HOLLAND&HART LLP

William F. Carr
wcarr@hollandhart.com

February 8, 2011

VIA HAND DELIVERY

Mr. Daniel Sanchez
Acting Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Case 14593

RECEIVED OCD
2011 FEB -9 P 2:26

Re: Second Amended Application of Chevron U.S.A., Inc. for approval of a salt water disposal well, Eddy County, New Mexico.

Dear Mr. Sanchez:

Enclosed is an original and one copy of the second amended application of Chevron U.S.A., Inc. in the above-referenced case (Oil Conservation Division Form C-108) as well as a copy of an amended legal advertisement. By copy of this letter, an additional copy of this Form C-108 is being transmitted to the Oil Conservation Division District Office in Artesia.

Chevron U.S.A., Inc. requests that this matter be placed on the docket for the March 17, 2011 Examiner Hearings.

Very truly yours,

William F. Carr
Ocean Munds-Dry
Attorneys for Chevron U.S.A., Inc.
Enclosures

cc: Oil Conservation Division
District II
1301 W. Grand Avenue
Artesia, New Mexico 88210

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; **AVG = 3000 BWPD, MAX = 10,000 BWPD**
2. Whether the system is open or closed; **CLOSED**
3. Proposed average and maximum injection pressure; **AVG = 200 PSI, MAX = 1684 PSI**
4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and, **PADDOCK, BLINEBRY**
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. **12,000 GALS, 20% HCL acid**

*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: _____ DATE: _____

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. **WOLFCAMP AND CISCO**

(2) The injection interval and whether it is perforated or open-hole.

LATERAL OPEN HOLE: 8418' TO 10534' MD, 8417' TO 8552' TVD, TVD @ TD = 8530'
PERFORATED: 8552' TO 9766'

(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.
MORROW PERFS (11980' – 11990'). SET CIBP @ 11930' with 35' CEMENT ON TOP. CIBP @ 11870' PUSHED DOWN AND NOT SET.

(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.
HIGHER: ABO (7160')
LOWER: MORROW (11553')

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.

Side 1

INJECTION WELL DATA SHEET

OPERATOR: CHEVRON USA

WELL NAME & NUMBER: SKELLY UNIT 902

WELL LOCATION: 1650' FNL & 990' FWL (FOOTAGE LOCATION) | E (UNIT LETTER) | 15 (SECTION) | T17S (TOWNSHIP) | R31E (RANGE)

WELLBORE SCHEMATIC

WELL CONSTRUCTION DATA

Surface Casing

Hole Size: 14-3/4" Casing Size: 11-3/4"

Cemented with: 400 sx. ***or*** _____ ft^3

Top of Cement: Surface Method Determined: Circulation

Intermediate Casing

Hole Size: 11" Casing Size: 8-5/8"

Cemented with: 2000 sx. ***or*** _____ ft^3

Top of Cement: Surface Method Determined: Circulation

Production Casing

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

Cemented with: 2500 sx. ***or*** _____ ft^3

Top of Cement: 2716' Method Determined: TS

Total Depth: 12,300'

Injection Interval

LATERAL OPEN HOLE: 8418' TO 10534' MD, 8417' TO 8552' TVD, TVD @ TD = 8530', PERFORATED: 8552' TO 9766'

INJECTION WELL DATA SHEET

Tubing Size: 2-7/8" Lining Material: IPC

Type of Packer: ARROW-SET

Packer Setting Depth: 8370'

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: WOLFCAMP AND ABO

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. YES, MORROW (INACTIVE)

11,980'-90', SET A CIBP @ 11,930 w/35 CMT ON TOP AND A CIBP PUSHED DOWN @ 11,870'. WOLFCAMP – PERFORATED FROM 8552'-70', WHICH WILL REMAIN OPEN AND WILL BE INCLUDED IN THE DISPOSAL INTERVAL.

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

   HIGHER: ABO (7160')

   LOWER: MORROW (11553')

Well: Skelly Unit #902

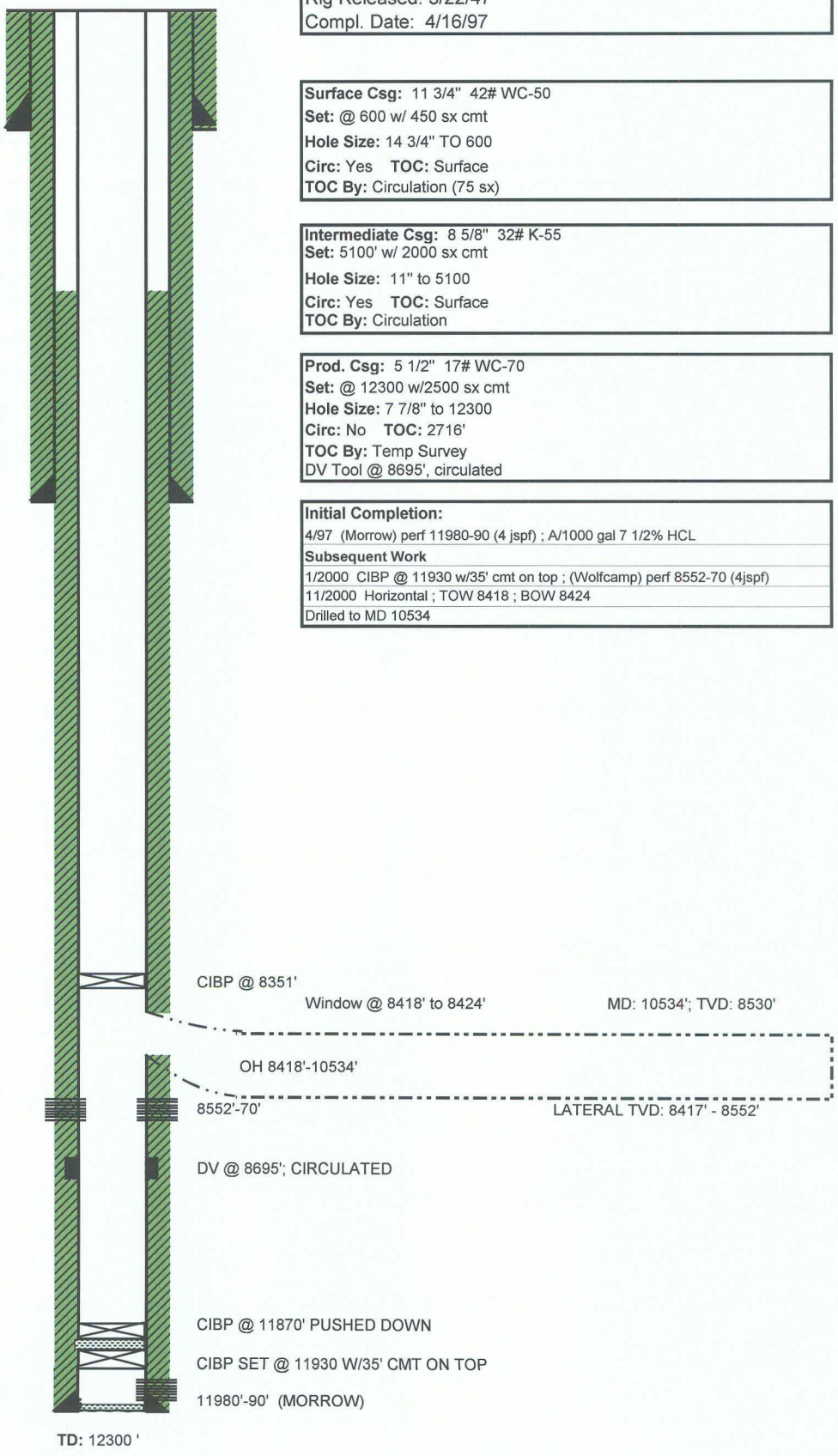
Field: Fren

Location:
1650' FNL & 990' FWL
Section: 15 (SW/4 NW/4)
Township: 17S
Range: 31E Unit: E
County: Eddy State: NM

Elevations:
GL: 3870
KB: 3887
DF: 3886

Log Formation Tops	
Tansill	1658
Yates	1814
Seven Rivers	2115
Queen	2752
Grayburg	3140
San Andres	3494
Glorieta	5012
Tubb	6456
Abo	7160
Wolfcamp	8412
Pennsylvanian (Cisco)	9444
Strawn	11048
Atoka	11305
Morrow	11553
Chester	12130

Current Wellbore Diagram



Well ID Info:
API No: 30-015-29322
Spud Date: 1/26/97
Rig Released: 3/22/47
Compl. Date: 4/16/97

Surface Csg: 11 3/4" 42# WC-50
Set: @ 600 w/ 450 sx cmt
Hole Size: 14 3/4" TO 600
Circ: Yes **TOC:** Surface
TOC By: Circulation (75 sx)

Intermediate Csg: 8 5/8" 32# K-55
Set: 5100' w/ 2000 sx cmt
Hole Size: 11" to 5100
Circ: Yes **TOC:** Surface
TOC By: Circulation

Prod. Csg: 5 1/2" 17# WC-70
Set: @ 12300 w/2500 sx cmt
Hole Size: 7 7/8" to 12300
Circ: No **TOC:** 2716'
TOC By: Temp Survey
DV Tool @ 8695', circulated

Initial Completion:
4/97 (Morrow) perf 11980-90 (4 jspf) ; A/1000 gal 7 1/2% HCL

Subsequent Work
1/2000 CIBP @ 11930 w/35' cmt on top ; (Wolfcamp) perf 8552-70 (4jspf)
11/2000 Horizontal ; TOW 8418 ; BOW 8424
Drilled to MD 10534

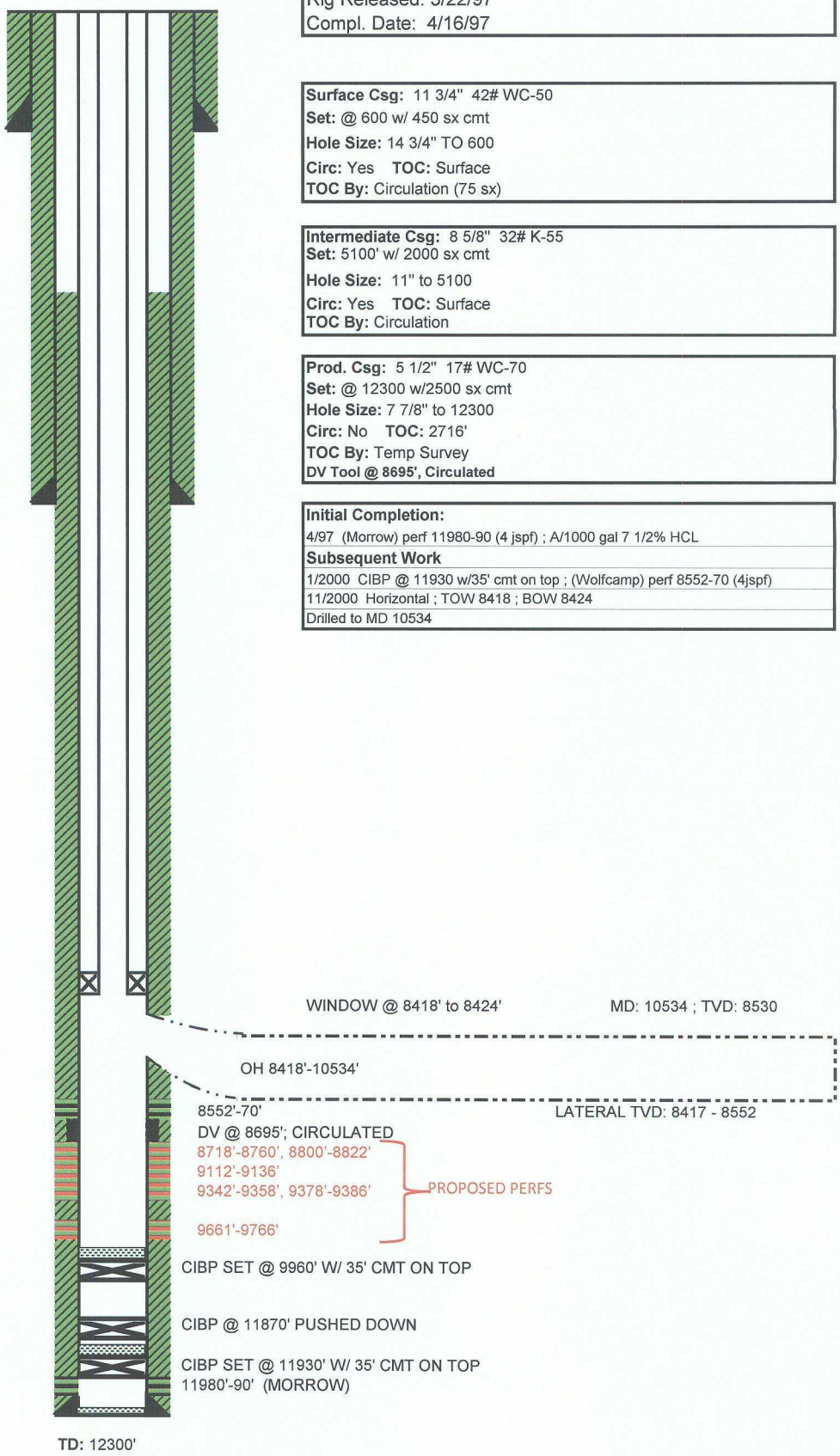
Well: Skelly Unit #902 Field: Fren

Location:
1650' FNL & 990' FWL
Section: 15 (SW/4 NW/4)
Township: 17S
Range: 31E Unit: E
County: Eddy State: NM

Elevations:
GL: 3870
KB: 3887
DF: 3886

Log Formation Tops	
Tansill	1658
Yates	1814
Seven Rivers	2115
Queen	2752
Grayburg	3140
San Andres	3494
Glorieta	5012
Tubb	6456
Abo	7160
Wolfcamp	8412
Pennsylvanian (Cisco)	9444
Strawn	11048
Atoka	11305
Morrow	11553
Chester	12130

Proposed
Wellbore Diagram



Well ID Info:
API No: 30-015-29322
Spud Date: 1/26/97
Rig Released: 3/22/97
Compl. Date: 4/16/97

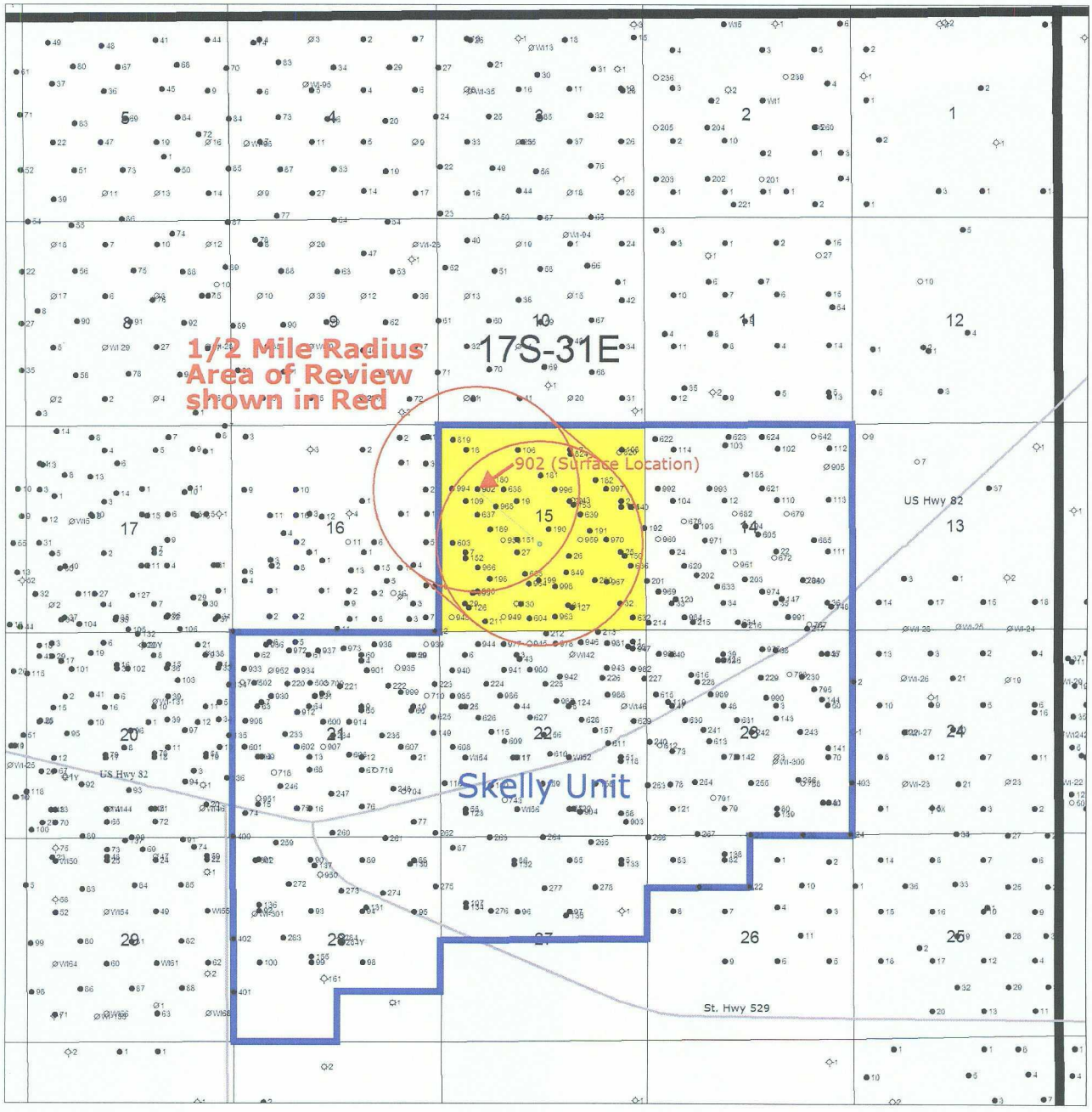
Surface Csg: 11 3/4" 42# WC-50
Set: @ 600 w/ 450 sx cmt
Hole Size: 14 3/4" TO 600
Circ: Yes **TOC:** Surface
TOC By: Circulation (75 sx)

Intermediate Csg: 8 5/8" 32# K-55
Set: 5100' w/ 2000 sx cmt
Hole Size: 11" to 5100
Circ: Yes **TOC:** Surface
TOC By: Circulation

Prod. Csg: 5 1/2" 17# WC-70
Set: @ 12300 w/2500 sx cmt
Hole Size: 7 7/8" to 12300
Circ: No **TOC:** 2716'
TOC By: Temp Survey
DV Tool @ 8695', Circulated

Initial Completion:
4/97 (Morrow) perf 11980-90 (4 jspf) ; A/1000 gal 7 1/2% HCL

Subsequent Work
1/2000 CIBP @ 11930 w/35' cmt on top ; (Wolfcamp) perf 8552-70 (4jspf)
11/2000 Horizontal ; TOW 8418 ; BOW 8424
Drilled to MD 10534



Chevron MidContinent/Alaska Business Unit

Skelly Unit Well # 902 C-108 Application
Unit E, Section 15
1650' FNL & 990' FWL
T17s, R31E

Eddy Co., New Mexico

January 21, 2011

Scale 1" = 4000 Ft.

Wells With-in 1/2 mile Radius of the Skelly Unit # 902, Proposed Salt Water Disposal well

Well Name	Well No.	API	Field	Reservior	Pool	Status		Location	Unit Letter	Section	Township	Range	County	Company	Penetrates proposed inj zone	TD
OXY BUTTERPECAN FEDERAL	1	30-015-32316	FREN	Wolfcamp	96520	GAS	Active	890' FWL & 660' FSL	M	10	17S	31E	Eddy	MARBOB ENERGY	Diagram included	12200
WILLOW STATE	5	30-015-29495	FREN	Paddock	26770	OIL	Active	330' FEL & 2310' FSL	I	16	17S	31E	Eddy	COG OPERATING	Yes-Diagram	8700
SKELLY UNIT	902	30-015-29322	Henshaw Wolfcamp SE	Henshaw Wolfcamp SE	96520	GAS	Inactive	990' FEL & 1650' FNL	E	15	17S	31E	Eddy	CHEVRON	Yes-Diagram included	12300
SKELLY UNIT	843	30-015-37985	Fren	Glorita-Yeso	26770	START	New well	1845' FEL & 1958' FNL	G	15	17S	31E	Eddy	CHEVRON	No	6742
SKELLY UNIT	832	30-015-37984	Fren	Glorita-Yeso	26770	LOC	New well	866' FWL & 764' FNL	D	15	17S	31E	Eddy	COG OPERATING	No	7000
SKELLY UNIT	823	30-015-37982	Fren	Glorita-Yeso	26770	LOC	New well	1897' FWL & 887' FNL	C	15	17S	31E	Eddy	COG OPERATING	No	7000
SKELLY UNIT	836	30-015-37909	Fren	Glorita-Yeso	26770	LOC	New well	2132' FWL & 948' FNL	C	15	17S	31E	Eddy	COG OPERATING	No	6750
CHOCTAW STATE	5	30-015-37868	Fren	Glorita-Yeso	26770	LOC	New well	990' FEL & 890' FNL	A	16	17S	31E	Eddy	COG OPERATING	No	6700
SKELLY UNIT 824	824	30-015-37668	Fren	Glorita-Yeso	26770	START	New well	1890' FEL & 755' FNL	B	15	17S	31E	Eddy	COG OPERATING	No	7035
SKELLY UNIT 635	635	30-015-37657	Fren	Glorita-Yeso	26770	OIL	Active	2200' FWL & 1475' FSL	K	15	17S	31E	Eddy	CHEVRON	No	6725
CHOCTAW STATE 4	4	30-015-37637	Fren	Glorita-Yeso	26770	START	New well	380' FEL & 330' FNL	A	16	17S	31E	Eddy	COG OPERATING	No	6700
WILLOW STATE 12	12	30-015-37624	Fren	Glorita-Yeso	26770	LOC	New well	330' FEL & 1630' FSL	I	16	17S	31E	Eddy	COG OPERATING	No	6700
WILLOW STATE 10	10	30-015-37622	Fren	Glorita-Yeso	26770	LOC	New well	1055' FEL & 2310' FSL	I	16	17S	31E	Eddy	COG OPERATING	No	6700
SKELLY UNIT 819	819	30-015-37475	Fren	Glorita-Yeso	26770	OIL	Active	670' FNL & 771' FWL	D	15	17S	31E	Eddy	COG OPERATING	No	6930
SKELLY UNIT 637	637	30-015-37089	Fren	Glorita-Yeso	26770	OIL	Active	2465' FNL & 1300' FWL	E	15	17S	31E	Eddy	COG OPERATING	No	6735
SKELLY UNIT 638	638	30-015-37084	Fren	Glorita-Yeso	26770	OIL	Active	1380' FNL & 1890' FWL	C	15	17S	31E	Eddy	COG OPERATING	No	6740
SKELLY UNIT 639	639	30-015-37083	Fren	Glorita-Yeso	26770	OIL	Active	2445' FNL & 1875' FEL	G	15	17S	31E	Eddy	COG OPERATING	No	6720
SKELLY UNIT 996	996	30-015-36729	Fren	Glorita-Yeso	26770	OIL	Active	2140' FNL & 1965' FEL	G	15	17S	31E	Eddy	COG OPERATING	No	6767
SKELLY UNIT 603	603	30-015-36728	Fren	Glorita-Yeso	26770	OIL	Active	1850' FSL & 650' FWL	L	15	17S	31E	Eddy	COG OPERATING	No	6753
SKELLY UNIT 994	994	30-015-36588	Fren	Glorita-Yeso	26770	OIL	Active	2150' FNL & 330' FWL	E	15	17S	31E	Eddy	COG OPERATING	No	6690
SKELLY UNIT 966	966	30-015-35969	Fren	Glorita-Yeso	26770	OIL	Active	1500' FSL & 1310' FWL	L	15	17S	31E	Eddy	COG OPERATING	No	6615
CHOCTAW STATE 3	3	30-015-35877	Fren	Glorita-Yeso	26770	OIL	Active	990' FNL & 330' FEL	A	16	17S	31E	Eddy	COG OPERATING	No	6625
CHOCTAW STATE 2	2	30-015-35876	Fren	Glorita-Yeso	26770	OIL	Active	330' FNL & 990' FEL	A	16	17S	31E	Eddy	COG OPERATING	No	6610
SKELLY UNIT 968	968	30-015-35816	Fren	Glorita-Yeso	26770	OIL	Active	2310' FNL & 1890' FWL	F	15	17S	31E	Eddy	COG OPERATING	No	6566
SKELLY UNIT 965	965	30-015-34647	Fren	Paddock	26770	OIL	Active	990' FSL & 990' FWL	M	15	17S	31E	Eddy	CHEVRON	No	5370
SKELLY UNIT 958	958	30-015-34318	Fren	Paddock	26770	OIL	Active	2310' FSL & 1650' FWL	K	15	17S	31E	Eddy	CHEVRON	No	5480

FORAN STATE 2	2	30-015-30725	Fren	Paddock	26770	OIL	Active	1650' FNL & 330' FEL	H	16	17S	31E	Eddy	MARBOB ENERGY	No	5530
SKELLY UNIT 190	190	30-015-29207	Grayburg Jackson, SR-	SR-Q-G-SA	28509	OIL	Active	2622' FSL & 2465' FEL	J	15	17S	31E	Eddy	SANDRIDGE E&P	No	4050
SKELLY UNIT 189	189	30-015-29206	Grayburg Jackson, SR-	SR-Q-G-SA	28509	OIL	Active	2630' FSL & 1310' FWL	L	15	17S	31E	Eddy	SANDRIDGE E&P	No	3925
SKELLY UNIT 180	180	30-015-29203	Grayburg Jackson, SR-	SR-Q-G-SA	28509	OIL	Active	1401' FNL & 1338' FWL	F	15	17S	31E	Eddy	SANDRIDGE E&P	No	3950
SKELLY UNIT 198	198	30-015-29013	Grayburg Jackson, SR-	SR-Q-G-SA	28509	OIL	Active	1354' FSL & 1300' FWL	L	15	17S	31E	Eddy	SANDRIDGE E&P	No	4000
SKELLY UNIT 181	181	30-015-28965	Grayburg Jackson, SR-	SR-Q-G-SA	28509	OIL	Inactive	1303' FNL & 2606' FWL	C	15	17S	31E	Eddy	SANDRIDGE E&P	No	3950
FORAN STATE	1	30-015-26098	Grayburg Jackson, SR-	SR-Q-G-SA	28509	P&A-4/12/00	Inactive	2310' FNL & 330' FEL	H	16	17S	31E	Eddy	MARBOB ENERGY	No	3844
H E WEST B	41	30-015-26033	Grayburg Jackson, SR-	SR-Q-G-SA	28509	OIL	Active	660' FSL & 2020' FWL	N	10	17S	31E	Eddy	LINN OPERATING	No	4008
CHOCTAW STATE	1	30-015-24011	Grayburg Jackson, SR-	SR-Q-G-SA	28509	OIL	Active	990' FNL & 990' FEL	A	16	17S	31E	Eddy	COG OPERATING	No	3600
SKELLY UNIT	153	30-015-22531	Fren	7RVS	26790	P&A 9/26/90	Inactive	2080' FNL & 1880' FEL	G	15	17S	31E	Eddy	TEXACO	No	2629
SKELLY UNIT	152	30-015-22495	Fren	7RVS	26790	P&A 9/28/90	Inactive	1830' FSL & & 660' FWL	L	15	17S	31E	Eddy	TEXACO	No	2550
SKELLY UNIT	151	30-015-22494	Fren	7RVS	26790	P&A	Inactive	2310' FSL & 1980' FWL	K	15	17S	31E	Eddy	TEXACO	No	2600
SKELLY UNIT	109	30-015-20468	Grayburg Jackson, SR-	SR-Q-G-SA	28509	INJ	Inactive	1980' FNL & 660' FWL	E	15	17S	31E	Eddy	SANDRIDGE E&P	No	3810
SKELLY UNIT	106	30-015-20366	Grayburg Jackson, SR-	SR-Q-G-SA	28509	OIL/INJ	Inactive	660' FNL & 1980' FWL	C	15	17S	31E	Eddy	SANDRIDGE E&P	No	3692
MOBIL-STATE	1	30-015-05174	Grayburg Jackson, SR-	SR-Q-G-SA	28509	P&A 5/17/97	Inactive	2310' FNL & 990' FEL	H	16	17S	31E	Eddy	H&W ENTERPRISES	No	3749
STATE B	4	30-015-05173	Grayburg Jackson, SR-	SR-Q-G-SA	28509	OIL	Active	1650' FSL & 660' FEL	I	16	17S	31E	Eddy	SANDRIDGE E&P	No	3782
SHELL-STATE	1	30-015-05166	Grayburg Jackson, SR-	SR-Q-G-SA	28509	P&A 5/25/69	Inactive	330' FNL & 330' FEL	A	16	17S	31E	Eddy	KERSEY & COMPANY	No	3778
SKELLY UNIT	20	30-015-05161	Grayburg Jackson, SR-	SR-Q-G-SA	28509	INJ	Active	1980' FNL & 1980' FEL	G	15	17S	31E	Eddy	SANDRIDGE E&P	No	3657
SKELLY UNIT	27	30-015-05159	Grayburg Jackson, SR-	SR-Q-G-SA	28509	INJ	Inactive	1980' FSL & 1980' FWL	K	15	17S	31E	Eddy	SANDRIDGE E&P	No	3600
SKELLY UNIT	28	30-015-05156	Grayburg Jackson, SR-	SR-Q-G-SA	28509	INJ	Active	1980' FSL & 660' FWL	L	15	17S	31E	Eddy	SANDRIDGE E&P	No	3714
SKELLY UNIT	19	30-015-05155	Grayburg Jackson, SR-	SR-Q-G-SA	28509	INJ	Inactive	1980' FNL & 1980' FWL	F	15	17S	31E	Eddy	SANDRIDGE E&P	No	3670
SKELLY UNIT	18	30-015-05154	Grayburg Jackson, SR-	SR-Q-G-SA	28509	INJ	Inactive	660' FNL & 660' FWL	D	15	17S	31E	Eddy	SANDRIDGE E&P	No	3611
SKELLY UNIT	17	30-015-05153	Grayburg Jackson, SR-	SR-Q-G-SA	28509	INJ	Inactive	660' FNL & 1980' FEL	B	15	17S	31E	Eddy	SANDRIDGE E&P	No	3666
H E WEST B	21	30-015-05127	Grayburg Jackson, SR-	SR-Q-G-SA	28509	INJ	Active	660' FSL & 660' FWL	M	10	17S	31E	Eddy	LINN OPERATING	No	3917

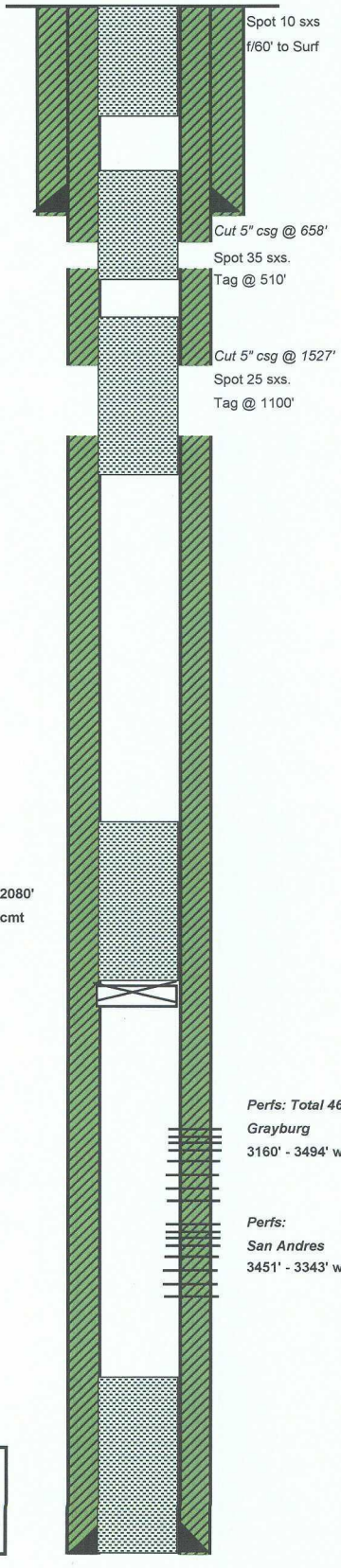
Well: Foran State #1 **Field: Grayburg-Jackson-SR-Q-G-SA** Reservoir: **7RVS Q-G-SA**

Location:
2310' FNL & 330' FEL
Section: 16
Township: 17S
Range: 31E Unit: H
County: Eddy State: NM

Elevations:
GL: 3860'
KB:
DF:

Log Formation Tops	
Tansill	
Yates	
Seven Rivers	
Queen	
Grayburg	3110'
San Andres	3430'
Glorieta	
Tubb	
Abo	
Wolfcamp	
Strawn	
Atoka	
Morrow	

Current
Wellbore Diagram



Well ID Info:
Chevno: NA
API No: 30-015-26098
Operator: Marbob Energy Corp
Spud Date: 4-24-89
Rig Released: 7/29/89
Compl. Date: 8/22/89

Surface Csg: 8-5/8", 23#
Set: @ 611' w/ 425 sx cmt
Hole Size: 12-1/4"
Circ: Yes **TOC:** Surface
TOC By: Circulation (Trace)

Initial Completion:
Perf'd in Grayburg-Jackson-SR-Q-GR-SA formation. 3451'-3494' &3160'-3343'.
Acdz w/6500 gals, 15% NE, and frac w/60,000 gals gell 2% KCL wtr. & 110,000# sd.
Subsequent Work
6-18-97 CO and RTP. 2-7/8" tbg set @ 3216'
4-12-2000 P&A'd

Prod. Csg: 5" 15#
Set: @ 3796' w/975 sx cmt
Hole Size: 7-7/8" to
Circ: yes **TOC:** Surface
TOC By: Circulation (25 sxs)

TD: 3844' **COTD:** **PBTD:** 3660'

Updated: 1-4-11 By: Chay

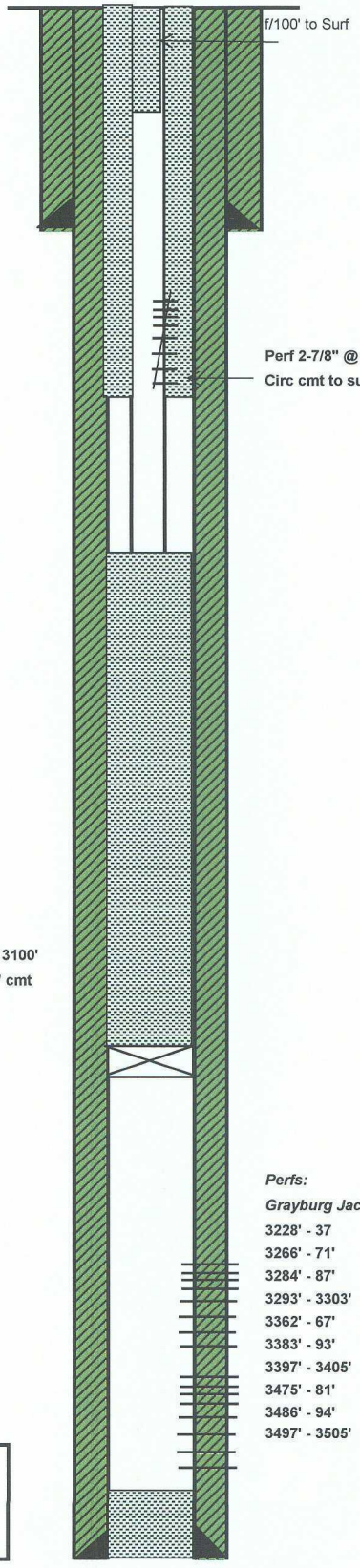
Well: Mobil State # 1 **Field: Grayburg Jackson** Reservoir: Grayburg - San Andres

Location:
2310' FNL & 990' FEL
Section: 15
Township: 17S
Range: 31E Unit: H
County: Eddy State: NM

Elevations:
GL: 3870'
KB:
DF:

Log Formation Tops	
Base/Salt	
Yates	
Seven Rivers	
Queen	
Grayburg	
San Andres	3228'
Glorieta	
Tubb	
Abo	
Wolfcamp	
Strawn	
Atoka	
Morrow	

Current Wellbore Diagram



Well ID Info:
Chevno: FC5816
API No: 30-015-05174
Operator: H & W Enterprises
Spud Date: 6-17-37
Rig Released:
Compl. Date: 9-10-37

Surface Csg: 8-5/8", 28#
Set: @ 630' w/ 50 sx cmt
Hole Size: 11" to 630'
Circ: Yes **TOC:** Surface
TOC By: Circulation

Initial Completion:
Orig drill: 9-10-37. TD: 3290'

Subsequent Work

4-3-50: *Mudded hole, Set 5 sx cmt bridge. Cut csg @ 1250' & pull'd, & cut 85/8" csg @ 106', pull'd. Mudded to Surface.*

Major W/O: 1960 TD: 3738'

Spud 10-7-60, Complete: 10-23-60; Grayburg San Andres formation.

Perfs: 3228'-37, 3266'-71', 3284'-87', 3293'-3303', 3362'-67', 3383'-93, 3397'-340 3475'-81', 3486'-94', 3497'-3505'. Acdz & Frac.

5-17-97 P&A'd

Perf 2-7/8" @ 1407'. Circ cmt to surf between 2-7/8" & 7"

Prod. Csg: 7", 20# csg
Set: @ 3290' w/50 sx cmt
Hole Size: 8-5/8" to 3290'
Circ: yes **TOC:** Surface
TOC By: Circulation

TD: 3738' **PBTD: 3529'**

Updated: 1-5-11 By: Chay

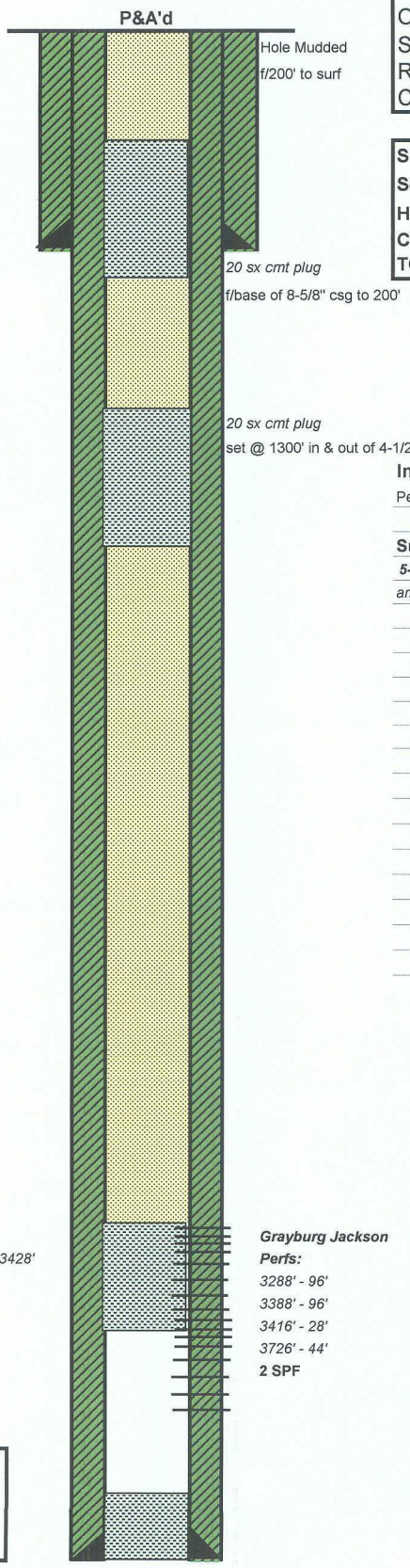
Well: Shell State # 1 **Field: Grayburg Jackson** Reservoir: Grayburg -Jackson

Location:
330' FNL & 330' FEL
Section: 16
Township: 17S
Range: 31E Unit: A
County: Eddy State: NM

Elevations:
GL:
KB:
DF: 3876'

Log Formation Tops	
Base/Salt	
Yates	
Seven Rivers	2190'
Queen	2730'
Grayburg	3160'
San Andres	3500'
Glorieta	
Tubb	
Abo	
Wolfcamp	
Strawn	
Atoka	
Morrow	

Current Wellbore Diagram



Well ID Info:
Chevno: FC5808
API No: 30-015-05166
Operator: Kersey & Company
Spud Date: 7-15-60
Rig Released:
Compl. Date: 9-25-60

Surface Csg: 8-5/8", 28#
Set: @ 677' w/ 50 sx cmt
Hole Size: 10" to 677'
Circ: Yes **TOC:** Surface
TOC By: Circulation

Initial Completion:
Perfs: 3726' - 44', 2 SPF, Trt w/ 380 bbls gelled oil, slick oil & 40,000# sd.

Subsequent Work
***5-25-65**: P&A'd, as shown on diagram. Hole was mudded between all plugs and the marker set in cmt @ the surface.*

Prod. Csg: 4-1/2", 9.5# csg
Set: @ 3775' w/325 sx cmt
Hole Size: 8" to 3778'
Circ: yes **TOC:** Surface
TOC By: Circulation

TD: 3778' **PBTD:**

Updated: 1-5-11 By: Chay

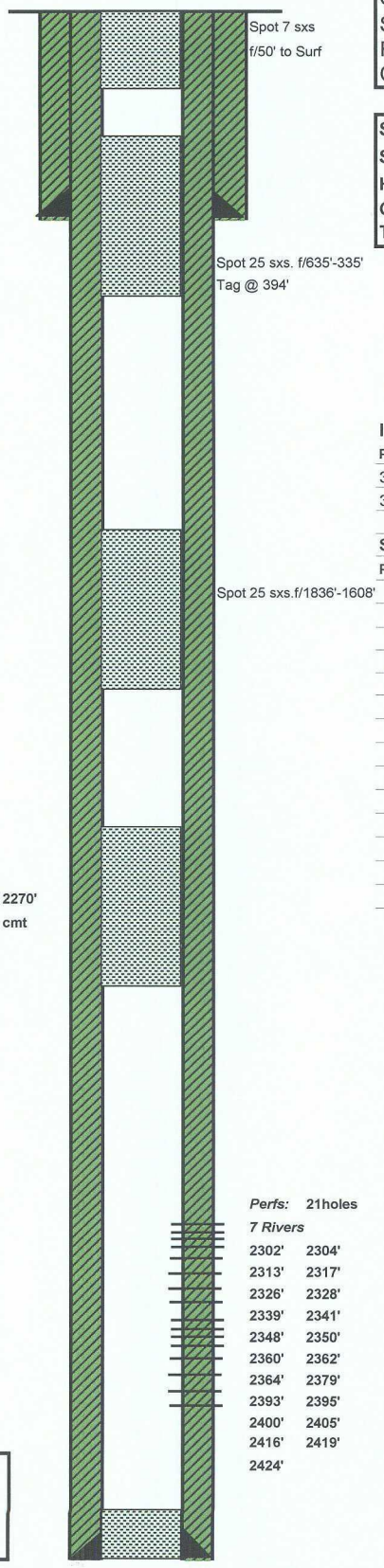
Well: Skelly Unit # 151 **Field: Fren** Reservoir: 7RVS

Location:
2310' FSL & 1980' FWL
Section: 15
Township: 17S
Range: 31E Unit: K
County: Eddy State: NM

Elevations:
GL: 3867'
KB:
DF:

Log Formation Tops	
Base/Salt	1640'
Yates	1798'
Seven Rivers	2114'
Queen	
Grayburg	
San Andres	
Glorieta	
Tubb	
Abo	
Wolfcamp	
Strawn	
Atoka	
Morrow	

Current
Wellbore Diagram



Well ID Info: BLM
Chevno: NA
API No: 30-015-22494
Operator: Chevron
Spud Date: 6-8-78
Rig Released: 6-17-78
Compl. Date: 6-30-78

Surface Csg: 8-5/8", 24#, K-55
Set: @ 582' w/ 275 sx cmt
Hole Size: 11" to 570'
Circ: Yes **TOC:** Surface
TOC By: Circulation 28 sxs

Initial Completion:
Perfs: 2302-2395' & 2400'-2424' in the 7Rvs formation. Acdz w/3250 gals 15% F
34 ball sealers, 38,514 gals 2% KCL & 21,672# 100 mash sd.
37,800 # 20/40 sd, 84 gals scale inhib & 2 ball sealers

Subsequent Work
P&A'd 9-25-90

Prod. Csg: 5-12" 15.5#
Set: @ 2599' w/650 sx cmt
Hole Size: 7-7/8" to 2600'
Circ: yes **TOC:** Surface
TOC By: Circulation

TD: 2600" **PBTD:** 2557'

Updated: 1-4-11 By: Chay

Well: Skelly Unit # 152 **Field: Fren** Reservoir: 7RVS

Location:
1830' FSL & 660' FWL
Section: 15
Township: 17S
Range: 31E Unit: L
County: Eddy State: NM

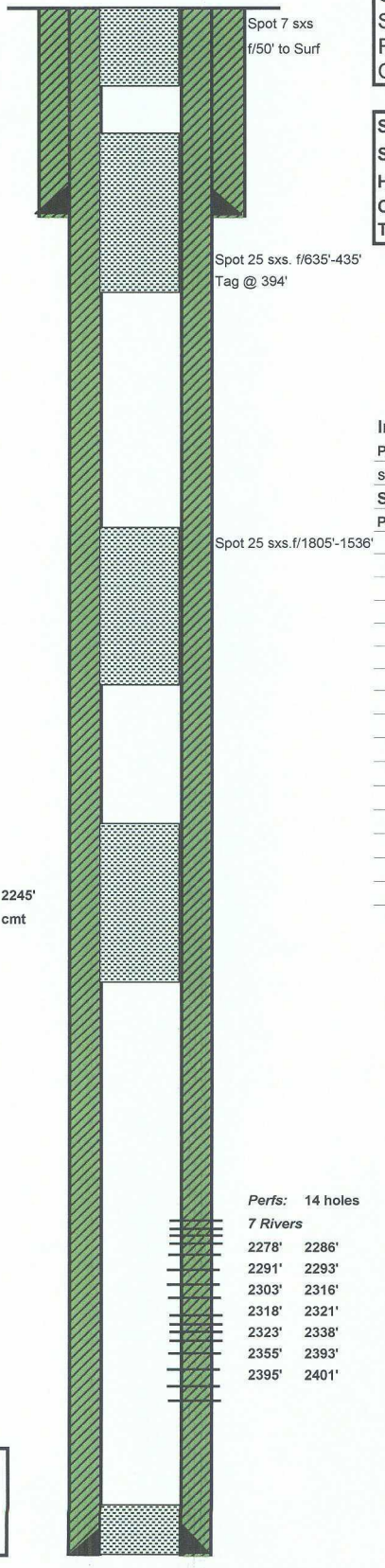
Elevations:
GL: 3865'
KB: 3875'
DF:

Log Formation Tops	
Base/Salt	1600'
Yates	1750'
Seven Rivers	2100'
Queen	
Grayburg	
San Andres	
Glorieta	
Tubb	
Abo	
Wolfcamp	
Strawn	
Atoka	
Morrow	

Prod. Csg: 5-12" 15.5 & 14# K-55 R-3
Set: @ 2549' w/550 sx cmt
Hole Size: 7-7/8" to 2550'
Circ: yes **TOC:** Surface
TOC By: Circulation 45 sxs

Updated: 1-4-11

Current
Wellbore Diagram



TD: 2549' **PBTD:** 2508'

By: Chay

Well ID Info: BLM
Chevno: NA
API No: 30-015-22495
Operator: Chedvron
Spud Date: 7-22-78
Rig Released: 7-26-78
Compl. Date: 8-4-78

Surface Csg: 8-5/8", 23#, K-55
Set: @ 569' w/ 275 sx cmt
Hole Size: 11" to 570'
Circ: Yes **TOC:** Surface
TOC By: Circulation 20 sxs

Initial Completion:
Perfs: 2278'-2401' in the 7Rvs formation. Acdz w/4500 gals 15% FE & 28 ball sealers, 37,170 gals 2% KCL & 48,300 # 20/40 sd.

Subsequent Work
P&A'd 9-28-90

Well: Skelly Unit # 153 **Field: Fren** Reservoir: **Seven Rivers**

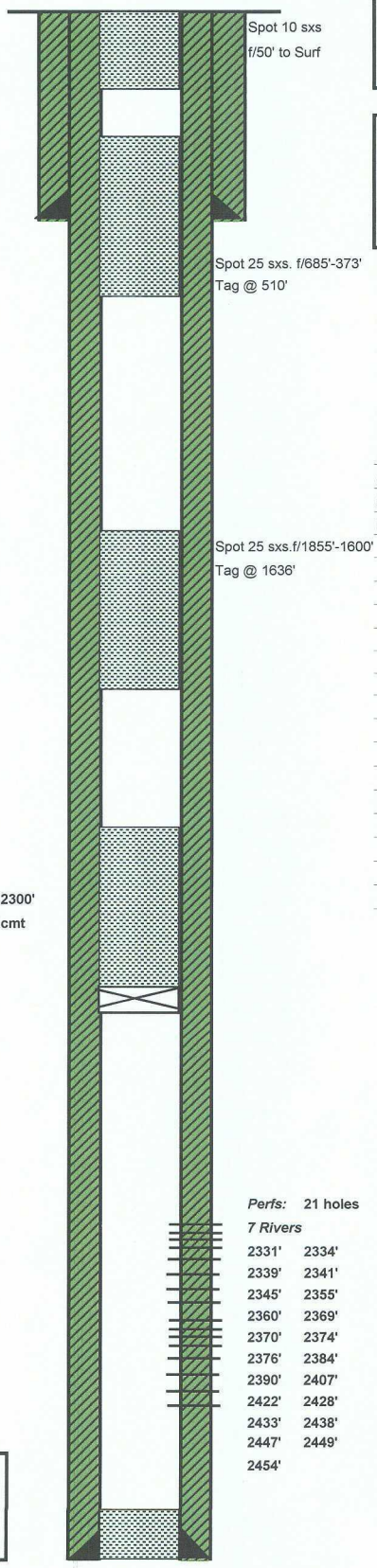
Location:
2080' FNL & 1880' FEL
Section: 15
Township: 17S
Range: 31E Unit: G
County: Eddy State: NM

Elevations:
GL: 3881'
KB: 3890'
DF:

Log Formation Tops	
Base/Salt	1670'
Yates	1826'
Seven Rivers	2150'
Queen	
Grayburg	
San Andres	
Glorieta	
Tubb	
Abo	
Wolfcamp	
Strawn	
Atoka	
Morrow	

Prod. Csg: 5-12" 15.5 & 14# K-55
Set: @ 2629" w/650 sx cmt
Hole Size: 7-7/8" to 2630'
Circ: yes **TOC:** Surface
TOC By: Circulation

Current Wellbore Diagram



TD: 2630" **COTD:** **PBTD:** 2586'

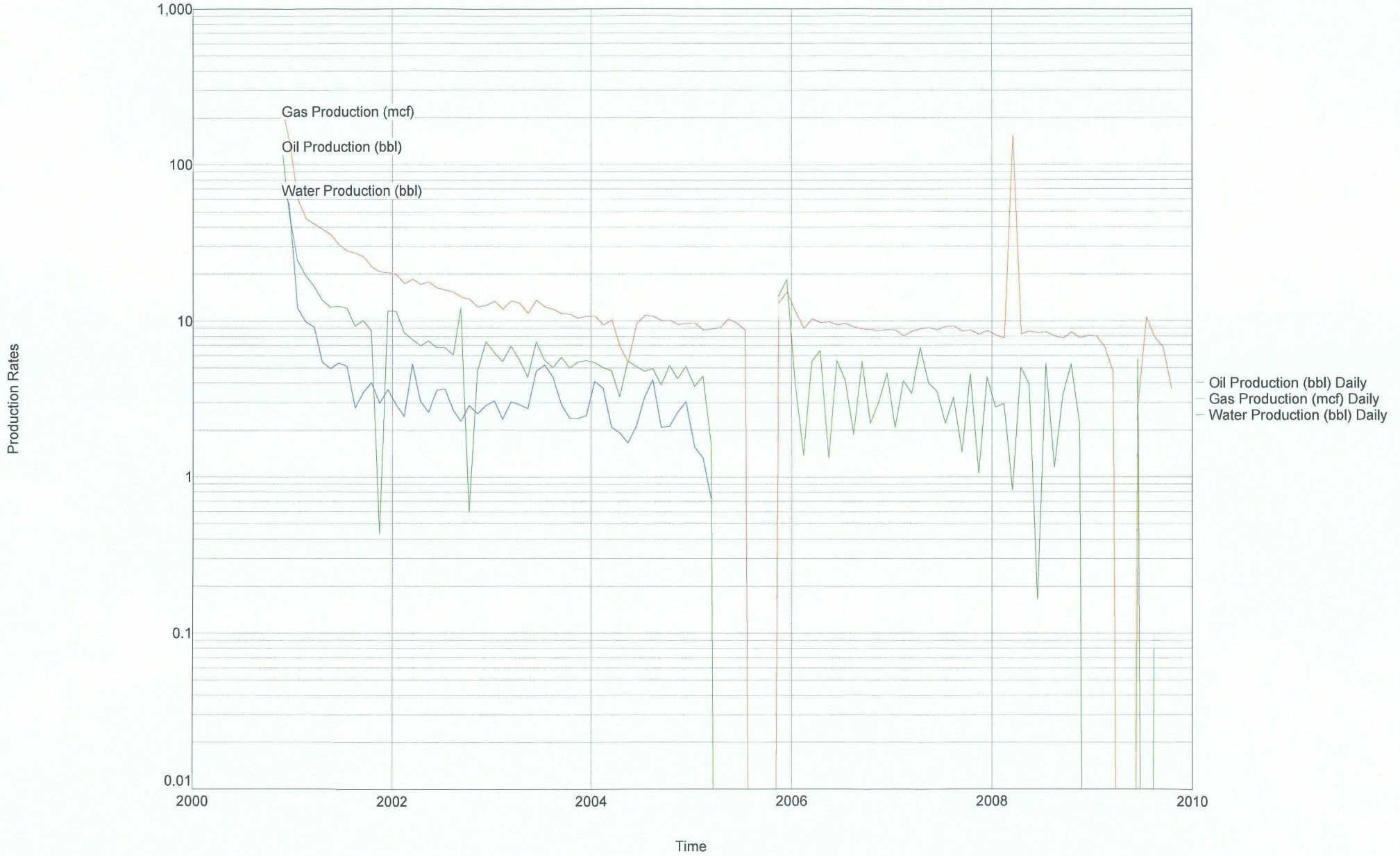
Updated: 1-4-11 By: Chay

Well ID Info: **BLM**
Chevno: NA
API No: 30-015-22531
Operator: Chedvron
Spud Date: 8/2/78
Rig Released: 8/5/78
Compl. Date: 9/6/78

Surface Csg: 8-5/8", 23#, 8rd ST&C
Set: @ 631' w/ 275 sx cmt
Hole Size: 11" TO 632'
Circ: Yes **TOC:** Surface
TOC By: Circulation

Initial Completion:
Perfs: 2331'-2454' in the 7Rvs formation. Acdz w/3150 gals 15% & 42 ball sealers, 41,000 # gell 2% KCL, & 48,300 20/40 sd & 11 ball sealers.

Subsequent Work
P&A'd 11-9-90


1,000
100
10
1
0.1
0.01
Production Rates
Gas Production (mcf)
Oil Production (bbl)
Water Production (bbl)
2000
2002
2004
2006
2008
2010
Time
Oil Production (bbl) Daily
Gas Production (mcf) Daily
Water Production (bbl) Daily

Well: Skelly Unit #902 Field: Fren Reservoir: Wolfcamp

Location:
1650' FNL & 990' FWL
Section: 15 (SW/4 NW/4)
Township: 17S
Range: 31E Unit: E
County: Eddy State: NM

Elevations:
GL: 3870
KB: 3887
DF: 3886

Log Formation Tops	
Tansill	1658
Yates	1814
Seven Rivers	2115
Queen	2752
Grayburg	3140
San Andres	3494
Glorieta	5012
Tubb	6456
Abo	7160
Wolfcamp	8550
Pennsylvanian	9444
Strawn	11048
Atoka	11305
Morrow	11553
Chester	12130

TUBING DETAIL - 11/4/2000
RKB correction: 10'
265 jts - 2 7/8" L-80, 6.50# tbg (8359.05)
1 2 7/8" x 5 1/2" TA (8361.85)
12 jts - tbg (8740.52)
1 2 7/8" SN (8741.62)
1 3 1/2" MA (8766.77)

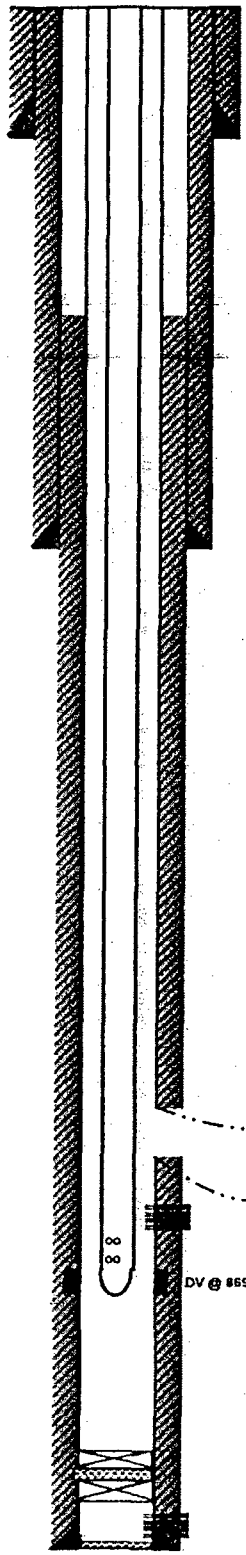
SN @ 8740.52 TAC @ 8359.05
EOT @ 8766.77

Rod Detail:
1 1 1/2" x 26' Polish Rod
1 7/8" x 6' sub
144 7/8" D rods
192 3/4" D rods
12 1 1/2" K-bars
1 7/8" x 4' sub
1 2 1/2" x 1 1/2" x 24' RHBC pmp
1 1 1/4" x 12' GA

TAC @ 6591.17

Prod. Csg: 5 1/2" 17# WC-70
Set: @ 12300 w/2500 sx cmt
Hole Size: 7 7/8" to 12300
Circ: No **TOC:** 2716'
TOC By: Temp Survey
DV Tool @ 8695', circulated

Current Wellbore Diagram



TD: 12300 COTD: 12085 PBTD: 11870

Well ID Info:
API No: 30-015-29322
L5/L6: PH6 / 1000
Spud Date: 1/26/97
Rig Released: 3/22/47
Compl. Date: 4/16/97

Surface Csg: 11 3/4" 42# WC-50
Set: @ 600 w/ 450 sx cmt
Hole Size: 14 3/4" TO 600
Circ: Yes **TOC:** Surface
TOC By: Circulation (75 sx)

Intermediate Csg: 8 5/8" 32# K-55
Set: 5100' w/ 2000 sx cmt
Hole Size: 11" to 5100
Circ: Yes **TOC:** Surface
TOC By: Circulation

Initial Completion:
4/97 (Morrow) perf 11980-90 (4 jspf) ; A/1000 gal 7 1/2% HCL

Subsequent Work
1/2000 CIBP @ 11930 w/35' cmt on top ; (Wolfcamp) perf 8552-70 (4jspf)
A/1890 gal 20% NEFE HCL
11/2000 CIBP @ 8430 ; KO Horizontal ; TOW 8418 ; BOW 8424
Drilled to MD 10534 ; TVD 8550 ; 60000 gal 20% HCL & 40000 gal WF-130
POH w/whipstock & push CIBP to 11870'

Perfs	Status
Window @ 8418 to 8424	MD: 10534 ; TVD: 8530
OH 8418-10534	Wolfcamp - open
8552-70	Wolfcamp - open

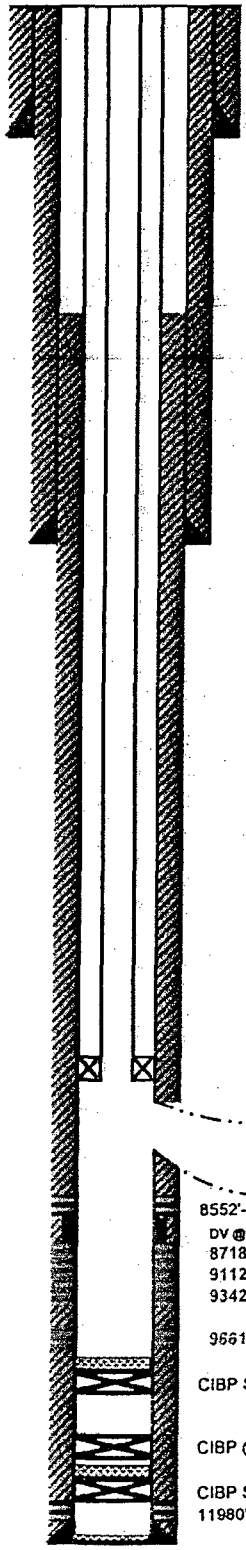
Well: Skelly Unit #902 Field: Fren Reservoir: Wolfcamp

Location:
1650' FNL & 990' FWL
Section: 15 (SW/4 NW/4)
Township: 17S
Range: 31E Unit: E
County: Eddy State: NM

Elevations:
GL: 3870
KB: 3887
DF: 3886

Log Formation Tops	
Tansill	1658
Yates	1814
Seven Rivers	2115
Queen	2752
Grayburg	3140
San Andres	3494
Glorieta	5012
Tubb	6456
Abo	7160
Wolfcamp	8550
Pennsylvanian	9444
Strawn	11048
Atoka	11305
Morrow	11553
Chester	12130

Proposed
Wellbore Diagram



Well ID Info:
API No: 30-015-29322
L5/L6: PH6 / 1000
Spud Date: 1/26/97
Rig Released: 3/22/97
Compl. Date: 4/16/97

Surface Csg: 11 3/4" 42# WC-50
Set: @ 600 w/ 450 sx cmt
Hole Size: 14 3/4" TO 600
Circ: Yes **TOC:** Surface
TOC By: Circulation (75 sx)

Intermediate Csg: 8 5/8" 32# K-55
Set: 5100' w/ 2000 sx cmt
Hole Size: 11" to 5100
Circ: Yes **TOC:** Surface
TOC By: Circulation

Prod. Csg: 5 1/2" 17# WC-70
Set: @ 12300 w/2500 sx cmt
Hole Size: 7 7/8" to 12300
Circ: No **TOC:** 2716'
TOC By: Temp Survey
DV Tool @ 8695', Circulated

Initial Completion:
4/97 (Morrow) perf 11980-90 (4 jspf) ; A/1000 gal 7 1/2% HCL

Subsequent Work
1/2000 CIBP @ 11930 w/35' cmt on top ; (Wolfcamp) perf 8552-70 (4jspf)
A/1890 gal 20% NEFE HCL
11/2000 CIBP @ 8430 ; KO Horizontal ; TOW 8418 ; BOW 8424
Drilled to MD 10534 ; TVD 8550 ; 60000 gal 20% HCL & 40000 gal WF-130
POH w/whipstock & push CIBP to 11870'

WINDOW @ 8418' to 8424' MD: 10534 ; TVD: 8530

OH 8418'-10534' WOLFCAMP - OPEN

8552'-70' (WOLFCAMP - OPEN)
DV @ 8695'; Circulated
8718'-8760', 8800'-8822'
9112'-9136'
9342'-9358', 9378'-9386'
9561'-9766'
PROPOSED PERFS

CIBP SET @ 9960' W/ 35' CMT ON TOP

CIBP @ 11870' PUSHED DOWN NOT SET

CIBP SET @ 11930' W/ 35' CMT ON TOP
11980'-90' (MORROW - INACTIVE)

PBTD: 11870
COTD: 12085
TD: 12300

Well: Willow State # 5 Field: Fren Paddock Reservoir: Paddock

Location:
2310' FSL & 330' FEL
Section: 16
Township: 17S
Range: 31E Unit: M
County: Eddy State: NM
Status: Active - Oil

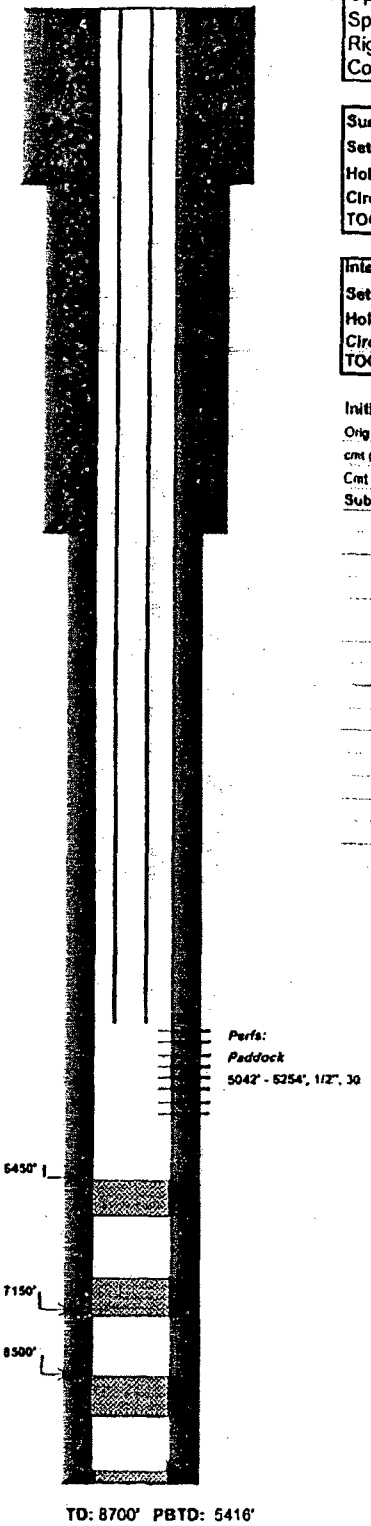
Elevations:
GL: 3858'
KB:
DF:

Log Formation Tops	
B/Salt	1560'
Yates	
Seven Rivers	
Queen	
Grayburg	
San Andres	3420'
Glorieta	4942'
Paddock	5030'
Tubb	6406'
Abo	7090'
Wolfcamp	8364'
Penn	
Strawn	
Atoka	
Morrow	

Tubing- 6/5/1997
2-7/8" set @ 5281'

Prod. Csg: 5 1/2" 17# J-55 LT&C csg
Set: @ 5416' w/1280 sx cmt
Hole Size: 7-7/8" to 8700'
Circ: **TOC:**
TOC By: CBL
PBTD @ 5403'

Current Wellbore Diagram



TD: 8700' PBTD: 5416'

Well ID Info:
Chevno: NA
API No: 30-015-29495
Operator: COG Operating LLC (3/1/2006)
Spud Date: 5-1-97
Rig Released: 5-21-97
Compl. Date: 6-5-97

Surface Csg: 13-3/8" 54# J-55 csg
Set: @ 343 w/ 350 sx cmt
Hole Size: 17 1/2" TO 350'
Circ: Yes **TOC:** Surface
TOC By: Circulation

Intermediate Csg: 8 5/8" 24# J-55
Set: @ 1630' w/800 sx cmt
Hole Size: 11" to 1630'
Circ: Yes **TOC: Surface**
TOC By: Circ'd 160 sxs

Initial Completion:
Orig TD @ 8700'. Set 75 sx cmt plug @ 8500'. Set 50 sx cmt plug @ 7150'. Set 50 sx cmt plug @ 6450'. Ran 5-1/2" csg to 5416'. PB to 5403'. DV tool @ 4060'.
Cmt 5-1/2" csg w/1280 sxs cmt. Perf 5042' - 5254'. Complete in Fren Paddock formation

Subsequent Work

Updated: 10-12-10 By: Chay

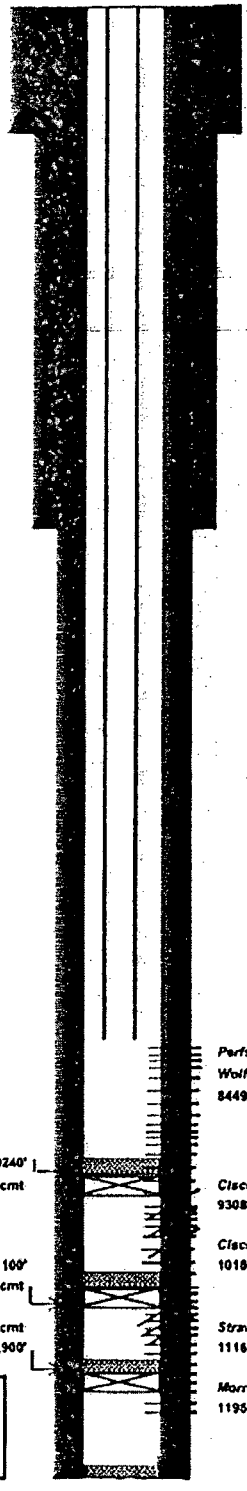
Well: Oxy Butter Pecan Federal #1 Field: Henshaw Southeast Reservoir: Wolfcamp

Location:
660' FSL & 890' FWL
Section: 10
Township: 17S
Range: 31E Unit: M
County: Eddy State: NM

Elevations:
GL: 3896'
KB:
DF:

Log Formation Tops	
Tansill	
Yates	
Seven Rivers	
Queen	
Grayburg	
San Andres	
Glorieta	
Tubb	
Abo	
Wolfcamp	8448'
Penn	10114'
Strawn	11066'
Atoka	11328'
Morrow	11719'

Current Wellbore Diagram



Well ID Info: **BLM Well**
Chevno: NA
API No: 30-015-32316
Operator: Marbob Energy Corp (7/1/2004)
Spud Date: 6/15/2002
Rig Released: 7/30/02
Compl. Date: 10/27/04

Surface Csg: 13-3/8" 48# H-40
Set: @ 650 w/ 550 sx cmt
Hole Size: 17 1/2" TO 650
Circ: Yes **TOC:** Surface
TOC By: Circulation (114 sxs)

Intermediate Csg: 9 5/8" 36 - 40# K-55
Set: @ 4505' w/1800 sx cmt
Hole Size: 12-1/4" to 4500
Circ: Yes **TOC:** Surface
TOC By: Circulation (350 sxs)

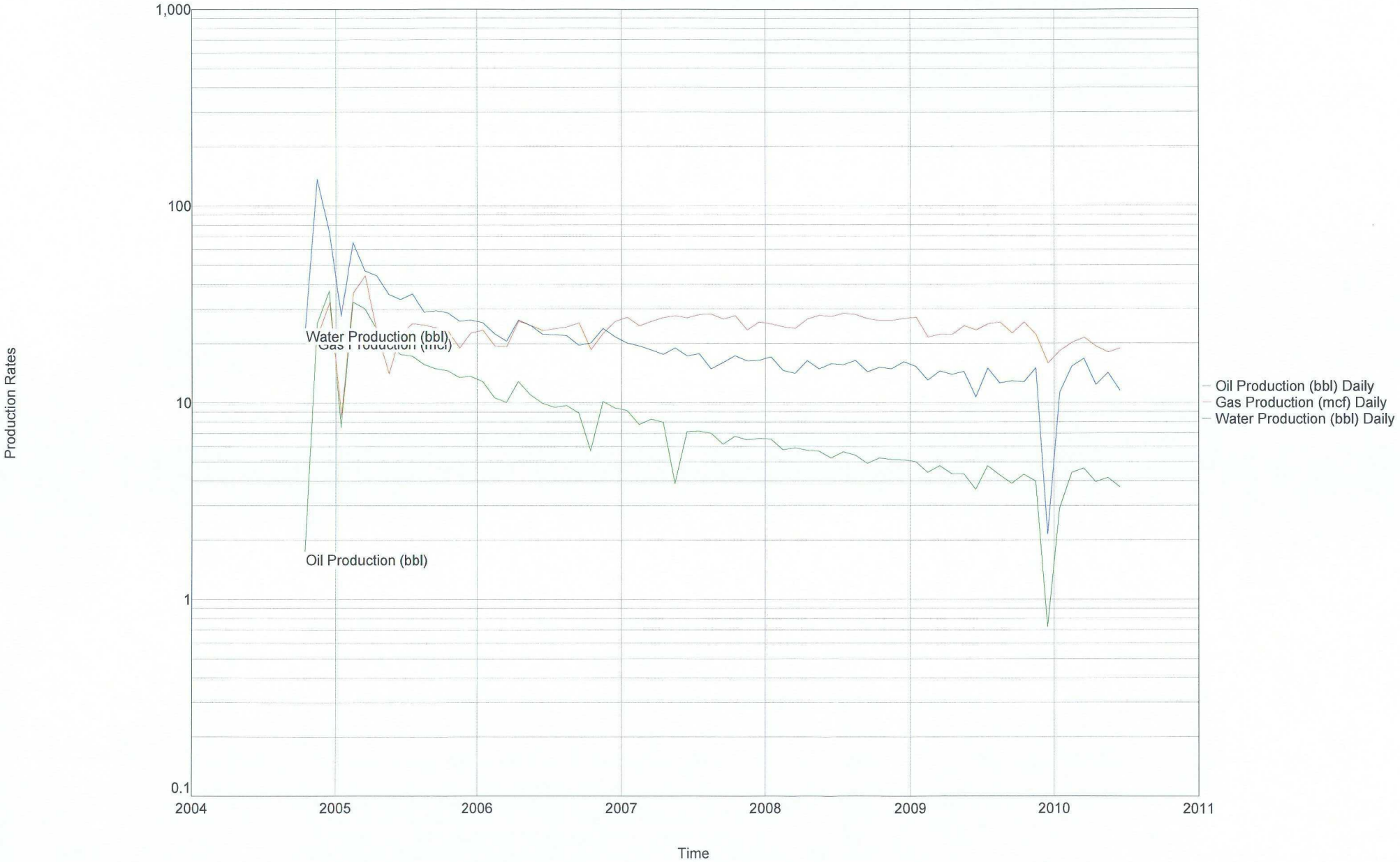
Initial Completion:
Initial completion: Perf'd in Cisco-Canyon formation. 10180' - 10281', 179 holes

Subsequent Work
1/8/2003 Disposal of Produced Water from the Morrow in the amt of 1 BWPD is being stored in a 300 bbl FG tank and trucked to a Disposal facility.
7/1/2004 Operator change from Oxy to Marbob Energy Company, Artesia, NM.
10/2004 Plug Back: Cmt sqz Cisco Canyon perfs, 10,180' - 10,281'. Perf the Morrow @ 11,9 (24 shots). Acdz w/500 gals 15% acid. Set CIBP @ 11,900'. Perf Strawn @ 11,169'-11,187'. Dump 35' cmt on top of CIBP @ 11,900'. Acdz Strawn w/1500 gals 15% acid. Set CIBP @ 11,100. Perf Cisco @ 9308' - 9583', 15 shots, Dump 35' cmt on CIBP @ 11100'. Acdz w/3000 gals 15% acid. Set CIBP @ 9240'. Perf Wolfcamp @ 8449'-8703'. 20 shots. Dump 35' cmt on top of CIBP @ 9240'. Acdz Wolfcamp w/5000 gals 15% HCL. Frac Wolfcamp @ 8449'-856 w/128,040 gals fl & 100,000 # proppant. Tag PBTD @ 9205'. Hung well on pmp 10/27/2004.
Tbg detail not available.

Prod. Csg: 5 1/2" P-110 & L-80, 17#
Set: @ 12200 w/1350 sx cmt
Hole Size: 8-3/4" to 12200
Circ: No **TOC:** 6340'
TOC By: CBL

TD: 12200 **COTD:** **PBTD:** 9205'

Updated: 10-4-10 **By:** Chay


1,000
100
10
1
0.1
Production Rates
Water Production (bbl)
Oil Production (bbl)
2004
2005
2006
2007
2008
2009
2010
2011
Time
Oil Production (bbl) Daily
Gas Production (mcf) Daily
Water Production (bbl) Daily

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:	CHEVRON MID CONTINENT LP	Sales RDT:	33506
Region:	PERMIAN BASIN	Account Manager:	TIM GRAY (575) 910-9390
Area:	BUCKEYE, NM	Sample #:	523266
Lease/Platform:	SKELLY UNIT	Analysis ID #:	102032
Entity (or well #):	995	Analysis Cost:	$90.00
Formation:	BLINEBRY/PADDOCK		
Sample Point:	WELLHEAD		

Summary	
Sampling Date:	07/22/10
Analysis Date:	07/29/10
Analyst:	SANDRA GOMEZ
TDS (mg/l or g/m3):	161016.5
Density (g/cm3, tonne/m3):	1.112
Anion/Cation Ratio:	1
Carbon Dioxide:	210 PPM
Oxygen:	
Comments:	
RESISTIVITY: .042 OHM-M 2 75°F	

Analysis of Sample 523266 @ 75 °F					
Anions	mg/l	meq/l	**Cations**	mg/l	meq/l
Chloride:	96083.0	2710.15	**Sodium:**	53669.1	2334.47
Bicarbonate:	207.0	3.39	**Magnesium:**	1112.0	91.48
Carbonate:	0.0	0.	**Calcium:**	6087.0	303.74
Sulfate:	2469.0	51.4	**Strontium:**	133.0	3.04
Phosphate:			**Barium:**	0.3	0.
Borate:			**Iron:**	8.5	0.31
Silicate:			Potassium:	1247.0	31.89
			Aluminum:		
Hydrogen Sulfide:		0 PPM	Chromium:		
pH at time of sampling:		5.7	Copper:		
pH at time of analysis:			Lead:		
pH used in Calculation:		5.7	Manganese:	0.600	0.02
			Nickel:		

Conditions		Values Calculated at the Given Conditions - Amounts of Scale in lb/1000 bbl										
Temp	Gauge Press.	Calcite $CaCO_3$		Gypsum $CaSO_4 \cdot 2H_2O$		Anhydrite $CaSO_4$		Celestite $SrSO_4$		Barite $BaSO_4$		CO_2 Press
°F	psi	Index	Amount	Index	Amount	Index	Amount	Index	Amount	Index	Amount	psi
80	0	-0.50	0.00	0.11	291.36	0.12	241.60	0.16	26.38	0.62	0.00	2.91
100	0	-0.41	0.00	0.05	131.89	0.12	242.80	0.14	23.08	0.43	0.00	3.58
120	0	-0.31	0.00	0.00	0.00	0.15	288.36	0.13	21.58	0.26	0.00	4.26
140	0	-0.21	0.00	-0.05	0.00	0.20	366.90	0.13	21.28	0.11	0.00	4.9

Note 1: When assessing the severity of the scale problem, both the saturation index (SI) and amount of scale must be considered.

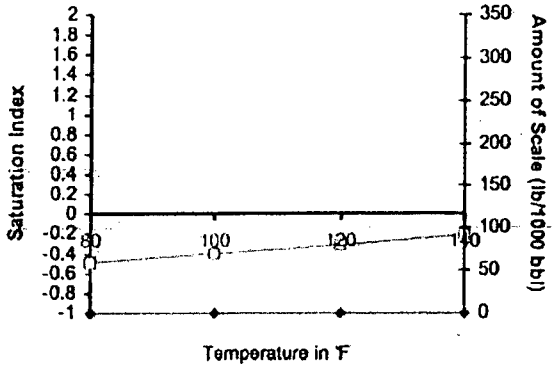
Note 2: Precipitation of each scale is considered separately. Total scale will be less than the sum of the amounts of the five scales.

Note 3: The reported CO2 pressure is actually the calculated CO2 fugacity. It is usually nearly the same as the CO2 partial pressure.

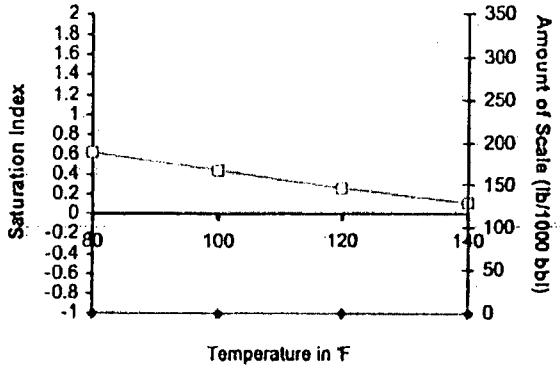
Scale Predictions from Baker Petrolite

Analysis of Sample 523266 @ 75 °F for CHEVRON MID C ONTINENT LP, 07/29/10

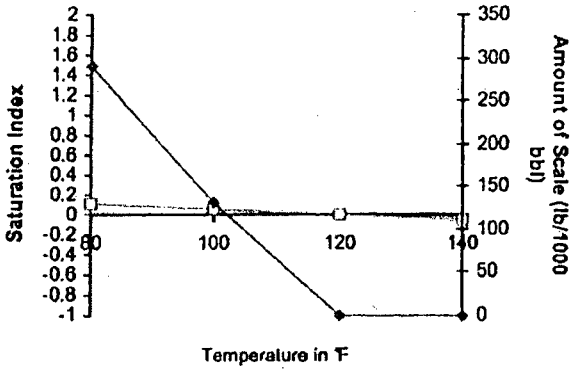
Calcite - CaCO3



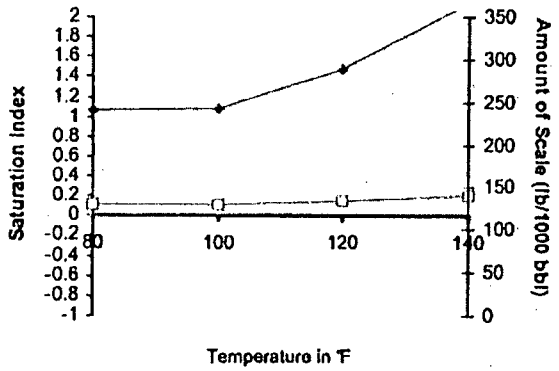
Barite - BaSO4



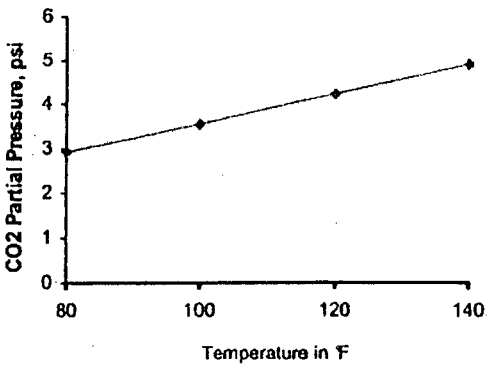
Gypsum - CaSO4*2H20



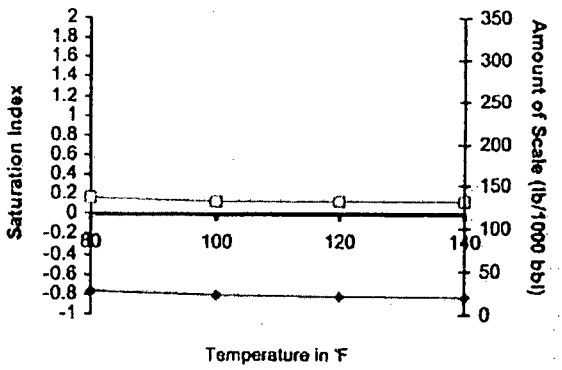
Anhydrite - CaSO4



Carbon Dioxide Partial Pressure



Celestite - SrSO4



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

October 28, 2010

CONVERT TO SALT WATER DISPOSAL
EDDY COUNTY, NEW MEXICO

RE: SKELLY UNIT # 902
Offset Operators:

For your information, as an offset operator, Chevron North America, as operator of the Skelly Unit # 902, has filed an application with the New Mexico Oil Conservation Division and submitted a Sundry to the BLM, to convert the Skelly Unit well # 902, (API # 30-015-29322), in the Wolfcamp formation, to a Water Disposal well, located: 1650' FNL & 990' FWL, Unit Letter E; Section 15; T17S, R31E, Eddy County, New Mexico.

Attached is an OCD form C-108 and the BLM sundry, with information relative to the 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 if the Skelly Unit # 902, in relation to your offset operations.

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

OFFSET OPERATORS

MARBOB ENERGYCORPORATION
P.O. BOX 227
ARTESIA, NM 88211

PITCH ENERGY CORPORATION
P.O. BOX 304
ARTESIA, NM 88211

OXY USA WTP LP
P.O. BOX 50250
MIDLAND, TEXAS 79710

McCOMBS ENERGY
5599 SAN FELIPE, SUITE 1200
HOUSTON, TX 77056

BP AMERICA PRODUCTION COMPANY
P.O. BOX 3092
HOUSTON, TX 77253

SANDRIDGE EXPLORATION & PRODUCTION
ATTENTION: LAND DEPT.
123 ROBERT S. KERR AVE.
OKLAHOMA CITY, OK 73102

WORKING INTEREST OWNERS

CHEVRON NORTH AMERICA
15 SMITH ROAD
MIDLAND, TEXAS 79705

COG OIL & GAS, L P
550 WEST TEXAS, SUITE 1300
MIDLAND, TEXAS 77253

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

October 28, 2010

COG OIL & GAS, LP
550 West Texas, Suite 1300
MIDLAND, TX 77253

RE: CONVERT TO SALT WATER DISPOSAL
EDDY COUNTY, NEW MEXICO

ATTN: Working Interest Owner,

Chevron North America, as operator of the Skelly Unit # 902, has filed an application with the New Mexico Oil Conservation Division, (OCD) and the Bureau of Land Management, (BLM), to convert the Skelly Unit well # 902, (API # 30-015-29322), in the Wolfcamp formation, to a Salt Water Disposal well, located: 1650' FNL & 990' FWL, Unit Letter E; Section 15; T17S, R31E, Eddy County, New Mexico.

Attached is an OCD form C-108 with information relative to the 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 if the Skelly Unit # 902.

For additional information, please contact me at 432-687-7261, or email chay@chevron.com, or the project engineer, Edgar Acero, 432-687-7343, or email EDGAR.ACERO@chevron.com.

Sincerely,

Carolyn Haynie
NM PE Technical Assistant

Enclosure

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:

October 17 2010

That the cost of publication is **$56.14** and that payment thereof has been made and will be assessed as court costs.

Subscribed and sworn to before me this

19th day of October, 2010

My commission Expires on 1/25/2014

Notary Public

1/25/2014

October 17, 2010

LEGAL NOTICE
October 11, 2010

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 # 902 to a Salt Water disposal well. The Skelly Unit # 902 is located 1650' FNL & 990' FWL, E, Sec. 15, T17S, R31E, Eddy County, New Mexico. The injection interval is in the Wolfcamp formation from 8418' to 8424' lateral Open Hole & 8552' - 9766' thru perforations. The maximum injection rate will be 10,000 BWPD, with a maximum allowable amount of 1684 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. Inquiries 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

October 28, 2010

Carlsbad Field Office
Field Manager: Jim Stovall
Bureau of Land Management
620 E. Greene Street
Carlsbad, New Mexico 88220-6292

RE: Application for Authorization to Inject

Chevron North America, respectfully requests administrative approval to inject salt water into the Skelly Unit well # 902, (API # 30-015-29322), located: 1650' FNL & 990' FWL, Unit Letter E; Section 15; T17S, R31E, Eddy County, New Mexico.

The Injection interval will be in the Wolfcamp formation, Open-hole: 8418' - 8530' and perforated: 8552' - 9666'.

Attached is a BLM Sundry form 3160-5 with information relative to the SWD injection of the referenced well. A copy of the letters sent to applicable surface land owners and offset operators and the application to the OCD, is included in the attachments, for your information.

Your consideration and approval of this application will be greatly appreciated. If additional information is required you may contact me at 432-687-7261, or by email at chay@chevron.com, or the engineer on this project may be contacted at 432-687-7343, or by email at EDGAR.ACERO@chevron.com.

Sincerely,

Carolyn Haynie
NM PE Technical Assistant
Enclosure

cc: Lease File
Edgar Acero
Ivan Penny
Adil Manzoor
Scott Ingram
Danny Pequeno
David Thompson
Luke Salman
Alejandro Rodriguez
Tejay Simpson
Denise Pinkerton

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.
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 # 902

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

9. API Well No.
30-015-29322

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

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

10. Field and Pool, or Exploratory Area
Fren, Wolfcamp

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
1650' FNL & 990' FWL, K-15-17S-31E

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 # 902, (API # 30-015-29322), located: 1650' FNL & 990' FWL, Unit Letter E; Section 15; T17S, R31E, Eddy County, New Mexico.

The injection interval will be in the Wolfcamp formation, Lateral Open-hole: Window @ 8418' - 8424'; MD 10,534', TVD 8530', and perforated: 8552' – 9766'.

The proposed well procedure is to: MIRU PU, pull rods and install BOP. TOH w/tbg. RU Wireline, and perf the following intervals w/4 JSPF: 8718' - 8760'; 8800' - 8822'; 9112' - 9136'; 9342' - 9358'; 9378' - 9386'; 9666' - 9766'. TIH w/treating pkr & 2-7/8" WS. Acidize perfs w/12,000 gallons of 20% HCL. Displace w/FW. Release & TOH w/pkr. TIH w/3-1/2" Injection pkr. ND BOP, NU wellhead. Perform MIT, and 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 **PETROLEUM ENGINEER TECHNICAL ASSISTANT**

Signature Carolyn Haynie Date 10-26-2010

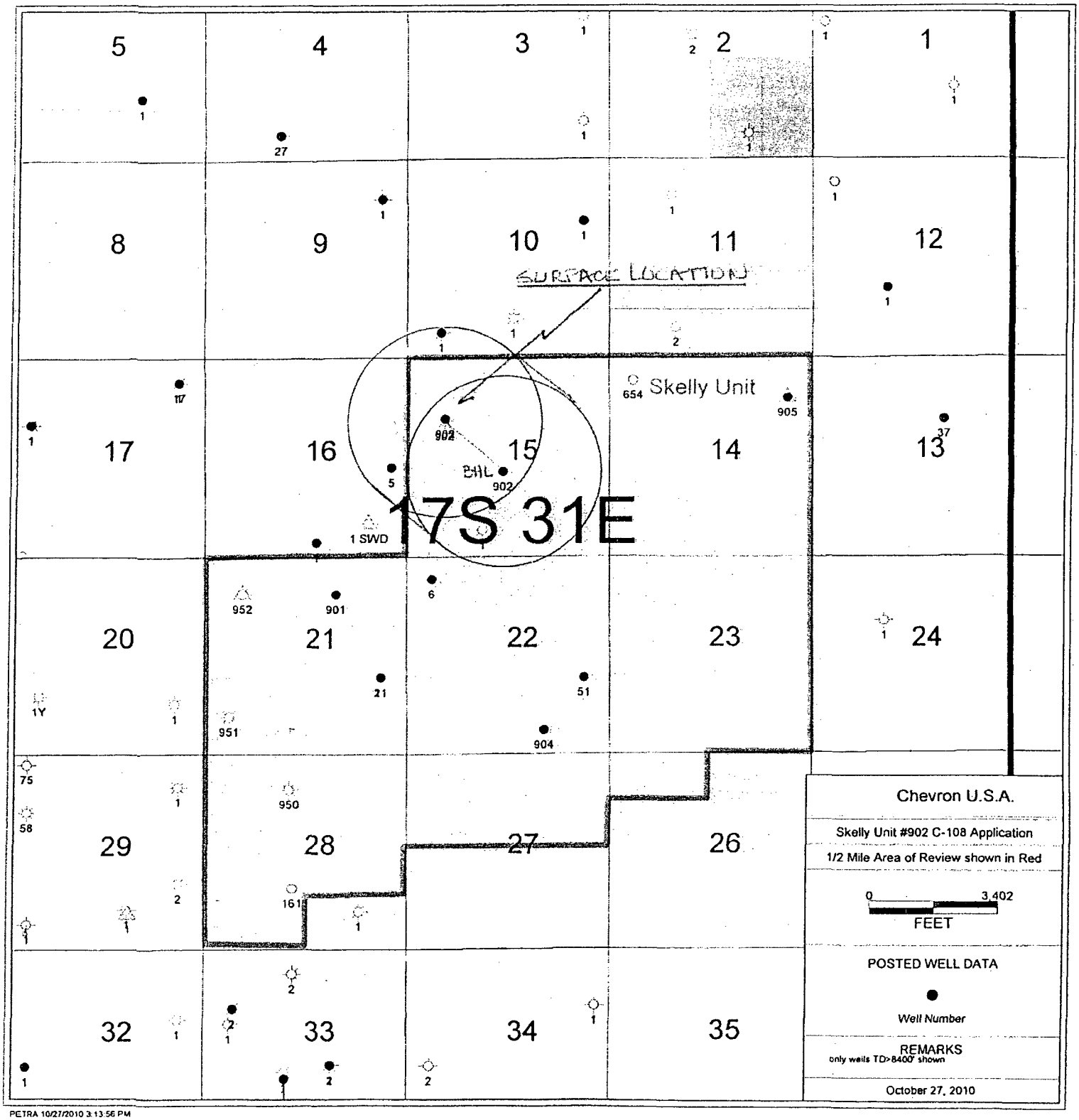
THIS SPACE FOR FEDERAL OR STATE OFFICE USE

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)



PETRA 10/27/2010 3:13:56 PM

NOTIFICATION LIST

Prepared 12/13/2010 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. 902 (API #3001529322)
1,650' FNL & 990' FWL
Section 15, T-17-S, R-31E, Unit Letter D
Eddy County, New Mexico

Offset Operators, Working Interest Owners, All Section 9 and W/2 Section 10, all in T17S-R31E, from Surface to the top of the Glorieta formation:

Merit Partners, LP
13727 Noel Road, Suite 500
Dallas, Texas 75240

Merit Energy Partners III, LP
13727 Noel Road, Suite 500
Dallas, Texas 75240

Merit Energy Partners D-III, LP
13727 Noel Road, Suite 500
Dallas, Texas 75240

Offset Operators, Working Interest Owners, All Section 9 and W/2 Section 10, all in T17S-R31E, below the top of the Glorieta formation:

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

Pitch Energy Corporation
P. O. Box 304
Artesia, New Mexico 88211

BP America Production Company
P. O. Box 3092
Houston, Texas 77253

Offset Operators, Working Interest Owners, E/2 of Section 10-T17S-R31E, from Surface to top of the Glorieta formation:

Merit Partners, LP
13727 Noel Road, Suite 500
Dallas, Texas 75240

Merit Energy Partners III, LP
13727 Noel Road, Suite 500
Dallas, Texas 75240

Merit Energy Partners D-III, LP
13727 Noel Road, Suite 500
Dallas, Texas 75240

Offset Operators, Working Interest Owners, E/2 of Section 10-T17S-R31E, top of the Glorieta to the Base of the Abo formation:

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

Pitch Energy Corporation
P. O. Box 304
Artesia, New Mexico 88211

BP America Production Company
P. O. Box 3092
Houston, Texas 77253

Offset Operators, Working Interest Owners, E/2 of Section 10-T17S-R31E, from Base of the Abo to the Base of the Morrow formation:

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

Pitch Energy Corporation
P. O. Box 304
Artesia, New Mexico 88211

OXY USA WTP LP
P. O. Box 50250
Midland, Texas 79710

McCombs Energy, LLC
5599 San Felipe, Suite 1200
Houston, Texas 7706

Offset Operators, Working Interest Owners, E/2 of Section 10-T17S-R31E, below the Base of the Morrow formation:

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

Pitch Energy Corporation
P. O. Box 304
Artesia, New Mexico 88211

BP America Production Company
P. O. Box 3092
Houston, Texas 77253

Offset Operators, Working Interest Owners, Section 15-T17S-R31E:

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

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

Surface Owner for Sections 9, 10 and 15, T17S-R31E:

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

Offset Operators, Working Interest Owners, Section 16-T17S-R31E:

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

Marbob Energy Corporation
P. O. Box 227
Artesia, New Mexico 88211-0227

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

Apache Corporation
303 Veterans Airpark Lane, Suite 3000
Midland, Texas 79705

Kersey & Company
P. O. Box 1248
Fredericksburg, TX 78624
(operates 2 Seven-Rivers Queen producing wells in the S/2 of Section 16 only)

Surface Owner for Section 16, T17S-R31E:

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

Offset Operators, Working Interest Owners, all of Section 22-T17S-R31E:

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

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

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