

Submit a Copy To Appropriate District
Office
District I – (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
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811 S. First St., Artesia, NM 88210
District III – (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV – (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised July 18, 2013

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

WELL API NO. 30-025-50298
5. Indicate Type of Lease FED STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Llama Mall 26-35 Fed
8. Well Number 34H
9. OGRID Number 16696
10. Pool name or Wildcat WC-025 G-08 S223227D; Upper Wolfcamp

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 PO BOX 4294, Houston, TX 77210	
4. Well Location Unit Letter <u>O</u> : <u>970</u> feet from the <u>South</u> line and <u>1360</u> feet from the <u>East</u> line Section <u>23</u> Township <u>22S</u> Range <u>32E</u> NMPM County <u>LEA</u>	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3721' GL	

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input checked="" type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
CLOSED-LOOP SYSTEM <input type="checkbox"/>			
OTHER: <input type="checkbox"/>		OTHER: Change of Drill Plan <input type="checkbox"/>	

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 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Please see the attached correspondence with Allen Morency & Keith Immatty of the BLM Carlsbad Field Office. We recieved approval to set casing at the base of the Cherry Canyon due to severe loses encountered at 3450'. This explains why our 1st intermediate casing was set deeper than what was on our most recent approved drill change sundry.

Spud Date:

Rig Release Date:

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

SIGNATURE Sarah McKinney TITLE Regulatory Advisor DATE 5/28/2024

Type or print name Sarah McKinney E-mail address: sarah_mckinney@oxy.com PHONE: 713-215-7295

For State Use Only

APPROVED BY: _____ TITLE _____ DATE _____

Conditions of Approval (if any):

McKinney, Sarah A

From: Keith, Kyle
Sent: Wednesday, May 22, 2024 2:07 PM
To: Maxwell, Price A; Swafford, Kurt D
Subject: FW: [EXTERNAL] RE: Re: LLAMA MALL 26_35 FED COM 313H Castile Losses

Regards,

-Kyle

From: Pelton, Ben R <Ben_Pelton@oxy.com>
Sent: Wednesday, September 13, 2023 4:50 PM
To: Keith, Kyle <Kyle_Keith@oxy.com>
Subject: Fwd: [EXTERNAL] RE: Re: LLAMA MALL 26_35 FED COM 313H Castile Losses

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From: Immatty, Keith P <kimmatty@blm.gov>
Sent: Monday, August 28, 2023 5:48:23 PM
To: Pelton, Ben R <Ben_Pelton@oxy.com>; Morency, Allison E <amorency@blm.gov>; Walls, Christopher <cwalls@blm.gov>
Cc: Threadgill, Kevin T <Kevin_Threadgill@oxy.com>; Mendez, Michael <Michael_Mendez@oxy.com>; Granier, Garrett E <Garrett_Granier@oxy.com>
Subject: RE: [EXTERNAL] RE: Re: LLAMA MALL 26_35 FED COM 313H Castile Losses

WARNING - This message is from an EXTERNAL SENDER - be CAUTIOUS, particularly with links and attachments.

Ben,

Reviewed and the contingency plan is approved. Please note:

- Hole depth should be a minimum of 100' deeper than base of salt
- Attempt should be made to cure losses with LCM
- If full returns are re-established, switch to original mud program

Regards,

Keith Immatty

From: Pelton, Ben R <Ben_Pelton@oxy.com>
Sent: Saturday, August 26, 2023 7:27 PM
To: Morency, Allison E <amorency@blm.gov>; Walls, Christopher <cwalls@blm.gov>

Cc: Threadgill, Kevin T <Kevin_Threadgill@oxy.com>; Mendez, Michael <Michael_Mendez@oxy.com>; Granier, Garrett E <Garrett_Granier@oxy.com>; Immatty, Keith P <kimmatty@blm.gov>

Subject: [EXTERNAL] RE: Re: LLAMA MALL 26_35 FED COM 313H Castile Losses

This email has been received from outside of DOI - Use caution before clicking on links, opening attachments, or responding.

Allison,

Thank you for the assistance on this one. LCM appears to have done the trick so we will proceed ahead with our brine based direct emulsion. We are on the first well of 7. Can you please provide email approval to drill the remaining Llama Malls with produced water if we encounter losses we cannot cure? Same requirements listed below will apply. We will notify BLM via telephone prior to swapping to produced water. Wells are listed below:

API	Name	Rig
30-025-50300	Llama Mall 26_36 Fed Com 312H	Citadel 2
30-025-50298	Llama Mall 26_36 Fed Com 34H	Citadel 2
30-025-50301	Llama Mall 26_36 Fed Com 313H	Citadel 2
30-025-50299	Llama Mall 26_36 Fed Com 35H	Citadel 2
API	Name	Rig
30-025-50375	Llama Mall 26_36 Fed Com 311H	Patterson 882
30-025-50310	Llama Mall 26_36 Fed Com 32H	Patterson 882
30-025-50311	Llama Mall 26_36 Fed Com 33H	Patterson 882

Thanks,

Ben Pelton

Drilling Engineer Supervisor, Delaware Basin
Occidental Oil & Gas Corp.

5 Greenway Plaza, Suite 110 | Houston, TX 77046 | GW5 25.131

O: 713-497-2379 | M: 701-690-8645

Ben_Pelton@oxy.com

From: Morency, Allison E <amorency@blm.gov>

Sent: Saturday, August 26, 2023 5:09 PM

To: Pelton, Ben R <Ben_Pelton@oxy.com>; Walls, Christopher <cwalls@blm.gov>

Cc: Threadgill, Kevin T <Kevin_Threadgill@oxy.com>; Mendez, Michael <Michael_Mendez@oxy.com>; Granier, Garrett E <Garrett_Granier@oxy.com>; Immatty, Keith P <kimmatty@blm.gov>

Subject: RE: [EXTERNAL] Re: LLAMA MALL 26_35 FED COM 313H Castile Losses

WARNING - This message is from an EXTERNAL SENDER - be CAUTIOUS, particularly with links and attachments.

Also, I forgot to mention. If you get returns, you should switch back to the brine per C. Walls.

Sincerely,
Allison Morency
Petroleum Engineer
Carlsbad Field Office
Bureau of Land Management
575-234-5709

From: Morency, Allison E
Sent: Saturday, August 26, 2023 3:05 PM
To: Pelton, Ben R <Ben_Pelton@oxy.com>; Walls, Christopher <cwalls@blm.gov>
Cc: Threadgill, Kevin T <Kevin_Threadgill@oxy.com>; Mendez, Michael <Michael_Mendez@oxy.com>; Granier, Garrett E <Garrett_Granier@oxy.com>; Immatty, Keith P <kimmatty@blm.gov>
Subject: RE: [EXTERNAL] Re: LLAMA MALL 26_35 FED COM 313H Castile Losses

As the high risk interval for dissolution of salt is between ~1600' and 3300' and is going to be drilled with a salt saturated mud, that is the main concern eliminated.

If the LCM does not correct the loss issue (which based on the offset data is likely), you have approval to utilize a produced water mud starting 100' below the Salado interval. Please reach out if you have any other issues.

Sincerely,
Allison Morency
Petroleum Engineer
Carlsbad Field Office
Bureau of Land Management
575-234-5709

From: Pelton, Ben R <Ben_Pelton@oxy.com>
Sent: Saturday, August 26, 2023 12:53 PM
To: Morency, Allison E <amorency@blm.gov>; Walls, Christopher <cwalls@blm.gov>
Cc: Threadgill, Kevin T <Kevin_Threadgill@oxy.com>; Mendez, Michael <Michael_Mendez@oxy.com>; Granier, Garrett E <Garrett_Granier@oxy.com>; Immatty, Keith P <kimmatty@blm.gov>
Subject: [EXTERNAL] Re: LLAMA MALL 26_35 FED COM 313H Castile Losses

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Follow up: Just checked the produced water pond, 9.2 ppg with 105k chlorides.

From: Pelton, Ben R
Sent: Saturday, August 26, 2023 1:07:37 PM
To: amorency@blm.gov <amorency@blm.gov>; Walls, Christopher <cwalls@blm.gov>

Cc: Threadgill, Kevin T <Kevin_Threadgill@oxy.com>; Mendez, Michael <Michael_Mendez@oxy.com>; Granier, Garrett E <Garrett_Granier@oxy.com>; Immatty, Keith P <kimmatty@blm.gov>

Subject: LLAMA MALL 26_35 FED COM 313H Castile Losses

Allison,

Well Info:

LLAMA MALL 26_35 FED COM 313H

API: 3002550301

Rig: Citadel 2

As discussed on the phone we encountered severe losses at 3450', 150' into the Castile while drilling our 12.25" intermediate. We are drilling with a 9.0ppg brine based direct emulsion system. We have had similar issues 2 miles East on state wells in Avogato where we couldn't cure the losses with cement or LCM. We plan to spot heavy LCM and will attempt to establish full returns. A contingency 9.625 string is planned to be set at base of the Cherry Canyon on this one. If we cannot establish returns we cannot continue with direct emulsion due to volume constraints. There was also losses seen on Stack Cats (1 section east) in the Bell Canyon. Given that data, we would strongly prefer to get our intermediate contingency casing to base of Cherry. The question is if we are unable to keep returns from here, can we keep brine on the backside and drill ahead with 9.0-9.2 ppg produced water on total losses? Salts above the loss zone will be covered by our saturated brine system as we will be drilling without returns. Salts below 3450' will be exposed to produced water. Please reach out if you have any questions on the matter.

Formation tops:

MD	TVD	FORMATION TOPS
984	984	RUSTLER
1,591	1,591	SALADO
3,306	3,306	CASTILE
4,804	4,804	DELAWARE
4,880	4,880	BELL CANYON
5,724	5,721	CHERRY CANYON
7,022	6,999	BRUSHY CANYON
8,699	8,651	BONE SPRING
9,813	9,761	BONE SPRING 1ST
10,081	10,029	Second Bone Spring Limestone
10,501	10,449	BONE SPRING 2ND
10,812	10,760	Second Bone Spring Lower Sandstone
10,934	10,882	Third Bone Spring Limestone
11,616	11,561	BONE SPRING 3RD
11,734	11,671	Third Bone Spring Sandstone_C
11,851	11,770	Third Bone Spring Sandstone_B

Thanks,

Ben Pelton

Drilling Engineer Supervisor, Delaware Basin
Occidental Oil & Gas Corp.

5 Greenway Plaza, Suite 110 | Houston, TX 77046 | GW5 25.131

O: 713-497-2379 | M: 701-690-8645

Ben_Pelton@oxy.com

Sante Fe Main Office
Phone: (505) 476-3441

General Information
Phone: (505) 629-6116

Online Phone Directory
<https://www.emnrd.nm.gov/ocd/contact-us>

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 348301

CONDITIONS

Operator: OXY USA INC P.O. Box 4294 Houston, TX 772104294	OGRID: 16696
	Action Number: 348301
	Action Type: [C-103] NOI Change of Plans (C-103A)

CONDITIONS

Created By	Condition	Condition Date
pkautz	If cement is not circulated to surface during cementing operations, a Cement Bond Log (CBL) is required.	1/27/2025
pkautz	Cement is required to circulate on both surface and intermediate1 strings of casing.	1/27/2025