Form 3160-5
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Hobbs
HOBBS OCD
AUG 14 2012
RECEIVED

FORM APPROVED
OMB NO 1004-0135
Expires. November 30, 2000

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

SUBMIT IN TRIPLICATE - Other instructions on reverse side

5 Lease Serial No
LC-032233(A)

6 If Indian, Allottee or Tribe Name

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

1 Type of Well
[ ] Oil Well [ ] Gas Well [X] Other WIW

8. Well Name and No
North Hobbs G/SA No. 122
Unit

2 Name of Operator
Occidental Permian Ltd. Attn: Mark Stephens, Rm. 19.083

9 API Well No
30-025-28953

3a Address
P.O. Box 4294, Houston, TX 77210-4294

3b Phone No (*include area code*)
(713) 366-5158

10 Field and Pool, or Exploratory Area
Hobbs; Grayburg-San Andres

4 Location of Well (*Footage, Sec., T., R., M., or Survey Description*)
1660' FNL x 180' FWL, Letter E, Sec. 29, T-18-S, R-38-E

11 County or Parish, State
Lea Co. NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
[X] Notice of Intent	[ ] Acidize	[ ] Deepen	[ ] Production (Start/Resume)	[ ] Water Shut-Off
[ ] Subsequent Report	[ ] Alter Casing	[ ] Fracture Treat	[ ] Reclamation	[ ] Well Integrity
[ ] Final Abandonment Notice	[ ] Casing Repair	[ ] New Construction	[ ] Recomplete	[X] Other Squeeze, reperf, and acid treat
	[ ] Change Plans	[ ] Plug and Abandon	[ ] Temporarily Abandon	
	[ ] 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 shall 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 shall be filed once testing has been completed Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection)

Details of the proposed procedure are shown on the attachment.

SUBJECT TO LIKE APPROVAL BY STATE

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

14 I hereby certify that the foregoing is true and correct
Name (*Printed/Typed*)
Mark Stephens

Title
Regulatory Compliance Analyst

Mark Stephens

Date 4/12/12

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

APPROVED

Approved by MSB/OCD 8/20/2012

Title

Date
AUG 13 2012

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

WESLEY W. INGRAM
PETROLEUM ENGINEER

Title 18 U S C Section 1001, and Title 43 U.S C. Section 1212, makes 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

AUG 21 2012

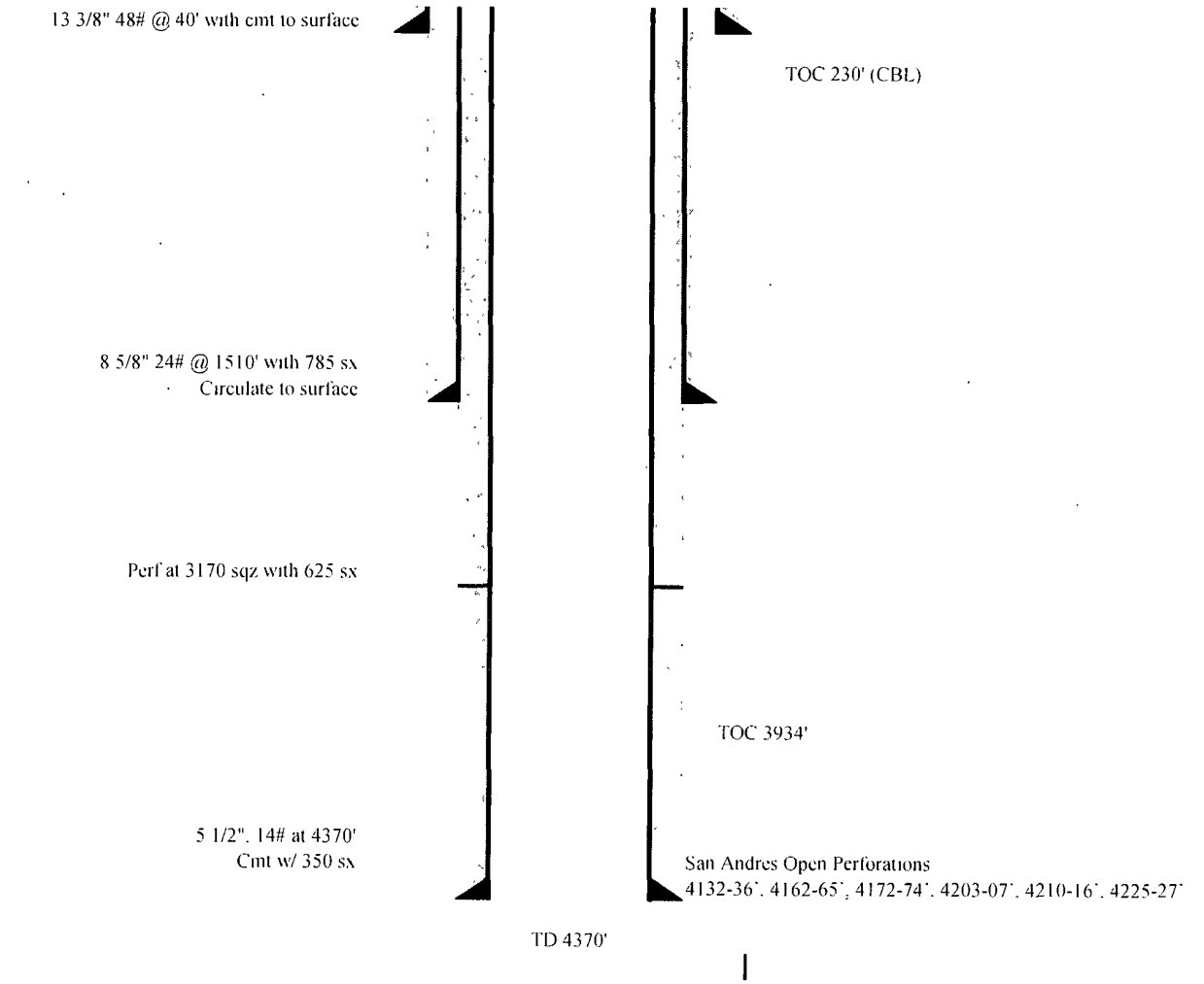
North Hobbs G/SA Unit No. 122
API No. 30-025-28953
1600' FNL & 180' FWL, Sec. 29, T-18-S, R-38-E
Lea Co., NM

Squeeze, reperf, and acid stimulate as follows:

1) MI x RU. ND WH x NU BOP. POOH w/injection equipment.
2) RIH with 4-3/4" bit x clean out to 4150'. Circulate clean x POOH.
3) Plug back to 4160' with pea gravel. Cap w/10' cement to 4150'.
4) RIH with 5-1/2" packer to isolate leak at 3980'- 4140'. Establish injection rate into leak (current injection rate is 2.25 BPM @ 980 psi). POOH w/packer.
5) RIH with 5-1/2" CICR x set at 3980'.
6) Load annulus to 500 psi x shut-in casing valve to monitor backside pressure. If backside pressure increases during cement squeeze, shut down job, sting out of retainer, dump cement, x pull workstring above 3750'.
7) RU cementer x squeeze casing leak w/approx. 600 sx. PP cement w/0.2% super CBL to a squeeze pressure of 2500 psi. WOC.
8) Sting out of retainer, reverse out, x POOH with workstring. Allow cement time to adequately set up.
9) RIH with 4-3/4" bit x drill out CICR and cement to 4140'.
10) Pressure test squeezed perfs to 1000 psi. If squeeze holds, drill out remaining cement and clean out well to PBTD @ 4367'. Circulate clean x POOH w/bit x workstring.
11) RU WL. RIH with casing guns for 5-1/2" casing x perforate at 4232'-4240', and 4247'-4256', 2 JSPF, 90 degree phasing.
12) RIH with 5-1/2" treating packer x set at 4175'. Block acid treat perfs x open hole with 1500 gal. NEFE HCL. Flush w/25 bbls fresh water.
13) Release treating packer x POOH with workstring x packer.
14) Contact Nalco for scale squeeze.
15) RBIH with 2-7/8" duoline injection tubing and tandem packer assembly.
16) Pressure test well x chart for the NMOCD.
17) ND BOP x NU WH. Turn well over to injection. RD x MO x clean location.

Current Conditions

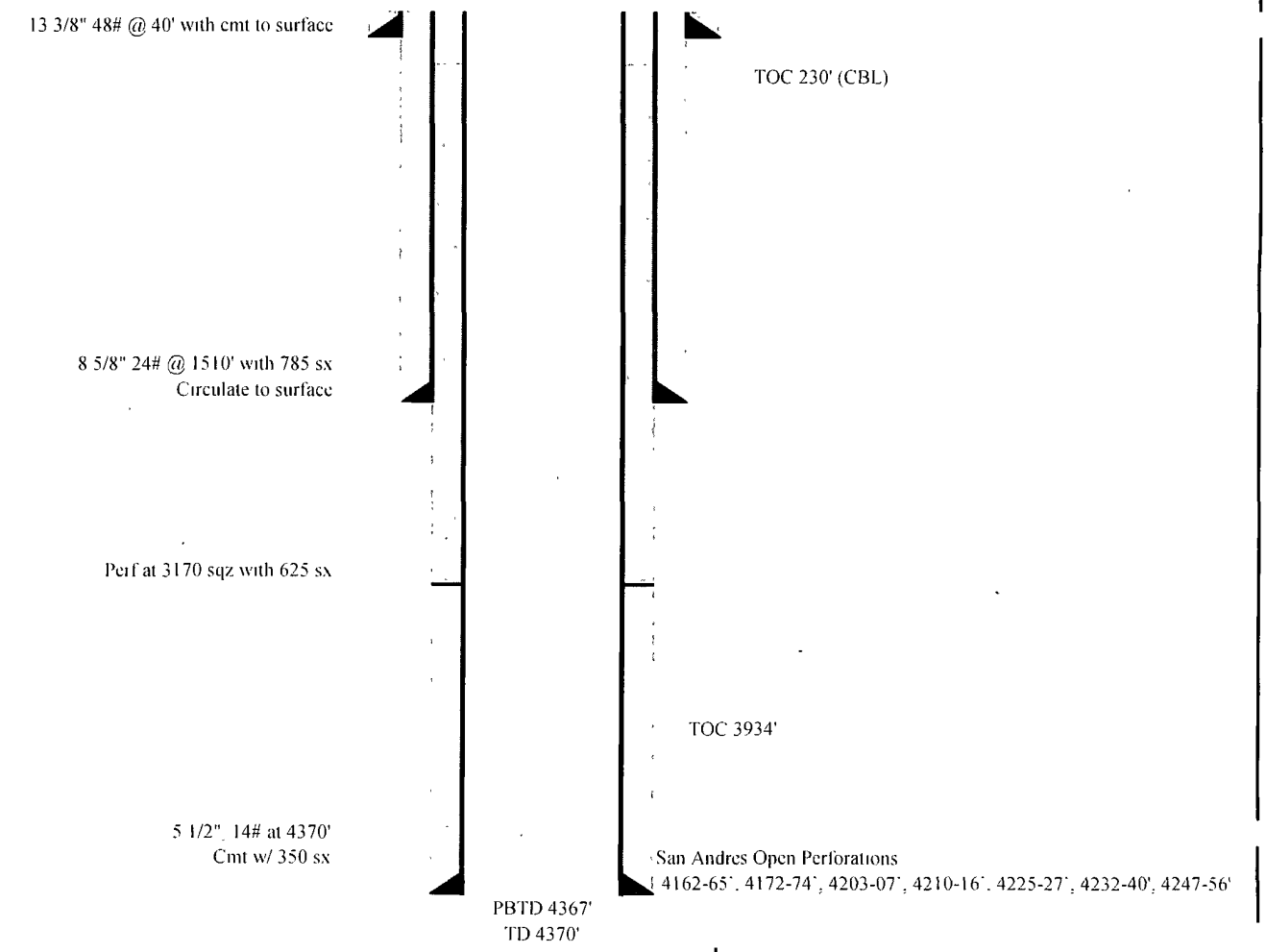
Occidental Permian Ltd.
NHSAU 122-29
30-025-28953



Printed 04/13/2012

Post Procedure

Occidental Permian Ltd.
NHSAU 122-29
30-025-28953



Conditions of Approval

Occidental Permian Ltd.
North Hobbs G/SA Unit - 122
API 30-025-28953
August 13, 2012

1. Before casing or a liner is added or replaced, prior BLM approval of the design is required. Use notice of intent Form 3160-5.
2. Surface disturbance beyond the existing pad shall have prior approval.
3. A closed loop system is required. The operator shall properly dispose of drilling/circulating contents at an authorized disposal site. Tanks are required for all operations, no excavated pits.
4. Functional H_2S monitoring equipment shall be on location.
5. A minimum 2000 (2M) BOPE to be used. All blowout preventer (BOP) and related equipment (BOPE) shall comply with reasonable well control requirements. A two ram system with a blind ram and a pipe ram designed for the work string shall be adequate. Tapered work strings will require an additional pipe ram. The manifold shall comply with Onshore Oil and Gas Order #2 (attachment 1, 2M diagrams of choke manifold equipment). The accumulator system shall have an immediately available power source to close the rams and retain 200 psi above pre-charge. The pre-charge test shall follow requirements in Onshore Order #2.
6. All waste (i.e. trash, salts, chemicals, sewage, gray water, etc.) created as a result of work over operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area. Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.
7. **Step 10 – pressure test shall be for a minimum of 30 minutes and shall be charted. Include copy of chart with subsequent report. Operator does not state what will occur if squeeze does not hold. Notify BLM and NMOCD if squeeze does not hold prior to continuing with procedure.**
8. Step15 of the Notice of Intent procedure mentions a tandem packer assembly. There is no justification or description of the installation offered for this assembly. **A single injection packer shall be utilized** (as described by "Well with a Packer – Operations", paragraph 6 of the following text). **That packer is to be set within 100 feet of the top injection perforation.**
9. Workover approval is good for 90 days (completion to be within 90 days of approval). A legitimate request is necessary for extension of that date.

Well with a Packer – Operations

1) Conduct a Mechanical Integrity Test of the tubing/casing annulus after a tubing, packer or casing seal is established. Repair that seal any time more than five barrels of packer fluid is replaced within 30 days.
2) The minimum test pressure should be 500 psig for 30 minutes or 300 psig for 60 minutes, with 200 psig differentials between tubing and casing pressure (at test time) but no more than 70% of casing burst pressure as described by Onshore Order 2.III.B.1.h. (The tubing or reservoir pressure may need to be reduced). An alternate method for a BLM approved MIT is to have the fluid filled system open to atmospheric pressure and have a loss of less than five barrels in 30 days witnessed by a BLM authorized officer.
3) Document the pressure test on a calibrated recorder chart registering within 25 to 85 per cent of its full range. Greater than 10% pressure leakoff will be viewed as a failed MIT. Less than 10% pressure leakoff will be evaluated site specifically and may restrict injection approval.
4) At least 24 hours before the test: email Andy Cortez acortez@blm.gov, (phone 575-393-3612 or 575-631-5801). If no answer, leave a voice mail with the API#, workover purpose, and a call back phone number. Note the contact notification method, time, & date in your subsequent report.
5) Submit a subsequent Sundry Form 3160-5 relating the MIT activity. Include a copy of the recorded MIT pressure chart. List the name of the BLM witness, or the notified person and date of notification. NMOCD is to retain the original recorded MIT chart.
6) Use of tubing internal protection, tubing on/off equipment just above the packer, a profile nipple, and an in line tubing check valve below the packer or between the on/off tool and packer is a "Best Management Practice". The setting depths and descriptions of each are to be included in the subsequent sundry. List (by date) descriptions of daily activity of any previously unreported wellbore workover.
7) **Submit the original subsequent sundry with three copies to BLM Carlsbad.**
8) Compliance with a NMOCD Administrative Order is required, submit documentation of that authorization.
   a) Approved injection pressure compliance is required.
   b) If injection pressure exceeds the approved pressure you are required to reduce that pressure and notify the BLM within 24 hours.
   c) When injection pressure is within 50 psig of the maximum pressure, install automation equipment that will prevent exceeding that maximum. Submit a subsequent report (Sundry Form 3160-5) describing the installed automation equipment within 30 days.
9) Unexplained significant variations of rate or pressure to be reported within 5 days of notice.
10) The casing/tubing annulus is required to be monitored for communication with injection fluid or loss of casing integrity. A BLM inspector may request verification of the annular fluid level at any time.

11) A "Best Management Practice" is to maintain the annulus full of packer fluid at atmospheric pressure. Equipment that will display on site, continuous open to the air fluid level is necessary to achieve this goal.
12) Loss of packer fluid above five barrels per month indicates a developing problem. Notify BLM Carlsbad Field Office, Petroleum Engineering within 5 days.
13) A suggested format for monthly records documenting that the casing annulus is fluid filled is available from the BLM Carlsbad Field Office.
14) Gain of annular fluid requires notification within 24 hours. Cease injection and maintain a production casing pressure of 0 psia. Notify the BLM's authorized officer ("Paul R. Swartz" <pswartz@blm.gov>, cell phone 575-200-7902). If there is no response phone 575-361-2822.
15) Submit a (Sundry Form 3160-5) subsequent report (daily reports) describing all wellbore activity and Mechanical Integrity Test as per item 1) above. Include the date(s) of the well work, and the setting depths of equipment in the subsequent sundry. List (by date) descriptions of daily activity of any previously unreported wellbore workover.

Access information for **use of Form 3160-5** "Sundry Notices and Reports on Wells"

NM Fed Regs & Forms - http://www.blm.gov/nm/st/en/prog/energy/oil_and_gas.html

§ 43 CFR 3162.3-2 Subsequent Well Operations.

§ 43 CFR 3160.0-9 (c)(1) Information collection.

§ 3162.4-1 (c) Well records and reports.