

| | | |
|----------------------------|--|----------------------------------|
| Well Name: PRIZE FEDERAL | Well Location: T22S / R32E / SEC 27 / SENE / | County or Parish/State: LEA / NM |
| Well Number: 04 | Type of Well: OIL WELL | Allottee or Tribe Name: |
| Lease Number: NMNM81272 | Unit or CA Name: | Unit or CA Number: |
| US Well Number: 3002532436 | Well Status: Water Injection Well | Operator: OXY USA INCORPORATED |

Notice of Intent

Sundry ID: 2758994

| | |
|--|------------------------------|
| Type of Submission: Notice of Intent | Type of Action: Plug Back |
| Date Sundry Submitted: 11/01/2023 | Time Sundry Submitted: 07:04 |
| Date proposed operation will begin: 11/25/2023 | |

Procedure Description: OXY USA INC. PROPOSES TO ADD PERFORATIONS WITHIN THE COMPLETED INTERVAL AND THEN HYDRAULICALLY FRACTURE THE ADDED PERFORATIONS. A CIBP WILL BE PLACED TO ISOLATE THE LOWEST SET OF PERFORATIONS IN THE BRUSHY CANYON.

Surface Disturbance

Is any additional surface disturbance proposed?: No

NOI Attachments

Procedure Description

PRIZE_FED_4_OAP_NOI_SUB_10.25.2023_20231101070225.pdf

Received by OCD: 12/6/2023 9:57:25 AM

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| | | |
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| US Well Number: 3002532436 | Well Status: Water Injection Well | Operator: OXY USA INCORPORATED |

Conditions of Approval

Specialist Review

Prize_Fed_4___Plugback_Procedure_and_COA_20231201124056.pdf

Operator

I certify that the foregoing is true and correct. Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction. Electronic submission of Sundry Notices through this system satisfies regulations requiring a

Operator Electronic Signature: STEPHEN JANACEK

Signed on: NOV 01, 2023 07:04 AM

Name: OXY USA INCORPORATED

Title: Regulatory Engineer

Street Address: 5 Greenway Plaza, Suite 110

City: HoustonState: TX

Phone: (713) 497-2417

Email address: stephen_janacek@oxy.com

Field

Representative Name:

Street Address:

City:State:Zip:

Phone:

Email address:

BLM Point of Contact

BLM POC Name: KEITH P IMMATTY

BLM POC Title: ENGINEER

BLM POC Phone: 5759884722

BLM POC Email Address: KIMMATTY@BLM.GOV

Disposition: Approved

Disposition Date: 12/01/2023

Signature: Keith Immatty

Form 3160-5
(June 2019)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: October 31, 2021

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

| | |
|---|--|
| 5. Lease Serial No. | |
| 6. If Indian, Allottee or Tribe Name | |
| 7. If Unit of CA/Agreement, Name and/or No. | |
| 8. Well Name and No. | |
| 9. API Well No. | |
| 10. Field and Pool or Exploratory Area | |
| 11. Country or Parish, State | |

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

| TYPE OF SUBMISSION | TYPE OF ACTION | | | | |
|---|---|---|--|---|--|
| <input type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off | |
| <input type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Hydraulic Fracturing | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity | |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input type="checkbox"/> Other | |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | | |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | | |

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be perfonned or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleation in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has detennined that the site is ready for final inspection.)

| | |
|---|-------|
| 14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed) | Title |
| Signature | Date |

THE SPACE FOR FEDERAL OR STATE OFFICE USE

| | | |
|---|--------|------|
| Approved by | Title | Date |
| Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. | Office | |

Title 18 U.S.C Section 1001 and Title 43 U.S.C Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

GENERAL INSTRUCTIONS

This form is designed for submitting proposals to perform certain well operations and reports of such operations when completed as indicated on Federal and Indian lands pursuant to applicable Federal law and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local area or regional procedures and practices, are either shown below, will be issued by or may be obtained from the local Federal office.

SPECIFIC INSTRUCTIONS

Item 4 - Locations on Federal or Indian land should be described in accordance with Federal requirements. Consult the local Federal office for specific instructions.

Item 13: Proposals to abandon a well and subsequent reports of abandonment should include such special information as is required by the local Federal office. In addition, such proposals and reports should include reasons for the abandonment; data on any former or present productive zones or other zones with present significant fluid contents not sealed off by cement or otherwise; depths (top and bottom) and method of placement of cement plugs; mud or other material placed below, between and above plugs; amount, size, method of parting of any casing, liner or tubing pulled and the depth to the top of any tubing left in the hole; method of closing top of well and date well site conditioned for final inspection looking for approval of the abandonment. If the proposal will involve **hydraulic fracturing operations**, you must comply with 43 CFR 3162.3-3, including providing information about the protection of usable water. Operators should provide the best available information about all formations containing water and their depths. This information could include data and interpretation of resistivity logs run on nearby wells. Information may also be obtained from state or tribal regulatory agencies and from local BLM offices.

NOTICES

The privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this application.

AUTHORITY: 30 U.S.C. 181 et seq., 351 et seq., 25 U.S.C. 396; 43 CFR 3160.

PRINCIPAL PURPOSE: The information is used to: (1) Evaluate, when appropriate, approve applications, and report completion of subsequent well operations, on a Federal or Indian lease; and (2) document for administrative use, information for the management, disposal and use of National Resource lands and resources, such as: (a) evaluating the equipment and procedures to be used during a proposed subsequent well operation and reviewing the completed well operations for compliance with the approved plan; (b) requesting and granting approval to perform those actions covered by 43 CFR 3162.3-2, 3162.3-3, and 3162.3-4; (c) reporting the beginning or resumption of production, as required by 43 CFR 3162.4-1(c) and (d) analyzing future applications to drill or modify operations in light of data obtained and methods used.

ROUTINE USES: Information from the record and/or the record will be transferred to appropriate Federal, State, local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecutions in connection with congressional inquiries or to consumer reporting agencies to facilitate collection of debts owed the Government.

EFFECT OF NOT PROVIDING THE INFORMATION: Filing of this notice and report and disclosure of the information is mandatory for those subsequent well operations specified in 43 CFR 3162.3-2, 3162.3-3, 3162.3-4.

The Paperwork Reduction Act of 1995 requires us to inform you that:

The BLM collects this information to evaluate proposed and/or completed subsequent well operations on Federal or Indian oil and gas leases.

Response to this request is mandatory.

The BLM would like you to know that you do not have to respond to this or any other Federal agency-sponsored information collection unless it displays a currently valid OMB control number.

BURDEN HOURS STATEMENT: Public reporting burden for this form is estimated to average 8 hours per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management (1004-0137), Bureau Information Collection Clearance Officer (WO-630), 1849 C St., N.W., Mail Stop 401 LS, Washington, D.C. 20240

Additional Information

Location of Well

0. SHL: SENE / 1880 FNL / 760 FEL / TWSP: 22S / RANGE: 32E / SECTION: 27 / LAT: 0.0 / LONG: 0.0 (TVD: 0 feet, MD: 0 feet)

BHL: SENE / 1880 FNL / 760 FEL / TWSP: 22S / SECTION: / LAT: 0.0 / LONG: 0.0 (TVD: 0 feet, MD: 0 feet)

API#: 30-025-32436
 Lease Name: Prize Federal
 Well No: 4
 County: Lea
 Location: SEC 27, T22S, R32E, Unit H
 Section Lines: 1880 FNL & 760 FEL
 Ground Elevation: 3,660
 Date Drilled: Oct-94
 WBD Date: 10/24/2023

Current Wellbore



Basal Anhydrite 4,416

Delaware Lime 4,714

Bell Canyon 4,783

Cherry Canyon 5,626

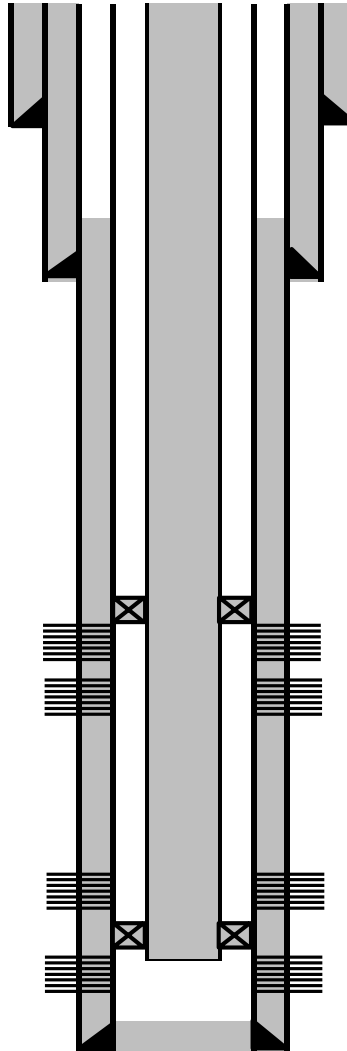
Brushy Canyon 6,807

Brushy A 8,237

Bone Spring 8,538

Perforations

| | | |
|-----------|-----------|----------|
| 6832-6838 | Isolated | 12 holes |
| 6906-6912 | Isolated | 12 holes |
| 7462-7470 | Isolated | 8 holes |
| 8358-8388 | Injection | 60 holes |



TD @ 8,740 MD
 TD @ 8,739 TVD
 PBTD @ 8,660 MD

Surface Casing

| | | | | |
|---------|-------|----------|-----------|-----|
| 13-3/8" | 54.5# | J-55 | @ | 805 |
| 17-1/2" | Hole | TOC | @ Surface | |
| | | cmt'd w/ | 900 | sk |

Intermediate Casing

| | | | | |
|--------|------|----------|-----------|------|
| 8-5/8" | 32# | J-55 | @ | 4512 |
| 11" | Hole | TOC | @ Surface | |
| | | cmt'd w/ | 1,800 | sk |

Tubulars

2-7/8" TK 15 XT Lined (IPC) tubing
 5 1/2" x 2-7/8" Nickel Plated IPC Snapset II @ 6,806'

5 1/2" x 2-7/8" Nickel Plated IPC AS-1X 10K PKR @ 8,323'

Production Casing

| | | | | |
|--------|------|------------|---------|------|
| 5-1/2" | 17# | N-80& J-55 | @ | 8740 |
| 7-7/8" | Hole | TOC | @ 3,077 | |
| | | cmt'd w/ | 1,465 | sk |

API#: 30-025-32436
 Lease Name: Prize Federal
 Well No: 4
 County: Lea
 Location: SEC 27, T22S, R32E, Unit H
 Section Lines: 1880 FNL & 760 FEL
 Ground Elevation: 3,660
 Date Drilled: Oct-94
 WBD Date: 10/24/2023

Proposed Wellbore



Basal Anhydrite 4,416

Delaware Lime 4,714

Bell Canyon 4,783

Cherry Canyon 5,626

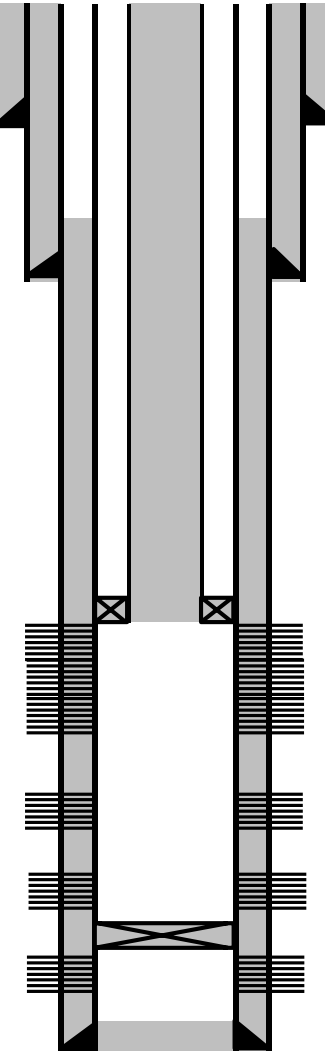
Brushy Canyon 6,807

Brushy A 8,237

Bone Spring 8,538

Perforations

| | | |
|------------------|----------------------|-----------------|
| 6832-6838 | Injection | 12 holes |
| 6862-6870 | New-Injection | 16 holes |
| 6906-6912 | Injection | 12 holes |
| 6964-6972 | New-Injection | 16 holes |
| 7164-7172 | New-Injection | 16 holes |
| 7208-7216 | New-Injection | 16 holes |
| 7315-7323 | New-Injection | 16 holes |
| 7462-7470 | Injection | 8 holes |
| 8358-8388 | Isolated | 60 holes |



TD @ 8,740 MD
 TD @ 8,739 TVD
 PBTD @ 8,660 MD

Surface Casing

| | | | | |
|---------|-------|----------|-----------|-----|
| 13-3/8" | 54.5# | J-55 | @ | 805 |
| 17-1/2" | Hole | TOC | @ Surface | |
| | | cmt'd w/ | 900 | sk |

Intermediate Casing

| | | | | |
|--------|------|----------|-----------|------|
| 8-5/8" | 32# | J-55 | @ | 4512 |
| 11" | Hole | TOC | @ Surface | |
| | | cmt'd w/ | 1,800 | sk |

Tubulars

2-7/8" TK 15 XT Lined (IPC) tubing
 5 1/2" x 2-7/8" Nickel Plated IPC Snapset II @ 6,806'

10k 5-1/2" 17# CIBP @ 7,514'

Production Casing

| | | | | |
|--------|------|------------|-------|-------|
| 5-1/2" | 17# | N-80& J-55 | @ | 8740 |
| 7-7/8" | Hole | TOC | @ | 3,077 |
| | | cmt'd w/ | 1,465 | sk |

API#: 30-025-32436
Lease Name: Prize Federal
Well No: 4
Filing: OAP- Add perfs NOI

JOB PLAN

1. POOH AND LD INJECTION ASSEMBLY.
2. SET CIBP AT 7514'. DUMP BAIL 3 SX CMT.
3. ADD PERFS ~6862'-7323'.
4. FRAC WITH 50K LB SAND.
5. CLEANOUT FRAC SAND WITH BIT AND STRING MILL.
6. RIH WITH PACKER ON 2-7/8" LINED TUBING AND SET AT ~6825'.
7. RETURN WELL TO INJECTION.

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 11982
ORDER NO. R-11046

**APPLICATION OF POGO PRODUCING COMPANY FOR A PRESSURE
MAINTENANCE PROJECT AND QUALIFICATION FOR THE RECOVERED OIL
TAX CREDIT PURSUANT TO THE "NEW MEXICO ENHANCED OIL
RECOVERY ACT," LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on June 11, 1998 at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 2nd day of September, 1998, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.

(2) The applicant, Pogo Producing Company ("Pogo"), is the operator of two Federal oil and gas leases in Sections 22, 26, and 27, all in Township 22 South, Range 32 East, NMPM, Lea County, New Mexico: (a) the Red Tank "26" Federal Lease (U. S. Government Lease No. NM-86149), covering the W/2 of Section 26; and (b) the Prize Federal Lease (U. S. Government Lease No. NM-81272), covering the E/2 of Section 22 and the E/2 of Section 27. Pogo seeks authority to institute a cooperative leasehold pressure maintenance project by the injection of produced water into the Cherry Canyon and Brushy Canyon Members of the Delaware Mountain Group within the West Red Tank-Delaware Pool through the perforated interval from approximately 6,832 feet to 8,388 feet in its existing Prize Federal Well No. 4 (API No. 30-025-32436), located 1880 feet from the North line and 760 feet from the East line (Unit H) of Section 27.

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Order No. R-11046
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(3) Within the proposed cooperative leasehold pressure maintenance project area that encompasses the two above-described Federal leases there is undeveloped Delaware acreage that Pogo has requested not be made a part of the initial pressure maintenance project. Therefore, this initial cooperative leasehold pressure maintenance project area, for allowable and tax credit purposes, is to be reduced to the following described 360 acres, more or less, in Lea County, New Mexico:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM
Section 26: W/2 NW/4 and NW/4 SW/4
Section 27: NE/4 and N/2 SE/4.

(4) All of Sections 26 and 27 are within the horizontal limits of the West Red Tank-Delaware Pool, which is currently governed by the Division's General Rules with development on 40-acre spacing units each having a top unit depth bracket allowable of 230 barrels of oil per day and a gas/oil ratio of 2,000 cubic feet of gas per barrel of oil, which results in a casinghead gas allowable of 460 MCF per day.

(5) There are currently eight West Red Tank-Delaware producing oil wells that will be initially affected by the proposed injection well, all of which are located in Township 22 South, Range 32 East, NMPM, Lea County, New Mexico:

| Well Name and Number | Footage Location (Unit) | Section | API Number |
|----------------------------------|---------------------------|---------|--------------|
| Red Tank "26" Federal Well No. 2 | 330' FNL & 660' FWL (D) | 26 | 30-025-32462 |
| Red Tank "26" Federal Well No. 3 | 1980' FNL & 330' FWL (E) | 26 | 30-025-32463 |
| Red Tank "26" Federal Well No. 4 | 2310' FSL & 330' FWL (L) | 26 | 30-025-32386 |
| Prize Federal Well No. 3 | 1980' FSL & 660' FEL (I) | 27 | 30-025-32143 |
| Prize Federal Well No. 5 | 660' FN & EL (A) | 27 | 30-025-32437 |
| Prize Federal Well No. 6 | 990' FNL & 2310' FEL (B) | 27 | 30-025-32656 |
| Prize Federal Well No. 7 | 2310' FNL & 1980' FEL (G) | 27 | 30-025-32657 |
| Prize Federal Well No. 8 | 1980' FS & EL (J) | 27 | 30-025-32685 |

(6) At the time of the hearing Pogo presented geological evidence which shows that:

(a) the Delaware reservoir in this area trends northeast-southwest, with the lower

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Delaware being a deep water sand environment;

(b) the main producing zone, identified by Pogo as the Lower Brushy Canyon "BC-4" interval, is continuous across the project area, and all of the wells in the proposed project area are currently producing from this zone; and

(c) there are numerous productive or potentially productive intervals in the Delaware in this area.

(7) Further, Pogo presented engineering evidence which shows that:

(a) the producing rates of the wells in the project area vary, but overall are not in the "stripper" category;

(b) although the injection well has perforations in the Cherry Canyon and the Brushy Canyon intervals, the vast bulk of the injected water will be injected into the lower Brushy Canyon "BC-4" interval, because that zone has been fracture treated, while the other zones have only been acidized;

(c) because of the fracture treatments of the Brushy Canyon "BC-4" zone in each producing well, and because the wells are on pump, the bottomhole pressure will be less than the reservoir pressure, and cross-flow between different Delaware zones will not occur;

(d) the injection of water into the Delaware formation should retard the dissipation of reservoir energy;

(e) all Delaware zones should serve to

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Order No. R-11046
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benefit from injection; and

(f) with the pressure maintenance project, the wells in the project area will recover approximately 255,000 barrels of additional incremental oil production from the "BC-4" zone through the expenditure of an estimated \$160,000.00 to convert the Prize Federal Well No. 4 to injection, the addition of injection and production facilities, and the removal of bridge plugs in certain producing wells.

(8) The applicant owns 100% of the operating rights of the two subject leases, and thus will bear the full cost of the project.

(9) The proposed pressure maintenance project should result in the recovery of otherwise unrecoverable oil thereby preventing waste, promotes sound engineering practices, is in the best interest of conservation, and will not impair correlative rights.

(10) The applicant submitted data on the proposed injection well and all other wells which penetrate the zone of interest within the one-half mile "area of review" of the proposed injection well. The data shows that wells in the area are cased and cemented so as to protect fresh water and prevent fluid migration from the injection zone, and includes testimony indicating no evidence of open faults or any other hydrologic connection between the injection zone and any fresh water resources in the area.

(11) The operator should take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape into other formations or onto the surface from injection, production, or plugged and abandoned wells.

(12) Injection into the proposed injection well should be accomplished through 2-7/8 inch plastic lined tubing installed in a packer set no higher than 100 feet above the uppermost perforation; the casing-tubing annulus should be filled with an inert fluid; and a pressure gauge or approved leak detection device should be attached to the annulus in order to determine leaks in the casing, tubing, or packer.

(13) The injection well should be initially equipped with a pressure control device or acceptable substitute which will limit the surface injection pressure at the wellhead to no more than 1360 psi.

(14) The Division Director should have the authority to administratively authorize

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a pressure limitation in excess of the limitation described above upon a showing by the operator that such higher pressure will not result in the fracturing of the injection formation or confining strata.

(15) Prior to commencing injection operations, the casing in the injection well should be pressure tested throughout the interval from the surface down to the proposed packer setting depth to assure the integrity of such casing.

(16) The operator should give advance notice to the supervisor of the Division's Hobbs District Office of the date and time of the installation of injection equipment and of the mechanical integrity pressure test in order that these operations may be witnessed.

(17) The subject application should be approved and the pressure maintenance project should be governed by the provisions of Division Rules 701 through 708.

(18) The project allowable should be equal to the top unit allowable for the West Red Tank-Delaware Pool (230 barrels of oil per day) times the number of developed (production or injection) proration units within the project area. Unless the project area is subsequently expanded, the allowable should be established at 2,070 barrels of oil per day (230 BOPD times nine 40-acre units).

(19) The transfer of allowable between wells within the project area should be permitted.

(20) The applicant further requests that the subject pressure maintenance project be approved by the Division as a qualified "Enhanced Oil Recovery ("EOR") Project" pursuant to the "Enhanced Oil Recovery Act" (Sections 7-29A-1 through 7-29A-5, NMSA 1978).

(21) No offset operator or mineral interest owner or other interested party appeared at the hearing in opposition to the subject application.

(22) The evidence presented indicates that the pressure maintenance project meets all Division criteria for approval.

(23) The approved project area should be designated the "**Red Tank/Prize Federal Cooperative Leasehold Pressure Maintenance Project**" and should be comprised of the 360 acres described above in Finding Paragraph (3).

(24) To be eligible for the EOR tax rate, prior to commencing operations the operator must request from the Division a Certificate of Qualification, which certificate must

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Order No. R-11046
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specify the proposed project area described above.

(25) At such time as a positive production response occurs, and within five years from the date of the Certificate of Qualification, the applicant must apply to the Division for certification of a positive production response, which application is to identify the area actually benefitting from enhanced recovery operations and the specific wells which the operator believes are eligible for the tax rate. The Division may review the application administratively or set it for hearing. Based upon evidence presented, the Division will certify to the Taxation and Revenue Department those lands and wells which are eligible for the EOR tax rate.

(26) The injection authority granted for the proposed injection well should terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject well; provided, however, the Division, upon written request of the operator, may grant an extension thereof for good cause shown.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Pogo Producing Company (“Pogo”), is hereby authorized to institute a cooperative leasehold pressure maintenance project on its Red Tank "26" Federal Lease (U. S. Government Lease No. NM-86149), covering the W/2 of Section 26, and its Prize Federal Lease (U. S. Government Lease No. NM-81272), covering the E/2 of Section 22 and the E/2 of Section 27, all in Township 22 South, Range 32 East, NMPM, Lea County, New Mexico, by the injection of produced water into the Cherry Canyon and Brushy Canyon Members of the Delaware Mountain Group within the West Red Tank-Delaware Pool through the perforated interval from approximately 6,832 feet to 8,388 feet in its existing Prize Federal Well No. 4 (**API No. 30-025-32436**), located 1880 feet from the North line and 760 feet from the East line (Unit H) of Section 27.

(2) This cooperative leasehold pressure maintenance project is designated the **“Red Tank/Prize Federal Cooperative Leasehold Pressure Maintenance Project.”** The initial project area for allowable and tax credit purposes is to include the following described 360 acres, more or less, in Lea County, New Mexico:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM
Section 26: W/2 NW/4 and NW/4 SW/4
Section 27: NE/4 and N/2 SE/4.

(3) As necessary, this project area may be expanded administratively to include that entire area that comprises both the Red Tank “26” Federal and Prize Federal leases.

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(4) The project allowable shall be equal to the top unit allowable for the West Red Tank-Delaware Pool (230 barrels of oil per day) times the number of developed (production or injection) proration units within the project area. Unless the project area is subsequently expanded, the initial project allowable should be established at 2,070 barrels of oil per day.

(5) The transfer of allowable between wells within the project area is hereby permitted.

(6) The operator shall take all steps necessary to ensure that the injected water enters only the proposed injection interval, and is not permitted to escape into other formations or onto the surface from injection, production, or plugged and abandoned wells.

(7) Injection into the Prize Federal Well No. 4 shall be accomplished through 2-7/8 inch plastic lined tubing installed in a packer set within 100 feet of the uppermost injection perforation, and the casing-tubing annulus shall be filled with an inert fluid and equipped with a pressure gauge or attention-attracting leak detection device.

(8) The injection well shall be equipped with a pressure control device or acceptable substitute which will limit the surface injection pressure at the wellhead to no more than 1,360 psi.

(9) The Division Director shall have the authority to administratively authorize an increase in the injection pressure limitation upon a showing by the operator that such higher pressure will not result in the migration of injected water from the injection interval or fracturing of the injection formation or confining strata.

(10) Prior to commencing injection operations, the casing in the injection well shall be pressure tested throughout the interval from the surface down to the proposed packer setting depth to ensure the integrity of such casing.

(11) The operator shall give advance notice to the supervisor of the Division's Hobbs District Office of the date and time of the installation of injection equipment and of the mechanical integrity pressure test in order that they may be witnessed.

(12) The operator shall immediately notify the supervisor of the Division's Hobbs District Office of the failure of the tubing, casing, or packer in the injection well; the leakage of water, oil, or gas from or around any producing well within the project area; or the leakage of oil, water, or gas from any plugged and abandoned well within the project area; and shall take such steps as may be timely and necessary to correct such failure or leakage.

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(13) Should it be necessary, the supervisor of the Division's Hobbs District Office or the Director may at any time order a decrease in the injection pressure on the injection well.

(14) The operator of the Red Tank/Prize Federal Cooperative Leasehold Pressure Maintenance Project shall conduct injection operations in accordance with all applicable Division Rules, including Rules 701 through 708, and shall submit monthly progress reports in accordance with Rules 706 and 1115.

IT IS FURTHER ORDERED THAT:

(15) The subject pressure maintenance project is hereby approved as a qualified "Enhanced Oil Recovery ("EOR") Project" pursuant to the "Enhanced Oil Recovery Act" (Sections 7-29A-1 through 7-29A-5, NMSA 1978).

(16) The approved project area shall initially be limited to the 360-acre area described above in Ordering Paragraph (2).

(17) To be eligible for the EOR tax rate, prior to commencing operations the operator must request from the Division a Certificate of Qualification, which certificate will specify the proposed project area described above.

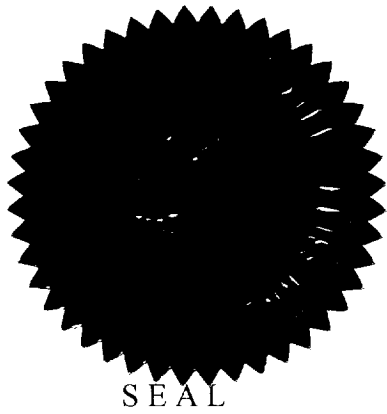
(18) At such time as a positive production response occurs and within five years from the date of the Certificate of Qualification, the applicant must apply to the Division for certification of a positive production response, which application shall identify the area actually benefitting from enhanced recovery operations and the specific wells which the operator believes are eligible for the tax rate. The Division may review the application administratively or set it for hearing. Based upon evidence presented, the Division will certify to the Taxation and Revenue Department those lands and wells which are eligible for the EOR tax rate.

(19) The injection authority granted herein for the proposed injection well shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject well; provided, however, the Division, upon written request of the operator, may grant an extension thereof for good cause shown.

(20) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Case No. 11982
Order No. R-11046
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DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION
Lori Wrotenbery
LORI WROTENBERY
Director

BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972

Conditions of Approval for Permanent Abandonment of a Production Zone

Failure to comply with the following Conditions of Approval may result in a Notice of Incidents of Noncompliance (INC) in accordance with 43 CFR 3163.1.

1. Plugging operations shall commence within ninety (90) days from the approval date of this Notice of Intent to Plug Back.

If you are unable to plug the well by the 90th day provide this office, prior to the 90th day, with the reason for not meeting the deadline and a date when we can expect the completed interval to be plugged. Failure to do so will result in enforcement action.

The rig used for the plugging procedure cannot be released and moved off without the prior approval of the authorized officer. Failure to do so may result in enforcement action.

2. Notification: Contact the appropriate BLM office at least 24 hours prior to the commencing of any plug back operations. For wells in Chaves and Roosevelt County, call 575-627-0272; Eddy County, call 575-361-2822; Lea County, call 575-689-5981
3. Blowout Preventers: A blowout preventer (BOP), as appropriate, shall be installed before commencing any plugging operation. The BOP must be installed and maintained as per API and manufacturer recommendations. The minimum BOP requirement is a 2M system for a well not deeper than 9,100 feet, a 3M system for a well not deeper than 13,600 feet, or a 5M system for a well not deeper than 22,700 feet (all depths are for measured well depth).
4. Mud Requirement: Mud shall be placed between all plugs. Minimum consistency of plugging mud shall be obtained by mixing at the rate of 25 sacks (50 pounds each) of gel per 100 barrels of brine water. Minimum nine (9) pounds per gallon.
5. Cement Requirement: Sufficient cement shall be used to bring any required plug to the specified depth and length. Any given cement volumes on the proposed plugging procedure are merely estimates and are not final. Unless specific approval is received, no plug except the surface plug shall be less than 25 sacks of cement. Any plug that requires a tag will have a minimum WOC time of 4 hours.

In lieu of a cement plug across perforations in a cased hole (not for any other plugs), a bridge plug set within 50 feet to 100 feet above the perforations shall be capped with 25 sacks of cement. If a bailer is used to cap this plug, 35 feet of cement shall be sufficient. **Before pumping or bailing cement on top of CIBP, tag will be required to verify depth. Based on depth, a tag of the cement may be deemed necessary.**

Unless otherwise specified in the approved procedure, the cement plug shall consist of either Neat Class "C", for up to 7,500 feet of depth or Neat Class "H", for deeper than 7,500 feet plugs.

6. Casing Integrity Test: The casing shall be filled with corrosion inhibited fluid above the CIBP and pressure tested to 1000 psi surface pressure with a pressure drop not more than 10 percent over 15-minute period. If the well does not pass the casing integrity test, then the operator shall either repair the casing and re-test or within 30 days submit a procedure to plug and abandon the well.
7. Subsequent Plug back Reporting: Within 30 days after plug back work is completed, file a Subsequent Report (Form 3160-5) or via the AFMSS 2 WISx Module to BLM. The report should give in detail the manner in which the plug back work was carried out, the extent (by depths) of cement plugs placed, and the size and location (by depths) of casing left in the well. Show date zone was plugged. After plugging back to a new zone submit a Completion Report (Form 3160-4) or via the AFMSS 2 WISx Module with the Subsequent Report. The plugged zone shall be in plug back status.

Include the following information:

- a. A well bore diagram with all perforations, CIBP's, and tops of cement on CIBP's.
 - b. A description of the plug back procedure.
 - c. A clear copy or the original of the pressure test chart.
 - d. A copy of any logs ran.
8. Trash: All trash, junk and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.
 9. If well location is within the Timing Limitation Stipulation Area for Lesser Prairie-Chicken:
From March 1st through June 15th annually, abandonment activities will be allowed except between the hours from 3:00 am and 9:00 am. Normal vehicle use on existing roads will not be restricted.

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720
District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 291688

CONDITIONS

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|--|---|
| Operator: OXY USA INC P.O. Box 4294 Houston, TX 772104294 | OGRID: 16696 |
| | Action Number: 291688 |
| | Action Type: [C-103] NOI Workover (C-103G) |

CONDITIONS

| Created By | Condition | Condition Date |
|---------------|--|----------------|
| mgebremichael | Due to the fracking with application of proppants, future application for injection pressure increase (IPI) through Step rate test shall not be admissible by OCD. | 1/16/2024 |