

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

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

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

APPLICATION TYPE

☒ Single Well

☒ Establish Pre-Approved Pools

EXISTING WELLBORE

☒ Yes ☐ No

APPLICATION FOR DOWNHOLE COMMINGLING

OXY USA WTP Limited Partnership, P.O. Box 4294, Houston, TX 77210-4294

Operator Address

B. Hardin 2 E. 19, 18-S, 38-E Lea
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 192463 Property Code 34392 API No. 30-025-37350 Lease Type: ☐ Federal ☐ State ☒ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
	UNDES.		
Pool Name	Hobbs; Drinkard Northwest		Hobbs; Abo Northwest
Pool Code	97184		97212
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	6657' - 6868'		7006' - 7323'
Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	N/A		N/A
Oil Gravity or Gas BTU (Degree API or Gas BTU)	35		35
Producing, Shut-In or New Zone	New Zone		New Zone
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: 1/29/06 Total well Rates: 22 BO x 55 BW x 90 MCF	Date: Rates: See waterlogs	Date: 1/29/06 Total well Rates: 22 BO x 55 BW x 90 MCF
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 76 % 76%	Oil Gas % %	Oil Gas 24 % 24 %

ADDITIONAL DATA

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

Are all produced fluids from all commingled zones compatible with each other? Yes ☒ 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? N/A - Fee 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 Mark Stephens TITLE Reg. Compliance Analyst DATE 3/13/06

TYPE OR PRINT NAME Mark Stephens TELEPHONE NO. (713) 366-5158

E-MAIL ADDRESS Mark_Stephens@oxy.com



Occidental Permian Ltd.

A subsidiary of Occidental Petroleum Corporation

5 Greenway Plaza, Suite 110, Houston, Texas 77046-0521
P.O. Box 4294, Houston, Texas 77210-4294
Phone 713.215.7000

March 13, 2006

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

RE: Application for Downhole Commingling
B Hardin Well No. 2 (30-025-37350)
Hobbs; Drinkard Northwest and Hobbs; Abo Northwest Pools
Letter E, Section 19, T-18-S, R-38-E
Lea County, NM

2006 MAR 14 AM 9 44

Gentlemen:

OXY USA WTP Limited Partnership respectfully requests administrative approval to downhole commingle the Drinkard and Abo formations in the subject well with allocation of production based on the following percentages:

	<u>Oil</u>	<u>Gas</u>
Drinkard Pool	76%	76%
Abo Pool	24%	24%

The production from the two zones will be of similar character (API gravity, etc.) so that commingling will not reduce the value of the total production. Ownership in the zones to be commingled is identical.

Also submitted in support of our request is the following documentation:

- Administrative Application Checklist
- Form C-107A
- Data Supporting Proposed Allocation Method
- Form C-102 (2 each) for each zone to be commingled showing its spacing unit and acreage dedication



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P.O. Box 4294, Houston, Texas 77210-4294

Phone 713.215.7000

Your favorable consideration of our request will be appreciated. If you have any questions or need additional information, please call me at (713) 366-5158.

Very truly yours,

Mark Stephens

Mark Stephens
Regulatory Compliance Analyst

DATE IN 3/14/06	SUSPENSE	ENGINEER WILL JONES	LOGGED IN 3/14/06	TYPE DHC 3666	APP NO. PTD50607335988
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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 _____
- [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.**

[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.

Mark Stephens	<u>Mark Stephens</u>	Reg. Comp. Analyst	3/13/06
Print or Type Name	Signature	Title	Date
		Mark_Stephens@oxy.com	
		e-mail Address	

Data Supporting Proposed Allocation Method

OXY proposes to use the following percentages for allocation of production and allowable to the commingled pools:

<u>Pool</u>	<u>Oil</u>	<u>Gas</u>
Drinkard	76%	76%
Abo	24%	24%

B. Hardin Well No. 2 is a new completion in the Drinkard and Abo and has limited production data available. The proposed production allocation percentages are based on a swab test of the Abo on September 21, 2005, when 52 barrels of total fluid were recovered, of which 10% (5.2 bbls) was oil. No gas production was noted during this swab test, but the B. Hardin No. 1, one location to the north, is producing oil and gas from the Abo, so we assume the B. Hardin No. 2 is producing gas from the Abo also. Drinkard perfs were added to the B. Hardin No. 2 and the well was subsequently stimulated in both zones and put on pump. The well has never been able to sustain production because fracture stimulation sand is being produced and is disabling the pump. The last date that we have a production test is January 29, 2006, when the well pumped 22 BO X 55 BW X 90 MCF before the pump sanded up. Of the 22 barrels of oil produced on that day, we estimate that 5.2 barrels (24% of the total) are from the Abo. We estimate that the same percentage of gas is produced from the Abo as well.

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State of New Mexico
Energy, Minerals & Natural Resources

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

Form C-102
Revised June 10, 2003

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-37350	² Pool Code 97184	³ Pool Name Hobbs; Drinkard Northwest
⁴ Property Code 34392	⁵ Property Name B. Hardin	⁶ Well Number 2
⁷ OGRID No. 192463	⁸ Operator Name OXY USA WTP Limited Partnership	⁹ Elevation 3657'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	19	18-S	38-E	2	2015	North	385	West	Lea

¹¹ Bottom Hole Location If Different From Surface

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

¹² Dedicated Acres 37.68	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A
NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

¹⁶ 				¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i> Signature Mark Stephens Printed Name Reg. Comp. Analyst Title and Email March 13, 2006 Date
				Certificate Number

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Energy, Minerals & Natural Resources

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

Form C-102
Revised June 10, 2003

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-37350	² Pool Code 97212	³ Pool Name Hobbs; Abo Northwest
⁴ Property Code 34392	⁵ Property Name B. Hardin	⁶ Well Number 2
⁷ OGRID No. 192463	⁸ Operator Name OXY USA WTP Limited Partnership	⁹ Elevation 3657'

¹⁰ Surface Location

UL or lot no. E	Section 19	Township 18-S	Range 38-E	Lot. Idn 2	Feet from the 2015	North/South line North	Feet from the 385	East/West line West	County Lea
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 37.68	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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

¹⁶ 				¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i> <u>Mark Stephens</u> Signature <u>Mark Stephens</u> Printed Name <u>Reg. Comp. Analyst</u> Title and Email <u>March 13, 2006</u> Date	
					¹⁸ SURVEYOR CERTIFICATION <i>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.</i> Date of Survey Signature and Seal of Professional Surveyer:

State of New Mexico
Energy, Minerals and Natural Resources Department

COPY

Form C-103
Revised 5-27-2004

FILE IN TRIPLICATE

OIL CONSERVATION DIVISION

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WELL API NO.	30-025-37350
5. Indicate Type of Lease	STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.	
7. Lease Name or Unit Agreement Name	B Hardin
8. Well No.	2
9. OGRID No.	192463
10. Pool name or Wildcat	Abo

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (Form C-101) for such proposals.)	
1. Type of Well:	Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>
2. Name of Operator	Occidental Permian Ltd.
3. Address of Operator	1017 W. Stanolind Rd., HOBBS, NM 88240 505/397-8200
4. Well Location	Unit Letter <u>J</u> : <u>2015</u> Feet From The <u>NORTH</u> <u>385</u> Feet From The <u>WEST</u> Line Section <u>19</u> Township <u>18-S</u> Range <u>38-E</u> NMPM <u>LEA</u> County
11. Elevation (Show whether DF, RKB, RT GR, etc.) 3657' GR	
Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/> Pit Type _____ Depth of Ground Water _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____ Pit Liner Thickness _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____	

12. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data	
NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> Multiple Completion <input type="checkbox"/> OTHER: <input type="checkbox"/>	SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> PLUG & ABANDONMENT <input type="checkbox"/> CASING TEST AND CEMENT JOB <input type="checkbox"/> OTHER: <u>New Well Completion</u> <input checked="" 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.
 RUPU. Perf the following Abo intervals; 7006, 16, 24, 34, 42, 46, 52, 70, 87, 7130, 47, 52, 67, 96, 7204, 19, 97, 7310 and 7323. 1 spf. (19 holes). Stimulate perfs w/4000 g 15% acid. Acid Frac Abo 20,000 g 17% Fercheck.
 Perf the following Drinkard intervals; 6657, 66, 75, 6714, 33, 41, 53, 59, 6807, 11, 16, 22, 34, 50, 58, and 68. 1 spf. (16 holes). Stimulate perfs w/1700 g 15% acid. Sand frac Drinkard w/4500# Arizona sand. Set CIBP @6980'.
 Acid treat Drinkard perfs w/2000g 15% acid, Drill out CIBP @6980'.
 Sand Frac Drinkard and Abo perfs w/209,000 g gel w/5 lb/g sand
 Run Production equipment. 225 jts 2-7/8" tbg. 5.5" TAC = 22 jts above SN. SN = 7366'. Ran 2.5" x 2" x 24' insert pump, 6 - 1", 145 - 3/4", 83 - 7/8", and 58 - 1" "D" rods. NU wellhead. RDP. Clean Location. Waiting on Beam unit to be installed.

Rig Up Date: 09/01/2005	Rig Up Date: 09/15/2005	Rig Up Date: 09/30/2005	Rig Up Date: 10/25/2005
Rig Down Date: 09/08/2005	Rig Down Date: 09/22/2005	Rig Down Date: 10/12/2005	Rig Down Date: 11/09/2005

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

SIGNATURE _____	TITLE <u>Workover Completion Specialist</u>	DATE <u>11/10/2005</u>
TYPE OR PRINT NAME <u>Robert Gilbert</u>	E-mail address: <u>robert_gilbert@oxy.com</u>	TELEPHONE NO. <u>505/397-8206</u>

For State Use Only

APPROVED BY _____ TITLE _____ DATE _____
 CONDITIONS OF APPROVAL IF ANY: _____

COPY

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Energy, Minerals and Natural Resources

Oil Conservation Division

1220 S. St Francis Dr.

Santa Fe, NM 87505

Form C-101

Permit 12965

APPLICATION FOR PERMIT TO DRILL

Operator Name and Address OXY USA WTP LIMITED PARTNERSHIP PO Box 4294 Houston, TX 77210-4294		OGRID Number 192463
		API Number 30-025-37350
Property Code 34392	Property Name B. HARDIN	Well No. 002

Surface Location

UL or Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
E	19	18S	38E	2	2015	N	385	W	Lea

Proposed Pools

Wildcat; Wolfcamp

Work Type New Well	Well Type OIL	Cable/Rotary	Lease Type Private	Ground Level Elevation 3657
Multiple N	Proposed Depth 8000	Formation Wolfcamp	Contractor	Spud Date 07/24/2005

Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48	400	400	0
Int1	11	8.625	32	3300	1000	0
Prod	7.875	5.5	17	7900	600	2000

Casing/Cement Program: Additional Comments

8-5/8 intermediate casing will be 24#/ft. from surface to 2000, and 32#/ft. from 2000 - 3300
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Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Annular	3000	600	
Double Ram	3000	600	

I hereby certify that the information given above is true and complete to the best of my knowledge and belief.		OIL CONSERVATION DIVISION	
Electronically Signed By: Richard Foppiano		Electronically Approved By: Paul Kautz	
Title: Senior Advisor		Title: Geologist	
Approval Date: 07/06/2005	Expiration Date: 07/06/2006		
Date: 07/05/2005	Phone: 281-552-1303	Conditions of Approval: There are conditions. See Attached.	