Form 3160-5
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

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.

OCD Hobbs

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

5. Lease Serial No.
NMNM27506

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

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

8. Well Name and No.
SALADO DRAW 29 26 33 FED COM 1H

2. Name of Operator
CHEVRON USA INCORPORATED
Contact: CINDY H MURILLO
E-Mail: CHERRERAMURILLO@CHEVRON.COM

9. API Well No.
30-025-42629-00-X1

3a. Address
15 SMITH ROAD
MIDLAND, TX 79705

3b. Phone No. (include area code)
Ph: 575-263-0431
Fx: 575-263-0445

HOBBS OCD
DEC 21 2015
RECEIVED

10. Field and Pool, or Exploratory
WC-025 G-06 S263319P

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
Sec 29 T26S R33E NWNW 200FNL 1283FWL

11. County or Parish, and State
LEA COUNTY, NM

12. CHECK 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
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☒ Other Drilling Operations
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ 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 shall 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 shall be filed once testing has been completed. Final Abandonment Notices shall 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 USA INC RESPECTFULLY REQUESTS THE ABILITY TO BATCH DRILL THE SALADO DRAW PAD 4. THE WELLS INCLUDED IN THE SALADO DRAW PAD 4 INCLUDE:

SALADO DRAW 29 26 33 FED #1H API# 30-025-42629
SALADO DRAW 29 26 33 FED #2H API# 30-025-42637
SALADO DRAW 26 26 33 FED #3H API# 30-025-42638
SALADO DRAW 26 26 33 FED #4H API# 30-025-42639

SEE ATTACHED FOR CONDITIONS OF APPROVAL

THE SUMMARY IS ATTACHED IS A BRIEF DESCRIPTION OF THE MAIN OPERATIONAL SEQUENCES FOR THE DRILLING AND CASING OF THE FOUR WELLS LISTED ABOVE.

IT YOU HAVE ANY QUESTIONS, PLEASE GIVE VICENTE RUIZ/DRILLING ENGINEER A CALL AT 713-898-5436.

14. I hereby certify that the foregoing is true and correct.

Electronic Submission #308854 verified by the BLM Well Information System
For CHEVRON USA INCORPORATED, sent to the Hobbs
Committed to AFMSS for processing by LINDA JIMENEZ on 08/27/2015 (15LJ1812SE)

Name *(Printed/Typed)* CINDY H MURILLO — Title PERMITTING SPECIALIST

Signature (Electronic Submission) — Date 07/13/2015

APPROVED
DEC 8 2015
/s/ Chris Walls
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

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.

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

JAN 06 2016

Additional data for EC transaction #308854 that would not fit on the form

Wells/Facilities, continued

Agreement	Lease	Well/Fac Name, Number	API Number	Location
NMNM27506	NMNM27506	SALADO DRAW 29 26 33 FED COM	30-025-42629-00-X1	Sec 29 T26S R33E NWNW 200FNL 1283FWL
NMNM27506	NMNM27506	SALADO DRAW 29 26 33 FED COM	30-025-42637-00-X1	Sec 29 T26S R33E NWNW 200FNL 1308FWL
NMNM27506	NMNM27506	SALADO DRAW 29 26 33 FED COM	30-025-42638-00-X1	Sec 29 T26S R33E NENW 200FNL 1333FWL
NMNM27506	NMNM27506	SALADO DRAW 29 26 33 FED COM	30-025-42639-00-X1	Sec 29 T26S R33E NENW 200FNL 1358FWL

Delaware Basin
Changes to APD for Federal Well

Well Names:

Salado Draw 29 26 33 #1H	**API#:30-025-42629**
Salado Draw 29 26 33 #2H	**API#:30-025-42637**
Salado Draw 29 26 33 #3H	**API#:30-025-42638**
Salado Draw 29 26 33 #4H	**API#:30-025-42639**

Rig: **Nabors X-30**

CVX CONTACT:

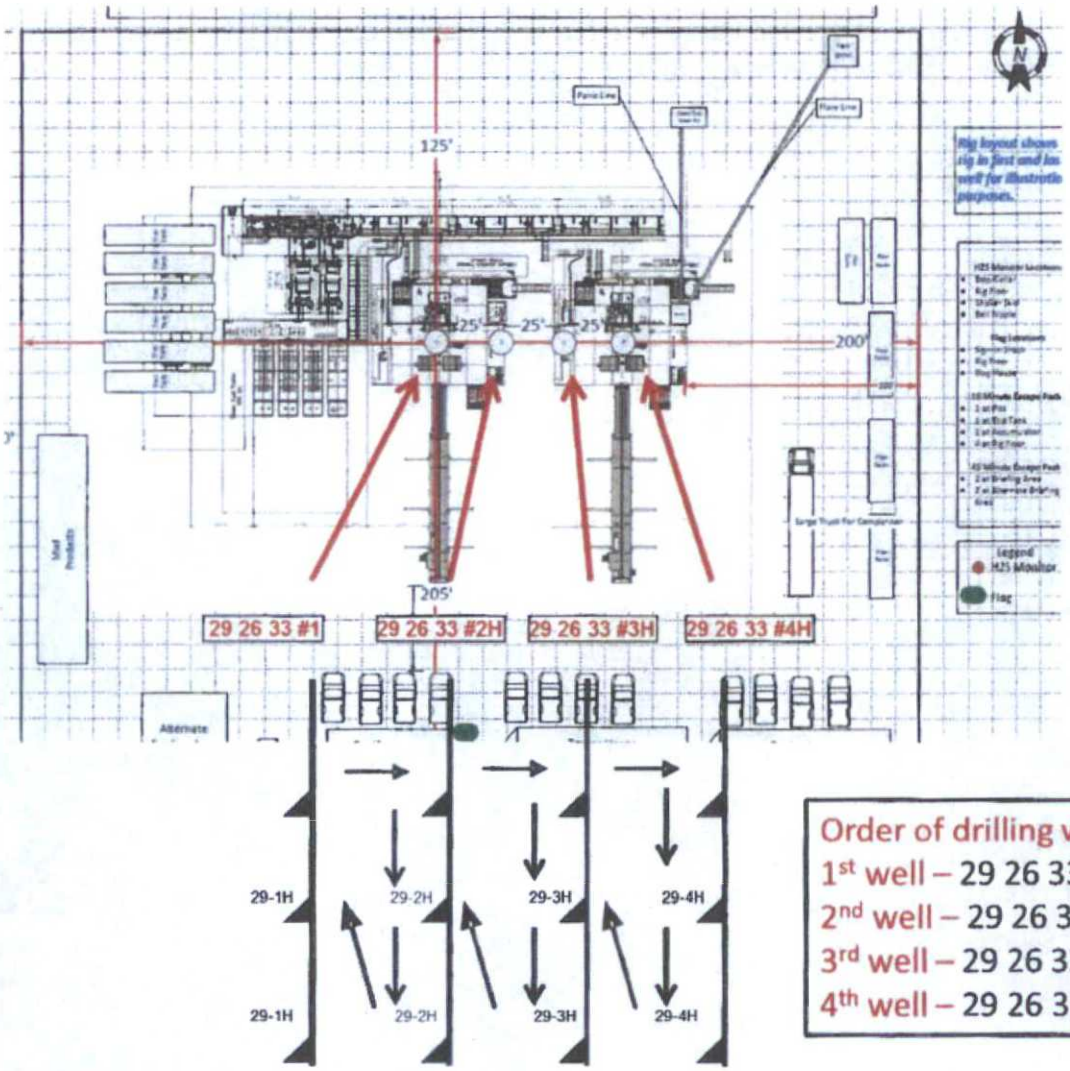
VICENTE RUIZ
DRILLING ENGINEER
1400 SMITH ST.
HOUSTON, TX 77002

DESK: HOU140/43-130
CELL: 713-898-5436
EMAIL: VRUIZ@CHEVRON.COM

Summary of Changes to APD Submission

Chevron respectfully request the ability to batch drill in the SALADO DRAW 29 26 33 PAD (4TH). The summary provided below is a brief description of the main operational sequences for drilling and casing off the four wells listed above.

- Move rig to first well in the Drill Order.



Order of drilling wells (surface):
1st well – 29 26 33 #1H
2nd well – 29 26 33 #2H
3rd well – 29 26 33 #3H
4th well – 29 26 33 #4H

- Surface Hole:
    1. Drill 17-1/2" surface hole with fresh water to planned casing set depth with 10' rat hole.
    2. Run casing as stated by approved APD, land out wellhead, and cement.
    3. Dress out 13-5/8" 5M SH-2 wellhead and install/secure with temporary abandonment cap, and a pressure gauge will be installed. Reference image below *Part # 399984*
    4. Skid to next well according to below "Drill Order"

Repeat 1 through 3 until all three surface holes are drilled, cased and cemented.

- Intermediate Hole:
    1. N/U, using an API approved Quick-Connect, and test 13-5/8" 10M Class IV BOP to 250 psi / 5,000 psi.
    2. Test casing to required pressure. Drill out shoe track and 10' of new formation. Perform FIT. Drill 12-1/4" intermediate hole to planned casing set depth with ~10' of rat hole.
    3. Run casing as stated by approved APD, land out hanger and cement.
- Production Hole:
    1. Test casing to required pressure. Drill out shoe track and 10' of new formation. Perform FIT. Drill 8-3/4" vertical section, curve, and lateral as stated by approved APD.
    2. Run casing as stated by approved APD, cement, land out hanger and cement.
    3. Install back pressure valve and temporary abandonment cap.

Repeat steps in intermediate hole and production hole until all three wells are drilled, cased, and cemented.

Batch Drilling Sequence

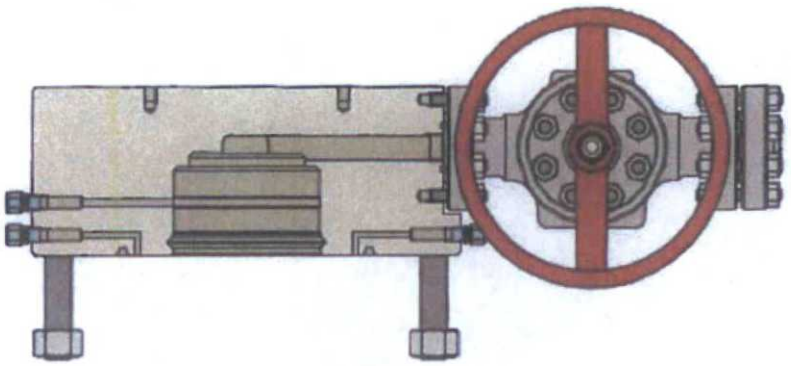
Summary: Variance to batch drill the Salado Draw pad not requested in original submittal.

As Defined in APD:

Variance to batch drill not requested.

As Planned on Well:

Chevron respectfully request the ability to batch drill in the SALADO DRAW 29 26 33 PAD (4TH). The summary provided is a brief description of the main operational sequences for drilling and casing the four wells listed.



TA Cap, EBS-F-RH, 9"
13-5/8" 5M
Part # 399984 - Rental

CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Chevron USA Incorporated
WELL NAMES & NO.:	Salado Draw 29 26 33 Fed 1H Salado Draw 29 26 33 Fed 2H Salado Draw 26 26 33 Fed 3H Salado Draw 26 26 33 Fed 4H
LOCATION:	Section 29, T.26S., R33E., NMPM
COUNTY:	Lea County, New Mexico

- Once the Rig is on location, it will drill the above mentioned wells in conjunction using batch drilling.

- BOP/BOPE test to be conducted per Onshore Oil and Gas Order No. 2 as soon as the Rig is rigged up on well and each time the BOP/BOPE is nipped up. CIT for all casing shall be performed and results recorded on subsequent sundry.

A. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.

2. Variance approved to use flex line from BOP to choke manifold. Check condition of flexible line from BOP to choke manifold, replace if exterior is damaged or if line fails test. Line to be as straight as possible with no hard bends and is to be anchored according to Manufacturer's requirements. The flexible hose can be exchanged with a hose of equal size and equal or greater pressure rating. **Anchor requirements, specification sheet and hydrostatic pressure test certification matching the hose in service, to be onsite for review. These documents shall be posted in the company man's trailer and on the rig floor.** If the BLM inspector questions the straightness of the hose, a BLM engineer will be contacted and will review in the field or via picture supplied by inspector to determine if changes are required (operator shall expect delays if this occurs).

Option 1 - BOP testing if wells are drilled conventionally- BOP is not removed between casing strings.

3. **Operator has proposed a multi-bowl wellhead assembly. This assembly will only be tested when installed on the surface casing. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be 5000 psi.**

a. **Wellhead shall be installed by manufacturer's representatives, submit documentation with subsequent sundry.**
b. **If the welding is performed by a third party, the manufacturer's representative shall monitor the temperature to verify that it does not exceed the maximum temperature of the seal.**
c. **Manufacturer representative shall install the test plug for the initial BOP test.**
d. **Operator shall perform the intermediate casing integrity test to 70% of the casing burst. This will test the multi-bowl seals.**
e. **Operator shall perform the 9-5/8" casing integrity tests to 70% of the casing burst. This will test the multi-bowl seals.**
f. **If the cement does not circulate and one inch operations would have been possible with a standard wellhead, the well head shall be cut off, cementing operations performed and another wellhead installed.**

5M system requires an HCR valve, remote kill line and annular to match. The remote kill line is to be installed prior to testing the system and tested to stack pressure.

Option 2 - BOP testing for Batch Drilling-BOP is removed between casing strings

4. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **5000 (5M)** psi. **5M system requires an HCR valve, remote kill line and annular to match. The remote kill line is to be installed prior to testing the system and tested to stack pressure.** BOP/BOPE shall be tested after nipple up according to Onshore Order #2.

5. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.

    a. In a water basin, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. The casing cut-off and BOP installation can be initiated four hours after installing the slips, which will be approximately six hours after bumping the plug. For those casing strings not using slips, the minimum wait time before cut-off is eight hours after bumping the plug. BOP/BOPE testing can begin after cut-off or once cement reaches 500 psi compressive strength (including lead when specified), whichever is greater. However, if the float does not hold, cut-off cannot be initiated until cement reaches 500 psi compressive strength (including lead when specified).

    b. The tests shall be done by an independent service company utilizing a test plug **not a cup or J-packer**.

    c. The test shall be run on a 5000 psi chart for a 2-3M BOP/BOP, on a 10000 psi chart for a 5M BOP/BOPE and on a 15000 psi chart for a 10M BOP/BOPE.

If a linear chart is used, it shall be a one hour chart. A circular chart shall have a maximum 2 hour clock. If a twelve hour or twenty-four hour chart is used, tester shall make a notation that it is run with a two hour clock.

d. The results of the test shall be reported to the appropriate BLM office.

e. All tests are required to be recorded on a calibrated test chart. **A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.**

f. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug. This test shall be performed prior to the test at full stack pressure.

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