DATE IN 07/26/2013	SUSPENSE	ENGINEER PG	LOGGED IN 07/29/2013	TYPE WFX	APP NO pAYK1321057888

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505

RECEIVED OCD
JUL 26 P 2:4

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]

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

30-025-41159
Chevron
Central Vacuum Unit 256

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

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 _____

[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.

Carolyn Haynie	Carolyn Haynie	NM Petro Eng Tech Assistant	7-23-13
Print or Type Name	Signature	Title	Date

chay@chevron.com
e-mail Address

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: ___X___ Secondary Recovery _____ Pressure Maintenance _____ Disposal _____ Storage
Application qualifies for administrative approval? _____ Yes _____ No

II. OPERATOR: RECEIVED OCD **CHEVRON U.S.A., INC.**

ADDRESS: 2013 JUL 25 P 2:04 **15 SMITH ROAD; MIDLAND, TX 79705**

CONTACT PARTY: **CAROLYN HAYNIE** PHONE: **432-687-7261**

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? ___X___ Yes _____ No
If yes, give the Division order number authorizing the project: R-5530-E

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. ATTACHED

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. ATTACHED

VII. Attach data on the proposed operation, including:
1. Proposed average and maximum daily rate and volume of fluids to be injected; **2,000 BWPD and 4,000 MCFPD**
2. Whether the system is open or closed; **CLOSED**
3. Proposed average and maximum injection pressure; **1500 PSI, when injecting Water and, 2200 PSI when injection CO2.**
4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and, **CO2 for Injection will either be purchased or CVU produced gas that is stripped of NGLs & Re-injected.**
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.). **Injection is not for disposal purposes, but for Oil production enhancement.**

*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. **Grayburg San Andres formation, Proposed Injection Zone, 4020' – 5100'.**

IX. Describe the proposed stimulation program, if any. **The Injection wells will be acid stimulated w/15% HCL.**

*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. **Attached, (Hobbs News Sun).**

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: **CAROLYN HAYNIE** TITLE: **Petro Eng. Tech Assistant**

SIGNATURE: Carolyn Haynie DATE: 7-23-13

E-MAIL ADDRESS: chay@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.

Side 1

INJECTION WELL DATA SHEET

OPERATOR: **CHEVRON U.S.A., INC.**

WELL NAME & NUMBER: **CENTRAL VACUUM UNIT #256**

WELL LOCATION: **1480' FNL & 1990' FWL** | **F** | 36 | T17S | R34E

FOOTAGE LOCATION | UNIT LETTER | SECTION | TOWNSHIP | RANGE

WELLBORE SCHEMATIC

CVU 256 WELLBORE DIAGRAM

Created:	06/26/13	By:	Chay	Well #:	256	St. Lse:	State
Updated:		By:		API	30-025-41154		
Lease:	Central Vacuum Unit			Unit Ltr.:	F	Section:	36
Field:	Vacuum Grayburg San Andres			TSHP/Rng:	T17S / R34E		
Surf. Loc.:	1480' FNL & 1990' FWL			Unit Ltr.:	F	Section:	36
Bot. Loc.:	1480' FNL & 1990' FWL			TSHP/Rng:	T17S / R34E		
County:	Lea	St.:	NM	Directions:			
Status:	New well			Chevno:	NU7409		

PROPOSED DIAGRAM

PROPOSED
Surface Casing

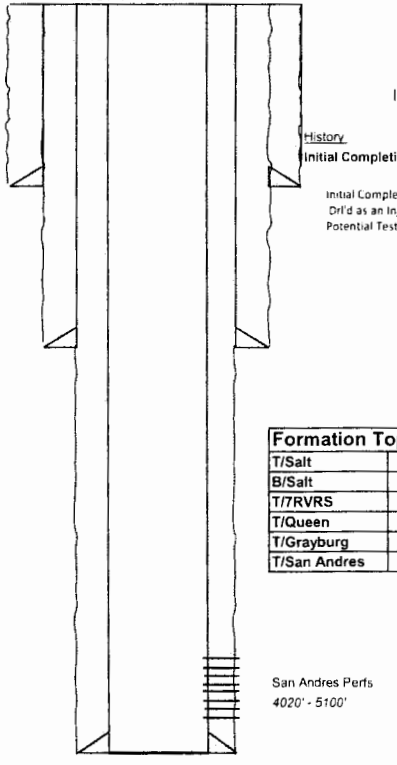
Size:	11-3/4"
Wt., Grd.:	42#
Depth:	1575'
Sxs Cmt:	1300 sxs
Circulate:	Yes
TOC:	Surface
Hole Size:	14-3/4"

PROPOSED
Intermediate Casing

Size:	8-5/8"
Wt., Grd.:	32#
Depth:	3200'
Sxs Cmt:	750 sxs
Circulate:	Yes
TOC:	Surf
Hole Size:	11"

PROPOSED
Production Casing

Size:	5-1/2"
Wt., Grd.:	17#
Depth:	5300'
Sxs Cmt:	1150 sxs
Circulate:	Yes
TOC:	Surf
Hole Size:	7-7/8"



KB:	4017'
DF:	
GL:	3999'
Ini. Spud:	08.25.13
Ini. Comp.:	09.17.13

History
Initial Completion:

Initial Completion
Drl'd as an Injection well, no Potential Test

Formation Tops	
T/Salt	1625'
B/Salt	
T/7RVRS	3100'
T/Queen	3670'
T/Grayburg	4020'
T/San Andres	4350'

San Andres Perfs
4020' - 5100'

PBTD:
TD: 5300'

WELL CONSTRUCTION DATA

Surface Casing

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

Cemented with: 1300 sx. *or* _____ ft³

Top of Cement: Surface Method Determined: Circulation

Intermediate Casing

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

Cemented with: 750 sx. *or* _____ ft³

Top of Cement: Surface Method Determined: Circulation

Production Casing

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

Cemented with: 1150 sx. *or* _____ ft³

Top of Cement: Surface Method Determined: Circulation

Total Depth: 5300'

Injection Interval

4020' feet to 5100'

(Perforations)

INJECTION WELL DATA SHEET

Tubing Size: 2-3/8" Lining Material: Fiberglass

Type of Packer: Arrowset Mechanical Set

Packer Setting Depth: 4000'

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

Additional Data

1. Is this a new well drilled for injection? X Yes _____ No

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

2. Name of the Injection Formation: SAN ANDRES

3. Name of Field or Pool (if applicable): CENTRAL VACUUM UNIT (GRAYBURG SAN ANDRES)

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. NO

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

   GLORIETA 5,900'

CVU 256 WELLBORE DIAGRAM

Created:	06/26/13	By:	Chay	Well #:	256	St. Lse:	State
Updated:		By:		API	30-025-41154		
Lease:	Central Vacuum Unit			Unit Ltr.:	F	Section:	36
Field:	Vacuum Grayburg San Andres			TSHP/Rng:	T17S / R34E		
Surf. Loc.:	1480' FNL & 1990' FWL			Unit Ltr.:	F	Section:	36
Bot. Loc.:	1480' FNL & 1990' FWL			TSHP/Rng:	T17S / R34E		
County:	Lea	St.:	NM	Directions:			
Status:	New well			Chevno:	NU7409		

PROPOSED DIAGRAM

PROPOSED

Surface Casing

Size:	11-3/4"
Wt., Grd.:	42#
Depth:	1575'
Sxs Cmt:	1300 sxs
Circulate:	Yes
TOC:	Surface
Hole Size:	14-3/4"

PROPOSED

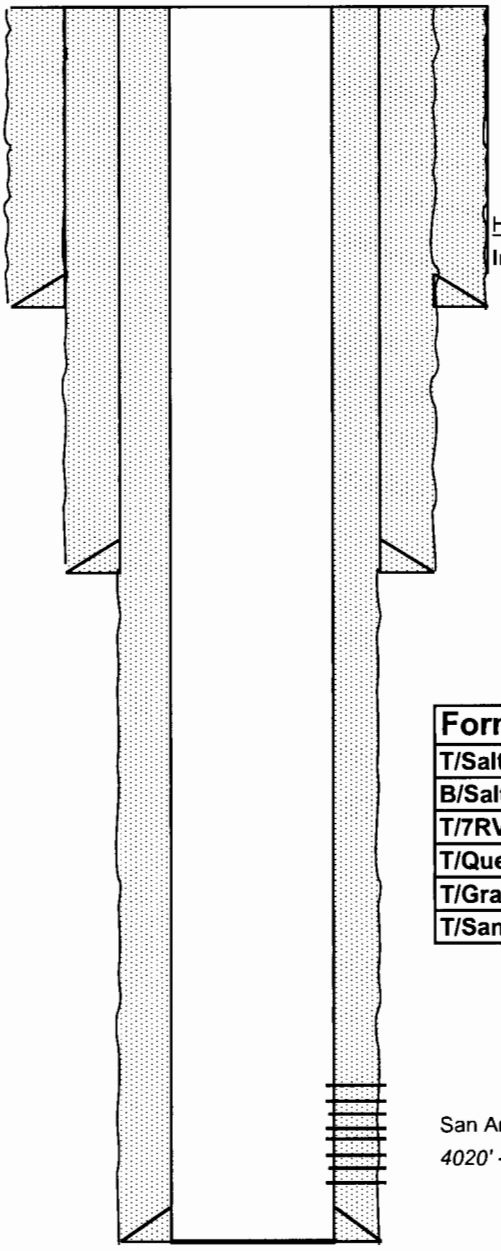
Intermediate Casing

Size:	8-5/8"
Wt., Grd.:	32#
Depth:	3200'
Sxs Cmt:	750 sxs
Circulate:	Yes
TOC:	Surf
Hole Size:	11"

PROPOSED

Production Casing

Size:	5-1/2"
Wt., Grd.:	17#
Depth:	5300'
Sxs Cmt:	1150 sxs
Circulate:	Yes
TOC:	Surf
Hole Size:	7-7/8"



KB:	4017'
DF:	
GL:	3999'
Ini. Spud:	08/25/13
Ini. Comp.:	09/17/13

History:

Initial Completion:

Initial Completion:
Drl'd as an Injection well, no Potential Test.

Formation Tops	
T/Salt	1625'
B/Salt	
T/7RVRS	3100'
T/Queen	3670'
T/Grayburg	4020'
T/San Andres	4350'

San Andres Perfs:
4020' - 5100'

PBTD:

TD: 5300'

ATTACHMENT TO FORM C-108

RE: Central Vacuum Unit # 256

PART I Chevron Corporation plans to drill the Central Vacuum Unit 256 as a replacement well for the CVU # 56, as a Water Alternating Gas Injection well, in the Grayburg San Andres formation. The CVU # 56 was plugged March 28, 2013, schematic diagram attached.

PART II Chevron U.S.A. INC.
15 Smith Road
Midland, TX 79705

PART III Well Data Sheets attached

PART IV This is an expansion of an existing project. Order #R-5530-E

PART V Map attached designating ½ mile and 2 mile radius of review area.

PART VI Well tabulation is attached. There are no P&A wells.

PART VII

1. Proposed average daily and maximum daily rate: 2,000 bbls water/day 4,000 MCF CO_2/day.
2. **The system will be closed.**
3. Proposed average and maximum injection pressure: **1500 psi when injecting water, 2,200 psi when injecting CO_2**
4. Water for injection will consist of CVU produced water. **CO2 for injection will either be purchased or CVU produced gas that is stripped of NGLS and re-injected.**

Injection is not for disposal purposes, but for oil production enhancement.

PART VIII This data has been submitted under NMOCD Order No. #R-5530-E.

PART IX The injection wells will be acid stimulated with 15% HCL.

PART X Logs will be submitted as soon as possible after the well is recompleted.

PART XI This data has been submitted under NMOCD Order No. #R-5530-E.

PART XII Chevron U.S.A. INC. has examined available geologic and engineering data and finds no evidence of open faults or any other hydrologic connection between the disposal zone and any underground source of drinking water.

PART XIII Copies of the OCD Form C108, the Well Data Sheet and map have been sent to the offset operators and surface owner as per the listing below.

Division Director additional information requests:

1. **New well is included in an accepted "acid gas contingency" plan.**

   Yes, this new well will be included in the H2S Contingency Plan, (copy available in required).

2. **Automatic shutoff in the well, in the wellhead, or near the wellhead that would stop outflow of gas if something happened to the well.**

   Chevron installs check valves at each wellhead which provides automatic shutoff service.

3. **Some documentation as to the automation (scada system) being used on the VGSAU. This system needs to be capable of continuously measuring tubing and casing pressures and injection rates. The new permit may state this data to be retained and available to Hobbs district upon request.**

   Injector will be tied into Chevron's SCADA system and routinely monitored.

4. **The MIT schedule may be more frequent than the normal 5 years – depending on Hobbs requirements**

   Chevron currently perform annual MIT testing on injectors

CVU 56 WELLBORE DIAGRAM

Created:	06/24/13	By: Chay	Well #:	56	St. Lse: State
Updated:		By:	API	30-025-25722	
Lease:	Central Vacuum Unit		Unit Ltr.:	C	Section: 36
Field:	Vacuum Grayburg San Andres		TSHP/Rng:	T17S / R34E	
Surf. Loc.:	1310' FNL & 2630' FWL		Unit Ltr.:		Section:
Bot. Loc.:			TSHP/Rng:		
County:	Lea	St.: NM	Directions:	1 mile SW of Buckeye	
Status:	P&A'd - March 28, 2013		Chevno:	EP8892	

PLUGGING PROCEDURE

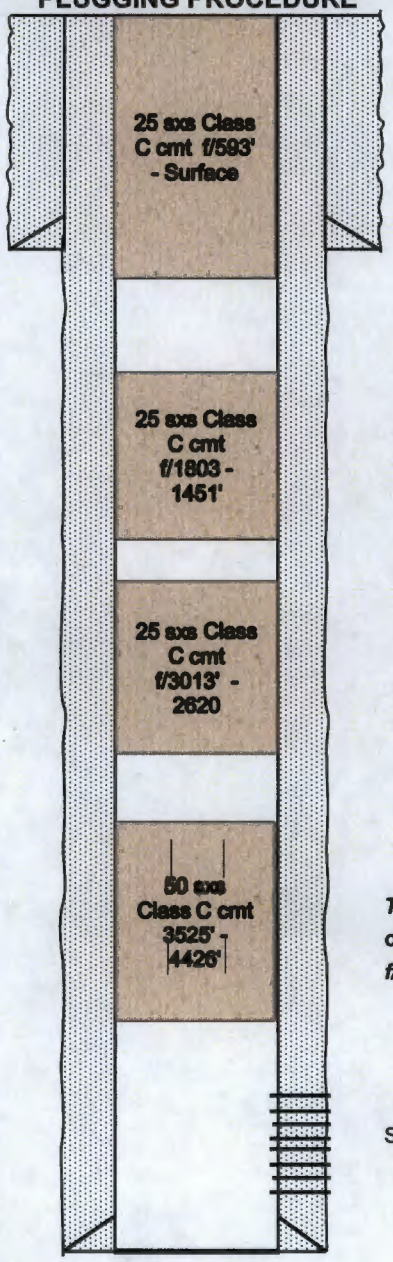
Surface Casing

Size:	9-5/8", N-80
Wt., Grd.:	40#
Depth:	410'
Sxs Cmt:	450 sxs
Circulate:	Yes
TOC:	Surf
Hole Size:	12-1/4"

Formation Tops	
T/Salt	
B/Salt	
T/7RVRS	2905'
T/Queen	3422'
T/Grayburg	3820'
T/San Andres	4330'

Production Casing

Size:	4-1/2", K-55
Wt., Grd.:	10.5#
Depth:	4800'
Sxs Cmt:	2500 sxs
Circulate:	Yes
TOC:	Surf
Hole Size:	7-7/8"



PBTD: 4778'
TD: 4800'

KB:	
DF:	
GL:	3999'
Ini. Spud:	12/21/77
Ini. Comp.:	02/06/78

History:

Initial Completion:

Initial Completion:
Drl'd as an Injection well, no Potential Test. Perf'd 4-1/2" w/2 JSPF @ 4383', 4400', 13', 44', 61', 4521', 31', 40', 43', 4600', 15', 51', 66', 80', 88', 4700', 4710'. Acdz w 5500 gals 15% NE acid. Ran 2-3/8" tbg.
4/1/79: Well began injecting.
9/26/84: Perf 4-1/2" csg w/2-JSPF @ 4341', 54', 76', 88', 4404', 49', 57', 4517', 82', 89', 4608'. Set RBP @ 4500', Pkr @ 4290', Acdz w/8000 gals of 15% NE in 2 stges. RTI,
3/17/92 : Acdz. w/6500 gals 20% HCL.
1/6/96: Tbg LK, replace Inj Tbg, RTI.
6/20/97: Acdz w/8000 gals 15% NE., chge out WH for CO2.
4/25/01: Frac Upper SA, 4341' - 4415'.
4/20/07: RPR Csg, CO, Acdz.
3/19/13: W/O attempt failed, Well P&A'd - 3/28/13, as shown.

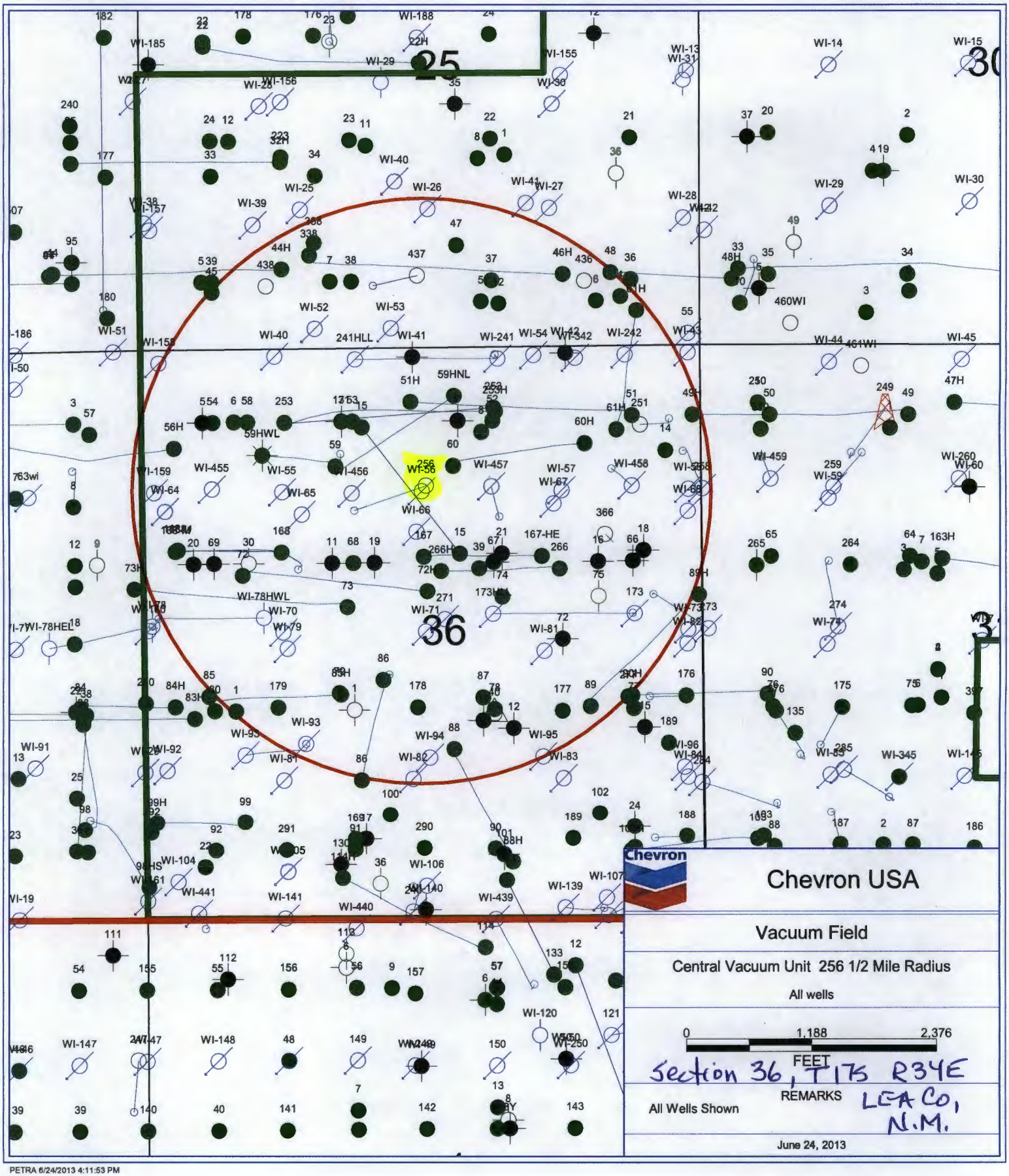
Tbg cmt'd in place, most likely on the backside f/4063' - 3525'

San Andres Perfs: 4383'- 4710'

CVU 256 Proposed Water Alternating Gas Injection Well (WAG)

Half Mile Radii Offset wells

Well	Operator	API	Status	Lease	Pool	Pool #	Unit Letter	Sec	Location	Twnshp	Rng	Co	TD	WBD Attached
CVU # 455	CHEVRON	30-025-38637	Active-Water Alternating Gas Injection	Central Vacuum Unit	Vacuum Grayburg San Andres	62180	D	36	1310' FNL & 660' FWL	17S	34E	LEA	5320	X
CUV # 456	CHEVRON	30-025-38638	Active-Water Alternating Gas Injection	Central Vacuum Unit	Vacuum Grayburg San Andres	62180	F	36	1360' FNL & 1980'	17S	34E	LEA	5010	X
CVU # 457	CHEVRON	30-025-38639	Active-Water Alternating Gas Injection	Central Vacuum Unit	Vacuum Grayburg San Andres	62180	G	36	0593' FNL & 1912' FEL	17S	34E	LEA	5026	X
CVU # 458	CHEVRON	30-025-38640	Active-Water Alternating Gas Injection	Central Vacuum Unit	Vacuum Grayburg San Andres	62180	A	36	1153' FNL & 848' FEL	17S	34E	LEA	5035	X
NM O STATE NCT-1 # 40	CHEVRON	30-025-38140	Active- SWD-Devonian	New Mexico 'O' State	Devonian	96101	J	36	1885' FSL & 1978' FEL	17S	34E	LEA	13300	X
CVU # 342	CHEVRON	30-025-38002	Active-Water Alternating Gas Injection	Central Vacuum Unit	Vacuum Grayburg San Andres	62180	A	36	82' FNL & 1186' FEL	17S	34E	LEA	5204	X
STATE 'BA' # 15	TEXACO	30-025-34945	Active -Oil Well	Vacuum North	Vacuum Abo North	61760	C	36	612' FNL & 2135' FWL	17S	34E	LEA	10592	X
CVU # 241	CHEVRON	30-025-35213	Active-Injection	Central Vacuum Unit	Grayburg San Andres	62180	B	36	74 FNL & 1940' FEL	17S	34E	LEA	5988	X
CVU # 173H	TEXACO	30-025-35212	Active-Water Alternating Gas Injection	Central Vacuum Unit	Vacuum Grayburg San Andres	62180	H	36	2509' FNL & 660' FEL	17S	34E	LEA	5913	X
NEW MEXICO O STATE # 39 - DHC # 1831-A	TEXACO	30-025-33569	Active Oil well	New Mexico 'O' State	Vac-Abo, Vac-Wolf, Vac-Upper Penn	61760/ 62340/ 62320	G	36	2075' FNL & 2110' FEL	17S	34E	LEA	10300	X
NEW MEXICO `Q`STATE # 12	TEXACO	30-025-33850	Active Oil well	New Mexico 'Q' State	Vacuum Upper Penn	62320	O	25	400' FSL & 1900' FEL	17S	34E	LEA	10350	X
CVU # 167	CHEVRON	30-025-33711	TA'd	Central Vacuum Unit	Grayburg San Andres	62180	G	36	2000' FNL & 2630' FEL	17S	34E	LEA	4850	X
CVU # 177	CHEVRON	30-025-33712	Active Oil well	Central Vacuum Unit	Grayburg San Andres	62180	J	36	1955' FSL & 1335' FEL	17S	34E	LEA	4850	X



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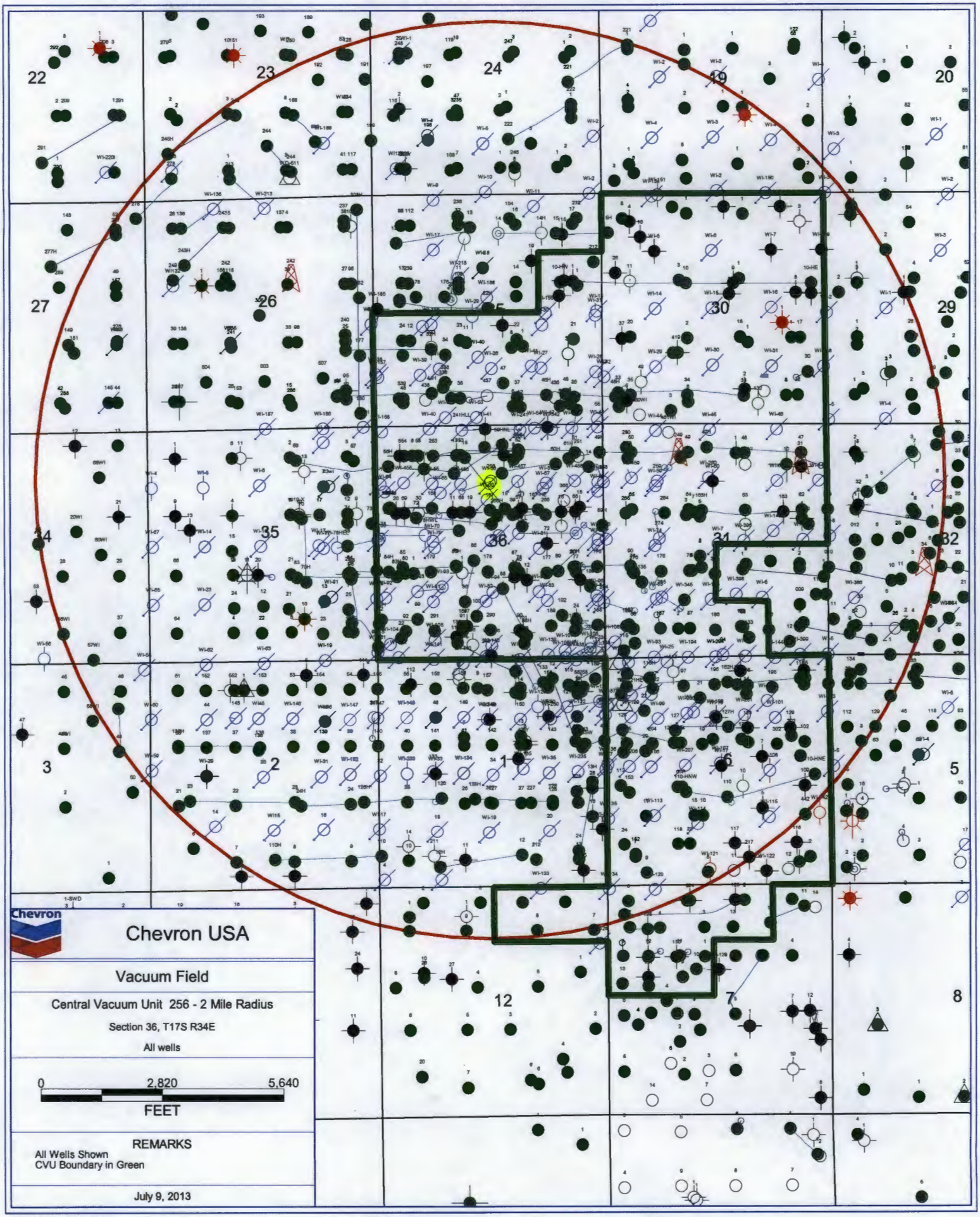

PETRA 7/9/2013 1:00:52 PM

Offset Operator

McGOWAN Working Interest Partners, Inc.
P.O. Box 55809
Jackson, MS 39296-5809

ConocoPhillips Petroleum Company
P.O. BOX 2197
Houston, TX 77252-2197

Mobil Producing TX & NM Inc.
c/o XTO Energy, Inc.
Attn: Permian Land
810 Houston Street
Ft Worth, TX 76102

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

Surface Owner

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

Chevron

Carolyn Haynie
Petroleum Engineering
Technical Assistant

MidContinent Business Unit
Chevron North America
Exploration and Production
Company
15 Smith Road
Midland, TX 79705
Tel 432-687-7261
Fax 432-687-7871
chay@chevron.com

July 23, 2013

STATE OF NEW MEXICO
COMMISSIONER OF PUBLIC LANDS
P.O. BOX 1148
SANTA FE, NE 87504-1148

RE: Application for Authorization to Inject
OCD Form C-108
Vacuum Grayburg San Andres Unit
Lea, County, New Mexico

Surface Owner:

For your information, Chevron USA Inc. as operator, filed an application with the New Mexico Oil Conservation Division (NMOCD) to place the Central Vacuum Unit well # 256, (API 30-025-41154), on Water Alternating Gas Injection, (WAG), as a replacement well for the CVU # 56, which was Plugged & Abandoned, 3-28-13.

Attached is the Oil Conservation Division, form C-108, and the information relative to the proposed expansion.

Any objection to this application must be sent to the **New Mexico Oil Conservation Division; 1220 South St. Francis Drive; Santa Fe, NM 87504**, within 15 days of receipt of this notification.

If additional information is required, please contact me at (432-687-7261), or the project engineer, Ryan Warmke, at (432-687-7452).

Sincerely,

Carolyn Haynie
NM PE Technical Assistant

Enclosure

OFFSET OPERATORS:

McGowan Working Interest Partners, Inc.
P.O. Box 55809
Jackson, MS 39296-5809

ConocoPhillips Petroleum Company
P.O. BOX 2197
Houston, TX 77252-2197

Mobil Producing TX & NM Inc.
c/o XTO Energy, Inc.
Attn: Permian Land
810 Houston Street
Ft Worth, TX 76102

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

NOTIFICATION LIST

Prepared 7/10/2013 by Daniel Pequeno, Senior Land Representative

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

Central Vacuum Unit Well No. 256, API #30-025-41154
1,480' FNL & 1,990' of Section 36, T-17-S, R-34E, Unit Letter F
Lea County, New Mexico

Offset Operators, Leaseholders, Working Interest Owners, for E/2 of Section 35, T17S-R34E:

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

McGowan Working Interest Partners, Inc.
P. O. Box 55809
Jackson, MS 39296-5809

ConocoPhillips Petroleum Company
P. O. Box 2197
Houston, Texas 77252-2197

Offset Operators, Leaseholders, Working Interest Owners, for All of Section 36, T17S-R34E:

Mobil Producing Texas & New Mexico Inc.
c/o XTO Energy Inc.
Attn.: Permian Land
810 Houston Street
Fort Worth, Texas 76102

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

Offset Operators, Leaseholders, Working Interest Owners, for All of Section 31, T17S-R35E:

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

ConocoPhillips Petroleum Company
P. O. Box 2197
Houston, Texas 77252-2197

Mobil Producing Texas & New Mexico Inc.
c/o XTO Energy Inc.
Attn.: Permian Land
810 Houston Street
Fort Worth, Texas 76102

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

Surface Owner for All of Section 36, T-17-S-R35E:

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

Signed by: *Daniel Pequeno (signed*
Daniel Pequeno, Landman

Date: July 10, 2013

Chevron

Carolyn Haynie
Petroleum Engineering
Technical Assistant

MidContinent Business Unit
Chevron North America
Exploration and Production
Company
15 Smith Road
Midland, TX 79705
Tel 432-687-7261
Fax 432-687-7871
chay@chevron.com

July 23, 2013

Water, Gas & CO2 Injection Expansion
Central Vacuum Unit # 256
Lea County, New Mexico

Offset Operators:

For your information, as an offset operator, Chevron U.S.A. Inc., operator of the Central Vacuum Unit has filed an application with the New Mexico Oil Conservation Division and to drill well # 256 as a WAG Well, for water, produced gas, and CO2 injection in the Grayburg San Andres formation. CVU # 256 will replace the CVU # 56, which failed to pass the MIT, and was plugged and abandoned, 3-28-2013.

Attached is the information relative to the proposed expansion. A copy of the legal notice posted in the Hobbs News-Sun is included. The enclosed map highlights the location of the referenced wells in relation to your offset operations.

If additional information is required, please contact me at (432-687-7261), or the project engineer, Ryan Warmke, at (432-687-7452).

Any objections to this application must be sent to the **New Mexico Oil Conservations Division, 1220 South St. Francis Dr., Santa Fe, New Mexico, 87505,** within 15 days of receipt of this notification.

Sincerely,

Carolyn Haynie
NM PE Technical Assistant

Enclosure

Affidavit of Publication

State of New Mexico,
County of Lea.

I, DANIEL RUSSELL
PUBLISHER
of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, do solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period

of 1 issue(s).
Beginning with the issue dated
July 11, 2013
and ending with the issue dated
July 11, 2013

PUBLISHER
Sworn and subscribed to before me
this 11th day of
July, 2013

Notary Public

My commission expires
January 29, 2015
(Seal)

OFFICIAL SEAL
GUSSIE BLACK
Notary Public
State of New Mexico
My Commission Expires 1-29-15

This newspaper is duly qualified to publish legal notices or advertisments within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said publication has been made.

LEGAL LEGAL

LEGAL NOTICE
July 11, 2013

Notice is hereby given of the application of CHEVRON U.S.A, INC.

15 Smith Road, Midland, TX 79705, to the Oil Conservation of the State of New Mexico, and the Commissioner of Public Lands, State of New Mexico for approval to convert the Central Vacuum Unit # 256, as a Water Alternating Gas Injection well. Injection into this well is designed to enhance production from the Vacuum Grayburg San Andres Unit. **The CVU # 256 is located 1480' FNL & 1990' FWL, Unit Letter F, Sec. 36, T17S, R34E, Lea County, New Mexico.**

The injection interval is in the Grayburg San Andres formation from 4020'-5100', thru perforations. The maximum injection rate will be 2,000 BWPD, with a maximum allowable amount of 1500 PSI. CO2 and produced gas injection will be an expected maximum rate of 4000 MCF per day and an expected maximum surface pressure of 2200 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: Ryan Warmke, 15 Smith Rd., Midland TX 79705.
#28277

01102480 00118197

CHEVRON USA INC.
15 SMITH ROAD
MIDLAND, TX 79705

Chevron

Carolyn Haynie
Petroleum Engineering
Technical Assistant

MidContinent Business Unit
Chevron North America
Exploration and Production
Company
15 Smith Road
Midland, TX 79705
Tel 432-687-7261
Fax 432-687-7871
chay@chevron.com

July 23, 2013

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

RE: Application for Authorization to Inject
OCD Form C-108
Order R-5530-E
Vacuum Grayburg San Andres
Lea, County, New Mexico

Chevron U.S.A. Inc., respectfully requests administrative approval to replace the CVU # 56, API # 30-025-25722 disposal well, with the Central Vacuum Unit # 256, API # 30-025-41154. Chevron plans to drill the well as a new WAG injector for water, CO2, and produced gas into the Grayburg San Andres formations. The CVU # 47 failed to pass the MIT test, and was plugged and abandoned on 3-7-2013.

The hearing Order that permitted CO2 injection, and also permitted re-injection of recycled produced gas, is R-5530-E, paragraphs 5 & 6.

Attached is an OCD form C-108 and the information relative to the proposed expansion. A copy of the legal notice submitted to the Hobbs News-Sun is included in this package. The enclosed map highlights the location of the referenced well in relation to the offset operations.

If additional information is required, please contact me at (432-687-7261), or the project engineer, Ryan Warmke, at (432-687-7452).

Sincerely,

Carolyn Haynie

NM PE Technical Assistant

C-108 Review Checklist: Received 07/26/2013 Add. Request: — Reply Date: — Suspended: — [Ver 8]

Issued Permit: WFX / PMX / SWD Number: 916 Permit Date: 08/29/13 Legacy Permits/Orders: R-5530-E*

Well No. 256 Well Name(s): Central Vacuum Unit (CVU)

API : 30-0 25-41154 Spud Date: New New or Old: N (UIC Class II Primacy 03/07/1982)

Footages 1480 FNL / 1990 FWL Lot — Unit F Sec 36 Tsp 17S Rge 34E County Lea

General Location: One SW of Buckeye Pool: Vacuum; Grayburg-San Andres Pool No.: 62180

Operator: Chevron USA Inc. OGRID: 4323 Contact: Carolyn Haynie

COMPLIANCE RULE 5.9: Inactive Wells: 7 Total Wells: 2165 Fincl Assur: Yes Compl. Order? No **IS 5.9 OK?** Yes

Well File Reviewed ✓ Current Status: APD applied for and approved; replacement for CVU #56

Well Diagrams: Proposed New ✓ Before Conversion ○ After Conversion ○ Are Elogs in Imaging?: to be filed upon completion

Planned Rehab Work to Well: None - new well; standard completion for Unit

Well Construction Details:	Sizes (in) Borehole / Pipe	Setting Depths (ft)	Stage Tool	Cement Sx or Cf	Cement Top and Determination Method
Planned __ or Existing __ **Cond**	—	—		—	—
Planned ✓ or Existing __ **Surface**	14 / 11 3/4	0 to 1575		1300	Cir. to Surf.
Planned ✓ or Existing __ **Interm/Prod**	11 / 8 5/8	0 to 3200	NA	750	Cir to Surf.
Planned ✓ or Existing __ **Long St/Prod**	7 7/8 / 5 1/2	0 to 5300	NA	1150	Cir to Surf.
Planned __ or Existing __ **Liner**	—	—	NA	—	—
Planned ✓ or Existing __ **OH / PERF**	7 7/8 / 5 1/2	4020 - 5100	Inj Length 1080		

Injection Stratigraphic Units:	Depths (ft)	Injection or Confining Units	Tops?
Adjacent Unit: Litho. Struc. Por.	—	Seven Rivers	3100
Confining Unit: Litho. Struc. Por.	-350'	Queen	3670
Proposed Inj Interval TOP:	4020	Grayburg	4020
Proposed Inj Interval BOTTOM:	5100	San Andres	4350
Confining Unit: Litho. Struc. Por.	+800	Glorieta	5900
Adjacent Unit: Litho. Struc. Por.	—	—	—

Completion/Operation Details:

Drilled TD NA PBTD NA

New TD 5300 New PBTD NA

Open Hole ○ or Perfs ✓

Tubing Size 2 7/8 Inter Coated? Yes

Proposed Packer Depth 4000

Min. Packer Depth 3920 (100-ft limit)

Proposed Max. Surface Press 1500 H_2O / 2200 CO_2

Admin Inj. Press See order (0.2 psi per ft)

AOR: Hydrologic and Geologic Information Additional WAG info included

POTASH: R-111-P ○ Noticed? NA **BLM Sec Ord** ○ **WIPP** ○ Noticed? NA **SALADO:** T: 1625 B: — **CLIFF HOUSE:** NA

Fresh Water: FW Formation — Max Depth — Wells? — Analysis? — **Hydrologic Affirm Statement** Yes

Disposal Fluid: Formation Source(s) CO_2 purchased or CVU produced gas (treated) Analysis? — On Lease ○ Operator Only ○ or Commercial ○

Disposal Interval: Injection Rate (~~Avg/Max BWPD~~): WAG - 2000 BWPD / 4000 MCFPD Protectable Waters: No **CAPITAN REEF:** thru NA adjacent NA

H/C Potential: Producing Interval? Yes Formerly Producing? EOR Method: E Log /Mudlog/DST/Depleted/Other EOR

AOR Wells: 1/2-M Radius Map? Yes Well List? Yes Total No. Wells Penetrating Interval: 13 Horizontals? 0

Penetrating Wells: No. Active Wells 13 Num Repairs? 0 on which well(s)? — (Most wells - 9 wells are CVU Producers or Injectors) Diagrams? N

Penetrating Wells: No. P&A Wells 0 Num Repairs? 0 on which well(s)? — Diagrams? NA

NOTICE: Newspaper Date 07/11/2013 Mineral Owner SLO Surface Owner SLO N. Date 07/23/13

RULE 26.7(A): Identified Tracts? Yes Affected Persons: McGowan / ConocoPhillips / Mobil / Apache N. Date 07/10/13

Permit Conditions: **Issues:** None

Add Permit Cond: None