

CONDITIONS OF APPROVAL

HOBBS OCD

APR 18 2016

RECEIVED

OPERATOR'S NAME:	Chevron USA Incorporated
WELL NAMES & NO.:	SD WE 14 Fed P7 3H SD WE 14 Fed P7 4H SD WE 23 Fed P7 3H SD WE 23 Fed P7 4H
LOCATION:	Section 14, 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

- 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.
- 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.

- 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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