

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING MAY 17, 2018**

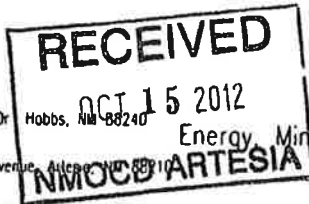
CASE No. 16159

SMOKEY BITS STATE COM No. 2H WELL

EDDY COUNTY, NEW MEXICO



District I
1625 N French Dr
District II
1301 W. Grand Avenue, Albuquerque, NM 87102
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
As Drilled

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-40196	Pool Code 5200	Pool Name Benson; Bone Spring
Property Code 38654	Property Name SMOKEY BITS STATE	Well Number 2H
OCRID No 192463	Operator Name OXY USA WTP Limited Partnership	Elevation 3428.7'

Surface Location

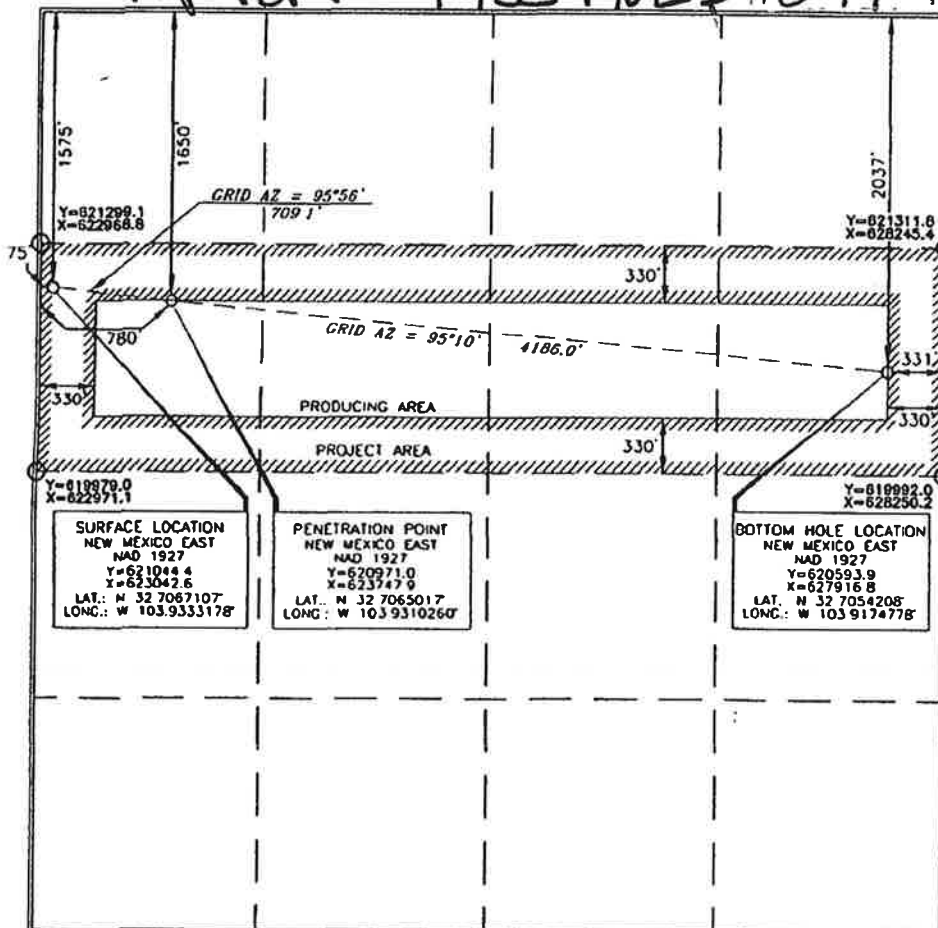
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	36	18 SOUTH	30 EAST, N.M.P.M.		1575'	NORTH	75'	WEST	EDDY

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
H	36	18 SOUTH	30 EAST, N.M.P.M.		2037'	NORTH	331'	EAST	EDDY
Dedicated Acres		Joint or Infill	Consolidation Code	Order No. 2020					

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.

Top Perf = 1785' FNL & 1047' FWL



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.

Jennifer Duarte
Signature Date **6/6/12**
Printed Name

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes or 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
Signature and Seal of Professional Surveyor
Jerry G. Hall 5/22/2011
Certificate Number **15079**

WOB 101117WL-D-XY (Rev. A) (KA)

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. 1

Submitted by: **OXY USA**

Hearing Date: May 17, 2018

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
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☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-39118	Pool Code 5200	Pool Name BENSON BONE SPRING
Property Code 38654	Property Name SMOKEY BITS STATE COM	Well Number 3H
OGRID No. 192463	Operator Name OXY USA WTP LP	Elevation 3521.0'

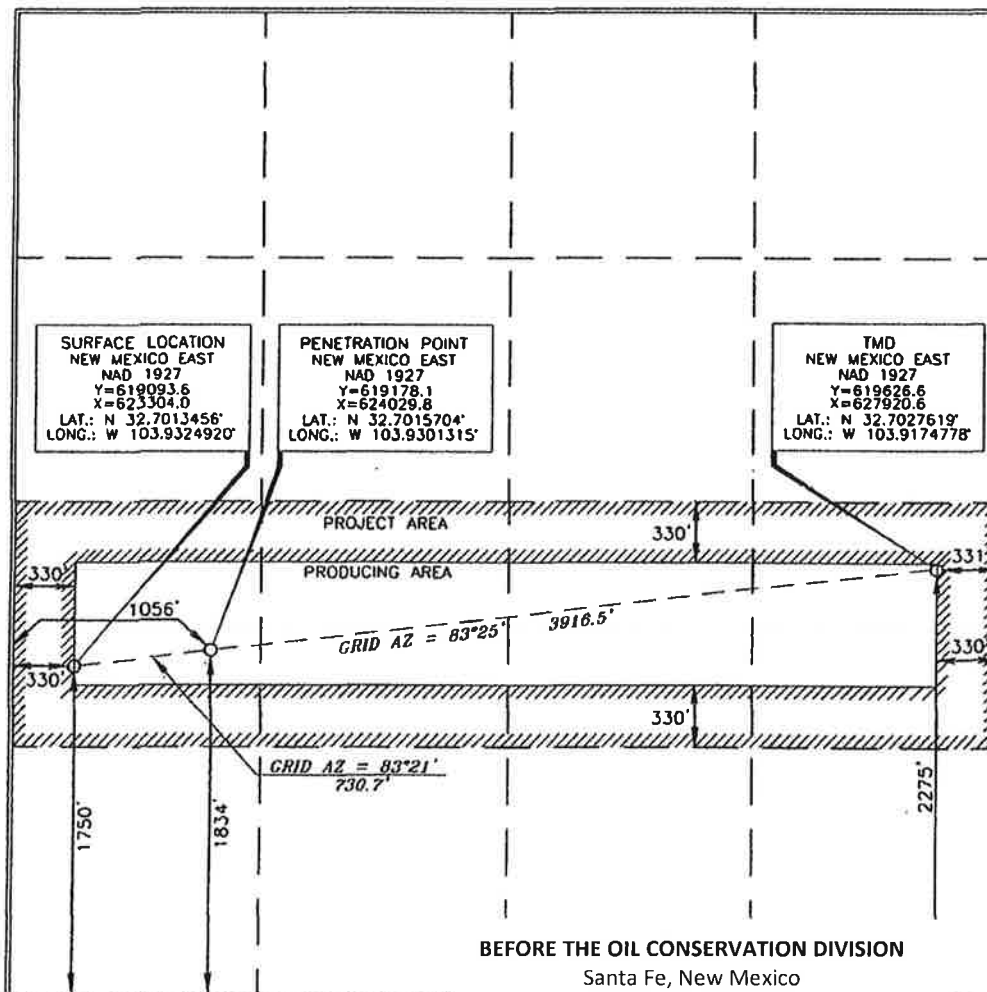
Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	36	18 SOUTH	30 EAST, N.M.P.M.		1750'	SOUTH	330'	WEST	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
I	36	18 SOUTH	30 EAST, N.M.P.M.		2275'	SOUTH	331'	EAST	EDDY
Dedicated Acres 160	Joint or Infill N	Consolidation Code	Order No.						

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 4/24/12
Signature Date
David Stewart Reg. Abo.
Printed Name

SURVEYOR CERTIFICATION

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

Jerry A. Reed 4/24/12
Date of Survey
Signature of Registered Professional Surveyor
Certificate Number 15079

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 2
Submitted by: OXY USA
Hearing Date: May 17, 2018

WOF 101217WL-a (Rev. C) (KA)

RECEIVED

OCT 05 2012

NMOCD ARTESIA

District I
1625 N French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 80210
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

RECEIVED
Department
APR 6 2012
NMOCD ARTESIA

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

☒ AMENDED REPORT
As Directed

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-40148	Pool Code 5200	Pool Name Benson Bone Springs
Property Code 38654	Property Name SMOKEY BITS State Com.	Well Number 6H
OCRID No. 192463	Operator Name OXY USA WT.P Limited Partnership	Elevation 3440.2'

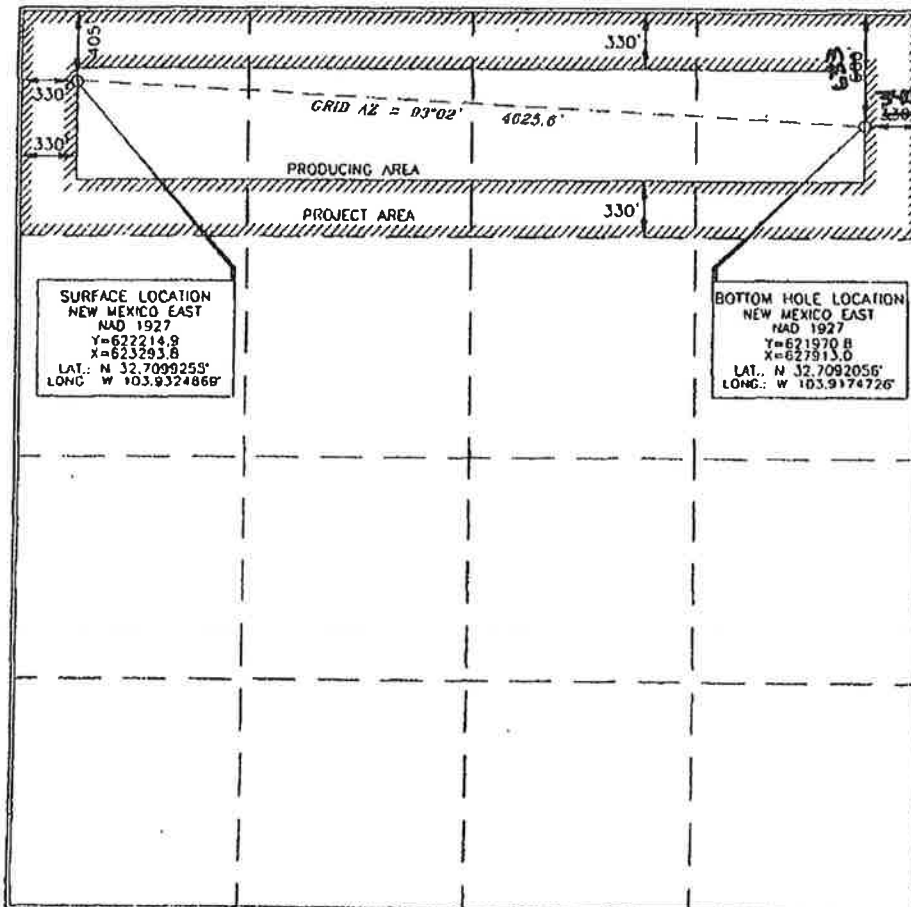
Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	36	18 SOUTH	30 EAST, N.M.P.M.		405'	NORTH	330'	WEST	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	36	18 SOUTH	30 EAST, N.M.P.M.		290' 245	NORTH	290' 340	EAST	EDDY
Dedicated Acres 1.60	Joint or Inld N	Consolidation Code	Order No						

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.

[Signature] 3/16/11
Signature Date

[Printed Name]
Printed Name

SURVEYOR CERTIFICATION

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

[Signature] 8/25/2011
Date of Survey
Professional Surveyor License
Certificate Number 15079

W01110721WL-U (KA)

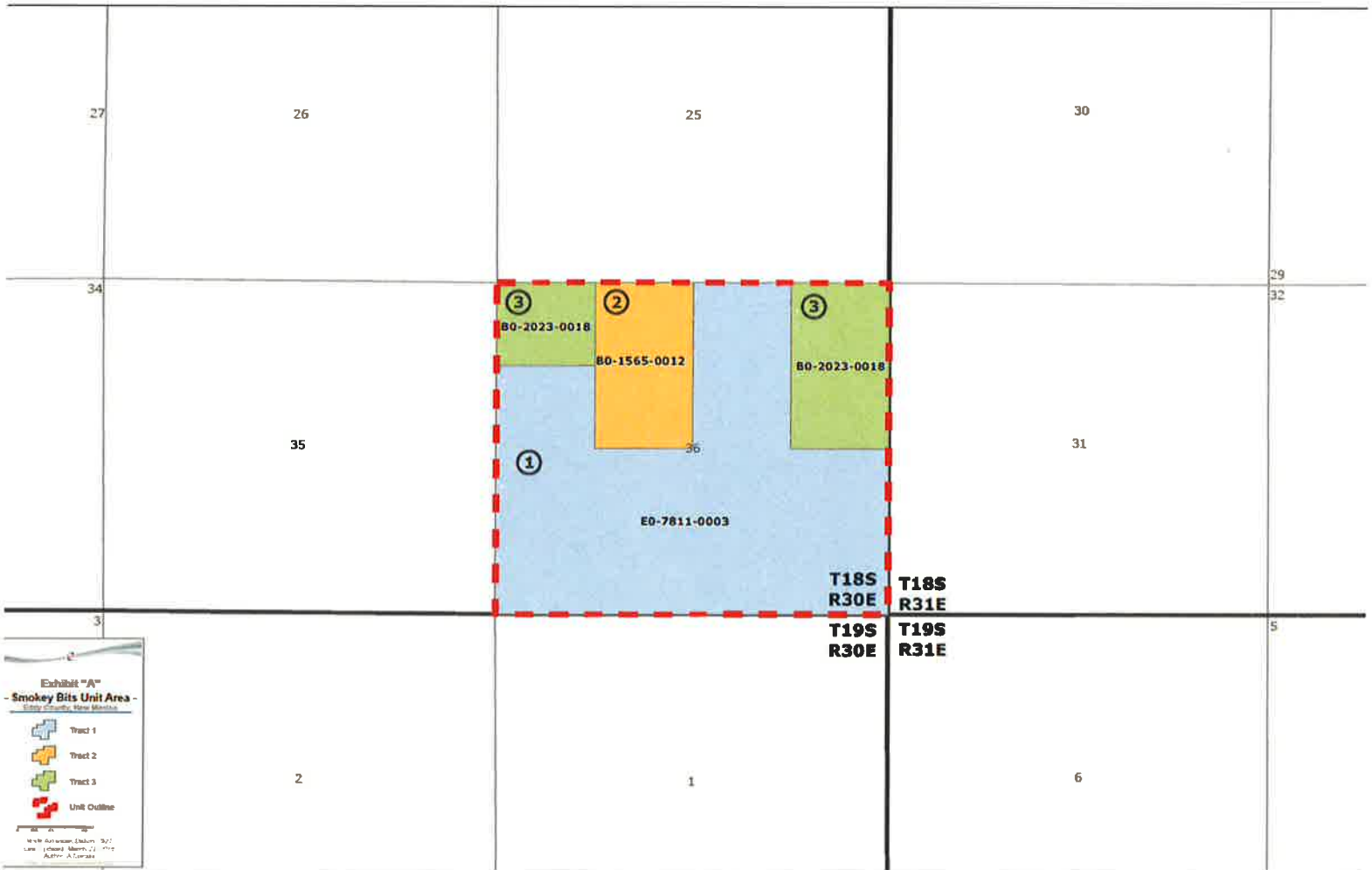
EXHIBIT "A". MAP OF UNIT AREA

Smokey Bits

UNIT

Eddy

County(ies), New Mexico



BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. 3

Submitted by: OXY USA

Hearing Date: May 17, 2018

ONLINE VERSION

STATE/FEE
WATERFLOOD UNIT

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE

_____**Smokey Bits**_____ **UNIT AREA**
_____**Eddy**_____ **County(ies), NEW MEXICO**

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. 4

Submitted by: **OXY USA**

Hearing Date: May 17, 2018

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION OF THE

Smokey Bits

UNIT

Eddy

County(ies), NEW MEXICO

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EXHIBIT "A" MAP OF UNIT AREA

EXHIBIT "B" SCHEDULE OF OWNERSHIP

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION OF THESmokey BitsUNITEddyCounty(ies), NEW MEXICO

THIS AGREEMENT, entered into as of the _____ day of __, 2018, by and between the parties subscribing, ratifying or consenting hereto, and herein referred to as "parties hereto";

WITNESSETH THAT:

WHEREAS, the parties hereto are the owners of working, royalty or other oil and gas interests in the Unit Area subject to this agreement;
and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by law (Sec. 3, Chap. 88, Laws 1943) as amended by Dec. 1 of Chapter 162, Laws of 1951, (Chap. 19, Art. 10, Sec. 45, N.M. Statutes 1978 Annotated), to consent to and approve the development or operation of State lands under agreements made by lessees of State land jointly or severally with other lessees where such agreements provide for the unit operation or development of part of or all of any oil or gas pool, field or area; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Sec. 1, Chap. 162, Laws of 1951; Chap. 19, Art. 10, Sec. 47, N.M. Stats. 1978 Annotated) to amend with the approval of lessee, evidenced by the lessee's execution of such agreement or otherwise, any oil and gas lease embracing State lands so that the length of the term of said lease may coincide with the term of such agreements for the unit operation and development of part or all of any oil or gas pool, field or area; and

WHEREAS, the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico is authorized by law (Chap. 72, Laws 1935, as amended, being Sec. 70-2-1 et seq. N.M. Statutes 1978 Annotated) to approve this agreement and the conservation provision hereof; and

WHEREAS, the parties hereto hold sufficient interests in the Smokey Bits
Unit Area, comprised of the land hereinafter designated, to give reasonably effective control of operations therein; and

WHEREAS, it is the purpose of the parties hereto to enable institution and consummation of secondary and/or enhanced oil recovery operations, conserve natural resources, prevent waste and secure the other benefits obtainable through development and operation of the area subject to this agreement under the terms, conditions and limitations herein set forth.

NOW THEREFORE, in consideration of the premises and the promises herein contained, the parties hereto commit to this agreement their respective interests in the Unitized Formation underlying the Unit Area, and agree severally among themselves as follows:

SECTION 1. ENABLING ACT AND REGULATIONS: The oil and gas operating regulations in the effect as of the effective date hereof governing drilling and producing operations not inconsistent with the terms hereof or the laws of the State of New Mexico are hereby accepted and made a part of this agreement.

SECTION 2. DEFINITIONS: For the purpose of this agreement, the following terms and expressions are used herein shall mean:

- (a) "Unit Area" is defined as the land depicted on Exhibit "A" and described by Tracts in Exhibit "B" attached hereto and said land is hereby designated and recognized as constituting the Unit Area.
- (b) "Commissioner" is defined as the Commissioner of Public Lands of the State of New Mexico.
- (c) "Division" is defined as the Oil Conservation Division of the State of New Mexico.
- (a) "Unitized Formation" is defined as the Second Bone Spring which covers the depths from 7,862 feet to 8,818 feet in the Oxy Smokey State #1 (30-015-31611) located 1,780 feet from the north line and 1,980 feet from the west line of Section 36, Township 18 South, Range 30 East, Eddy County, New Mexico.
- (d) "Unitized Substances" is defined as all oil, gas, gaseous substances, sulphur contained in gas, condensate, distillate and all associated and constituent liquid or liquefiable hydrocarbons within or produced from the Unitized Formation.
- (e) "Working Interest" is defined as an interest in Unitized Substances by virtue of a lease, operating agreement or otherwise, including a carried interest, which interest is chargeable with and obligated to pay or bear, either in cash or out of production or otherwise, all or a portion of the cost of drilling, developing, producing and operating the Unitized Formation. Any interest in Unitized

Substances which is a Working Interest as of the date the owner thereof executes, ratifies or consents to this agreement shall thereafter be treated as a Working Interest for all purposes of this agreement.

- (f) "Royalty Interest" is defined as a right to or interest in any portion of the Unitized substances or proceed thereof other than a Working Interest.
- (g) "Working Interest Owner" is defined as a party hereto who owns a Working Interest in accordance with the Model Form Operating Agreement dated July 14, 2011.
- (h) "Royalty Owner" is defined as a party hereto who owns a Royalty Interest.
- (i) "Tract" is defined as each parcel of land described as such and given a Tract number in Exhibit "B".
- (j) "Unit Operating Agreement" is defined as any agreement or agreements entered into, separately or collectively, by and between the Unit Operator and the Working Interest Owners as provided in Section 9, Accounting Provisions and Unit Operating Agreement, infra, and shall be styled " Model Form Operating Agreement, dated July 14, 2011 covering all of Section 36, Township 18 South, Range 30 East, Eddy County, New Mexico".

SECTION 3. UNIT AREA: The area specified on the map attached hereto marked Exhibit "A" is hereby designated and recognized as constituting the Unit Area, containing 640 acres, more or less.

Exhibit "A" to the extent known to Unit Operator shows the boundaries and identity of Tracts and leases in the Unit Area. Exhibit "B" attached hereto is a schedule showing, to the extent known to Unit Operator, the acreage comprising each Tract and the percentage of ownership of each Working Interest Owner in each Tract. However, nothing herein or in said schedule or map shall be construed as a representation by any party hereto as to the ownership of any interest other than such interest as are shown in said map or schedule as being owned by such party.

Exhibits "A" and "B", shall be revised by Unit Operator whenever changes render such revision necessary and not less than two copies of such revision shall be filed with the Commissioner and the Division.

SECTION 4. UNITIZED LAND AND UNITIZED SUBSTANCES: All land committed to this agreement as provided in Section 13, Tracts Qualified for Unit Participation, as to the Unitized Formation defined in Section 2, Definitions, shall constitute land referred to herein as "Unitized Land" or "land subject to this agreement". All oil and gas in the Unitized Formation in the Unitized Land are unitized under the terms of this agreement and herein are called "Unitized Substances".

SECTION 5. UNIT OPERATOR: OXY USA WTP Limited Partnership: Company is hereby designated as Unit Operator, and by signing this instrument as Unit Operator it agrees and consents to accept the duties and obligations of Unit Operator for the operation, development and production of Unitized Substances as herein provided. Whenever reference is made herein to the Unit Operator, such reference means the Unit Operator acting in that capacity and not as an owner of interest in Unitized Substances, and the term "Working Interest Owner" when used herein shall include or refer to Unit Operator as the owner of a Working Interest when such an interest is owned by it.

SECTION 6. RESIGNATION OR REMOVAL OF UNIT OPERATOR: Resignation and Removal of the Unit Operator shall be governed under the terms, conditions and provisions of the Unit Operating Agreement

SECTION 7. SUCCESSOR UNIT OPERATOR: Selection of a successor Unit Operator shall be governed under the terms, conditions and provisions of the Unit Operating Agreement. Such selection of a successor Unit Operator shall not become effective until: (a) a Unit Operator so selected shall accept in writing the duties and responsibilities of Unit Operator, and (b) the selection shall have been approved by the Commissioner and Division. If no successor Unit Operator is selected as herein provided, the Commissioner may declare this agreement terminated.

SECTION 8. ACCOUNTING PROVISIONS AND UNIT OPERATING AGREEMENT: Costs and expenses incurred by Unit Operator in conducting Unit Operations hereunder shall be paid, apportioned among and borne by the Working Interest Owners in accordance with the Unit Operating Agreement. Such Unit Operating Agreement shall also provide the manner in which the Working Interest Owners shall be entitled to receive their respective proportionate and allocated share of the benefits accruing hereunder in conformity with their underlying operating agreements, leases or other independent contracts and such other rights and obligations as between Unit Operator and the Working Interest Owners as may be agreed upon by the Unit Operator and the Working Interest Owners. The allocation of royalty payments shall be made in accordance to the Unit Agreement. Unless terms and conditions are expressly granted herein to the Unit Operating Agreement, no such Unit Operating Agreement shall be deemed either to modify any of the terms and conditions of this Unit Agreement or to relieve the Unit Operator of any right or obligation established under this agreement, and in case of any inconsistency or conflict between this agreement and the Unit Operating Agreement, for the payment of royalty interest this agreement shall prevail. One true copy of any Unit Operating Agreement executed Pursuant to this Section shall be filed with the Commissioner.

SECTION 9. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR: Except as otherwise specifically provided herein, the exclusive right, privilege and duty of exercising any and all rights of the parties hereto which are necessary or convenient for prospecting for, producing, storing, allocating, and distributing the Unitized Substances are hereby delegated to and shall be exercised by the Unit Operator as herein provided and in the Unit Operating Agreement. Upon request therefor, acceptable evidence of title to said rights shall be deposited with said Unit Operator, and together with this agreement shall constitute and define the rights, privileges and obligations of Unit Operator. Nothing herein, however, shall be construed to transfer title to any land or to any lease or operating agreement, it being understood that under this agreement the Unit Operator, in its capacity as Unit Operator, shall exercise the rights of possession and use vested in the parties hereto only for the purposes herein specified.

SECTION 10. PLAN OF OPERATIONS: It is recognized and agreed by the parties hereto that all of the land subject to this agreement has been reasonably proven to be productive of Unitized Substances in paying quantities or is necessary for Unit Operations and that the object and purpose of this agreement is to formulate and to put into effect a secondary enhanced oil recovery project in order to effect a greater recovery of Unitized Substances, prevent waste and conserve natural resources. The parties hereto agree that the Unit Operator may, subject to the consent and approval of a plan of operation by the Working Interest Owners, the Division and the Commissioner, inject into the Unitized Formation, through any well or wells completed therein, brine, water, air, gas, oil, liquefied petroleum gas, steam and any other substances or a combination of any said substances, whether produced from the Unitized Formation or not, and that the location of input wells and the rates of injection therein and the rate of production shall be governed by standards of good geological and petroleum engineering practices and conservation methods. Reasonable diligence shall be exercised by Unit Operator in complying with the obligations of any approved plan of operation. The parties hereto, to the extent they have the right so to do, hereby grant Unit Operator the right to use brine or water (or both) produced from any formation underlying the Unit Area for injection into the Unitized Formation; provided, however, that this grant of said right shall not preclude the use of brine or water (or both) produced from any formation other than the Unitized Formation for injection into formations other than the Unitized Formation. After commencement of secondary and or enhanced oil recovery operations, Unit Operator shall furnish the Commissioner and the Division monthly injection and production reports for each well in the Unit. The Working Interest Owners, the Commissioner and the Division shall be furnished periodic reports on the progress of the plan of operation and any revisions or changes thereto necessary to meet changed conditions or to protect the interests of all parties to this agreement; provided, however, that any major revisions of the plan of operation involving a basic deviation from the initial plan of operation shall be subject to the consent and approval of the Working Interest Owners, the Commissioner and Division. Royalty Owner understands that the Unit Operator and Working Interest Owners may convert a producing well located in the Unit Area to an injector well for purposes of enhancing recovery of Unitized Substances from the Unit Area.

The initial plan of operation shall be filed with the Division and the Commissioner concurrently with the filing of this Unit Agreement for final approval. Reasonable diligence shall be exercised in complying with the obligations of said plan of operation.

Notwithstanding anything to the contrary herein contained, the Unit Operator shall commence, if not already having done so, secondary recovery operations and/or enhanced oil recovery operations on the Unit Area not later than six (6) months after the effective date of this Agreement, or any extension thereof approved by the Commissioner and Division or this Agreement, shall terminate automatically in which latter event the Unit Operator shall notify all interested parties. After such operations are commenced, Unit Operator shall carry on such operations as would a reasonably prudent operator under the same or similar circumstances.

SECTION 11. TRACTS QUALIFIED FOR UNIT PARTICIPATION: On and after the effective date hereof, all of the Tracts within the Unit Area that shall be entitled to participate in the production of Unitized Substances.

SECTION 12. ALLOCATION OF UNITIZED SUBSTANCES: All unitized substances produced from each tract in the unitized area established under this agreement, except any part thereof used for production or development purposes hereunder, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of the unitized land, and for the purpose of determining any royalty benefits that accrue on an acreage basis, each such tract shall have allocated to it such percentage of said production as its area bears to the entire unitized area. It is hereby agreed that production of unitized substances from the unitized area shall be allocated as provided herein. Allocation of production hereunder for purposes other than for settlement of the royalty shall be prescribed as set forth in the Unit Operating Agreement or as otherwise mutually agreed by the affected parties.

SECTION 13. PAYMENTS OF RENTALS, ROYALTIES, AND OVERRIDING ROYALTIES: All rentals due to the State of New Mexico shall be paid on the basis of all unitized substances allocated to the respective lease owners in accordance with the terms of their leases.

All royalties due to the State of New Mexico under the terms of the leases committed to this agreement shall be computed and paid on the basis of all unitized substances allocated to the respective leases committed hereto; provided, however, the State shall be entitled to take in kind its share of the unitized substances allocated to the respective leases, and in such case the unit operator shall make deliveries of such royalty share in accordance with the terms of the respective leases.

All rentals, if any, due under any leases embracing lands other than the State of New Mexico, shall be paid by the respective lease owners in accordance with the terms of their leases and all royalties due under the terms of any such leases shall be paid on the basis of all unitized substances allocated to the respective leases committed hereto.

If the unit operator introduces gas obtained from sources other than the unitized substances into any producing formation for the purpose of repressuring, stimulating or increasing the ultimate recovery of unitized substances therefrom, a like amount of gas, if available, with due allowance for loss or depletion from any cause may be withdrawn from the formation into which the gas was introduced royalty free as to dry gas but not as to the products extracted therefrom; provided, that such withdrawal shall be at such time as may be provided in a plan of operation consented to by the Commissioner and approved by the Division as conforming to good petroleum engineering practices; and provided further, that such right of withdrawal shall terminate on the termination of this unit agreement.

If any lease committed hereto is burdened with an overriding royalty, payment out of production, or other charge in addition to the usual royalty, the owner of each such lease shall bear and assume the same out of the unitized substances allocated to the lands embraced in each such lease as provided herein.

SECTION 14. CONSERVATION: Operations hereunder and production of Unitized Substances shall be conducted to provide for the most economical and efficient recovery of said substances without waste, as defined by State laws and regulations. The use of fresh water in waterflood operations is prohibited unless expressly approved by the Commissioner of Public Lands on the basis of excessive technological or financial burden.

SECTION 15. DRAINAGE: The Unit Operator shall take appropriate and adequate measures to prevent drainage of Unitized Substances from unitized lands by wells on land not subject to this agreement, or, with consent of the Commissioner and pursuant to applicable regulations, pay a fair and reasonable compensatory royalty as determined by the Commissioner.

SECTION 16. LEASES AND CONTRACTS CONFORMED AND EXTENDED: The terms, conditions and provisions of all leases, subleases and other contracts relating to exploration, drilling, development or operation for oil or gas on lands committed to this agreement are hereby expressly modified and amended to the extent necessary to make the same conform to the provisions hereof, but otherwise to remain in full force and effect, and the parties hereto hereby consent that the Commissioner, as to State leases, shall by his approval hereof or by the approval hereof by his duly authorized representative, does hereby establish, alter, change or revoke the drilling, producing, rental minimum royalty and royalty requirements of State leases committed hereto and the regulations in respect thereto to conform said requirements to the provisions of this agreement. Without limiting the generality of the foregoing, all leases, subleases and contracts are particularly modified in accordance with the following:

(a) The development and operation of lands subject to this agreement under the terms hereof shall be deemed full performance of all obligations for development and operation with respect to each and every part or separately owned Tract subject to this agreement, regardless of whether there is any development of any particular part or Tract of the Unit Area, notwithstanding anything to the contrary in the lease, operating agreement or other contract by and between the parties hereto, or their respective predecessors in interest, or any of them.

(b) Drilling, producing secondary recovery or enhanced oil operations performed hereunder upon any Tract of unitized lands shall be accepted and deemed to be performed upon and for the benefit of each and every Tract of unitized land, and no lease shall be deemed to expire by reason of failure to drill or produce wells situated on land therein embraced.

(c) Suspension of drilling or producing operations on all unitized land pursuant to direction or consent of the Division and Commissioner or their duly authorized representatives, shall be deemed to constitute such suspension pursuant to such direction or consent as to each and every Tract of unitized lands.

(d) Each lease, sublease, or contract relating to the exploration, drilling, development or operation for oil and gas which by its terms might expire prior to the termination of this agreement, is hereby extended beyond any such term so provided therein, so that it shall be continued in full force and effect for and during the terms of this agreement.

(e) Termination of this agreement shall not affect any lease which, pursuant to the terms thereof or any applicable laws, shall continue in force and effect thereafter.

(f) Any lease which is made subject to this agreement shall continue in force beyond the term provided therein as to the lands committed hereto as long as such lands remain subject hereto.

(g) Any lease embracing lands of the State of New Mexico having only a portion of its land committed hereto, shall be segregated as to that portion committed and that not committed, and the terms of such lease shall apply separately to such segregated portions commencing as of the effective date hereof; provided, however that notwithstanding any of the provisions of this agreement to the contrary, such lease shall continue in full force and effect beyond the term provided therein as to all lands embraced in such lease if oil or gas is, or has heretofore been discovered in paying quantities on some part of the lands embraced in such lease committed to this agreement or, so long as a portion of the Unitized Substances produced from the Unit Area is, under the terms of this agreement, allocated to the portion of the lands covered by such lease committed to this agreement, or at any time during the term hereof, as to any lease that is then valid and subsisting and upon which the lessee or the Unit Operator is then engaged in bonafide drilling, reworking, or secondary recovery operations on any part of the lands embraced in such lease, then the same as to all lands embraced therein shall remain in full force and effect so long as such operations are diligently prosecuted, and if they result in the production of oil or gas, said lease shall continue in full force and effect as to all of the lands embraced therein, so long thereafter as oil or gas in paying quantities is being produced from any portion of said lands.

SECTION 17. COVENANTS RUN WITH LAND: The covenants herein shall be construed to be covenants running with the land with respect to the interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer or conveyance of interest in land or leases subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations hereunder by the grantee, transferee, or other successor in interest. No assignment or transfer of any Working Interest subject hereto shall be binding upon Unit Operator until the first day of the calendar month after Unit Operator is furnished with the original, or acceptable photostatic or certified copy, of the record instrument of transfer; and no assignment or transfer or any Royalty Interest subject hereto shall be binding upon the Working Interest Owner responsible therefor until the first day of the calendar month after said Working Interest Owner is furnished with the original, or acceptable photostatic or certified copy, of the recorded instrument of transfer.

SECTION 18. EFFECTIVE DATE AND TERM: This agreement shall become binding upon each party who executes or ratifies it as of the date of execution or ratification by such party and shall become effective as of 7:00 A.M. of the first day of the month next following:

(a) The execution or ratification of this agreement and the Unit Operating Agreement by Working Interest Owners having a Working Interest of at least eighty-five percent (85%), and the execution or ratification of this agreement by Royalty Owners owning a combined interest of at least seventy percent (70%) of the Royalty Interest in said Unit Area; and

(b) The approval of this agreement by the Commissioner and the Commission; and

(c) The filing of at least one counterpart of this agreement for record in the office of the County Clerk of County, New Mexico, by the Unit Operator; and

(d) The filing in the office of the County Clerk of Eddy County, New Mexico, of a certificate by Unit Operator to the effect that (a), (b) and (c) above have been accomplished, and stating the effective date hereof;

and provided, further, that if (a), (b), (c) and (d) above are not accomplished on or before _____, this agreement shall terminate ipso facto on said date (hereinafter called "termination date") and thereafter be of no further force or effect, unless prior thereto this agreement has been executed or ratified by Working Interest Owners having a combined Working Interest of at least sixty-five percent (65%) and the Working Interest Owners having a combined Working Interest of at least eighty percent (80%) committed to this agreement have decided to extend said termination date for a period not to exceed one (1) year (hereinafter called "extended termination date"). If said termination date is so extended and (a), (b), (c) and (d) above are not accomplished on or before said extended termination date this agreement shall terminate ipso facto on said extended termination date and thereafter be of no further force or effect.

The term of this agreement shall be for and during the time that Unitized Substances are produced in paying quantities from the Unit Area and as long thereafter as diligent drilling, reworking or other operations (including secondary recovery operations) are prosecuted thereon without cessation of more than ninety (90) consecutive days, and as long thereafter as Unitized Substances are produced as aforesaid, unless sooner terminated by Working Interest Owners in the manner hereinafter provided.

This agreement may be terminated at any time with the approval of the Commissioner by Working Interest Owners having at least ninety percent (90%) Working Interest. The Unit Operator shall give notice of such termination to all parties hereto.

Unit Operator shall within thirty (30) days after the termination date of this agreement, file for record in the office where a counterpart of this agreement is recorded, a certificate to the effect that this agreement has terminated according to its terms and stating further the termination date.

If not otherwise covered by the leases unitized under this agreement, Royalty Owners hereby grant Working Interest Owners a period of six (6) months after termination of this agreement in which to salvage, sell, distribute or otherwise dispose of the personal property and facilities used in connection with Unit Operations.

SECTION 19. APPEARANCES: Unit Operator shall have the right to appear for or on behalf of any and all interests affected hereby before the Commissioner and the Commission, and to appeal from any order issued under the rules and regulations of the Commissioner or the Commission, or to apply for relief from any of said rules and regulations or in any proceedings relative to operations before the Commissioner or the Commission, or any other legally constituted authority; provided, however, that any other interested party shall also have the right at his or its own expense to be heard in any such proceedings.

SECTION 20. NOTICES: All notices, demands, objections or statements required hereunder to be given or rendered to the parties hereto shall be deemed fully given if made in writing and personally delivered to the party or parties or sent by postpaid certified mail addressed to such party or parties at their respective addresses set forth in connection with the signatures hereto or to the ratification or consent hereof or to such other address as any such party or parties may have furnished in writing to the party sending the notice, demand or statement.

SECTION 21. NO WAIVER OF CERTAIN RIGHTS: Nothing in this agreement contained shall be construed as a waiver by any party hereto of the right to assert any legal or constitutional right or defense as the validity or invalidity of any law of the State wherein said unitized lands are located, or rules or regulations issued thereunder in any way affecting such party, or as a waiver by any such party of any right beyond his or its authority to waive; provided, however, that each party hereto covenants that during the existence of this agreement such party will not resort to any action at law or in equity to partition the Unit Area or the facilities used in the development or operation hereof and to that extent waives the benefits of all laws authorizing such partition.

SECTION 22. LOSS OF TITLE:

If title to a Working Interest fails, the rights and obligations of Working Interest Owners by reason of such failure shall be governed by the Unit Operating Agreement. If title to a Royalty Interest fails, but the Tract to which it relates remains committed to this agreement, the party whose title failed shall not be entitled to participate hereunder insofar as its participation is based on such lost Royalty Interest.

In the event of a dispute as to the title to any Working Interest or Royalty Interest subject hereto, payment or delivery on account thereof may be withheld without liability or interest until the dispute is finally settled; provided, that as to the State land or leases, no payments of funds due the State of New Mexico shall be withheld, but such funds shall be deposited as directed by the Commissioner to be held as unearned money pending final settlement of title dispute, and then applied as earned or returned in accordance with such final settlement.

Unit Operator, as such, is relieved from any responsibility for any defect or failure of any title hereunder.

SECTION 23. JOINDERS: Joinder in the Unit Agreement by a Working Interest Owner, at any time must be accompanied by appropriate joinder to the Unit Operating Agreement in order for the interest to be regarded as effectively committed to this Unit Agreement. Joinder by any owner of a Royalty Interest at any time must be accompanied by appropriate joinder by the owner of the corresponding Working Interest in order for the interest to be regarded as committed hereto.

SECTION 24. COUNTERPARTS: This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties and may be ratified or consented to by separate instrument in writing specifically referring hereto, and shall be binding upon all those parties who have executed such a counterpart, ratification, or consent hereto with the same force and effect as if all parties had signed the same document, and regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands within the above described Unit Area.

SECTION 25. JOINDER COMMITMENT: Execution as herein provided by any party either as a Working Interest Owner or as a Royalty Owner shall commit all interests that may be owned or controlled by such party.

SECTION 26. TAXES: Each party hereto shall, for its own account, render and pay its share of any taxes levied against or measured by the amount or value of the Unitized Substances produced from the unitized land; provided, however, that if it is required or if it be determined that the Unit Operator or the several Working Interest Owners must pay or advance said taxes for the account of the parties hereto, it is hereby expressly agreed that the parties so paying or advancing said taxes shall be reimbursed therefor by the parties hereto, including Royalty Owners, who may be responsible for taxes on their respective allocated share of said Unitized Substances. No such taxes shall be charged to the State of New Mexico, or to any lessor who has a contract with a lessee which requires his lessee to pay such taxes.

SECTION 27. PERSONAL PROPERTY EXCEPTED: All lease and well equipment, materials and other facilities heretofore or hereafter placed by any of the Working Interest Owners on the lands covered hereby shall be deemed to be and shall remain personal property belonging to and may be removed by the Working Interest Owners. The rights and interest therein as among Working Interest Owners are covered by the Unit Operating Agreement.

SECTION 28. NO PARTNERSHIP: The duties, obligations and liabilities of the parties hereto are intended to be several and not joint or collective. This agreement is not intended to create, and shall not be construed to create, an association or trust, or to impose a partnership duty, obligation or liability with regard to any one or more of the parties hereto. Each party hereto shall be individually responsible for its own obligations as herein provided.

SECTION 29. CORRECTION OF ERRORS: It is hereby agreed by all parties to this agreement that Unit Operator is empowered to correct any mathematical or clerical errors which may exist in the pertinent exhibits to this agreement; provided, however, that correction of any error other than mathematical or clerical shall be made by Unit Operator only after first having obtained approval of Working Interest Owners having a combined Working Interest of fifty percent (50%) or more, and the Commissioner.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed as of the first above written date and have set opposite their respective names the date of execution.

UNIT OPERATOR AND WORKING INTEREST OWNER

OXY USA WTP LIMITED PARTNERSHIP
BY: OCCIDNETAL PERMIN MANAGER LLC,
ITS GENERAL PARTNER

By: _____
Name: Bradley S. Dusek
Title: Attorney-in-Fact
Address: 5 Greenway Plaza, Suite 110

Date of Execution

By: _____
OFFICER SIGNATURE

Date of Execution

Acknowledgment in a Representative Capacity

The foregoing instrument was acknowledged before me on this the ____ day of _____, 2018, by Bradley S. Dusek, Attorney-in-Fact of Occidental Permian Manager LLC, a Delaware limited liability company, on behalf of OXY USA WTP LIMITED PARTNERSHIP, a Delaware limited partnership.

SIGNATURE OF NOTARIAL OFFICER

My Commission Expires: _____

Acknowledgment in a Representative Capacity

This instrument was acknowledged before me on this the ____ day of _____ 2018, by _____ as
_____ of _____.

SIGNATURE OF NOTARIAL OFFICER

My Commission Expires: _____



Aubrey Dunn
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760
Fax (505) 827-5766
www.nmstatelands.org

April 30, 2018

OXY USA WTP LP
ATTN: Ms. Lauren Guest
5 Greenway Plaza, Suite 110
Houston, TX 77210-4294

Re: Preliminary Approval
Smokey Bits Unit
Eddy County, New Mexico

Dear Ms. Guest:

This office has received the unexecuted copy of the unit agreement that you have submitted for the proposed Smokey Bits Unit area, Eddy County, New Mexico. This agreement meets the general requirements of the Commissioner of Public Lands, and preliminary approval has been granted this date as to form and content.

Preliminary approval shall not be construed to mean final approval of this agreement in any way and will not extend any short-term leases until final approval and an effective date have been given.

When submitting your agreement for final approval, please include the following:

1. Application for final approval by the Commissioner setting forth the tracts that have been committed and the tracts that have not been committed.
2. Pursuant to Rule 19.2.100.51, a statement of facts showing that:
 - a. The agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy.
 - b. Under the proposed unit operation, the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas in place under its lands in the proposed unit area.
 - c. Each beneficiary institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the unit area.
 - d. The unit agreement is in other respects for the best interest of the Trust.

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. 5

Submitted by: **OXY USA**


Hearing Date: May 17, 2018

OXY USA WTP LP
April 30, 2018
Page 2

3. All ratifications from the Lessees of Record and Working Interest Owners. All signatures should be acknowledged by a notary and contain original signatures.
4. Approval order from the New Mexico Oil Conservation Division. State Land Office approval is conditioned upon approval by the New Mexico Oil Conservation Division.
5. One copy of the Unit Operating Agreement (if applicable).
6. A \$100 filing fee. The filing fee is \$100 for each section or partial section included in the unit, whether federal, state, or privately owned.

If you have any questions or if we may be of further assistance, please contact Units Manager Marilyn Gruebel at 505.827.5791.

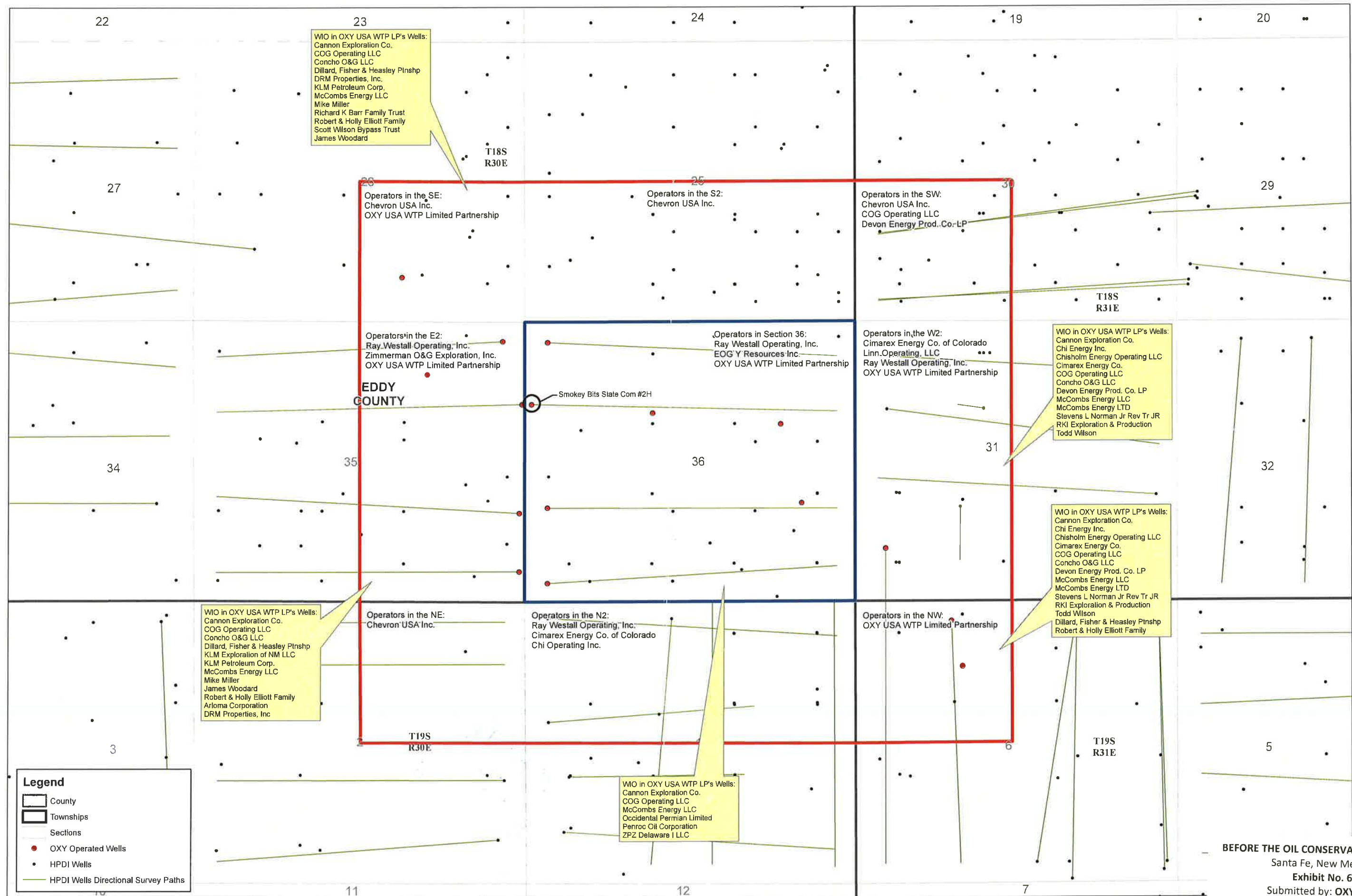
Respectfully,



AUBREY DUNN
COMMISSIONER OF PUBLIC LANDS

AD/mg

cc: NMOCD, Attn: Mr. Daniel Sanchez
RMD, Attn: Mr. Roddy Martinez
OGMD and Units Reader Files



**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**


**APPLICATION OF OXY USA WTP LIMITED PARTNERSHIP
FOR APPROVAL OF A WATERFLOOD UNIT AGREEMENT FOR
PURPOSES OF IMPLEMENTING A PREASURE MAINTENANCE
PROJECT IN THE BENSON; BONE SPRING POOL THROUGH ITS
SMOKY BITS STATE COM NO 2H WELL, EDDY COUNTY, NEW MEXICO.**

CASE NO. 16159

AFFIDAVIT

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)


Michael Feldewert, attorney in fact and authorized representative of **OXY USA WTP**, the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Applications have been provided under the notice letters and proof of receipts attached hereto.



Adam G. Rankin

SUBSCRIBED AND SWORN to before me this 16th day of May, 2018 by Adam G.

Rankin.



Notary Public

My Commission Expires:

 August 26, 2021

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. 7

Submitted by: **OXY USA**

Hearing Date: May 17, 2018

Barcode	Recipient	Status	DL	Custom
9214 89019403 83056773 05	BUREAU OF LAND MANAGEMENT 620 E GREENE STREET CARLSBAD NM 88220	Delivered Signature Received	No	
9214 89019403 83056772 99	SCOTT WILSON BYPASS TRUST 11644 BLALOCK LN HOUSTON TX 77024	In-Transit	No	
9214 89019403 83056772 82	LOUIS DREYFUS NATURAL GAS CORP 14000 QUAIL SPGS PKY #600 OKLAHOMA CITY OK 73134	In-Transit	No	
9214 89019403 83056772 75	KHODY LAND & MINERALS COMPANY 25061 NETWORK PL CHICAGO IL 60673	In-Transit	No	
9214 89019403 83056772 68	NEARBURG EXPL CO LLC 3300 N A ST #120 MIDLAND TX 79705	In-Transit	No	
9214 89019403 83056772 51	CIMAREX ENERGY CO OF COLORADO 1700 LINCOLN ST SUITE 3700 DENVER CO 80203	Delivered Signature Received	No	
9214 89019403 83056772 44	CHISHOLM ENERGY OPERATING LLC 801 CHERRY ST STE 1200 FORT WORTH TX 76102	Delivered Signature Received	No	
9214 89019403 83056772 37	ZPZ DELAWARE I LLC 2000 POST OAK BLVD STE 100 HOUSTON TX 77056	In-Transit	No	
9214 89019403 83056772 20	TODD WILSON 3608 S COUNTY ROAD 1184 MIDLAND TX 79706	In-Transit	No	
9214 89019403 83056772 13	RKI EXPLORATION & PRODUCTION 25061 NETWORK PL CHICAGO IL 60673	In-Transit	No	
9214 89019403 83056772 06	STEVENS L NORMAN JR REV TR JR PO BOX 3087 ROSWELL NM 88202	Delivered Signature Received	No	
9214 89019403 83056771 90	CIMAREX ENERGY CO 4031 SOLUTIONS CENTER CHICAGO IL 60677	Delivered Signature Received	No	
9214 89019403 83056771 83	LINN OPERATING LLC 600 TRAVIS ST HOUSTON TX 77002	Delivered Signature Received	No	
9214 89019403 83056771 76	CHI ENERGY INC PO BOX 1799 MIDLAND TX 79702	Delivered Signature Received	No	
9214 89019403 83056771 69	KERSEY & COMPANY 160 WESTGRAND FREDERICKSBURG TX 78624	Delivered Signature Received	No	
9214 89019403 83056771 52	ARLOMA CORPORATION 2337 STATE ROUTE 821 MARIETTA OH 45750	Delivered Signature Received	No	
9214 89019403 83056771 45	ROBERT & HOLLY ELLIOTT FAMILY 3910 TANFORD AV MIDLAND TX 79709	Delivered Signature Received	No	
9214 89019403 83056771 38	KLM EXPLORATION FO NM LLC 509 W WALL ST STE 1235 MIDLAND TX 79701	In-Transit	No	

Barcode	Recipient	Status	DL	Custom
9214 89019403 83056771 21	ZIMMERMAN OIL & GAS EXPLORATION INC 2009 SOUTH MAIN ST LOVINGTON NM 88260	Return To Sender	No	
9214 89019403 83056771 14	PENROC OIL CORPORATION PO BOX 2769 HOBBS NM 88241	Delivered Signature Received	No	
9214 89019403 83056771 07	MCCOMBS ENERGY LTD 5599 SAN FELIPE ST # 1220 HOUSTON TX 77056	In-Transit	No	
9214 89019403 83056770 91	RAY WESTALL OPER INC PO BOX 4 LOCO HILLS NM 88255	Delivered Signature Received	No	
9214 89019403 83056770 84	PITCH ENERGY CORP PO BOX 304 ARTESIA NM 88211	In-Transit	No	
9214 89019403 83056770 77	MARBOB ENERGY CORP PO BOX 227 ARTESIA NM 88211	In-Transit	No	
9214 89019403 83056770 60	EOG Y RESOURCES INC 105 S 4TH ST ARTESIA NM 88210	Delivered Signature Received	No	
9214 89019403 83056770 53	DEVON ENERGY PROD CO LP 333 W SHERIDAN AVE OKLAHOMA CITY OK 73102	Delivered Signature Received	No	
9214 89019403 83056770 46	CHEVRON USA INC 6301 DEAUVILLE MIDLAND TX 79706	Delivered Signature Received	No	
9214 89019403 83056770 39	CONCHO OIL & GAS LLC 600 W ILLINOIS AVE MIDLAND TX 79701	Delivered Signature Received	No	
9214 89019403 83056770 22	RICHARD K BARR FAMILY TRUST 8027 CHALK KNOLL DR AUSTIN TX 78735	Delivered Signature Received	No	
9214 89019403 83056770 15	MIKE MILLER 4221 BAYBROOK PLACE MIDLAND TX 79707	Delivered Signature Received	No	
9214 89019403 83056770 08	JAMES WOODARD 3405 FELDSPAR LANE MIDLAND TX 79707	Delivered Signature Received	No	
9214 89019403 83056769 95	KLM PETROLEUM CORPORATION 1305 TERRA CT MIDLAND TX 79705	In-Transit	No	
9214 89019403 83056769 88	DRM PROPERTIES INC 4110 EAST 37TH STREET ODESSA TX 79762	In-Transit	No	
9214 89019403 83056769 71	DILLARD FISHER & HEASLEY PARTNERSHIP 415 WEST WALL SUITE 703 MIDLAND TX 79701	Delivered Signature Received	No	
9214 89019403 83056769 64	CANNON EXPLORATION CO 3608 S COUNTY ROAD 1184 MIDLAND TX 79706	In-Transit	No	
9214 89019403 83056769 57	MCCOMBS ENERGY LLC 750 E MULBERRY AVE STE 403 SAN ANTONIO TX 78212	Delivered Signature Received	No	
9214 89019403 83056769 40	COG OPERATING LLC 600 W ILLINOIS AVE MIDLAND TX 79701	Delivered Signature Received	No	



100 items per page

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CARLSBAD CURRENT-ARGUS

AFFIDAVIT OF PUBLICATION

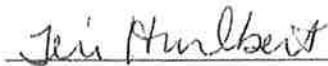
Ad No.
0001245146

HOLLAND & HART
PO BOX 2208

SANTA FE NM 87504

I, a legal clerk of the **Carlsbad Current-Argus**,
a newspaper published daily at the City of
Carlsbad, in said county of Eddy, state of New
Mexico and of general paid circulation in said
county; that the same is a duly qualified
newspaper under the laws of the State wherein
legal notices and advertisements may be
published; that the printed notice attached
hereto was published in the regular and entire
edition of said newspaper and not in supplement
thereof on the date as follows, to wit:

05/01/18



Legal Clerk

Subscribed and sworn before me this
16th of May 2018.



State of WI, County of Brown
NOTARY PUBLIC

12-14-2021

My Commission Expires

Ad#:0001245146
P O : Smokey Bits State
of Affidavits :0.00

BERGEN GORNOWICH
Notary Public
State of Wisconsin

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 8
Submitted by: OXY USA
Hearing Date: May 17, 2018

**STATE OF NEW MEXICO
ENERGY, MINERALS
AND NATURAL RE-
SOURCES DEPART-
MENT
OIL CONSERVATION
DIVISION
SANTA FE, NEW MEX-
ICO**

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on May 17, 2018, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appoint for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by May 7, 2018. Public documents, including the agenda and minutes, can be provided in various accessible forms.

Please contact Florene Davidson if a summary or other type of accessible form is needed.

**STATE OF NEW MEXICO TO:
All named parties and persons
having any right, title, interest
or claim in the following cases
and notice to the public.**

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

**TO: ALL AFFECTED
PARTIES, INCLUDING:
STATE OF NEW MEXICO**

CO LAND OFFICE;
COG OPERATING LLC;
MCCOMBS ENERGY
LLC; CANNON EXPLO-
RATION CO; DILLARD,
FISHER & HEASLEY
PTNSHP; DRM PROP-
ERTIES, INC.; KLM PE-
TROLEUM CORPORA-
TION; JAMES WOOD-
ARD, HIS HEIRS AND
DEVISEES; MIKE
MILLER, HIS HEIRS
AND DEVISEES; RI-
CHARD K. BARR FAM-
ILY TRUST; CONCHO
OIL & GAS LLC; CHEV-
RON USA INC; DEVON
ENERGY PROD CO LP;
EOG Y RESOURCES
INC; MARBOB ENER-
GY CORP; PITCH EN-
ERGY CORP; RAY
WESTALL OPER INC;
MCCOMBS ENERGY
LTD; PENROC OIL
CORPORATION; ZIM-
MERMAN OIL & GAS
EXPLORATION, INC;
KLM EXPLORATION
FO NM LLC; ROBERT
& HOLLY ELLIOTT
FAMILY; THEIR HEIRS
AND DEVISEES;
ARLOMA CORPORA-
TION; KERSEY &
COMPANY; CHI ENER-
GY INC; LINN OPER-
ATING, LLC; CIMAREX
ENERGY CO; STEVENS
L. NORMAN JR REV
TR JR; RKI EXPLORA-
TION & PRODUCTION;
TODD WILSON, HIS
HEIRS AND DEVISEES;
ZPZ DELAWARE I LLC;
CHISHOLM ENERGY
OPERATING LLC;
CIMAREX ENERGY
CO. OF COLORADO;
NEARBURG EXPL CO
LLC; KHODY LAND &
MINERALS COMPA-
NY; LOUIS DREYFUS
NATURAL GAS CORP;
SCOTT WILSON BY-
PASS TRUST; UNITED
STATES DEPART-
MENT OF INTERIOR;
BUREAU OF LAND
MANAGEMENT.

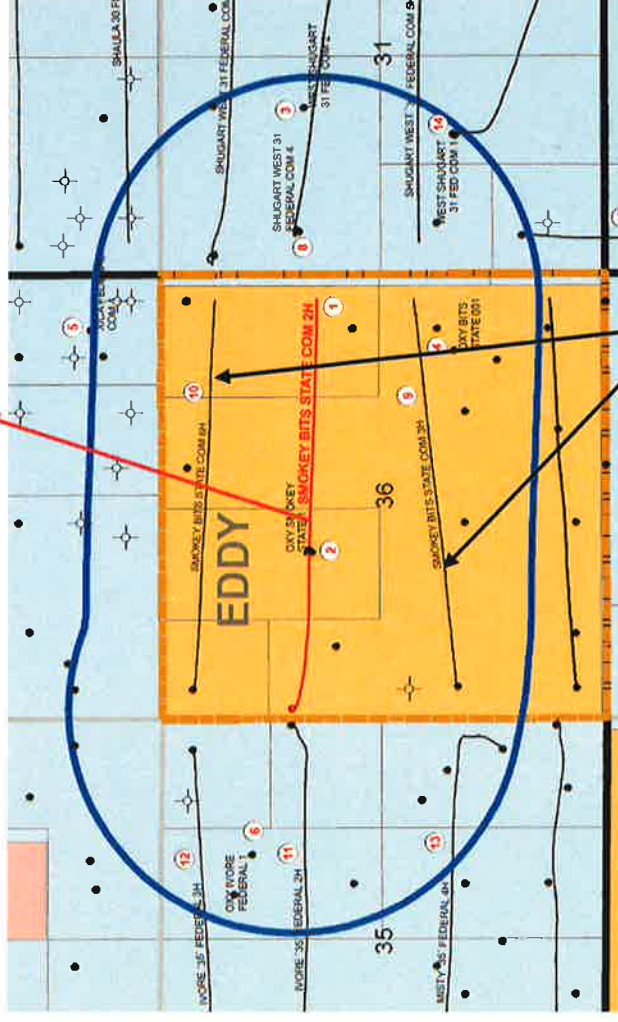
Case No. 16159:
Application of OXY
USA WTP Limited
Partnership for Ap-
proval of a
Waterflood Unit
Agreement for Pur-
poses of Implement-
ing a Pressure Main-
tenance Project in the
Benson; Bone Spring
Pool through its
Smokey Bits State
Com No. 2H well, Ed-

dy County, New Mexico. Applicant in the above-styled cause seeks an order approving its Waterflood Unit Agreement and authorizing a pilot pressure maintenance project in the Benson; Bone Spring Pool (Pool Code 5200) within the Second Bone Spring Sand formation and to inject produced water through its Smokey Bits State Com No. 2H well (API No. 30-015-40196), with a surface location 1,575 feet from the North line and 75 feet from the West line (Unit E) of Section 36, Township 18 South, Range 30 East, NMPM, Eddy County, New Mexico. The unitized interval is the stratigraphic equivalent of the Second Bone Spring which covers the depths from 7,862 feet to 8,818 feet in the Oxy Smokey State #1 (30-015-31611), located 1,780 feet from the north line and 1,980 feet from the west line of Section 36, Township 18 South, Range 30 East, Eddy County, New Mexico. The maximum proposed daily injection rate will be 6,000 barrels per day with an average daily injection rate of 1,500 barrels per day. The proposed injection will occur within the Second Bone Spring formation at a depth of approximately 8,532 feet to 8,624 feet deep. The proposed Unit Area and project area is approximately 640 acres in size, consisting of said Section 36. The applicant requests administrative approval to convert future wells with the Unit Area to injection pursuant to 19.15.26.8.F.3 NMAC. Applicant also requests authorization to set injection packers in the proposed injection well and all future injection wells within the Unit Area more than 100 feet

above the uppermost
injection perforation.
The maximum surface
injection pressure will
be 1,706 psi. Said well
is located approxi-
mately 15 miles south-
west of Maljamar,
New Mexico.

C-108 Overview – Water Injection Pilot

- Oxy is proposing a pilot project to inject produced water into existing 2nd BSS laterals to Hackberry Smokey Bits State Com 2H
- The water for injection is produced water from Oxy Hackberry wells and other disposal sources and it will be pre-treated for injection
- The injected water will maintain reservoir pressure to improve oil recovery
- Oxy plans to continuously inject water into Smokey Bits State Com 2H and evaluate the offset response to the water injection



Smokey Bits State Com 2H
– Planned water injector

- Offset producers

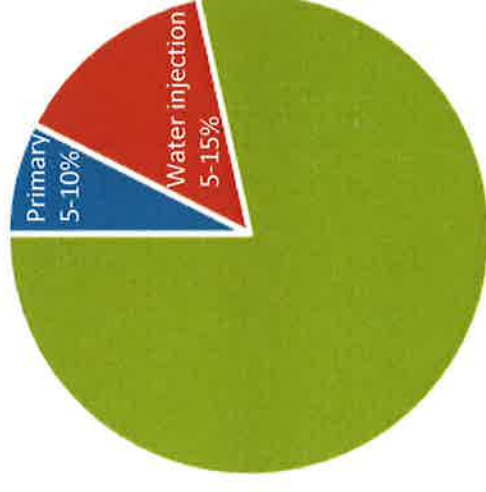


Hackberry Water Injection Pilot Schematics



Water Injection in 2nd Bone Springs Hackberry

- Primary production will recover 5-10% of OOIP
- Recovery factor can be improved by an additional 5-15% with water injection process from Oxy's reservoir engineering study



Recovery of
Original Oil in
Place

Calculation for Surface Injection Pressure Limit

Maximum surface injection pressure: **1706 psi**

- The calculation for surface pressure limit: $0.2 \text{ (psi/ft)} * 8532 \text{ (ft)} = 1706 \text{ psi}$
- Based on “The permitted injection pressure is limited to 0.2 psi/ft. to the uppermost perforation” (NMOCD UIC Manual Section III.A.2)
- Smokey Bits State Com 2H perforations TVD 8532-8624 ft (MD 9180-12977 ft)



**Hackberry Pressure Maintenance Pilot Project
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APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: Secondary Recovery ☒ Pressure Maintenance Disposal ☐ Storage
Application qualifies for administrative approval? Yes ☐ X No
- II. OPERATOR: OXY USA WTP Limited Partnership
ADDRESS: P.O. Box 4294 Houston, Texas 77210
CONTACT PARTY: Kelley Montgomery PHONE: 713-366-5716
- III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection.
Additional sheets may be attached if necessary.
- IV. Is this an expansion of an existing project? Yes ☐ X No
If yes, give the Division order number authorizing the project: _____
- V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.
- VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.
- VII. Attach data on the proposed operation, including:
1. Proposed average and maximum daily rate and volume of fluids to be injected;
 2. Whether the system is open or closed;
 3. Proposed average and maximum injection pressure;
 4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
 5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).
- *VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.
- IX. Describe the proposed stimulation program, if any.
- *X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).
- *XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.
- XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.
- XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.
- XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.
- NAME: Kelley Montgomery TITLE: Manager Regulatory
SIGNATURE: Kelley Montgomery DATE: 2-15-18
E-MAIL ADDRESS: kelley_montgomery@oxy.com
- * If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstances of the earlier submittal: Please see attached.

DISTRIBUTION: Original and one copy to Santa Fe with one copy to the appropriate District Office

III. WELL DATA

A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:

- (1) Lease name; Well No.; Location by Section, Township and Range; and footage location within the section.
- (2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.
- (3) A description of the tubing to be used including its size, lining material, and setting depth.
- (4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Division District Offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.

B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.

- (1) The name of the injection formation and, if applicable, the field or pool name.
- (2) The injection interval and whether it is perforated or open-hole.
- (3) State if the well was drilled for injection or, if not, the original purpose of the well.
- (4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.
- (5) Give the depth to and the name of the next higher and next lower oil or gas zone in the area of the well, if any.

XIV. PROOF OF NOTICE

All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

- (1) The name, address, phone number, and contact party for the applicant;
- (2) The intended purpose of the injection well; with the exact location of single wells or the Section, Township, and Range location of multiple wells;
- (3) The formation name and depth with expected maximum injection rates and pressures; and,
- (4) A notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within 15 days.

NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.

OXY USA Inc.
Hackberry C-108 Application
Application Attachments

C-108 Application
OXY USA Inc.
Hackberry Area
Eddy County, NM

- I. This is a pressure maintenance project.
- II. OXY USA WTP Limited Partnership (192463)
P.O. Box 4294
Houston, TX 77210
Contact Party: Kelley Montgomery, Oxy (713) 366-5716
- III. Injection well data sheets and wellbore schematic diagrams have been attached for the injection well covered by this application.
- IV. This is not an application for an expansion of an existing project
- V. The map with a two mile radius surrounding the project area and a one-half mile radius for area of review has been attached.
- VI. The tabular format of the area of review is attached.
- VII. Please see attached for Proposed Operations Description.
- VIII. Please see attached signed statement on geologic data for the Second Bone Spring Formation.
- IX. No well stimulation is planned.
- X. Logs were filed for the existing wells at the time of drilling.

Well Name	Log	Date Submitted
Smokey Bits State Com 2H	CBL/VDL, GR/CCL	10/16/2012
	Three Detector Litho-Density Compensated Neutron/ HNGS	10/15/12
	Hi-Res Laterolog Array Micro- CFL/HNGS	10/15/12
	Dipole Sonic Imager	10/15/12
	PEX-HRLA-NGT-DSI	10/15/12
	Caliper Log	11/9/12
- XI. Attached is a water analysis from a fresh water well located in NW/4 SE/4 of Section 26-T18S-R30E.
- XII. Attached please find the Hydrologic Connection Statement.
- XIII. Attached please find the Proof of Notice.

ITEM III
Well Data

INJECTION WELL DATA SHEET

OPERATOR: OXY USA WTP Limited Partnership

WELL NAME & NUMBER: Smokey Bits State Com #2H (30-015-40196)

WELL LOCATION: 1575 FNL 75 FWL E 36-T18S-R30E
FOOTAGE LOCATION UNIT LETTER SECTION TOWNSHIP RANGEWELLBORE SCHEMATIC

Please see attached.

WELL CONSTRUCTION DATASurface Casing

Hole Size: 17 1/2" Casing Size: 13 3/8"

Cemented with: 680 sx. or ft³

Top of Cement: Surface Method Determined: Circulated

Intermediate Casing

Hole Size: 12 1/4" Casing Size: 9 5/8"

Cemented with: 2400 sx. or ft³

Top of Cement: 1130' Method Determined: Temp Survey

Production Casing

Hole Size: 8 3/4" Casing Size: 5 1/2"

Cemented with: 2520 sx. or ft³

Top of Cement: 100' Method Determined: CBL

Total Depth: 13073'

Injection Interval

8532-8624' TVD (perforated) 9180-12977' MD (perforated)

INJECTION WELL DATA SHEET

Tubing Size: 2-7/8" L-80, 6.5 lbs/ft Lining Material: Tuboscope TK-15

Type of Packer: 2-7/8" Weatherford AS1X nickel coated packer

Packer Setting Depth: 8354' MD, 8291' TVD

Other Type of Tubing/Casing Seal (if applicable): N/A

Additional Data

1. Is this a new well drilled for injection? Yes X No

If no, for what purpose was the well originally drilled? Producer-Oil

2. Name of the Injection Formation: Second Bone Spring

3. Name of Field or Pool (if applicable): Benson; Bone Spring (5200)

4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e. sacks of cement or plug(s) used. N/A

5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area: Delaware (Brushy Canyon) (overlying)(4297')

Wolfcamp (underlying) (9667')



Smokey Bits State Com 2H Proposed Wellbore Diagram

Elevation: GL 3,428.7'

API: 30-015-40196

Surface Location: 1,575' FNL & 75' FWL

Sec 36 T18S R30E

Eddy County, NM

Current Tubular Record	Depth (ft. - MD)	ID (in)	Drift ID (in)	Sacks Cement	TOC	
13-3/8" 48# H-40 STC Surface Casing	490	12.715	12.559	680	Surface	Circulated 86 bbls cement to surface
9-5/8" 40# J-55 LTC Intermediate Casing	3,610	8.835	8.679	2,400	1,130'	Temp Survey
5-1/2" 17# L-80 LTC Production Casing	13,073	4.892	4.767	2,520	100' CBL (9/10/2012)	Full circulation throughout
2-7/8" 6.5# L-80 Production Tubing	7,505	2.441	2.347			

Proposed Injection formation – 2nd Bone Spring
Top – 8,435' TVD
Bottom – 8,818' TVD

2-7/8" 6.5# L-80 Production Tubing
Tuboscope TK-15 coating

Land at approx. 8,354' MD (8,291' TVD)
41° inclination

2-7/8" Weatherford AS1X Nickel coated packer
with Nickel coated T2 on/off and 2.31" X-profile
with 2.205" no-go, HNBR packer elements.

KOP – 7,637' MD
PBDT – 13,026' MD
TD – 13,073' MD

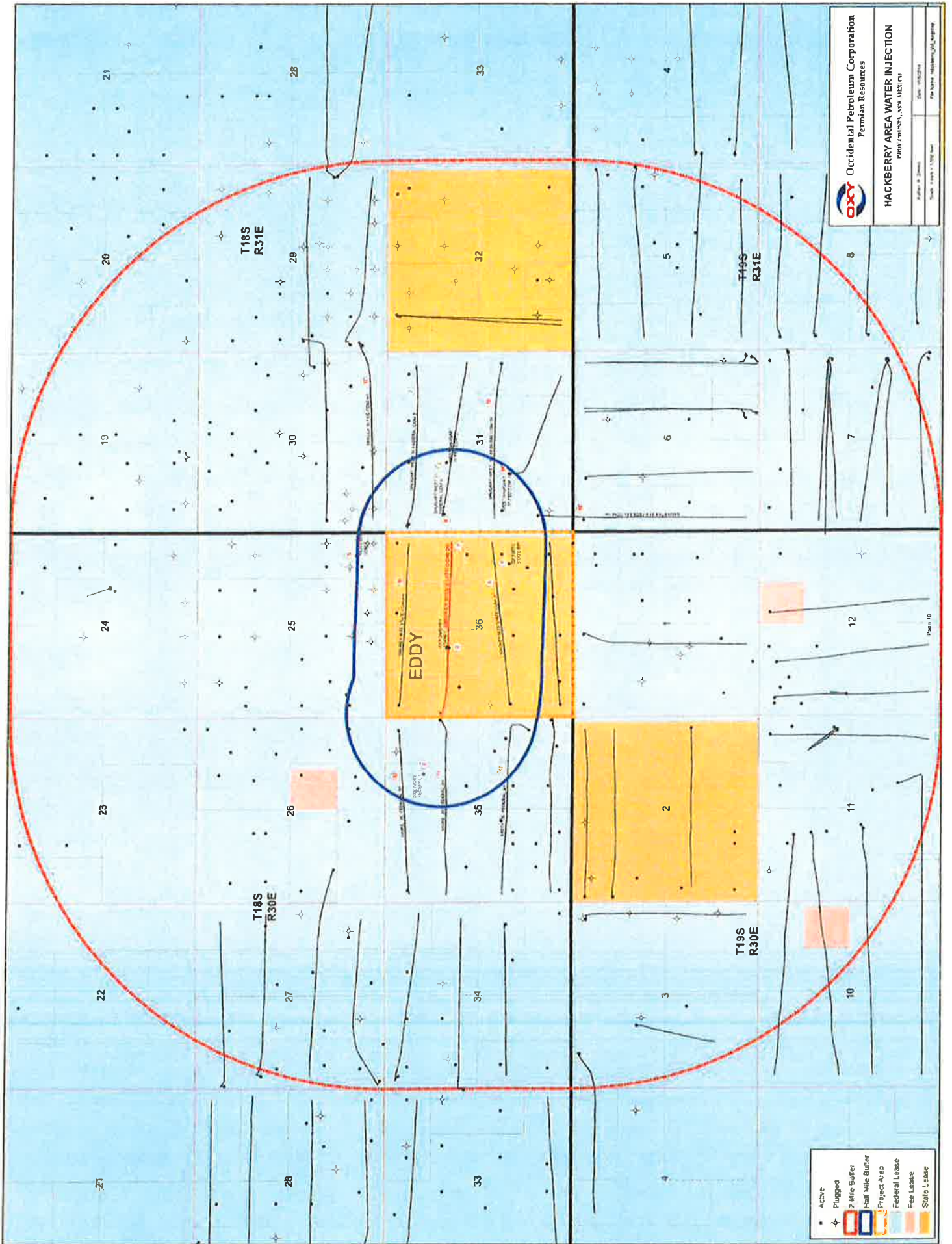
Frac'd 9,180' – 12,977'
6 stages

*Note: Diagram not to scale

Perfs	9,180	9,677
	9,840	10,337
	10,500	10,997
	11,160	11,657
	11,820	12,317
	12,480	12,977

ITEM V

Area of Review Map



ITEM VI
Area of Review

MAP LEGEND NUMBER	APT NUMBER	OPERATOR	LEASE NAME	WELL NO.	WELL TYPE	STATUS	FTG M/S	FTG E/W	UNIT	SEC	TSHP.	RNG.	DATE DRILLED	TOTAL DEPTH	HOLE SIZE	CSG SIZE	SET AT CMT	SV CMT TOP	MTD	DVT	CURRENT COMPLETION	REMARKS
1	30-015-40196	OXY USA WTP LP	SMOKEY BITS STATE COM	2H	P	A	1575 FNL	75 FWL	E	36	18 S	30 E	07/24/2012	13073	17 1/2"	13 3/8"	494' 9 5/8" 3610' 5 1/2" 13703'	680 Surface 2400 1130' TS 2520 100' CBL		N/A	9180-12977'	(5200) Benson; Bone Spring
2	30-015-31611	OXY USA WTP LP	OXY SMOKEY STATE	1	P	A	1780 FNL	1980 FWL	N	36	18 S	30 E	05/15/2001	12290	17 1/2"	13 3/8"	575' 9 5/8" 3630' 5 1/2" 12290'	740 Surface 1290 Surface 1200 5794' CBL		N/A	11756-11776'	(96785) Hackberry; Morrow, North
3	30-015-31821	CIMAREX ENERGY CO OF COLORADO	SHUGART 31 WEST FEDERAL	2	P	P&A	1700 FNL	1980 FWL	F	31	18 S	31 E	10/10/2001	12308	12 1/4"	8 5/8"	3199' 5 1/2" 12308'	1150 Surface 750 4696' CBL		N/A	7637-7779' Recomplete	Date P&A'd: 5/12/17 (97056) Hackberry; Bone Spring, North
4	30-015-31937	OXY USA WTP LP	OXY BITS STATE	001	P	P&A	1787 FSL	912 FEL	I	36	18 S	30 E	01/08/2002	12280	17 1/2"	13 3/8"	655' 12 1/4" 9 5/8" 3220' 8 3/4" 5 1/2" 12280'	550 Surface 1300 Surface 775 8478' CBL		N/A	12106-12129'	Date P&A'd: 6/1/2017 (96785) Hackberry; Morrow, North (G)
5	30-015-32201	CHEVRON U.S.A INCORPORATED	XICA FEDERAL COM	1	P	A	835 FSL	660 FEL	P	25	18 S	30 E	05/29/2002	12240	17 1/2"	13 3/8"	635' 12 1/4" 9 5/8" 3734' 8 3/4" 5 1/2" 12240'	524 Surface 1200 Surface 1220 7500' File Calc.		N/A	11826-11900'	OXY TOC Cal=-6264 using 1.18 Yield No CBL (96785) Hackberry; Morrow, North (G)
6	30-015-32507	OXY USA WTP LP	OXY IVORE FEDERAL	1	P	A	1079 FNL	1610 FEL	B	35	18 S	30 E	12/20/2002	12090	17 1/2"	13 3/8"	605' 12 1/4" 9 5/8" 4500' 8 3/4" 5 1/2" 12090'	510 Surface 1820 Surface 850 7674' CBL		N/A	11638-11649'	(96785) Hackberry; Morrow, North (G)
7	30-015-37350	CIMAREX ENERGY CO OF COLORADO	SHUGART WEST 31 FEDERAL COM	3	P	A	560 FNL	280 FWL	D	31	18 S	31 E	11/03/2009	13344	17 1/2"	13 3/8"	575' 12 1/4" 9 5/8" 3199' 8 3/4" 7" 8470'	500 Surface 1215 Surface 965 10' File Calc.		N/A	9108-13344'	OXY TOC Cal=-3601 using 1.18 Yield No CBL (56405) Shugart; Bone Spring, North
8	30-015-37785	CIMAREX ENERGY CO OF COLORADO	SHUGART WEST 31 FEDERAL COM	4	P	A	1650 FNL	475 FWL	E	31	18 S	31 E	10/31/2010	12988	17 1/2"	13 3/8"	560' 12 1/4" 9 5/8" 3675' 8 3/4" 5 1/2" 12971'	520 Surface 1315 Surface 2430 Surface		N/A	8652-12911'	(97056) Hackberry; Bone Spring, North
9	30-015-39118	OXY USA WTP LP	SMOKEY BITS STATE COM	3H	P	A	1750 FSL	330 FWL	L	36	18 S	30 E	12/12/2011	12906	17 1/2"	13 3/8"	485' 12 1/4" 9 5/8" 3694' 8 1/2" 5 1/2" 12636'	850 Surface 1640 Surface 1990 Surface		N/A	9232-12501'	(5200) Benson; Bone Spring
10	30-015-40148	OXY USA WTP LP	SMOKEY BITS STATE COM	6H	P	A	405 FNL	330 FWL	D	36	18 S	30 E	06/26/2012	12804	17 1/2"	13 3/8"	457' 12 1/4" 9 5/8" 3654' 8 3/4" 5 1/2" 12804'	610 Surface 1850 880' TS 3940 1150' CBL		N/A	9128-12702'	(5200) Benson; Bone Spring
11	30-015-41409	OXY USA WTP LP	IVORE 35' FEDERAL COM	2H	P	A	1575 FNL	75 FEL	H	35	18 S	30 E	10/09/2015	13218	14 3/4"	10 3/4"	535' 9 7/8" 3590' 5 1/2" 8592' 6 3/4" 412" 13208'	560 Surface 990 Surface 680 1710 CBL 680 1710 CBL		N/A	8858-13001'	Split production casing string (5200) Benson; Bone Spring
12	30-015-41410	OXY USA WTP LP	IVORE 35' FEDERAL COM	3H	P	A	387 FNL	387 FEL	A	35	18 S	30 E	01/08/2015	12940	14 3/4"	11 3/4"	508' 10 5/8" 3580' 7 7/8" 5 1/2" 12921'	610 Surface 1230 Surface 1730 Surface		N/A	8717-12765'	(5200) Benson; Bone Spring
13	30-015-41413	OXY USA WTP LP	MISTY 35' FEDERAL COM	4H	P	A	1223 FSL	386 FEL	I	35	18 S	30 E	12/23/2014	13232	14 3/4"	11 3/4"	529'	633 Surface			8879-13014'	

ITEM VI

Plugged Well Schematics

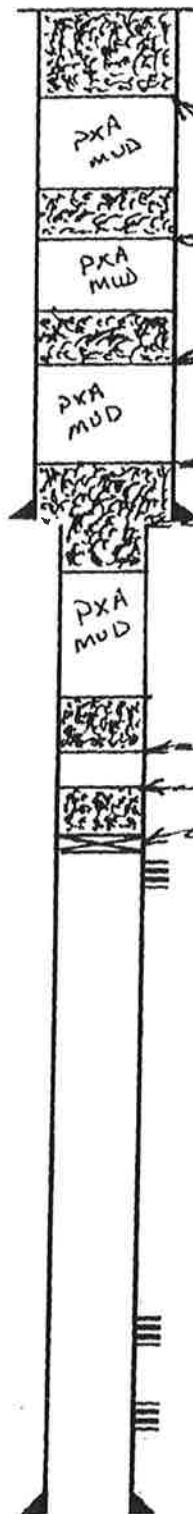
CIMAREX

T/ANHY - 533'
T/YATES - 2,192'
T/S.A. - 4,000'
T/B.S. - 6,000'
T/W.C. - 8,460'
T/ATOKA - 10,220'
T/MRRW. - 11,400'

8 5/8" 32# J-55 csg @ 3199'
Cmt w/1150 sx, cir to surface

TOC 4696' (CBL on 11/18/12)

5 1/2" 17# HCP-110 LTC & L-80 LTC'
set @ 12,308'
Cmt w/750 sx



PBTD: 8275'
TD: 12,308'

Cimarex Energy Co. of Colorado
SHUGART WEST 31 FEDERAL #2
API 30-015-31821
1700' FNL & 1980' FWL,
BHL 1635' FNL & 1570' FWL
Sec 31, T18S R31E
Eddy County, NM
GL 3545' KB 3563'

J Piwetz

11/30/2016

CIRC. 25 SXS. @ 63'-3''

Pump 40° SXS. @ 583'-483' - TAG

Pump 50 SXS. @ 2252'-2132' - TAG

Pump 55 SXS. @ 3265'-3135' - TAG

CUT X PULL 5 1/2" CSG. @ 3,200'

Pump 25 SXS. @ 6,080'-5,920' - TAG

Pump 25 SXS. @ 7,600'-7,430' - TAG

SET 5 1/2" CIBP @ 7,600'

1st BSS Perfs

7637 - 7779 (44 holes) 11/29/12

116 sx' cement Plug 11450-8275' Tagged (11/17/12)

Fish in hole @ 11,475' Production packer

Morrow Perfs:

11780-90, 11920-32

12077-84; 12102-12

7 7/8" Hole to TD 11,919'

DAE 12/12/16

J Piwetz 11/30/2016

OXY USA WTP LP - Final P&A
OXY Bits State #1
API No. 30-015-31937

275sx @ 775'-Surface - Circ

50sx @ 1990-1840' Tagged

CIBP @ 3025' w/ 40sx to 2904'

150sx @ 3335-3025' Tagged
250sx @ 3911-3335' Tagged

30sx @ 5742-5450' Tagged

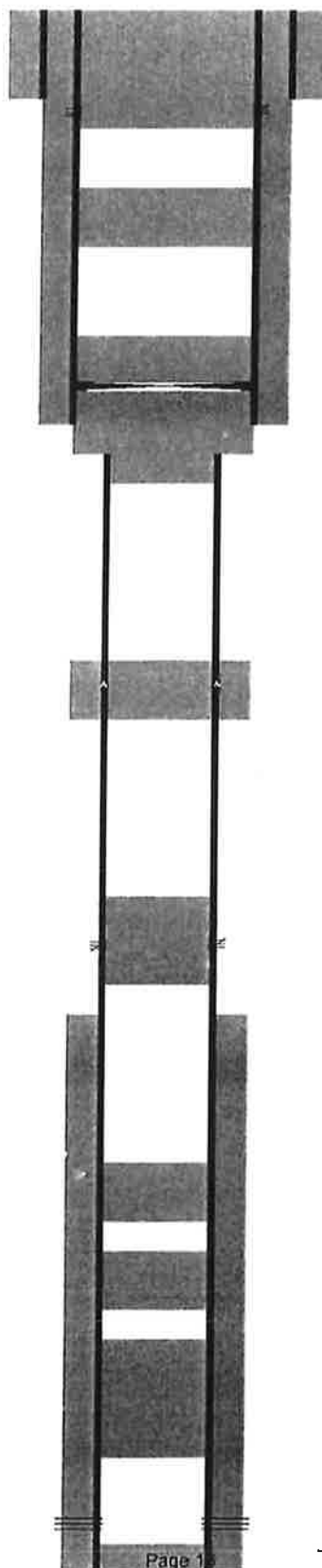
40sx @ 7770-7355' Tagged

25sx @ 9901-9437' Tagged

25sx @ 10274-10088' Tagged

75sx @ 11410-10572' Tagged

PB-12234'



Perf @ 705'

17-1/2" hole @ 655'
13-3/8" csg @ 655'
w/ 550sx-TOC-Surf-Circ

CIBP @ 3020'

12-1/4" hole @ 3220'
9-5/8" csg @ 3220'
w/ 1300sx-TOC-Surf-Circ

Cut 5-1/2" csg @ +/-3850'

Csg lk @ +/-5609-5640'

Perf @ 7720'

8-3/4" hole @ 12280'
5-1/2" csg @ 12280'
w/ 775sx-TOC-8478'-CB:

Perfs @ 12106-12129'
TD-12280'

ITEM VII

Proposed Operations

Hackberry Pressure Maintenance Pilot: Project Description

Oxy respectfully requests approval for a pressure maintenance pilot in the Second Bone Spring Sand formation in Section 36 of T18S-R30E in Eddy County, New Mexico. The injected fluid will be produced water. Oxy will convert Smokey Bits State Com 2H (perforations MD 9180-12977' TVD 8532-8624') from an oil producer to water injector. Water injection will start once the surface facilities are completed and the C-108 injection order is approved. The well will inject produced water at maximum surface pressure of 1706 psi, which is based on the permitted injection pressure limit of 0.2 psi/ft to the uppermost perforation (NMOCD UIC Manual Section III.A.2). During the injection period Oxy will monitor and evaluate the performance of the injector and offset producers.

The purpose of injecting produced water is to provide pressure maintenance and voidage replacement to help increase oil recovery.

Proposed Operations

1. Water Injection Rate

Well Name	Average Daily Rate to be injected (BWIPD)	Maximum Daily Rate to be Injected (BWID)
Smokey Bits Sate Com 2H	1500	6000

2. This will be a closed system

3. Surface Injection Pressure

Well Name	Average Injection Pressure (Psi)	Maximum Injection Pressure
Smokey Bits State Com 2H	1000	1706

4. Oxy respectfully requests the authority to inject produced water from Oxy operated wells in and around the proposed project area and produced water from either Ray Westall Operating Inc which is produced from Wolfcamp, Bone Spring, and Queen formations or from Devon Energy Production Company, L.P which is produced from the Bone Spring formation. Please see the attached water analyses.

5. N/A

Water Compatibility Study

Scale precipitation due to incompatibility of mixing different waters is simulated using ScaleSoftPitzer™ (SSP) developed by Rice University Brine Chemistry Consortium. Compatibility between 2nd Bone Spring produced water (PW) from Oxy's operations, Bone Spring PW from Devon Energy Production L.P.'s operations and Bone Spring, Wolfcamp, and Queen formation PW from a Ray Westall Operating Inc.'s operations was performed. Table 1 shows the water analysis of all waters.

Table 1.

Cations / Anions (mg/L)	Oxy Hackberry PW (2BS)	Westall PW	Oxy Turkey Track PW (2BS)	Devon PW
Na ⁺	64,694	54,123	46,727	57,555
Mg ²⁺	1,665.5	1,693.4	1,130.6	900
Ca ²⁺	11,828	8,951	6,654	5,357
Sr ²⁺	458.65	327.35	219.90	464
Ba ²⁺	0	0	0	0
Fe ²⁺	53.6	17.2	27.0	33.6
Mn ²⁺	1.45	1.15	0.70	0.80
Cl ⁻	133,030	110,970	99,745	116,643
SO ₄ ²⁻	701.8	1,241	1,727	656.6
HCO ₃ ⁻	231.8	244.1	122.0	341.0
TDS	214,377	178,752	157,589	183,209
pH	6.55	6.45	7.10	6.75

Compatibility study #1: Oxy's 2BS vs Westall's PW

The two water analysis are input into SSP at different ratios to calculate scaling index (SI) and potential precipitation (ppt) in pound per thousand barrels (ptb). Bottom hole temperature of 140 F and bottom hole pressures of 5,500 psia were used in the modeling. Results are summarized in Table 2.

The scaling index of calcite (CaCO₃) decreases from 1.19 to 0.94 at the bottomhole conditions (Table 2). Therefore, the introduction of the Westall PW into Oxy's 2BS formation is unlikely to introduce additional scaling. Calcite can be prevented relatively easily by the use of scale inhibitor (e.g. many of the phosphonic acid based scale inhibitor). Oxy will use the appropriate scale inhibitor if this source of water is used.

Celestite scaling tendency remains fairly constant over the range of mixing ratios. In addition, the Celestite scaling index is quite insignificant for concern.

Table 2. Prediction of Scaling Index (SI) and potential precipitation of 2 common oilfield scales by mixing the Oxy's 2BS PW with Westall's PW at different ratios at bottomhole conditions.

Oxy 2BS % PW	Westall % PW	Calcite		Celestite	
		SI	ppt (ptb)	SI	ppt (ptb)
100	0	1.19	35	0.09	37
80	20	1.01	33	0.15	61
50	50	0.96	32	0.15	60
20	80	0.95	32	0.15	59
0	100	0.94	32	0.15	59

Compatibility study #2: Oxy's 2BS vs Oxy's Turkey Track (TT) PW

The two water analysis are input into SSP at different ratios to calculate scaling index (SI) and potential precipitation (ppt) in pound per thousand barrels (ptb). Bottom hole conditions were used in the modeling. Results are summarized in Table 3.

By introducing TT PW into Oxy's 2BS PW, it is found that calcite scaling tendency remains about the same and the potential precipitation decreases.

Celestite scaling tendency remains fairly constant over the range of mixing ratios. In addition, the Celestite scaling index is quite insignificant for concern.

Table 3. Prediction of Scaling Index (SI) and potential precipitation of 2 common oilfield scales by mixing the Oxy's 2BS PW with Turkey Track PW at different ratios at bottomhole conditions.

Oxy 2BS % PW	TT % PW	Calcite		Celestite	
		SI	ppt (ptb)	SI	ppt (ptb)
100	0	1.19	35	0.09	37
80	20	1.17	30	0.14	59
50	50	1.15	24	0.17	67
20	80	1.16	18	0.17	55
0	100	1.20	14	0.14	40

Compatibility study #3: Oxy's 2BS vs Devon's PW

The two water analysis are input into SSP at different ratios to calculate SI and potential precipitation (ppt) in pound per thousand barrels (ptb). Bottom hole conditions were used in the modeling. Results are summarized in Table 4.

By introducing Devon's PW into Oxy's 2BS PW, the scaling tendency and potential precipitation for Calcite ranges from 1.19 to 1.31. Calcite can be prevented relatively easily by the use of scale inhibitor (e.g. many of the phosphonic acid based scale inhibitors). Oxy will use the appropriate scale inhibitor if this source of water is used.

Celestite scaling tendency remains fairly constant over the range of mixing ratios. In addition, the Celestite scaling index is quite insignificant for concern.

Table 4. Prediction of Scaling Index (SI) and potential precipitation of 2 common oilfield scales by mixing the Oxy's 2BS PW with Devon's PW at different ratios at bottomhole conditions


Oxy 2BS % PW	Devon % PW	Calcite		Celestite	
		SI	ppt (ptb)	SI	ppt (ptb)
100	0	1.19	35	0.09	37
80	20	1.24	39	0.09	38
50	50	1.29	44	0.09	39
20	80	1.31	49	0.10	43
0	100	1.29	51	0.11	47

ITEM VIII
Geologic Statement

Geologic Statement

Injection will occur into the Second Bone Spring Sandstone on the northern margin of its extent in the Delaware Basin. The interval is Leonardian in age and between 375 and 400 ft. thick. Depth to the top of the Second Bone Spring Sandstone in the project area is approximately 8,400 ft. TVD (-4,900 ft. TVDSS). The location is within 5 miles of the toe of slope and the corresponding updip pinchout of the Second Bone Spring Sandstone. Lithology consists of thin beds of interbedded sandy siltstones, silty claystones, and carbonate mudstones. The project area is bound above and below by impermeable carbonate mudstones of the Second Bone Spring Limestone and the Third Bone Spring Limestone respectively. These limestone layers act as impermeable barriers to fluid flow out of the injection interval.

There is one active fresh water well within one mile (CP-00818-POD1) drilled to a depth of 240 ft. There will be >8000 ft. of vertical separation between the proposed injection zone and sources of fresh water, including hundreds of feet of impermeable salt and anhydrite. In the project area, the top of the Salado Formation (salt and anhydrite zone) is 695 ft. TVD, and the base is 2,060 ft. TVD for a total thickness of 1,365 ft. All underground sources of fresh water will be above the salt bearing zone, and injection from this project will occur below. The impermeable salt and anhydrite will act as a barrier to prevent injected fluid from migrating vertically from the injection zone into underground sources of fresh water. There are no known open faults in the project area, so there will be no pathway for injected fluids to migrate through the impermeable layers. There are no known underground sources of drinking water immediately underlying the injection zone.


Michael Harty, Geologist

1/29/2018
Date

ITEM XI

Fresh Water Analysis



Permian Basin Area Laboratory
2101 Market Street,
Midland, Texas 79703

Upstream Chemicals

REPORT DATE: 11/30/2017

COMPLETE WATER ANALYSIS REPORT SSP v.2010

CUSTOMER:	OCCIDENTAL PERMIAN LTD	ACCOUNT REP:	TIM W. GRAY
DISTRICT:	NEW MEXICO	SAMPLE ID:	201701062722
AREA/LEASE:	NNM-UPSTREAM	SAMPLE DATE:	11/20/2017
SAMPLE POINT NAME:	GARTH RANCH	ANALYSIS DATE:	11/30/2017
SITE TYPE:	FACILITY	ANALYST:	SN
SAMPLE POINT DESCRIPTION:	WELL HEAD		

OCCIDENTAL PERMIAN LTD, NNM-UPSTREAM, GARTH RANCH

FIELD DATA			ANALYSIS OF SAMPLE					
			ANIONS:		mg/L		meq/L	
Initial Temperature (°F):	250	Chloride (Cl ⁻):	88.4		2.5	Sodium (Na ⁺):	52.2	2.3
Final Temperature (°F):	80	Sulfate (SO ₄ ²⁻):	169.2		3.5	Potassium (K ⁺):	3.1	0.1
Initial Pressure (psi):	100	Borate (H ₂ BO ₃):	2.2		0.0	Magnesium (Mg ²⁺):	47.4	3.9
Final Pressure (psi):	15	Fluoride (F ⁻):	ND			Calcium (Ca ²⁺):	114.3	5.7
pH:		Bromide (Br ⁻):	ND			Strontium (Sr ²⁺):	1.6	0.0
		Nitrite (NO ₂ ⁻):	ND			Barium (Ba ²⁺):	0.0	0.0
		6.6 Nitrate (NO ₃ ⁻):	ND			Iron (Fe ²⁺):	1.1	0.0
		Phosphate (PO ₄ ³⁻):	ND			Manganese (Mn ²⁺):	0.0	0.0
		Silica (SiO ₂):	ND			Lead (Pb ²⁺):	0.0	0.0
pH at time of sampling:						Zinc (Zn ²⁺):	0.0	0.0
ALKALINITY BY TITRATION:			mg/L		meq/L			
Bicarbonate (HCO ₃ ⁻):	231.8		3.8			Aluminum (Al ³⁺):	0.0	0.0
Carbonate (CO ₃ ²⁻):	ND					Chromium (Cr ³⁺):	ND	
Hydroxide (OH ⁻):	ND					Cobalt (Co ²⁺):	ND	
			ORGANIC ACIDS:		mg/L		meq/L	
aqueous CO ₂ (ppm):	80.0	Formic Acid:	ND			Copper (Cu ²⁺):	0.0	0.0
aqueous H ₂ S (ppm):	17.0	Acetic Acid:	ND			Molybdenum (Mo ²⁺):	0.0	0.0
aqueous O ₂ (ppb):	ND	Propionic Acid:	ND			Nickel (Ni ²⁺):	ND	
		Butyric Acid:	ND			Tin (Sn ²⁺):	ND	
		Valeric Acid:	ND			Titanium (Ti ²⁺):	ND	
Calculated TDS (mg/L):	709					Vanadium (V ²⁺):	ND	
Density/Specific Gravity (g/cm ³):	0.9977					Zirconium (Zr ²⁺):	ND	
Measured Specific Gravity	1.0002					Lithium (Li):	ND	
Conductivity (mmhos):	ND					Total Hardness:	483	N/A
Resistivity:	ND							
MCF/D:	No Data							
BOPD:	No Data							
BWPD:	No Data	Anion/Cation Ratio:	0.82			ND = Not Determined		

SCALE PREDICTIONS BASED ON FIELD PROVIDED DATA; FURTHER MODELING MAY BE REQUIRED FOR VALIDATION OF SCALE PREDICTION RESULTS.

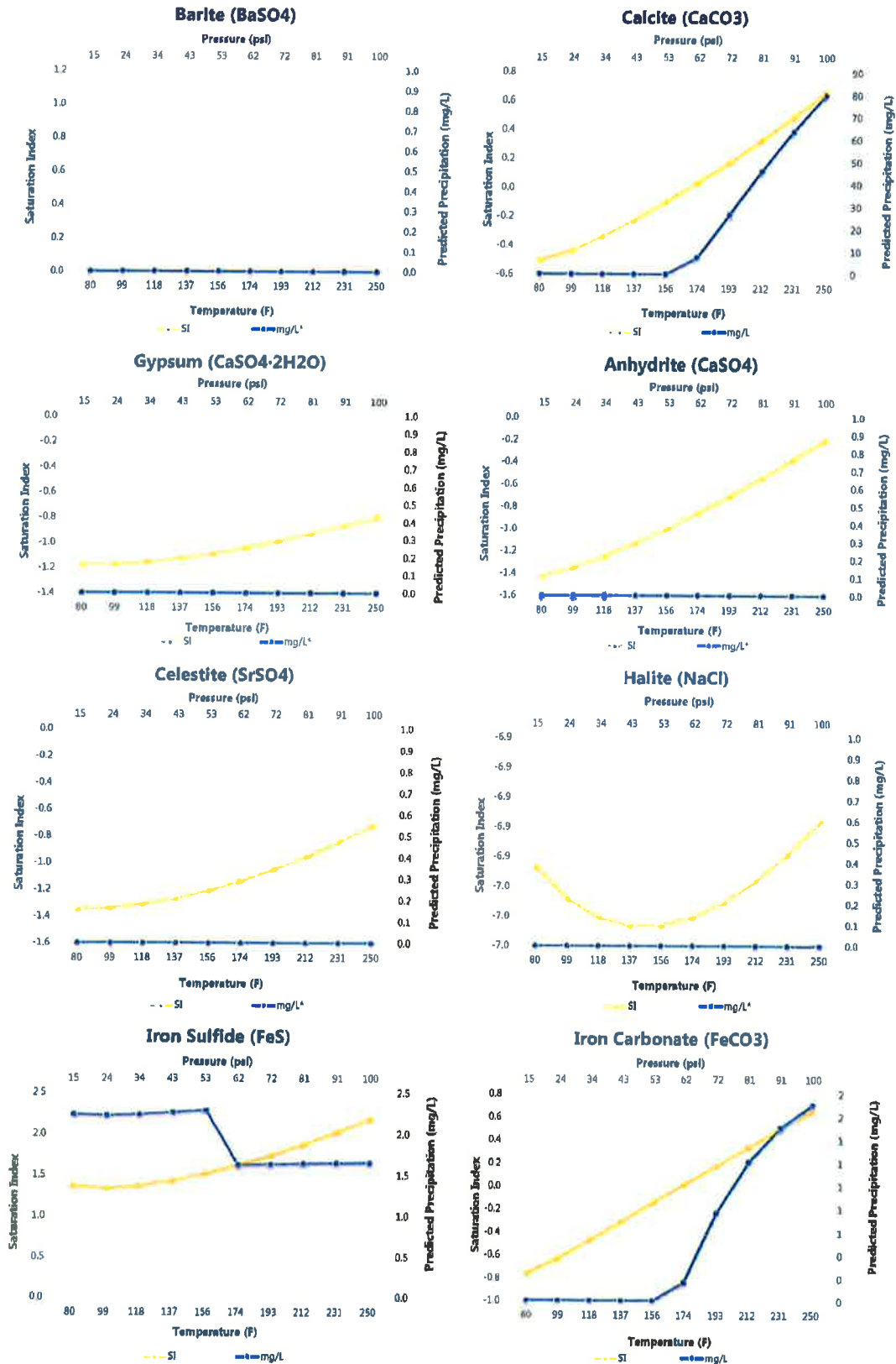
Conditions		Barite (BaSO ₄)		Calcite (CaCO ₃)		Gypsum (CaSO ₄ ·2H ₂ O)		Anhydrite (CaSO ₄)	
Temp	Press.	Index	Amt (ptb)	Index	Amt (ptb)	Index	Amt (ptb)	Index	Amt (ptb)
80°F	15 psi		0.000	-0.49	0.000	-1.16	0.000	-1.41	0.000
99°F	24 psi		0.000	-0.43	0.000	-1.16	0.000	-1.33	0.000
118°F	34 psi		0.000	-0.33	0.000	-1.14	0.000	-1.23	0.000
137°F	43 psi		0.000	-0.21	0.000	-1.11	0.000	-1.11	0.000
156°F	53 psi		0.000	-0.08	0.000	-1.07	0.000	-0.98	0.000
174°F	62 psi		0.000	0.05	2.530	-1.03	0.000	-0.83	0.000
193°F	72 psi		0.000	0.19	9.294	-0.97	0.000	-0.68	0.000
212°F	81 psi		0.000	0.35	16.059	-0.91	0.000	-0.52	0.000
231°F	91 psi		0.000	0.51	22.289	-0.85	0.000	-0.35	0.000
250°F	100 psi		0.000	0.67	27.997	-0.78	0.000	-0.18	0.000

Conditions		Celestite (SrSO ₄)		Halite (NaCl)		Iron Sulfide (FeS)		Iron Carbonate (FeCO ₃)	
Temp	Press.	Index	Amt (ptb)	Index	Amt (ptb)	Index	Amt (ptb)	Index	Amt (ptb)
80°F	15 psi	-1.33	0.000	-6.95	0.000	1.39	0.782	-0.75	0.000
99°F	24 psi	-1.32	0.000	-6.97	0.000	1.35	0.777	-0.61	0.000
118°F	34 psi	-1.29	0.000	-6.98	0.000	1.39	0.782	-0.45	0.000
137°F	43 psi	-1.25	0.000	-6.99	0.000	1.45	0.791	-0.29	0.000
156°F	53 psi	-1.19	0.000	-6.99	0.000	1.54	0.800	-0.13	0.000
174°F	62 psi	-1.12	0.000	-6.98	0.000	1.64	0.567	0.03	0.056
193°F	72 psi	-1.03	0.000	-6.97	0.000	1.76	0.570	0.19	0.269
212°F	81 psi	-0.94	0.000	-6.95	0.000	1.90	0.573	0.35	0.423
231°F	91 psi	-0.83	0.000	-6.94	0.000	2.04	0.576	0.51	0.527
250°F	100 psi	-0.71	0.000	-6.91	0.000	2.20	0.577	0.67	0.598

Note 1: When assessing the severity of the scale problem, both the saturation index (SI) and amount of scale must be considered.
Note 2: Precipitation of each scale is considered separately. Total scale will be less than the sum of the amounts of the eight (8) scales.
Note 3: Saturation Index predictions on this sheet use pH and alkalinity. %CO₂ is not included in the calculations.

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Comments:



SCALE PREDICTIONS BASED ON FIELD PROVIDED DATA; FUTHER MODELING MAY BE REQUIRED FOR VALIDATION OF SCALE PREDICTION RESULTS.

ITEM XII
Hydrologic Connection Statement

Hydrologic Connection Statement

I have examined the available geologic and engineering data for the Smokey Bits State Com #2H and find no evidence of open faults or any other hydrologic connection between the injection zone and any underground sources of drinking water.

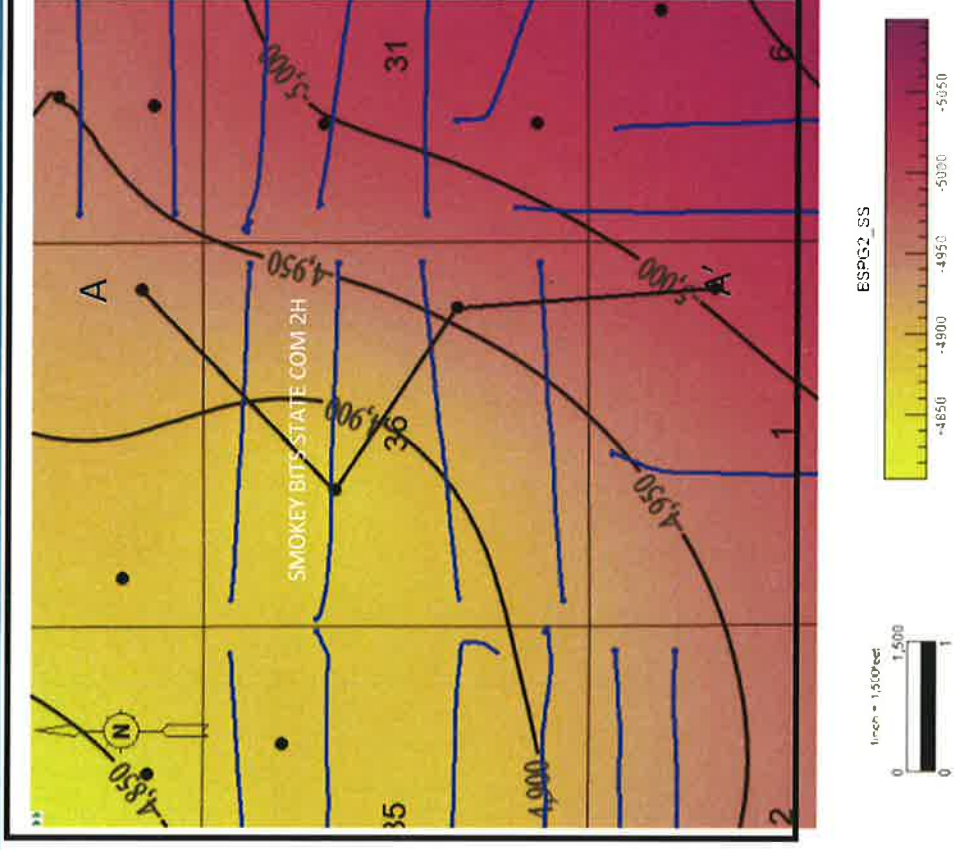

Michael Harty
Geologist

1/29/2018
Date

ITEM XIII

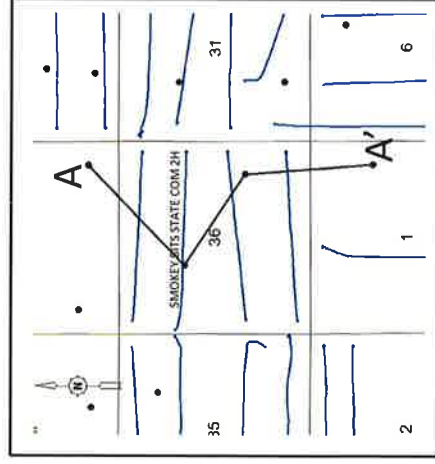
Proof of Notice

Structure Map: Top of 2nd Bone Spring Sandstone (TVDSS)



- Good well control in area
- All Second Bone Spring Sandstone completions are shown
- The Second Bone Spring has a 2-3 degree dip with no evidence of faulting

A



Smokey Bits Proposed Water Injection Location and Type Log



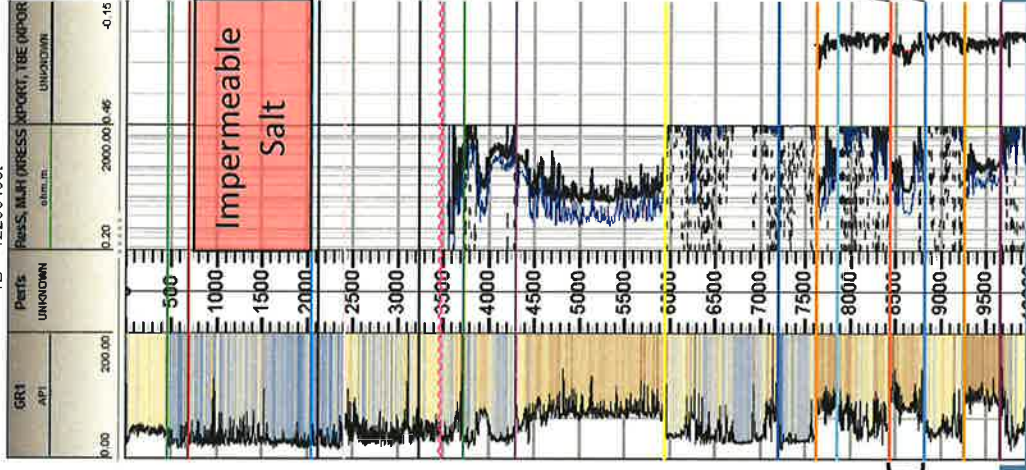
- Sec. 36, T18S, R30E
- Horizontal wells completed in Second Bone Spring Sandstone
 - Vertical Penetrations of Second Bone Spring Sandstone
 - Type log: Oxy Smokey State

Second Bone Spring Sandstone

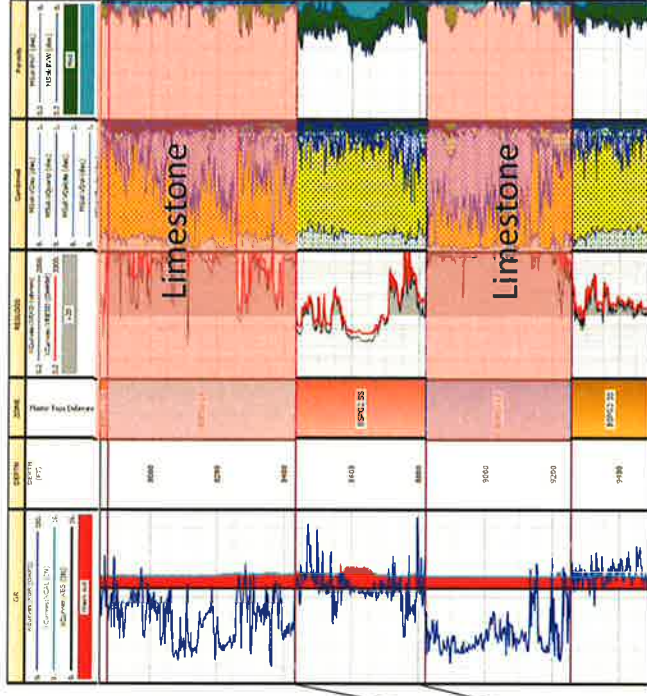
30015316110000
OXY_SMOKEY_STATE_1



OXY USA INC
TD = 12290 feet



- Detailed interpretation of reservoir lithology and fluids
- Thick interval of impermeable salt protects groundwater
- Low porosity limestone bounds the project interval acting as a seal



Key Formation Tops	Top	Thickness
Second Bone Spring Limestone	7862	573
Second Bone Spring Sandstone	8435	383
Third Bone Spring Limestone	8818	436

