Form 3160-5
(June 2015)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0137
Expires: January 31, 2018

HOBBS OCD
DEC 09 2016
RECEIVED

OCD Hobbs

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.

SUBMIT IN TRIPLICATE - Other instructions on page 2

1. Type of Well ☒ Oil Well ☐ Gas Well ☐ Other	5. Lease Serial No. Multiple--See Attached
	6. If Indian, Allottee or Tribe Name
	7. If Unit or CA/Agreement, Name and/or No. Multiple--See Attached
	8. Well Name and No. Multiple--See Attached
2. Name of Operator CHEVRON USA INC ✓ Contact: DENISE PINKERTON E-Mail: leakejd@chevron.com	9. API Well No. Multiple--See Attached
3a. Address 1616 W. BENDER BLVD HOBBS, NM 88240 3b. Phone No. (include area code) Ph: 432-687-7375	10. Field and Pool or Exploratory Area JENNINGS
4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)* Multiple--See Attached	11. County or Parish, State LEA COUNTY, NM

12. CHECK THE 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	☐ Hydraulic Fracturing	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☒ Other Change to Original APD
	☐ 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 must 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 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.

THIS IS AN AMENDED INTENT, TO INCLUDE API NUMBERS FOR PAD 25 WELLS.
THIS WILL SUPERCEDE EC# 346281, APPROVED ON 08/11/2016 BY CHRIS WALLS.

CHEVRON U.S.A. INC. IS REQUESTING APPROVAL FOR OFFLINE CEMENTING THE SURFACE, INTERMEDIATE, AND PRODUCTION SECTIONS FOR THE FOLLOWING PAD OF WELLS.

PLEASE FIND ATTACHED, THE PROCEDURES FOR THIS REQUEST.

THE WELLS INVOLVED ARE AS FOLLOWS:
SD WE 24 FED P23 #1H API#: 30-025-43318 ✓
SD WE 24 FED P23 #2H API#: 30-025-43296
SD WE 24 FED P23 #3H API#: 30-025-43297

Previously approved

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

Electronic Submission #358254 verified by the BLM Well Information System
For CHEVRON USA INC, sent to the Hobbs
Committed to AFMSS for processing by DEBORAH MCKINNEY on 11/18/2016 (17DLM0210SE)

Name *(Printed/Typed)* DENISE PINKERTON — Title PERMITTING SPECIALIST

Signature (Electronic Submission) — Date 11/17/2016

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By CHRISTOPHER WALLS — Title PETROLEUM ENGINEER — Date 12/07/2016

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 Hobbs

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.

(Instructions on page 2)

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

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Additional data for EC transaction #358254 that would not fit on the form

5. Lease Serial No., continued

NMNM118722
NMNM118723

Wells/Facilities, continued

Agreement	Lease	Well/Fac Name, Number	API Number	Location
NMNM118723	NMNM118723	SD WE 23 FED P25 001H	30-025-43460-00-X1	Sec 23 T26S R32E SESW 260FSL 2603FWL 32.021484 N Lat, 103.645325 W Lon
NMNM118723	NMNM118723	SD WE 23 FED P25 002H	30-025-43461-00-X1	Sec 23 T26S R32E SESW 260FSL 2628FWL 32.021484 N Lat, 103.645241 W Lon
NMNM118723	NMNM118723	SD WE 23 FED P25 3H	30-025-43462-00-X1	Sec 23 T26S R32E SWSE 260FSL 2653FWL 32.021484 N Lat, 103.645164 W Lon
NMNM118723	NMNM118723	SD WE 23 FED P25 4H	30-025-43463-00-X1	Sec 23 T26S R32E SWSE 260FSL 2678FWL 32.021484 N Lat, 103.641922 W Lon

32. Additional remarks, continued

SD WE 24 FED P23 #4H API#: 30-025-43298
SD WE 23 FED P25 #1H API#: 30-025-43460
SD WE 23 FED P25 #2H API#: 30-025-43461
SD WE 23 FED P25 #3H API#: 30-025-43462
SD WE 25 FED P25 #4H API#: 30-025-43463

ANY QUESTIONS/CONCERNS SHOULD BE DIRECTED TO KENNETH HODGES, CHEVRON DRILLING ENGINEER AT 713-372-2154.

1. Perform pre-job safety meeting before picking up landing joint.
    a. Discuss roles, responsibilities and forward operations
2. M/U and land out 5-1/2" solid mandrel hanger per FMC Running Procedure
    a. FMC R&R tool will be installed on the last joint of casing through the rig floor utilizing a landing joint. Contact FMC's Service Line to deliver to location.
    b. Test hanger to 5,000 psi for 15 minutes. Reference wellhead procedure from service provider.
        i. Document test in WellView per WSEA 10: Barrier Tests.
    c. Rig up cementing iron from both (East & West wing) production casing valves to offline cement manifold (call out iron and manifold from cement company)
    d. Route casing valve lines per figure below (purple lines from casing valve to manifold, manifold to shaker #3 blue).

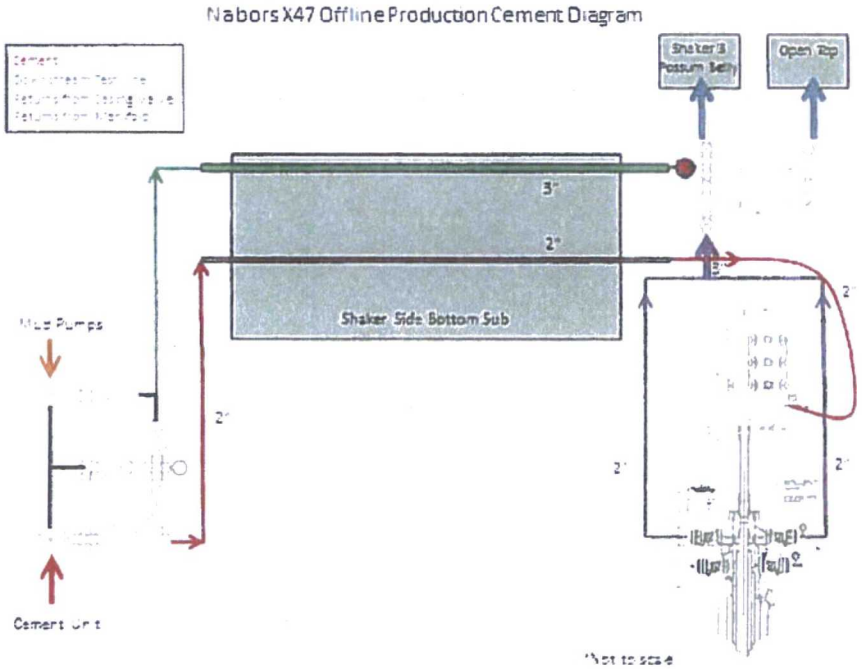


Figure 1

    e. Circulate 1-1/2 x casing volume at max allowable flow rate prior to cementing
        i. If full circulation is not achieved prior to cementing, discuss plans to pump cement online with DS/DE
    f. Set Production BPV inside of mandrel hanger.
    g. Lay down FMC running tool.
3. R/D BOP and move rig over to the next well.

a. Normal operations will continue (TIH to spud next well or RU BOPs for Production hole section).

START OF OFFLINE OPERATIONS

4. R/U adapter tool with 2.5 ft pup joint torqued on.

a.

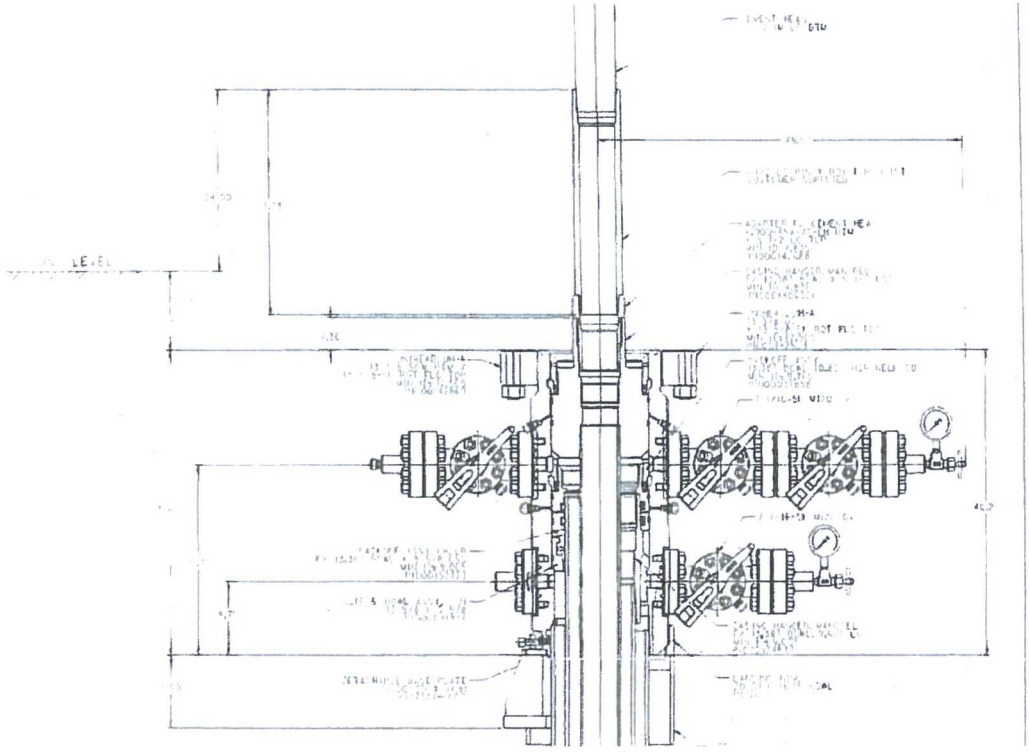


Figure 2

   i. Motorman or best operator will use the forklift to set the adapter tool on top of the 5-1/2" solid mandrel hanger.

   ii. During JSA meeting roles and responsibilities will be assigned

   b. The FMC representative will screw on the adapter tool onto the 5-1/2" solid mandrel hanger per FMC running procedure.

      i. Approximately 6-1/2 left hand (counter clockwise) turns will be required – Do not torque. Back off a quarter turn.

5. Remove BPV. (Double check with FMC)
6. R/U cementers per Figure 1 (red and green lines)
   a. Motorman will use the forklift truck to set the cementing head unto the pup joint

i. Company man shall watch the loading of the top plug.
ii. During JSA meeting roles and responsibilities will be assigned

a. Cementers will route the iron to the cement head

7. Pump primary cement job.
   a. Verify kick-outs are set prior to pumping.
      i. Set to the lesser of 80 percent of casing collapse or 70 percent of casing burst.
      ii. Verify maximum allowable pump pressure with RSI technician.
   b. Ensure cementing checklist is followed.
   c. Record the following during cement job:
      i. Start time for mixing cement
      ii. Start time for pumping cement
      iii. Fluid volumes
      iv. Pump pressure
      v. Flow rates
      vi. Cement densities
      vii. Returns
      viii. Displacement volume
      ix. Final circulating pressure
      x. Time plug was bumped
      xi. Returns to surface
      xii. Flow-back volume after checking floats
      xiii. Cement in place time
   d. Ensure bottom plug has dropped.
   e. Mix and pump cement at maximum allowable flow rate.
      i. Ensure wet and dry samples are taken.
      ii. Maintain slurry density within 0.2 ppg of program.
      iii. Ensure cementers are checking slurry weight using pressurized scale to verify densometer weights.
   f. Ensure top plug has dropped.
   g. Pump calculated displacement.
      i. Utilize the larger of the two displacements: API casing ID or averaged calipered ID.
      ii. Do not wash up on top of wiper plug.
      iii. Do not over displacement more than half the shoe track volume over displacement.
      iv. Ensure that displacement is pumped mark to mark.

v. Lower pump rate to 3 to 4 bpm 20 bbls prior to bumping plug.

vi. Pump displacement per RSI technician's specifications.

h. Hold 500 psi over final circulating pressure (FCP) for 5 minutes.

i. Check floats by releasing pressure.

i. Monitor flow-back volume on cement truck.

ii. If floats do not hold:

1. Pump volume equivalent to the number of barrels bled back.
2. Hold until tail slurry reaches 50 psi compressive strength.
3. Notify Drilling Superintendent, DSM Advisor, and Drilling Engineer.

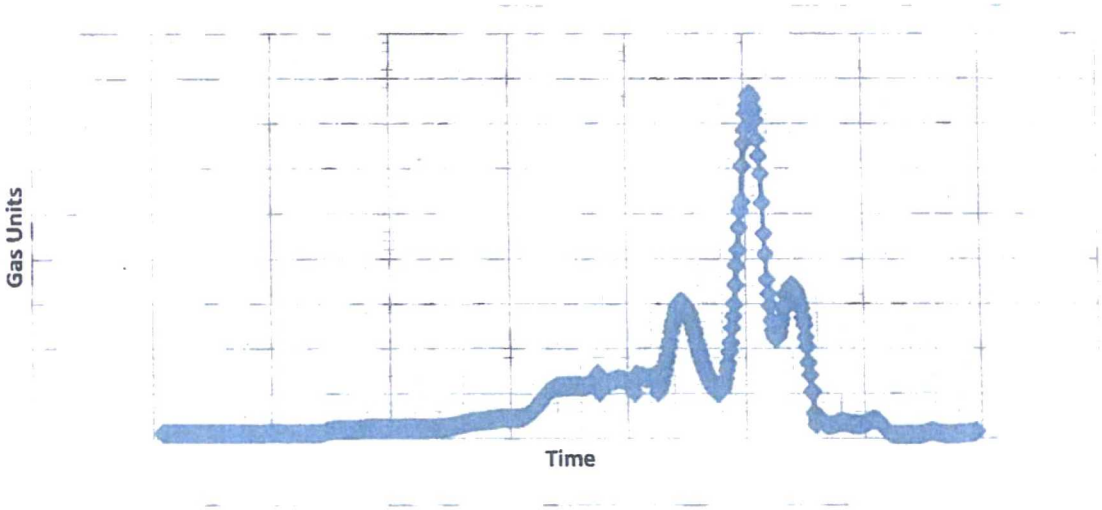
8. Perform inflow test if KWM is not used for displacement (Proceed to step 9 if not performing inflow test).
   a. Perform test at the cement head on the rig floor.
      i. Break off cement lines at cement head.
   b. Perform test for 30 minutes.
   c. Reference MCBU-DC-SOP-D011 Inflow Testing and Displacement SOP.
   d. Document the following for inflow test:
      i. Differential pressure across barrier
      ii. Volume of fluid bled
      iii. Time monitored
   e. Document test in WellView per WSEA 10: Barrier Tests.
9. Rig down cement head and remaining cement equipment.
   a. Manifold and surface equipment are flush with fresh water and sugar.
10. Set BPV
    a. Approximately 6-1/2 left hand (counter clockwise) turns will be required – Do not torque. Back off a quarter turn.
11. Remove and lay down adapter tool.
12. Nipple up temporary abandonment cap.
13. Verify test to 5,000 psi for 15 minutes.

Barriers in Place

		Internal	External
		Offline/ Batch	Offline/ Batch
Intermediate/ Production Section	L/D Landing Joint	BOP Hydrostatic Pressure	BOP Hydrostatic Pressure Solid Mandrel Hanger
	N/D BOPs	Hydrostatic Pressure (One Barrier Intermediate Under Non-Routine Ops) BPV	Hydrostatic Pressure Solid Mandrel Hanger
	Install Cement head	Hydrostatic Pressure (One Barrier Under Non-Routine Ops)	Hydrostatic Pressure Solid Mandrel Hanger
	Cement Job	Hydrostatic Pressure Cement Head	Hydrostatic Pressure Solid Mandrel Hanger
	Remove cement head	Shoe Track (One Barrier Under Non-Routine Ops)	Set Cement Solid Mandrel Hanger
	Well Suspended	BPV Shoe Track Abandonment Cap	Set Cement Solid Mandrel Hanger Abandonment Cap

Contingency Plan

If the bottoms up does not act in this manner below (just a representation), call the Supt. and have plans ready to cancel the offline cementing project.



Risk	Consequence	Safeguards / Mitigations
Cementing truck malfunction	Cementing truck shuts down	1) Reference 70 bc time and time required to pump cement out of the hole (if needed) and/or volume needed to finish displacement. 2) Swap to backup pump on cement truck if possible. 3) If complete truck failure, swap to spare truck if available. 4) Discuss with office and swap to rig pumps (coming off of kill line with high pressure hose) to perform displacement or full circulation.
	Slurry weight not holding or staying consistent	1) Lower circulating rate. 2) If truck cannot maintain constant slurry density, call out for new pump truck.

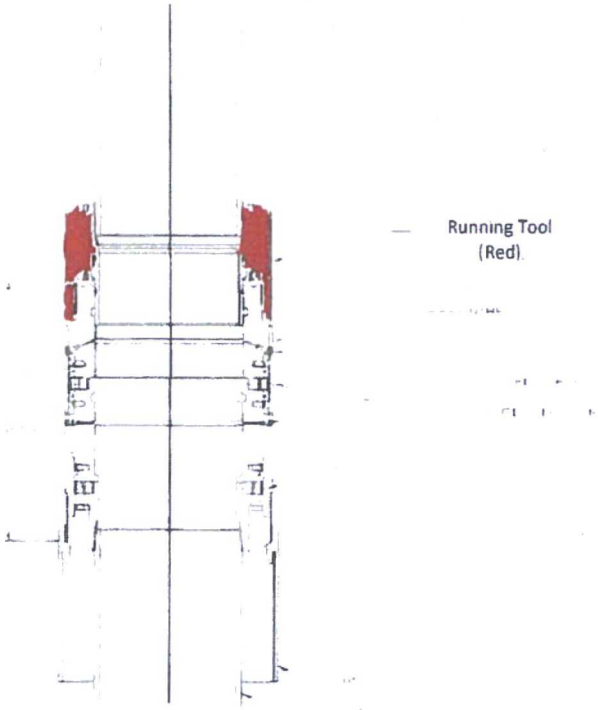
Hole bridging or cement packing off	Unexpected spike or steady increase of pump pressure along with loss of returns	1) Lower pump rate to lower pump pressure, attempting to maintain the cement flow. 2) Ensure pressure kick outs are below 80 percent of casing collapse or 70 percent of casing burst. 3) If pressure exceeds 80 percent of casing collapse or 70 percent of casing burst, do not release pressure until cement reaches 50 psi compressive strength. 4) Depending on issue, discuss with office to either finish cement job or cut to displacement.
Loss of circulation	Returns lost while pumping cement or displacement	Attempt to lower pumping rate. Once returns are established, attempt to steadily increase circulating rate or maintain at the reduced level.
Excess wash out, losses or other complications	No cement return volume to surface	1) Contact Drilling Superintendent and Drilling Engineer immediately.
Well Flowing After removal of BOP	Well Control	Shut-in casing valves and rig back over to well to perform kill operations. Call Supt. and Drilling Engineer for forward plan.
Offline well not circulating	Remedial work on well with rig	Circulate well with rig after running casing prior to skid to verify circulation. Can skid back rig to if necessary. If well is showing any significant pack-off issues while performing the BU with rig, discussions will be had as to whether the job will be done online with rig.
Packing off return line to shakers	Downtime to replace hoses downstream of the casing valve	Pumping iron/hoses rated for 10K, return hoses rated for 5K. Buffer zone, pressure test pump-in side prior to pumping, proper valve line-up and inspection. Lines labeled. BU before cementing. Manifold will have a by-pass going to the shakers on the return line.

	Burst Hose	Pumping iron/hoses rated for 10K, return hoses rated for 5K. Buffer zone, pressure test pump-in side prior to pumping, proper valve line-up and inspection. Lines labeled. BU before cementing. Manifold will have a by-pass going to the shakers on the return line.

Chevron

Surface Offline Cementing Operational Procedure

1. Perform pre-job safety meeting before picking up landing joint.
   a. Discuss roles, responsibilities and forward operations
2. M/U and land out UH-2 wellhead per FMC Running Procedure
   a. UH-2 wellhead will be installed on the last joint of casing through the rig floor utilizing a landing joint. Contact FMC's Service Line to deliver to location.
   b. Verify OD of wellhead and ID of rotary table prior to picking up landing assembly
   c. Verify all casing valve openings and NPT ports are plugged off with "flush" fitting prior to running through rotary table. UH-2 WH does not have Isolation Sleeve, All ports must be plugged prior to pumping through WH.
   d. Use "two hole" orientation method to <u>set casing valves E-W before landing out</u>
3. Circulate 1-1/2 x casing volume at max allowable flow rate prior to cementing
   a. If full circulation is not achieved prior to cementing, discuss plans to pump cement online with DS/DE
4. Lay down FMC wellhead running tool



   a.

5. Move rig over to the next well.
   a. Normal operations will continue (TIH to spud next well or RU BOPs for 1st intermediate hole section).

START OF OFFLINE OPERATIONS

6. R/U Unihead running tool with 3' pup joint torqued on.
   a. Motorman or best operator will use the forklift to set the running tool on top of the unihead

      During JSA meeting roles and responsibilities will be assigned
   b. The FMC representative will screw on the running tool onto the unihead per FMC running procedure.

      Approximately 6-1/2 left hand (counter clockwise) turns will be required – Do not torque. Back off a quarter turn.
7. R/U cementers
   a. Motorman will use the forklift truck to set the quick latch cementing head unto the pup joint

      Company man shall watch the loading of the top plug.
      i. During JSA meeting roles and responsibilities will be assigned
         (1) Make sure cellar cover is in place
   b. Cementers will route the iron to the cement head
      i. Tie off cement head to the conductor
         (1) Weld on anchors onto conductor prior to moving on location
   c. Motorman will route a 6x6 transfer pump or semi-submersible hydraulic pump from the cellar to the earth pit
      i. BLM (route from the cellar to the open tops)
8. Pump cement job.
   a. Establish circulation
   b. Cement to surface is required by all regulatory agencies for surface cement jobs.
      i. BLM: Wait on cement (WOC) for 8 hours.
   c. Verify kick-outs are set prior to pumping.
      i. Set to the lesser of 80 percent of casing collapse or 70 percent of casing burst.
   d. Record the following during cement job:
      i. Start time for mixing cement
      ii. Start time for pumping cement
      iii. Fluid volumes
      iv. Pump pressure
      v. Flow rates
      vi. Cement densities
      vii. Returns
      viii. Displacement volume

ix. Final circulating pressure
x. Time plug was bumped
xi. Returns to surface
xii. Flow-back volume after checking floats
xiii. Cement in place time

e. Pump spacer(s).
f. Mix and pump cement at maximum allowable flow rate.
   xiv. Ensure wet and dry samples are being taken.
   xv. Maintain slurry density within +/- 0.2 ppg of program.
   xvi. Ensure cementers check slurry weight using pressurized scale to verify densometer weights.
g. Ensure top plug has dropped.
h. Pump calculated fresh water displacement.
   i. Lower pump rate to 3 bpm 20 bbls prior to reaching calculated displacement.
i. Bump plug and hold 500 psi over final circulating pressure (FCP) for 5 minutes.
   i. Pump a maximum of 1/2 shoe track volume over displacement if plug does not bump.
      (1) Notify Drilling Superintendent and Drilling Engineer if plug does not bump after pumping this additional displacement volume.
         i. Document in WellView.
j. Check floats by releasing pressure.
   i. Monitor flow-back volume on cement truck.
   ii. Notify Drilling Superintendent and Drilling Engineer if cement is not circulated to surface.
      (1) Call out wireline for temperature log and order 1" tools for top job.
      (2) Top Job POA
   iii. If floats do not hold:
      (1) Shut in well and wait on cement.
      (2) Hold until tail slurry reaches 50 psi compressive strength.
      (3) Notify Drilling Superintendent, DSM Advisor, and Drilling Engineer.

9. Remove UH-2 Unihead Running & Retrieval Tool.
10. Rig down cement head and cementing equipment.
    a. Pump out cellar.
    b. Ensure pumps are flushed with fresh water and sugar.
    c. Flush through wellhead to ensure no cement is present behind flush plugs.
11. Nipple up temporary abandonment cap.

Risk	Consequence	Safeguards / Mitigations
Cementing truck malfunction	Cementing truck shuts down	1) Reference 70 bc time and time required to pump cement out of the hole (if needed) and/or volume needed to finish displacement. 2) Swap to backup pump on cement truck if possible. 3) If complete truck failure, swap to spare truck if available. 4) Discuss with office and swap to rig pumps (coming off of kill line with high pressure hose) to perform displacement or full circulation.
	Slurry weight not holding or staying consistent	1) Lower circulating rate. 2) If truck cannot maintain constant slurry density, call out for new pump truck.
Hole bridging or cement packing off	Unexpected spike or steady increase of pump pressure along with loss of returns	1) Lower pump rate to lower pump pressure, attempting to maintain the cement flow. 2) Ensure pressure kick outs are below 80 percent of casing collapse or 70 percent of casing burst. 3) If pressure exceeds 80 percent of casing collapse or 70 percent of casing burst, do not release pressure until cement reaches 50 psi compressive strength. 4) Depending on issue, discuss with office to either finish cement job or cut to displacement.
Loss of circulation	Returns lost while pumping cement or displacement	Attempt to lower pumping rate. Once returns are established, attempt to

		steadily increase circulating rate or maintain at the reduced level.
Excess wash out, losses or other complications	No cement return volume to surface	1) Contact Drilling Superintendent and Drilling Engineer immediately. 2) Prepare temperature survey per regulatory requirements. Plan on performing top job using 1 inch work string.

Sequencing by hole section.

- 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.
    3. Move the rig to next well (~2-3 hours) and cement previous well offline.
        - All sacks and volumes will remain the same.
    4. Dress out 13-5/8" 5M SH-2 wellhead and install/secure with temporary abandonment cap, and a pressure gauge will be installed.
    5. Skid to next well according to above "Drill Order"

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

- 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 offline.

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

- 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, land out hanger and cement offline.
        - All sacks and volumes will remain the same.
    3. Install back pressure valve and temporary abandonment cap.

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

Changes Summary

Summary: Variance to cement offline the Salado Draw pad not requested in original submittal. We will not abandon (move the rig off of the pad) the well without cementing and securing the well.

As Defined in APD:	As Planned on Well:
Variance to cement offline not requested.	Chevron respectfully request the ability to cement offline on the SD WE 24 FED P23 (1H, 2H, 3H, 4H) AND SD WE 23 FED P25 (1H, 2H, 3H, 4H). The summary provided is a brief description of the main operational sequences for drilling, casing and cementing the wells listed above.