Form 3160-5
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Hobbs

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.

HOBBS OCD

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

JUN 24 2013

RECEIVED

5. Lease Serial No.
NMNM42814

6. If Indian, Allottee or Tribe Name

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

1. Type of Well
☒ Oil Well ☐ Gas Well ☐ Other

8. Well Name and No.
CABIN LAKE 31 FEDERAL COM 6H

2. Name of Operator
OXY USA INCORPORATED

Contact: DAVID R STEWART
E-Mail: david_stewart@oxy.com

9. API Well No.
30-025-41088-00-X1

3a. Address
HOUSTON, TX 77210-4294

3b. Phone No. (include area code)
Ph: 432-685-5717
Fx: 432-685-5742

10. Field and Pool, or Exploratory
LOST TANK

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
Sec 31 T21S R32E SWSW 560FSL 330FWL

11. County or Parish, and State
LEA COUNTY, NM

12. CHECK 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	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☒ Other Change to Original A PD
	☐ 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 shall 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 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. Casing design modification, to drill the well with smaller bit sizes:
14-3/4" surface hole w/ 11-3/4" csg, 10-5/8" intermediate hole w/ 8-5/8" csg and 7-7/8" production hole w/ 5-1/2" csg. Details are below.

2. Cement program adjustment to the new bit/casing sizes. Cement program modifications detailed below.

SEE ATTACHED FOR CONDITIONS OF APPROVAL

3. The Surface and Intermediate casings strings will be tested to 70% of their burst rating for 30 minutes. This will also test the seals of the lock down pins that hold the pack-off in place in the Multibowl wellhead system.

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

Electronic Submission #211310 verified by the BLM Well Information System
For OXY USA INCORPORATED, sent to the Hobbs
Committed to AFMSS for processing by KURT SIMMONS on 06/20/2013 (13KMS2335SE)

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

Signature (Electronic Submission) — Date 06/20/2013

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By CHRISTOPHER WALLS — Title PETROLEUM ENGINEER — Date 06/21/2013

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 Hobbs

Petroleum Engineer

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.

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

JUN 26 2013

Additional data for EC transaction #211310 that would not fit on the form

32. Additional remarks, continued

a.Surface Casing-
11-3/4" 42# H-40 ST&C csg @ 0-740', 14-3/4" hole w/ 8.6# mud

Coll Rating (psi)	Burst Rating (psi)	SF Coll	SF Burst	SF Ten
1070	1980	3.23	1.23	1.69

b.Intermediate Casing-
8-5/8" 32# J-55 LT&C csg @ 0-4500', 10-5/8" hole w/ 10.2# mud

Coll Rating (psi)	Burst Rating (psi)	SF Coll	SF Burst	SF Ten
2530	3930	4.15	1.39	1.84

c.Production Casing
5-1/2" 17# L-80 LT&C csg @ 0-11702'M, 7-7/8" hole w/ 9.7# mud

Coll Rating (psi)	Burst Rating (psi)	SF Coll	SF Burst	SF Ten
6290	7740	1.71	2.62	1.91

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

a. Surface - Circulate cement to surface w/ 250sx PP cmt w/ 1% CaCl2 + 4% Bentonite + .25#/sx Poly-E-Flake, 13.5ppg 1.73 yield 589# 24hr CS 150% Excess followed 240sx PP cmt w/ 2% CaCl2, 14.8ppg 1.35 yield 1346# 24hr CS 150% Excess.

b. Intermediate - Circulate cement to surface w/ 1250sx HES light PP cmt w/ 5% Salt + .3% HR-800, 12.9ppg 1.88 yield 660# 24hs CS 125% Excess followed by 310sx PP cmt w/ 1% CaCl2, 14.8ppg 1.34 yield 2125# 24hr CS 125% Excess.
c. Production - Circulate cement w/ 900sx Tuned Light cmt w/ 14.8#/sx Silicalite 50/50 Blend + 15#/sx Scotchlite HGS-6000 w/ .5#/sx CFR-3 + .15#/sx WG-17 + 1#/sx Cal-Seal 60 + 1.5# salt + 2% CaCl2 10.6ppg 2.69 yield 646# 24hr CS 80% Excess followed by 700sx Super H cmt w/ 3#/sx salt + .4% CFR-3 + .5% Halad-344 + .2% HR-800, 13.2ppg 1.64 yield 1447# 24hr CS 40% Excess.
Contingency 2nd Stage- DVT @ 4550' If lost circulation is present in the first stage and cement is not brought to surface, the contingency 2nd stage will be pumped as follows:
Circulate cement w/ 560sx HES light PP cmt w/ 3#/sx Salt, 12.4ppg 2.05 yield 548# 24hs CS 80% Excess followed by 100sx PP cmt w/ 2% CaCl2, 14.8ppg 1.33 yield 1943# 24hr CS 40% Excess.

Description of Cement Additives: Calcium Chloride, Cal Seal 60, Salt (Accelerator); Silicalite (Additive Material); CFR-3 (Dispersant); WG-17 (Gelling Agent); Bentonite, Schotchlite HGS-6000 (Light Weight Additive); Poly-E-Flake (Lost Circulation Additive); Halad-344 (Low Fluid Loss Control); HR-601, HR-800 (Retarder)
The above cement volumes could be revised pending the caliper measurement.

CONDITIONS OF APPROVAL

OPERATOR'S NAME:	OXY USA Inc.
LEASE NO.:	NM42814
WELL NAME & NO.:	Cabin Lake 31 Fed Com 6H
SURFACE HOLE FOOTAGE:	560' FSL & 330' FWL
BOTTOM HOLE FOOTAGE	560' FSL & 355' FEL
LOCATION:	Section 31, T.21 S., R.32 E., NMPM
COUNTY:	Lea County, New Mexico

A. CASING

Changes to the approved APD casing program need prior approval if the items substituted are of lesser grade or different casing size. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-55 to N-80, or from 36# to 40#).
Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.).

Centralizers required on surface casing per Onshore Order 2.III.B.1.f.

Wait on cement (WOC) time prior to drilling out for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater for all casing strings. DURING THIS WOC TIME, NO DRILL PIPE, ETC. SHALL BE RUN IN THE HOLE. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. See individual casing strings for details regarding lead cement slurry requirements.

No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

R-111-P Potash
Possible lost circulation in the Delaware and Bone Spring formations.
Possible water and brine flows in the Salado and Castile Groups.

1. The **11-3/4** inch surface casing shall be set at approximately **740** feet (in a competent bed below the Magenta Dolomite, a Member of the Rustler, and if salt is encountered, set casing at least 25 feet above the salt) and cemented to the surface.

    a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with surface log readout will be used or a cement bond log shall be run to verify the top of the cement. Temperature survey will be run a minimum of

six hours after pumping cement and ideally between 8-10 hours after completing the cement job.

b. Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.

c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.

d. If cement falls back, remedial cementing will be done prior to drilling out that string.

Formation below the 11-3/4" shoe to be tested according to Onshore Order 2.III.B.1.i. Test to be done as a mud equivalency test using the mud weight necessary for the pore pressure of the formation below the shoe and the mud weight for the bottom of the hole. Report results to BLM office.

2. The minimum required fill of cement behind the **8-5/8** inch intermediate casing, **which is to be set in the base of the Castile or within the Lamar Limestone at approximately 4500',** is:

☒ Cement to surface. If cement does not circulate see B.1.a, c-d above. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to potash concerns.**

Formation below the 8-5/8" shoe to be tested according to Onshore Order 2.III.B.1.i. Test to be done as a mud equivalency test using the mud weight necessary for the pore pressure of the formation below the shoe (not the mud weight required to prevent dissolving the salt formation) and the mud weight for the bottom of the hole. Report results to BLM office.

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

a. First stage to DV tool:

☒ Cement to circulate. If cement does not circulate, contact the appropriate BLM office before proceeding with second stage cement job. Operator should have plans as to how they will achieve circulation on the next stage.

b. Second stage above DV tool:

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

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.

B. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.

2. Variance approved to use flex line from BOP to choke manifold. Check condition of flexible line from BOP to choke manifold, replace if exterior is damaged or if line fails test. Line to be as straight as possible with no hard bends and is to be anchored according to Manufacturer's requirements. The flexible hose can be exchanged with a hose of equal size and equal or greater pressure rating. **Anchor requirements, specification sheet and hydrostatic pressure test certification matching the hose in service, to be onsite for review**. If the BLM inspector questions the straightness of the hose, a BLM engineer will be contacted and will review in the field or via picture supplied by inspector to determine if changes are required (operator shall expect delays if this occurs).

3. **Operator has proposed a multi-bowl wellhead assembly. This assembly will only be tested when installed on the surface casing. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be 5000 (5M) psi. 5M system requires an HCR valve, remote kill line and annular to match. The remote kill line is to be installed prior to testing the system and tested to stack pressure.**

    a. **Wellhead shall be installed by manufacturer's representatives, submit documentation with subsequent sundry.**
    b. **If the welding is performed by a third party, the manufacturer's representative shall monitor the temperature to verify that it does not exceed the maximum temperature of the seal.**
    c. **Manufacturer representative shall install the test plug for the initial BOP test.**
    d. **Operator shall perform the intermediate casing integrity test to 70% of the casing burst. This will test the multi-bowl seals.**
    e. **If the cement does not circulate and one inch operations would have been possible with a standard wellhead, the well head shall be cut off, cementing operations performed and another wellhead installed.**

4. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.

    a. In potash areas, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. For all casing strings, casing cut-off and BOP installation can be initiated at twelve hours after bumping the plug. However, **no tests** shall commence until the cement has had a minimum of 24 hours setup time.

    b. The tests shall be done by an independent service company utilizing a test plug **not a cup or J-packer**.

    c. The test shall be run on a 5000 psi chart for a 2-3M BOP/BOP, on a 10000 psi chart for a 5M BOP/BOPE and on a 15000 psi chart for a 10M BOP/BOPE. If a linear chart is used, it shall be a one hour chart. A circular chart shall have a maximum 2 hour clock.

    d. The results of the test shall be reported to the appropriate BLM office.

    e. All tests are required to be recorded on a calibrated test chart. **A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.**

    f. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug. This test shall be performed prior to the test at full stack pressure.

C. DRILL STEM TEST

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

D. WASTE MATERIAL AND FLUIDS

All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of drilling operations and completion 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.

CRW 062113