OCD-ARTESIA

Form 3160-5
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No 1004-0137
Expires March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - *Other instructions on reverse side.*

5 Lease Serial No
NM98122

6 If Indian, Allottee or Tribe Name

7 If Unit or CA/Agreement, Name and/or No.
NM71030B

8 Well Name and No.
Skelly Unit # 950

9 API Well No
30-015-32437

10 Field and Pool, or Exploratory Area
SWD; CISCO

11 County or Parish, State
Eddy County, New Mexico

RECEIVED
JUN 07 2011
NMOCD ARTESIA

1 Type of Well
☐ Oil Well ☐ ☐ Gas Well ☐ ☐ ☑ Other

2 Name of Operator
CHEVRON U.S.A.

3a Address
15 Smith Road; Midland, Texas 79705

3b Phone No *(include area code)*
432-687-7261

4 Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
973' FNL & 2226' FWL, Unit Letter C, Section 28, T17S, R31E

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

TYPE OF SUBMISSION	TYPE OF ACTION			
☑ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☑ Other **Salt Water Disposal**
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ Water Disposal	

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

Chevron North America, respectfully requests administrative approval to inject salt water into the Skelly Unit well # 950, (API # 30-015-32437), located: 973' FNL & 2226' FWL, Unit Letter C, Section 28, T17S, R31E, Eddy County, New Mexico.

Accepted for record
NMOCD
6/15/11

SWD 1287

The injection interval will be in the Abo, Wolfcamp, and Cisco formation.

The proposed well procedure is as follows: MIRU PU. ND wellhead, NU BOP. TIH w/ retrieving head on 2 7/8" WS, wash sand off RBP set at 7417', latch onto RBP, un-set RBP, POOH, LD RBP. TIH w/ bit on 2 7/8" WS and clean out 25 sx cmt plug set from 8678' and tag top of cmt plug set from 11446'. Circulate abandonment fluid to 10000'. RU WL. RIH w/ CIBP and set at 10370'. Spot 25 sx class H cmt plug on CIBP through tubing. SDWOC 4+ hours. Tag plug. RU wireline and perf the following interval: 9362' - 9780'. The following interval is currently open: 7494' - 7848'. RIH w/ packer and RBP to treat in several stages w/ ball sealers. Acidize perfs from 7494' - 9780' w/10,000 gallons of 15% HCL acid. Displace w/FW. Release and TOH w/pkr. TIH w/ 3-1/2" injection tubing and pkr. Set pkr at 7450'. ND BOP. NU wellhead. Perform MIT. RDMO PU.

NOTIFY THE OCD FOR MIT SO IT MAY BE WITNESSED.

The estimated starting date will be pending regulatory approval and the duration is approximately 12 days.

SEE ATTACHED FOR CONDITIONS OF APPROVAL

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

Title **Petroleum Engineer**

Signature *Edgar Acero*

Date 5/13/11

APPROVED
JUN 1 2011
WESLEY W. INGRAM
PETROLEUM ENGINEER

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by	Title	Date
Conditions of approval, if any, are attached Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon	Office	

Title 18 U S C Section 1001 and Title 43 U S C Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction

(Instructions on page 2)

Skelly Unit 950 Wellbore Diagram

Lease	Skelly Unit		Well #	950	Fd /St # NM-98122
Field	Cedar Lake North		API	30-015-32437	
Surf. Loc	973' FNL & 2,226' FWL		Surface	Tshp/Rng	17-S & 31-E
Bot Loc			Unit Ltr	C	Section 28
County	Eddy	St NM	Bottom hole	Tshp/Rng	
			Unit Ltr		Section

CURRENT

Surface Casing

Size	13 3/8"
Wt , Grd	48#, H-40
Depth	450'
Sxs Cmt.	700 sx
Circulate	374 sx
TOC	Surface
Hole Size	17 1/2"

Intermediate Casing

Size	8 5/8"
Wt , Grd	32#, J-55
Depth.	4500'
Sxs Cmt	2570 sx
Circulate	500 sx
TOC.	Surface
Hole Size	12 1/4"

Production Casing

Size	5 1/2"
Wt , Grd	17#, C-95&N-80

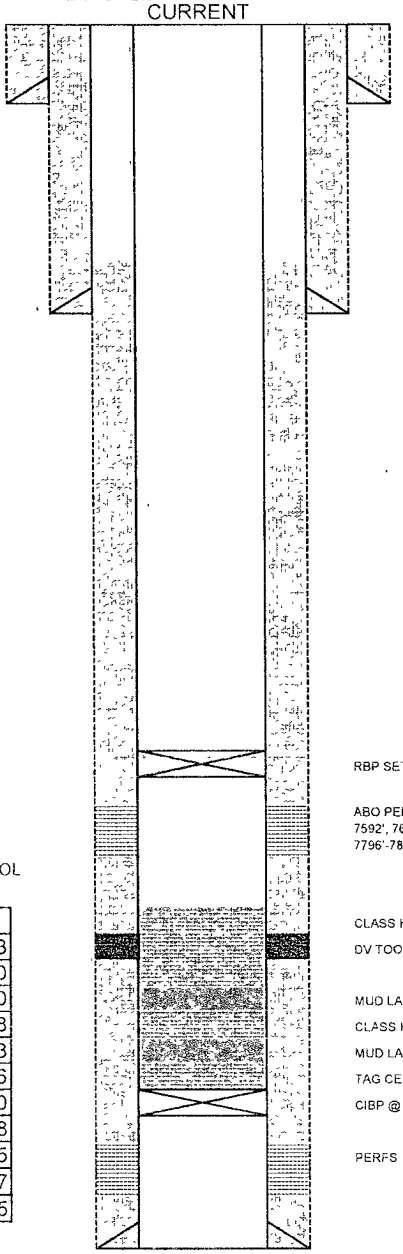
Float Shoe, 2 jts 5 1/2" 17# C-95, Float Collar, 39 jts 5 1/2" 17# C95 (1707 63') followed by 42 jts 5 1/2" 17# N-80, DV Tool @8500', 196 jts 5 1/2" 17# N-80 csg, set @ 12095

Depth	12095'
Sxs Cmt	1720 sx
Circulate	No
TOC	1390' by CBL
Hole Size	7 7/8"

DV Tool @ 8500'

CEMENT CIRCULATED THROUGH DV TOOL

Geology - Tops	
San Andres	3,573
Glorieta	5,050
Yeso	5,160
Abo	7,338
Wolfcamp	8,573
Cisco (Pennsylvanian)	9,566
Canyon	9,950
Strawn	10,908
Atoka	11,165
Morrow	11,397
Mississippian	11,915



KB	3801'
DF	3800'
GL	3784'
Spud Date	12/19/02
Comp Date	03/24/03

RBP SET @ 7417' W/ TWO 100 LB SACKS OF SAND ON TOP

ABO PERFS 7494'-7506', 7536'-7546', 7550'-7558', 7562'-7572', 7582'-7592', 7614'-7618', 7624'-7634' 7644'-7650', 7734'-7744', 7774'-7784', 7796'-7804', 7824'-7830', 7836'-7848'

CLASS H CEMENT FROM 8444'-8678' (25 SX)

DV TOOL @ 8500'

MUD LADEN FLUIDS BETWEEN PLUGS

CLASS H CEMENT FROM 11170'-11446' (30 SX)

MUD LADEN FLUIDS BETWEEN PLUGS

TAG CEMENT @ 11675'

CIBP @ 11730'

PERFS 11796'-11805'

PBTD 11,999 MD
TD 12,095 MD

Attachment A

Skelly Unit 950 Wellbore Diagram

Lease	Skelly Unit			Well #	950	Fd /St #	NM-98122
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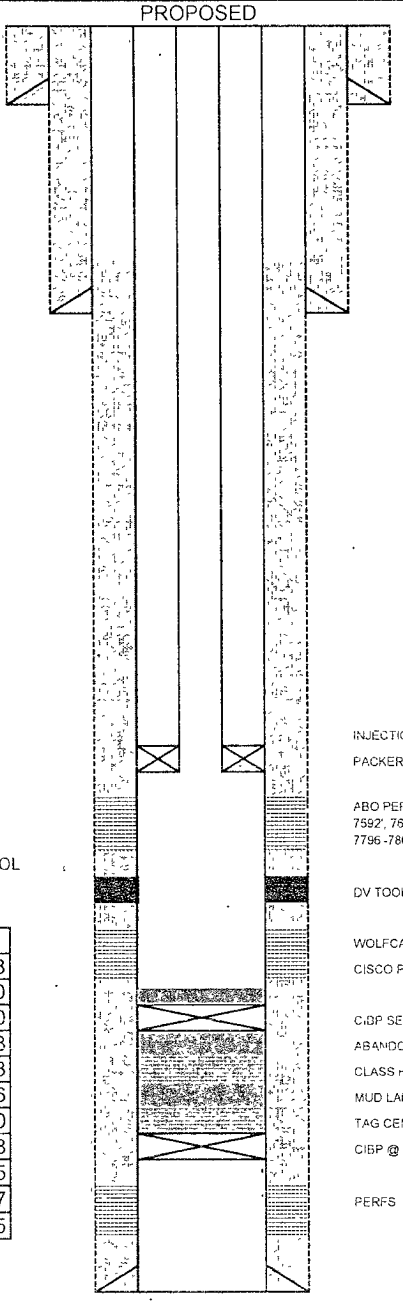
Bot. Loc				Unit Ltr.	C	Section	28
County	Eddy	St	NM	Bottom hole	Tshp/Rng		
				Unit Ltr		Section	

PROPOSED



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Canyon	9,950
Strawn	10,908
Atoka	11,165
Morrow	11,397
Mississippian	11,915

INJECTION TUBING 3 1/2" IPC

PACKER SET @ 7400'

ABO PERFS 7494'-7506', 7536-7546' 7550-7558' 7562-7572' 7582-7592', 7614'-7618', 7624'-7634' 7644'-7650' 7734'-7744', 7774'-7784', 7796-7804', 7824-7830', 7836-7848'

DV TOOL @ 8500'

WOLFCAMP PERFS 9362'-9396' 9430'-9448'

CISCO PERFS 9716'-9728' 9740'-9780'

CIBP SET @ 10370' W/ 25 SX CMT PLUG ON TOP

ABANDONMENT FLUID

CLASS H CEMENT FROM 11170'-11446' (30 SX)

MUD LADEN FLUIDS BETWEEN PLUGS

TAG CEMENT @ 11675'

CIBP @ 11730'

PERFS 11796'-11805'

PBTD 11,999 MD

TD 12,095 MD

Attachment A

Skelly Unit 950
30-015-32437
Chevron U.S.A.
May 31, 2011
Conditions of Approval

1. **Notify BLM at 575-361-2822 a minimum of 24 hours prior to setting CIBP at 10370'.**
2. **Surface disturbance beyond the originally approved pad must have prior approval.**
3. **Closed loop system required.**
4. **Operator to have H2S monitoring equipment on location.**
5. **A minimum of a 3000 (3M) BOP to be used. All blowout preventer (BOP) and related equipment (BOPE) shall comply with reasonable well control requirements. A two ram system with a blind ram and a pipe ram designed for the size of the work string shall be adequate. Tapered work strings will require an additional pipe ram. The manifold shall comply with Onshore Oil and Gas Order #2 Attachment I (2M Diagrams of Choke Manifold Equipment). The accumulator system shall have an immediately available power source to close the rams and retain 200 psi above pre-charge. The pre-charge test shall follow requirements in Onshore Order #2.**
6. **OPERATOR IS REQUIRED TO SUBMIT INFORMATION THAT NONE OF THESE FORMATIONS CAN PRODUCE IN PAYING QUANTITIES. THE BLM WILL REVIEW DATA SUBMITTED PRIOR TO INJECTION COMMENCING IN ANY OF THE PROPOSED ZONES. IF THE BLM CONCURS THAT THERE IS NO PRODUCTION EXISTING IN PAYING QUANTITIES, THE WELL WILL BE ALLOWED TO BECOME AN SWD IN THE ZONES REQUESTED. OPERATOR SHOULD NOTE THAT IN THE SECTION TO THE SOUTH, THERE IS A WELL PRODUCING FROM ESSENTIALLY THE SAME DEPTH AND CALLING THE FORMATION BONE SPRING. ALSO, TO THE NORTHWEST, THERE IS PRODUCTION FROM THE CISCO-CANYON AND WOLFCAMP FORMATIONS.**
7. **Conduct a Mechanical Integrity Test of the tubing/casing annulus after a tubing, packer or casing seal is established. Repair the seal any time more than five barrels of packer fluid is replaced within 30 days.**
    a. **The minimum test pressure should be 500 psig for 30 minutes or 300 psig for 60 minutes, with 200 psig differential between tubing and casing pressure (at test time) but no more than 70% of casing burst pressure as described by Onshore Order 2.III.B.1.h. (The tubing or reservoir pressure may need to be reduced). An alternative method for a BLM approved MIT is to have a fluid filled system open to atmospheric pressure, which can be witnessed by BLM, and have a loss of less than five barrels in 30 days.**
    b. **Document the pressure test on a calibrated recorder chart registering within 25 to 85 per cent of its full range. Greater than 10% pressure leak off will be viewed as a failed MIT. Less than 10% pressure leak off will be evaluated site specifically and may restrict injection approval.**
    c. **Notify Paul R. Swartz at 575-234-5985 and/or 575-200-7902 at least 24 hours before the test. If there is no response, notify the BLM on call drilling phone, 575-361-2822.**

d. Submit a subsequent Sundry Form 3160-5 relating the MIT activity. List the name of the BLM witness, or the notified person and date of notification. NMOCD is to retain the original recorded MIT chart.
e. Use of tubing internal protection, on/off tubing equipment just above the packer, and a profile nipple installation is required. The setting depths and descriptions of each are to be included in the subsequent sundry. List (by date) descriptions of daily activity of any previously unreported wellbore work.
f. Submit the original subsequent sundry with three copies to BLM Carlsbad.

8. Compliance with a NMOCD Administrative Order is required, submit documentation of that authorization.
    a. Approved injection pressure compliance is required.
    b. If injection pressure exceeds the approved pressure you are required to reduce that pressure and notify the BLM within 24 hours.
    c. When injection pressure is within 50 psig of the maximum pressure, install automation equipment that will prevent exceeding that maximum.
    d. Submit a subsequent report (Sundry Form 3160-5) describing the installed automation equipment.
    e. Other unexplained significant variations of rate or pressure to be reported within 5 days of notice.
9. The casing/tubing annulus is required to be monitored for communication with injection fluid or loss of casing integrity.
    a. The annulus is to be maintained full of packer fluid at atmospheric pressure. Installation of equipment that will display on site, continuous open to the air fluid level is required. A BLM inspector may request verification of this fluid level at any time.
    b. Loss of packer fluid above five barrels per month requires notification of the BLM authorized officer within 5 days.
    c. Gain of annular fluid requires notification within 24 hours. Cease injection and maintain a production casing pressure of 0 psia. Notify the BLMs authorized officer (Paul R. Swartz at 575-200-7902). If there is no response, notify the BLM on call drilling phone, 575-361-2822.
    d. Also submit to this office a (Sundry Form 3160-5) Notice of Intent (NOI) for approval by BLM and NMOCD with a detailed plan for correction and the anticipated date of correction. The operator shall keep accurate and current records documenting that the casing is fluid filled. These shall be available whenever the BLM requests them. Verbal approval for the plan may be given from a BLM authorized officer, with the NOI filed within five business days.
    e. After the repairs, submit a (Sundry Form 3160-5) Subsequent report, describing the repair(s) and Mechanical Integrity Test as per item 1 above.