

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010**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 reverse side.**

| | | |
|---|--|--|
| 1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 5. Lease Serial No. NMNM62590 |
| 2. Name of Operator OXY USA INCORPORATED | | 6. If Indian, Allottee or Tribe Name |
| 3a. Address 5 GREENWAY PLAZA STE-110 HOUSTON, TX 77046-0521 | | 7. If Unit or CA/Agreement, Name and/or No. |
| 3b. Phone No. (include area code) Ph: 432.685.5717 | | 8. Well Name and No. FEDERAL 26 13H |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 26 T22S R31E NWNE 334FNL 2378FEL 32.368689 N Lat, 103.747285 W Lon | | 9. API Well No. 30-015-41600-00-X1 |
| | | 10. Field and Pool, or Exploratory LIVINGSTON RIDGE |
| | | 11. County or Parish, and State EDDY COUNTY, NM |

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|--|---|---|--|---|
| <input checked="" type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | Change to Original A PD |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

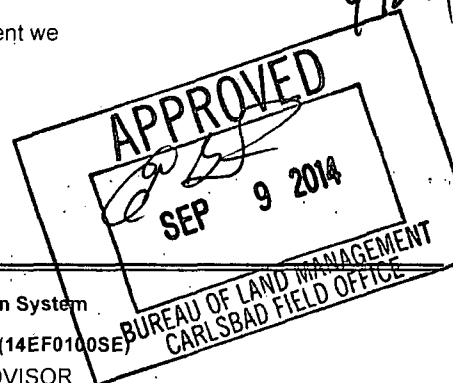
13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths 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 shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

OXY USA Inc. respectfully requests approval for the following changes to the drilling plan:

Add DV tool and ACP at 4624', 104' below intermediate casing shoe for contingency second stage cement job. If cement comes to surface during first stage cement job we will inflate the ACP and then drop the cancellation cone for the DV tool. Add second stage contingency cement in the event we do not circulate cement to surface during the first stage.

Production Casing
5-1/2" 17# L-80 BT&C new csg @ 0-12735', 7-7/8" hole w/ 9.2# mud

Coll Rating (psi)-6290 Burst Rating (psi)-7740
SF Coll-1.55 SF Burst-1.25 SF Ten-1.79

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL****Accepted for record**
NMOCB TOS
9-12-14

| | |
|---|--------------------------|
| 14. I hereby certify that the foregoing is true and correct. | |
| Electronic Submission #261847 verified by the BLM Well Information System For OXY USA INCORPORATED, sent to the Carlsbad Committed to AFMSS for processing by ED FERNANDEZ on 09/09/2014 (14EF0100SE) | |
| Name (Printed/Typed) DAVID STEWART | Title REGULATORY ADVISOR |
| Signature (Electronic Submission) | Date 09/08/2014 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | | |
|---|---------------------------------|------------------------|
| Approved By <u>EDWARD FERNANDEZ</u> | Title <u>PETROLEUM ENGINEER</u> | Date <u>09/09/2014</u> |
| 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 <u>Carlsbad</u> |

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.

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

Additional data for EC transaction #261847 that would not fit on the form

32. Additional remarks, continued

Production - Circulate cement to surface w/ 570sx Tuned Light cmt w/ .125#/sx Poly-E-Flake + .8% HR-601 + 3#/sx Kol-Seal, 9.76ppg (10.2ppg downhole) 3.46 yield 801# 24hr CS 100% Excess followed by 770sx Super H cmt w/ 3#/sx salt + .3% CFR-3 + .5% Halad-344 + 2#/sx Kol-Seal, 13.2ppg 1.65 yield 1462# 24hr CS 40% Excess.

Contingency 2nd Stage - Cement w/ 380sx Econocement, 12.4ppg 2.069 yield 500# 27hr CS 10% Excess followed by 100sx PP cmt, 14.8ppg 1.326 yield 1462# 24hr CS 150# excess.

Description of Cement Additives: Salt (Accelerator); CFR-3 (Dispersant); Kol-Seal, Poly-E-Flake (Lost Circulation Additive); Halad-344 (Low Fluid Loss Control); HR-601 (Retarder)

The above cement volumes could be revised pending the caliper measurement.

CONDITIONS OF APPROVAL

Sundry dated 9/08/2014

| | |
|-----------------------|------------------------------------|
| OPERATOR'S NAME: | OXY USA Inc |
| LEASE NO.: | NM62590 |
| WELL NAME & NO.: | 13H Federal 26 |
| SURFACE HOLE FOOTAGE: | 334' FNL & 2378' FEL |
| BOTTOM HOLE FOOTAGE | 350' FSL & 2260' FEL |
| LOCATION: | Section 26, T.22 S., R.31 E., NMPM |
| COUNTY: | Eddy County, New Mexico |

Original COA still stand (dated 08/03/2014 with sundry dated 07/18/2014) with the following drilling modifications:

Centralizers required on horizontal leg, must be type for horizontal service and a minimum of one every other joint.

1. The minimum required fill of cement behind the 5-1/2 inch production casing is:

a. First stage to DV tool:

- ☒ Cement to circulate to surface. If cement does not circulate, contact the appropriate BLM office before proceeding with second stage cement job. Operator should have plans as to how they will achieve circulation on the next stage.

Operator has proposed a contingency DV tool at 4624'. If cement circulates to surface while pumping the first stage, operator is approved to run the DV tool cancellation plug and cancel the second stage of the proposed cement plan.

b. Second stage above DV tool:

- ☒ Cement to surface. If cement does not circulate, contact the appropriate BLM office. **Excess calculates to 12% - Additional cement may be required.**

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