

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0136
Expires: November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

RECEIVED

1a. Type of Work ☒ DRILL ☐ REENTER
1b. Type of Well ☐ Oil Well ☒ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone

2. Name of Operator
OXY USA WTP Limited Partnership

192463

3a. Address
P.O. Box 50250 Midland, TX 79710-0250

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

4. Location of Well (Report location clearly and in accordance with any State requirements)*

At surface 660 FNL 1400 FEL NWNE(B)

At proposed prod. zone

14. Distance in miles and direction from nearest town or post office*

12 miles southwest from Artesia, NM

15. Distance from proposed*
location to nearest
property or lease line, ft.
(Also to nearest drg. unit line, if any)

660'

16. No. of Acres in lease

320

17. Spacing Unit dedicated to this well

320

18. Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft.

N/A

19. Proposed Depth

10650'

20. BLM/BIA Bond No. on file

6194690

21. Elevations (Show whether DF, KDB, RT, GL, etc.)

3496'

22. Approximate date work will start*

9/1/05

23. Estimated duration

30 days

24. Attachments

General Controlled Water Basin

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification.
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature

David Stewart

Name (Printed/Typed)

David Stewart

Date

5/27/05

Title

Sr. Regulatory Analyst

Approved by (Signature)

/s/ Joe G. Lara

Name (Printed/Typed)

/s/ Joe G. Lara

Date

JUL 15 2005

Title

ACTING FIELD MANAGER

Office

CARLSBAD FIELD OFFICE

Application approval 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.

Conditions of approval, if any, are attached.

APPROVAL FOR 1 YEAR

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 Reverse)

WITNESS: 13 3/8" and 9 5/8" CEMENT JOBS

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

Attachment 3160-3
OXY Fat Cactus Federal #1
660 FNL 1400 FEL NWNE(B)
SEC 15 T19S R27E Eddy County, NM
Federal Lease No. NM1530

PROPOSED TD: 10650' TVD

BOP PROGRAM: 0 - 400' None

400 - 2125' 13-3/8" 3M annular preventer, to be used as
divertor only.

2125 - 10650' 11" 5M blind pipe rams with 5M annular
preventer and rotating head below 7800'.

CASING: Surface: 13-3/8" OD 48# H40 ST&C new casing set at 400'
17-1/2" hole

Intermediate: 9-5/8" OD 36# K55 ST&C new casing from 0-2125'
12-1/4" hole

Production: 5-1/2" OD 17# P110 LT&C new casing from 0-10650'
8-3/4" hole

CEMENT: Surface - Circulate cement with 210sx HES light premium plus w/ 2%
CaCl₂ followed by 250sx PP w/ 2% CaCl₂.

Intermediate - Circulate cement with 505sx Interfill C w/ .25#/sx
Flocele followed by 200sx PP w/ 2% CaCl₂.

Production - Cement with 1400sx Interfill H w/ .1% HR-7 followed by
380sx Super H w/ .5% HR-344 + .4% CFR-3 + 5#/sx Gilsonite + 1#/sx
salt + .2% HR-7. Estimated top of cement is 1900'.

Note: Cement volumes may need to be adjusted to hole caliper.

MUD: 0 - 400' Fresh water/native mud. Lime for pH control
(9-10). Paper for seepage.
Wt 8.7-9.2 ppg, Vis 32-34 sec

400 - 2125' Fresh/*Brine water. Lime for pH control (10.0-
10.5). Paper for seepage.
Wt 8.3-9.0/10.0-10.1ppg, Vis 28-29 sec
*Fresh water will be used unless chlorides in
the mud system increases to 20000PPM.

2125 - 5900' Fresh water. Lime for pH control(9-9.5). Paper
for seepage.
Wt 8.3-8.5 ppg, Vis 28-29 sec

5900 - 8600' Cut brine. Lime for pH control (10-10.5).
Wt 9.6-10.0 ppg, Vis 28-29sec

8600 - 10650' Mud up with an Duo Vis/Flo Trol mud system.
Wt 9.6-10.0ppg, Vis 32-36sec, WL<10cc

State of New Mexico
Energy Minerals and Natural Resources

Form C-144
March 12, 2004

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

For drilling and production facilities, submit to
appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe
office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☐ No ☒

Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator: OXY U.S.A. W.T.P. Limited Partnership Telephone: 432.6855683 e-mail address: fred_ray@oxy.com

Address: P.O. Box 50250 Midland, TX 79710

Facility or well name: Fat Cactus Federal # 1 API #: 30-015 U/L or Qtr/Qtr NWNE (B) Sec 15 T 19 S R 27 E

County: Eddy Latitude 32°39'57.89"N Longitude 104°15'44.11"W NAD: 1927 ☒ 1983 ☐ Surface Owner Federal ☒ State ☐ Private ☐ Indian ☐

Pit

Type: Drilling ☒ Production ☐ Disposal ☐

Workover ☐ Emergency ☐

Lined ☒ Unlined ☐

Liner type: Synthetic ☐ Thickness 12 mil Clay ☐ Volume
11,000 bbl

Below-grade tank

Volume: bbl Type of fluid:

Construction material:

Double-walled, with leak detection? Yes ☐ If not, explain why not.

RECEIVED

MAY 31 2005

ODD-ARTESIA

Depth to ground water (vertical distance from bottom of pit to seasonal high
water elevation of ground water.)

Less than 50 feet

(20 points)

50 feet or more, but less than 100 feet

(10 points)

100 feet or more

(0 points) 0

Wellhead protection area: (Less than 200 feet from a private domestic
water source, or less than 1000 feet from all other water sources.)

Yes

(20 points)

No

(0 points) 0

Distance to surface water: (horizontal distance to all wetlands, playas,
irrigation canals, ditches, and perennial and ephemeral watercourses.)

Less than 200 feet

(20 points)

200 feet or more, but less than 1000 feet

(10 points)

1000 feet or more

(0 points) 0

Ranking Score (Total Points)

0

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location:

onsite ☐ offsite ☐ If offsite, name of facility (3) Attach a general description of remedial action taken including remediation start date and end
date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface ft. and attach sample results. (5) Attach soil sample results and a
diagram of sample locations and excavations.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has
been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Date: May 26, 2005

Printed Name/Title Fred Ray / Drilling Specialist

Signature

Fred Ray

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or
otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or
regulations.

Approval:
Date: JUN 02 2005

Printed Name/Title

Signature

Child Sep ID

[Signature]

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised JUNE 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

DISTRICT II

GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

| | | |
|-----------------------|---|--|
| API Number 30-015- | Pool Code 70310 | Pool Name Angell Ranch Atoka-Morrow |
| Property Code | Property Name OXY FAT CACTUS FEDERAL | Well Number 1 |
| OGRID No. 192463 | Operator Name OXY U.S.A. W.T.P., LP | Elevation 3496' |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| B | 15 | 19-S | 27-E | | 660 | NORTH | 1400 | EAST | EDDY |

Bottom Hole Location If Different From Surface

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

| | | | |
|------------------------|----------------------|--------------------|-----------|
| Dedicated Acres 320 | Joint or Infill N | Consolidation Code | Order No. |
|------------------------|----------------------|--------------------|-----------|

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

| | | |
|--|--|--|
| | <p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=606038.2 N X=521873.7 E</p> <p>LAT.=32°39'57.89" N LONG.=104°15'44.11" W</p> | <p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>David Stewart</i> Signature</p> <p>David Stewart Printed Name</p> <p>Sr. Regulatory Analyst Title</p> <p>5/27/05 Date</p> |
| | | <p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.</p> <p>APRIL 14, 2005</p> <p>Date Surveyed</p> <p>Signature of Seal Professional Surveyor</p> <p>GARY E. EDSON NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR 05.11/0538 Certification No. GARY E. EDSON 12841</p> |
| | | |
| | | |

OXY USA WTP Limited Partnership
P.O. Box 50250, Midland, TX 79710-0250
N.M. Oil Cons. DIV-Dist. 2
1301 W. Grand Avenue May 27, 2005
Artesia, NM 80210

United States Department of the Interior
Bureau of Land Management
Roswell District Office
2909 West Second Street
Roswell, New Mexico 88201

Re: Application for Permit to Drill
OXY USA WTP Limited Partnership
OXY Fat Cactus Federal #1
Eddy County, New Mexico
Lease No. NM-1530

Gentlemen:

OXY USA WTP Limited Partnership respectfully requests permission to drill our OXY Fat Cactus Federal #1 located 660 FNL and 1400 FEL of Section 15, T19S, R27E, Eddy County, New Mexico, Federal Lease No. NM-1530. The proposed well will be drilled to a TD of approximately 10650' (TVD). The location and work area has been staked. It is approximately 12 miles southwest of Artesia, New Mexico.

In accordance with requirements stipulated in Federal Onshore Oil and Gas Order No. 1 under 43 CFR 3162.1, our Application for Permission to Drill and supporting evidence is hereby submitted.

I. Application for Permit to Drill:

1. Form 3160.3, Application for Permit to Drill.
2. Form C-102 Location and Acreage Dedication Plat certified by Gary G. Eidson, Registered Land Surveyor No. 12641 in the State of New Mexico, dated April 27, 2005.
3. The elevation of the unprepared ground is 3496 feet above sea level.
4. The geologic name of the surface formation is Permian Rustler.
5. Rotary drilling equipment will be utilized to drill the well to TD 10650' (TVD), and run casing. This equipment will then be rigged down and the well will be completed with a pulling unit.
6. Proposed total depth is 10650' TVD.
7. Estimated tops of important geologic markers.

| | |
|----------|------------|
| Wolfcamp | 7800' TVD |
| Strawn | 9000' TVD |
| Atoka | 9600' TVD |
| Morrow | 10050' TVD |

8. Estimated depths at which anticipated water, oil, gas or other mineral bearing formations are expected to be encountered:

| | | |
|--------------------|--------|------------|
| Primary Objective: | Morrow | 10050' TVD |
| | Atoka | 9600' TVD |

9. The proposed casing program is as follows:

Surface: 13-3/8" 48# H40 ST&C new casing set at 400'
Intermediate: 9-5/8" 36# K55 ST&C new casing from 0-2125'
Production: 5-1/2" 17# P110 LT&C new casing from 0-10650'

10. Casing setting depth and cementing program:

- A. 13-3/8" surface casing set at 400' in 17-1/2" hole.
Circulate cement with 210sx HES light premium plus with 2% CaCl_2 + .25#/sx Flocele followed by 250sx PP with 2% CaCl_2 + .25#/sx Flocele.

If cement does not circulate, a temperature survey will be run to find the TOC and then finish cementing to surface through 1" using Class C with 2% CaCl_2 .

- B. 9-5/8" intermediate casing set at 2125' in 12-1/4" hole.
Circulate cement with 505sx Interfill C with .25#/sx Flocele followed by 200sx PP with 2% CaCl_2 .

If hole conditions dictate, a DV tool may be run to ensure that the intermediate string is cemented to surface.

If cement does not circulate, a temperature survey will be run to find the TOC and then finish cementing to surface through 1" using Class C with 2% CaCl_2 .

Note: Cement volumes may be adjusted according to fluid caliper.

- C. 5-1/2" production casing set at 10650' in 8-3/4" hole.
Cement with 1400sx Interfill H with .1% HR-7 followed by 380sx Super H with .5% HR-344 + .4% CFR-3 + 5#/sx Gilsonite + 1% salt + .2% HR-7.

Estimated top of cement is 1900'.

Note: Cement volumes may need to be adjusted to hole caliper.

11. Pressure Control Equipment

| | |
|-------------|--|
| 0-400' | None |
| 400-2125' | 13-3/8" 3M annular preventer, to be used as divertor only. Exhibit A |
| 2125-10650' | 11" 5000# ram type preventers with one set blind rams and one set pipe rams and a 5000# annular type preventer. A choke manifold and 120 gallon accumulator with floor and remote operating stations and auxiliary power system. Rotating head below 7800'. Exhibit A. |

A kelly cock will be installed and maintained in operable condition and a drill string safety valve in the open position will be available on the rig floor.

After setting the 9-5/8" casing, the blowout preventers and related control equipment shall be pressure tested to 5000 psi. Any equipment failing to test satisfactorily shall be repaired or replaced. Results of the BOP test will be recorded in the Driller's Log. The BOP's will be maintained ready for use until drilling operations are completed.

BOP drills will be conducted as necessary to assure that equipment is operational and each crew is properly trained to carry out emergency duties.

Accumulator shall maintain a pressure capacity reserve at all times to provide for the close-open-close sequence of the blind and pipe rams of the hydraulic preventers.

12. Mud Program:

| | |
|-------------|---|
| 0-400' | Fresh water/native mud. Lime for pH control (9-10). Paper for seepage. Wt. 8.7-9.2 ppg, vis 32-34 sec. |
| 400-2125' | Fresh/*brine water. Lime for pH control (10-10.5). Paper for seepage. Wt. 8.3-9.0/10.0-10.1ppg, vis 28-29 sec. *Fresh water will be used unless chlorides in the mud system increase to 20000PPM. |
| 2125-5900' | Fresh water. Lime for pH control (9-9.5). Paper for seepage. Wt. 8.3-8.5 ppg, vis 28-29 sec. |
| 5900-8600' | Cut brine. Lime for pH control (10-10.5). Wt. 9.6-10.0 ppg, vis 28-29 sec. |
| 8600-10650' | Mud up with an Duo Vis/Flo Trol system. Wt. 9.6-10.0 ppg, Vis 32-36sec, WL<10cc. |

Mud system monitoring equipment with derrick floor indicators and visual/audio alarms shall be installed and operative prior to drilling into the Wolfcamp formation. This equipment will remain in use until the production casing is run and cemented. Monitoring equipment shall consist of the following:

- 1) A recording pit level indicator.
- 2) A pit volume totalizer.
- 3) A flowline sensor.

13. Testing, Logging and Coring Program:
 - A. Testing program: No DST's are anticipated.
 - B. Mud logging program: One-man unit from 6000' to TD.
 - C. Electric logging program: CNL/LDT/CAL/GR, DLL/CAL/GR.
 - D. Coring program: Possible sidewall rotary cores.
14. No abnormal temperatures, or H2S gas are anticipated. H2S Contingency Plan is attached per NMOCD requirements. The highest anticipated pressure gradient would be .55psi/ft. Adequate flare lines will be installed off the mud/gas separator where gas may be flared safely.
15. Anticipated starting date is September 1, 2005. It should take approximately 30 days to drill the well and another 10 days to complete.
16. The Multi-Point Surface Use & Operation Plan is attached.
17. If the Bureau of Land Management needs additional information to evaluate this application, please advise.

Very truly yours,



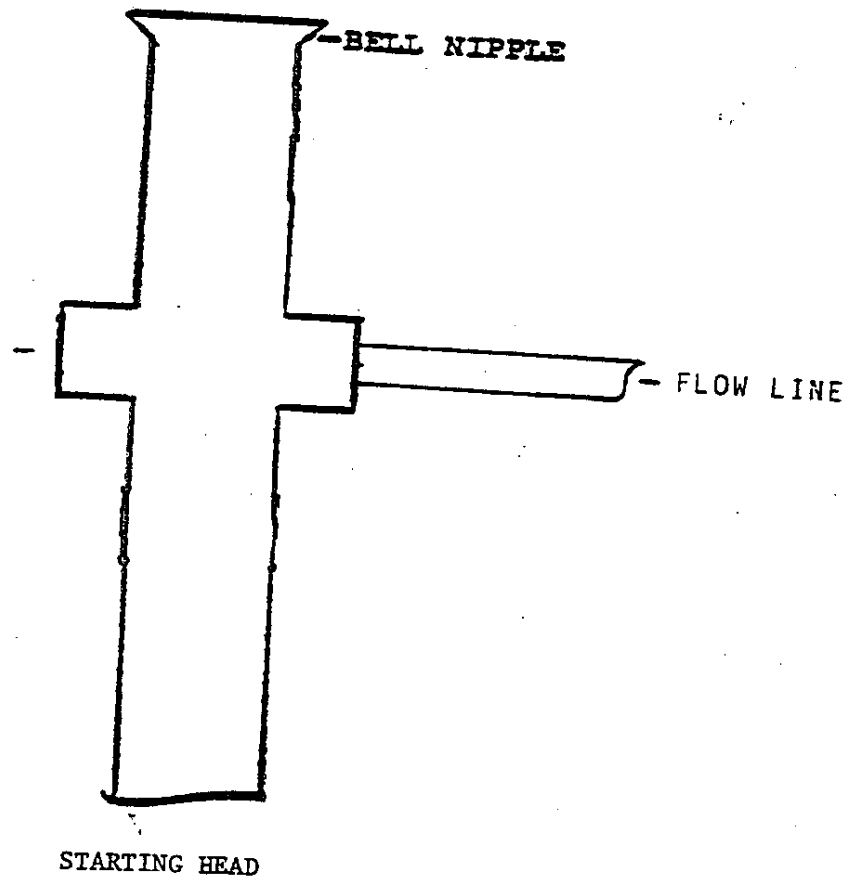
David Stewart
Sr. Regulatory Analyst
OXY USA WTP LP

DRS/drs

Attachments

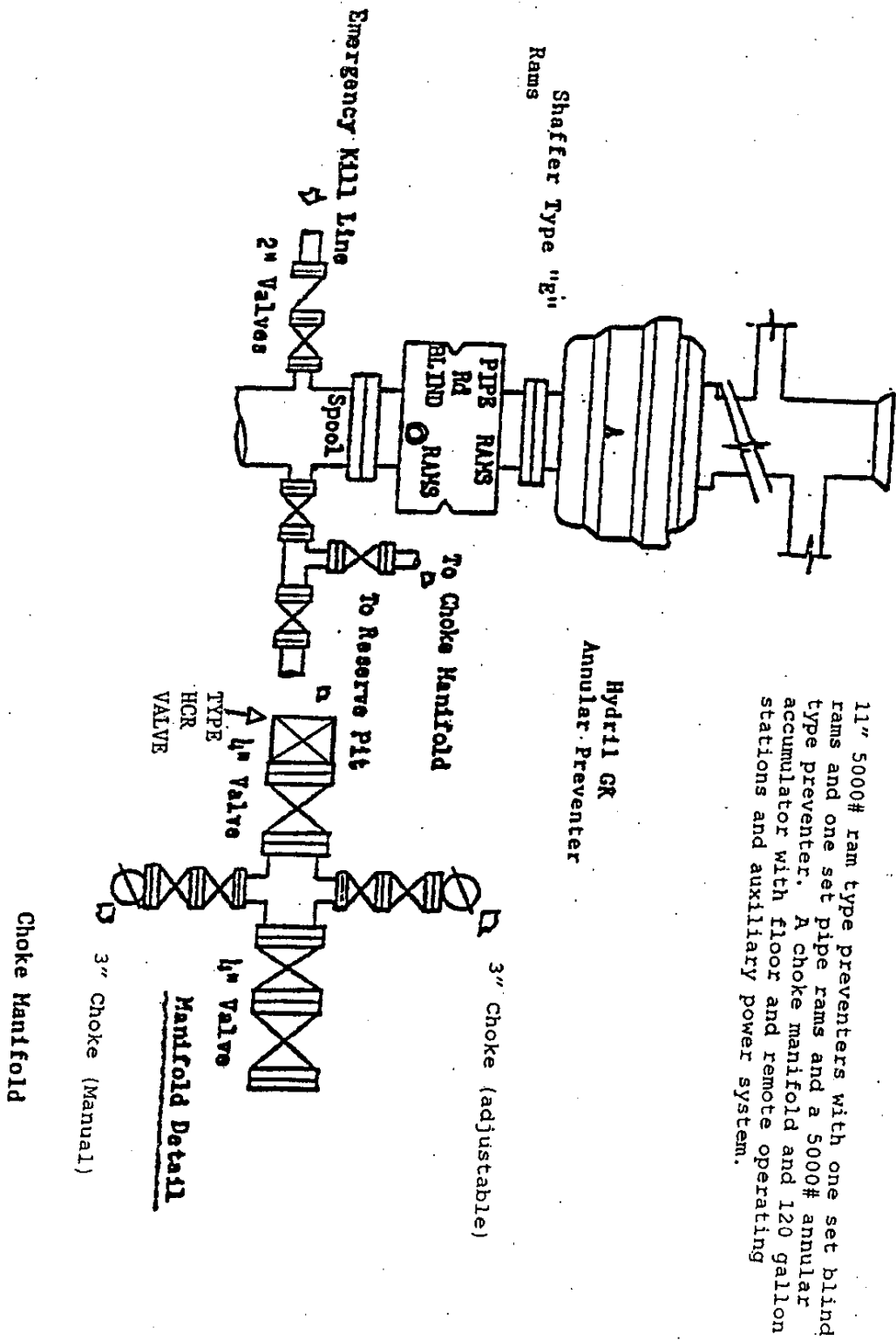
EXHIBIT A

ANNULAR PREVENTOR
TO BE USED AS DIVERTOR ONLY



BLOWOUT PREVENTOR SCHEME

EXHIBIT A



MULTI-POINT SURFACE USE AND OPERATIONS PLAN

OXY USA WTP Limited Partnership
OXY Fat Cactus Federal #1
Eddy County, New Mexico
Lease No. NM-1530

This plan is submitted with the Application for Permit to Drill the above described well. The purpose of the plan is to identify the location of the proposed well, the proposed construction activities and operations plan, the magnitude of necessary surface disturbance involved and the procedures to be followed in rehabilitating the surface after completion of the operation so that a complete appraisal may be made of the environmental effects associated with the operation.

The well, and work area have been staked by a registered New Mexico land surveyor. Boone Archaeological Services, LLC has been engaged to make an archaeological reconnaissance of the work area. Their findings concerning cultural resources will be reported to the Bureau of Land Management.

1. Existing Roads

A copy of a USGS "Red Lake, SE New Mexico" quadrangle map is attached showing the proposed location. The well location is spotted on this map, which also shows the existing road system. Exhibit B.

Directions to location:

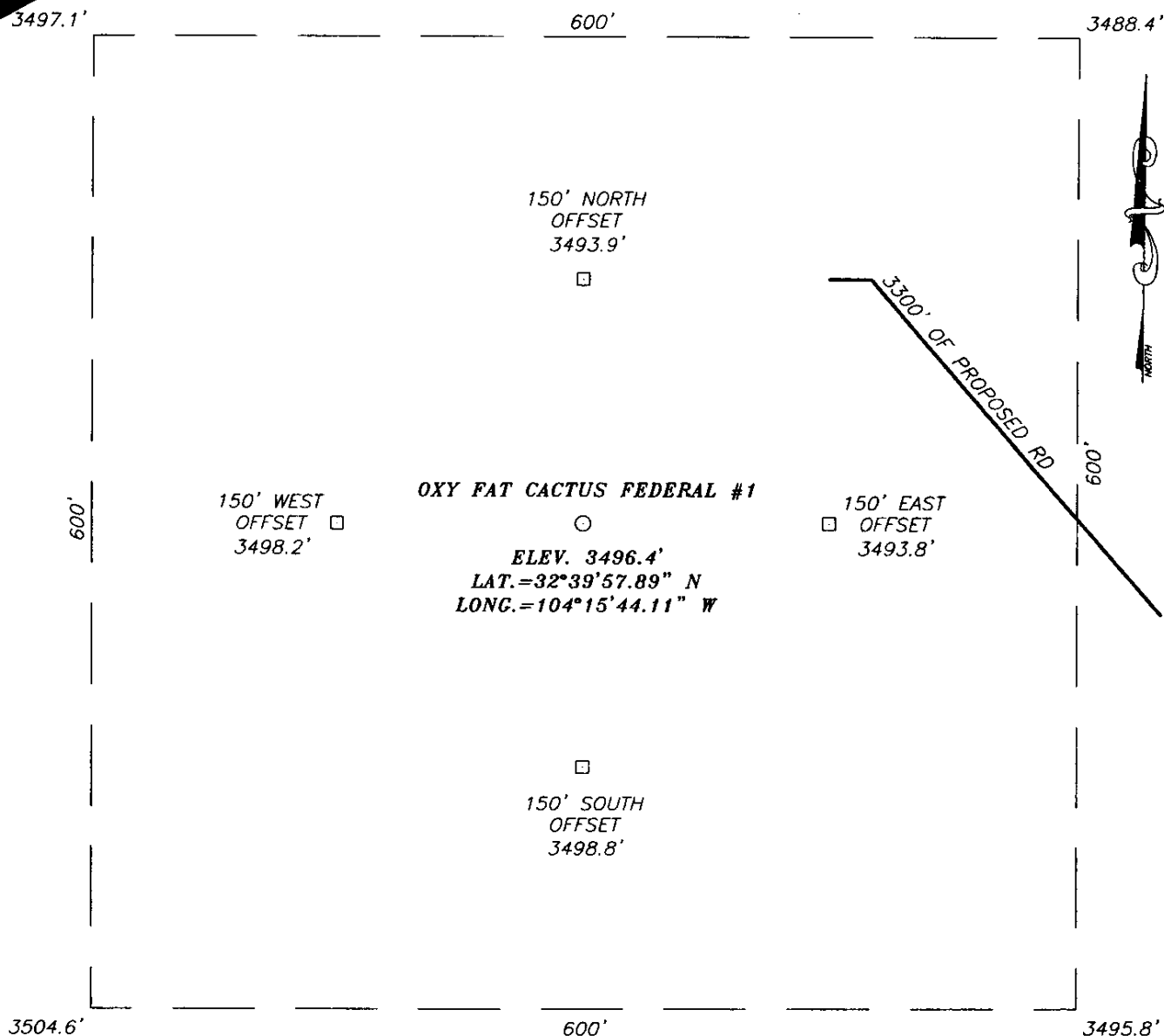
From the intersection of CR 206 and CR 236, go west-southwest on CR 236 for approximately 3.1 miles. Turn right and follow double pole power line trail road approx. 0.31 miles. Proposed location is 1000' west.

2. Planned Access Road

- A. A new access road will be built. The access road will run approximately 3300' northwest from an existing road to the location. Exhibit B.
- B. Surfacing material: Six inches of caliche and water, compacted and graded.
- C. Maximum Grade: Less than 3%
- D. Turnouts: None needed
- E. Drainage Design: N/A
- F. Culverts: None needed
- G. Cuts and Fills: Leveling the location will require minimal cuts or fills.
- H. Gates or Cattleguards: None required

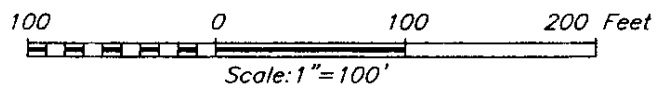
3. Existing wells within a one mile radius of the proposed development well are shown on Exhibit C.

15, TOWNSHIP 19 SOUTH, RANGE 27 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF CO. RD. ²⁰⁶ (ILLINOIS CAMP RD) AND CO. RD. #236 (NETHERLIN RD.) GO WEST-SOUTHWEST APPROX. 3.1 MILES ON CO. RD. #236. TURN RIGHT AND FOLLOW DOUBLE POLE POWER LINE TRAIL ROAD APPROX. 0.31 MILES. PROPOSED LOCATION IS 1000' WEST.



OXY U.S.A. W.T.P., LP

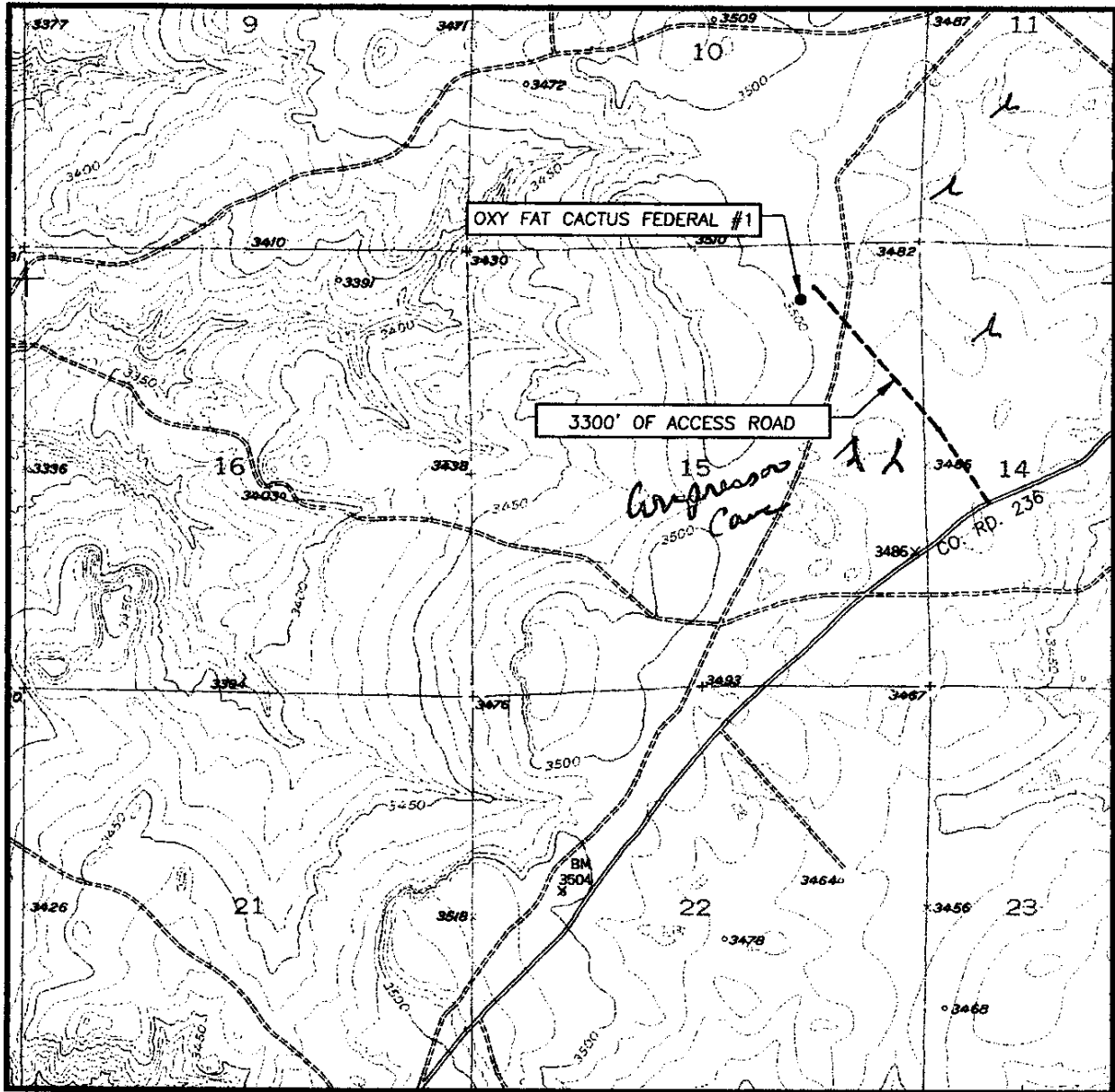
OXY FAT CACTUS FEDERAL #1 WELL
LOCATED 660 FEET FROM THE NORTH LINE
AND 1400 FEET FROM THE EAST LINE OF SECTION 15,
TOWNSHIP 19 SOUTH, RANGE 27 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.

| | |
|-------------------------|---------------------|
| Survey Date: 4/14/05 | Sheet 1 of 1 Sheets |
| W.O. Number: 05.11.0538 | Dr By: LA |
| Date: 4/19/05 | Disk: CD#4 |
| 05110538 | Scale: 1"=100' |



PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBBS, N.M. 88240
(505) 383-3117

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
SPRING LAKE, N.M. - 10'

SEC. 15 TWP. 19-S RGE. 27-E

SURVEY N.M.P.M.

COUNTY EDDY

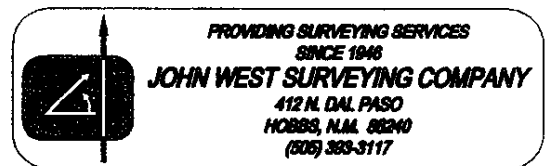
DESCRIPTION 660' FNL & 1400' FEL

ELEVATION 3496'

OPERATOR OXY U.S.A. W.T.P., LP

LEASE OXY FAT CACTUS FEDERAL

U.S.G.S. TOPOGRAPHIC MAP
SPRING LAKE, N.M.



TALE ME 120011

**OXY USA WTP
Limited Partnership
PO Box 50250
Midland, TX 79710**

**Hydrogen Sulfide (H₂S)
Contingency Plan**

For

**Oxy Fat Cactus Fed. No. 1
660 FNL, 1400 FEL
Sec 15, T19S, R27E
Eddy County, NM**

And

Patterson/UTI Rig 508

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PREFACE

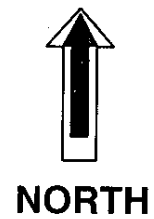
An effective and viable Contingency Plan is intended to provide prior planning and guidance in responding to emergency incidents. The primary considerations in its development are protection of personnel, the public, company and public property, and the environment.

Although the plan addresses varied emergency situations which may occur, it recognizes that flexibility and the use of the organization's knowledge and experience is critical to safe resolution of emergency incidents. Response actions outlined in the plan provide a framework, which may be placed into operation without confusion. These actions should promote quick and decisive actions during the critical initial period and immediately following an emergency. As the response progresses, additional guidelines and procedures may need to be implemented as the situation dictates. In addition, all emergency incidents must be properly reported per the Oxy Incident Reporting and Notification Policy, state and federal requirements, etc.

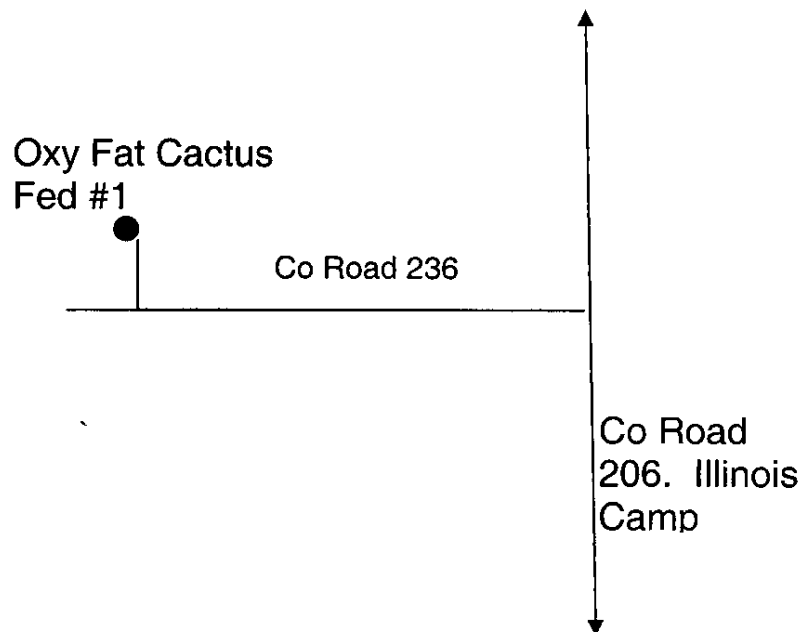
This Contingency Plan is intended for use on Oxy Downhole Services Group projects and the operations within their area of responsibility, such as drilling, critical well work, etc.

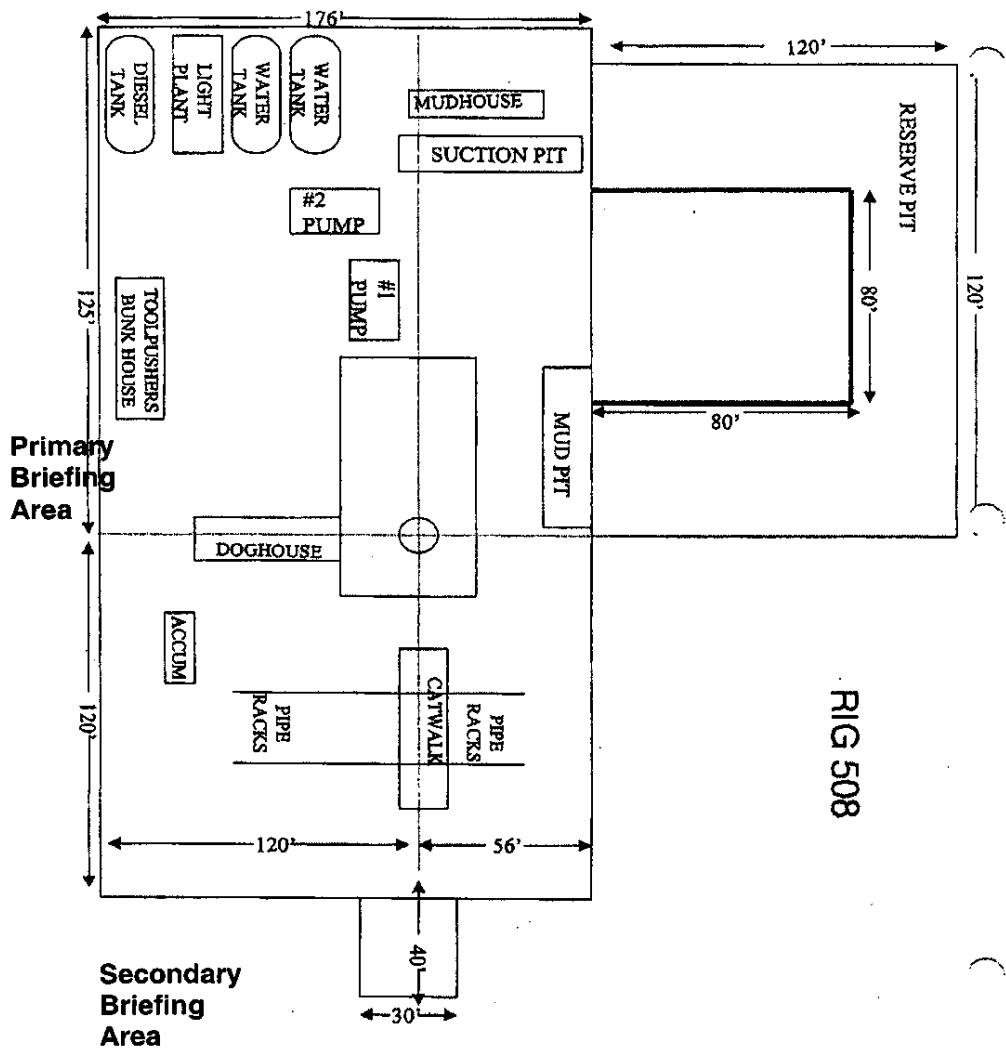
A copy of the Plan shall be maintained in the Top Dog House, Rig Managers trailer, and Company Representative's trailer if applicable.

Oxy Fat Cactus Fed. No. 1
Lat. 32° 39'57.89"N
Long. 104° 15' 44.11"W
NAD 27 NME
Y = 606038.2 - N
X = 521873.7 - E



From the intersection of County Road 206 and Co Road 236 go west-southwest 3.1 miles on Co Rd 236. turn right and follow the double power pole lines trail road 0.31 miles. Location is 1000' west.





EMERGENCY RESPONSE ACTIVATION AND GENERAL RESPONSIBILITIES

Activation of the Emergency Action Plan

- A. In the event of any emergency situation, all personnel on location should first ensure that the following items are initiated. After that, they should refer to the appropriate Specific Emergency Guidance sections on pages ten (10) through twelve (12) in this document for further responsibilities:
 - 1. Notify the senior ranking contract representative on site.
 - 2. Notify Oxy representative in charge.
 - 3. Notify civil authorities if the Oxy Representative can not be contacted and the situation dictates.
 - 4. Perform rescue and first aid as required (without jeopardizing additional personnel).

General Responsibilities

Oxy Permian Personnel:

- A. Operations Specialist: The Oxy Drilling/Critical Well Servicing Operations Specialist or contract personnel serving in that capacity will serve as Operations Chief Officer for all emergency incidents. The Operations Chief Officer is responsible for:
 - 1. Notification to the Downhole Services Team Leader of the incident occurrence.
 - 2. Notification to the local RMT/PMT leader of the incident occurrence, and the need for the designated local RMT/PMT Incident Commander to act in that capacity for the response effort.
 - 3. Sole control of all tactical activities directed toward reducing the immediate hazard, establishing situational control and restoring the operations to a non-emergency state.
- B. Local RMT/PMT Designated Incident Commander: The Oxy local RMT/PMT Designated Incident Commander will serve as the overall Incident Commander for the drilling or critical well servicing emergency incident. The Incident Commander is responsible for:
 - 1. Coordinating with the Downhole Services Team Leader for notification to the Oxy Crisis Management team of the incident occurrence.
 - 2. Establishing and managing the overall incident command structure and response from inception through restoration of normal activities in the area.
- C. Downhole Services HES Tech: The Downhole Services HES Tech (or his designate) is responsible for reporting to the incident as soon as reasonably possible, to provide support to the response effort as required by the Operations Chief Officer or the Incident Commander.

Contract Drilling Personnel will immediately report to their assigned stations and perform their duties as outlined in the appropriate Specific Emergency Guidance sections on pages ten (10) through twelve (12) in this document.

Other Contractor Personnel will report to the safe briefing area to assist Oxy personnel and civil authorities as requested when it is safe to do so and if they have been adequately trained in their assigned duties.

Civil Authorities (Law Enforcement, Fire, and EMS) will be responsible for:

1. Establishing membership in the Unified Incident Command.
2. As directed by the Incident Commander and the Unified Command, control site access, re-route traffic, and provide escort services for response personnel.
3. Perform all fire control activities in coordination with the Unified Command.
4. Initiate public evacuation plans as instructed by the Incident Commander.
5. Perform rescue or recovery activities with coordination from the Unified Command.
6. Provide medical assistance as dictated by the situation at hand.

H2S RELEASE

The following procedures and responsibilities will be implemented on activation of the H2S siren and lights.

All Personnel:

1. On alarm, don escape unit (if available) and report to upwind briefing area.

Rig Manager/Tool Pusher:

1. Check that all personnel are accounted for and their condition.
2. Administer or arrange for first aid treatment, and /or call EMTs as needed.
3. Identify two people best suited to secure well and perform rescue, and instruct them to don SCBA.
4. Notify Contractor management and Oxy Representative.
5. Remain at the briefing area, assess and monitor personnel and overall situation for hazards or conditions that might warrant a change in the action plan.

Two People Responsible For Shut-in and Rescue:

1. Don SCBA and acquire tools to secure well and perform rescue, i.e., wrenches, retrieval ropes, etc.
2. Utilize the buddy system to secure well and perform rescue(s).
3. Return to the briefing area and stand by for further instructions.

All Other Personnel:

1. Isolate the area and prevent entry by other persons into the 100 ppm ROE. Additionally the first responder(s) must evacuate any public places encompassed by the 100 ppm ROE. First responder(s) must take care not to injure themselves during this operation. Company and/or local officials must be contacted to aid in this operation. Evacuation of the public should be beyond the 100 ppm ROE.

Oxy Representative:

1. Remain at the briefing area, assess and monitor personnel and overall situation for hazards or conditions that might warrant a change in the action plan.
2. Notify Operation Specialists or Team Leader and RMT Leader or Local Incident Commander, and Police, Fire Department, or other local emergency services as required.

Training

There will be an initial training session prior to encountering a known or probable H₂S zone (within 3 days or 500 feet) and weekly H₂S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H₂S Drilling Operations Plan and the Public Protection Plan (Contingency Plan). This plan shall be available at the well site. All personnel will be required to carry documentation that they have received the proper training.

Ignition of Gas Source

Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO₂). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally the NM State Police shall be the Incident Command of any major release. Ignition of the well will be with the concurrence of the drilling team leader and the Oxy Crisis Management Team as time allows.

Characteristics of H₂S and SO₂

| Common Name | Chemical Formula | Specific Gravity | Threshold Limit | Hazardous Limit | Lethal Concentration |
|------------------|------------------|------------------|-----------------|-----------------|----------------------|
| Hydrogen Sulfide | H ₂ S | 1.189 Air = 1 | 10 ppm | 100 ppm | 600 ppm |
| Sulfur Dioxide | SO ₂ | 2.21 Air = 1 | 2 ppm | N/A | 1000 ppm |

Contacting Authorities

Oxy Permian personnel must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as; type and volume of release, wind direction, location of release, etc. Be prepared with all information available. The following call list of essential and potential responders has been prepared for use during a release. This response plan must be in coordination with the State of New Mexico's 'Hazardous Materials Emergency Response Plan' (HMER).

WELL CONTROL

The following procedures will be implemented when a loss of primary control is indicated. Indicators of loss of primary control are flow from the well, an increase in pit volume, or when the drilling fluid used to fill the hole on trips is less than the calculated pipe displacement volume. The emergency signal for well control procedures will be a single long blast of the rig air horn.

Kick While Drilling - Procedures And Responsibilities

Driller:

1. Stop the rotary and hoist the kelly above the rotary table.
2. Stop the mud pump(s).
3. Check for flow.
4. If flowing, sound the alarm immediately.
5. Ensure that all crew members fill their responsibilities to secure the well.
6. Record drill pipe and casing shut-in pressures and pit volume increase and begin kill sheet.

Derrickman:

1. Go to BOP/choke manifold area.
2. Open choke line valve on BOP.
3. Signal to Floorman #1 that the choke line is open.
4. Close chokes after annular or pipe rams are closed.
5. Record shut-in casing pressure and pit volume increase.
6. Report readings and observations to Driller.
7. Verify actual mud weight in suction pit and report to Driller.
8. Be readily available as required for additional tasks.

Floorman # 1:

1. Go to accumulator control station and await signal from Derrickman.
2. Close annular preventer and HCR on signal (if available, if not then close pipe rams).
3. Record accumulator pressures and check for leaks in the BOP or accumulator system.
4. Report to Driller, and be readily available as required for additional tasks.

Floorman # 2:

1. Start water on motor exhausts.
2. Notify Contractor Tool Pusher or Rig Manager of well control situation.
3. Check location for ignition sources and extinguish or turn off, and stop any welding in progress.
4. Report to Driller, and be readily available as required for additional tasks.

Floorman # 3:

1. Stand-by with Driller, and be readily available as required for additional tasks.

Tool Pusher/Rig Manager:

1. Notify Oxy Representative and report to rig floor.
2. Review and verify all pertinent information.
3. Communicate information to Oxy Representative, and confer on an action plan.
4. Finalize well control worksheets, calculations and preparatory work for action plan.
5. Initiate and ensure the action plan is carried out.
6. Communicate any changes in well or site conditions, or any indications that the action plan needs to be revised to the Oxy representative.

Oxy Representative:

1. Notify Operation Specialists or Team Leader and RMT Leader or Local Incident Commander, and Police, Fire Department, or other local emergency services as required.

Kick While Tripping - Procedures and Responsibilities

Driller:

1. Sound the alarm immediately when pipe displacement volume is less than 75% of calculated.
2. Position the upper tool joint just above rotary table and set slips.
3. Check for flow.
4. Ensure that all crew members fill their responsibilities to secure the well.
5. Record drill pipe and casing shut-in pressures and pit volume increase, and begin kill sheets.

Derrickman: (same as while drilling)

Floor Man # 1:

1. Install full opening valve (with help from Floorman #2) in top drill string connection.
2. Tighten valve with make up tongs.
3. Go to accumulator control station and await signal from Derrickman.
4. Close annular preventer and HCR valve on signal (if available, if not then close pipe rams).
5. Record accumulator pressures and check for leaks in the BOP and accumulator system.
6. Report to Driller, and be readily available as required for additional tasks.

Floor Man # 2:

1. Assist installing full opening valve in drill string.
2. Position back-up tongs for valve make-up.
3. Start water on motor exhausts.
4. Notify Contractor Tool Pusher or Rig Manager of well control situation.
5. Check location for ignition sources and extinguish or turn off, and stop any welding in progress.
6. Report to Driller, and be readily available as required for additional tasks.

Floorman # 3, Rig Manager/Tool Pusher, and Oxy Representative: (same as while drilling)

PUBLIC RELATIONS

Oxy recognizes that the news media have a legitimate interest in incidents at Oxy facilities that could affect the public. It is to the company's benefit to cooperate with the news media when incidents occur because these media are our best liaison with the public.

Our objective is to see that all reports of any emergency are factual and represent the company's position fairly and accurately. Cooperation with news media representatives is the most reliable guarantee that this objective will be met.

All contract and Oxy employees are instructed **NOT** to make any statement to the media concerning the emergency incident. If a media representative contacts any employee, they should refer them to the designated Emergency Command Center where they should contact the Incident Commander or his designated relief for any information concerning the incident.

OXY PERMIAN DOWNHOLE SERVICES GROUP

| | LOCATION | OFFICE | HOME | CELL | PAGER |
|-----------------------------------|----------|--------------|---------------|--------------|--------------|
| Manager Operations Support | | | | | |
| Hardesty, Steve | Midland | 432-685-5880 | 432/694-6441 | 713-560-8095 | |
| Team Leader | | | | | |
| Pennington, Randy | Midland | 432-685-5684 | 432/689-7642 | 432-556-0207 | 713-312-8186 |
| | | | Toledo Bend = | 318-590-2349 | |
| Operations Specialists | | | | | |
| Fleming, Joe | Midland | 432-685-5858 | 432/699-0875 | 432-425-6075 | 432-498-3281 |
| Ray, Fred | Midland | 432-685-5683 | 432/362-2857 | 432-661-3893 | 432-499-3432 |
| HES Tech | | | | | |
| Thompson, Don | Midland | 432-685-5719 | 432/684-3900 | 432-556-1505 | |

Emergency Notification Numbers

| Public Authorities | | |
|---------------------------------|-------------|--------------|
| New Mexico State Police | Artesia | 505/746-2704 |
| New Mexico State Police | Carlsbad | 505/885-3137 |
| New Mexico State Police | Hobbs | 505/392-5588 |
| Eddy County Sheriff's Office | Artesia | 505/746-2704 |
| Eddy County Sheriff's Office | Carlsbad | 505/887-7551 |
| Lea County Sheriff's Office | Hobbs | 505/393-2515 |
| Local Emergency Planning Center | Eddy County | 505/887-9511 |
| Local Emergency Planning Center | Lea County | 505/397-9231 |
| New Mexico Oil & Gas Commission | Artesia | 505/748-1283 |
| New Mexico Oil & Gas Commission | Hobbs | 505/393-6161 |
| NM Emergency Response Center | Hobbs | 505/827-9222 |

| Emergency Services | | |
|--|-------------|--------------|
| Fire Fighting, Rescue, Ambulance, Police | Artesia | 911 |
| Fire Fighting, Rescue, Ambulance, Police | Carlsbad | 911 |
| Fire Fighting, Rescue, Ambulance, Police | Hobbs | 911 |
| Flight For Life | Lubbock | 806/743-9911 |
| Aerocare | Lubbock | 806/7478923 |
| Med Flight Air Ambulance | Albuquerque | 505/842-4433 |

| Other Emergency Services | | |
|---------------------------------|---------|----------------|
| Boots and Coots | | 1/800-256-9688 |
| Cudd Pressure Control | Midland | 432/699-0139 |
| B.J. Services | Artesia | 505/746-3569 |
| Halliburton | Artesia | 505/746-2757 |

OXY Permian Production and Plant Personnel
OXY Permian Crisis Team Hotline Notification (713) 935-7210

| PERSON | LOCATION | OFFICE | FAX | CELL | PAGER |
|--------|----------|--------|-----|------|-------|
|--------|----------|--------|-----|------|-------|

| | | | | | |
|--|---------|-------------------|-------------------|-------------------|--|
| Asset Management Operations Areas | | | | | |
| OXY Permian General Manager: Tom Menges | Houston | (281) 552-1147 | (281) 552-1484 | (713) 560-8038 | |
| South Permian Asset: Matt Hyde | Midland | (432) 685-5802 | (432) 685-5930 | (432) 556-5016 | |

| | | | | | |
|---|---------|-------------------|-------|-------|-------|
| RMT/PMT Leaders: South Permian Asset | | | | | |
| Frontier RMT: John Nicholas | Midland | (432) 685-5600 | (432) | (432) | (432) |

| PERSON | LOCATION | OFFICE | FAX | CELL | PAGER |
|--|----------|-------------------|-------------------|-------------------|-------------------|
| Production Coordinators: S. Permian Asset | | | | | |
| New Mexico: John Erickson | Hobbs | (505) 393-2174 | (505) 397-2671 | (505) 390-6426 | (505) 370-6836 |

OXY Permian HES Personnel
OXY Permian Crisis Team Hotline Notification (713) 935-7210

| PERSON | LOCATION | OFFICE | FAX | CELL | PAGER |
|--|----------|-------------------|-------------------|-------------------|-------------------------|
| HES Coordinators & Area of Responsibility | | | | | |
| Frontier: | Midland | | | | |
| HES Techs & Area of Responsibility | | | | | |
| Hobbs RMT: Steve Bishop | Hobbs | (505) 397-8251 | (505) 397-8204 | (505) 390-4784 | (877) 339-1954-1118# |
| Frontier-New Mexico: Rick Kerby | Hobbs | (505) 393-2174 | (505) 393-2671 | (505) 390-8639 | (505) 370-6527 |

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: OXY USA WTP LIMITED PARTNERSHIP
Well Name & No. 1 – OXY FAT CACTUS FEDERAL
Location: 660' FNL & 1400' FEL – SEC 15 – T19S – R27E – EDDY COUNTY
Lease: NM-1530

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Roswell Field Office, 2909 West Second St., Roswell NM 88201, (505) 627-0272 for wells in Chaves and Roosevelt Counties; the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 234-5909 or (505) 361-2822 (After hours) - for wells in Eddy County; and the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea County, in sufficient time for a representative to witness:

A. Spudding

B. Cementing casing: 13-3/8 inch 9-5/8 inch 5-1/2 inch

C. BOP tests

2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

3. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.

4. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

II. CASING:

1. The 13-3/8 inch surface casing shall be set at 400 feet, below usable water and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.

2. The minimum required fill of cement behind the 9-5/8 inch intermediate casing is circulate cement to the surface. The 9-5/8 inch casing shall be set at 2100' and drilled with a fresh water mud system. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.

3. The minimum required fill of cement behind the 5-1/2 inch production casing is cement shall extend upward a minimum of 500 feet above the uppermost hydrocarbon bearing interval.

(RIG. SGD.) LES BABYAK

III. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 13-3/8 inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.
2. Minimum working pressure of the blowout preventer and related equipment (BOPE) required for drilling the surface and intermediate casing shall be 2000 psi. Minimum working pressure of the blowout preventer and related equipment (BOPE) required for drilling below the 9-5/8 inch casing shall be 3000 psi.
3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.
 - The tests shall be done by an independent service company.
 - The results of the test shall be reported to the appropriate BLM office.
 - Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
 - Testing must be done in a safe workman-like manner. Hard line connections shall be required.
 - BOPE must be tested prior to drilling into the Wolfcamp Formation by an independent service company.

IV. DRILLING MUD:

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the Wolfcamp Formation, and shall be used until production casing is run and cemented. Monitoring equipment shall consist of the following:

1. Recording pit level indicator to indicate volume gains and losses.
2. Mud measuring device for accurately determining the mud volumes necessary to fill the hole during trips.
3. Flow-sensor on the flow line to warn of abnormal mud returns from the well.