

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

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
NM-292336. If Indian, Allottee or Tribe Name
N/A

SUBMIT IN TRIPLICATE - Other instructions on page 2

1. Type of Well

☒ Oil Well☐ Gas Well☐ Other

JAN 23 2008

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

OCD-ARTESIA

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

8. Well Name and No
NEFF 13 FEDERAL #189. API Well No
30-015-353603a. Address
15 SMITH ROAD, MIDLAND, TEXAS 797053b. Phone No. (include area code)
432-687-737510. Field and Pool or Exploratory Area
LIVINGSTON RIDGE DELAWARE4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
660° FSL, 1650° FWL, SEC 13, 22S, 31E, UNIT LETTER-N11. Country or Parish, State
EDDY, NEW MEXICO

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" 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 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 PERMIT
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	EXTENSION
	<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.)

CHEVRON U.S.A. INC. RESPECTFULLY REQUESTS AN EXTENSION FOR THE PERMIT TO DRILL THE SUBJECT WELL. WE WILL NOT BE ABLE TO DRILL THE WELL BY THE JANUARY, 2008 DEADLINE DUE TO PARTNER & BUDGET ISSUES.

A COPY OF THE APPROVED 3160-3 IS ATTACHED.

THANKS FOR YOUR CONSIDERATION

APPROVED FOR 24 MONTH PERIOD
ENDING 6-10-1014. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)
DENISE PINKERTON

Title REGULATORY SPECIALIST

Signature

Date 12/12/2007

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

/s/ James Stovall

FIELD MANAGER

JAN 10 2008

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

CARLSBAD FIELD 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)

N.M. Oil Cons. DIV-Dist. 2

1301 W. Grand Avenue

Artesia, NM 88210

Form 3160-3
(August 1999)DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB NO. 1004-0136
Expires: November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work ☒ DRILL ☐ REENTER

1b. Type of Well ☒ Oil Well ☐ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone

R-111-POTASH

2. Name of Operator
Chevron U.S.A. Inc.

3a. Address
15 Smith Road, Midland Texas 79705

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

4. Location of Well (Report location clearly and in accordance with any State requirements)*

At surface 660' SOUTH, 1650' WEST, UL - N

At proposed prod. zone SAME

CARLSBAD CONTROLLED WATER BASIN

14. Distance in miles and direction from nearest town or post office*

29 MILES EAST OF CARLSBAD, NEW MEXICO

15. Distance from proposed*
location to nearest
property or lease line, ft.
(Also to nearest drg. unit line, if any)

660'

16. No. of Acres in lease

1120

17. Spacing Unit dedicated to this well

40

18. Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft.

19. Proposed Depth

8500'

20. BLM/BIA Bond No. on file

CA0329^{de}

21. Elevations (Show whether DF, KDB, RT, GL, etc.)

3566'

22. Approximate date work will start*

2-28-05

23. Estimated duration

4 WEEKS

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office)
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification.
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature

Name (Printed/Typed)

Date

DENISE PINKERTON

11-15-2005

Title

REGULATORY SPECIALIST

Approved by (Signature)

Name (Printed/Typed)

Date

/s/ Tony J. Herrell

JAN 10 2007

Title

ACTING STATE DIRECTOR

Office

NM STATE OFFICE

Application approval 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.

Conditions of approval, if any, are attached.

APPROVAL FOR 1 YEAR

Title 18 USC 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 Reverse)

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

If earthen pits are used in
association with the drilling of this
well, an OCD pit permit must be
obtained prior to pit construction

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Chevron U.S.A. Inc.
LEASE NO.:	NM29233
WELL NAME & NO.:	Neff 13 Federal #18
SURFACE HOLE FOOTAGE:	660' FSL & 1650' FWL
LOCATION:	Section 13, T. 22 S., R 31 E., NMPM
COUNTY:	Eddy County, New Mexico

I. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of 4 hours in advance for a representative to witness:

- a. Spudding well
- b. Setting and/or Cementing of all casing strings
- c. BOP/BOPE tests

☒ **Eddy County**

Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220,
(575) 361-2822

1. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.
2. Floor controls are required on 3M or Greater systems. Controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.
3. Gamma-Ray/Neutron logs shall be run from the base of the Salado formation to the surface. The logs shall be run at a speed which allows the logs to be legible and no faster than manufactures of the logging tools recommended speed. (R-111-P area only)

4. A Hydrogen Sulfide (H₂S) Drilling Plan should be activated 500 feet prior to drilling into the **Delaware** formation. A copy of the plan shall be posted at the drilling site. **H₂S has been reported in Sections 21, 23 & 25 of T22S, R32E measuring 500-1000 ppm in the gas stream and 100 -2000 ppm in STVs. It has also been reported in Sections 24, 26 & 27 with no measurements given.**

B. CASING

1. The **13-3/8** inch surface casing shall be set at **approximately 825 feet or a minimum of 25 feet into the top of the Rustler Anhydrite** and cemented to the surface.
 - a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.
 - b. Wait on cement (WOC) time for a primary cement job will be a minimum 18 hours for a water basin, **24 hours in the potash area, or 500 pounds compressive strength, whichever is greater. (This is to include the lead cement). Please provide WOC times to inspector for cement slurries.**
 - c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.
 - d. If cement falls back, remedial action will be done prior to drilling out that string.

**Possible lost circulation in the Delaware and Bone Spring formations.
Possible water flows in the Salado and Castile groups.**

2. The minimum required fill of cement behind the **8-5/8** inch intermediate casing is:
 - a. ☒ Cement to surface. If cement does not circulate see B.1.a-d above. **Please provide WOC times to inspector for cement slurries.**
3. The minimum required fill of cement behind the **5-1/2** inch production casing is:
 - a. ☒ Cement to surface. If cement does not circulate, contact the appropriate BLM office. **Please provide WOC times to inspector for cement slurries.**

4. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.
5. Whenever a casing string is cemented in the R-111-P potash area, the NMOCD requirements shall be followed.

C. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.
2. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - a. The tests shall be done by an independent service company.
 - b. The results of the test shall be reported to the appropriate BLM office.
 - c. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.
 - d. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.
 - e. A variance to test the **BOP/BOPE and surface casing** to the reduced pressure of **1000 psi** is approved.

D. DRILL STEM TEST

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

Engineer on call phone (after hours only): Carlsbad: (575) 706-2779

JDW 1/14/08