

Submit Copy to Appropriate District Office
District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised July 18, 2013

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

WELL API NO. 30-015-40890
5. Indicate Type of Lease STATE ☒ FEE ☐
6. State Oil & Gas Lease No. VG-3604-0062
7. Lease Name or Unit Agreement Name Lost Tank 35 State SWD
8. Well Number 1
9. OGRID Number 16696
10. Pool name or Wildcat SWD Delaware

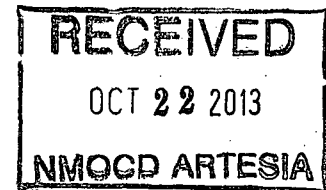
SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well ☐ Gas Well ☐ Other <u>SWD</u>
2. Name of Operator OXY USA Inc.
3. Address of Operator P.O. Box 50250 Midland, TX 79710
4. Well Location Unit Letter <u>K</u> : <u>2630</u> feet from the <u>South</u> line and <u>2630</u> feet from the <u>West</u> line Section <u>35</u> Township <u>21S</u> Range <u>31E</u> NMPM County <u>Eddy</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.) <u>3521.6 GR</u>

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK ☐	PLUG AND ABANDON ☐	REMEDIAL WORK ☐	ALTERING CASING ☐
TEMPORARILY ABANDON ☐	CHANGE PLANS ☐	COMMENCE DRILLING OPNS. ☐	P AND A ☐
PULL OR ALTER CASING ☐	MULTIPLE COMPL ☐	CASING/CEMENT JOB ☐	
DOWNHOLE COMMINGLE ☐			
CLOSED-LOOP SYSTEM ☒			
OTHER: <u>Rig Up-Complete Drilling</u> ☒		OTHER: ☐	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.



Spud Date:

Rig Release Date:

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

SIGNATURE David Stewart TITLE Sr. Regulatory Advisor DATE 9/17/13

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

For State Use Only

APPROVED BY: Dr. Dade TITLE Dist. Supervisor DATE 10/22/13

Conditions of Approval (if any):

SUMMARY OF CHANGES:

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

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

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

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

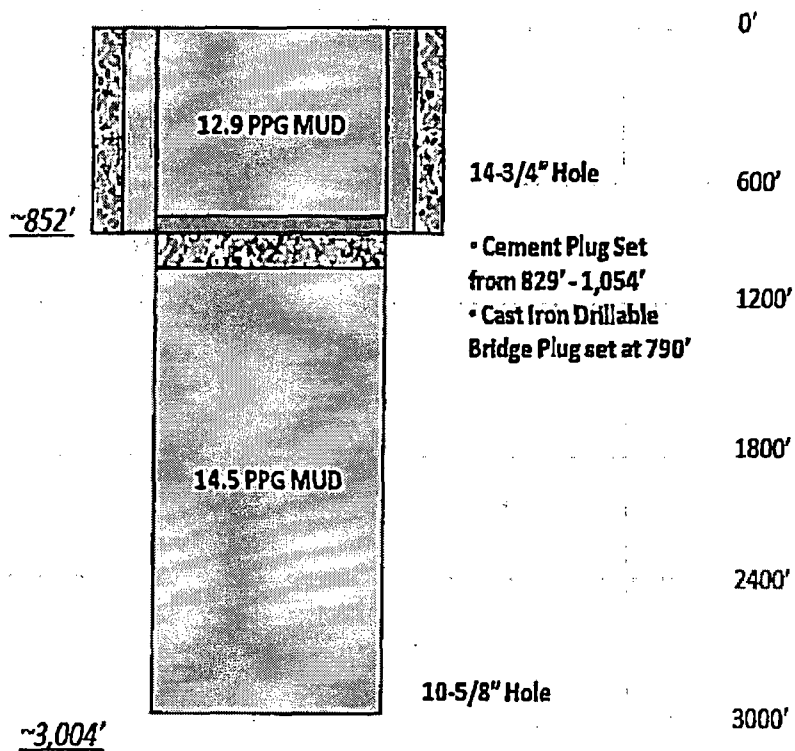
Option 1 and 2:

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

Lost Tank 35 St SWD 1 - Forward Plan

SUNDRY INFO

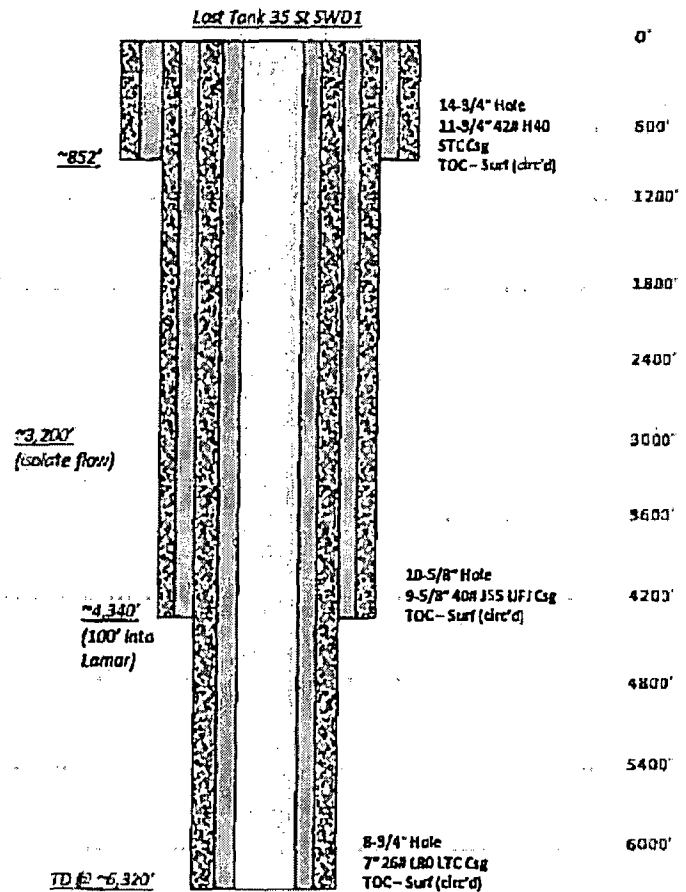
Current Well Status:



Option #1

If able to control flow with casing drilling:

- Casing design
 - 9 5/8" 40# J55 ULT-FJ
 - 7" 26# L80 LTC
- Wellhead
 - Cameron MBS
- Centralizers/Float Equipment
 - Davis-Lynch
 - 9 5/8" FE available (oxy owned)
 - Wear Sox Centralizers
- Expand location
- Drill mousehole



OPTION #1:**Casing Program:**

Intermediate Casing ran in a 10.625" hole filled with 13.2 ppg mud

Hole Size (in)	Interval (ft)	OD (in)	Wt (ppf)	Grade	Conn	ID (in)	Condition	Burst (psi)	Collapse (psi)	Burst SF	Coll SF	Ten SF
10.625	4340	9.625	40	J55	UFJ	8.835	New	3950	2570	1.37	1.86	1.84

Production Casing ran in a 8.75" hole filled with 8.6 ppg mud

Hole Size (in)	Interval (ft)	OD (in)	Wt (ppf)	Grade	Conn	ID (in)	Condition	Burst (psi)	Collapse (psi)	Burst SF	Coll SF	Ten SF
8.75	6320	7	26	L80	LTC	6.276	New	7240	5410	1.24	1.94	2.10

Cement Program:**Intermediate Interval**

Interval	Amount sx	Ft of Fill	Type	Gal/Sk	PPG	Ft ³ /sk	24 Hr Comp
Lead: 0' - 3678' (150% Excess)	500	3679'	Light Premium Plus Cement with 5 lbm/sk Salt, 0.125 lb/sk Poly-E-Flake (Lost Circulation Additive); 3 lbm/sk Kol-Seal (Lost Circulation Additive)	9.78	12.9	1.88	947 psi
Tail: 3678' - <u>4340'</u> (150% Excess)	150	661'	Premium Plus Cement with 1% Calcium Chloride (Accelerator)	6.36	14.8	1.34	1841 psi

Production Interval

Interval	Amount sx	Ft of Fill	Type	Gal/Sk	PPG	Ft ³ /sk	24 Hr Comp
Lead: 0' - 4465' (100 % Excess)	440	4465'	Light Premium Plus Cement with 1% Salt	13.96	11.8	2.45	332 psi
Tail: 4465' - <u>6320'</u> (100% Excess)	380	1855'	Premium Plus Cement with 0.3 % CFR-3 (Dispersant), 0.3 % Econolite (Light Weight Additive), 5 lbm/sk Microbond (Expander), 0.5 % Halad(R)-344 (Low Fluid Loss Control)	7.71	14.2	1.55	1546 psi

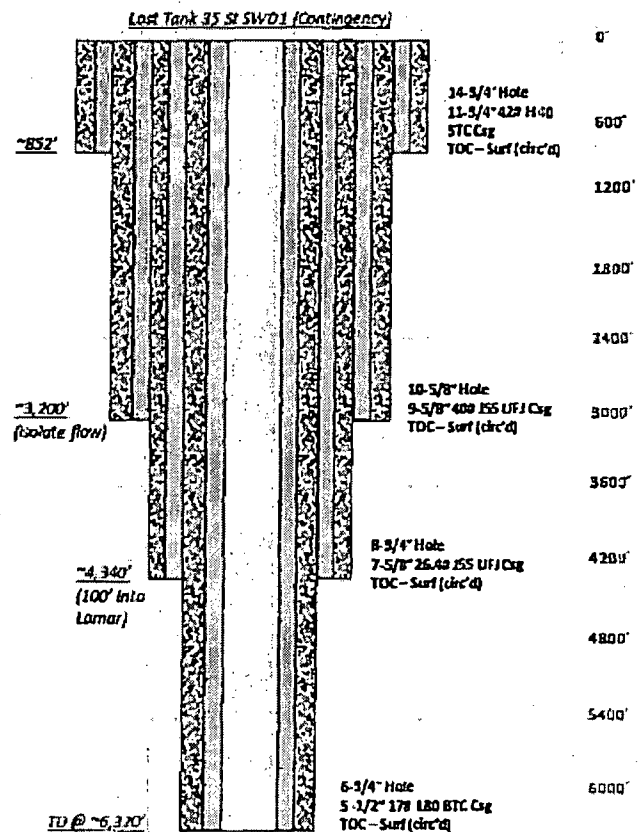
Mud Program:

Depth	Mud Wt ppg	Vis Sec	Fluid Loss	Type System
852' - 4340'	13.2 - 13.5	38 - 45	NC	Brine Mud
4340' - 6320'	8.6 - 8.8	28 - 32	NC	Cut Brine

Option #2

If unable to control flow with casing drilling:

- Casing design
 - 9 5/8" 40# J55 ULT-FJ
 - 7 5/8" 26.4# J55 ULT-FJ
 - 5 1/2" 17# L80 BTC
- Wellhead
 - Cameron MBS
- Centralizers/Float Equipment
 - Davis-Lynch
 - 9 5/8" Float Eq available (oxy owned)
 - Wear Sox Centralizers
 - Weatherford
 - 7 5/8" Float Eq
(Currently being thread for Ult-FJ)
- Expand location
- Drill mousehole



OPTION #2:**Casing Program:**

Intermediate Casing ran in a 10.625" hole filled with 13.2 ppg mud

Hole Size (in)	Interval (ft)	OD (in)	Wt (ppf)	Grade	Conn	ID (in)	Condition	Burst (psi)	Collapse (psi)	Burst SF	Coll SF	Ten SF
10.625	3200	9.625	40	J55	UFJ	8.835	New	3950	2570	1.31	2.37	2.21

Intermediate Casing ran in a 8.75" hole filled with 8.8 ppg mud

Hole Size (in)	Interval (ft)	OD (in)	Wt (ppf)	Grade	Conn	ID (in)	Condition	Burst (psi)	Collapse (psi)	Burst SF	Coll SF	Ten SF
8.75	4340	7.625	26.4	J55	UFJ	6.969	New	4140	2890	1.38	3.23	1.62

Production Casing ran in a 6.75" hole filled with 8.6 ppg mud

Hole Size (in)	Interval (ft)	OD (in)	Wt (ppf)	Grade	Conn	ID (in)	Condition	Burst (psi)	Collapse (psi)	Burst SF	Coll SF	Ten SF
6.75	6320	5.500	17	L80	BTC	4.892	New	7740	6290	1.24	2.25	2.05

Cement Program:**1st Intermediate Interval**

Interval	Amount sx	Ft of Fill	Type	Gal/Sk	PPG	Ft ³ /sk	24 Hr Comp
Lead: 0' - 2600' (150% Excess)	320	2600'	Light Premium Plus Cement with 5 lbm/sk Salt, 0.125 lb/sk Poly-E-Flake (Lost Circulation Additive), 3 lbm/sk Kol-Seal (Lost Circulation Additive)	9.78	12.9	1.88	947 psi
Tail: 2600' - 3200' (150% Excess)	140	600'	Premium Plus Cement with 1% Calcium Chloride (Accelerator)	6.36	14.8	1.34	1841 psi

2nd Intermediate Interval

Interval	Amount sx	Ft of Fill	Type	Gal/Sk	PPG	Ft ³ /sk	24 Hr Comp
Lead: 0' - 3740' (150% Excess)	290	3740'	Light Premium Plus Cement with 5 lbm/sk Salt, 0.125 lb/sk Poly-E-Flake (Lost Circulation Additive), 3 lbm/sk Kol-Seal (Lost Circulation Additive)	9.78	12.9	1.88	947 psi
Tail: 3740' - 4340' (150% Excess)	130	600'	Premium Plus Cement with 1% Calcium Chloride (Accelerator)	6.36	14.8	1.34	1841 psi

Production Interval

Interval	Amount sx	Ft of Fill	Type	Gal/Sk	PPG	Ft ³ /sk	24 Hr Comp
Lead: 0' - 4465' (100 % Excess)	280	4465'	Light Premium Plus Cement with 1% Salt	13.96	11.8	2.45	332 psi
Tail: 4465' - 6320' (100% Excess)	210	1855'	Premium Plus Cement with 0.3 % CFR-3 (Dispersant), 0.3 % Econolite (Light Weight Additive), 5 lbm/sk Microbond (Expander), 0.5 % Halad(R)-344 (Low Fluid Loss Control)	7.71	14.2	1.55	1546 psi

Mud Program:

Depth	Mud Wt ppg	Vis Sec	Fluid Loss	Type System
852' - 3200'	13.2 - 13.5	38 - 45	NC	Brine Mud
3200' - 4340'	8.8 - 9.2	32 - 36	NC	Cut Brine
4340' - 6320'	8.6 - 8.8	28 - 32	NC	Cut Brine