

THE FOLLOWING DATA IS REQUIRED (SEE THE WELL LOG)

OPERATORS NAME OXY USA INC. WELL NO. & NAME NO. 5-GOVERNMENT S
LOCATION 1880' T N L & 2130' E S. 3
LEASE NO. NM-9818 - Eddy COUNTY New Mexico, T. 20 S, R. 28 E.

The special stipulations check marked below are applicable to the above described well and approval of this application to drill is conditioned upon compliance with such stipulations in addition to the General Requirements. The permittee should be familiar with the General Requirements, a copy of which is available from a Bureau of Land Management office. EACH PERMITTEE HAS THE RIGHT OF ADMINISTRATIVE APPEAL TO THESE STIPULATIONS PURSUANT TO 43 CFR 1165.3 and 1165.4.

DRILLING OPERATIONS REQUIREMENTS Capitan Controlled Water Basin

The Bureau of Land Management office is to be notified at (505) 887-6544, in sufficient time for a representative to witness:

- (✓) 1. Spilling (✓) 2. Cement casing 13³/₈ inch 8⁵/₈ inch 5¹/₂ inch
() 3. DOP tests () Other Whenever a casing string is cemented in the R-III-P potash area, cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests.

CASING

(✓) 13³/₈" surface casing should be set @ ~400' or in the Rustler Anhydrite and cement circulated to the surface. If cement does not circulate to the surface, this BLM office will be notified and a temperature survey or cement bond log will be run to verify the top of the cement. Remedial cementing will be done prior to drilling out of that string.

(✓) Minimum required fill of cement behind the 8⁵/₈" intermediate casing is to circulate to the surface.

(✓) Minimum required fill of cement behind the tie back 200' into 8⁵/₈" csq. @ ~3000' 5¹/₂" production casing is to

PRESSURE CONTROL

(✓) Before drilling below the 13³/₈" casing, the blowout preventer assembly will consist of a minimum of:

(✓) One Annular Preventer, or (✓) Two RAM-Type Preventers (✓) Other Kelly Cock/Kelly Stabbing Valve

(✓) After setting the 8⁵/₈" casing string, and before drilling into the Delaware Formation, the blowout preventers and related control equipment shall be pressure-tested as described in General Requirements. Any equipment failing to test satisfactorily will be repaired or replaced.

- () The test will be conducted by an independent service company.
(✓) The results of the test will be reported to the appropriate BLM office.
() The Bureau of Land Management office is to be notified in sufficient time for a representative to witness the test.

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

- () 1. A recording pit level indicator to determine pit volume gains and losses.
() 2. A mix-volume measuring device for accurately determining mix volume necessary to fill the hole on trips.
() 3. A flow-sensor on the flow-line to warn of any abnormal mix returns from the well.

() A Hydrogen Sulfide Contingency Plan will be approved by this BLM office before drilling below the _____ Formation. A copy of the plan will be posted at the drilling site.

() Other Gamma-Ray/Neutron logs shall be run from the base of the Salado formation to