesaverde production history on Rincon 404:**

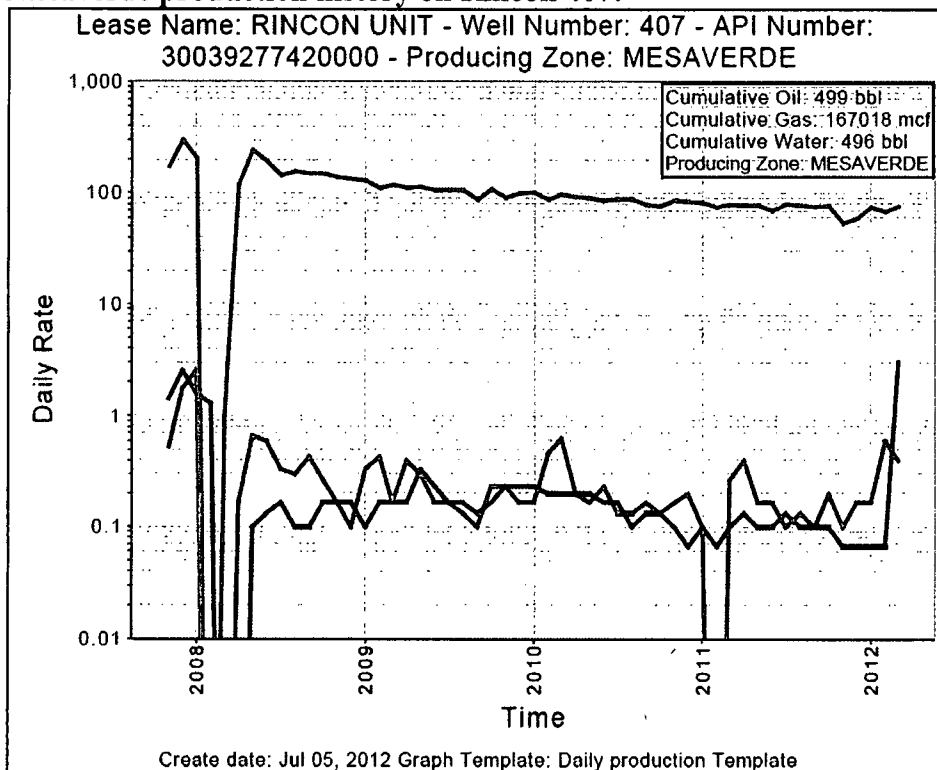




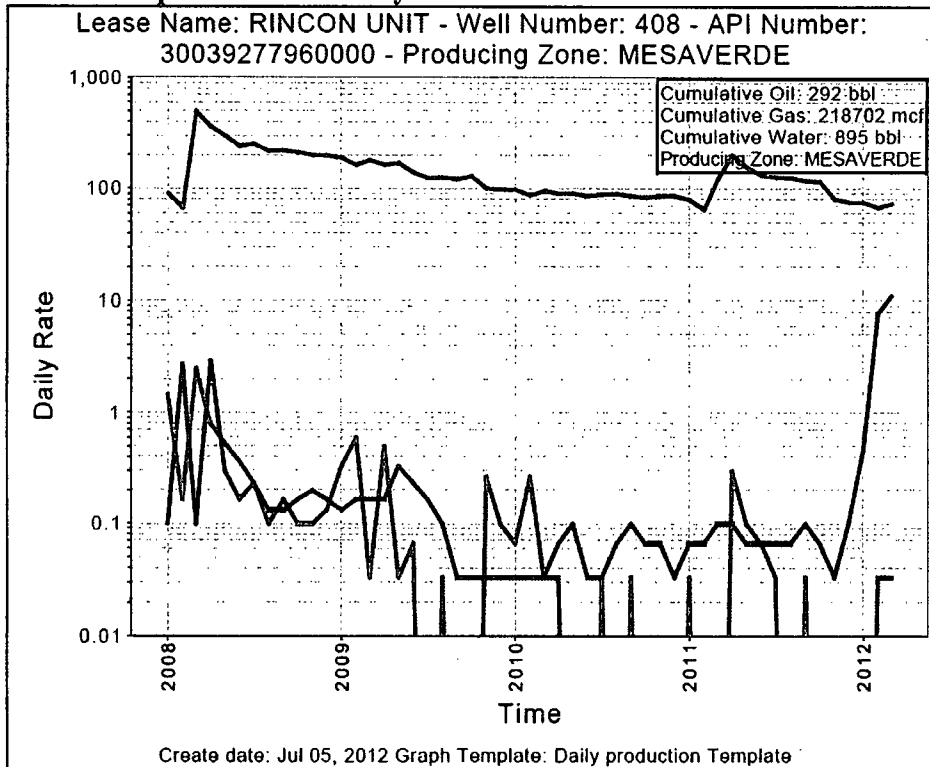
### Mesaverde production history on Rincon 405:



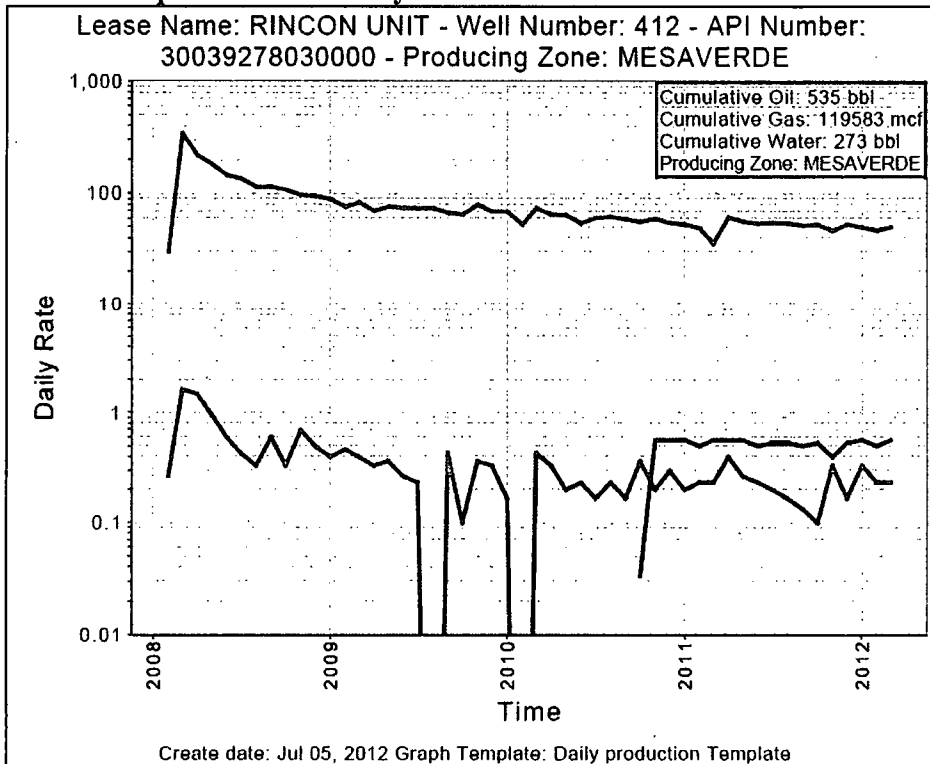
### Mesaverde production history on Rincon 407:



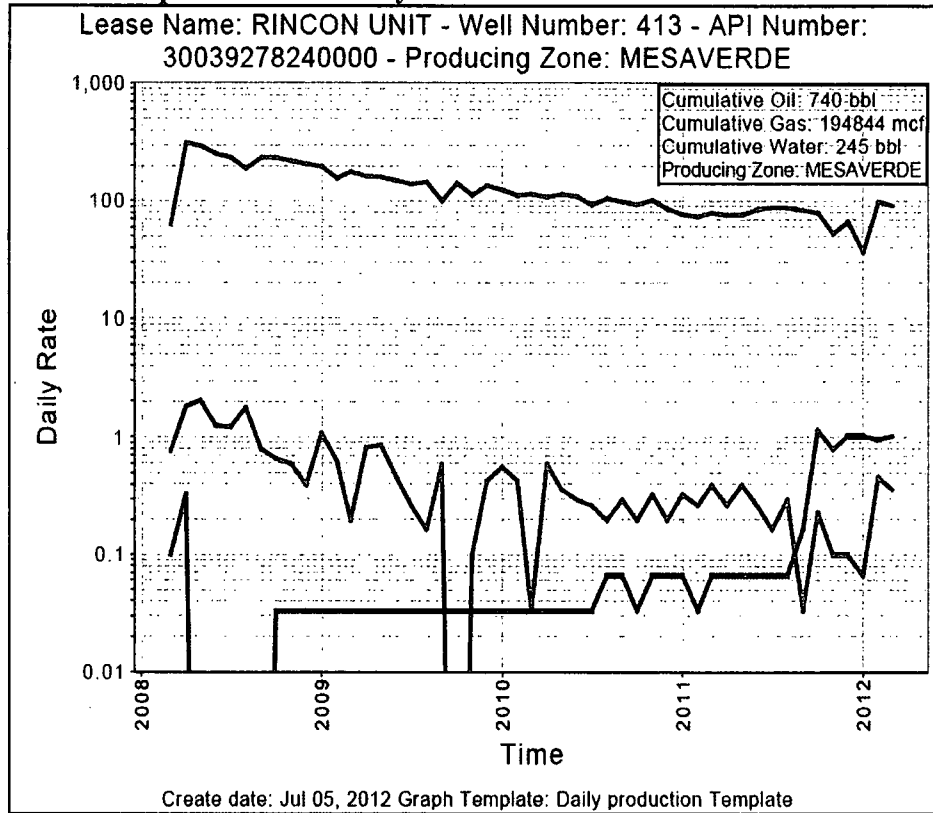
### Mesaverde production history on Rincon 408:



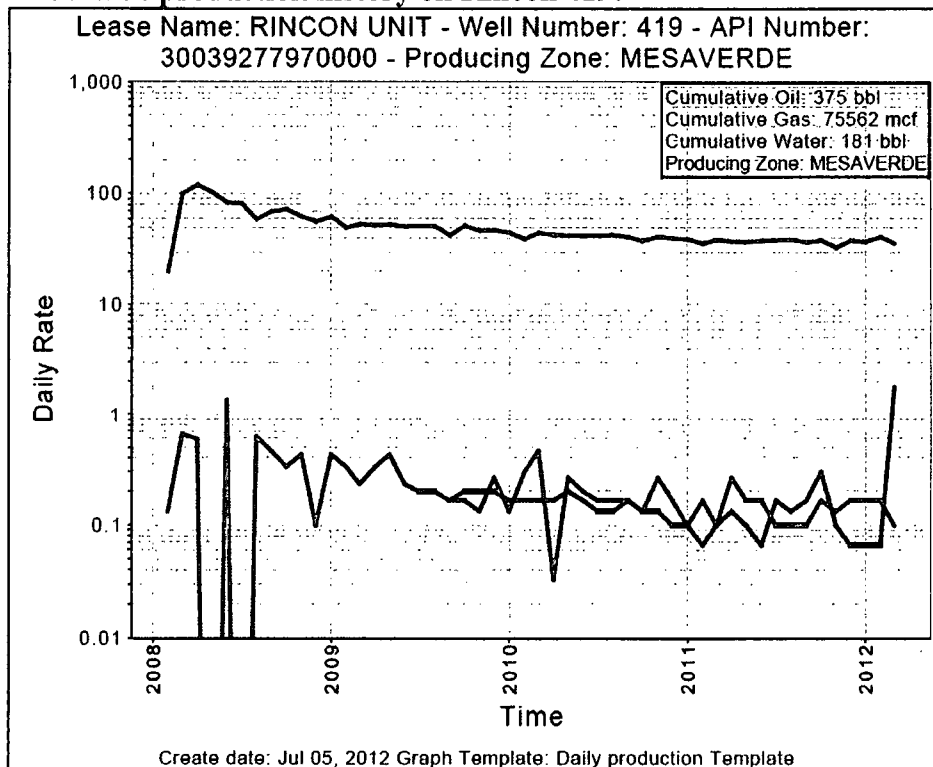
### Mesaverde production history on Rincon 412:



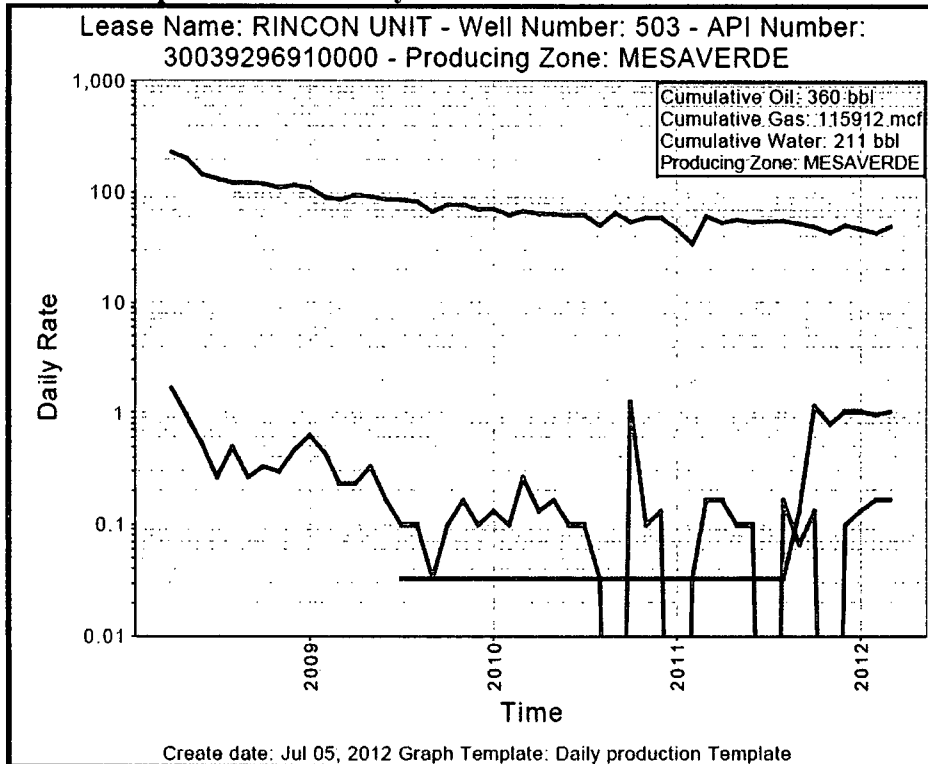
### Mesaverde production history on Rincon 413:



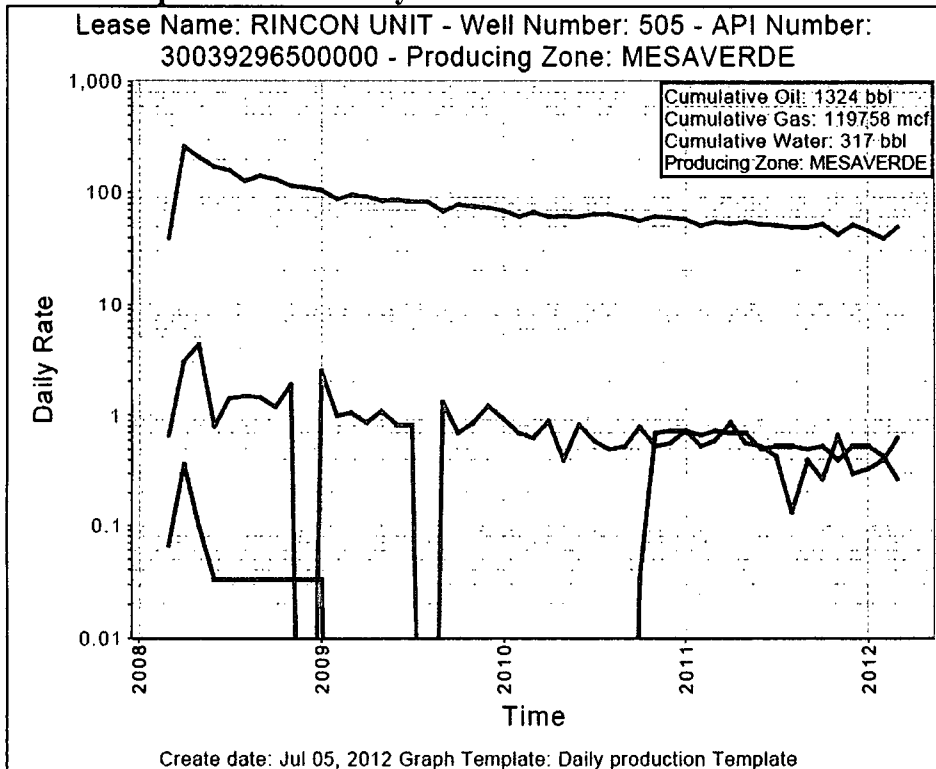
### Mesaverde production history on Rincon 419:



### Mesaverde production history on Rincon 503:



### Mesaverde production history on Rincon 505:



District I  
1625 N French Dr, Hobbs, NM 88240  
District II  
811 S First St, Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S St Francis Dr, Santa Fe, NM 87505

State of New Mexico  
Energy Minerals and Natural Resources  
Department  
Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-144 CLEZ  
Revised August 1, 2011

For closed-loop systems that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, submit to the appropriate NMOCD District Office

10222

**Closed-Loop System Permit or Closure Plan Application**

(that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure)

Type of action: ☒ Permit ☐ Closure

Instructions: Please submit one application (Form C-144 CLEZ) per individual closed-loop system request. For any application request other than for a closed-loop system that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, please submit a Form C-144.

Please be advised that approval of this request does not relieve the operator of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances.

Operator Chevron Midcontinent L.P. OGRID # 24133  
Address ATTN: Regulatory Specialist 332 Road 3100 Aztec, New Mexico 87410  
Facility or well name. Rincon 135E  
API Number 30-039-25225 OCD Permit Number. \_\_\_\_\_  
U/L or Qtr/Qtr D Section 29 Township 27N Range 6W County Rio Arriba  
Center of Proposed Design Latitude 36 5497881107223 Longitude -107 497121680908 NAD: ☐ 1927 ☒ 1983  
Surface Owner ☒ Federal ☐ State ☐ Private ☐ Tribal Trust or Indian Allotment

☒ **Closed-loop System:** Subsection H of 19 15 17 11 NMAC  
Operation ☐ Drilling a new well ☒ Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent) ☐ P&A  
☒ Above Ground Steel Tanks or ☐ Haul-off Bins Perforate, frac MV formation for DHC 582

**Signs:** Subsection C of 19 15 17 11 NMAC  
☐ 12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers  
☒ Signed in compliance with 19 15 16 8 NMAC

RCVD JUN 22 '12  
OIL CONS. DIV.  
DIST. 3

**Closed-loop Systems Permit Application Attachment Checklist:** Subsection B of 19.15 17 9 NMAC  
Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.  
☒ Design Plan - based upon the appropriate requirements of 19 15 17.11 NMAC  
☒ Operating and Maintenance Plan - based upon the appropriate requirements of 19 15 17.12 NMAC  
☒ Closure Plan (Please complete Box 5) - based upon the appropriate requirements of Subsection C of 19 15 17 9 NMAC and 19 15 17 13 NMAC  
☐ Previously Approved Design (attach copy of design) API Number \_\_\_\_\_  
☐ Previously Approved Operating and Maintenance Plan API Number \_\_\_\_\_

**Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:** (19 15 17.13.D NMAC)  
Instructions: Please identify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities are required.  
Disposal Facility Name. Envirotech (solids) Disposal Facility Permit Number NM-07-0011  
Disposal Facility Name: Basin Disposal (liquids) Disposal Facility Permit Number NM-1-005  
Will any of the proposed closed-loop system operations and associated activities occur on or in areas that will not be used for future service and operations?  
☐ Yes (If yes, please provide the information below) ☒ No  
Required for impacted areas which will not be used for future service and operations  
☐ Soil Backfill and Cover Design Specifications - based upon the appropriate requirements of Subsection H of 19 15 17 13 NMAC  
☐ Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19 15 17 13 NMAC  
☐ Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19 15 17 13 NMAC

**Operator Application Certification:**  
I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief  
Name (Print). April E Pohl Title Regulatory Specialist  
Signature: April E Pohl Date: 06-21-2012  
e-mail address April.Pohl@chevron.com Telephone: 505-333-1941

7. **OCD Approval:** ☒ Permit Application (including closure plan) ☐ Closure Plan (only)

OCD Representative Signature: \_\_\_\_\_

Approval Date: \_\_\_\_\_

Title: \_\_\_\_\_

OCD Permit Number: \_\_\_\_\_

8. **Closure Report (required within 60 days of closure completion):** Subsection K of 19 15 17 13 NMAC

*Instructions: Operators are required to obtain an approved closure plan prior to implementing any closure activities and submitting the closure report. The closure report is required to be submitted to the division within 60 days of the completion of the closure activities. Please do not complete this section of the form until an approved closure plan has been obtained and the closure activities have been completed.*

☐ Closure Completion Date: \_\_\_\_\_

9. **Closure Report Regarding Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:**

*Instructions: Please indentify the facility or facilities for where the liquids, drilling fluids and drill cuttings were disposed. Use attachment if more than two facilities were utilized.*

Disposal Facility Name \_\_\_\_\_ Disposal Facility Permit Number \_\_\_\_\_

Disposal Facility Name \_\_\_\_\_ Disposal Facility Permit Number \_\_\_\_\_

Were the closed-loop system operations and associated activities performed on or in areas that *will not* be used for future service and operations?

☐ Yes (If yes, please demonstrate compliance to the items below) ☐ No

*Required for impacted areas which will not be used for future service and operations*

☐ Site Reclamation (Photo Documentation)

☐ Soil Backfilling and Cover Installation

☐ Re-vegetation Application Rates and Seeding Technique

10. **Operator Closure Certification:**

I hereby certify that the information and attachments submitted with this closure report is true, accurate and complete to the best of my knowledge and belief. I also certify that the closure complies with all applicable closure requirements and conditions specified in the approved closure plan.

Name (Print) \_\_\_\_\_ Title: \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_

e-mail address \_\_\_\_\_ Telephone \_\_\_\_\_

**Chevron Midcontinent, L.P. (241333)**  
**Closed-Loop Plans**

**Closed-Loop Design Plan**

CMLP's closed loop system will not entail a drying pad, temporary pit, below grade tank or sump. It will include an above ground tank suitable for holding the cuttings and fluids from workover rig operations. The tank will be sufficient volume to maintain a safe free board between disposal of the liquids and solids from the rig operations.

1. Fencing is not required for an above ground closed-loop system.
2. It will be signed in compliance with 19-15.3.103 NMAC.
3. Frac tank(s) will be on location to store fresh water/KCL/returns.

**Closed-Loop Operating and Maintenance Plan**

CMLP's closed-loop tank will be operated and maintained to contain liquids and solids in order to prevent contamination of fresh water sources, in order to protect public health and the environment. To ensure the operation is maintained the following steps will be followed:

1. The liquids will be vacuumed out and disposed of at Basin Disposal (Disposal Permit # NM-1-005). Solids in the closed-loop tank will be vacuumed out and disposed of at Envirotech (Permit #NM-01-0011) on a periodic basis to prevent over topping.
2. No hazardous waste, miscellaneous solid waste or debris will be discharged into or stored in the tank. Only fluids or cuttings used or generated by workover rig operations will be placed or stored in the tank.
3. The NMOC District Office will be notified within 48 hours of the discovery of compromised integrity of the closed-loop tank. Upon the discovery of the compromised tank, repairs will be enacted immediately.
4. All of the above operations will be inspected and a log signed and dated. During workover rig operations, the inspection will be daily.

**Closed-Loop Closure Plan**

The closed loop tank will be closed in accordance with 19.15.17.13. This will be done by transporting cuttings and all remaining sludges to Envirotech (Permit #NM-01-0011) immediately following rig operations. All remaining liquids will be transported and disposed of at Basin Disposal (Disposal Permit # NM-1-005). The tanks will be removed from the location as part of the rig move. At time of well abandonment, the site will be reclaimed and re-vegetated to pre-existing conditions when possible. If area off the location is affected it will be restored and re-vegetated upon completion of the workover project.



**April E. Pohl**  
Regulatory Specialist  
Midcontinent Business Unit

RECEIVED OCD  
2012 AUG -9 P 12: 35

**Chevron North America**  
**Exploration and Production Company**  
(A Chevron U.S.A. Inc. Division)  
332 Road 3100  
Aztec, New Mexico 87410  
Tel: 505-333-1941  
Fax: 505-334-7134  
April.Pohl@chevron.com

VIA CERTIFIED MAIL

August 7, 2012

Richard Ezeanyim  
Engineering and Geological Services Bureau  
New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

**RE: DOWNHOLE COMMINGLE REQUEST FOR TRI-MINGLE AT RINCON #135E      API 30-039-25225**

Dear Mr. Ezeanyim,

This letter serves as notification of application of a downhole commingle (DHC) for a proposed tri-mingle at the Rincon #135E (UL D, Sec 29, Twnshp 27N, Rng 6W, Rio Arriba County, New Mexico). The Rincon #135E currently is being produced under Down Hole Commingle - DHC 582. Chevron proposes to add another zone.

The listed well is on a lease operated by Chevron Midcontinent L.P. The project is anticipated to occur and be completed during October, 2012.

We appreciate the opportunity to be of service. If you have any questions or require additional information, please contact me at (505) 333-1941.

Respectfully submitted,

April E. Pohl  
Regulatory Specialist  
Midcontinent Business Unit  
32 Road 3100  
Aztec, New Mexico 87410

Attachments: Copy of 3160-5 Sundry Notice of Intent  
C107-A DHC application  
Three C102 plats of well acreage and dedication for each zone.  
Production reports for the two currently producing zones.  
Proposed recompletion wellbore schematic  
Closed Loop System Permit approved 6/22/12





**April E. Pohl**  
Regulatory Specialist  
Midcontinent Business Unit

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332 Road 3100  
Aztec, New Mexico 87410  
Tel: 505-333-1941  
Fax: 505-334-7134  
April.Pohl@chevron.com

VIA HAND DELIVERY

August 7, 2012

James Lovato  
Bureau of Land Management  
6251 College Blvd, Ste A  
Farmington, New Mexico 87402

**RE: DOWNHOLE COMMINGLE REQUEST FOR TRI-MINGLE AT RINCON #135E      API 30-039-25225**

Dear Mr. Lovato,

This letter serves as notification of application of a downhole commingle (DHC) for a proposed tri-mingle at the Rincon #135E (UL D, Sec 29, Twnshp 27N, Rng 6W, Rio Arriba County, New Mexico). The Rincon #135E currently is being produced under Down Hole Commingle - DHC 582. Chevron proposes to add another zone.

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Respectfully submitted,

April E. Pohl  
Regulatory Specialist  
Midcontinent Business Unit  
32 Road 3100  
Aztec, New Mexico 87410

**RECEIVED**

**AUG 07 2012**

Farmington Field Office  
Bureau of Land Management

Attachments: 3160-5 Sundry Notice of Intent  
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Three C102 plats of well acreage and dedication for each zone.  
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Closed Loop System Permit approved 6/22/12

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0137  
Expires: October 31, 2014

**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.**

5. Lease Serial No.  
NMNM78406D/NMNMF079364  
6. If Indian, Allottee or Tribe Name

**SUBMIT IN TRIPLICATE – Other instructions on page 2.**

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator  
Chevron Midcontinent L.P.

3a. Address  
Attn: Regulatory Specialist  
332 Road 3100 Aztec, NM 87410

3b. Phone No. (include area code)  
505-333-1941

7. If Unit of CA/Agreement, Name and/or No.

8. Well Name and No.  
Rincon #135E

9. API Well No.  
30-39-25225

10. Field and Pool or Exploratory Area  
Basin Dakota/Otero Chacra

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
790 FNL 790 FWL Sec 29 Twp 27N Rng 6W

11. County or Parish, State  
Rio Arriba, New Mexico

**12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA**

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input checked="" type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>Apply for second</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>DHC permit to add a</u>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	<u>third zone</u>

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Chevron respectfully submits this notification regarding the application for a downhole trimingle for the Rincon #108E. Currently this well produces under Down Hole Commingle (DHC) 582.

The DHC form C107A is being sent to the Santa Fe office of the New Mexico Oil Conservation Division as of this date. Please see attached copy with associated documentation.

Once the DHC is granted another 3160-5 Notice of Intent shall be filed prior to beginning the project, which is scheduled to begin in October 2012.

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AUG 07 2012

Farmington Field Office  
Bureau of Land Management

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)

April E. Pohl

Title Regulatory Specialist

Signature

*April E. Pohl*

Date

*8/7/2012*

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice 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.

Office

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 statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

**Jones, William V., EMNRD**

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**From:** Jones, William V., EMNRD  
**Sent:** Thursday, August 23, 2012 2:59 PM  
**To:** 'april.pohl@chevron.com'  
**Subject:** FW: Downhole commingle applications

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**From:** Jones, William V., EMNRD  
**Sent:** Thursday, August 23, 2012 2:57 PM  
**To:** 'april.pohl@chevron.com'  
**Subject:** Downhole commingle applications

Hello April,  
Hope your day is going well.

Would you please ask your engineer(s) to give you an estimated shutin reservoir pressure within the following wells for each Pool completed or to be completed in that well. (We are not asking for a flowing or producing BHP):

	Chacra	Mesaverde	Dakota
Rincon #108E	_____	_____	_____
Rincon #135E	_____	_____	_____

This pressure information is required for the C-107A forms you sent asking to downhole commingle these wells. Per the OCD Rules, if the gradient (pressure divided by top depth) is over 0.65, then we will need some more justification to allow commingling.

In addition, the forms sent did not have the gas heating value for each Pool – you could estimate this for Pools not yet perforated.

I will hold the applications pending this pressure and heating value information.

PS: Within the Rincon #180 well, you are asking to only commingle the Mesaverde and Dakota – this permit should be issued by the Aztec OCD office. I have forwarded your application to that office.

Thank You,

William V. Jones, P.E.  
505-476-3448W 505-476-3462F  
Engineering Bureau, Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505