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|-------------------------|------------------|--------------|----------------------------|
| RECEIVED: 05/13/2019 | REVIEWER: MAM | TYPE: DHC | APP NO: DMAm19133 55645 |
|-------------------------|------------------|--------------|----------------------------|

ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Geological & 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

Applicant: DXI USA Inc. OGRID Number: 16696
Well Name: Loving Federal #1 API: 30-015-24333
Pool: Loving Atoka, North (Gas) Pool Code: 88694

SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW

DHC-4986

- 1) **TYPE OF APPLICATION:** Check those which apply for [A]
- A. Location – Spacing Unit – Simultaneous Dedication
☐ NSL ☐ NSP (PROJECT AREA) ☐ NSP (PRORATION UNIT) ☐ SD
- B. Check one only for [I] or [II]
- [I] Commingling – Storage – Measurement
☒ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM
- [II] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

2) **NOTIFICATION REQUIRED TO:** Check those which apply.

- A. ☐ Offset operators or lease holders
B. ☐ Royalty, overriding royalty owners, revenue owners
C. ☐ Application requires published notice
D. ☐ Notification and/or concurrent approval by SLO
E. ☒ Notification and/or concurrent approval by BLM
F. ☐ Surface owner
G. ☐ For all of the above, proof of notification or publication is attached, and/or,
H. ☐ No notice required

| FOR OCD ONLY | |
|--------------------------|------------------------------|
| <input type="checkbox"/> | Notice Complete |
| <input type="checkbox"/> | Application Content Complete |

- 3) **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]
Signature

5/8/19
Date

432-685-5717
Phone Number

david.stewart@oxy.com
e-mail Address

*Originally filed 7/23/18 & Withdrawn 8/14/18

District I
1625 N. French Drive, Hobbs, NM 88240

District II
811 S. First St., Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

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

State of New Mexico
Energy, Minerals and Natural Resources Department

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

Form C-107A
Revised August 1, 2011

APPLICATION TYPE
☒ Single Well
☐ Establish Pre-Approved Pools
EXISTING WELL BORE
☒ Yes ☐ No

APPLICATION FOR DOWNHOLE COMMINGLING

Operator OXY USA Inc. - 16696 Address P.O. Box 50250 Midland TX 79710
Lease Loving Federal 1 Well No. F-4-235-28E County Elly
Unit Letter-Section-Township-Range
OGRID No 16696 Property Code 305122 API No 3001524333 Lease Type: ☒ Federal ☐ State ☐ Fee

| DATA ELEMENT | UPPER ZONE | INTERMEDIATE ZONE | LOWER ZONE |
|--|---|-------------------|---|
| Pool Name | <u>N. Loving Strawn (G)</u> | | <u>N. Loving Morrow (G)</u> |
| Pool Code | <u>80710</u> | | <u>80695</u> |
| Top and Bottom of Pay Section (Perforated or Open-Hole Interval) | <u>1244-11273'</u> | | <u>1218-12387'</u> |
| Method of Production (Flowing or Artificial Lift) | <u>Flowing</u> | | <u>Flowing</u> |
| Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone) | <u>—</u> | | <u>—</u> |
| Oil Gravity or Gas BTU (Degree API or Gas BTU) | <u>1217 W-1195</u> | | <u>1217 W-1195</u> |
| Producing, Shut-In or New Zone | <u>New</u> | | <u>New</u> |
| Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.) | Date: <u>See</u> Rates: <u>Production</u> <u>Cume</u> | Date: Rates: | Date: <u>See</u> Rates: <u>Production</u> <u>Cume</u> |
| Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.) | Oil Gas % <u>52</u> % | Oil Gas % % | Oil Gas % <u>40</u> % |

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?

Yes ☒ No ☐
Yes ☐ No ☐

Are all produced fluids from all commingled zones compatible with each other?

Yes ☒ No ☐

Will commingling decrease the value of production?

Yes ☐ No ☒

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands
or the United States Bureau of Land Management been notified in writing of this application?

Yes ☒ No ☐

NMOCD Reference Case No. applicable to this well: _____

Attachments:

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

PRE-APPROVED POOLS

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

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

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

SIGNATURE David Stewart TITLE SR. Regulatory Advisor DATE 5/8/19

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

E-MAIL ADDRESS david_stewart@oxy.com

Additional Contact - Justin Belk - SR. Res Eng - 713-552-2501
justin_belk@oxy.com



OXY USA Inc.
Box 27570, Houston, TX 77227-7570

Courtney R. Carr
Land Negotiator Staff

Phone (713) 599-4116
Courtney_Carr@oxy.com

January 16, 2019

RE: Application for down hole commingle
Loving Federal Com #1 (API: 30-015-24333)

To Whom It May Concern:

OXY USA Inc., as Operator, will be filing applications with the New Mexico Oil Conservation Division and the Bureau of Land Management for approval of the above mentioned commingle project.

This letter serves as notice that the operator and interest owners are identical for the well listed above.

Best Regards

OXY USA Inc.

A handwritten signature in cursive script that reads "Courtney Carr".

Courtney Carr
Land Negotiator Staff

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone: (505) 393-6161 Fax: (505) 393-0720
 District II
 811 S. First St., Artesia, NM 88210
 Phone: (505) 748-1283 Fax: (505) 748-9720
 District III
 1060 Rte. Brazos Road, Aztec, NM 87410
 Phone: (505) 334-6176 Fax: (505) 334-6170
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505
 Phone: (505) 476-3460 Fax: (505) 476-3462

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

Form C-102
 Revised August 1, 2011
 Submit one copy to appropriate
 District Office
☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-------------------------------------|--|---|
| 1 API Number 30-015-24333 | 2 Pool Code 80710 | 3 Pool Name North Loving Strawn (Gas) |
| 4 Property Code | 5 Property Name Loving Federal | 6 Well Number 1 |
| 7 OGRID No. 16696 | 8 Operator Name OXY USA Inc. | 9 Elevation 3030' |

" Surface Location

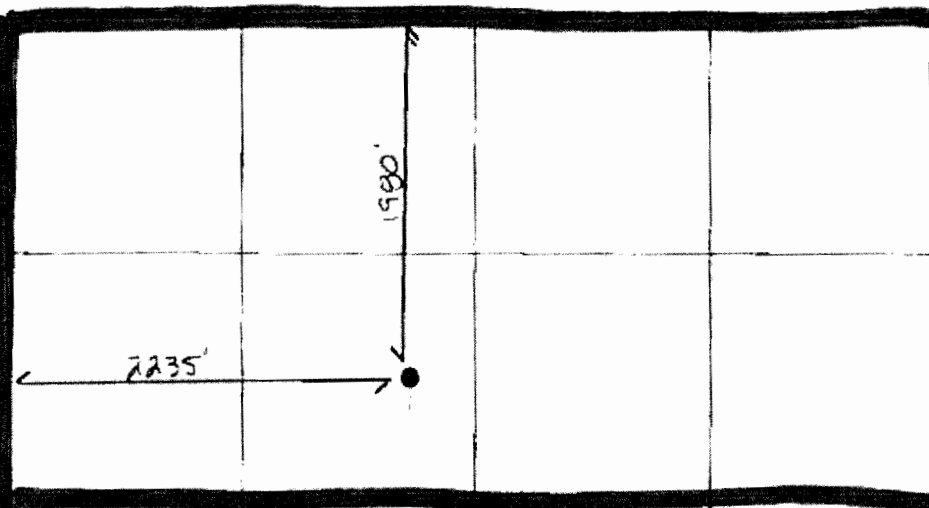
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|----------|------------|------------|---------|---------------|------------------|---------------|----------------|-------------|
| F | 4 | 23S | 26E | | 1980 | North | 2235 | West | Eddy |

" Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

| | | | |
|----------------------------------|--------------------------------|-----------------------|--------------|
| 10 Dedicated Acres 320 | 11 Joint or Infill N | 12 Consolidation Code | 13 Order No. |
|----------------------------------|--------------------------------|-----------------------|--------------|

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



" OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this operator or either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature: *[Signature]* Date: **7/23/18**
 Printed Name: **David Stewart**
 E-mail Address: **david.stewart@oxy.com**

" SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey
 Signature and Seal of Professional Surveyor

Certificate Number

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone: (575) 393-6161 Fax: (575) 393-0720
 District II
 811 S. First St., Artesia, NM 88210
 Phone: (575) 748-1283 Fax: (575) 748-9720
 District III
 1000 Rio Brazos Road, Aztec, NM 87410
 Phone: (505) 334-6178 Fax: (505) 334-6170
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505
 Phone: (505) 476-3460 Fax: (505) 476-3462

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

Form C-102
 Revised August 1, 2011
 Submit one copy to appropriate
 District Office
☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|--|---|--|
| ¹ API Number 30-015-24333 | ² Pool Code 80695 | ³ Pool Name North Loving Morrow (Gas) |
| ⁴ Property Code | ⁵ Property Name Loving Federal | ⁶ Well Number 1 |
| ⁷ OGRID No. 16696 | ⁸ Operator Name OXY USA Inc. | ⁹ Elevation 3030' |

" Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|----------|------------|------------|---------|---------------|------------------|---------------|----------------|-------------|
| F | 4 | 23S | 28E | | 1980 | North | 2235 | West | Eddy |

" Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

| | | | |
|---|---|----------------------------------|-------------------------|
| ¹⁰ Dedicated Acres 320 | ¹¹ Joint or Infill N | ¹² Consolidation Code | ¹³ Order No. |
|---|---|----------------------------------|-------------------------|

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

" OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature: *David Stewart*
 Date: **7/23/18**

Printed Name: **David Stewart**

E-mail Address: **david.stewart@oxy.com**

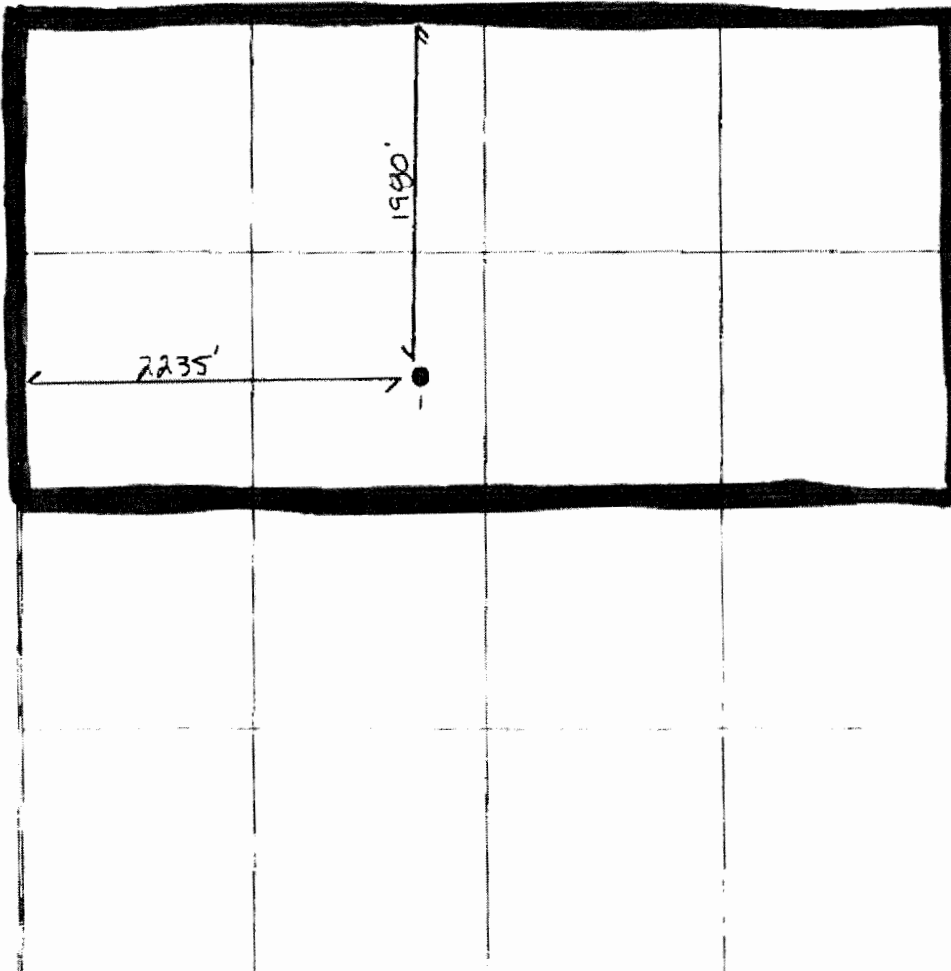
"SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey

Signature and Seal of Professional Surveyor

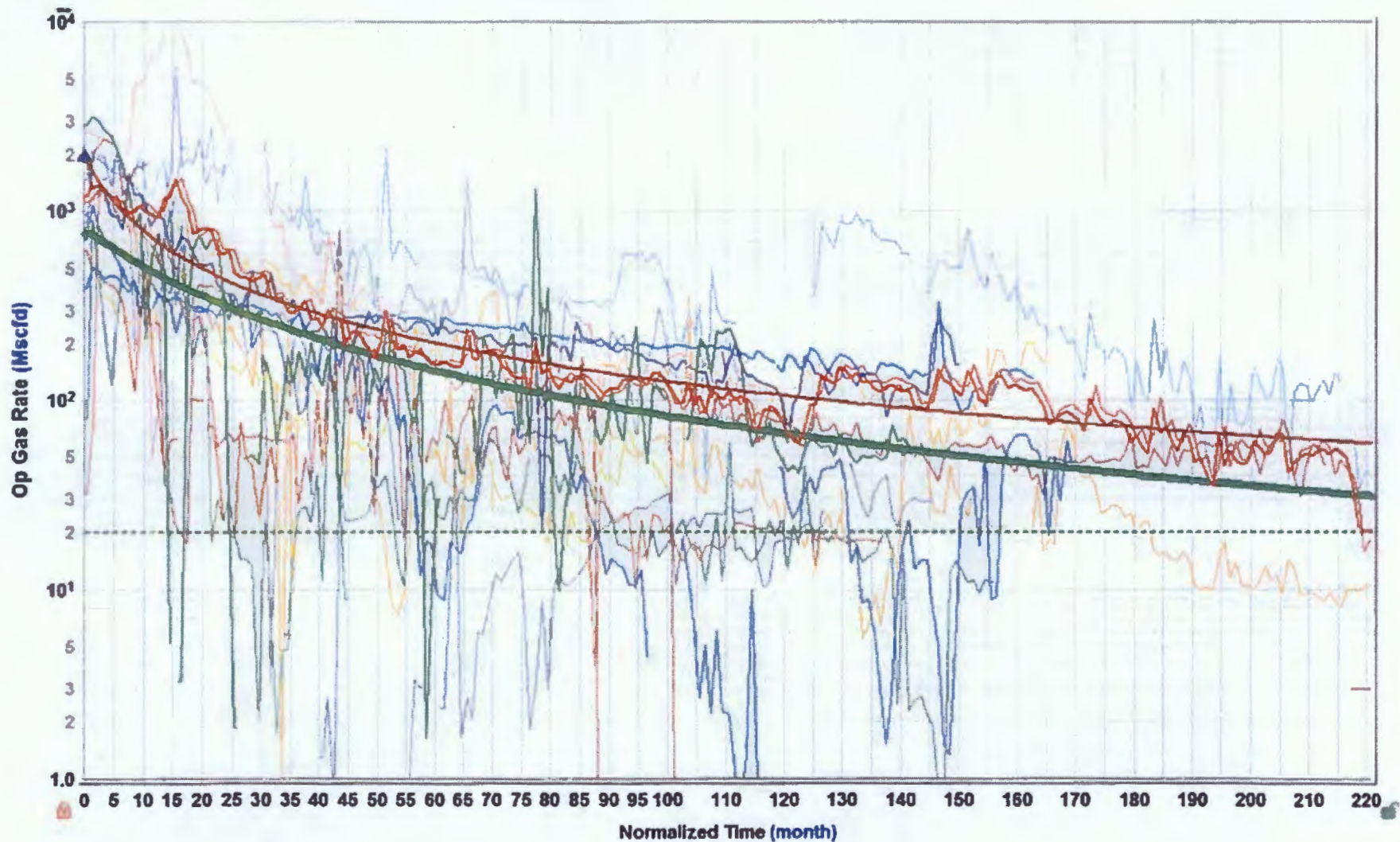
Certificate Number



Attachment C-107A - Loving Federal #1 – 30-015-24333

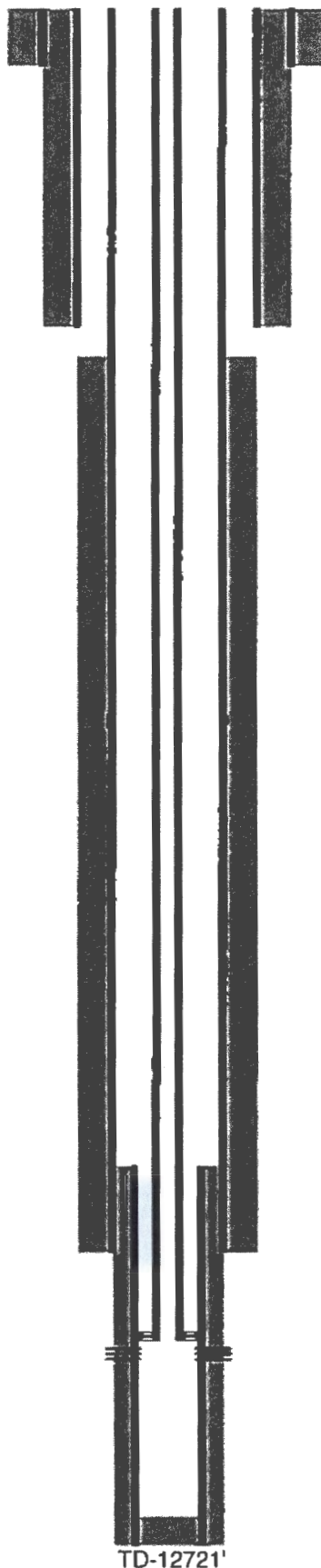
Production curve for each zone for at least one year. (If not available, attach explanation.) Zones are not opened, so well has no production history in this well
For zones with no production history, estimated production rates and supporting data.

Morrow: 368 mscf peak - Strawn: 400 mscf peak - This is based on analogs risked for potential depletion or rock quality



Data to support allocation method or formula. (based on estimated peak production in type curve Strawn estimated 400 mscf, and Morrow estimate 368 mscf)

OXY USA Inc. - Current
Loving Federal #1
API No. 30-015-24333



26" hole @ 402'
20" csg @ 402'
w/ 800sx-TOC-Surf-Circ

14-3/4" hole @ 2700'
10-3/4" csg @ 2700'
w/ 1600sx-TOC-Surf-Circ

9-1/2" hole @ 10500'
7-5/8" csg @ 10500'
DVT @ 5982'
w/ 2300sx-TOC-3350'-TS

2-3/8" tbg & pkr @ 11386'

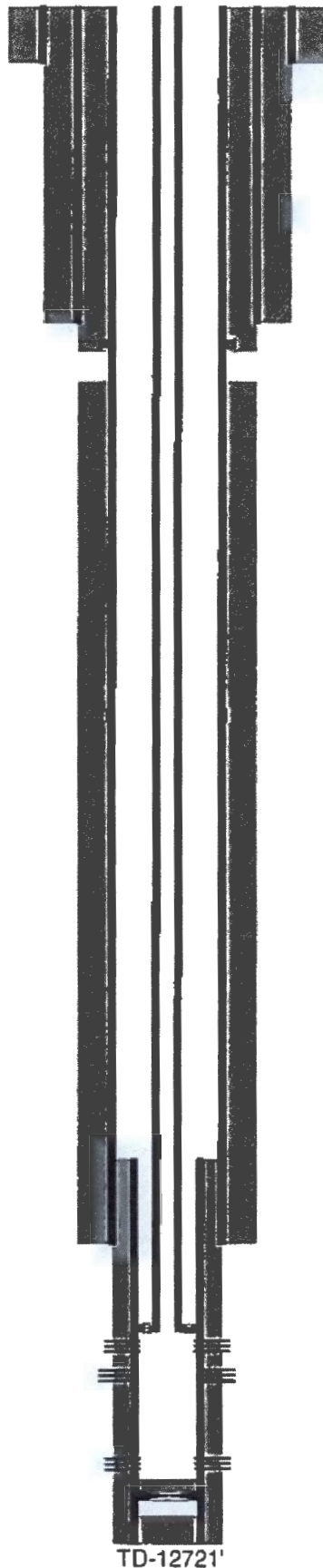
Perfs @ 11458-11540'

6-1/8" hole @ 12721'
5" liner @ 9983-12716'
w/ 475sx-TOC-9983'-Circ

PB-12641'

TD-12721'

OXY USA Inc. - Proposed
Loving Federal #1
API No. 30-015-24333



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB NO. 1004-0137
Expires: January 31, 2018**SUNDRY NOTICES AND REPORT**
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.*5. Lease Serial No.
NMNM18038
6. If Indian, Allottee or Tribe Name**SUBMIT IN TRIPLICATE - Other instructions on page 2**7. If Unit or CA/Agreement, Name and/or No.
SCR4431. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other8. Well Name and No.
LOVING FED COM 12. Name of Operator
OXY USA INCORPORATEDContact: DAVID STEWART
E-Mail: david_stewart@oxy.com9. API Well No.
30-015-24333-00-S13a. Address
5 GREENWAY PLAZA SUITE 110
HOUSTON, TX 77046-05213b. Phone No. (include area code)
Ph: 432.685.571710. Field and Pool or Exploratory Area
N LOVING

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

Sec 4 T23S R28E SENW

11. County or Parish, State
EDDY COUNTY, NM**12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|--|---|---|--|---|
| <input checked="" type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Hydraulic Fracturing | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input checked="" type="checkbox"/> Recomplete | <input type="checkbox"/> Other |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.

1. MIRU PU, RD production tree, NU BOP & test.

2. Unset packer & POOH with pkr & tbg.

3. RIH w/ 4.151" bit & scraper to 12510' & circulate control fluid, POOH.

4. RIH w/ CBL & casing log.

5. RIH w/ CIBP & set @ 12500', dump bail 7sx cmt to 12450'.

6. RIH w/ cement retainer & pkr to 11580', PUH & set cmt ret & pkr @ 11420'. M&P 102sx CI H cmt & sqz Atoka perms @ 11458-11540'.

GC 8-10-18
Accepted for record - NMOCD

RECEIVED

AUG 07 2018

DISTRICT II-ARTESIA O.C.D.

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

Electronic Submission #428254 verified by the BLM Well Information System
For OXY USA INCORPORATED, sent to the Carlsbad
Committed to AFMSS for processing by PRISCILLA PEREZ on 07/25/2018 (18PP2280SE)

Name (Printed/Typed) DAVID STEWART

Title REGULATORY ADVISOR

Signature (Electronic Submission)

Date 07/23/2018

THIS SPACE FOR FEDERAL OR STATE OFFICE USEApproved By /s/ Jonathon ShepardTitle Petroleum Engineer
Carlsbad Field Office

JUL 26 2018

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

Additional data for EC transaction #428254 that would not fit on the form

32. Additional remarks, continued

7. RIH & perf 2spf @ 3000', RIH w/ cmt ret & pkr & set @ 2950'.

8. Open annular valve, EIR and M&P 1270sx CI C cmt, circ/sqz cmt to surf in 7-5/8" x 10-3/4" to plug communication.

9. RIH w/ 6-3/4" bit to 2950' & test casing to 500#, drill out cement and cmt ret to 3500', test casing to 500#.

10. RIH w/ 4.151" bit to clean out liner, drill out cmt to new PBTD @ 12450', test csg to 500#.

11. RIH & perf Morrow & Strawn w/ 6spf @ 12387-12380, 12264-12255, 12232-12218, 11273-11269, 11257-11244'.

12. RIH w/ straddle pkr, acidize w/ 15% HCL acid. (Volume TBD).

13. POOH & RIH w/ prod tbg & pkr, set @ 11100'.

14. RD BOP, NU prod tree, RDPU, turn well over to operations and test.

BUREAU OF LAND MANAGEMENT

Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972

Permanent Abandonment of Production Zone Conditions of Approval

Failure to comply with the following Conditions of Approval may result in a Notice of Incidents of Noncompliance (INC) in accordance with 43 CFR 3163.1.

1. Plug back operations shall commence within ninety (90) days from this approval. **If you are unable to plug back the well by the 90th day provide this office, prior to the 90th day, with the reason for not meeting the deadline and a date when we can expect the well to be plugged back. Failure to do so will result in enforcement action.**
2. **Notification:** Contact the appropriate BLM office at least 24 hours prior to the commencing of any plug back operations. For wells in Eddy County, call 575-361-2822. For wells in Lea County, call 575-393-3612
3. **Blowout Preventers:** A blowout preventer (BOP), as appropriate, shall be installed before commencing any plugging operation. The BOP must be installed and maintained as per API and manufacturer recommendations. The minimum BOP requirement is a 2M system for a well not deeper than 9,090 feet; a 3M system for a well not deeper than 13,636 feet; and a 5M system for a well not deeper than 22,727 feet.
4. **Mud Requirement:** Mud shall be placed between all plugs. Minimum consistency of plugging mud shall be obtained by mixing at the rate of 25 sacks (50 pounds each) of gel per 100 barrels of **brine** water. Minimum nine (9) pounds per gallon.
5. **Cement Requirement:** Sufficient cement shall be used to bring any required plug to the specified depth and length. Any given cement volumes on the proposed plugging procedure are merely estimates and are not final. Unless specific approval is received, no plug except the surface plug shall be less than 25 sacks of cement. Any plug that requires a tag will have a minimum WOC time of 4 hours.
In lieu of a cement plug across perforations in a cased hole (not for any other plugs), a bridge plug set within 50 feet to 100 feet above the perforations shall be capped with 25 sacks of cement. **Before pumping cement on top of CIBP, tag will be required to verify depth. Based on depth, a tag of the cement may be deemed necessary.** Unless otherwise specified in the approved procedure, the cement plug shall consist of either Neat Class "C", for up to 7,500 feet of depth or Neat Class "H", for deeper than 7,500 feet plugs.
6. **Subsequent Plug back Reporting:** Within 30 days after plug back work is completed, file one original and three copies of the Subsequent Report, Form 3160-5 to BLM. The report should give in detail the manner in which the plug back work was carried out, the extent (by depths) of cement plugs placed, and the size and location (by depths) of casing left in the well. **Show date work was completed.** If plugging back to a new zone submit a Completion Report, form 3160-4 with the Subsequent Report.
7. **Trash:** All trash, junk and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.
8. **If well location is within the Timing Limitation Stipulation Area for Lesser Prairie-Chicken:**
From March 1st through June 15th annually, abandonment activities will be allowed except between the hours from 3:00 am and 9:00 am. Normal vehicle use on existing roads will not be restricted