

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB NO. 1004-0137  
Expires: January 31, 2018

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

5. Lease Serial No.  
NMNM81586

6. If Indian, Allottee or Tribe Name

**SUBMIT IN TRIPLICATE - Other instructions on page 2**

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

8. Well Name and No.  
CEDAR CANYON 23 FEDERAL COM 6H

1. Type of Well  
 Oil Well  Gas Well  Other

2. Name of Operator  
OXY USA INC

Contact: DAVID STEWART  
E-Mail: david\_stewart@oxy.com

9. API Well No.  
30-015-44095-00-X1

10. Field and Pool or Exploratory Area  
PIERCE CROSSING-BONE SPRING, E

3a. Address  
MIDLAND, TX 79710

3b. Phone No. (include area code)  
Ph: 432.685.5717

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
Sec 22 T24S R29E NESE 2329FSL 1173FEL  
32.202053 N Lat, 103.967552 W Lon

11. County or Parish, State  
EDDY COUNTY, NM

**12. CHECK THE 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"/> Hydraulic Fracturing	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Change to Original APD
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete 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 must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.

OXY USA Inc. respectfully requests approval for the following changes from the approved permit:

- Change in Mud Program
    - Replace MMH with water based Spud Mud in Surface Hole
    - Replace Brine & MMH system with Direct Emulsion Water Based Mud in Intermediate Hole from 414' to ICP.
  - Utilize a spudder rig to pre-set surface casing for time and cost savings.
- Please see attached for detailed information.

**NEW OIL CONSERVATION**  
ARTESIA DISTRICT  
MAY 08 2017  
RECEIVED

*5-10-17*  
Accepted for record - NMOCD

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

Electronic Submission #373650 verified by the BLM Well Information System  
For OXY USA INC, sent to the Carlsbad  
Committed to AFMSS for processing by DEBORAH MCKINNEY on 04/24/2017 (17DLM1478SE)

Name (Printed/Typed) DAVID STEWART Title SR REGULATORY ADVISOR

Signature (Electronic Submission) Date 04/21/2017

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved By **Approved** CHRISTOPHER WALLS  
Title PETROLEUM ENGINEER Date 04/27/2017

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 Carlsbad

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.

OXY USA Inc. respectfully requests approval for the following changes from the approved permit:

1. **Change in Mud Program**
  - o Replace MMH with water based Spud Mud in Surface Hole
  - o Replace Brine & MMH system with Direct Emulsion Water Based Mud in Intermediate Hole from 414' to ICP.

**Mud Program**

Depth From (ft)	Depth To (ft)	Fluid Type	Mud Weight (ppg)	Funnel Visc (sec/qt)	API Fluid Loss
0	414	Spud Mud	8.4-8.6	40-50	N/C
414	8463	Direct Emulsion WBM	9.0-10.0	28-38	N/C
8463	16336	OBM	9.2-10	28-34	<15

Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be kept on location at all times.

As discussed on 04/12/17, Oxy proposes to drill out the surface casing shoe with a Direct Emulsion Water Based Mud which will consist of an external saturated brine phase with pH above 10 at all times, from 414' – ICP. This will eliminate the need for two mud systems, to manage both the salt and losses circulation interval.

2. **Utilize a spudder rig to pre-set surface casing for time and cost savings.**

	Yes/No
Will more than one drilling rig be used for drilling operations? If yes, describe. <ul style="list-style-type: none"> <li>• Oxy requests the option to contract a Surface Rig to drill, set surface casing, and cement for this well. If the timing between rigs is such that Oxy would not be able to preset surface, the Primary Rig will MIRU and drill the well in its entirety per the APD. Please see the attached document for information on the spudder rig.</li> </ul>	Yes

**Description of Operations**

1. Spudder rig will move in to drill the surface hole and pre-set surface casing on the well.
  - a. After drilling the surface hole section, the spudder rig will run casing and cement following all of the applicable rules and regulations (OnShore Order 2, all COAs and NMOCD regulations).
  - b. The spudder rig will utilize fresh water-based mud to drill the surface hole to TD. Solids control will be handled entirely on a closed loop basis. No earth pits will be used.
2. The wellhead will be installed and tested as soon as the surface casing is cut off and the WOC time has been reached.
3. A blind flange at the same pressure rating as the wellhead will be installed to seal the wellbore. Pressure will be monitored with needle valves installed on two wingvalves.
  - a. A means for intervention will be maintained while the drilling rig is not over the well.
4. Spudder rig operations are expected to take 2-3 days per well on the pad.
5. The BLM will be contacted and notified 24 hours prior to commencing spudder rig operations.
6. Drilling operations will begin with a larger rig and a BOP stack equal to or greater than the pressure rating that was permitted will be nipped up and tested on the wellhead before drilling operations resume on each well.
  - a. The larger rig will move back onto the location within 90 days from the point at which the wells are secured and the spudder rig is moved off location.
  - b. The BLM will be contacted / notified 24 hours before the larger rig moves back on the pre-set locations.
7. Oxy will have supervision on the rig to ensure compliance with all BLM and NMOCD regulations and to oversee operations.
8. Once the rig is removed, Oxy will secure the wellhead area by placing a guard rail around the cellar area.

# Spudder Rig Layout

