Form 3160-5
(June 2015)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Carlsbad Field Office
OCD Artesia

FORM APPROVED
OMB NO. 1004-0137
Expires: January 31, 2018

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on page 2

1. Type of Well ☒ Oil Well ☐ Gas Well ☐ Other	Lease Serial No. NMNM81586 6. If Indian, Allottee or Tribe Name 7. If Unit or CA/Agreement, Name and/or No. 8. Well Name and No. CEDAR CANYON 23-24 FEDERAL 32H
2. Name of Operator OXY USA INC. Contact: DAVID STEWART E-Mail: david_stewart@oxy.com	9. API Well No. 30-015-44180
3a. Address P.O. BOX 50250 MIDLAND, TX 79710 3b. Phone No. (include area code) Ph: 432-685-5717	10. Field and Pool or Exploratory Area PIERCE CROSSING BN SPRG E
4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)* Sec 22 T24S R29E NENE 520FNL 177FEL 32.208802 N Lat, 103.964305 W Lon	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			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Hydraulic Fracturing	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☒ Other Change to Original APD
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ 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.

OXY USA Inc. respectfully requests approval for the following changes from the approved permit:

1. Change in Mud Program
a. Replace MMH with water based Spud Mud in Surface Hole

b. Replace Brine & MMH system with Direct Emulsion Water Based Mud in Intermediate Hole from 400' to ICP.

c. Raise expected Mud Weight range from 8.6-9.2 ppg to 9.5-11.5 ppg due to weights seen in recent offsets.

d. OXY will make the change contingent upon the vendor being ready to support the rig. If the

NM OIL CONSERVATION
ARTESIA DISTRICT
JUN 16 2017
RECEIVED

Accepted for record - NMOCD 6-16-17

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

Electronic Submission #377177 verified by the BLM Well Information System
For OXY USA INC., sent to the Carlsbad
Committed to AFMSS for processing by DEBORAH MCKINNEY on 05/30/2017 ()

Name *(Printed/Typed)* DAVID STEWART — Title SR. REGULATORY ADVISOR

Signature (Electronic Submission) — Date 05/24/2017

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

APPROVED
JUN 8 2017
PETROLEUM ENGINEER
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

Approved By Mustafa Haque — Title — Date 6/08/2017

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.

Office

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)

**** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ****

Additional data for EC transaction #377177 that would not fit on the form

32. Additional remarks, continued

vendor is not ready to support the rig, OXY will continue with the current MMH system that was permitted.

e. As discussed on 04/12/17, Oxy proposes to drill out the surface casing shoe with a Direct Emulsion Water Based Mud which will consist of an external saturated brine phase with pH above 10 at all times, from 400'?ICP. This will eliminate the need for two mud systems, to manage both the salt and losses circulation interval in the intermediate hole section.

2. OXY requests the option to contract a Surface Rig to drill, set surface casing, and cement for this well. If the timing between rigs is such that OXY would not be able to preset surface, the Primary Rig will MIRU and drill the well in its entirety per the APD. Please see the attached document for information on the spudder rig.

3. Request a variance from the 0.422" clearance requirement on each side of the casing.
a. Run 5-1/2" 20# P-110 DQX with a Connection OD of 6.05" inside of our 7-5/8" casing (Nominal ID: 6-7/8" and Drift ID: 6-3/4").

b. The 5-1/2" string will be used as a tie-back above the 4-1/2" liner and will remain un-cemented. The only cemented portion of the well will be the liner, which will be cemented a minimum of 100' back into the 7-5/8" casing.

Please see attached for detailed information.

- All previous COAs still apply. Additional COA is not required.

PERFORMANCE DATA

TMK UP DQX 5.500 in 20.00 lbs/ft P-110
Technical Data Sheet

Tubular Parameters

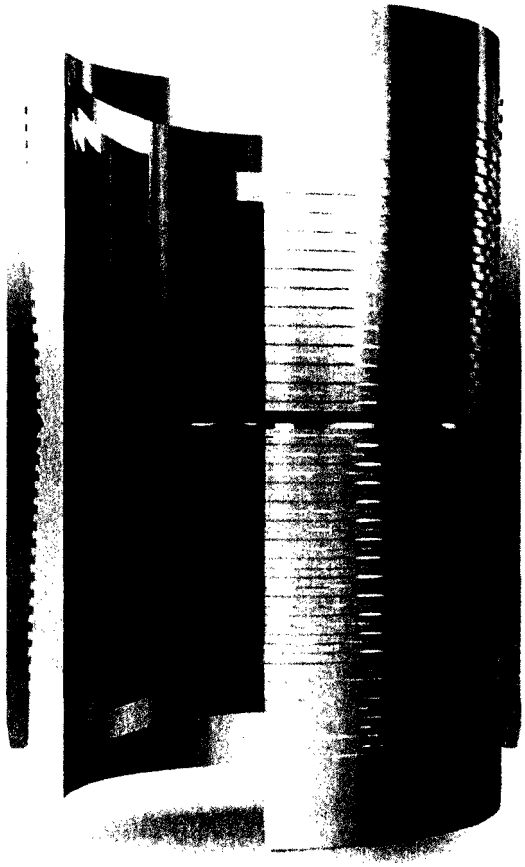
Size	5.500	in	Minimum Yield	110,000	psi
Nominal Weight	20.00	lbs/ft	Minimum Tensile	125,000	psi
Grade	P-110		Yield Load	641,000	lbs
PE Weight	19.81	lbs/ft	Tensile Load	729,000	lbs
Wall Thickness	0.361	in	Min. Internal Yield Pressure	12,600	psi
Nominal ID	4.778	in	Collapse Pressure	11,100	psi
Drift Diameter	4.653	in			
Nom. Pipe Body Area	5.828	in²			

Connection Parameters

Connection OD	6.050	in
Connection ID	4.778	in
Make-Up Loss	4.122	in
Critical Section Area	5.828	in²
Tension Efficiency	100.0	%
Compression Efficiency	100.0	%
Yield Load In Tension	641,000	lbs
Min. Internal Yield Pressure	12,600	psi
Collapse Pressure	11,100	psi

Make-up Torques

Min. Make-Up Torque	11,600	ft-lbs
Opt. Make-Up Torque	12,900	ft-lbs
Max. Make-Up Torque	14,200	ft-lbs
Yield Torque	24,800	ft-lbs



Printed on: 29-Jul-11

NOTICE: The information in this Technical Data Sheet is for general information only and does not guarantee performance. It is the responsibility of the user to determine the suitability for any particular purpose of any information or product mentioned herein. Users should make their own calculations and tests to determine the suitability of a product for their specific application. Should additional information be required, the user is responsible for making timely inquiries and obtaining the most current information. Any reliance on any information is at the user's own risk. Specifications are subject to change without notice. In addition, while TMK IPSCO believes that the information and recommendations contained herein are reliable under the conditions and subject to the qualifications set out herein, TMK IPSCO does not guarantee the accuracy or completeness of this information, and shall not be responsible for any loss, injury, claim, liability or damage of any kind resulting from, in connection with, or arising out of the use of this information. Anyone using this information does so at their own risk and assumes all responsibility and liability for proper and safe handling of the material described herein and for infringement of any patent or violation of any law. Before using any product sold by TMK IPSCO, it is the responsibility of the user to read and understand the Product Manual, including all warnings and limitations associated with the safe use of the product. For more information and/or to ensure that you have the most current version of this Technical Data Sheet, please contact TMK IPSCO Technical Sales at 1-888-258-2000.

TMK IPSCO

OXY USA Inc. - Cedar Canyon 23-24 Federal 32H

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Mud Program

Depth From (ft)	Depth To (ft)	Fluid Type	Mud Weight (ppg)	Funnel Visc (sec/qt)	API Fluid Loss
0	400	Spud Mud	8.4-8.6	40-50	N/C
400	9517	Direct Emulsion WBM	9.0-10.0	28-38	N/C
9517	17649	OBM	9.5-11.5	28-34	<15

Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be kept on location at all times.

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OXY USA Inc
APD ATTACHMENT: SPUDDER RIG DATA

OPERATOR NAME / NUMBER: OXY USA Inc

1. SUMMARY OF REQUEST:

Oxy USA respectfully requests approval for the following operations for the surface hole in the drill plan:

1. Utilize a spudder rig to pre-set surface casing for time and cost savings.

2. Description of Operations

1. Spudder rig will move in to drill the surface hole and pre-set surface casing on the well.
    a. After drilling the surface hole section, the spudder rig will run casing and cement following all of the applicable rules and regulations (OnShore Order 2, all COAs and NMOCD regulations).
    b. The spudder rig will utilize fresh water-based mud to drill the surface hole to TD. Solids control will be handled entirely on a closed loop basis. No earth pits will be used.
2. The wellhead will be installed and tested as soon as the surface casing is cut off and the WOC time has been reached.
3. A blind flange at the same pressure rating as the wellhead will be installed to seal the wellbore. Pressure will be monitored with needle valves installed on two wingvalves.
    a. A means for intervention will be maintained while the drilling rig is not over the well.
4. Spudder rig operations are expected to take 2-3 days per well on the pad.
5. The BLM will be contacted and notified 24 hours prior to commencing spudder rig operations.
6. Drilling operations will begin with a larger rig and a BOP stack equal to or greater than the pressure rating that was permitted will be nippled up and tested on the wellhead before drilling operations resume on each well.
    a. The larger rig will move back onto the location within 90 days from the point at which the wells are secured and the spudder rig is moved off location.
    b. The BLM will be contacted / notified 24 hours before the larger rig moves back on the pre-set locations.
7. Oxy will have supervision on the rig to ensure compliance with all BLM and NMOCD regulations and to oversee operations.
8. Once the rig is removed, Oxy will secure the wellhead area by placing a guard rail around the cellar area.

Spudder Rig Layout