Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave , Artesia, NM 88210
District III
1000 Rio Brazos Rd , Aztec, NM 87410
District IV
1220 S. St. Francis Dr , Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

RECEIVED
JUN 24 2009
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Form C-103
June 19, 2008

| | |
|---|---|
| | WELL API NO. 30-025-36021 |
| | 5. Indicate Type of Lease STATE ☒ FEE ☐ |
| | 6. State Oil & Gas Lease No. |
| SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS ) | 7. Lease Name or Unit Agreement Name STATE S |
| 1. Type of Well: Oil Well ☒ Gas Well ☐ Other | 8. Well Number 11 |
| 2. Name of Operator CHEVRON | 9. OGRID Number 4323 |
| 3. Address of Operator 15 SMITH ROAD, MIDLAND, TEXAS 79705 | 10. Pool name or Wildcat PENROSE SKELLY GRAYBURG |
| 4. Well Location Unit Letter ~~D~~ A 990 feet from the NORTH line and 330 feet from the ~~WEST~~ East line Section 15 Township 21-S Range 37-E NMPM County LEA | |
| | 11. Elevation *(Show whether DR, RKB, RT, GR, etc.)* |

12. 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 ☐ | REMEDIAL WORK ☐ | ALTERING CASING ☐ |
| TEMPORARILY ABANDON ☐ | CHANGE PLANS ☐ | COMMENCE DRILLING OPNS. ☐ | P AND A ☐ |
| PULL OR ALTER CASING ☐ | MULTIPLE COMPL ☐ | CASING/CEMENT JOB ☐ | |
| DOWNHOLE COMMINGLE ☐ | | | |
| OTHER: INTENT TO ADD GRAYBURG PAY | | OTHER: | |

13. 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. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

CHEVRON U.S.A. INC. INTENDS TO ADD PAY IN THE GRAYBURG RESERVOIR, ACIDIZE & SCALE SQUEEZE.
THE INTENDED PROCEDURE, AND CURRENT AND PROPOSED WELLBORE DIAGRAMS ARE ATTACHED FOR YOUR APPROVAL, AS WELL AS THE C-144 PIT INFO.

Spud Date: | Rig Release Date:

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 06-24-2009

Type or print name DENISE PINKERTON E-mail address: leakejd@chevron.com PHONE: 432-687-7375

**For State Use Only**

APPROVED BY: TITLE PETROLEUM ENGINEER DATE JUN 29 2009

Conditions of Approval (if any):

**State S # 11**
**Penrose Skelly Field**
**T21S, R37E, Section 15**
**Job: Add Grayburg Perforations, Acidize & Scale Squeeze**

**Procedure:**

1. ***This procedure is based on the most recent information regarding wellbore configuration and equipment that could be found in the Midland Office well files and computer databases as of 5/21/2009. Verify what is in the hole with the well file in the Eunice Field office. Discuss w/ WEO Engineer, Workover Rep, OS, ALS, and FS prior to rigging up on well regarding any hazards or unknown issues pertaining to the well.***

2. 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.

3. 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. Unseat pump PUH 25', RU hot oil unit, pump 45 bbls hot water w/ chemical down tbg and csg to remove paraffin. RD and release hot oil unit. POOH with rods and pump. Remove WH. Install BOP's and test as required. POOH scanaloging 2 7/8" tbg string. LD all tbg except the yellow band.

4. PU & GIH with 4 ¾" MT bit and 2-7/8" work string to PBTD @ 3990'. Record depth tagged in report. If you tag fill above 3990 established reverse circulate using 8.6 ppg cut brine and clean out till 3990'. If well will not circulate clean out to 3990' using the foam air unit.

5. MI & RU Gray WL electric line unit and mast truck. Install lubricator and test to 2000 psi. GIH with 3 3/8" RHSC Gunslinger casing guns (0.42" EH & 47" penetration) and perforate from 3708-13', 3716-22', 3725-29', 3734-38', 3742-48', 3754-60', 3764-70' with 4 JSPF at 120 degree phasing, using 25 gram premium charges. POH. RD & release electric line unit and mast truck. **Note: Correlate logs and use csg collars from Baker Atlas GR/CBL log dated 1/14/2003 for depth correction.**

6. PU and GIH w/ **5 1/2"** PPI pkr w/ SCV and 8' element spacing testing work string to approximately 5000 psi while RIH. Test PPI packer in blank pipe. Mark settings.

8. MI & RU DS Services. Acidize perfs 3708-3961' with 4,350 gals anti-sludge 15% NEFE HCl acid * at a maximum rate of **1 BPM** and a maximum surface pressure of **3500 psi.** Pump job as follows:

| Perfs | Acid Volume | Rate (BPM) | PPI Settings |
|---|---|---|---|
| 3708-3713 | 250 | 1 | 3706-3714 |
| 3716-3722 | 300 | 1 | 3715-3723 |
| 3725-3729 | 200 | 1 | 3723-3731 |
| 3734-3738 | 200 | 1 | 3732-3740 |
| 3742-3748 | 300 | 1 | 3741-3749 |
| 3754-3760 | 300 | 1 | 3753-3761 |
| 3764-3770 | 300 | 1 | 3763-3771 |
| 3853-3858 | 250 | 1 | 3852-3860 |
| 3865-3870 | 250 | 1 | 3864-3872 |
| 3876-3880 | 200 | 1 | 3874-3882 |
| 3886-3889 | 200 | 1 | 3883-3891 |
| 3894-3898 | 200 | 1 | 3892-3900 |
| 3904-3907 | 200 | 1 | 3901-3909 |
| 3913-3915 | **200** | 1 | 3911-3919 |
| 3924-3928 | 200 | 1 | 3921.5-3929.5 |
| 3932-3933 | **200** | 1 | 3929.5-3937.5 |
| 3938-3942 | 200 | 1 | 3937.5-3945.5 |
| 3952-3954 | **200** | 1 | 3947-3955 |
| 3957-3961 | 200 | 1 | 3956-3964 |
| **Total** | ***4350*** | | |

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 500 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 |

9. Release PPI pkr and PUH to approximately 3600'. Set pkr at 3600'. Fish SCV. 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.**

10. Drop SCV. MI & RU pump truck. Perform PPI scale squeeze on perfs 3708-3961' with **6,940** gals Scale Inhibitor* at a maximum rate of **1 BPM** and a maximum surface pressure as workstring allows, as follows:

| Perfs | Scale Volume | Rate (BPM) | PPI Settings |
|---|---|---|---|
| 3708-3713 | 430 | 1 | 3706-3714 |
| 3716-3722 | 520 | 1 | 3715-3723 |
| 3725-3729 | 350 | 1 | 3723-3731 |
| 3734-3738 | 350 | 1 | 3732-3740 |
| 3742-3748 | 520 | 1 | 3741-3749 |
| 3754-3760 | 520 | 1 | 3753-3761 |
| 3764-3770 | 520 | 1 | 3763-3771 |
| 3853-3858 | 430 | 1 | 3852-3860 |
| 3865-3870 | 430 | 1 | 3864-3872 |
| 3876-3880 | 350 | 1 | 3874-3882 |
| 3886-3889 | 260 | 1 | 3883-3891 |
| 3894-3898 | 350 | 1 | 3892-3900 |
| 3904-3907 | 260 | 1 | 3901-3909 |
| 3913-3915 | 200 | 1 | 3911-3919 |
| 3924-3928 | 350 | 1 | 3921.5-3929.5 |
| 3932-3933 | 200 | 1 | 3929.5-3937.5 |
| 3938-3942 | 350 | 1 | 3937.5-3945.5 |
| 3952-3954 | 200 | 1 | 3947-3955 |
| 3957-3961 | 350 | 1 | 3956-3964 |
| **Total** | ***6940*** | | |

**Note: If communication occurs during treatment of any interval, monitor casing pressure and attempt to complete stage w/o exceeding 350 psi csg pressure. If cannot, then move the PPI tool to next setting depth and combine treatment volumes of the interval.**

*Scale squeeze system to contain:
6775 gals scale in solution = 165 gals RE-4777 scale inhibitor and 6775 gals (161 bbls) 8.6 PPG cut brine water

11. POOH w/ 2-7/8" WS & PPI packers. LD WS & PPI packers. LD PPI tool.

12. PU and GIH w/ 5 ½" pkr and RBP to 3825'. Set RBP at 3825'. Pressure test RBP to 2000 psi. PUH to 3770'. Pour 20' 20/40 sand down tbg. POOH w/ 2 7/8" work string and pkr. LD pkr.

13. PU and GIH w/ 5 ½" Lok-Set pkr & On-Off tool w/ 2.25" "F" profile and 116 jts. of 3 ½" EUE 8R L-80 work string, testing to 8500 psi. Set pkr at approximately 3600'. Install frac head. Pressure annulus to 500 psi to test csg and pkr. Leave pressure on csg during frac job to observe for communication.

14. MI & RU DS Services and Tracer-Tech Services (Mike Mathis (866) 595-3115). Frac well down 3 ½" tubing at **40 BPM** with 61,000 gals of YF125, 113,500 lbs. 16/30 mesh Jordan Sand, and 30,000 lbs **resin-coated** 16/30 mesh CR1630 proppant. Observe a maximum surface treating pressure of **8000 psi**. Tag frac with 2 radioactive isotopes (1 in regular sand stages, and 1 in resin-coated proppant stage). Pump job as follows:

    Pump 1,000 gals 2% KCL water at **20 BPM**
    Pump 10,000 gals YF125 pad at **40 BPM**
    Pump 10,000 gals YF125 containing 0.5 PPG 16/30 mesh Jordan Sand
    Pump 8,000 gals YF125 containing 1.5 PPG 16/30 mesh Jordan Sand
    Pump 8,000 gals YF125 containing 2.5 PPG 16/30 mesh Jordan Sand
    Pump 9,000 gals YF125 containing 3.5 PPG 16/30 mesh Jordan Sand
    Pump 10,000 gals YF125 containing 4.5 PPG 16/30 mesh Jordan Sand
    Pump 6,000 gals YF125 containing 5 PPG **resin-coated** 16/30 mesh CR1630 proppant.

    Flush to 3600' with 1,315 gals WF125. **Do not overflush.** Record ISIP, 5, 10, and 15 minute SI tbg pressures. SWI. RD & Release DS Services and Tracer-Tech Services. **Leave well SI overnight.**

15. Open well. Bleed pressure from well, if any. Release pkr. POH LD 3 ½" work string, on-off tool, and pkr.

16. PU and GIH with 4 3/4" MT bit on 2 7/8" work string to approximately 3990'. If fill is tagged above 3990', cleanout to 3990' using 8.6 PPG cut brine water and air unit if necessary. POH with 2 7/8" work string and bit. LD bit.

17. PU & GIH with 5 1/2" pkr on 2 7/8" work string to 3600'. Set pkr at 3600'. Open well. GIH and swab well until there is no sand inflow. Swab well for at least 3 hours before logging. MI & RU Baker Atlas electric line unit. Install lubricator and test to 1000 psi. GIH and conduct after-frac PRISM GR/Temp/CCL log from 3990' up to 3300'. POH. RD & release electric line unit. **Note: Correlate logs and run flat with Baker Atlas GR/CBL/CCL Log conducted 1/14/03.**

18. Release pkr. POH LD 2 7/8" work string and pkr.

19. PU and GIH w/ BP mud anchor jt of 2 7/8" tbg, 2 7/8" x 4' perforated sub, SN, 1 jt 2 7/8" EUE 8R J-55 IPC tbg, 12 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 3650', with EOT at 3950' and SN at 3910'.

20. Remove BOP's and install WH. GIH with rods, sinker bars, and pump per ALS recommended design. RD & release pulling unit.

21. Turn well over to production. Report producing rates, choke sizes, flowing pressures and/or fluid levels.

Nami Southern
5/21/2009
432-687-7373

Mike Howell
5/21/2009
432-687-7516

Well **State S # 11** Field **Penrose Skelly** Reservoir **Grayburg**

**Location:**
990' FNL & 330' FWL
Section 15
Township 21S
Range 37E
County Lea State NM

**Current**
Wellbore Diagram

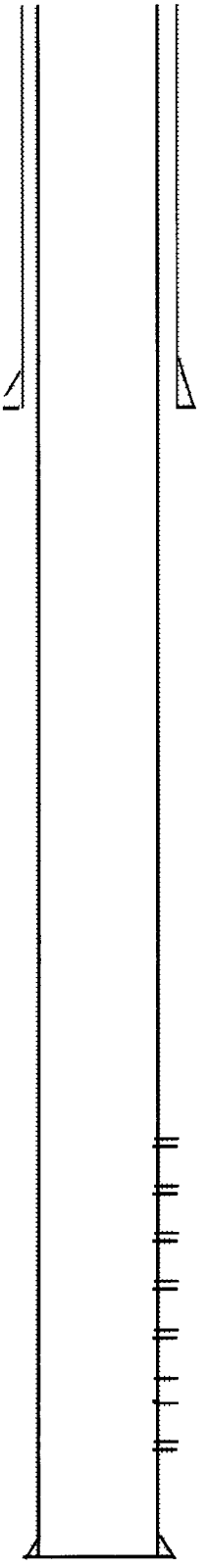
**Well ID Info:**
Chevno HI5593
API No 30-025-36021
L5/L6 U494100
Spud Date 12/28/2002
Compl Date 1/17/2003

**Surf. Csg:** 8 5/8", 24# J-55
**Set:** @ 410' w/ 200 sks
**Hole Size:** 11"
**Circ:** Yes **TOC:** Surface

**Elevations:**
GL
KB
DF. 3444'

**Prod. Csg:** 5 1/2", 15 5# J-55
**Set:** @ 4010' w/ 850 sks
**Hole Size:** 7 7/8"
**Circ:** Yes **TOC:** Surface

**This wellbore diagram is based on the most recent information regarding wellbore configuration and equipment that could be found in the Midland Office well files and computer databases as of the update date below. Verify what is in the hole with the well file in the Eunice Field Office. Discuss w/ WEO Engineer, WO Rep, OS, ALS, & FS prior to rigging up on well regarding any hazards or unknown issues pertaining to the well.**



| | |
|---|---|
| 3853-3858' | Grayburg - Open |
| 3865-3870' | Grayburg - Open |
| 3876-3880' | Grayburg - Open |
| 3886-3889' | Grayburg - Open |
| 3894-3898' | Grayburg - Open |
| 3904-3907' | Grayburg - Open |
| 3913-3915' | Grayburg - Open |
| 3924-3928' | Grayburg - Open |
| 3932-3933' | Grayburg - Open |
| 3938-3942' | Grayburg - Open |
| 3952-3954' | Grayburg - Open |
| 3957-3961' | Grayburg - Open |

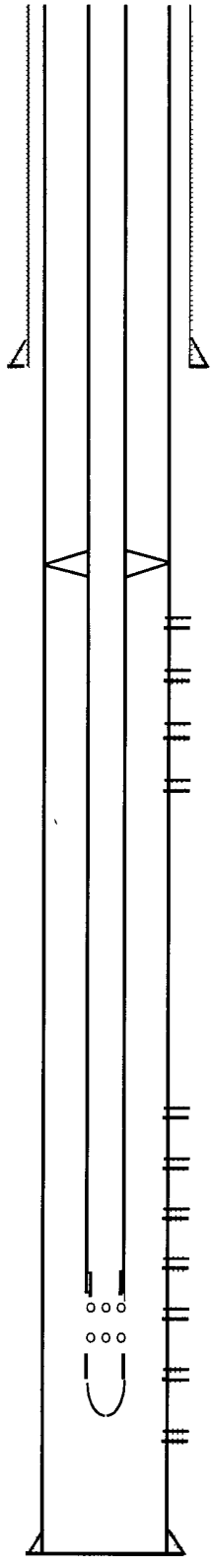
**PBTD:** 3990'
**TD:** 4010'
**Updated:** 5/29/09
**By:** N Southern

Well **State S # 11** Field **Penrose Skelly** Reservoir **Grayburg**

**Location:**
990' FNL & 330' FWL
Section 15
Township 21S
Range 37E
County Lea State NM

**Elevations:**
GL
KB
DF 3444'

**Proposed**
Wellbore Diagram



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Chevno HI5593
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L5/L6 U494100
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**Set:** @ 410' w/ 200 sks
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**Prod. Csg:** 5 1/2", 15 5# J-55
**Set:** @ 4010' w/ 850 sks
**Hole Size:** 7 7/8"
**Circ:** Yes **TOC:** Surface

**Tbg Detail:**
RBP @ 3825'
1 jt. 2 7/8" tbg
2 7/8" x 4' perf sub
SN @ 3910' EOT @ 3950'
12 jts 2 7/8" EUE 8R J-55 tbg
TAC @ 3650'
116 jts 2 7/8" EUE 8R J-55 tbg

| | |
|---|---|
| 3708-3713' | Grayburg - Open |
| 3716-3722' | Grayburg - Open |
| 3725-3729' | Grayburg - Open |
| 3734-3738' | Grayburg - Open |
| 3742-3748' | Grayburg - Open |
| 3754-3760' | Grayburg - Open |
| 3764-3770' | Grayburg - Open |

**This wellbore diagram is based on the most recent information regarding wellbore configuration and equipment that could be found in the Midland Office well files and computer databases as of the update date below. Verify what is in the hole with the well file in the Eunice Field Office. Discuss w/ WEO Engineer, WO Rep, OS, ALS, & FS prior to rigging up on well regarding any hazards or unknown issues pertaining to the well.**

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| 3865-3870' | Grayburg - Open |
| 3876-3880' | Grayburg - Open |
| 3886-3889' | Grayburg - Open |
| 3894-3898' | Grayburg - Open |
| 3904-3907' | Grayburg - Open |
| 3913-3915' | Grayburg - Open |
| 3924-3928' | Grayburg - Open |
| 3932-3933' | Grayburg - Open |
| 3938-3942' | Grayburg - Open |
| 3952-3954' | Grayburg - Open |
| 3957-3961' | Grayburg - Open |

**PBTD:** 3990'
**TD:** 4010'

**Updated:** 5/29/09
**By:** N Southern

# Tubing Landing Details

| Tubing Detail | | | | | | | Physical Inventory | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Jts | Description | Ref # | O D | I D | Length | Depth | Ref # | To Location | Cond | Rec Doc | Installed in Well | Cond | Balance | Cond | ELP - 400 |
| | Original KB to Tubing Head Flange | | | | 6 00 | 0 00 | | | | | | | | | |
| 1 | 2 7/8 6 5# 8rd J55 Sub | | | | 10 10 | 16 10 | | | | | | | | | |
| 117 | 2 7/8 6 5# 8rd J55 | | | | 3697 59 | 26 20 | | | | | | | | | |
| | 5 1/2 X 2 7/8 TAC | | | | 2 70 | 3723 79 | | | | | | | | | |
| 6 | 2 7/8 6 5# 8rd J55 | | | | 190 26 | 3726 49 | | | | | | | | | |
| 1 | 2 7/8 6 5# 8rd J55 IPC | | | | 31 77 | 3916 75 | | | | | | | | | |
| | SN | | | | 1 10 | 3948 52 | | | | | | | | | |
| | Perf Sub | | | | 4 10 | 3949 62 | | | | | | | | | |
| | 2 7/8 BPMA | | | | 31 57 | 3953 72 | | | | | | | | | |
| | | | | | | 3985 29 | | | | | | | | | |

| Rod Detail | | | | | | | CASING/LINER CEMENT DETAILS: | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 1 1/2 Polish Rod | | | | 26 00 | 26 00 | CEMENT CO | | | CMT PMP RATES | | | EST TOC | | |
| 1 | 3/4" Pony Rod Grade D (2') | | | | 2 00 | 28 00 | RETURNS ON JOB? | | | HOLE SIZE | | | CSG RECIPROCATED | | |
| 1 | 3/4" Pony Rod Grade D | | | | 4 00 | 32 00 | SPACER TYPE & VOL | | | PLUG BUMPED? | | | | | |
| 1 | 3/4" Pony Rod Grade D | | | | 6 00 | 38 00 | CASING SET @ TVD | | | SPACER TYPE & VOL | | | | | |
| 1 | 3/4" Pony Rod Grade D | | | | 8 00 | 46 00 | CEMENT | SACKS | TYPE | ADDITIVES | YIELD | PMP TIME | COMP STR @12 | WL | WT PPG |
| 152 | 3/4" Sucker Rods Grade D | | | | 3800 00 | 3846 00 | LEAD | | | | | | | | |
| 3 | 1 1/2 Sinker Bar Grade K | | | | 75 00 | 3921 00 | TAIL | | | | | | | | |
| 1 | 25-125-RHBC-20-4 -5 FIT EGEN-3082 8/16/04 FT | | | | | | REMARKS: | | | | | | | | |
| | Gas Anchor 1 1/4 X 12' | | | | | | | | | | | | | | |

| Details | | String | | WBS | | | Page | 1 OF 1 |
|---|---|---|---|---|---|---|---|---|
| Rep | Bobby McCurry | Field | Grayburg | Lease | STATE S | Well # | #11 | Date | 6/3/2004 |