

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCDA Artesia

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

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 reverse side.

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		8. Well Name and No. FNR 35 FEDERAL 1H
2. Name of Operator OXY USA INCORPORATED		9. API Well No. 30-015-42275-00-X1
3a. Address 5 GREENWAY PLAZA STE 110 HOUSTON, TX 77046-0521	3b. Phone No. (include area code) Ph: 432.685.5717	10. Field and Pool, or Exploratory FORTY NINER RIDGE
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 35 T23S R30E NWNW 660FNL 330FWL 32.266724 N Lat, 103.857229 W Lon		11. County or Parish, and State EDDY COUNTY, NM

12. CHECK 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 type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Change to Original APD
	<input type="checkbox"/> Convert to Injection	<input 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 recompleat 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 shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall 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 to the drilling plan:

1. Extend the BHL 150' past the east hardline to allow for our shoe track and perforating guns, see attached for amended C-102 plat and amended directional drilling plan.
2. Request change of 5-1/2" production casing from P-110 to L-80 and amend the production casing cementing program.

Proposed TD - 12297'M 7772'V

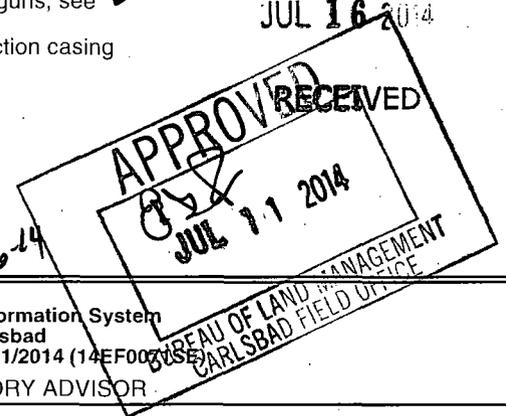
Production Casing
5-1/2" 17# L-80 BT&C new csg @ 0-12297'M, 7-7/8" hole w/ 9.2# mud

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

Accepted for record
NMOCD 7-16-14

**NM OIL CONSERVATION
ARTESIA DISTRICT**

JUL 16 2014



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

Electronic Submission #251527 verified by the BLM Well Information System For OXY USA INCORPORATED, sent to the Carlsbad Committed to AFMSS for processing by ED FERNANDEZ on 07/11/2014 (14EF00705)

Name (Printed/Typed) DAVID STEWART	Title REGULATORY ADVISOR
Signature (Electronic Submission)	Date 07/02/2014

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <u>EDWARD FERNANDEZ</u>	Title <u>PETROLEUM ENGINEER</u>	Date <u>07/11/2014</u>
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 <u>Carlsbad</u>

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.

Additional data for EC transaction #251527 that would not fit on the form

32. Additional remarks, continued

Coll Rating (psi)-6290 Burst Rating (psi)-7740
SF Coll-1.66 SF Burst-1.25 SF Ten-1.86

Collapse and burst loads calculated using Stress Check with anticipated loads, see attached for design assumptions

Cement program modifications detailed below.

Production - Cement w/ 690sx Tuned Light (TM) System w/ 3#/sx Kol-Seal + .8 HR-601 + .125#/sx Poly-E-Flake, 9.8ppg 3.46 yield 788# 24hr CS 125% Excess followed by 600sx Super H cmt w/ 3#/sx salt + .3% CFR-3 + .5% Halad-344 + 2#/sx Kol-Seal, 13.2ppg 1.65 yield 1462# 24hr CS 40% Excess. Calc TOC-Surface

Contingency 2nd Stage- DVT @ 3950' If cement circulates to surface during primary cementing operation, the DV cancellation cone will be run and the 2nd stage will be cancelled. If cement is not circulated to surface, the contingency 2nd stage will be pumped as follows:
Circulate cement w/ 330sx HES light PP cmt w/ 3#/sx Salt, 12.4ppg 2.05 yield 450# 24hr (500#-26hr) CS 10% Excess followed by 100sx PP cmt, 14.8ppg 1.33 yield 855# 24hr CS 50% Excess.

Description of Cement Additives: Salt (Accelerator); CFR-3 (Dispersant);
Kol-Seal, Poly-E-Flake (Lost Circulation Additive); Halad-9, Halad-344 (Low Fluid Loss Control);
HR-601 (Retarder)

The above cement volumes could be revised pending the caliper measurement.

PECOS DISTRICT

SUNDRY dated 7/2/2014

OPERATOR'S NAME:	OXY USA Inc.
LEASE NO.:	NMNM-0531277A
WELL NAME & NO.:	FNR 35 Federal 1H 3001542275
SURFACE HOLE FOOTAGE:	0660' FNL & 0330' FWL
BOTTOM HOLE FOOTAGE:	0660' FNL & 0350' FEL
LOCATION:	Section 35, T. 23 S., R 30 E., NMPM
COUNTY:	Eddy County, New Mexico

Original COA still stands with the following drilling modifications:

Centralizers required on horizontal leg, must be type for horizontal service and a minimum of one every other joint.

1. The minimum required fill of cement behind the 5-1/2 inch production casing is:

- Cement to surface. If cement does not circulate, contact the appropriate BLM office.

Operator has proposed a contingency DV tool at 3950'. If operator circulates cement on the first stage, operator is approved to run the DV tool cancellation plug and cancel the second stage of the proposed cement plan. If cement does not circulate, operator will proceed with the second stage.

a. Second stage above DV tool:

- Cement to surface. If cement does not circulate, contact the appropriate BLM office. **Additional cement will be required as excess calculates to 16%.**

4. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.
5. Whenever a casing string is cemented in the R-111-P potash area, the NMOCD requirements shall be followed.

EGF 071114