

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-HOBBS

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

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No.
LC033706B

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2. **SEP 22 2011**

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

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

3a. Address
15 SMITH ROAD
MIDLAND, TEXAS 79705

3b. Phone No. (include area code)
432-687-7375

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
2310 FSL, & 2310 FWL, SEC 8, UL: K, T-22S, R-37E

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

8. Well Name and No.
C.P. FALBY "B" #5

9. API Well No.
30-025-37938

10. Field and Pool or Exploratory Area
PENROSE SKELLY GRAYBURG

11. Country or Parish, State
LEA COUNTY, 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 checked="" 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 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>SCALE SQUEEZE</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

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 U.S.A. INC. INTENDS TO ACIDIZE & SCALE SQUEEZE USING THE SONIC HAMMER TOOL.

PLEASE FIND ATTACHED, THE INTENDED PROCEDURE, WELLBORE DIAGRAM, & C144CLEZ INFO FOR THE NMOC.

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

Title REGULATORY SPECIALIST

Signature

Date 10/25/2011

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

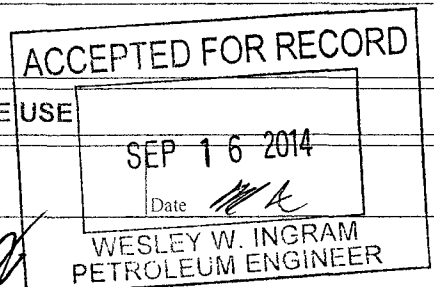
Title

Office

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.

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)



SEP 22 2011

10/12/2011

C.P. Falby Fed #5
Penrose Skelly - Grayburg
T22S, R37E, Section 8
Job: Sonic Hammer, Acidize & Scale Squeeze

Procedure:

1. *This procedure is based on the most recent information regarding wellbore configuration and equipment that could be found in the Midland Office well files and computer databases as of 10/11/2011. Verify what is in the hole with the well file in the Eunice Field office. Discuss w/ WEO Engineer, Workover Rep, OS, ALS, and FS prior to rigging up on well regarding any hazards or unknown issues pertaining to the well.*
2. Verify that well does not have pressure or flow. If well has pressure, record tubing and casing pressures. Bleed down well; if necessary, kill with cut brine fluid (8.6 ppg).
 - **Caliper elevators and tubular EACH DAY prior to handling tubing/tools. Note in JSA when and what items are callipered within the task step that includes that work.**
3. MI & RU workover unit. POOH w/ rods & pump. ND wellhead, unset TAC, NU BOP, PU 1 jt & TAG for fill (TAC 3,560', Top Perf 3,623', EOT 4,126', PBTD 4,238'). POOH while scanning 2-7/8" prod tbg. LD all non-yellow band joints. If no fill is tagged skip to step 5. Strap pipe out of the hole to verify depths. Send scan report to hccf@chevron.com.
 - **Caliper elevators and tubular EACH DAY prior to handling tubing/tools. Note in JSA when and what items are callipered within the task step that includes that work.**
4. PU and RIH with 4-3/4' MT bit & bailer on 2-7/8" 6.5# L-80 WS and clean out to 4,238'. POOH w/ 2-7/8" tbg string and bit. LD bit & bailer.
 - **Caliper elevators and tubular EACH DAY prior to handling tubing/tools. Note in JSA when and what items are callipered within the task step that includes that work.**
5. Contact sonic tool rep to be on site during job. PU and GIH with Sonic Hammer tool and 2-7/8" L-80 6.5#, work string to 3,920'. Hydro test tbg to 5,500 psi while GIH. Stand back tbg to top perfs. Install stripper head and stand pipe with sufficient treating line to move tools vertically 65'. Rig up pressure gauges to allow monitoring of tbg and csg pressure.
6. MI & RU Petroplex. Treat interval 3,623'-3,914' with 50 bbls of 8.6 ppg cut brine water per stand. Pump down 2-7/8" WS and through Sonic Hammer tool at **5 BPM** while reciprocating tool across the perforating interval. Do not exceed 500 psi. Leave annulus open in circulation mode while treating the perforated interval with water.

Follow the 8.6 ppg cut brine water w/ 1,500 gals 15% NEFE HCl acid. Ensure that enough tbg is made up to cover each ~65' treating interval. Spot 3 bbls of acid outside tbg, shut in and close csg flowback line, pump acid @ 5 BPM over first treatment interval from 3,623 – 3,678', monitor csg pressure and do not exceed 500 psi on backside. Ensure that 1,500 gal of acid is pumped across each ~65' perfs treatment interval. Flush tbg w/ 8.6 cut brine, make a connection and continue w/ next interval. See the below example of intervals.

Interval	Depth
1	3,623' - 3,678'
2	3,685' - 3,732'
3	3,744' - 3,802'
4	3,806' - 3,860'
5	3,866' - 3,914'

Shut in for 1 hrs for the acid to spend. Bleed excess pressure off at surface if necessary to keep casing pressure below 500 psi. Release Petroplex.

7. Pump down 2-7/8" tbg and through Sonic Hammer tool at **5 BPM** from 3,914'-3,866' with 200 bbls 2% KCl water containing 3 drums (165 gallons) Baker SCW-358 Scale Inhibitor. Ensure top of tbg is flushed with water before making a connection. Continue with next interval.

Interval	Depth
1	3,914' - 3,866'
2	3,860' - 3,806'
3	3,802' - 3,744'
4	3,732' - 3,685'
5	3,678' - 3,623'

PU to top of perfs. Pump 10 bbls 8.6 PPG cut brine water to scale squeeze well. Do not exceed **500 psi** casing pressure or **5 BPM** while pumping scale squeeze or casing flush. RD and release pump truck.

8. POH & LD 2-7/8" WS and Sonic Hammer tool.
9. RIH w/ 2-7/8" production tubing and hang off per ALS recommendation. NDBOP. NUWH. RIH w/ rods and pump per ALS. RD and release workover unit.
10. Turn well over to production. Report producing rates, choke sizes, flowing pressures and/or fluid levels.

Perfs Detail				
Top ft	Bottom ft	Interval Length ft	Status	Reservoir
3,623	3,625	2	Open	Grayburg
3,632	3,635	3	Open	Grayburg
3,645	3,648	3	Open	Grayburg
3,653	3,658	5	Open	Grayburg
3,668	3,678	10	Open	Grayburg
3,685	3,692	7	Open	Grayburg
3,697	3,700	3	Open	Grayburg
3,712	3,715	3	Open	Grayburg
3,723	3,732	9	Open	Grayburg
3,744	3,749	5	Open	Grayburg
3,757	3,760	3	Open	Grayburg
3,768	3,775	7	Open	Grayburg
3,779	3,783	4	Open	Grayburg
3,788	3,794	6	Open	Grayburg
3,797	3,802	5	Open	Grayburg
3,806	3,808	2	Open	Grayburg
3,813	3,818	5	Open	Grayburg
3,823	3,833	10	Open	Grayburg
3,839	3,844	5	Open	Grayburg
3,850	3,860	10	Open	Grayburg
3,866	3,876	10	Open	Grayburg
3,879	3,888	9	Open	Grayburg
3,891	3,899	8	Open	Grayburg
3,904	3,914	10	Open	Grayburg
Total				
3,623	3,914	144		

Well: **C. P. Falby B Federal # 5**Field: **Penrose Skelly**Reservoir: **Grayburg****Location:**

2310' FSL & 2310' FWL
 Section: 8
 Township: 22S
 Range: 37E
 County: Lea State: NM

Elevations:

GL: 3417'
 KB: 3428'
 DF: 3427'

Current
Wellbore Diagram

Well ID Info:

Chevno: JE7154
 API No: 30-025-37938
 L5/L6: UCU496100
 Spud Date: 5/24/2007
 Compl. Date:

Surf. Csg: 8 5/8", 24#, J-55
 Set: @ 485' w/ 490 sks
 Hole Size: 12 1/4"
 Circ: Yes TOC: Surface
 TOC By: Circulated

Tubing Detail:

#Jts:	Size:	Footage
	KB Correction	11.00
114	Jts. 2 7/8" EUE 8R J-55 Tbg	3546.46
	TAC	2.70
14	Jts. 2 7/8" EUE 8R J-55 Tbg	437.16
2	Jt. 2 7/8" EUE 8R J-55 IPC Tbg	41.80
	SN	1.10
	2 7/8" x 4' Perf tbg Sub	4.00
1	Desander	19.22
2	Jt. 2 7/8" EUE 8R J-55 Tbg	62.19
	Dump Valve	0.80
133	Bottom Of String >>	4126.43

This wellbore diagram is based on the most recent information regarding wellbore configuration and equipment that could be found in the Midland Office well files and computer databases as of the update date below. Verify what is in the hole with the well file in the Eunice Field Office. Discuss w/ WFO Engineer, WFO Rep, OS, ALS, & FS prior to rigging up on well regarding any hazards or unknown issues pertaining to the well.

COTD: 4253'
 PBTD: 4238'
 TD: 4300'

Updated: 10/11/2011

By: Derek Nash

Perfs:	Status:
3623-25'	Grayburg - Open
3632-35'	Grayburg - Open
3645-48'	Grayburg - Open
3653-58'	Grayburg - Open
3668-78'	Grayburg - Open
3685-92'	Grayburg - Open
3697-3700'	Grayburg - Open
3712-15'	Grayburg - Open
3723-32'	Grayburg - Open
3744-49'	Grayburg - Open
3757-60'	Grayburg - Open
3768-75'	Grayburg - Open
3779-83'	Grayburg - Open
3788-94'	Grayburg - Open
3797-3802'	Grayburg - Open
3806-08'	Grayburg - Open
3813-18'	Grayburg - Open
3823-33'	Grayburg - Open
3839-44'	Grayburg - Open
3850-60'	Grayburg - Open
3866-76'	Grayburg - Open
3879-88'	Grayburg - Open
3891-99'	Grayburg - Open
3904-14'	Grayburg - Open

Prod. Csg: 5 1/2", 15.50#, K-55
 Set: @ 4298' w/ 1120 sks
 Hole Size: 7 7/8"
 Circ: Yes TOC: Surface
 TOC By: Circulated

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.

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.


1.
Operator: CHEVRON U.S.A. INC. OGRID #:4323
Address: 15 SMITH ROAD, MIDLAND, TEXAS 79705
Facility or well name: C.P. FALBY "B" #5
API Number: 30-025-37938 OCD Permit Number: _____
U/L or Qtr/Qtr K Section 8 Township 22S Range 37E County: LEA
Center of Proposed Design: Latitude _____ Longitude _____ NAD: ☐ 1927 ☐ 1983
Surface Owner: ☒ Federal ☐ State ☐ Private ☐ Tribal Trust or Indian Allotment

2.
☐ **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 ACIDIZE, & SCALE SQUEEZE

3.
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

4.
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: _____

5.
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: CONTROLLED RECOVERY INC. (CRI) Disposal Facility Permit Number: R9166-NM-01-0006
Disposal Facility Name: _____ Disposal Facility Permit Number: _____
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

6.
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): DENISE PINKERTON Title: REGULATORY SPECIALIST
Signature:  Date: 10-25-2011
e-mail address: leakejd@chevron.com Telephone: 432-687-7375

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 identify 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 –REVERSE UNIT – SCHEMATIC – OPERATING AND
MAINTENANCE – CLOSURE PLAN



Notes:

1. This is a generic layout, exact equipment orientation will vary from location to location.
2. This is a schematic representation, so drawing is not to scale.

Operating and Maintenance Plan

1. All recovered fluids and solids will be discharged into reverse tank.
2. Reverse tank will be continuously monitored by designated rig crew so that tank will not be overfilled.
3. Rig crew will visually inspect fluid integrity of reverse tank on a daily basis.
4. Documentation of visual inspection of reverse tank will be captured on daily completion morning report.

Closure Plan

1. All recovered fluids and solids will be removed from reverse tank and hauled off of site.
2. All recovered fluids and solids will be disposed of at a suitable off-location waste disposal facility.