Form 3160-5
(June 2015)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Hobbs

HOBBS OCD

AUG 29 2017

RECEIVED

FORM APPROVED
OMB NO. 1004-0137
Expires: January 31, 2018

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 page 2

5. Lease Serial No.
NMNM27506

6. If Indian, Allottee or Tribe Name

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

1. Type of Well
☒ Oil Well ☐ Gas Well ☐ Other

8. Well Name and No.
SD EA 29 FED COM P8 12H

2. Name of Operator
CHEVRON USA INC

Contact: DENISE PINKERTON
E-Mail: leakejd@chevron.com

9. API Well No.
30-025-43271-00-X1

3a. Address
1616 W. BENDER BLVD
HOBBS, NM 88240

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

10. Field and Pool or Exploratory Area
WC025G06S263319P-BONE SPRING

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
Sec 29 T26S R33E NWNE 136FNL 1607FEL

11. County or Parish, State
LEA COUNTY, NM

12. CHECK THE 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	☐ Hydraulic Fracturing	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☒ Other Change to Original A PD
	☐ 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 must 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 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.

Chevron respectfully request to make changes to the original permit.
Please refer to the attached 9-point plan.
should questions arise, please contact denise pinkerton @ jlbm@chevron.com

14. I hereby certify that the foregoing is true and correct.

Electronic Submission #378983 verified by the BLM Well Information System
For CHEVRON USA INC, sent to the Hobbs
Committed to AFMSS for processing by PRISCILLA PEREZ on 06/21/2017 (17PP0409SE)

Name *(Printed/Typed)* DENISE PINKERTON — Title PERMITTING SPECIALIST

Signature (Electronic Submission) — Date 06/15/2017

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By ZOTA STEVENS — Title PETROLEUM ENGINEER — Date 08/24/2017

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 Hobbs

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)

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

1. FORMATION TOPS

The estimated tops of important geologic markers are as follows:

FORMATION	SUB-SEA TVD	KBTVD	MD
Rustler		800	
Castile		3480	
Lamar		4900	
Bell Canyon		4930	
Cherry Canyon		5970	
Brushy Canyon		7620	
Bone Spring Limestone		9090	
Upr. Avalon		9120	
Top Bone Spring 1		10040	
Top Bone Spring 2		10700	
Top Bone Spring 3		11740	
Wolfcamp		12140	
Wolfcamp A1		12193	
Wolfcamp A2		12,523	
Lateral TD (Wolfcamp A2)		12,523	20000

2. ESTIMATED DEPTH OF WATER, OIL, GAS & OTHER MINERAL BEARING FORMATIONS

The estimated depths at which the top and bottom of the anticipated water, oil, gas, or other mineral bearing formations are expected to be encountered are as follows:

Substance	Formation	Depth
Deepest Expected Base of Fresh Water		700
Water	Rustler	800
Water	Bell Canyon	4930
Water	Cherry Canyon	5970
Oil/Gas	Brushy Canyon	7620
Oil/Gas	Bone Spring Limestone	9090
Oil/Gas	Upr. Avalon	9120
Oil/Gas	Top Bone Spring 1	10040
Oil/Gas	Top Bone Spring 2	10700
Oil/Gas	Top Bone Spring 3	11740
Oil/Gas	Wolfcamp	12140
Oil/Gas	Wolfcamp A1	12193
Oil/Gas	Wolfcamp A2	12,523

All shows of fresh water and minerals will be reported and protected.

3. BOP EQUIPMENT

Will have a minimum of a 10000 psi rig stack (see proposed schematic) for drill out below surface (Wolfcamp is not exposed until drillout of the intermediate casing). Could possibly utilize the 5000 psi rig stack (see proposed schematic) for drill out below surface casing due to the availabity of 10 M annular. (Wolfcamp is not exposed until drillout of the intermediate casing) Stack will be tested as specified in the attached testing requirements. Batch drilling of the surface, intermediate, and production will take place. A full BOP test will be performed unless approval from BLM is received otherwise. Flex choke hose will be used for all wells on the pad (see attached specs) BOP test will be conducted by a third party.

Chevron requests a variance to use a FMC UH2 Multibowl wellhead, which will be run through the rig foor on surface casing. BOPE will be nippled up and tested after cementing surface casing. Subsequent tests will be performed as needed, not to exceed 30 days. The field report from FMC and BOP test information will be provided in a subsequent report at the end of the well. Please see the attached wellhead schematic. An installation manual has been placed on file with the BLM office and remains unchanged from previous submittal.

4. **CASING PROGRAM**

a. The proposed casing program will be as follows:

Purpose	From	To	Hole Size	Csg Size	Weight	Grade	Thread	Condition
Surface	0'	800'	17-1/2"	13-3/8"	54.5 #	J55	STC	New
Intermediate	0'	11,500'	12-1/4"	9-5/8"	43.5#	HCK-L80	LTC	New
Liner	10,850'	12,300'	8-1/2"	7-5/8"	29.7 #	HCP-110	H513	New
Production (Taper String)	0'	12,500'	6-3/4"	5.5"	20#	P-110-ICY	TXP BTC	New
	12,500'	20,000'	6-3/4"	5"	18#	P-110 IC	TSH521	New

b. Casing design subject to revision based on geologic conditions encountered.

c. *****A "Worst Case" casing design for wells in a particular area is used below to calculate the Casing Safety Factors. If for any reason the casing design for a particular well requires setting casing deeper than the following "worst case" design, then the Casing Safety Factors will be recalcuated & sent to the BLM prior to drilling.**

d. **Chevron will fill casing at a minimum of every 20 jts (840') while running for intermediate and production casing in order to maintain collapse SF.**

SF Calculations based on the following "Worst Case" casing design:

Surface Casing: 850'
Intermediate Casing: 11,200' TVD
Production Casing: 23,000' MD/12,750' TVD (10,300' VS @ 90 deg inc)

Casing String	Min SF Burst	Min SF Collapse	Min SF Tension	Min SF Tri-Axial
Surface	1.36	3.12	3.17	1.70
Intermediate	1.12	1.44	1.93	1.37
Liner	1.69	5.36	2.50	2.09
Production	1.11	1.23	1.97	1.37

Min SF is the smallest of a group of safety factors that include the following considerations:

	Surf	Int	Liner	Prod
Burst Design				
Pressure Test- Surface, Int, Prod Csg P external: Water P internal: Test psi + next section heaviest mud in csg	X	X	X	X
Displace to Gas- Surf Csg P external: Water P internal: Dry Gas from Next Csg Point	X			
Frac at Shoe, Gas to Surf- Int Csg P external: Water P internal: Dry Gas, 16 ppg Frac Gradient		X	X	
Stimulation (Frac) Pressures- Prod Csg P external: Water P internal: Max inj pressure w/ heaviest injected fluid				X
Tubing leak- Prod Csg (packer at KOP) P external: Water P internal: Leak just below surf, 8.7 ppg packer fluid				X
Collapse Design				
Full Evacuation P external: Water gradient in cement, mud above TOC P internal: none	X	X	X	X
Cementing- Surf, Int, Prod Csg P external: Wet cement P internal: water	X	X	X	X
Tension Design				
100k lb overpull	X	X	X	X

5. **CEMENTING PROGRAM**

Slurry	Type	Top	Bottom	Weight	Yield	%Excess	Sacks	Water
Surface				(ppg)	(sx/cu ft)	Open Hole		gal/sk
Tail	Class C	0'	800'	14.8	1.33	50	650	6.57
Intermediate								
Stage 2 Lead	Class C	0'	4570	11.9	2.39	100	1070	13.46
Stage 2 Tail	Class C	4570	4870	14.8	1.33	25	89	6.35
Stage 1 Lead	50:50 Poz Class C	4,870'	10,650'	11.9	2.21	25	1024	12.18
Stage 1 Tail	Class H	10,650'	11,150'	15.6	1.22	25	184	5.37
Liner								
Tail	Class H	10,850'	12,300'	15.6	1.22	17	123	5.34
Production								
Tail	Acid Soluble	10,350'	23,000'	15.6	1.2	10	1000	5.05
Pilot Hole								
Tail	Class H	12,500'	13,000'	17.2	0.97	10	128	3.61

1. Final cement volumes will be determined by caliper.
2. Surface casing shall have at least one centralizer installed on each of the bottom three joints starting with the shoe joint.
3. Production casing will have one horizontal type centralizer on every joint for the first 1000' from TD, then every other joint to EOB, and then every third joint to KOP. Bowspring type centralizers will be run from KOP to intermediate casing.

6. **MUD PROGRAM**

From	To	Type	Weight	F. Vis	Filtrate
0'	800'	Spud Mud	8.3 - 8.7	32 - 34	NC - NC
800'	11,150'	Oil Based Mud	8.7-9.2	28 - 30	25-30
11,150'	12,300'	Oil Based Mud	9.5-13.5	70 - 75	25 - 30
12,300'	20,000'	Oil Based Mud	12.0-15.0	70 - 75	25 - 30

A closed system will by utilized consisting of above ground steel tanks. All wastes accumulated during drilling operations will be contained in a portable trash cage and removed from location and deposited in an approved sanitary landfill. Sanitary wastes will be contained in a chemical porta-toilet and then hauled to an approved sanitary landfill.

All fluids and cuttings will be disposed of in accordance with New Mexico Oil Conservation Division rules and regulations.

A mud test shall be performed every 24 hours after mudding up to determine, as applicable: density, viscosity, gel strength, filtration, and pH.

Visual mud monitoring equipment shall be in place to detect volume changes indicating loss or gain of circulating fluid volume. When abnormal pressures are anticipated -- a pit volume totalizer (PVT), stroke counter, and flow sensor will be used to detect volume changes indicating loss or gain of circulating fluid volume.

A weighting agent and lost circulating material (LCM) will be onsite to mitigate pressure or lost circulation as hole conditions dictate.

7. **TESTING, LOGGING, AND CORING**

The anticipated type and amount of testing, logging, and coring are as follows:

a. Drill stem tests are not planned.
b. The logging program will be as follows:

TYPE	Logs	Interval	Timing	Vendor
Mudlogs	2 man mudlog	Int Csg to TD	Drillout of Int Csg	TBD
LWD	MWD Gamma	Int. and Prod. Hole	While Drilling	TBD
Wireline Logs	Quad Combo w/ Di-Pole Sonic, FMI	Production	After production liner	TBD

c. Conventional whole core samples are not planned.
d. A Directional Survey will be run.

8. **ABNORMAL PRESSURES AND HYDROGEN SULFIDE**

a. No abnormal pressures or temperatures are expected. Estimated BHP at intermediate TD is: 5750 psi
No abnormal pressures or temperatures are expected. Estimated BHP at production TD is: 9830 psi
b. Hydrogen sulfide gas is not anticipated. An H2S Contingency plan is attached with this APD in the event that H2S is encountered