

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

HOBBS OCD

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

SEP 17 2012

<p align="center">SUNDRY NOTICES AND REPORTS ON WELLS</p> <p>(DO NOT USE THIS FORM FOR APPLICATION TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)</p>		<p>WELL API NO. 30-025-06611 ✓</p>
<p>1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/></p>		<p>5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/></p>
<p>2. Name of Operator CHEVRON U.S.A. INC.</p>		<p>6. State Oil & Gas Lease No.</p>
<p>3. Address of Operator 15 SMITH ROAD, MIDLAND, TEXAS 79705</p>		<p>7. Lease Name or Unit Agreement Name STATE "S" ✓</p>
<p>4. Well Location Unit Letter C: 660 feet from the NORTH line and 2080 feet from the WEST line Section 15 Township 21-S Range 37-E NMPM County LEA</p>		<p>8. Well Number 4 ✓</p>
<p>11. Elevation (Show whether DR, RKB, RT, GR, etc.)</p>		<p>9. OGRID Number 4323 ✓</p>
<p>10. Pool name or Wildcat PENROSE: SKELLY GRAYBURG</p>		

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 ☐

SUBSEQUENT REPORT OF:

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

OTHER: COIL TBG CLEAN OUT, ACIDIZE, SC SQZ

OTHER:

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.

CHEVRON U.S.A. INC. INTENDS TO COIL TUBING CLEAN OUT, ACIDIZE, & SCALE SQUEEZE THE SUBJECT WELL.

PLEASE FIND ATTACHED, THE INTENDED PROCEDURE, WELLBORE DIAGRAM, & C-144 INFORMATION.

SIGNATURE Denise Pinkerton TITLE: REGULATORY SPECIALIST DATE: 09-12-2012
Type or print name: DENISE PINKERTON E-mail address: leakejd@cvhevron.com PHONE: 432-687-7375
APPROVED BY: Mark Whitman TITLE: Compliance Officer DATE: 09-18-2012
Conditions of Approval (if any):

SEP 18 2012

State S #4
Penrose Skelly, Grayburg
T21S, R37E, Section 15
N 32° 29' 3.444", W -103° 9' 8.352" (NAD27)
Job: Coil Tubing Clean Out, Acid job and Scale Sqz

9.10.2012

PREWORK:

1. Utilize the rig move check list.
2. Check anchors and verify that pull test has been completed in the last 24 months.
3. Ensure location of & distance to power lines is in accordance with MCA SWP. Complete and electrical variance and electrical variance RUMS if necessary.
4. Ensure that location is of adequate build and construction.
5. Ensure that elevators and other lifting equipment are inspected. Caliper all lifting equipment at the beginning of each day or when sizes change.
6. When NU anything over and open wellhead (EPA, etc.) ensure the hole is covered to avoid dropping anything downhole.
7. For wells to be worked on or drilled in an H2S field/area, include the anticipated maximum amount of H2S that an individual could be exposed to along with the ROE calculations for 100' and 500'.
8. If the possibility of trapped pressure exists, check for possible obstructions by:
 - Pumping through the fish/tubular – this is not guaranteed with an old fish as the possibility of a hole above the obstruction could yield inconclusive results
 - Dummy run – make a dummy run through the fish/tubular with sandline, slickline, eline or rods to verify no obstruction. Prior to making any dummy run contact RE and discuss.

If unable to verify that there is no obstruction above the connection to be broken, or if there is an obstruction:

- Hot Tap at the connection to check for pressure and bleed off

Observe and watch for signs / indicators of pressure as connection is being broken. Use mud bucket (with seals removed) and clear all non-essential personnel from the floor.

Procedure:

- ❖ **Set up an exclusion zone on your coiled tubing operations and discuss in the JSA the area from the wellhead to the unit and to the crane (essentially the area below the goose neck and coil) to ensure we do not have people in these areas when the coil is being run in or out of the well.**
1. Prep Work; MI open top flow back tank and RU flow back manifold. Notify OCD 24 hours prior to MIRU CTU **575-393-6161**. (Ensure that manifold and lines have been tested to 5,000 psi prior to being on location)
 2. Verify that well does not have pressure or flow. If well has pressure, note tubing and casing pressures on Wellview report. Bleed down well; if necessary, kill with cut brine fluid (8.6 ppg).
 3. MI & RU workover unit.

4. Unseat pump, POOH and LD rods and pump. Examine rods for wear/pitting/paraffin. Do not hot water unless necessary. ND wellhead, unset TAC, NU BOP. POOH and LD 1 jt, PU 5-1/2" packer and set ~ @ 25', test BOP pipe rams to 250 psi/1000 psi. Note testing pressures on Wellview report. Release and LD packer.
5. PU 1 jt of tubing and tag for fill (TAC 3,769', window top 3,873', EOT 4,088', PBTD 4,358'). POOH while scanning 2-7/8" prod tubing. *Caution: do not push TAC into or close to window.* LD all 2-7/8" tbg, all non-yellow band joints will not be reused. If fill is tagged record depth and notify Remedial Engineer.
6. Notify Guardian prior to NU FracStack. Assembly from bottom up: 7-1/16" x 4-1/16" 15K frac stack spool, 4-1/16" 15K frac valve and lifting sub. Guardian is to provide lifting bails and elevators for the lifting sub.

➤ **Ensure spool and frac valve have been tested to 15K prior to delivery. Guardian is to provide a test chart upon request.**

7. NU FracStack on BOP. SI frac valve. ND lifting sub leaving 4-1/16" 15K flange looking up.
8. RDMO workover unit. Move workover unit off pad. **Workover unit will stand by for coil tubing work (1-2 days).**

Note: Refer to the attached Chevron coiled tubing SOG and insure that guidelines are followed. (guideline is in the WBS package)

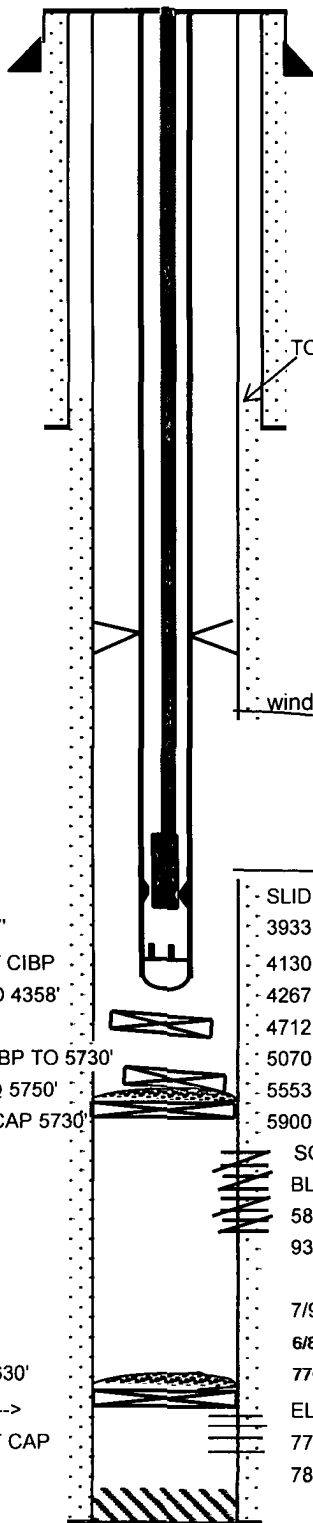
9. MIRU Baker 2" CTU, Pumping Equipment and nitrogen unit.
10. MU 20' of lubricator and test BOP rams. BOP stack configuration from bottom up: flow cross, pipe ram, slip ram, shear and blind ram. Keep crane in bind to make up for increased pipe weight in hole. **WH is not designed to hold weight.** Test BOP to 500 low, 5000 high (if valve is rated to 5000 psi **do not exceed equipment maximum rated working pressure**).
11. Pig – Pickle – Pig CT and flush to pit or tank with soda ash.
12. MU BHA: end connector, dual flapper check valve, 2 x Hydrostatic Sequence Valves, Rear Vortex valve, LEGS tool body with power section and wand with wash nozzle.
13. Function test LEGS tool on surface.
14. Pull BHA into lubricator and MU lubricator to WH.
15. Conduct Safety Meeting and pressure test per CVX standards.
16. With the pipe full of water RIH to ~1000' (no greater than 50 ft/min), perform weight check. Perform weight checks every additional 1000' and tag CIBP at 4356' to verify depth.
17. PUH to 3879' and pressure up to 2400 – 2500 psi to start search mode. If lateral is not found, PUH in 3' increments and search until window is found.
18. When window is found, RIH 20' and set tool to cleanout mode.
19. Increase pumps rate to 1.3 bpm and wash to MTD (6058') or maximum depth based on friction lock. Attempt to circulate well with N2 during clean out. Adjust N2/fluid ratio as conditions require. If friction lock occurs, pump a 20 bbl sweep of 2% FRS-14 solution and attempt to RIH to MTD.
20. At maximum achievable depth, close CT annulus and start acid at 3 bpm and when acid is at the BHA start PUH at (7500 gals /42 = 178.6 bbls)/3 bpm = 59.5 mins. Feet/ 59.5 mins = ft/min.

21. Start flush and flush CT and OH with 20 bbls brine containing 4 drums (220 gals) of Baker SCW-358 Scale Inhibitor Chemical. Followed by 150 bbls of water.
22. Start POOH and when at surface, purge CT string to pit or tank with N2.
23. RDMO Baker coiled tubing.
24. MIRU workover rig.
25. Open well. Bled pressure from well. **NOTIFY Remedial Engineer if kill is required.** Use Brine (8.6 ppg). Attempt to minimize the amount of kill fluid pumped.
26. ND frac stack.
27. RIH with 2-7/8" production tubing hydrotesting to 6,000 psi. Set TAC per ALCR recommendation. ND BOP. NU WH. RIH with rods and pump per ALCR. Hang well on. RD and release workover unit.
28. Turn well over to production.

Lease Name: STATE -S-
Well No. 4
SURFACE LOC: 660' FNL & 2080' FWL
BTM LOC: 975' FNL & 1059' FEL
UL / SEC A / 15
TWNHP/RNGE 21S / 37E

Field: PENROSE SKELLY
Reservoir: GRAYBURG
GE: 3459'
KDB:
DFE:
Cost Center: UCU494100

API No. : 30-025-06611
REFNO: FA7715
Spud Date: 11/26/1950
Comp. Date: 1/20/1951
County: LEA
State: NM



This wellbore diagram is based on the most recent information regarding wellbore configuration and equipment that could be found in the Midland Office well files and computer databases as of the update date below. Verify what is in the hole with the well file in the Eunice Field Office. Discuss w/ WEO Engineer, WO Rep, OS, ALS, & FS prior to rigging up on well regarding any hazards or unknown issues pertaining to the well.

Hole Size. 17 1/2"
Csg. Size: 13 3/8" 36# ARMCO
Set @: 295'
Sks Cmt.: 300 sks
TOC @: SURFACE
Circ: Y/N Y

Hole Size. 11"
Csg. Size: 8 5/8" 24# 8RD J-55
Set @: 2998'
Sks Cmt.: 1700 SKS
TOC @: SURFACE
Circ: Y/N Y

ROD DETAIL WV 5/22/09			20
1 1 5" X 26' PR			26
4 2-4', 1-6', 1-8', 7/8' D ROD SUB			22
75 7/8" N-90 D RODS	1875		1943
73 3/4" N-90 D RODS	1825		3768
10 1 5" K SINKER BARS	250		4018
1 7/8" N-90 D ROD SUB (W 3/4" F	4		4022
1 ROD PUMP INSERT	17		4039
			4039

TBG DETAIL WELLVIEW 5/19/09			
KB CORRECTION	13		
121 JTS 2 7/8" EUE 6 5# J-55	3753.04		3766.04
1 4 89 OD TAC	2.88		3768.92
6 JTS 2 7/8" EUE 6 5# J-55	187.29		3956.21
1 BLAST JT 2 7/8" TK99	31.42		3987.63
1 2 7/8" TBG PUP JT IPC	10.05		3997.68
1 2 7/8" SN	1.1		3998.78
1 2 7/8" PUP JT	4		4002.78
1 CAVINS DESANDER	20.2		4022.98
2 JTS 2 7/8" EUE 6 5# J-55	63.73		4086.71
1 2 7/8" PURGE VLVE	0.8		4087.51
			4087.51

SN @ 3998'
BOT @ 4087'
KNOCKOUT CIBP
PUSHED TO 4358'

PUSHED CIBP TO 5730'
SET CIBP @ 5750'
W/20' CMT CAP 5730'

SET 2/01
TOP EMB 7630'
CIBP 7650' -->
W/1 SK CMT CAP

SLIDE FR 3882-3902,
3933, 4028, 4079, 4096, 4100, 4109,
4130, 4140, 4162, 4177, 4180, 4187, 4204, 4257
4267, 4320, 4328, 4415, 4421, 4604, 4624, 4707,
4712, 4731, 4736, 4920, 4983, 4986, 5047, 5063
5070, 5174, 5179, 5238, 5248, 5270, 5374, 5379,
5553, 5571, 5577, 5581, 5665, 5673, 5733
5900, 5918, 5949, 5981, 6085
SQZ'D BLINEBRY PERFS 6/87 W/220 SKS CMT
BLINEBRY PERFS 3/64
5802, 11, 23, 44, 57, 79, 84,
93, & 5912' W/1JSPF
7/97 BRUNSON ELLENBURGER 2 JSPF 7755-97'
6/87 RE-ENTER PERF ELLEN
7706-7856'
ELLENBURGER PERFS
7706-32', 7800-25',
7846-56'

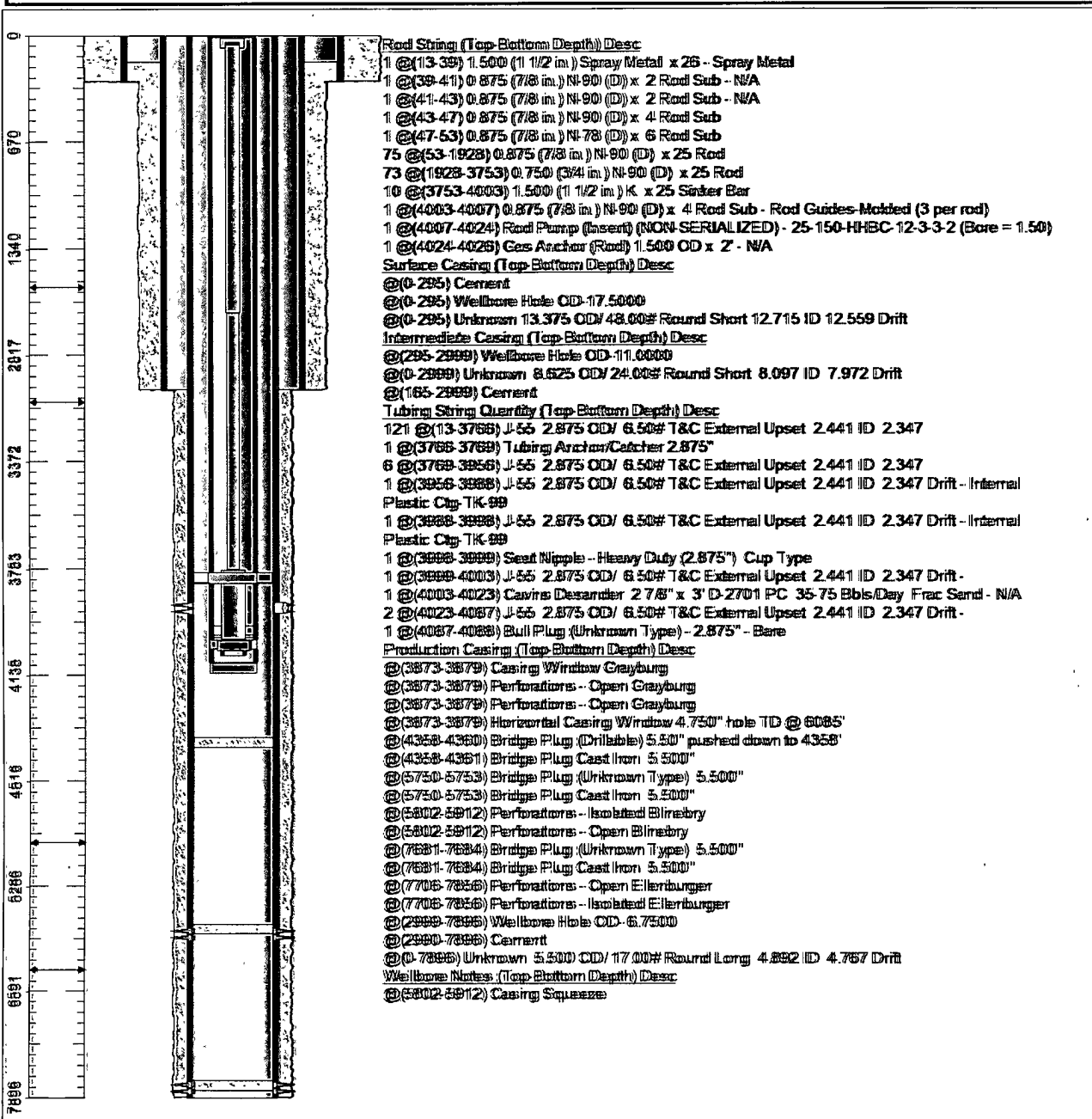
Hole Size: 6 3/4"
Csg. Size: 5 1/2" 15# & 17# 8 RD J-55
Set @: 7895'
Sks. Cmt.: 500 SKS
TOC @: 2990' BY TS
Circ: Y/N N
Updated: 10/31/2011

TD Lateral: 6085'
PBTD: ~4358' Vertical
TD: 7896'

By: sehe

Chevron U.S.A. Inc. Wellbore Diagram : STATES4H G

Lease: OEU EUNICE FMT		Well No.: STATE -S- 4H G	Field: FLD-PENROSE SKELLY	
Location: 660FNL2080FWL		Sec.: N/A	Blk:	Survey: N/A
County: Lea	St.: New Mexico	Refno: FA7715	API: 3002506611	Cost Center: UCU494100
Section:		Township: N/A		Range: N/A
Current Status: ACTIVE			Dead Man Anchors Test Date: 01/23/2006	
Directions:				



Ground Elevation (MSL):: 3448.00	Spud Date: 02/08/2001	Compl. Date: 01/01/1970
Well Depth Datum:: CSI0000N	Elevation (MSL):: 0.00	Correction Factor: 13.00
Last Updated by: ruthack	Date: 05/22/2009	