

DATE IN 8/25/10	SUSPENSE	ENGINEER DB.	LOGGED IN 8/25/10	TYPE NSL	APP NO. 1023749161
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ABOVE THIS LINE FOR DIVISION USE ONLY

RECEIVED OXY NEW MEXICO OIL CONSERVATION DIVISION



OXY

2010 AUG 25 P 12: 59 1220 South St. Francis Drive, Santa Fe, NM 87505

Lost Tank 11 Fed #1

**ADMINISTRATIVE APPLICATION CHECKLIST** 30-015-37962

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

6365

**Application Acronyms:**

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

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication  
 NSL  NSP  SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement  
 DHC  CTB  PLC  PC  OLS  OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
 WFX  PMX  SWD  IPI  EOR  PPR

- [D] Other: Specify \_\_\_\_\_

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

- [A]  Working, ~~Royalty~~ or ~~Overriding Royalty~~ Interest Owners
- [B]  Offset Operators, ~~Leaseholders~~ or Surface Owner
- [C]  Application is One Which Requires Published Legal Notice
- [D]  Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E]  For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F]  Waivers are Attached

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

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

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

David Stewart  
 Print or Type Name

*David Stewart*  
 Signature

Sr. Reg. Analyst  
 Title

8/23/10  
 Date

david\_stewart@oxy.com  
 e-mail Address

OXY USA Inc.  
 Lost Tank 11 Fed #1



OXY USA Inc.

PO Box 50250  
Midland, TX 79710-0250

August 23, 2010

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

Attention: Richard Ezeanyim

Re: *Application for Administrative Approval of Non-Standard Location –  
Lost Tank Delaware, West  
Lost Tank 11 Federal #1  
Surface/Penetration Point – 350 FSL 250 FEL Ut P – Sec 3 T22S R31E  
Bottom Hole – 927 FNL 866 FWL Ut D – Sec 11 T22S R31E  
Eddy County, New Mexico*

Dear Mr. Ezeanyim:

OXY USA Inc. respectfully requests administrative approval under Rule 104 (F) of this application for the subject non-standard well location on the Lost Tank 11 Federal #1. The #1 well is proposed in the Delaware with a TVD of 8250'. The kickoff point for the well is at approximately 4200' and the top of the Delaware formation is expected at 4035', which is above the kickoff point. The wellbore will not be orthodox at either the top of the Delaware or when it penetrates the Delaware Brushy Canyon reservoir. The non-standard location is necessary for reasons of potash surface restrictions and topography, as required by the BLM.

The #1 encroaches on the 40-acre spacing units of M-Sec 2, P-Sec 3, A-Sec 10 of T23S R31E. All of the interest owners have joined in the drilling of the #1 and waivers have been attached from affected parties.

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

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

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

Sincerely,

David Stewart  
Sr. Regulatory Analyst  
OXY USA Inc.

Attachments

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

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

OK

ATS-08-501

RM

OCD Artesia

FORM APPROVED  
OMB NO. 1004-0136  
Expires. November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

RECEIVED

5. Lease Serial No.  
NMNM0417696-S NMNM0417506-BH

1a. Type of Work  DRILL  REENTER

JUN 22 2010

6. If Indian, Allottee or Tribe Name

1b. Type of Well  Oil Well  Gas Well  Other  Single Zone  Multiple Zones

NMOCDA ARTESIA

7. Unit or CA Agreement Name and No.

2. Name of Operator

OXY USA Inc.

8. Lease Name and Well No. (38218)  
Lost Tank 11 Federal #1

3a. Address

P.O. Box 50250 Midland, TX 79710-0250

16696  
3b. Phone No. (include area code)  
432-685-5717

9. API Well No.  
30-015-37962

4. Location of Well (Report location clearly and in accordance with any State requirements)

At surface 350 FSL 250 FE SESE (P) Sec 3  
At proposed prod. zone 927 FWL 866 FWL NWNWD Sec 11

NORTH HODOX  
LOCATION

10. Field and Pool, or Exploratory  
Lost Tank Delaware, West

11. Sec., T., R., M., or Blk and Survey or Area  
Sec 3-S 11-BH T22S R31E

14. Distance in miles and direction from nearest town or post office\*

20 miles northeast from Loving, NM

12. County or Parish  
Eddy

15. Distance from proposed\* location to nearest property or lease line, ft (Also to nearest drg unit line, if any)

866'

16. No. of Acres in lease

40

17. Spacing Unit dedicated to this well

40

18. Distance from proposed location\* to nearest well, drilling, completed, applied for, on this lease, ft.

W/A

19. Proposed Depth  
813' 825'  
8700' M 8300' V

20. BLM/BIA Bond No. on file

ES0136

21. Elevations (Show whether DF, KDB, RT, GL, etc.)

3507.7' GL

22. Approximate date work will start\*

8/09

23. Estimated duration

45

24. Attachments

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

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

25. Signature

*David Stewart*

Name (Printed/Typed)

David Stewart

Date

5/14/09

Title

Sr. Regulatory Analyst

Approved by (Signautre)

*William Merhege*

Name (Printed/Typed)

*William Merhege*

Date

6-11-10

Title

ACTING

STATE DIRECTOR

Office

NM STATE OFFICE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon  
Conditions of approval, if any, are attached

APPROVAL FOR TWO YEARS

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

\*(Instructions on Reverse)

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

SEE ATTACHED FOR  
CONDITIONS OF APPROVAL

Carlsbad Controlled Water Basin

*Kae*

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS  
AND SPECIAL STIPULATIONS  
ATTACHED

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

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

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number <b>30-015-37962</b>	Pool Code <b>96532</b>	Pool Name <b>Lost Tank Delaware West</b>
Property Code <b>38218</b>	Property Name <b>LOST TANK 11 FED.</b>	Well Number <b>1</b>
OGRID No. <b>16696</b>	Operator Name <b>OXY USA INC.</b>	Elevation <b>3507.7'</b>

Surface Location

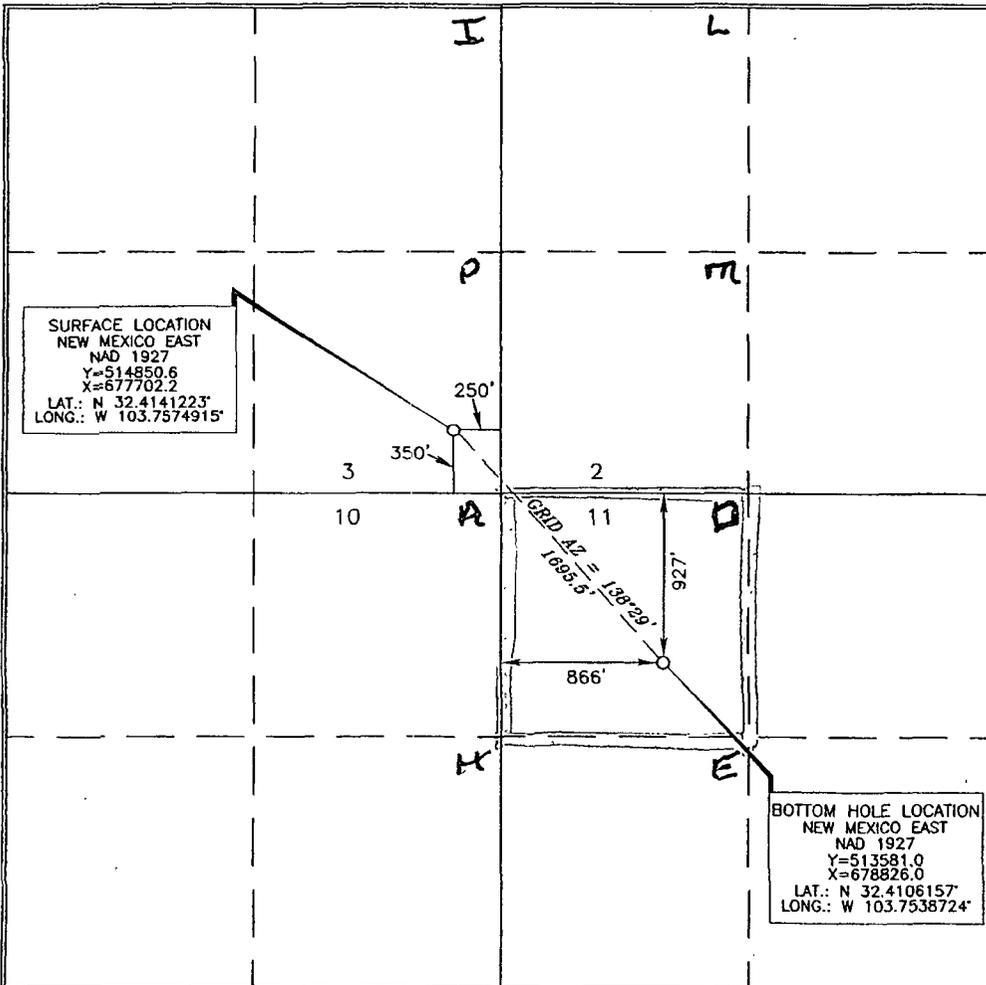
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>P</b>	<b>3</b>	<b>22 SOUTH</b>	<b>31 EAST, N.M.P.M.</b>		<b>350'</b>	<b>SOUTH</b>	<b>250'</b>	<b>EAST</b>	<b>EDDY</b>

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
<b>D</b>	<b>11</b>	<b>22 SOUTH</b>	<b>31 EAST, N.M.P.M.</b>		<b>927'</b>	<b>NORTH</b>	<b>866'</b>	<b>WEST</b>	<b>EDDY</b>

Dedicated Acres <b>40</b>	Joint or Infill <b>N</b>	Consolidation Code	Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



OPERATOR CERTIFICATION

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

*David Stewart*  
Signature Date

David Stewart  
Printed Name

SURVEYOR CERTIFICATION

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

APRIL 3, 2008  
Date of Survey

*Jerry J. Paul*  
Signature and Seal of Professional Surveyor

Jerry J. Paul 5/14/09  
Certificate Number 15079

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

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

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number <b>30-015</b>	Pool Code <b>96582</b>	Pool Name <b>Lost Tank Delaware West</b>
Property Code <b>-</b>	Property Name <b>LOST TANK 11 FED.</b>	Well Number <b>1</b>
OGRID No. <b>16696</b>	Operator Name <b>OXY USA INC.</b>	Elevation <b>3507.7'</b>

Surface Location

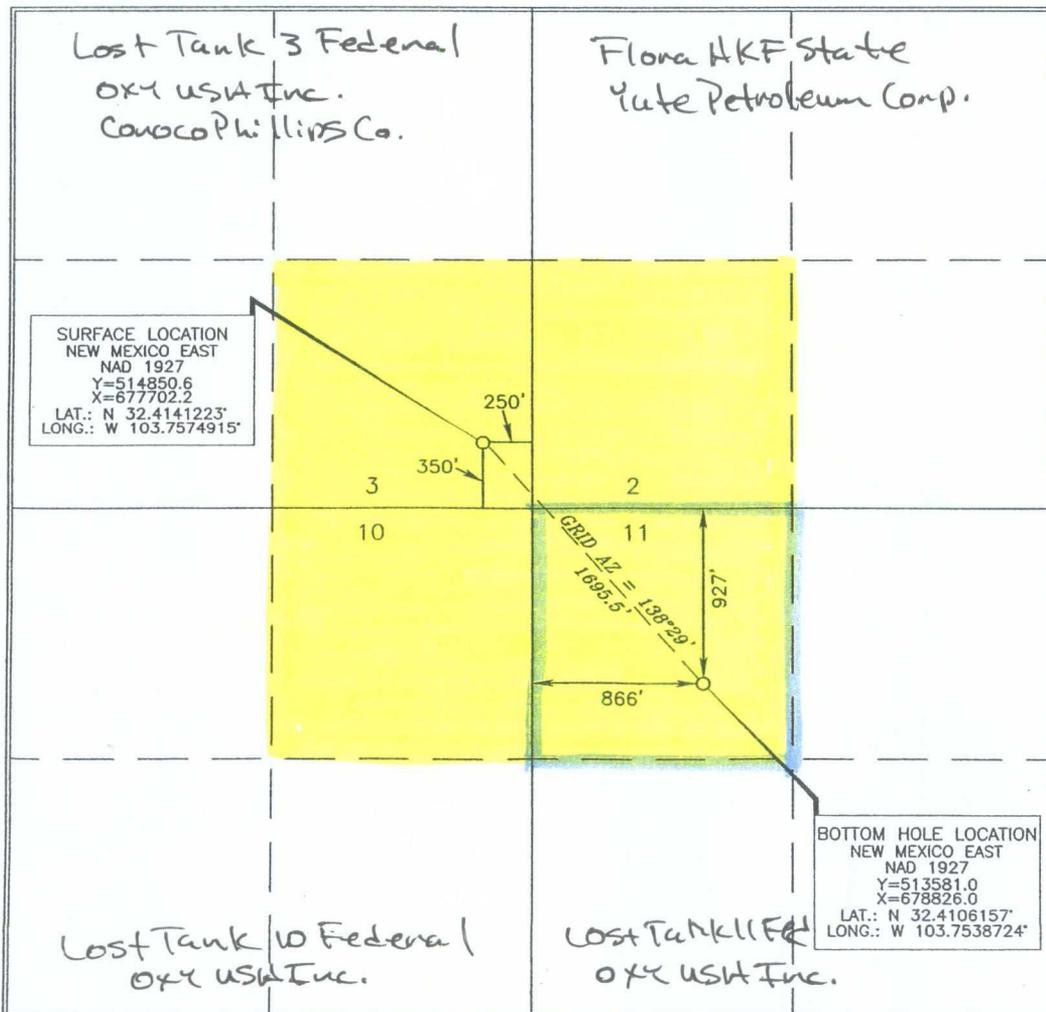
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>P</b>	<b>3</b>	<b>22 SOUTH</b>	<b>31 EAST, N.M.P.M.</b>		<b>350'</b>	<b>SOUTH</b>	<b>250'</b>	<b>EAST</b>	<b>EDDY</b>

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
<b>D</b>	<b>11</b>	<b>22 SOUTH</b>	<b>31 EAST, N.M.P.M.</b>		<b>927'</b>	<b>NORTH</b>	<b>866'</b>	<b>WEST</b>	<b>EDDY</b>

Dedicated Acres <b>40</b>	Joint or Infill <b>N</b>	Consolidation Code	Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



OPERATOR CERTIFICATION

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

*David Stewart*  
Signature Date 5/16/09

David Stewart  
Printed Name

SURVEYOR CERTIFICATION

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

*Jerry A. Paul*  
Date of Survey APRIL 3, 2008

Signature and Seal of Professional Surveyor

*Jerry A. Paul*  
Certificate Number 15079

**Service List – NSL**

**OXY USA Inc.**

**Lost Tank 11 Federal #1**

**SL - Sec 3 T22S R31E**

**BHL – Sec 11 T22S R31E**

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

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

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

**Affected Offset Parties:**

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

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

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



**OXY USA Inc.**

PO Box 50250  
Midland, TX 79710-0250

August 23, 2010

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

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

Re: *Application for Administrative Approval of Non-Standard Location –  
Lost Tank Delaware, West  
Lost Tank 11 Federal #1  
Surface/Penetration Point – 350 FSL 250 FEL Ut P – Sec 3 T22S R31E  
Bottom Hole – 927 FNL 866 FWL Ut D – Sec 11 T22S R31E  
Eddy County, New Mexico*

Ladies and Gentlemen:

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

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

Sincerely,

A handwritten signature in black ink, appearing to read "David Stewart", written in a cursive style.

David Stewart  
Sr. Regulatory Analyst  
OXY USA WTP LP

Attachments



**OXY USA Inc.**

A subsidiary of Occidental Petroleum Corporation

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

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

RE: **Lost Tank 11 Federal #1**  
250' FEL & 350' FSL (surface location) (SE SE)  
Section 3-22S-31E  
927' FNL & 866' FWL (bottom hole location) (NW NW)  
Section 11-22S-31E  
Eddy County, New Mexico

Gentlemen:

The surface location for the Lost Tank 11 Federal #1 well is located in the SE/4 SE/4 of Section 3-22S-31E, Eddy County, NM. The well will be drilled directionally to a bottom hole location in the NW/4 NW/4 of Section 11-22S-31E, Eddy County, NM. The well is at an unorthodox location where it penetrates portions of the Delaware formation.

The well will be drilled vertically to approximately 4,200' at which depth it will penetrate the top of the Delaware formation. The well will then be drilled directionally and penetrate the top of the objective Brushy Canyon A portion of the Delaware formation at a standard location approximately 690' FNL & 730' FWL of Section 11-22S-31E, Eddy County, NM.

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

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

Very truly yours,

OXY USA Inc.

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

Based on the information provided herein, ConocoPhillips Company hereby waives any protest or objection to the non-standard location of the Lost Tank 11 Federal #1 well.

ConocoPhillips Company

By Robert A. Wibel

Dated 7-28-10

TJS



**OXY USA Inc.**

PO Box 50250  
Midland, TX 79710-0250

August 23, 2010

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

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

Re: *Application for Administrative Approval of Non-Standard Location –  
Lost Tank Delaware, West  
Lost Tank 11 Federal #1  
Surface/Penetration Point – 350 FSL 250 FEL Ut P – Sec 3 T22S R31E  
Bottom Hole – 927 FNL 866 FWL Ut D – Sec 11 T22S R31E  
Eddy County, New Mexico*

Ladies and Gentlemen:

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

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

Sincerely,

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

David Stewart  
Sr. Regulatory Analyst  
OXY USA WTP LP

Attachments



**OXY USA Inc.**

A subsidiary of Occidental Petroleum Corporation

5 Greenway Plaza, Suite 110, Houston, Texas 77046-0521

P.O. Box 27570, Houston, Texas 77227-7570

Phone 713.215.7000

Yates Petroleum Corporation  
105 S. 4<sup>th</sup> Street  
Artesia, NM 88210

RE: **Lost Tank 11 Federal #1**  
250' FEL & 350' FSL (surface location) (SE SE)  
Section 3-22S-31E  
927' FNL & 866' FWL (bottom hole location) (NW NW)  
Section 11-22S-31E  
Eddy County, New Mexico

Gentlemen:

The surface location for the Lost Tank 11 Federal #1 well is located in the SE/4 SE/4 of Section 3-22S-31E, Eddy County, NM. The well will be drilled directionally to a bottom hole location in the NW/4 NW/4 of Section 11-22S-31E, Eddy County, NM. The well is at an unorthodox location where it penetrates portions of the Delaware formation.

The well will be drilled vertically to approximately 4,200' at which depth it will penetrate the top of the Delaware formation. The well will then be drilled directionally and penetrate the top of the objective Brushy Canyon A portion of the Delaware formation at a standard location approximately 690' FNL & 730' FWL of Section 11-22S-31E, Eddy County, NM.

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

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

Very truly yours,

OXY USA Inc.

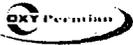
Donna G Havins  
Land Negotiator  
Dir: (713) 215-7232  
Cell: (713) 202-7559  
Fax: (713) 985-1818  
email: donna\_havins@oxy.com

**Yates Petroleum Corporation hereby waives any protest or objection to the non-standard location of the Lost Tank 11 Federal #1 well.**

Yates Petroleum Corporation

By 

Dated 8/5/10



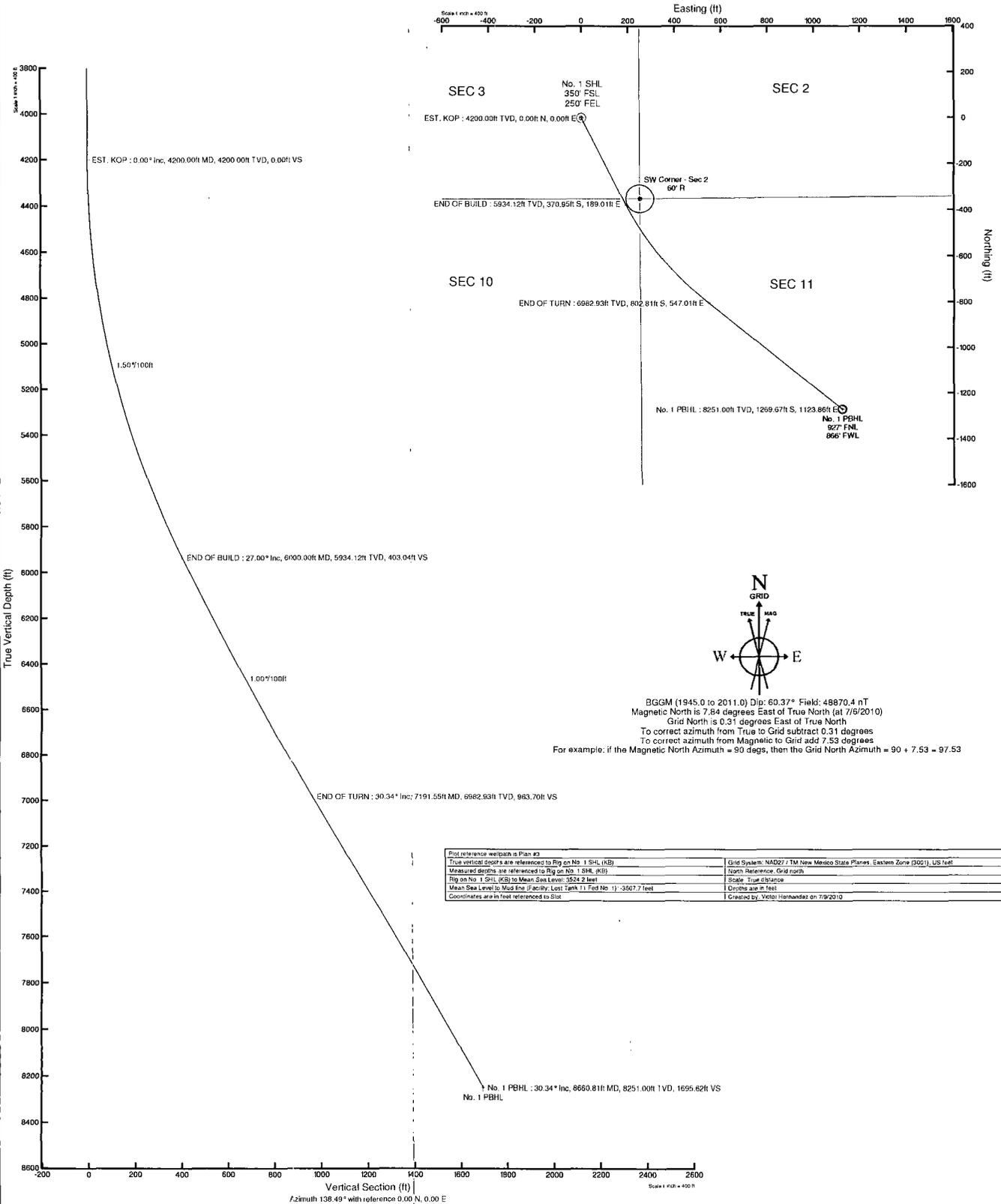
# OXY Permian



Location: Eddy County, NM  
 Field: (Lost) Sec 3, T22S, R31E  
 Facility: Lost Tank 111 Fed No. 1

Slot: No. 1 SHL  
 Well: No. 1  
 Wellbore: No. 1 PWB

Well Profile Data								
Design Comment	MD (ft)	Inc (°)	Az (°)	TVD (ft)	Local N (ft)	Local E (ft)	DLS (%/100ft)	VS (ft)
Tie On	0.00	0.000	153.000	0.00	0.00	0.00	0.00	0.00
EST. KOP	4200.00	0.000	153.000	4200.00	0.00	0.00	0.00	0.00
END OF BUILD	6000.00	27.000	153.000	5934.12	-370.95	189.01	1.50	403.04
END OF TURN	7191.55	30.337	128.984	6982.93	-802.81	547.01	1.00	963.70
No. 1 PBHL	8660.81	30.337	128.984	8251.00	-1269.67	1123.86	0.00	1695.62



Plot reference wellbore is Plan #3	Grid System: NAD27 / TM New Mexico State Planes, Eastern Zone (5021), US feet
True vertical depths are referenced to Rig on No. 1 SHL (KB)	North Reference: Grid north
Measured depths are referenced to Rig on No. 1 SHL (KB)	Scale: True distance
Rig on No. 1 SHL (KB) to Mean Sea Level: 3534.2 feet	Units are in feet
Mean Sea Level to Mud End (Facility: Lost Tank 111 Fed No 1) -3507.7 feet	Created by: Victor Hernandez on 7/9/2010
Coordinates are in feet referenced to Slot	



# Planned Wellpath Report

Plan #3  
Page 1 of 4



REFERENCE WELLPATH IDENTIFICATION			
Operator	OXY Permian	Slot	No. 1 SHL
Area	Eddy County, NM	Well	No. 1
Field	(Lost) Sec 3, T22S, R31E	Wellbore	No. 1 PWB
Facility	Lost Tank 11 Fed No. 1		

REPORT SETUP INFORMATION			
Projection System	NAD27 / TM New Mexico State Planes, Eastern Zone (3001), US feet	Software System	WellArchitect® 2.0
North Reference	Grid	User	Victor Hernandez
Scale	0.999945	Report Generated	7/9/2010 at 11:36:38 AM
Convergence at slot	0.31° East	Database/Source file	WA_Midland/No. 1_PWB.xml

WELLPATH LOCATION						
	Local coordinates		Grid coordinates		Geographic coordinates	
	North[ft]	East[ft]	Easting[USft]	Northing[USft]	Latitude	Longitude
Slot Location	0.00	0.00	677702.20	514850.60	32°24'50.840"N	103°45'26.970"W
Facility Reference Pt			677702.20	514850.60	32°24'50.840"N	103°45'26.970"W
Field Reference Pt			677702.20	514850.60	32°24'50.840"N	103°45'26.970"W

WELLPATH DATUM			
Calculation method	Minimum curvature	Rig on No. 1 SHL (KB) to GL	16.50ft
Horizontal Reference Pt	Slot	Rig on No. 1 SHL (KB) to Mean Sea Level	3524.20ft
Vertical Reference Pt	Rig on No. 1 SHL (KB)	GL to Mud Line (Facility)	0.00ft
MD Reference Pt	Rig on No. 1 SHL (KB)	Section Origin	N 0.00, E 0.00 ft
Field Vertical Reference	Mean Sea Level	Section Azimuth	138.49°



# Planned Wellpath Report

Plan #3  
Page 2 of 4



REFERENCE WELLPATH IDENTIFICATION			
Operator	OXY Permian	Slot	No. 1 SHL
Area	Eddy County, NM	Well	No. 1
Field	(Lost) Sec 3, T22S, R31E	Wellbore	No. 1 PWB
Facility	Lost Tank 11 Fed No. 1		

WELLPATH DATA (48 stations) † = interpolated/extrapolated station												
MD [ft]	Inclination [°]	Azimuth [°]	TVD [ft]	Vert Sect [ft]	North [ft]	East [ft]	Grid East [srv ft]	Grid North [srv ft]	Latitude	Longitude	DLS [°/100ft]	Comments
0.00	0.000	153.000	0.00	0.00	0.00	0.00	677702.20	514850.60	32°24'50.840"N	103°45'26.970"W	0.00	Tie On
4200.00	0.000	153.000	4200.00	0.00	0.00	0.00	677702.20	514850.60	32°24'50.840"N	103°45'26.970"W	0.00	EST. KOP
4300.00†	1.500	153.000	4299.99	1.27	-1.17	0.59	677702.79	514849.43	32°24'50.829"N	103°45'26.963"W	1.50	
4400.00†	3.000	153.000	4399.91	5.07	-4.66	2.38	677704.58	514845.94	32°24'50.794"N	103°45'26.942"W	1.50	
4500.00†	4.500	153.000	4499.69	11.40	-10.49	5.35	677707.55	514840.11	32°24'50.736"N	103°45'26.908"W	1.50	
4600.00†	6.000	153.000	4599.27	20.26	-18.64	9.50	677711.70	514831.96	32°24'50.655"N	103°45'26.860"W	1.50	
4700.00†	7.500	153.000	4698.57	31.64	-29.12	14.84	677717.03	514821.49	32°24'50.551"N	103°45'26.799"W	1.50	
4800.00†	9.000	153.000	4797.54	45.53	-41.90	21.35	677723.55	514808.70	32°24'50.424"N	103°45'26.723"W	1.50	
4900.00†	10.500	153.000	4896.09	61.92	-56.99	29.04	677731.24	514793.61	32°24'50.275"N	103°45'26.635"W	1.50	
5000.00†	12.000	153.000	4994.16	80.81	-74.37	37.89	677740.09	514776.23	32°24'50.102"N	103°45'26.533"W	1.50	
5100.00†	13.500	153.000	5091.70	102.17	-94.04	47.91	677750.11	514756.57	32°24'49.907"N	103°45'26.417"W	1.50	
5200.00†	15.000	153.000	5188.62	126.00	-115.97	59.09	677761.29	514734.64	32°24'49.690"N	103°45'26.288"W	1.50	
5300.00†	16.500	153.000	5284.86	152.28	-140.15	71.41	677773.61	514710.46	32°24'49.450"N	103°45'26.146"W	1.50	
5400.00†	18.000	153.000	5380.36	180.98	-166.57	84.87	677787.07	514684.04	32°24'49.187"N	103°45'25.990"W	1.50	
5500.00†	19.500	153.000	5475.05	212.10	-195.21	99.47	677801.66	514655.40	32°24'48.903"N	103°45'25.822"W	1.50	
5600.00†	21.000	153.000	5568.86	245.61	-226.05	115.18	677817.37	514624.56	32°24'48.597"N	103°45'25.641"W	1.50	
5700.00†	22.500	153.000	5661.74	281.48	-259.07	132.00	677834.19	514591.55	32°24'48.270"N	103°45'25.446"W	1.50	
5800.00†	24.000	153.000	5753.62	319.69	-294.24	149.92	677852.11	514556.38	32°24'47.921"N	103°45'25.240"W	1.50	
5900.00†	25.500	153.000	5844.43	360.22	-331.54	168.93	677871.12	514519.08	32°24'47.551"N	103°45'25.020"W	1.50	
6000.00†	27.000	153.000	5934.12	403.04	-370.95	189.01	677891.20	514479.67	32°24'47.160"N	103°45'24.789"W	1.50	END OF BUILD
6100.00†	27.110	150.815	6023.18	447.27	-411.07	210.42	677912.61	514439.56	32°24'46.761"N	103°45'24.541"W	1.00	
6200.00†	27.254	148.648	6112.13	492.07	-450.51	233.45	677935.64	514400.11	32°24'46.370"N	103°45'24.275"W	1.00	
6300.00†	27.431	146.505	6200.96	537.42	-489.28	258.07	677960.26	514361.35	32°24'45.985"N	103°45'23.990"W	1.00	
6400.00†	27.640	144.390	6289.64	583.30	-527.34	284.29	677986.48	514323.29	32°24'45.607"N	103°45'23.687"W	1.00	
6500.00†	27.880	142.306	6378.13	629.70	-564.70	312.09	678014.28	514285.93	32°24'45.236"N	103°45'23.365"W	1.00	
6600.00†	28.152	140.257	6466.41	676.61	-601.35	341.47	678043.65	514249.29	32°24'44.872"N	103°45'23.025"W	1.00	
6700.00†	28.453	138.246	6554.46	724.02	-637.26	372.42	678074.60	514213.38	32°24'44.515"N	103°45'22.666"W	1.00	
6800.00†	28.784	136.275	6642.25	771.90	-672.43	404.93	678107.10	514178.21	32°24'44.165"N	103°45'22.289"W	1.00	
6900.00†	29.142	134.347	6729.74	820.24	-706.85	438.98	678141.16	514143.79	32°24'43.823"N	103°45'21.894"W	1.00	
7000.00†	29.528	132.464	6816.92	869.03	-740.50	474.57	678176.75	514110.14	32°24'43.488"N	103°45'21.481"W	1.00	



# Planned Wellpath Report

Plan #3  
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REFERENCE WELLPATH IDENTIFICATION			
Operator	OXY Permian	Slot	No. 1 SHL
Area	Eddy County, NM	Well	No. 1
Field	(Lost) Sec 3, T22S, R31E	Wellbore	No. 1 PWB
Facility	Lost Tank 11 Fed No. 1		

WELLPATH DATA (48 stations) † = interpolated/extrapolated station												
MD [ft]	Inclination [°]	Azimuth [°]	TVD [ft]	Vert Sect [ft]	North [ft]	East [ft]	Grid East [srv ft]	Grid North [srv ft]	Latitude	Longitude	DLS [°/100ft]	Comments
7100.00†	29.939	130.626	6903.76	918.26	-773.39	511.69	678213.86	514077.25	32°24'43.160"N	103°45'21.050"W	1.00	
7191.55	30.337	128.984	6982.93	963.70	-802.81	547.01	678249.17	514047.83	32°24'42.867"N	103°45'20.640"W	1.00	END OF TURN
7200.00†	30.337	128.984	6990.22	967.91	-805.50	550.32	678252.49	514045.15	32°24'42.840"N	103°45'20.601"W	0.00	
7300.00†	30.337	128.984	7076.53	1017.72	-837.27	589.58	678291.75	514013.38	32°24'42.524"N	103°45'20.145"W	0.00	
7400.00†	30.337	128.984	7162.84	1067.54	-869.05	628.85	678331.01	513981.60	32°24'42.207"N	103°45'19.689"W	0.00	
7500.00†	30.337	128.984	7249.14	1117.35	-900.82	668.11	678370.27	513949.83	32°24'41.891"N	103°45'19.233"W	0.00	
7600.00†	30.337	128.984	7335.45	1167.17	-932.60	707.37	678409.53	513918.06	32°24'41.574"N	103°45'18.778"W	0.00	
7700.00†	30.337	128.984	7421.76	1216.99	-964.37	746.63	678448.79	513886.28	32°24'41.258"N	103°45'18.322"W	0.00	
7800.00†	30.337	128.984	7508.06	1266.80	-996.15	785.89	678488.05	513854.51	32°24'40.941"N	103°45'17.866"W	0.00	
7900.00†	30.337	128.984	7594.37	1316.62	-1027.92	825.16	678527.31	513822.74	32°24'40.625"N	103°45'17.410"W	0.00	
8000.00†	30.337	128.984	7680.68	1366.43	-1059.70	864.42	678566.57	513790.96	32°24'40.308"N	103°45'16.954"W	0.00	
8100.00†	30.337	128.984	7766.98	1416.25	-1091.47	903.68	678605.83	513759.19	32°24'39.992"N	103°45'16.498"W	0.00	
8200.00†	30.337	128.984	7853.29	1466.07	-1123.25	942.94	678645.09	513727.42	32°24'39.675"N	103°45'16.042"W	0.00	
8300.00†	30.337	128.984	7939.60	1515.88	-1155.02	982.20	678684.35	513695.64	32°24'39.359"N	103°45'15.586"W	0.00	
8400.00†	30.337	128.984	8025.90	1565.70	-1186.80	1021.46	678723.61	513663.87	32°24'39.042"N	103°45'15.130"W	0.00	
8500.00†	30.337	128.984	8112.21	1615.51	-1218.57	1060.73	678762.87	513632.09	32°24'38.726"N	103°45'14.674"W	0.00	
8600.00†	30.337	128.984	8198.52	1665.33	-1250.35	1099.99	678802.13	513600.32	32°24'38.409"N	103°45'14.218"W	0.00	
8660.81	30.337	128.984	8251.00†	1695.62	-1269.67	1123.86	678826.00	513581.00	32°24'38.217"N	103°45'13.941"W	0.00	No. 1 PBHL



# Planned Wellpath Report

Plan #3  
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## REFERENCE WELLPATH IDENTIFICATION

Operator	OXY Permian	Slot	No. 1 SHL
Area	Eddy County, NM	Well	No. 1
Field	(Lost) Sec 3, T22S, R31E	Wellbore	No. 1 PWB
Facility	Lost Tank 11 Fed No. 1		

## TARGETS

Name	MD [ft]	TVD [ft]	North [ft]	East [ft]	Grid East [srv ft]	Grid North [srv ft]	Latitude	Longitude	Shape
SW Corner - Sec 2		0.00	-349.52	251.71	677953.90	514501.10	32°24'47.368"N	103°45'24.056"W	circle
1) No. 1 PBHL	8660.81	8251.00	-1269.67	1123.86	678826.00	513581.00	32°24'38.217"N	103°45'13.941"W	point

## SURVEY PROGRAM Ref Wellbore: No. 1 PWB Ref Wellpath: Plan #3

Start MD [ft]	End MD [ft]	Positional Uncertainty Model	Log Name/Comment	Wellbore
16.50	8660.81	NaviTrak (Standard)		No. 1 PWB

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

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

A. Signature  Agent  Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1?  Yes  
If YES, enter delivery address below:  No

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

2. Article Number (Transfer from service label) 7005 0390 0002 9920 7801

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

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

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

A. Signature  Agent  Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1?  Yes  
If YES, enter delivery address below:  No

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

2. Article Number (Transfer from service label) 7005 0390 0002 9920 7818

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

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

1. Article Addressed to:  
BLM  
620 E. Greene St.  
Carlsbad, NM  
88220

A. Signature  Agent  Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1?  Yes  
If YES, enter delivery address below:  No

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

2. Article Number (Transfer from service label) 7005 0390 0002 9920 7825

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

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

1. Article Addressed to:  
Conoco Phillips Co.  
550 Westlake Park Blvd.  
Houston, TX 77252

A. Signature  Agent  Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1?  Yes  
If YES, enter delivery address below:  No

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

2. Article Number (Transfer from service label) 7005 0390 0002 9920 7832

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

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

1. Article Addressed to:  
Yates Petroleum Corp  
105 S. Fourth St.  
Artesia, NM 88210

A. Signature  Agent  Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1?  Yes  
If YES, enter delivery address below:  No

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

2. Article Number (Transfer from service label) 7005 0390 0002 9920 7849

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

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

September 2, 2010

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

Attention: Richard Ezeanyim

Re: *Application for Administrative Approval of Non-Standard Location -  
Lost Tank Delaware, West  
Lost Tank 11 Federal #1  
Surface/Penetration Point - 350 FSL 250 FEL Ut P - Sec 3 T22S R31E  
Bottom Hole - 927 FNL 866 FWL Ut D - Sec 11 T22S R31E  
Eddy County, New Mexico*

Dear Mr. Ezeanyim:

OXY USA Inc. respectfully requests administrative approval under Rule 104 (F) of this application for the subject non-standard well location on the Lost Tank 11 Federal #1. The #1 well is proposed in the Delaware with a TVD of 8250'. The kickoff point for the well is at approximately 4200' and the top of the Delaware formation is expected at 4035', which is above the kickoff point. The wellbore will not be orthodox at either the top of the Delaware or when it penetrates the Delaware Brushy Canyon reservoir. The non-standard location is necessary for reasons of potash surface restrictions and topography, as required by the BLM.

The #1 encroaches on the 40-acre spacing units of M-Sec 2, P-Sec 3, A-Sec 10 of T22S R31E. All of the interest owners have joined in the drilling of the #1 and waivers have been attached from affected parties.

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

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

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

Sincerely,

David Stewart  
Sr. Regulatory Analyst  
OXY USA Inc.

Attachments

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

**Brooks, David K., EMNRD**

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

Dear Mr. Brooks

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

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

Thanks, David S.  
432-685-5717

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

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

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

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

Thanks, David S.  
432-685-5717

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

Dear Mr. Stewart

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

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

**Brooks, David K., EMNRD**

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

Dear Mr. Stewart

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

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

Thanks

David K. Brooks  
Legal Examiner