

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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.

OCD Hobbs

5. Lease Serial No.
NMLC065710

6. If Indian, Allottee or Tribe Name

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

SUBMIT IN TRIPLICATE - Other instructions on page 2

HOBBS OCD

SEP 13 2018

RECEIVED

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
OCCIDENTAL PERMIAN LP
Contact: JANA MENDIOLA
E-Mail: janalyn_mendiola@oxy.com

3a. Address
MIDLAND, TX 79710

3b. Phone No. (include area code)
Ph: 432-685-5936

8. Well Name and No.
SOUTH LUSK 28 FEDERAL 1H

9. API Well No.
30-025-41089-00-S1

10. Field and Pool or Exploratory Area
LUSK

11. County or Parish, State
LEA COUNTY, NM

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"/> Subsequent Report	<input type="checkbox"/> Deepen
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Hydraulic Fracturing
	<input type="checkbox"/> Production (Start/Resume)
	<input type="checkbox"/> Reclamation
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Well Integrity
	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans
	<input type="checkbox"/> Plug and Abandon
	<input type="checkbox"/> Temporarily Abandon
	<input checked="" type="checkbox"/> Water Disposal
	<input type="checkbox"/> Convert to Injection
	<input type="checkbox"/> Plug Back

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 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.

- Name(s) of formation(s) producing water on the lease: Lusk; Bone Spring, South
- Amount of water produced from each formation in barrels per day: 49bbl
- How water is stored on the lease: Water Storage Tanks
- How water is moved to disposal facility: Hauled to disposal facility
- Operator(s) of disposal facility(ies): Ray Westall Operating, Inc.
? Lease name or well name & number: Porterhouse State Com #1
? Location by 1/4 1/4 Section, Township, and Range of the disposal system: NENE-32-18S-31E

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

**Electronic Submission #431059 verified by the BLM Well Information System
For OCCIDENTAL PERMIAN LP, sent to the Hobbs
Committed to AFMSS for processing by DEBORAH MCKINNEY on 08/14/2018 (18DLM0494SE)**

Name (Printed/Typed) DAVID STEWART Title SR REGULATORY ANALYST

Signature (Electronic Submission) Date 08/14/2018

ACCEPTED FOR RECORD

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

AUG 16 2018

Approved By _____ Title _____

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 _____

BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD 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)

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

Additional data for EC transaction #431059 that would not fit on the form

32. Additional remarks, continued

? The appropriate NMOCD permit number: SWD-1479-B

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

Disposal of Produced Water From Federal Wells
Conditions of Approval

Approval of the produced water disposal methodology is subject to the following conditions of approval:

1. This agency shall be notified of any change in your method or location of disposal.
2. Compliance with all provisions of Onshore Order No. 7.
3. This agency shall be notified of any spill or discharge as required by NTL-3A.
4. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
5. Any on-lease open top storage tanks shall be covered with a protective cover to prevent entry by birds and other wildlife.
6. This approval should not constitute the granting of any right-of-way or construction rights not granted by the lease instrument.
7. If water is transported via a pipeline that extends beyond the lease boundary then you need to submit within 30 days an application for right-of-way approval to the Realty Section in this office if you have not already done so.
8. Disposal at any other site will require prior approval.
9. Subject to like approval by NMOCD

4 4/2017

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



Administrative Order SWD-1479-B
May 2, 2015

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Pursuant to the provisions of Division Rule 19.15.26.8B. NMAC, Ray Westall Operating, Incorporated (the "operator") seeks re-instatement of the original administrative order to re-enter and recomplete its Porterhouse State Com. Well No. 1 with a location of 660 feet from the North line and 660 feet from the East line, Unit letter A of Section 32, Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico, for commercial disposal of produced water.

The applicant, Ray Westall Operating, Inc., requested the re-instatement of the injection interval (lower Grayburg and San Andres formations) approved in Administrative Order SWD-1479. This Order supersedes Administrative Order SWD-1479-A, issued on August 11, 2014, for disposal into the Devonian formation; therefore, Administrative Order SWD-1479-A is cancelled.

THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of 19.15.26.8B. NMAC and satisfactory information has been provided that affected parties as defined in said rule have been notified and no objections have been received within the prescribed waiting period. The applicant has presented satisfactory evidence that all requirements prescribed in 19.15.26.8 NMAC have been met and the operator is in compliance with 19.15.5.9 NMAC.

IT IS THEREFORE ORDERED THAT:

The applicant, Ray Westall Operating, Inc. (OGRID 119305), is hereby authorized to utilize its Porterhouse State Com. Well No. 1 (API 30-015-32682) with a location of 660 feet from the North line and 660 feet from the East line, Unit letter A of Section 32, Township 18 South, Range 31 East, NMPM, Eddy County, for commercial disposal of oil field produced water (UIC Class II only) through perforations into the lower Grayburg and San Andres formations from 3914 feet to 4250 feet. Injection will occur through internally-coated, 2 7/8-inch or smaller tubing and a packer set within 100 feet of the top perforation of the approved disposal interval.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the disposed water enters only the approved disposal interval and is not permitted to escape to other formations or onto the

surface. This includes the well construction proposed and described in the application.

If the operator is unable to successfully squeeze cement the annulus of the 5½-inch casing to surface, the operator shall provide, prior to commencing injection, a radial cement bond log (or equivalent) presenting that the final top of cement is at or above the minimum depth of 3400 feet. The operator shall supply both the Division's District II office and Santa Fe Bureau office with a copy of the log.

The operator shall run an initial injection survey (tracer/temperature or equivalent) of the injection interval within two (2) years after commencing disposal into this well. The operator will supply both the Division's District II office and Santa Fe Bureau office with a copy of each survey log.

After installing tubing, the casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge or an approved leak detection device in order to determine leakage in the casing, tubing, or packer. The casing shall be pressure tested from the surface to the packer setting depth to assure casing integrity.

The well shall pass an initial mechanical integrity test ("MIT") prior to initially commencing disposal and prior to resuming disposal each time the disposal packer is unseated. All MIT procedures and schedules shall follow the requirements in Division Rule 19.15.26.11A. NMAC. The Division Director retains the right to require at any time wireline verification of completion and packer setting depths in this well.

The maximum surface injection pressure on the well shall be limited to **no more than 783 psi**. In addition, the disposal well or system shall be equipped with a pressure limiting device in workable condition which shall, at all times, limit surface tubing pressure to the maximum allowable pressure for this well.

The Director of the Division may authorize an increase in tubing pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the disposed fluid from the target formation. Such proper showing shall be demonstrated by sufficient evidence including but not limited to an acceptable Step-Rate Test.

The operator shall notify the supervisor of the Division's District II office of the date and time of the installation of disposal equipment and of any MIT so that the same may be inspected and witnessed. The operator shall provide written notice of the date of commencement of disposal to the Division's District II office. The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Division Rules 19.15.26.13 and 19.15.7.24 NMAC.

Without limitation on the duties of the operator as provided in Division Rules 19.15.29 and 19.15.30 NMAC, or otherwise, the operator shall immediately notify the Division's District II office of any failure of the tubing, casing or packer in the well, or of any leakage or release of water, oil or gas from around any produced or plugged and abandoned well in the area, and shall take such measures as may be timely and necessary to correct such failure or leakage.

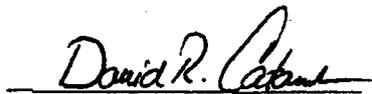
The injection authority granted under this order is not transferable except upon division approval. The Division may require the operator to demonstrate mechanical integrity of any injection well that will be transferred prior to approving transfer of authority to inject.

The Division may revoke this injection permit after notice and hearing if the operator is in violation of 19.15.5.9 NMAC.

The disposal authority granted herein shall terminate two (2) years after the effective date of this order if the operator has not commenced injection operations into the subject well. One year after the last date of reported disposal into this well, the Division shall consider the well abandoned, and the authority to dispose will terminate *ipso facto*. The Division, upon written request mailed by the operator prior to the termination date, may grant an extension thereof for good cause.

Compliance with this order does not relieve the operator of the obligation to comply with other applicable federal, state or local laws or rules, or to exercise due care for the protection of fresh water, public health and safety and the environment.

Jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh or protectable waters or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the disposal authority granted herein.



DAVID R. CATANACH
Director

DRC/prg

cc: Oil Conservation Division – Artesia District Office
State Land Office – Oil, Gas and Minerals Division