

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.

5. Lease Serial No. NMNM118722
6. If Indian, Allottee or Tribe Name
7. If Unit or CA/Agreement, Name and/or No.
8. Well Name and No. SALADO DRAW SWD 13 1
9. API Well No. 30-025-42354
10. Field and Pool, or Exploratory SWD DEVONIAN SILURIAN
11. County or Parish, and State LEA COUNTY, NM

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well: [] Oil Well [] Gas Well [X] Other: INJECTION
2. Name of Operator: CHEVRON USA INC
3a. Address: 1616 W. BENDER BLVD HOBBS, NM 88240
3b. Phone No. (include area code) Ph: 575-263-0431 Fx: 575-263-0445
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 13 T26S R32E Mer NMP SWSW 290FSL 10FWL

HOBBS OCD MAY 05 2016 RECEIVED

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

Table with columns: TYPE OF SUBMISSION, TYPE OF ACTION. Includes checkboxes for Notice of Intent, Subsequent Report, Final Abandonment Notice, Acidize, Deepen, Production, Water Shut-Off, etc.

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 recompleat 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 recompleat 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 HAS COMPLETED THE ABOVE INJECTION WELL AS FOLLOWS:
08/09/15 CONTINUED TO TIH FROM 5879' -17,663'. CIRCULATE BOTTOMS UP @ 17,660'. PERFORM INJECTION RATE TEST,INITIAL PRESSURE OF 2050 PSI,BLED TO 1235 IN 10 MIN.
08/10/15 TIF FROM 17,663' - 18,673 PUMPED 17 BBLs OF 15% HCL ACID; AT 17,873' PUMPED 40 BBLs OF 15% ACID DOWN WORK STRING.
08/11/15 THI TO BIT DEPTH 17,842', MIX 250 BBLs OF 15% ACID WHILE MONITORING PRESSURE,PUMP 223 BBLs 15% HCL DOWN DRILL PIPE.
08/12/15 TIH FROM 17,780' - 18,302'
08/13/15 TIF FROM 18,306' - 18,675' PUMP 247 BBLs OF 20% HACL ACID TAKING RETURNS TO MUD TANKS.
08/14/15 TOH FROM 17,612' - 14,385' PERFORM STEP RATE TEST BY INJECTING/BULL HEADING 8.4 PPG FRESH WATER INTO 4 1/2 OPEN HOLE SECTION. INJECT A TOTAL OF 1950 BBLs @ 5PBM. FINAL ANNULUS PRESSURE TO 2813 PSI.

see attached Order of Authorized Officer

14. I hereby certify that the foregoing is true and correct.
Electronic Submission #335064 verified by the BLM Well Information System For CHEVRON USA INC, sent to the Hobbs Committed to AFMSS for processing by PRISCILLA PEREZ on 04/04/2016 ()
Name (Printed/Typed) CINDY H MURILLO Title PERMITTING SPECIALIST
Signature (Electronic Submission) Date 03/30/2016

ACCEPTED FOR RECORD APR 15 2015 PR Swartz BUREAU OF LAND MANAGEMENT CARLSBAD FIELD OFFICE

Approved By _____ Title _____
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.

** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED **

KE

WJ

MAY 06 2016

Additional data for EC transaction #335064 that would not fit on the form

32. Additional remarks, continued

08/15/15 MONITOR SHUN IN ANNULUS PRESSURE

08/16/15 OPEN UP TO BLEED OFF PRESSURE. WELL WAS INITIALLY BALLOONING AT 1000 BPH. STABILIZED AT 50 BPH.

08/17/15 CIRCULATE B/U TO VERIFY CO2 HAD BEEN REMOVED FROM WELLBORE. L/D DP FROM 18,675' - 2,863'; L/D 2,863' - 1,751'

08/18/15 POOH L/D DRILL PIPE. INSTALL WEAR BUSHING AND WIRELINE LUBRICATOR, RUN PRODUCTION LOG

08/19/15 CONTINUE TO RUN PRODUCTION LOG, CLEAR RIG FLOOR AND INSTALL TRIP NIPPLE, WAIT TO RUN PRODUCTION TUBING.

08/20/15 RIH WITH 3/5 PROD TUBING FROM 1107'- 3584', RUN 4/5 PROD TUBING FROM 3584'- 8011'.

08/21/15 RIH WITH 4.5 PROD TUBING FROM 8011' -17,755'MD. BEGIN CIRCULATING PACKER FLUID AROUND AT 2 BPM.

08/22/15 INSTALL BPV, N/D BOPE, MOVE PROGMA, RD FLOW LINE AND STACK, PLACE BOP STACK IN CARRIER.

08/23/15 RD FLOW LINE, PU AND INSTALL PRODUCTION TREE. TEST TREE TO 250 PSI FOR 15 MIN. GOOD TEST, RDMO ENSIGN 769

**Notice of Written
Order of Authorized Officer**

**Chevron USA Inc
Salado Draw SWD 13 No. 1, API 3002542354
T26S-R32E, Sec 13, 290FSL & 10FWL
April 13, 2016**

A review and inspection of all the Sundries and daily drilling reports submitted concerning your work on the subject well indicated that the operator did not properly document the top of cement on the various casing string. It also shows that the Operator did not document or prove to the BLM that the approved injection formation is not capable of production hydrocarbons in paying quantities.

As per 43 CFR 3161.2, and by order of the Authorized Officer, Chevron is required to verify or establish compliance with the following conditions of approval, as listed on this well's Application for Permit to Drill or Reenter (APD) and approved 12/23/2014. Chevron shall cease disposal operations until those conditions are accepted as satisfied by the BLM Carlsbad Field Office.

DRILLING

B. CASING (from APD COA's pg 9 of 19)

3. The minimum required fill of cement behind the 9 -5/8 inch intermediate is:
 - Cement should tie-back at least 200 feet into the previous casing string.
Operator shall provide method of verification.

4. The minimum required fill of cement behind the 7-5/8 inch drilling liner is:
 - Cement should tie-back to the top of the liner.
Operator shall provide method of verification.

5. The minimum required fill of cement behind the 5-1/2 inch production liner is:
 - Cement should tie-back to the top of the liner.
Operator shall provide method of verification.

Operator to provide this information by submitting Sundry Form 3160-5 and attached proper documentation; do not just submit cement reports, the cement reports should be summarize in a report and if necessary provide a CBL if a CBL was run.

WELL COMPLETION (from APD COA's pg 11 of 19)

1. Properly evaluate the injection zone utilizing open hole logs, **swab testing** and/or any other method to confirm that hydrocarbons cannot be produced in paying quantities. **This evaluation shall be reviewed by the BLM prior to injection commencing.**

Also as per 43 CFR 3161.2, and by order of the Authorized Officer, Chevron is required to contact Paul R. Swartz with the BLM at 575-200-7902 to get direction on developing a casing/tubing annulus monitoring system. This monitoring system must be approved by BLM. Chevron shall also conduct a Mechanical Integrity Test of the tubing/casing annulus under the direction of Paul R. Swartz.

Chevron has 60 days from the receipt of this written order to comply with the above request. All requested information shall be coordinated with Paul R. Swartz at 575-200-7902.

If you do not comply as noted, you shall be issued an Incident of Noncompliance (INC) in accordance with 43 CFR 3163.1(a). Failure to comply with the INC may result in assessments as outline in 43 CFR 3163.1, and may also incur civil penalties (43CFR 3163.2). All self-certified corrections must be postmark no later than the next business day after the prescribed time frame for correction.

Section 109(d)(1) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3163.2(f)(1), provides that any person who "knowingly or willfully" prepares, maintains, or submits false, inaccurate, or misleading reports, notices, affidavits, records, data, or other written information required by this part shall be liable for civil penalty of up to \$25,000 per violation for each day such violation continues, not to exceed a maximum of 20 days.

A person contesting a decision shall request a State Director review of the Written Order. This request must be filed within 20 working days of receipt of the Notice with the appropriate State Director (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Land Appeals, 801 North Quincy Street, Suite 300, Arlington, VA 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.