Form 3160-5
(June 2015)

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.

SUBMIT IN TRIPLICATE - Other instructions on page 2

Carlsbad Field Office
OCD Hobbs
HOBBS OCD
OCT 10 2018
RECEIVED

1. Type of Well ☒ Oil Well ☐ Gas Well ☐ Other	5. Lease Serial No. NMNM069376
	6. If Indian, Allottee or Tribe Name
	7. If Unit or CA/Agreement, Name and/or No.
	8. Well Name and No. TACO CAT 27-34 FEDERAL COM 21H
2. Name of Operator OXY USA INC Contact: DAVID STEWART E-Mail: david_stewart@oxy.com	9. API Well No. 30-025-44934
3a. Address P.O. BOX 50250 MIDLAND, TX 79710 3b. Phone No. (include area code) Ph: 432-685-5717	10. Field and Pool or Exploratory Area RED TANK BONE SPRING
4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)* Sec 27 T22S R32E NWNW 260FNL 785FWL 32.369205 N Lat, 103.668571 W Lon	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			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Hydraulic Fracturing	☐ 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 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 requests the option to run a 7-5/8" Intermediate II casing as a contingency string to be run only if severe hole conditions dictate an additional casing string to be necessary. Please see attached for changes in casing, cementing, mud program design, and BOP Testing.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

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

Electronic Submission #436907 verified by the BLM Well Information System
For OXY USA INC, sent to the Hobbs
Committed to AFMSS for processing by MUSTAFA HAQUE on 09/26/2018 ()

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

Signature (Electronic Submission) — Date 09/25/2018

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By Mustafa Haque — Title Petroleum Engineer — Date 09/27/2018

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 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)

**** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ****

KZ

This sundry reflects changes in casing, cementing, mud program design, BOP Testing, and a contingency casing, cementing plan.

1. Casing Program

Primary Plan:

Hole Size (in)	Casing Interval		Csg. Size (in)	Weight (lbs)	Grade	Conn.	SF Collapse	SF Burst	Buoyant Body SF Tension	Buoyant Joint SF Tension
	From (ft)	To (ft)								
17.5	0	888	13.375	54.5	J-55	BTC	1.125	1.2	1.4	1.4
12.25	0	6500	9.625	43.5	L-80	BTC	1.125	1.2	1.4	1.4
8.5	0	20998	5.5	20	P-110	DQX	1.125	1.2	1.4	1.4
							SF Values will meet or Exceed			

Contingency Plan:

Hole Size (in)	Casing Interval		Csg. Size (in)	Weight (lbs)	Grade	Conn.	SF Collapse	SF Burst	Buoyant Body SF Tension	Buoyant Joint SF Tension
	From (ft)	To (ft)								
17.5	0	888	13.375	54.5	J-55	BTC	1.125	1.2	1.4	1.4
12.25	0	6500	9.625	43.5	L-80	BTC	1.125	1.2	1.4	1.4
8.5	0	11100	7.625	26.4	HCL-80	SF (0 ft to 4000 ft) FJ (4000 ft to 11100 ft)	1.125	1.2	1.4	1.4
6.75	0	20998	5.5	20	P-110	DQX	1.125	1.2	1.4	1.4
							SF Values will meet or Exceed			

All casing strings will be tested in accordance with Onshore Oil and Gas Order #2 III.B.1.h

*Oxy requests the option to run the 7.625" Intermediate II as a contingency string to be run only if severe hole conditions dictate an additional casing string necessary.

Annular Clearance Variance Request
As per the agreement reached in the Oxy/BLM meeting on Feb 22, 2018, Oxy requests permission to allow deviation from the 0.422" annular clearance requirement from Onshore Order #2 under the following conditions:

1. Annular clearance to meet or exceed 0.422" between intermediate casing ID and production casing coupling only on the first 500' overlap between both casings.
2. Annular clearance less than 0.422" is acceptable for the curve and lateral portions of the production open hole section.

2. Cementing Program

Primary Plan:

Casing String	# Sks	Wt. (lb/gal)	Yld (ft3/sack)	H20 (gal/sk)	500# Comp. Strength (hours)	Slurry Description
Surface (Lead)	N/A	N/A	N/A	N/A	N/A	N/A
Surface (Tail)	942	14.8	1.33	6.365	5:26	Class C Cement, Accelerator
Intermediate (Lead)	1929	12.9	1.73	8.784	15:26	Pozzolan Cement, Retarder
Intermediate (Tail)	240	13.2	1.33	6.368	7:11	Class C Cement, Accelerator
Production (Lead)	615	9.0	1.38	6.692	17:50	Class H Cement, Retarder, Dispersant, Salt
Production (Tail)	2012	13.2	1.38	6.686	3:49	Class H Cement, Retarder, Dispersant, Salt

Casing String	Top (ft)	Bottom (ft)	% Excess
Surface (Lead)	N/A	N/A	N/A
Surface (Tail)	0	888	100%
Intermediate (Lead)	0	5700	100%
Intermediate (Tail)	5700	6500	20%
Production (Lead)	6000	9500	50%
Production (Tail)	9500	20998	20%

Contingency Plan:

Casing String	# Sks	Wt. (lb/gal)	Yld (ft3/sack)	H20 (gal/sk)	500# Comp. Strength (hours)	Slurry Description
Surface (Lead)	N/A	N/A	N/A	N/A	N/A	N/A
Surface (Tail)	1014	14.8	1.33	6.365	5:26	Class C Cement, Accelerator
Intermediate (Lead)	1775	10.2	1.88	10.130	14:22	Pozzolan Cement, Retarder
Intermediate (Tail)	240	12.9	1.33	6.370	12:45	Class C Cement, Accelerator
Intermediate II (Lead)	163	9.0	1.65	8.640	11:54	Class H Cement, Retarder, Dispersant, Salt
Intermediate II (Tail)	50	12.9	1.92	10.410	23:10	Class C Cement, Accelerator
Production (Lead)	N/A	N/A	N/A	N/A	N/A	N/A
Production (Tail)	836	13.2	1.38	6.686	3:49	Class H Cement, Retarder, Dispersant, Salt

Casing String	Top (ft)	Bottom (ft)	% Excess
Surface (Lead)	N/A	N/A	N/A
Surface (Tail)	0	888	100%
Intermediate (Lead)	0	5700	100%
Intermediate (Tail)	5700	6500	20%
Intermediate II (Lead)	6000	9100	25%
Intermediate II (Tail)	9100	10100	5%
Production (Lead)	N/A	N/A	N/A
Production (Tail)	9600	20998	20%

*Contingency design will only be employed if Oxy elects to run 7.625" Intermediate II string.

3. BOP Break Testing Request

As per the agreement reached in the Oxy/BLM meeting on Feb 22, 2018, Oxy requests permission to allow BOP Break Testing under the following conditions:

- After a full BOP test is conducted on the first well on the pad.
- When skidding to drill an intermediate section that does not penetrate into the Wolfcamp.
- Full BOP test will be required prior to drilling any production hole.

4. Mud Program

Depth		Type	Weight (ppg)	Viscosity	Water Loss
From (ft)	To (ft)				
0	888	Water-Based Mud	8.6-8.8	40-60	N/C
888	6500	Saturated Brine-Based Mud	9.8-10.0	35-45	N/C
6500	20998	Water-Based or Oil-Based Mud	8.0-9.6	38-50	N/C

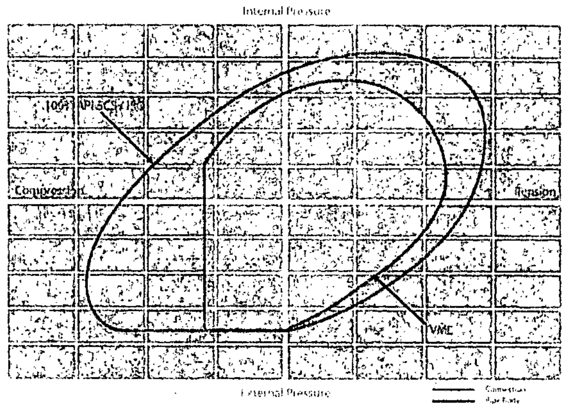
Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be kept on location at all times. The following is a general list of products: Barite, Bentonite, Gypsum, Lime, Soda Ash, Caustic Soda, Nut Plug, Cedar Fiber, Cotton Seed Hulls, Drilling Paper, Salt Water Clay, CACL2. Oxy will use a closed mud system.

TECHNICAL DATA SHEET TMK UP SF 7.625 X 26.4 L80 HC

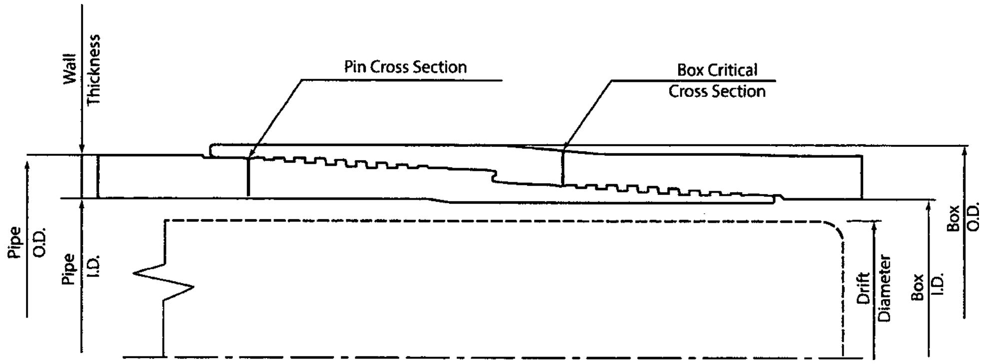
TUBULAR PARAMETERS	
Nominal OD, (inch)	7.625
Wall Thickness, (inch)	0.328
Pipe Grade	L80 HC
Drift	Standard

PIPE BODY PROPERTIES	
PE Weight, (lbs/ft)	25.56
Nominal Weight, (lbs/ft)	26.40
Nominal ID, (inch)	6.969
Drift Diameter, (inch)	6.844
Nominal Pipe Body Area, (sq inch)	7.519
Yield Strength in Tension, (klbs)	601
Min. Internal Yield Pressure, (psi)	6 020
Collapse Pressure, (psi)	3 910

CONNECTION PARAMETERS	
Connection OD (inch)	7.79
Connection ID, (inch)	6.938
Make-Up Loss, (inch)	6.029
Connection Critical Area, (sq inch)	5.948
Yield Strength in Tension, (klbs)	533
Yeld Strength in Compression, (klbs)	533
Tension Efficiency	89%
Compression Efficiency	89%
Min. Internal Yield Pressure, (psi)	6 020
Collapse Pressure, (psi)	3 910
Uniaxial Bending (deg/100ft)	42.7



MAKE-UP TORQUES	
Yield Torque, (ft-lb)	22 600
Minimum Make-Up Torque, (ft-lb)	15 000
Optimum Make-Up Torque, (ft-lb)	16 500
Maximum Make-Up Torque, (ft-lb)	18 200



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Print date: 07/10/2018 20:00

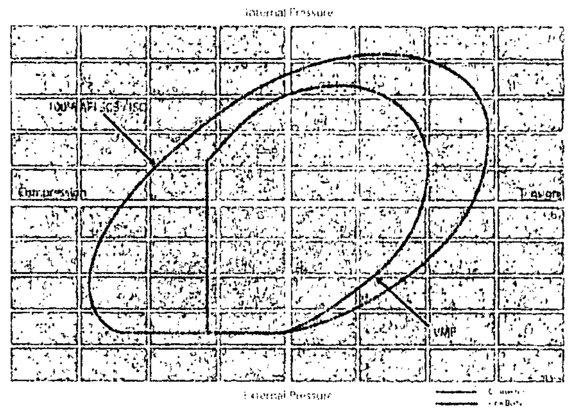
TECHNICAL DATA SHEET TMK UP FJ 7.625 X 26.4 L80 HC

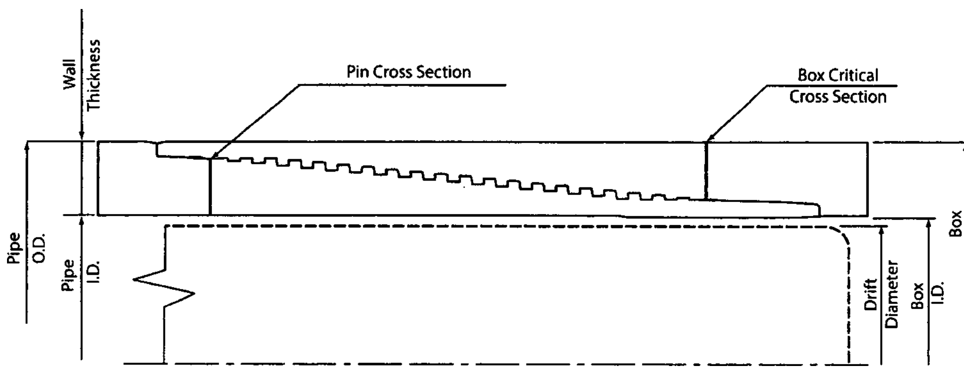
TUBULAR PARAMETERS	
Nominal OD, (inch)	7.625
Wall Thickness, (inch)	0.328
Pipe Grade	L80 HC
Drift	Standard

CONNECTION PARAMETERS	
Connection OD (inch)	7.63
Connection ID, (inch)	6.975
Make-Up Loss, (inch)	4.165
Connection Critical Area, (sq inch)	2.520
Yield Strength in Tension, (klbs)	347
Yeld Strength in Compression, (klbs)	347
Tension Efficiency	58%
Compression Efficiency	58%
Min. Internal Yield Pressure, (psi)	6 020
Collapse Pressure, (psi)	3 910
Uniaxial Bending (deg/100ft)	28.0

MAKE-UP TORQUES	
Yield Torque, (ft-lb)	22 200
Minimum Make-Up Torque, (ft-lb)	12 500
Optimum Make-Up Torque, (ft-lb)	13 900
Maximum Make-Up Torque, (ft-lb)	15 300

PIPE BODY PROPERTIES	
PE Weight, (lbs/ft)	25.56
Nominal Weight, (lbs/ft)	26.40
Nominal ID, (inch)	6.969
Drift Diameter, (inch)	6.844
Nominal Pipe Body Area, (sq inch)	7.519
Yield Strength in Tension, (klbs)	601
Min. Internal Yield Pressure, (psi)	6 020
Collapse Pressure, (psi)	3 910





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PERFORMANCE DATA

TMK UP DQX **5.500 in** **20.00 lbs/ft** **P-110**
Technical Data Sheet

Tubular Parameters

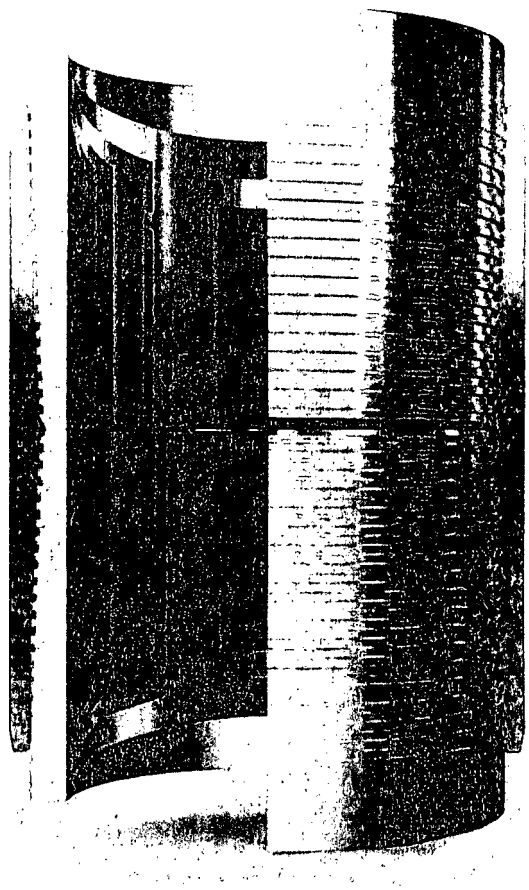
Size	5.500	in	Minimum Yield	110,000	psi
Nominal Weight	20.00	lbs/ft	Minimum Tensile	125,000	psi
Grade	P-110		Yield Load	641,000	lbs
PE Weight	19.81	lbs/ft	Tensile Load	729,000	lbs
Wall Thickness	0.361	in	Min. Internal Yield Pressure	12,600	psi
Nominal ID	4.778	in	Collapse Pressure	11,100	psi
Drift Diameter	4.653	in			
Nom. Pipe Body Area	5.828	in^2			

Connection Parameters

Connection OD	6.050	in
Connection ID	4.778	in
Make-Up Loss	4.122	in
Critical Section Area	5.828	in^2
Tension Efficiency	100.0	%
Compression Efficiency	100.0	%
Yield Load in Tension	641,000	lbs
Min. Internal Yield Pressure	12,600	psi
Collapse Pressure	11,100	psi

Make-Up Torques

Min. Make-Up Torque	11,600	ft-lbs
Opt. Make-Up Torque	12,900	ft-lbs
Max. Make-Up Torque	14,100	ft-lbs
Yield Torque	20,600	ft-lbs



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TMK IPSCO

PECOS DISTRICT
DRILLING CONDITIONS OF APPROVAL

OPERATOR'S NAME:	OXY USA INC.
LEASE NO.:	NMNM069376
WELL NAME & NO.:	21H –TACO CAT 27-34 FEDERAL COM
SURFACE HOLE FOOTAGE:	260'/N & 785'/W
BOTTOM HOLE FOOTAGE	180'/S & 500'/W
LOCATION:	Section 27.,T22S., R.32E., NMP
COUNTY:	LEA County, New Mexico

Potash	○ None	○ Secretary	◉ R-111-P
Cave/Karst Potential	◉ Low	○ Medium	○ High
Variance	○ None	◉ Flex Hose	○ Other
Wellhead	○ Conventional	◉ Multibowl	
Other	☐4 String Area	☐Capitan Reef	☐WIPP

All previous COAs still apply except for the following:

A. CASING

Primary Casing Design:

1. The minimum required fill of cement behind the **9 5/8** inch intermediate casing is:

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

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

    - Cement as proposed. Operator shall provide method of verification. **Excess calculates to 5% - additional cement will be required.**

Contingency Casing Design:

3. The minimum required fill of cement behind the **9 5/8** inch first intermediate casing is:

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

Second intermediate casing must be kept at least 2/3rd fluid filled to meet BLM minimum collapse requirement.

4. The minimum required fill of cement behind the **7 5/8** inch second intermediate casing is:

    - Cement as proposed. Operator shall provide method of verification. **Excess calculates to negative 12% - additional cement will be required.**

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

    - Cement as proposed. Operator shall provide method of verification. **Excess calculates to 18% - additional cement might be required.**

MHH 09272018

GENERAL REQUIREMENTS

The BLM is to be notified in advance for a representative to witness:

a. Spudding well (minimum of 24 hours)
b. Setting and/or Cementing of all casing strings (minimum of 4 hours)
c. BOPE tests (minimum of 4 hours)

☒ Chaves and Roosevelt Counties
Call the Roswell Field Office, 2909 West Second St., Roswell NM 88201.
During office hours call (575) 627-0272.
After office hours call (575)

☒ Eddy County
Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (575) 361-2822

☒ Lea County
Call the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (575) 393-3612

A. CASING

1. Changes to the approved APD casing program need prior approval if the items substituted are of lesser grade or different casing size or are Non-API. 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.). The initial wellhead installed on the well will remain on the well with spools used as needed.

2. Wait on cement (WOC) for Potash Areas: After cementing but before commencing any tests, the casing string shall stand cemented under pressure until both of the following conditions have been met: 1) cement reaches a minimum compressive strength of 500 psi for all cement blends, 2) until cement has been in place at least 24 hours. WOC time will be recorded in the driller's log.

3. Wait on cement (WOC) for Water Basin: After cementing but before commencing any tests, the casing string shall stand cemented under pressure until both of the following conditions have been met: 1) cement reaches a minimum compressive strength of 500 psi at the shoe, 2) until cement has been in place at least 8 hours. WOC time will be recorded in the driller's log. See individual casing strings for details regarding lead cement slurry requirements.

4. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. Have well specific cement details onsite prior to pumping the cement for each casing string.

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

6. On that portion of any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Formation at the shoe shall be tested to a minimum of the mud weight equivalent anticipated to control the formation pressure to the next casing depth or at total depth of the well. This test shall be performed before drilling more than 20 feet of new hole.

7. 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.

8. Whenever a casing string is cemented in the R-111-P potash area, the NMOCD requirements shall be followed.