

ABOVE THIS LINE FOR DIVISION USE ONLY

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



**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 \_\_\_\_\_

*CHEVRON*  
*SKEN#2SWD*  
*2,265,27E*  
*API #*  
*30-015-41744*

[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

2013 DEC 20 P 3:04  
 RECEIVED  
 OCCD

[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.**

Cindy Herrera-Murillo	<i>Cindy Herrera-Murillo</i>	Permitting Specialist	11/27/2013
Print or Type Name	Signature	Title	Date
		<u>Cherreramurillo@chevron.com</u>	
		e-mail Address	

**APPLICATION FOR AUTHORIZATION TO INJECT**

I. PURPOSE: Secondary Recovery Pressure Maintenance XX Disposal Storage  
Application qualifies for administrative approval? XX Yes No

II. OPERATOR: CHEVRON USA INC

ADDRESS: 15 SMITH RD, MIDLAND TX 79705

CONTACT PARTY: CINDY HERRERA-MURILLO PHONE: 575-263-0431

III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection.  
Additional sheets may be attached if necessary.

IV. Is this an expansion of an existing project? Yes XX No  
If yes, give the Division order number authorizing the project: \_\_\_\_\_

V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review. ATTACHED

VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail. N/A no wells currently exist within area of review

VII. Attach data on the proposed operation, including:

1. Proposed average and maximum daily rate and volume of fluids to be injected; Average daily rate for the first year is 2500, Maximum anticipated volume 5000 BWPD.

2. Whether the system is open or closed; This will be a closed system.

3. Proposed average and maximum injection pressure; The expected average injection pressure is 440 PSI and maximum injection pressure will be determined by a confirmed and approved Step Rate Test prior to the acid job.

4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and, (See attached), The water to be injected is produced water from surrounding Bone Spring and Wolfcamp wells.

5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.). Attached

$$2550 \times 0.2 = 510 \text{ psi}$$

\*VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval. SWD; Bell Canyon, Cherry Canyon, Brushy Canyon Formations, Proposed Injection Zone 2550'-5285'.

IX. Describe the proposed stimulation program, if any. Acid stimulations

\*X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted). See attached of offset well with correlative geology

\*XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken. There are no water wells within one mile radius. Closest wells list attached.

XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water. See attached

XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form. Attached, Carlsbad Current Argus

XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

NAME: CINDY HERRERA-MURILLO TITLE: PERMITTING SPECIALIST

SIGNATURE: Cindy Herrera-Murillo DATE: 11/21/2013

E-MAIL ADDRESS: Cherreramurillo@chevron.com

\* If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstances of the earlier submittal: \_\_\_\_\_

### III. WELL DATA

A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:

- (1) Lease name; Well No.; Location by Section, Township and Range; and footage location within the section.
- (2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.
- (3) A description of the tubing to be used including its size, lining material, and setting depth.
- (4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Division District Offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.

#### ATTACHED

B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.

- (1) The name of the injection formation and, if applicable, the field or pool name.
- (2) The injection interval and whether it is perforated or open-hole.
- (3) State if the well was drilled for injection or, if not, the original purpose of the well.
- (4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.
- (5) Give the depth to and the name of the next higher and next lower oil or gas zone in the area of the well, if any. ATTACHED

### XIV. PROOF OF NOTICE

All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

- (1) The name, address, phone number, and contact party for the applicant;
- (2) The intended purpose of the injection well; with the exact location of single wells or the Section, Township, and Range location of multiple wells;
- (3) The formation name and depth with expected maximum injection rates and pressures; and,
- (4) A notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within 15 days. ATTACHED

NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

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NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.

- XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any hydrologic connection between the disposal zone and any underground sources of drinking water.

**I have examined the available data for this disposal well and find no evidence of open faults or other hydrologic connection between the disposal zone in this well and any underground sources of drinking water.**

**Greg Minnery (geologist)**

INJECTION WELL DATA SHEET

OPERATOR: CHEVRON USA INC

WELL NAME & NUMBER: SKEEN 2 STATE SWD #1

WELL LOCATION: 400 FSL & 1200 FWL M 2 26S 27E  
 FOOTAGE LOCATION UNIT LETTER SECTION TOWNSHIP RANGE

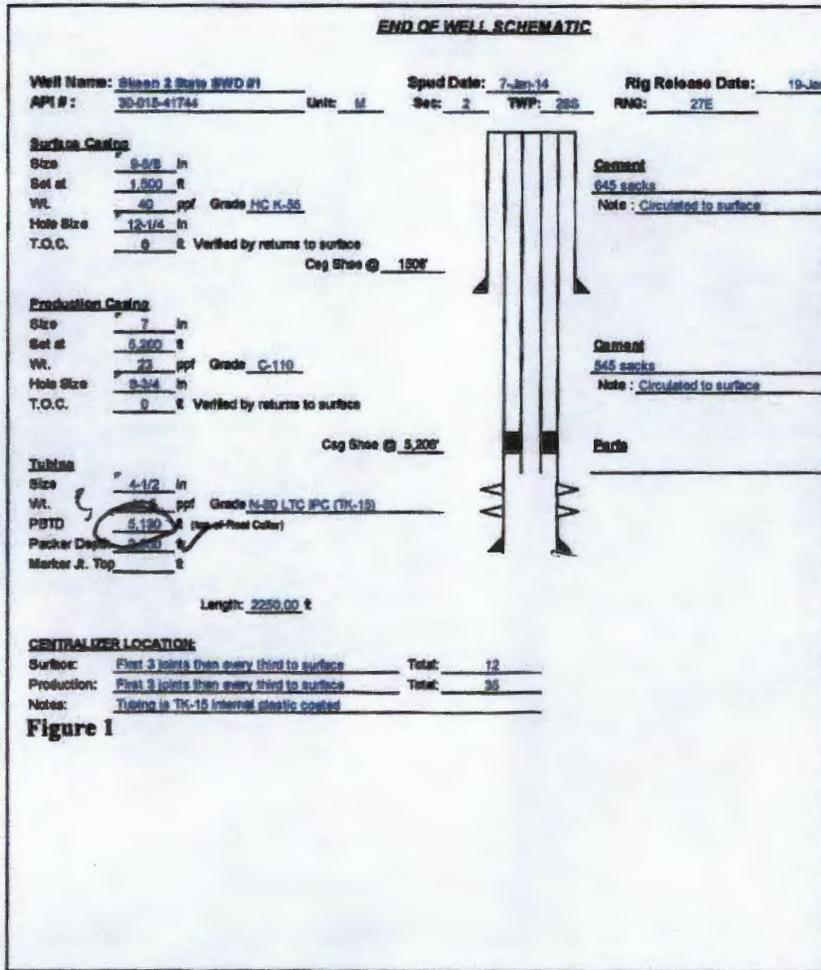
**WELLBORE SCHEMATIC**

**WELL CONSTRUCTION DATA**

Surface Casing

Intermediate Casing

Production Casing



Hole Size: 12 1/4 Casing Size: 9 5/8

Cemented with: 645 SX. or \_\_\_\_\_ ft<sup>3</sup>

Top of Cement: Surface Method Determined: \_\_\_\_\_

Hole Size: \_\_\_\_\_ Casing Size: \_\_\_\_\_

Cemented with: \_\_\_\_\_ SX. or \_\_\_\_\_ ft<sup>3</sup>

Top of Cement: \_\_\_\_\_ Method Determined: \_\_\_\_\_

Hole Size: 8 3/4 Casing Size: 7'

Cemented with: 545 SX. or \_\_\_\_\_ ft<sup>3</sup>

Top of Cement: Surface Method Determined: Returns to surface

Total Depth: 5600

Injection Interval

2550 feet to 5285

(New Well)

*Handwritten notes:*  
 5130 /  
 OK  
 5205

**INJECTION WELL DATA SHEET**

Tubing Size: 4 1/2 Lining Material: Plastic

Type of Packer: Baker Hughes Hornet (Retrievable and Coated) 7' x 4 1/2'

Packer Setting Depth: 2500

Other Type of Tubing/Casing Seal (if applicable): \_\_\_\_\_

**Additional Data**

1. Is this a new well drilled for injection? XX Yes        No

If no, for what purpose was the well originally drilled? \_\_\_\_\_

\_\_\_\_\_

2. Name of the Injection Formation: SWD;Brushy Canyon

3. Name of Field or Pool (if applicable): Skeen 2 SWD #1

4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e. sacks of cement or plug(s) used. N/A

\_\_\_\_\_

5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area: Next Higher oil & gas producing interval: none

Next lower oil & gas producing interval: Bone Spring (Avalon)

\_\_\_\_\_

\_\_\_\_\_

**Skeen 2 SWD #1**

Created: 10/22/2013 By: EEOF  
 Updated: 02/17/14 By: EEOF  
 Updated: By:  
 Updated: By:  
 Lease: Skeen 2 State SWD # 1  
 Field: SWD, Brushy Canyon  
 Surf. Loc.: 400' FSL & 1200' FWL  
 Bot. Loc.: 400' FSL & 1200' FWL  
 County: EDDY St.: NM  
 Status: New Salt Water Disposal

Well #: 1 St. Lse:  
 API: 30-015-41744  
 Unit Ltr.: M Section: 2  
 TSHP/Rng: T26S & R27E  
 Bottom Hole Location  
 Unit Ltr.: M Section: 2  
 TSHP/Rng: T26S & R27E  
 CHEVNO:  
 Directions: Turn left onto Whites City Rd; drive 6.1 miles  
 Turn right onto lease rd, drive 1.1 miles to Skeen 2H

**Proposed**

**Surface Casing**  
 Size: 9 5/8  
 Wt. Grd.: 40# HC K-55  
 Set at 1500'  
 Sxs Cmt: 645 sxs  
 Circulate: Yes  
 TOC:  
 Hole Size: 12 1/4  
 Casing Shoe @ 1508

Log Formation Tops	
Lamar LS	2359
Bell Canyon	2414
Cherry Canyon	3281
Brushy Canyon	4312
T/Bone Spring	6069
T/1st Bone Spring Sand	6966
T/2nd Bone Spring Sand	7617
B/2nd Bone Spring Sand	7921

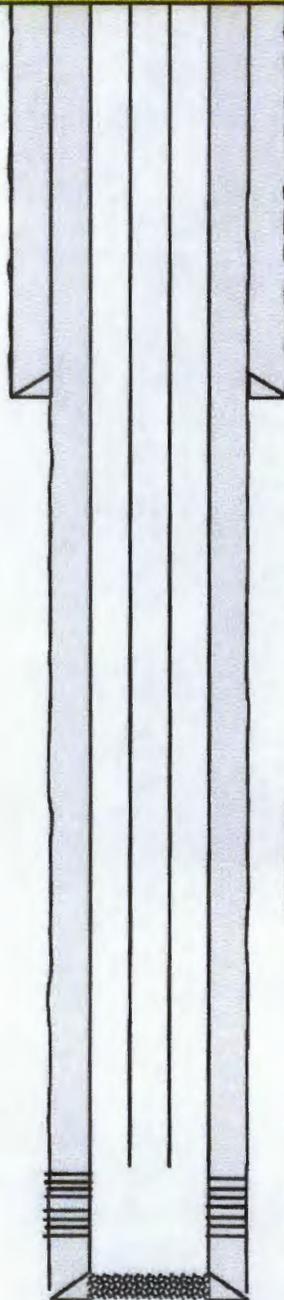
**Proposed**

**Production Casing**  
 Size: 7 in  
 Wt. Grd.: 23# C110  
 Depth: 5200  
 Sxs Cmt: 545 sxs  
 Circulate: No  
 Off Verified by returns to surface.  
 TOC:  
 Hole Size: 8-3/4"  
 Cag Shoe @ 5,208

**Tubing**  
 Size 4 1/2 in  
 Wt. 11.8  
 Grade N-80, LTC, PC, (K-15)  
 P8TD 5130 ft  
 Packer Depth 2500 ft

Length 2250 ft

**Proposed Wellbore Diagram**



P8TD:  
 TD: 5600'

Cement 645 sacks  
 Note: Circulated to surface  
 Rig Release 1/16/2014  
 Spud Date 1/7/2014  
 Cement 545 sacks  
 Note: Circulated to surface

**CENTRALIZER LOCATION:**

Surface: First 3 joints then every third to surface Total 12  
 Production: First 3 joints then every third to surface Total 35  
 Notes: Tubing is TK-15 internal plastic coated

Plr. 2

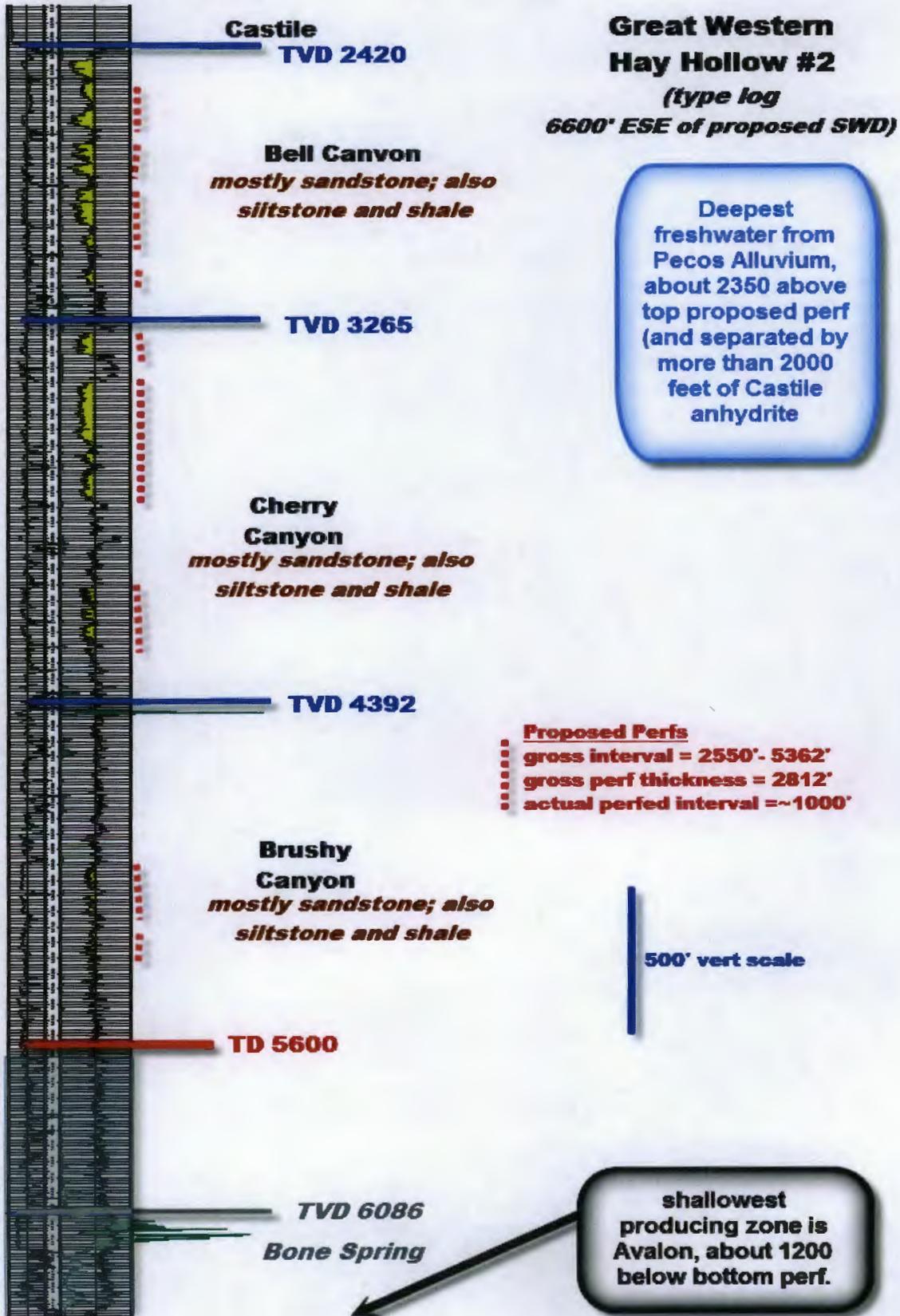
Brushy Canyon Perfs:  
 2475-5285

## Completion Procedure

1. NU Completion Stack
2. RU wireline unit and log as follows:
  - a. SGR (Spectral GR), Radial CBL, CNL (Compensated Neutron) and CCL from PBTD to 300' above 9-5/8" surface casing (casing estimated to be set at 650'). CBL to be run with 0 psi on repeat pass and 1,000 psi on main pass.
  - b. At 300' above surface casing turn off CBL and continue with SGR, CNL and CCL.
  - c. Run repeat pass from TD to 2,400'.
3. Perforate the 7" casing in injection intervals as determined from technical team on log interpretation. Perfs will be shot with 4-5/8" gun, 6 SPF and 60 degree phasing. Interval will be between 2,550'-5,600'.
4. MIRU Acid Truck and perform acid job with 35,000 gals of 15% NEFE HCl.
5. MIRU workover rig for cleanout.
6. PU cleanout string: 6" bit, 6X 3-1/2" DCs and use 2-7/8" 6.5 L80 workstring and cleanout to Landing collar. POOH
7. RIH with 4-1/2" TK-15 internal plastic coat pipe, on/off tool with 3.75" "F" Profile and 7" Baker Hornet PKR. Set PKR ~ 50' from Top perf, estimated setting depth 2,500'.
8. Load annulus with Packer fluid
9. Perform MIT
10. RD WOR
11. Put well on injection.

X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need to be resubmitted).

No logs or test data are available for this well since it is a new drill. An offset well with correlative geology is shown below



XI. Attach a chemical analysis of fresh water from 2 or more fresh water wells, within 1 mile of any injection or disposal well showing location of wells and dates samples were taken.

Water Analysis is attached for the following wells

- Oil Draw 12 Com #2H PLU
- Ross Ranch 32 #1

North Permian Basin Region  
P.O. Box 740  
Sundown, TX 79372-0740  
(806) 229-8121  
Lab Team Leader - Sheila Hernandez  
(432) 495-7240

## Water Analysis Report by Baker Petrolite

Company:	CIMAREX ENERGY	Sales RDT:	33521
Region:	PERMIAN BASIN	Account Manager:	STEVE HOLLINGER (575) 910-9393
Area:	ORLA, TX	Sample #:	636499
Lease/Platform:	OWL DRAW 12 COMM	Analysis ID #:	127970
Entity (or well #):	2	Analysis Cost:	\$90.00
Formation:	UNKNOWN		
Sample Point:	SEPARATOR		

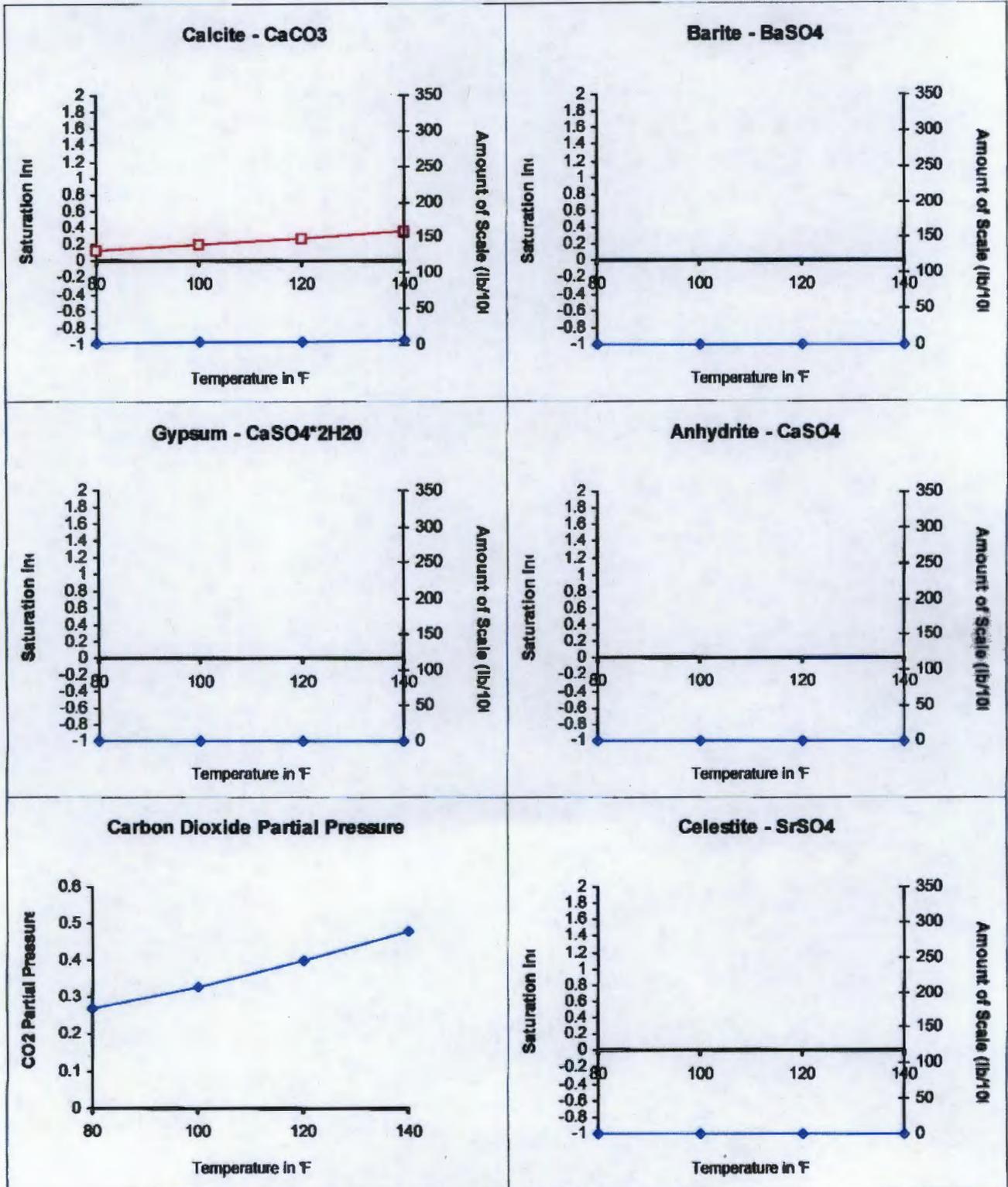
Summary		Analysis of Sample 636499 @ 75 F					
Sampling Date:	12/7/2012	<b>Anions</b>	mg/l	meq/l	<b>Cations</b>	mg/l	meq/l
Analysis Date:	12/29/2012	Chloride:	109698.0	3094.18	Sodium:	61123.4	2668.72
Analyst:	LEAH DURAN	Bicarbonate:	122.0	2.	Magnesium:	1026.0	84.4
TDS (mg/l or g/m3):	179989.9	Carbonate:	0.0	0.	Calcium:	6180.0	308.38
Density (g/cm3, tonne/m3):	1.118	Sulfate:	3.0	0.06	Strontium:	928.0	21.18
Anion/Cation Ratio:	1	Phosphate:			Barium:	1.6	0.02
		Borate:			Iron:	29.0	1.06
		Silicate:			Potassium:	878.0	22.45
Carbon Dioxide:	220 PPM	Hydrogen Sulfide:		0 PPM	Aluminum:		
Oxygen:	0 PPM	pH at time of sampling:		6.5	Chromium:		
Comments:		pH at time of analysis:			Copper:		
		pH used in Calculation:		6.5	Lead:		
					Manganese:	1.000	0.04
					Nickel:		

Conditions		Values Calculated at the Given Conditions - Amounts of Scale in lb/1000 bbl										
Temp	Gauge Press.	Calcite CaCO <sub>3</sub>		Gypsum CaSO <sub>4</sub> ·2H <sub>2</sub> O		Anhydrite CaSO <sub>4</sub>		Celestite SrSO <sub>4</sub>		Barite BaSO <sub>4</sub>		CO <sub>2</sub> Press
		Index	Amount	Index	Amount	Index	Amount	Index	Amount	Index	Amount	
80	0	0.13	2.06	-2.79	0.00	-2.77	0.00	-1.93	0.00	-1.62	0.00	0.27
100	0	0.21	3.23	-2.86	0.00	-2.78	0.00	-1.96	0.00	-1.82	0.00	0.33
120	0	0.28	4.71	-2.92	0.00	-2.76	0.00	-1.97	0.00	-2.00	0.00	0.4
140	0	0.36	6.18	-2.97	0.00	-2.72	0.00	-1.98	0.00	-2.15	0.00	0.48

- Note 1: When assessing the severity of the scale problem, both the saturation index (SI) and amount of scale must be considered.
- Note 2: Precipitation of each scale is considered separately. Total scale will be less than the sum of the amounts of the five scales.
- Note 3: The reported CO<sub>2</sub> pressure is actually the calculated CO<sub>2</sub> fugacity. It is usually nearly the same as the CO<sub>2</sub> partial pressure.

## Scale Predictions from Baker Petrolite

Analysis of Sample 636499 @ 75 °F for CIMAREX ENERGY, 12/29/2012



Analytical Laboratory Report for:  
**Chesapeake**



Account Representative:  
Jeremy Spears

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## Production Water Analysis

Listed below please find water analysis report from: Ross Ranch, Plu 32 #1

Lab Test Number	Sample Date
2011129034	09/23/2011

Specific Gravity:	1.080	
TDS:	121855	
pH:	6.10	
Resistivity:	.10@71F	ohms/M

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Cations	mg/L
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Calcium as Ca <sup>++</sup>	1565
Magnesium as Mg <sup>++</sup>	260
Sodium as Na <sup>+</sup>	48643
Iron as Fe <sup>++</sup>	39.00
Potassium as K <sup>+</sup>	1008.0
Barium as Ba <sup>++</sup>	1.66
Strontium as Sr <sup>++</sup>	352.00
Manganese as Mn <sup>++</sup>	0.82

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Anions	mg/L
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Bicarbonate as HCO <sub>3</sub> <sup>-</sup>	1110
Sulfate as SO <sub>4</sub> <sup>=</sup>	175
Chloride as Cl <sup>-</sup>	68700

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Gases	mg/L
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Carbon Dioxide as CO <sub>2</sub>	60
Hydrogen Sulfide as H <sub>2</sub> S	0.0

Analytical Laboratory Report for:  
**Chesapeake**



Account Representative:  
Jeremy Spears

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**DownHole SAT™ Scale Prediction @ 100 deg. F**

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Lab Test Number	Sample Date	Location
2011129034	09/23/2011	Plu 32 #1

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Mineral Scale	Saturation Index	Momentary Excess (lbs/1000 bbls)
Calcite (CaCO <sub>3</sub> )	1.31	0.06
Strontianite (SrCO <sub>3</sub> )	0.31	-0.89
Anhydrite (CaSO <sub>4</sub> )	0.03	-2608.34
Gypsum (CaSO <sub>4</sub> *2H <sub>2</sub> O)	0.04	-2529.33
Barite (BaSO <sub>4</sub> )	0.58	-2.00
Celestite (SrSO <sub>4</sub> )	0.12	-607.52
Siderite (FeCO <sub>3</sub> )	36.87	0.31
Halite (NaCl)	0.05	-404940.38
Iron sulfide (FeS)	0.00	-0.76

**Interpretation of DHSat Results:**

The Saturation Index is calculated for each mineral species independently and is a measure of the degree of supersaturation (driving force for precipitation) under the conditions modeled. This value ranges from 0 to infinity with 1.0 representing a condition of equilibrium where scale will neither dissolve nor precipitate. Values less than 1.0 are undersaturated and values greater than 1.0 are supersaturated. The Momentary excess is a measure of how much scale would have to precipitate to bring the system back to a non-scaling condition. This value ranges from negative (dissolving) to positive (precipitating) values. The Momentary Excess represents the amount of scale possible while the Saturation Level represents the probability that scale will form.



**Water Analysis**

Date: 04-Jun-07

3788 West County Road, Hobbs NM 88240  
 Phone (505) 392-5356 Fax (505) 392-7367

Upper Cherry Canyon 3054 - 3282' (overall)  
 Sampled 6/4/07

**Analyzed For**

Client	Well/Source	County	State
BTA	Owl 5	Lea	New Mexico

Sample Source	Swab Sample	Sample #	
Formation	Cherry Canyon	Depth	

Specific Gravity	1.100	SG @ 60 °F	1.102
pH	6.70	Sulfides	Absent
Temperature (°F)	70	Reducing Agents	

**Cations**

Sodium (Calc)	in Mg/L	41,482	in PPM	37,642
Calcium	in Mg/L	2,000	in PPM	7,200
Magnesium	in Mg/L	860	in PPM	371
Soluble Iron (FE2)	in Mg/L	400.0	in PPM	363

**Anions**

Chlorides	in Mg/L	30,800	in PPM	72,596
Sulfates	in Mg/L	1,325	in PPM	1,202
Bicarbonates	in Mg/L	244	in PPM	221
Total Hardness (as CaCO3)	in Mg/L	24,800	in PPM	21,779
Total Dissolved Solids (Calc)	in Mg/L	132,411	in PPM	120,155
Equivalent NaCl Concentration	in Mg/L	119,537	in PPM	108,473

**Scaling Tendencies**

*Calcium Carbonate Index	1,952,000
<small>Es per 200,000 Range / 200,000 - 1,000,000 Possible / Above 1,000,000 Problem</small>	
*Calcium Sulfate (Gyp) Index	16,000,000





Chevron USA

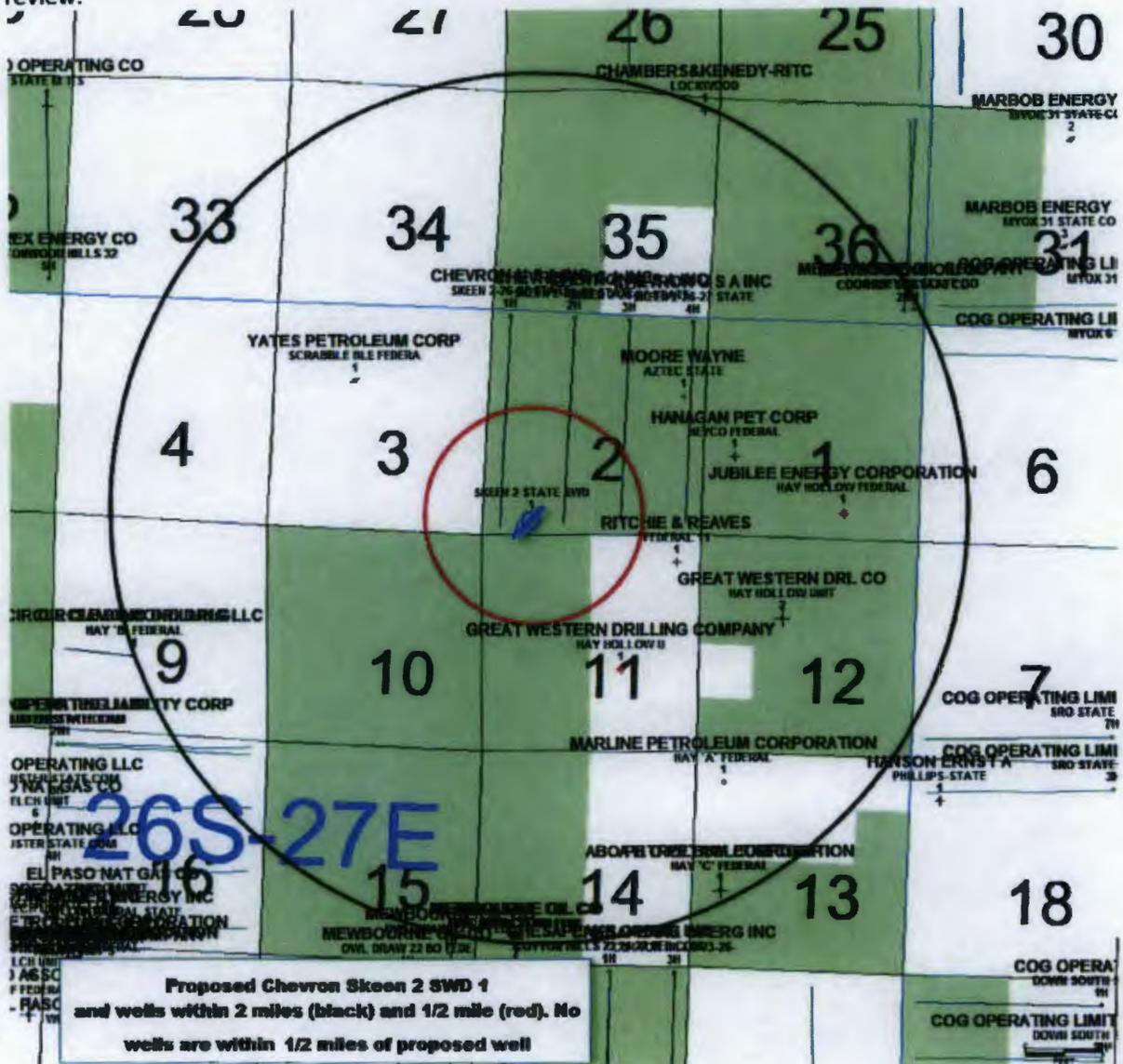
SWD, Brushy Canyon

Skeen 2 SWD #1

C-10B Half Mile Radius

Section 2, T26S, R27E

V. Attach a map that identifies all wells within 2 miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle should identify the well's area of review.



**NOTIFICATION LIST TO OFFSET OPERATORS AND OWNERS**

**Prepared 11/05/2013**

Application of Chevron U.S.A. Inc. for Administrative Approval of a Water Injection Well Location:

**Skeen 2 SWD, Well No. 1, API# 30-015-41744**

400' FSL & 1200' FWL of Section 2, T-26-S, R-27-E  
Eddy County, New Mexico

Yates Petroleum  
105 S. 4<sup>th</sup> Street ✓  
Artesia, NM 88210

Three Rivers Operating Company LLC  
1122 South Capital of Texas Highway, Suite 325  
Austin, Texas 78746

Hanagan Petroleum ✓  
400 N. Kentucky Ave  
Roswell, NM 88201

McCabe Petroleum Corp ✓  
500 W. Texas Avenue #1110 ✓  
Midland, TX 79701

Mewbourne Oil Company  
500 W. Texas Ave ✓  
Midland, TX 79701

Circle Diamond Drilling ✓  
#14 528 N. Canal ✓  
Carlsbad, NM 88220

Great Western Drilling ✓  
P.O. Box 1659 ✓  
Midland, TX 79702

COG Operating LLC ✓  
One Concho Center ✓  
600 W. Illinois Avenue  
Midland, Texas 79701

State of New Mexico  
Commissioner of Public Lands  
P.O. Box 1148  
Santa Fe, NM 87504-1148



**Cindy Herrera-Murillo**  
Regulatory Specialist  
Midcontinent BU

**Chevron North America  
Exploration and Production  
Company**  
PO Box 190 Room 121  
Hobbs FMT, Hobbs, NM 88241  
Tel 575-263-0431  
Fax 575-391-6679  
cherreramurillo@chevron.com

November 21, 2013

**New Well to a Salt Water Disposal  
Section 2, T26S, R27E,  
Eddy County, New Mexico**

**Re: Skeen 2 SWD #1  
Offset Operators:**

For your information, as an offset operator, Chevron U.S.A. Inc. operator of the Skeen 2 SWD #1 has filed an application with the New Mexico Oil Conservation Division for authorization to inject the Skeen 2 SWD well #1, (API# 30-015-41744) to a Salt Water Disposal well and dispose into the Bell, Cherry and Brushy Canyon formations. The Skeen 2 SWD #1, which is located: 400' FSL & 1200 FWL. Unit letter M, Section 2, T26S, R27E, Eddy County, New Mexico.

The injection interval will be in the Bone Spring- Brushy Canyon and there is no Bone Spring-Brushy Canyon production from this interval in the immediate area. The injection interval will be approximately 2475' to 5285'.

Attached is an OCD form C-108 with information relative to the SWD injection of the referenced well. Also, attached is a copy of the legal notice that was posted in the Carlsbad Argus is included. The enclosed map highlights the location of the Skeen 2 SWD #1.

Any objections to this application must be sent to the **New Mexico Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, NM 87505**, within 15 days of receipt of this notification. If additional information is required, please contact Cindy Herrera-Murillo at (575) 263-0431 or the project engineer, Jonathan Wells, (432) 687-7674.

Sincerely,

Cindy Herrera-Murillo  
Chevron Midcontinent  
NM Regulatory Specialist

Enclosure



**Cindy Herrera-Murillo**  
Regulatory Specialist  
Midcontinent BU

**Chevron North America  
Exploration and Production  
Company**

PO Box 190 Room 121  
Hobbs FMT, Hobbs, NM 88240  
Tel 575-263-0431  
Fax 575-391-6679  
cherreramurillo@chevron.com

November 27, 2013

**State of New Mexico  
Commissioner of Public Lands  
P.O. Box 1148  
Santa Fe, New Mexico 87504-1148**

**Re: Application for Authorization to inject  
OCD Form C 108  
Skeen 2 SWD #1  
SWD Brushy Canyon  
Eddy County, New Mexico**

Surface Owner:

For your information, Chevron U.S.A. Inc., operator of the Skeen 2 SWD #1 has filed an application with the New Mexico Oil Conservation Division to inject salt water into the Skeen 2 SWD #1 (API# 30-015-41744). This well is located: 400' FSL & 1200' FWL, Unit Letter M, Section 2, T26S, R27E, Eddy County, New Mexico. The injection interval will be in the lower Brushy Canyon. The injection interval will be approximately 2550' to 5285' through perforations, with maximum anticipated injection rate to 5,000 BWPD, and a maximum injection pressure to be confirmed and approved by a step rate test. There will be no CO<sub>2</sub> or produced gas injected. There is also no Bone Spring-Brushy Canyon production from this interval in the immediate area.

Attached is an OCD form C-108 with information relative to the SWD injection of the referenced well. A copy of the letter sent to applicable surface land owners and offset operators is included in the attachments.

Any objections to this application must be sent to the **New Mexico Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, NM 87505**, within 15 days of receipt of this notification. If additional information is required, you may contact me at 575-263-0431 or the project engineer, Jonathan Wells, at 432-687-7674.

Sincerely,

A handwritten signature in black ink that reads "Cindy Herrera-Murillo".

Cindy Herrera-Murillo  
Chevron Midcontinent  
Regulatory Specialist  
Enclosure



Cindy Herrera-Murillo  
Regulatory Specialist  
Midcontinent BU

Chevron North America  
Exploration and Production  
Company  
PO Box 190 Room 121  
Hobbs FMT, Hobbs, NM 88241  
Tel 575-263-0431  
Fax 575-391-6679  
cherreramurillo@chevron.com

November 21, 2013

New Well to a Salt Water Disposal  
Section 2, T26S, R27E,  
Eddy County, New Mexico

Re: Skeen 2 SWD #1  
State of New Mexico  
Commissioner of Public Lands  
P.O. Box 1148  
Santa Fe, NM 87504-1148

For your information, as an offset operator, Chevron U.S.A. Inc. operator of the Skeen 2 SWD #1 has filed an application with the New Mexico Oil Conservation Division for authorization to inject the Skeen 2 SWD well #1, (API# 30-015-41744) to a Salt Water Disposal well and dispose into the Bell, Cherry and Brushy Canyon formations. The Skeen 2 SWD #1, which is located: 400' FSL & 1200 FWL. Unit letter M, Section 2, T26S, R27E, Eddy County, New Mexico.

The injection interval will be in the Bone Spring- Brushy Canyon and there is no Bone Spring-Brushy Canyon production from this interval in the immediate area. The injection interval will be approximately 2475' to 5285'.

Attached is an OCD form C-108 with information relative to the SWD injection of the referenced well. Also, attached is a copy of the legal notice that was posted in the Carlsbad Argus is included. The enclosed map highlights the location of the Skeen 2 SWD #1.

Any objections to this application must be sent to the New Mexico Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, NM 87505, within 15 days of receipt of this notification. If additional information is required, please contact Cindy Herrera-Murillo at (575) 263-0431 or the project engineer, Jonathan Wells, (432) 687-7674.

Sincerely,

Cindy Herrera-Murillo  
Chevron Midcontinent  
NM Regulatory Specialist

Enclosure

U.S. Postal Service	
CERTIFIED MAIL RECEIPT	
<i>(Domestic Mail Only; No Insurance Coverage Provided)</i>	
For delivery information visit our website at <a href="http://www.usps.com">www.usps.com</a>	
7010 2780 0003 4019 4321	
Postage	\$ 1.12
Certified Fee	2.95
Return Receipt Fee (Endorsement Required)	2.35
Registered Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$6.42
State to	State of New Mexico
Street Apt No or P.O. Box No.	Commissioner of Public Lands
City, State, ZIP+4	P.O. Box 1148 Santa Fe, NM 87504-1148
PS Form 3800, Aug 08	

11-21-13  
Postmark Here

**SENDER COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:  
  
State of New Mexico  
Commissioner of Public Lands  
P.O. Box 1148  
Santa Fe, NM 87504-1148

**COMPLETE THIS SECTION OF DELIVERY**

A. Signature  Certified Mail  Express Mail  
 Agent  Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery restricted to addressee only?  
(YES, enter delivery address below:  Yes  No)

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

NOV 27 2013



Cindy Herrera-Murillo  
Regulatory Specialist  
Midcontinent BU

**Chevron North America  
Exploration and Production  
Company**  
PO Box 190 Room 121  
Hobbs FMT, Hobbs, NM 88241  
Tel 575-263-0431  
Fax 575-391-6679  
cherreramurillo@chevron.com

November 21, 2013

**New Well to a Salt Water Disposal  
Section 2, T26S, R27E,  
Eddy County, New Mexico**

**Re: Skeen 2 SWD #1  
Three Rivers Operating Company LLC  
1122 South Capital of Texas Highway  
Suite 325  
Austin, TX 78746**

For your information, as an offset operator, Chevron U.S.A. Inc. operator of the Skeen 2 SWD #1 has filed an application with the New Mexico Oil Conservation Division for authorization to inject the Skeen 2 SWD well #1, (API# 30-015-41744) to a Salt Water Disposal well and dispose into the Bell, Cherry and Brushy Canyon formations. The Skeen 2 SWD #1, which is located: 400' FSL & 1200 FWL. Unit letter M, Section 2, T26S, R27E, Eddy County, New Mexico.

The injection interval will be in the Bone Spring- Brushy Canyon and there is no Bone Spring-Brushy Canyon production from this interval in the immediate area. The injection interval will be approximately 2475' to 5285'.

Attached is an OCD form C-108 with information relative to the SWD injection of the referenced well. Also, attached is a copy of the legal notice that was posted in the Carlsbad Argus is included. The enclosed map highlights the location of the Skeen 2 SWD #1.

Any objections to this application must be sent to the **New Mexico Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, NM 87505**, within 15 days of receipt of this notification. If additional information is required, please contact Cindy Herrera-Murillo at (575) 263-0431 or the project engineer, Jonathan Wells, (432) 687-7674.

Sincerely,

*Cindy Herrera-Murillo*  
Cindy Herrera-Murillo  
Chevron Midcontinent  
NM Regulatory Specialist

Enclosure

U.S. Postal Service	
<b>CERTIFIED MAIL RECEIPT</b>	
<i>(Domestic Mail Only; No Insurance Coverage Provided)</i>	
For delivery information visit our website at <a href="http://www.usps.com">www.usps.com</a>	
<b>OFFICIAL USE</b>	
Postage	\$ 1.12
Certified Fee	2.95
Return Receipt Fee (Endorsement Required)	2.35
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.42
Sent To	Three Rivers Operating Co. LLC
Street, Apt. No. or PO Box No.	1122 South Capital of Texas Highway Suite 325
City, State, ZIP	Austin, TX 78746
PS Form 3811	

11-21-13  
Postmark Here

7010 2780 0003 4019 4307

<b>SENDER'S COPY - TO BE COMPLETED BY SENDER</b>	
<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	
1. Article Addressed to:	
<b>THREE RIVERS OPERATING CO. LLC</b> <b>1122 SOUTH CAPITAL OF TEXAS HIGHWAY</b> <b>SUITE 325</b> <b>AUSTIN, TX 78746</b>	
Date of Delivery: <b>11/27/13</b>	
<b>NOTIFY SENDER OF NEW ADDRESS</b> <b>THREE RIVERS OPERATING CO</b> <b>5301 SOUTHWEST PKWY #400</b> <b>AUSTIN TX 78735-8949</b>	
A. Signature: <i>[Signature]</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee	
B. Received by (Printed Name): <i>[Signature]</i>	
C. Date of Delivery: <b>11/27/13</b>	
D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No	
If YES, enter delivery address below:	
PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540	

2. Article Number (Transfer from service label) **7010278000034019 4307**



Cindy Herrera-Murillo  
Regulatory Specialist  
Midcontinent BU

Chevron North America  
Exploration and Production  
Company  
PO Box 190 Room 121  
Hobbs FMT, Hobbs, NM 88241  
Tel 575-263-0431  
Fax 575-391-6679  
cherreramurillo@chevron.com

November 21, 2013

New Well to a Salt Water Disposal  
Section 2, T26S, R27E,  
Eddy County, New Mexico

Re: Skeen 2 SWD #1  
COG Operating LLC  
One Concho Center  
600 W. Illinois Ave  
Midland, TX 79701

For your information, as an offset operator, Chevron U.S.A. Inc. operator of the Skeen 2 SWD #1 has filed an application with the New Mexico Oil Conservation Division for authorization to inject the Skeen 2 SWD well #1, (API# 30-015-41744) to a Salt Water Disposal well and dispose into the Bell, Cherry and Brushy Canyon formations. The Skeen 2 SWD #1, which is located: 400' FSL & 1200 FWL. Unit letter M, Section 2, T26S, R27E, Eddy County, New Mexico.

The injection interval will be in the Bone Spring- Brushy Canyon and there is no Bone Spring-Brushy Canyon production from this interval in the immediate area. The injection interval will be approximately 2475' to 5285'.

Attached is an OCD form C-108 with information relative to the SWD injection of the referenced well. Also, attached is a copy of the legal notice that was posted in the Carlsbad Argus is included. The enclosed map highlights the location of the Skeen 2 SWD #1.

Any objections to this application must be sent to the New Mexico Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, NM 87505, within 15 days of receipt of this notification. If additional information is required, please contact Cindy Herrera-Murillo at (575) 263-0431 or the project engineer, Jonathan Wells, (432) 687-7674.

Sincerely,

*Cindy Herrera-Murillo*

Cindy Herrera-Murillo  
Chevron Midcontinent  
NM Regulatory Specialist

Enclosure

U.S. Postal Service <b>CERTIFIED MAIL RECEIPT</b> <small>(Domestic Mail Only. No Insurance Coverage Provided.)</small>	
For delivery information visit our website at <a href="http://www.usps.com">www.usps.com</a>	
<b>OFFICIAL USE</b>	
Postage	\$ 1.12
Certified Fee	2.95
Return Receipt Fee (Endorsement Required)	2.35
Restricted Delivery Fee (Endorsement Required)	
<b>Total Postage &amp; Fees</b>	<b>\$ 6.42</b>
Sent To	COG Operating LLC
Street Apt No or PO Box No.	One Concho Center
City, State ZIP+4	600 W. Illinois Ave Midland, TX 79701
PS Form 3800, Aug 08	

7010 2780 0003 4019 4314

11-21-13  
Postmark  
Here

**SENDER, COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

COG Operating LLC  
One Concho Center  
600 W. Illinois Ave  
Midland, TX 79701

**RECIPIENT, COMPLETE THIS SECTION ON DELIVERY**

A. Signature *Melanie Owens*  Agent  Addressee

B. Received by (Printed Name) \_\_\_\_\_ C. Date of Delivery \_\_\_\_\_

D. Is delivery address different from item 1?  Yes  No  
If YES, enter delivery address below: \_\_\_\_\_

3. Service Type

Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

2. Article Number  
(Transfer from service label) 70102780000340194314



Cindy Herrera-Murillo  
Regulatory Specialist  
Midcontinent BU

Chevron North America  
Exploration and Production  
Company  
PO Box 190 Room 121  
Hobbs FMT, Hobbs, NM 88241  
Tel 575-263-0431  
Fax 575-391-6679  
cherreramurillo@chevron.com

November 21, 2013

New Well to a Salt Water Disposal  
Section 2, T26S, R27E,  
Eddy County, New Mexico

Re: Skeen 2 SWD #1  
Yates Petroleum  
105 S. 4<sup>th</sup> Street  
Artesia, NM 88210

For your information, as an offset operator, Chevron U.S.A. Inc. operator of the Skeen 2 SWD #1 has filed an application with the New Mexico Oil Conservation Division for authorization to inject the Skeen 2 SWD well #1, (API# 30-015-41744) to a Salt Water Disposal well and dispose into the Bell, Cherry and Brushy Canyon formations. The Skeen 2 SWD #1, which is located: 400' FSL & 1200 FWL. Unit letter M, Section 2, T26S, R27E, Eddy County, New Mexico.

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Attached is an OCD form C-108 with information relative to the SWD injection of the referenced well. Also, attached is a copy of the legal notice that was posted in the Carlsbad Argus is included. The enclosed map highlights the location of the Skeen 2 SWD #1.

Any objections to this application must be sent to the New Mexico Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, NM 87505, within 15 days of receipt of this notification. If additional information is required, please contact Cindy Herrera-Murillo at (575) 263-0431 or the project engineer, Jonathan Wells, (432) 687-7674.

Sincerely,

*Cindy Herrera-Murillo*  
Cindy Herrera-Murillo  
Chevron Midcontinent  
NM Regulatory Specialist

Enclosure

U.S. Postal Service		CERTIFIED MAIL RECEIPT	
(Domestic Mail Only - No Insurance Coverage Provided)			
For delivery information visit our website at www.usps.com			
OFFICIAL USE			
Postage	\$1.12	11-21-13 Postmark Here	7010 2780 0003 4019 4253
Carrier Fee	2.95		
Return Receipt Fee (Endorsement Required)	2.35		
Restricted Delivery Fee (Endorsement Required)			
Total Postage & Fees	\$6.42		
Sent To	Yates Petroleum 105 S. 4 <sup>th</sup> Street Artesia, NM 88210		
Street, Apt. No. or PO Box No.			
City, State, ZIP			
PS Form 3811			

<p>SENDER'S COPY - TO BE RETURNED TO SENDER</p> <p>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p> <p>1. Article Addressed to:</p> <p>Yates Petroleum 105 S. 4<sup>th</sup> Street Artesia, NM 88210</p>	<p>RECIPIENT'S COPY - TO BE RETURNED TO RECIPIENT</p> <p>A. Signature <input checked="" type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee</p> <p>X <i>J. Delgado</i></p> <p>B. Received by (Printed Name) <i>J. Delgado</i> C. Date of Delivery <i>11-21-13</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No If YES, enter delivery address below:</p> <p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p> <p>2. Article Number (Transfer from service label) <b>7010 2780 0003 4019 4253</b></p>
-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------



Cindy Herrera-Murillo  
Regulatory Specialist  
Midcontinent BU

Chevron North America  
Exploration and Production  
Company  
PO Box 190 Room 121  
Hobbs FMT, Hobbs, NM 88241  
Tel 575-263-0431  
Fax 575-391-6679  
cherreramurillo@chevron.com

November 21, 2013

New Well to a Salt Water Disposal  
Section 2, T26S, R27E,  
Eddy County, New Mexico

Re: Skeen 2 SWD #1  
McCabe Petroleum  
500 W. Texas Ave #1110  
Midland, TX 79701

For your information, as an offset operator, Chevron U.S.A. Inc. operator of the Skeen 2 SWD #1 has filed an application with the New Mexico Oil Conservation Division for authorization to inject the Skeen 2 SWD well #1, (API# 30-015-41744) to a Salt Water Disposal well and dispose into the Bell, Cherry and Brushy Canyon formations. The Skeen 2 SWD #1, which is located: 400' FSL & 1200 FWL. Unit letter M, Section 2, T26S, R27E, Eddy County, New Mexico.

The injection interval will be in the Bone Spring- Brushy Canyon and there is no Bone Spring-Brushy Canyon production from this interval in the immediate area. The injection interval will be approximately 2475' to 5285'.

Attached is an OCD form C-108 with information relative to the SWD injection of the referenced well. Also, attached is a copy of the legal notice that was posted in the Carlsbad Argus is included. The enclosed map highlights the location of the Skeen 2 SWD #1.

Any objections to this application must be sent to the New Mexico Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, NM 87505, within 15 days of receipt of this notification. If additional information is required, please contact Cindy Herrera-Murillo at (575) 263-0431 or the project engineer, Jonathan Wells, (432) 687-7674.

Sincerely,

Cindy Herrera-Murillo  
Chevron Midcontinent  
NM Regulatory Specialist

Enclosure

U.S. Postal Service		CERTIFIED MAIL RECEIPT	
(Domestic Mail Only. No Insurance Coverage Provided)			
For delivery information visit our website at <a href="http://www.usps.com">www.usps.com</a>			
OFFICIAL USE			
Postage	\$ 1.12	11-21-13 Postmark Here	
Certified Fee	2.95		
Return Receipt Fee (Endorsement Required)	2.35		
Restricted Delivery Fee (Endorsement Required)			
Total Postage & Fees	\$ 6.42		
Sent To	McCabe Petroleum		
Street, Apt. No. or PO Box No.	500 W. Texas Ave #1110		
City, State, ZIP	Midland, TX 79701		
PS Form 3800			

<p>SENDER (COMPLETE THIS SECTION)</p> <ul style="list-style-type: none"> <li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul> <p>1. Article Addressed to:</p> <p>McCabe Petroleum 500 W. Texas Ave #1110 Midland, TX 79701</p> <p>2. Article Number (Transfer from service label)</p> <p>70102780000340194291</p>	<p>ADDRESSEE (COMPLETE THIS SECTION, UNLESS OTHERWISE INDICATED)</p> <p>A. Signature  <input checked="" type="checkbox"/> Agent  <input type="checkbox"/> Addressee  <i>Amy Taylor</i></p> <p>B. Received by (Printed Name) C. Date of Delivery  <i>Amy Taylor</i>   <i>11-25</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes      If YES, enter delivery address below: <input type="checkbox"/> No</p> <p>3. Service Type  <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail  <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise  <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------



Cindy Herrera-Murillo  
Regulatory Specialist  
Midcontinent BU

Chevron North America  
Exploration and Production  
Company  
PO Box 190 Room 121  
Hobbs FMT, Hobbs, NM 88241  
Tel 575-263-0431  
Fax 575-391-6679  
cherreramurillo@chevron.com

November 21, 2013

New Well to a Salt Water Disposal  
Section 2, T26S, R27E,  
Eddy County, New Mexico

Re: Skeen 2 SWD #1  
Great Western Drilling  
P.O. Box 1659  
Midland, TX 79702

For your information, as an offset operator, Chevron U.S.A. Inc. operator of the Skeen 2 SWD #1 has filed an application with the New Mexico Oil Conservation Division for authorization to inject the Skeen 2 SWD well #1, (API# 30-015-41744) to a Salt Water Disposal well and dispose into the Bell, Cherry and Brushy Canyon formations. The Skeen 2 SWD #1, which is located: 400' FSL & 1200 FWL. Unit letter M, Section 2, T26S, R27E, Eddy County, New Mexico.

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Any objections to this application must be sent to the New Mexico Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, NM 87505, within 15 days of receipt of this notification. If additional information is required, please contact Cindy Herrera-Murillo at (575) 263-0431 or the project engineer, Jonathan Wells, (432) 687-7674.

Sincerely,

*Cindy Herrera-Murillo*  
Cindy Herrera-Murillo  
Chevron Midcontinent  
NM Regulatory Specialist

Enclosure

U.S. Postal Service		CERTIFIED MAIL RECEIPT	
(Domestic Mail Only. No Insurance Coverage Provided)			
For delivery information visit our website at <a href="http://www.usps.com">www.usps.com</a>			
OFFICIAL USE			
Postage	\$1.12	11-21-13 Postmark Here	
Certified Fee	2.95		
Return Receipt Fee (Endorsement Required)	2.35		
Restricted Delivery Fee (Endorsement Required)			
Total Postage & Fees	\$6.42		
Sent To	Great Western Drilling P. O. Box 1659 Midland, TX 79702		
Street, Apt. No. or P.O. Box No.			
City, State, ZIP			

**SENDER - COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Great Western Drilling  
P. O. Box 1659  
Midland, TX 79702

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  
*[Signature]*  Agent  Addressee

B. Received by (Printed Name) *[Signature]* C. Date of Delivery 11/25/13

D. Is delivery address different from item 1?  Yes  No  
If YES, enter delivery address below:

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes



**Cindy Herrera-Murillo**  
Regulatory Specialist  
Midcontinent BU

**Chevron North America**  
**Exploration and Production**  
**Company**  
PO Box 190 Room 121  
Hobbs FMT, Hobbs, NM 88241  
Tel 575-263-0431  
Fax 575-391-6679  
cherreramurillo@chevron.com

November 21, 2013

**New Well to a Salt Water Disposal**  
**Section 2, T26S, R27E,**  
**Eddy County, New Mexico**

**Re: Skeen 2 SWD #1**  
**Circle Diamond Drilling**  
**528 N. Canal #14**  
**Carlsbad, NM 88220**

For your information, as an offset operator, Chevron U.S.A. Inc. operator of the Skeen 2 SWD #1 has filed an application with the New Mexico Oil Conservation Division for authorization to inject the Skeen 2 SWD well #1, (API# 30-015-41744) to a Salt Water Disposal well and dispose into the Bell, Cherry and Brushy Canyon formations. The Skeen 2 SWD #1, which is located: 400' FSL & 1200 FWL. Unit letter M, Section 2, T26S, R27E, Eddy County, New Mexico.

The injection interval will be in the Bone Spring- Brushy Canyon and there is no Bone Spring-Brushy Canyon production from this interval in the immediate area. The injection interval will be approximately 2475' to 5285'.

Attached is an OCD form C-108 with information relative to the SWD injection of the referenced well. Also, attached is a copy of the legal notice that was posted in the Carlsbad Argus is included. The enclosed map highlights the location of the Skeen 2 SWD #1.

Any objections to this application must be sent to the **New Mexico Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, NM 87505**, within 15 days of receipt of this notification. If additional information is required, please contact Cindy Herrera-Murillo at (575) 263-0431 or the project engineer, Jonathan Wells, (432) 687-7674.

Sincerely,

*Cindy Herrera-Murillo*  
Cindy Herrera-Murillo  
Chevron Midcontinent  
NM Regulatory Specialist

Enclosure

U.S. Postal Service		<b>CERTIFIED MAIL RECEIPT</b>	
(Domestic Mail Only; No Insurance Coverage Provided)			
For delivery information visit our website at <a href="http://www.usps.com">www.usps.com</a> .			
Postage	\$ 1.12	11-21-13 Postmark Here	Tackling
Certified Fee	2.95		
Return Receipt Fee (Endorsement Required)	2.35		
Restricted Delivery Fee (Endorsement Required)			
Total Postage & Fees	\$ 6.42	Circle Diamond Drilling	
Sent To	528 N. Canal #14		
Street, Apt. No., or PO Box No.	Carlsbad, NM 88220		
City, State, ZIP+4			
PS Form 3800, A			

7010 2780 0003 4039 4246

English

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Product & Tracking Information

Available Options

Postal Product:

Features:  
Certified Mail™

Email Updates

DATE & TIME	STATUS OF ITEM	LOCATION
December 13, 2013, 10:44 am	Available for Pickup	HOBBS, NM 88240
December 13, 2013, 2:13 am	Processed through USPS Sort Facility	LUBBOCK, TX 79402
December 12, 2013, 9:09 pm	Processed through USPS Sort Facility	LUBBOCK, TX 79402
December 11, 2013, 11:04 pm	Processed through USPS Sort Facility	CHARLOTTE, NC 28228
December 11, 2013	Depart USPS Sort Facility	CHARLOTTE, NC 28228
November 27, 2013, 10:00 am	Moved. Left no Address	CARLSBAD, NM 88220
November 25, 2013, 10:28 am	Undeliverable as Addressed	CARLSBAD, NM 88220
November 23, 2013, 10:01 am	Out for Delivery	CARLSBAD, NM 88220
November 23, 2013, 9:51 am	Sorting Complete	CARLSBAD, NM 88220
November 23, 2013, 9:26 am	Arrival at Unit	CARLSBAD, NM 88220
November 23, 2013, 1:32 am	Processed through USPS Sort Facility	LUBBOCK, TX 79402
November 23, 2013	Depart USPS Sort Facility	LUBBOCK, TX 79402
November 22, 2013, 11:22 pm	Processed through USPS Sort Facility	LUBBOCK, TX 79402

Track Another Package

What's your tracking (or receipt) number?

Input field for tracking number

Track It

**Affidavit of Publication**

State of New Mexico,  
County of Eddy, ss.

**Kathy McCarroll**, being first duly sworn,  
on oath says:

That she is the Classified Supervisor of the Carlsbad Current-Argus, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

November 8 2013

That the cost of publication is **\$51.41** and that payment thereof has been made and will be assessed as court costs.

Kathy McCarroll

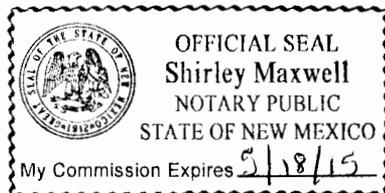
Subscribed and sworn to before me this

15th day of November, 2013

Shirley Maxwell

My commission Expires on May 18, 2015

Notary Public



**November 8, 2013**

Notice is hereby given of the application of CHEVRON U.S.A. INC

15 Smith Road, Midland, TX 79705, to the Oil Conservation of the State of New Mexico, and the Commissioner of Public Lands, State of New Mexico for approval for Skeen 2 SWD well #1 to a Salt Water Disposal. The Chevron Skeen 2 SWD #1, is located 400' FSL & 1200' FWL, Unit Letter M, Section 2, T26S, R27E, Eddy County, New Mexico. The injection interval is in the Bell, Cherry and Brushy Canyon formations from 2475' to 5285' through perforations. The maximum injection rate will be 3521' BWPD, with a maximum allowable amount of 890 PSI. Interested parties should file objections or requests for hearing with the Oil Conservation Division, 1220 South Francis Dr. Santa Fe, New Mexico 87505, within 15 days. Inquiries

regarding this application should be directed to Chevron North America, Attn: Jonathan Wells, 15 Smith Rd, Midland, TX 79705.

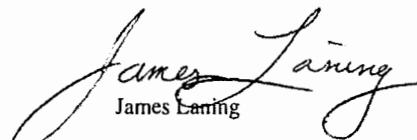
TITLE CLEARANCE/NEW DRILL

SKEEN 2 STATE SWD #1

EDDY COUNTY, NEW MEXICO

PLEASE NOTE THE FOLLOWING

- A PERMIT TO DRILL THE WELL HAS BEEN APPROVED BY THE NMOCD, BUT A PERMIT TO INJECT HAS NOT BEEN APPROVED AT THIS TIME. BEFORE WE INJECT ANYTHING INTO THE WELLBORE, AN APPROVED PERMIT TO INJECT MUST FIRST BE OBTAINED. ADDITIONALLY, AFTER WE RECEIVE APPROVAL TO INJECT, LAND SHOULD BE NOTIFIED TO REVIEW THE APPROVAL BEFORE OFF LEASE SALTWATER IS INJECTED INTO THE WELLBORE TO ENSURE WE HAVE THE RIGHT TO TAKE OFF LEASE WATER AND INJECT INTO THE WELLBORE.
1. **LEASES & UNIT:** The subject well is located upon a State of New Mexico lease –VB-1805, (more particularly described on the attached Exhibit A) covering the W/2 of Section 2, T26S, R27E, Eddy County, New Mexico, containing 320 acres, more or less, N.M.P.M., Eddy County, New Mexico, among other lands. The SWD well will be drilled and completed in the Brushy Canyon formation. Our records indicate that said oil and gas lease is valid and still in its primary term. The lease is set to expire June 1, 2015. The annual rentals due for the lease are up to date and are set up in QLS to be paid annually. The Skeen 2 State #2H oil and gas well will be drilled on the lease in November.
  2. **JOINT OPERATING AGREEMENT:** There is no JOA located on the spacing unit for the subject well.
  3. **CHEVRON U. S. A. INC. INTEREST:** CUSA owns a 100% working interest **INSOFAR AND ONLY INSOFAR** as to the W/2 of Section 2, Township 26 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, from the Surface to center of Earth.
  4. **WELL INFORMATION:** There are no other working interest owners in the subject well.
  5. **RIGHT-OF-WAYS/EASEMENTS:** All pipeline right-of-way, telephone and power line easements should be located and respected. Please consult with Stephen Tarr, Surface Land Representative, regarding the need for additional rights-of-way for the transportation of power and fluids on and off the lease.
  6. **SURFACE OWNERSHIP:** The surface estate whereupon the subject well is located is owned by the State of New Mexico. Therefore, SOPA notice requirements do not apply. Prior to disturbing the surface of the leased lands, the State of New Mexico should be contacted to be apprised of any procedures to be followed and modifications or reclamation measures that may be necessary.
  7. **ACCESS AND OTHER MATTERS:** See Exhibit “B” attached hereto regarding access to and from the proposed well site.
  8. **PERMITS:** All applicable permits required by the New Mexico Oil Conservation Division (“NMOCD”) must first be obtained by Chevron prior to commencement of drilling and injecting operations. All relevant State and Federal regulations must also be observed including but not limited to the applicable rules and regulations promulgated by the New Mexico Oil Conservation Division.
  9. **TITLE:** MCBU Title Action Plan dated September 3, 2013 has been reviewed and approved by Todd Kratz, MCBU Land Manager on September 21, 2013. This MCBU Title Action Plan is based on the Drilling and Division Order Title Opinion dated January 17, 2013 rendered by Rash Chapman. This title clearance is restricted to the proposed well site location and the depths stated in the request. If the location or depths are changed, it will be necessary to procure a new Title Clearance.



James Laming

Land Representative

November 1, 2013

Cc: Ed Van Reet                      Pam Bikun  
Stephen Tarr                         Fred O'Toole  
Dee Hagy                             Gabe Acosta  
Kelly McLachlan                    Debra Hardy  
Austin Brown                        Kevin McNally  
Greg Minnery                        Denise Wann  
Williams Guaregua                 Jonathan Wells  
Denise Pinkerton                    Ken Schwartz  
Larry Fuentes                        Andrew Espinosa  
Sean Cheben                         Vicente Ruiz  
Justin Fehr                            Michelle Watts

Ray Powell, M.S., D.V.M.  
COMMISSIONER

*State of New Mexico*  
*Commissioner of Public Lands*  
310 OLD SANTA FE TRAIL  
P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE  
Phone (505) 827-5760  
Fax (505) 827-5766  
www.nmstatelands.org

November 27, 2013

Cindy Herrera-Murillo  
Chevron North America Exploration & Production Company  
P.O. Box 190  
Hobbs, NM 88241

**Re: Skeen 2 SWD #1**

I have received the notice for the application to inject that Chevron USA Inc. has filed with the New Mexico Oil Conservation Division. The land the well is to be located on is part of oil and gas lease VB-1805-2 held by Chevron USA Inc. This oil and gas lease includes W½ (320.00 ac.) of Section 02, Township 26 South, Range 37 East, Eddy County. **Under the terms of the oil and gas lease, Chevron USA Inc. is allowed to dispose of salt water from production wells located on this lease into salt water disposal wells also located on this lease without the need for a Salt Water Disposal Easement from the New Mexico State Land Office.** However, should Chevron USA Inc. dispose of salt water from other Chevron USA Inc. oil & gas leases, or accept salt water from a third party, you will need to submit an application for a salt water disposal easement, and any pipeline, power line, or road right of way easements. For your convenience, I have enclosed a salt water disposal easement application pack should one be needed.

If you have any questions, I may be reached at (505) 827-5773.

Sincerely,



Nick Jaramillo, Management Analyst  
Rights of Way and Water Resources Bureau

Enclosures



### **Salt Water Disposal Easement Procedures**

- 1. Term: 5 years or less with preference right of renewal**
- 2. Application Fees: \$90.00 non-refundable**
- 3. Easement Rent: \$2,000.00 + \$0.02/bbl per year (non commercial easement)  
\$10, 000.00 + \$0.10/bbl per year (commercial easement)**

#### **Required with Application:**

- 1. Survey plat of easement site**
- 2. Copy of OCD order**
- 3. Financial Assurance – Contract Performance & Surface Damage Bond**

#### **Processing Procedures**

- 1. Submit application and fees and required data shown above**
- 2. On site inspection will be requested and a report will be prepared by SLO staff**
- 3. Completed easements sent to applicant for signature. Additional money may be requested. Return executed grants within 90 days**
- 4. Signed easements routed to Commissioner for approval**
- 5. Approved easements mailed to Grantee**

#### **Other:**

- 1. Assignment fee is \$50.00 per Salt Water Disposal Easement. Assignee must have proper financial assurance on file with SLO before the assignment will be approved**
- 2. Options to meet Contract performance & surface damage bond requirement:**
  - Cash Bond: \$10,000.00 single lease. A check or money order to be remitted to this office and will be held in a suspense account for the life of the lease or as long as it remains under the same name that the bond is under.**
  - Irrevocable letter of credit in the amount of at least \$10,000.00.**
  - Surety Bond: Purchased from an insurance company in the amount of \$10,000.00.**
  - Megabond: A \$25,000.00 bond (megabond) covering obligations under multiple permits or other instruments pertaining to the use of State Trust Lands.**

**Standard processing time – Approximately 4-6 weeks.**

**RIGHTS OF WAY AND WATER RESOURCES BUREAU  
STAFF DIRECTORY**

**Lou Baker - Rights of Way/Water Resources Leasing Manager  
(505) 827-5789  
[lbaker@slo.state.nm.us](mailto:lbaker@slo.state.nm.us)**

**Right of Way Unit**

**Melissa Armijo – Management Analyst Advanced – Rights of Ways, Right of Entry  
(505) 827-5728  
[marmijo@slo.state.nm.us](mailto:marmijo@slo.state.nm.us)**

**Anthony Vigil – Management Analyst Operational – Rights of Ways, Right of Entry  
(505) 827-5710  
[avigil@slo.state.nm.us](mailto:avigil@slo.state.nm.us)**

**Water Unit**

**Nick Jaramillo – Management Analyst Advanced– Salt Water Disposal Easements, Surface Damage Bonds, Water Easements (Royalty Well Easements, Municipal Easements, Production Well Easements, Monitor Well Easements)  
(505) 827-5773  
[njaramillo@slo.state.nm.us](mailto:njaramillo@slo.state.nm.us)**

**Philip Garcia – Management Analyst Operational – Salt Water Disposal Easements, Surface Damage Bonds, Water Easements (Royalty Well Easements, Municipal Easements, Production Well Easements, Monitor Well Easements)  
(505) 827-5899  
[pgarcia@slo.state.nm.us](mailto:pgarcia@slo.state.nm.us)**

**GIS**

**Patricia Esquibel – Management Analyst  
(505) 827-5734  
[pesquibel@slo.state.nm.us](mailto:pesquibel@slo.state.nm.us)**

**Other Information Numbers**

**Mike Anaya – Assistant Commissioner Surface Resources (505) 827-5850  
Donald Martinez, Director Surface Resources – (505) 827-5731  
Records Management Division (505) 827-5716  
Administrative Services Division (505) 827-5700  
Commercial Resources Division (505) 827-5724  
Surface Resources Fax # (505) 827-5741  
NMSLO Web Page – [nmstatelands.org](http://nmstatelands.org)**

**TITLE 19           NATURAL RESOURCES AND WILDLIFE**  
**CHAPTER 2        STATE TRUST LANDS**  
**PART 11           RELATING TO SALT WATER DISPOSAL SITE EASEMENTS**

**19.2.11.1        ISSUING AGENCY:** Commissioner of Public Lands, New Mexico State Land Office, 310 Old Santa Fe Trail, P. O. Box 1148, Santa Fe, New Mexico 87501, Phone: (505)827-5713  
 [12/31/99; 19.2.11.1 NMAC – Rn, 19 NMAC 3. SLO 11.1, 09/30/02]

**19.2.11.2        SCOPE:** This Rule pertains to all salt water disposal site easements on those lands held in trust by the commissioner of public lands under the terms of the Enabling Act and subsequent legislation (trust lands). This Rule governs the grantees of all salt water disposal site easements on such trust lands entered into subsequent to the date of this Rule.  
 [12/31/99; 19.2.11.2 NMAC – Rn, 19 NMAC 3. SLO 11.2, 09/30/02]

**19.2.11.3        STATUTORY AUTHORITY:** The commissioner's authority to manage the trust lands is found in N.M. Const., Art. XIII, and in Section 19-1-1 NMSA 1978. The authority to promulgate this Rule is found in Section 19-1-2 NMSA 1978.  
 [12/31/99; 19.2.11.3 NMAC – Rn, 19 NMAC 3. SLO 11.3, 09/30/02]

**19.2.11.4        DURATION:** Permanent.  
 [12/31/99; 19.2.11.4 NMAC – Rn, 19 NMAC 3. SLO 11.4, 09/30/02]

**19.2.11.5        EFFECTIVE DATE:** January 20, 1984, unless a later date is cited at the end of a section or paragraph. Reformatted in NMAC format effective December 31, 1999.  
 [12/31/99; 19.2.11.5 NMAC – Rn, 19 NMAC 3. SLO 11.5, 09/30/02]

**19.2.11.6        OBJECTIVE:** The objective of 19.2.11 NMAC is to provide for the orderly and lawful administration, and the appropriate use and development of salt water disposal site easements on trust lands.  
 [12/31/99; 19.2.11.6 NMAC – Rn, 19 NMAC 3. SLO 11.6, 09/30/02]

**19.2.11.7        DEFINITIONS:** [Reserved]  
 [12/31/99; 19.2.11.7 NMAC – Rn, 19 NMAC 3. SLO 11.7, 09/30/02]

**19.2.11.8        APPLICABILITY OF RULES:** The following rules govern the issuance of easements upon state trust lands for sites for the underground disposal of salt water produced in connection with oil and gas operations. Because an oil and gas lessee is entitled to use so much of the land as is necessary to explore for and remove the oil and gas, he does not need additional permission of the commissioner to dispose of the salt water upon or under the leased land so long as the water being disposed of is produced exclusively from wells upon the state trust land and so long as it is reasonable under the circumstances to do so. Conversely, if *any* of the salt water to be injected is produced from land not under the applicant's state oil and gas lease, then the applicant, in addition to a disposal site easement, will be required to secure a regular right of way and easement for a pipeline, roadway, or other means of conveyance under the rules pertaining to right of way and easements generally. (See 19.2.10 NMAC "Rules Relating to Easements, and Rights of Way".) Permission to dispose of produced salt water in natural salt lakes, or other surface facilities located upon state trust lands and approved by the New Mexico oil conservation commission, shall be given at the discretion of the commissioner by means of issuance of a "business lease." (See 19.2.9 NMAC "Business Leasing".)  
 [12/31/99; 19.2.11.8 NMAC – Rn, 19 NMAC 3. SLO 11.8, 09/30/02]

**19.2.11.9        LANDS AVAILABLE FOR DISPOSAL SITE EASEMENTS:**

**A.** Subject to the commissioner's right to exercise his discretion, all lands listed as state owned on New Mexico state land office tract books are subject to application for salt water disposal easement sites; however, reference must be had to New Mexico state land office records in each case to determine which prior rights, if any, have been conveyed to or contracted for by third (3<sup>rd</sup>) parties which would limit or prohibit the commissioner from issuing a salt water disposal site easement. In any case, such easements are issued subject to prior rights.

**B.** The commissioner reserves the right to refuse to grant an easement when to do so would be detrimental to the trust. The following are some of the factors which may have bearing on the commissioner's decision:

(1) That an abandoned oil or gas well may have greater value for foreseeable future oil or gas production from a different zone.

(2) That the salt water storage space proposed to be used may be needed for disposal of salt water produced from wells on state trust lands in the foreseeable future.

(3) That disposal of salt water in the particular zone may interfere with development and production of oil and gas or other minerals owned by the state of New Mexico in trust.

**C.** Although applications will be accepted for filing on disposal sites prior to the approval of the disposal

facility or operation by the New Mexico oil conservation division, the commissioner may withhold or deny issuance of the salt water disposal easement pending approval or disapproval by the New Mexico oil conservation division.  
[12/31/99; 19.2.11.9 NMAC - Rn, 19 NMAC 3. SLO 11.9, 09/30/02]

**19.2.11.10 APPLICATION:** Each application for a salt water disposal easement shall be made in ink or typewritten upon forms prescribed and furnished by the commissioner, under oath, and accompanied by the following:

- A. a filing fee of thirty dollars (\$30.00);
- B. a plat showing disposal well and wells from which produced salt water is to be disposed together with pipelines and haul roads;
- C. if the land is under an oil and gas lease, the written consent of the record owner that the easement may be issued, or in the event of his refusal to consent, then a statement of the reasons, if any, given for the refusal;
- D. statement as to the estimated number of barrels of salt water to be disposed; and
- E. a written appraisal of the land made under oath by some disinterested and credible person familiar with the land. All easements, except as to the true value of the land, must be based upon personal knowledge and not upon information and belief.

[12/31/99; 19.2.11.10 NMAC - Rn, 19 NMAC 3. SLO 11.10, 09/30/02]

**19.2.11.11 TERM AND CONDITIONS:** Salt water disposal site easements shall be issued for five (5) years or less with a preference right of renewal, subject to the commissioner's decision not to continue the easement. The easement shall normally cover not more than two and one half (2 1/2) acres surrounding the proposed injection site. Applicant shall also file an appraisal of the land with regard to the value for water easement purposes made under oath by some disinterested party who is familiar with the land. Such appraisal shall take into account the extent and nature of the use that the application indicates will be made of the surface.

[12/31/99; 19.2.11.11 NMAC - Rn, 19 NMAC 3. SLO 11.11, 09/30/02]

**19.2.11.12 CONSIDERATION:** Payment for such water disposal easement sites shall be at a negotiated rate but not less than two hundred fifty dollars (\$250.00) annual rental.

[12/31/99; 19.2.11.12 NMAC - Rn, 19 NMAC 3. SLO 11.12, 09/30/02]

**19.2.11.13 BOND:** Before any disposal site easement is issued, the applicant shall post with the commissioner a sufficient bond or undertaking in an amount to be fixed by the commissioner, in favor of the owner of improvements lawfully located upon the land, to secure payment of damage, if any, done to such improvements by reason of the operations of the applicant. Upon written notice to the holder of a salt water disposal site easement, the commissioner may require such holder to fence the site for the protection of the surface user's livestock.

[12/31/99; 19.2.11.13 NMAC - Rn, 19 NMAC 3. SLO 11.13, 09/30/02]

**19.2.11.14 ASSIGNMENT - RELINQUISHMENT - CANCELLATION:** A disposal site easement may, with the prior written approval of the commissioner, upon such terms and conditions as he may require, and payment of a thirty dollar (\$30.00) fee, be assigned to third (3<sup>rd</sup>) parties or relinquished to the state and the commissioner may cancel such easement for breach or violation of the terms and conditions thereof after thirty (30) days registered notice is given as required by law.

[12/31/99; 19.2.11.14 NMAC - Rn, 19 NMAC 3. SLO 11.14, 09/30/02]

#### **HISTORY OF 19.2.11 NMAC:**

**Pre-NMAC History:** The material in this Part was derived from that previously filed with the State Records Center and Archives under:

CPL 69-5, Rules and Regulations Concerning The Sale, Lease, and Other Disposition of State Trust Lands, filed 09/02/69;

CPL 71-2, filed 12/16/71;

CPL 77-1, filed 01/07/77;

Rule 11, Relating to Salt Water Disposal Site Easements, filed 03/11/81;

SLO Rule 11, filed 01/20/84.

**History of Repealed Material:** [Reserved]

## **FEE SCHEDULE**

There is an annual fee for each Salt Water Disposal Easement. The fees listed below are the minimum required fees.

To the extent that this Easement is granted for non-commercial Salt Water disposal, the Grantee represents and warrants that (i) some or all of the Salt Water disposed of under this Easement is produced from oil and gas wells operated by the Grantee or in which the Grantee has an ownership interest, or the producer of the Salt Water has an ownership interest in the Easement Property; and (ii) the Grantee will not receive compensation for the disposal of Salt Water under this Easement for the purpose of generating a net profit from its operations under this Easement. Notwithstanding the foregoing, the Grantee may request that the Commissioner exempt some or all of its operations from the scope of that representation and warranty without reclassification of the Easement or payment of an increased annual fee or disposal fee, based on demonstrated need.

<b>A. Non-Commercial Salt Water Disposal Injection Well.</b>	<b>Fees</b>
<u>Single or Multiple Oil and Gas Operators – Produced water from any lands</u> – Disposal of produced water from lands of any ownership on a non-commercial Easement.	<u>Annual Rental – New or Existing Easement</u> \$2000.00/year  <u>Disposal Fee</u> \$0.02/bbl

<b>B. Commercial Salt Water Disposal Injection Well</b>	<b>Fees</b>
<u>Commercial Well – Produced from any Lands</u> – Disposal of produced water from lands of any ownership on a commercial easement.	<u>Annual Rental – New Easement</u> \$10,000.00/year <u>Annual Rental – Existing Easement</u> 2008: \$5,000.00; 2009: \$7,500.00; 2010: \$10,000.00; \$10,000.00 every year thereafter.  <u>Disposal Fee – New or Existing Easement</u> \$0.10/bbl



# NEW MEXICO STATE LAND OFFICE

## Rights of Way and Water Resources Bureau

### APPLICATION FOR SALT WATER DISPOSAL EASEMENT

Commissioner of Public Lands  
State Land Office  
P.O. Box 1148  
Santa Fe, New Mexico 87504-1148

Dear Commissioner:

Applicant: \_\_\_\_\_  
Address: \_\_\_\_\_  
Contact: \_\_\_\_\_  
(Name and phone number)

hereby applies for a salt water disposal easement.

What is the oil/gas mineral ownership of the land where the salt water is produced: Private \_\_\_\_\_% State \_\_\_\_\_% Federal \_\_\_\_\_%

Ownership of Produced Water: \_\_\_\_\_ %

Approximate # of barrels injected \_\_\_\_\_ Formation \_\_\_\_\_

From which well(s) is the salt water produced: \_\_\_\_\_

OCD Order # \_\_\_\_\_

Also, enclosed is the legal description of the proposed salt water disposal easement allocated by 40-acre tracts and a computation of the number of acres included in the proposed salt water disposal (OCD Form C-102).

One of the following is enclosed to cover payment for damages that might occur to the state land improvements of a surface lessee:

A bond in the amount of \$10,000.00 for a single Salt Water Disposal. Bond # \_\_\_\_\_.

A megabond in the amount of \$25,000.00. Bond # \_\_\_\_\_.

Sufficient bonding requirements have been met. Single / Megabond Bond # \_\_\_\_\_.

Enclosed is a check in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ acres at \$ \_\_\_\_\_ per acre, plus \$60.00 (\$30.00 Renewals) application fee and \$30.00 appraisal fee. (If applicable)

The approximate dates for construction of facilities on the Salt Water Disposal are from \_\_\_\_\_ to \_\_\_\_\_.

Applicant covenants and agree to abide by all laws and regulations of the Land Office and to hold harmless, indemnify, and defend the Commissioner, his agents and lessees, in their official and individual capacities of and from any and all liability, claims, losses, or damages arising out of or alleged to arise out of or indirectly connected with operations under any grant made by the Commissioner.

Applicant

By: \_\_\_\_\_

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





**NEW MEXICO STATE LAND OFFICE**

Principal Bond # \_\_\_\_\_

**DAMAGE AND PERFORMANCE BOND**  
**SALT WATER DISPOSAL EASEMENT**

\$10,000.00 SWD # \_\_\_\_\_

**KNOW ALL MEN BY THESE PRESENTS:**

That \_\_\_\_\_, as Principal,  
and \_\_\_\_\_, of \_\_\_\_\_,  
a corporation organized, existing  
and doing business under and by virtue of laws of the State of New Mexico, as Surety, are held  
and firmly bound unto the New Mexico Commissioner of Public Lands in the sum of Ten  
Thousand Dollars (\$10,000) for the following uses:

1. For the use and benefit of the Commissioner, to secure the performance of said  
Principal as the Grantee under a Salt Water Disposal Easement which Principal has heretofore  
executed or may hereafter execute with the Commissioner; and

2. For the use and benefit of the Commissioner, state surface lessees, state land  
contract purchasers, state patentees, and their successors and assigns, to pay for damages to the  
surface of lands subject to the Salt Water Disposal Easement held by Principal, or for damages to  
surface improvements located thereon, suffered by reason of Principal's operations under the Salt  
Water Disposal Easement.

For payment of said sum, well and truly to be made, Principal and Surety bind  
themselves, their heirs, successors and assigns, and each and every one of them jointly and  
severally, firmly by these presents.

The conditions of the foregoing obligations are such that:

1. If the above bound Principal or its successors or assigns shall well and truly  
perform and keep all terms, covenants, conditions, and requirements of its Salt Water Disposal  
Easement, including the payment of fees when due; and

2. If Principal or its successors or assigns shall in all respects make good and  
sufficient recompense, satisfaction or payment to the Commissioner of Public Lands for damages  
to the surface of lands subject to its Salt Water Disposal Easement and for damages to livestock,  
water, crops, buildings, fences, pipelines, powerlines, or other tangible improvements of any

kind located thereon suffered by reason of Principal's operations under such Salt Water Disposal Easement or for such damages as a court of competent jurisdiction may determine and fix in any action brought on this bond;

THEN, the obligation to pay the sum of Ten Thousand Dollars (\$10,000) shall be null and void.

If, however, Principal shall default or otherwise fail in performance under such Salt Water Disposal Easement, including the failure to pay fees when due, or if Principal shall fail or refuse to make good and sufficient recompense, satisfaction or payment to the Commissioner for damages to the surface of the above designated lands or to improvements located thereon, then the obligation to pay said sum shall remain in full force and effect.

The liability of Surety upon this bond shall not expire upon the termination of the Salt Water Disposal Easement or any renewal or extension thereof which Principal or its successors or assigns has heretofore executed or may hereafter execute with the Commissioner, but shall be and remain in full force and effect until released in writing by the Commissioner of Public Lands.

Principal and Surety further agree that in the event an action is brought on this bond and a court of competent jurisdiction determines Principal or Surety is in breach of the agreements contained in this bond, Principal or Surety or both of them shall pay to the Commissioner the costs associated with the recovery of the amounts due hereunder, including reasonable attorneys' fees.

It is expressly understood and provided that said surface lessee and/or holder and owner of any prior surface right as designated herein, are hereby made obligees hereunder the same as if their names were written herein as such, and they, or each of them, may proceed or sue hereon, and it is further expressly understood and provided that the aggregate liability of the Surety for any claim or claims hereunder shall in no event exceed the specified total sum of this obligation.

In witness whereof we hereunto set our hands this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

<u>PRINCIPAL</u>	_____	<u>SURETY</u>	_____
<u>Address</u>	_____	<u>Address</u>	_____
<u>By:</u>	_____	<u>By:</u>	_____
<u>Signature</u>	_____	<u>Signature</u>	_____
<u>Title</u>	_____	<u>Title</u>	_____

**ACKNOWLEDGMENT IN AN INDIVIDUAL CAPACITY**

State of \_\_\_\_\_

County of \_\_\_\_\_

This instrument was acknowledged before me on \_\_\_\_\_ (date) by  
\_\_\_\_\_ (name).

\_\_\_\_\_  
(Signature of notarial officer)

(seal)

My commission expires: \_\_\_\_\_

**- OR -**

**ACKNOWLEDGMENT IN A REPRESENTATIVE CAPACITY**

State of \_\_\_\_\_

County of \_\_\_\_\_

This instrument was acknowledged before me on \_\_\_\_\_ (date) by  
\_\_\_\_\_ (name) as

\_\_\_\_\_ (title) of

\_\_\_\_\_ (name of party on behalf of whom instrument  
is executed).

\_\_\_\_\_  
(Signature of notarial officer)

(seal)

My commission expires: \_\_\_\_\_

**ACKNOWLEDGMENT FORM FOR CORPORATE SURETY**

State of \_\_\_\_\_

County of \_\_\_\_\_

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, before me personally appeared \_\_\_\_\_, to me personally known, who, being by me duly sworn, did say that he is \_\_\_\_\_ of \_\_\_\_\_ and that this instrument was signed and sealed on behalf of said corporation by authority of its board of directors, and acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

\_\_\_\_\_  
(Signature of notarial officer)

(seal)

My commission expires: \_\_\_\_\_

Note: Corporate surety, attach power of attorney.

APPROVED this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

**COMMISSIONER OF PUBLIC LANDS**

**NOTE: File with:**

Commissioner of Public Lands  
New Mexico State Land Office  
P.O. Box 1148  
Santa Fe, New Mexico 87504-1148

**before development or operations are commenced.**

*ONLINE Version*  
**NEW MEXICO STATE LAND OFFICE – Oil, Gas, and Minerals Division**  
**BOND FOR CONTRACT PERFORMANCE AND SURFACE OR IMPROVEMENT DAMAGE**  
**Surface Improvement Damage Megabond**

BOND NO. \_\_\_\_\_  
(For use of Surety Company)

BOND NO. \_\_\_\_\_  
(For use of State Land Office)

Know all men by these presents

\_\_\_\_\_, as Principal,  
and \_\_\_\_\_, as Surety, a corporation organized,  
existing and doing business under and by virtue of the laws of the State of \_\_\_\_\_ and  
authorized to transact a surety business in the State of New Mexico, are held and firmly bound unto the New Mexico  
Commissioner of Public Lands in the sum of **Twenty-five Thousand Dollars (\$25,000)** for the following uses:

1. For the use and benefit of the Commissioner, to secure the performance of said Principal as lessee under one or more state leases or permits for minerals, oil and gas, coal or geothermal resources or as holder under one or more state rights-of-way or easements which Principal has heretofore executed or may hereafter execute with the Commissioner; and

2. For the use and benefit of the Commissioner, state surface lessees, state land contract purchasers, state patentees, and their successors and assigns, to pay for damages to the surface of lands subject to a state lease or permit for minerals, oil and gas, coal or geothermal resources or a state right-of-way or easement held by Principal, or for damages to surface improvements located thereon, suffered by reason of Principal's operations under a state lease or permit for minerals, oil and gas, coal or geothermal resources or under a state right-of-way or easement.

For the payment of said sum, well and truly to be made, Principal and Surety bind themselves, their heirs, executors, administrators, successors and assigns, jointly and severally.

The conditions of the foregoing obligations are:

1. If the above bound Principal or its successors or assigns shall well and truly perform and keep all terms, covenants, conditions, and requirements of all state leases for minerals, oil and gas, coal or geothermal resources and of all state rights-of-way and easements heretofore or hereafter executed by the Commissioner and Principal, including the payment of royalties when due and compliance with all established mining plans; and

2. If Principal or its successors or assigns shall in all respects make good and sufficient recompense, satisfaction or payment to the Commissioner of Public Lands for damages to the surface of lands subject to a state lease or permit for minerals, oil and gas, coal or geothermal resources or a state right-of-way or easement held by Principal and for damages to livestock, water, crops, tangible improvements or surface improvements of any kind located thereon suffered by reason of Principal's operations under such state lease, permit, right-of-way or easement heretofore or hereafter executed by the Commissioner and Principal;

THEN, the obligation to pay the sum of Twenty-five Thousand Dollars (\$25,000) shall be null and void.

If, however, Principal shall default or otherwise fail in performance under such state lease, permit, right-of-way or easement, including the failure to pay royalties when due or to comply with established mining plans, or if Principal shall fail or refuse to make good and sufficient recompense, satisfaction or payment to the Commissioner for damages to the surface of the above designated lands or to improvements located thereon, then the obligation to pay said sum shall remain in full force and effect.

The liability of Surety upon this bond shall not expire upon the termination of any state lease or permit or any



**ACKNOWLEDGMENT FORM FOR CORPORATION**

STATE OF \_\_\_\_\_ )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_,  
before me personally appeared \_\_\_\_\_, to me personally known, who, being by  
me duly sworn, did say that s' he is \_\_\_\_\_ of \_\_\_\_\_  
and that this instrument was signed and sealed on behalf of said corporation by authority of its board of directors, and  
acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

\_\_\_\_\_  
My commission expires      Notary Public name      Signature notary  
(Notary Seal)

**ACKNOWLEDGMENT FORM FOR CORPORATE SURETY**

STATE OF \_\_\_\_\_ )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_,  
before me personally appeared \_\_\_\_\_, to me personally known, who, being  
by me duly sworn, did say that s' he is \_\_\_\_\_ of \_\_\_\_\_  
and that this instrument was signed and sealed on behalf of said corporation by authority of its board of directors, and  
acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first  
above written.

\_\_\_\_\_  
My commission expires      Notary Public name      Signature, notary  
(Notary Seal)

Note: Corporate surety, attach power of attorney.

**APPROVED** this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
**COMMISSIONER OF PUBLIC LANDS**

**NOTE: File before development or operations are commenced, with:**

Commissioner of Public Lands  
New Mexico State Land Office, OGMD  
P.O. Box 1148      or      310 Old Santa Fe Trail  
Santa Fe, New Mexico 87504-1148      Santa Fe, NM 87501-2708



**NEW MEXICO STATE LAND OFFICE  
ASSIGNMENT OF SALTWATER DISPOSAL EASEMENT**

**KNOW ALL MEN BY THESE PRESENTS:**

That this agreement, entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by  
and between \_\_\_\_\_ as Assignor and \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_ as  
Assignee. (Address)

**WITNESSETH**

WHEREAS, Assignor is lessee of saltwater disposal easement from the New Mexico  
State Land Office, by its Commissioner of Public Lands, designated by Number as SWD-  
dated \_\_\_\_\_.  
(Approval Date)

NOW THEREFORE, for and in consideration of the sum of \_\_\_\_\_  
and other good and valuable considerations, the receipt of which is hereby acknowledged,  
Assignor does hereby transfer, sell and convey all \_\_\_\_\_ rights, title and interest in and to  
that certain Saltwater Disposal Easement No. \_\_\_\_\_. (Attach description or exhibit if  
applicable.)

EXECUTED THIS \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

BY: \_\_\_\_\_ BY: \_\_\_\_\_  
(Assignee) (Assignor)  
STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_,  
20\_\_\_\_, by \_\_\_\_\_, of \_\_\_\_\_,  
(Name of Assignor) (Title of Officer, if applicable and Name of Corporation)

My Commission Expires: \_\_\_\_\_  
Notary Public  
STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_,  
20\_\_\_\_, by \_\_\_\_\_, of \_\_\_\_\_,  
(Name of Assignee) (Title of Officer, if applicable and Name of Corporation)

My Commission Expires: \_\_\_\_\_  
Notary Public

Approved by me on \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
COMMISSIONER OF PUBLIC LANDS



**Cindy Herrera-Murillo**  
Regulatory Specialist  
Midcontinent BU

**Chevron North America  
Exploration and Production  
Company**

PO Box 190 Room 121  
Hobbs FMT, Hobbs, NM 88240  
Tel 575-263-0431  
Fax 575-391-6679  
cherreramurillo@chevron.com

November 27, 2013

**New Mexico Oil Conservation Division  
1220 South Francis Drive  
Santa Fe, New Mexico 87504,**

**Re: Application for Authorization  
To Inject as SWD-OCD form C108  
Skeen 2 SWD #1  
Eddy County, New Mexico,**

Chevron U.S.A. Inc. respectfully requests administration approval to inject salt water into the Skeen 2 SWD #1 (API#30-015-41744), which is located: 400' FSL & 1200' FWL, Unit Letter M, Section 2, T26S, R27E, Eddy County, New Mexico.

The injection interval will be in the <sup>Bell Canyon</sup> ~~Dome Spring~~-Brushy Canyon formation from 2550' to 5285', through perforations, with maximum anticipated injection rate to 5,000 BWPD, and a maximum injection pressure to be confirmed and approved by a step rate test. There will be no CO2 or produced gas injected. There is also no ~~Dome Spring~~ <sup>Bell Canyon</sup> production from this interval in the immediate area.

Attached is an OCD form C-108 with information relative to the SWD injection of the referenced well. A copy of the letter sent to applicable surface land owners and offset operators is included in the attachments. Chevron USA Inc. owns a 100% working interest as to the W/2 Section 2, Township 26 South, Range 27 East, N.M.P.M. Eddy County, New Mexico.

Your prompt consideration and approval of this application will be greatly appreciated. If additional information is required, you may contact me at 575-263-0431, or by email at [cherreramurillo@chevron.com](mailto:cherreramurillo@chevron.com).

Sincerely,

*Cindy Herrera-Murillo*  
Cindy Herrera-Murillo  
Chevron USA Inc.  
Regulatory Specialist  
New Mexico

Enclosure

## Goetze, Phillip, EMNRD

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**From:** Sunthankar, Ashwin <Ashwin.Sunthankar@chevron.com>  
**Sent:** Friday, February 14, 2014 8:49 AM  
**To:** Goetze, Phillip, EMNRD  
**Cc:** Kubachka, Matthew  
**Subject:** RE: Chevron - Skeen 2 State SWD #1

Mr. Goetze,

Our Drilling Engineer, Matt Kubachka will soon be fulfilling all your requirements that you mentioned below. I wrote to you earlier in order to find out if you need any additional requirements before we commence work to complete the well. I understand that you don't need any additional documentation as long as we fulfill the said paperwork and get approval from you on the well permit.

Thanks and regards,

**Ashwin**

Ashwin Sunthankar  
Completion Engineer - Delaware Basin  
Chevron - MCBU  
(713) 372-9945 (Office)  
(713) 854-5358 (Cell)

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**From:** Goetze, Phillip, EMNRD [<mailto:Phillip.Goetze@state.nm.us>]  
**Sent:** Friday, February 14, 2014 9:40 AM  
**To:** Sunthankar, Ashwin  
**Subject:** RE: Chevron - Skeen 2 State SWD #1

Ashwin:

The information you provide is helpful and the cement program you describe satisfies the completion requirements. However, I still need someone from your organization to resubmit the proposed/current well completion diagram with this information along with the corrected well summary sheets (see attachments). These can be completed and e-mailed to me. These elements of the application are critical and are required to be include in the application for issuance of the order. If you have any questions regarding this request, please contact me either through e-mail or phone. PRG

Phillip R. Goetze, P.G.

Engineering and Geological Services Bureau, Oil Conservation Division  
1220 South St. Francis Dr., Santa Fe, NM 87505  
O: 505.476.3466 F: 505.476.3462

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**From:** Sunthankar, Ashwin [<mailto:Ashwin.Sunthankar@chevron.com>]  
**Sent:** Friday, February 14, 2014 7:54 AM  
**To:** Goetze, Phillip, EMNRD  
**Subject:** Chevron - Skeen 2 State SWD #1

RE: Skeen 2 State SWD #1; API 30-015-41744

Mr. Goetze,

I am the Completion Engineer for the subject well. I hope by now, the Drilling Engineer has notified you regarding the cement job behind the 7" production casing. We had cement to the surface on that string with full returns. I would like to know, if that would be sufficient information for you to allow us to start working on completing the well or you need us to do any additional documentation before we get ready to complete the well. Please let me know and we will work accordingly.

Thanks and regards,

***Ashwin***

Ashwin Sunthakar  
Completion Engineer - Delaware Basin  
Chevron - MCBU  
(713) 372-9945 (Office)  
(713) 854-5358 (Cell)

## Goetze, Phillip, EMNRD

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**From:** Herrera-Murillo, Cindy O <CHerreraMurillo@chevron.com>  
**Sent:** Tuesday, February 18, 2014 10:57 AM  
**To:** Goetze, Phillip, EMNRD  
**Subject:** Skeen 2 State SWD #1- Surface Commingle  
**Attachments:** Skeen 2 State SWD#1-Amended.pdf

Phillip,

Please find attached new information regarding the surface commingle application submitted for the Skeen 2 State SWD #1. Matt Kubachka has spoken to you regarding the cementing program. If you have any questions, please give me a call.

Thanks,



*Cindy Herrera-Murillo*  
Permitting Specialist  
1616 W. Bender Blvd  
Hobbs, NM 88240  
575-263-0400 ext 30431  
[Cherreramurillo@chevron.com](mailto:Cherreramurillo@chevron.com)

## Goetze, Phillip, EMNRD

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**From:** Goetze, Phillip, EMNRD  
**Sent:** Friday, February 14, 2014 8:40 AM  
**To:** 'Sunthankar, Ashwin'  
**Subject:** RE: Chevron - Skeen 2 State SWD #1  
**Attachments:** Skeen 2 State SWD Well Rcd C108.pdf

Ashwin:

The information you provide is helpful and the cement program you describe satisfies the completion requirements. However, I still need someone from your organization to resubmit the proposed/current well completion diagram with this information along with the corrected well summary sheets (see attachments). These can be completed and e-mailed to me. These elements of the application are critical and are required to be include in the application for issuance of the order. If you have any questions regarding this request, please contact me either through e-mail or phone. PRG

Phillip R. Goetze, P.G.

Engineering and Geological Services Bureau, Oil Conservation Division  
1220 South St. Francis Dr., Santa Fe, NM 87505  
O: 505.476.3466 F: 505.476.3462

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**From:** Sunthankar, Ashwin [<mailto:Ashwin.Sunthankar@chevron.com>]  
**Sent:** Friday, February 14, 2014 7:54 AM  
**To:** Goetze, Phillip, EMNRD  
**Subject:** Chevron - Skeen 2 State SWD #1

RE: Skeen 2 State SWD #1; API 30-015-41744

Mr. Goetze,

I am the Completion Engineer for the subject well. I hope by now, the Drilling Engineer has notified you regarding the cement job behind the 7" production casing. We had cement to the surface on that string with full returns. I would like to know, if that would be sufficient information for you to allow us to start working on completing the well or you need us to do any additional documentation before we get ready to complete the well. Please let me know and we will work accordingly.

Thanks and regards,

*Ashwin*

Ashwin Sunthankar  
Completion Engineer - Delaware Basin  
Chevron - MCBU  
(713) 372-9945 (Office)  
(713) 854-5358 (Cell)

## Goetze, Phillip, EMNRD

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**From:** Goetze, Phillip, EMNRD  
**Sent:** Wednesday, February 12, 2014 11:29 AM  
**To:** 'Matt Kubachka'  
**Subject:** Completion Diagram/Well Summary Sheets from C-108  
**Attachments:** Skeen 2 State SWD Well Rcd C108.pdf

RE: Skeen 2 State SWD #1; API 30-015-41744

Matt:  
Per your request. PRG

Phillip R. Goetze, P.G.  
Engineering and Geological Services Bureau, Oil Conservation Division  
1220 South St. Francis Dr., Santa Fe, NM 87505  
O: 505.476.3466 F: 505.476.3462



**C-108 Review Checklist:** Received 12/23/13 Add. Request: 02/11/14 Reply Date: 02/18/14 Suspended: — [Ver 12]

PERMIT TYPE: WFX / PMX / SWD Number: 1462 Permit Date: 02/19/2014 Legacy Permits/Orders: None

Well No. 1 Well Name(s): Skeen 2 SWD [also identified as Skeen 2 state SWD #1]

API: 30-0 15-41744 Spud Date: Recent/02/18/14 New or Old: New WIC Class II Primacy 03/07/1982

Footages 400 FSL / 1200 FWL Lot — or Unit M Sec 2 Tsp 26S Rge 27E County Eddy

General Location: Hazy Hollow, ~7mi SE of White City Pool: Delaware Mtn. Grp Pool No.: —

BLM 100K Map: Castled Operator: Chevron USA, Inc. OGRID: 4323 Contact: Cindy Herrera-Munillo

COMPLIANCE RULE 5.9: Inactive Wells: 6 Total Wells: 2143 Fincl Assur: Yes Compl. Order? No IS 5.9 OK? Yes Date: 02/14/14

WELL FILE REVIEWED  Current Status: APD on file - e-mails with Prod. Eng. & Permit Staff

WELL DIAGRAMS: NEW: Proposed  or RE-ENTER: Before Conv.  After Conv.  Logs in Imaging: [Log suite in application]

Planned Rehab Work to Well: \* < well completion diagram amended to show circulation to surface >

Well Construction Details:	Sizes (in) Borehole / Pipe	Setting Depths (ft)	Cement Sx or Cf	Cement Top and Determination Method
Planned <input type="checkbox"/> or Existing <input type="checkbox"/> Conductor	—	—	—	—
Planned <input checked="" type="checkbox"/> or Existing <input type="checkbox"/> Surface	12 1/4 / 9 5/8	0 to 1500	645	Cir. to surface *
Planned <input checked="" type="checkbox"/> or Existing <input type="checkbox"/> Intern Prod	8 3/4 / 7	0 to 5200	545	Cir. to surface *
Planned <input type="checkbox"/> or Existing <input type="checkbox"/> Prod/Intern	—	—	—	—
Planned <input type="checkbox"/> or Existing <input type="checkbox"/> Liner/Prod	—	—	—	—
Planned <input checked="" type="checkbox"/> or Existing <input type="checkbox"/> OH (PERF)	8 3/4 / 7	2550 to 5285	Inj Length 2735	Only Completion/Operation Details: 1000' perfs
<b>Injection Stratigraphic Units:</b>	Depths (ft)	Injection or Confining Units	Top? (250)	Drilled TD <u>5600</u> PBDT <u>5600</u>
Adjacent Unit: Litho. Struc. Por.	—	—	—	NEW TD <u>—</u> NEW PBDT <u>—</u>
Confining Unit: (Litho/Struc.) Por.	+130'	Castile	—	NEW Open Hole <input type="checkbox"/> or NEW Perfs <input checked="" type="checkbox"/>
Proposed Inj Interval TOP:	2550	Cherry Canyon	2420	Tubing Size <u>4 1/2</u> in. Inter Coated? <u>Yes</u>
Proposed Inj Interval BOTTOM:	5285	Brown Canyon	4392	Proposed Packer Depth <u>2500</u> ft
Confining Unit: (Litho.) Struc. Por.	+315'	Bond Springs	10080	Min. Packer Depth <u>2450</u> (100-ft limit)
Adjacent Unit: Litho. Struc. Por.	—	(Avalon)	—	Proposed Max. Surface Press. <u>440</u> psi
<b>AOR: Hydrologic and Geologic Information</b>				Admin. Inj. Press. <u>510</u> (0.2 psi per ft)
POTASH: R-111-P <u>NA</u> Noticed? <u>NA</u> BLM Sec Ord <u>NA</u> WIPP <u>NA</u> Noticed? <u>NA</u> SALADO: T: <u>—</u> B: <u>—</u> CLIFF HOUSE <u>NA</u>	FRESH WATER: Aquifer <u>Misc</u> Max Depth <u>110'</u> 1-Mile Wells? <u>Yes</u> FW Analysis <input checked="" type="checkbox"/> HYDRO AFFIRM STAT <u>By Qualified Person</u> <input checked="" type="checkbox"/>			
Disposal Fluid: Formation Source(s) <u>alvial Done Spring and WC</u> Analysis? <u>Yes</u> On Lease <input type="checkbox"/> Operator Only <input checked="" type="checkbox"/> or Commercial <input type="checkbox"/>				
Disposal Interval: Inject Rate (Avg/Max BWPD): <u>2500/5000</u> Protectable Waters?: <u>No</u> CAPITAN REEF: thru <input type="checkbox"/> adj <input type="checkbox"/> NA <input checked="" type="checkbox"/>				
HC Potential: Producing Interval? <u>No</u> Formerly Producing? <u>No</u> Method: <u>Logs/DST/P&amp;A/Other</u> 2-Mile Radius Pool Map <input checked="" type="checkbox"/>				
AOR Wells: 1/2-M Radius Map? <u>Yes</u> Well List? <u>NA</u> Total No. Wells Penetrating Interval: <u>0</u> Horizontals? <u>0</u>				
Penetrating Wells: No. Active Wells <u>0</u> Num Repairs? <u>—</u> on which well(s)? <u>—</u> Diagrams? <u>—</u>				
Penetrating Wells: No. P&A Wells <u>0</u> Num Repairs? <u>—</u> on which well(s)? <u>—</u> Diagrams? <u>—</u>				
NOTICE: Newspaper Date <u>11/08/13</u> Mineral Owner <u>Private lease/SLO</u> Surface Owner <u>SLO</u> N. Date <u>11/05/13</u>				
RULE 26.7(A): Identified Tracts? <u>Yes</u> Affected Persons: <u>Three Rivers Operating COG / Yates / Haggard / McCabe / Mewbourne /</u> Date <u>11/05/13</u>				

Permit Conditions: Issues: None Great Western / Circle Diamond

Add Permit Cond: No special requirements