### OCD-ARTESIA

Form 3160-5 (August 2007)

(Instructions on page 2)

## UNITED STATES DEPARTMENT OF THE INTERIOR RUBEAU OF LAND MANAGEMENT

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

SUBDRY NOTICES AND REPORTS ON WELLS  Do not use this form for proposals to drill or to re-center an abandoned well. Use Form 3160-3 (APD) for such proposals.  SUBMIT IN TRIPLICATE — Other instructions on page 2  7 If Unit of CA/Agreemen, Name and/or No.  1 Type of Well Ord Well Os Well. Other Syep  8 Well Names and No.  8 Well Names and No.  9 Application of System (Include area could)  10 Find Names and No.  10 Find and Pear or Deployment years  11 Country or Parally, State  12 CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA  TYPE OF SUBMISSION  17 Find Abandonment Notice  12 Change Repair  13 Address  14 Describe Proposale of Completed Operation (Include area could)  14 Describe Proposale of Completed Operation (Include area could)  15 Describe Proposale of Completed Operation (Include area could)  16 Describe Proposale of Completed Operation (Include area could)  17 Find Abandonment Notice  18 Change Plans  19 Describe Proposale of Completed Operation (Include area could)  19 Describe Proposale of Completed Operation (Include area could)  10 Describe Proposale of Completed Operation (Include area could)  11 Describe Proposale of Completed Operation (Include area could)  12 Describe Proposale of Completed Operation (Include area could)  13 Describe Proposale of Completed Operation (Include area could)  14 Describe Proposale of Completed Operation (Include area could)  15 Describe Proposale of Completed Operation (Include area could)  16 Describe Proposale of Completed Operation (Include area could)  17 Describe Proposale of Completed Operation (Include area could)  18 Describe Proposale of Completed Operation (Include area could)  19 Describe Proposale of Completed Operation (Include area could)  19 Describe Proposale of Completed Operation (Include area could)  19 Describe Proposale of Completed Operation (Include area could)  19 Describe Proposale of Completed Operation (Include area could)  10 Describe Proposale of Completed Operation (Include area could)  10 Describe Propo	BUR	EAU OF LAND MANAC	GEMENT	5. Lease Serial No.	NM-98120			
Type of Well   Gas Well   Gother SpylD   SKELLY UNIT #505   2. Name of Operation   Gas Well   Gother SpylD   SKELLY UNIT #505   3. A.P. Wall Name and Pole of Exploration Area   SAPT Wall No. (SACILIS-1337)   3. A. Address   SAPT Wall No. (SACILIS-1337)   3. A.	Do not use this f	orm for proposals to o	drill or to re-enter an	6. If Indian, Allottee of				
On Well   Gas Well   Other SWD   SELLY UNIT #905		「IN TRIPLICATE Other ins	7. If Unit of CA/Agre	7. If Unit of CA/Agreement, Name and/or No.				
39. Piece No. (include area code)  10. Field and Pool of Explanatory Arian  59. Piece No. (include area code)  10. Field and Pool of Explanatory Arian  59. Piece No. (include area code)  10. Field and Pool of Explanatory Arian  59. Piece No. (include area code)  10. Country or Parish, State  EDDY, NEW MEXICO  11. Country or Parish, State  EDDY, NEW MEXICO  12. CITECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA  17. PEO 'ACTION  17. Piece No. (include and include		/ell_ Other SWD		8. Well Name and No SKELLY UNIT #90	8. Well Name and No. SKELLY UNIT #905			
4 32-687-7375  4 1. Country or Parish, State    Incountry or Parish, State	2. Name of Operator CHEVRON U.S.A. INC.			9. API Well No. 30-015-31371				
12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA  TYPE OF SUBMISSION    Notice of Intent	15 SMITH ROAD		,	´				
TYPE OF SUBMISSION    Notice of Intent	4. Location of Well <i>(Footage, Sec., T.,</i> 1100' FNL & 660' FEL, SEC 14, T-17S, R-31E,	R.,M., or Survey Description) UL: A	-	1	1			
Notice of Intent	12. CHEC	CK THE APPROPRIATE BOX(	ES) TO INDICATE NATURE	OF NOTICE, REPORT OR OTH	IER DATA			
Alter Casing	TYPE OF SUBMISSION		TYF	E OF ACTION				
Signature   Change Plans   Plus and Abandon   Temporarily Abandon   Change Plans   Plus Back   Mater Disposal	Notice of Intent	Alter Casing		= ` ′				
13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof, the proposal is to deepen directionally of recomplete horizontally, give substifface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Boal under which the work will be performed or provide the Bond Isla. Mish. Requires must be filled 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 filled once testing has been completed. Final Abandonment Notices must be filed once testing has been completed. Final Abandonment Notices must be filed once testing has been completed. Final Abandonment Notices must be filed once testing has been completed. Final Abandonment Notices must be filed once testing has been completed. Final Abandonment Notices must be filed once testing has been completed. Final Abandonment Notices must be filed once testing has been completed and the operator has determined that the site is ready for final inspection.)  THE SUBJECT WELL HAS DEVELOPED PRESSING AND LIBBORIES AND THEN THE WELL WILL BE STIMULATED WITH AGID. THIS WELL IS A CRITICAL WELL, WHICH IS UTILIZED TO DISPOSE THE MAJORITY OF THE SKELLY UNIT'S PRODUCED WATER.  PLEASE FIND ATTACHED, THE INTENDED PROCEDURE AND WELLBORE DIAGRAM.  COPY IS BEING SENT TO THE OCD OFFICE IN ARTESIA.  RECEVAL  OCT 0.7 (2019)  NMOCD ART THIS SPACE FOR FEDERAL OR STATE ACCUPATED FOR RECORD  Title REGULATORY SPECIALIST  Date 10 Conditions of Spproval, if any, are attached. Approval of this notice does not warrand or certify that the opplicant holds legal or equitable title to choose rights in the subject lesse which would office to explice the application becomes the conductor operations thereon.	Subsequent Report	Change Plans	Plug and Abandon	·	Other			
the proposal is to deepen directionally of recomplete horizontally, give substificae locations and measured and true vertical algorits of all pertinent markers and zones.  Attach the Bond under which the work will be performed or provide the Bond No. on file with BLMBIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleted. 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.)  THE SUBJECT WELL HAS DEVELOPED PRESSURE ON THE TUBING CASING ANNULUS. THE CASING WILL BE TESTED TO VERIFY INTEGRITY. IF A CASING LEAK HAS DEVELOPED, THE CASING WILL BE REPAIRED AND THEN THE WELL WILL BE STIMULATED WITH ACID. THIS WELL IS A CRITICAL WELL, WHICH IS UTILIZED TO DISPOSE THE MAJORITY OF THE SKELLY UNIT'S PRODUCED WATER.  PLEASE FIND ATTACHED, THE INTENDED PROCEDURE AND WELLBORE DIAGRAM.  COPY IS BEING SENT TO THE OCD OFFICE IN ARTESIA.  RECEVAL  OCT 0.7 (2019)  NMOCD ARTE  Title REGULATORY SPECIALIST  TITLE REGULATORY SPECIALIST  TITLE REGULATORY SPECIALIST  THIS SPACE FOR FEDERAL OR STATE ACCUPING DOLE  Approved by  THIS SPACE FOR FEDERAL OR STATE ACCUPING DOLE  Office Output but it on the origins is the subject lease which would onlike the applicant to conduct operations become	Final Abandonment Notice	Convert to Injection	Plug Back	Water Disposal	Vater Disposal			
14. I hereby certify that the foregoing is true and correct. Name (Primed/Typed)  DENISE PINKERTON  Title REGULATORY SPECIALIST  Date 08/26/2010  THIS SPACE FOR FEDERAL OR STATE ACCUPATED FOR RECORD  Approved by  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.	following completion of the involvesting has been completed. Final determined that the site is ready for the SUBJECT WELL HAS DEVEL A CASING LEAK HAS DEVELOPE CRITICAL WELL, WHICH IS UTILIZED PLEASE FIND ATTACHED, THE IN	ved operations. If the operation Abandonment Notices must be a refinal inspection.)  OPED PRESSURE ON THE D, THE CASING WILL BE REZED TO DISPOSE THE MAJUTENDED PROCEDURE AN	results in a multiple completion filed only after all requirements  TUBING CASING ANNULU EPAIRED AND THEN THE VORITY OF THE SKELLY UN	n or recompletion in a new intervals, including reclamation, have been so that the casing will be the case of the casing will be the case of t	I, a Form 3160-4 must be filed once in completed and the operator has STED TO VERIFY INTEGRITY. IF WITH ACID. THIS WELL IS A			
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Approved by  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  OCT 5 2010  /s/ Dustin Winkler	Signature XIMLE	Puxer ton						
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Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and will fully BUREALOOF, LAND MANAGEMENT the United States any fals fictitious or fraudulent statements or representations as to any matter within its jurisdiction.	Conditions of approval, if any, are attache that the applicant holds legal or equitable entitle the applicant to conduct operations  Title 18 U.S.C. Section 1001 and Title 43	title to those rights in the subject leading thereon.  U.S.C. Section 1212, make it a cr	ot warrant or certify ease which would Office	/\$/ Dustin W	/inkler ANACEMENT the United States any false,			

### 8/26/2010

### Skelly 905

# Mechanical Integrity Failure API-30-025-31371

#### RECOMMENDATION:

Skelly 905 has recently experienced a failed MIT. The well needs to be repaired and put back on injection. It is therefore recommended that the following procedure be used to correct the problem and return the well to injection.

Pre-work: Re-confirm failed MIT.

#### PROCEDURE:

- 1 MIRU Rig, check well for pressure and kill well as necessary, NDWH, NUBOP.
- 2 RU wireline, set CIBP @ 10,090', dump bail 30' cmt on top of CIBP, RDWL.
- 3 PU 5 1/2" RBP, 5 1/2" pkr, tbg to surface. RIH to 9794', set RBP, un-latch from RBP, PU 5', set pkr and test tools to 1000 psi.
- 4 Un-set pkr and test csg to 500psi for 30min, if casing fails MIT, proceed to isolate CSG leak. Once csg leak interval is isolated, alert Remedial Engineer for squeeze procedure. If no leak is found, then POOH and move to step 11.
- 5 Latch on/un-set RBP and POOH to 200' below leak interval, set RBP/unlatch, dump 20' sand on top of RBP. Squeeze leak per recommended procedure.
- 6 TOOH w/squeeze equipment, PU 4 3/4" MT bit, 6 3 1/2" DC's, and C/O cement. Stop 50' above leak interval if cmt is green, apply 600 psi, and WOC overnight. Once cement is cleaned out, test squeeze to 600 psi. POOH w/cleanout assembly.
- 7 PU retrieving tool and TIH to top of RBP, wash sand off RBP, latch on/un-set RBP and RIH to 9794', set RBP/unlatch and perform MIT to 500 psi for 30 min.
- 8 Upon sucessful test, POOH w/RBP. LD WS.
- 9 Perform Chart MIT test to 500 psi for 30min.
- 10 Notify BLM 4hrs prior to final chart testing of csg. Chart test casing to 500 psi for 30 min. Pressure up tbg and blow profile nipple out, establish injection rate/pressure. Attempt to allow well to flow back, if it will not flowback under its own power, do not swab.
- 11 RU WL. RIH w/ perf gun (include gamma ray gun) and perforate the 5 ½" casing using full lubricator w/ 3-3/8" guns, 0.42" hole, 48.24" penetration, w/ 2 JSPF @ 120 degrees phasing as follows: 9422'-9228', 9490'-9496', 9572'-9578', 9770'-9778'. Correlate depths w/ Schlumberger Platform Express Three Detector Litho-Density Compensated Neutron / NGT dated 7-AUG-2001.
- 12 PU new 5 1/2" injection packer w/on/off tool and profile nipple in profile, on 3 1/2" TK-15 IPC tbg. Set packer @ 9380', un-latch, circ 2% KCL w/corrosion inhibitor (packer fluid) to surface, latch on to packer.
- 13 MIRU acidizers. Pump 10,000 gal 20% HCL. Do not exceed 4000 psi, displace tbg w/ FW and allow acid to spend overnight. Load and test backside to 500#. Monitor casing pressure throughout job. Shut in for 1 hour.
- **14** Attempt to allow well to flow back, if it will not flowback under its own power, do not swab. If well will flow back, allow acid load volume back.

15 Alert production team that well is completed and ready to return to injection.

Contact Information:

 Remedial Engineer
 Ty Gill
 (432) 853-3652

 Production Engineer
 Edgar Acero
 (432) 230-0704

 OS
 Tejay Simpson
 (575) 390-5892

 ALCR
 Carlos Valenzuela
 (575) 390-9615

 Drlg. Supt.
 Boyd Schaneman
 (432) 238-3667

 NMOCD
 Artesia - District 2
 (575) 748-1283

### Skelly Unit #905 Wellbore Diagram

Created: Updated: Lease:	01/10/07 By: C. A. Irle By:		le		Well #: API Surface Unit Ltr.:	905 Fd./St. #: NM-98120 30-015-31371			
Field:	Skelly Unit Fren					Tshp/Rng:	S-17 8 Section:		
Surf. Loc.:	1 100'	FNL & 660' FEL	<del></del>		Bottom hole	A Tshp/Rng:	Section.	14	
Bot. Loc.:	1,100	7772 0 000 7 22			Unit Ltr.:	1311p/11(11g	Section:	······································	
County:	Eddy	St.: NM			Directions:	Ca	arlsbad, NM	1	
Status:		Water Disposal			Chevno:		HD0879		
		Proposition Proposition	9884839001						
Surface Ca	•	: :					KB:		
Size: Wt., Grd.:	11 3/4 42# H-40						DF:	0.040	
Depth:	750	Ē.					GL:	3,940	
Sxs Cmt:	440					! !	Ini. Spud: ni. Comp.:	06/23/01	
Circulate:	Yes, 131			750		 	III. Comp <sub>-</sub>		
TOC:	Surface	إنتك		/50		<u>i</u> History			
Hole Size:	14 3/4					8/29/01 Ini Comp	Parf 10718.	844 acid	
		i 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3				3374 gls 20% HC			
Intermediat	e Casing			4200		CIBP 8600, cmt			
Size:	8 5/8	<b>Wantaka</b>				perf 5679-6276 ( HCl, swab, CIBP			
Wt., Grd.:	32# K-55				1	5360 (34 hls), ac	id 1500 gls 15	5%, frac	
Depth:	4,200				1	32000 gls 20% 5 15%, 2 7/8 tbg 5		gel 5000 gls	
Sxs Cmt:	1,830					9/12/02 P & A: C		t, tag 5141,	
Circulate:	No				1	cmt 4252, tag 41		850, tag 620,	
TOC:	620 TS*					2 jts tbg, circ cmt 2/9/06 Conv to S		. cmt ret	
Hole Size:	11"			5288		5062, sqz 400 sx	c, drl 6576, cm	nt ret 5624,	
*Sqz 251 s>	( @ 980#		$\bowtie$	5360		sqz 400 sx, drl 10 spf 9850-9902, a			
						7/8 tbg pkr 9794.		1570 1101, 2	
Production	-		i (1866) (1866) 1866 (1866) (1866) 1866 (1866) (1866)						
Size:	5 1/2				1				
Wt., Grd.:	17#								
Depth: Sxs Cmt:	<u>12,388</u> 3,170				1 1	O1 T-			
Circulate:	Yes, 416			5679		Geology - Top	ps	4.050	
TOC:	Surface			6276		Yates Seven Rivers		1,950	
Hole Size:	7 7/8				3	Queen	•	2,265 2,905	
			$\rightarrow$	9794	<b> </b>	San Andres		3,685	
Perforations	S					Glorietta		5,201	
5288-5360,	5679-6276, 98	350-9902,		9850	1	Tubb		6,672	
10718-844				9902		Abo		7,328	
						Wolfcamp		8,670	
				10090		Atoka		11,560	
				$\geq \leq$		Morrow		11,982	
					1	Mississippian		12,414	
				10600					
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PBTD: 10,090 TD: 12,474