

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB NO. 1004-0137
Expires: January 31, 2018**SUNDRY NOTICES AND REPORTS ON WELLS** **APR 30 2019**
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.
NMNM0545035

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
PURE GOLD MDP1 29-17 FED COM 1H9. API Well No.
30-015-45645-00-X110. Field and Pool or Exploratory Area
INGLE WELLS11. County or Parish, State
EDDY COUNTY, NM**SUBMIT IN TRIPLICATE - Other instructions on page 2**

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other2. Name of Operator
OXY USA INCORPORATEDContact: SARAH CHAPMAN
E-Mail: SARAH_CHAPMAN@OXY.COM3a. Address
5 GREENWAY PLAZA SUITE 110
HOUSTON, TX 77046-05213b. Phone No. (include area code)
Ph: 713-350-4997

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

Sec 29 T23S R31E SWSW 690FSL 920FWL
32.270073 N Lat, 103.805382 W Lon**Carlsbad Field Office****Operator Copy**

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

TYPE OF SUBMISSION

TYPE OF ACTION

☒ Notice of Intent☐ Subsequent Report☐ Final Abandonment Notice☐ Acidize☐ Alter Casing☐ Casing Repair☐ Change Plans☐ Convert to Injection☐ Deepen☐ Hydraulic Fracturing☐ New Construction☐ Plug and Abandon☐ Plug Back☐ Production (Start/Resume)☐ Reclamation☐ Recomplete☐ Temporarily Abandon☐ Water Disposal☐ Water Shut-Off☐ Well Integrity☒ Other
Change to Original A
PD

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 must 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 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 approved APD for the following changes:

1. Change from 3 string to 4 string casing design
Casing program updated
Cementing program updated
Mud program updated

2. Add the TORQ DQW Design

3. BOP table updated.

4. Add sacrificial wellhead

RECEIVED**MAY 15 2019****DISTRICT II-ARTESIA O.C.D.****SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

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

Electronic Submission #457167 verified by the BLM Well Information System
For OXY USA INCORPORATED, sent to the Carlsbad
Committed to AFMSS for processing by PRISCILLA PEREZ on 03/06/2019 (19PP1284SE)

Name (Printed/Typed) DAVID STEWART

Title REGULATORY ADVISOR

Signature (Electronic Submission)

Date 03/06/2019

THIS SPACE FOR FEDERAL OR STATE OFFICE USEApproved By ZOTA STEVENSTitle PETROLEUM ENGINEERDate 04/18/2019

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 ****

Additional data for EC transaction #457167 that would not fit on the form

32. Additional remarks, continued

Please see updated drill plan, DQW TORG specs and sacrificial wellhead attachments for more information.

Oxy USA Inc. - Pure Gold MDP1 29-17 Federal Com 1H

1. Geologic Formations

TVD of target	9875'	Pilot Hole Depth	N/A
MD at TD:	22671'	Deepest Expected fresh water:	387'

Delaware Basin

Formation	TVD - RKB	Expected Fluids
Rustler	387	
Salado	721	Brine
Castile	2,605	Brine
Lamar/Delaware	4,096	Brine
Bell Canyon	4,128	Oil/Gas
Cherry Canyon	5,017	Oil/Gas
Brushy Canyon	6,288	Losses
Bone Spring	7,965	Oil/Gas
1st Bone Spring	8,997	Oil/Gas
2nd Bone Spring	9,259	Oil/Gas

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

2. Casing Program

Hole Size (in)	Casing Interval		Csg. Size (in)	Weight (lbs)	Grade	Conn.	SF		Buoyant	
	From (ft)	To (ft)					Collapse	Burst	Body SF Tension	Joint SF Tension
17.5	0	670	13.375	54.5	J-55	BTC	1.125	1.2	1.4	1.4
12.25	0	4200	9.625	43.5	L-80	BTC	1.125	1.2	1.4	1.4
8.5	0	9269	7.625	26.4	L-80 HC	SF (0 ft to 4100 ft) FJ (4100 ft to 9269 ft)	1.125	1.2	1.4	1.4
6.75	0	22671	5.5	20	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 cancellation cone and not pump the second stage.

*Oxy requests the option to run production casing with DQX, SF TORQ, and/or DQX TORQ (name changing to TORQ DQW) connections to accommodate hole conditions or drilling operations.

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Annular Clearance Variance Request

As per the agreement reached in the Oxy/BLM face-to-face 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?	Y
If yes, are the first three strings cemented to surface?	Y
Is 2 nd string set 100' to 600' below the base of salt?	Y
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?	
Is well located in critical Cave/Karst?	N
If yes, are there three strings cemented to surface?	

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3. Cementing Program

Casing String	# Sk	Wt. (lb/gal)	Yld. (ft ³ /sack)	H ₂ O (gal/sk)	500# Comp. Strength (hours)	Slurry Description
Surface (Lead)	N/A	N/A	N/A	N/A	N/A	N/A
Surface (Tail)	711	14.8	1.33	6.365	5:26	Class C Cement, Accelerator
Intermediate (Lead)	887	12.9	1.88	10.130	14:22	Pozzolan Cement, Retarder
Intermediate (Tail)	155	14.8	1.33	6.370	12:45	Class C Cement, Accelerator
Intermediate II 1st Stage (Lead)	N/A	N/A	N/A	N/A	N/A	N/A
Intermediate II 1st Stage (Tail)	134	13.2	1.65	8.640	11:54	Class H Cement, Retarder, Dispersant, Salt
Intermediate II 2nd Stage (Tail Slurry) to be pumped as Bradenhead Squeeze from surface, down the Intermediate annulus						
Intermediate II 2nd Stage (Lead)	N/A	N/A	N/A	N/A	N/A	N/A
Intermediate II 2nd Stage (Tail)	344	12.8	1.92	10.410	23:10	Class C Cement, Accelerator
Production (Lead)	N/A	N/A	N/A	N/A	N/A	N/A
Production (Tail)	1018	13.2	1.38	6.686	3:49	Class H Cement, Retarder, Dispersant, Salt

Casing String	Top (ft)	Bottom (ft)	% Excess
Surface (Lead)	N/A	N/A	N/A
Surface (Tail)	0	670	100%
Intermediate (Lead)	0	3700	50%
Intermediate (Tail)	3700	4200	20%
Intermediate II 1st Stage (Lead)	N/A	N/A	N/A
Intermediate II 1st Stage (Tail)	6538	9269	5%
Intermediate II 2nd Stage (Lead)	N/A	N/A	N/A
Intermediate II 2nd Stage (Tail)	0	6538	25%
Production (Lead)	N/A	N/A	N/A
Production (Tail)	8769	22671	20%

4. Pressure Control Equipment

BOP installed and tested before drilling which hole?	Size?	Min. Required WHP	Type	✓	Tested to:
12.25" Hole	13-5/8"	3M	Annular	✓	70% of working pressure
			Blind Ram	✓	250 psi / 3000 psi
		3M	Pipe Ram		
			Double Ram	✓	
			Other*		
8.5" Hole	13-5/8"	3M	Annular	✓	70% of working pressure
			Blind Ram	✓	250 psi / 3000 psi
		3M	Pipe Ram		
			Double Ram	✓	
			Other*		
6.75" Hole	13-5/8"	5M	Annular	✓	70% of working pressure
			Blind Ram	✓	250 psi / 5000 psi
		5M	Pipe Ram		
			Double Ram	✓	
			Other*		

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*Specify if additional ram is utilized.

Oxy will utilize a 5M annular with a 10M BOPE stack. The 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.

	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.
	A variance is requested for the use of a flexible choke line from the BOP to Choke Manifold. See attached for specs and hydrostatic test chart.
Y	Are anchors required by manufacturer?
	A multibowl or a unionized multibowl wellhead system will be employed. The wellhead and connection to the BOPE will meet all API 6A requirements. The BOP will be tested per Onshore Order #2 after installation on the surface casing which will cover testing requirements for a maximum of 30 days. If any seal subject to test pressure is broken the system must be tested. We will test the flange connection of the wellhead with a test port that is directly in the flange. We are proposing that we will run the wellhead through the rotary prior to cementing surface casing as discussed with the BLM on October 8, 2015. Due to the four string design, Oxy plans to employ a 13-3/8" 3K sacrificial wellhead that will be employed to drill the 12.25" Intermediate Hole. Upon completion of drilling and cementing operations on the 12.25" Intermediate Hole section (along with proper WOC time), the wellhead will be cut off and salvaged. At this point, a standard 13-5/8 MNDS 5x10 Slips (13.375 x 9.625 x 7.625 x 5.5) wellhead will be welded onto the 9-5/8" casing for the remainder of drilling operations on the pad. See attached schematics.

BOP Break Testing Request

As per the agreement reached in the Oxy/BLM face-to-face 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		Type	Weight (ppg)	Viscosity	Water Loss
From (ft)	To (ft)				
0	670	Water-Based Mud	8.6-8.8	40-60	N/C
670	4200	Saturated Brine-Based Mud	9.8-10.0	35-45	N/C
4200	9269	Water-Based or Oil-Based Mud	8.0-9.6	38-50	N/C
9269	22671	Water-Based or Oil-Based Mud	8.0-9.6	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 of fluid?	PVT/MD Totco/Visual Monitoring
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6. Logging and Testing Procedures

Logging, Coring and Testing	
Yes	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	4930 psi
Abnormal Temperature	No
BH Temperature at deepest TVD	159°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. <ul style="list-style-type: none"> We plan to drill the four 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. 	Yes
Will more than one drilling rig be used for drilling operations? If yes, describe. <ul style="list-style-type: none"> 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: 1662.9 bbls.

Attachments

- ☒ Directional Plan
- ☒ H2S Contingency Plan
- ☒ Flex III Attachments
- ☒ Spudder Rig Attachment
- ☒ Premium Connection Specs

Oxy USA Inc. - Pure Gold MDP1 29-17 Federal Com 1H

9. Company Personnel

<u>Name</u>	<u>Title</u>	<u>Office Phone</u>	<u>Mobile Phone</u>
Price Maxwell	Drilling Engineer	713-552-8744	830-370-6326
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

TUBULAR PARAMETERS

Nominal OD, (inch)	7.625
Wall Thickness, (inch)	0.328
Pipe Grade	L80 HC
Drift	Standard

CONNECTION PARAMETERS

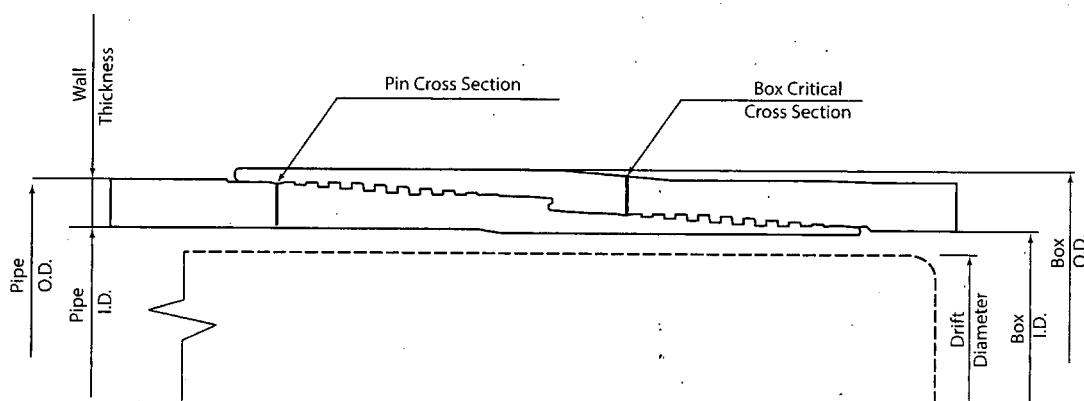
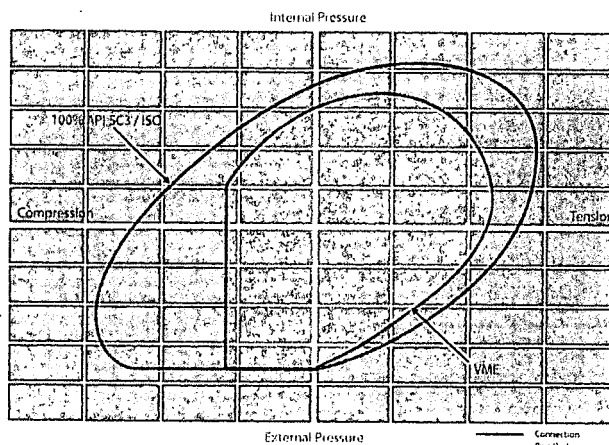
Connection OD (inch)	7.79
Connection ID, (inch)	6.938
Make-Up Loss, (inch)	6.029
Connection Critical Area, (sq inch)	5.948
Yield Strength in Tension, (klbs)	533
Yield Strength in Compression, (klbs)	533
Tension Efficiency	89%
Compression Efficiency	89%
Min. Internal Yield Pressure, (psi)	6 020
Collapse Pressure, (psi)	3 910
Uniaxial Bending (deg/100ft)	42.7

MAKE-UP TORQUES

Yield Torque, (ft-lb)	22 600
Minimum Make-Up Torque, (ft-lb)	15 000
Optimum Make-Up Torque, (ft-lb)	16 500
Maximum Make-Up Torque, (ft-lb)	18 200

PIPE BODY PROPERTIES

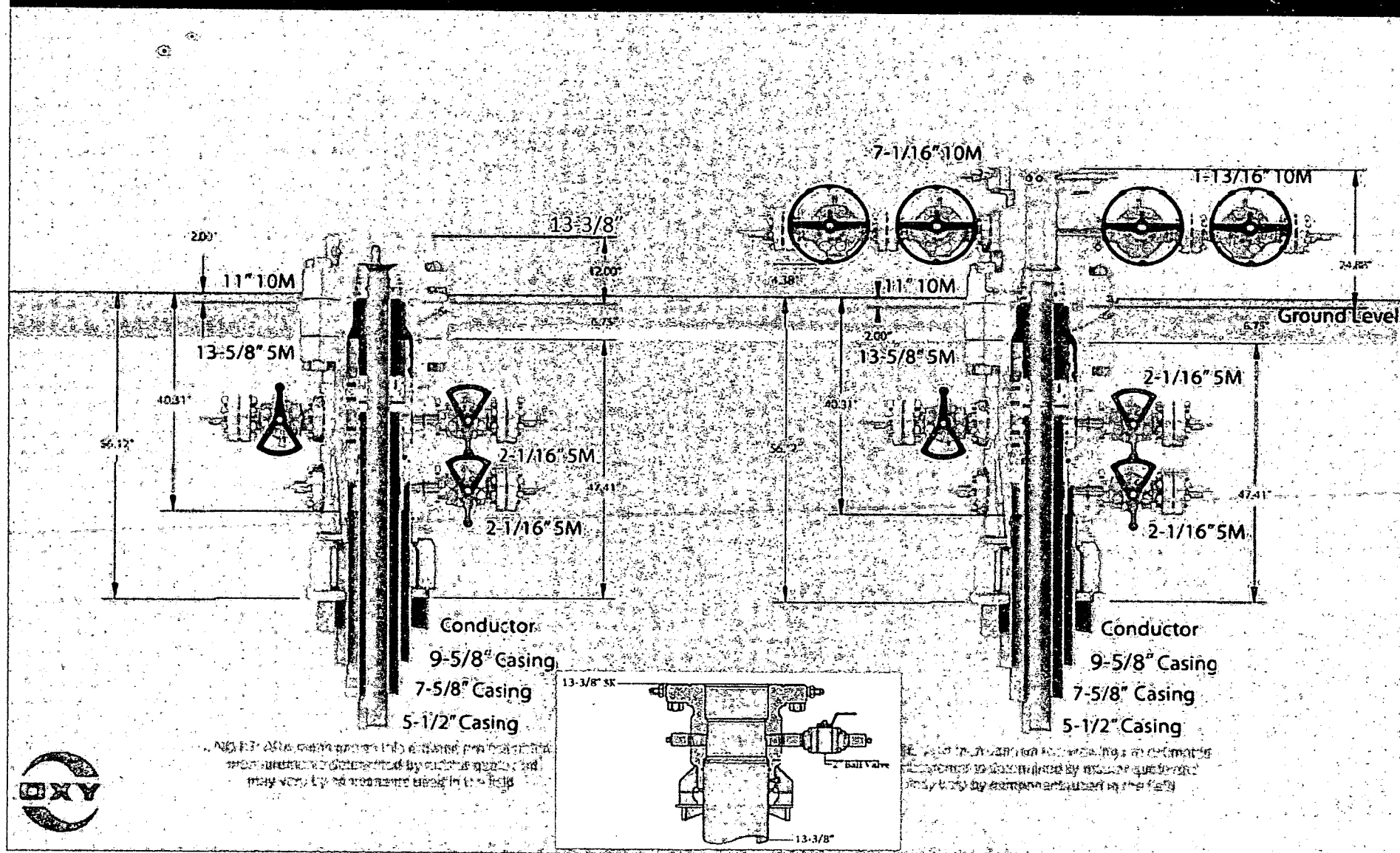
PE Weight, (lbs/ft)	25.56
Nominal Weight, (lbs/ft)	26.40
Nominal ID, (inch)	6.969
Drift Diameter, (inch)	6.844
Nominal Pipe Body Area, (sq inch)	7.519
Yield Strength in Tension, (klbs)	601
Min. Internal Yield Pressure, (psi)	6 020
Collapse Pressure, (psi)	3 910



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Slips



PERFORMANCE DATA

TMK UP TORQ™ DQW
Technical Data Sheet

5.500 in

20.00 lbs/ft

P110 CY

Tubular Parameters

Size	5.500	in	Minimum Yield	110,000	psi
Nominal Weight	20.00	lbs/ft	Minimum Tensile	125,000	psi
Grade	P110 CY		Yield Load	641,000	lbs
PE Weight	19.81	lbs/ft	Tensile Load	729,000	lbs
Wall Thickness	0.361	in	Min. Internal Yield Pressure	12,640	psi
Nominal ID	4.778	in	Collapse Pressure	11,110	psi
Drift Diameter	4.653	in			
Nom. Pipe Body Area	5.828	in ²			

Connection Parameters

Connection OD	6.050	in
Connection ID	4.778	in
Make-Up Loss	4.324	in
Critical Section Area	5.828	in ²
Tension Efficiency	100.0	%
Compression Efficiency	100.0	%
Yield Load In Tension	641,000	lbs
Min. Internal Yield Pressure	12,640	psi
Collapse Pressure	11,110	psi
Uniaxial Bending	92	% / 100 ft

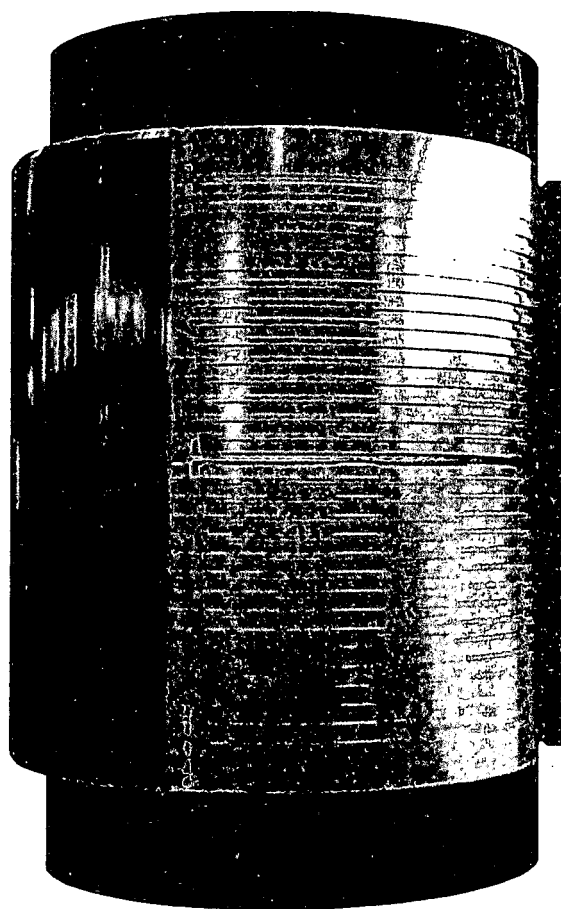
Make-Up Torques

Min. Make-Up Torque	14,000	ft-lbs
Opt. Make-Up Torque	16,000	ft-lbs
Max. Make-Up Torque	18,000	ft-lbs
Operating Torque	36,800	ft-lbs
Yield Torque	46,000	ft-lbs

Printed on: March-05-2019

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TUBULAR PARAMETERS

Nominal OD, (inch)	7.625
Wall Thickness, (inch)	0.328
Pipe Grade	L80 HC
Drift	Standard

CONNECTION PARAMETERS

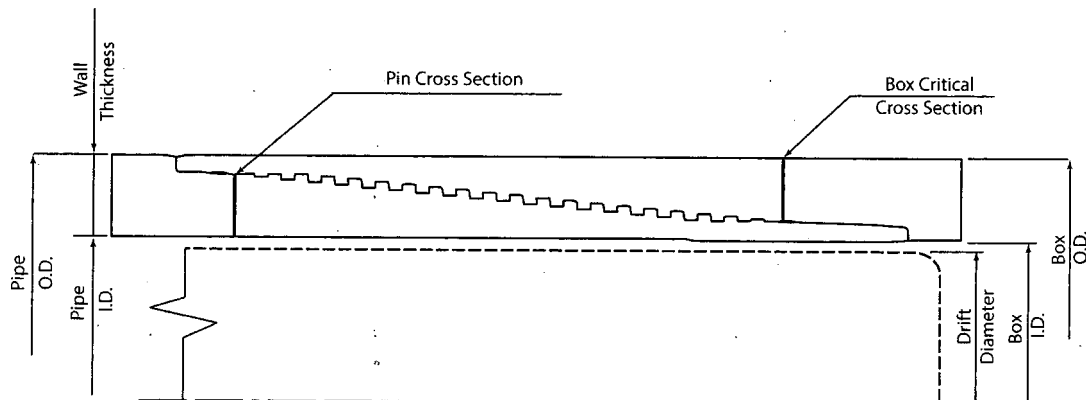
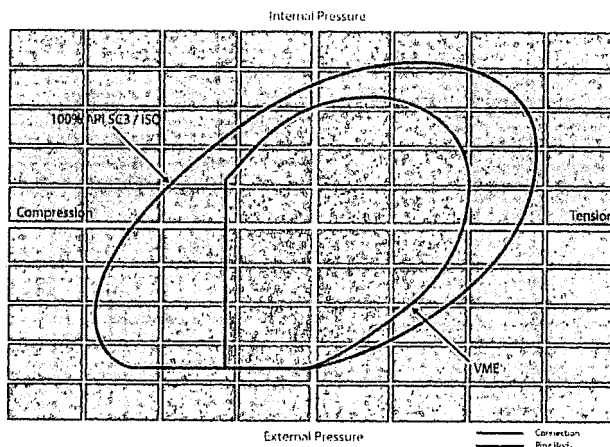
Connection OD (inch)	7.63
Connection ID, (inch)	6.975
Make-Up Loss, (inch)	4.165
Connection Critical Area, (sq inch)	2.520
Yield Strength in Tension, (klbs)	347
Yield Strength in Compression, (klbs)	347
Tension Efficiency	58%
Compression Efficiency	58%
Min. Internal Yield Pressure, (psi)	6 020
Collapse Pressure, (psi)	3 910
Uniaxial Bending (deg/100ft)	28.0

MAKE-UP TORQUES

Yield Torque, (ft-lb)	22 200
Minimum Make-Up Torque, (ft-lb)	12 500
Optimum Make-Up Torque, (ft-lb)	13 900
Maximum Make-Up Torque, (ft-lb)	15 300

PIPE BODY PROPERTIES

PE Weight, (lbs/ft)	25.56
Nominal Weight, (lbs/ft)	26.40
Nominal ID, (inch)	6.969
Drift Diameter, (inch)	6.844
Nominal Pipe Body Area, (sq inch)	7.519
Yield Strength in Tension, (klbs)	601
Min. Internal Yield Pressure, (psi)	6 020
Collapse Pressure, (psi)	3 910



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PECOS DISTRICT DRILLING CONDITIONS OF APPROVAL

OPERATOR'S NAME:	OXY USA INC
LEASE NO.:	NMNM0281482A
WELL NAME & NO.:	PURE GOLD MDP1 29-17 FED COM 1H
SURFACE HOLE FOOTAGE:	690' FSL & 920' FWL
BOTTOM HOLE FOOTAGE:	2465' FSL & 440' FWL
LOCATION:	Section 29, T. 23 S., R 31 E., NMPM
COUNTY:	Eddy County, New Mexico



All previous COAs still apply expect the following:

H2S	<input checked="" type="radio"/> Yes	<input type="radio"/> No	
Potash	<input checked="" type="radio"/> None	<input type="radio"/> Secretary	<input type="radio"/> R-111-P
Cave/Karst Potential	<input type="radio"/> Low	<input checked="" type="radio"/> Medium	<input type="radio"/> High
Variance	<input type="radio"/> None	<input checked="" type="radio"/> Flex Hose	<input type="radio"/> Other
Wellhead	<input type="radio"/> Conventional	<input type="radio"/> Multibowl	<input checked="" type="radio"/> Both
Other	<input checked="" type="checkbox"/> 4 String Area	<input checked="" type="checkbox"/> Capitan Reef	<input type="checkbox"/> WIPP
Other	<input checked="" type="checkbox"/> Fluid Filled	<input checked="" type="checkbox"/> Cement Squeeze	<input checked="" type="checkbox"/> Pilot Hole
Special Requirements	<input checked="" type="checkbox"/> Water Disposal	<input type="checkbox"/> COM	<input checked="" type="checkbox"/> Unit

A. CASING

Operator is approved for annular spacing variance for the 2nd intermediate casing and production casing.

Operator shall filled 1/3rd casing with fluid while running 2nd intermediate casing to maintain collapse safety factor.

1. The minimum required fill of cement behind the 7-5/8 inch production casing is: Operator has proposed a DV tool, the depth may be adjusted as long as the cement is changed proportionally. The DV tool may be cancelled if cement circulates to surface on the first 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. **Additional cement maybe required. Excess calculates to -46%**

b. Second stage above DV tool: Cement to surface. If cement do not return to surface contact BLM **Additional cement maybe required. Excess calculates to 23%.**

2. The minimum required fill of cement behind the 5-1/2 inch production casing is: Cement should tie-back **200 feet** into the previous casing. Operator shall provide method of verification.

ZS 041819