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 87410
District IV – (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

HOBBS OCD
JAN 17 2014
RECEIVED

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

Form C-103
Revised July 18, 2013

WELL API NO. 30-025-38140

5. Indicate Type of Lease STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

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.)

7. Lease Name or Unit Agreement Name
NEW MEXICO "O" STATE

1. Type of Well: Oil Well ☐ Gas Well ☐ Other SWD

8. Well Number 40

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

9. OGRID Number 4323

3. Address of Operator
15 SMITH ROAD, MIDLAND, TEXAS 79705

10. Pool name or Wildcat
SWD; DEVONIAN

4. Well Location
Unit Letter: J 1885 feet from SOUTH line and 1978 feet from the EAST line
Section 36 Township 17S Range 34E NMPM County LEA

11. Elevation *(Show whether DR, RKB, RT, GR, etc.)*
3994' GL

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK ☐	PLUG AND ABANDON ☐	REMEDIAL WORK ☐	ALTERING CASING ☐
TEMPORARILY ABANDON ☐	CHANGE PLANS ☐	COMMENCE DRILLING OPNS. ☐	P AND A ☐
PULL OR ALTER CASING ☐	MULTIPLE COMPL ☐	CASING/CEMENT JOB ☐	
DOWNHOLE COMMINGLE ☐			
CLOSED-LOOP SYSTEM ☐			
OTHER: REPAIR MIT		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.

THE SUBJECT SWD WELL RECENTLY FAILED ITS ANNULUS MIT. IT IS THE PRIMARY SWD WELL FOR THE VACUUM FIELD, AND CHEVRON INTENDS TO REPAIR.

PLEASE FIND ATTACHED, THE INTENDED PROCEDURE AND WELLBORE DIAGRAM.

DURING THIS PROCESS WE PLAN TO USE THE CLOSED LOOP SYSTEM WITH A STEEL TANK AND 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 01/14/2014

Type or print name DENISE PINKERTON E-mail address: leakejd@chevron.com PHONE: 432-687-7375

For State Use Only

APPROVED BY: Maley L Brown TITLE Compliance Officer DATE 1/22/2014

Conditions of Approval (if any):

JAN 22 2014

New Mexico "O" State No. 40
API No. 30-025-38140
Lea County, NM

Engineering Comments

The subject salt water disposal well recently failed its annulus MIT. It is the primary SWD well for the Vacuum field and must be repaired.

PTB 12/4/13

Workover Procedure

PREWORK:

1. Utilize the rig move check list. Coordinate with FMT for power line route survey between locations.
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 an electrical variance diagram and electrical variance RUMS if necessary, and send to remedial engineer for approvals.
4. Ensure the location is of adequate build and construction to support complete workover package.
5. Evaluate pressure rating and condition of wellhead and all valves. Repair valves, nipples, etc. as needed
6. Ensure that elevators and other lifting equipment are inspected. Caliper all lifting equipment at the beginning of each day or when sizes change.
7. When NU anything over and open wellhead (EPA, etc.) ensure the hole is covered to avoid dropping anything downhole
8. **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 ppm and 500ppm.**
9. 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 – Consult with remedial engineer before making any dummy run. Make a dummy run through the fish/tubular with sandline, slickline, eline or rods to verify no obstruction.

    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.

WELLWORK:

Note: during completion in 2007, a tight spot was encountered at 12,055'; however, it didn't cause any issues at that time.

1. Check with 1788 Yard for availability of 4 ½" 12.75# L80 IPC tubing, in case any joints need replaced.
2. Rig up Key 6088 pulling unit and associated surface equipment.
3. Check well pressures and kill well if necessary. Monitor to verify well is static.
4. Ensure all available mechanical barriers are in place. ND wellhead. NU 5,000 psi BOP with 4 ½" pipe rams over blinds.
5. RU casing crew and laydown machine for pulling 4 ½" tubing.
6. Unlatch from on-off tool. POH with 1 jt. 4 ½" tubing. PU and TIH with 7" test packer. Set test packer @~25'. Test BOP to 250/500 psi. TOH LD packer.

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API No. 30-025-38140
Lea County, NM

7. TOH with 4-1/2" 12.75# L-80 IPC injection tubing. Scan and strap tubing while coming out of the hole. Lay down all joints, discarding any non-yellow band joints. Provide summary of tubing inspection in Wellview. Secure well.

8. MIUL and strap 2 7/8" 6.5# L80 tubing as workstring.

9. Change out pipe rams and pipe handling equipment to 2 7/8".

10. TIH with 7" test packer on 1 jt of 2 7/8" tubing and set at 25'. Test BOP to 250/500 psi. TOH and LD test packer.

11. TIH with on-off tool overshot on 2 7/8" workstring and latch onto the injection packer at 12,099'. Release packer and TOH. If packer seals are swollen, prevent fluid drainage, RU wireline unit and shoot holes in the tubing 2-3 jts above the packer.

12. Inspect packer for signs of corrosion or failure. Re-dress or replace as necessary.

13. Consult production engineer to determine if cleanout run is necessary (Pre-workover rigless ops are planned for running pressure bombs and tagging for fill on wireline). If cleanout run is necessary, PU 6 1/8" MT bit on 2 7/8" workstring, making cleanout run to PBTD 13,300'. **May need to RU foam air unit for cleanout (well has been on a vacuum).** See supplemental procedure for foam air cleanout operation.

14. Circulate clean and TOH. LD bit.

15. TIH with 7" RBP and 7" packer on 2 7/8" workstring. Set RBP at 12,095'. Release from RBP, pull up one joint and set packer. Test down tubing to RBP to 500 psi. Test backside to 500 psi.

16. If casing tests good, drop down and release RBP and POH with RBP, packer and workstring. If casing does not test, proceed uphole with packer to isolate above and below the casing leak. Establish rates and pressures into leak, if feasible. Monitor surface casing valves for possible returns. Notify remedial engineer for plan forward.

17. After remediation and/or verifying casing integrity, MIUL and strap 4 ½" 12.75# L80 IPC tubing as injection string.

18. Clean and drift 4 ½" tubing before TIH.

19. RU casing crew and laydown machine for running 4 ½" tubing.

20. Replace 2 7/8" pipe rams with 4 ½" pipe rams. TIH with 7" test packer and set at 25'. Test BOP to 250/500 psi. TOH LD test packer.

21. TIH with 7" Arrow Set 1-X (external nickel plated, internal plastic coated) injection packer (2.81" PN) with pump out plug (make sure POP is pinned high enough to prevent hydrostatic from bursting plug; hydrostatic will be around 5400 psi) and on-off tool on 4 ½" 12.75# L80 IPC injection tubing. Hydrotest tubing to 6500 psi while TIH.

22. Set packer as close to depth RBP was set, or ~12095'.

23. Unlatch from packer and circulate packer fluid.

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24. Latch back onto packer and test annulus to 500 psi for 30 minutes (Pre-MIT). Pressure may deviate from shut in pressure by ≤10%, but must hold a constant pressure for 30 minutes.

25. Bleed off pressure. Ensure all available mechanical barriers are in place. ND BOP. NU wellhead.

26. Pressure up to blow pump-out plug and displace plug to bottom of wellbore.

27. Notify OCD of upcoming MIT. Install chart recorder. Pressure test back side to 530 psi for 33 minutes to satisfy the requirements for an official MIT. Pressure may deviate from shut in pressure by ≤10%, but must hold a constant pressure for 30 minutes.

28. Send the chart to Denise Pinkerton (Regulatory Analyst).

29. Rig down pulling unit and associated surface equipment.

30. Notify FMT when workover is complete so that well may be placed back on injection.

31. File C-103 subsequent report with MIT chart attached (Denise Pinkerton – Chevron Regulatory).

EMA 12/17/2013

MN 12/18/2013

Contacts:

Remedial Engineer – Evan Asire	(432-687-7784 / Cell: 432-301-2067)
Production Engineer – Paul Brown	(432-687-7351 / Cell: 432-238-8755)
D&C TTL – Bobby Holland	(432-687-7814 / Cell: 432-557-3364)
D&C Supt. – Victor Bajomo	(432-687-7953 / Cell: 432-202-3767)
D&C Ops Manager – Boyd Schaneman	(432-687-7402 / Cell: 432-238-3667)
Technical Assistant – Adriana Jimenez	(432-687-7378 / Cell: 432-687-7657)
OS – Nick Moschetti	(575-396-4414 / Cell: 432-631-0646)
ALCR – Danny Acosta	(575-396-6344 / Cell: 575-631-9033)
ALNC Planner – Bob Trickett	(432-687-7440 / Cell: 432-557-0311)
Earth Scientist – Scott Ingram	(432-687-7212 / Cell: 432-238-3479)

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Lea County, NM

FOAM / AIR CLEANOUT PROCEDURE

- This procedure is an addition to the original procedure.

1. Install flowback manifold with two chokes. All components on flowback manifold must be rated to at least 5,000 psi. If possible, flowback manifold components should be hydrotested before delivery. Hardline pipes from 2" casing valve to manifold to half pit with gas buster. **Set up an exclusion zone around flowback line.**
2. Install halfpit with gas buster for flowback.
3. Position Air unit upwind from Rig next to water tanks. Have vacuum truck on standby to empty halfpit. (if needed)
4. RIH with 6 1/8" MT bit on 2-7/8" 6.5# L-80 WS.
5. NU stripper head with **NO Outlets** (Check stripper cap for thread type - course threads preferred). **Stripper head to be stump tested to 1,000 psi before being delivered to rig.** Check chart or test at rig.
6. RU foam air unit. Make quality foam on surface before going down hole with foam/air. Install flapper float at surface before beginning to pump. Break circulation with foam/air. Evacuate fluid from well.

Pump high quality foam at all times. Do not pump dry air at any time. Fluid injection rates will generally be above 12 gallons per minute

Whenever there is pressure on the stripper head, have a dedicated person continuously monitor pressure at choke manifold and have a dedicated person at accumulator ready to close annular BOP in case stripper leaks. Do not allow pressure on stripper head to exceed 500 psi. If pressure cannot be controlled below 500 psi, stop pumping, close BOP and bleed off pressure.

7. Clean out fill to 13,300' with low RPM's, rotating and circulating, always keep pipe moving. Short trips can be beneficial to hole cleaning. Circulate well clean for at least 1 hour at the end of the day and pull up above the perforations before shut down for night. If the foam/air unit goes down, pull above the perforations.
8. When tripping out of hole, have special float bleed off tool available to relieve trapped pressure below float.

Ensure that high quality, stiff foam is pumped while circulating the fill. Stiff foam is required to prevent segregation while circulating. Monitor flow and pressures carefully when cleaning out.

Before rigging up power swivel to rotate, carefully inspect Kelly hose to ensure that it is in good condition. Ensure that swivel packing is in good condition.

Continue on with original procedure for completion.

CURRENT
WELLBORE DIAGRAM

Created:	7/29/2008	By: NC					
Updated:	5/2/2012	By: SMI					
Lease:	New Mexico O State		**Well No.:**	40		**Field:**	
Surface Location:	1885' FSL 1978' FEL		**Unit Ltr:**	J	**Sec:**	36 **TSHP/Ran** 17S 34E	
Bottomhole Location:			**Unit Ltr:**		**Sec:**	**TSHP/Range:**	
County:	Lea	**St:** NM	**St Lease:**		**API:**	30-025-38140	**Cost Center:**
Current Status:	Salt water disposal		**Elevation:**	3394' GL			TEPI:
	Open-hole Devonian						MVP:

Surface Csg.

Size:	13 3/8"
Wt.:	48# H40
Set @:	1495'
Sxs cmt:	1505
Circ:	yes, 1060 sx
TOC:	surface
Hole Size:	17 1/2"

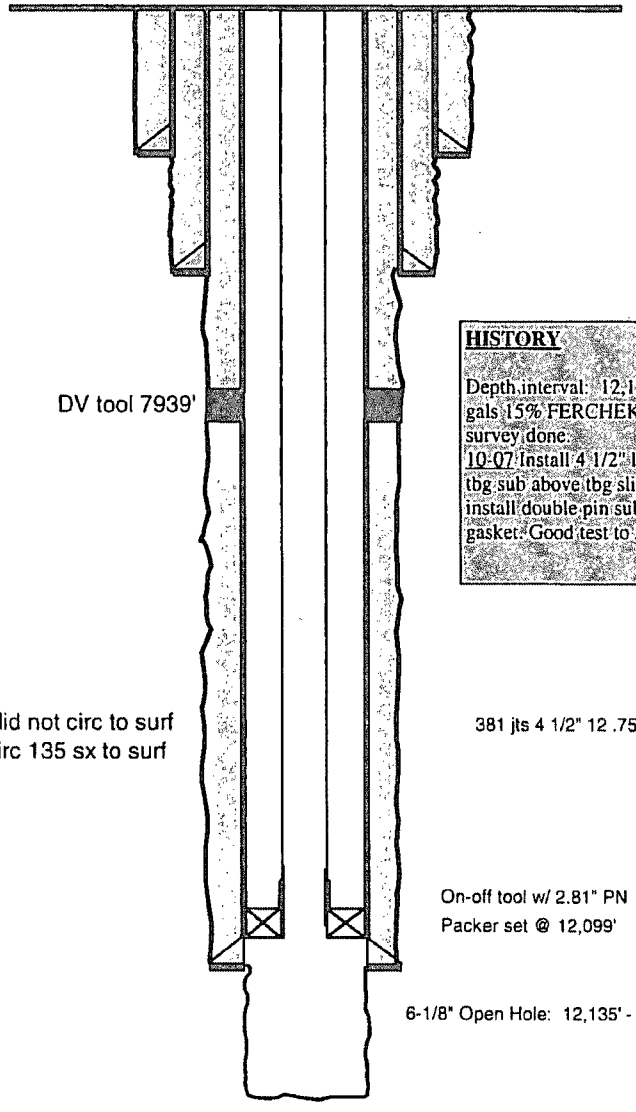
Intermediate Csg.

Size:	9 5/8"
Wt.:	40# K55
Set @:	5840'
Sxs Cmt:	2615
Circ:	yes, 980 sx
TOC:	surface
Hole Size:	12 1/4"

Production Csg.

Size:	7"
Wt.:	26#
Set @:	12135'
Sxs Cmt:	2080
Circ:	1st stage 1030 sx, did not circ to surf
	2nd state 1050 sx, circ 135 sx to surf
Hole Size:	8 5/8"

Tubing



KB: 4019'
DF: 4018'
GL: 3994'
Spud Date: 1/17/2007
Compl. Date: 4/12/2007

HISTORY

Depth interval: 12,135-13,300. Acidize w/25,830 gals 15% FERCHEK. Set pkr 12,099'. Directional survey done.
10-07 Install 4 1/2" lifting sub. Pull 154,000 to get tbg sub above tbg slips. Brake out sub & hanger & install double pin sub & new hanger. Replace ring gasket. Good test to 5000#.