

U.S. Department of the Interior
BUREAU OF LAND MANAGEMENT

Well Name: PURE GOLD B FED

Well Location: T23S / R31E / SEC 20 / SESE /

County or Parish/State: EDDY / NM

Well Number: 20

Type of Well: OIL WELL

Allottee or Tribe Name:

Lease Number: NMNM38463

Unit or CA Name:

Unit or CA Number:

US Well Number: 3001530605

Well Status: Water Injection Well

Operator: OXY USA INCORPORATED

Notice of Intent

Sundry ID: 2761383

Type of Submission: Notice of Intent

Type of Action: Plug Back

Date Sundry Submitted: 11/14/2023

Time Sundry Submitted: 06:15

Date proposed operation will begin: 12/14/2023

Procedure Description: Oxy USA Inc proposes to set a CIBP with cmt above the current producing perforations in the lower Brushy Canyon. New perforations will be opened in the shallower Brushy Canyon and stimulated with hydraulic fracture. The well will be returned to injection.

Surface Disturbance

Is any additional surface disturbance proposed?: No

NOI Attachments

Procedure Description

SD_PG_B_20_NOI_Add_Perfs___Nov_2023_20231114061449.pdf

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Well Status: Water Injection Well

Operator: OXY USA INCORPORATED

Conditions of Approval

Specialist Review

Pure_Gold_D_Plugback_Procedure_and_COA_20231201123837.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 14, 2023 06:15 AM

Name: OXY USA INCORPORATED

Title: Regulatory Engineer

Street Address: 5 Greenway Plaza, Suite 110

City: Houston

State: 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

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: SESE / 1260 FSL / 250 FEL / TWSP: 23S / RANGE: 31E / SECTION: 20 / LAT: 0.0 / LONG: 0.0 (TVD: 0 feet, MD: 0 feet)

BHL: SESE / 1260 FSL / 250 FEL / TWSP: 23S / SECTION: / LAT: 0.0 / LONG: 0.0 (TVD: 0 feet, MD: 0 feet)

API#: 30-015-30605
 Lease Name: Pure Gold B Federal
 Well No: 20
 County: Eddy
 Location: P-SEC 20, T23S, R31E
 Section Lines: 1260 FSL & 250 FEL
 Ground Elevation: 3,340
 Date Drilled: Apr-99
 WBD Date: 11/13/2023

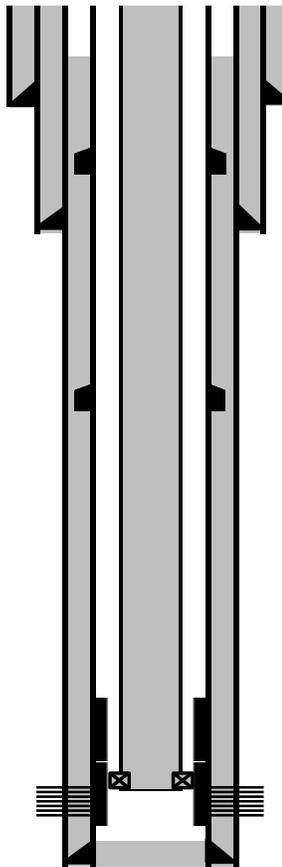
Current Wellbore



B. Salt	3,882
Lamar	4,111
Bell Canyon	4,150
Cherry Canyon	5,150
Brushy Canyon	6,255
Brushy G	6,305
Brushy F	6,650
Brushy E	6,830
Brushy A	7,655
Bone Spring	7,955

Perforations

7740-7774 Injection 136 holes



TD @ 8,200 MD
 TD @ 8,077 TVD
 PBD @ 8,200 MD

Surface Casing

13-3/8" 48# H-40 @ 829
 17-1/2" Hole TOC @ Surface
 cmt'd w/ 910 sks

Intermediate Casing

8-5/8" 32# J-55 @ 4050
 11" Hole TOC @ Surface
 cmt'd w/ 1,200 sks

Notable Workovers

Csg Lk 2010 Sqz'd 7458-7473 w/ 200 sx
 Csg Lk 2015 Liners: 7622-7792' & 7480-7618'.
 Sqz'd w/ 500 sx

Tubulars

2-7/8" Duoline tubing
 Arrowset 10k PKR @ 7,695'

Production Casing

5-1/2" 17# J55 @ 8077
 7-7/8" Hole TOC @ 478
 cmt'd w/ 1,571 sks
 DV tools at 3913' & 6029'

API#: 30-015-30605
 Lease Name: Pure Gold B Federal
 Well No: 20
 County: Eddy
 Location: P-SEC 20, T23S, R31E
 Section Lines: 1260 FSL & 250 FEL
 Ground Elevation: 3,340
 Date Drilled: Apr-99
 WBD Date: 11/13/2023

Proposed Wellbore



B. Salt 3,882

Lamar 4,111
 Bell Canyon 4,150

Cherry Canyon 5,150

Brushy Canyon 6,255

Brushy G 6,305

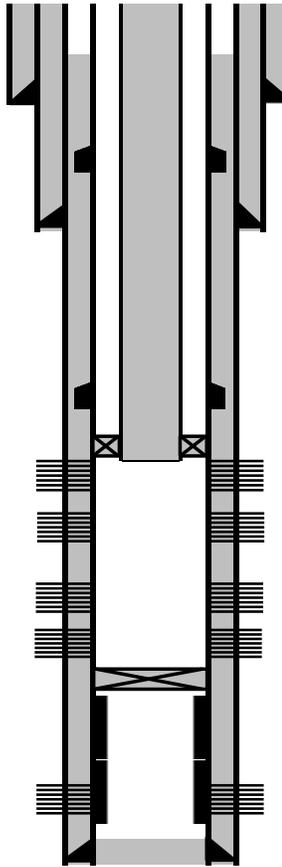
Brushy F 6,650

Brushy E 6,830

Brushy A 7,655

Bone Spring 7,955

Perforations			
6278-6286	Injection	16 holes	
6345-6353	Injection	16 holes	
6547-6555	Injection	16 holes	
6782-6790	Injection	16 holes	
6928-6936	Injection	16 holes	
7740-7774	Isolated	136 holes	



TD @ 8,200 MD
 TD @ 8,077 TVD
 PBSD @ 8,200 MD

Surface Casing

13-3/8" 48# H-40 @ 829
 17-1/2" Hole TOC @ Surface
 cmt'd w/ 910 sks

Intermediate Casing

8-5/8" 32# J-55 @ 4050
 11" Hole TOC @ Surface
 cmt'd w/ 1,200 sks

Notable Workovers

Csg Lk 2010 Sqz'd 7458-7473 w/ 200 sx
 Csg Lk 2015 Liners: 7622-7792' & 7480-7618'
 Uphole Comp. Brushy Upper through Brushy E

Tubulars

2-7/8" Duoline tubing
 Arrowset 10k PKR @ 6,260'

10k 5-1/2" 17# CIBP @ 6,980'

Production Casing

5-1/2" 17# J55 @ 8077
 7-7/8" Hole TOC @ 478
 cmt'd w/ 1,571 sks
 DV tools at 3913' & 6029'

API#: 30-015-30605

Lease Name: Pure Gold B Federal

Well No: 20

Filing: OAP- Add perfs NOI

JOB PLAN

1. POOH AND LD INJECTION ASSEMBLY.
2. RUN CASING INSPECTION LOG.
3. SET CIBP AT 6980'. DUMP BAIL 3 SX CMT.
4. ADD PERFS ~6278-6936'. DUMP BAIL ACID ACROSS PERFS.
5. FRAC WITH 50K LB SAND.
6. CLEANOUT FRAC SAND WITH BIT AND STRING MILL
7. RIH WITH PACKER ON 2-7/8" LINED TUBING SET AT ~6260'.
8. RETURN WELL TO INJECTION

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

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

APPLICATION OF POGO PRODUCING COMPANY FOR APPROVAL OF A
PILOT PRESSURE MAINTENANCE PROJECT AND TO QUALIFY THE
PROJECT FOR THE RECOVERED OIL TAX RATE PURSUANT TO THE
ENHANCED OIL RECOVERY ACT, EDDY COUNTY, NEW MEXICO.

REOPENED
CASE NO. 12223
ORDER NO. R-11246-A

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on August 5, 1999 at Santa Fe, New Mexico before Examiner David R. Catanach, and on January 6, 2000 at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 1st day of May, 2001, the Division Director, having reviewed the record,

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"), seeks authority to institute a pilot pressure maintenance project within an area encompassing 320 acres and comprised of four Federal leases, described below, by the injection of water into the West Sand Dunes-Delaware Pool through its Pure Gold "B" Federal Well No. 20 located 1260 feet from the South line and 250 feet from the East line (Unit P) of Section 20, Township 23 South, Range 31 East, NMPM, Eddy County, New Mexico:

<u>Federal Lease Name & Number</u>	<u>Lease Description</u>
Pure Gold "B" Federal (NM 38463)	SE/4 of Section 20
Pure Gold "A" Federal (NM 38464)	W/2 SW/4 of Section 21
Pure Gold "D" Federal (NM 40859)	NW/4 NW/4 of Section 28

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Mobil Federal (NM 0281482-A)

NE/4 NE/4 of Section 29

(All in Township 23 South, Range 31 East, NMPM.)

- (3) The applicant presented land testimony showing that:
- (a) Pogo owns 100% of the working interest in the Pure Gold "A," "B," and "D" Federal Leases;
 - (b) the working interest in the Mobil Federal Lease is owned as follows:

Pogo Producing Company	46.06%
Hunt Oil Company	29.33%
Southwest Royalties, Inc.	17.72%
Devon Energy Prod. Co., L.P.	6.89%
 - (c) Pogo operates all four leases;
 - (d) royalty interest ownership is common throughout all four leases; and
 - (e) Pogo will pay all costs related to the injection well, but all working interest owners will share in the benefit from the project.

(4) The West Sand Dunes-Delaware Pool was created by Division Order No. R-9709 dated August 25, 1992. The pool was discovered by Pogo's Mobil Federal Well No. 1, located in Unit J of Section 29, and currently comprises portions of Sections 20, 21, 28, 29, 31, 32, and 33 of Township 23 South, Range 31 East, NMPM, and Sections 4, 5, and 9 of Township 24 South, Range 31 East, NMPM.

- (5) The applicant presented geologic evidence indicating that:
- (a) the proposed injection interval, identified by the applicant as the "BC-4" interval, is located in the Brushy Canyon member of the Delaware formation;
 - (b) the "BC-4" interval, which occurs at a depth of approximately 7,725-7,800 feet in the Pure Gold "B" Federal Well No. 20, is the main producing interval within the West Sand Dunes-Delaware Pool and is continuous across the proposed pilot project area; and
 - (c) the only other interval currently being produced within the pilot

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project area is the "BC-2" interval, which is below the "BC-4" interval. The "BC-2" interval may be in pressure communication with the "BC-4" interval due to fracture stimulations and, as a result, may benefit from pressure maintenance operations within the pilot project area.

(6) The applicant proposes to use eight producing wells within the pilot project area, identified as follows:

<u>Well Name & Number</u>	<u>API Number</u>	<u>Well Location</u>
Pure Gold "B" Fed. No. 3	30-015-27237	SW/4 SE/4 (Unit O) Section 20
Pure Gold "B" Fed. No. 4	30-015-27238	SE/4 SE/4 (Unit P) Section 20
Pure Gold "B" Fed. No. 5	30-015-27289	NE/4 SE/4 (Unit I) Section 20
Pure Gold "B" Fed. No. 6	30-015-27290	NW/4 SE/4 (Unit J) Section 20
Pure Gold "A" Fed. No. 2	30-015-27243	SW/4 SW/4 (Unit M) Section 21
Pure Gold "A" Fed. No. 4	30-015-27388	NW/4 SW/4 (Unit L) Section 21
Pure Gold "D" Fed. No. 2	30-015-26987	NW/4 NW/4 (Unit D) Section 28
Mobil Fed. No. 4	30-015-27114	NE/4 NE/4 (Unit A) Section 29

(7) The producing wells within the pilot project area currently produce at average rates of approximately 19 BOPD and 227 MMCFGPD.

(8) As a result of implementing pressure maintenance operations, the applicant estimates that 127,000 barrels of oil and 177 MMCF of gas will ultimately be recovered from the pilot project area that would otherwise not be recovered, thereby preventing waste.

(9) The applicant estimates that \$150,000 in capital costs will be required to initiate pressure maintenance operation within the pilot project area.

(10) The proposed pilot pressure maintenance project should be approved.

(11) The Pure Gold "B" Federal Well No. 20 was drilled in March 1999, and was originally to be a producing well. However, Pogo has not completed the well as a producer in order to preserve its useability as an injection well.

(12) The applicant proposes to inject into the Pure Gold "B" Federal Well No. 20 through the perforated interval from approximately 7,695-7,774 feet. The evidence indicates that the Pure Gold "B" Federal Well No. 20 is cased and cemented adequately so as to preclude the migration of fluid from the proposed injection zone.

(13) There is a well located within the ½-mile "area of review" of the Pure Gold "B" Federal Well No. 20 that is not cemented across and above the proposed injection zone. Division records indicate that within the Kaiser-Francis Oil Company Pure Gold "A" Federal Well No. 1, located 800 feet from the South line and 1980 feet from the West line

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(Unit N) of Section 21, the 9-5/8 inch production casing was set at 12,398 feet and cemented with 1,450 sacks of cement. Division records further indicate that the cement top is at 7,850 feet as determined by temperature survey.

(14) Division Order No. R-12246 required that, before commencing injection operations into the Pure Gold "B" Federal Well No. 20, the applicant cement the production casing within the Pure Gold "A" Federal Well No. 1 across and above the proposed injection interval.

(15) The applicant appealed Order No. R-12246 to the Oil Conservation Commission as to the requirement set forth in Finding Paragraph (14) above. After a hearing on the appeal, the Oil Conservation Commission remanded the case to the Division to receive and consider evidence related to Finding Paragraph (14) not presented at the original Division hearing.

- (16) At the hearing on remand, the applicant presented evidence indicating that:
- (a) the Kaiser-Francis Oil Company Pure Gold "A" Federal Well No. 1 was completed in May 1982, and currently produces from the Atoka formation. The well is not cemented across a portion of the Delaware interval, but it has two strings of casing cemented across the fresh water zones. It was properly cased and cemented under regulations in effect at the time the well was drilled and completed;
 - (b) the Pure Gold "A" Federal Well No. 1 is located just within the 1/2-mile radius of the "area of review";
 - (c) Pogo will inject produced Delaware water into the Pure Gold "B" Federal Well No. 20, and thus there will be no change in the character of the fluid near the wellbore of the Pure Gold "A" Federal Well No. 1;
 - (d) the pressure in the Delaware interval was approximately 3550 psi when the Pure Gold "A" Federal Well No. 1 was completed, and it is currently about 900 psi;
 - (e) in the proposed project, there are three producing wells between the injector and the Pure Gold "A" Federal Well No. 1; and
 - (f) the Pure Gold "A" Federal Well No. 1 produces at a rate of approximately 150 MCFGPD, and has estimated reserves of 400 MMCF. To cement the production casing, the well will have to be killed, which will risk damaging the existing completion, and reserves may be lost.

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(17) Based on the evidence, the lack of cement across the injection interval in the Kaiser-Francis Oil Company Pure Gold "A" Federal Well No. 1 is unlikely to cause migration of fluids out of the injection zone.

(18) To assure that fluids do not migrate out of the injection zone through the Pure Gold "A" Federal Well No. 1, the operator should:

- (a) monitor on a monthly basis the production volumes of gas, oil and water in the Pure Gold "A" Federal Well No. 3 (API No. 30-015-27616) located 530 feet from the South line and 1650 feet from the West line (Unit N) of Section 21;
- (b) using 0 to 1,000 psi gauges, observe and record on a monthly basis the pressures on the annuli between the intermediate and production casings and between the production casing and tubing in the Pure Gold "A" Federal Well No. 1; and
- (c) report the results to the Division's Artesia District Office by the 15th of the month following the end of each calendar quarter.

(19) The injection of water into the Pure Gold "B" Federal Well No. 20 should be accomplished through 2-7/8 inch internally plastic-lined tubing installed in a packer set at approximately 7,645 feet. The casing-tubing annulus should be filled with an inert fluid and a gauge or approved leak-detection device should be attached to the annulus in order to determine leakage in the casing, tubing, or packer.

(20) Prior to commencing injection operations into the Pure Gold "B" Federal Well No. 20, the casing should be pressure tested throughout the interval from the surface down to the proposed packer setting to assure the integrity of the casing.

(21) The injection well or pressurization system should be equipped with a pressure control device or acceptable substitute that will limit the surface injection pressure to no more than 1,540 psi.

(22) The operator should give advance notice to the supervisor of the Division's Artesia District Office of the date and time (i) injection equipment will be installed and (ii) the mechanical integrity pressure test will be conducted on the Pure Gold "B" Federal Well No. 20, so these operations may be witnessed.

(23) The pressure maintenance project should be governed by Division Rules No. 701 through 708.

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(24) The oil allowable for the pilot pressure maintenance project should be established at 1,496 barrels of oil per day.

(25) The injection authority granted herein for the Pure Gold "B" Federal Well No. 20 should terminate one year after the date of this order if the operator has not commenced injection operations into the well; provided, however, the Division, upon written request by the operator, may grant an extension for good cause.

(26) The applicant seeks to qualify the pilot pressure maintenance project as an "Enhanced Oil Recovery Project" pursuant to the "Enhanced Oil Recovery Act" (NMSA 1978 §§7-29A-1 through 7-29A-5).

(27) The evidence presented indicates that the pilot pressure maintenance project meets all the criteria for certification.

(28) The certified project area should initially comprise the SE/4 of Section 20, W/2 SW/4 of Section 21, NW/4 NW/4 of Section 28, and NE/4 NE/4 of Section 29, Township 23 South, Range 31 East, NMPM; provided, however, the "project area" and/or the producing wells eligible for the enhanced oil recovery (EOR) tax rate may be contracted and reduced based upon the evidence presented by the applicant in its demonstration of a positive production response.

(29) To be eligible for the EOR tax rate, the operator should advise the Division of the date and time water injection commences within the pilot pressure maintenance project. At that time, the Division will certify the project to the New Mexico Taxation and Revenue Department.

(30) At such time as a positive production response occurs, and within five years from the date the project was certified to the New Mexico Taxation and Revenue Department, the applicant must apply to the Division for certification of a positive production response. This application shall identify the area benefiting from enhanced oil recovery operations and the specific wells eligible for the EOR tax rate. The Division may review the application administratively or set it for hearing. Based upon the evidence presented, the Division will certify to the New Mexico Taxation and Revenue Department those wells that are eligible for the EOR tax rate.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Pogo Producing Company, is hereby authorized to institute a pilot pressure maintenance project within an area encompassing 320 acres and comprised of four Federal leases, described below, by the injection of water into the West Sand Dunes-

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Delaware Pool through its Pure Gold "B" Federal Well No. 20 located 1260 feet from the South line and 250 feet from the East line (Unit P) of Section 20, Township 23 South, Range 31 East, NMPM, Eddy County, New Mexico:

<u>Federal Lease Name & Number</u>	<u>Lease Description</u>
Pure Gold "B" Federal (NM 38463)	SE/4 of Section 20
Pure Gold "A" Federal (NM 38464)	W/2 SW/4 of Section 21
Pure Gold "D" Federal (NM 40859)	NW/4 NW/4 of Section 28
Mobil Federal (NM 0281482-A)	NE/4 NE/4 of Section 29

(All in Township 23 South, Range 31 East, NMPM.)

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

(3) The injection of water into the Pure Gold "B" Federal Well No. 20 shall be accomplished through 2-7/8 inch internally plastic-lined tubing installed in a packer set at approximately **7,645 feet**. The casing-tubing annulus shall be filled with an inert fluid and a gauge or approved leak-detection device shall be attached to the annulus in order to determine leakage in the casing, tubing, or packer.

(4) Prior to commencing injection operations into the Pure Gold "B" Federal Well No. 20, the casing shall be pressure tested throughout the interval from the surface down to the proposed packer setting depth to assure the integrity of the casing.

(5) To assure that fluids do not migrate out of the injection zone through the Pure Gold "A" Federal Well No. 1, the operator shall:

- (a) monitor on a monthly basis the production volumes of gas, oil and water in the Pure Gold "A" Federal Well No. 3;
- (b) using 0 to 1,000 psi gauges, observe and record on a monthly basis the pressures on the annuli between the intermediate and production casings and between the production casing and tubing in the Pure Gold "A" Federal Well No. 1; and
- (c) report the results to the Division's Artesia District Office by the 15th of the month following the end of each calendar quarter.

(6) The injection well or pressurization system shall be equipped with a pressure control device or acceptable substitute that will limit the surface injection pressure to no

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more than 1,540 psi.

(7) The operator shall give advance notice to the supervisor of the Division's Artesia District Office of the date and time (i) injection equipment will be installed and (ii) the mechanical integrity pressure test will be conducted on the Pure Gold "B" Federal Well No. 20, so these operations may be witnessed.

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

(9) The pilot pressure maintenance project is hereby designated the Sand Dunes Cooperative Pressure Maintenance Project, and the applicant shall conduct injection operations in accordance with Division Rules No. 701 through 708, and shall submit monthly progress reports in accordance with Division Rules No. 706 and 1115.

(10) The oil allowable for the pilot pressure maintenance project is hereby established at 1,496 barrels of oil per day.

(11) The injection authority granted herein for the Pure Gold "B" Federal Well No. 20 shall terminate one year after the date of this order if the operator has not commenced injection operations into the well; provided, however, the Division, upon written request by the operator, may grant an extension for good cause.

(12) The Sand Dunes Cooperative Pressure Maintenance Project is hereby certified as an "Enhanced Oil Recovery Project." The project area shall initially comprise the SE/4 of Section 20, W/2 SW/4 of Section 21, NW/4 NW/4 of Section 28, and NE/4 NE/4 of Section 29, Township 23 South, Range 31 East, NMPM; provided, however, the "project area" and/or the producing wells eligible for the enhanced oil recovery (EOR) tax rate may be contracted and reduced based upon the evidence presented by the applicant in its demonstration of a positive production response.

(13) To be eligible for the EOR tax rate, the operator shall advise the Division of the date and time water injection commences within the pilot pressure maintenance project. At such time, the Division will certify the project to the New Mexico Taxation and Revenue Department.

(14) At such time as a positive production response occurs, and within five years from the date the project was certified to the New Mexico Taxation and Revenue Department, the applicant must apply to the Division for certification of a positive

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production response. This application shall identify the area benefiting from enhanced oil recovery operations and the specific wells eligible for the EOR tax rate. The Division may review the application administratively or set it for hearing. Based upon the evidence presented, the Division will certify to the New Mexico Taxation and Revenue Department those wells that are eligible for the EOR tax rate.

(15) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

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 291684

CONDITIONS

Operator: OXY USA INC P.O. Box 4294 Houston, TX 772104294	OGRID: 16696
	Action Number: 291684
	Action Type: [C-103] NOI Workover (C-103G)

CONDITIONS

Created By	Condition	Condition Date
mgebremichael	Due to fracking is conducted with application of proppants, future applications for injection pressure increase through SRT results shall not be admissible by the OCD.	1/16/2024