

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
 [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD
 Check One Only for [B] or [C]
 [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
 [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR
 [D] Other: Specify Amend SWD - 1417
- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
 [A] Working, Royalty or Overriding Royalty Interest Owners
 [B] Offset Operators, ~~Leaseholders~~ or Surface Owner
 [C] Application is One Which Requires Published Legal Notice
 [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] Waivers are Attached
- [3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

30-015-40890
 Lost Tank 35
 State SWD #1
 RECEIVED
 2014 JAN - 9 P 3:07
 - drilling problems/
 change in completion
 - new/deeper
 injection interval

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

David Stewart Print or Type Name	 Signature	SR. Regulatory Advisor Title	1/7/13 Date
		david_stewart@oxc.com e-mail Address	

oxc USA Inc.
 Lost Tank 35 State SWD #1

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: Secondary Recovery Pressure Maintenance Disposal Storage
Application qualifies for administrative approval? Yes No
- II. OPERATOR: OXY USA Inc Lost Tank 35 State SWD #1 - API No. 30-015-40890
ADDRESS: P.O. Box 50250 Midland, TX 79710
CONTACT PARTY: David Stewart PHONE: 432-685-5717
- III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection.
Additional sheets may be attached if necessary.
- IV. Is this an expansion of an existing project? Yes No
If yes, give the Division order number authorizing the project: _____
- V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review. Attached
- VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail. Attached
- VII. Attach data on the proposed operation, including:
- Proposed average and maximum daily rate and volume of fluids to be injected; Avg-3500BWPD – Max-4000BWPD
 - Whether the system is open or closed; Closed
 - Proposed average and maximum injection pressure; Avg-800psi – Max-871 psi
 - Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and, Delaware and Bone Spring from OXY operated leases, see attached.
 - If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.). Attached
- *VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval. Attached
- IX. Describe the proposed stimulation program, if any. Attached
- *X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted). Attached.
- *XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken. None within one mile per the NMSEO. Per the field production tech, no windmills were found within one mile of this well.
- XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water. Attached
- XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form. Attached
- XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.
- NAME: David Stewart TITLE: Sr. Regulatory Advisor
SIGNATURE:  DATE: 1/7/13
E-MAIL ADDRESS: david_stewart@oxy.com
- * If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstances of the earlier submittal: SWD-1417 – 5/10/13

III. WELL DATA

A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:

- (1) Lease name; Well No.; Location by Section, Township and Range; and footage location within the section.
- (2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.
- (3) A description of the tubing to be used including its size, lining material, and setting depth.
- (4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Division District Offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.

B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.

- (1) The name of the injection formation and, if applicable, the field or pool name.
- (2) The injection interval and whether it is perforated or open-hole.
- (3) State if the well was drilled for injection or, if not, the original purpose of the well.
- (4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.
- (5) Give the depth to and the name of the next higher and next lower oil or gas zone in the area of the well, if any.

XIV. PROOF OF NOTICE

All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

- (1) The name, address, phone number, and contact party for the applicant;
- (2) The intended purpose of the injection well; with the exact location of single wells or the Section, Township, and Range location of multiple wells;
- (3) The formation name and depth with expected maximum injection rates and pressures; and,
- (4) A notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within 15 days.

NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.

INJECTION WELL DATA SHEET

OPERATOR: OXY USA Inc.

WELL NAME & NUMBER: Lost Tank 35 State SWD #1

WELL LOCATION: 2630 FSL 2630 FWL NESW(K) 35 21S 31E
FOOTAGE LOCATION UNIT LETTER SECTION TOWNSHIP RANGE

WELLBORE SCHEMATIC

PROPOSED WELL CONSTRUCTION DATA

Surface Casing

Hole Size: 14-3/4" Casing Size: 11-3/4" @ 852'
Cemented with: 600 sx. *or* 935 ft³
Top of Cement: Surface Method Determined: Circ

Intermediate Casing

Hole Size: 10-5/8" Casing Size: 9-5/8" @ 4327'
Cemented with: 1090 sx. *or* 1617 ft³
Top of Cement: *Surface Method Determined: Circ

*CBL-2546' - 1" 250sx, circ to surface

Production Casing

Hole Size: 8-3/4" Casing Size: 7" @ 6346'
Cemented with: 830 sx. *or* 1595 ft³
Top of Cement: 2718' Method Determined: CBL
Total Depth: 6352'

Injection Interval

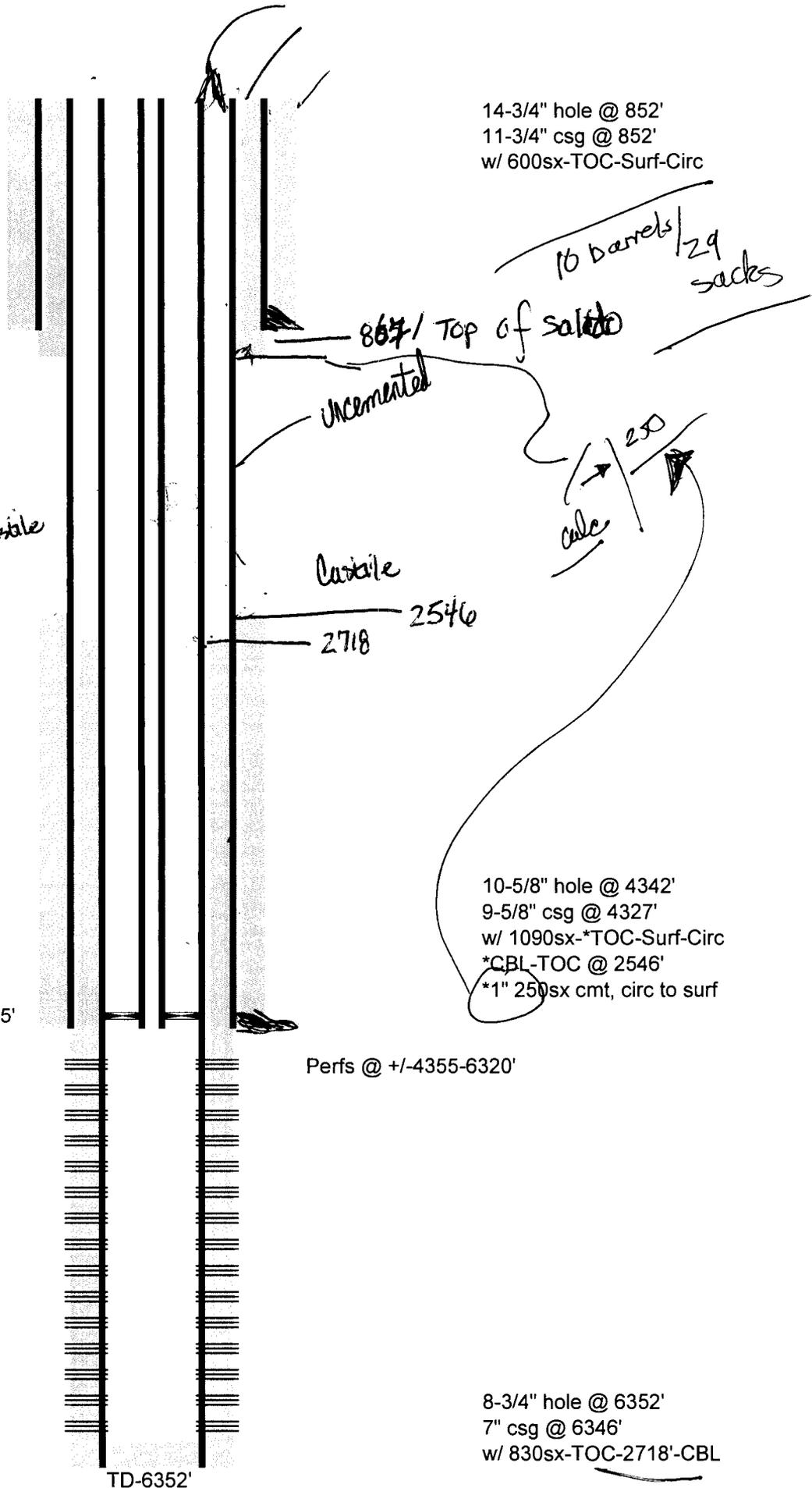
4355 feet to 6320 feet

(Perforated or Open Hole; indicate which)

OXY USA Inc.
 Lost Tank 35 State SWD #1
 API No. 30-015-40890

Off site Estimates	Onsite
Rustler 800	579
Top of Salt 855	~ 867
BS 3995'	1942 - Corroble
T. Del 4240	4290'
Bell Can 4315'	4382

3-1/2" 7.7# Duo-Line tbg w/ AS-1X pkr @ 4305'



14-3/4" hole @ 852'
 11-3/4" csg @ 852'
 w/ 600sx-TOC-Surf-Circ

10 Barrels / 29 sacks

867' Top of Salt

uncemented

Corroble

2546'

2718'

10-5/8" hole @ 4342'
 9-5/8" csg @ 4327'
 w/ 1090sx-*TOC-Surf-Circ
 *CBL-TOC @ 2546'
 *1" 250sx cmt, circ to surf

Perfs @ +/-4355-6320'

8-3/4" hole @ 6352'
 7" csg @ 6346'
 w/ 830sx-TOC-2718'-CBL

TD-6352'

INJECTION WELL DATA SHEET

Tubing Size: 3-1/2" 7.7# J55 Lining Material: Composite Lining

Type of Packer: Nickel Plated Arrow Set

Packer Setting Depth: 4305'

Other Type of Tubing/Casing Seal (if applicable): N/A

Additional Data

1. Is this a new well drilled for injection? X Yes No

If no, for what purpose was the well originally drilled? _____

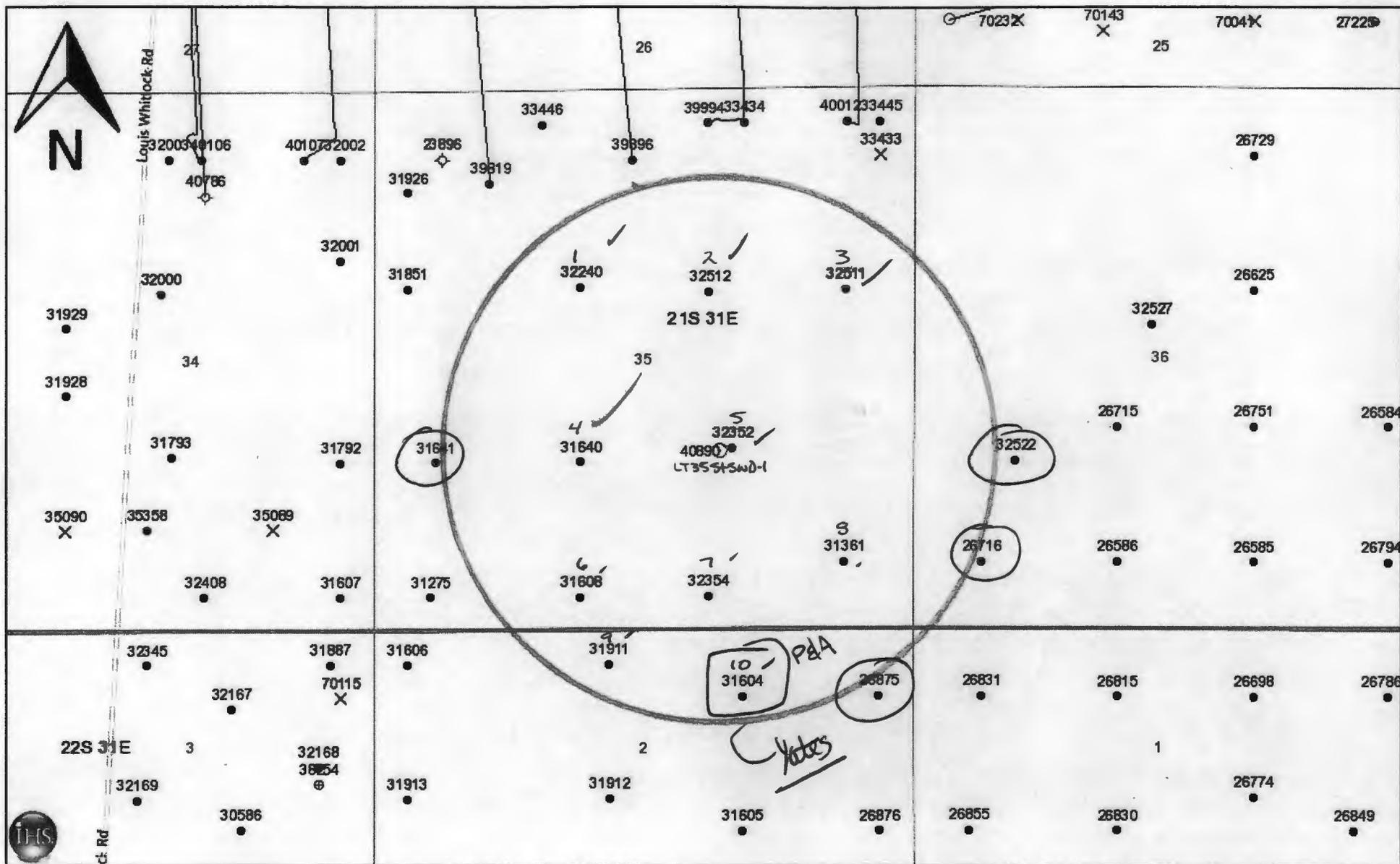
2. Name of the Injection Formation: Delaware – Bell Canyon – Cherry Canyon

3. Name of Field or Pool (if applicable): Lost Tank Delaware

4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e. sacks of cement or plug(s) used. No

5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area: Delaware/Bone Springs

Lost Tank 35 State SWD #1 - 1/2 mile AOR



C-108 - Item VI
 Lost Tank 35 State SWD #1
 AREA OF REVIEW

OPERATOR	LEASE	WELL NO.	API NO. 30-015-	PLAT	LOCATION	DATE DRILLED	TD	PERFS	CASING-CEMENT	STATUS
OXY USA Inc.	Lost Tank 35 St	11	32240	1 ✓	1930 FNL 2030 FWL F-35-21S-31E	Sep-02	8350'	6916-6928'	13-3/8" @ 829' w/ 900sx, 17-1/2" hole TOC-Surf-Circ 8-5/8" @ 4100' w/ 3140sx, 11" hole TOC-Surf-Circ 5-1/2" @ 8350' w/ 1820sx 7-7/8" hole TOC-Surf-Circ	Lost Tank Delaware Act Oil
OXY USA Inc.	Lost Tank 35 St	10	32512	2 ✓	1980 FNL 1980 FEL G-35-21S-31E	Dec-04	8380'	7982-8146' 6736-7274' CIBP @ 7900'	13-3/8" @ 885' w/ 575sx, 17-1/2" hole TOC-Surf-Circ 8-5/8" @ 4140' w/ 4700sx, 11" hole TOC-Surf-Circ 5-1/2" @ 8380' w/ 1800sx 7-7/8" hole TOC-Surf-Circ	Lost Tank Delaware Act Oil
OXY USA Inc.	Lost Tank 35 St	9	32511	3 ✓	1980 FNL 660 FEL H-35-21S-31E	Jan-05	8410'	8186-8214'	13-3/8" @ 1022' w/ 900sx, 17-1/2" hole TOC-Surf-Circ 8-5/8" @ 4125' w/ 1600sx, 11" hole TOC-Surf-Circ 5-1/2" @ 8410' w/ 1900sx 7-7/8" hole TOC-Surf-Circ	Lost Tank Delaware Act Oil
OXY USA Inc.	Lost Tank 35 St	7	31640	4 ✓	1650 FSL 2030 FWL K-35-21S-31E	Mar-01	8340'	6904-8132'	13-3/8" @ 800' w/ 950sx, 17-1/2" hole TOC-Surf-Circ 8-5/8" @ 4200' w/ 1300sx, 11" hole TOC-Surf-Circ 5-1/2" @ 8340' w/ 1720sx 7-7/8" hole TOC-64'-CBL	Lost Tank Delaware Act Oil
OXY USA Inc.	Lost Tank 35 St	6	32352	5 ✓	1780 FSL 1750 FEL J-35-21S-31E	Oct-02	8350'	6961-8210'	13-3/8" @ 813' w/ 900sx, 17-1/2" hole TOC-Surf-Circ 8-5/8" @ 4107' w/ 1200sx, 11" hole TOC-Surf-Circ 5-1/2" @ 8350' w/ 2035sx 7-7/8" hole TOC-Surf-Circ	Lost Tank Delaware Act Oil
OXY USA Inc.	Lost Tank 35 St	3	31608	6 ✓	330 FSL 2030 FWL N-35-21S-31E	May-02	8250'	6932-6966'	13-3/8" @ 812' w/ 900sx, 17-1/2" hole TOC-Surf-Circ 8-5/8" @ 4100' w/ 1175sx, 11" hole TOC-Surf-Circ 5-1/2" @ 8250' w/ 1675sx 7-7/8" hole TOC-Surf-Circ	Lost Tank Delaware Act Oil
OXY USA Inc.	Lost Tank 35 St	2	32354	7 ✓	330 FSL 1980 FEL O-35-21S-31E	Jul-02	8300'	6957-6992'	13-3/8" @ 808' w/ 900sx, 17-1/2" hole TOC-Surf-Circ 8-5/8" @ 4100' w/ 1050sx, 11" hole TOC-Surf-Circ 5-1/2" @ 8300' w/ 1675sx 7-7/8" hole TOC-Surf-Circ	Lost Tank Delaware Act Oil
OXY USA Inc.	Lost Tank 35 St	1	31361	8 ✓	660 FSL 660 FEL P-35-21S-31E	Oct-00	8500'	6980-7000'	13-3/8" @ 750' w/ 850sx, 17-1/2" hole TOC-Surf-Circ 8-5/8" @ 4230' w/ 2520sx, 11" hole TOC-Surf-Circ 5-1/2" @ 8500' w/ 1815sx 7-7/8" hole TOC-360'-CBL	Lost Tank Delaware Act Oil
Yates Petroleum Corp	Graham AKB St	5	31911	9 ✓	330 FNL 2310 FWL C-2-22S-31E	May-02	8406'	6948-6992'	13-3/8" @ 850' w/ 700sx, 17-1/2" hole TOC-Surf-Circ 8-5/8" @ 4087' w/ 1300sx, 11" hole TOC-Surf-Circ 5-1/2" @ 8406' w/ 1150sx 7-7/8" hole TOC-Surf-Circ	Lost Tank Delaware Act Oil
Yates Petroleum Corp	Graham AKB St	3	31604	10 ✓	660 FNL 1650 FEL B-2-22S-31E	May-01	8404'	6966-8230'	13-3/8" @ 850' w/ 935sx, 17-1/2" hole TOC-Surf-Circ 8-5/8" @ 4183' w/ 1300sx, 11" hole TOC-Surf-Circ 5-1/2" @ 8404' w/ 500sx 7-7/8" hole TOC-Surf-Circ	Lost Tank Delaware P&A-1/07 ✓

ACK
 10 wells - 9 Active
 1 P&A



New Mexico Office of the State Engineer Water Column/Average Depth to Water

(A CLW##### in the POD suffix indicates the POD has been replaced & no longer serves a water right file.)

(R=POD has been replaced,
O=orphaned,
C=the file is closed)

(quarters are 1=NW 2=NE 3=SW 4=SE)
(quarters are smallest to largest) (NAD83 UTM in meters) (In feet)

POD Number	POD Code	Sub-basin	County	Q	Q	Q	Sec	Tws	Rng	X	Y	Depth Well	Depth Water	Water Column
C 02949 EXPL			ED	1	1	4	34	21S	31E	616140	3589231*	970		

Average Depth to Water: --
Minimum Depth: --
Maximum Depth: --

Record Count: 1

PLSS Search:

Section(s): 25, 26, 27, 34, 35, 36 **Township:** 21S **Range:** 31E

*UTM location was derived from PLSS - see Help

The data is furnished by the NMOSE/ISC and is accepted by the recipient with the expressed understanding that the OSE/ISC make no warranties, expressed or implied, concerning the accuracy, completeness, reliability, usability, or suitability for any particular purpose of the data.

12/18/13 3:33 PM

WATER COLUMN/ AVERAGE
DEPTH TO WATER



New Mexico Office of the State Engineer Water Column/Average Depth to Water

(quarters are 1=NW 2=NE 3=SW 4=SE)
(quarters are smallest to largest) (NAD83 UTM in meters)

No records found.

PLSS Search:

Section(s): 1, 2, 3 **Township:** 22S **Range:** 31E

The data is furnished by the NMOSE/ISC and is accepted by the recipient with the expressed understanding that the OSE/ISC make no warranties, expressed or implied, concerning the accuracy, completeness, reliability, usability, or suitability for any particular purpose of the data.

12/18/13 3:34 PM

WATER COLUMN/ AVERAGE
DEPTH TO WATER

IX. Describe the proposed stimulation program, if any.
Sand fracture treatment

XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.

I have examined the available geologic and engineering data for the Lost Tank 35 #1 SWD well and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.


Cyd Ruidiaz-Santiago, Geologist

Endura Products C

P.O. Box 3394, Midland,
Phone (432) 684-4233 Fax

WATER ANAL

Date **10/10/2006** Endura Rep **Norman Small**
Sampling Point/Date **Wellhead 10/4/2006**
Company **Pogo Producing Co.**
Formation **Op. Delaware** Lease **COYOTE 21**

FORM C-108
ITEM VII(5)

ANALYSIS -- Injection Zone
Produced Water

POGO PRODUCING COMPANY
Cedar Canyon "21" Federal No. 3
Section 21, T-24S, R-29E
Eddy County, New Mexico

State **New Mexico**
County **Eddy**
Well **#1**

DISSOLVED SOLIDS

<u>CATIONS</u>	mg/l	me/l
Sodium, Na+ (Calo.)	45,011	1,957
Total Hardness as Ca++	12,992	0
Calcium Ca++	10,856	543
Magnesium, Mg+	1,302	109
Barium, Ba++	0	0
Iron (Total) Fe+++*	0	0

ANIONS

Chlorides, Cl-	92,500	2,606
Sulfate, SO4-	100	2
Carbonate, CO3-	0	0
Bicarbonates, HCO3-	73	1
Sulfide, S-*	0	0
Total Dissolved Solid	149,842	

OTHER PROPERTIES

pH*	6.490
Specific Gravity, 60/60 F.	1.109
Turbidity	35

SCALING INDICIES

<u>TEMP. F</u>	<u>CA CO3</u>	<u>CASO4*2H2O</u>	<u>CA SO4</u>	<u>BA SO4</u>
80	-0.0677	-1.0097	-1.2523	-29.2957
120	0.2990	-1.0209	-1.0831	-29.4961
160	0.8653	-1.0396	-0.9292	-29.7255

PERFORATIONS

Notice Of Amended Application For Fluid Disposal

Applicant:

OXY USA Inc.
P.O. Box 50250
Midland, TX 79710
ATTN: David Stewart
432-685-5717

Purpose – Well:

Disposal of Produced Water Into A Zone Non-Productive of Oil & Gas
Lost Tank 35 State SWD #1 – SWD 1417
2630 FSL 2630 FWL NESW(K) Sec 35 T21S R31E
Eddy County, NM

Formation:

Delaware – Bell/Cherry Canyon
4355-6320'
Maximum Injection Rate – 4000 BWPD
Maximum Injection Pressure – 870 psi

Interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505 within 15 days of this application.

This notice was submitted to the newspaper 1/7/13 for publication and the notice and affidavit of publication will be sent after it has been received.

**C-108 Service List - Amended Application
OXY USA Inc
Lost Tank 35 State SWD #1 - SWD-1417
API No. 30-015-40890**

New Mexico Oil Conservation Division
811 S. First St.
Artesia, NM 88210

New Mexico Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

United States Dept of Interior
Bureau of Land Management
620 E. Greene Street
Carlsbad, NM 88220

Surface Owner

State Land Office
P.O. Box 1148
Santa Fe, NM 87504

Offset Operators within 1/2 mile

Yates Petroleum Corp.
105 S. 4th St.
Artesia, NM 88210

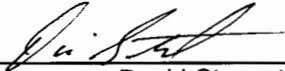
OXY USA Inc.
P.O. Box 50250
Midland, TX 79710

Potash Lessee(s) within 1 mile

Intrepid Potash
707 17th St., Ste. 4200
Denver, CO 80202

Western Ag-Minerals Co.
P.O. Box 71
Carlsbad, NM 88221

Copies of this application were mailed to the following individuals, companies and organizations on or before 11/7/13.



David Stewart
OXY USA Inc.

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey, Division Director
Oil Conservation Division



Administrative Order SWD-1417
May 10, 2013

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Pursuant to the provisions of 19.15.26.8B NMAC, OXY USA, Incorporated, seeks an administrative order to utilize its proposed Lost Tank 35 State SWD No. 1 located 2630 feet from the South line and 2630 feet from the West line, Unit letter K of Section 35, Township 21 South, Range 31 East, NMPM, Eddy County, New Mexico, for produced water disposal purposes.

THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of 19.15.26.8B NMAC and satisfactory information has been provided that affected parties as defined in said rule have been notified and no objections have been received within the prescribed waiting period. The applicant has presented satisfactory evidence that all requirements prescribed in 19.15.26.8 NMAC have been met and the operator is in compliance with 19.15.5.9 NMAC.

IT IS THEREFORE ORDERED THAT:

The applicant, OXY USA, Inc. (ORID 16696), is hereby authorized to utilize its proposed Lost Tank 35 State SWD Well No. 1 (**API 30-015-40890**) located **2630 feet from the South line and 2630 feet from the West line, Unit letter K** of Section 35, Township 21 South, Range 31 East, NMPM, Eddy County, for disposal of produced water into the upper Delaware-Bell Canyon formation through perforations from approximately 4355 feet to 4965 feet. Injection will occur through internally coated tubing and a packer set within 100 feet of the permitted interval.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the disposed water enters only the approved disposal interval and is not permitted to escape to other formations or onto the surface.

After installing tubing, the casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge or an approved leak detection device in order to determine leakage in the casing, tubing, or packer. The casing shall be pressure tested from the surface to the packer setting depth to assure casing integrity.

The well shall pass an initial mechanical integrity test ("MIT") prior to initially commencing disposal and prior to resuming disposal each time the disposal packer is unseated. All MIT testing procedures and schedules shall follow the requirements in Division Rule 19.15.26.11A. NMAC. The Division Director retains the right to require at any time wireline verification of completion and packer setting depths in this well.

The wellhead injection pressure on the well shall be limited to **no more than 871 psi**. In addition, the disposal well or system shall be equipped with a pressure limiting device in workable condition which shall, at all times, limit surface tubing pressure to the maximum allowable pressure for this well.

The Director of the Division may authorize an increase in tubing pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the disposed fluid from the target formation. Such proper showing shall be demonstrated by sufficient evidence including but not limited to an acceptable Step-Rate-Test.

The operator shall notify the supervisor of the Division's district II office of the date and time of the installation of disposal equipment and of any MIT test so that the same may be inspected and witnessed. The operator shall provide written notice of the date of commencement of disposal to the Division's district office. The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Division Rules 19.15.26.13 and 19.15.7.24 NMAC.

Without limitation on the duties of the operator as provided in Division Rules 19.15.29 and 19.15.30 NMAC, or otherwise, the operator shall immediately notify the Division's district II office of any failure of the tubing, casing or packer in the well, or of any leakage or release of water, oil or gas from around any produced or plugged and abandoned well in the area, and shall take such measures as may be timely and necessary to correct such failure or leakage.

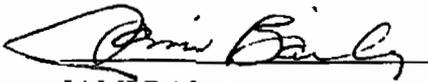
The injection authority granted under this order is not transferable except upon division approval. The division may require the operator to demonstrate mechanical integrity of any injection well that will be transferred prior to approving transfer of authority to inject.

The division may revoke this injection permit after notice and hearing if the operator is in violation of 19.15.5.9 NMAC.

The disposal authority granted herein shall terminate two years after the effective date of this order if the operator has not commenced injection operations into the subject well. One year after the last date of reported disposal into this well, the Division shall consider the well abandoned, and the authority to dispose will terminate *ipso facto*. The Division, upon written request mailed by the operator prior to the termination date, may grant an extension thereof for good cause.

Compliance with this order does not relieve the operator of the obligation to comply with other applicable federal, state or local laws or rules, or to exercise due care for the protection of fresh water, public health and safety and the environment.

Jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh or protectable waters or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the disposal authority granted herein.



JAMI BAILEY

Director

JB/prg

cc: Oil Conservation Division – Artesia District Office
New Mexico State Land Office - Oil, Gas, and Minerals Division
Bureau of Land Management – Carlsbad Field Office

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

NMOCJ
 1220 South St. Francis Dr.
 Santa Fe, NM
 87505

2. Article Number
(Transfer from service label)

7011 3500 0002 4988 4028

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

- Agent
 Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type

- Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

NMOCJ
 311 S. First St.
 Artesia, NM 88210

2. Article Number
(Transfer from service label)

7011 3500 0002 4988 4011

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

- Agent
 Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type

- Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

BLM
 620 E. Greene St.
 Cambridge, NM 88220

2. Article Number
(Transfer from service label)

7011 3500 0002 4988 4035

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

- Agent
 Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type

- Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

State Land Office
 P.O. Box 1143
 Santa Fe, NM 87504

2. Article Number
(Transfer from service label)

7011 3500 0002 4988 4042

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

- Agent
 Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type

- Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Yates Petroleum Corp.
105 S. 4th St.
Antesia, NM 88210

2. Article Number

(Transfer from service label)

7011 3500 0002 4988 4059

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

 Agent Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? YesIf YES, enter delivery address below: No

3. Service Type

 Certified Mail Express Mail Registered Return Receipt for Merchandise Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee)

 Yes

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Intrepid Botash
707 17th St., Ste. 4200
Denver, CO 80202

2. Article Number

(Transfer from service label)

7011 3500 0002 4988 4066

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

 Agent Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? YesIf YES, enter delivery address below: No

3. Service Type

 Certified Mail Express Mail Registered Return Receipt for Merchandise Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee)

 Yes

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Western As Minerals Co.
P.O. Box 71
Carrlsbad, NM 88221

2. Article Number

(Transfer from service label)

7011 3500 0002 4988 4073

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

 Agent Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? YesIf YES, enter delivery address below: No

3. Service Type

 Certified Mail Express Mail Registered Return Receipt for Merchandise Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee)

 Yes

Office
 District I - (575) 393-6161
 1625 N. French Dr., Hobbs, NM 88240
 District II - (575) 748-1283
 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

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

WELL API NO. 30-015-40890
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. VG-3604-0002
7. Lease Name or Unit Agreement Name Lost Tank 35 State SWD
8. Well Number 1
9. OGRID Number 16696
10. Pool name or Wildcat Lost Tank Delaware

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 Gas Well Other SWD

2. Name of Operator
OXY USA Inc.

3. Address of Operator
P.O. Box 50250 Midland, TX 79710

4. Well Location
 Unit Letter K : 2630 feet from the South line and 2630 feet from the West line
 Section 35 Township 21S Range 31E NMPM County Eddy

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3521.6'

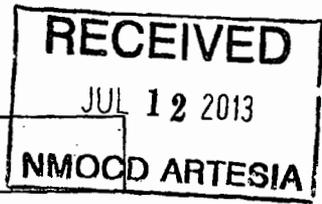
12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

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 type="checkbox"/>	COMMENCE DRILLING OPNS. <input checked="" type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input checked="" type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
OTHER: <input type="checkbox"/>		OTHER: <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.

Spud 14-3/4" 6/28/13, drill to 852' 6/29/13. RIH & set 11-3/48" 42# H-40 STC csg @ 852', cmt w/ 330sx (102bbl) PPC w/ additives 13.5ppg 1.73 yield followed by 270sx (65bbl) w/ additives 14.8ppg 1.35yield, circ 308sx (95bbl) cmt to surf. WOC. Test BOP's @ 250# low 1550# high. 6/30/13 Test csg to 1380# for 30min, tested good. RH & tag cmt @ 795'.

Spud Date: 6/28/13 Rig Release Date:



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

SIGNATURE David Stewart TITLE Regulatory Advisor DATE 7/10/13

Type or print name David Stewart E-mail address: david_stewart@oxy.com PHONE: 432-685-5717

For State Use Only
 APPROVED BY: RR Dade TITLE Dist II Supervisor DATE July 16, 2013

Conditions of Approval (if any):

Handwritten mark

District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
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

RECEIVED
OIL CONSERVATION DIVISION
DEC 02 2013
Santa Fe, NM 87505
WOOD ARTESIA

WELL API NO.
30-015-40890

5. Indicate Type of Lease
STATE FEE

6. State Oil & Gas Lease No.
UG-3604-0002

7. Lease Name or Unit Agreement Name
Lost Tank 35 State SWD

8. Well Number
1

9. OGRID Number
16696

10. Pool name or Wildcat

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 Gas Well Other SWD

2. Name of Operator
OXY USA Inc.

3. Address of Operator
P.O. Box 50250 Midland, TX 79710

4. Well Location
Unit Letter K : 2630 feet from the South line and 2630 feet from the West line
Section 35 Township 21S Range 31E NMPM County Eddy

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3521.6' GR

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 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 checked="" type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
CLOSED-LOOP SYSTEM <input type="checkbox"/>			
OTHER: <input type="checkbox"/>		OTHER: <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.

11/3/12, MIRU Rig, Install WH & BOP, Close blind rams and test csg to 1382# for 30min, passed. RIH & tag CIBP @ 390' & 800', drill & mill out to 848', RIH w/ magnet & junk basket clean out wellbore. 11/13/12, RIH w/ 10-5/8" BHA & drill out cmt & drill to 4342', 11/14/13. RIH w/ 9-5/8" 40#, J55 LTC csg & set @ 4327'. H2S alarms went off during the running of csg, continued to circ hole). Cmt w/ 330sx (111bbl) Light PPC w/ additives 12.9ppg 1.89 yield followed by 510sx (118bbl) PPC w/ additives 14.8ppg 1.30 yield, circ 30sx (10bbl) cmt to surface, WOC. RIH w/ CBL, EIR down 11-3/4" X 9-5/8", sqz 250sx (56bbl) CL C cmt, circ to surface. WOC, pressure 320#, bled off pressure, no flow, SI, check for pressure buildup, no pressure build up after 30min. 11/20/13, RIH & tag cmt @ 4209', test csg to 2765# for 30 min, passed. Drill new formation to 4351', perform FIT test to 10.5ppg brine, EMW=420#.

11/20/13. Drill 8-3/4" hole to 6352', 11/22/13. RIH w/ 7" 26# L80 LTC csg & set @ 6346', cmt w/ 510sx (165bbl) Light PPC w/ additives 12.8ppg 1.82 yield followed by 430sx (119bbl) PPC w/ additives 14.8ppg, 1.55 yield, lost circulation during displacement, no cmt to surface, Calc TOC 3730', notified NMOCD, left message. Set slips, ND BOP & accumulator, at 0800 hrs the crew noticed that the annulus pressure gauge was installed on wrong valve, put on correct valve, opened with no pressure. RD, cut csg, install WH, test to 3790# for 10 min. Rel rig @ 1700hrs 11/24/13, pressure on annulus had increased to 500#. Checked again @ 1200hrs 11/25/13, pressure remained @ 500#.

Spud Date: 11/3/12 (6/20/13) Rig Release Date: 11/25/13

RECEIVED
DEC 02 2013
WOOD ARTESIA

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 Advisor DATE 11/26/13

Type or print name David Stewart E-mail address: david_stewart@oxy.com PHONE: 432-685-5717

For State Use Only
APPROVED BY: David Stewart TITLE Dist. H. Supervisor DATE 12/4/2013
Conditions of Approval (if any):

Submit 1 Copy To Appropriate District Office
 District I - (575) 393-6161
 1625 N. French Dr., Hobbs, NM 88240
 District II - (575) 748-1283
 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

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.)		WELL API NO. 30-015-40890
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <u>SWD</u>		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator OXY USA Inc.		6. State Oil & Gas Lease No. UG-3604-0002
3. Address of Operator P.O. Box 50250 Midland, TX 79710		7. Lease Name or Unit Agreement Name Lost Tank 35 State SWD
4. Well Location Unit Letter <u>K</u> : <u>2630</u> feet from the <u>south</u> line and <u>2630</u> feet from the <u>west</u> line Section <u>35</u> Township <u>21S</u> Range <u>31E</u> NMPM County <u>Eddy</u>		8. Well Number <u>1</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.) <u>3521.6'</u>		9. OGRID Number 16696
		10. Pool name or Wildcat SWD Delaware

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 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: <u>Completion</u> <input checked="" type="checkbox"/>		OTHER: <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.

See Attached

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 David Stewart TITLE Sr. Regulatory Advisor DATE 1/7/13

Type or print name David Stewart E-mail address: david_stewart@oxy.com PHONE: 432-685-5717

For State Use Only

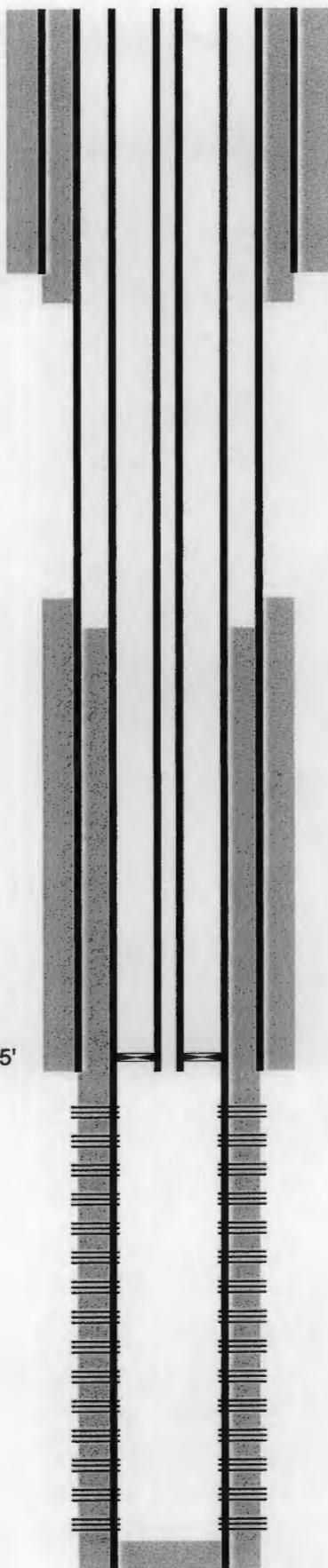
APPROVED BY: _____ TITLE _____ DATE _____
 Conditions of Approval (if any): _____

RECOMMENDED PROCEDURE:

Clean location, set and test anchors. Install frac valve.

- Check location for hazardous conditions.
- MIRU WLU. NU 7" frac stack.
- RU Pump truck and test casing and wellhead to maximum of 5000psi only.
- RU WL. PU & RIH w/ WL guns and perforate first stage (5510–6151'), break down perms w/ 15% NEFE HCl. POOH.
- RD WLU.
- Rig up frac and WLU. Set maximum Pressure to 5000psi. Frac Stage #1.
NOTE: Ensure both the 7" x 9 5/8" and 9 5/8" x 11 3/4" annulus are monitored during the frac job to ensure no unexpected pressure is seen. If pressure is seen notify the completion engineer immediately.
- PU guns and 7" CBP (caged ball type), RIH and set plug at 5480'. Perf stage 2 (4965–5436'), POOH, check guns, and LD WL.
- Frac Stage #2.
- PU guns and 7" FTCBP, RIH and set plug at 4950'. Perf stage 3 (4650–4886'), POOH, check guns, and LD WL.
- Frac Stage #3
- PU guns and 7" FTCBP, RIH and set plug at 4600'. Perf stage 4 (4400–4561'), POOH, check guns, and LD WL. RD and release WLU.
- Frac Stage #4
- RU DDP, Reverse Unit and Air Unit with N2 membrane. PU workstring and collars w/ 5.875" – 6.125" mill. Drill out CBP's at 4600', 4950' and 5480' for clean out. Ensure enough air/ foam is used to maintain circulation and hole cleaning.
- Continue cleaning to the PBTD @ 6259'. POOH w/ work string and lay down.
- RU WLU. PU perf guns and re-perforate 4 zones, Ensure to check guns after each perforation run. RD WL.
- Flow back well through frac stack directly to frac tanks at low rates and do not surge the formation. Flow well until it dies, or fluid returns are clean. Dispose of waste water at a commercial waste facility.
- RU WLU. PU AS-1X packer, profile nipple, bottom half of on/off tool, pump off plug and set packer at 4370' (~30' above top perf).
- ND frac stack. NU wellhead.
- PU and RIH with 3.5" 7.7# J-55 Duo-line tubing and top half of on/off tool. Circulate packer fluid. Land out on/off tool and tubing.
- Test the back side of the tubing to confirm packer, on/ off tool and tubing integrity.
NOTE: Ensure MIT is witnessed as per requirement of SWD wells.
- Pressure up on tubing to pump open the isolation plug.
- Hand well over to surface ops and put onto SWD operations ASAP.
NOTE: The 7" x 9 5/8" and 9 5/8" x 11 3/4" annulus' are to be monitored for the life of the well and production engineer notified immediately of any pressure deviations.

OXY USA Inc.
Lost Tank 35 State SWD #1
API No. 30-015-40890



14-3/4" hole @ 852'
11-3/4" csg @ 852'
w/ 600sx-TOC-Surf-Circ

10-5/8" hole @ 4342'
9-5/8" csg @ 4327'
w/ 1090sx-*TOC-Surf-Circ
*CBL-TOC @ 2546'
*1" 250sx cmt, circ to surf

3-1/2" 7.7# Duo-Line tbg w/ AS-1X pkr @ 4305'

Perfs @ +/-4355-6320'

8-3/4" hole @ 6352'
7" csg @ 6346'
w/ 830sx-TOC-2718'-CBL

TD-6352'

<p>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>Print your name and address on the reverse so that we can return the card to you.</p> <p>Attach this card to the back of the mailpiece, or on the front if space permits.</p> <p>Article Addressed to:</p> <p>NMOCJ 1200 South St. Friends Dr. Santa Fe, NM 87505</p>	<p>A. Signature X <i>[Signature]</i></p> <p>B. Received by (Printed Name) <i>[Signature]</i></p> <p>C. Date of Delivery JAN 9 2004</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p> <p>3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>	<p>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>Print your name and address on the reverse so that we can return the card to you.</p> <p>Attach this card to the back of the mailpiece, or on the front if space permits.</p> <p>Article Addressed to:</p> <p>Deson Energy Prod. Co. 20 N. Broadway Oklahoma City, OK. 73102</p>	<p>A. Signature X <i>[Signature]</i></p> <p>B. Received by (Printed Name) <i>[Signature]</i></p> <p>C. Date of Delivery JAN 9 2004</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p> <p>3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
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1. Article Number (Transfer from service label) 7011 3500 0002 4988 4026 PS Form 3811, February 2004 Domestic Return Receipt 10288-02-00-10-01

2. Article Number (Transfer from service label) 7011 3500 0002 4988 2000 PS Form 3811, February 2004 Domestic Return Receipt 10288-02-00-10-01

<p>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>Print your name and address on the reverse so that we can return the card to you.</p> <p>Attach this card to the back of the mailpiece, or on the front if space permits.</p> <p>Article Addressed to:</p> <p>NMOCJ 311 S. First St. Artesia, NM 88210</p>	<p>A. Signature X <i>[Signature]</i></p> <p>B. Received by (Printed Name) <i>[Signature]</i></p> <p>C. Date of Delivery JAN 9 2004</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p> <p>3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>	<p>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>Print your name and address on the reverse so that we can return the card to you.</p> <p>Attach this card to the back of the mailpiece, or on the front if space permits.</p> <p>Article Addressed to:</p> <p>Intrapid Bolash 707 17th St., Ste. 4200 Denver, CO 80202</p>	<p>A. Signature X <i>[Signature]</i></p> <p>B. Received by (Printed Name) <i>[Signature]</i></p> <p>C. Date of Delivery JAN 9 2004</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p> <p>3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
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1. Article Number (Transfer from service label) 7011 3500 0002 4988 4011 PS Form 3811, February 2004 Domestic Return Receipt 10288-02-00-10-01

2. Article Number (Transfer from service label) 7011 3500 0002 4988 4066 PS Form 3811, February 2004 Domestic Return Receipt 10288-02-00-10-01

<p>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>Print your name and address on the reverse so that we can return the card to you.</p> <p>Attach this card to the back of the mailpiece, or on the front if space permits.</p> <p>Article Addressed to:</p> <p>State Land Office P.O. Box 1143 Santa Fe, NM 87508</p>	<p>A. Signature X <i>[Signature]</i></p> <p>B. Received by (Printed Name) <i>[Signature]</i></p> <p>C. Date of Delivery JAN 10 2004</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p> <p>3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>	<p>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>Print your name and address on the reverse so that we can return the card to you.</p> <p>Attach this card to the back of the mailpiece, or on the front if space permits.</p> <p>Article Addressed to:</p> <p>Western Ar. Minerals Co. P.O. Box 71 Caulsbad, NM 88221</p>	<p>A. Signature X <i>[Signature]</i></p> <p>B. Received by (Printed Name) Linda S. Balthus</p> <p>C. Date of Delivery JAN 10 2004</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p> <p>3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
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1. Article Number (Transfer from service label) 7011 3500 0002 4988 4042 PS Form 3811, February 2004 Domestic Return Receipt 10288-02-00-10-01

2. Article Number (Transfer from service label) 7011 3500 0002 4988 4079 PS Form 3811, February 2004 Domestic Return Receipt 10288-02-00-10-01

<p>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>Print your name and address on the reverse so that we can return the card to you.</p> <p>Attach this card to the back of the mailpiece, or on the front if space permits.</p> <p>Article Addressed to:</p> <p>BLM 670 E. Greene St. Caulsbad, NM 88220</p>	<p>A. Signature X <i>[Signature]</i></p> <p>B. Received by (Printed Name) <i>[Signature]</i></p> <p>C. Date of Delivery JAN 10 2004</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p> <p>3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>	<p>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>Print your name and address on the reverse so that we can return the card to you.</p> <p>Attach this card to the back of the mailpiece, or on the front if space permits.</p> <p>Article Addressed to:</p> <p>Yates Petroleum Corp. 105 S. 4th St. Artesia, NM 88210</p>	<p>A. Signature X <i>[Signature]</i></p> <p>B. Received by (Printed Name) T. [Signature]</p> <p>C. Date of Delivery JAN 10 2004</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p> <p>3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
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1. Article Number (Transfer from service label) 7011 3500 0002 4988 4035 PS Form 3811, February 2004 Domestic Return Receipt 10288-02-00-10-01

2. Article Number (Transfer from service label) 7011 3500 0002 4988 4054 PS Form 3811, February 2004 Domestic Return Receipt 10288-02-00-10-01

OKY USA Inc.
Lost Tank 38X SWD#1
Amended SWD Application

Affidavit of Publication

State of New Mexico,
County of Eddy, ss.

Kathy McCarroll, being first duly sworn,
on oath says:

That she is the Classified Supervisor of the Carlsbad Current-Argus, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

January 9 2014

That the cost of publication is \$51.42 and that payment thereof has been made and will be assessed as court costs.

Kathy McCarroll

Subscribed and sworn to before me this

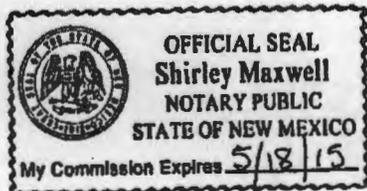
15th day of January, 2014

Shirley Maxwell

My commission Expires

May 18, 2015

Notary Public



January 9, 2014
Notice Of Amended Application For Fluid Disposal
Applicant:
OXY USA Inc.
P.O. Box 50250
Midland, TX 79710
ATTN: David Stewart
432-685-5717
Purpose - Well:
Disposal of Produced Water into A Zone Non-Productive of Oil & Gas
Lost Tank 35 State SWD #1 - SWD 1417
2630 FSL 2630 FWL
NESW(K) Sec 35 T21S R31E
Eddy County, NM
Formation:
Delaware - Bell/Cherry Canyon
4355-6320'
Maximum Injection Rate - 4000 BWPD
Maximum Injection Pressure - 870 psi
Interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505 within 15 days of this application.



C-108 Review Checklist:

Received 01/09/14 Add. Request [cmt prog] 03/13/14 Reply Date: Suspended: [Ver 13]

PERMIT TYPE: WFX / PMX / SWD Number: 1417-A Permit Date: 04/07/14 Legacy Permits/Orders: SWD-1417 Approved perms - 4355 to 4965

Well No. 1 Well Name(s): Lost Tank 35 State SWD

API: 30-0 15-40890 Spud Date: 06/29/2013 New or Old: New (UIC Class II Primacy 03/07/1982)

Footages 2630 FSL / 2630 FWL Lot - or Unit K Sec 35 Tsp 215 Rge 31E County Eddy

General Location: NE of WIPP - 2 miles W of Eddy/Lea Pool: SWD - Delaware/Bell & Cherry Pool No.: 96802 County line

BLM 100K Map: Jul Operator: OXY USA, IAC OGRID: 16696 Contact: - David Stewart & - Mike Flinn

COMPLIANCE RULE 5.9: Total Wells: 1840 Inactive: 11 Fincl Assur: Yes Compl. Order? No IS 5.9 OK? Yes Date: 04/07/14

WELL FILE REVIEWED Current Status: New well - issues with cmt of AOH wells (30-015-31604) in 2013

WELL DIAGRAMS: NEW: Proposed or RE-ENTER: Before Conv. After Conv. Logs in Imaging: Add. VDL for 9 5/8 in & FCBL for 7 inch pipe

Planned Rehab Work to Well: Wash prevents cont. cmt on 9 5/8; added new depth - to be perforated

Table with columns: Well Construction Details, Sizes (in) Borehole / Pipe, Setting Depths (ft), Cement Size or Cf, Cement Top and Determination Method. Rows include Surface, Interm Prod, Interm Prod, Prod/Liner, and OH/PERF.

Table with columns: Injection Stratigraphic Units, Depths (ft), Injection or Confining Units, Tops. Rows include Adjacent Unit, Confining Unit, Proposed Inj Interval TOP/BOTTOM, and another Confining Unit.

AOR: Hydrologic and Geologic Information section containing fields for POTASH, FRESH WATER, NMOSE Basin, Disposal Fluid, Disposal Int, HC Potential, and AOR Wells.

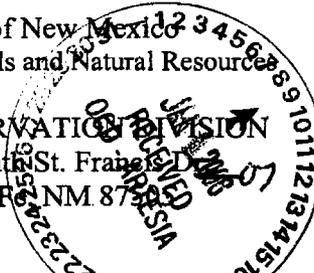
NOTICE: Newspaper Date 01/09/2014 Mineral Owner: SW Surface Owner: SW N. Date: 01/10/14

Permit Conditions: Issues: Cmt between 8 5/8-in and 5 1/2-in casings - requested plan to match 111-P Add Permit Cond: Injection survey & cmt program as submitted

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 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
 OIL CONSERVATION DIVISION
 1220 South St. Francis
 Santa Fe, NM 87505

Form C-103
 May 27, 2004



WELL API NO.
 30-015-31604

5. Indicate Type of Lease
 STATE FEE

6. State Oil & Gas Lease No.
 V-2705

7. Lease Name or Unit Agreement Name
 Graham AKB State

8. Well Number
 3

9. OGRID Number
 025575

10. Pool name or Wildcat
 Lost Tank; Delaware

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 Gas Well Other P&A

2. Name of Operator
 Yates Petroleum Corporation

3. Address of Operator
 105 S. 4th Street, Artesia, NM 88210

4. Well Location
 Unit Letter B : 660 feet from the North line and 1650 feet from the East line
 Section 2 Township 22S Range 31E NMPM Eddy County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
 3536'GR

Pit or Below-grade Tank Application or Closure

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:		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 type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P & A <input checked="" type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: <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 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

12/26/06 - RIH with gauge ring, would not go past 5600'. Pumped fresh water. NOTE: NMOC approved to spot 50 sx cement. RIH with tubing to 6760'. Broke circulation with plugging mud. Spotted 50 sx cement and WOC.
 12/27/06 - Tagged at 5920'. Perforated at 4364'. Pumped 35 sx cement and WOC. Tagged at 4214'. Perforated at 4200'.
 12/28/06 - Pumped 35 sx cement and WOC. Tagged at 4000'. Pumped 108 sx cement at 3984'. Spotted 108 sx cement at 2893'. Pumped 108 sx cement at 1800'.
 1/1/07 - Tagged at 802'. Circulated 20 sx cement 163' to surface. Cut off wellhead. Installed dry hole marker. **WELL IS PLUGGED AND ABANDONED. FINAL REPORT.**

① 6760-5920 cmt plus 1/2 IC
 ② Perf 4364 [TOC 4214] - annulus & IC
 ③ Perf 4200 [TOC 4000] - annulus & IC
 ④ 108 (CS) + 108 (CS) + 108 (CS) [TOC 802]
 ⑤ 163' to 0' 205K

Plugging of the well bore. Liability under bond is retained until surface restoration, environmental remediation and final inspection is completed.

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 NMOC guidelines , a general permit or an (attached) alternative OCD-approved plan .

SIGNATURE Tina Huerta TITLE Regulatory Compliance Supervisor DATE January 4, 2007

Type or print name Tina Huerta E-mail address: tinah@ypcnm.com Telephone No. 505-748-1471

For State Use Only
 APPROVED BY: Gerry Guye TITLE Deputy Field Inspector DATE JAN 12 2007
 Conditions of Approval (if any) District II - Artesia

Goetze, Phillip, EMNRD

From: David_Stewart@oxy.com
Sent: Thursday, March 13, 2014 4:15 PM
To: Goetze, Phillip, EMNRD
Cc: Jones, William V.; McMillan, Michael, EMNRD
Subject: RE: Additional Information for Amending SWD-1417

Phillip, appreciate the update and I am going to forward this to the drilling and completion group and let them explain.

Thanks,
David Stewart
Sr. Regulatory Advisor
OXY Permian
Wk-432-685-5717
Cell-432-634-5688
Fax-432-685-5742
david_stewart@oxy.com

From: Goetze, Phillip, EMNRD [<mailto:Phillip.Goetze@state.nm.us>]
Sent: Thursday, March 13, 2014 5:08 PM
To: Stewart, David
Cc: Jones, William V.; McMillan, Michael, EMNRD
Subject: Additional Information for Amending SWD-1417

RE: Application to amend SWD-1417; 30-015-40890; Lost Tank 35 State SWD #1
2630 FSL/2630 FWL; Unit K/S35-T21S-R31E

David:

I am reviewing the application to amend the SWD well. There are two questions regarding the current well construction:

1. The top of the 9 5/8-inch casing shows cement in place. Does the CBL which was used to determine the TOC at 2546' also cover the shallower cement seal? And if so, is the log available?
2. This well is within the jurisdiction of Division Order R-111-P. The 5-inch production casing has a TOC of 2718'. With the top of salt at ~855' and top of cement for the 9 5/8 casing at 2546', there is over 1600' of casing through the salt interval with no cement and no potential for secondary protection from the cement for the 5-inch casing. Why wasn't the cement for the 5-inch not circulated to surface?

Please contact me with any questions regarding these two items. PRG

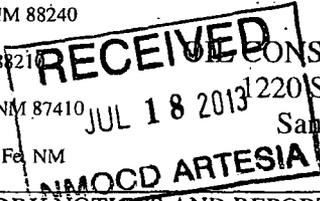
Phillip R. Goetze, P.G.
Engineering and Geological Services Bureau, Oil Conservation Division
1220 South St. Francis Drive, Santa Fe, NM 87505
O: 505.476.3466 F: 505.476.3462
phillip.goetze@state.nm.us

Submit 1 Copy To Appropriate District Office

State of New Mexico Energy, Minerals and Natural Resources

Form C-103 Revised August 1, 2011

District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
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



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

WELL API NO. 30-015-40890
5. Indicate Type of Lease STATE [X] FEE []
6. State Oil & Gas Lease No. VG-3604-0002
7. Lease Name or Unit Agreement Name Lost Tank 35 State SWD
8. Well Number 1
9. OGRID Number 16696
10. Pool name or Wildcat SWD Delaware
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3521.6'

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 [] Gas Well [] Other [X] SWD
2. Name of Operator OXY USA Inc.
3. Address of Operator P.O. Box 50250 Midland, TX 79710
4. Well Location Unit Letter K : 2630 feet from the south line and 2630 feet from the west line
Section 35 Township 21S Range 31E NMPM County Eddy
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3521.6'

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 COMPL []
DOWNHOLE COMMINGLE []

SUBSEQUENT REPORT OF:

- REMEDIAL WORK [] ALTERING CASING []
COMMENCE DRILLING OPNS. [] P AND A []
CASING/CEMENT JOB []

OTHER: []

OTHER: Drill Intermediate Hole Water Flow TA [X]

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.

- 7/1/2013 - DRILL 10-5/8" INTERMEDIATE HOLE
7/2/2013 - CONTINUE DRILLING 10-5/8" INTERMEDIATE HOLE
7/3/2013 - DRILL FROM 2678' TO 3004' - SLIDING AS NEEDED, CIRCULATE OUT H2S INFLUX AND SHUT IN ON WELL
7/4/2013 - BUILD 12.5 PPG MUD, CIRCULATE OUT H2S KICK AND DISPLACE 10 PPG BRINE WITH 12.5 PPG POLYMER MUD, BUILD ADDITIONAL VOLUME, CIRCULATE 12.5 PPG MUD TO SURFACE
7/5/2013 - CIRCULATE 12.5 PPG MUD IN WELL, SHUT DOWN, WAIT ON 13.5 PPG MUD, BUILD VOLUME AT 12.8 PPG - CIRCULATE WELL WITH 12.8 PPG MUD
7/6/2013 - CIRCULATE AROUND 12.8 PPG MUD IN ATTEMPT TO KILL WELL - PERFORM FLOW CHECKS TO DETERMINE IF DRILLING WELL IS FEASIBLE
7/7/2013 - CIRCULATE AROUND 12.9 PPG, HOLDING BACK PRESSURE TO CIRCULATE OUT INFLUX, PREPARE 14.5 PPG MUD CAF
7/8/2013 - SPOT 14.5 PPG MUD CAP ON WELL FROM 3004' - 1054', PERFORM FLOW CHECK, WELL IS DEAD, TOOH TO CASING SHOE, MONITOR WELL WHILE WAITING ON HALLIBURTON, TIH TO 1052',
7/9/2013 - PUMP 200sx C/C CMT W/ 2% CaCl2 + .5% Halad-9 PLUG, 14.8PPG, WOC. RIH & TAG CEMENT AT 829', TOOH. RIH & SET CIBP @ 790'.
7/10/2013 - TEST CIBP TO 515# FOR FOR 30 MIN HELD GOOD, TOOH; NIPPLE DOWN BOP; INSTALL AND TEST WELL HEAD; JET AND CLEAN PITS, RIG DOWN AND RELEASE RIG @ 18:00 HRS.

DETAIL INFORMATION WILL BE PROVIDED ON REQUEST. CURRENTLY WORKING ON GO FORWARD PLAN, SUNDRY WILL BE FILED FOR NMOCD APPROVAL PRIOR TO ANY WORK BEING DONE.

Spud Date: 6/28/13

Rig Release Date: 7/10/13

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

SIGNATURE [Signature] TITLE Regulatory Advisor DATE 7/16/13

Type or print name David Stewart E-mail address: david.stewart@oxy.com PHONE: 432-685-5717

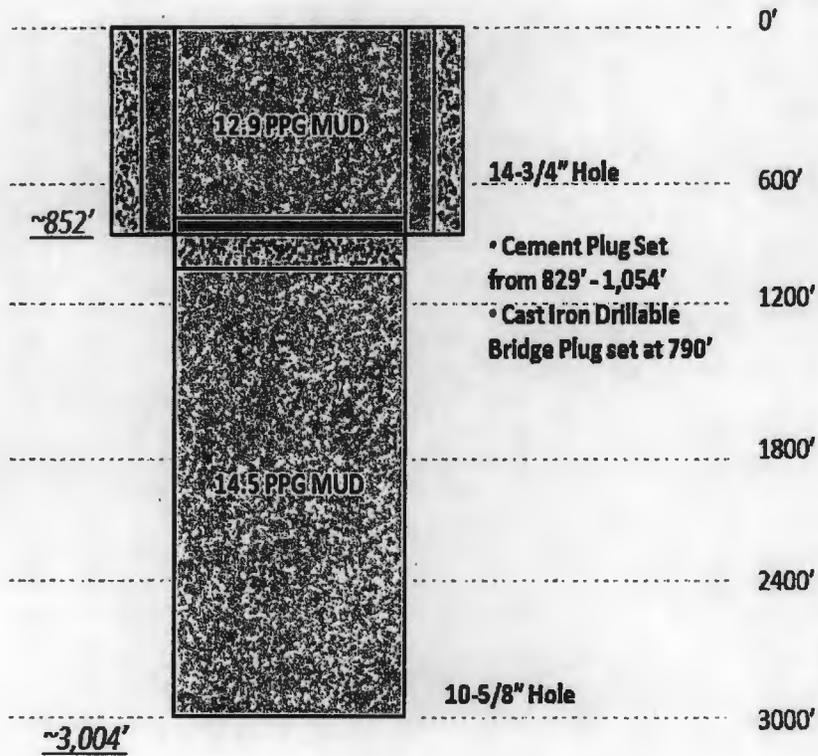
For State Use Only

APPROVED BY: [Signature] TITLE Dist. Supervisor DATE July 18, 2013

Conditions of Approval (if any):

Lost Tank 35 St SWD 1 - Forward Plan **SUNDRY INFO**

Current Well Status:



SUMMARY OF CHANGES:

Option 1 – Flex 3 using same wellbore (3 string if able to contain flow with casing drilling)

- Expand location for a Flex 3 w/ enough space for at least 5 additional frac tanks.
- Drill out CIBP and cement. If no losses/gains with the kill mud weight in the hole, casing drill 10 5/8" hole to ~4340' (100' into Lamar) and cement 9 5/8" 40# J55 UFJ casing. Drill 8 3/4" hole to TD of ~6320' and set 7" 26# L80 LTC casing.

Option 2 – Flex 3 using same wellbore (4 string if unable to contain flow with casing drilling)

- Expand location for a Flex 3 w/ enough space for at least 5 additional frac tanks.
- Drill out CIBP and cement. Casing drill 10 5/8" hole to ~3200' and cement 9 5/8" 40# J55 UFJ casing to isolate flow, in the scenario where losses are experienced with the 14 ppg mud, or if H2S levels raise above the HES limits. Drill 8 3/4" hole to ~ 4340' (100' into Lamar) and set 7 5/8" 26.4# J55 UFJ casing. Drill 6 3/4" hole to TD of ~6320' and set 5 1/2" 17# L80 BTC casing.

Option 1 and 2:

- H2S and water flow mitigated with:
 - Kill mud weight.
 - Use rotating control device to divert gas away from the rig floor.
 - Cascade system on location, Indian Fire & Safety on location until casing point, additional H2S monitors installed in frac tanks, fans on rig floor.

Goetze, Phillip, EMNRD

From: Michael_Fisher@oxy.com
Sent: Wednesday, March 19, 2014 9:37 AM
To: Goetze, Phillip, EMNRD
Subject: LT 35 SWD 9-5/8" CBL
Attachments: losttank#35_RCBL_9 58.PDF

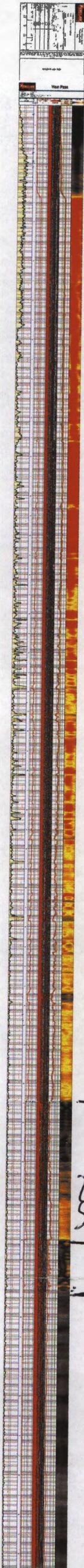
rgds

Mike Fisher
Completions Engineering Advisor
New Mexico & Texas Delaware
OXY Permian Resources
5 Greenway Plaza Suite 110, Houston, TX 77046
Room: 25.049
Office: (713) 552-8585
Cell: (832) 540-5753



30-015-40890
CBL for 9 5/8 inch casing

-164' significant channeling
-230' total wash



-2546' oxy

} channeling + washout

-3022' ↓ No channeling/good cement

Goetze, Phillip, EMNRD

From: Goetze, Phillip, EMNRD
Sent: Wednesday, March 26, 2014 3:13 PM
To: 'Michael_Fisher@oxy.com'
Cc: Dade, Randy, EMNRD; David_Stewart@oxy.com
Subject: RE: Lost Tank 35 State SWD #1

Mike:

This is very complete – thank you for providing such a quick response. I take a closer look tomorrow morning, but it looks like it is all I need to move forward. I will touch base with Randy and should have this resolved by the end of the week. PRG

Phillip R. Goetze, P.G.
Engineering and Geological Services Bureau, Oil Conservation Division
1220 South St. Francis Drive, Santa Fe, NM 87505
O: 505.476.3466 F: 505.476.3462
phillip.goetze@state.nm.us

From: [Michael Fisher@oxy.com](mailto:Michael_Fisher@oxy.com) [mailto:Michael_Fisher@oxy.com]
Sent: Wednesday, March 26, 2014 3:07 PM
To: Goetze, Phillip, EMNRD
Cc: Dade, Randy, EMNRD; [David Stewart@oxy.com](mailto:David_Stewart@oxy.com)
Subject: RE: Lost Tank 35 State SWD #1

Philip

Attached is the revised completion program for the well that includes the remedial cement work as discussed. The proposed post completed wellbore diagram can be seen on page 9 as requested.

If you are in agreement with the attached procedure then we will resubmit through the appropriate channel once the amended SWD permit is approved.

If you are not, please advise what you would like us to do differently.

rgds

Mike Fisher
Completions Engineering Advisor
OXY Permian Resources
Office: (713) 552-8585
Cell: (832) 540-5753

From: Goetze, Phillip, EMNRD [<mailto:Phillip.Goetze@state.nm.us>]
Sent: Wednesday, March 26, 2014 11:30 AM
To: Fisher, Michael W
Cc: Dade, Randy, EMNRD; Stewart, David
Subject: RE: Lost Tank 35 State SWD #1

Mike:

It is a fact that the District will not approve a sundry that proposes perforation for a SWD well that does not authority to inject, so I would hold the sundry till the SWD was close to issuance. Therefore, what I would like from OXY is an amended well completion diagram showing the proposed cementing program that was discussed and a summary that includes specifics (what you would include in a sundry). This information will be included in the C-108 application and will permit the application to be submitted for the Director's signature (with the new cementing program as a condition of approval). I'm including Randy in the e-mails so that he will also be able to see your submittal and he express any concerns prior to approval of the amended permit. PRG

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From: Michael.Fisher@oxy.com [<mailto:Michael.Fisher@oxy.com>]
Sent: Wednesday, March 26, 2014 5:59 AM
To: Goetze, Phillip, EMNRD
Cc: David.Stewart@oxy.com
Subject: Lost Tank 35 State SWD #1

Phillip

The completion program for the well has been updated to include a casing squeeze (following the stimulation treatment) to attempt to circulate cement back to surface behind the primary 7" casing as requested during our teleconference on 3/19/2014. My main question is:

- The District Office originally denied the completion sundry as the perforated interval was outside the permitted SWD permit (currently awaiting approval to an amended SWD permit, which was filed at the same time as the completion sundry). Im concerned that if I resubmit the completion sundry if will again be rejected due to the permit issue. Should we wait until the amended SWD permit is approved? Or would you like me to submit the revised completion immediately?

Feedback on the above matter would be greatly appreciated.

rgds

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Lost Tank 35 State SWD #1 Completion
 Mike Fisher
 Revision Date: March 26th, 2014

OXY USA INC
Lost Tank 35 State SWD #01
API#: 30-015-40890
Location: T21S R31E Sec. 35. 2630' FSL & 2630' FWL
Latitude: 32.4326326925762, Longitude: -103.74613825826
Eddy County, New Mexico

PROJECT ENGR: Mike Fisher
OFFICE PHONE: (832) 540-5753
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ALT. ENGR: Jeff Garoon
OFFICE PHONE: (713) 552-8596
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Project:

Stimulate and complete the vertical salt water disposal well in 4 stages within the Bell Canyon and Lower Cherry Canyon formations followed by remedial cementing operations of the primary 7" casing.

Finance Project:

Project #: 1168887
 Task #: 0103

History:

Spud Date: 10/28/2013
 TD Date: 10/27/2013
 Rig Release Date: 11/24/2013
 Completion Date: TBA

Well Information:

API #	30-015-40890
Estimated Completion Cost:	
Anticipated Inj. Rate:	~3500 bbls/d
Elevation:	KB: 3559 ft ASL; KB: 25 ft ; Ground Elevation: 3534 ft ASL
Max hole angle:	Vertical
TD:	6,352' MDKB
PBTD:	6,259' MDKB (top of float collar)
Casing Record:	<ul style="list-style-type: none"> • 11-3/4" 42# H-40 STC csg to 852' w/ cmt to surface. • 9-5/8" 32# J-55 Ultra-FJ csg to 4340' w/ cmt to surface. • 7" 26# L-80 LTC csg to 6,345' w/ TOC estimated @ ~3730' Max Surface Treating Pressure = 5000 psi (WH rating)
DV Tool Locations:	No DV Tool
Marker Joint	No Marker Joint
Tubing Record:	No tubing in well.
Completion Fluid:	8.7 ppg cut brine

Prior to Job:

- Clear location.
- MI & set anchors.
- MI & spot working tanks. Set up to be determined by WST/ WOCS.
- Please see “List of Vendors & Equipment to be Considered for Vertical Fracs” to help assist with checklist of equipment.

Proposed Operations (See below for procedure):

- Clean-out to PBTD w/ PU **(Complete)**;
- Data Acquisition/ Logs **(Complete)**:
 - a. Make run with W/L GR-CBL-VDL-CCL-Neutron Porosity log from 6,200 (or as deep as possible) to surface w/ 1000 psi on casing;
- Pressure Test Casing;
- WL prep Stage 1;
- Frac well via plug and perf method using the attached schedule;
- Perform remedial cementing operations;
- Clean out well to PBTD with DDPU and reverse rig;
- Blow down well to flow back tanks;
- Run tubing;
- Hand well over to operations for SWD duties.

Misc. Well Information:

All depths are measured depths. Correlate perforation depths to KB.

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Proposed Perforations:

Stage 1		Pump Rate:			60 BPM		500000 lbs		
Sand	SN Top	SN Btm	Gross Pay	Top Perf	Btm Perf	Density	# of Holes	Phasing	Hole Size
Cherry Canyon	5495	5530	35	5,510	5,511	6	6	60	
	5595	5680	85	5,670	5,671	6	6	60	
	5700	5770	70	5,740	5,741	6	6	60	
	5780	5900	120	5,805	5,806	6	6	60	
				5,875	5,876	6	6	60	
	6100	6200	100	6,150	6,151	6	6	60	
			410				36		
Stage 2		Pump Rate:			60 BPM		500000 lbs		
Sand	SN Top	SN Btm	Gross Pay	Top Perf	Btm Perf	Density	Shots	Phasing	Hole Size
Bell Canyon	4935	4985	50	4,965	4,966	6	6	60	0.43
	5000	5020	20	5,010	5,011	6	6	60	0.43
	5095	5130	35	5,120	5,121	6	6	60	0.43
	5350	5400	50	5,375	5,376	6	6	60	0.43
	5410	5450	40	5,435	5,436	6	6	60	0.43
Total			195				30		
Stage 3		Pump Rate:			60 BPM		300000 lbs		
Sand	SN Top	SN Btm	Gross Pay	Top Perf	Btm Perf	Density	# of Holes	Phasing	Hole Size
Bell Canyon	4620	4670	50	4650	4651	6	6	60	0.43
	4710	4760	50	4740	4741	6	6	60	0.43
	4790	4840	50	4827	4828	6	6	60	0.43
	4855	4900	45	4885	4886	6	6	60	0.43
Total			195				24		
Stage 4		Pump Rate:			60 BPM		300000 lbs		
Sand	SN Top	SN Btm	Gross Pay	Top Perf	Btm Perf	Density	Shots	Phasing	Hole Size
Bell Canyon	4380	4410	30	4,400	4,401	6	6	60	0.43
	4420	4450	30	4,434	4,435	6	6	60	0.43
	4470	4490	20	4,479	4,480	6	6	60	0.43
	4510	4535	25	4,529	4,530	6	6	60	0.43
	4550	4600	50	4,560	4,561	6	6	60	0.43
Total			155				30		

Perforation Guns

The guns are 4" with premium charges, 0.43" EHD w/ 6 JSPF on 60 degree phasing. W/L Service Company will provide the appropriate setting tool to run the fully composite flow-thru frac plugs (caged ball type).

Perforations Reference

Perforations to be referenced to the GR-CNL-CCL-CBL log run during the well preparation phase. Correlate depths to KB from table on page #1.

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Frac Plugs

Fully composite flow-thru frac plugs (caged ball type). Plug company will provide tool hand during the job to ensure plugs are set up and run correctly with 3rd party setting tool.

Frac Water Volume Required

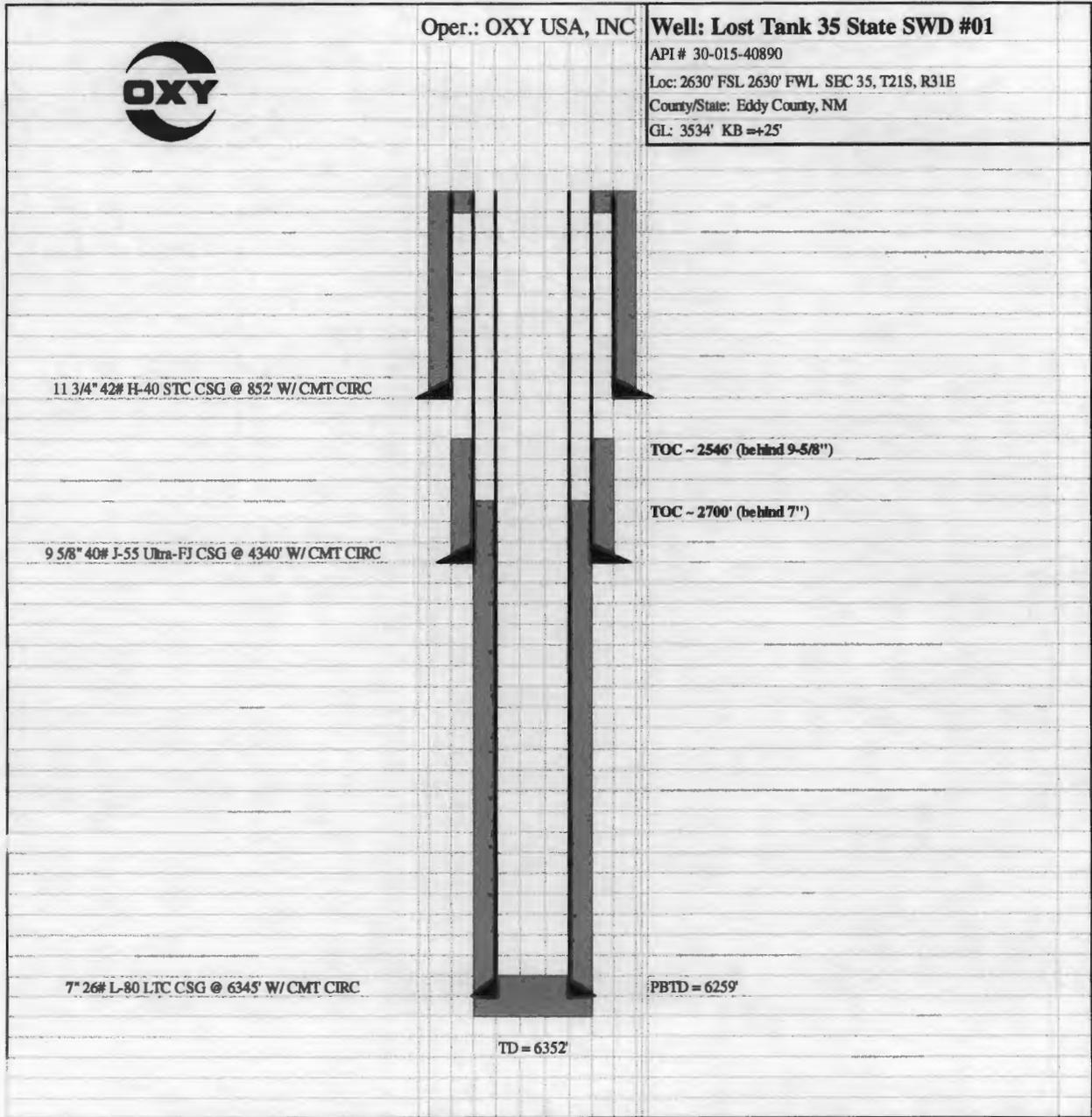
~20,000 bbls (includes 10% excess).

Frac Sand Required

~1,600,000# of 16/30 brown sand.

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Wellbore Diagram (Pre-Completion):



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.

Well Preparation and Run Logs:

Clean location, set and test anchors. Install frac valve.

1. Check location for hazardous conditions.
2. MIRU WLU. NU 7" frac stack.
3. RU Pump truck and test casing and wellhead to maximum of **5000psi** only. (Wellhead rated to **5000psi** only).

7.0" 26# L-80 LTC CSG @ 6345' W/ TOC @ 2720'.

ID = 6.276" - DID = 6.151" - BURST = 7240 PSI - COLLAPSE = 5410 PSI

4. RU WL. PU & RIH w/ WL guns to perf first frac stage per above schedule.
NOTE: If operation requires changing depth of caged ball plugs or perforating schedule, take into account the nearest collar depth based upon the GR-CCL-CBL acquired post drilling.
5. Perforate first stage (**5510' – 6151'**) per attached procedure. Arm guns & break down perms w/ 15% NEFE HCl. POOH and check guns.
6. RD WLU.

Frac:

7. Rig up frac and WLU. Set maximum Pressure to **5000psi**. Frac Stage # 1 as per attached vendor procedure.
NOTE: Ensure both the 7" x 9 5/8" and 9 5/8" x 11 3/4" annulus are monitored during the frac job to ensure no unexpected pressure is seen. If pressure is seen notify the completion engineer immediately.

8. PU guns and 7.0" CBP (caged ball type), RIH and set plug at **5480'**. Perf stage 2 (**4965' – 5436'**) per the above perf schedule. POOH, check guns, and LD WL.
9. Frac Stage # 2 as per attached vendor procedure.
10. PU guns and 7.0" FTCPB, RIH and set plug at **4950'**. Perf stage 3 (**4650' – 4886'**) per the above perf schedule. POOH, check guns, and LD WL.
11. Frac Stage # 3 as per attached vendor procedure.
12. PU guns and 7.0" FTCPB, RIH and set plug at **4600'**. Perf stage 4 (**4400' – 4561'**) per the above perf schedule. POOH, check guns, and LD WL. RD and release WLU.
13. Frac Stage # 4 as per attached vendor procedure.
14. RD and release frac crew.

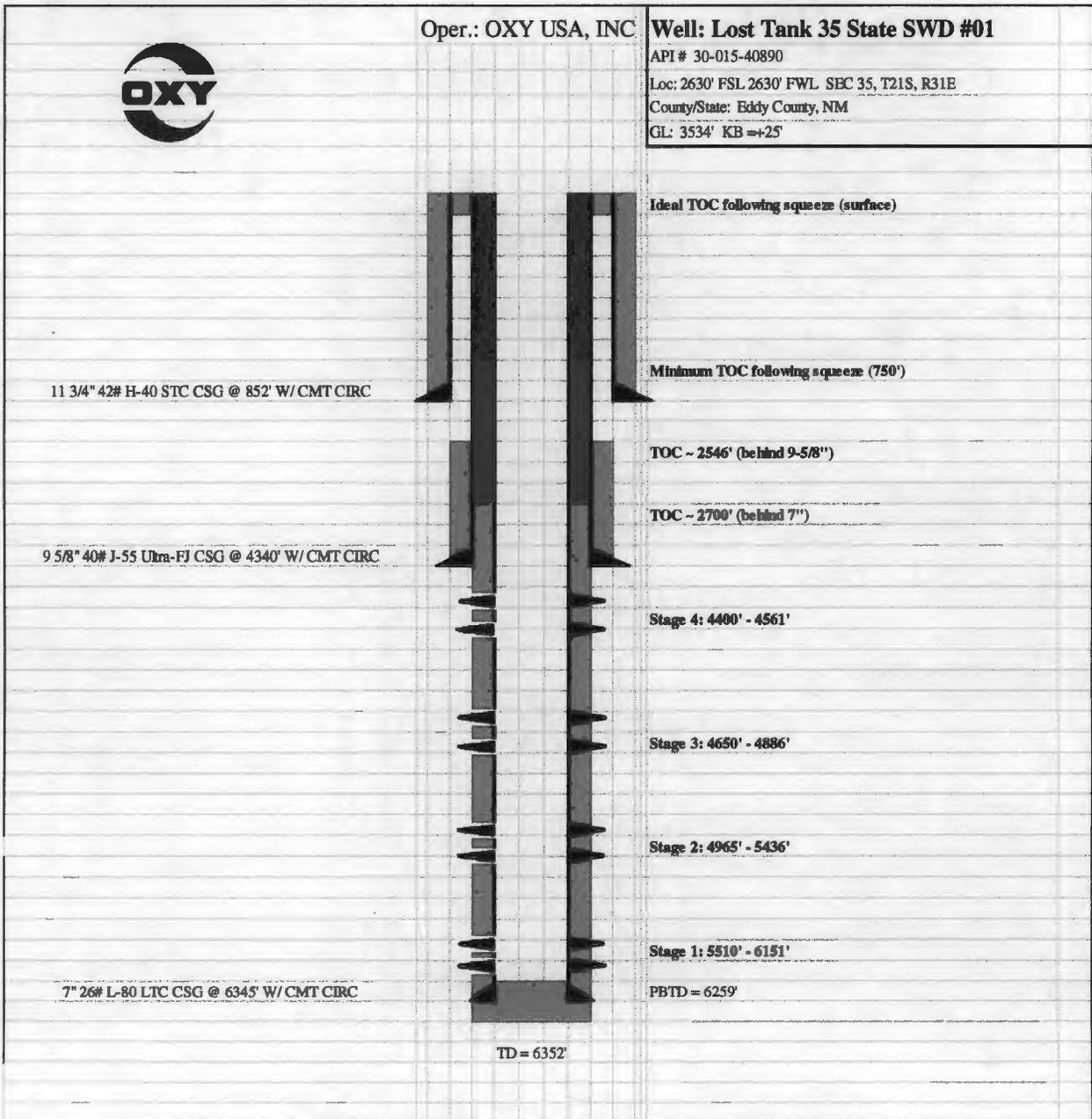
Remedial Cement Work

15. MIRU DDPU and NU BOP;
16. Attempt to latch on and release slips on the 7" production casing;
NOTE: The slips must be free with a degree of movement in tension on the 7" to successfully determine free pipe.
17. MIRU WL and RIH w/ Free point tool;
Log from 3200' (~500' below CBL identified TOC) to surface.
18. LD Freepoint tool, and reset the casing in the slips;
19. PU 7" RBP, RIH and set 100' below the freepoint;
20. Pressure test casing to 1500psi to confirm RBP is holding;
21. Dump 5sx (~5cu/ft) of sand to cap RBP;
Should correspond to ~23ft of sand on top of RBP.
22. PU 6.0" drift and RIH and tag sand and confirm depth then POOH;
23. PU WL guns (4 shots @ 4spf, 90deg phasing, 0.42" EHD);
24. RIH and perforate 30' above the identified freepoint;
25. POOH and LD WL guns;
26. Open the 7" x 9-5/8" casing annulus valve and pump into the 7" casing @ 2bpm, establish a circulation rate and circulate 2 x bottoms up (~150bbbls);
27. PU and RIH w/ cement retainer on 2-7/8" WS and set at 50' above the perforated interval. Pressure test backside to 2000psi to ensure retainer is good;

28. Pump 1000 ft of tubing volume (~5bbbls) to ensure circulation is still present;
29. Mix and pump 83bbbls (includes 10% excess) 13ppg cmt slurry until maximum squeeze pressure or maximum squeeze volume @ 3-4bbl/min;
NOTE: DO NOT EXCEED 2500psi.
30. Once sufficient displacement fluid is pumped to fully displace the cement there should be ~8bbbls cmt to surface assuming returns are not lost during the job;
31. Sting out of cmt retainer and circulate 2 x WS volume to clean the tubing using treated water;
32. RDMO cmt company and wait for 24hrs.
33. RU WL, PU CBL and log from PBTD (cmt retainer) to surface.
34. Identify new TOC if returns were lost during the job.
35. If TOC is 750' or higher continue with the well cleanout procedure below.
36. If TOC is deeper than 750' then an additional cmt squeeze will be required, and the above process should be repeated.

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Wellbore Diagram (Post Cement Squeeze):



Wellbore Clean-out

37. RU DDP, Reverse Unit and Air Unit with N2 membrane. PU workstring and collars w/ 5.875" – 6.125" mill. Drill out cmt retainer at ~ **2600'** followed by CBP's at **4600'**, **4950'** and **5480'** per attached Best Practices procedure for cleaning. Be sure all recommendations in the Best Practices Procedure are implemented. Ensure enough air/foam is used to maintain circulation and hole cleaning.
38. Continue cleaning to the PBTB @ **6259'**. POOH w/ work string and lay down.
39. RU WLU. PU perf guns and re-perforate 4 zones as per procedure. Ensure to check guns after each perforation run. RD WL.
40. Flow back well through frac stack directly to frac tanks at low rates and do not surge the formation. Flow well until it dies, or fluid returns are 'clean'. Dispose of waste water at a commercial waste facility.

NOTE: DO NOT SEND FLOWBACK WATER TO AN OXY SWD WELL

41. RU WLU. PU AS-1X packer, profile nipple, bottom half of on/off tool, pump off plug and set packer at **4370'** (~30' above top perf).
42. ND frac stack. NU wellhead.
43. PU and RIH with 3.5" 7.7# J-55 Duo-line tubing and top half of on/off tool. Circulate packer fluid. Land out on/off tool and tubing.
44. Test the back side of the tubing to confirm packer, on/ off tool and tubing integrity.

NOTE: Ensure MIT is witnessed as per requirement of SWD wells.

45. Pressure up on tubing to pump open the isolation plug.
46. Hand well over to surface ops and put onto SWD operations ASAP.

NOTE: The 7" x 9 5/8" and 9 5/8" x 11 3/4" annulus' are to be monitored for the life of the well and production engineer notified immediately of any pressure deviations.

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Lost Tank 35 State SWD #1 Driving Directions:

FROM JAL NM, TAKE HWY 128 WEST TO COUNTY RD 798 AND TURN NORTH, GO 17.5 MILES TO LOCATION ACCESS RD AND TURN WEST, GO 1 MILE AND TURN NORTH INTO LOCATION.

Latitude: 32.4326326925762, Longitude: -103.74613825826