

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

RECEIVED OCD - Engineering Bureau -

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



OXY 16696

2010 AUG 25 P 12:59

Lost Tank 10 Fed #2

**ADMINISTRATIVE APPLICATION CHECKLIST** 30-015-37960

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]

6262

- [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 ~~SLD~~  
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

8/23/10  
 Date

David\_Stewart@oxy.com  
 e-mail Address

OXY USA Inc.  
 Lost Tank 10 Federal #2



**OXY USA Inc.**

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

August 23, 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 10 Federal #5  
Surface/Penetration Point – 840 FSL1838 FEL Ut O – Sec 3 T22S R31E  
Bottom Hole –950 FNL 2312 FEL Ut B – Sec 10 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 10 Federal #2. The #2 well is proposed in the Delaware with a TVD of 8200'. The kickoff point for the well is at approximately 4200' and the top of the Delaware formation is expected at 4035', which is above the kickoff point. 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 #2 encroaches on the 40-acre spacing units of O-Sec 3, B-Sec 10 of T23S R31E. All of the interest owners have joined in the drilling of the #2 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.
4. Proposed Directional Survey

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

Sincerely,

David Stewart  
Sr. Regulatory Analyst  
OXY USA Inc.

Attachments

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

Rm

OK

Form 3160-3  
(August 1999)

**RECEIVED**  
JUN 18 2010  
NMOCDA ARTESIA

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM APPROVED  
OMB NO. 1004-0136  
Expires: November 30, 2000

R-111-POTASH

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM0417696-S    NMNM0417506-BH	
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. <i>&lt;38185&gt;</i> Lost Tank 10 Federal #2	
3b. Phone No. (include area code) 432-685-5717		9. API Well No. 30-015-27760	
4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface <b>840 FSL 1038 FEL SWSE (O) Sec 3</b> At proposed prod. zone <b>950 FNL 2312 FEL NWNE (B) Sec 10</b>		10. Field and Pool, or Exploratory <i>&lt;96582&gt;</i> 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 Blk. and Survey or Area Sec 3-S 10-BH T22S R31E	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 370'	16. No. of Acres in lease 160	17. Spacing Unit dedicated to this well 40	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1105'	19. Proposed Depth 8662' 8180' 8700' M 8300' V	20. BLM/BIA Bond No. on file ES0136	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3493.4' 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 <i>David Stewart</i>	Name (Printed/Typed) David Stewart	Date 5/16/09
--------------------------------------	---------------------------------------	-----------------

Title Sr. Regulatory Analyst		
Approved by (Signature) <i>William Merhege</i>	Name (Printed/Typed) William Merhege	Date 6-21-10
Title <i>ACTING</i> STATE DIRECTOR	Office NM STATE OFFICE	

Application 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)

OCD CONDITION OF APPROVAL for Drilling:  
Intent to drill ONLY --- CANNOT produce until the Non-Standard Location has been approved by OCD Santa Fe office.

CARLSBAD CONTROLLED WATER BASIN

SEE ATTACHED FOR  
CONDITIONS OF APPROVAL

*Handwritten signature*

**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

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

<sup>1</sup> API Number 30-015-37960		<sup>2</sup> Pool Code 96582		<sup>3</sup> Pool Name Lost Tank Delaware, West	
<sup>4</sup> Property Code 381185		<sup>5</sup> Property Name Lost Tank 10 Federal			<sup>6</sup> Well Number 2
<sup>7</sup> OGRID No. 16696		<sup>8</sup> Operator Name OXY USA Inc.			<sup>9</sup> Elevation 3493.4'

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	3	22S	31E		840	South	1338	east	Eddy

<sup>11</sup> 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
B	10	22S	31E		950	North	2312	east	Eddy

<sup>12</sup> Dedicated Acres 160	<sup>13</sup> Joint or Infill Y	<sup>14</sup> Consolidation Code	<sup>15</sup> 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

<sup>16</sup> 3  	<sup>17</sup> 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: <i>David Stewart</i> Date: 9/3/10 Printed Name: David Stewart Sr. Regulatory Analyst david.stewart@oxy.com
<sup>10</sup>	<sup>11</sup>

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 <b>30-015-37960</b>	Pool Code <b>96582</b>	Pool Name <b>Lost Tank Delaware, West</b>
Property Code <b>38185</b>	Property Name <b>LOST TANK 10 FED.</b>	Well Number <b>2</b>
OGRID No. <b>16694</b>	Operator Name <b>OXY USA INC.</b>	Elevation <b>3493.4'</b>

Surface Location

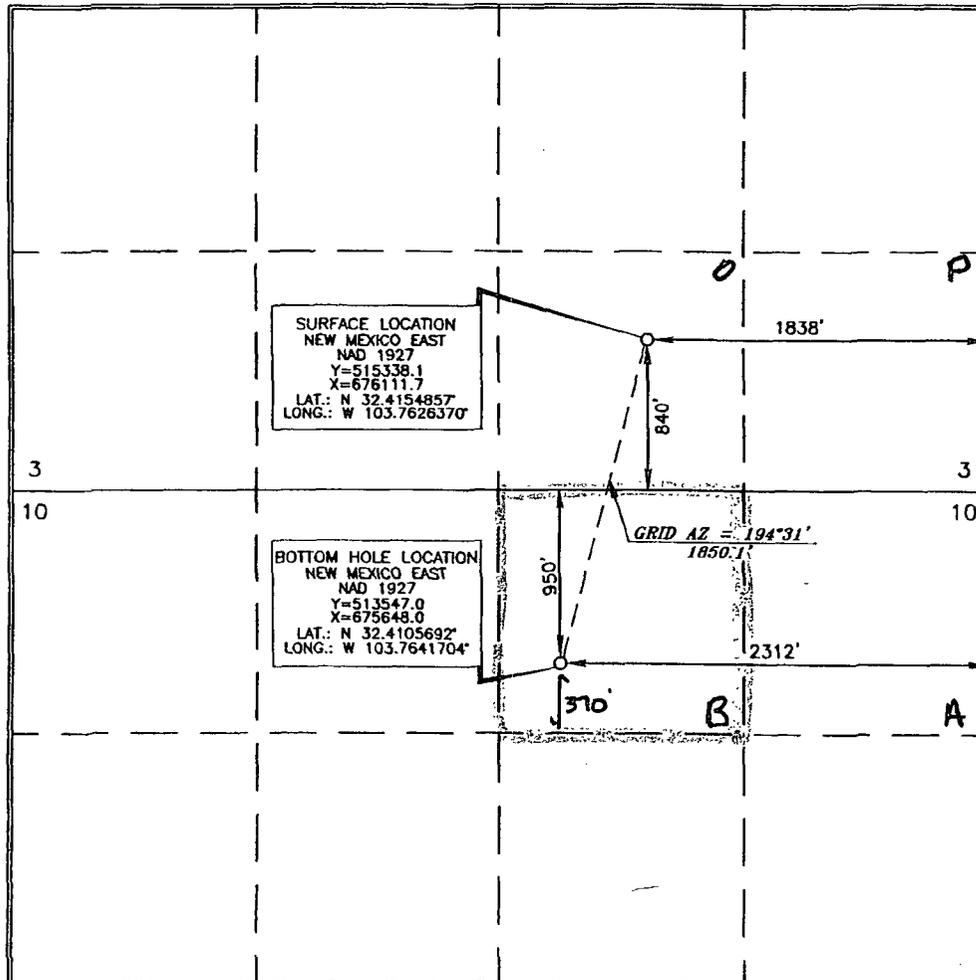
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>0</b>	<b>3</b>	<b>22 SOUTH</b>	<b>31 EAST, N.M.P.M.</b>		<b>840'</b>	<b>SOUTH</b>	<b>1838'</b>	<b>EAST</b>	<b>EDDY</b>

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
<b>B</b>	<b>10</b>	<b>22 SOUTH</b>	<b>31 EAST, N.M.P.M.</b>		<b>950'</b>	<b>NORTH</b>	<b>2312'</b>	<b>EAST</b>	<b>EDDY</b>

Dedicated Acres <b>40</b>	Joint or Infill <b>NO</b>	Consolidation Code	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.



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]*  
Signature Date

**David Stewart**  
Printed Name

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.

**15079**  
Date of Survey

*[Signature]*  
Signature and Seal of Professional Surveyor

**15079**  
Certificate Number

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

<sup>1</sup> API Number 30-015-37960		<sup>2</sup> Pool Code 96582		<sup>3</sup> Pool Name Lost Tank Delaware, West	
<sup>4</sup> Property Code 38135		<sup>5</sup> Property Name Lost Tank 10 Federal			<sup>6</sup> Well Number #2
<sup>7</sup> OGRID No. 16696		<sup>8</sup> Operator Name OXY USA Inc.			<sup>9</sup> Elevation 3493.4'

<sup>10</sup> Surface Location

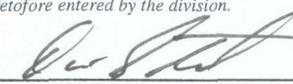
UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	3	22S	31E		840	South	1338	east	Eddy

<sup>11</sup> 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
B	10	22S	31E		950	north	2312	east	Eddy

<sup>12</sup> Dedicated Acres 200	<sup>13</sup> Joint or Infill N	<sup>14</sup> Consolidation Code	<sup>15</sup> 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

<sup>16</sup> Lost Tank 3 Federal OXY USA Inc. Conoco Phillips Co.	3	2	<sup>17</sup> OPERATOR CERTIFICATION <i>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.</i>  Signature _____ Date 8/23/10 David Stewart Sr. Regulatory Analyst david.stewart@oxy.com
	10	11	
Lost Tank 10 Federal OXY USA Inc.			

**Service List – NSL**  
**OXY USA Inc.**  
**Lost Tank 10 Federal #2,3**  
**SL - Sec 3 T22S R31E**  
**BHL – Sec 10 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 23, 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 10 Federal #2  
Surface/Penetration Point – 840 FSL1838 FEL Ut O – Sec 3 T22S R31E  
Bottom Hole –950 FNL 2312 FEL Ut B – Sec 10 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 SWSE/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

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

RE: **Lost Tank 10 Federal #2**  
1,838' FEL & 840' FSL (surface location) (SW SE)  
Section 3-22S-31E  
2,312' FEL & 950' FNL (bottom hole location) (NW NE)  
Section 10-22S-31E  
Eddy County, New Mexico

Gentlemen:

The surface location for the Lost Tank 10 Federal #2 well is located in the SW/4 SE/4 of Section 3-22S-31E, Eddy County, NM. The well will be drilled directionally to a bottom hole location in the NW/4 NE/4 of Section 10-22S-31E, Eddy County, NM. The well is at an unorthodox location where the it penetrates portions of the Delaware formation.

The well will be drilled vertically to approximately 4,200' at which depth it will penetrate the top of the Delaware formation. The well will then be drilled directionally and penetrate the top of the objective Brushy Canyon A portion of the Delaware formation at a location approximately 740' FNL & 2,305' FEL of Section 10-22S-31E, Eddy County, NM.

OXY is filing an application with the New Mexico Oil Conservation Division (OCD) for administrative approval of this non-standard location (NSL). 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 10 Federal #2 well.**

ConocoPhillips Company

By Robert N. Walsh

Dated 7-28-10

TJS



Azimuths to Grid North  
 True North: -0.31°  
 Magnetic North: 7.62°  
 Magnetic Field  
 Strength: 48947.0snT  
 Dip Angle: 60.40°  
 Date: 5/12/2009  
 Model: IGRF200510



**Project: Eddy County, NM**  
**Site: Lost Tank 10 Federal Unit**  
**Well: Well #2**  
**Wellbore: OH**  
**Plan: Plan #2 (Well #2/OH)**

**WELL DETAILS: Well #2**

Ground Elevation: 3493.40  
 RKB Elevation: Est. RKB @ 3509.90ft  
 Rig Name:

+N/-S	+E/-W	Northing	Easting	Latitude	Longitude	Slot
0.00	0.00	515338.10	676111.70	32° 24' 55.74872 N	103° 45' 45.49310 W	

**PROJECT DETAILS: Eddy County, NM**  
 Geodetic System: US State Plane 1927 (Exact solution)  
 Datum: NAD 1927 (NADCON CONUS)  
 Ellipsoid: Clarke 1866  
 Zone: New Mexico East 3001

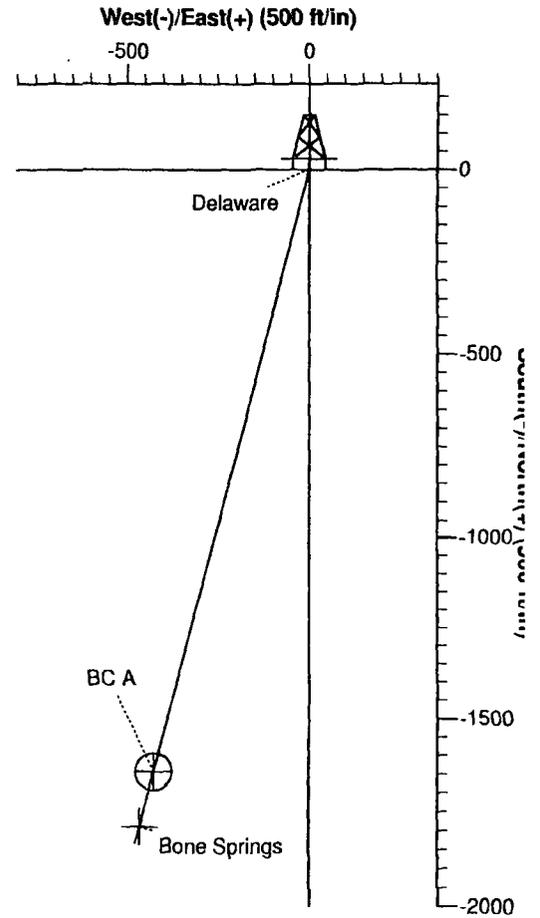
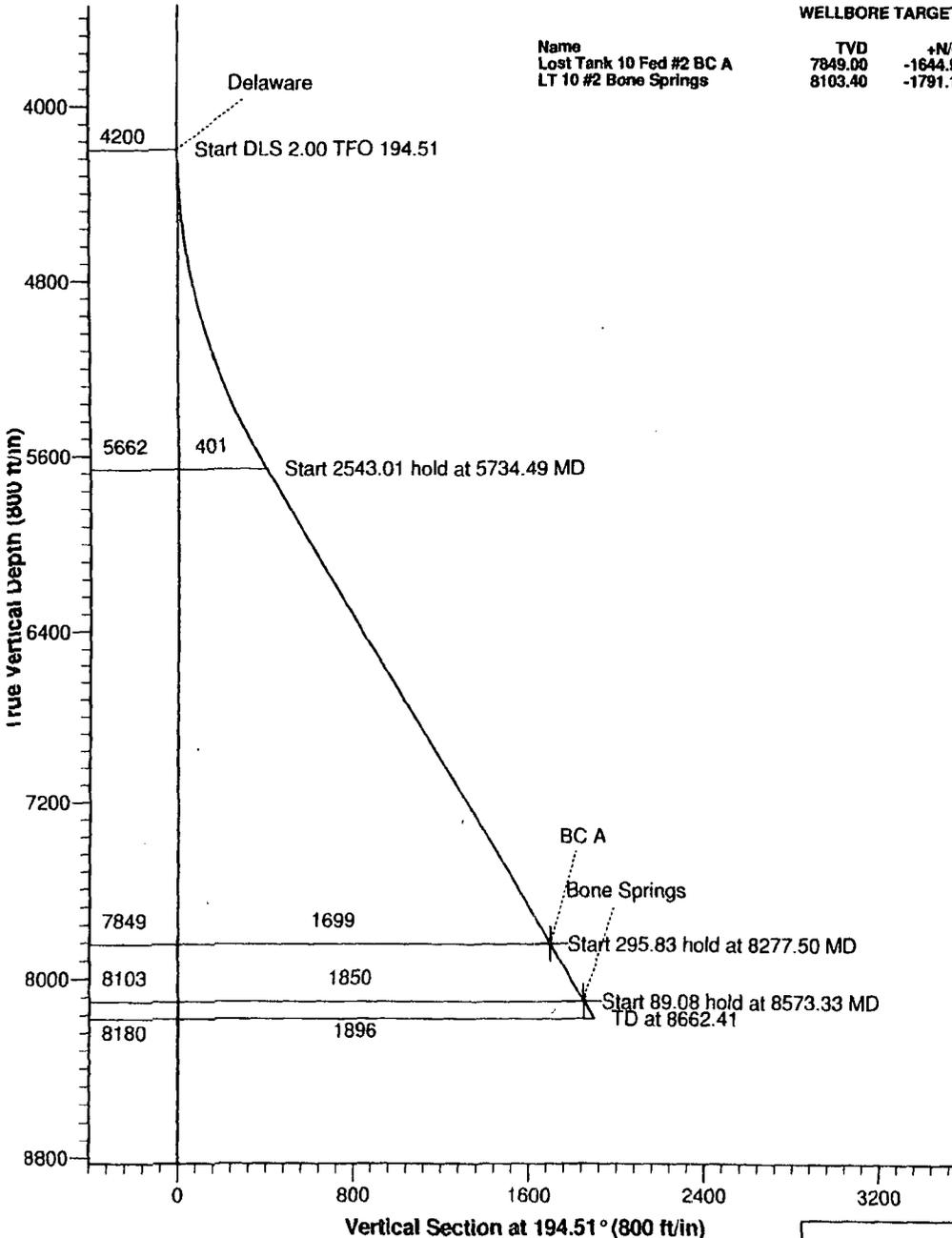
System Datum: Mean Sea Level  
 Local North: Grid

**SECTION DETAILS**

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Target
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2	4200.00	0.00	0.00	4200.00	0.00	0.00	0.00	0.00	0.00	
3	5734.49	30.69	194.51	5662.16	-388.43	-100.56	2.00	194.51	401.23	
4	8277.50	30.69	194.51	7849.00	-1644.93	-425.86	0.00	0.00	1699.16	Lost Tank 10 Fed #2 B
5	8573.33	30.69	194.51	8103.40	-1791.10	-463.70	0.00	0.00	1850.15	LT 10 #2 Bone Springs
6	8662.41	30.69	194.51	8180.00	-1835.11	-475.10	0.00	0.00	1895.62	

**WELLBORE TARGET DETAILS (MAP CO-ORDINATES)**

Name	TVD	+N/-S	+E/-W	Northing	Easting	Shape
Lost Tank 10 Fed #2 BC A	7849.00	-1644.93	-425.86	513693.17	675685.84	Circle (Radius: :)
LT 10 #2 Bone Springs	8103.40	-1791.10	-463.70	513547.00	675648.00	Point





Company:	OXY Permian	Local Co-ordinate Reference:	Well Well #2
Project:	Eddy County, NM	TVD Reference:	Est. RKB @ 3509.90ft
Site:	Lost Tank 10 Federal Unit	MD Reference:	Est. RKB @ 3509.90ft
Well:	Well #2	North Reference:	Grid-
Wellbore:	OH	Survey Calculation Method:	Minimum Curvature
Design:	Plan #2	Database:	Landmark Network DB

Project:	Eddy County, NM	System Datum:	Mean Sea Level
Map System:	US State Plane 1927 (Exact solution)		
Geo Datum:	NAD 1927 (NADCON CONUS)		
Map Zone:	New Mexico East 3001		

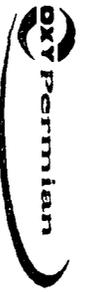
Sits	Lost Tank 10 Federal Unit		
Site Position:	Map	Northings:	514,900.60 ft
From:		Eastings:	677,702.00 ft
Position Uncertainty:	0.00 ft	Slot Radius:	"
		Latitude:	32° 24' 51.33500 N
		Longitude:	103° 45' 26.96906 W
		Grid Convergence:	0.31°

Well	Well #2		
Well Position	+N-S +E-W	0.00 ft 0.00 ft	0.00 ft
Position Uncertainty		0.00 ft	
		Northings:	515,338.10 ft
		Eastings:	676,111.70 ft
		Wellhead Elevation:	ft
		Latitude:	32° 24' 55.74872 N
		Longitude:	103° 45' 45.49310 W
		Ground Level:	3,493.40ft

Wellbore	OH		
Magnetics	Model Name	Sample Date	Declination
	IGRF200510	5/12/2009	7.93
			Dip Angle
			60.40
			Field Strength
			48.947

Design	Plan #2		
Audit Notes:			
Version:	Phase:	PLAN	Tie On Depth:
			0.00
Vertical Section:	Depth From (TVD)	+N-S	+E/W
	0.00	0.00	0.00
		Diraction	194.51

Survey Tool Program	Date	5/13/2009	
From	To		
(n)	(n)	Survey (Wellbore)	Tool Name
			MWD
			Description
			MWD - Standard



PathFinder Energy Services  
Global X&Y Report



Company:	OXY Permian	Local Co-ordinate Reference:	Well Well #2
Project:	Eddy County, NM	TVD Reference:	Est. RKB @ 3509.90ft
Site:	Lost Tank 10 Federal Unit	MD Reference:	Est. RKB @ 3509.90ft
Well:	Well #2	North Reference:	Grid
Wellbore:	OH	Survey Calculation Method:	Minimum Curvature
Design:	Plan #2	Database:	Landmark Network DB

Planned Survey	MD (ft)	Inc (°)	AD (ft)	TVD (ft)	TVDSS (ft)	V/Sec (ft)	Northing (ft)	Easting (ft)	Dleg (°/100ft)
	4,100.00	0.00	0.00	4,100.00	-590.10	0.00	515,338.10	676,111.70	0.00
	4,198.00	0.00	0.00	4,198.00	-668.10	0.00	515,338.10	676,111.70	0.00
Delaware	4,200.00	0.00	0.00	4,200.00	-690.10	0.00	515,338.10	676,111.70	0.00
	4,300.00	2.00	194.51	4,299.98	-790.08	1.75	515,336.41	676,111.26	2.00
	4,400.00	4.00	194.51	4,399.84	-889.94	6.98	515,331.34	676,109.95	2.00
	4,500.00	6.00	194.51	4,499.45	-989.55	15.69	515,322.91	676,107.77	2.00
	4,600.00	8.00	194.51	4,598.70	-1,088.80	27.88	515,311.11	676,104.71	2.00
	4,700.00	10.00	194.51	4,697.47	-1,187.57	43.52	515,295.97	676,100.79	2.00
	4,800.00	12.00	194.51	4,795.62	-1,285.72	62.60	515,277.50	676,096.01	2.00
	4,900.00	14.00	194.51	4,893.06	-1,383.16	85.10	515,255.72	676,090.37	2.00
	5,000.00	16.00	194.51	4,989.64	-1,479.74	110.98	515,230.66	676,083.89	2.00
	5,100.00	18.00	194.51	5,085.27	-1,575.37	140.21	515,202.36	676,076.56	2.00
	5,200.00	20.00	194.51	5,179.82	-1,669.92	172.77	515,170.85	676,068.40	2.00
	5,300.00	22.00	194.51	5,273.17	-1,763.27	208.60	515,136.15	676,059.42	2.00
	5,400.00	24.00	194.51	5,365.21	-1,855.31	247.67	515,098.33	676,049.63	2.00
	5,500.00	26.00	194.51	5,455.84	-1,945.94	289.93	515,057.42	676,039.03	2.00
	5,600.00	28.00	194.51	5,544.94	-2,035.04	335.33	515,013.47	676,027.66	2.00
	5,700.00	30.00	194.51	5,632.39	-2,122.49	383.81	514,966.54	676,015.51	2.00
	5,734.49	30.69	194.51	5,662.16	-2,152.26	401.23	514,949.67	676,011.14	2.00
	5,800.00	30.69	194.51	5,718.49	-2,208.59	434.67	514,917.30	676,002.76	0.00
	5,900.00	30.69	194.51	5,804.49	-2,294.59	485.71	514,867.89	675,989.97	0.00
	6,000.00	30.69	194.51	5,890.48	-2,380.58	536.75	514,818.48	675,977.18	0.00
	6,100.00	30.69	194.51	5,976.48	-2,466.58	587.79	514,769.07	675,964.38	0.00
	6,200.00	30.69	194.51	6,062.47	-2,552.57	638.83	514,719.66	675,951.59	0.00
	6,300.00	30.69	194.51	6,148.47	-2,638.57	689.87	514,670.25	675,938.80	0.00
	6,400.00	30.69	194.51	6,234.46	-2,724.56	740.90	514,620.84	675,926.01	0.00

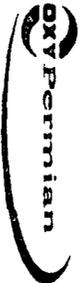


**PathFinder Energy Services**  
Global X&Y Report



<b>Company:</b> OXY Permian	<b>Local Coordinate Reference:</b>	<b>Well Well #2</b>
<b>Project:</b> Eddy County, NM	<b>TVD Reference:</b>	<b>Est. RKB @ 3509.90ft</b>
<b>Site:</b> Lost Tank 10 Federal Unit	<b>MD Reference:</b>	<b>Est. RKB @ 3509.90ft</b>
<b>Well:</b> Well #2	<b>North Reference:</b>	<b>Grid</b>
<b>Wellbore:</b> OH	<b>Survey Calculation Method:</b>	<b>Minimum Curvature</b>
<b>Design:</b> Plan #2	<b>Database:</b>	<b>Landmark Network DB</b>

Planned Survey	MD (ft)	Inc (?)	Adj (ft)	TVD (ft)	TVDSS (ft)	V. Sec (ft)	Northing (ft)	Easting (ft)	Dleg (ft/100ft)
6,500.00	30.69		194.51	6,320.45	-2,810.55	791.94	514,571.43	675,913.22	0.00
6,600.00	30.69		194.51	6,406.45	-2,896.55	842.98	514,522.02	675,900.42	0.00
6,700.00	30.69		194.51	6,492.44	-2,982.54	894.02	514,472.61	675,887.63	0.00
6,800.00	30.69		194.51	6,578.44	-3,068.54	945.06	514,423.20	675,874.84	0.00
6,900.00	30.69		194.51	6,664.43	-3,154.53	996.10	514,373.79	675,862.05	0.00
7,000.00	30.69		194.51	6,750.42	-3,240.52	1,047.14	514,324.38	675,849.26	0.00
7,100.00	30.69		194.51	6,836.42	-3,326.52	1,098.18	514,274.97	675,836.46	0.00
7,200.00	30.69		194.51	6,922.41	-3,412.51	1,149.22	514,225.56	675,823.67	0.00
7,300.00	30.69		194.51	7,008.41	-3,498.51	1,200.26	514,176.15	675,810.88	0.00
7,400.00	30.69		194.51	7,094.40	-3,584.50	1,251.29	514,126.74	675,798.09	0.00
7,500.00	30.69		194.51	7,180.40	-3,670.50	1,302.33	514,077.33	675,785.30	0.00
7,600.00	30.69		194.51	7,266.39	-3,756.49	1,353.37	514,027.92	675,772.50	0.00
7,700.00	30.69		194.51	7,352.38	-3,842.48	1,404.41	513,978.51	675,759.71	0.00
7,800.00	30.69		194.51	7,438.38	-3,928.48	1,455.45	513,929.10	675,746.92	0.00
7,900.00	30.69		194.51	7,524.37	-4,014.47	1,506.49	513,879.69	675,734.13	0.00
8,000.00	30.69		194.51	7,610.37	-4,100.47	1,557.53	513,830.28	675,721.34	0.00
8,100.00	30.69		194.51	7,696.36	-4,186.46	1,608.57	513,780.87	675,708.55	0.00
8,200.00	30.69		194.51	7,782.36	-4,272.46	1,659.61	513,731.46	675,695.75	0.00
8,277.50	30.69		194.51	7,849.00	-4,339.10	1,699.16	513,683.17	675,685.84	0.00
<b>Lost Tank 10 Fed #2 BC A</b>									
8,300.00	30.69		194.51	7,868.35	-4,358.45	1,710.65	513,682.05	675,682.96	0.00
8,400.00	30.69		194.51	7,954.34	-4,444.44	1,761.69	513,632.64	675,670.17	0.00
8,500.00	30.69		194.51	8,040.34	-4,530.44	1,812.72	513,583.23	675,657.38	0.00
8,573.33	30.69		194.51	8,103.40	-4,593.50	1,850.15	513,547.00	675,648.00	0.00
<b>LT 10 #2 Bone Springs</b>									
8,600.00	30.69		194.51	8,126.33	-4,616.43	1,863.76	513,533.82	675,644.59	0.00
8,662.41	30.69		194.51	8,180.00	-4,670.10	1,895.62	513,502.99	675,636.60	0.00



PathFinder Energy Services  
Global X&Y Report



Company:	OXY Permian	Local Co-ordinate Reference:	Well Well #2
Project:	Eddy County, NM	TVD Reference:	Est. RKB @ 3509.90ft
Site:	Lost Tank 10 Federal Unit	MD Reference:	Est. RKB @ 3509.90ft
Well:	Well #2	North Reference:	Grid
Wellbore Design:	OH- Plan #2	Survey Calculation Method:	Minimum Curvature
		Database:	Landmark Network DB

Target Name	Dip Angle (°)	Dip Dir. (°)	TVD (ft)	*N/S (ft)	*E/W (ft)	Northing (ft)	Easting (ft)	Latitude	Longitude
hit/miss target									
Shape									
Lost Tank 10 Fed #2 1	0.00	0.00	7,849.00	-1,644.93	-425.86	513,693.17	675,685.84	32° 24' 39.49364 N	03° 45' 50.56314 W
- plan hits target center									
- Circle (radius 50.00)									
LT 10 #2 Bone Spring	0.00	0.00	8,103.40	-1,791.10	-463.70	513,547.00	675,648.00	32° 24' 38.04919 N	03° 45' 51.01361 W
- plan hits target center									
- Point									

Formations	Measured Depth (ft)	Vertical Depth (ft)	Name	Lithology	Dip (°)	Dip Direction (°)
	4,198.00	4,198.00	Delaware		0.00	

Checked By: \_\_\_\_\_ Approved By: \_\_\_\_\_ Date: \_\_\_\_\_

- 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

A. Signature  Agent  Addressee

X

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

2. Article Number (transfer from service label) 7005 0390 0002 9920 7801

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

**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

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  Agent  Addressee

X

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

2. Article Number (transfer from service label) 7005 0390 0002 9920 7818

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

**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.  
Cambred, NM  
89220

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  Agent  Addressee

X

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

2. Article Number (transfer from service label) 7005 0390 0002 9920 7825

**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:

Conoco Phillips Co.  
550 Westlake Park Blvd.  
Houston, TX 77252

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  Agent  Addressee

X

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

2. Article Number (transfer from service label) 7005 0390 0002 9920 7832

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

## Brooks, David K., EMNRD

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**From:** David\_Stewart@oxy.com  
**Sent:** Thursday, September 02, 2010 7:53 AM  
**To:** Brooks, David K., EMNRD  
**Subject:** RE: Lost Tank 10 Federal #1,2,3,4,5 - Lost Tank 11 Federal #1; NSL applications  
**Attachments:** img-902072932-0001.pdf

Dear Mr. Brooks

I reviewed the cover letters on the following wells for the NSL applications and found that I made the same mistake on the township, it should be T22S, also one of them had the wrong well number(LT10F2). Please see attached and I also faxed corrected copies of the cover letters. I apologize for any inconvenience this may have caused and I appreciate your help.

Lost Tank 10 Federal #1, 2, 3, 4, 5  
Lost Tank 11 Federal #1

Thanks, David S.  
432-685-5717

---

**From:** Stewart, David  
**Sent:** Thursday, September 02, 2010 7:55 AM  
**To:** 'Brooks, David K., EMNRD'  
**Subject:** RE: Lost Tank 3 Federal #24; NSL application

I apologize for the errors in the application, see below and attached for a new cover letter.

1. The location should be 250 FSL 250 FEL of Sec 3.
2. Yes, Unit M of Sec 2 is an affected spacing unit and Yates Petroleum was notified of this NSL application and signed a waiver for the NSL.
3. Yes it should be T22S.

I appreciate the help and will also fax you a copy of the corrected cover letter.

Thanks, David S.  
432-685-5717

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**From:** Brooks, David K., EMNRD [mailto:david.brooks@state.nm.us]  
**Sent:** Wednesday, September 01, 2010 5:22 PM  
**To:** Stewart, David  
**Subject:** Lost Tank 3 Federal #24; NSL application

Dear Mr. Stewart

Some discrepancies exist in your application for this well. I am inclined to assume that they are typographical errors, but am requesting clarification or correction.

First, your letter identifies the location as 2350 FSL and 250 FEL of Section 3. However, all of the attached documents show the location to be 250 FSL and 250 FEL.

**Brooks, David K., EMNRD**

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**From:** Brooks, David K., EMNRD  
**Sent:** Friday, September 03, 2010 11:16 AM  
**To:** 'David\_Stewart@oxy.com'  
**Subject:** Lost Tank 10 Fed ## 1-5 and Lost Tank 11 Fed #1; NSL Applications

Dear Mr. Stewart

Thanks for furnishing the corrected applications for these wells and for the Lost Tank 3 Fed #24.

I have, however, an additional question concerning the referenced wells. It seems that the 10 ##1-5 and the 11 #1 are all directional wells. The applications do not include C-102s designating project areas. Will these wells be completed only in the spacing units corresponding to the bottom hole location? If not, we will need project area designations.

Thanks

David K. Brooks  
Legal Examiner



# OXY USA Inc.

PO Box 50250  
Midland, TX 79710-0250

## CORRECTED

September 2, 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 10 Federal #2  
Surface/Penetration Point – 840 FSL 1838 FEL Ut O – Sec 3 T22S R31E  
Bottom Hole – 950 FNL 2312 FEL Ut B – Sec 10 T22S R31E  
Eddy County, New Mexico**

*PP at SL*

Dear Mr. Ezeanyim:

*orthodox at top*

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 10 Federal #2. The #2 well is proposed in the Delaware with a TVD of 8200'. The kickoff point for the well is at approximately 4200' and the top of the Delaware formation is expected at 4035', which is above the kickoff point. 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 #2 encroaches on the 40-acre spacing units of O-Sec 3, B-Sec 10 of T22S R31E. All of the interest owners have joined in the drilling of the #2 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.
4. Proposed Directional Survey

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

Sincerely,

David Stewart  
Sr. Regulatory Analyst  
OXY USA Inc.

*also encroaches toward C of 10  
OK - See #3 application*

Attachments

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