

Submit 1 Copy To Appropriate District Office
District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised July 18, 2013

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, NM 87505

HOBBS OCD
OCT 02 2017

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|---|
| WELL API NO. 30-025-44062 |
| 5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> |
| 6. State Oil & Gas Lease No. 10-3524 |
| 7. Lease Name or Unit Agreement Name Red Tank 30-31 State Com |
| 8. Well Number 244 |
| 9. OGRID Number 16696 |
| 10. Pool name or Wildcat Red Tank Base Spring, East |
| 11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3658' |

SUNDRY NOTICES AND REPORTS ON WELL (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

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|--|
| 1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> |
| 2. Name of Operator OXY USA Inc. |
| 3. Address of Operator P.O. Box 50250 Midland, TX 79710 |
| 4. Well Location Unit Letter <u>A</u> : <u>200</u> feet from the <u>north</u> line and <u>290</u> feet from the <u>east</u> line Section <u>30</u> Township <u>22S</u> Range <u>33E</u> NMPM County <u>Lea</u> |
| 11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3658' |

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
DOWNHOLE COMMINGLE ☐
CLOSED-LOOP SYSTEM ☐
OTHER: Spudder Rig ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐
OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NM 'C. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

OXY requests the option to contract a Surface Rig to drill, set surface casing, and cement for this well. If the timing between rigs is such that OXY would not be able to preset surface, the Primary Rig will MIRU and drill the well in its entirety per the APD. See attached for additional spudder rig information.

Spud Date:

Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE David Stewart TITLE Sr. Regulatory Advisor DATE 9/22/17

Type or print name David Stewart E-mail address: david_stewart@oxy.com PHONE: 432-685-5717

For State Use Only

APPROVED BY: Petroleum Engineer TITLE Petroleum Engineer DATE 10/05/17
Conditions of Approval (if any):

OXY USA Inc
APD ATTACHMENT: SPUDDER RIG DATA

OPERATOR NAME / NUMBER: OXY USA Inc

1. SUMMARY OF REQUEST:

Oxy USA respectfully requests approval for the following operations for the surface hole in the drill plan:

1. Utilize a spudder rig to pre-set surface casing for time and cost savings.

2. Description of Operations

1. Spudder rig will move in to drill the surface hole and pre-set surface casing on the well.
 - a. After drilling the surface hole section, the spudder rig will run casing and cement following all of the applicable rules and regulations (OnShore Order 2, all COAs and NMOCD regulations).
 - b. The spudder rig will utilize fresh water-based mud to drill the surface hole to TD. Solids control will be handled entirely on a closed loop basis. No earth pits will be used.
2. The wellhead will be installed and tested as soon as the surface casing is cut off and the WOC time has been reached.
3. A blind flange at the same pressure rating as the wellhead will be installed to seal the wellbore. Pressure will be monitored with needle valves installed on two wingvalves.
 - a. A means for intervention will be maintained while the drilling rig is not over the well.
4. Spudder rig operations are expected to take 2-3 days per well on the pad.
5. The BLM will be contacted and notified 24 hours prior to commencing spudder rig operations.
6. Drilling operations will begin with a larger rig and a BOP stack equal to or greater than the pressure rating that was permitted will be nipped up and tested on the wellhead before drilling operations resume on each well.
 - a. The larger rig will move back onto the location within 90 days from the point at which the wells are secured and the spudder rig is moved off location.
 - b. The BLM will be contacted / notified 24 hours before the larger rig moves back on the pre-set locations.
7. Oxy will have supervision on the rig to ensure compliance with all BLM and NMOCD regulations and to oversee operations.
8. Once the rig is removed, Oxy will secure the wellhead area by placing a guard rail around the cellar area.

Spudder Rig Layout

