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District I
1625 N French Dr, Hobbs, NM 88240
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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

Form C-103
June 19, 2008

RECEIVED

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

MAY 19 2010

HOBBSUCD

WELL API NO. 30-025-03101
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name STATE "AN"
8. Well Number 1
9. OGRID Number 4323
10. Pool name or Wildcat VACUUM ABO REEF

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.)

1. Type of Well: Oil Well ☒ Gas Well ☐ Other ☐

2. Name of Operator
CHEVRON U.S.A. INC.

3. Address of Operator
15 SMITH ROAD, MIDLAND, TEXAS 79705

4. Well Location

Unit Letter A: 330 feet from the NORTH line and 990 feet from the EAST line

Section 7 Township 18-S Range 35-E NMPM County LEA

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3963' GL

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
DOWNHOLE COMMINGLE ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: INTENT TO SET CIBP & INST ROD PUMP

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 SET A CIBP @ 8540' IN AN ATTEMPT TO SHUT OFF SOME OF THE ABO WATER PRODUCTION. ALSO, THE EXISTING ROD STRING WILL BE REPLACED WITH A HIGHER STRENGTH ROD STRING, AND THE ROD PUMP WILL BE UPSIZED TO A 2" PLUNGER.

ATTACHED, PLEASE FIND THE INTENDED PROCEDURE AND WELLBORE DIAGRAM.

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 05-18-2010

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

For State Use Only

APPROVED BY: [Signature] TITLE PETROLEUM ENGINEER DATE MAY 19 2010

Conditions of Approval (if any):

New Mexico State "AN" No. 1

API No. 30-025-03101

Job Description

The subject well has been identified as a Blinebry recompletion candidate. Presently the subject well is producing 9 BOPD, 140 BWPD and 10 MCFPD from the Abo formation. The existing equipment is unable to pump the well off. The limitation on the lift equipment is the 3/4" sucker rods which are 100% loaded under current conditions. The oil production from the subject well has dropped by 15 BOPD over the past year (production curve attached). It is theorized that the increase in water production and the limited lift capacity are the primary reasons for the decline in the oil production.

The recommendation is to pull the pumping equipment and to set a CIBP at 8540' in an attempt to shut off some of the Abo water production (see attached Scott Ingram recommendation). In addition to setting the CIBP, it is recommended that existing rod string be replaced with a higher strength rod string and also that the rod pump be upsized from a 1.25" plunger to a 2" plunger. This new equipment will allow us to pump the subject well off even if the water shut off attempt is unsuccessful. Larger lift equipment will eventually be required to handle production from the Abo and Blinebry formations. Once the productivity of the Abo formation can be established, the decision to proceed with a Blinebry completion can be made.

Economics for this workover are based on a 10 BOPD production increase which will be achieved by pumping the well off.

Workover Procedure

1. Rig up pulling unit. ND wellhead. POH w/ rods and pump laying down.
2. NU BOP. TOH w/ 2-7/8" production tubing.
3. Rig up wireline truck. Get on depth w/ SLB Perforating Depth Control Log dated 1/30/62.
4. Set 5-1/2" CIBP at 8540'. Rig down wireline truck.
5. TIH w/ 2-7/8" production tubing and set SN at 8500'. ND BOP.
6. RIH w/ a new 2" insert pump and a Norris 97 86 rod string as per the attached design.
7. NU wellhead.
8. Rig down pulling unit.
9. Return well to production and test.

PTB 5/12/10

Workover Recommendation
State AN #1
API #30-025-03101
Loc – 330' FNL, 990' FEL,
Section 7, T18S, R35E
Lea County, NM

May 5, 2010

The subject well has produced 2.467 MBO in its lifetime which is the highest cum of any well in the Vacuum Abo Reef reservoir. Current production is around 11 BO and 150 BW pumping with 100% run time and a high FL. In June 2005, the well was found to be producing from Abo Reef perms across a 500' gross interval; a PB recommendation was executed isolating the lower 200' of perms to reduce water influx resulting in a production increase of 70 BOPD and a water production decrease of 150 BWPD (see attached DSS plot). Since that time the oil production has decreased and water increased substantially, suggesting it is time to try another plugback.

Recommendation

There is a gap between existing perms from 8535 to 8549', I recommend we set a CIBP within this gap at approximately 8540' and return to production (see attached index and Xsection). The upper Abo Reef stratigraphy is more complex than within the lower Abo Reef in this area so there is some risk of losing oil production along with the water we wish to isolate, therefore I recommend we not cap the CIBP with cement. After returning to production and obtaining a representative and stable Abo production rate, I recommend we then proceed with the Blinbry recompletion and DH commingle proposed by Adil Manzoor on march 3rd, 2010. Note from the attached cross section that it may be beneficial to perform a similar PB on the AB #9 at this time

Scott M. Ingram
5/5/2010

Attachments
cc: well file

**CURRENT
WELLBORE DIAGRAM**

Created: 4/21/2003 By: SMG
 Updated: 3/22/2010 By: PTB
 Lease: State AN
 Surface Location: 330' FNL & 990' FEL
 County: Lea St: NM
 Current Status: Active Oil Well
 Directions to Wellsite: Buckeye, New Mexico

Well No.: 1 Field: Vacuum Abo Reef
 Unit Ltr: A Sec: 7 TSHP/Range: 18S-35E
 St Lease: E-7653 API: 30-025-03101
 Elevation: 3980' KB

Surface Casing

Size:	13 3/8"
Wt.:	36#
Set @:	338'
Sxs cmt:	350
Circ:	Yes
TOC:	Surface
Hole Size:	17 1/2"

Intermediate Casing

Size:	8 5/8"
Wt.:	24# & 32#
Set @:	3299'
Sxs Cmt:	1400
Circ:	Yes
TOC:	520'
Hole Size:	11"

Production Casing

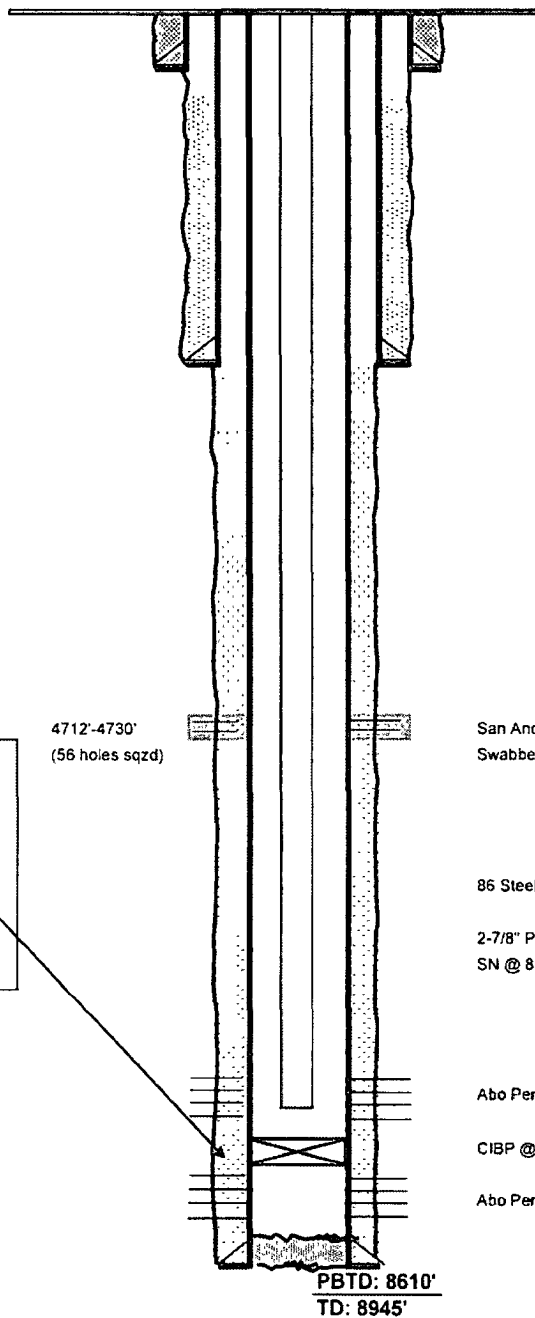
Size:	5 1/2"
Wt.:	15.5# & 17#
Set @:	8944'
Sxs Cmt:	700
Circ:	Yes
TOC:	3300'
Hole Size:	7 7/8"

12/04- ac perms 25M gals +6M# RS + 200 BS, 8.5 BPM/654#, ISIP vac

6/05- set CIBP 8610'.
 after 185 BO, 87 BW, 68 MCFPD
 before 32 BO, 216 BW, 9 MCFPD

Perforations

8350'-8535'	(2 JSPF, 188 holes)
8549'-8695'	(2 JSPF, 118 holes)
8736'-8818'	(1spf, 82 holes) RBP



KB: 3980'
 DF: 3980'
 GL: 3963'
 Original Spud Date: 12/22/1961
 Original Compl. Date: 1/26/1962

4712'-4730'
 (56 holes sqzd)

San Andres Perfs. 4712' 30' (56 holes)
 Swabbed dry Sqz'd w/ 300 sks

86 Steel Rod String

2-7/8" Production Tubing
 SN @ 8529'

Abo Perfs 8350' - 8590'

CIBP @ 8610'

Abo Perfs 8620' - 8818'

PBTD: 8610'
 TD: 8945'

Chevron U.S.A. Inc. Wellbore Diagram : STATE AN 01

