

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.	30-025-09995
5. Indicate Type of Lease	STATE ☐ FEE ☒
6. State Oil / Gas Lease No.	
7. Lease Name or Unit Agreement Name	MARK
8. Well No.	3
9. Pool Name or Wildcat	PENROSE SKELLY; GRAYBURG

SUNDRY 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 PERMIT (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>1980</u> Feet From The <u>NORTH</u> Line and <u>1980</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.)	3405' GL

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 ☐
OTHER ☐

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPERATION ☐ PLUG AND ABANDONMENT ☐
CASING TEST AND CEMENT JOB ☐
OTHER ☐ HORIZONTAL WELL ☒

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.

4-30-07: MIRU. TIH W/BIT TO 5450. PULL UP TO 3000. 5-01-07: TIH W/CIBP & SET @ 5430. TIH W/GR/CCL/CBL FR 4100-3400.
5-03-07: DUMP 35' CMT ON CIBP. TIH W/CIBP & SET @ 3645. 5-04-07: RIG DOWN KEY. FINAL REPORT. W/O RIG.
6-06-07: TIH W/CIBP & SET @ 3624. 6-07-07: NOTIFY NMOCD @ 12:30 PM. TALK W/SYLVIA DICKEY. 6-08 THRU 6-10-07: N/A
6-11-07: MIRU. TIH W/TAG MILLS. PU 115 JTS. TAG CIBP @ 3617. PU WHIPSCOTK & SET @ 88 DEG AZIMUTH. PULL GYRO.MILL 3608-3609, 3610, 3613, 3616, 3619. (TOW @ 3608, BOW @ 3616).
6-12-07: DRILL 3619-3630, 3637, 3667, 3699, 3908, 3936, 4043, 4051, 4264, 4290, 4318, 4421, 4450, 4516, 4532, 4611, 4623, 4740, 4773, 4786, 4826, 4897, 4907, 4958, 4968, 5053, 5067, 5180, 5200, 5306, 5321, 5430. 6-16-07: TD 6 1/8" LATERAL @ 2300 HRS.
6-17-07: TIH W/FLOAT SHOE, 1 JT LINER, FC, BALL CATCHER, 37 JTS 4 1/2" 11.6# L-80 LINER, TOL @ 3626. BOW @ 3616. SET END OF LINER @ 5419. BATCH MIX 175 SX CL C 14.8 PPG @ 1.32 FT3/SX. PUMP CMT. DID NOT LAND PLUG. FLOATS DID NOT HOLD. 6-18-07: TIH W/RBP & SET @ 2020. RIG DOWN. RELEASE RIG @ 1000 HRS. WAIT ON COMPLETION RIG.
6-25-07: MIRU. TIH W/OVERSHOT & LATCH ONTO RBP & REL. 6-26-07: LATCH ONTO ON/OFF TOOL. TEST LINER TO 2000 PSI. 6-27-07: TIH W/BIT & TAG @ 3616. 6-28-07: TAG CMT @ 3616. DRILL TO 3636. FELL OUT OF CMT. TAG @ 3736. DRILL CMT TO 3954. 6-29-07: DRILL TO 4136.
7-02-07: TIGHT SPOT @ 3056. DRILL DN TO 4351. 7-03-07: TAG @ 4352. DRILL TO 4843. 7-05-07: TIH W/NEW BIT & TAG CMT. DRILL 4843-5091., 5370. 7-09-07: TIH W/GAUGE RING & JUNK BASKET TO 3650. DIDN'T TAG TIGHT SPOT @ 3058. TIH W/CBL, GR/CCL. LOGGING. CMT BAD @ 4840. TIH W/1000 PSI ON CSG & RERAN LOG. TOC @ SAME PLACE. 7-10-07: TAG BTM @ 5370. PULL UP 10'. TIH W/PKR. SPOT 1000 GALS ACID TO PKR SET PKR 6' ABOVE TOP PERF. REL PKR. FLUSH DN BACKSIDE. 7-12-07: FRAC W/14,000 GALS YF125 & 8000 GALS 2% KCL WTR.
7-13-07: TIH W/TBG & BIT TO 5370. PUH TO 3690. TIH BACK TO 5370. TIH W/TBG & PKR TO 3500. SET. 7-16-07: PERF 5100-10, 5150-60, 5200-10, 5250-60, 5300-10. 7-19-07: FRAC W/90,000 GALS YF125. TIH W/CIBP & SET @ 4950. 7-20-07: TIH W/BIT & TAG CIBP. CIRC W/200 BBLS & WASH OUT SAND. 7-23-07: TIH W/CMT RET & SET @ 3803. STING INTO RET. PUMP 110 SX CL C CMT. FLUSH W/12.5 BBLS. LEFT 10' CMT ON TOP OF RET. REV OUT 1 BBL CMT. 7-24-07: TIH W/FAC TBG. TIH W/BIT & RUN TO 3626. 7-25-07: TIH W/TBG & TAG @ 3800. DRILL THRU RET & FELL OUT RET & RETAG CMT @ 3860. DRILL CMT TO 40788. TEST SQZ PERFS TO 500 PSI. DRILL TO 4310. FELL OUT. TIH & TAG @ 4912. 7-26-07: BAKER ATLAS RAN GR & CBL FR 3900-3626. 7-27-07: PERF 4876-86, 4787-97, 4700-10, 4614-24, 4529-39, 4412-22, 4281-4305, 4178-87

I hereby certify that the information above is true and complete to the best of my knowledge and belief

SIGNATURE Denise Pinkerton TITLE Regulatory Specialist

DATE 9/10/2007

TYPE OR PRINT NAME Denise Pinkerton

Telephone No. 432-687-7375

(This space for State Use)

APPROVED Hayden OC FIELD REPRESENTATIVE II/STAFF MANAGER DATE NOV 27 2007
CONDITIONS OF APPROVAL, IF ANY: 2A Bline bry Dila Gas (Dil)

MARK #3 CONTINUED

7-30-07: TRY TO SET PKR@ 4853. MOVE UP & DOWN. CIRC W/200 BW. RESET PKR. REL PKR.

7-31-07: SET PKR @ 4853. HELD. REL PKR. & POOH & SET @ 4081. WELL ON VAC. REL PKR. TRY TO REVC OUT ACID.

8-01-07: FRAC W/100,000 GALS YF 125.

8-02-07: TIH W/BIT & TAG SAND @ 3920. C/O TO 4911. DRILL THRU COMPOSITE RBP & FELL DN TO TOP OF NEXT PERFS. DRILL ON RBP. C/O TO 5187.

8-03-07: TIH W/TBG & BIT. TAG SAND @ 4190. C/O SAND & FELL OUT @ 4200. TIH & TAG @ 5187. C/O TO 5370.

8-06-07: TIH TO 5370. TAG NOFILL. TIH W/PRISM TOOL. PUMP TOOL DN TO 5368 W/REV PUMP. LOG FR 5368-3500. TIH W/TBG & PKR TO 3488. SET PKR. RU SWAB.

8-07-07: SWABBING.

8-08-07: REL PKR. SHOT 4 HOLES @ 2813'. TIH T/TBG, & BIT TO 5370. TAG NO FILL.

8-09-07: TIH W/2 7/8" WS. SET OUT CSG. SET OUT TBG.

8-10-07: TIH W/2 7/8" TBG. TIH W/PMP & RODS.

8-13-07: RIG DOWN. FINAL REPORT. W/O COMPLETION TEST.

8-19-07: ON 24 HR OPT. PUMPING 28 OIL, 37 GAS, & 552 WTR. GOR-1321

Results of Directional Survey

API number:	30-025-09995		
OGRID:		Operator:	CHEVRON U S A INC
		Property:	MARK # 3

surface	ULSTR:	G	03	T 22S	R 37E
			1980 FNL	1980 FEL	

BH Loc	ULSTR:	H	03	T 22S	R 37E
			2373 FNL	307 FEL	

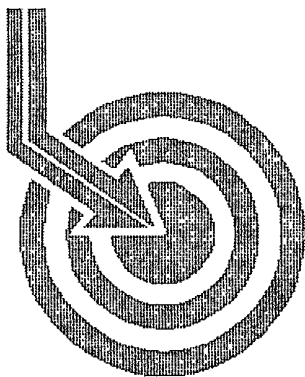
	MD	N/S	E/W	VD
	4158	-71.07	443.58	3830.09
TOP PERFS/OH	4178	-74.68	463.23	3830.90
	4189	-76.66	474.04	3831.35
	5294	-351.39	1543.55	3835.12
BOT PERFS/OH	5310	-356.06	1558.85	3835.25
	5326	-360.73	1574.15	3835.38

NEXT TO LAST	5387	-380.10	1631.99	3835.13
LAST READING	5430	-393.04	1672.99	3834.65
TD	5430	-393.04	1672.99	3834.65

Surface Location	1980	FN	1980	FE
Projected BHL	2373	FN	307	FE
Location of				
Top Perfs/OH	2055	FN	1517	FE
Bottom Perfs/OH	2336	FN	421	FE

SUMMARY of Subsurface Locations

Surface Location	G-03-22S-37E	1980	FN	1980	FE	Vert. Depth
Top Perfs/OH	G-03-22S-37E	2055	FN	1517	FE	3830.90
Bottom Perfs/OH	H-03-22S-37E	2336	FN	421	FE	3835.25
Projected TD	H-03-22S-37E	2373	FN	307	FE	3834.65



Scientific Drilling

SUR: G-3-22s-37e, 1970/N & 1980/E
BHL: H-3-22s-37e, 2373/N & 307/E
API #30-025-09995

CHEVRON

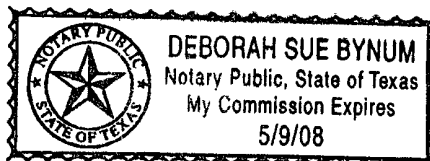
Field: Penrose Skelly
Site: Lea County, NM
Well: Mark ~~XXXX~~ #3H
Wellpath: DH - Job #32D0607482
Survey: 06/11/07-06/17/07

This survey is correct to the best of my knowledge
and is supported by actual field data.

Shanton.....Company Representative

Notorized this date 23rd of July, 2007.

Deborah Sue Bynum
Notary Signature
County of Midland
State of Texas





Scientific Drilling International

Survey Report

Company: CHEVRON	Date: 07/22/2007	Time: 21:07:57	Page: 1
Field: Penrose Skelly	Co-ordinate(NE) Reference:	Well: Mark Owen #3H, True North	
Site: Lea County, NM	Vertical (TVD) Reference:	SITE 0.0	
Well: Mark Owen #3H	Section (VS) Reference:	Well (0.00N,0.00E,103.27Azi)	
Wellpath: VH - Job #32K0607483	Survey Calculation Method:	Minimum Curvature	Db: Sybase

Survey: 06/11/07	Start Date: 06/11/2007
Company: Scientific Drilling Internatio	Engineer: Gonzales w/P&M
Tool: Keeper;Keeper Gyro	Tied-to: From Surface

Survey

MD ft	Incl deg	Azim deg	TVD ft	VS ft	N/S ft	E/W ft	DLS deg/100ft	ClsD ft	ClsA deg
0.00	0.00	359.36	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100.00	0.61	214.22	100.00	-0.19	-0.44	-0.30	0.61	0.53	214.22
200.00	0.62	209.83	199.99	-0.53	-1.35	-0.87	0.05	1.60	212.74
300.00	0.46	197.88	299.99	-0.72	-2.20	-1.26	0.19	2.54	209.79
400.00	0.32	222.79	399.99	-0.89	-2.79	-1.57	0.22	3.20	209.43
500.00	0.37	244.38	499.98	-1.28	-3.13	-2.05	0.14	3.75	213.25
600.00	0.43	217.39	599.98	-1.68	-3.57	-2.57	0.20	4.40	215.78
700.00	0.48	226.80	699.98	-2.07	-4.16	-3.11	0.09	5.19	216.78
800.00	0.39	213.06	799.98	-2.42	-4.73	-3.60	0.14	5.94	217.27
900.00	0.43	201.57	899.97	-2.59	-5.36	-3.92	0.09	6.64	216.18
1000.00	0.38	196.25	999.97	-2.66	-6.03	-4.15	0.06	7.32	214.55
1100.00	0.35	212.82	1099.97	-2.78	-6.60	-4.41	0.11	7.94	213.73
1200.00	0.18	222.00	1199.97	-2.95	-6.98	-4.68	0.17	8.40	213.86
1300.00	0.02	80.13	1299.97	-3.01	-7.09	-4.77	0.20	8.55	213.92
1400.00	0.22	241.28	1399.97	-3.14	-7.18	-4.92	0.24	8.70	214.42
1500.00	0.26	283.93	1499.97	-3.51	-7.22	-5.31	0.18	8.96	216.33
1600.00	0.31	3.73	1599.97	-3.78	-6.89	-5.51	0.37	8.83	218.64
1700.00	0.48	2.82	1699.96	-3.90	-6.20	-5.47	0.17	8.27	221.41
1800.00	0.68	24.74	1799.96	-3.86	-5.25	-5.20	0.30	7.39	224.76
1900.00	0.97	42.13	1899.95	-3.33	-4.08	-4.39	0.38	5.99	227.07
2000.00	1.07	52.41	1999.93	-2.34	-2.88	-3.08	0.21	4.22	226.89
2100.00	1.07	52.37	2099.91	-1.16	-1.74	-1.60	0.00	2.37	222.54
2200.00	1.15	60.57	2199.90	0.17	-0.68	0.01	0.18	0.68	178.92
2300.00	1.34	62.21	2299.87	1.79	0.36	1.92	0.19	1.95	79.46
2400.00	1.47	64.41	2399.84	3.67	1.46	4.11	0.14	4.36	70.50
2500.00	1.53	66.50	2499.81	5.74	2.54	6.49	0.08	6.97	68.61
2600.00	1.51	70.65	2599.77	7.92	3.51	8.96	0.11	9.62	68.60
2700.00	1.58	74.34	2699.74	10.23	4.32	11.53	0.12	12.31	69.46
2800.00	1.02	69.46	2799.71	12.18	5.00	13.69	0.57	14.58	69.92
2900.00	1.04	69.66	2899.69	13.67	5.63	15.38	0.02	16.38	69.88
3000.00	1.04	61.91	2999.68	15.11	6.38	17.03	0.14	18.18	69.47
3100.00	1.05	61.51	3099.66	16.48	7.24	18.63	0.01	19.99	68.77
3200.00	0.86	63.02	3199.65	17.73	8.02	20.11	0.19	21.65	68.26
3300.00	0.59	68.61	3299.64	18.73	8.55	21.26	0.28	22.91	68.10
3400.00	0.31	71.76	3399.64	19.38	8.82	21.99	0.28	23.70	68.15
3500.00	0.36	112.92	3499.63	19.92	8.78	22.54	0.24	24.19	68.72
3581.00	0.37	184.26	3580.63	20.21	8.42	22.75	0.53	24.26	69.69



Scientific Drilling International Survey Report

Company: CHEVRON	Date: 07/22/2007	Time: 21:08:17	Page: 1
Field: Penrose Skelly	Co-ordinate(NE) Reference: Well: Mark Owen #3H, True North		
Site: Lea County, NM	Vertical (TVD) Reference: SITE 0.0		
Well: Mark Owen #3H	Section (VS) Reference: Well (0.00N,0.00E,103.27Azi)		
Wellpath: DH - Job #32D0607482	Survey Calculation Method: Minimum Curvature	Db: Sybase	

Survey: 06/11/07-06/17/07	Start Date: 06/11/2007
Company: Scientific Drilling Internatio	Engineer: Melendez/Foster/Beccue/Boyd
Tool: E-Field,E-Field Steering	Tied-to: From: Definitive Path

Survey

MD ft	Incl deg	Azim deg	TVD ft	VS ft	N/S ft	E/W ft	DLS deg/100ft	ClsD ft	ClsA deg
3581.00	0.37	184.26	3580.63	20.21	8.42	22.75	0.00	24.26	69.69
3608.00	0.37	184.26	3607.63	20.24	8.25	22.74	0.00	24.19	70.07
3655.00	12.87	106.91	3654.24	25.51	6.57	27.76	27.22	28.53	76.69
3684.00	20.01	105.97	3682.03	33.70	4.26	35.63	24.64	35.88	83.18
3716.00	28.25	104.01	3711.21	46.76	0.91	48.26	25.87	48.27	88.92
3747.00	36.88	100.83	3737.31	63.43	-2.62	64.55	28.37	64.60	92.32
3779.00	45.91	99.57	3761.30	84.53	-6.34	85.36	28.34	85.59	94.25
3810.00	55.04	98.46	3781.00	108.35	-10.07	108.95	29.58	109.41	95.28
3841.00	64.16	97.82	3796.67	134.95	-13.84	135.39	29.47	136.10	95.84
3873.00	72.97	99.82	3808.36	164.62	-18.42	164.79	28.14	165.82	96.38
3905.00	82.04	101.42	3815.27	195.80	-24.18	195.46	28.76	196.95	97.05
3937.00	86.09	100.16	3818.58	227.59	-30.14	226.72	13.25	228.72	97.57
3968.00	86.40	100.52	3820.61	258.48	-35.69	257.15	1.53	259.62	97.90
4000.00	86.50	100.70	3822.59	290.38	-41.57	288.55	0.64	291.53	98.20
4032.00	86.47	101.50	3824.56	322.30	-47.72	319.89	2.50	323.43	98.48
4063.00	87.41	100.94	3826.21	353.24	-53.74	350.25	3.53	354.35	98.72
4095.00	87.54	101.04	3827.62	385.18	-59.84	381.64	0.51	386.30	98.91
4126.00	87.88	99.80	3828.86	416.12	-65.44	412.10	4.14	417.26	99.02
4158.00	87.71	100.48	3830.09	448.04	-71.07	443.58	2.19	449.23	99.10
4189.00	87.65	100.34	3831.35	478.98	-76.66	474.04	0.49	480.20	99.19
4221.00	87.34	99.63	3832.74	510.90	-82.21	505.53	2.42	512.17	99.24
4252.00	87.27	100.04	3834.20	541.81	-87.50	536.04	1.34	543.13	99.27
4283.00	90.00	102.05	3834.94	572.77	-93.43	566.45	10.93	574.10	99.37
4315.00	90.54	103.02	3834.79	604.77	-100.38	597.68	3.47	606.06	99.53
4347.00	90.54	101.42	3834.49	636.76	-107.15	628.96	5.00	638.02	99.67
4378.00	90.67	101.81	3834.16	667.74	-113.39	659.32	1.33	669.00	99.76
4410.00	90.71	101.69	3833.78	699.73	-119.91	690.65	0.40	700.98	99.85
4441.00	90.91	105.16	3833.34	730.72	-127.10	720.79	11.21	731.91	100.00
4473.00	91.25	107.05	3832.73	762.68	-135.98	751.53	6.00	763.73	100.26
4505.00	91.61	107.09	3831.94	794.60	-145.37	782.11	1.13	795.51	100.53
4536.00	89.93	104.80	3831.52	825.56	-153.88	811.91	9.16	826.37	100.73
4568.00	90.07	104.16	3831.52	857.55	-161.88	842.90	2.05	858.30	100.87
4599.00	90.34	104.70	3831.41	888.54	-169.61	872.92	1.95	889.24	101.00
4631.00	88.35	104.79	3831.77	920.53	-177.75	903.86	6.23	921.17	101.13
4662.00	88.69	104.78	3832.57	951.51	-185.66	933.82	1.10	952.10	101.24
4694.00	89.02	104.83	3833.21	983.49	-193.84	964.76	1.04	984.04	101.36
4725.00	89.70	104.32	3833.56	1014.48	-201.64	994.76	2.74	1014.99	101.46
4757.00	90.37	104.41	3833.54	1046.47	-209.58	1025.76	2.11	1046.95	101.55
4788.00	89.19	104.14	3833.66	1077.47	-217.22	1055.80	3.90	1077.91	101.63
4820.00	89.53	105.09	3834.02	1109.46	-225.29	1086.76	3.15	1109.87	101.71
4852.00	90.20	104.14	3834.09	1141.45	-233.37	1117.72	3.63	1141.83	101.79
4883.00	91.35	103.77	3833.67	1172.44	-240.84	1147.81	3.90	1172.80	101.85
4915.00	90.64	106.15	3833.12	1204.42	-249.10	1178.71	7.76	1204.75	101.93
4947.00	91.31	106.03	3832.57	1236.38	-257.97	1209.46	2.13	1236.66	102.04
4978.00	89.66	105.16	3832.31	1267.35	-266.30	1239.31	6.02	1267.60	102.13
5010.00	89.70	104.43	3832.49	1299.34	-274.47	1270.25	2.28	1299.57	102.19
5042.00	90.20	103.56	3832.52	1331.33	-282.21	1301.30	3.14	1331.55	102.24
5073.00	89.29	105.30	3832.65	1362.33	-289.94	1331.32	6.33	1362.53	102.29
5105.00	89.56	106.25	3832.98	1394.29	-298.64	1362.11	3.09	1394.47	102.37



Scientific Drilling International

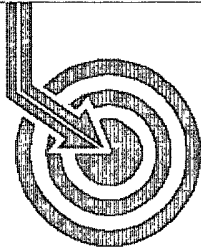
Survey Report

Company: CHEVRON
Field: Penrose Skelly
Site: Lea County, NM
Well: Mark Owen #3H
Wellpath: DH - Job #32D0607482

Date: 07/22/2007 Time: 21:08:17 Page: 2
Co-ordinate(NE) Reference: Well: Mark Owen #3H, True North
Vertical (TVD) Reference: SITE 0.0
Section (VS) Reference: Well (0.00N,0.00E,103.27Azi)
Survey Calculation Method: Minimum Curvature Db: Sybase

Survey

MD ft	Incl deg	Azim deg	TVD ft	VS. ft	N/S ft	E/W ft	DLS deg/100ft	ClsD ft	ClsA deg
5137.00	89.76	104.83	3833.17	1426.27	-307.21	1392.94	4.48	1426.42	102.44
5168.00	89.97	105.07	3833.24	1457.25	-315.21	1422.89	1.03	1457.39	102.49
5200.00	89.19	108.12	3833.47	1489.19	-324.34	1453.55	9.84	1489.30	102.58
5231.00	88.92	107.81	3833.98	1520.09	-333.90	1483.04	1.33	1520.16	102.69
5263.00	88.89	105.55	3834.60	1552.02	-343.09	1513.69	7.06	1552.08	102.77
5294.00	89.16	105.53	3835.12	1582.99	-351.39	1543.55	0.87	1583.04	102.82
5326.00	89.93	108.43	3835.38	1614.92	-360.73	1574.15	9.38	1614.95	102.91
5358.00	90.20	109.03	3835.34	1646.77	-371.01	1604.45	2.06	1646.79	103.02
5387.00	90.64	107.51	3835.13	1675.66	-380.10	1631.99	5.46	1675.67	103.11
5430.00	90.64	107.51	3834.65	1718.54	-393.04	1672.99	0.00	1718.54	103.22



**Scientific
Drilling**

**Field: Penrose Skelly
Site: Lea County, NM
Well: Mark Owen #3H
Wellpath: DH - Job #32D0607482
Survey: 06/11/07-06/17/07**



Azimuths to True North
Magnetic North 0.00°
Magnetic Field
Strength 0nT
Dip Angle 0.00°
Date 07/22/2007
Model igr2000

