

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM APPROVED
OMB NO. 1004-0137
Expires: January 31, 2018**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.*5. Lease Serial No.
NMNM59386

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2

7. If Unit or CA/Agreement, Name and/or No.

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other8. Well Name and No.
Multiple--See Attached

2. Name of Operator

OXY USA INCORPORATED

Contact: DAVID STEWART
E-Mail: david_stewart@oxy.com9. API Well No.
Multiple--See Attached

3a. Address

5 GREENWAY PLAZA SUITE 110
HOUSTON, TX 77046-0521

3b. Phone No. (include area code)

Ph: 432.685.5717

10. Field and Pool or Exploratory Area
PIERCE CROSSING-BONE SPRING

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Multiple--See Attached

11. County or Parish, State

EDDY COUNTY, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Hydraulic Fracturing	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☒ Other
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	Change to Original APD
	☐ Convert to Injection	☐ Plug Back	☐ 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 recomplete 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 must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must 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 to amend the APD for the following wells for BOP Break Testing.

As per the agreement reached in the Oxy/BLM meeting on Feb 22, 2018, OXY requests permission to allow BOP Break Testing under the following conditions:

1. Only after a full BOP test has been conducted on the first well on the pad.
2. Only when skidding from an intermediate to another intermediate section. Exception will be an intermediate followed by a production hole. In that case a full BOP test will be conducted.
3. Only applicable for intermediates that do not penetrate into the Wolfcamp.

NATIONAL CONSERVATION
ARTESIA DISTRICT

MAR 28 2018

RECEIVED

14. I hereby certify that the foregoing is true and correct.

Electronic Submission #407246 verified by the BLM Well Information System

For OXY USA INCORPORATED, sent to the Carlsbad

Committed to AFMSS for processing by PRISCILLA PEREZ on 03/12/2018 (18PP1287SE)

Name (Printed/Typed) DAVID STEWART

Title REGULATORY ADVISOR

Signature (Electronic Submission)

Date 03/09/2018

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By CHRISTOPHER WALLS

Title PETROLEUM ENGINEER

Date 03/15/20

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 Carlsbad

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.

(Instructions on page 2)

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

RVP 3-29-18

Additional data for EC transaction #407246 that would not fit on the form

Wells/Facilities, continued

Agreement	Lease	Well/Fac Name, Number	API Number	Location
NMNM59386	NMNM59386	CORRAL CANYON 36-25 FED COM #21H - 30-015-44631	30-015-44631-00-X1	Sec 1 T25S R29E 381FNL 1493FWL 32.165501 N Lat, 103.941772 W Lon
NMNM59386	NMNM59386	CORRAL CANYON 36-25 FED COM #22H - 30-015-44632	30-015-44632-00-X1	Sec 1 T25S R29E 381FNL 1528FWL 32.165501 N Lat, 103.941666 W Lon
NMNM59386	NMNM59386	CORRAL CANYON 36-25 FED COM #23H - 30-015-44633	30-015-44633-00-X1	Sec 1 T25S R29E 381FNL 1563FWL 32.165501 N Lat, 103.941551 W Lon
NMNM59386	NMNM59386	CORRAL CANYON 36-25 FED COM #24H - 30-015-44634	30-015-44634-00-X1	Sec 1 T25S R29E 940FNL 1283FEL 32.163986 N Lat, 103.933601 W Lon
NMNM59386	NMNM59386	CORRAL CANYON 36-25 FED COM #25H - 30-015-44635	30-015-44635-00-X1	Sec 1 T25S R29E 940FNL 1248FEL 32.163986 N Lat, 103.933487 W Lon
NMNM59386	NMNM59386	CORRAL CANYON 36-25 FED COM #26H - 30-015-44636	30-015-44636-00-X1	Sec 1 T25S R29E 940FNL 1213FEL 32.163986 N Lat, 103.933372 W Lon

32. Additional remarks, continued

Upon approval, OXY will BOP Break Test on any intermediate section of the wells included below that complies with the conditions in this document.

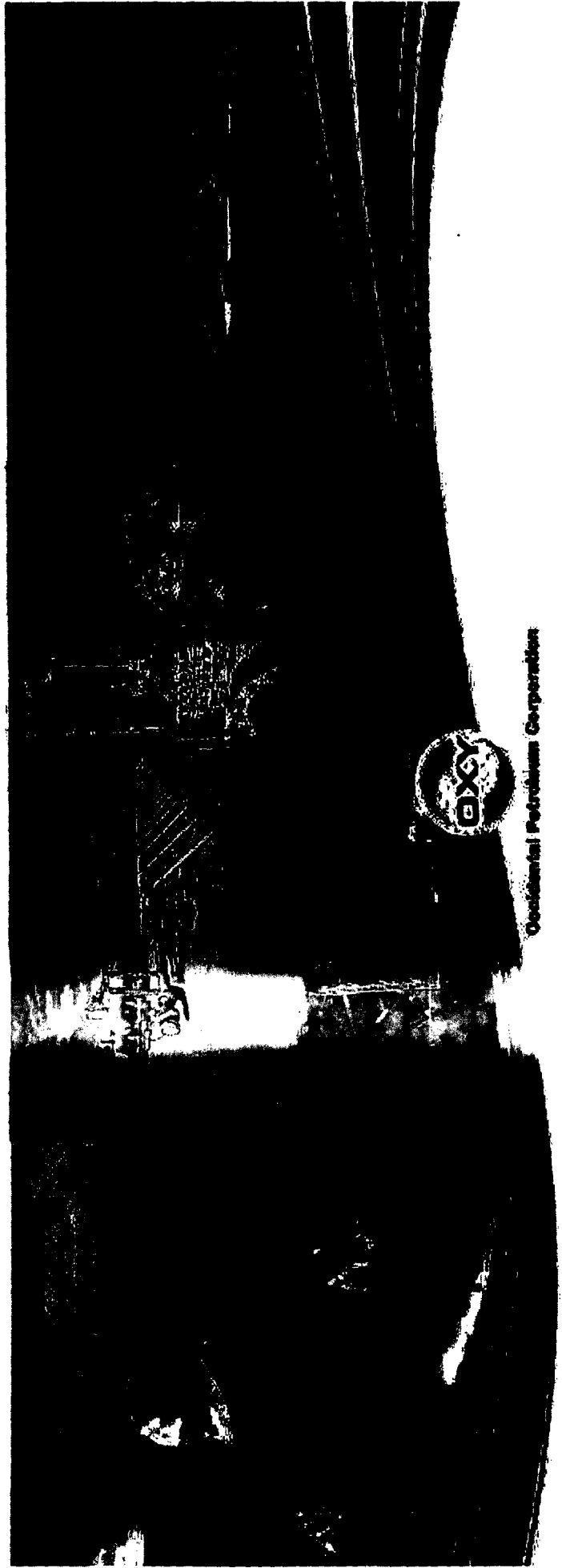
Corral Canyon 36-25 Federal Com #21H - 30-015-44631 - NMNM59386
Corral Canyon 36-25 Federal Com #22H - 30-015-44632 - NMNM59386
Corral Canyon 36-25 Federal Com #23H - 30-015-44633 - NMNM59386
Corral Canyon 36-25 Federal Com #24H - 30-015-44634 - NMNM59386
Corral Canyon 36-25 Federal Com #25H - 30-015-44635 - NMNM59386
Corral Canyon 36-25 Federal Com #26H - 30-015-44636 - NMNM59386

Revisions to Operator-Submitted EC Data for Sundry Notice #407246

	Operator Submitted	BLM Revised (AFMSS)
Sundry Type:	APDCH NOI	APDCH NOI
Lease:	NMNM59386	NMNM59386
Agreement:		
Operator:	OXY USA INC P.O. BOX 50250 MIDLAND, TX 79710 Ph: 432-685-5717	OXY USA INCORPORATED 5 GREENWAY PLAZA SUITE 110 HOUSTON, TX 77046-0521 Ph: 713.350.4816
Admin Contact:	DAVID STEWART SR. REGULATORY ADVISOR E-Mail: david_stewart@oxy.com Cell: 432-634-5688 Ph: 432-685-5717	DAVID STEWART REGULATORY ADVISOR E-Mail: david_stewart@oxy.com Ph: 432.685.5717
Tech Contact:	DAVID STEWART SR. REGULATORY ADVISOR E-Mail: david_stewart@oxy.com Cell: 432-634-5688 Ph: 432-685-5717	DAVID STEWART REGULATORY ADVISOR E-Mail: david_stewart@oxy.com Ph: 432.685.5717
Location:		
State:	NM	NM
County:	EDDY	EDDY
Field/Pool:	PIERCE CROSSING BS, EAST	PIERCE CROSSING-BONE SPRING, E
Well/Facility:	CORRAL CANYON 36-25 FED COM 21H Sec 1 T25S R29E NENW 381FNL 1493FWL 32.165501 N Lat, 103.941776 W Lon	CORRAL CANYON 36-25 FED COM 21H Sec 1 T25S R29E 381FNL 1493FWL 32.165501 N Lat, 103.941772 W Lon CORRAL CANYON 36-25 FED COM 22H Sec 1 T25S R29E 381FNL 1528FWL 32.165501 N Lat, 103.941666 W Lon CORRAL CANYON 36-25 FED COM 23H Sec 1 T25S R29E 381FNL 1563FWL 32.165501 N Lat, 103.941551 W Lon CORRAL CANYON 36-25 FED COM 24H Sec 1 T25S R29E 940FNL 1283FEL 32.163986 N Lat, 103.933601 W Lon CORRAL CANYON 36-25 FED COM 25H Sec 1 T25S R29E 940FNL 1248FEL 32.163986 N Lat, 103.933487 W Lon CORRAL CANYON 36-25 FED COM 26H Sec 1 T25S R29E 940FNL 1213FEL 32.163986 N Lat, 103.933372 W Lon

REQUEST FOR A VARIANCE TO BREAK TEST THE BOP

Permian Resources New M o



Request for Variance

OXY USA Inc. (OXY) requests a variance to allow break testing of the Blowout Preventer (BOP) stack when skidding a drilling rig between wells on multi-well pads

- This practice entails retesting only the connections of the BOP stack that have been disconnected during this operation and not a complete BOP test.
- As the choke manifold remains stationary during the skidding operation and the only break to the manifold is tested, no further testing of the manifold is done until the next full BOP test.
- This request is being made as per Section IV of the *Onshore Oil and Gas Order (OOGO) No. 2*



Rationale for Allowing

g BOP Break Testing

American Petroleum Institute (API) standards, specifications and recommended practices are considered industry standards and are consistently utilized and referenced by the industry

- API Standard 53, *Blowout Prevention Equipment Systems for Drilling Wells* (Fourth Edition, November 2012, Addendum 1, July 2016) recognizes break testing as an acceptable practice.
- Specifically, API Standard 53, Section 6.5.3.4.1.b states “Pressure tests on the well control equipment shall be conducted after the disconnection or repair of any pressure containment seal in the BOP stack, choke line, kill line, choke manifold, or wellhead assembly but limited to the affected component.”



Rationale for Allowing

g BOP Break Testing

The Bureau of Safety and Environmental Enforcement (BSEE), Department of Interior, has also utilized the API standards, specifications and best practices in the development of its offshore oil and gas regulations and incorporates them by reference within its regulations.

- BSEE issued new offshore regulations in July 2016 under 30 CFR Part 250, *Oil and Gas and Sulphur Operations in the Outer Continental Shelf - Blowout Preventer Systems and Well Control*. Within these regulations is language adopted from API Standard 53 which also supports break testing.
- Specifically, Section 250.737(d.8) states “Pressure test affected BOP components following the disconnection or repair of any well-pressure containment seal in the wellhead or BOP stack assembly.”



Rationale for Allowing

g BOP Break Testing

Break testing has been approved by the BLM in the past

- The Farmington Field Office approved a Sundry Notice (SN) to allow break testing in 2015
- This SN granted permission for the operator to break test when skidding its Aztec 1000 rig on multi-well pads

Oxy feels break testing and our current procedures meet or exceed the intent of OOGO No. 2

- As skidding operations take place within the 30-day full BOPE test window, the BOP shell and components such as the pipe rams and check valve get tested to the full rated working pressure more often
- Oxy's standard requires complete BOP tests more often than that of OOGO No. 2
- Oxy performs a choke drill prior to drilling out every casing shoe. As a crew's training is a vital part of well control, this procedure to simulate step one of the Driller's Method exceeds the requirements of OOGO No. 2



Break Testing Procedures

- 1) OXY to submit the break testing plan in the APD or Sundry Notice (SN) and receive approval prior to implementing
- 2) OXY would perform BOP break testing on multi-well pads where multiple intermediate sections can be drilled and cased within the full BOP test window
- 3) After performing a complete BOP test on the first well and drilling and casing the hole section, three breaks would be made on the BOP.
 - Between the check valve and the kill line
 - Between the HCR valve and the co-flex hose or the co-flex hose and the manifold
 - Between the BOP flange and the wellhead
- 4) The BOP is then lifted and removed from the wellhead by the hydraulic winch system
- 5) After skidding to the next well, the BOP is moved to the wellhead by the hydraulic winch system and installed
- 6) The choke line and kill line are reconnected
- 7) A test plug is installed in the wellhead with a joint of drill pipe and the internal parts of the check valve are removed

Break Testing Procedures

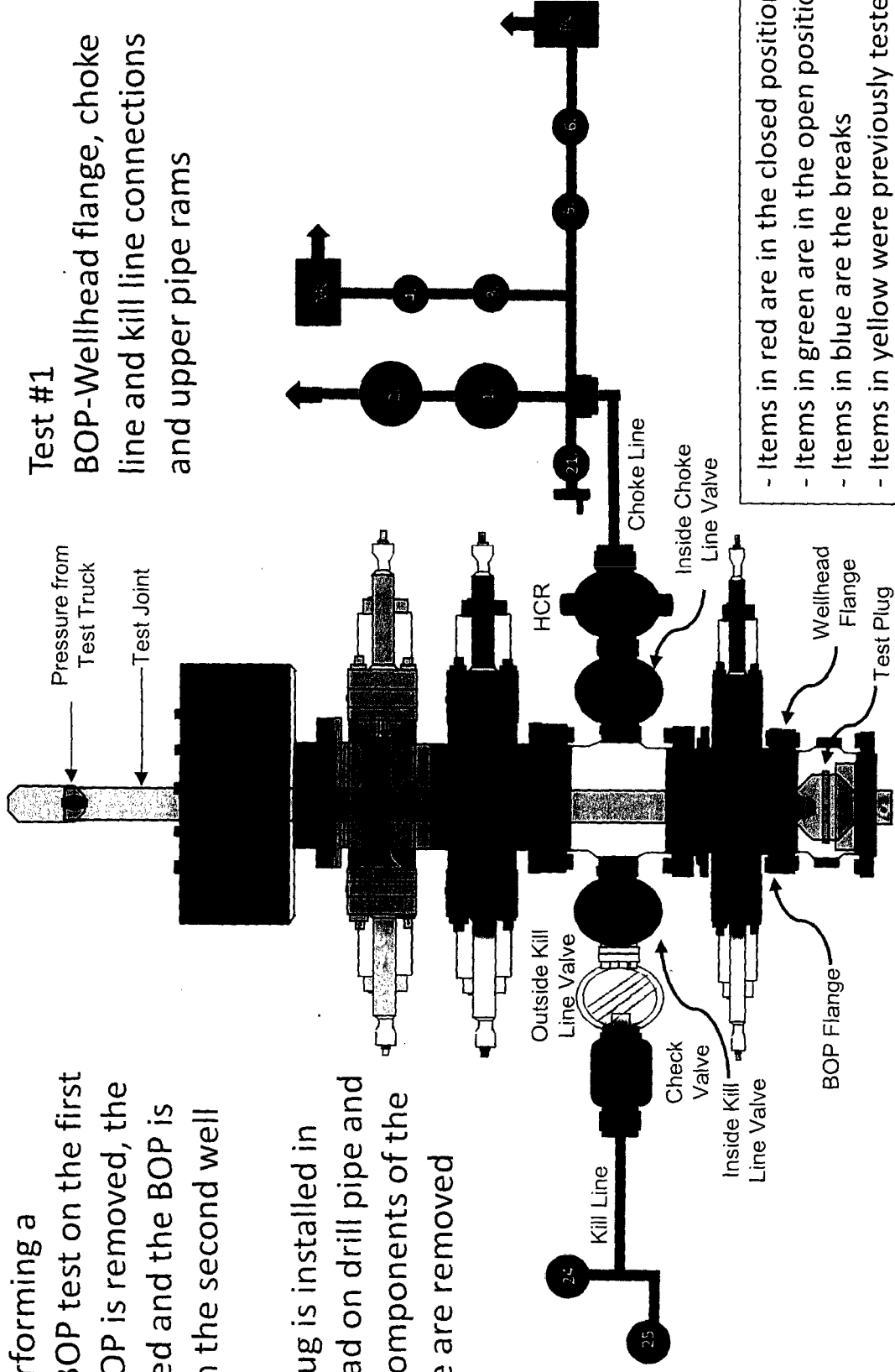
- 8) A shell test is performed against the upper pipe rams testing all three breaks
- 9) The internal parts of the check valve are reinstalled and the HCR valve is closed.
A second test is performed on them
- 10) These tests consist of a 250 psi low test and a high test to the value submitted in the APD or SN (e.g., 5000 psi)
- 11) Perform a function test of components not pressure tested to include the lower pipe rams, the blind rams and the annular
- 12) If this were a three well pad, the same three breaks on the BOP would be made and steps 4 through 11 would be repeated
- 13) A second break test would only be done if the third hole section could be completed within the 30-day BOP test window
- 14) If a second break test is performed, additional components that were not tested on the first break test will be tested

Break Testing Procedures

and Tests

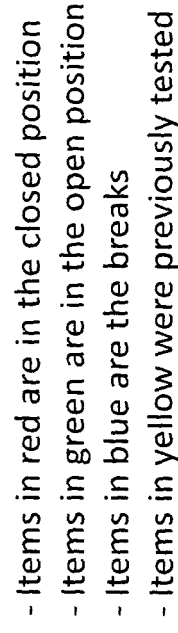
1. After performing a complete BOP test on the first well, the BOP is removed, the rig is skidded and the BOP is installed on the second well

2. A test plug is installed in the wellhead on drill pipe and the inner components of the check valve are removed



Procedures and Tests

Test #2
BOP-Wellhead flange, HCR valve, check valve and upper pipe rams

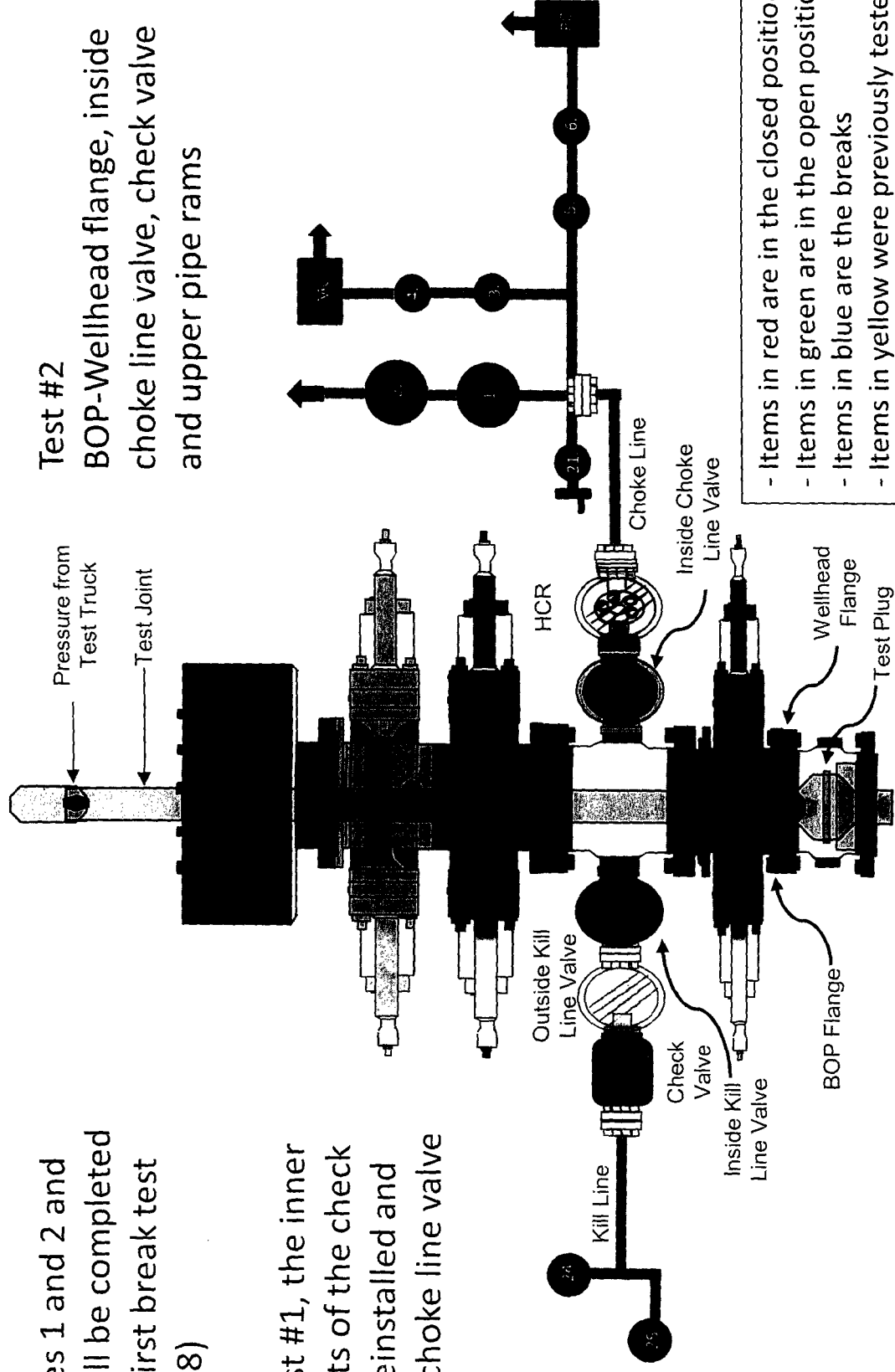


Second Break Test

ing Procedures and Tests

Procedures 1 and 2 and Test #1 will be completed as in the first break test (see slide 8)

3. After Test #1, the inner components of the check valve are reinstalled and the inside choke line valve is closed



BOP Handling System

Hydraulic winch system which moves the BOP from its carrier to the wellhead

BOP standing in its carrier



BOP Handling System

Hydraulic winch system moving the BOP over to the wellhead

Wellhead



Summary for Variance

Request for Break Testing

- API standards, specifications and recommended practices are considered industry standards
 - OOGO No. 2 recognized API Recommended Practices (RP) 53 in its original development
 - API Standard 53 recognizes break testing as an acceptable practice
 - The Bureau of Safety and Environmental Enforcement has utilized API standards, specifications and best practices in the development of its offshore oil and gas regulations
 - API Standard 53 recognizes break testing as an acceptable practice
- OXY feels break testing meets the intent of OOGO No. 2 to protect public health and safety and the environment

