

DATE <u>8.26.10</u>	SUSPENSE	ENGINEER <u>DB</u>	LOGGED IN <u>8.26.10</u>	TYPE <u>NSL</u>	APP NO. <u>1023847720</u>
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ABOVE THIS LINE FOR DIVISION USE ONLY

RECEIVED OXY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



OXY

2010 AUG 26 A 11:10

Lost Tank 3 Fed #21

ADMINISTRATIVE APPLICATION CHECKLIST 30-015-37920

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.~~

David Stewart
 Print or Type Name

[Signature]
 Signature

Sr. Reg. Analyst
 Title

8/26/10
 Date

david_stewart@oxy.com
 e-mail Address

OXY USA Inc.
 Lost Tank 3 Fed #21



OXY USA Inc.

**PO Box 50250
Midland, TX 79710-0250**

August 24, 2010

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

Attention: Richard Ezeanyim

Re: ***Application for Administrative Approval of Non-Standard Location –
Lost Tank Delaware, West
Lost Tank 3 Federal #21
2558 FNL 285 FWL Ut E – Sec 3 T22S R31E
Eddy County, New Mexico***

Dear Mr. Ezeanyim:

OXY USA Inc. respectfully requests administrative approval under Rule 104 (F) of this application for the subject non-standard well location on the Lost Tank 3 Federal #21. The #21 well is proposed in the Delaware with a TVD of 8150'. The wellbore will not be orthodox at either the top of the Delaware or when it penetrates the Delaware Brushy Canyon reservoir. The non-standard location is necessary for reasons of potash surface restrictions and topography, as required by the BLM.

The #21 encroaches on the 40-acre spacing units of E,L-Sec 3, H.I-Sec 4 of T23S R31E. All of the interest owners have joined in the drilling of the #21 and waivers have been attached from affected parties.

To support this request, the following information has been submitted for your review:

1. Application for Permit to Drill.
2. NMOCD C-102 Plat for the proposed well with offsetting well and affected spacing units.
3. List of affected offset parties that adjoin the non-standard well and the spacing unit being encroached upon, along with a copy of the certified returned receipts and signed waivers. Copies of the signed certified receipts will be furnished upon request.

If you need any additional information, please call me at 432-685-5717.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Stewart", is written over a horizontal line.

David Stewart
Sr. Regulatory Analyst
OXY USA Inc.

Attachments

CC: NMOCD-Artesia, BLM-Carlsbad, Service List

RECEIVEDForm 3160-3
(August 1999)

JUN -9 2010

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia


FORM APPROVED
OMB NO. 1004-0136
Expires: November 30, 2000**NMOCD ARTESIA****APPLICATION FOR PERMIT TO DRILL OR REENTER**

1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER R-111-POTASH		5. Lease Serial No. NNNM0417696
1b. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator OXY USA Inc.		7. Unit or CA Agreement Name and No.
3a. Address P.O. Box 50250 Midland, TX 79710-0250		8. Lease Name and Well No. (304875) Lost Tank 3 Federal #21
3b. Phone No. (include area code) 432-685-5717		9. API Well No. 30-015-37920
4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface 2558 FNL 235 FNL SWNW (E) At proposed prod. zone UNORTHODOX		10. Field and Pool, or Exploratory (96582) Lost Tank Delaware, West
14. Distance in miles and direction from nearest town or post office* 20 miles northeast from Loving, NM		11. Sec., T., R., M., or Bk. and Survey or Area Sec 3 T22S R31E
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 285'	16. No. of Acres in lease 640	12. County or Parish Eddy
17. Spacing Unit dedicated to this well 40	18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	13. State NM
19. Maximum depth of penetration into the Bone Spring formation cannot exceed 100 ft. 8145'	20. BLM/BIA Bond No. on file ES0136	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3467.6' GL	22. Approximate date work will start* 8/09	23. Estimated duration 45

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above) |
| 2. A Drilling Plan | 5. Operator certification. |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature 	Name (Printed/Typed) David Stewart	Date 5/15/09
--	--	------------------------

Title

Sr. Regulatory Analyst

Approved by (Signature) 131 TONY J. HERRELL	Name (Printed/Typed) 131 TONY J. HERRELL	Date 5/25/10
---	--	------------------------

Title

FOR: STATE DIRECTOR

Office

NM STATE OFFICEApplication approval 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.
Conditions of approval, if any, are attached.**APPROVAL FOR TWO YEARS**

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 Reverse)

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL****Carlsbad Controlled Water Basin**OCD CONDITION OF APPROVAL of Non-Standard Location:
Intent to drill ONLY -- CANNOT produce until the Non-Standard Location has been approved by OCD Santa Fe office**APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED**

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, 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 & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease- 4 Copies
Fee Lease- 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-37920	Pool Code 96582	Pool Name Lost Tank Delaware West
Property Code 304875	Property Name LOST TANK 3 FED.	Well Number 21
OGRID No. 16696	Operator Name OXY USA INC.	Elevation 3467.6'

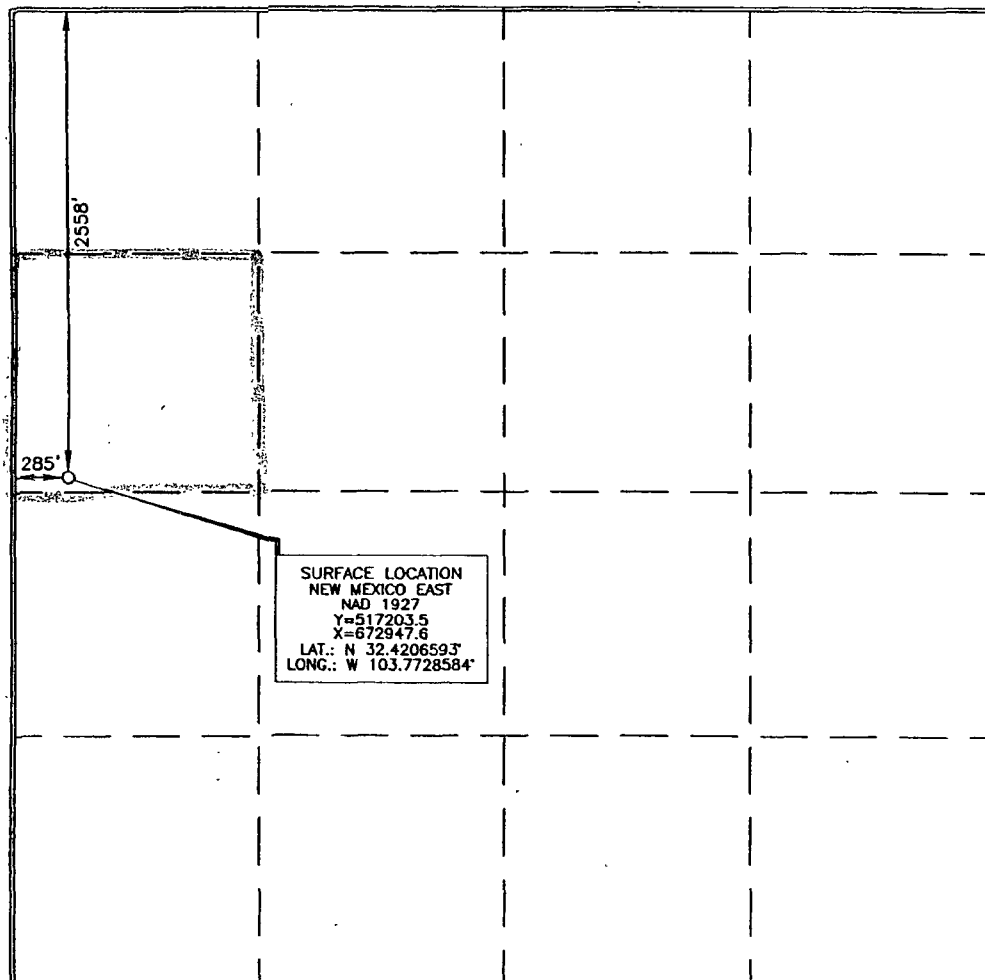
Surface Location

UL or lot no. E	Section 3	Township 22 SOUTH	Range 31 EAST, N.M.P.M.	Lot Idn	Feet from the 2558'	North/South line NORTH	Feet from the 285'	East/West line WEST	County EDDY
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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
Dedicated Acres 40	Joint or Infill	Consolidation Code	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.

David Stewart 5/15/09
Signature Date

David Stewart
Printed Name

SURVEYOR CERTIFICATION

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

Terry J. Abel 5/14/2009
Date of Survey
Signature and Seal of Professional Surveyor
Certificate Number 15079

WO# D80910WL-h (Rev. A) (KA)

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, 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 & Natural Resources

Form C-102
Revised October 12, 2005

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

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

☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015 - 37920	² Pool Code 96582	³ Pool Name Lost Tank Delaware, West
⁴ Property Code 304875	⁵ Property Name Lost Tank 3 Federal	⁶ Well Number 21
⁷ OGRID No. 16696	⁸ Operator Name OXY USA Inc.	⁹ Elevation 3467.6'

¹⁰ Surface Location

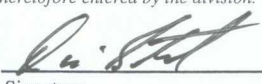
UL or lot no. E	Section 3	Township 22S	Range 31E	Lot. Idn	Feet from the 2558	North/South line north	Feet from the 235	East/West line west	County Eddy
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South line	Feet from the	East/West line	County
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¹² Dedicated Acres 640	¹³ Joint or Infill Y	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 4 Lost Tank 4 Federal OXY USA Inc. Conoco Phillips Co.	Lost Tank 3 Federal OXY USA Inc. Conoco Phillips Co.	¹⁷ 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.  8/24/10 Signature Date David Stewart Printed Name Sr. Regulatory Analyst david.stewart@oxy.com
		¹⁸ 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 Surveyer: Certificate Number

Service List – NSL
OXY USA Inc.
Lost Tank 3 Federal #15, 19, 21
Sec 3 T22S R31E

United States Dept of Interior
Bureau of Land Management
620 E. Greene Street
Carlsbad, NM 88220-6292

New Mexico Oil Conservation Division
1301 W. Grand Ave.
Artesia, NM 88210

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

Affected Offset Parties:

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

Conoco Phillips Co.
Attn: Tom Scarbrough
550 Westlake Park Blvd.
Houston, TX 77252-2197



OXY USA Inc.

PO Box 50250
Midland, TX 79710-0250

August 24, 2010

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

Conoco Phillips Co.
Attn: Tom Scarbrough
550 Westlake Park Blvd.
Houston, TX 77252-2197

Re: *Application for Administrative Approval of Non-Standard Location –
Lost Tank Delaware, West
Lost Tank 3 Federal #21
2558 FNL 285 FWL Ut E – Sec 3 T22S R31E
Eddy County, New Mexico*

Ladies and Gentlemen:

Enclosed is a copy of an application, filed with the New Mexico Oil Conservation Division by OXY USA Inc., requesting administrative approval under Rule 104 (F) of an unorthodox well location. As an affected party, notice is being provided to you pursuant to Rule 104 (F). The well is located in the SWNW/4 of Section 3 T22S R31E, Eddy County, NM. If you object to the well's location, you must notify the Division in writing no later than 20 days from the date the application is received by the NMOCD (1220 South St. Francis Drive, Santa Fe, NM 87505; Attention: Richard Ezeanyim).

If you need any additional information, please call me at 432-685-5717.

Sincerely,

David Stewart
Sr. Regulatory Analyst
OXY USA WTP LP

Attachments



OXY USA Inc.

A subsidiary of Occidental Petroleum Corporation

5 Greenway Plaza, Suite 110, Houston, Texas 77046-0521

P.O. Box 27570, Houston, Texas 77227-7570

Phone 713.215.7000

Tom Scarbrough
ConocoPhillips Company
550 Westlake Park Blvd.
Houston, TX 77252-2197

RE: **Lost Tank 3 Federal #21 (SW NW)**
285' FWL & 2,558' FNL
Section 3-22S-31E
Eddy County, New Mexico

Gentlemen:

The location for the Lost Tank 3 Federal #21 well 285' FWL and 2,558' FNL of Section 3-22S-31E, Eddy County, NM is an unorthodox location for the objective Delaware formation.

OXY is filing an application with the New Mexico Oil Conservation Division (OCD) for administrative approval of this non-standard location (NSL). The owners of the Lost Tank 3 & 4 Federal lease covering all of Section 3 and all of Section 4 less the NW/4 NW/4, T22S, R31E are the affected parties entitled to notice. Your execution of this waiver will facilitate administrative approval of OXY's NSL application. OXY requests that you waive any protest or objection to the NSL for the referenced well.

Your favorable consideration and early reply will be appreciated. Please return a signed copy of this waiver letter to me at the address shown above.

Very truly yours,

OXY USA Inc.

Donna G Havins
Land Negotiator
Dir: (713) 215-7232
Cell: (713) 202-7559
Fax: (713) 985-1818
email: donna_havins@oxy.com

Based on the information provided herein, ConocoPhillips Company hereby waives any protest or objection to the non-standard location of the Lost Tank 3 Federal #21 well.

ConocoPhillips Company

By Robert N. Wehl

Dated 7-28-10

TJS

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 OF NEW MEXICO
ENERGY & MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
SANTA FE, NM 87505

2. Article Number

(Transfer from service label)

7005 0390 0002 9920 7856

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 OF NEW MEXICO
ENERGY & MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
1301 W. GRAND AVE.
ARTESIA, NM 88210

2. Article Number

(Transfer from service label)

7005 0390 0002 9920 7863

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)

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- 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.
Carrizosa, NM 88820

2. Article Number

(Transfer from service label)

7005 0390 0002 9920 7870

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

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- 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:

Conoco Phillips Co.
Attn: Tom Scarborough
550 Westlake Park Blvd.
Houston, TX 77252

2. Article Number

(Transfer from service label)

7005 0390 0002 9920 7887

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