

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM APPROVED
OMB NO. 1004-0135
Expires July 31, 2010

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.

SUBMIT IN TRIPLICATE - Other instructions on reverse side:

| | | |
|--|--|--|
| 1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 7. If Unit or CA/Agreement, Name and/or No. |
| 2. Name of Operator OXY USA INCORPORATED | | 8. Well Name and No. CYPRESS 34 FEDERAL 10H |
| 3a. Address 5 GREENWAY PLAZA STE 110 HOUSTON, TX 77046-0521 | | 9. API Well No. 30-015-43076-00-X1 |
| 3b. Phone No. (include area code) Ph: 432.685.5717 | | 10. Field and Pool, or Exploratory CEDAR CANYON |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 34 T23S R29E NWNW 210FNL 330FWL 32.267892 N Lat, 103.979625 W Lon | | 11. County or Parish, and State EDDY COUNTY, NM |

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

| TYPE OF SUBMISSION | TYPE OF ACTION |
|--|--|
| <input checked="" 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"/> Fracture Treat <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 checked="" type="checkbox"/> Other |
| | <input type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input type="checkbox"/> Temporarily Abandon <input type="checkbox"/> Change to Original APD |
| | <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 recompleat 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 performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

OXY USA Inc. respectfully requests approval for the following changes to the drilling plan:

1. Add DV tool and ACP 120' below surface casing shoe for contingency second stage cement job. If cement comes to surface during first stage cement job we will inflate the ACP and then drop the cancellation cone for the DV tool.

2. Add second stage contingency cement in the event we do not circulate cement to surface during the first stage.

Intermediate Casing
7-5/8" 26.4# L-80 BT&C new csg @ 0-3050', 9-7/8" hole w/ 10.0# mud

NM OIL CONSERVATION
ARTESIA DISTRICT

AUG 18 2015

RECEIVED

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

| | | |
|---|--------------------------|--|
| 14. I hereby certify that the foregoing is true and correct. Electronic Submission #312250 verified by the BLM Well Information System For OXY USA INCORPORATED, sent to the Carlsbad Committed to AFMSS for processing by CHRISTOPHER WALLS on 08/10/2015 (15CRW0102SE) | | <p>UED 8/18/15 Accepted for record NMOCD</p> |
| Name (Printed/Typed) DAVID STEWART | Title REGULATORY ADVISOR | |
| Signature (Electronic Submission) | Date 08/10/2015 | |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | | |
|---|--------------|--|
| Approved By _____ | Title _____ | <p>APPROVED AUG 10 2015 /s/ Chris Walls</p> |
| 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 any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

Additional data for EC transaction #312250 that would not fit on the form

32. Additional remarks; continued

Coll Rating (psi)-3400 Burst Rating (psi)-6020
SF Coll-5.30 SF Burst-1.37 SF Ten-3.58

Intermediate - Circulate cement to surface w/ 630sx HES light PP cmt w/ 5% Salt + .3% HR-800 + 6% Bentonite, 12.9ppg 1.744 yield 824# 24hs CS 125% Excess followed by 200sx PP cmt, 14.8ppg 1.326 yield 1789# 24hr CS 125% Excess.

Contingency 2nd Stage - Circulate cement to surface w/ 100sx HES light PP cmt w/ 5% Salt + .3% HR-800 + 6% Bentonite, 12.9ppg 1.744 yield 824# 24hs CS 200% Excess followed by 200sx PP cmt w/ 2% CaCl₂, 14.8ppg 1.326 yield 1789# 24hr CS 125% Excess.

Description of Cement Additives: Calcium Chloride, Salt (Accelerator); Bentonite (Light Weight Additive); HR-800 (Retarder)

The above cement volumes could be revised pending the caliper measurement.

PECOS DISTRICT CONDITIONS OF APPROVAL

| | |
|-----------------------|--------------------------------------|
| OPERATOR'S NAME: | OXY USA Inc |
| LEASE NO.: | NM86024 |
| WELL NAME & NO.: | 10H-Cypress 34 Federal |
| SURFACE HOLE FOOTAGE: | 210'/N & 330'/W |
| BOTTOM HOLE FOOTAGE | 180'/S & 820'/W |
| LOCATION: | Section 34, T. 23 S., R. 29 E., NMPM |
| COUNTY: | Eddy County, New Mexico |

A. CASING

Changes to the approved APD casing program need prior approval if the items substituted are of lesser grade or different casing size or are Non-API. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-55 to N-80, or from 36# to 40#). Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.). The initial wellhead installed on the well will remain on the well with spools used as needed.

Centralizers required on surface casing per Onshore Order 2.III.B.1.f.

Wait on cement (WOC) time prior to drilling out for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater for all casing strings. DURING THIS WOC TIME, NO DRILL PIPE, ETC. SHALL BE RUN IN THE HOLE. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. IF OPERATOR DOES NOT HAVE THE WELL SPECIFIC CEMENT DETAILS ONSITE PRIOR TO PUMPING THE CEMENT FOR EACH CASING STRING, THE WOC WILL BE 30 HOURS. See individual casing strings for details regarding lead cement slurry requirements.

No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

R-111-P potash

Medium cave/karst

Possible water flows in Castile and Salado.

Possible lost circulation in Rustler, Salado and Delaware.

1. The 10 3/4 inch surface casing shall be set at approximately 300 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt) and cemented to the surface. **If salt is encountered, the operator shall set the casing 25' above the salt.**
 - a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with surface log readout will be used or a cement bond log shall be run to verify the top of the cement. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.
 - b. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.**
 - c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.
 - d. If cement falls back, remedial cementing will be done prior to drilling out that string.

Formation below the 10-3/4" shoe to be tested according to Onshore Order 2.III.B.1.i. Test to be done as a mud equivalency test using the mud weight necessary for the pore pressure of the formation below the shoe and the mud weight for the bottom of the hole. Report results to BLM office.

2. The minimum required fill of cement behind the 7-5/8 inch intermediate casing, **which shall be set in the basal anhydrite of the Castile formation at approximately 3050', is:**
 - a. First stage to DV tool:
 - ☒ Cement to circulate. If cement does not circulate, contact the appropriate BLM office before proceeding with second stage cement job. Operator should have plans as to how they will achieve circulation on the next stage.

Operator has proposed a contingency DV tool at 435'. If operator circulates cement on the first stage, operator is approved to inflate the ACP and run the DV tool cancellation plug and cancel the second stage of the proposed cement plan. If cement does not circulate, operator will inflate ACP and proceed with the second stage.

- b. Second stage above DV tool:
 - ☒ Cement to surface. If cement does not circulate see B.1.a, c-d above.

Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to cave/karst and potash.

Formation below the 7-5/8" shoe to be tested according to Onshore Order 2.III.B.1.i. Test to be done as a mud equivalency test using the mud weight necessary for the pore pressure of the formation below the shoe (not the mud weight required to prevent dissolving the salt formation) and the mud weight for the bottom of the hole. Report results to BLM office.

3. The minimum required fill of cement behind the 5-1/2 x 4-1/2 inch production casing is:

☒ Cement to surface. If cement does not circulate, contact the appropriate BLM office.

4. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.
5. Whenever a casing string is cemented in the R-111-P potash area, the NMOCD requirements shall be followed.

CRW 081015