DATE IN 4.21.11	SUSPENSE	ENGINEER WJ	LOGGED IN 4.21.11	TYPE SWD 1289	APP NO. 1111736560

ABOVE THIS LINE FOR DIVISION USE ONLY

Chevron USA 4323

RECEIVED 2011 APR 21 P 4:50

S/Kelly Unit

30-015-32437

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]

Fed Eddy

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

9362'-9780'

NSL 4816

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 _____

C-28-17S-31E

Abo; Wolfcamp, Cisco

[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

[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.

EDGAR ACERO	Edgar Acero	New Mexico Petroleum Engineer	4/18/11
Print or Type Name	Signature	Title	Date

EDGAR.ACERO@chevron.com
e-mail Address

Chevron

Carolyn Haynie
Petroleum Engineering
Technical Assistant

MidContinent/Alaska SBU
Chevron North America
Exploration and Production
Company
15 Smith Road
Midland, TX 79705
Tel 432-687-7261
Fax 432-687-7703
chay@chevron.com

April 18, 2010

New Mexico Oil Conservations Division
1220 South San Francis Drive
Santa Fe, New Mexico 87504

RE: Convert to Salt Water Disposal
Oil and Gas Department

Chevron North America, as operator, respectfully requests administrative approval to convert the Skelly Unit # 950 (API # 30-015-32437) to a Salt Water Disposal well in the Abo, Wolfcamp and Cisco formations. Skelly Unit # 950 is located: 973' FNL & 2226' FWL, Unit Letter C; Section 28; T17S, R31E, Eddy County, New Mexico.

The injection interval will be in the Abo, Wolfcamp, and Cisco formations. The perforated interval is from 7494' to 9780'.

Chevron North America and COG Oil & Gas, both have a 50% working interest in the Skelly # 950. Attached is an OCD form C-108 and the BLM sundry, with information relative to the SWD conversion of the referenced well. A copy of the legal notice posted in the Carlsbad Current Argus, and the letters sent to the applicable surface land owners and offset operators is included in the attachments. The map highlights the location of the Skelly Unit # 950.

If additional information is required, you may contact me at 432-687-7261 or email me at chay@chevron.com or contact the project engineer, Edgar Acero, at 432-687-7343, EDGAR.ACERO@chevron.com.

Sincerely,

Carolyn Haynie
NM PE Technical Assistant

Enclosure

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL
RESOURCES DEPARTMENT

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

FORM C-108
Revised June 10, 2003

APPLICATION FOR AUTHORIZATION TO INJECT

I. PURPOSE: _____Secondary Recovery _____Pressure Maintenance ___X___Disposal _____Storage
Application qualifies for administrative approval? _____Yes _____No

II. OPERATOR: CHEVRON USA

ADDRESS: 15 SMITH ROAD; MIDLAND, TX 79705

CONTACT PARTY: EDGAR ACERO PHONE: 432-687-7343

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 ___X___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.

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.

VII. Attach data on the proposed operation, including:

1. Proposed average and maximum daily rate and volume of fluids to be injected;
2. Whether the system is open or closed;
3. Proposed average and maximum injection pressure;
4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
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.).

*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.

IX. Describe the proposed stimulation program, if any.

*X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).

*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.

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.

XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.

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: EDGAR ACERO TITLE: PETROLEUM ENGINEER

SIGNATURE: Edgar Acero DATE: 4/18/11

E-MAIL ADDRESS: edgar.acero@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: _____

DISTRIBUTION: Original and one copy to Santa Fe with one copy to the appropriate District Office

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.

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.

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.

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

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.

Chevron USA
C-108 (Application for Authorization to Inject)
Skelly Unit #950
30-015-32437
973' FNL & 2,226' FWL
Unit Letter "C", Section 28, T17S, R31E
Eddy County, New Mexico

I. The purpose of the application is for the conversion of the above well from a Cedar Lake Abo well to a salt water disposal well. The application qualifies for administrative approval.

II. Chevron USA
15 Smith Rd.
Midland, TX 79705
Contact: Edgar Acero 432-687-7343

III. Well Data – Injection Well Data Sheet and Attachment A

IV. Not an expansion of an existing project.

V. Map of Area of Review – Attachment B

VI. Wells in the Area of Review – Attachment C

VII. Proposed average daily rate = 3,000 BWPD
Maximum rate = 10,000 BWPD
Closed system
Proposed average pressure = 200 psi
Maximum pressure = 1498 psi. (0.2 psi/ft x 7494 ft)
Disposed fluid will be from the Yeso, which is the producing formation.
Chemical Analysis of the disposal zone formation water – Attachment D

VIII. Geologic Data – Attachment E

IX. 10,000 gals, 15% HCL Acid

X. A swab test from the Abo formation in the Skelly Unit 950 was conducted from 3/14/11 through 3/17/11 , which indicated 0% oil.

XI. No fresh water wells were identified in the 1 mile Area of Review. Attachment F.
The attached water sample from Section 34, T17S, R31E is located 1.7 miles from the Skelly Unit 950.

XII. Affirmative water statement – Attachment E

XIII. Proof of Notice – Attachment H

Side 1

INJECTION WELL DATA SHEET

OPERATOR: CHEVRON USA

WELL NAME & NUMBER: SKELLY UNIT # 950

WELL LOCATION: 973' FNL & 2226' FWL | C | 28 | T17S | R31E

FOOTAGE LOCATION | UNIT LETTER | SECTION | TOWNSHIP | RANGE

WELLBORE SCHEMATIC

Skelly Unit 950 Wellbore Diagram

Lease:	Skelly Unit	Well #:	950
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

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'-7508', 7536'-7549', 7550'-7556', 7562'-7572', 7582'-7592', 7614'-7618', 7624'-7634', 7644'-7650', 7734'-7744', 7774'-7784', 7796'-7804', 7824'-7830', 7838'-7848'

CLASS H CEMENT FROM 8444'-8678' (28 SACKS)
DV TOOL @ 8500'

MUD LADEN FLUIDS BETWEEN PLUGS
CLASS H CEMENT FROM 11170'-11446' (30 SACKS)
MUD LADEN FLUIDS BETWEEN PLUGS
TAG CEMENT @ 11675'
CIBP @ 11730'

PERFS: 11796'-11806'

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

PBTD: 11,999 MD
TD: 12,095 MD

Attachment A

WELL CONSTRUCTION DATA

Surface Casing

Hole Size: 17 1/2" Casing Size: 13-3/8"

Cemented with: 700 sx. *or* _____ ft³

Top of Cement: SURFACE Method Determined: CIRCULATION

Intermediate Casing

Hole Size: 12 1/4" Casing Size: 8-5/8"

Cemented with: 2570 sx. *or* _____ ft³

Top of Cement: SURFACE Method Determined: CIRCULATION

Production Casing

Hole Size: 7 7/8" Casing Size: 5 1/2"

Cemented with: 1720 sx. *or* _____ ft³

Top of Cement: 1390' Method Determined: CBL

Total Depth: 12095'

Perforated Injection Interval

7494' feet to 9780'

(Perforated or Open Hole; indicate which)

Side 2

INJECTION WELL DATA SHEET

Tubing Size: 3-1/2" Lining Material: IPC

Type of Packer: ARROW-SET INJECTION PACKER

Packer Setting Depth: 7450'

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

Additional Data

1. Is this a new well drilled for injection? ____Yes __X__No

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

2. Name of the Injection Formation: ABO, WOLFCAMP, CISCO

3. Name of Field or Pool (if applicable): FREN

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.

   PERFS (11796' –11805'). SET CIBP @ 11730' WITH CEMENT FROM 11675' to 11730'

5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area:

   YESO (5160' – 7338')

   LOWER: CANYON (9950' – 10908')

Jones, William V., EMNRD

From: ACERO, EDGAR [EDGAR.ACERO@chevron.com]
Sent: Friday, May 13, 2011 10:31 AM
To: Jones, William V., EMNRD
Cc: Pinkerton, J. Denise (leakejd)
Subject: Disposal application from Chevron USA - Skelly Unit #950 30-015-32437
Attachments: Form 3160-5 - Skelly Unit 950.pdf; Skelly Unit #950 WBD.pdf

Mr. Jones,

Please see the attached sundry and wellbore diagrams.

Please do not hesitate to call if you have any questions.

Regards,
Edgar Acero
Production Engineer
MidContinent Alaska Business Unit
Chevron North America Upstream
Exploration and Production Company
15 Smith Road, Midland, TX 79705
Office (432) 687-7343

Form 3160-5
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OM B 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.
LC 0294208

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.
Skelly Unit # 950

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

9. API Well No.
30-015-32437

3a Address
15 Smith Road; Midland, Texas 79705

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

10. Field and Pool, or Exploratory Area
SWD; CISCO

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

11. County or Parish, State
Eddy County, New Mexico

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.)

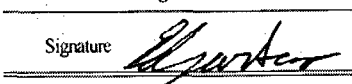
Chevron North America, respectfully requests administrative approval to inject salt water into the Skelly Unit well # 950, (API # 30-015-32437), located: 973' FNL & 2226' FWL, Unit Letter C, Section 28, T17S, R31E, Eddy County, New Mexico.

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.

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

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

Signature  Date 5/13/11

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)

Form 3160-5
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OM B 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.
LC 0294208

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.
Skelly Unit # 950

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

9. API Well No.
30-015-32437

3a. Address
15 Smith Road; Midland, Texas 79705

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

10. Field and Pool, or Exploratory Area
SWD; CISCO

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

11. County or Parish, State
Eddy County, New Mexico

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.

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

The proposed well procedure is to: MIRU PU, install BOP. Drill out CIBP. RU wireline and perf the following interval: 9362' - 9780'. TIH w/treating pkr & 2-7/8" WS. Acidize perfs 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. ND BOP. NU wellhead. Perform MIT. RDMO PU.

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

14. I hereby certify that the foregoing is true and correct
Name *(Printed/Typed)*
CAROLYN HAYNIE Title **PERTOLEUM ENGINEER TECHNICAL ASSISTANT**

Signature Carolyn Haynie Date 4-18-11

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

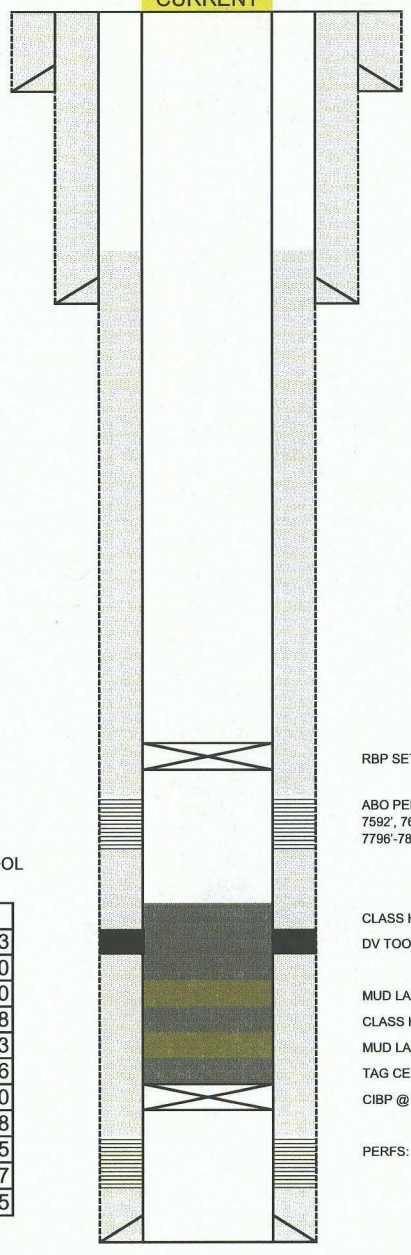
Float Shoe, 2 jts 5 1/2" 17# C-95, Float Collar, 39 jts 5 1/2" 17# C95 (1707.63') followed by 42 jts 5 1/2" 17# N-80, DV Tool @8500', 196 jts 5 1/2" 17# N-80 csg, set @ 12095.

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
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:

PROPOSED

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

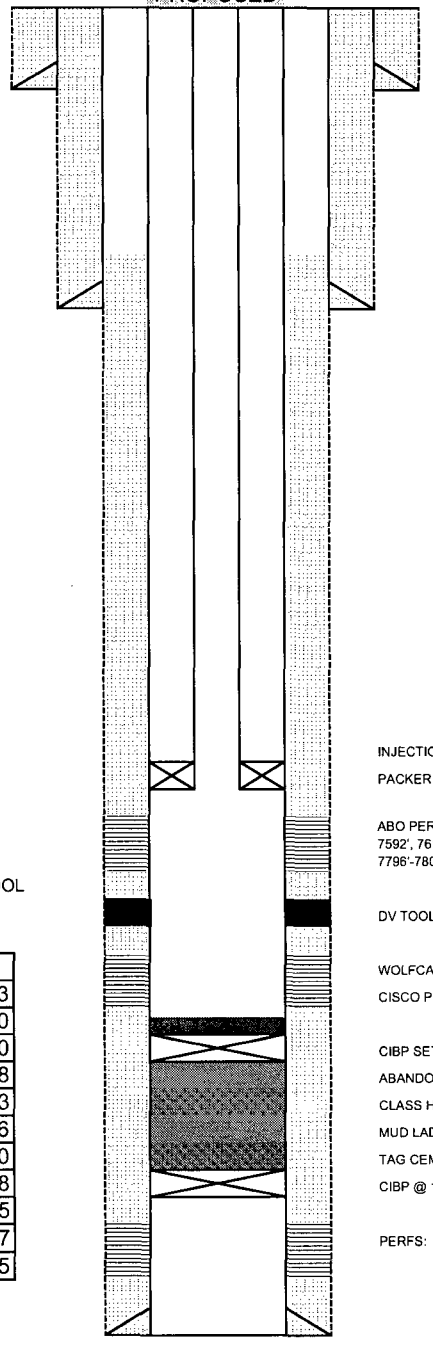
Float Shoe, 2 jts 5 1/2" 17# C-95, Float Collar, 39 jts 5 1/2" 17# C95 (1707.63') followed by 42 jts 5 1/2" 17# N-80, DV Tool @8500', 196 jts 5 1/2" 17# N-80 csg, set @ 12095.

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

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'

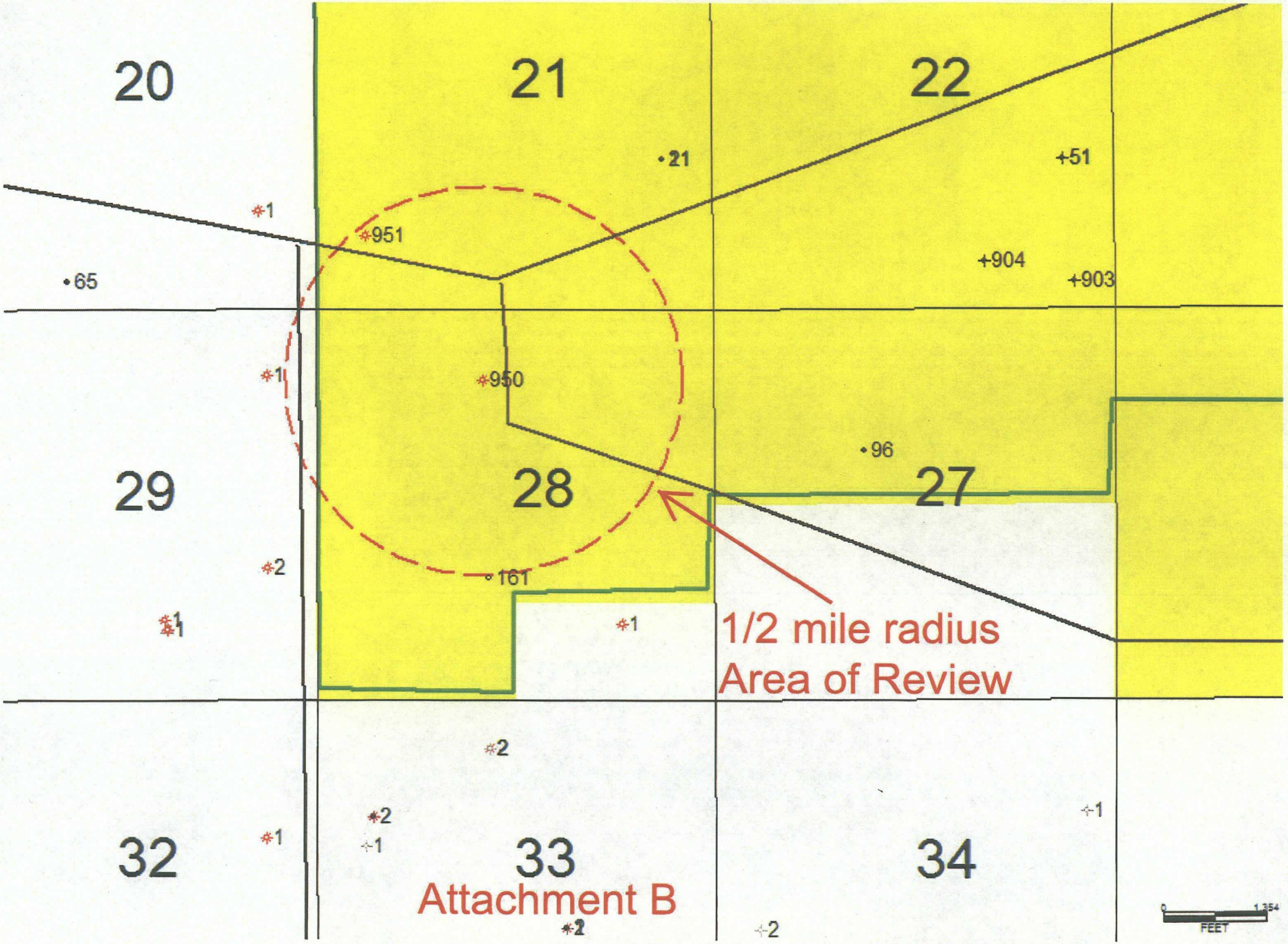
CIBP @ 11730'

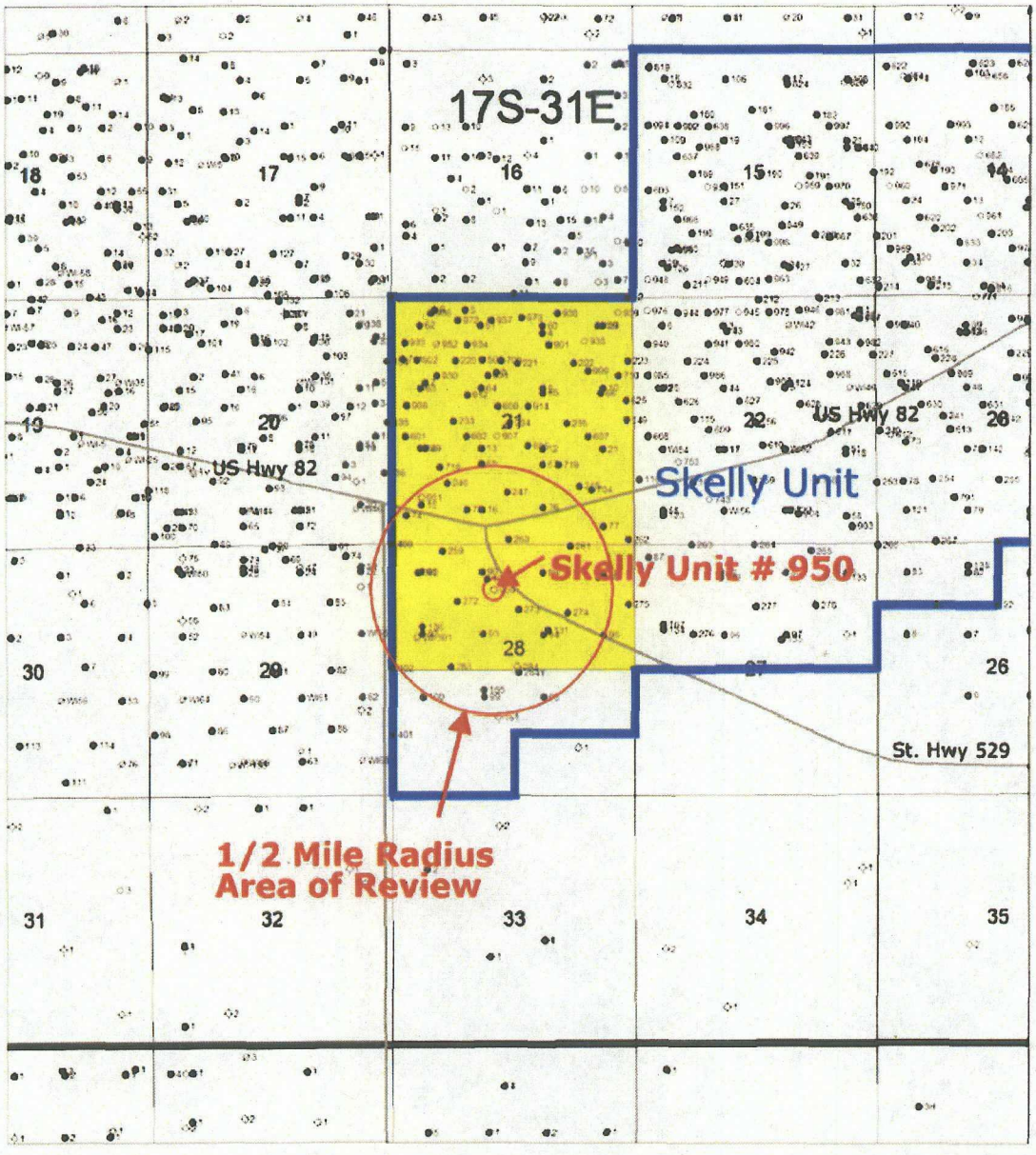
PERFS: 11796'-11805'

PBTD: 11,999 MD

TD: 12,095 MD

Attachment A


20
21
22
29
28
27
32
33
34
951
950
161
65
21
51
904
903
96
1/2 mile radius
Area of Review
Attachment B
FEET



O&G Lease (Partial Interest with Depth Severance)

Please be advised that the Land information that is provided within may be time sensitive. Any use of this Land data for purposes other than that for which the original data was generated may result in inaccurate information.

Chevron MidContinent/Alaska Business Unit

Skelly Unit Well # 950 C-108 Application
Unit C, Section 28
973' FNL & 2226' FWL
T17S, R31E

Eddy Co., New Mexico

March 29, 2011

Scale 1" = 4000 Ft.

Attachment B

API	Lease Name	Field Name	Well Number	Well Type	Status	Operator	Location	Production Zone	Depth (TD)	Date Drilled	Date Completed
3001532436	Skelly Unit	Cedar Lake North	951	Gas Well	Active	Chevron USA	Eddy County, NM, Unit Letter M, 990' FSL, 660' FWL, Section 21, T17S, R31E	Morrow	12000'	9/25/2002	11/12/2002
3001528140	Skelly Unit	Grayburg Jackson San Andres	161	P&A	Inactive	The Wiser Oil Company	Eddy County, NM, Unit Letter K, 1650' FSL, 2310' FWL, Section 28, T17S, R31E	NA	12080'	11/27/1994	4/25/1995

Well: Skelly Unit #951 Field: Cedar Lake North Reservoir: Morrow

Location:
990' FSL & 660' FWL
Section: 21 (SW/4 SW/4)
Township: 17S
Range: 31E Unit: M
County: Eddy State: NM

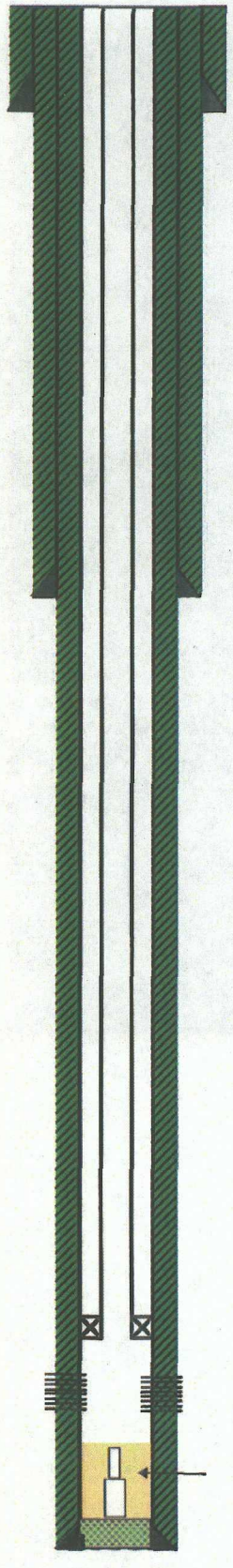
Elevations:
GL: 3793'
KB: 3810'
DF: 3809'

Log Formation Tops	
San Andres	3386'
Glorieta	4818'
Yeso	4880'
Abo	7000'
Wolfcamp	8486'
Cisco (Pennsylvanian)	9710'
Canyon	9927'
Strawn	10800'
Atoka	11046'
Morrow	11268'
Mississippian	11774'

Baker Model M pkr @ 11581'
EOT @ 11,634'

PBTD: 11902'
TD: 12000'

Current Wellbore Diagram



Attachment C

Well ID Info:
API No: 30-015-32436
Spud Date: 9/24/2002
Rig Released: 11/1/2002
Compl. Date: 11/22/2002

Surface Csg: 13 3/8" 48# H-40 STC
Set: @ 425' w/ 650 sx Class C cmt
Hole Size: 17 1/2"
Circ: Yes **TOC:** Surface
TOC By: Circulation (225 sx cmt)

Initial Completion:
11/22/2002 Perf 11658'-11674' (4spf TCP guns - 64 holes)
Spot acetic, set pkr and TCP guns on 2 3/8" tbg, perf, swab
IP: 60BO 2500MCFG

Subsequent Work
1/1/2003 Frac: Drop TCP guns, POOH 2 3/8" tbg
RIH w/ 3 1/2" tbg. Frac perfs @ 11658-11674' w/33,000 gal 65Q
CO2 Foam & 34,360# Carbo Prop Sd. S/O. RU CT to CO.
RU, POOH w/ 3 1/2", RIH w/ 2 3/8" tbg & RTP.

Intermediate Csg: 8 5/8" 32# J-55 LT&C
Set: @ 4483' w/ 2720 sx Class H cmt
Hole Size: 12 1/4"
Circ: Yes **TOC:** Surface
TOC By: Circulation (500 sx cmt)

Prod. Csg: 5 1/2" 20# C-95 & 17# N-80
Set: @ 12000' w/2236 sx cmt (DV tool @ 8502')
Hole Size: 7 7/8"
Circ: Yes **TOC:** Surface
TOC By: Circulation (384 sx cmt in 2 stages)

Tubing
2 3/8" L-80

Fish Detail:
2 3/8" 4.7# EUE 8rd tbg
BHF-C Firing Head
Safety Spacer
TCP Gun
Bullnose

DV tool @ 8502'

Perfs 11658-11674'

Fish: Tubing gun assembly. TOF estimated @ 11,832'

Well: Skelly Unit #161

Field: Cedar Lake, East

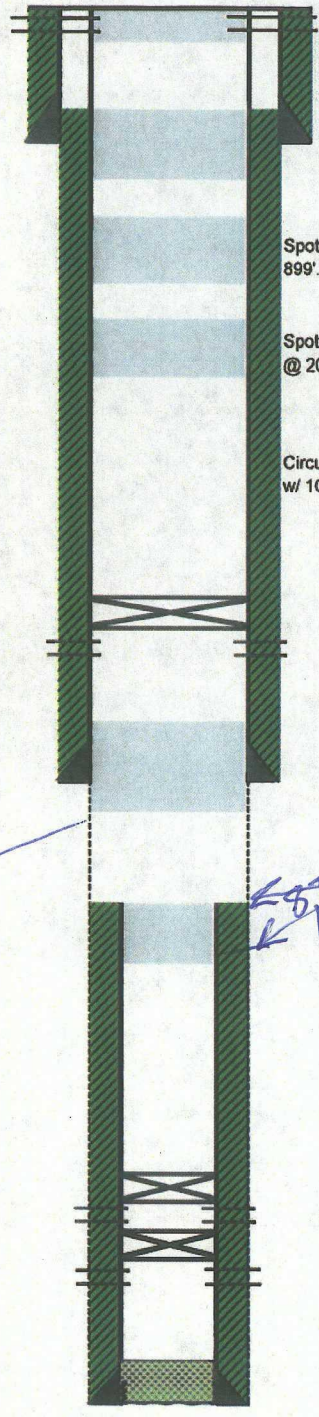
Status: P&A

Location:
1650' FSL & 2310' FWL
Section: 28
Township: 17S
Range: 31E Unit: K
County: Eddy State: NM

Elevations:
GL: 3771'
KB: 3788'
DF: 3787'

Log Formation Tops	
San Andres	3725'
Glorieta	5250'
Yeso	5420'
Abo	7229'
Wolfcamp	8344'
Cisco (Pennsylvanian)	9302'
Canyon	9960'
Strawn	10842'
Atoka	10998'
Morrow	11357'
Mississippian	11903'

Current Wellbore Diagram



TD: 12080'

Well Info:
API No: 30-015-28140
Spud Date: 11/27/1994
Compl. Date: 4/25/1995

Surface Csg: 11" 42# WC-40
Set: @ 653' w/ Class C cmt 795 sx
Hole Size: 14 3/4"
Circ: Yes **TOC:** Surface
TOC By: Circulation (15 sx cmt)

Intermediate Csg: 8 5/8" 32# K-55
Set: @ 5040' w/ Class H cmt 1710 sx
Hole Size: 11"
Circ: No **TOC:** 600' (Temp Survey)
TOC By: Temp Survey

Prod. Csg: 5 1/2" 17# L-80 & S-95
Set: @ 12080' w/ CL-H 700 sx cmt
Hole Size: 7 7/8"
Circ: No **TOC:** 8750'
TOC By: Temp Survey

Attachment C

NM WAIDS

DATA MAPS HOME SCALE CORROSION

General Information About: Sample 5896			
TURNER B 058			
API	3001505445	Sample Number	
Unit/Section/ Township/Range	E / 29 / 17 S / 31 E	Field	
County	Eddy	Formation	ABO
State	NM	Depth	
Lat/Long	32.80824 / -103.89751	Sample Source	UNKNOWN
TDS (mg/L)	69515	Water Type	
Sample Date (MM/DD/YYYY)	9/22/1959	Analysis Date (MM/DD/YYYY)	
Remarks/Description			
Cation Information (mg/L)		**Anion Information (mg/L)**	
Potassium (K)		Sulfate (SO)	5770
Sodium (Na)		Chloride (Cl)	36357
Calcium (Ca)		Carbonate (CO_3)	
Magnesium (Mg)		Bicarbonate (HCO_3)	1425
Barium (Ba)		Hydroxide (OH)	
Manganese (Mn)		Hydrogen Sulfide (H_2S)	
Strontium (Sr)		Carbon Dioxide (CO_2)	
Iron (Fe)		Oxygen (O)	

New Mexico Tech PRRC

Attachment D

NM WAIDS

DATA MAPS HOME SCALE CORROSION

General Information About: Sample 3509			
ELVIS 002			
API	3002533854	Sample Number	
Unit/Section/ Township/Range	O / 17 / 17 S / 32 E	Field	
County	Lea	Formation	WOLF
State	NM	Depth	
Lat/Long	32.82945 / -103.78728	Sample Source	
TDS (mg/L)	120258	Water Type	
Sample Date (MM/DD/YYYY)	1/25/2000	Analysis Date (MM/DD/YYYY)	2/9/2000
Remarks/Description			
Cation Information (mg/L)		**Anion Information (mg/L)**	
Potassium (K)	307.004	Sulfate (SO)	1368.55
Sodium (Na)	44579.4	Chloride (Cl)	78216.8
Calcium (Ca)	4415.89	Carbonate (CO_3)	0
Magnesium (Mg)	817.236	Bicarbonate (HCO_3)	172.96
Barium (Ba)	0.2162	Hydroxide (OH)	
Manganese (Mn)		Hydrogen Sulfide (H_2S)	9.729
Strontium (Sr)	100.533	Carbon Dioxide (CO_2)	
Iron (Fe)	19.458	Oxygen (O)	

New Mexico Tech PRRC

Attachment D

NM WAIDS

DATA MAPS HOME SCALE CORROSION

General Information About: Sample 3157			
LEA CL STATE NCT-A 001			
API	3002500369	Sample Number	
Unit/Section/ Township/Range	7 / 02 / 16 S / 32 E	Field	ANDERSON RANCH NORTH
County	Lea	Formation	CIS
State	NM	Depth	13395
Lat/Long	32.95853 / -103.73312	Sample Source	
TDS (mg/L)	9780	Water Type	
Sample Date (MM/DD/YYYY)		Analysis Date (MM/DD/YYYY)	
Remarks/Description			
Cation Information (mg/L)		**Anion Information (mg/L)**	
Potassium (K)		Sulfate (SO)	1980
Sodium (Na)		Chloride (Cl)	2212
Calcium (Ca)	267	Carbonate (CO_3)	
Magnesium (Mg)	110	Bicarbonate (HCO_3)	2424
Barium (Ba)		Hydroxide (OH)	
Manganese (Mn)		Hydrogen Sulfide (H_2S)	
Strontium (Sr)		Carbon Dioxide (CO_2)	
Iron (Fe)		Oxygen (O)	

New Mexico Tech PRRC

Attachment D

C-108 Application
Chevron USA
Skelly Unit #950
API# 30-015-32437
UL 'C', Section 28, T17S R31E
Eddy County, New Mexico

Geological Data

The proposal is to dispose of produced water into the Abo, Wolfcamp and Cisco (Penn) formations. The Abo formation at this location is a thick dolomitic shelf margin sequence with primarily granular and vuggy porosity. The Abo was once oil bearing to the west (Cedar Lake Abo) and east (Cedar Lake East Abo) pools but all Abo producers in those wells have long been abandoned. Also, the Abo has previously been used for SWD in this area; the Marbob Turner B #73 located in UL 'C' of section 29-T17S R31E (API 30-015-05455) disposed of approximately 3.7MMBW during its disposal history.

The Wolfcamp formation is a thick sequence of predominantly tight limestone with little primary porosity but fair fracture porosity in select intervals. The closest Wolfcamp production is more than 2 miles distant from this proposal and is marginal in nature as are all the area Wolfcamp wells. The Wolfcamp is also a zone of water disposal in the SU 952, 5400' to the north.

The Cisco is a sequence of shale and carbonates, mostly limestone, again with poor primary porosity but fair fracture porosity. This interval is often a zone of lost circulation, has never been productive in this area and is frequently used for SWD purposes.

The Abo is overlain by the Yeso (Leonardian series) Yeso and the Cisco is underlain by the Pennsylvanian Canyon section.

No fresh water wells were identified within 1 mile of this proposal. Fresh water is typically found in the Santa Rosa formation which occurs around a depth of 200 - 300' in this area. Surface casings are typically set at a depth of > 400' in this area, the SU #950 has surface casing set at 450'.

There are no known major faults in this area. Further, there are no indications of any faults which could connect the disposal intervals with any fresh water resources in the area.

T/ Abo – 7338'

T/Wolfcamp – 8573'

T/ Cisco - 9566'

t/ Canyon – 9950'

NM WAIDS

DATA MAPS HOME SCALE CORROSION

Water Samples for Sect 20 Township 17 South Range 31 East

Instructions:

The number represents the number of water samples of certain well. Click the number if you want to download the data.

No Record Is Found!

# of samples	S	T	R	Formation	Date	Chlorides (mg/L)	Location (qtr/qtr)

☐ SELECT/DESELECT ALL

Submit

NewMexicoTech PRRC

Attachment F

NM WAIDS

DATA MAPS HOME SCALE CORROSION

Water Samples for Sect 21 Township 17 South Range 31 East

Instructions:

The number represents the number of water samples of certain well. Click the number if you want to download the data.

No Record Is Found!

# of samples	S	T	R	Formation	Date	Chlorides (mg/L)	Location (qtr/qtr)

☐ SELECT/DESELECT ALL

Submit

New Mexico Tech PRRC

Attachment F

NM WAIDS

DATA MAPS HOME SCALE CORROSION

Water Samples for Sect 22 Township 17 South Range 31 East

Instructions:

The number represents the number of water samples of certain well. Click the number if you want to download the data.

No Record Is Found!

# of samples	S	T	R	Formation	Date	Chlorides (mg/L)	Location (qtr/qtr)

☐ SELECT/DESELECT ALL

Submit

New Mexico Tech PRRC

Attachment F

NM WAIDS

DATA MAPS HOME SCALE CORROSION

Water Samples for Sect 27 Township 17 South Range 31 East

Instructions:

The number represents the number of water samples of certain well. Click the number if you want to download the data.

No Record Is Found!

# of samples	S	T	R	Formation	Date	Chlorides (mg/L)	Location (qtr/qtr)

☐ SELECT/DESELECT ALL

Submit

New Mexico Tech PRRC

Attachment F

NM WAIDS

DATA MAPS HOME SCALE CORROSION

Water Samples for Sect 28 Township 17 South Range 31 East

Instructions:

The number represents the number of water samples of certain well. Click the number if you want to download the data.

No Record Is Found!

# of samples	S	T	R	Formation	Date	Chlorides (mg/L)	Location (qtr/qtr)

☐ SELECT/DESELECT ALL

Submit

New Mexico Tech PRRC

Attachment F

NM WAIDS

DATA MAPS HOME SCALE CORROSION

Water Samples for Sect 29 Township 17 South Range 31 East

Instructions:

The number represents the number of water samples of certain well. Click the number if you want to download the data.

No Record Is Found!

# of samples	S	T	R	Formation	Date	Chlorides (mg/L)	Location (qtr/qtr)

☐ SELECT/DESELECT ALL

Submit

New Mexico Tech PRRC

Attachment F

NM WAIDS

DATA MAPS HOME SCALE CORROSION

Water Samples for Sect 32 Township 17 South Range 31 East

Instructions:

The number represents the number of water samples of certain well. Click the number if you want to download the data.

No Record Is Found!

# of samples	S	T	R	Formation	Date	Chlorides (mg/L)	Location (qtr/qtr)

☐ SELECT/DESELECT ALL

Submit

New Mexico Tech PRRC

Attachment F

NM WAIDS

DATA MAPS HOME SCALE CORROSION

Water Samples for Sect 33 Township 17 South Range 31 East

Instructions:

The number represents the number of water samples of certain well. Click the number if you want to download the data.

No Record Is Found!

# of samples	S	T	R	Formation	Date	Chlorides (mg/L)	Location (qtr/qtr)

☐ SELECT/DESELECT ALL

Submit

New Mexico Tech PRRC

Attachment F

NM WAIDS

DATA MAPS HOME SCALE CORROSION

General Information About: Sample 2392			
Section/ Township/Range	34 / 17 S / 31 E	Lat/Long	32.7908 / -103.8566
Elevation	3799	Depth	362
Date Collected	12/6/1948	Chlorides	54
Collector / Point of Collection	USG / DP	Use	Stock
Formation	SANTA ROSA	TDS	0

New Mexico Tech PRRC

Attachment F

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:

April 2 2011

That the cost of publication is **$55.40** and that payment thereof has been made and will be assessed as court costs.

Kathy McCarroll

Subscribed and sworn to before me this

4th day of April, 2011

Stephanie Dobson

My commission Expires on 1/25/2014

Notary Public

OFFICIAL SEAL
STEPHANIE DOBSON
Notary Public
State of New Mexico
My Comm. Expires 1/25/2014

April 2, 2011

LEGAL NOTICE
March 28, 2011

Notice is hereby given of the application of CHEVRON NORTH AMERICA, 15 Smith Road, Midland, TX 79705, to the Oil Conservation of the State of New Mexico, the Bureau of Land Management and the Commissioner of Public Lands, State of New Mexico for approval to convert the Skelly Unit well #-950 to a Salt Water Disposal well. The Skelly Unit # 950 is located 973' FNL & 2226' FWL, C, Sec. 28, T17S, R31E, Eddy County, New Mexico.

The injection interval is in the Abo, Wolfcamp, and Cisco formations from 7494' to 9780' through perforations. The maximum injection rate will be 10,000 BWPD, with a maximum allowable amount of 1498 PSI. Interested parties should file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505 within 15 days. Inquires regarding this application should be directed to Chevron North America, Attn: Edgar Acero, 15 Smith Rd., Midland TX 79705.

Chevron

Carolyn Haynie
Petroleum Engineering
Technical Assistant

MidContinent/Alaska SBU
Chevron North America
Exploration and Production
Company
15 Smith Road
Midland, TX 79705
Tel 432-687-7261
Fax 432-687-7703
chay@chevron.com

April 18, 2011

CONVERT TO SALT WATER DISPOSAL
EDDY COUNTY, NEW MEXICO

RE: SKELLY UNIT # 950
Working Interest owners:

For your information, as a Working Interest Owner, Chevron North America, as operator of the Skelly Unit # 950, has filed an application with the New Mexico Oil Conservation Division and submitted a Sundry to the BLM to convert the Skelly Unit # 950, (API # 30-015-32437) to a Salt Water Disposal well and dispose into the Abo, Wolfcamp, and Cisco formations. The Skelly Unit # 950 is located: 973' FNL & 2226' FWL, Unit Letter C; Section 28; T17S, R31E, Eddy County, New Mexico.

Attached is an OCD form C-108 and the BLM sundry, with information relative to the salt water disposal conversion of the referenced well. A copy of the legal notice posted in the Carlsbad Current Argus is included. The enclosed map highlights the location of the Skelly Unit # 950.

If additional information is required, please contact me at (432-687-7261), or the project engineer, Edgar Acero, at (432-687-7343).

Interested parties must file objections with the Oil Conservations Division, 1220 South St. Francis Dr., Santa Fe, New Mexico, 87505, within 15 days.

Sincerely,

Carolyn Haynie
NM PE Technical Assistant

Enclosure

NOTIFICATION LIST Prepared 3/24/2011 by Daniel Pequeno, Senior Land Representative

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

Skelly Unit Well No. 950 (API #30-015-32437)
973' FNL & 2226' FWL
Section 28, T-17-S, R-31E, Unit Letter C
Eddy County, New Mexico

Offset Operators, Working Interest Owners, S/2 of Section 20, T17S-R31E:

Linn Operating Inc.
Attention: Operations
600 Travis Street, Suite 5100
Houston, TX 77002

Marbob Energy Corporation
P. O. Box 227
Artesia, New Mexico 88211

Offset Operators, Working Interest Owners, All Section 21, 22, N/2 of Section 27and N/2, SW/4 & N/2SE/4 of Section 28, all in T17S-R31E, from Surface to 4,918 feet (shallow rights):

SandRidge Exploration and Production, LLC
Attention: Land Department
123 Robert S. Kerr Avenue
Oklahoma City, OK 73102

Interest owned: 100%

Offset Operators, Working Interest Owners, All Section 21, 22, N/2 of Section 27and N/2, SW/4 & N/2SE/4 of Section 28, all in T17S-R31E, to all depths below 4,918 feet (deep rights):

COG Oil & Gas, L.P.
550 West Texas, Suite 1300
Midland, Texas 79701

Interest owned: 50%

Chevron U.S.A. Inc.
15 Smith Road
Midland, Texas 79705

Interest owned: 50%

Offset Operators, Working Interest Owners, W/2 of Section 29, T17S-R31E:

Linn Operating Inc.
Attention: Operations
600 Travis Street, Suite 5100
Houston, TX 77002

Marbob Energy Corporation
P. O. Box 227
Artesia, New Mexico 88211

Surface Owner for All Sections 21, 22, N/2 of Section 27and N/2, SW/4 & N/2SE/4 of Section 28, all in T17S-R31E:

Bureau of Land Management
Attention: Mr. Jim Stovall
620 East Greene Street
Carlsbad, New Mexico 87220-6292

OFFSET OPERATORS

Offset Operators, Working Interest Owners, S/2 of Section 20, T17S-R31E:

Linn Operating Inc.
Attention: Operations
600 Travis Street, Suite 5100
Houston, TX 77002

Marbob Energy Corporation
P. O. Box 227
Artesia, New Mexico 88211

Offset Operators, Working Interest Owners, All Section 21, 22, N/2 of Section 27and N/2, SW/4 & N/2SE/4 of Section 28, all in T17S-R31E, from Surface to 4,918 feet (shallow rights):

SandRidge Exploration and Production, LLC
Attention: Land Department
123 Robert S. Kerr Avenue
Oklahoma City, OK 73102

Interest owned: 100%

Offset Operators, Working Interest Owners, All Section 21, 22, N/2 of Section 27and N/2, SW/4 & N/2SE/4 of Section 28, all in T17S-R31E, to all depths below 4,918 feet (deep rights):

COG Oil & Gas, L.P.
550 West Texas, Suite 1300
Midland, Texas 79701

Interest owned: 50%

Chevron U.S.A. Inc.
15 Smith Road
Midland, Texas 79705

Interest owned: 50%

Offset Operators, Working Interest Owners, W/2 of Section 29, T17S-R31E:

Linn Operating Inc.
Attention: Operations
600 Travis Street, Suite 5100
Houston, TX 77002

Marbob Energy Corporation
P. O. Box 227
Artesia, New Mexico 88211

Surface Owner for All Sections 21, 22, N/2 of Section 27and N/2, SW/4 & N/2SE/4 of Section 28, all in T17S-R31E:

Bureau of Land Management
Attention: Mr. Jim Stovall
620 East Greene Street
Carlsbad, New Mexico 87220-6292

Chevron

Carolyn Haynie
Petroleum Engineering
Technical Assistant

MidContinent/Alaska SBU
Chevron North America
Exploration and Production
Company
15 Smith Road
Midland, TX 79705
Tel 432-687-7261
Fax 432-687-7703
chay@chevron.com

April 18, 2011

CONVERT TO SALT WATER DISPOSAL
EDDY COUNTY, NEW MEXICO

RE: SKELLY UNIT # 950
Offset Operators:

For your information, as an offset operator, Chevron North America, as operator of the Skelly Unit # 950, has filed an application with the New Mexico Oil Conservation Division and submitted a Sundry to the BLM, to convert the Skelly Unit well # 950, (API # 30-015-32437) to a Salt Water Disposal well and dispose into the Abo, Wolfcamp and Cisco formations. The Skelly Unit # 950 is located: 973' FNL & 2226' FWL, Unit Letter C; Section 28; T17S, R31E, Eddy County, New Mexico.

Attached is an OCD form C-108 and the BLM sundry, with information relative to the salt water disposal conversion of the referenced well. A copy of the legal notice posted in the Carlsbad Current Argus is included. The enclosed map highlights the location of the Skelly Unit # 950.

If additional information is required, please contact me at (432-687-7261), or the project engineer, Edgar Acero, at (432-687-7343).

Interested parties must file objections with the Oil Conservations Division, 1220 South St. Francis Dr., Santa Fe, New Mexico, 87505, within 15 days.

Sincerely,

Carolyn Haynie
NM PE Technical Assistant

Enclosure

NOTIFICATION LIST Prepared 3/24/2011 by Daniel Pequeno, Senior Land Representative

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

Skelly Unit Well No. 950 (API #30-015-32437)
973' FNL & 2226' FWL
Section 28, T-17-S, R-31E, Unit Letter C
Eddy County, New Mexico

Offset Operators, Working Interest Owners, S/2 of Section 20, T17S-R31E:

Linn Operating Inc.
Attention: Operations
600 Travis Street, Suite 5100
Houston, TX 77002

Marbob Energy Corporation
P. O. Box 227
Artesia, New Mexico 88211

Offset Operators, Working Interest Owners, All Section 21, 22, N/2 of Section 27and N/2, SW/4 & N/2SE/4 of Section 28, all in T17S-R31E, from Surface to 4,918 feet (shallow rights):

SandRidge Exploration and Production, LLC
Attention: Land Department
123 Robert S. Kerr Avenue
Oklahoma City, OK 73102

Interest owned: 100%

Offset Operators, Working Interest Owners, All Section 21, 22, N/2 of Section 27and N/2, SW/4 & N/2SE/4 of Section 28, all in T17S-R31E, to all depths below 4,918 feet (deep rights):

COG Oil & Gas, L.P.
550 West Texas, Suite 1300
Midland, Texas 79701

Interest owned: 50%

Chevron U.S.A. Inc.
15 Smith Road
Midland, Texas 79705

Interest owned: 50%

Offset Operators, Working Interest Owners, W/2 of Section 29, T17S-R31E:

Linn Operating Inc.
Attention: Operations
600 Travis Street, Suite 5100
Houston, TX 77002

Marbob Energy Corporation
P. O. Box 227
Artesia, New Mexico 88211

Surface Owner for All Sections 21, 22, N/2 of Section 27and N/2, SW/4 & N/2SE/4 of Section 28, all in T17S-R31E:

Bureau of Land Management
Attention: Mr. Jim Stovall
620 East Greene Street
Carlsbad, New Mexico 87220-6292

Injection Permit Checklist (11/15/2010)

WFX____ PMX____ SWD 1287 Permit Date 5/29/11 UIC Qtr (A (M/J)

Wells 1 Well Name(s): Skelly UNIT #950

API Num: 30-0 15-32437 Spud Date: 12/19/02 New/Old: N (UIC primacy March 7, 1982)

Footages 973 FNL/2,226 FWL Unit C Sec 28 Tsp 17S Rge 31E County EDDY

General Location:

Operator: Chevron USA INC 3/1424 Contact EDGAR ACERO

OGRID: 4323 RULE 5.9 Compliance (Wells) (Finan Assur) OF ~~IS~~ 5.9 OK? OK

Well File Reviewed ✓ Current Status: TA

Planned Work to Well: Set Bottom PLUG & Inject

Diagrams: Before Conversion___ After Conversion___ Elogs in Imaging File: ✓

Well Details:	Sizes Hole.....Pipe	Setting Depths	Stage Tool	Cement Sx or Cf	Determination Method
New __Existing _Surface	17 1/2 13 3/8	450	—	700SX	CIRC
New__Existing ✓Interm	12 1/4 8 5/8	4500	—	2570	CIRC
New__Existing ✓ LongSt	7 7/8 5 1/2	12,095	8500	1720SX	1390 CBL
New__Existing __ Liner		12,085 TD			
New__Existing __ OpenHole					

Depths/Formations:	Depths, Ft.	Formation	Tops?
Formation(s) Above	7338	ABO	✓
Injection TOP:	7494	ABO WC	Max. PSI 1,499 OpenHole___ Perfs ✓
Injection BOTTOM:	9780	C1500	Tubing Size 3 1/2 Packer Depth 7,450'
Formation(s) Below	9950	Canyon	✓

Cedar Lake; ABO ~~—~~ /
Cedar Lake; Morrow, N Ext

7494 - 9780
14,988

Capitan Reef? ___ (Potash? ___ Noticed? ___) [WIPP? ___ Noticed? ___] Salado Top/Bot 500'-1800' Cliff House? ___

Fresh Water: Depths: 150' Formation QAL Wells? NONE Analysis? ✓ Affirmative Statement ✓

Disposal Fluid Analysis? ✓ Sources: Yeso

Disposal Interval: Analysis? Production Potential/Testing: Swab Tested 0 BO & 0 BW

Notice: Newspaper Date 4/2/11 Surface Owner BLM Mineral Owner(s)

RULE 26.7(A) Affected Persons: LINN/Marbob/Sandridge

AOR: Maps? ✓ Well List? ✓ Producing in Interval? NO Wellbore Diagrams? ✓

.....Active Wells 1 Repairs? — WhichWells? —

.....P&A Wells 0 Repairs? — Which Wells? —

Issues: Send ~~BC~~ R-T of Morrow Request Sent ____ Reply: ____