

Submit 1 Copy To Appropriate District Office
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 87401
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico

Energy, Minerals and Natural Resources

Form C-103

Revised July 18, 2013

HOBBS OCD
DEC 02 2013
RECEIVED

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO. 30-025-06791
5. Indicate Type of Lease STATE ☐ FEE ☒
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name S.J. SARKEYS 26
8. Well Number 1
9. OGRID Number 4323
10. Pool name or Wildcat PENROSE; SKELLY GRAYBURG

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)	
1. Type of Well: Oil Well ☒ Gas Well ☐ Other	
2. Name of Operator CHEVRON U.S.A. INC.	
3. Address of Operator 15 SMITH ROAD, MIDLAND, TEXAS 79705	
4. Well Location Unit Letter: E 1980 feet from NORTH line and 660 feet from the WEST line Section 26 Township 21S Range 37E NMPM County LEA	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3984' GR	

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 ☐
CLOSED-LOOP SYSTEM ☐
OTHER: C/O, ACIDIZE, SCALE SQZ DHC UNDER PKR

SUBSEQUENT REPORT OF:

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

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 CLEAN OUT, ACIDIZE, & SCALE SQUEEZE DHC UNDER A PACKER
VERBAL APPROVAL WAS GIVEN BY MR. E.L. GONZALES TO ABANDON THE LOWER SECTION BY SQUEEZING CMT &
MAINTAIN 40' CMT ABOVE THE TOP OF FISH. HE AGREED TO LEAVE 2000' OF TBG IN HOLE.

PLEASE FIND ATTACHED, THE INTENDED PROCEDURE TO BE USED.

DURING THIS PROCESS WE PLAN TO USE THE CLOSED LOOP SYSTEM WITH A STEEL TANK & HAUL TO THE
REQUIRED DISPOSAL, PER THE OCD RULE 19.15.17.

Spud Date:

Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Denise Pinkerton TITLE REGULATORY SPECIALIST

DATE 11/27/2013

Type or print name DENISE PINKERTON

E-mail address: leakejd@chevron.com

PHONE: 432-687-7375

For State Use Only

APPROVED BY: Mary Brown TITLE Compliance Officer DATE 12/3/2013

Conditions of Approval (if any):

DEC 03 2013

S.J. Sarkeys 26 #1 – [30-025-06791]

Penrose Skelly field

T21S, R37E, Section 26

N 32° 27' 5.94", W -103° 8' 23.352" (NAD27)

Job: Cleanout, Acidize & Scale Squeeze DHC under a packer

***** Supplemental Procedure to plug and abandon lower zone *****

*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 SAFELY what is best for the well. In the extent that this procedure does not reflect actual operations, please contact RE, PE and Superintendent for possible MOC.

It should be noted, the anticipated maximum amount of H2S that an individual could be exposed to on location is as follows for given Radius of Exposure:

100 PPM ROE = $0.001589 \times 4100 \text{ PPM} \times 102 \text{ MCF} \wedge 0.6258 = 58 \text{ FEET}$

500 PPM ROE = $0.0004546 \times 4100 \text{ PPM} \times 102 \text{ MCF} \wedge 0.6258 = 27 \text{ FEET}$

1. PU 5-1/2" packer and TIH on 2-7/8" workstring. Tag the top of fish at 3992' to verify depth. TOH and set packer at ~3985'.
2. Begin pumping down the tubing to establish an injection rate.

If an injection rate of 2+ bpm is established:

 - a. TOH and LD packer.
 - b. PU 5-1/2" cement retainer and RIH on 2-7/8" workstring. Set retainer at ~3985'. Pump ~200 sks Class C cement down CR to plug back from 3985' – 6278'. If pump pressure reaches 1000 psi, sting out of retainer 40' and reverse out excess cement in tubing string (40' of cement will be left on top of CR).
 - c. TOH above top perf (~3600') and allow time (~4 hrs) for cement on CR to cure
 - d. TIH and tag TOC to verify 40' column of cement on CR
(TOH with workstring and dump bail additional cement as needed to reach 40' mark)
 - e. TOH and PU 5-1/2" packer. TIH and set packer at ~3935'. Pressure test CMT/CR to 250/500 psi to confirm lower zone is plugged. Release packer and resume normal operation to stimulate upper zone.

If an injection rate of 2+ bpm is NOT established:

 - a. TOH and LD packer.
 - b. PU 5-1/2" CIBP and RIH. Set CIBP at ~3985'. PU and tag CIBP to verify it set on depth.
 - c. Dump bail 40' of cement on top of CIBP. Allow time for cement to cure (~4 hrs).
 - d. PU 5-1/2" packer on 2-7/8" workstring. TIH and tag TOC to verify 40' column of cement on CR
(TOH with workstring and dump bail additional cement as needed to reach 40' mark).
 - e. Set packer at ~3935'. Pressure test CMT/CR to 250/500 psi to confirm lower zone is plugged. Release packer and resume normal operation to stimulate upper zone.