

OXY USA Inc. Lost Tank 3 Federal # 21

2558 FNL 285 FWL SWNW(E) Sec 3 T22S R31E

Lat N 32.4206593° Long W 103.7728584°

Eddy County, New Mexico

1. Cementing Program (Changes from Original APD):

Intermediate Interval

Interval	Amount sx	Ft of Fill	Type	Gal/Sx	PPG	Ft3/sx
Intermediate (TOC: 0' - Surface)						
Lead: 0' - 3616' (150% Excess)	910	3516'	Halliburton Light Premium Plus + 5 pps Salt + 5 pps Gilsonite + 0.125 pps Poly-E-Flake + 1% Halad(R)-344 + 2% Calcium Chloride	9.63	12.9	1.91
Tail: 3516' - 4100' (150% Excess)	200	484'	Halliburton Premium Plus + 1% Wildlife 734	6.38	14.8	1.34

Production Interval

Interval	Amount sx	Ft of Fill	Type	Gal/Sx	PPG	Ft3/sx
Production (TOC: 5900') 1st Stage						
Lead: 5900' - 8145' (100% Excess)	490	2,245'	Halliburton Super H + 5 pps Gilsonite + 1 pps Salt + 0.5% Halad-344 + 0.4% CFR-3 + 0.3% HR-800 + 0.125 pps Poly-E-Flake	7.87	13.2	1.62
Two Stage DV Tool @ 5900 MD'						
Production (TOC: 4150') 2nd Stage						
Lead: 4150' - 5900' (200% Excess)	570	1750'	Halliburton Super H + 0.5 % Halad- 344 + 0.4% CFR-3 + 5 pps Gilsonite + 1 pps Salt + 0.125 pps Poly-E-Flake	7.86	13.2	1.62
Pack Off Stage Tool (P.O.S.T) @ 4150'						
Production (TOC: Surface) 3rd Stage						
Lead: 0' - 3373' (35% Excess)	390	3373'	Halliburton Light Premium Plus + 3 pps Salt	11.67	12.4	2.08
Tail: 3373' - 4150' (35% Excess)	150	777'	Halliburton Premium Plus Cement + 5 pps Gilsonite + 0.125 pps Poly-E- Flake	5.81	14.8	1.33

Cement Summary:

Casing	Hole Size	Interval	TOC	Comp.Strength (24 hrs)
8 5/8" 32# J55 LTC	10 5/8"	0' - 4,100'	Surface	851 psi Lead 1343 psi Tail
5 1/2" 17# J-55, LTC	7 7/8"	0' - 8,145'	Surface	560 psi Lead 1817 psi Tail

**PECOS DISTRICT
CONDITIONS OF APPROVAL**

OPERATOR'S NAME:	OXY USA Inc.
LEASE NO.:	NMNM0417696
WELL NAME & NO.:	Lost Tank 3 Federal #21
SURFACE HOLE FOOTAGE:	2558' FNL & 285' FWL Sec 03-22S-31E
BOTTOM HOLE FOOTAGE	Same
LOCATION:	Section 03, T. 22 S., R 31 E., NMPM
COUNTY:	Eddy County, New Mexico

B. CASING

1. The minimum required fill of cement behind the **8-5/8** inch intermediate casing is:
The intermediate should be set in the Fletcher Anhydrite or Lamar Limestone within 100 to 600 feet below the base of the salt.

- Cement to surface. If cement does not circulate see B.1.a, c-d above.
Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to potash concerns.

The DV tool should be placed a minimum of 50 feet below the intermediate casing shoe.

2. The minimum required fill of cement behind the **5-1/2** inch production casing is:
THE MAXIMUM DEPTH OF PENETRATION INTO THE BONE SPRING FORMATION CANNOT EXCEED 100 FEET (8145 feet TVD).

- a. First stage to DV tool, cement shall:

- 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 circulation on the next stage.

- b. Second stage above DV tool, cement shall:

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

- c. Third stage above DV tool, cement shall:

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

RGH 091710