Form 3160-5 (June 2015)

UNITED STATES

MAY 2 3 2000 PARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

FORM APPROVED OMB NO. 1004-0137 Expires: January 31, 2018

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DISTRADANGONED Wel	S form for proposals to drill o II. Use form 3160-3 (APD) for	such proposals.	Arte Mandian, Allottee	or Tribe Name
SUBMIT IN 1	TRIPLICATE - Other instructio	ns on page 2	7. If Unit or CA/Agre	eement, Name and/or No.
1. Type of Well	······································		8. Well Name and No CEDAR CANYO	N 20 FEDERAL COM 26H
2. Name of Operator		STEWART	9. API Well No.	
OXY USA INCORPORATED	E-Mail: david_stewart@ox		30-015-44520-	00-X1
3a. Address 5 GREENWAY PLAZA SUITE HOUSTON, TX 77046-0521		hone No. (include area code) 432.685.5717	10. Field and Pool or PIERCE CROS	
4. Location of Well (Footage, Sec., T.	, R., M., or Survey Description)		11. County or Parish,	State
Sec 29 T24S R29E NWNE 11 32.195396 N Lat, 104.002464			EDDY COUNT	Y, NM
12. CHECK THE AF	PPROPRIATE BOX(ES) TO IN	IDICATE NATURE OF	NOTICE, REPORT, OR OT	HER DATA
TYPE OF SUBMISSION		TYPE OF	ACTION	
- New Classic	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
■ Notice of Intent	☐ Alter Casing	☐ Hydraulic Fracturing	☐ Reclamation	■ Well Integrity
☐ Subsequent Report	☐ Casing Repair	■ New Construction	☐ Recomplete	⊠ Other
☐ Final Abandonment Notice	☐ Change Plans	□ Plug and Abandon	□ Temporarily Abandon	Change to Original A PD
•	☐ Convert to Injection	□ Plug Back	■ Water Disposal	
testing has been completed. Final Abdetermined that the site is ready for fit OXY USA Inc. respectfully required 1. Amend the surface, intermedicearance request, see attached Annular Clearance Variance For As per the agreement reached allow deviation from the 0.422 following conditions: a. Annular clearance to meet of coupling only on the first 500's b. Annular clearance less than	quests to amend the APD with the diate and production casings sized. Request in the Oxy/BLM meeting on Fe annular clearance requirement overlap between both casings.	after all requirements, including following changes are type, and depth and by 22, 2018, Oxy reques the from Onshore Order #2 and the casing ID and predicted and predicted are the casing ID and predicted are followed as the casing ID and predicted are the casing ID and ID	add the annular ts permission to under the SEE ATTAC!	and the operator has24-18 ecord - NMOCD
	Electronic Submission #419692 For OXY USA INCOI nmitted to AFMSS for processing	RPORATED, sent to the (by PRISCILLA PEREZ on	Carlsbad 05/11/2018 (18PP1683SE)	
Name (Printed/Typed) DAVID ST	EWARI	Title REGULA	ATORY ADVISOR	<u> </u>
Signature (Electronic S	Subinission)	Date 05/10/20	018	
	THIS SPACE FOR FE	DERAL OR STATE (OFFICE USE	
Approved By MUSTAFA HAQUE Conditions of approval, if any, are attache certify that the applicant holds legal or equ	itable title to those rights in the subject	Tant or	JM ENGINEER	Date 05/14/2018
which would entitle the applicant to condu Fitle 18 U.S.C. Section 1001 and Title 43		Office Carlsbad		r agency of the United
States any false, fictitious or fraudulent	statements or representations as to any r	matter within its jurisdiction.	to make to any department o	

Additional data for EC transaction #419692 that would not fit on the form

32. Additional remarks, continued

production open hole section.

- 2. Amend the cementing program, see attached.
- 3. Add BOP Break Testing request, see attached.

BOP Break Testing Request

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:

a. After a full BOP test is conducted on the first well on the pad.

b. When skidding to drill an intermediate section that does not penetrate into the Wolfcamp. c. Full BOP test will be required prior to drilling any production hole

4. Amend the mud program, depth and type, see attached.

1. Geologic Formations

TVD of target	8654'	Pilot Hole Depth	N/A
MD at TD:	16193'	Deepest Expected fresh	335'
	. 10193	water:	555

Delaware Basin

Formation	TVD - RKB	Expected Fluids
Rustler	335	Brine
Salado	610	Losses
Castile	1343	
Lamar/Delaware	2893	
Bell Canyon	2925	Water
Cherry Canyon	3804	Oil/Gas
Brushy Canyon	5053	Oil/Gas/Losses
Bone Spring	6642	Oil/Gas
1st Bone Spring	7368	Oil/Gas
2nd Bone Spring	7790	Oil/Gas

^{*}H2S, water flows, loss of circulation, abnormal pressures, etc.

2. Casing Program

									Bouyant	Bouyant		
	Casing Interval		. Casing Inte		Csg.	Maiche			SF	SF	Body	Joint SF
Hole Size (in)	From (ft)	To (ft)	Size (in)	Weight (ibs)	Grade	Conn.	Collapse	Burst	SF Tension	Tension		
14.75	0	6804	13 10.75	40.5	J55	втс	1.125	1.2	1.4	1.4		
9.875	0	8036	7.625	26.4	L80	BTC	1.125	1.2	1.4	1.4		
6.75	0	8700	5.5	20	P-110	DQX	1.125	1.2	1.4	1.4		
6.75	8700	16193	4.5	13.5	P-110	DQX	1.125	1.2	1.4	1.4		

SF Values will meet or exceed

All casing strings will be tested in accordance with Onshore Oil and Gas Order #2 III.B.1.h

*Oxy requests the option to set casing shallower yet still below the salts if losses or hole conditions require this. Cement volumes may be adjusted if casing is set shallower and a DV tool may be run in case hole conditions merit pumping a second stage cement job to comply with permitted top of cement. If cement circulated to surface during first stage we will drop a cancelation cone and not pump the second stage.

Annular Clearance Variance Request

As per the agreement reached in the Oxy/BLM meeting on Feb 22, 2018, Oxy requests permission to allow deviation from the 0.422" annular clearance requirement from Onshore Order #2 under the following conditions:

- 1. Annular clearance to meet or exceed 0.422" between intermediate casing ID and production casing coupling only on the first 500' overlap between both casings.
- 2. Annular clearance less than 0.422" is acceptable for the curve and lateral portions of the production open hole section.

	Y or N
Is casing new? If used, attach certification as required in Onshore Order #1	Y
Does casing meet API specifications? If no, attach casing specification sheet.	Y
Is premium or uncommon casing planned? If yes attach casing specification sheet.	Y
Does the above casing design meet or exceed BLM's minimum standards? If not provide justification (loading assumptions, casing design criteria).	Y
Will the intermediate pipe be kept at a minimum 1/3 fluid filled to avoid approaching the collapse pressure rating of the casing?	Y
Is well located within Capitan Reef?	N
If yes, does production casing cement tie back a minimum of 50' above the Reef?	
Is well within the designated 4 string boundary.	
Is well located in SOPA but not in R-111-P?	N
If yes, are the first 2 strings cemented to surface and 3 rd string cement tied back 500' into previous casing?	
Is well located in R-111-P and SOPA?	N
If yes, are the first three strings cemented to surface?	
Is 2 nd string set 100' to 600' below the base of salt?	
Is well located in high Cave/Karst?	N
If yes, are there two strings cemented to surface?	
(For 2 string wells) If yes, is there a contingency casing if lost circulation occurs?	Ţ
Is well located in critical Cave/Karst?	N
If yes, are there three strings cemented to surface?	

3. Cementing Program

Casing	Slurry	#Sks	Wt. (Lb/gal)	Yld ft3/sack	H20 gal/sk	500# Comp. Strength	Slurry Description
Surface	Tail	455	14.8	1.33	6.365	5:26	Accelerator
1st Stage	Lead	419	10.2	2.58	11.57	6:59	Retarder, Extender, Dispersant
Intermediate	Tail	160	13.2	1.61	7.8	7:11	Retarder, Dispersant, Salt
DV/ECP Tool @ 2943 ft							
2nd Stage Intermediate	Tail	690	13.6	1.67	8.765	7:32	Extender. Accelerator, Dispersant
Production	Tail	984	13.2	1.38	6.686	3:49	Retarder, Dispersant, Fluid Loss Control, Extender

Casing String	Top of Lead (ft)	Bottom of Lead (ft)	Top of Tail (ft)	Bottom of Tail (ft)	% Excess Lead	· % Excess Tail
Surface	N/A	N/A	0	680	N/A	100%
1st Stage Intermediate	2843	7036	7036	8036	20%	20%
2nd Stage Intermediate	N/A	N/A	0	2943	N/A	100%
Production	N/A	N/A	7536	16193	N/A	20%

4. Pressure Control Equipment

BOP installed and tested before drilling which hole?	Size?	Min. Required WP	Туре		1	Tested to:				
	13-5/8" 5N			" <i>5</i> M	Annula	r	*	70% of working pressure		
12.25% 11-1-			l 54 [5M	Blind Ra	m	✓		
12.25" Hole		13-3/8	25" Hole 13-5/8"	12.25" Hole 13-5/8" 5M) 3M [) SMI	Pipe Rai	n	
				Double R	am	✓	250/5000psi			
			Other*							

^{*}Specify if additional ram is utilized.

BOP/BOPE will be tested by an independent service company to 250 psi low and the high pressure indicated above per Onshore Order 2 requirements. The System may be upgraded to a higher pressure but still tested to the working pressure listed in the table above. If the system is upgraded all the components installed will be functional and tested.

Pipe rams will be operationally checked each 24 hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets. Other accessories to the BOP equipment will include a Kelly cock and floor safety valve (inside BOP) and choke lines and choke manifold. See attached schematics.

On Ex	Formation integrity test will be performed per Onshore Order #2. On Exploratory wells or on that portion of any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Will be tested in accordance with Onshore Oil and Gas Order #2 III.B.1.i.					
	iance is requested for the use of a flexible choke line from the BOP to Choke old. See attached for specs and hydrostatic test chart.					
Y	Are anchors required by manufacturer?					
and coper Or requir system that is rotary	Itibowl or a unionized multibowl wellhead system will be employed. The wellhead onnection to the BOPE will meet all API 6A requirements. The BOP will be tested ashore Order #2 after installation on the surface casing which will cover testing ements for a maximum of 30 days. If any seal subject to test pressure is broken the n must be tested. We will test the flange connection of the wellhead with a test port directly in the flange. We are proposing that we will run the wellhead through the prior to cementing surface casing as discussed with the BLM on October 8, 2015. tached schematics.					

BOP Break Testing Request

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:

- After a full BOP test is conducted on the first well on the pad.
- When skidding to drill an intermediate section that does not penetrate into the Wolfcamp.
- Full BOP test will be required prior to drilling any production hole.

5. Mud Program

Depth		Туре	Weight (ppg)	Viscosity	Water Loss
From (ft)	To (ft)		410		
0	680 5	Water-Based Mud	8.6-8.8	40-60	N/C
680	8036	Saturated Brine-Based Mud or Oil Based Mud	9.0-9.6	35-45	N/C
8036	16193	Water-Based Mud or Oil-Based Mud	9.0-9.6	38-50	N/C

Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be kept on location at all times. The following is a general list of products: Barite, Bentonite, Gypsum, Lime, Soda Ash, Caustic Soda, Nut Plug, Cedar Fiber, Cotton Seed Hulls, Drilling Paper, Salt Water Clay, CACL2. Oxy will use a closed mud system.

What will be used to monitor the loss or gain	PVT/MD Totco/Visual Monitoring	.•
of fluid?		

6. Logging and Testing Procedures

Logg	Logging, Coring and Testing.				
Yes	es Will run GR from TD to surface (horizontal well – vertical portion of hole). Stated logs				
	run will be in the Completion Report and submitted to the BLM.				
No	Logs are planned based on well control or offset log information.				
No	Drill stem test? If yes, explain				
No	Coring? If yes, explain				

Additional logs planned		Interval	
No	Resistivity		
No	Density		
No	CBL		
Yes	Mud log	ICP - TD	
No	PEX		

7. Drilling Conditions

Condition	Specify what type and where?
BH Pressure at deepest TVD	4321 psi
Abnormal Temperature	No
BH Temperature at deepest TVD	150°F

Pump high viscosity sweeps as needed for hole cleaning. 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.

Hydrogen Sulfide (H2S) monitors will be installed prior to drilling out the surface shoe. If H2S is detected in concentrations greater than 100 ppm, the operator will comply with the provisions of Onshore Oil and Gas Order #6. If Hydrogen Sulfide is encountered, measured values and formations will be provided to the BLM.

N H2S is present
Y H2S Plan attached

8. Other facets of operation

	Yes/No
Will the well be drilled with a walking/skidding operation? If yes, describe.	Yes
 We plan to drill the three well pad in batch by section: all surface sections, intermediate sections and production sections. The wellhead will be secured with a night cap whenever the rig is not over the well.)
 Will more than one drilling rig be used for drilling operations? If yes, describe. Oxy requests the option to contract a Surface Rig to drill, set surface casing, and cement for this well. If the timing between rigs is such that Oxy would not be able to preset surface, the Primary Rig will MIRU and drill the well in its entirety per the APD. Please see the attached document for information on the spudder rig. 	Yes

Total estimated cuttings volume: 1804.7 bbls.

9. Company Personnel

Name	<u>Title</u>	Office Phone	Mobile Phone
Philippe Haffner	Drilling Engineer	713-985-6379	832-767-9047
Diego Tellez	Drilling Engineer Supervisor	713-350-4602	713-303-4932
Simon Benavides	Drilling Superintendent	713-522-8652	281-684-6897
John Willis	Drilling Manager	713-366-5556	713-259-1417

PERFORMANCE DATA

TMK UP ULTRA™ DQX Technical Data Sheet

Nom Pipe Body Area

4.500 in

13.50 lbs/ft

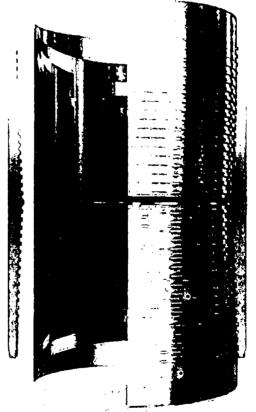
P-110

Tubular Parameters					
Size	4 500	in	Minimum Yield	110.000	psi
Nominal Weight	13 50	lbs/it	Minimum Tensile	125,000	psi
Grade	P-110		Yield Load	422 000	lus
PE Weight	13 04	los/fi	Tensile Load	479 000	lbs
Wall Thickness	0 290	ın	Min. Internal Yield Pressure	12,400	psi
Nominal ID	3 920	in	Collapse Pressure	10,700	psi
Drift Diameter	3 795	IL.			

Connection Parameters					
Connection OD	5 000	ın			
Connection ID	3 920	ın			
ivake-Up Loss	3 772	ir.			
Critical Section Area	3 8 36	ın²			
Tension Efficiency	100 0	1/6			
Compression Efficiency	100 0	%			
Yield Load In Tension	422 000	lbs			
Min. Internal Yield Pressure	12 400	psi			
Collapse Pressure	10,700	psi			
Uniaxial Bending	112	7 100 ft			

3 835

Make-Up Torques					
Min. Make-Up Torque	6 000	ft-lbs			
Opt Make-Up Torque	6 700	ft-lbs			
Max Make-Up Torque	7 300	ft-lbs			
Yield Torque	10 800	ft lbs			



Printed on: October-22-2014

NOTE

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PERFORMANCE DATA

TMK UP DQX Technical Data Sheet

5.500 in

20.00 lbs/ft

Minimum Yield

Yield Load

Tensile Load

Minimum Tensile

Min. Internal Yield Pressure

P-110

110,000

125,000

641,000

729,000

12.600

psi

psi

lbs

lbs

psi

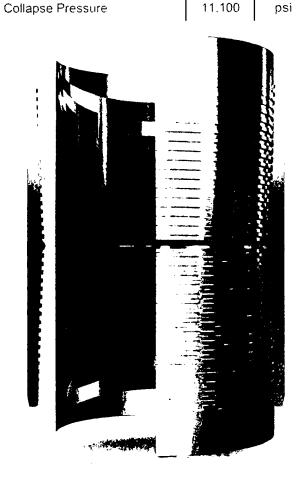
Tubular Parameters					
Size	5.500	in			
Nominal Weight	20.00	lbs/ft			
Grade	P-110				
PE Weight	19.81	lbs/ft			
Wall Thickness	0.361	in			
Nominal ID	4.778	in			

Drift Diameter 4.653 in Nom. Pipe Body Area 5.828 in²

Connection Parameters				
Connection OD	6 050	in		
Connection ID	4.778	in		
Make-Up Loss	4.122	in		
Critical Section Area	5.328	in²		
Tension Efficiency	100 0	9.6		
Compression Efficiency	100.0	0,3		
Yield Load In Tension	641.000	lbs		
Min. Internal Yield Pressure	12 600	psi		
Collapse Pressure	11.100	psi		

Make-Up Torques				
Min. Make-L•o Torque	11,600	ft-lbs		
Opt. Make-Up Torque	12.900	ft-lbs		
Max. Make-Up Torque	14.100	ft-lbs		
Yield Torque	20.600	ft-lbs		

Printed on: July-29-2014



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IPSCO

PECOS DISTRICT DRILLING OPERATIONS CONDITIONS OF APPROVAL

OPERATOR'S NAME: OXY USA Inc.

LEASE NO.: NMNM-94651

WELL NAME & NO.: | Cedar Canyon 20 Federal Com 26H

SURFACE HOLE FOOTAGE: | 0110' FNL & 1360' FEL

BOTTOM HOLE FOOTAGE | 0180' FNL & 0440' FEL Sec. 20, T. 24 S., R 29 E.

LOCATION: Section 29, T. 24 S., R 29 E., NMPM

COUNTY: | Eddy County, New Mexico

Potash	© None	Secretary	C R-111-P
Cave/Karst Potential	C Low	Medium	∩ High
Variance	^C None	Flex Hose	Other
Wellhead	^C Conventional	Multibowl	
Other	☐4 String Area	☐Capitan Reef	□WIPP

All previous COAs still apply except for the following:

A. CASING

- 1. The 10-3/4 inch surface casing shall be set at approximately 575 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt) and cemented to the surface. If salt is encountered, set casing at least 25 feet above the salt.
 - a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with surface log readout will be used or a cement bond log shall be run to verify the top of the cement. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.
 - b. Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.
 - c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.
 - d. If cement falls back, remedial cementing will be done prior to drilling out that string.

Intermediate casing must be kept fluid filled to meet BLM minimum collapse requirement.

2. The minimum required fill of cement behind the 7 5/8 inch production casing is:

Operator has proposed DV tool at a depth of 2943', but will adjust cement proportionately if moved. DV tool shall be set a minimum of 50' below previous shoe and a minimum of 200' above current shoe. Operator shall submit sundry if DV tool depth cannot be set in this range. If operator circulates cement on the first stage, operator is approved to inflate the ACP and run the DV tool cancellation plug and cancel the second stage of the proposed cement plan. If cement does not circulate, operator will inflate ACP and proceed with the second stage.

- a. First stage to DV tool: Cement to circulate. If cement does not circulate off the DV tool, contact the appropriate BLM office before proceeding with second stage cement job. Excess calculates to 21% additional cement might be required.
- b. Second stage above DV tool:
 - Cement to surface. If cement does not circulate, contact the appropriate BLM office. Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to cave/karst.
- ❖ In <u>Medium Karst Areas</u> if cement does not circulate to surface on the first two casing strings, the cement on the 3rd casing string must come to surface.
- 3. The minimum required fill of cement behind the 5 1/2 X 4 1/2 inch production casing is:
 - Cement should tie-back at least 200 feet into previous casing string. Operator shall provide method of verification.

MHH 05142018

GENERAL REQUIREMENTS

A. CASING

- 1. Changes to the approved APD casing program need prior approval if the items substituted are of lesser grade or different casing size or are Non-API. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-55 to N-80, or from 36# to 40#). Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.). The initial wellhead installed on the well will remain on the well with spools used as needed.
- 2. Wait on cement (WOC) for Potash Areas: After cementing but before commencing any tests, the casing string shall stand cemented under pressure until both of the following conditions have been met: 1) cement reaches a minimum compressive strength of 500 psi for all cement blends, 2) until cement has been in place at least 24 hours. WOC time will be recorded in the driller's log.
- 3. Wait on cement (WOC) for Water Basin: After cementing but before commencing any tests, the casing string shall stand cemented under pressure until both of the following conditions have been met: 1) cement reaches a minimum compressive strength of 500 psi at the shoe, 2) until cement has been in place at least 8 hours. WOC time will be recorded in the driller's log. See individual casing strings for details regarding lead cement slurry requirements.
- 4. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. Have well specific cement details onsite prior to pumping the cement for each casing string.
- 5. No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.
- 6. On that portion of any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Formation at the shoe shall be tested to a minimum of the mud weight equivalent anticipated to control the formation pressure to the next casing depth or at total depth of the well. This test shall be performed before drilling more than 20 feet of new hole.
- 7. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.
- 8. Whenever a casing string is cemented in the R-111-P potash area, the NMOCD requirements shall be followed.