Form 3160-5
(March 2012)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

HOBBS OCD
OCD Hobbs
DEC 06 2012
RECEIVED

FORM APPROVED
OMB No. 1004-0137
Expires: October 31, 2014

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-067968

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.
West Dollarhide Drinkard Unit # 98

1. Type of Well
☑ Oil Well ☐ Gas Well ☐ Other

8. Well Name and No.

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

9. API Well No.
30-025-30877

3a. Address
15 Smith Rd. Midland, TX 79705

3b. Phone No. *(include area code)*
432-687-7198

10. Field and Pool or Exploratory Area
Dollarhide Tubb Drinkard

4. Location of Well *(Footage, Sec., T.,R.,M., or Survey Description)*
2546' FSL & 161' FEL, Unit LETTER I.

11. County or Parish, State
Lea, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
☑ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Subsequent Report	☐ Casing Repair	☐ New Construction	☐ Recomplete	☑ Other Clean out, Acidize, and Sand Frac.
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
☐ Final Abandonment Notice	☐ Convert to Injection	☐ Plug Back	☐ 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. intends to cleanout, acidize and sand frac stimulate the Drinkard/Upper Abo.

Please find attached, the intended procedure, well bore diagram and C-144 info.

APPROVED
NOV 30 2012
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

14. I hereby certify that the foregoing is true and correct. Name *(Printed/Typed)*
Scott Haynes

Title Permitting Specialist

Signature Scott Haynes

Date 09/12/2012

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

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

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)

MSB/OCD 1/11/2013

Workover Procedure
West Dollarhide Drinkard Unit
Dollarhide Field

WBS # UWDOL – R2295
WDDU 98

API No: 30-025-30877 **07/19/12**
CHEVNO: KX1751

Description of Work: Cleanout, Acidize and Sand Frac stimulate the Drinkard/Upper Abo

Current Hole Condition:

Total Depth: 6950' PBTD: 6900' GL: 3166' KB: +14'

Casing Record:

11-3/4" 42# H-40 ST&C Csg set @ 1200'. Cmt w/ 1100 sx, circ to surface
5-1/2" 15.5# & 17# K-55 & L-80 LT&C csg set @ 6950'. Cmt in 2 stgs w/ 1475 sx cmt, did not circ. TOC @ 750' by TS

Existing Perforations:

Drinkard: 6542-6682'
Upr Abo: 6751-6870'

Proposed Perforations:

6526-6532'
6672-6682'
6715-6725'
6795-6805'
6834-6844'
6876-6886'

REGULATORY REQUIREMENTS: N/A
CONTACT INFORMATION:

Jamie Castagno	Production Engineer	Cell: 432-530-5194
Femi Esan	Geologist	Ph: 432-687-7731
Hector Cantu	Completions Engineer	Cell: 432-557-1464
Phillip R Minchew	Production Foreman	Cell: 432-208-3677
Aaron Dobbs	Production Specialist	Cell: 505-631-9071

This procedure is meant to be followed. It is up to the WSM, Remedial Engineer and Production Engineer to make the decisions necessary to do it safely and do what is best for the well. In the extent that this procedure does not reflect actual operations, please contact RE, PE and Superintendent.

Prepared by: Jamie Castagno (07/19/12) Reviewed by: Hector Cantu (8/15/12)

Note: Well records indicate partial circulation was achieved with fresh water only. Plan to use fresh water during clean out.

1. Complete rig move checklist. Check road, ensure anchors have been tested in the last 24 months, and verify powerline for need of variance ahead of time.

   Note: Well records indicate paraffin was encountered. Plan to hot-water rods if necessary prior to pull.

2. MIRU. Bleed well down or kill as necessary. Record SICP and SITP. **Caliper elevators and tubular EACH DAY prior to handling tubing/tools.** TOOH and LD rods & pump. Replace pump and bad rods.

- **Caliper elevators and tubular EACH DAY prior to handling tubing/tools and anytime size changes. Note in JSA when and what items are callipered within the task step that includes that work.**

3. Kill well and monitor. ND wellhead. Release TAC, NU dual Hydraulic BOP with blind rams on bottom and 2-7/8" pipe rams on top. LD 1 joint, PU/RIH with 5-1/2" packer and set it ~ @ 25', test BOP pipe rams to 250 psi/ 1000 psi. Note testing pressures on wellview report. Release and LD packer.
4. POOH scanning 2-7/8" production tubing per attached tubing detail. **Caliper elevators and tubular EACH DAY prior to handling tubing/tools.** Tally out with tubing and LD bad joints (green and red).
5. PU/RIH with 4-3/4" MT bit, DC's on 2-7/8" on good production tubing. Tag and record fill depth. PU power swivel, C/O to PBTD (6900') or as deep as possible. Circulate well clean with fresh water. **Watch out for previous tight spots @ 4346-48' & 6551-61'.**

   Note: Well records indicate well was milled out to 6880'. Discuss with Remedial Engineer if tight spots are encountered. Plan to replace production string with workstring and mill.

   Note: Recover and send samples in a timely manner to Baker Chemical rep and ALCR for analysis (if possible at location). Discuss treatment recommendation with Chemical rep and ALCR. If there is evidence of sulfate scale plan to pump scale converter.
6. POOH/LD bit and DC's.

7. MIRU e-line contractor. Install lubricator. PU and RIH w/ 3-1/8" **2 JSPF** 23 gram 120 deg casing guns and perforate the following intervals:

Top (ft)	Bottom (ft)	Length (ft)	# Shots
6526	6532	6	12
6672	6682	10	20
6715	6725	10	20
6975	6805	10	20
6834	6844	10	20
6876	6886	10	20
	Total	**56**	**112**

- **Correlate depth with attached GR Log dated 10/06/1990.**

8. POOH and LD casing perforating guns. RD and release electric line unit.
9. PU/RIH with 5-1/2" treating PKR on 2-7/8" tubing hydrotesting all tubing (including any new joints) to 5800 psi (80% burst). Spot scale converter mixed with equal amounts water across all perfs per Chemical rep recommendation. Set PKR @ ~ 6500'. Load backside and pressure test to 500 psi. SI to soak overnight.
10. MIRU acid contractor. RU choke manifold to flowback tank. Test lines and equipment to 6000 psi. Pressure up backside to 500 psi. Monitor casing pressure throughout acid job. Bleed off if casing pressure exceeds 500 psi. **Set pop-off valve to 5800 psi. Maximum surface pumping pressure of 5500 psi.**
11. Acidize perforations from 6526-6886' with 8,000 gal 15% NEFe HCl in 2 or 3 stages dropping GRS between stages to divert at 1-2 PPG.
12. Flush tubing to bottom perforations. SI well for 2 hours allowing acid to spend. Record ISIP, 5, 10, & 15 minute SIP's.
13. Swab or flow back to recover 100% of treatment and load volumes, if possible. Kill tubing if necessary. Report acid volumes and pressures on morning wellview report
14. Release treating packer, POOH and LD packer. PU/RIH with notched collar and C/O any rock salt to PBTD (6900'). Circulate well with fresh water to dissolve remaining GRS. POOH/LD tubing and notched collar.
15. Close blind rams. Swap pipe rams from 2-7/8" to 3-1/2". Open blind rams. PU/RIH and set packer @ ~ 25' to test 3-1/2" pipe rams to 250 psi / 1000 psi.
16. Release packer, continue RIH with 10K 5-1/2" AS-1X treating packer, on-off tool, hardened profile nipple and blast joint on 3-1/2" 9.3# L-80 workstring. Hydrotest tubing to 8000 psi while RIH. Set packer at 6425' (approx 100' above top perfs). Pressure test annulus to 500 psi. Nipple up 10K tubing saver frac valve to BOP. Test frac valve to 8500 psi.
17. RDMO pulling unit.

18. Prior to job, verify compatibility of all frac fluids to reservoir fluids at temperature of 135° F and perform sand sieve analysis for sand distribution. Send results to Production and Remedial Engineers.

19. RU flowback crew if location permits. MIRU SLB frac equipment. Install pop-off valves downstream of SLB check valve with manually operated valve below pop-off. Test all service company pressure shutdowns on each pump truck and surface lines to 8000 psi. **Set pop-off in pump to less than 8,000 psi. Install pop-off on 5-1/2" x 3-1/2" annulus and set to 500 psi. Pressure to 300 psi and monitor during frac job.**

    Note: Frac proposal is to include scale inhibitor ahead of the pads.

20. Establish pump rate into perforations with fresh water. Complete sand fracture treatment as per attached SLB procedure.

DO NOT OVERDISPLACE (EVEN TO TOP PERF) UNDER ANY CIRCUMSTANCES.

21. RDMO SLB. SION to allow sand to cure.

22. Flow back well through choke manifold until well dies.

23. MIRU pulling unit. Test 3-1/2" pipe rams to 500 psi against packer.

24. ND frac valve. Release packer. POOH and lay down 5-1/2" packer and 3-1/2" WS. Send 3-1/2" WS for inspection.

25. Close Blind rams. Change 3-1/2" to 2-7/8" pipe rams. Open blind rams. PU/RIH and set packer @ ~ 25' to test 2-7/8" pipe rams to 250 psi / 1000 psi. Release and LD packer.

- **Caliper elevators and tubular EACH DAY prior to handling tubing/tools and anytime size changes. Note in JSA when and what items are callipered within the task step that includes that work.**

26. PU/ RIH with 4-3/4" MT bit, 3-1/2" DC's on 2-7/8" good production tubing. Tag top of sand and drill out any sand that has set up in wellbore to PBTD. Circulate well clean. POOH and LD bit and BHA.

27. PU and RIH with production tubing as per ALCR recommendation.

28. ND BOP, set TAC per ALCR recommendation and NU WH.

29. RIH with rods, weight bars and pump per ALCR recommendation. RDMO pulling unit

30. Turn well over to production (see contacts on first page of procedure).

WELLBORE DIAGRAM WDDU 98

FIELD: West Dollarhide Drinkard Unit		Well No: 98	FORMATION: DRKD, ABO
LOC: 2546' FSL & 161' FEL	Sec: 30	GR: 3166	CURRENT STATUS: OIPR
TOWNSHIP: 24S	Cnty: Lea	KB: +14'	API NO: 30-025-30877
RANGE: 38E	State: NM	DF:	Chevno: KX1751

SPUD: 09/23/1990

Date Completed: 10/18/1990	Initial Production
Initial Formation: Tubb/Drinkard	-- BO -- Mcf -- BW
FROM: 6542' TO: 6896'	-- GOR -- Sp Grv

Initial completion:
Perf & Acidize 6542-6869' in 2 stgs w/ 8.4k gal 15%

Subsequent workovers:

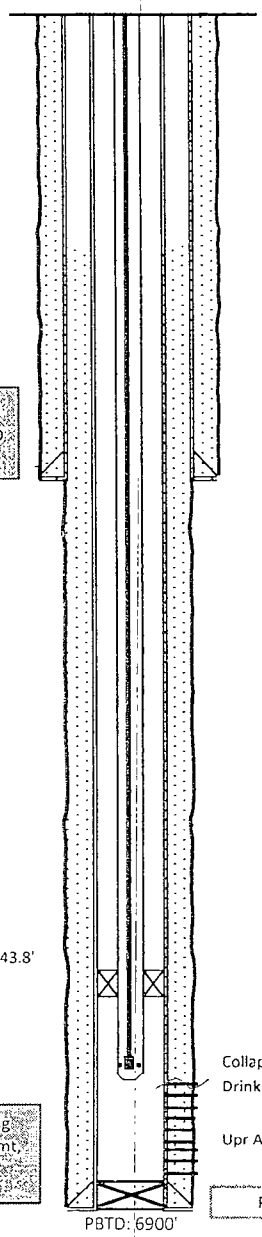
05/30/1996 Add Perfs & Acidize: Tbg collar stuck @ 6548'. Collapsed csg 6551-6552'. Perforate 6598-6870'. Acidize in 2 stgs w/ 9k gal 15%

01/20/1998 C/O Well: C/O fill 6882-6900' (PBTD). Run Sonic Hammer tool through perfs & acidized w/ 5k gal 15%.

12/15/2011 C/O & Acidize: RIH w/ bit, found tight spot @ 4346-48'; collapsed csg @ 6551-61'. C/O 6878-6880' (returns of scale and metal shavings). Acidize w/ 10k gal 15% & 4500# GRS. Didn't feel any tight spots or salt when RIH to C/O after acid.

11-3/4" 42#, H-40 ST&C Csg set @ 1200'. Cmt w/ 1100 sx, circ to surface

DV Tool @ 3993'



5-1/2" 15.5#& 17# K-55 & L-80 LT&C csg set @ 6950'. Cmt in 2 stgs w/ 1475 sx cmt, did not circ. TOC @ 750' by TS

PBTD: 6900'
TD: 6950'

Rod Detail: 12/37/2011

Footage	Joints	Type
25.98	1	Polished Rod
12.00	3	Pony Rod, Grade D
1875.00	75	1" Grade 78 Rods
2050.00	82	7/8" Grade 78 Rods
2650.00	106	3/4" Grade 75 Rods
200.00	8	1.5" Sinker Bars
4.00	1	1" Pony Rod
25.98	1	1.5" Rod Pump @ 6843.8'

Tubing in Hole: 12/37/2011

Footage	Joints	Type
6476.40	204	2-7/8" 6.5# J-55 Tbg
2.75	1	5-1/2" X 2-3/8" TAC @ 6490'
349.50	11	2-7/8" 6.5# J-55 Tbg
31.55	1	2-7/8" 6.5# J-55 PCID Tbg
0.87	1	2-7/8" (1.875" ID) SN
6861.1		Total Tubing String
14.00		KB
6875.1		Final HD

Collapsed Csg @ 6551-61'
Drinkard: 6542-46', 50-54', 66-70', 76-79', 81-5', 89-91', 6614-19', 28-31' w/ 1 JSPF (30')
Reperf 05/96: 6598-6632', 73-82' w/ 2 JSPF (43', 86 holes)
Upr Abo: 6751-55', 64-67', 72-76', 6856-60', 65-69' w/ 1 JSPF (19')
Reperf 05/96: 6776-86', 6845-70' w/ 2 JSPF (35', 70 holes)

Proposed Perfs: 6526-32', 6672-82', 6715-25', 6795-6805', 6834-44', 6876-86'

District I
1625 N French Dr , Hobbs, NM 88240
District II
811 S First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S St Francis Dr., Santa Fe, NM 87505

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State of New Mexico
Energy Minerals and Natural Resources
Department
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-144 CLEZ
Revised August 1, 2011

For closed-loop systems *that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure*, submit to the appropriate NMOCD District Office.

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Closed-Loop System Permit or Closure Plan Application

(that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure)

Type of action: ☑ Permit ☐ Closure

Instructions: Please submit one application (Form C-144 CLEZ) per individual closed-loop system request. For any application request other than for a closed-loop system that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, please submit a Form C-144.

Please be advised that approval of this request does not relieve the operator of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances.

1.
Operator: Chevron_U.S.A._Inc. OGRID #: 22351
Address: 15 Smith Rd. Midland_TX_79705
Facility or well name: West_Dollarhide_Drinkard_Unit
API Number: 30-025-30877 OCD Permit Number: P1-05138
U/L or Qtr/Qtr I Section 30 Township 24S Range 38E County: Lea
Center of Proposed Design: Latitude _____ Longitude _____ NAD: ☐1927 ☐ 1983
Surface Owner: ☐ Federal ☒ State ☐ Private ☐ Tribal Trust or Indian Allotment

2.
☐ **Closed-loop System:** Subsection H of 19.15.17 11 NMAC
Operation: ☐ Drilling a new well ☒ Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent) ☐ P&A
☒ Above Ground Steel Tanks or ☐ Haul-off Bins

3.
Signs: Subsection C of 19.15.17.11 NMAC
☐ 12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers
☐ Signed in compliance with 19.15.16.8 NMAC

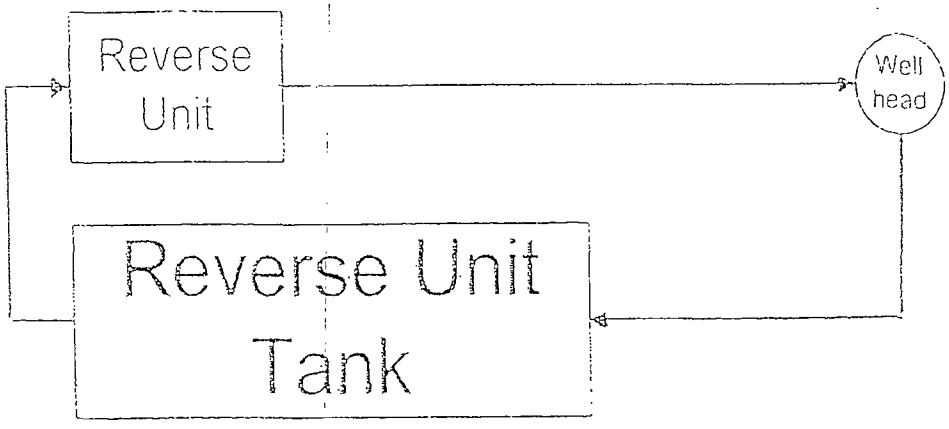
4
Closed-loop Systems Permit Application Attachment Checklist: Subsection B of 19.15.17.9 NMAC
Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.
☒ Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
☒ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
☒ Closure Plan (Please complete Box 5) - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC
☐ Previously Approved Design (attach copy of design) API Number: _____
☐ Previously Approved Operating and Maintenance Plan API Number: _____

5.
Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only: (19.15.17.13.D NMAC)
Instructions: Please indentify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities are required.
Disposal Facility Name: R360 Disposal Facility Permit Number: R9166-NM-01-0006
Disposal Facility Name: _____ Disposal Facility Permit Number: _____
Will any of the proposed closed-loop system operations and associated activities occur on or in areas that *will not* be used for future service and operations?
☐ Yes (If yes, please provide the information below) ☐ No
Required for impacted areas which will not be used for future service and operations:
☐ Soil Backfill and Cover Design Specifications - - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC
☐ Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC
☐ Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

6.
Operator Application Certification:
I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief.
Name (Print): Scott_Haynes Title: Permit Specailist
Signature: Scott Haynes Date: 08/30/2012
e-mail address: toxo@chevron.com Telephone: 432-687-7198

SEP 05 2012

CHEVRON –REVERSE UNIT – SCHEMATIC – OPERATING AND MAINTENANCE – CLOSURE PLAN



Notes:

1. This is a generic layout, exact equipment orientation will vary from location to location.
2. This is a schematic representation, so drawing is not to scale.

Operating and Maintenance Plan

1. All recovered fluids and solids will be discharged into reverse tank.
2. Reverse tank will be continuously monitored by designated rig crew so that tank will not be overfilled.
3. Rig crew will visually inspect fluid integrity of reverse tank on a daily basis
4. Documentation of visual inspection of reverse tank will be captured on daily completion morning report

Closure Plan

1. All recovered fluids and solids will be removed from reverse tank and hauled off of site
2. All recovered fluids and solids will be disposed of at a suitable off-location waste disposal facility