

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
OCD Artesia

FORM APPROVED
OMB No 1004-0137
Expires October 31, 2014

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.

5. Lease Serial No
NMNM-0473362

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2

7. If Unit of CA/Agreement, Name and/or No

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

8. Well Name and No
DERO FEDERAL COM #2

2. Name of Operator
OXY USA INC

9. API Well No
30-015-20973

3a. Address
PO BOX 4284
HOUSTON, TX 77210

3b. Phone No. (include area code)
713-513-6640

10. Field and Pool or Exploratory Area
~~Bone Spring~~ **OLD MILLMAN RANCH; B.S.**

4. Location of Well (Footage, Sec., T, R, M., or Survey Description)
660' FSL & 980' FWL; SEC 35

11. County or Parish, State
EDDY COUNTY, NM **<480357**

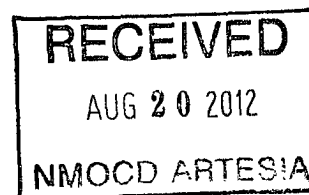
12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input checked="" type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input checked="" type="checkbox"/> Plug Back	<input type="checkbox"/> 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 request permission to plugback & recomplete the above mentioned location. Please see the attached wellbore schematics and propose procedure for your review. If you have any questions or need any additional information, please feel free to contact me at any time

SEE ATTACHED FOR
CONDITIONS OF APPROVAL



Accepted for record
NMOCD **jes**
8/21/2012

WITNESS
PLUG BACK

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)

Jennifer Duarte (jennifer_duarte@oxy.com)

Title Regulatory Analyst

Signature

Date 07/02/2012

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

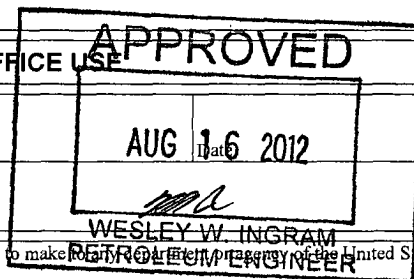
Title

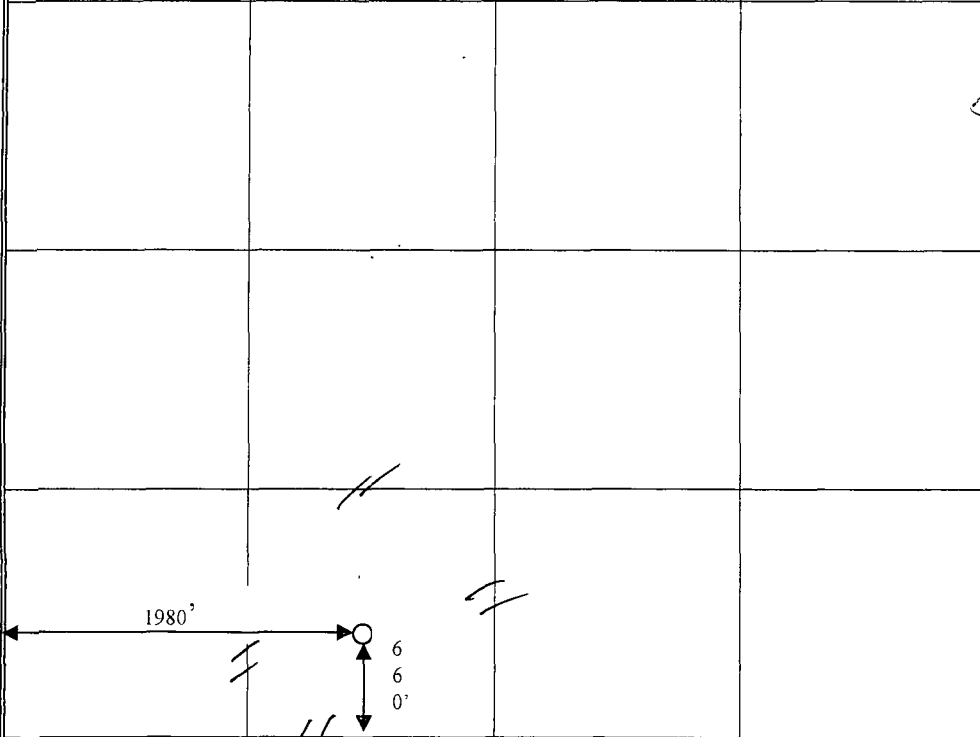


Office

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.

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 any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)



<div data-bbox="92 968 115 982" data-label="Text">16</div> 	<div data-bbox="1135 972 1487 1001" data-label="Section-Header">17 OPERATOR CERTIFICATION</div> <div data-bbox="1068 1001 1539 1205" data-label="Text"><p>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</p></div> <div data-bbox="1068 1205 1539 1278" data-label="Text"><div data-bbox="1068 1205 1458 1278" data-label="Text"></div><div data-bbox="1458 1205 1539 1278" data-label="Text">07/02/2012</div></div> <div data-bbox="1068 1278 1539 1329" data-label="Text"><div data-bbox="1068 1278 1539 1329" data-label="Text">Signature</div><div data-bbox="1399 1278 1539 1329" data-label="Text">Date</div></div> <div data-bbox="1068 1329 1539 1358" data-label="Text"><div data-bbox="1068 1329 1539 1358" data-label="Text">JENNIFER DUARTE</div><div data-bbox="1068 1358 1539 1388" data-label="Text">Printed Name</div></div> <div data-bbox="1068 1388 1539 1428" data-label="Text"><div data-bbox="1068 1388 1539 1428" data-label="Text">JENNIFER_DUARTE@OXY.COM</div><div data-bbox="1068 1428 1539 1457" data-label="Text">E-mail Address</div></div> <div data-bbox="1068 1467 1508 1497" data-label="Section-Header">18 SURVEYOR CERTIFICATION</div> <div data-bbox="1068 1497 1539 1635" data-label="Text"><p>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</p></div> <div data-bbox="1068 1635 1539 1684" data-label="Text"><div data-bbox="1068 1635 1539 1684" data-label="Text"></div></div> <div data-bbox="1068 1684 1539 1713" data-label="Text"><div data-bbox="1068 1684 1539 1713" data-label="Text">Date of Survey</div></div> <div data-bbox="1068 1713 1539 1745" data-label="Text"><div data-bbox="1068 1713 1539 1745" data-label="Text">Signature and Seal of Professional Surveyor</div></div> <div data-bbox="1068 1892 1539 1921" data-label="Text"><div data-bbox="1068 1892 1539 1921" data-label="Text">Certificate Number</div></div>
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PROGRAM (REVISED)

1. MIRU PU
2. Unset packer. POH.
3. RIH open ended and tag PBTD at 11,110'. First cement plug: Spot 130' of cement from 11,110' to 10,970'.
4. Second cement plug: Spot 430' of cement from 9,430' to 9,000'. WOC-Tag.

Note: both cement plugs with class H cement, 16.4 ppg, 4.3 glns of fresh water per sack. Mud laden fluids mixed at 25 sx of gel per 100 barrels of water shall be placed between both cement plugs.

5. Pressure up casing to 500 psi
6. Run CBL-USIT in cement and corrosion mode log from 9,000' to surface. Depending the cement condition, a cement squeeze job would be performed.
7. RU W/L unit. Perforate Bone Spring in the interval 6,400' – 7,750'
8. RIH packer on working string. Set packer at +/- 6350'. Test casing to 500 psi.
9. Frac the Bone Spring formation with 2,000 Bbls of X-Link gel with 200,000 lbs of 16/30 white sand.
10. Unset packer and POH.
11. Clean the well to 9,000' (PBTD).
12. RIH rod pump string.
13. Clean location and set anchors.

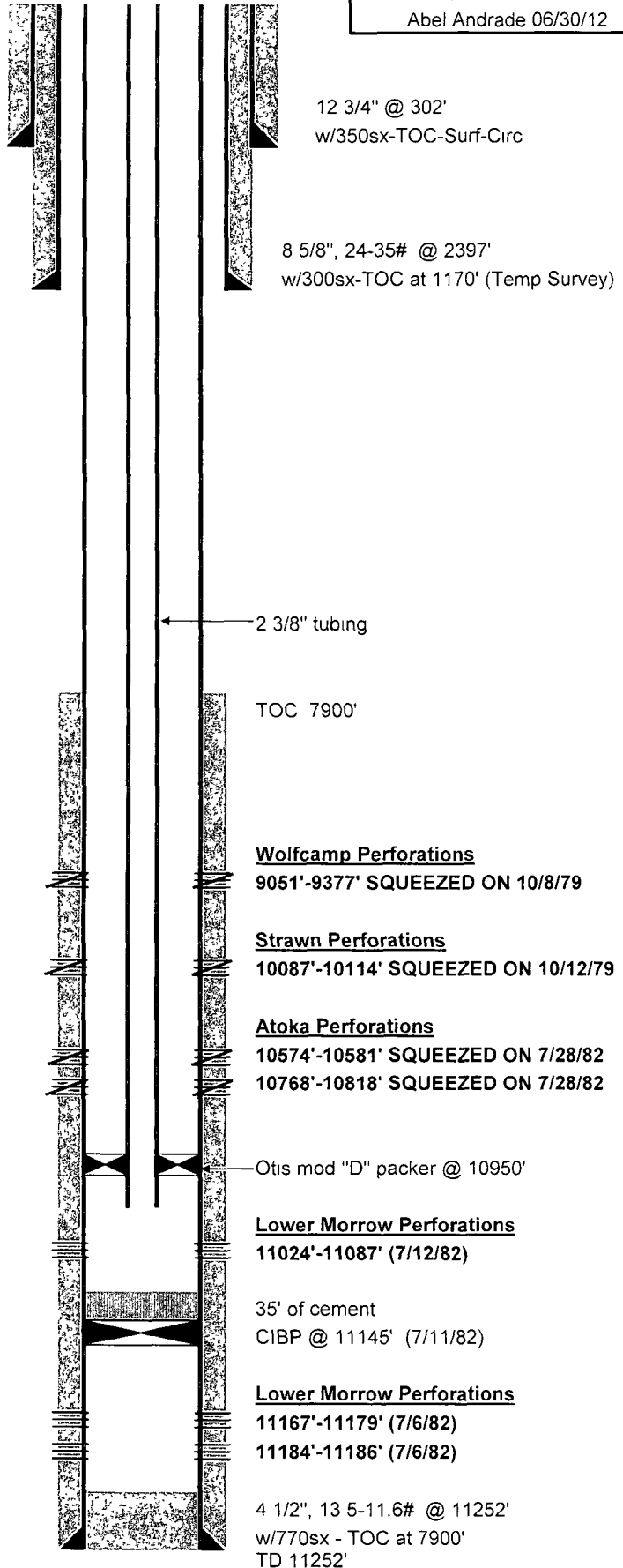
660' FSL, 1980' FWL, Sec. 35, T19S, R28E, Eddy Co., NM
Winchester Wolfcamp Area - WI: 59.27%

Spud date: 10/5/73

Completion Date: 1/16/74

 CURRENT

OXY USA INC
Dero Federal Com 2
30-015-20973
Abel Andrade 06/30/12



660' FSL, 1980' FWL, Sec..35, T19S, R28E, Eddy Co., NM
Winchester Wolfcamp Area - WI: 59.27%

Spud date: 10/5/73

Completion Date 1/16/74

 PROPOSED

OXY USA INC

Dero Federal Com 2

30-015-20973

Abel Andrade 06/30/12

12 3/4" @ 302'
w/350sx-TOC-Surf-Circ

8 5/8", 24-35# @ 2397'
w/300sx-TOC at 1170' (Temp Survey)

Bone Spring perforations
6400'- 7750'

Rod String

2 3/8" tubing

Tubing Anchor

Rod Pump

Seating Nipple

Gas Anchor

Perforated joint

Bull Plug

Wolfcamp Perforations

9051'-9377' SQUEEZED ON 10/8/79

Strawn Perforations

10087'-10114' SQUEEZED ON 10/12/79

Atoka Perforations

10574'-10581' SQUEEZED ON 7/28/82

10768'-10818' SQUEEZED ON 7/28/82

Lower Morrow Perforations

11024'-11087' (7/12/82)

35' of cement

CIBP @ 11145' (7/11/82)

Lower Morrow Perforations

11167'-11179' (7/6/82)

11184'-11186' (7/6/82)

4 1/2", 13 5-11 6# @ 11252'

w/770sx - TOC at 7900'

TD 11252'

Conditions of Approval

OXY USA Inc.
Dero Federal Com 2
API 30-015-20973
August 16, 2012

Box 4 on 3160-5 is incomplete – should have township and range also.

This well is within a high cave/karst area, which requires two strings of casing cemented to surface. Operator shall propose a monitoring system to ensure protection of the cave/karst zone.

1. The comunization agreement for this well (NM71213) will be terminated. Operator shall submit a sundry renaming the well if commercial in the Bone Spring formation, remove “Com”.
2. A new “Well Location and Acreage Dedication Plat” (NMOCD Form C-102) is required with the notice of intent package when recompleting to another pay zone.
3. **Provide BLM with an electronic copy (Adobe Acrobat Document) cement bond log record from 11,100’ or deeper to top of cement or surface. The CBL shall be reviewed by BLM prior to setting the formation plugs. Should the CBL show lack of cement for the deep formation plugs, it will be necessary to perforate and squeeze those plugs. It is also necessary to place cement behind the 4 ½” from TOC determined by CBL to an overlap of at least 200’ into the 8 5/8” casing. Operator shall provide method of verification, calculated top is not an acceptable method.**
4. Notify BLM 575-361-2822 a minimum of 24 hours prior to commencing plug back procedures. The procedures are to be witnessed. If no answer, leave a voice mail with the API#, workover purpose and a call back phone number. Note the contact, time and date in your subsequent report.
5. Surface disturbance beyond the existing pad shall have prior approval.
6. A closed loop system is required. The operator shall properly dispose of drilling/circulating contents at an authorized disposal site. Tanks are required for all operations, no excavated pits.
7. Functional H₂S monitoring equipment shall be on location.
8. A minimum of 5000 (5M) BOPE is to be used. All blowout preventer (BOP) and related equipment (BOPE) shall comply with reasonable well control requirements. A two ram system with a blind ram and a pipe ram designed for the size of the work string shall be adequate. Tapered work strings will require an additional pipe ram. The manifold shall comply with Onshore Oil and Gas Order #2 Attachment I (5M) Diagrams of Choke Manifold Equipment). The accumulator system shall have an immediately available power source to close the rams and retain 200 psi above pre-charge. The pre-charge test shall follow requirements in Onshore Order #2.

9. All waste (i.e. trash, salts, chemicals, sewage, gray water, etc.) created as a result of work over operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area. Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.
10. Minimum 25 sacks (neat Class H > 7,500 ft & neat Class C < 7,500 ft) cement will be necessary. For any plug that requires a tag or pressure test a minimum WOC time of 4 hours (C) & 8 hours (H) is recommended.
11. Minimum requirement for mud placed between plugs is 25 sacks of salt water gel per 100 barrels in 9 lb/gal brine.
12. The BLM PET witness is to run tubing tally and agree to cement and mud quality and placement. Sample each plug for cement curing time and tag and/or pressure test (WOC time of 4 hours recommended) as requested by BLM PET witness.
13. **Step 3 of operator procedure:**
 - A. Run CBL as specified in BLM step 3.
 - B. Neat Class H cement plug for Lower Morrow perforations shall be set from top of cement on CIBP existing at 11,145'. Plug shall be tagged at 10,892' or shallower – this will cover the perforations and the top of the Morrow formation. Operator has the option of increasing the size of this plug to cover the Atoka and Strawn perforations and eliminate two tags. Plug shall be Class H and tagged at 10,030' or shallower.
 - C. If operator decides not to increase the plug size to cover the Atoka and Strawn formations, the operator can set two separate plugs or one combination plug. If separate, the plug shall be set from a minimum of 50' below the squeezed perforations and tagged a minimum of 50' above. The Atoka plug will be approximately 350' in length. Plug shall be a minimum of 25 sacks of Class H. The Strawn plug shall be a minimum of 205' in length and shall be tagged at 10,000' or shallower. A combination plug shall be set from 10,870' and tagged at 10,000' or shallower.
14. **Step 4 of operator procedure**

Modify the second plug to place a Class H cement plug from 9,450' covering the squeezed perforations to above the Wolfcamp formation top of 9,029'. Plug shall be tagged at 8,975' or shallower.
15. After setting the top plug and before perforating, perform a BLM PET witnessed (charted) casing integrity test of at least 500 psig. Pressure leakoff may require remediation prior to continuing the workover. Include a copy of the chart in the subsequent sundry for this workover.
16. File a **subsequent sundry** Form 3160-5 within 30 days of the plug back and acid treatment. Include an updated wellbore diagram. File the subsequent sundry for the frac separately if it is delayed as much as 20 days.

17. Submit the BLM Form 3160-4 **Recompletion Report** within 30 days of the date all BLM approved procedures are complete.
18. Workover approval is good for 90 days (completion to be within 90 days of approval). A legitimate request is necessary for extension of that date.

PRSD/WW1 081612

Access information for use of Form 3160-5 "Sundry Notices and Reports on Wells"

NM Fed Regs & Forms - http://www.blm.gov/nm/st/en/prog/energy/oil_and_gas.html

§ 43 CFR 3162.3-2 Subsequent Well Operations.

§ 43 CFR 3160.0-9 (c)(1) Information collection.

§ 3162.4-1 (c) Well records and reports.