

DATE IN <u>8/25/10</u>	SUSPENSE	ENGINEER <u>OB.</u>	LOGGED IN <u>8.25.10</u>	TYPE <u>NSL</u>	APP NO. <u>1023749796</u>
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505
 2010 AUG 25 P 12:59



OKY

Lost Tank 10 Fed #1

ADMINISTRATIVE APPLICATION CHECKLIST 30-015-37959

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP ☐ SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR
- [D] Other: Specify _____
- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
- [A] ☒ Working, Royalty or Overriding Royalty Interest Owners
- [B] ☒ Offset Operators, Leaseholders or Surface Owner
- [C] ☐ Application is One Which Requires Published Legal Notice
- [D] ☒ Notification and/or Concurrent Approval by BLM or ~~SLD~~
 U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] ☐ Waivers are Attached

- [3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

- [4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

~~Note: Statement must be completed by an individual with managerial and/or supervisory capacity.~~

David Stewart
 Print or Type Name

[Signature]
 Signature

SR. Reg. Analyst 8/23/10
 Title Date

david_stewart@oky.com
 e-mail Address

OKY USA Inc.
 Lost Tank 10 Federal #1



OXY USA Inc.

**PO Box 50250
Midland, TX 79710-0250**

August 23, 2010

New Mexico Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Attention: Richard Ezeanyim

Re: ***Application for Administrative Approval of Non-Standard Location –
Lost Tank Delaware, West
Lost Tank 10 Federal #1
Surface/Penetration Point – 400 FSL 250 FEL Ut P – Sec 3 T22S R31E
Bottom Hole –760 FNL 990 FEL Ut A – Sec 10 T22S R31E
Eddy County, New Mexico***

Dear Mr. Ezeanyim:

OXY USA Inc. respectfully requests administrative approval under Rule 104 (F) of this application for the subject non-standard well location on the Lost Tank 10 Federal #1. The #1 well is proposed in the Delaware with a TVD of 8250'. The kickoff point for the well is at approximately 4200' and the top of the Delaware formation is expected at 4035', which is above the kickoff point. The wellbore will not be orthodox at either the top of the Delaware or when it penetrates the Delaware Brushy Canyon reservoir. The non-standard location is necessary for reasons of potash surface restrictions and topography, as required by the BLM.

The #1 encroaches on the 40-acre spacing units of M-Sec 2, P-Sec 3, D-Sec 11 of T23S R31E. All of the interest owners have joined in the drilling of the #1 and waivers have been attached from affected parties.

To support this request, the following information has been submitted for your review:

1. Application for Permit to Drill.
2. NMOCD C-102 Plat for the proposed well with offsetting well and affected spacing units.
3. List of affected offset parties that adjoin the non-standard well and the spacing unit being encroached upon, along with a copy of the certified returned receipts and signed waivers. Copies of the signed certified receipts will be furnished upon request.
4. Proposed Directional Survey

If you need any additional information, please call me at 432-685-5717.

Sincerely,

David Stewart
Sr. Regulatory Analyst
OXY USA Inc.

Attachments

CC: NMOCD-Artesia, BLM-Carlsbad, Service List

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED
JUN 22 2010

ATS-08-508
FORM APPROVED
OMB NO 1004-0136
Expires: November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM0417696-S NMNM0417506-BH
1b. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator OXY USA Inc.		7. Unit or CA Agreement Name and No.
3a. Address P.O. Box 50250 Midland, TX 79710-0250	3b. Phone No. (include area code) 16696 432-685-5717	8. Lease Name and Well No. Lost Tank 10 Federal #1
4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface 400 FSL 250 FEL SESE (P) Sec 3 At proposed prod. zone 760 FNL 990 FEL WENE (A) Sec 10		9. API Well No. 30-015-37959
14. Distance in miles and direction from nearest town or post office* 20 miles northeast from Loving, NM		10. Field and Pool, or Exploratory Lost Tank Delaware, West
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 760'		11. Sec., T., R., M., or Blk and Survey or Area Sec 3-S 10-BH T22S R31E
16. No. of Acres in lease 160		12. County or Parish Eddy
17. Spacing Unit dedicated to this well 40		13. State NM
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1019'		19. Proposed Depth 8490' 8230' 8700' M 8300' V
20. BLM/BIA Bond No on file ES0136		
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3505.6' GL		22. Approximate date work will start* 8/09
		23. Estimated duration 45

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- | | |
|------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan | 5. Operator certification. |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office) | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature <i>David Stewart</i>	Name (Printed/Typed) David Stewart	Date 5/16/09
Title Sr. Regulatory Analyst		
Approved by (Signautre) <i>151 William Merhege</i>	Name (Printed/Typed) <i>151 William Merhege</i>	Date 6-11-10
Title ACTING STATE DIRECTOR	Office NM STATE OFFICE	

Application approval 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.
Conditions of approval, if any, are attached.

APPROVAL FOR TWO YEARS

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 Reverse)

Carlsbad-Controlled Water Basin

OCD CONDITION OF APPROVAL for Drilling
Intent to drill ONLY -- CANNOT produce until the Non-Standard Location has been approved by OCD Santa Fe office.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease- 4 Copies
Fee Lease- 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-37959	Pool Code 96582	Pool Name Lost Tank Delaware, West
Property Code 38185	Property Name LOST TANK 10 FED.	Well Number 1
OGRID No. 16696	Operator Name OXY USA INC.	Elevation 3505.6'

Surface Location

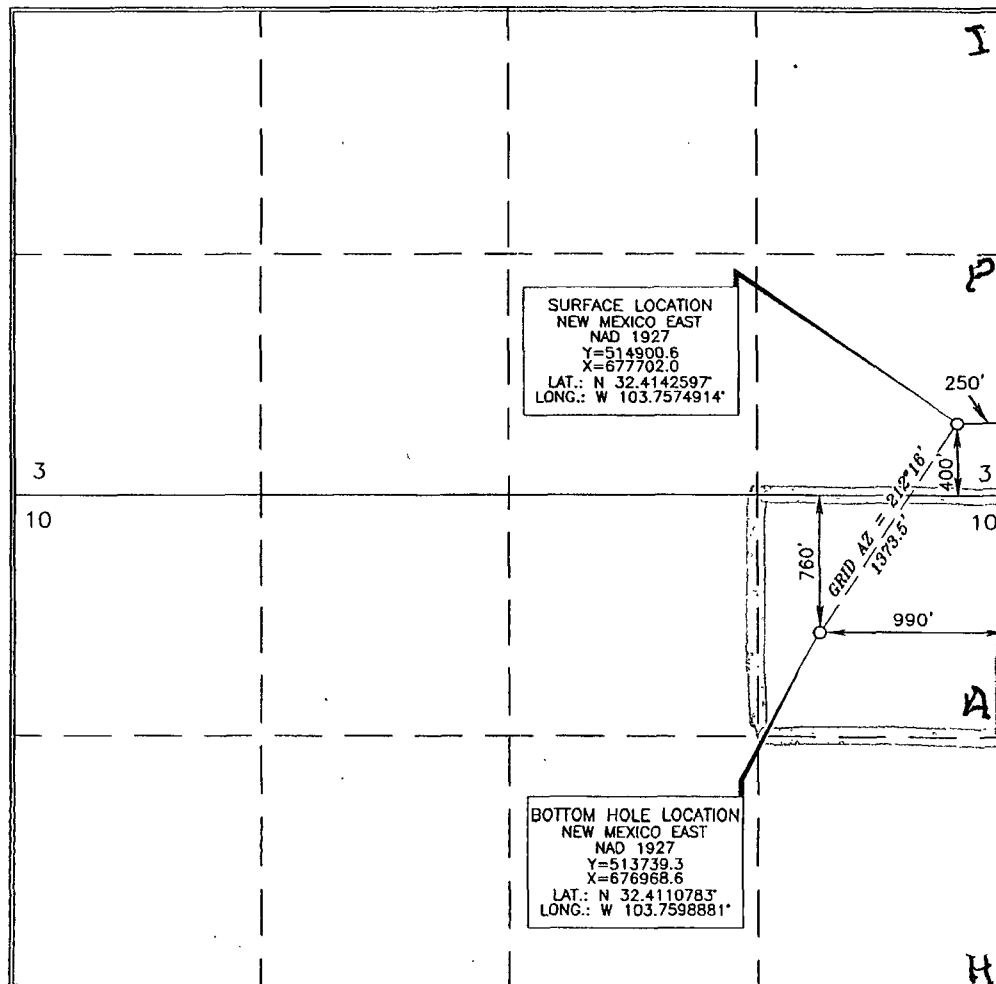
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	3	22 SOUTH	31 EAST, N.M.P.M.		400'	SOUTH	250'	EAST	EDDY

Bottom Hole Location if Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	10	22 SOUTH	31 EAST, N.M.P.M.		760'	NORTH	990'	EAST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
40	N		

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

David Stewart
Signature Date

David Stewart
Printed Name

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

15079
Date of Survey

Terry J. Abel
Signature and Seal of Professional Surveyor

15079
Certificate Number

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources

Form C-102
Revised October 12, 2005

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3¹/₂ Copies

☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-37959	² Pool Code 96582	³ Pool Name Lost Tank Delaware, West
⁴ Property Code 38105	⁵ Property Name Lost Tank 10 Federal	⁶ Well Number 1
⁷ OGRID No. 16696	⁸ Operator Name OXY USA Inc.	⁹ Elevation 3505.6'

¹⁰ Surface Location

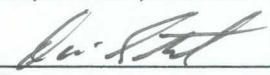
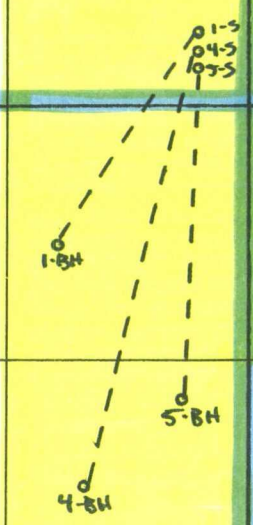
UL or lot no. P	Section 3	Township 22S	Range 31E	Lot. Idn	Feet from the 400	North/South line south	Feet from the 250	East/West line east	County Eddy
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no. A	Section 10	Township 22S	Range 31E	Lot. Idn	Feet from the 760	North/South line north	Feet from the 990	East/West line east	County Eddy
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¹² Dedicated Acres 200	¹³ Joint or Infill N	¹⁴ Consolidation Code	¹⁵ Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

¹⁶ 3 Lost Tank 3 Federal OXY USA Inc. CONOCO Phillips Co. ✓	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.  Signature Date David Stewart Printed Name Sr. Regulatory Analyst david.stewart@oxy.com
	¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Date of Survey Signature and Seal of Professional Surveyer: Certificate Number
10 Lost Tank 10 Federal OXY USA Inc.	11 Lost Tank 11 Federal OXY USA Inc.

Service List – NSL
OXY USA Inc.
Lost Tank 10 Federal #1,4,5
SL - Sec 3 T22S R31E
BHL – Sec 10 T22S R31E

United States Dept of Interior
Bureau of Land Management
620 E. Greene Street
Carlsbad, NM 88220-6292

New Mexico Oil Conservation Division
1301 W. Grand Ave.
Artesia, NM 88210

New Mexico Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Affected Offset Parties:

OXY USA Inc.
P.O. Box 50250
Midland, TX 79710

Conoco Phillips Co.
Attn: Tom Scarbrough
550 Westlake Park Blvd.
Houston, TX 77252-2197

Yates Petroleum Corp.
105 S. Fourth St.
Artesia, NM 88210



OXY USA Inc.

PO Box 50250
Midland, TX 79710-0250

August 23, 2010

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

Conoco Phillips Co.
Attn: Tom Scarbrough
550 Westlake Park Blvd.
Houston, TX 77252-2197

Re: *Application for Administrative Approval of Non-Standard Location –
Lost Tank Delaware, West
Lost Tank 10 Federal #1
Surface/Penetration Point – 400 FSL 250 FEL Ut P – Sec 3 T22S R31E
Bottom Hole – 760 FNL 990 FEL Ut A – Sec 10 T22S R31E
Eddy County, New Mexico*

Ladies and Gentlemen:

Enclosed is a copy of an application, filed with the New Mexico Oil Conservation Division by OXY USA Inc., requesting administrative approval under Rule 104 (F) of an unorthodox well location. As an affected party, notice is being provided to you pursuant to Rule 104 (F). The well is located in the SESE/4 of Section 3 T22S R31E, Eddy County, NM. If you object to the well's location, you must notify the Division in writing no later than 20 days from the date the application is received by the NMOCD (1220 South St. Francis Drive, Santa Fe, NM 87505; Attention: Richard Ezeanyim).

If you need any additional information, please call me at 432-685-5717.

Sincerely,

A handwritten signature in black ink, appearing to read "David Stewart", is written over a horizontal line.

David Stewart
Sr. Regulatory Analyst
OXY USA WTP LP

Attachments



OXY USA Inc.

A subsidiary of Occidental Petroleum Corporation

5 Greenway Plaza, Suite 110, Houston, Texas 77046-0521
P.O. Box 27570, Houston, Texas 77227-7570
Phone 713.215.7000

ConocoPhillips Company
550 Westlake Park Blvd.
Houston, TX 77252-2197
Attention: Tom Scarbrough

RE: **Lost Tank 10 Federal #1**
250' FEL & 400' FSL (surface location) (SE SE)
Section 3-22S-31E
760' FNL & 990' FEL (bottom hole location) (NE NE)
Section 10-22S-31E
Eddy County, New Mexico

Gentlemen:

The surface location for the Lost Tank 10 Federal #1 well is located in the SE/4 SE/4 of Section 3-22S-31E, Eddy County, NM. The well will be drilled directionally to a bottom hole location in the NE/4 NE/4 of Section 10-22S-31E, Eddy County, NM. The well is at an unorthodox location where it penetrates portions of the Delaware formation.

The well will be drilled vertically to approximately 4,200' at which depth it will penetrate the top of the Delaware formation. The well will then be drilled directionally and penetrate the top of the objective Brushy Canyon. A portion of the Delaware formation at a standard location approximately 620' FNL & 963' FEL of Section 10-22S-31E, Eddy County, NM.

OXY is filing an application with the New Mexico Oil Conservation Division (OCD) for administrative approval of this non-standard location (NSL). Your execution of this waiver will facilitate administrative approval of OXY's NSL application. OXY requests that you waive any protest or objection to the NSL for the referenced well.

Your favorable consideration and early reply will be appreciated. Please return a signed copy of this waiver letter to me at the address shown above.

Very truly yours,

OXY USA Inc.

Donna G Havins
Land Negotiator
Dir: (713) 215-7232
Cell: (713) 202-7559
Fax: (713) 985-1818
email: donna_havins@oxy.com

Based on the information provided herein, ConocoPhillips Company hereby waives any protest or objection to the non-standard location of the Lost Tank 10 Federal #1 well.

ConocoPhillips Company

By Robert N. Wedel

Dated 7-28-10

TJS



OXY USA Inc.

PO Box 50250
Midland, TX 79710-0250

August 23, 2010

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

Yates Petroleum Corp.
105 S. Fourth St.
Artesia, NM 88210

Re: *Application for Administrative Approval of Non-Standard Location –
Lost Tank Delaware, West
Lost Tank 10 Federal #1
Surface/Penetration Point – 400 FSL 250 FEL Ut P – Sec 3 T22S R31E
Bottom Hole – 760 FNL 990 FEL Ut A – Sec 10 T22S R31E
Eddy County, New Mexico*

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If you need any additional information, please call me at 432-685-5717.

Sincerely,

A handwritten signature in black ink, appearing to read "David Stewart".

David Stewart
Sr. Regulatory Analyst
OXY USA WTP.LP

Attachments



OXY USA Inc.

A subsidiary of Occidental Petroleum Corporation

5 Greenway Plaza, Suite 110, Houston, Texas 77046-0521
P.O. Box 27570, Houston, Texas 77227-7570
Phone 713.215.7000

Yates Petroleum Corporation
105 S. 4th Street
Artesia, NM 88210

RE: Lost Tank 10 Federal #1
250' FEL & 400' FSL (surface location) (SE SE)
Section 3-22S-31E
760' FNL & 990' FEL (bottom hole location) (NE NE)
Section 10-22S-31E
Eddy County, New Mexico

Gentlemen:

The surface location for the Lost Tank 10 Federal #1 well is located in the SE/4 SE/4 of Section 3-22S-31E, Eddy County, NM. The well will be drilled directionally to a bottom hole location in the NE/4 NE/4 of Section 10-22S-31E, Eddy County, NM. The well is at an unorthodox location where it penetrates portions of the Delaware formation.

The well will be drilled vertically to approximately 4,200' at which depth it will penetrate the top of the Delaware formation. The well will then be drilled directionally and penetrate the top of the objective Brushy Canyon A portion of the Delaware formation at a standard location 620' FNL & 963' FEL of Section 10-22S-31E, Eddy County, NM.

OXY is filing an application with the New Mexico Oil Conservation Division (OCD) for administrative approval of this non-standard location (NSL). Your execution of this waiver will facilitate administrative approval of OXY's NSL application. OXY requests that you waive any protest or objection to the NSL for the referenced well.

Your favorable consideration and early reply will be appreciated. Please return a signed copy of this waiver letter to me at the address shown above.

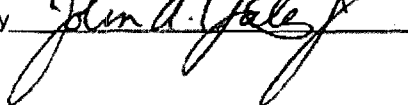
Very truly yours,

OXY USA Inc.

Donna G Havins
Land Negotiator
Dir: (713) 215-7232
Cell: (713) 202-7559
Fax: (713) 985-1818
email: donna_havins@oxy.com

Yates Petroleum Corporation hereby waives any protest or objection to the non-standard location of the Lost Tank 10 Federal #1 well.

Yates Petroleum Corporation

By 

Dated 8/5/10



Azimuths to Grid North
True North: -0.31°
Magnetic North: 7.62°

Magnetic Field
Strength: 48946 8snT
Dip Angle: 60.40°
Date: 5/12/2009
Model: IGRF200510



Project: Eddy County, NM
Site: Lost Tank 10 Federal Unit
Well: Well #1
Wellbore: OH
Plan: Plan #1 (Well #1/OH)

WELL DETAILS: Well #1

Ground Elevation: 3505.60
RKB Elevation: Est. RKB @ 3522.10ft
Rig Name:

+N/-S	+E/-W	Northing	Easting	Latitude	Longitude	Slot
0.00	0.00	514900.60	677702.00	32° 24' 51.33500 N	103° 45' 26.96906 W	

PROJECT DETAILS: Eddy County, NM
Geodetic System: US State Plane 1927 (Exact solution)
Datum: NAD 1927 (NADCON CONUS)
Ellipsoid: Clarke 1866
Zone: New Mexico East 3001

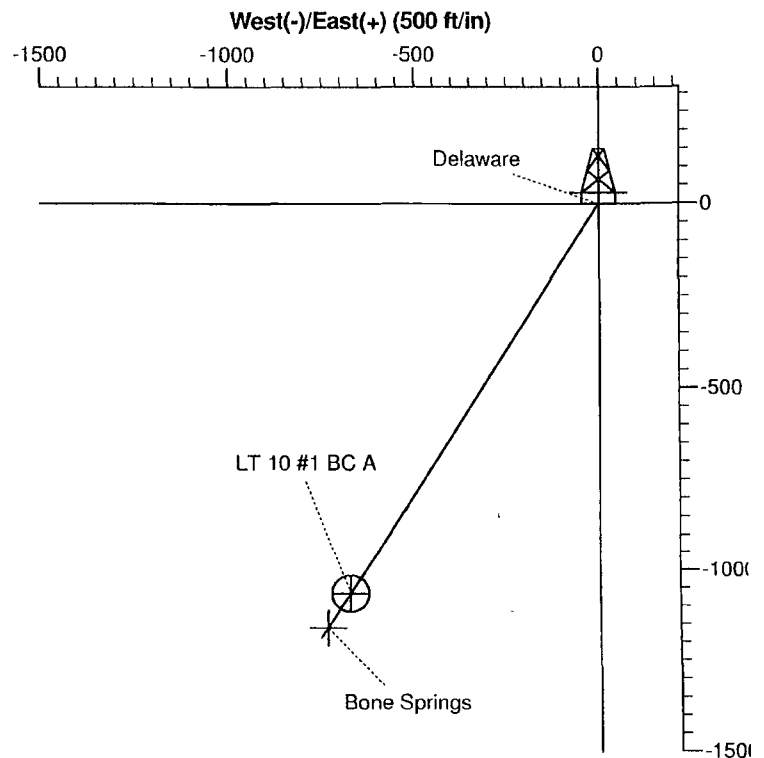
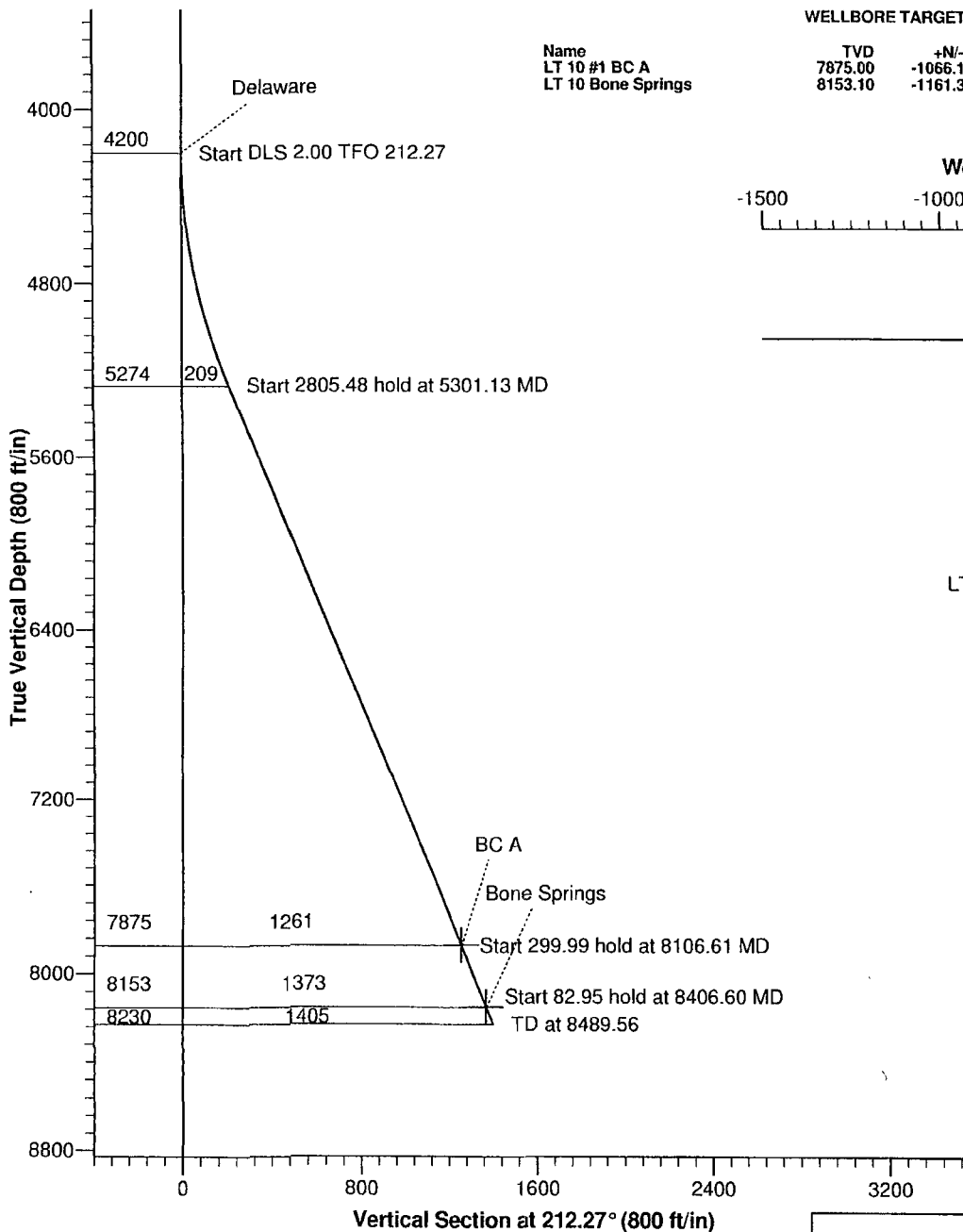
System Datum: Mean Sea Level
Local North: Grid

SECTION DETAILS

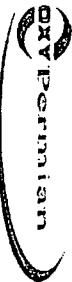
Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Target
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2	4200.00	0.00	0.00	4200.00	0.00	0.00	0.00	0.00	0.00	
3	5301.13	22.02	212.27	5274.22	-176.73	-111.61	2.00	212.27	209.03	
4	8106.61	22.02	212.27	7875.00	-1066.19	-673.34	0.00	0.00	1261.01	LT 10 #1 BC A
5	8406.60	22.02	212.27	8153.10	-1161.30	-733.41	0.00	0.00	1373.50	LT 10 Bone Springs
6	8489.56	22.02	212.27	8230.00	-1187.60	-750.01	0.00	0.00	1404.60	

WELLBORE TARGET DETAILS (MAP CO-ORDINATES)

Name	TVD	+N/-S	+E/-W	Northing	Easting	Shape
LT 10 #1 BC A	7875.00	-1066.19	-673.34	513834.41	677028.66	Circle (Radius)
LT 10 Bone Springs	8153.10	-1161.30	-733.40	513739.30	676968.60	Point



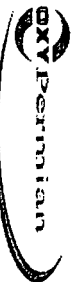
Plan: Plan #1 (Well #1/OH)
Created By: Kurt Otto Date: 13:56, May 12 2009



PathFinder Energy Services
Global X&Y Report



Company: OXY Perminian		Local Co-ordinate Reference: Well #1	
Project: Eddy County, NM		TVD Reference: Est. RKB @ 3522.10ft	
Site: Lost Tank 10 Federal Unit		MD Reference: Est. RKB @ 3522.10ft	
Well: Well #1		North Reference: Grid	
Wellbore: OH		Survey Calculation Method: Minimum Curvature	
Design: Plan #1		Database: Landmark Network DB	
Project: Eddy County, NM			
Map System: US State Plane 1927 (Exact solution)		System Datum: Mean Sea Level	
Geo Datum: NAD 1927 (NADCON CONUS)			
Map Zone: New Mexico East 3001			
Site: Lost Tank 10 Federal Unit			
Site Position: Map		Northing: 514,900.60 ft	
From: Map		Easting: 677,702.00 ft	
Position Uncertainty: 0.00 ft		Slot Radius: #	
		Latitude: 32° 24' 51.33500 N	
		Longitude: 103° 45' 26.96906 W	
		Grid Convergence: 0.31 °	
Well: Well #1			
Well Position +N/S 0.00 ft		Northing: 514,900.60 ft	
+E/W 0.00 ft		Easting: 677,702.00 ft	
Position Uncertainty 0.00 ft		Wellhead Elevation: ft	
Wellbore: OH			
Magnetics			
Model Name	Sample Date	Declination: (°)	Dip Angle: (°)
IGRF200510	5/12/2009	7.92	60.40
			Field Strength: (mT) 48.947
Design: Plan #1			
Audit Notes:			
Version:	Phase:	PLAN	Tie On Depth: 0.00
Vertical Section:	Depth From (TVD)	+N/S	+E/W
	(ft)	(ft)	(ft)
	0.00	0.00	0.00
			Direction: (°) 212.27
Survey Tool Program: Date 5/12/2009			
From (ft)	To (ft)	Survey (Wellbore)	Tool Name
0.00	8,489.56	Plan #1 (OH)	MWD
			MWD - Standard

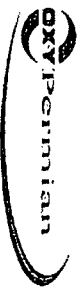


PathFinder Energy Services
Global X&Y Report



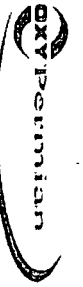
Company:	OXY Permian	Local Co-ordinate Reference:	Well Well #1
Project:	Eddy County, NM	TVD Reference:	Est. RKB @ 3522.10ft
Site:	Lost Tank 10 Federal Unit	MD Reference:	Est. RKB @ 3522.10ft
Well:	Well #1	North Reference:	Grid
Wellbore:	OH	Survey Calculation Method:	Minimum Curvature
Design:	Plan #1	Database:	Landmark Network DB

Planned Survey									
MD	Incl	Azi	TVD	TVDSS	V. Sec	Nothing	Easting	Dleg	
(ft)	(°)	(°)	(ft)	(ft)	(ft)	(ft)	(ft)	(°/100ft)	
4,100.00	0.00	0.00	4,100.00	-577.90	0.00	514,900.60	677,702.00	0.00	
4,198.00	0.00	0.00	4,198.00	-675.90	0.00	514,900.60	677,702.00	0.00	
Delaware									
4,200.00	0.00	0.00	4,200.00	-677.90	0.00	514,900.60	677,702.00	0.00	
4,300.00	2.00	212.27	4,299.98	-777.88	1.75	514,899.12	677,701.07	2.00	
4,400.00	4.00	212.27	4,399.84	-877.74	6.98	514,894.70	677,698.27	2.00	
4,500.00	6.00	212.27	4,499.45	-977.35	15.69	514,887.33	677,693.62	2.00	
4,600.00	8.00	212.27	4,598.70	-1,076.60	27.88	514,877.03	677,687.11	2.00	
4,700.00	10.00	212.27	4,697.47	-1,175.37	43.52	514,863.80	677,678.76	2.00	
4,800.00	12.00	212.27	4,795.62	-1,273.52	62.60	514,847.67	677,668.57	2.00	
4,900.00	14.00	212.27	4,893.06	-1,370.96	85.10	514,828.65	677,656.56	2.00	
5,000.00	16.00	212.27	4,989.64	-1,467.54	110.98	514,806.77	677,642.74	2.00	
5,100.00	18.00	212.27	5,085.27	-1,563.17	140.21	514,782.05	677,627.13	2.00	
5,200.00	20.00	212.27	5,179.82	-1,667.72	172.77	514,754.52	677,609.75	2.00	
5,301.13	22.02	212.27	5,274.22	-1,752.12	209.03	514,723.87	677,590.39	2.00	
5,400.00	22.02	212.27	5,365.87	-1,843.77	246.10	514,692.52	677,570.59	0.00	
5,500.00	22.02	212.27	5,458.58	-1,936.48	283.60	514,660.82	677,550.57	0.00	
5,600.00	22.02	212.27	5,551.28	-2,029.18	321.10	514,629.11	677,530.55	0.00	
5,700.00	22.02	212.27	5,643.98	-2,121.88	358.59	514,597.41	677,510.52	0.00	
5,800.00	22.02	212.27	5,736.69	-2,214.59	396.09	514,565.70	677,490.50	0.00	
5,900.00	22.02	212.27	5,829.39	-2,307.29	433.59	514,534.00	677,470.48	0.00	
6,000.00	22.02	212.27	5,922.09	-2,399.99	471.08	514,502.30	677,450.46	0.00	
6,100.00	22.02	212.27	6,014.80	-2,492.70	508.58	514,470.59	677,430.43	0.00	
6,200.00	22.02	212.27	6,107.50	-2,585.40	546.08	514,438.89	677,410.41	0.00	
6,300.00	22.02	212.27	6,200.20	-2,678.10	583.58	514,407.18	677,390.39	0.00	
6,400.00	22.02	212.27	6,292.91	-2,770.81	621.07	514,375.48	677,370.37	0.00	
6,500.00	22.02	212.27	6,385.61	-2,863.51	658.57	514,343.77	677,350.34	0.00	



Company:	OXY Permian	Local Co-ordinate Reference:	Well Well #1
Project:	Eddy County, NM	TVD Reference:	Est. RKB @ 3522.10ft
Site:	Lost Tank 10 Federal Unit	MD Reference:	Est. RKB @ 3522.10ft
Well:	Well #1	North Reference:	Grd.
Wellbore:	OH	Survey Calculation Method:	Minimum Curvature
Design:	Plan #1	Database:	Landmark Network DB

Planned Survey	MD (ft)	Inc (°)	Az (°)	TVD (ft)	TVDSS (ft)	V. Sec (ft)	Northing (ft)	Easting (ft)	Dleg (°/100ft)
	6,600.00	22.02	212.27	6,478.31	-2,956.21	696.07	514,312.07	677,330.32	0.00
	6,700.00	22.02	212.27	6,571.02	-3,048.92	733.57	514,280.37	677,310.30	0.00
	6,800.00	22.02	212.27	6,663.72	-3,141.62	771.06	514,248.66	677,290.28	0.00
	6,900.00	22.02	212.27	6,756.43	-3,234.33	808.56	514,216.96	677,270.25	0.00
	7,000.00	22.02	212.27	6,849.13	-3,327.03	846.06	514,185.25	677,250.23	0.00
	7,100.00	22.02	212.27	6,941.83	-3,419.73	883.56	514,153.55	677,230.21	0.00
	7,200.00	22.02	212.27	7,034.54	-3,512.44	921.05	514,121.85	677,210.19	0.00
	7,300.00	22.02	212.27	7,127.24	-3,605.14	958.55	514,090.14	677,190.16	0.00
	7,400.00	22.02	212.27	7,219.94	-3,697.84	996.05	514,058.44	677,170.14	0.00
	7,500.00	22.02	212.27	7,312.65	-3,790.55	1,033.55	514,026.73	677,150.12	0.00
	7,600.00	22.02	212.27	7,405.35	-3,883.25	1,071.04	513,995.03	677,130.10	0.00
	7,700.00	22.02	212.27	7,498.05	-3,975.95	1,108.54	513,963.32	677,110.07	0.00
	7,800.00	22.02	212.27	7,590.76	-4,068.66	1,146.04	513,931.62	677,090.05	0.00
	7,900.00	22.02	212.27	7,683.46	-4,161.36	1,183.54	513,899.92	677,070.03	0.00
	8,000.00	22.02	212.27	7,776.16	-4,254.06	1,221.03	513,868.21	677,050.01	0.00
	8,106.61	22.02	212.27	7,875.00	-4,352.90	1,261.01	513,834.41	677,028.66	0.00
LT 10 #1 BC A									
	8,200.00	22.02	212.27	7,961.57	-4,439.47	1,296.03	513,804.80	677,009.96	0.00
	8,300.00	22.02	212.27	8,054.27	-4,532.17	1,333.53	513,773.10	676,989.94	0.00
	8,406.60	22.02	212.27	8,153.10	-4,631.00	1,373.50	513,739.30	676,968.60	0.00
LT 10 Bone Springs									
	8,489.56	22.02	212.27	8,230.00	-4,707.90	1,404.60	513,713.00	676,951.99	0.00



PathFinder Energy Services
Global X&Y Report



Company:	OXY Permian	Local Co-ordinate Reference:	Well Well #1
Project:	Eddy County, NM	TVD Reference:	Est. RKB @ 3522.10ft
Site:	Lost Tank 10 Federal Unit	MD Reference:	Est. RKB @ 3522.10ft
Well:	Well #1	North Reference:	Grid
Wellbore:	OH	Survey Calculation Method:	Minimum Curvature
Design:	Plan #1	Database:	Landmark Network DB

Targets							
Target Name	Dip Angle	Dip Dir	TVD	+N/S	+E/W	Northing	Easting
- hit/miss target	(°)	(°)	(ft)	(ft)	(ft)	(ft)	(ft)
- Shape							
LT 10 Bone Springs	0.00	0.00	8,153.10	-1,161.30	-733.40	513,739.30	676,968.60
- plan hits target center							32° 24' 39.88227 N 03° 45' 35.59705 W
- Point							
LT 10 #1 BC A	0.00	0.00	7,875.00	-1,066.19	-673.34	513,834.41	677,028.66
- plan hits target center							32° 24' 40.82025 N 03° 45' 34.89050 W
- Circle (radius 50.00)							

Formations							
Measured Depth	Vertical Depth	Name	Lithology	Dip	Dip Direction		
(ft)	(ft)			(°)	(°)		
4,198.00	4,198.00	Delaware				0.00	

Checked By: _____	Approved By: _____	Date: _____
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- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

STATE OF NEW MEXICO
ENERGY & MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
SANTA FE, NM 87505

A. Signature X		<input type="checkbox"/> Agent <input type="checkbox"/> Addressee
B. Received by (Printed Name)	C. Date of Delivery	
D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No		
3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.		
4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes		

2. Article Number
(Transfer from service label)

7005 0390 0002 9920 7801

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

STATE OF NEW MEXICO
ENERGY & MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
1301 W. GRAND AVE.
ARTESIA, NM 88210

COMPLETE THIS SECTION ON DELIVERY

A. Signature X		<input type="checkbox"/> Agent <input type="checkbox"/> Addressee
B. Received by (Printed Name)	C. Date of Delivery	
D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No		
3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.		
4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes		

2. Article Number
(Transfer from service label)

7005 0390 0002 9920 7818

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

BLM
620 E. Greene St.
Cambridge, NM 88220

COMPLETE THIS SECTION ON DELIVERY

A. Signature X		<input type="checkbox"/> Agent <input type="checkbox"/> Addressee
B. Received by (Printed Name)	C. Date of Delivery	
D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No		
3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.		
4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes		

2. Article Number
(Transfer from service label)

7005 0390 0002 9920 7825

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Conoco Phillips Co.
550 Westlake Park Blvd.
Houston, TX 77252

COMPLETE THIS SECTION ON DELIVERY

A. Signature X		<input type="checkbox"/> Agent <input type="checkbox"/> Addressee
B. Received by (Printed Name)	C. Date of Delivery	
D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No		
3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.		
4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes		

2. Article Number
(Transfer from service label)

7005 0390 0002 9920 7832

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Kates Petroleum Corp
105 S. Fourth St.
Artesia, NM 88210

COMPLETE THIS SECTION ON DELIVERY

A. Signature X		<input type="checkbox"/> Agent <input type="checkbox"/> Addressee
B. Received by (Printed Name)	C. Date of Delivery	
D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No		
3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.		
4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes		

2. Article Number
(Transfer from service label)

7005 0390 0002 9920 7849

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Friday, September 03, 2010 11:16 AM
To: 'David_Stewart@oxy.com'
Subject: Lost Tank 10 Fed ## 1-5 and Lost Tank 11 Fed #1; NSL Applications

Dear Mr. Stewart

Thanks for furnishing the corrected applications for these wells and for the Lost Tank 3 Fed #24.

I have, however, an additional question concerning the referenced wells. It seems that the 10 ##1-5 and the 11 #1 are all directional wells. The applications do not include C-102s designating project areas. Will these wells be completed only in the spacing units corresponding to the bottom hole location? If not, we will need project area designations.

Thanks

David K. Brooks
Legal Examiner

**OXY USA Inc.**PO Box 50250
Midland, TX 79710-0250**CORRECTED**

September 2, 2010

New Mexico Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Attention: Richard Ezeanyim

Re: *Application for Administrative Approval of Non-Standard Location -
Lost Tank Delaware, West
Lost Tank 10 Federal #1
Surface/Penetration Point - 400 FSL 250 FEL Ut P - Sec 3 T22S R31E
Bottom Hole -760 FNL 990 FEL Ut A - Sec 10 T22S R31E
Eddy County, New Mexico*

do P/P is at SL

Dear Mr. Ezeanyim:

OXY USA Inc. respectfully requests administrative approval under Rule 104 (F) of this application for the subject non-standard well location on the Lost Tank 10 Federal #1. The #1 well is proposed in the Delaware with a TVD of 8250'. The kickoff point for the well is at approximately 4200' and the top of the Delaware formation is expected at 4035', which is above the kickoff point. The wellbore will not be orthodox at either the top of the Delaware or when it penetrates the Delaware Brushy Canyon reservoir. The non-standard location is necessary for reasons of potash surface restrictions and topography, as required by the BLM.

The #1 encroaches on the 40-acre spacing units of M-Sec 2, P-Sec 3, D-Sec 11 of T22S R31E. All of the interest owners have joined in the drilling of the #1 and waivers have been attached from affected parties.

To support this request, the following information has been submitted for your review:

1. Application for Permit to Drill.
2. NMOCD C-102 Plat for the proposed well with offsetting well and affected spacing units.
3. List of affected offset parties that adjoin the non-standard well and the spacing unit being encroached upon, along with a copy of the certified returned receipts and signed waivers. Copies of the signed certified receipts will be furnished upon request.
4. Proposed Directional Survey

If you need any additional information, please call me at 432-685-5717.

Sincerely,

David Stewart
Sr. Regulatory Analyst
OXY USA Inc.

Attachments

CC: NMOCD-Artesia, BLM-Carlsbad, Service List

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-37959	² Pool Code 96582	³ Pool Name Lost Tank Delaware, West
⁴ Property Code 381185	⁵ Property Name Lost Tank 10 Federal	⁶ Well Number 1
⁷ GRID No. 16696	⁸ Operator Name OXY USA Inc.	⁹ Elevation 3505.6'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	3	22S	31E		400	South	250	east	Eddy

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	10	22S	31E		760	north	990	east	Eddy

¹² Dedicated Acres 160	¹³ Joint or Infill Y	¹⁴ Consolidation Code	¹⁵ Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

¹⁶ 3 	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature Date 9/3/10 Printed Name Sr. Regulatory Analyst david.stewart@oxy.com
10	11

Brooks, David K., EMNRD

From: David_Stewart@oxy.com
Sent: Thursday, September 02, 2010 7:53 AM
To: Brooks, David K., EMNRD
Subject: RE: Lost Tank 10 Federal #1,2,3,4,5 - Lost Tank 11 Federal #1; NSL applications
Attachments: img-902072932-0001.pdf

Dear Mr. Brooks

I reviewed the cover letters on the following wells for the NSL applications and found that I made the same mistake on the township, it should be T22S, also one of them had the wrong well number(LT10F2). Please see attached and I also faxed corrected copies of the cover letters. I apologize for any inconvenience this may have caused and I appreciate your help.

Lost Tank 10 Federal #1, 2, 3, 4, 5
Lost Tank 11 Federal #1

Thanks, David S.
432-685-5717

From: Stewart, David
Sent: Thursday, September 02, 2010 7:55 AM
To: 'Brooks, David K., EMNRD'
Subject: RE: Lost Tank 3 Federal #24; NSL application

I apologize for the errors in the application, see below and attached for a new cover letter.

1. The location should be 250 FSL 250 FEL of Sec 3.
2. Yes, Unit M of Sec 2 is an affected spacing unit and Yates Petroleum was notified of this NSL application and signed a waiver for the NSL.
3. Yes it should be T22S.

I appreciate the help and will also fax you a copy of the corrected cover letter.

Thanks, David S.
432-685-5717

From: Brooks, David K., EMNRD [mailto:david.brooks@state.nm.us]
Sent: Wednesday, September 01, 2010 5:22 PM
To: Stewart, David
Subject: Lost Tank 3 Federal #24; NSL application

Dear Mr. Stewart

Some discrepancies exist in your application for this well. I am inclined to assume that they are typographical errors, but am requesting clarification or correction.

First, your letter identifies the location as 2350 FSL and 250 FEL of Section 3. However, all of the attached documents show the location to be 250 FSL and 250 FEL.

Second, your identification of affected spacing units omits Unit M in Section 2. I assume that omission is inadvertent since you have attached a plat correctly identifying Yates Petroleum Corporation as the operator of that unit and a waiver from Yates. However, again this should be corrected so that the statements in the application will support an order that we can issue.

Third, your identification of affected units refers to T23S, whereas it would appear that all affected units are in T22S. Again, this needs to be corrected.

Thanks for your assistance.

Sincerely

David K. Brooks
Legal Examiner

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