

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NMOCD
Hobbs

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.

5. Lease Serial No.
NMNM2379

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2

HOBBS OCD
SEP 19 2017
RECEIVED

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

8. Well Name and No.
COVINGTON A FEDERAL 1

9. API Well No.
30-025-24947

10. Field and Pool or Exploratory Area
RED TANK BONE SPRING

11. County or Parish, State
LEA COUNTY, NM

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
OXY USA INC.

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

3a. Address
P.O. BOX 50250
MIDLAND, TX 79710

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

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Sec 25 T22S R32E NENW 660FNL 1980FWL
32.368183 N Lat, 103.630538 W Lon

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"/> Hydraulic Fracturing	<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 Workover Operations
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<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 recomplate 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 recomplate 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.

- MIRU pulling unit.
- POOH w/ pump & rods, ND WH, NU BOP
- Unseat TAC & POOH w/ tbg & scan
- PU BHA consisting of 6" tri-cone bit and 6 x 3-1/8" DC, RIH & tag CIBP @ +/- 8800'.
- Drill out CIBP, RIH to to 9950', circ hole clean, POOH.
- RIH w/ CIBP & set @ 9934', dump bail 10' cmt on top, POOH.

Approved as written. See attached for general requirements.

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

Electronic Submission #366747 verified by the BLM Well Information System
For OXY USA INC., sent to the Hobbs
Committed to AFMSS for processing by DEBORAH MCKINNEY on 02/13/2017 ()

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

Signature (Electronic Submission) Date 02/10/2017

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By _____ Title _____ Date _____

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 _____

APPROVED
AUG 29 2017
CARLSBAD FIELD OFFICE
[Handwritten signature]

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 ****

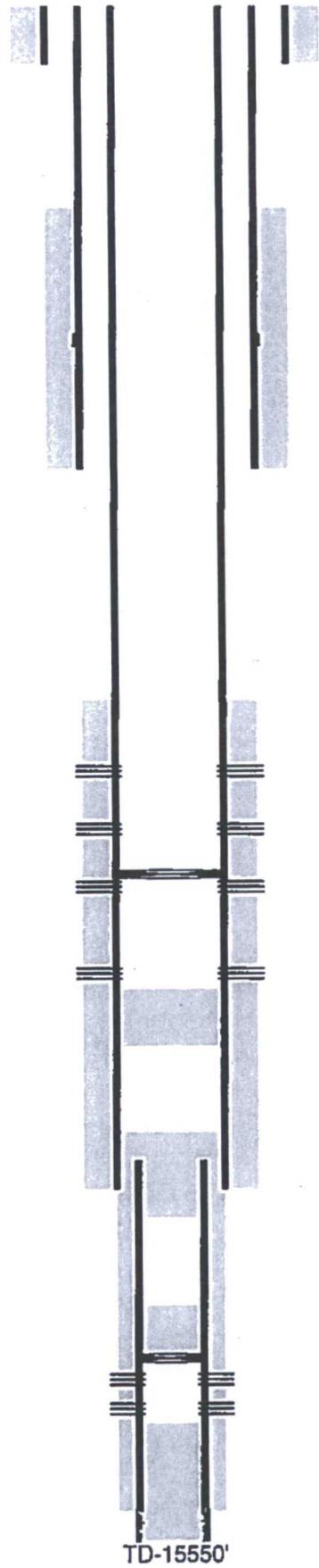
[Handwritten initials]

Additional data for EC transaction #366747 that would not fit on the form

32. Additional remarks, continued

7. RIH w/ 7" AS-1 pkr on 4-1/2" P110 13.5# BTC frac string & set pkr @ 9000'.
8. Pressure test frac string, casing and CIBP to 4000# for 10 mins.
9. RIH w/ WL & perf 6SPF @ 9890-9895', POOH, ND BOP, RDPU, NU frac valve.
10. RU frac equip & test, monitor 4-1/2" x 7" annulus, RU pop off valve to 7" x 9-5/8" annulus, set @ 2000#, RU pressure transducer to 9-5/8" x 13-3/8" annulus. Monitor throughout the job.
11. Test frac lines, master valve to 4000#. Pump 2520g Slickwater, 1000g 15% HCl acid, 41000g 15# XL Gel w/ 75000# sand.
12. After frac the well will be flowed back through the frac stack/flow cross.
13. After flow back, turn well over to operations, POOH w/ frac string & pkr, RIH w/ tbg, rods & pump.

OXY USA Inc. - Current
Covington A Federal #1
API No. 30-025-24947



17-1/2" hole @ 525'
13-3/8" csg @ 524'
w/ 675sx-TOC-Surf-Circ

12-1/4" hole @ 4885'
9-5/8" csg @ 4885'
DVT @ 3584'
w/ 2200sx-TOC-2384'-TS

Perfs @ 8064-8078'

Perfs @ 8474-8496'

Perfs @ 8859-8883'

Perfs @ 9976-9982'

8-3/4" hole @ 12069'
7" csg @ 12068'
w/ 790sx-TOC-7490'-TS

6-1/8" hole @ 15550'
5" liner @ 11755-15248'
w/ 435sx-TOC-11755'-Circ

Perfs @ 14305-14613'

OH @ 15248-15550'

CIBP @ 8800'

38sx @ 10700-10524'

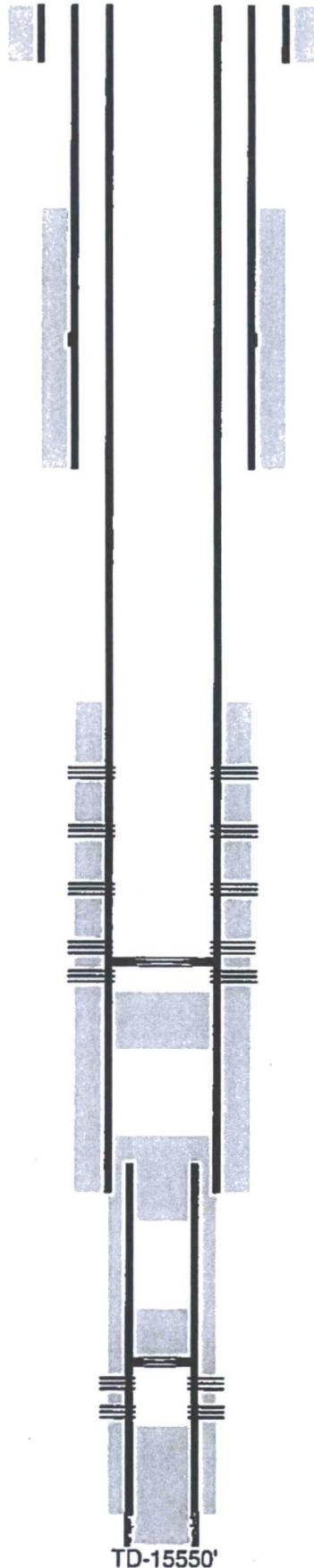
55sx @ 12120-11650'

CIBP @ 14185' w/ 55sx to 13500'

PB-14630'

TD-15550'

OXY USA Inc. - Proposed
Covington A Federal #1
API No. 30-025-24947



17-1/2" hole @ 525'
13-3/8" csg @ 524'
w/ 675sx-TOC-Surf-Circ

12-1/4" hole @ 4885'
9-5/8" csg @ 4885'
DVT @ 3584'
w/ 2200sx-TOC-2384'-TS

Perfs @ 8064-8078'

Perfs @ 8474-8496'

Perfs @ 8859-8883'

Perfs @ 9890-9895'
Perfs @ 9976-9982'

CIBP @ 9934' w/ 10' cmt

38sx @ 10700-10524'

55sx @ 12120-11650'

CIBP @ 14185' w/ 55sx to 13500'

8-3/4" hole @ 12069'
7" csg @ 12068'
w/ 790sx-TOC-7490'-TS

6-1/8" hole @ 15550'
5" liner @ 11755-15248'
w/ 435sx-TOC-11755'-Circ

Perfs @ 14305-14613'

OH @ 15248-15550'

PB-14630'

TD-15550'

Submit 1 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

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 <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		WELL API NO. 30-025-24947
2. Name of Operator OXY USA Inc.		5. Indicate Type of Lease <u>Federal</u> STATE <input type="checkbox"/> FEE <input type="checkbox"/>
3. Address of Operator P.O. Box 50250 Midland, TX 79710		6. State Oil & Gas Lease No.
4. Well Location Unit Letter <u>C</u> : <u>660</u> feet from the <u>north</u> line and <u>1980</u> feet from the <u>west</u> line Section <u>25</u> Township <u>22S</u> Range <u>32E</u> NMPM County <u>Lea</u>		7. Lease Name or Unit Agreement Name <u>Covington A Federal</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.) <u>3764</u>		8. Well Number <u>1</u>
12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data		9. OGRID Number <u>16696</u>
NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> DOWNHOLE COMMINGLE <input checked="" type="checkbox"/> CLOSED-LOOP SYSTEM <input type="checkbox"/> OTHER: <u>Pre-Approved Pads - R11363</u> <input checked="" type="checkbox"/>		SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/> OTHER: <input type="checkbox"/>
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.		

See Attached

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 2/10/17

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

For State Use Only

APPROVED BY: _____ TITLE _____ DATE _____
 Conditions of Approval (if any): _____

District I
1625 N French Drive, Hobbs, NM 88249

District II
811 S First St, Artesia, NM 88210

District III
1000 Rai Irazoiz Road, Artesia, NM 87419

District IV
1220 S St Francis Dr, Santa Fe, NM 87503

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised August 1, 2011

Oil Conservation Division
1220 South St. Francis Dr
Santa Fe, New Mexico 87505

APPLICATION TYPE
 Single Well
 Establish Pre-Approved Pools
EXISTING WELLBORE
 Yes No

APPLICATION FOR DOWNHOLE COMMINGLING

Operator OXY USA Inc. Address P.O. Box 50250 Midland, TX 79710
 Lease Covington A Federal 1 Well No C-25-225-32E Unit Letter-Section-Township-Range Lea County
 OGRID No. 16696 Property Code 301796 API No 30-025-24947 Lease Type Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	<u>Ret Tank Delaware, West</u>		<u>Ret Tank Boe Spring</u>
Pool Code	<u>51689</u>		<u>51683</u>
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	<u>8064 - 8496'</u>		<u>8859 - 9910'</u>
Method of Production (Flowing or Artificial Lift)	<u>Artificial Lift</u>		<u>Artificial Lift</u>
Bottomhole Pressure (Note: Pressure data will not be required if the bottom performance in the lower zone is within 15% of the depth of the top performance in the upper zone)	<u>-</u>		<u>-</u>
Oil Gravity or Gas BTU (Degree API or Gas BTU)	<u>42°</u>		<u>42°</u>
Producing, Shut-In or New Zone	<u>Producing</u>		<u>SI / New Zone</u>
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history applicant shall be required to attach production estimates and supporting data)	Date <u>7/25/14</u> Rates <u>1 @ 2610W</u>	Date Rates	Date <u>5/2002</u> Rates <u>8 @ 4068W</u>
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required)	Oil <u>9 %</u> Gas <u>10 %</u>	Oil <u>%</u> Gas <u>%</u>	Oil <u>91 %</u> Gas <u>90 %</u>

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?
 If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes No

Are all produced fluids from all commingled zones compatible with each other? Yes No

Will commingling decrease the value of production? Yes No

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes No

NMOCD Reference Case No applicable to this well R-11363

Attachments

C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
 Production curve for each zone for at least one year (If not available, attach explanation)
 For zones with no production history, estimated production rates and supporting data.
 Data to support allocation method or formula.
 Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
 Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required

List of other orders approving downhole commingling within the proposed Pre-Approved Pools
 List of all operators within the proposed Pre-Approved Pools
 Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application
 Bonomhole pressure data.

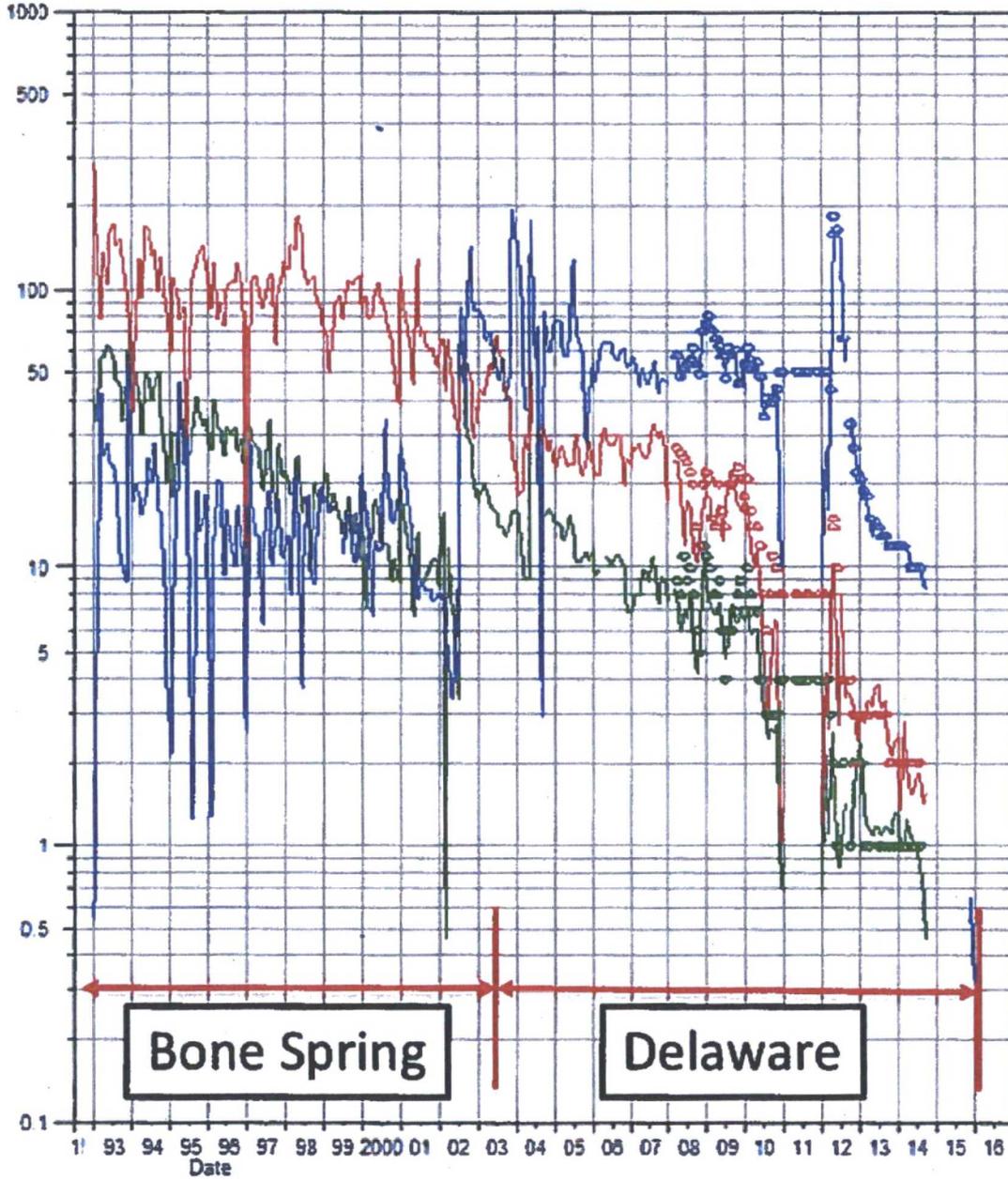
I hereby certify that the information above is true and complete to the best of my knowledge and belief

SIGNATURE David Stewart TITLE SR. Regulatory Advisor DATE 2/10/17
 TYPE OR PRINT NAME David Stewart TELEPHONE NO (432) 685-5777
 E-MAIL ADDRESS david_stewart@oxy.com

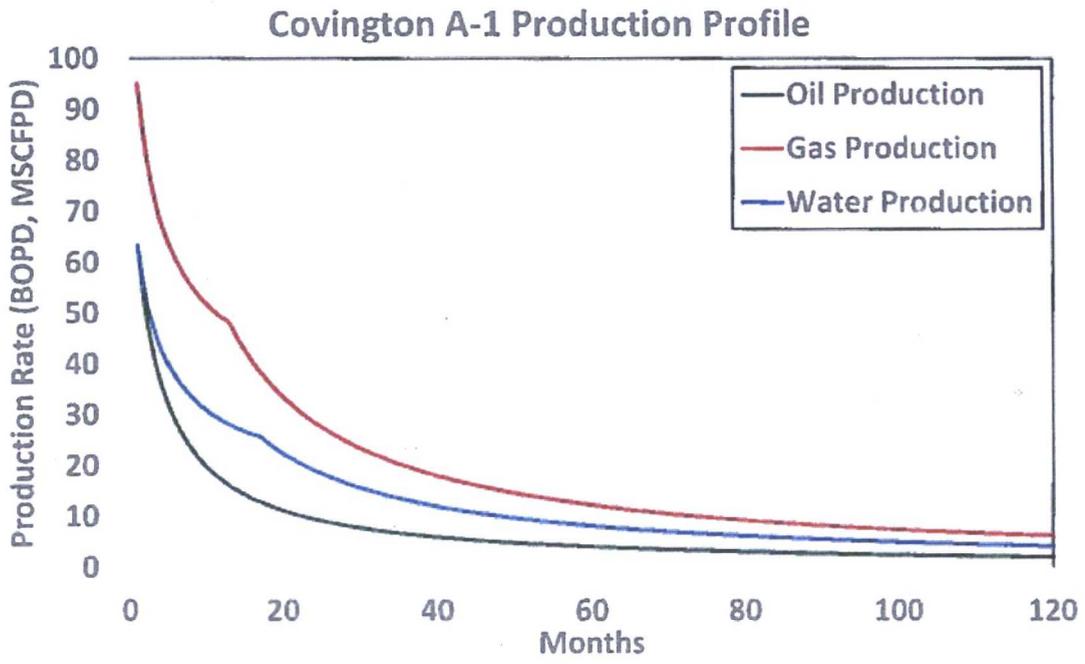
Historical Production Curves

COVINGTN-001

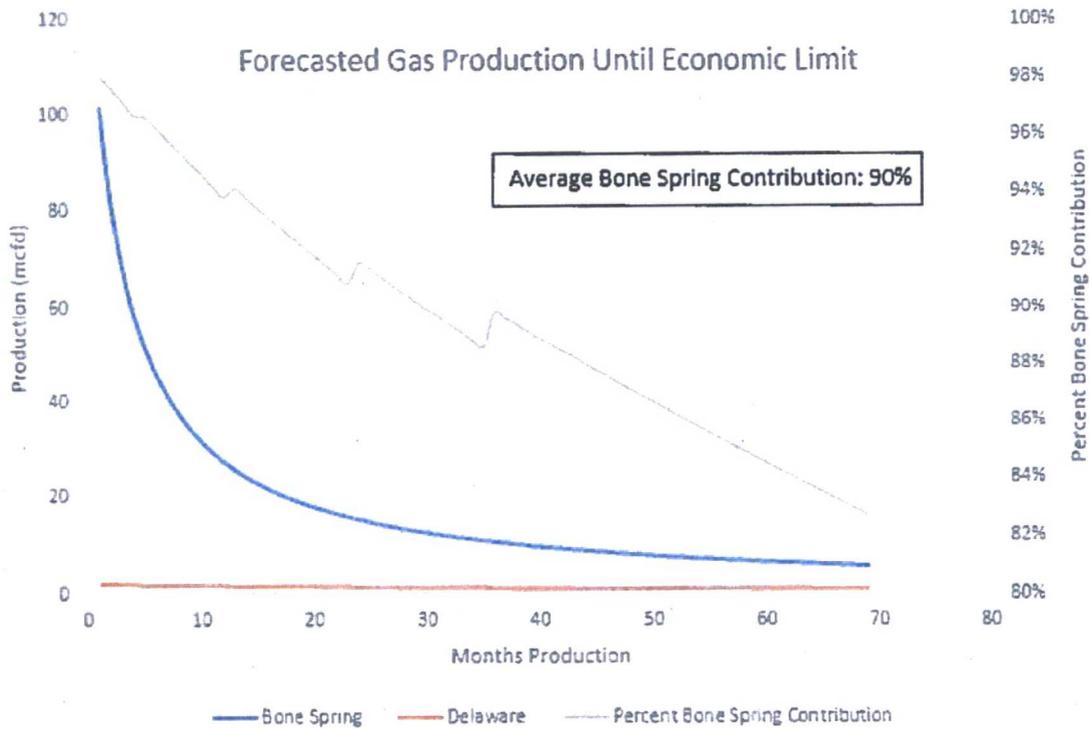
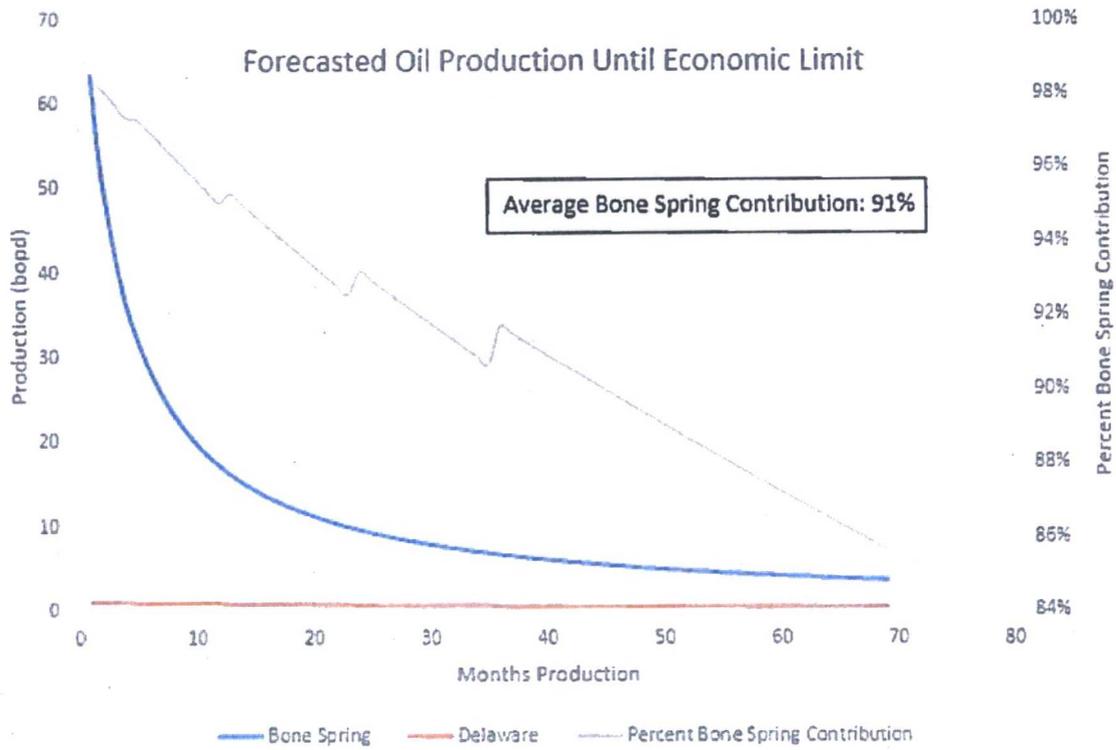
- CD_OIL_PROD (bbl/d)
- CD_Water_PROD (bbl/d)
- CD_GAS_PROD (Mcf/d)
- Test_Oil (bbl/d)
- Test_Gas (Mcf/d)
- Test_Water (bbl/d)



New BONE SPRING Production Forecast



Allocation Method



BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972

General Requirements

Failure to comply with the following Conditions of Approval may result in a Notice of Incidents of Noncompliance (INC) in accordance with 43 CFR 3163.1.

1. Plugging operations shall commence within **ninety (90)** days from this approval.

If you are unable to plug back the well by the 90th day provide this office, prior to the 90th day, with the reason for not meeting the deadline and a date when we can expect the well to be plugged back. Failure to do so will result in enforcement action.

2. **Notification:** Contact the appropriate BLM office at least 24 hours prior to the commencing of any plug back operations. For wells in Eddy County, call 575-361-2822.

3. **Blowout Preventers:** A blowout preventer (BOP), as appropriate, shall be installed before commencing any plugging operation. The BOP must be installed and maintained as per API and manufacturer recommendations. The minimum BOP requirement is a 2M system for a well not deeper than 9,090 feet; a 3M system for a well not deeper than 13,636 feet; and a 5M system for a well not deeper than 22,727 feet.

4. **Mud Requirement:** Mud shall be placed between all plugs. Minimum consistency of plugging mud shall be obtained by mixing at the rate of 25 sacks (50 pounds each) of gel per 100 barrels of **brine** water. Minimum nine (9) pounds per gallon.

5. **Cement Requirement:** Sufficient cement shall be used to bring any required plug to the specified depth and length. Any given cement volumes on the proposed plugging procedure are merely estimates and are not final. Unless specific approval is received, no plug except the surface plug shall be less than 25 sacks of cement. Any plug that requires a tag will have a minimum WOC time of 4 hours.

In lieu of a cement plug across perforations in a cased hole (not for any other plugs), a bridge plug set within 50 feet to 100 feet above the perforations shall be capped with 25 sacks of cement. **Before pumping cement on top of CIBP, tag will be required to verify depth. Based on depth, a tag of the cement may be deemed necessary.**

Unless otherwise specified in the approved procedure, the cement plug shall consist of either **Neat Class "C"**, for up to 7,500 feet of depth or **Neat Class "H"**, for deeper than 7,500 feet plugs.

6. **Subsequent Plug back Reporting:** Within 30 days after plug back work is completed, file one original and three copies of the Subsequent Report, Form 3160-5 to BLM. The report should give in detail the manner in which the plug back work was carried out, the extent (by depths) of cement plugs placed, and the size and location (by depths) of casing left in the well. **Show date work was completed.**

7. **Trash:** All trash, junk and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.