| Term 310.02 (March 2017) UNITED STATES DEPARTMENT OF THE INTERIOR BURLAU OF LAND MARAGEMENT EVEN APPROVED BURLAU OF LAND MARAGEMENT EVEN APPROVED SUDAT VIOTEES ADD 10 / 2017 (MARAMI0375) SUDAT WONTED STATES De not use this form for propagate to doll of to membra an elabordoom will, Use form for propagate to doll of to membra an elabordoom will, Use form for propagate to doll of to membra an elabordoom will, Use form for propagate to doll of to membra an elabordoom will, Use form for propagate to doll of to membra an elabordoom will, Use form for propagate to doll of to membra an elabordoom will, Use form for propagate to doll of to membra an elabordoom will, Use form for propagate to doll of to membra an elabordoom will, Use form for propagate to doll of to membra an elabordoom will, Use form for propagate to doll of to membra an elabordoom will, Use form for propagate to doll of the membra an elabordoom will, Use form for propagate to doll of the membra an elabordoom will and the set of the membra and the set of the membra and the set of the set of the membra and the set of the membra and the set of the set of the set of the membra and the set of | , | | | NSERVAT | ION | • | | | |
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| SUUDEY NOTICES AND REPORTS ON VELLS abandoned well. Use form 3160.3 (APD) for such proposals. 0 ¹ | (August 2007) | | ARTEST | A DISTRICT | FORM A OMB NO | . 1004-0135 | | | |
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| S GREENWAY PLAZA STE 110 Ph: 432 685.5717 COTTOW/OOD DRAW 4. Location of Wall (Frange, Ser. 7, R. M. or Survey Description) Sec. 17, R. M. or Survey Description) II. County or Parish, and State S GREENWAY PLAZA STE 110 General Description) II. County or Parish, and State S 17 TYPE OF ACTION EDDY COUNTY, NM S 12 22100 N Lat, 104 235336 W Lon II. County or Parish, and State II. County or Parish, and State EDDY COUNTY, NM S 12 CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA TYPE OF SUBMISSION II. Acidize II. Casing Repair New Construction Subsequent Report Casing Repair II. Subsequent Report Casing Repair II. County or Completed Operation Clearly and a Dipersonal Temporarity Ahandon II. Dearity Proposed or Completed Operation Clearly and a Dipersonal temporarity Ahandon Temporarity Ahandon II. Dearity Proposed or Completed Properation Reversion Reve | 2. Name of Operator | | STEWART | | |)-X1 | | | |
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| Name (Printed/Typed) DAVID STEWART Title REGULATORY ADVISOR Signature (Electronic Submission) Date 08/17/2015 ADD OVED THIS SPACE FOR FEDERAL OR STATE OFFICE USE AUG 2 1 2015 Tate | | Electronic Submission #312995 For OXY USA INCOF | RPORATED, sent to the | e Carisbad | | | | | |
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| | Title 18 U.S.C. Section 1001 and Title 43 States any false, fictitious or fraudulent | U.S.C. Section 1212, make it a crime fo statements or representations as to any n | r any person knowingly and natter within its jurisdiction | d willfully to ma | | | ted | | |
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Additional data for EC transaction #312995 that would not fit on the form

32. Additional remarks, continued

Intermediate Casing 7-5/8" 29.7# L-80 BT&C new csg @ 0-7200', 9-7/8" hole w/ 9.0# mud

Coll Rating (psi)-4790 Burst Rating (psi)-6890 SF Coll-2.74 SF Burst-1.42 SF Ten-2.4

Collapse and burst loads calculated using Stress Check with anticipated loads, see attached for design assumptions

2. Cement program modifications detailed below.

a. Intermediate - Circulate cement to surface w/ 950sx Tuned Light (TM) system cmt w/ 3#/sx Kol-Seal + .125#/sx Poly-E-Flake + .8% HR-601, 10.2ppg 3.05 yield 500# in 15.07hr CS 125% Excess followed by 100sx Super H cmt w/ 3#/sx salt + .1% HR-800 + .3% CFR-3 + .5% Halad(R)-344 + 2#/sx Kol-Seal, 13.2ppg 1.65 yield 500# in 12.57hr CS 15% Excess.

Contingency 2nd Stage - Circulate cement to surface w/ 260sx HES light PP cmt w/ 5% Salt + .1% HR-800, 12.9ppg 1.85 yield 500# in 12.44hr CS 75% Excess followed by 180sx PP cmt, 14.8ppg 1.33 yield 500# in 6.31hr CS 125% Excess.

b. Production - Cement w/ 460sx Super H cmt w/ 3#/sx salt + .1% HR-800 + .3% CFR-3 + .5% Halad(R)-344 + 2#/sx Kol-Seal, 13.2ppg 1.65 yield 500# in 12.57hr CS 50% Excess. Estimated TOC @ 6200'.

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, HR-800 (Retarder) The above cement volumes could be revised pending the caliper measurement.

| Mud Program | | | |
|-------------------------------|--------------------|---------------|-------------------------|
| Depth Mud WT | Vis Sec | Fluid Loss | Type · |
| 0-350' 8.5-9.0 | | 50-75cc/30min | EnerSeal Spud Mud (MMH) |
| 350-1900' 9.8-10 | 28-32 | NC Na | aCl Brine |
| 1900-7500' 9.0-9.4 | ¹ 38-50 | 50-75cc/30m | in EnerSeal (MMH) |
| 7500'-TD 8.8-9.6 | 28-32 | NC Ci | ut Brine |

Remarks: The mud system will be monitored visually/manually as well as with an electronic PVT. The necessary mud products for additional weight and fluid loss control will be on location at all times. Appropriately weighted mud will be used to isolate potential gas, oil, and water zones until such time as casing can be cemented into place for zonal isolation.

Oxy proposes to drill out the 10-3/4" surface casing shoe with a saturated brine system from 350-1900', which is the base of the salt system. At this point we will swap fluid systems to a high viscosity mixed metal hydroxide system. We will drill with this system to the intermediate TD @ 7500'.

We are also proposing to change the production mud system back to a cut brine system.

OXY USA Inc. Peaches 19 Federal

Casing Design Assumptions:

Burst Loads

CSG Test (Intermediate)

- Internal: Displacement fluid + 70% CSG Burst rating
- External: Pore Pressure from the Intermediate hole TD to Surface CSG shoe and MW of the drilling mud that was in the hole when the CSG was run to surface

CSG Test (Production)

- Internal: Fresh water displacement fluid + 80% CSG Burst rating
- External: Pore Pressure from the well TD the Intermediate CSG shoe and MW of the drilling mud that was in the hole when the CSG was run to surface

Gas Kick (Intermediate)

- Internal: Gas Kick based on Pore Pressure or Fracture Gradient @ CSG shoe with a gas 0.115psi/ft Gas gradient to surface while drilling the next hole section (e.g. Gas Kick while drilling the production hole section is a burst load used to design the intermediate CSG)
- External: Pore Pressure from section TD to previous CSG shoe and MW of the drilling mud that was in the hole when the CSG was run to surface

Stimulation (Production)

- Internal: Displacement fluid + Max Frac treating pressure (not to exceed <u>80%</u> CSG Burst rating)
- External: Pore Pressure from the well TD to the Intermediate CSG shoe and 8.5 ppg MWE to surface

Collapse Loads

Lost Circulation (Intermediate)

- Internal: Losses experienced while drilling the next hole section (e.g. losses while drilling the production hole section are used as a collapse load to design the intermediate CSG). After losses there will be a column of mud inside the CSG with an equivalent weight to the Pore Pressure of the lost circulation zone
- External: MW of the drilling mud that was in the hole when the CSG was run

Cementing (Surface/Intermediate/Production)

- Internal: Displacement Fluid
- External: Cement Slurries to TOC, MW to surface

Full Evacuation (Production)

- Internal: Atmospheric Pressure
- External: MW of the drilling mud that was in the hole when the CSG was run

Tension Loads

Running CSG (Intermediate/Production)

• Axial load of the buoyant weight of the string plus either 100 klb over-pull or string weight in air, whichever is less

Green Cement (Intermediate/Production)

• Axial load of the buoyant weight of the string plus the cement plug bump pressure (Final displacement pressure + 500 psi)

Burst, Collapse and Tensile SF are calculated using Landmark's Stress Check (Casing Design) software.

Conditions of Approval

1. The minimum required fill of cement behind the 7-5/8 inch intermediate casing is:

Option #1: Single stage

Cement to surface. If cement does not circulate, contact the appropriate BLM office.

Option #2: Multi-stage

Operator has proposed DV tool at depth of 1900'. Operator is to submit sundry if DV tool depth varies by more than 100' from approved depth.

- a. First stage to DV tool:
- Cement to circulate. 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 approved top of cement on the next stage.

b. Second stage above DV tool:

Cement to surface. If cement does not circulate, contact the appropriate BLM office.