

Order Number

424

API Number

30-025-35722

Operator

Dxy USA Inc

County

Lea

Order Date

11-17-10

Well Name

WBR Federal

Number

7

Location

K

UL

13

Sec

225

T (+Dir)

32E

R (+Dir)

Oil %

75%

Gas %

77%

Pool 1

51689

Red Tank Delaware W

Pool 2

51683

Red Tank Bone Spring

25%

23%

Pool 3

Pool 4

Comments:

Posted in RBDMs

11-23-10

COH

DOWNHOLE COMMINGLE CALCULATIONS:

DHC-HOB-
30-025-35722

OPERATOR: Oxy USA Inc

PROPERTY NAME: WBR Federal

WNULSTR: 7-K-13-225-32E

SECTION I:

POOL NO. 1 Red Tank Delaware W

ALLOWABLE AMOUNT
230 2000 MCF

POOL NO. 2 Red Tank Bone Spring

275 2000 MCF

POOL NO. 3 _____

_____ MCF

POOL NO. 4 _____

_____ MCF

POOL TOTALS 505 4000

SECTION II:

POOL NO. 1 Red Tank Delaware W

Oil
75%

Gas
77%

POOL NO. 2 Red Tank Bone Spring

$25\% \times 505 = 126.25$
<126>

23%

POOL NO. 3 _____

POOL NO. 4 _____

OIL

GAS

SECTION III:

$25\% \div 275 = 1100$

<1100>

SECTION IV:

$75 \times 1100 = 825$

<825>

$25 \times 1100 = 275$

<275>

Submit 3 Copies To Appropriate District
Office
District I
1625 N. French Dr., Hobbs, NM 87240
District II
1301 W. Grand Ave., 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 and Natural Resources

Form C-103
May 27, 2004

RECEIVED

OIL CONSERVATION DIVISION

OCT 12 2010 220 South St. Francis Dr.

HOBBSOCD

Santa Fe, NM 87505

WELL API NO. 30-025-35722
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/> Fed. <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No. Fed-NMNM58940
7. Lease Name or Unit Agreement Name: WBR Federal
8. Well Number 7
9. OGRID Number 16696
10. Pool name or Wildcat Red Tank Delaware, W./ Bone Spring

SUNDRY NOTICES AND REPORTS ON WELLS

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

1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>	2. Name of Operator OXY USA Inc.
3. Address of Operator P.O. Box 50250 Midland, TX 79710	4. Well Location Unit Letter <u>K</u> : <u>1930</u> feet from the <u>South</u> line and <u>2310</u> feet from the <u>West</u> line Section <u>13</u> Township <u>22S</u> Range <u>32E</u> NMPM County <u>Lea</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.) <u>3702'</u>	
Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/> Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____ Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____	

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

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPLETION ☐
OTHER: DHC - Pre-Approved Pools - R-11363 ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐
CASING TEST AND CEMENT JOB ☐
OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

See Attachment

DHC-HOB-424

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐ , a general permit ☐ or an (attached) alternative OCD-approved plan ☐

SIGNATURE David Stewart TITLE Sr. Regulatory Analyst DATE 10/2/10

Type or print name David Stewart

E-mail address: david_stewart@oxy.com
Telephone No. 432-685-5717

For State Use Only

APPROVED BY [Signature] TITLE PETROLEUM ENGINEER DATE NOV. 17, 2010
Conditions of Approval, if any:

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

State of New Mexico
Energy, Minerals and Natural Resources Department
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OCT 12 2010
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Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-107A
Revised June 10, 2003
APPLICATION TYPE
X Single Well
 Establish Pre-Approved Pools
EXISTING WELLBORE
X Yes No

APPLICATION FOR DOWNHOLE COMMINGLING

OXY USA Inc.

P.O. Box 50250 Midland, TX 79710

Operator WBR Federal Address 7 K -13-T22S R32E Lea
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 16696 Property Code 304992 API No. 30-025-35722 Lease Type: X Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Red Tank Delaware, West		Red Tank Bone Spring
Pool Code	51689		51683
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	8454 - 8638'		8850 - 8903' 9864 - 9885'
Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)			42.1
Producing, Shut-In or New Zone	New Zone		Producing
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: Estimate Rates: 48 -BO 132-MCF 48 -BW	Date: Rates:	Date: 7/1/10 Rates: 16 -BO 40 -MCF 1 -BW
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas 75 % 77 %	Oil Gas % %	Oil Gas 25 % 23 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes X No
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes No

Are all produced fluids from all commingled zones compatible with each other? Yes X No

Will commingling decrease the value of production? Yes No X

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands
or the United States Bureau of Land Management been notified in writing of this application? Yes X No

NMOCD Reference Case No. applicable to this well: R-11363

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

SIGNATURE David Stewart TITLE Sr. Regulatory Analyst DATE 10/2/10

TYPE OR PRINT NAME David Stewart TELEPHONE NO. (432) 685-5717

E-MAIL ADDRESS david_stewart@oxy.com

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-HOBBS

FORM APPROVED
OMB NO. 1004-0135
Expires: November 30, 2000

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

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

OXY USA Inc.

16696

3a. Address

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

3b. Phone No. (include area code)

432-685-5717

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1980 FSL 2310 FWL NESW(K) Sec 13 T22S R32E

5. Lease Serial No.

NMNM58940

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.

WBR Federal #7

9. API Well No.

30-025-35722

10. Field and Pool, or Exploratory Area

Red Tank Delaware, West
Red Tank Bone Spring

11. County or Parish, State

Lea

NM

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

TYPE OF SUBMISSION

☒ Notice of Intent

☐ Subsequent Report

☐ Final Abandonment Notice

TYPE OF ACTION

☐ Acidize

☐ Alter Casing

☐ Casing Repair

☐ Change Plans

☐ Convert to Injection

☐ Deepen

☒ Fracture Treat

☐ New Construction

☐ Plug and Abandon

☐ Plug Back

☐ Production (Start/Resume)

☐ Reclamation

☒ Recomplete

☐ Temporarily Abandon

☐ Water Disposal

☐ Water Shut-Off

☐ Well Integrity

☒ Other DHC

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 final site is ready for final inspection.)

DHC
SUBJECT TO LIKE
APPROVAL BY STATE

RECEIVED

NOV 15 2010

HOBBSOCD

See Attached

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

DHC-HOB-424

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

David Stewart

Title

Sr. Regulatory Analyst

Date

10/2/10

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

PETROLEUM ENGINEER

Office

KZ

APPROVED

NOV 11 2010

Date

WESLEY W. INGRAM
PETROLEUM ENGINEER

NOV 16 2010

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.

Title 18 U.S.C. Section 1001, and Title 43 U.S.C. Section 1212, makes 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.

RECEIVED

District I
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District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

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

NOV 15 2010

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

¹ API Number 30-025-35722	² Pool Code 51689	³ Pool Name Red Tank Delaware, West
⁴ Property Code 304992	⁵ Property Name WBR Federal	⁶ Well Number 7
⁷ OGRID No. 16686	⁸ Operator Name OXY USA Inc.	⁹ Elevation 3702

¹⁰ Surface Location

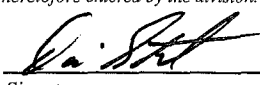
UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	13	22S	32E		1980	South	2310	West	Lea

¹¹ 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

¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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

16					17 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.  10/2/10 Signature Date David Stewart Printed Name Sr. Regulatory Analyst david.stewart@oxy.com
					18 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. Date of Survey Signature and Seal of Professional Surveyer: Certificate Number

District I
1625 N. French Dr., Hobbs, NM 88240
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State of New Mexico
Energy, Minerals & Natural Resources

Form C-102
Revised October 12, 2005

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

RECEIVED

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

NOV 15 2010
HOBBSUCD

☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-35722	² Pool Code 51683	³ Pool Name Red Tank Bone Spring
⁴ Property Code 304992	⁵ Property Name WBR Federal	⁶ Well Number 7
⁷ OGRID No. 16686	⁸ Operator Name OXY USA Inc.	⁹ Elevation 3762'

¹⁰ Surface Location

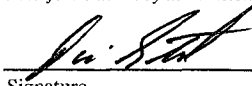
UL or lot no. K	Section 13	Township 22S	Range 32E	Lot. Idn	Feet from the 1980	North/South line South	Feet from the 2310	East/West line west	County Lea
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South line	Feet from the	East/West line	County
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¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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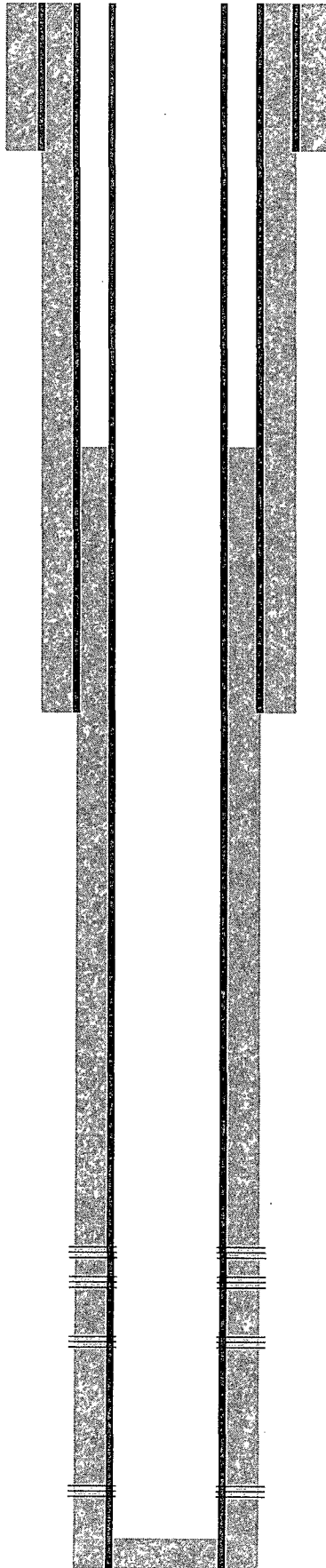
OXY USA Inc.
WBR Federal #7 – 30-025-35722

RECOMMENDED PROCEDURE:

WARNING: A POISONOUS GAS - HYDROGEN SULFIDE (H₂S) - A HIGHLY TOXIC COLORLESS GAS THAT IS HEAVIER THAN AIR MAY BE PRESENT AT THIS LOCATION AND/OR PRESENT IN THE GAS AND LIQUIDS INJECTED OR PRODUCED FROM THIS WELL. PLANS MUST BE REVIEWED DEALING WITH H₂S SAFETY PRIOR TO WORKING ON THIS WELL. CHECK WITH FOREMAN CONCERNING LOCAL CONDITIONS.

1. Check location for hazardous conditions. Ensure well is dead.
2. MI & RU DDPU.
3. PR&P and LD. ND WH & NU BOP
4. POOH w/ Tbg & TAC and LD same.
5. ND BOP & NU WH & RD & MO DDPU.
6. RIH w/RBP and set at 8750 w/5 sx sand POOH & LD Tbg
7. ND BOP and NU Frac Valve and RD and MO WO rig.
8. RU Electric Line Unit.
9. Perforate Brushy Canyon A-4 sand at 8633-38' (15 HOLES), 8526-36' (30 HOLES) & 8454-59' (15 HOLES), W/ 3 3/8" Power Jet 3406 - .37" holes w/3 JSPF (45 Total Shots) on 60 degree phasing.
10. Frac well down casing at 1st available frac date as per the Halliburton Frac Procedure. (Pre-Pad Use Acid 50-100 GAL/FT of perforations and BIO-BALLS) Run 2 drums scale inhibitor in pre-pad just behind acid. Flush frac W/2% KCL.
11. Shut in well for 12-24 hours to cure expedite. Flow well back until dead.
12. RU DDPU & ND FV & NU BOP. PU Production Tubing.
13. RIH w/ notched collar or bit and clean out well to RPB (8750'). Note: This step will need to be refined based on local knowledge, frac, well flowback, etc. Often if there is substantial fill it can be circulated out to the top perf & use a bailer in the perms. However, a air foam unit may be required to sufficiently clean out remaining sand.
14. POOH w/tbg & RIH w/tbg & pkr @ ~ 50' above top perforation. Swab & flow well until sand cleans up.
15. POOH w/ tbg and pkr & RIH w/ production assembly as per lift specialist. ND BOP, NU WH. RD DDPU.
16. TEST WELL INTO BATTERY.

✓ OXY USA Inc.
WBR Federal #7
API No. 30-025-35722



17-1/2" hole @ 1002'
13-3/8" csg @ 1002'
w/ 950sx-TOC-Surf-Circ

11" hole @ 4620'
8-5/8" csg @ 4620'
w/ 1600sx-TOC-Surf-Circ

Bell Canyon-4912'
Cherry Canyon-5729'
Brushy Canyon-7043'
Bone Spring-8721'

Proposed Delaware Perfs @ 8454-8638'

BS Perfs @ 8850-8903'
7-7/8" hole @ 10150'
5-1/2" csg @ 10150'
w/ 1860sx-TOC-3115'-CBL

BS Perfs @ 9864-9885'

PB-10106'

TD-10150'