

OCD-ARTESIA
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No 1004-0137
Expires July 31, 2010

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.*

5 Lease Serial No
LC-029420A
6 If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE – Other instructions on page 2

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

1 Type of Well

☐ Oil Well ☐ Gas Well ☒ Other SWD

8 Well Name and No
SKELLY UNIT #902

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

9 API Well No
30-015-29322

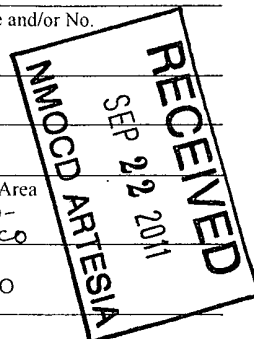
3a Address
15 SMITH ROAD
MIDLAND, TEXAS 79705

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

10 Field and Pool or Exploratory Area
~~FREN-SWD~~; Wolfcamp-
Cisco

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

11 Country or Parish, State
EDDY COUNTY, NEW MEXICO



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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other R-13388
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	CASE NO. 14593
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

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

PLEASE SEE THE ATTACHED PAGE FOR WORK DONE 5-16-11 THROUGH 6-02-11, AND THE TUBING SUMMARY.

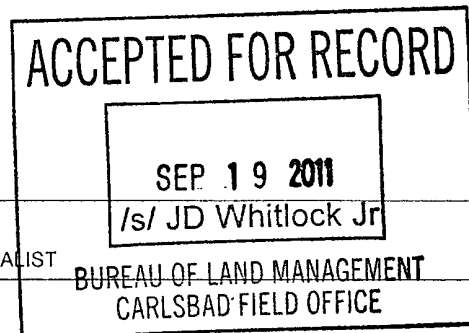
8-18-11 RAN CHART FOR BLM/NMOCd. PERFORM MIT. CHART CSG TO 540 PSI FOR 30 MINUTES. (ORIGINAL CHART TAKEN BY MR. RICHARD INGE, FIELD INSPECTOR, FOR DISTRICT II - ARTESIA, NM. COPY OF CHART ATTACHED).

PAUL SWARTZ WITH BLM WAS NOT AVAILABLE TO WITNESS THE TEST BUT IN A PREVIOUS CONVERSATION BETWEEN HIMSELF AND DANNY ACOSTA, CHEVRON, HE SAID HE WOULD ACCEPT THE WITNESS BY RICHARD INGE, NMOCd.

ALSO, FIND ATTACHED, THE LETTER SIGNED BY RICHARD INGE STATING THAT HE PERFORMED THE MIT ON 8-18-11.

PKR SET @ 8370'.
3 1/2" INJ TBG SET @ 8370'
STARTED INJECTING ON: 6-24-11

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**



14 I hereby certify that the foregoing is true and correct Name (Printed/Typed)
DENISE PINKERTON

Title REGULATORY SPECIALIST

Signature

Date 08/23/2011

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Accepted for record
NMOCd

Title

Date

9/29/11

Office

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

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

6 P.M. = 7 8 9 10 11 12 MIDNIGHT = 1 2

5

4

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2

1

NOON

11

10

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8


GRAPHIC CONTROLS CORPORATION
BUFFALO, NEW YORK

SKELLY UNIT
30-015-
29322 CHER

8 11 1/2

OPERATOR'S COPY

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS
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5 Lease Serial No
LC-029420A

6 If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2

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

1 Type of Well

☐ Oil Well ☐ Gas Well ☒ Other SALT WATER DISPOSAL

8 Well Name and No
SKELLY UNIT #902

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

9 API Well No
30-015-2932

3a Address
15 SMITH ROAD
MIDLAND, TEXAS 79705

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

10 Field and Pool or Exploratory Area
FREN

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

11 Country or Parish, State
EDDY COUNTY, NEW MEXICO

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TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other R-13388
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	CASE NO. 14593
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	ATTACHED

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

5-16-11 MIRU 5-17-11: TAG CIBP @ 8330. DRILL THRU 20' CMT. DID NOT DRILL THRU CIBP 5-18-11 CHASE CIBP DN TO 11850'
5-19-11 SET CIBP @ 9960. 5-20-11 DUMP 35' CMT ON TOP OF CIBP. TOC @ 9925' PERFORATE 9761-9766, 9741-9761, 9721-9741
5-21-11 PERFORATE 9701-9721, 9681-9701, 9661-9681, 9378-9386, 9342-9358, 9112-9136, 8800-8822, 8734-8760, 8718-8734
5-23-11 SET PKR @ 8300' PUT 500# ON BACKSIDE UNSET PKR. SET RBP @ 9800. UNLATCH SET PKR @ 9500'
5-24-11 ACIDIZE PERFS W/5000 GALS 20% HCL ACID 5-26-11 TIH W/2 7/8" TBG RBP @ 9800' 5-27-11 TOH W/TBG TO 8337' ABOVE TOW
REL PKR 5-28-11 ACIDIZE 8718-9766 W/7000 GALS 20% HCL ACID REL PKR 5-31-11. CHANGE PIPE RAMS TO 3 1/2" TIH W/HA
6-01-11 3 1/2" TBG @ 8370 SET PKR PRESSURE TEST CSG TO 540 PSI & CHARTED FOR 30 MINS OK
6-02-11 RIG DOWN FINAL REPORT
NOTENEVER RECEIVED CHART WILL RE-TEST & RE-CHART

6-13-11 RAN MIT CHART PRESS TEST CSG TO 560 PSI FOR 30 MINUTES OK (ORIGINAL CHART & COPY OF CHART ATTACHED)

Revised proposal, if test from 5' Longgate (revised)

** Provide date start water disposal. Started today per phone call*

14 I hereby certify that the foregoing is true and correct. Name (Printed, if possible)
DENISE PINKERTON

Title REGULATORY SPECIALIST

Signature

Date 06/16/2011

ACCEPTED FOR RECORD

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

JUN 24 2011

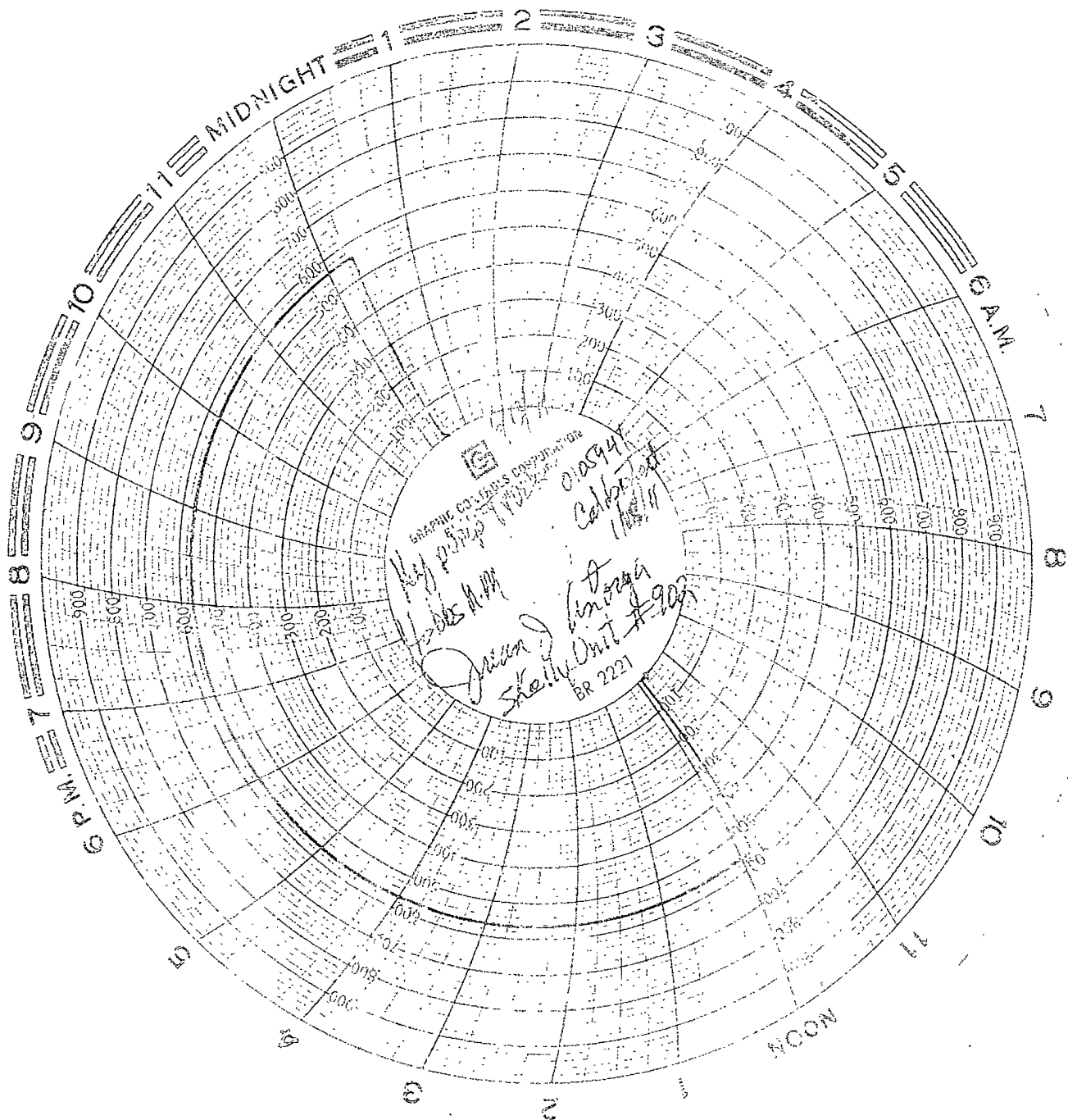
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to these rights in the subject lease which would entitle the applicant to conduct operations thereon.

Title
Office

BUREAU OF LAND MANAGEMENT

Title (31 U.S.C. Section 1091 and Title 43 U.S.C. Section 1212) make it a crime for any person knowingly or with intent to defraud to make a false statement or to make a false report to any department or agency of the United States or to any person in the service of any such department or agency.

(This notice on page 2)





Tubing Summary

Well Name SKELLY UNIT 902	Lease Skelly Unit	Field Name Fren	Business Unit Mid-Continent/Alaska	
Ground Elevation (ft) 3,870 00	Original RKB Elevation (ft) 3,887 00	Current RKB Elevation (ft) 3,887 00	Mud Line Elevation (ft)	Water Depth (ft)
Current KB to Ground (ft) 17.00	Current KB to Mud Line (ft)	Current KB to Csg Flange (ft)	Current KB to Tubing Head (ft)	

Prod Tree Loc - Original Hole, 5/31/2011 10 00 00 AM			
ftKB (MD)	ftKB (TVD)	Incl	Schematic - Actual
0	8,417	0 0	
17	8,434	0 0	
600	9,017	0 8	
620	9,037	0 8	
5,100	13,511	0 7	
8,352	16,761	0 9	
8,352	16,761	0 9	
8,354	16,771	0 9	
8,362	16,771	0 9	
8,362	16,771	0 9	
8,362	16,781	0 9	
8,368	16,781	0 9	
8,368	16,781	0 9	
8,370	16,781	0 9	
8,418	16,831	7 7	
8,717	16,961	96 6	
1,981			
1,991			
2,301			

Tubing Strings									
Tubing Description INJ. TUBING		Planned Run? No		Set Depth (ftKB) 8,370 2		Set Depth (TVD) (ftKB) 8,370 2			
Run Date 5/31/2011		Run Job Return to Production, 5/16/2011 06 00		Pull Date		Pull Job			
Jts	Item Description	OD (in)	ID (in)	Wt (lbs/ft)	Grade	Top Thread	Len (ft)	Top (ftKB)	
260	Tubing (IPC)	3 1/2	2 992	9.30	L-80	EUE	8,334 94	17.0	
1	Cross Over (3 1/2 EUE B X 2 7/8 EUE P)	4	2 441			EUE	0 43	8,351 9	
1	On-Off Tool (2 5 T-2 NIPPLE)	4 1/2	2 441			EUE	1.50	8,352 4	
1	Packer	4 5/8	2 441			EUE	7 80	8,353.9	
1	Cross Over (2 7/8 EUE B X 3 1/2 EUE P)	4	2 441			EUE	0.30	8,361 7	
1	Tubing Pup Joint (IPC)	3 1/2	2 992	9 30	L-80	EUE	6.18	8,362.0	
1	Cross Over (3 1/2 EUE B X 2 7/8 EUE P)	4	2 441			EUE	0.57	8,368.1	
1	Profile Nipple (F/SS/PN)	3 1/2	2 225			EUE	0.85	8,368 7	
1	PUMP OUT PLUG	3 1/2	2 441			EUE	0.60	8,369.6	

Rods			
Rod Description		Planned Run?	Set Depth (ftKB)
		No	
Run Date		Run Job	Pull Date
Jts	Item Description	OD (in)	Len (ft)

New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez

Governor

John Bemis

Cabinet Secretary-Designate

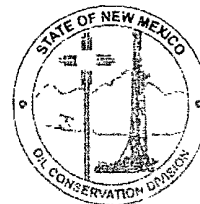
Brett F. Woods, Ph.D.

Deputy Cabinet Secretary

Jami Bailey

Division Director

Oil Conservation Division



Date 8/18/11

API # 30-0 15-29322

Dear Operator:

I have this date performed a Mechanical Integrity Test on the SKINNY UNIT #902.

☒ If this test was successful the original chart has been retained by the NMOCD and will be scanned into the well's file in 7 to 10 days, pending receipt of the Form C-103 indicating the reason for this test. The well files are located at www.emnrd.state.nm.us/ocd/OCDOnline.htm

☐ If this test was unsuccessful the original chart has been returned to the operator pending repair and retest of the well, which must be accomplished within 90 days. If this is a test of a repaired well, previously in non-compliance, all dates and requirements of the original non-compliance are still in effect. No expectation of extension should be construed as a result of this test.

☐ If this test was for Temporary Abandonment include in your detailed description, on Form C-103, the location of the CIBP and any other tubular goods in the well, as well as your request for TA status

☐ If this is a successful test of a repaired well you must submit a form C-103 to NMOCD within 30 days. This C-103 must include a **detailed** description of the repair to the well. Only after receipt of the C-103 will the non-compliance be closed.

☒ If this is a successful Initial Test of an injection well you must submit a form C-103 to NMOCD within 30 days. This C-103 must include a **detailed** description of the work done on this well including the position of the packer, tubing information and the date you began injection into the well

If I can be of additional service contact me at (575) 748-1283 ext 107.

Thank You,

Richard Inge

Richard Inge
Field Inspector
District II - Artesia

Oil Conservation Division
811 S. First Street • Artesia, New Mexico 88210
Phone (575) 748-1283 • Fax (575) 748-9720 • www.emnrd.state.nm.us/OCD

[Signature]

Submit 1 Copy To Appropriate District Office
District I - (575) 393-6161
1625 N French Dr. Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St. Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
Revised August 1, 2011

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO 30-015-29322
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other SWD		5. Indicate Type of Lease: FEDERAL <input checked="" type="checkbox"/> STATE <input type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator CHEVRON U.S.A. INC.		6. State Oil & Gas Lease No.
3. Address of Operator 15 SMITH ROAD, MIDLAND, TEXAS 79705		7. Lease Name or Unit Agreement Name SKELLY UNIT
4. Well Location Unit Letter E 1650 feet from the NORTH line and 990 feet from the WEST line Section 15 Township 17-S Range 31-E NMPM County EDDY		8. Well Number 902
11. Elevation (Show whether DR, RKB, RT, GR, etc.)		9. OGRID Number 4323
		10. Pool name or Wildcat FREN

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL. ☐
DOWNHOLE COMMINGLE ☐

OTHER

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER MIT W/CHART R-13388 CASE NO 14593

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15 7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

THIS IS A FEDERAL WELL (SWD) AND THE TEST WAS WITNESSED BY MR. RICHARD INGE, NMOCD, ARTESIA

PLEASE SEE ATTACHED 3160-5 FOR WORK DONE ON 8-18-11, COPY OF CHART, 3160-5 FOR WORK DONE 5-16-11 THROUGH 6-02-11, TUBING SUMMARY, AND LETTER SIGNED BY RICHARD INGE, FIELD INSPECTOR, NMOCD, ARTESIA, NM.

Spud Date:

Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief

SIGNATURE [Signature] TITLE REGULATORY SPECIALIST DATE 08-23-2011

Type or print name DENISE PINKERTON E-mail address: dpinkert@chevron.com PHONE 432-687-7375

For State Use Only

APPROVED BY: _____ TITLE _____ DATE _____

Conditions of Approval (if any)

Conditions of Approval: Wells with Packers*

Chevron U.S.A. Inc.

Skelly Unit #902

API 3001529322

September 14, 2011

1. Conduct a Mechanical Integrity Test of the tubing/casing annulus after a tubing, packer or casing seal is established. Repair that seal any time more than five barrels of packer fluid is replaced within 30 days.
 - a. The minimum test pressure should be 500 psig for 30 minutes or 300 psig for 60 minutes, with 200 psig differentials between tubing and casing pressure (at test time) but no more than 70% of casing burst pressure as described by Onshore Order 2.III.B.1.h. (The tubing or reservoir pressure may need to be reduced). An alternate method for a BLM approved MIT is to have the fluid filled system open to atmospheric pressure and have a loss of less than five barrels in 30 days witnessed by a BLM authorized officer.
 - b. Document the pressure test on a calibrated recorder chart registering within 25 to 85 per cent of its full range. Greater than 10% pressure leakoff will be viewed as a failed MIT. Less than 10% pressure leakoff will be evaluated site specifically and may restrict injection approval.
 - c. Notify Paul R. Swartz at 575-234-5985 and/or 575-200-7902 at least 24 hours before the test. If there is no response, notify the BLM on call drilling phone, 575-361-2822. In Lea County call 575-393-3612.
 - d. Submit a subsequent Sundry Form 3160-5 relating the MIT activity. Include a copy of the recorded MIT pressure chart. List the name of the BLM witness, or the notified person and date of notification. NMOCD is to retain the original recorded MIT chart.
 - e. Use of tubing internal protection, on/off tubing equipment just above the packer, and a profile nipple installation is required. The setting depths and descriptions of each are to be included in the subsequent sundry. List (by date) descriptions of daily activity of any previously unreported wellbore work.
 - f. **Submit the original subsequent sundry with three copies to BLM Carlsbad.**
2. Compliance with a NMOCD Administrative Order is required, submit documentation of that authorization.
 - a. Approved injection pressure compliance is required.
 - b. If injection pressure exceeds the approved pressure you are required to reduce that pressure and notify the BLM within 24 hours.
 - c. When injection pressure is within 50 psig of the maximum pressure, install automation equipment that will prevent exceeding that maximum.
 - i. Submit a subsequent report (Sundry Form 3160-5) describing the installed automation equipment within 30 days.
 - e. Other unexplained significant variations of rate or pressure to be reported within 5 days of notice.

3. The casing/tubing annulus is required to be monitored for communication with injection fluid or loss of casing integrity.
- a. The annulus is to be maintained full of packer fluid at atmospheric pressure. Installation of equipment that will display on site, continuous open to the air fluid level is required. A BLM inspector may request verification of this fluid level at any time.
 - b. **Submit a subsequent report (Sundry Form 3160-5)** describing the installation of packer fluid level monitoring equipment within 30 days of this approval.
 - c. The operator shall keep monthly records documenting that the casing annulus is fluid filled. A suggested format for these records is available from the BLM Carlsbad Field Office. Copies of those records shall be furnished at the request of a BLM authorized officer.
 - d. Loss of packer fluid above five barrels per month requires notification of the BLM authorized officer within 5 days.
 - a. Gain of annular fluid requires notification within 24 hours. Cease injection and maintain a production casing pressure of Opsia. Notify the BLM's authorized officer (Paul R. Swartz at 575-200-7902). If there is no response, notify the BLM on call drilling phone, 575-361-2822. In Lea County call 575-393-3612.
 - e. Also submit to this office a (Sundry Form 3160-5) Notice of Intent (NOI) for approval by BLM and NMOCD with a detailed plan for correction and the anticipated date of correction. Verbal approval for the plan may be given by a BLM authorized officer, with the NOI filed within five business days.
 - f. After the repairs submit a (Sundry Form 3160-5) Subsequent report, describing the repair(s) and Mechanical Integrity Test as per item 1 above.

*COA's prepared by Paul R. Swartz