

DISTRICT I

P.O. Box 1980, Hobbs, NM 88240

DISTRICT II

P.O. Box Drawer DD, Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

WELL API NO.	30-025-37385
5. Indicate Type of Lease	STATE ☐ FEE ☒
6. State Oil / Gas Lease No.	
7. Lease Name or Unit Agreement Name	MARK
8. Well No.	13
9. Pool Name or Wildcat	HEMPHREY SKELLY GRAYBURG
10. Elevation (Show whether DF, RKB, RT, GR, etc.)	3395'

SUNDY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMI (FORM C-101) FOR SUCH PROPOSALS.

1. Type of Well:	OIL WELL ☒ GAS WELL ☐ OTHER ☐
2. Name of Operator	CHEVRON USA INC
3. Address of Operator	15 SMITH RD, MIDLAND, TX 79705
4. Well Location	Unit Letter <u>G</u> : <u>1881'</u> Feet From The <u>NORTH</u> Line and <u>1183'</u> Feet From The <u>EAST</u> Line Section <u>3</u> Township <u>22-S</u> Range <u>37-E</u> NMPM <u>LEA</u> COUNTY
10. Elevation (Show whether DF, RKB, RT, GR, etc.)	3395'

11. 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 ☐
TEMPORARILY ABANDON ☐	CHANGE PLANS ☐
PULL OR ALTER CASING ☐	REMEDIAL WORK ☐
OTHER: ☐	COMMENCE DRILLING OPERATION ☐
ADD PERFS & ADICIZE ☒	CASING TEST AND CEMENT JOB ☐
	OTHER: ☐

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

CHEVRON U.S.A. INC. INTENDS TO ADD PERFS & ACID STIMULATE THE SUBJECT WELL TO INCREASE PRODUCTION FROM THE GRAYBURG RESERVOIR. THE WELL WILL ALSO BE RE-SCALE SQUEEZED TO PREVENT FUTURE SCALING PROBLEMS.

THE CURRENT & PROPOSED WELLBORE DIAGRAMS AND THE INTENDED PROCEDURE ARE ATTACHED FOR YOUR APPROVAL.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.	
SIGNATURE <u>Denise Pinkerton</u>	TITLE <u>Regulatory Specialist</u>
TYPE OR PRINT NAME <u>Denise Pinkerton</u>	DATE <u>3/28/2006</u>
	Telephone No. <u>432-687-7375</u>

(This space for State Use)	APPROVED <u>[Signature]</u>	PETROLEUM ENGINEER	DATE <u>APR 03 2006</u>
	CONDITIONS OF APPROVAL, IF ANY:		DeSoto/Nichols 12-93 ver 1.0

Well: **Mark #13**Field: **Penrose Skelly**Reservoir: **Grayburg****Location:**

1881' FNL & 1183' FEL
 Section: 3
 Township: 22S
 Range: 37E
 County: Lea State: NM

Elevations:

GL: 3395'
 KB: 3406'
 DF: 3405'

Current
Wellbore Diagram

Well ID Info:

Chevno: HU3249
 API No: 30-025-37385
 L5/L6: UCU49
 Spud Date: 12/7/2005
 Compl. Date:

Surf. Csg: 8 5/8", 24#, J-55
Set: @ 444' w/ 475 sks
Hole Size: 12 1/4"
Circ: Yes **TOC:** Surface
TOC By: Circulated

Tubing Detail:

#Jts:	Size:	Footage
	KB Correction	11.00
116	Jts. 2 7/8" EUE 8R J-55 Tbg	3596.00
	TAC	3.15
14	Jts. 2 7/8" EUE 8R J-55 Tbg	434.00
2	Jt. 2 7/8" EUE 8R J-55 IPC Tbg	62.00
	SN	1.10
	2 7/8" x 4' Perf Tbg Sub	4.00
1	Jt. 2 7/8" EUE 8R J-55 Tbg	31.00
	Bull Plug	0.50
133	Bottom Of String >>	4142.75

Perfs:	Status:
3708-10'	Grayburg - Open
3718-20'	Grayburg - Open
3724-28'	Grayburg - Open
3730-34'	Grayburg - Open
3736-41'	Grayburg - Open
3744-48'	Grayburg - Open
3751-55'	Grayburg - Open
3758-60'	Grayburg - Open
3769-72'	Grayburg - Open
3782-91'	Grayburg - Open
3807-12'	Grayburg - Open
3814-23'	Grayburg - Open
3827-34'	Grayburg - Open
3836-42'	Grayburg - Open
3845-48'	Grayburg - Open
3853-56'	Grayburg - Open
3858-66'	Grayburg - Open
3871-74'	Grayburg - Open
3878-84'	Grayburg - Open
3887-91'	Grayburg - Open
3894-98'	Grayburg - Open
3900-07'	Grayburg - Open
3912-17'	Grayburg - Open
3920-23'	Grayburg - Open
3926-30'	Grayburg - Open
3933-42'	Grayburg - Open

COTD: 4385'
PBTD: 4385' (float collar)
TD: 4490'

Updated: 12/27/2005

By: A. M. Howell

Prod. Csg: 5 1/2", 15.50#, J-55
Set: @ 4476' w/ 1250 sks
Hole Size: 7 7/8"
Circ: No **TOC:** 1775'
TOC By: Temperature Survey

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Proposed
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	Bull Plug	0.50
133	Bottom Of String >>	4142.75

Perfs:**Status:**

3654-62'	Grayburg - Open
3670-75'	Grayburg - Open
3680-88'	Grayburg - Open
3696-3704'	Grayburg - Open
3708-10'	Grayburg - Open
3718-20'	Grayburg - Open
3724-28'	Grayburg - Open
3730-34'	Grayburg - Open
3736-41'	Grayburg - Open
3744-48'	Grayburg - Open
3751-55'	Grayburg - Open
3758-60'	Grayburg - Open
3769-72'	Grayburg - Open
3782-91'	Grayburg - Open
3796-3803'	Grayburg - Open
3807-12'	Grayburg - Open
3814-23'	Grayburg - Open
3827-34'	Grayburg - Open
3836-42'	Grayburg - Open
3845-48'	Grayburg - Open
3853-56'	Grayburg - Open
3858-66'	Grayburg - Open
3871-74'	Grayburg - Open
3878-84'	Grayburg - Open
3887-91'	Grayburg - Open
3894-98'	Grayburg - Open
3900-07'	Grayburg - Open
3912-17'	Grayburg - Open
3920-23'	Grayburg - Open
3926-30'	Grayburg - Open
3933-42'	Grayburg - Open
3950-58'	Grayburg - Open

COTD: 4385'

PBTD: 4385' (float collar)

TD: 4490'

Updated: 12/27/2005

By: A. M. Howell

Prod. Csg: 5 1/2", 15.50#, J-55**Set:** @ 4476' w/ 1250 sks**Hole Size:** 7 7/8"**Circ:** No **TOC:** 1775'**TOC By:** Temperature Survey

Mark # 13
Penrose Skelly Field
T22S, R37E, Section 3
WBS # UWDOL-R6084
Job: Add Perfs In Grayburg And Acidize

Procedure:

1. Install flowline. Displace flowline with fresh water. Have field specialist close valve at header. Pressure line according to the type of line. Buried fiberglass lines will be tested with 300 psi. All polypipe (SDR7 and SDR11) will be tested w/100 psi. All steel lines will be tested w/500 psi. If a leak is found, contact Donnie Ives for repair/replacement. If test is good, bleed off pressure and **open valve** at header. Document this process in the morning report.
2. MI & RU workover unit. Bleed pressure from well, if any. Pump down csg with 8.6 PPG cut brine water, if necessary to kill well. POH with rods and pump. Remove WH. Install BOP's and test csg and BOP's to 3000 psi. Release TAC. POH with 2 7/8" production tbg string. LD TAC.
3. PU and GIH with 4 3/4" MT bit and 2 7/8" tbg string to 4385'. Reverse circulate well clean from 4385' using 8.6 PPG cut brine water. POH with tbg string and bit. LD bit.
4. MI & RU Baker Atlas electric line unit. Install lubricator and test to 2000 psi. GIH with 3 1/8" slick casing guns and perforate from 3654-62', 3670-75', 3680-88', 3696-3704', 3796-3803', and 3950-58' with 4 JSPF at 120 degree phasing, using 23 gram premium charges. POH. RD & release electric line unit.
5. PU and GIH w/ 5 1/2" PPI pkr (with 10' element spacing) and SCV on 2 7/8" work string to approximately 3700'. Test tbg to 5500 psi while GIH.
6. MI & RU DS Services. Acidize perfs 3654-3958' with 8,600 gals anti-sludge 15% HCl acid * at a maximum rate **as shown below** and a maximum surface pressure of **3500 psi**. Spot acid to bottom of tbg at beginning of each stage. Pump job as follows:

Interval	Amt. Acid	Max Rate	PPI Setting
3950-58'	400 gals	1 BPM	3949-59'
3933-42'	400 gals	1 BPM	3933-43'
3926-30'	200 gals	1 BPM	3923-33'
3912-23'	400 gals	1 BPM	3913-23'
3900-07'	300 gals	1 BPM	3899-3909'
3887-98'	400 gals	1 BPM	3888-98'
3878-84'	300 gals	1 BPM	3876-86'
3871-74'	200 gals	1 BPM	3867-77'
3858-66'	400 gals	1 BPM	3857-67'

3853-56'	200 gals	1 BPM	3848-58'
3836-48'	400 gals	1 BPM	3838-48'
3827-34'	400 gals	1 BPM	3825-35'
3814-23'	400 gals	1 BPM	3813-23'
3807-12'	200 gals	1 BPM	3803-13'
3796-3803'	300 gals	1 BPM	3794-3804'
3782-91'	400 gals	1 BPM	3781-91'
3769-72'	200 gals	1 BPM	3768-78'
3751-60'	400 gals	1 BPM	3750-60'
3736-48'	400 gals	1 BPM	3736-46'
3724-34'	400 gals	1 BPM	3724-34'
3718-20'	200 gals	1 BPM	3713-23'
3708-10'	200 gals	1 BPM	3702-12'
3696-3704'	400 gals	1 BPM	3695-3705'
3680-88'	400 gals	1 BPM	3679-89'
3670-75'	300 gals	1 BPM	3668-78'
3654-62'	400 gals	1 BPM	3653-63'

Displace acid with 8.6 PPG cut brine water -- do not overdisplace. Use a SCV to control displacement fluid. Record ISIP, 5 & 10 minute SIP's. RD and release DS services. **Note:** Pickle tubing in 1 run of 500 gals acid, prior to acidizing perfs. Pickle acid is to contain only 1/2 gal A264 and 1 gal W53. Also, if communication occurs during treatment of any interval, monitor casing pressure and attempt to complete stage w/o exceeding 2000 psi csg pressure. If cannot, then move PPI to next setting depth and combine treatment volumes of the intervals.

* Acid system is to contain:	1 GPT A264	Corrosion Inhibitor
	8 GPT L63	Iron Control Agent
	2 PPT A179	Iron Control Aid
	20 GPT U66	Mutual Solvent
	2 GPT W53	Non-Emulsifier

- Release PPI pkr and PUH to approximately 3625'. **Wait 2 hours for acid to spend.** Swab back all intervals together. Recover 100% of treatment and load volumes before shutting well in for night, if possible. Report recovered fluid volumes, pressures, and/or swabbing fluid levels. **Note:** Selectively swab perfs as directed by Engineering if excessive water is produced.
- Open well. MI & RU pump truck. Pump down tbg with 50 bbls 8.6 PPG cut brine water containing 110 gals Baker RE-4777 Scale Inhibitor followed by 200 bbls 8.6 PPG cut brine water at **5 BPM** and **2500 psi maximum pressure**. RD and release pump truck. Release PPI pkr. POH with 2 7/8" tbg string. LD PPI packer.

9. PU and GIH w/ BP mud anchor jt of 2 7/8" tbg, 2 7/8" x 4' perforated sub, SN, 2 jts. 2 7/8" EUE 8R J-55 IPC tbg, 14 jts 2 7/8" EUE 8R J-55 tbg, TAC, and 116 jts 2 7/8" EUE 8R J-55 tbg, testing to 5000 psi. Set TAC at 3600', with EOT at 4143' and SN at 4085'.
10. Remove BOP's and install WH. GIH with rods, weight bars, and pump per ALS recommended design. RD & release pulling unit.
11. Turn well over to production. Report producing rates, choke sizes, flowing pressures and/or fluid levels.

AMH
3/15/2006