

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. 30-025-36742
5. Indicate Type of Lease STATE [] FEE [x]
6. State Oil / Gas Lease No.
7. Lease Name or Unit Agreement Name V.M. HENDERSON
8. Well No. 17
9. Pool Name or Wildcat PENROSE SKELLY GRAYBURG
10. Elevation (Show whether DF, RKB, RT,GR, etc.) 3492'

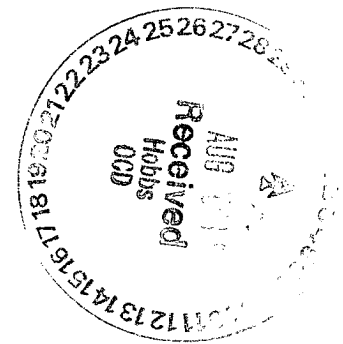
SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMI (FORM C-101) FOR SUCH PROPOSALS.
1. Type of Well: OIL WELL [x] GAS WELL [] OTHER []
2. Name of Operator CHEVRON USA INC
3. Address of Operator 15 SMITH RD, MIDLAND, TX 79705
4. Well Location Unit Letter A : 1308' Feet From The NORTH Line and 1120' Feet From The EAST Line Section 30 Township 21-S Range 37-E NMPM LEA COUNTY
11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK [] PLUG AND ABANDON [] TEMPORARILY ABANDON [] CHANGE PLANS [] PULL OR ALTER CASING [] OTHER: ACIDIZE & SCALE SQUEEZE [x]
SUBSEQUENT REPORT OF: REMEDIAL WORK [] ALTERING CASING [] COMMENCE DRILLING OPERATION [] PLUG AND ABANDONMENT [] CASING TEST AND CEMENT JOB [] 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 ACIDIZE AND SCALE SQUEEZE THE GRAYBURG FORMATION.

THE INTENDED PROCEDURE AND CURRENT AND PROPOSED WELLBORE DIAGRAMS ARE ATTACHED FOR YOUR APPROVAL.



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

SIGNATURE [Signature] TITLE Regulatory Specialist DATE 7/31/2006
TYPE OR PRINT NAME Denise Pinkerton Telephone No. 432-687-7375

(This space for State Use)

APPROVED [Signature] TITLE OGD FIELD REPRESENTATIVE II/STAFF MANAGER DATE
CONDITIONS OF APPROVAL, IF ANY: DeSoto 11-12-00 ver 1.0 AUG 02 2006

V. M. Henderson # 17
Penrose Skelly Field
T21S, R37E, Section 30
WBS # UWDOL-R6293
Job: Acidize Grayburg Formation And Scale Squeeze

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 csg and BOP's to 2000 psi. Release TAC. POH with 2 7/8" tbg string. LD TAC.
3. PU and GIH with 4 3/4" MT bit and 2 7/8" work string to 4298'. Reverse circulate well clean from 4298' using 8.6 PPG cut brine water. POH with work string and bit. LD bit. **Note: If well will not circulate, use air unit to clean out fill.**
4. PU and GIH w/ 5 1/2" PPI pkr (with 10' element spacing) and SCV on 2 7/8" work string to approximately 3625'. Test tbg to 5500 psi while GIH.
5. MI & RU DS Services. Acidize perfs 3635-3931' with 5,800 gals anti-sludge 15% HCl acid * at a maximum rate **as shown below** and a maximum surface pressure of **3500 psi**. Spot acid to bottom of tbg at beginning of each stage. Pump job as follows:

Interval	Amt. Acid	Max Rate	PPI Setting
3928-31'	200 gals	1 BPM	3925-35'
3916-21'	200 gals	1 BPM	3915-25'
3904-10'	300 gals	1 BPM	3902-12'
3888-94'	300 gals	1 BPM	3885-95'
3875-80'	200 gals	1 BPM	3873-83'
3861-67'	300 gals	1 BPM	3860-70'
3846-54'	400 gals	1 BPM	3845-55'
3824-32'	400 gals	1 BPM	3823-33'
3810-18'	400 gals	1 BPM	3809-19'
3794-3802'	400 gals	1 BPM	3793-3803'
3782-88'	300 gals	1 BPM	3780-90'
3769-76'	300 gals	1 BPM	3768-78'

3741-47'	300 gals	1 BPM	3740-50'
3718-25'	300 gals	1 BPM	3716-26'
3704-10'	300 gals	1 BPM	3702-12'
3695-99'	200 gals	1 BPM	3692-3702'
3675-82'	300 gals	1 BPM	3674-84'
3649-57'	400 gals	1 BPM	3648-58'
3635-41'	300 gals	1 BPM	3634-44'

Displace acid with 8.6 PPG cut brine water -- do not overdisplace. Use a SCV to control displacement fluid. Record ISIP, 5 & 10 minute SIP's. RD and release DS services. **Note: Pickle tubing in 1 run of 500 gals acid, prior to acidizing perfs. Pickle acid is to contain only 1/2 gal A264 and 1 gal W53. Also, if communication occurs during treatment of any interval, monitor casing pressure and attempt to complete stage w/o exceeding 2000 psi csg pressure. If cannot, then move PPI to next setting depth and combine treatment volumes of the intervals.**

* 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

- Release PPI pkr and PUH to approximately 3600'. Swab back all intervals together. Recover 100% of treatment and load volumes before shutting well in for night, if possible. Report recovered fluid volumes, pressures, and/or swabbing fluid levels. **Note: Selectively swab perfs as directed by Engineering if excessive water is produced.**
- Open well. MI & RU pump truck. Pump down tbg with 50 bbls 8.6 PPG cut brine water containing 110 gals Baker RE-4777 Scale Inhibitor followed by 200 bbls 8.6 PPG cut brine water at **5 BPM and 2500 psi maximum pressure**. RD and release pump truck. Release PPI pkr. POH with 2 7/8" work string. LD 2 7/8" work string and PPI packer.
- 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, 12 jts 2 7/8" EUE 8R J-55 tbg, TAC, and 116 jts 2 7/8" EUE 8R J-55 tbg, testing to 5000 psi. Set TAC at 3600', with EOT at 4035' and SN at 4000'.
- Remove BOP's and install WH. GIH with rods, weight bars, and pump per ALS recommended design. RD & release workover unit.
- Turn well over to production. Report producing rates, choke sizes, flowing pressures and/or fluid levels.

WELL DATA SHEET

FIELD: Penrose Skelly

WELL NAME: V. M. Henderson # 17

FORMATION: Grayburg

LOC: 1308' FNL & 1120' FEL
TOWNSHIP: 21S
RANGE: 37E
LOT:

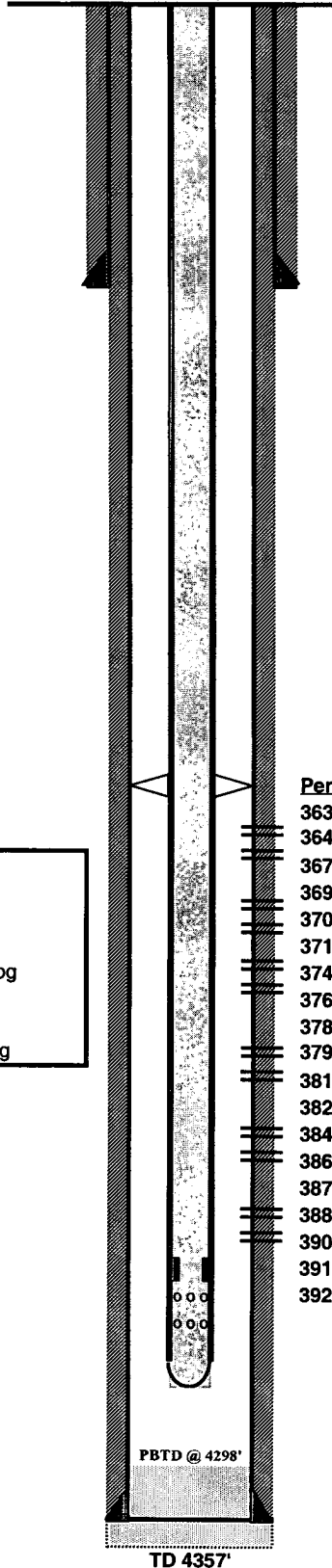
SEC: 30
COUNTY: Lea
STATE: NM

GL: 3492'
DF:
CURRENT STATUS:
API NO: 30-025-36742
REFNO: HP6002
SAP: UCU493800

Surface Casing
 8-5/8" 24# K-55
 11" hole to 408'
 Set @ 408' w/250 sx cmt
 Circ cmt to surface

Spud Date: 9/14/2004
Date of Completion: 10/8/2004
Initial Completion: Grayburg

CURRENT



Tbg Detail:

BP @ 4035'
 1 jt. 2 7/8" tbg
 2 7/8" x 4' perf sub
 SN @ 4000'
 1 jt. 2 7/8" EUE 8R J-55 IPC tbg
 12 jts. 2 7/8" EUE 8R J-55 tbg
 TAC @ 3600'
 116 jts. 2 7/8" EUE 8R J-55 tbg

Perfs

- 3635-41'
- 3649-57'
- 3675-82'
- 3695-99'
- 3704-10'
- 3718-25'
- 3741-47'
- 3769-76'
- 3782-88'
- 3794-3802'
- 3810-18'
- 3824-32'
- 3846-54'
- 3861-67'
- 3875-80'
- 3888-94'
- 3904-10'
- 3916-21'
- 3928-31'

Status

- Grayburg - Open
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Production Casing

5-1/2", 15.5# K-55
 7-7/8" hole to 4357'
 Set @ 4348' w/1000 sx cmt
 Circ cmt to surface

PBTD @ 4298'

TD 4357'

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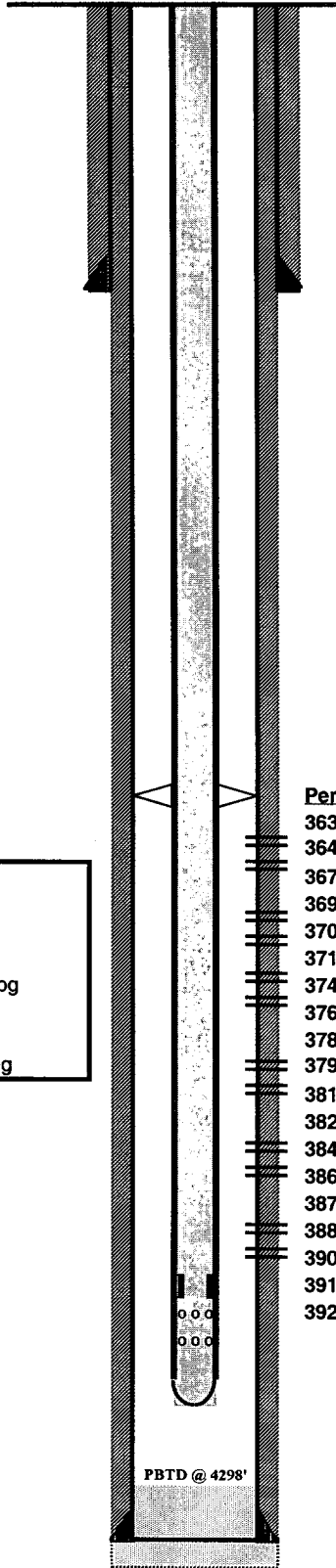
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