3160-3
(August 2007)

Carlsbad Field Office
OCD Artesia

ATS-15-509

FORM APPROVED
OMB No. 1004-0136
Expires July 31, 2010

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OIL CONSERVATION
ARTESIA DISTRICT
JUL 10 2015
RECEIVED

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: ☒ DRILL ☐ REENTER	5. Lease Serial No. NMNM94651
	6. If Indian, Allottee or Tribe Name
	7. If Unit or CA Agreement, Name and No.
1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone	8. Lease Name and Well No. CEDAR CANYON 28 FEDERAL 7H
2. Name of Operator OXY USA INC. Contact: DAVID STEWART E-Mail: david_stewart@oxy.com	9. API Well No. 30-015-43238
3a. Address P.O. BOX 50250 MIDLAND, TX 79710 / 3b. Phone No. (include area code) Ph: 432-685-5717 Fx: 432-685-5717	10. Field and Pool, or Exploratory PIERCE CROSSING BS, E.
4. Location of Well *(Report location clearly and in accordance with any State requirements.*)* At surface NESE 1695FSL 200FEL 32.185626 N Lat, 103.981100 W Lon At proposed prod. zone SWSW 940FSL 180FWL 32.183522 N Lat, 103.997012 W Lon	11. Sec., T., R., M., or Blk. and Survey or Area Sec 28 T24S R29E Mer
14. Distance in miles and direction from nearest town or post office* 6 MILES NORTHEAST FROM LOVING, NM	12. County or Parish EDDY / 13. State NM
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 180' / 16. No. of Acres in Lease 1400.00	17. Spacing Unit dedicated to this well 160.00
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft. 150' / 19. Proposed Depth 13426 MD 8626 TVD	20. BLM/BIA Bond No. on file ESB00226
21. Elevations (Show whether DF, KB, RT, GL, etc. 2925 GL / 22. Approximate date work will start 07/01/2015	23. Estimated duration 35

24. Attachments

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 (Electronic Submission)	Name (Printed/Typed) DAVID STEWART Ph: 432-685-5717	Date 02/19/2015
Title SR. REGULATORY ADVISOR		
Approved by (Signature) Steve Caffey	Name (Printed/Typed)	Date JUL - 7 2015
Title FIELD MANAGER	Office CARLSBAD FIELD OFFICE	

Application approval does not warrant or certify 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 TWO YEARS

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.

Additional Operator Remarks (see next page)

Electronic Submission #292386 verified by the BLM Well Information System
For OXY USA INC., sent to the Carlsbad

2/19/15

Carlsbad Controlled Water Basin

Approval Subject to General Requirements & Special Stipulations Attached

SEE ATTACHED FOR CONDITIONS OF APPROVAL

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

Additional Operator Remarks:

See attached for the following:

1. APD Drilling Plan
2. Surface Use Plan of Operations
3. Plats/surveys/diagrams
4. Directional Drilling Plan
5. BOP Diagrams
6. Choke Manifold Diagrams
7. Closed Loop Diagrams
8. Flex Hose Information
9. H2S Plan
10. Operator Certification
11. PBMOA Form

OC

OPERATOR CERTIFICATION

I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions that presently exist; that I have full knowledge of State and Federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements. Executed this 19th day of February, 2015.

Signature: 

Name: Omar Lisigurski

Position: Reservoir Management Team Leader

Address: 5 Greenway Plaza, Suite 110, Houston, TX 77046

Telephone: 713-215-7506

E-mail: (optional): omar_lisigurski@oxy.com

Company: Occidental Permian LP/OXY USA Inc./OXY USA WTP LP

Field Representative (if not above signatory): Dusty Weaver

Address (If different from above): P.O. Box 50250 Midland, TX 79710

Telephone (if different from above): 432-685-5723

E-mail (if different from above): calvin_weaver@oxy.com

Form NM 8140-9
(March 2008)

United States Department of the Interior
Bureau of Land Management
New Mexico State Office

Permian Basin Cultural Resource Mitigation Fund

The company shown below has agreed to contribute funding to the Permian Basin Cultural Resource Fund in lieu of being required to conduct a Class III survey for cultural resources associated with their project. This form verifies that the company has elected to have the Bureau of Land Management (BLM) follow the procedures specified within the Memorandum of Agreement (MOA) concerning improved strategies for managing historic properties within the Permian Basin, New Mexico, for the undertaking rather than the Protocol to meet the agency's Section 106 obligations.

Company Name: OXY USA Inc.

Address: ATTN: David Stewart
P.O. Box 50250
Midland, TX 79710

Project description: Cedar Canyon 28 Federal #7H

Pad/Road $1552.00

Pipeline $1433.00

Electric Line $717.00

S- 1695 FSL 200 FEL NESE(I)

T. 24S, R. 29E, Section 28 NMPM, Eddy County, New Mexico

Amount of contribution: $ 3702.00

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
30-015- 43238	96473	Pierce Crossing, Bone Spring, East

Property Code	Property Name	Well Number
304790	CEDAR CANYON "28" FEDERAL	7H

OGRID No.	Operator Name	Elevation
16696	OXY USA INC.	2924.5'

Surface Location

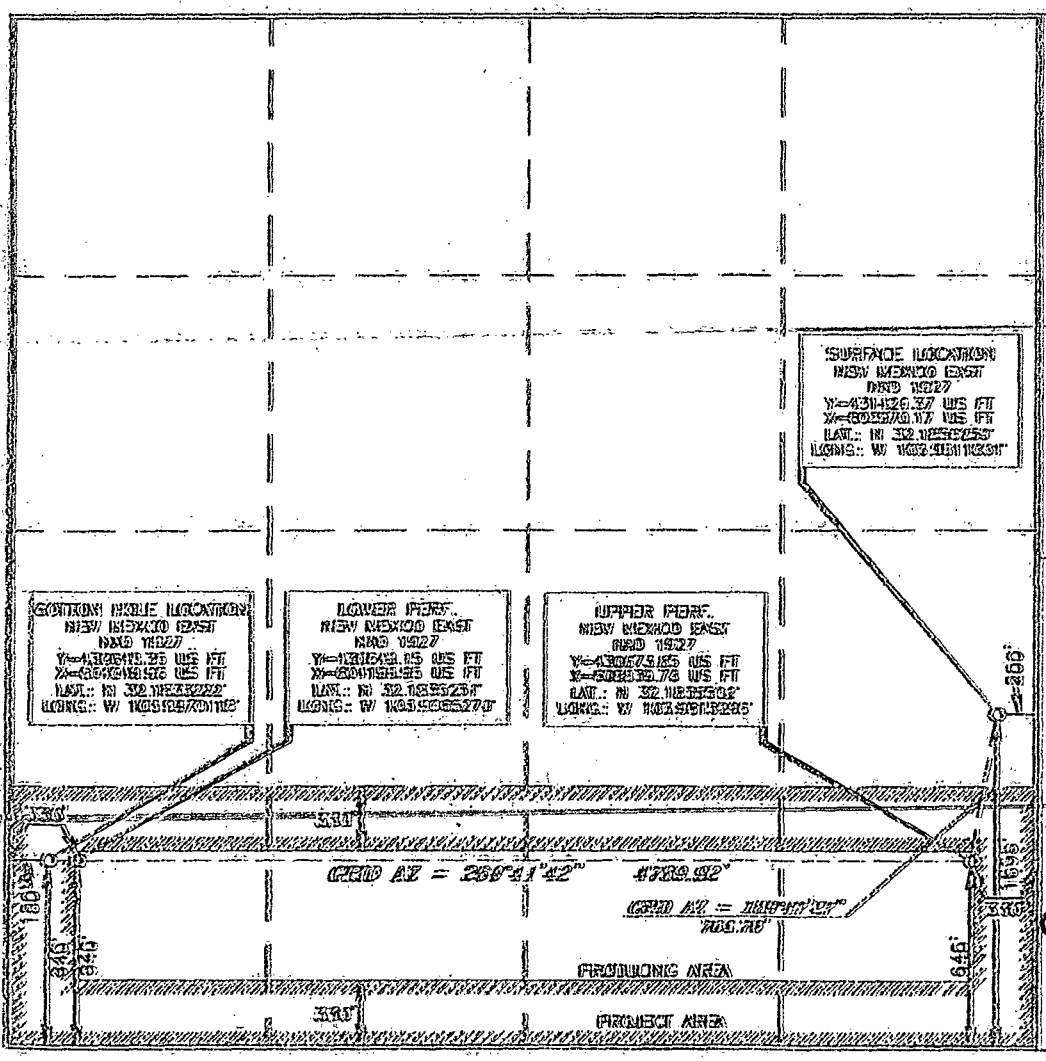
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	28	24 SOUTH	29 EAST, N.M.P.M.		1695'	SOUTH	200'	EAST	EDDY

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
M	28	24 SOUTH	29 EAST, N.M.P.M.		940'	SOUTH	180'	WEST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
160	N		

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.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature 2/19/15 Date

David Stewart - Sr. Reg. Adv.
Printed Name

david_stewart@oxy.com
E-mail Address

SURVEYOR CERTIFICATION

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.

NOVEMBER 4, 2014
Date of Survey

Signature and Seal of Professional Surveyor

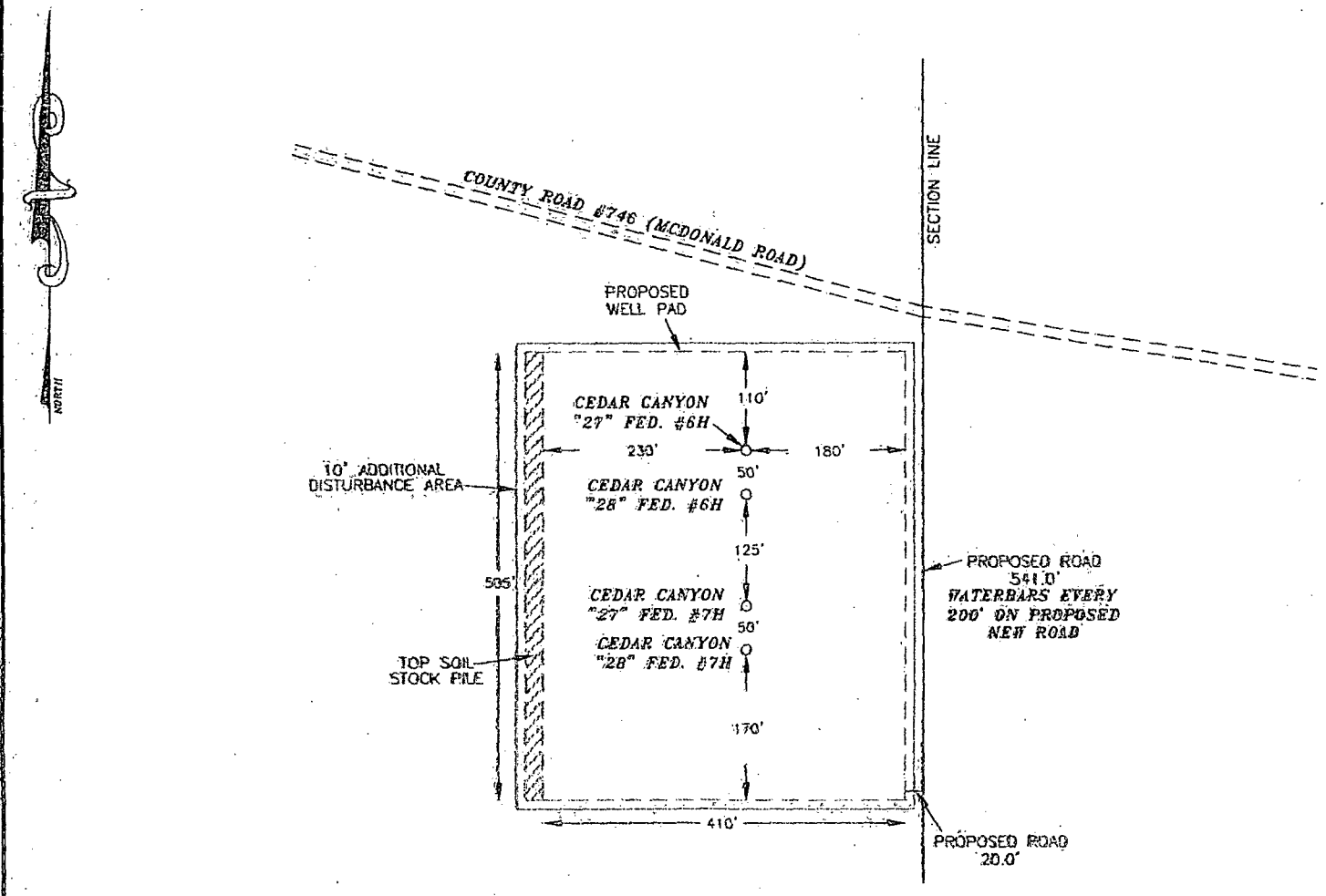
JERRY J. ASH
NEW MEXICO
15079
REGISTERED PROFESSIONAL LAND SURVEYOR

12/8/2014
Certificate Number 15079

Site Plan

OXY USA INC.

CEDAR CANYON "27" FEDERAL #6H & #7H
CEDAR CANYON "28" FEDERAL #6H & #7H
SITE PLAN



TERRY J ASEL NEW MEXICO 15079 REGISTERED PROFESSIONAL LAND SURVEYOR

LEGEND

- ▨ – DENOTES STOCK PILE AREA
- – – – – DENOTES PROPOSED WELL PAD
- –·–·– DENOTES PROPOSED ROAD

200' 0 200' 400' FEET

SCALE: 1"=200'

SURVEYORS CERTIFICATE

I, TERRY J. ASEL, NEW MEXICO PROFESSIONAL SURVEYOR NO. 15079, DO HEREBY CERTIFY THAT I CONDUCTED AND AM RESPONSIBLE FOR THIS SURVEY, THAT THIS SURVEY IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF, AND MEETS THE "MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO" AS ADOPTED BY THE NEW MEXICO STATE BOARD OF REGISTRATION FOR PROFESSIONAL ENGINEERS AND SURVEYORS.

Terry J. Asel 1/21/2015

Terry J. Asel, N.M. R.P.L.S. No. 15079

Asel Surveying

P.O. BOX 393 – 310 W. TAYLOR
HOBBS, NEW MEXICO – 575-393-3117

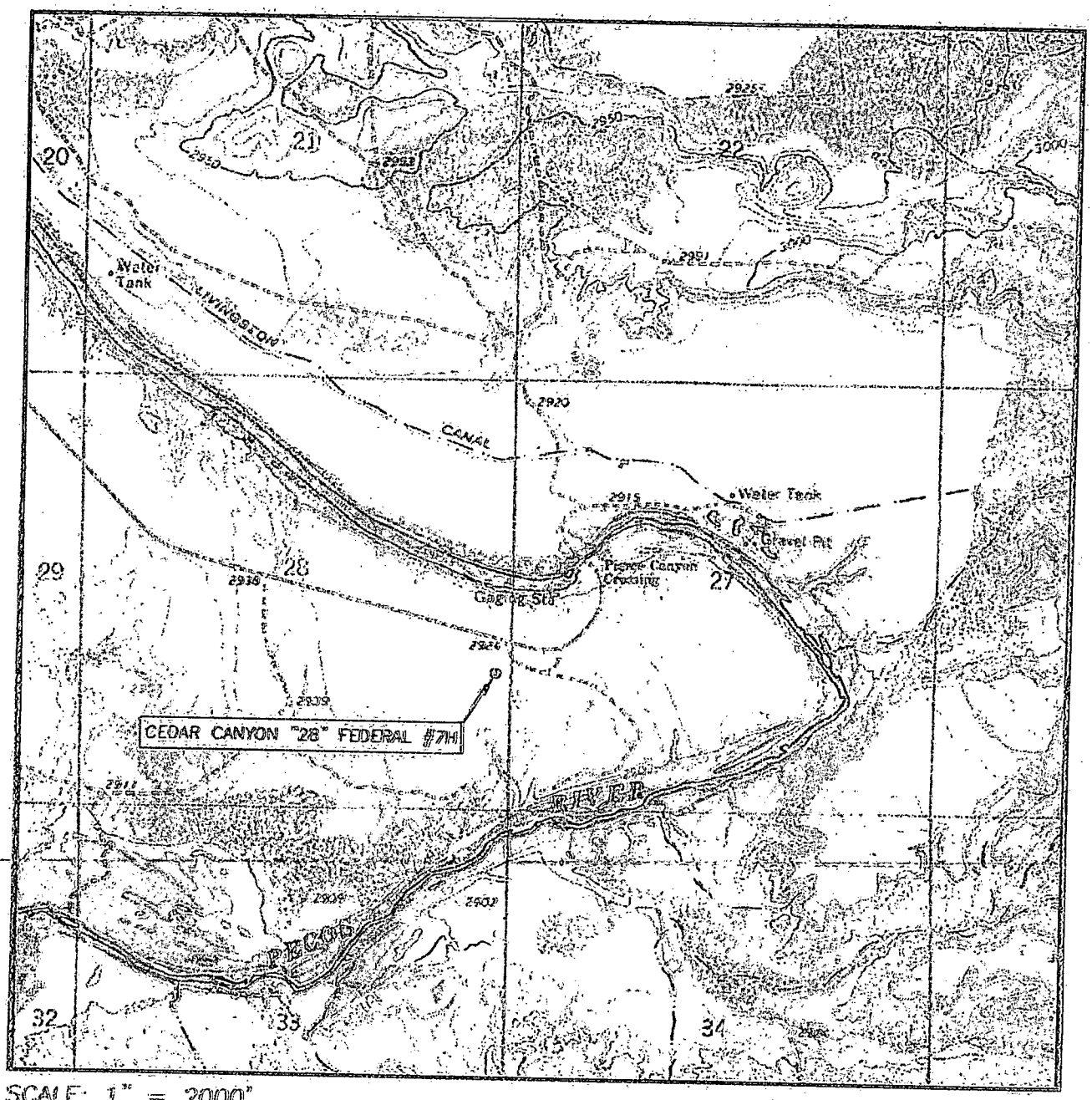
OXY USA INC.

CEDAR CANYON "27" FEDERAL #6H & #7H
AND CEDAR CANYON "28" FEDERAL #6H & #7H
WELL PAD LOCATED IN SECTION 28, TOWNSHIP 24 SOUTH, RANGE 29 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO

Survey Date: 12/04/14	Sheet 1 of 1 Sheets		
W.O. Number: 141204SP	Drawn By: KA	Rev:	
Date: 01/21/15	141204SP		

LUM

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'

SEC. 28 TWP. 24-S RGE. 29-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1695' FSL & 200' FEL

ELEVATION 2924.5'

OPERATOR OXY USA INC.

LEASE CEDAR CANYON "28" FEDERAL #7H

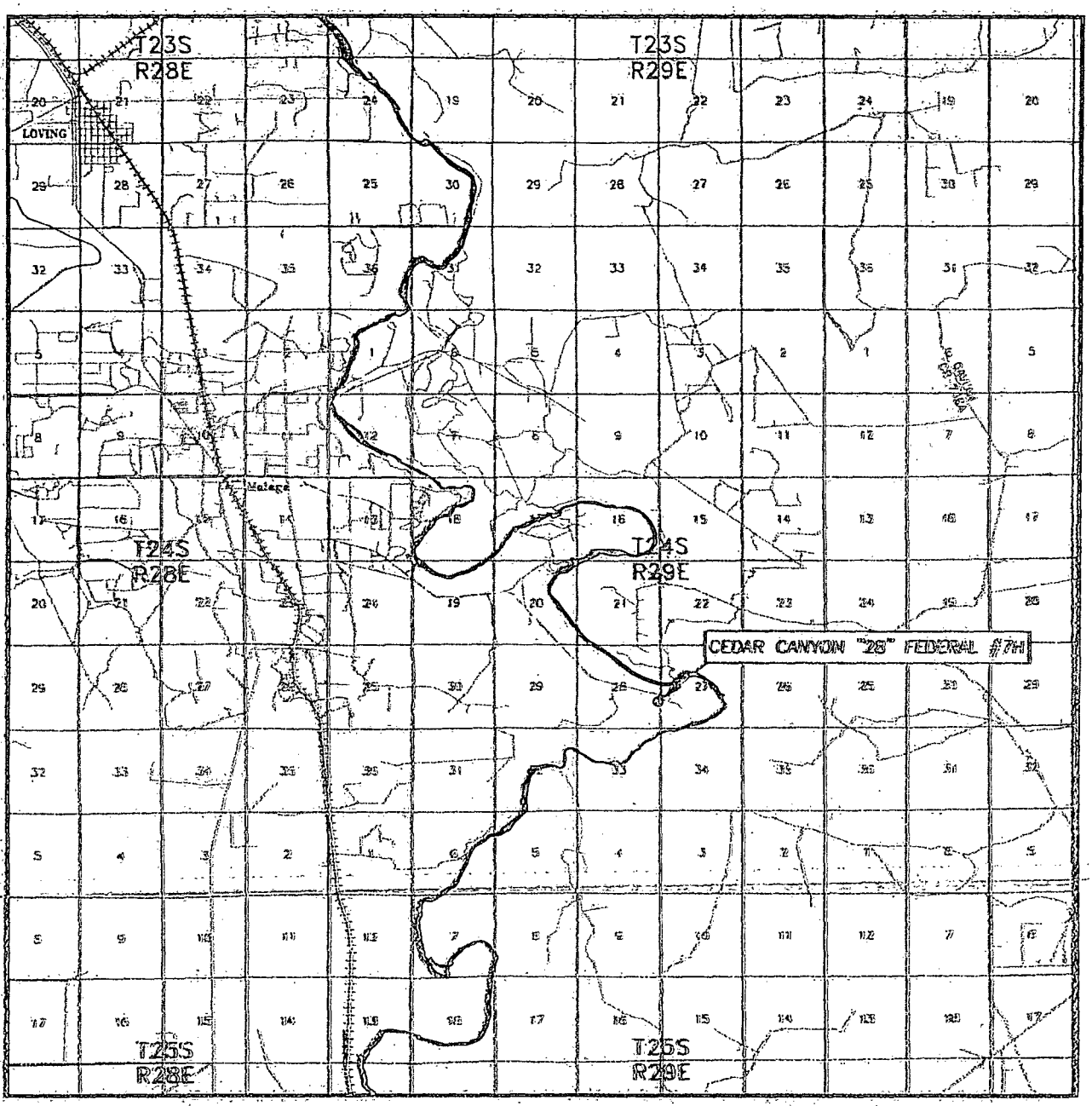
U.S.G.S. TOPOGRAPHIC MAP
PIERCE CANYON, N.M.

Asel Surveying

P.O. BOX 393 - 310 W. TAYLOR
HOBBS, NEW MEXICO - 575-393-40146

VM

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 28 TWP. 24-S RGE. 29-E
SURVEY N.M.P.M.
COUNTY EDDY
DESCRIPTION 1695' FSL & 200' FEL
ELEVATION 2924.5'
OPERATOR OXY USA INC.

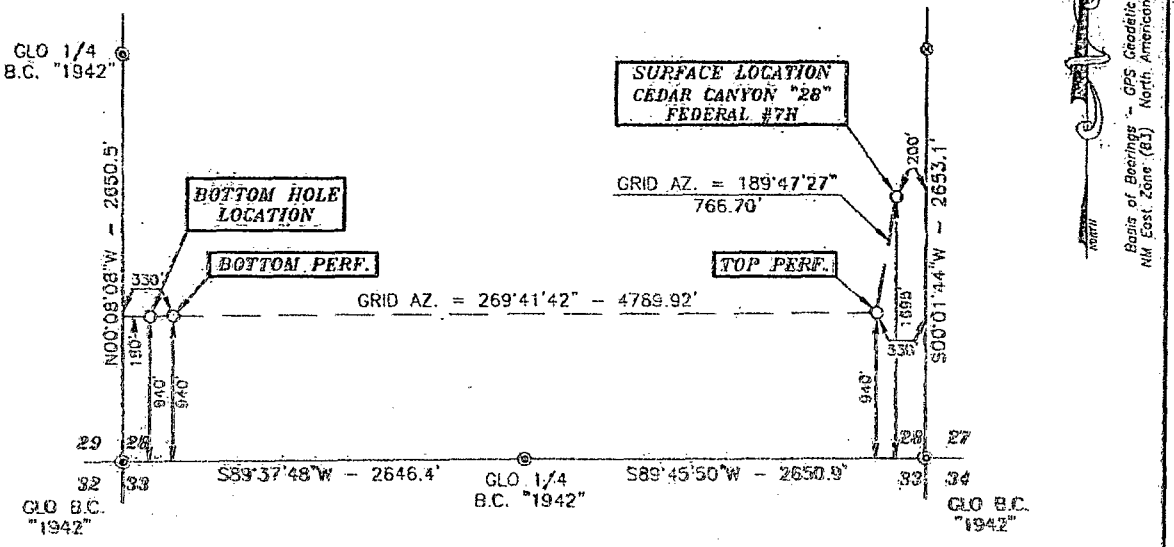
Asel Surveying
P.O. BOX 393 – 310 W. TAYLOR
HOBBS, NEW MEXICO – 575-393-4018

LEASE CEDAR CANYON "28" FEDERAL #7H

DIRECTIONS FROM THE INTERSECTION OF U.S. HWY. #285 AND BLACK RIVER VILLAGE ROAD IN MALAGA, GO EAST ON COUNTY ROAD #720 FOR 1.3 MILES, TURN RIGHT ON COUNTY ROAD #746 (MCDONALD ROAD) AND GO SOUTH FOR 0.8 MILES, CONTINUE SOUTHEAST/EAST FOR 4.7 MILES, TURN RIGHT ON PROPOSED ROAD AND GO SOUTH FOR 541.0 FEET, TURN RIGHT AND GO WEST FOR 20.0 FEET TO LOCATION.

Stake Detail

SECTION 28, TOWNSHIP 24 SOUTH, RANGE 29 EAST, N.M.P.M., EDDY COUNTY NEW MEXICO



DRIVING DIRECTIONS:
FROM THE INTERSECTION OF U.S. HWY. #285 AND BLACK RIVER VILLAGE ROAD IN MALAGA, GO EAST ON COUNTY ROAD #720 FOR 1.3 MILES, TURN RIGHT ON COUNTY ROAD #746 (MCDONALD ROAD) AND GO SOUTH FOR 0.8 MILES, CONTINUE SOUTHEAST/EAST FOR 4.7 MILES, TURN RIGHT ON PROPOSED ROAD AND GO SOUTH FOR 541.0 FEET, TURN RIGHT AND GO WEST FOR 20.0 FEET TO LOCATION.

TERRY J ASEL NEW MEXICO 15079 REGISTERED PROFESSIONAL LAND SURVEYOR

LEGEND
⊙ — DENOTES FOUND MONUMENT AS NOTED
⊗ — DENOTES CALCULATED CORNER

1000' 0 1000' 2000' FEET
SCALE: 1"=1000'

SURVEYORS CERTIFICATE

I, TERRY J. ASEL, NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR NO. 15079, DO HEREBY CERTIFY THAT I CONDUCTED AND AM RESPONSIBLE FOR THIS SURVEY, THAT THIS SURVEY IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF, AND MEETS THE MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO AS ADOPTED BY THE NEW MEXICO STATE BOARD OF REGISTRATION FOR PROFESSIONAL ENGINEERS AND SURVEYORS.

Terry J. Asel 12/12/2014
Terry J. Asel, NM LRPLS No. 15079

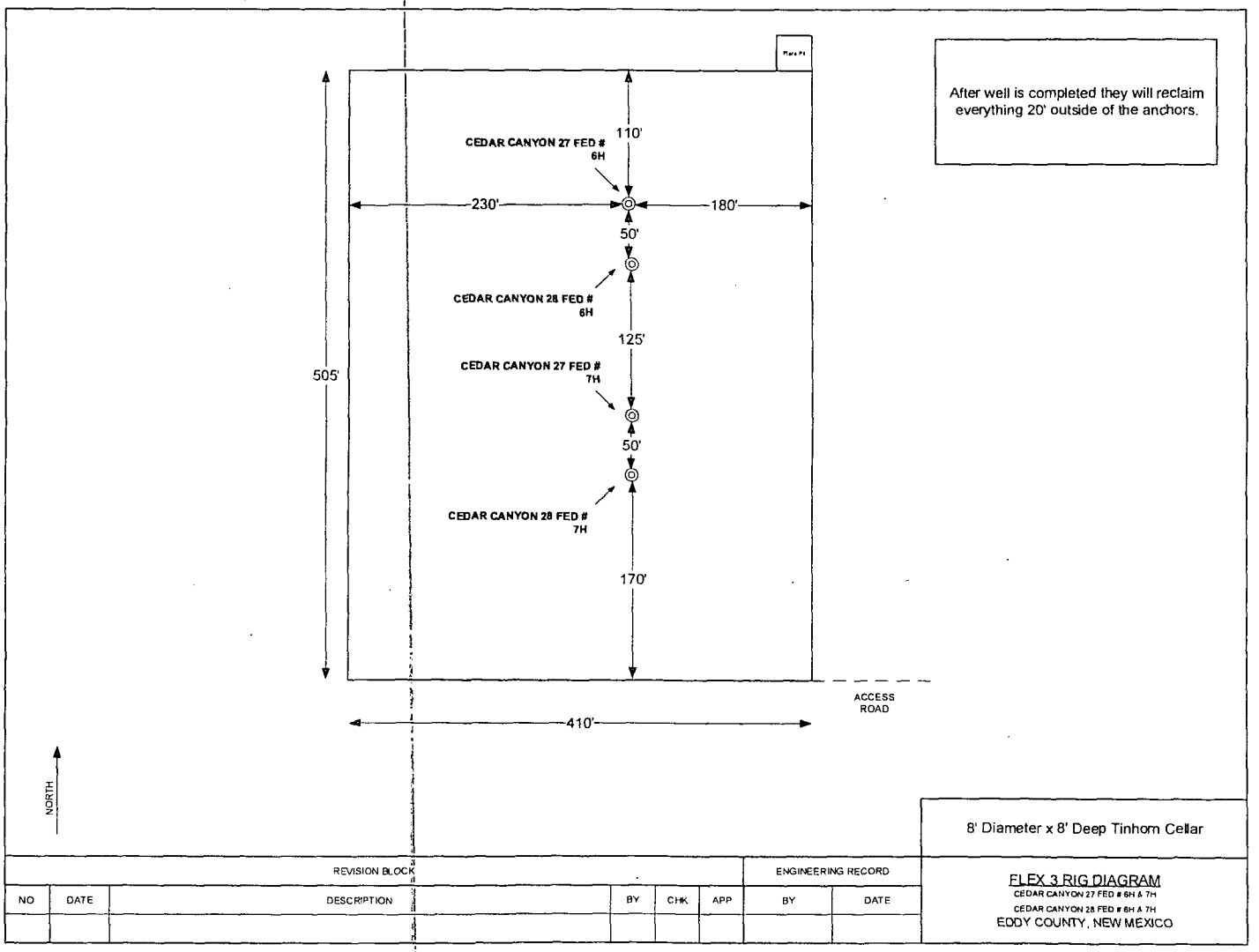
Asel Surveying

P.O. BOX 393 — 310 S. TAYLOR
HOBBS, NEW MEXICO — 575-393-6148

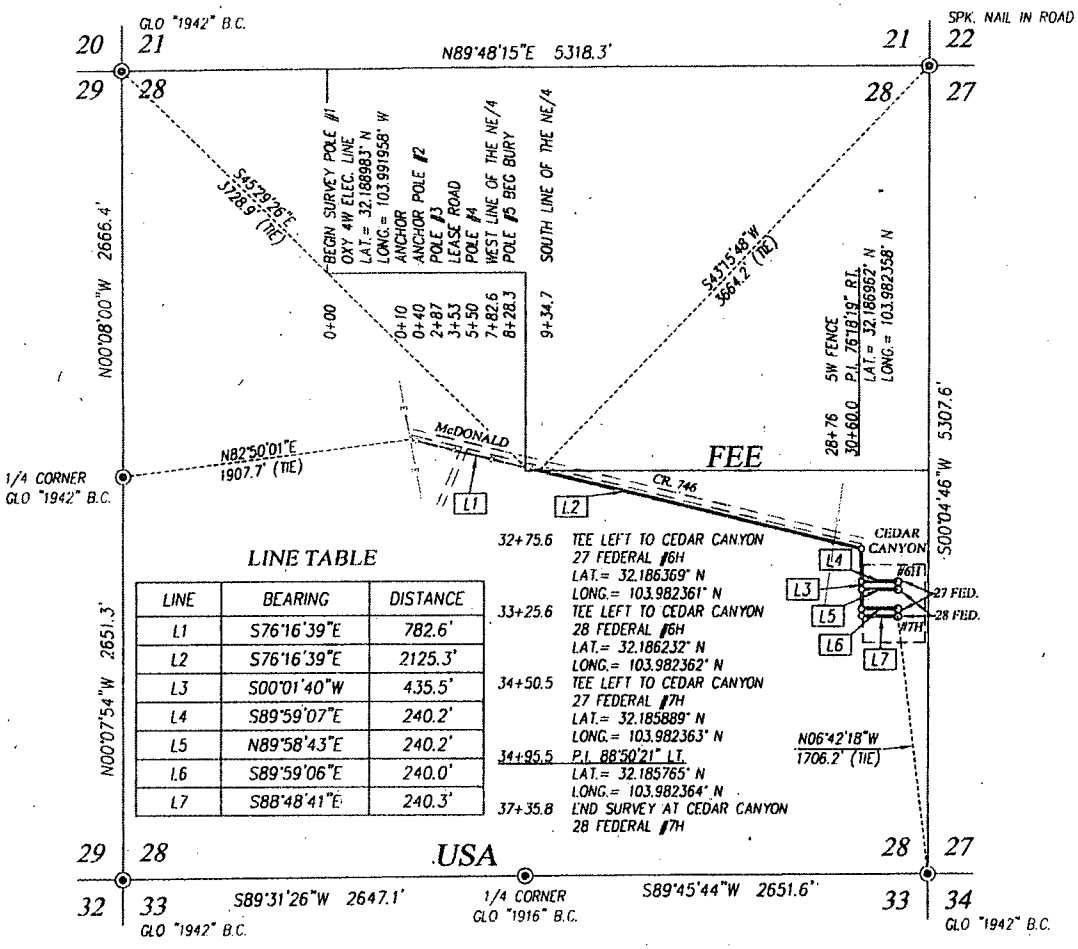
OXY USA INC.

CEDAR CANYON "28" FEDERAL #7H LOCATED AT 1695' FSL & 200' FEL IN SECTION 28, TOWNSHIP 24 SOUTH, RANGE 29 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO

Survey Date: 12/04/14	Sheet 1 of 1 Sheets		
W.O. Number: 141204WL-d	Drawn By: BR	Rev:	
Date: 12/11/14	141204WL-d	Scale: 1"=1000'	


After well is completed they will reclaim everything 20' outside of the anchors.
CEDAR CANYON 27 FED # 6H
CEDAR CANYON 28 FED # 6H
CEDAR CANYON 27 FED # 7H
CEDAR CANYON 28 FED # 7H
110'
230'
180'
50'
125'
50'
170'
505'
410'
ACCESS ROAD
NORTH
8' Diameter x 8' Deep Tinhorn Cellar
REVISION BLOCK
NO
DATE
DESCRIPTION
BY
CHK
APP
ENGINEERING RECORD
BY
DATE
FLEX 3 RIG DIAGRAM
CEDAR CANYON 27 FED # 6H & 7H
CEDAR CANYON 28 FED # 6H & 7H
EDDY COUNTY, NEW MEXICO

Well layout



DESCRIPTION

SURVEY FOR A STRIP OF LAND 50.0 FEET WIDE AND 4304.1 FEET OR 0.815 MILES IN LENGTH CROSSING USA LAND IN SECTION 28, TOWNSHIP 24 SOUTH, RANGE 29 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO, AND BEING 25.0 FEET LEFT AND 25.0 FEET RIGHT OF THE ABOVE PLATTED CENTERLINE SURVEY.

GREEN- SURFACE 782.6 FEET
RED- BURIED 3521.5 FEET
TOTAL- 4304.1 FEET

NOTE

1) BEARINGS SHOWN HEREON ARE MERCATOR GRID AND CONFORM TO THE NEW MEXICO COORDINATE SYSTEM "NEW MEXICO EAST ZONE" NORTH AMERICAN DATUM 1983. DISTANCES ARE SURFACE VALUES.

2) LATITUDE AND LONGITUDE VALUES SHOWN HEREON ARE RELATIVE TO THE NORTH AMERICAN DATUM 1983 (NAD83).

I, RONALD J. EIDSON, NEW MEXICO PROFESSIONAL SURVEYOR No. 3239, DO HEREBY CERTIFY THAT THIS SURVEY PLAT AND THE ACTUAL SURVEY ON THE GROUND UPON WHICH IT IS BASED WERE PERFORMED BY ME OR UNDER MY DIRECT SUPERVISION; THAT I AM RESPONSIBLE FOR THIS SURVEY; THAT THIS SURVEY MEETS THE MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO; AND THAT IT IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

RONALD J. EIDSON Ronald J. Eidson

DATE: 04/23/2015

LEGEND

◉ DENOTES FOUND CORNER AS NOTED

1000 0 1000 2000 FEET

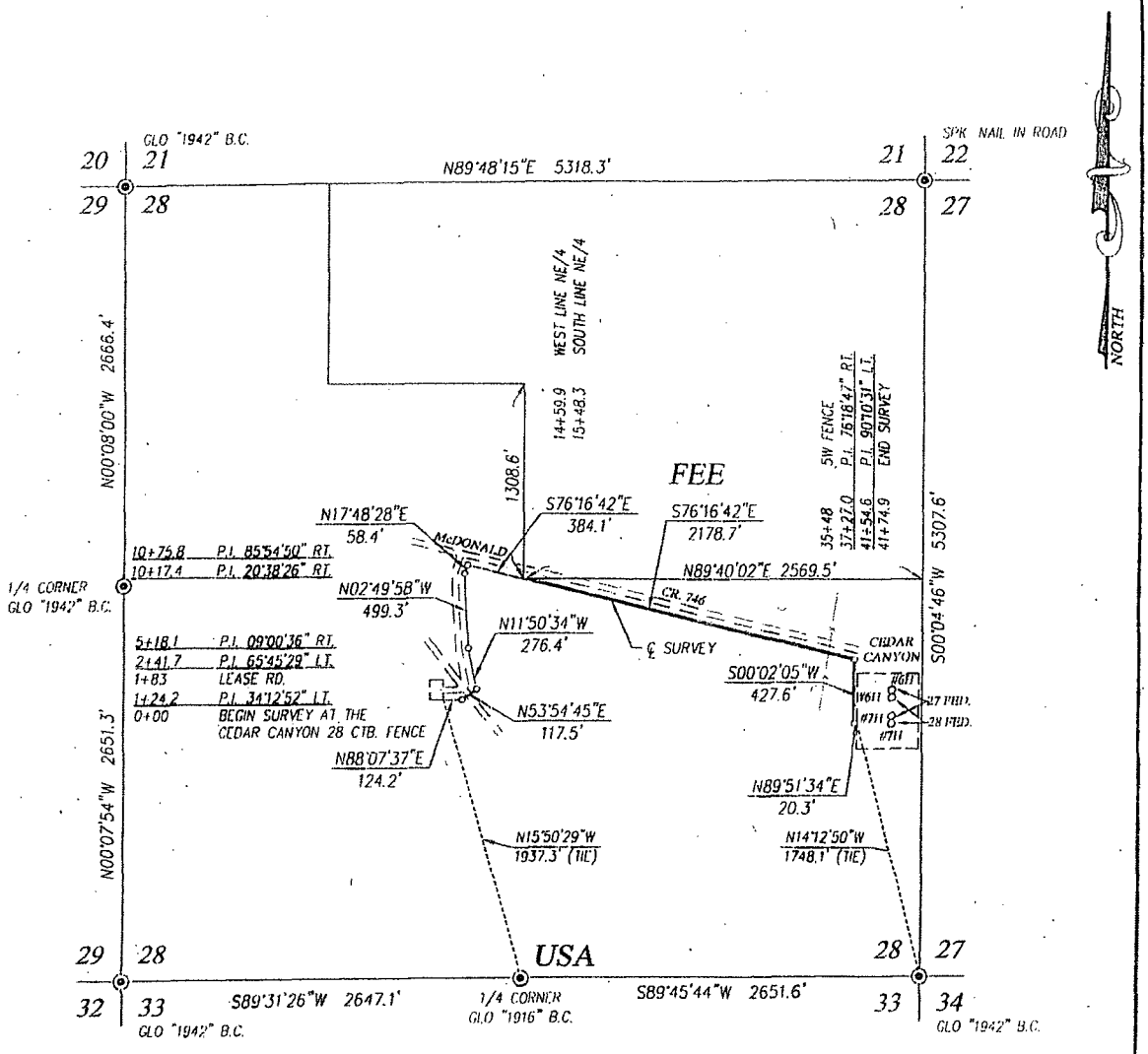
Scale: 1"=1000'

OXY U.S.A. INC.

SURVEY FOR AN ELECTRIC LINE TO THE CEDAR CANYON 27 FED. #6H, #7H & FED. 28 #6H, #7H CROSSING SECTION 28, TOWNSHIP 24 SOUTH, RANGE 29 EAST, N.M.P.M. EDDY COUNTY, NEW MEXICO

Survey Date: 2/13/15	CAD Date: 2/16/15	Drawn By: LSL
W.O. No.: 15130525	Rev: 4/23/15	Rel. W.O.: 15110235	Sheet 1 of 1

PROVIDING SURVEYING SERVICES SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO HOBBS, N.M. 88240
(575) 393-3117 www.jwsc.biz
TBPLS# 10021000



DESCRIPTION

SURVEY FOR A STRIP OF LAND 50.0 FEET WIDE AND 4086.5 FEET OR 0.774 MILES IN LENGTH CROSSING USA LAND IN SECTION 28, TOWNSHIP 24 SOUTH, RANGE 29 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO, AND BEING 25.0 FEET LEFT AND 25.0 FEET RIGHT OF THE ABOVE PLATTED CENTERLINE SURVEY.

GREEN - SURFACE 1459.9 FEET
RED - BURIED 2626.6 FEET
TOTAL - 4086.5 FEET

SURF- BATT- TO FEE.
BURIED OUT OF FEE LAND

NOTE

BEARINGS SHOWN HEREON ARE MERCATOR GRID AND CONFORM TO THE NEW MEXICO COORDINATE SYSTEM "NEW MEXICO EAST ZONE" NORTH AMERICAN DATUM 1983. DISTANCES ARE SURFACE VALUES.

I, RONALD J. EIDSON, NEW MEXICO PROFESSIONAL SURVEYOR No. 3239, DO HEREBY CERTIFY THAT THIS SURVEY PLAT AND THE ACTUAL SURVEY ON THE GROUND UPON WHICH IT IS BASED WERE PERFORMED BY ME OR UNDER MY DIRECT SUPERVISION; THAT I AM RESPONSIBLE FOR THIS SURVEY; THAT THIS SURVEY MEETS THE MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO; AND THAT IT IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

RONALD J. EIDSON Ronald J. Eidson

DATE: 04/23/2015

STATE OF NEW MEXICO 3239 PROFESSIONAL SURVEYOR

LEGEND

◉ DENOTES FOUND CORNER AS NOTED

1000 0 1000 2000 FEET

Scale: 1"=1000'

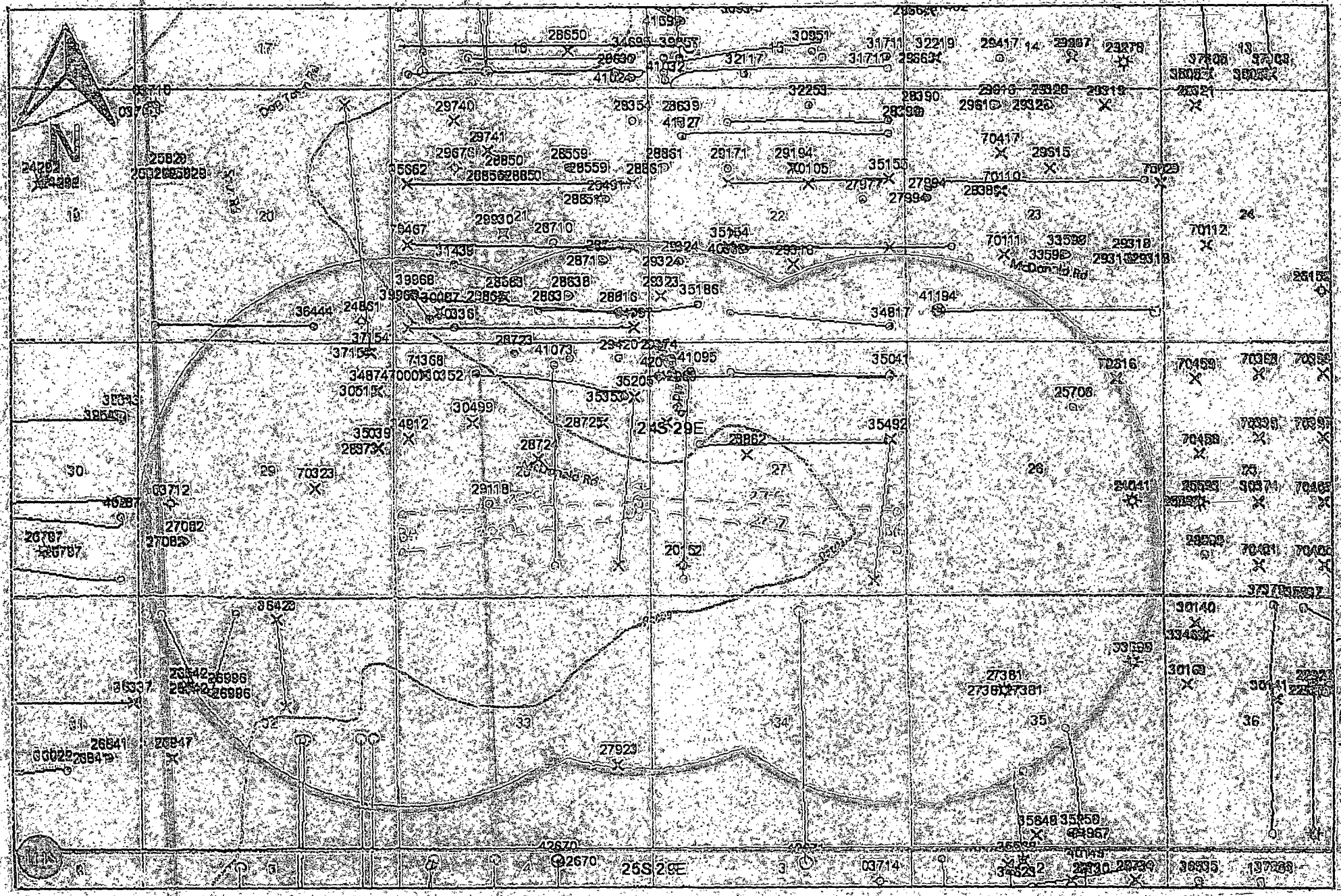
OXY U.S.A. INC.

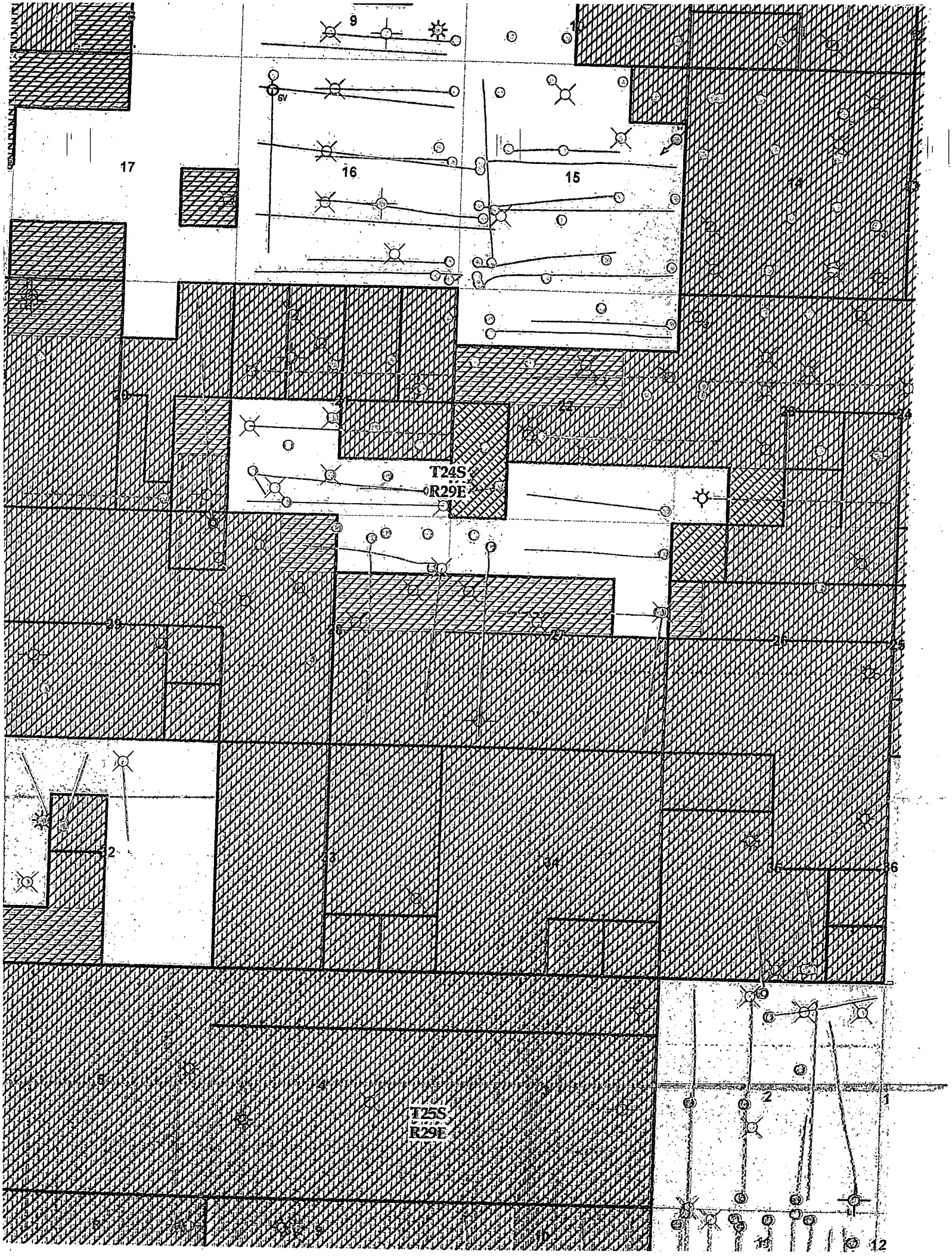
SURVEY FOR A PIPELINE TO THE CEDAR CANYON 27 FED. #6H, #7H & FED. 28 #6H, #7H CROSSING SECTION 28, TOWNSHIP 24 SOUTH, RANGE 29 EAST, N.M.P.M. EDDY COUNTY, NEW MEXICO

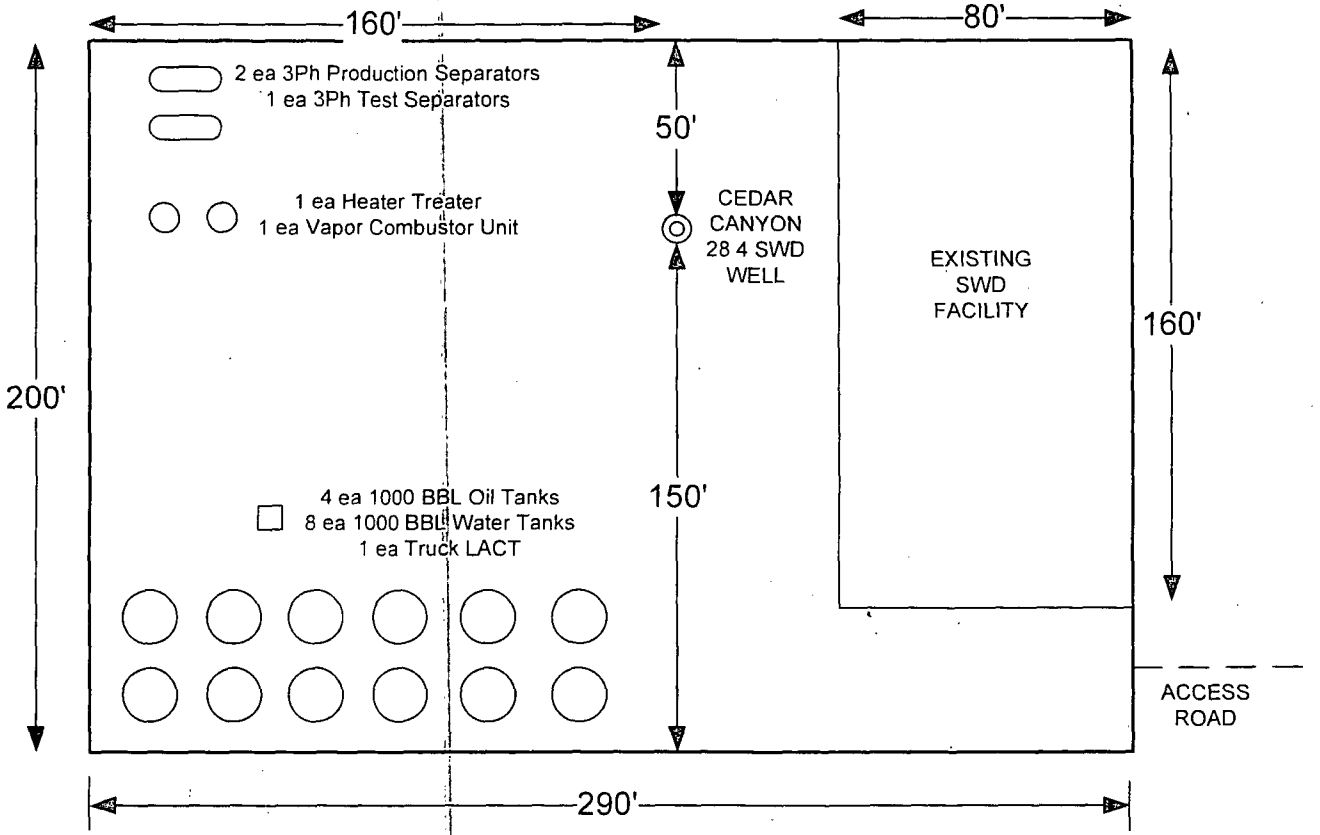
Survey Date: 2/13/15	CAD Date: 4/23/15	Drawn By: LSL
W.O. No.: 15130526	Rev: .	Rel. W.O.: 15110234	Sheet 1 of 1

PROVIDING SURVEYING SERVICES SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO HOBBS, N.M. 88240
(575) 393-3117 www.jwsc.biz
TBPLS# 10021000

Cedar Canyon 27/28 Federal - AOR




9
10
SV
17
16
15
T24S
R29E
T25S
R29E



NORTH

REVISION BLOCK						ENGINEERING RECORD	
NO.	DATE	DESCRIPTION	BY	CHK	APP	BY	DATE
						KAO	11/9/14

FACILITY LAYOUT DIAGRAM
CEDAR CANYON 28 4 CTB
EDDY COUNTY, NEW MEXICO

Facility Layout

OXY USA Inc
Cedar Canyon 28 Federal #7H
APD Drilling Data

OPERATOR NAME / NUMBER: OXY USA INC 16696

LEASE NAME / NUMBER: Cedar Canyon 28 Federal #7H **Federal Lease No.** NMNM094651

STATE: NM **COUNTY:** EDDY

POOL NAME/NUMBER: Pierce Crossing Bone Spring, E. 96473

SURFACE LOCATION: 1695 FSL 200 FEL NESE (I) Sec 28 T24S R29E
SL: LAT: 32.1856259N LONG:103.9811001W X:608970.17 Y:431429.37 NAD: 27

TOP PERFORATION: 940 FSL 330 FEL SESE(P) Sec 28 T24S R29E
TP: LAT: 32.1835502N LONG:103.9815296W X:608839.78 Y:430673.85 NAD: 27

BOTTOM PERFORATION: 940 FSL 330 FWL SWSW (M) Sec 28 T24S R29E
BP: LAT: 32.1835231N LONG:103.9965270W X:604199.95 Y:430649.15 NAD: 27

BOTTOM HOLE LOCATION: 940 FSL 180 FWL SWSW(M) Sec 28 T24S R29E
BHL: LAT: 32.1835222N LONG:103.9970118W X:604049.96 Y:430648.35 NAD: 27

APPROX GR ELEV: 2924.5' **EST KB ELEV:** 2949.5' (25' KB-GL)

1. **GEOLOGIC NAME OF SURFACE FORMATION**
   a. Permian

2. **ESTIMATED TOPS OF GEOLOGICAL MARKERS & DEPTHS OF ANTICIPATED FRESH WATER, OIL OR GAS**

Formation	TVD - RKB	Expected Fluids
T. Rustler	324	--
T. Salado (T. Salt)	826	--
T. Castile (B. Salt / T. Anhydrite)	1378	--
T. Delaware / Lamar / B. Anhydrite	2955	--
T. Bell Canyon	2989	Form Water
T. Cherry Canyon	3676	Oil/Gas
T. Brushy Canyon	5080	Oil/Gas
T. 1st Bone Spring	6634	Oil/Gas
T. 2nd Bone Spring	7874	Oil/Gas
T. 3rd Bone Spring	8742	Oil/Gas

- **Fresh water may be present above the Rustler formation. Surface casing will be set below the top of the Rustler to protect any possible fresh water.**

LATERAL GREATEST PROJECTED TD: 13426' MD / 8626' TVD **OBJECTIVE:** 2nd Bone Spring

3. CASING PROGRAM

New Surface Casing ran in a 14.75" hole filled with 8.50 ppg mud

Hole Size (in)	Interval (ft)	OD (in)	Wt (ppf)	Grade	Conn	ID (in)	Condition	Burst (psi)	Collapse (psi)	**Burst SF**	**Coll SF**	**Ten SF**
14.75	400	11.75	47	J55	BTC	11.000	New	3070	1510	1.42	8.57	5.76

New Intermediate Casing ran in a 10.625" hole filled with 10.2 ppg mud

See COA

Hole Size (in)	Interval (ft)	OD (in)	Wt (ppf)	Grade	Conn	ID (in)	Condition	Burst (psi)	Collapse (psi)	**Burst SF**	**Coll SF**	**Ten SF**
10.625	~~2970~~ 2900	8.625	32	J55	BTC	7.921*	New	3930	2530	1.30	2.93	2.80

New Production Casing ran in a 7.875" hole filled with 9.2 ppg mud

Hole Size (in)	Interval (ft)	OD (in)	Wt (ppf)	Grade	Conn	ID (in)	Condition	Burst (psi)	Collapse (psi)	**Burst SF**	**Coll SF**	**Ten SF**
7.875	13426	5.500	17	L80	BTC	4.892	New	7740	6290	1.20	1.55	1.74

*SPECIAL DRIFT TO 7.875"

Casing Design Assumptions:

Burst Loads

CSG Test (Surface)
- Internal: Displacement fluid + 70% CSG Burst rating
- External: Pore Pressure from section TD to surface

CSG Test (Intermediate)
- Internal: Displacement fluid + 70% CSG Burst rating
- External: Pore Pressure from the Intermediate hole TD to Surface CSG shoe and MW of the drilling mud that was in the hole when the CSG was run to surface

CSG Test (Production)
- Internal: Fresh Water Displacement + 80% CSG Burst rating
- External: Pore Pressure from the well TD the Intermediate CSG shoe and MW of the drilling mud that was in the hole when the CSG was run to surface

Gas Kick (Surface/Intermediate)
- Internal: Gas Kick based on Pore Pressure or Fracture Gradient @ CSG shoe with a gas 0.115psi/ft Gas gradient to surface while drilling the next hole section (e.g. Gas Kick while drilling the production hole section is a burst load used to design the intermediate CSG)
- External: Pore Pressure from section TD to previous CSG shoe and MW of the drilling mud that was in the hole when the CSG was run to surface

Stimulation (Production)
- Internal: Displacement fluid + Max Frac treating pressure (not to exceed 80% CSG Burst rating)
- External: Pore Pressure from the well TD to the Intermediate CSG shoe and 8.5 ppg MWE to surface

Collapse Loads

Lost Circulation (Surface/Intermediate)
- Internal: Losses experienced while drilling the next hole section (e.g. losses while drilling the production hole section are used as a collapse load to design the intermediate CSG). After losses there will be a column of mud inside the CSG with an equivalent weight to the Pore Pressure of the lost circulation zone
- External: MW of the drilling mud that was in the hole when the CSG was run

Cementing (Surface/Intermediate/Production)
- Internal: Displacement Fluid
- External: Cement Slurries to TOC, MW to surface

Full Evacuation (Production)
- Internal: Atmospheric Pressure
- External: MW of the drilling mud that was in the hole when the CSG was run

Tension Loads

Running CSG (Surface/Intermediate/Production)
- Axial load of the buoyant weight of the string plus either 100 klb over-pull or string weight in air, whichever is less

Green Cement (Surface/Intermediate/Production)
- Axial load of the buoyant weight of the string plus the cement plug bump pressure (Final displacement pressure + 500 psi)

Burst, Collapse and Tensile SF are calculated using Landmark's Stress Check (Casing Design) software.

4. CEMENT PROGRAM

Surface Interval

Interval	Amount sx	Ft of Fill	Type	Gal/Sk	PPG	Ft^3/sk	24 Hr Comp
0' – 400' (125% Excess)	320	400	PREMIUM PLUS CEMENT with 1% Calcium Chloride Flake (Accelerator), 0.125 lbm Poly-E-Flake (Lost circulation Additive)	6.34	14.8	1.34	1323

Intermediate Interval

Interval	Amount sx	Ft of Fill	Type	Gal/Sk	PPG	Ft^3/sk	24 Hr Comp
Lead: 0' – 2370' (125% Excess)	620	2370	HALLIBURTON LIGHT PREMIUM PLUS CEMENT with 5% Salt (Accelerator), 0.40% HR-800 (Retarder)	8.52	12.9	1.69	813
Tail: 2370' – 2970' (125% Excess)	230	600	PREMIUM PLUS CEMENT with 94 lbm premium plus cement	6.34	14.8	1.33	1789

Production Interval

Interval	Amount sx	Ft of Fill	Type	Gal/Sk	PPG	Ft^3/sk	24 Hr Comp
Lead: 1970' – 8200' (100% Excess)	650	6230	TUNED LIGHT ™ SYSTEM with 0.35 lbm HR-601 (Retarder), 1 lbm Kol-Seal (Lost Circulation Additive), 0.125 lbm Poly-E-Flake (Lost Circulation Additive)	16.71	10.2	3.2	555
Tail: 8200' – 13426' (40% Excess)	790	5226	VERCACEM ™ SYSTEM with 0.50% Halad R-344 (Low Fluid Loss Control), 3 lbm Salt (Accelerator), 0.40% CFR-3 (Dispersant), 0.125 lbm Poly-E-Flake (Lost circulation Additive), 0.50% HR-800 (Retarder)	8.37	13.2	1.63	1162

The volumes indicated above may be revised depending on caliper measurement.

5. DIRECTIONAL PLAN

Please see attached directional plan

6. PRESSURE CONTROL EQUIPMENT

Surface: 0' – 400' None.

Intermediate and Production: 2970' MD / TVD – 13426' MD / 8626' TVD Intermediate and Production hole will be drilled with a 13-5/8" 10M three ram stack with a 5M annular preventer and a 5M Choke Manifold.

a. All BOP's and associated equipment will be tested in accordance with Onshore Order #2 (250/5000 psi on rams for 10 minutes each and 250/3500 psi for 10 minutes for annular preventer, equal to 70% of working pressure) with a third party BOP testing service before drilling out the surface casing shoe. A Multibowl wellhead system will be used in this well therefore the BOPE test will cover the test requirements for the Intermediate and Production sections.

See COA

b. The Surface and Intermediate casing strings will be tested to 70% of their burst rating for 30 minutes. This will also test the seals of the lock down pins that hold the pack-off in place in the Multibowl wellhead system.

c. Pipe rams will be function tested every 24 hours and blind rams will be tested each time the drill pipe is out of the hole. These functional tests will be documented on the daily driller's log. A 2" kill line and 3" choke line will be accommodated on the drilling spool below the ram-type BOP.

d. The BOPE test will be repeated within 21 days of the original test, on the first trip, if drilling the intermediate or production section takes more time than planned.
e. Other accessory BOP equipment will include a floor safety valve, choke lines, and choke manifold having a 5000 psi working pressure rating and tested to 5000 psi.
f. The Operator also requests a variance to connect the BOP choke outlet to the choke manifold using a co-flex hose manufactured by Contitech Rubber Industrial KFT. It is a 3" ID x 35' flexible hose with a 10,000 psi working pressure. It has been tested to 15,000 psi and is built to API Spec 16C. Once the flex line is installed it will be tied down with safety clamps (certifications attached).
g. BOP & Choke manifold diagrams attached.

7. MUD PROGRAM:

Depth	Mud Wt ppg	Vis Sec	Fluid Loss	Type System
0' – 400'	8.4-8.8	28 – 38	NC	Fresh Water / Spud Mud
400' – ~~2970'~~ 2900'	10.0-10.2	28 – 32	NC	Fresh Water / NaCl Brine
~~2970'~~ – 13426'	8.8-9.2	28 – 34	NC	Cut Brine / Sweeps

Remarks: Pump high viscosity sweeps as needed for hole cleaning. The mud system will be monitored visually/manually as well as with an electronic PVT. The necessary mud products for additional weight and fluid loss control will be on location at all times. Appropriately weighted mud will be used to isolate potential gas, oil, and water zones until such time as casing can be cemented into place for zonal isolation.

8. CLOSED LOOP SYSTEM

A closed loop system will be utilized, consisting of above ground steel tanks and haul-off bins. Liquids, drilling fluids and cuttings will be disposed of at an approved facility.

9. AUXILIARY WELL CONTROL AND MONITORING EQUIPMENT

a. A full opening drill pipe stabbing valve having the appropriate connections will be on the rig floor unobstructed and readily accessible at all times.

b. Hydrogen Sulfide detection equipment will be in operation after drilling out the surface casing shoe until the production casing is cemented. Breathing equipment will be on location upon drilling the surface casing shoe until total depth is reached. **If Hydrogen Sulfide is encountered , measured amounts and formations will be reported to the BLM.**

10. POTENTIAL HAZARDS:

a. H2S detection equipment will be in operation after drilling out the surface casing shoe until the production casing has been cemented. Breathing equipment will be on location from drilling out the surface shoe until production casing is cemented. If H2S is encountered the operator will comply with Onshore Order #6.
b. No abnormal temperatures or pressures are anticipated. The highest anticipated pressure gradient is **0.48 psi/ft.** Maximum anticipated bottom hole pressure is **4140 psi.**
c. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Adequate flare lines will be installed off the mud/gas separator where gas may be flared safely.

11. ANTICIPATED STARTING DATE AND DURATION OF OPERATIONS

Road and location construction will begin after the BLM has approved the APD. Anticipated spud date will be as soon as possible after BLM approval and as soon as a rig will be available. Move in operations and drilling is expected to take 35 days. If production casing is run, then an additional 30 days will be needed to complete the well and construct surface facilities and/or lay flow lines in order to place well on production.

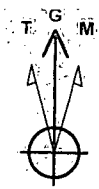
12. WIRELINE LOGGING / MUD LOGGING / LWD

a. Mud loggers to be rigged up from intermediate shoe to TD.
b. Acquire GR while drilling, from KOP to TD.

COMPANY PERSONNEL:

Name	Title	Office Phone	Mobile Phone
Linsay Earle	Drilling Engineer	(713)350-4921	(832) 596-5507
Sebastian Millan	Drilling Engineer Supervisor	(713)350-4950	(832) 528-3268
Roger Allen	Drilling Superintendent	(713)215-7617	(281) 682-3919
Oscar Quintero	Drilling Manager	(713)985-6343	(713) 689-4946

Cedar Canyon 28 Federal 7H
Eddy County, NM (NAD 27 NME)
Northing: 431429.37
Easting: 608970.17
Plan #4



Azimuths to Grid Nort
True North: -0.19
Magnetic North: 7.18

Magnetic Fiel
Strength: 48341.3sn
Dip Angle: 60.05
Date: 1/7/201
Model: HDGM

To convert Magnetic North to Grid, Add 7.18°
To convert True North to Grid, Subtract 0.19°

KB @ 2949.50usft
Gr @ 2924.50

WELL DETAILS CC 28 Fed 7H
Ground Level: 2924.50

+N/-S	+E/-W	Northing	Easting	Latitude	Longitude
		431429.37	608970.17	32° 11' 8.253 N	103° 58' 51.961 W

SECTION DETAILS

MD	Inc	Azi	TVD	+N/-S	+E/-W	Dleg	TFace	VSect	Target
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
3500.00	0.00	0.00	3500.00	0.00	0.00	0.00	0.00	0.00	
3833.33	10.00	182.00	3831.64	-29.00	-1.01	3.00	182.00	5.55	
7710.59	10.00	182.00	7650.00	-701.87	-24.51	0.00	0.00	134.23	
8043.93	0.00	0.00	7981.64	-730.86	-25.52	3.00	180.00	139.77	
8200.43	0.00	0.00	8138.15	-730.86	-25.52	0.00	0.00	139.77	
9111.73	91.13	265.00	8711.00	-781.79	-607.56	10.00	265.00	722.59	
9369.91	91.13	270.16	8705.90	-792.67	-865.37	2.00	89.96	978.93	
13425.56	91.13	270.16	8626.00	-781.02	-4920.21	0.00	0.00	4981.81	CC 28 Fed 7H BHL

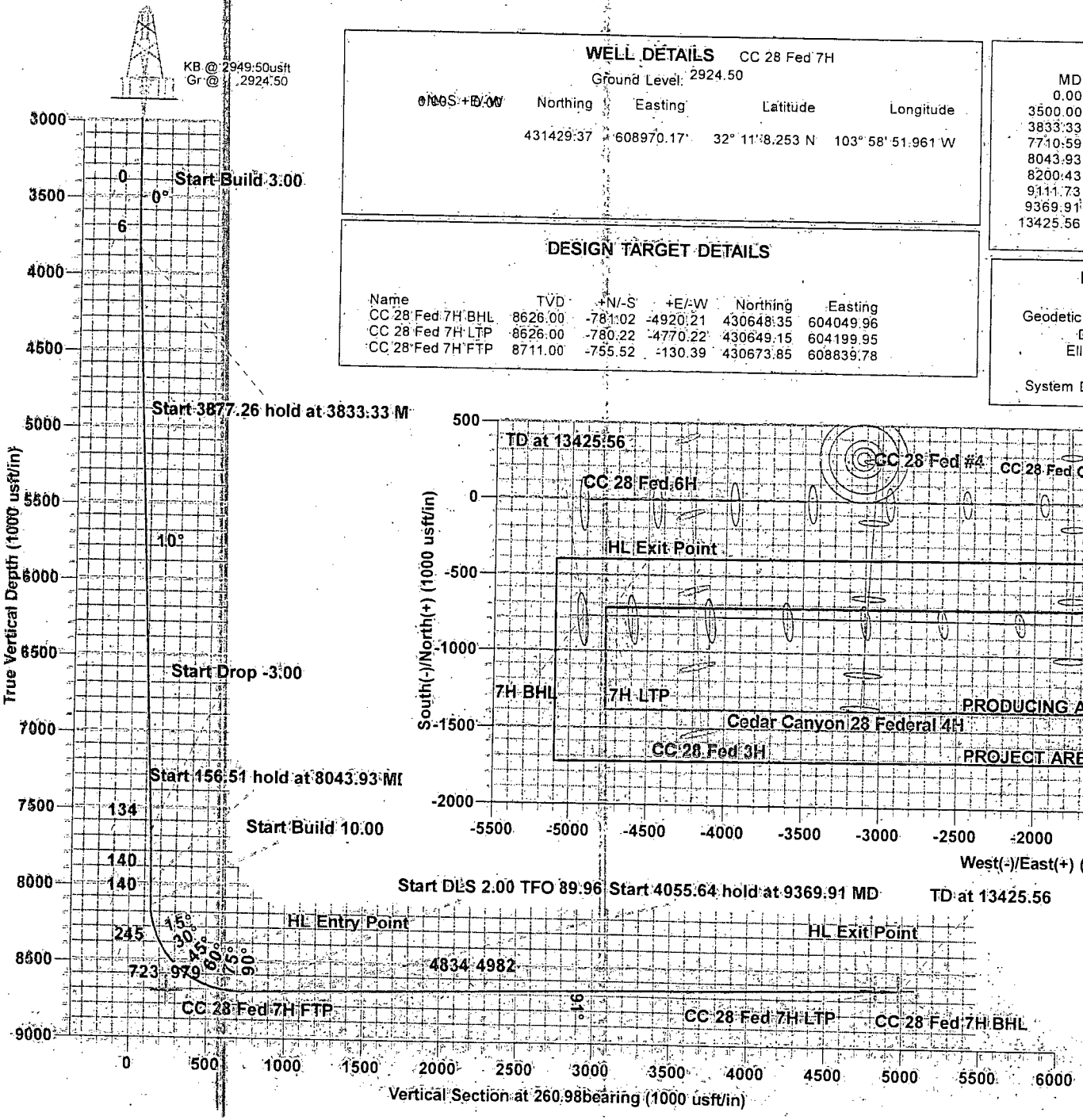
DESIGN TARGET DETAILS

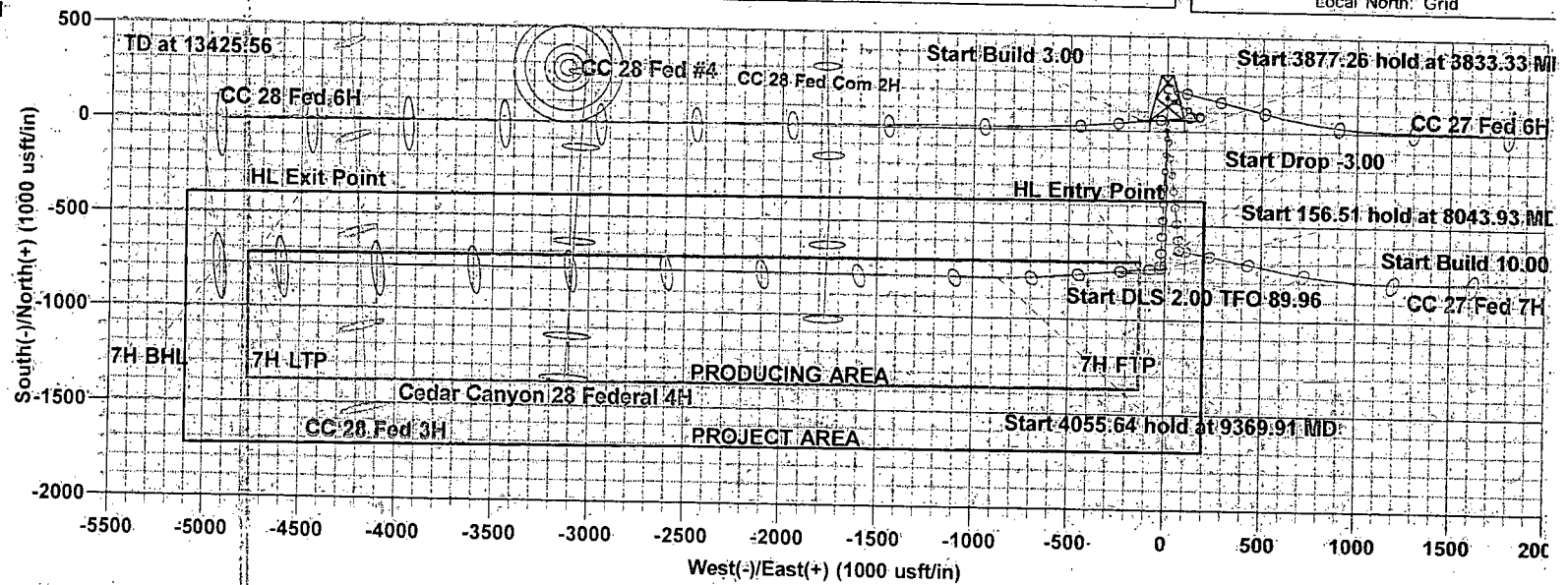
Name	TVD	+N/-S	+E/-W	Northing	Easting
CC 28 Fed 7H BHL	8626.00	-781.02	-4920.21	430648.35	604049.96
CC 28 Fed 7H LTP	8626.00	-780.22	-4770.22	430649.15	604199.95
CC 28 Fed 7H FTP	8711.00	-755.52	-130.39	430673.85	608839.78

PROJECT DETAILS:
Eddy County, NM (NAD 27 NME)
Geodetic System: US State Plane 1927 (Exact solution)
Datum: NAD 1927 (NADCON CONUS)
Ellipsoid: Clarke 1866
Zone: New Mexico East 3001
System Datum: Mean Sea Level

SITE DETAILS:
Cedar Canyon 28 Federal 7H
Site Centre Northing: 431429.37
Easting: 608970.17

Positional Uncertainty: 0.00
Convergence: 0.19
Local North: Grid





DP-2

Planning Report

Database:	Midland District	Local Co-ordinate Reference:	Well CC 28 Fed 7H
Company:	OXY	TVD Reference:	KB @ 2949.50usft
Project:	Eddy County, NM (NAD 27 NME)	MD Reference:	KB @ 2949.50usft
Site:	Cedar Canyon 28 Federal 7H	North Reference:	Grid
Well:	CC 28 Fed 7H	Survey Calculation Method:	Minimum Curvature
Wellbore:	OH		
Design:	Plan #4		

Project Eddy County, NM (NAD 27 NME), New Mexico

Map System:	US State Plane 1927 (Exact solution)	System Datum:	Mean Sea Level
Geo Datum:	NAD 1927 (NADCON CONUS)		
Map Zone:	New Mexico East 3001		

Site Cedar Canyon 28 Federal 7H

Site Position:		Northing:	431,429.37 usft	Latitude:	32° 11' 8.253 N
From:	Map	Easting:	608,970.17 usft	Longitude:	103° 58' 51.961 W
Position Uncertainty:	0.00 usft	Slot Radius:	13-3/16 "	Grid Convergence:	0.19 °

Well CC 28 Fed 7H

Well Position	+N/-S	0.00 usft	Northing:	431,429.37 usft	Latitude:	32° 11' 8.253 N
	+E/-W	0.00 usft	Easting:	608,970.17 usft	Longitude:	103° 58' 51.961 W
Position Uncertainty		0.00 usft	Wellhead Elevation:	0.00 usft	Ground Level:	2,924.50 usft

Wellbore OH

Magnetics	Model Name	Sample Date	Declination (°)	Dip Angle (°)	Field Strength (nT)
	HDGM	1/7/2015	7.37	60.05	48,341

Design Plan #4

Audit Notes:

Version:		Phase:	PROTOTYPE	Tie On Depth:	0.00

Vertical Section:	Depth From (TVD) (usft)	+N/-S (usft)	+E/-W (usft)	Direction (bearing)
	0.00	0.00	0.00	260.98

Plan Sections

Measured Depth (usft)	Inclination (°)	Azimuth (bearing)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)	TFO (°)	Target
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
3,500.00	0.00	0.00	3,500.00	0.00	0.00	0.00	0.00	0.00	0.00	
3,833.33	10.00	182.00	3,831.64	-29.00	-1.01	3.00	3.00	0.00	182.00	
7,710.59	10.00	182.00	7,650.00	-701.87	-24.51	0.00	0.00	0.00	0.00	
8,043.93	0.00	0.00	7,981.64	-730.86	-25.52	3.00	-3.00	0.00	180.00	
8,200.43	0.00	0.00	8,138.15	-730.86	-25.52	0.00	0.00	0.00	0.00	
9,111.73	91.13	265.00	8,711.00	-781.79	-607.56	10.00	10.00	0.00	265.00	
9,369.92	91.13	270.16	8,705.90	-792.67	-865.37	2.00	0.00	2.00	89.96	
13,425.56	91.13	270.16	8,626.00	-781.02	-4,920.21	0.00	0.00	0.00	0.00	CC 28 Fed 7H BHL

Planning Report

Database:	Midland District	**Local Co-ordinate Reference:**	Well CC 28 Fed 7H
Company:	OXY	**TVD Reference:**	KB @ 2949.50usft
Project:	Eddy County, NM (NAD 27 NME)	**MD Reference:**	KB @ 2949.50usft
Site:	Cedar Canyon 28 Federal 7H	**North Reference:**	Grid
Well:	CC 28 Fed 7H	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	OH		
Design:	Plan #4		

Planned Survey

Measured Depth (usft)	Inclination (°)	Azimuth (bearing)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00
200.00	0.00	0.00	200.00	0.00	0.00	0.00	0.00	0.00	0.00
300.00	0.00	0.00	300.00	0.00	0.00	0.00	0.00	0.00	0.00
400.00	0.00	0.00	400.00	0.00	0.00	0.00	0.00	0.00	0.00
500.00	0.00	0.00	500.00	0.00	0.00	0.00	0.00	0.00	0.00
600.00	0.00	0.00	600.00	0.00	0.00	0.00	0.00	0.00	0.00
700.00	0.00	0.00	700.00	0.00	0.00	0.00	0.00	0.00	0.00
800.00	0.00	0.00	800.00	0.00	0.00	0.00	0.00	0.00	0.00
900.00	0.00	0.00	900.00	0.00	0.00	0.00	0.00	0.00	0.00
1,000.00	0.00	0.00	1,000.00	0.00	0.00	0.00	0.00	0.00	0.00
1,100.00	0.00	0.00	1,100.00	0.00	0.00	0.00	0.00	0.00	0.00
1,200.00	0.00	0.00	1,200.00	0.00	0.00	0.00	0.00	0.00	0.00
1,300.00	0.00	0.00	1,300.00	0.00	0.00	0.00	0.00	0.00	0.00
1,400.00	0.00	0.00	1,400.00	0.00	0.00	0.00	0.00	0.00	0.00
1,500.00	0.00	0.00	1,500.00	0.00	0.00	0.00	0.00	0.00	0.00
1,600.00	0.00	0.00	1,600.00	0.00	0.00	0.00	0.00	0.00	0.00
1,700.00	0.00	0.00	1,700.00	0.00	0.00	0.00	0.00	0.00	0.00
1,800.00	0.00	0.00	1,800.00	0.00	0.00	0.00	0.00	0.00	0.00
1,900.00	0.00	0.00	1,900.00	0.00	0.00	0.00	0.00	0.00	0.00
2,000.00	0.00	0.00	2,000.00	0.00	0.00	0.00	0.00	0.00	0.00
2,100.00	0.00	0.00	2,100.00	0.00	0.00	0.00	0.00	0.00	0.00
2,200.00	0.00	0.00	2,200.00	0.00	0.00	0.00	0.00	0.00	0.00
2,300.00	0.00	0.00	2,300.00	0.00	0.00	0.00	0.00	0.00	0.00
2,400.00	0.00	0.00	2,400.00	0.00	0.00	0.00	0.00	0.00	0.00
2,500.00	0.00	0.00	2,500.00	0.00	0.00	0.00	0.00	0.00	0.00
2,600.00	0.00	0.00	2,600.00	0.00	0.00	0.00	0.00	0.00	0.00
2,700.00	0.00	0.00	2,700.00	0.00	0.00	0.00	0.00	0.00	0.00
2,800.00	0.00	0.00	2,800.00	0.00	0.00	0.00	0.00	0.00	0.00
2,900.00	0.00	0.00	2,900.00	0.00	0.00	0.00	0.00	0.00	0.00
3,000.00	0.00	0.00	3,000.00	0.00	0.00	0.00	0.00	0.00	0.00
3,100.00	0.00	0.00	3,100.00	0.00	0.00	0.00	0.00	0.00	0.00
3,200.00	0.00	0.00	3,200.00	0.00	0.00	0.00	0.00	0.00	0.00
3,300.00	0.00	0.00	3,300.00	0.00	0.00	0.00	0.00	0.00	0.00
3,400.00	0.00	0.00	3,400.00	0.00	0.00	0.00	0.00	0.00	0.00
3,500.00	0.00	0.00	3,500.00	0.00	0.00	0.00	0.00	0.00	0.00
Start Build 3.00									
3,600.00	3.00	182.00	3,599.95	-2.62	-0.09	0.50	3.00	3.00	0.00
3,700.00	6.00	182.00	3,699.63	-10.46	-0.37	2.00	3.00	3.00	0.00
3,800.00	9.00	182.00	3,798.77	-23.50	-0.82	4.49	3.00	3.00	0.00
3,833.33	10.00	182.00	3,831.64	-29.00	-1.01	5.55	3.00	3.00	0.00
Start 3877.26 hold at 3833.33 MD									
3,900.00	10.00	182.00	3,897.30	-40.57	-1.42	7.76	0.00	0.00	0.00
4,000.00	10.00	182.00	3,995.78	-57.92	-2.02	11.08	0.00	0.00	0.00
4,100.00	10.00	182.00	4,094.26	-75.28	-2.63	14.40	0.00	0.00	0.00
4,200.00	10.00	182.00	4,192.74	-92.63	-3.23	17.71	0.00	0.00	0.00
4,300.00	10.00	182.00	4,291.22	-109.98	-3.84	21.03	0.00	0.00	0.00
4,400.00	10.00	182.00	4,389.70	-127.34	-4.45	24.35	0.00	0.00	0.00
4,500.00	10.00	182.00	4,488.18	-144.69	-5.05	27.67	0.00	0.00	0.00
4,600.00	10.00	182.00	4,586.66	-162.05	-5.66	30.99	0.00	0.00	0.00
4,700.00	10.00	182.00	4,685.14	-179.40	-6.26	34.31	0.00	0.00	0.00
4,800.00	10.00	182.00	4,783.62	-196.76	-6.87	37.63	0.00	0.00	0.00
4,900.00	10.00	182.00	4,882.11	-214.11	-7.48	40.95	0.00	0.00	0.00
5,000.00	10.00	182.00	4,980.59	-231.46	-8.08	44.27	0.00	0.00	0.00

Planning Report

Database:	Midland District	**Local Co-ordinate Reference:**	Well CC 28 Fed 7H
Company:	OXY	**TVD Reference:**	KB @ 2949.50usft
Project:	Eddy County, NM (NAD 27 NME)	**MD Reference:**	KB @ 2949.50usft
Site:	Cedar Canyon 28 Federal 7H	**North Reference:**	Grid
Well:	CC 28 Fed 7H	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	OH		
Design:	Plan #4		

Planned Survey

Measured Depth (usft)	Inclination (°)	Azimuth (bearing)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
5,100.00	10.00	182.00	5,079.07	-248.82	-8.69	47.58	0.00	0.00	0.00
5,200.00	10.00	182.00	5,177.55	-266.17	-9.29	50.90	0.00	0.00	0.00
5,300.00	10.00	182.00	5,276.03	-283.53	-9.90	54.22	0.00	0.00	0.00
5,400.00	10.00	182.00	5,374.51	-300.88	-10.51	57.54	0.00	0.00	0.00
5,500.00	10.00	182.00	5,472.99	-318.23	-11.11	60.86	0.00	0.00	0.00
5,600.00	10.00	182.00	5,571.47	-335.59	-11.72	64.18	0.00	0.00	0.00
5,700.00	10.00	182.00	5,669.95	-352.94	-12.33	67.50	0.00	0.00	0.00
5,800.00	10.00	182.00	5,768.43	-370.30	-12.93	70.82	0.00	0.00	0.00
5,900.00	10.00	182.00	5,866.91	-387.65	-13.54	74.14	0.00	0.00	0.00
6,000.00	10.00	182.00	5,965.39	-405.01	-14.14	77.45	0.00	0.00	0.00
6,100.00	10.00	182.00	6,063.87	-422.36	-14.75	80.77	0.00	0.00	0.00
6,200.00	10.00	182.00	6,162.36	-439.71	-15.36	84.09	0.00	0.00	0.00
6,300.00	10.00	182.00	6,260.84	-457.07	-15.96	87.41	0.00	0.00	0.00
6,400.00	10.00	182.00	6,359.32	-474.42	-16.57	90.73	0.00	0.00	0.00
6,500.00	10.00	182.00	6,457.80	-491.78	-17.17	94.05	0.00	0.00	0.00
6,600.00	10.00	182.00	6,556.28	-509.13	-17.78	97.37	0.00	0.00	0.00
6,700.00	10.00	182.00	6,654.76	-526.49	-18.39	100.69	0.00	0.00	0.00
6,800.00	10.00	182.00	6,753.24	-543.84	-18.99	104.01	0.00	0.00	0.00
6,900.00	10.00	182.00	6,851.72	-561.19	-19.60	107.32	0.00	0.00	0.00
7,000.00	10.00	182.00	6,950.20	-578.55	-20.20	110.64	0.00	0.00	0.00
7,100.00	10.00	182.00	7,048.68	-595.90	-20.81	113.96	0.00	0.00	0.00
7,200.00	10.00	182.00	7,147.16	-613.26	-21.42	117.28	0.00	0.00	0.00
7,300.00	10.00	182.00	7,245.64	-630.61	-22.02	120.60	0.00	0.00	0.00
7,400.00	10.00	182.00	7,344.12	-647.97	-22.63	123.92	0.00	0.00	0.00
7,500.00	10.00	182.00	7,442.61	-665.32	-23.23	127.24	0.00	0.00	0.00
7,600.00	10.00	182.00	7,541.09	-682.67	-23.84	130.56	0.00	0.00	0.00
7,700.00	10.00	182.00	7,639.57	-700.03	-24.45	133.87	0.00	0.00	0.00
7,710.59	10.00	182.00	7,650.00	-701.87	-24.51	134.23	0.00	0.00	0.00
Start Drop -3.00									
7,800.00	7.32	182.00	7,738.38	-715.32	-24.98	136.80	-3.00	-3.00	0.00
7,900.00	4.32	182.00	7,837.85	-725.45	-25.33	138.74	-3.00	-3.00	0.00
8,000.00	1.32	182.00	7,937.72	-730.36	-25.50	139.68	-3.00	-3.00	0.00
8,043.93	0.00	0.00	7,981.64	-730.86	-25.52	139.77	-3.00	-3.00	405.21
Start 156.51 hold at 8043.93 MD									
8,100.00	0.00	0.00	8,037.72	-730.86	-25.52	139.77	0.00	0.00	0.00
8,200.43	0.00	0.00	8,138.15	-730.86	-25.52	139.77	0.00	0.00	0.00
Start Build 10.00									
8,250.00	4.96	265.00	8,187.65	-731.05	-27.66	141.91	10.00	10.00	0.00
8,300.00	9.96	265.00	8,237.22	-731.62	-34.12	148.38	10.00	10.00	0.00
8,350.00	14.96	265.00	8,286.02	-732.56	-44.86	159.14	10.00	10.00	0.00
8,400.00	19.96	265.00	8,333.71	-733.86	-59.80	174.09	10.00	10.00	0.00
8,450.00	24.96	265.00	8,379.90	-735.53	-78.82	193.14	10.00	10.00	0.00
8,500.00	29.96	265.00	8,424.25	-737.54	-101.78	216.13	10.00	10.00	0.00
8,550.00	34.96	265.00	8,466.43	-739.87	-128.50	242.89	10.00	10.00	0.00
8,553.02	35.26	265.00	8,468.90	-740.02	-130.23	244.62	10.00	10.00	0.00
HL Entry Point									
8,600.00	39.96	265.00	8,506.11	-742.52	-158.78	273.21	10.00	10.00	0.00
8,650.00	44.96	265.00	8,542.99	-745.46	-192.39	306.87	10.00	10.00	0.00
8,700.00	49.96	265.00	8,576.78	-748.67	-229.08	343.60	10.00	10.00	0.00
8,750.00	54.96	265.00	8,607.24	-752.13	-268.56	383.14	10.00	10.00	0.00
8,800.00	59.96	265.00	8,634.13	-755.80	-310.54	425.17	10.00	10.00	0.00
8,850.00	64.96	265.00	8,657.24	-759.66	-354.69	469.38	10.00	10.00	0.00
8,900.00	69.96	265.00	8,676.41	-763.69	-400.68	515.43	10.00	10.00	0.00

Planning Report

Database:	Midland District	**Local Co-ordinate Reference:**	Well CC 28 Fed 7H
Company:	OXY	**TVD Reference:**	KB @ 2949.50usft
Project:	Eddy County, NM (NAD 27 NME)	**MD Reference:**	KB @ 2949.50usft
Site:	Cedar Canyon 28 Federal 7H	**North Reference:**	Grid
Well:	CC 28 Fed 7H	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	OH		
Design:	Plan #4		

Planned Survey

Measured Depth (usft)	Inclination (°)	Azimuth (bearing)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
8,950.00	74.96	265.00	8,691.47	-767.84	-448.15	562.98	10.00	10.00	0.00
9,000.00	79.96	265.00	8,702.33	-772.09	-496.76	611.65	10.00	10.00	0.00
9,050.00	84.96	265.00	8,708.89	-776.41	-546.12	661.08	10.00	10.00	0.00
9,100.00	89.96	265.00	8,711.11	-780.76	-595.87	710.89	10.00	10.00	0.00
9,111.73	91.13	265.00	8,711.00	-781.79	-607.56	722.59	10.00	10.00	0.00
Start DLS 2.00 TFO 89.96									
9,200.00	91.13	266.77	8,709.26	-788.12	-695.57	810.52	2.00	0.00	2.00
9,300.00	91.13	268.77	8,707.28	-792.02	-795.47	909.79	2.00	0.00	2.00
9,369.92	91.13	270.16	8,705.90	-792.67	-865.37	978.93	2.00	0.00	2.00
Start 4055.64 hold at 9369.91 MD									
9,400.00	91.13	270.16	8,705.31	-792.58	-895.45	1,008.62	0.00	0.00	0.00
9,500.00	91.13	270.16	8,703.34	-792.30	-995.43	1,107.32	0.00	0.00	0.00
9,600.00	91.13	270.16	8,701.37	-792.01	-1,095.41	1,206.02	0.00	0.00	0.00
9,700.00	91.13	270.16	8,699.40	-791.72	-1,195.39	1,304.72	0.00	0.00	0.00
9,800.00	91.13	270.16	8,697.43	-791.44	-1,295.37	1,403.42	0.00	0.00	0.00
9,900.00	91.13	270.16	8,695.46	-791.15	-1,395.35	1,502.12	0.00	0.00	0.00
10,000.00	91.13	270.16	8,693.49	-790.86	-1,495.33	1,600.81	0.00	0.00	0.00
10,100.00	91.13	270.16	8,691.52	-790.57	-1,595.31	1,699.51	0.00	0.00	0.00
10,200.00	91.13	270.16	8,689.55	-790.29	-1,695.29	1,798.21	0.00	0.00	0.00
10,300.00	91.13	270.16	8,687.58	-790.00	-1,795.27	1,896.91	0.00	0.00	0.00
10,400.00	91.13	270.16	8,685.61	-789.71	-1,895.25	1,995.61	0.00	0.00	0.00
10,500.00	91.13	270.16	8,683.64	-789.42	-1,995.23	2,094.31	0.00	0.00	0.00
10,600.00	91.13	270.16	8,681.67	-789.14	-2,095.21	2,193.01	0.00	0.00	0.00
10,700.00	91.13	270.16	8,679.70	-788.85	-2,195.19	2,291.71	0.00	0.00	0.00
10,800.00	91.13	270.16	8,677.73	-788.56	-2,295.17	2,390.41	0.00	0.00	0.00
10,900.00	91.13	270.16	8,675.76	-788.28	-2,395.15	2,489.11	0.00	0.00	0.00
11,000.00	91.13	270.16	8,673.79	-787.99	-2,495.13	2,587.81	0.00	0.00	0.00
11,100.00	91.13	270.16	8,671.82	-787.70	-2,595.11	2,686.51	0.00	0.00	0.00
11,200.00	91.13	270.16	8,669.85	-787.41	-2,695.09	2,785.20	0.00	0.00	0.00
11,300.00	91.13	270.16	8,667.88	-787.13	-2,795.07	2,883.90	0.00	0.00	0.00
11,400.00	91.13	270.16	8,665.91	-786.84	-2,895.05	2,982.60	0.00	0.00	0.00
11,500.00	91.13	270.16	8,663.94	-786.55	-2,995.03	3,081.30	0.00	0.00	0.00
11,600.00	91.13	270.16	8,661.97	-786.26	-3,095.01	3,180.00	0.00	0.00	0.00
11,700.00	91.13	270.16	8,660.00	-785.98	-3,194.99	3,278.70	0.00	0.00	0.00
11,800.00	91.13	270.16	8,658.03	-785.69	-3,294.97	3,377.40	0.00	0.00	0.00
11,900.00	91.13	270.16	8,656.06	-785.40	-3,394.95	3,476.10	0.00	0.00	0.00
12,000.00	91.13	270.16	8,654.09	-785.12	-3,494.93	3,574.80	0.00	0.00	0.00
12,100.00	91.13	270.16	8,652.12	-784.83	-3,594.91	3,673.50	0.00	0.00	0.00
12,200.00	91.13	270.16	8,650.15	-784.54	-3,694.89	3,772.20	0.00	0.00	0.00
12,300.00	91.13	270.16	8,648.18	-784.25	-3,794.87	3,870.90	0.00	0.00	0.00
12,400.00	91.13	270.16	8,646.21	-783.97	-3,894.85	3,969.59	0.00	0.00	0.00
12,500.00	91.13	270.16	8,644.24	-783.68	-3,994.83	4,068.29	0.00	0.00	0.00
12,600.00	91.13	270.16	8,642.27	-783.39	-4,094.81	4,166.99	0.00	0.00	0.00
12,700.00	91.13	270.16	8,640.30	-783.10	-4,194.79	4,265.69	0.00	0.00	0.00
12,800.00	91.13	270.16	8,638.32	-782.82	-4,294.78	4,364.39	0.00	0.00	0.00
12,900.00	91.13	270.16	8,636.35	-782.53	-4,394.76	4,463.09	0.00	0.00	0.00
13,000.00	91.13	270.16	8,634.38	-782.24	-4,494.74	4,561.79	0.00	0.00	0.00
13,100.00	91.13	270.16	8,632.41	-781.96	-4,594.72	4,660.49	0.00	0.00	0.00
13,200.00	91.13	270.16	8,630.44	-781.67	-4,694.70	4,759.19	0.00	0.00	0.00
13,275.53	91.13	270.16	8,628.96	-781.45	-4,770.21	4,833.74	0.00	0.00	0.00
HL Exit Point									
13,300.00	91.13	270.16	8,628.47	-781.38	-4,794.68	4,857.89	0.00	0.00	0.00
13,400.00	91.13	270.16	8,626.50	-781.09	-4,894.66	4,956.59	0.00	0.00	0.00

Planning Report

Database:	Midland District	Local Co-ordinate Reference:	Well CC 28 Fed 7H
Company:	OXY	TVD Reference:	KB @ 2949.50usft
Project:	Eddy County, NM (NAD 27 NME)	MD Reference:	KB @ 2949.50usft
Site:	Cedar Canyon 28 Federal 7H	North Reference:	Grid
Well:	CC 28 Fed 7H	Survey Calculation Method:	Minimum Curvature
Wellbore:	OH		
Design:	Plan #4		

Planned Survey

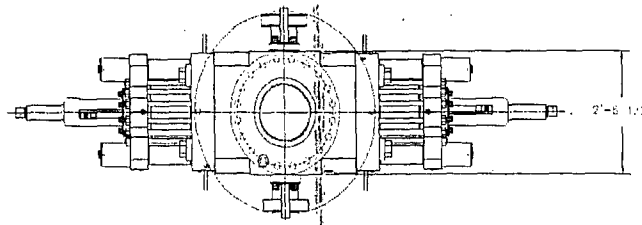
Measured Depth (usft)	Inclination (°)	Azimuth (bearing)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dog leg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
13,425.56	91.13	270.16	8,626.00	-781.02	-4,920.21	4,981.81	0.00	0.00	0.00
TD at 13425.56									

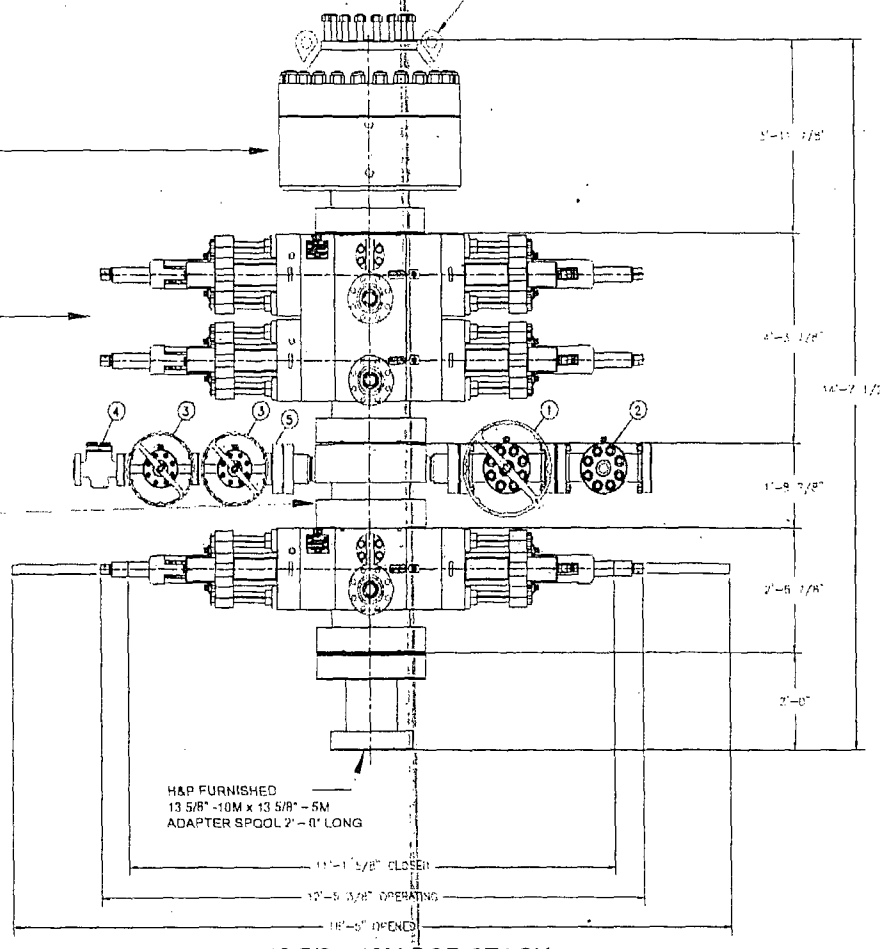
Design Targets

Target Name - hit/miss target - Shape	Dip Angle (°)	Dip Dir. (bearing	TVD (usft)	+N/-S (usft)	+E/-W (usft)	Northing (usft)	Easting (usft)	Latitude	Longitude
CC 28 Fed 7H BHL - plan hits target center - Point	0.00	0.00	8,626.00	-781.02	-4,920.21	430,648.35	604,049.96	32° 11' 0.680 N	103° 59' 49.242 W
CC 28 Fed 7H LTP - plan misses target center by 3.20usft at 13275.60usft MD (8628.95 TVD, -781.45 N, -4770.28 E) - Point	0.00	0.00	8,626.00	-780.22	-4,770.22	430,649.15	604,199.95	32° 11' 0.683 N	103° 59' 47.497 W
CC 28 Fed 7H FTP - plan misses target center by 166.51usft at 8704.31usft MD (8579.54 TVD, -748.96 N, -232.38 E) - Point	0.00	0.00	8,711.00	-755.52	-130.39	430,673.85	608,839.78	32° 11' 0.781 N	103° 58' 53.507 W

Plan Annotations

Measured Depth (usft)	Vertical Depth (usft)	Local Coordinates +N/-S (usft)	Local Coordinates +E/-W (usft)	Comment
3,500.00	3,500.00	0.00	0.00	Start Build 3.00
3,833.33	3,831.64	-29.00	-1.01	Start 3877.26 hold at 3833.33 MD
7,710.59	7,650.00	-701.87	-24.51	Start Drop -3.00
8,043.93	7,981.64	-730.86	-25.52	Start 156.51 hold at 8043.93 MD
8,200.43	8,138.15	-730.86	-25.52	Start Build 10.00
8,553.02	8,468.90	-740.02	-130.23	HL Entry-Point
9,111.73	8,711.00	-781.79	-607.56	Start DLS 2.00 TFO 89.96
9,369.92	8,705.90	-792.67	-865.37	Start 4055.64 hold at 9369.91 MD
13,275.53	8,628.96	-781.45	-4,770.21	HL Exit Point
13,425.56	8,626.00	-781.02	-4,920.21	TD at 13425.56





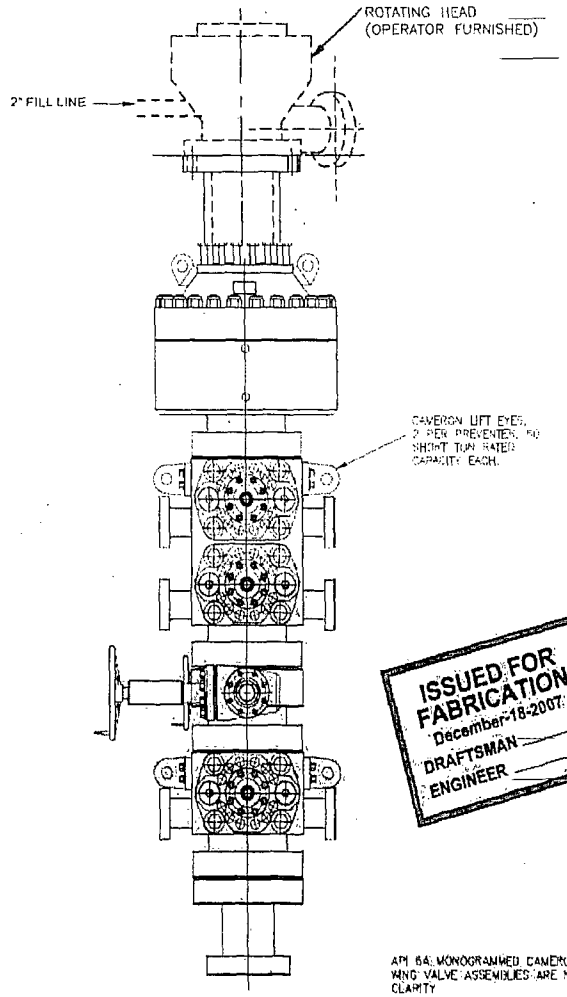
LEGEND:
① - 4 1/16"-10M FLANGED END GATE VALVE
② - 4 1/16"-10M FLANGED END GATE VALVE WITH DOUBLE ACTING HYDRAULIC ACTUATOR
③ - 2 1/16"-10M FLANGED END GATE VALVE
④ - 2 1/16"-10M FLANGED END CHECK VALVE
⑤ - DOUBLE STUDDED ADAPTER

SHAFFER BOLTED-COVER SPHERICAL ANNULAR PREVENTER, (API 16A MONOGRAMMED), 13 5/8"-10M WP, 13M BOTTOM FLANGE x 13M STUDDED TOP (WEIGHT = 14,300 LBS) WITH SHAFFER API 16A HOT OIL RESISTANT ACRYLONITRILE ELEMENT,

CAMERON UM DOUBLE RAM-TYPE PREVENTER (API 16A MONOGRAMMED), 13 5/8"-10M WP, WITH 5" CAMERON PIPE RAMS, (CAMRAM FRONT PACKERS & TOP SEALS) IN TOP CAVITY AND CAMERON SS SHEARING BLIND RAMS IN BOTTOM CAVITY, BOTTOM FLANGE x STUDDED TOP (WEIGHT = 21,100 LBS, WITH RAMS)

13 5/8"-10M WP CAMERON DRILLING SPOOL (API 16A MONOGRAMMED), STUDDED TOP x FLANGED BOTTOM, WITH 4 1/16"-10M WP FLANGED OUTLETS (WEIGHT APPROXIMATELY 6,000 LBS)

CAMERON UM SINGLE-RAM-TYPE PREVENTER (API 16A MONOGRAMMED), 13 5/8"-10M WP, WITH 5" CAMERON PIPE RAMS (CAMRAM FRONT PACKERS & TOP SEALS) BOTTOM FLANGE & STUDDED TOP WEIGHT = 10,900 LBS



ISSUED FOR FABRICATION
December-18-2007
DRAFTSMAN
ENGINEER

API 16A MONOGRAMMED CAMERON CHOKE AND KILL WING VALVE ASSEMBLIES ARE NOT SHOWN FOR CLARITY

WEIGHTS DO NOT INCLUDE HOSES, ADAPTER SPOOLS OR QUICK CONNECT FITTINGS

13 5/8 – 10M BOP STACK WITH 13 5/8 – 5M ANNULAR

REV	DATE	DESCRIPTION	BY
E	12/18/07	ADDED SHEET 01	JAV
D	4-10-07	CHANGED VALVES, DOUBLE STUDDED ADAPTER, VALVES #1, 2, & 3, AND NO CHECK VALVE ADDED	JRG
C	4-04-07	6" ADDED-TO SPACER ADAPTER SPOOL	JRG
B	02-07-07	ADDED ADAPTER SPOOL	WML
A	06-13-02	CORRECTED BOP STACK	WML

ENGINEERING APPROVAL | DATE

HELMERICH & PAYNE INTERNATIONAL DRILLING CO.

TITLE: 13 5/8"-10M BOP 3 RAM STACK FLEXRIG3

CUSTOMER: H&P

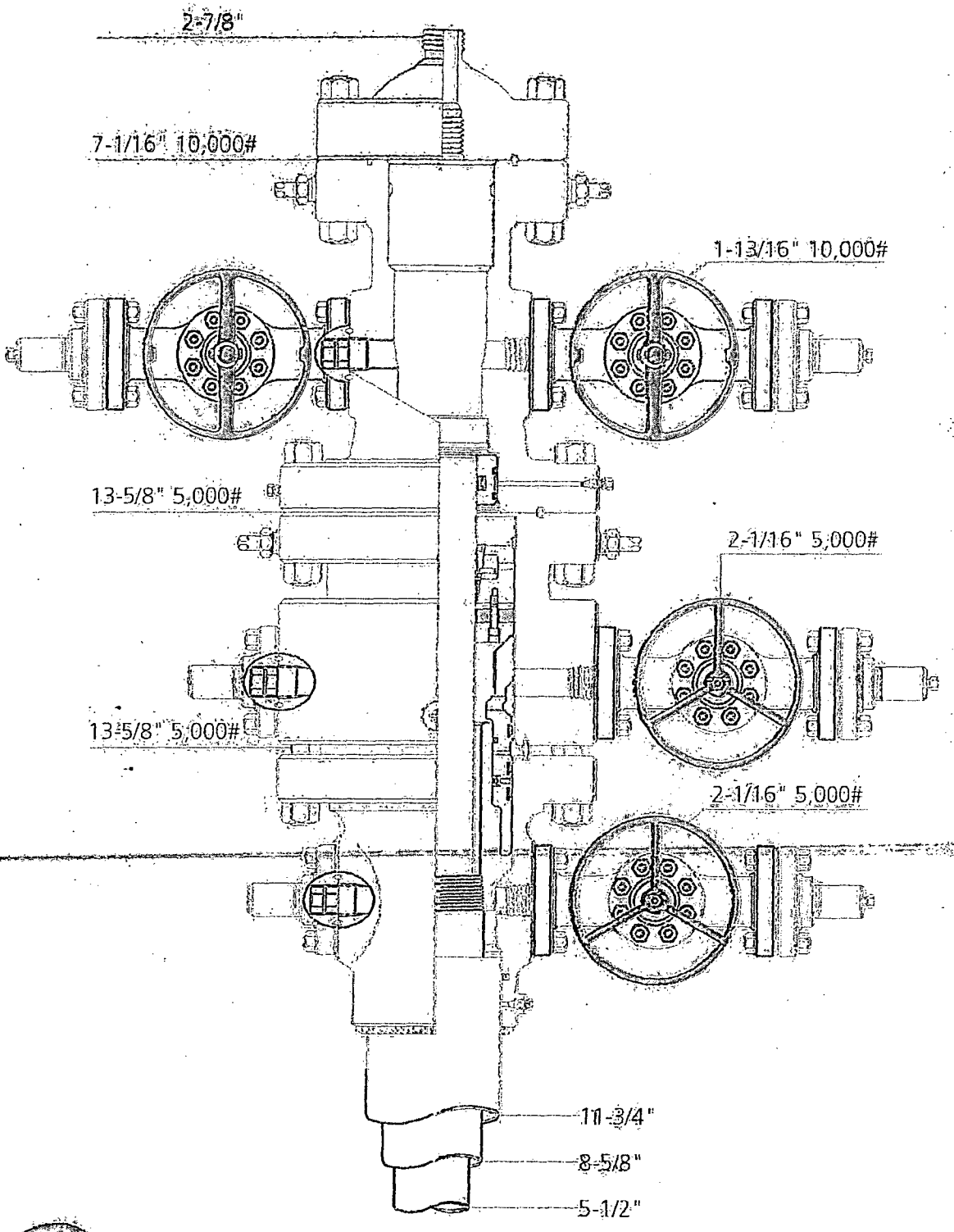
PROJECT: FLEXRIG3

DRAWN: MTS | DATE: 6-5-02 | DWG. NO.: 210-P1-07 | REV: E

SCALE: 3/4"=1' | SHEET 1 OF 1

BOP-1

BOP -2



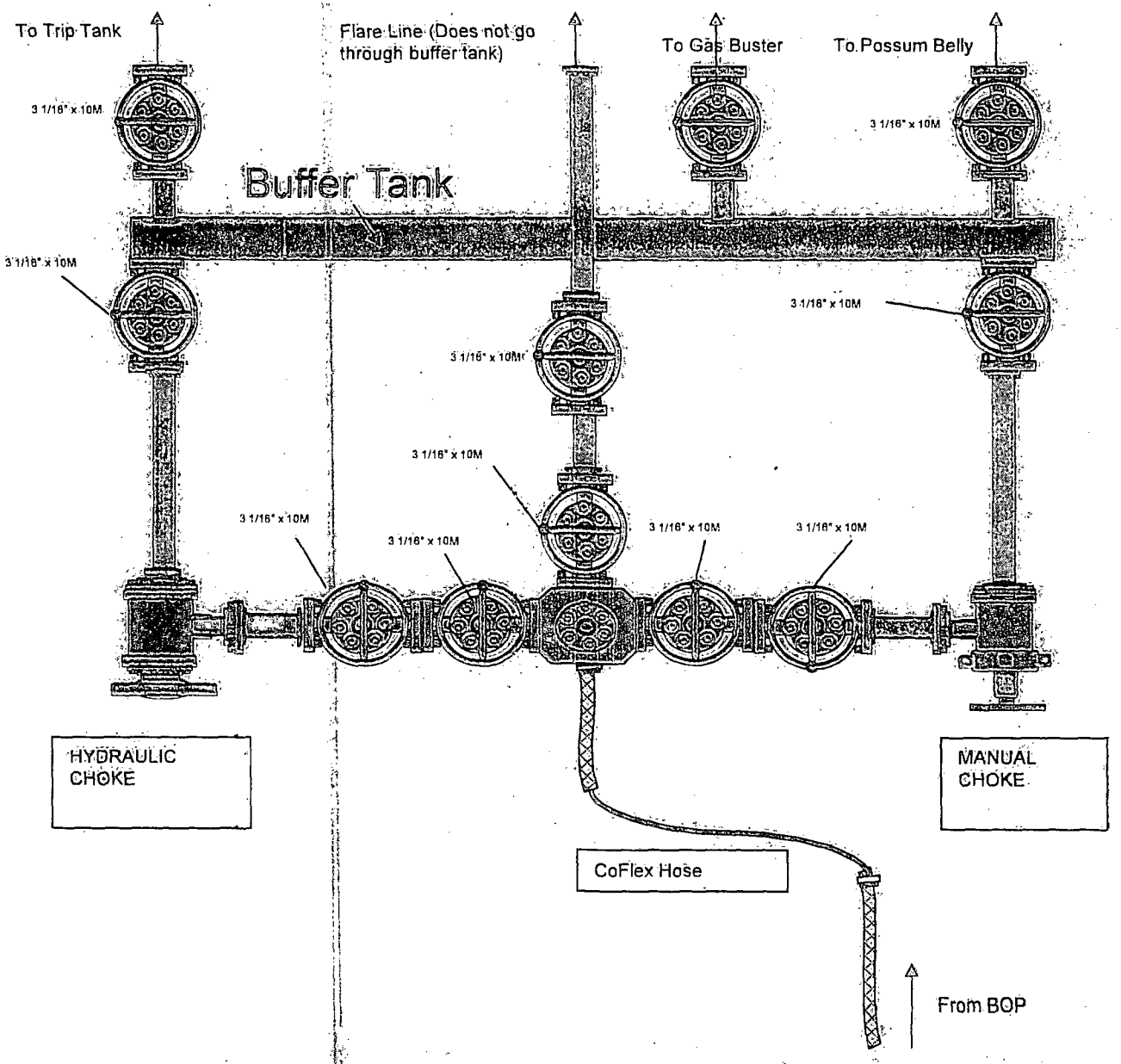
OXY

Permian Basin
MBS

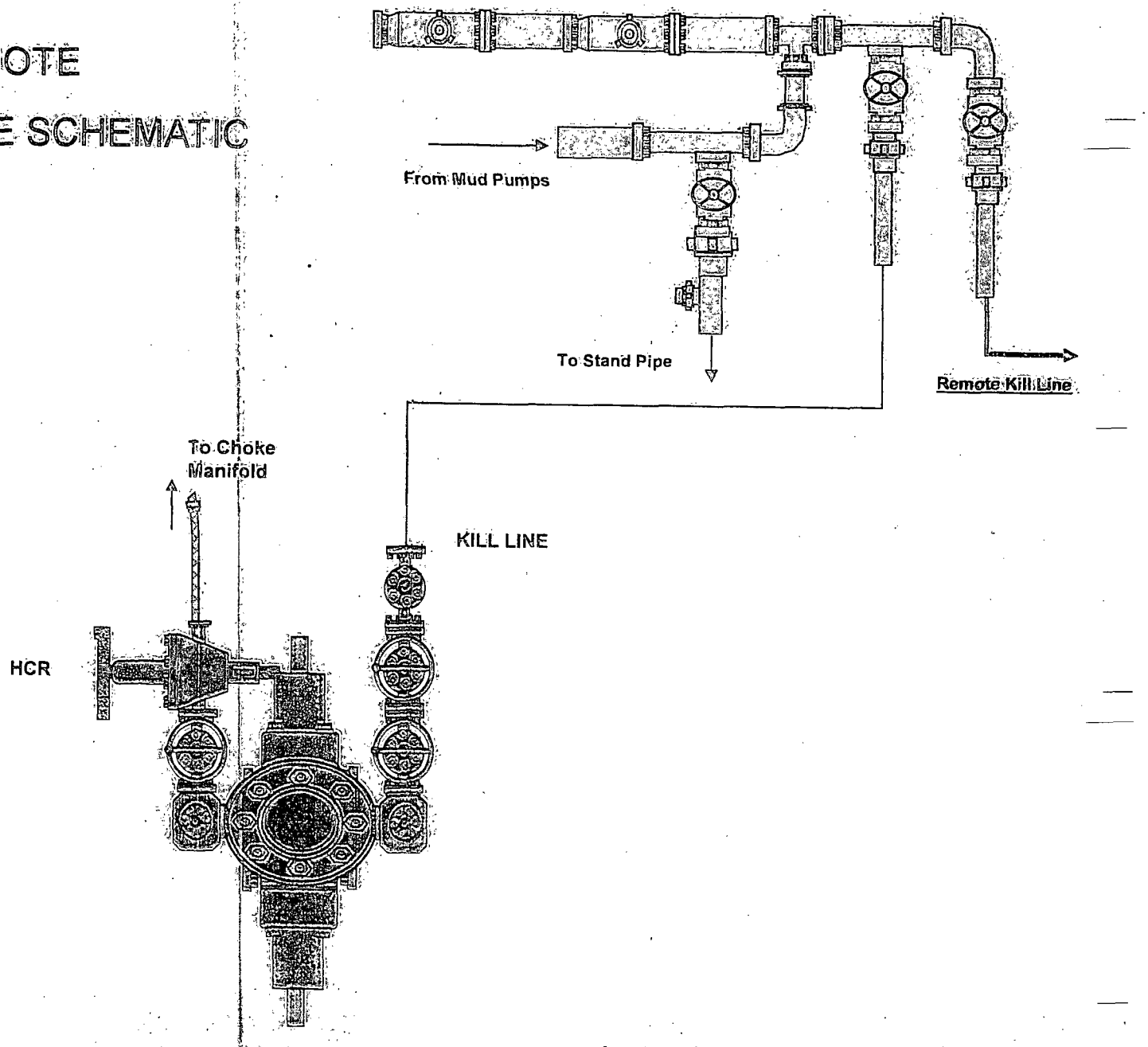
CAMERON

Jeanette	1-31-13	#	21073221

FLEX3 STD CHOKE MANIFOLD (COMPREHENSIVE)



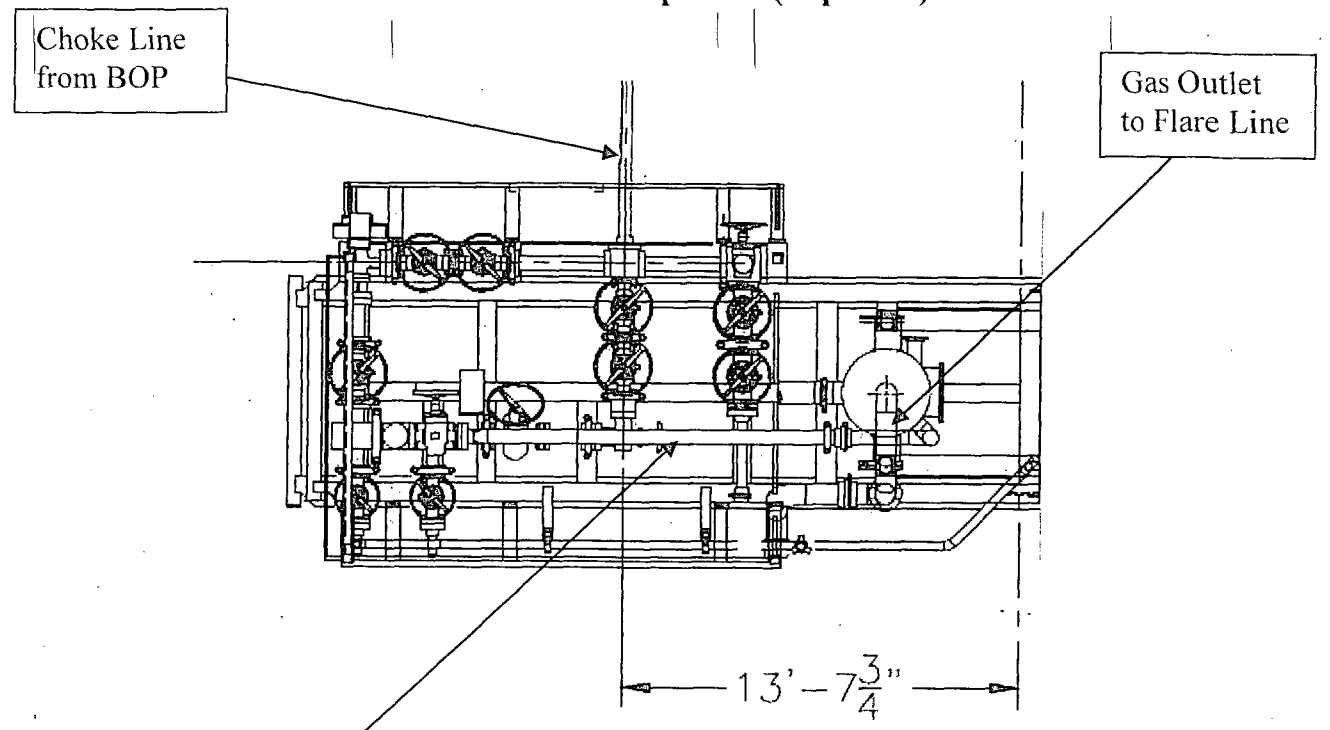
10M REMOTE KILL LINE SCHEMATIC



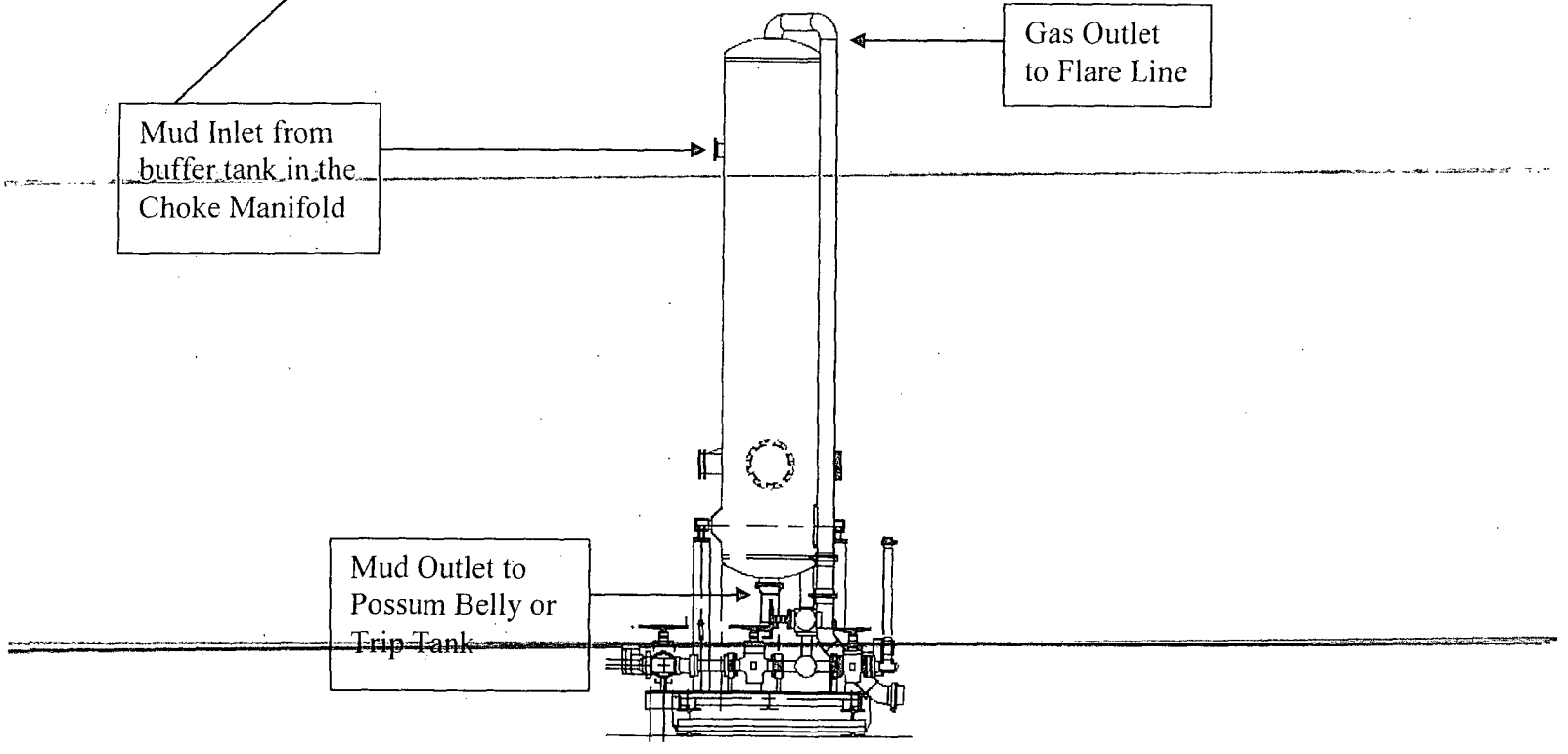
CM-2

CM-3

Choke Manifold – Gas Separator (Top View)

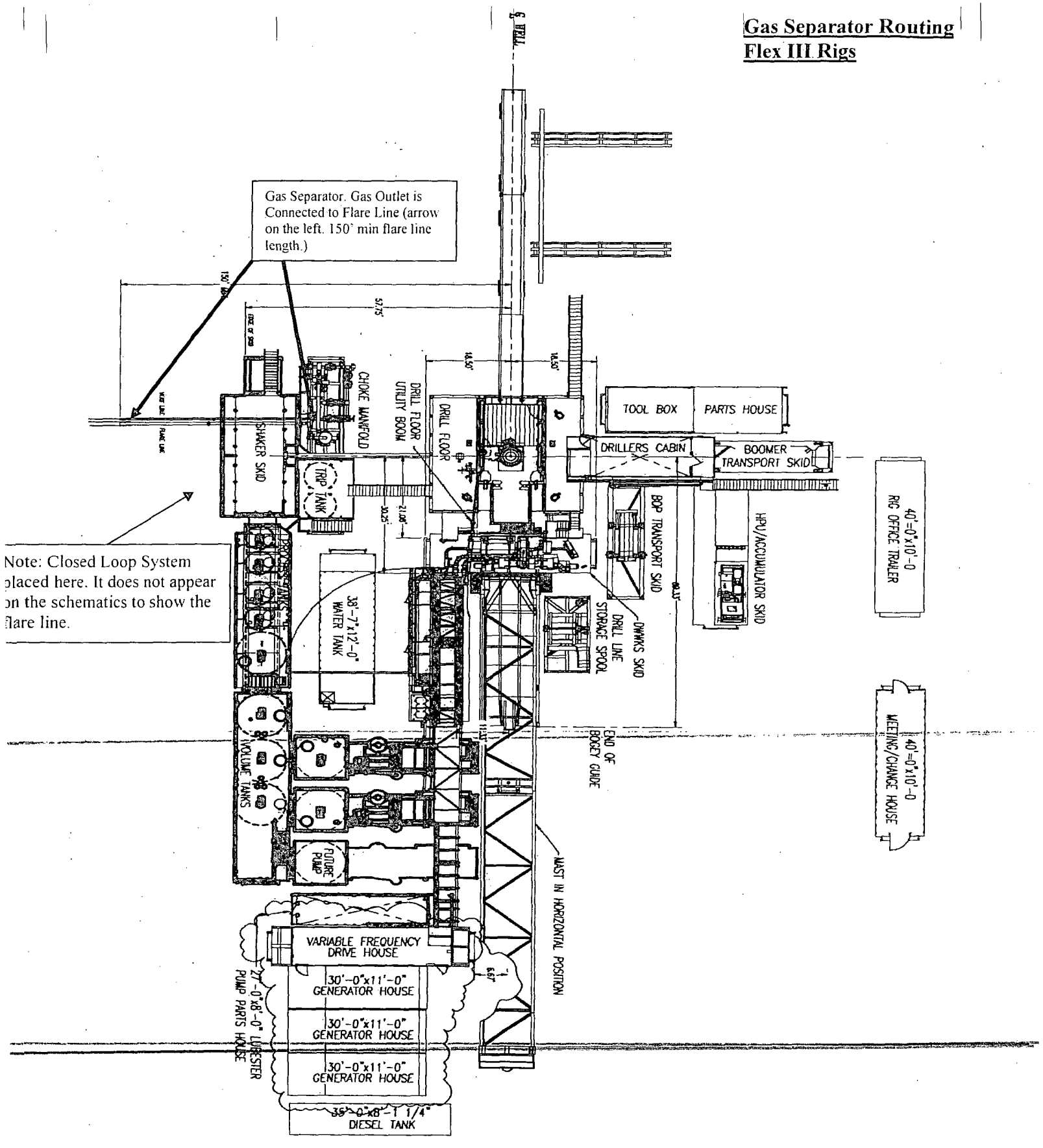


Choke Manifold – Gas Separator (Side View)



CM-4

Gas Separator Routing
Flex III Rigs



Continental CONTITECH

Fluid Technology

Quality Document

QUALITY CONTROL INSPECTION AND TEST CERTIFICATE				CERT. N°: 746
PURCHASER: Phoenix Beattie Co.				P.O. N°: 002491
CONTITECH ORDER N°: 412638		HOSE TYPE: 3" ID		Choke and Kill Hose
HOSE SERIAL N°: 52777		NOMINAL / ACTUAL LENGTH:		10,67 m
W.P. 68,96 MPa	10000 psi	T.P. 103,4 MPa	15000 psi	Duration: 60 -- min.

Pressure test with water at ambient temperature

See attachment. (1 page)

↑ 10 mm = 10 Min.

→ 10 mm = 25 MPa

COUPLINGS			
Type	Serial N°	Quality	Heat N°
3" coupling with	917 913	AISI 4130	T7998A
4 1/16" Flange end		AISI 4130	26984

INFOCHIP INSTALLED

API Spec 16 C
Temperature rate:"B"

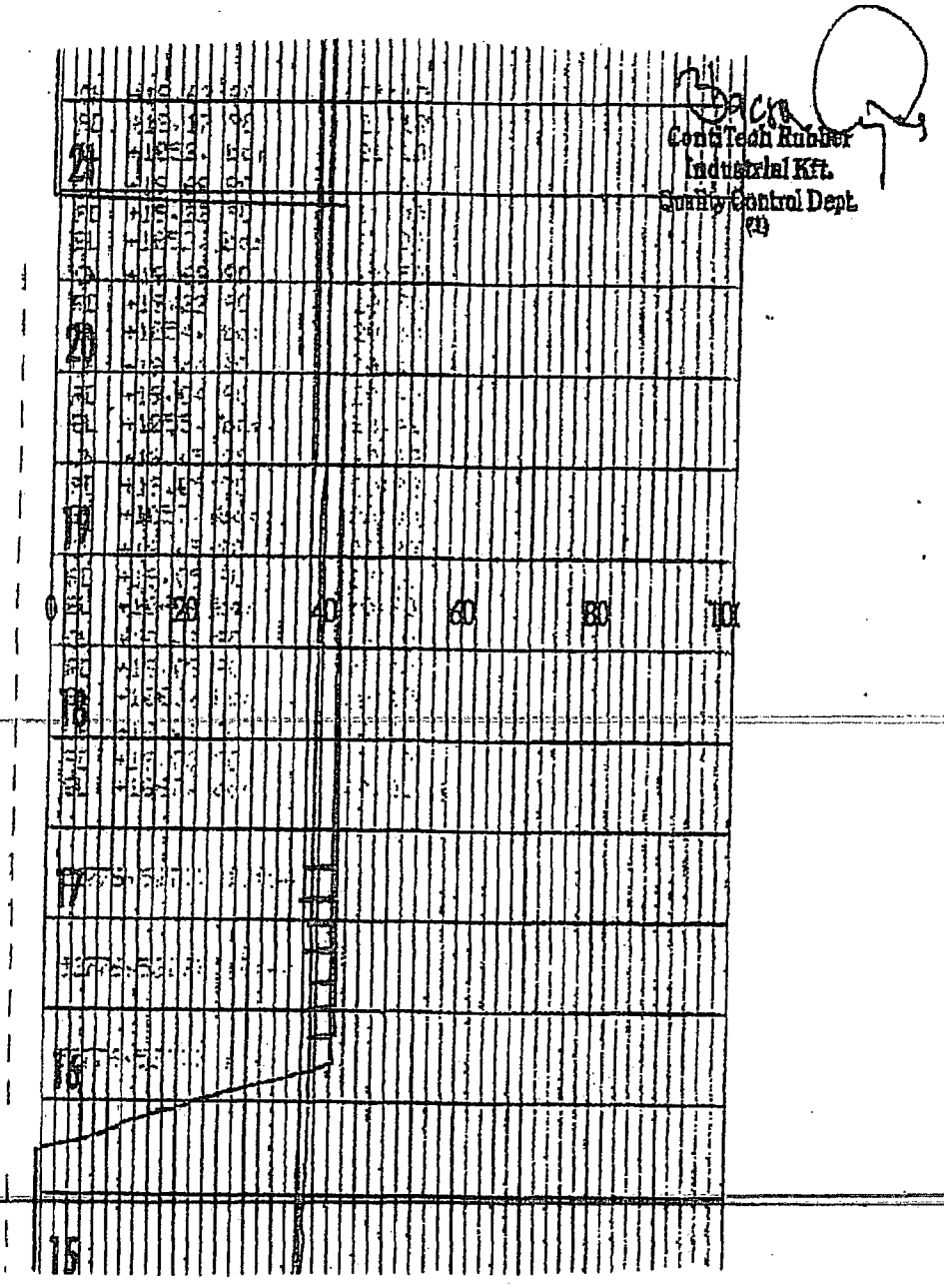
All metal parts are flawless

WE CERTIFY THAT THE ABOVE HOSE HAS BEEN MANUFACTURED IN ACCORDANCE WITH THE TERMS OF THE ORDER AND PRESSURE TESTED AS ABOVE WITH SATISFACTORY RESULT.

Date:	Inspector	Quality Control
04. April. 2008		ContiTech Rubber Industrial Kft. Quality Control Dept. (1)

FH-2

Coflex Hose Certification



FH-3

Coflex Hose Certification

Form No 100/12

PHOENIX Beattie

Phoenix Beattie Corp
11535 Brittmoore Park Drive
Houston, TX 77041
Tel: (832) 327-0141
Fax: (832) 327-0148
E-mail mail@phoenixbeattie.com
www.phoenixbeattie.com

Delivery Note

Customer Order Number	370-369-001	Delivery Note Number	003078	Page	1

Customer / Invoice Address	Delivery / Address
HELMERICH & PAYNE INT'L DRILLING CO 1437 SOUTH BOULDER TULSA, OK 74119	HELMERICH & PAYNE IDC ATTN: JOE STEPHENSON - RIG 370 13609 INDUSTRIAL ROAD HOUSTON, TX 77015

Customer Acc No	Phoenix Beattie Contract Manager	Phoenix Beattie Reference	Date
H01	JJL	006330	05/23/2008

Item No	Beattie Part Number / Description	Qty Ordered	Qty Sent	Qty To Follow
1	HP10CK3A-35-4F1 3" 10K 16C C&K HOSE x 35ft OAL CW 4.1/16" API SPEC FLANGE E/ End 1: 4.1/16" 10Kpsi API Spec 6A Type 6BX Flange End 2: 4.1/16" 10Kpsi API Spec 6A Type 6BX Flange c/w BX155 Standard ring groove at each end Suitable for H2S Service Working pressure: 10,000psi Test pressure: 15,000psi Standard: API 16C Full specification Armor Guarding: Included Fire Rating: Not Included Temperature rating: -20 Deg C to +100 Deg C	1	1	0
2	SECK3-HPF3 LIFTING & SAFETY EQUIPMENT TO SUIT HP10CK3-35-F1 2 x 160mm ID Safety Clamps 2 x 244mm ID Lifting Collars & element C's 2 x 7ft Stainless Steel wire rope 3/4" OD 4 x 7.75t Shackles	1	1	0
3	SC725-200CS SAFETY CLAMP 200MM 7.25T C/S GALVANISED	1	1	0

Continued...

FH-4

Coflex Hose Certification

Form No 100/12

PHOENIX Beattie

Phoenix Beattie Corp
11535 Brittmoore Park Drive
Houston, TX 77041
Tel: (832) 327-0141
Fax: (832) 327-0148
E-mail mail@phoenixbeattie.com
www.phoenixbeattie.com

Delivery Note

Customer Order Number	370-369-001	Delivery Note Number	003078	Page	2

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Customer Acc No	Phoenix Beattie Contract Manager	Phoenix Beattie Reference	Date
H01	JJL	006330	05/23/2008

Item No	Beattie Part Number / Description	Qty Ordered	Qty Sent	Qty To Follow
4	SC725-132CS SAFETY CLAMP 132MM 7.25T C/S GALVANIZED C/W BOLTS	1	1	0
5	00CERT-HYDRO HYDROSTATIC PRESSURE TEST CERTIFICATE	1	1	0
6	00CERT-LOAD LOAD TEST CERTIFICATES	1	1	0
7	00FREIGHT INBOUND / OUTBOUND FREIGHT PRE-PAY & ADD TO FINAL INVOICE NOTE: MATERIAL MUST BE ACCOMPANIED BY PAPERWORK INCLUDING THE PURCHASE ORDER, RIG NUMBER TO ENSURE PROPER PAYMENT	1	1	0

Phoenix Beattie Inspection Signature :

Received In Good Condition : Signature

Print Name

Date

All goods remain the property of Phoenix Beattie until paid for in full. Any damage or shortage on this delivery must be advised within 5 days. Returns may be subject to a handling charge.

PHOENIX Beattie

Material Identification Certificate

PA No	006330	Client	HELMERICH & PAYNE INT'L DRILLING	Client Ref	370-369-001	Page	1

Part No	Description	Material Desc	Material Spec	Qty	WO No	Batch No	Test Cert No	Bin No	Drg No	Issue No
HP10CK3A-35-4F1	3" 10K 16C C&K HOSE x 35ft OAL			1	2491	52777/H884		WATER		
SECK3-HPF3	LIFTING & SAFETY EQUIPMENT TO			1	2440	002440		N/STK		
SC725-200CS	SAFETY CLAMP 200MM 7.25T	CARBON STEEL		1	2519	H665		22C		
SC725-132CS	SAFETY CLAMP 132MM 7.25T	CARBON STEEL		1	2242	H139		22		

We hereby certify that these goods have been inspected by our Quality Management System, and to the best of our knowledge are found to conform to relevant industry standards within the requirements of the purchase order as issued to Phoenix Beattie Corporation.

08/23/10

Coflex Hose Certification

FH-5

FH-6

Continental CONTITECH

Fluid Technology

Quality Document

CERTIFICATE OF CONFORMITY

Supplier : CONTITECH RUBBER INDUSTRIAL KFT.
Equipment : 6 pcs. Choke and Kill Hose with installed couplings
Type : **3" x 10,67 m WP: 10000 psi**
Supplier File Number : 412638
Date of Shipment : April. 2008
Customer : Phoenix Beattie Co.
Customer P.o. : 002491
Referenced Standards / Codes / Specifications : API Spec 16 C
Serial No.: 52754,52755,52776,52777,52778,52782

STATEMENT OF CONFORMITY

We hereby certify that the above items/equipment supplied by us are in conformity with the terms, conditions and specifications of the above Purchaser Order and that these items/equipment were fabricated inspected and tested in accordance with the referenced standards, codes and specifications and meet the relevant acceptance criteria and design requirements.

COUNTRY OF ORIGIN HUNGARY/EU

Signed : .....

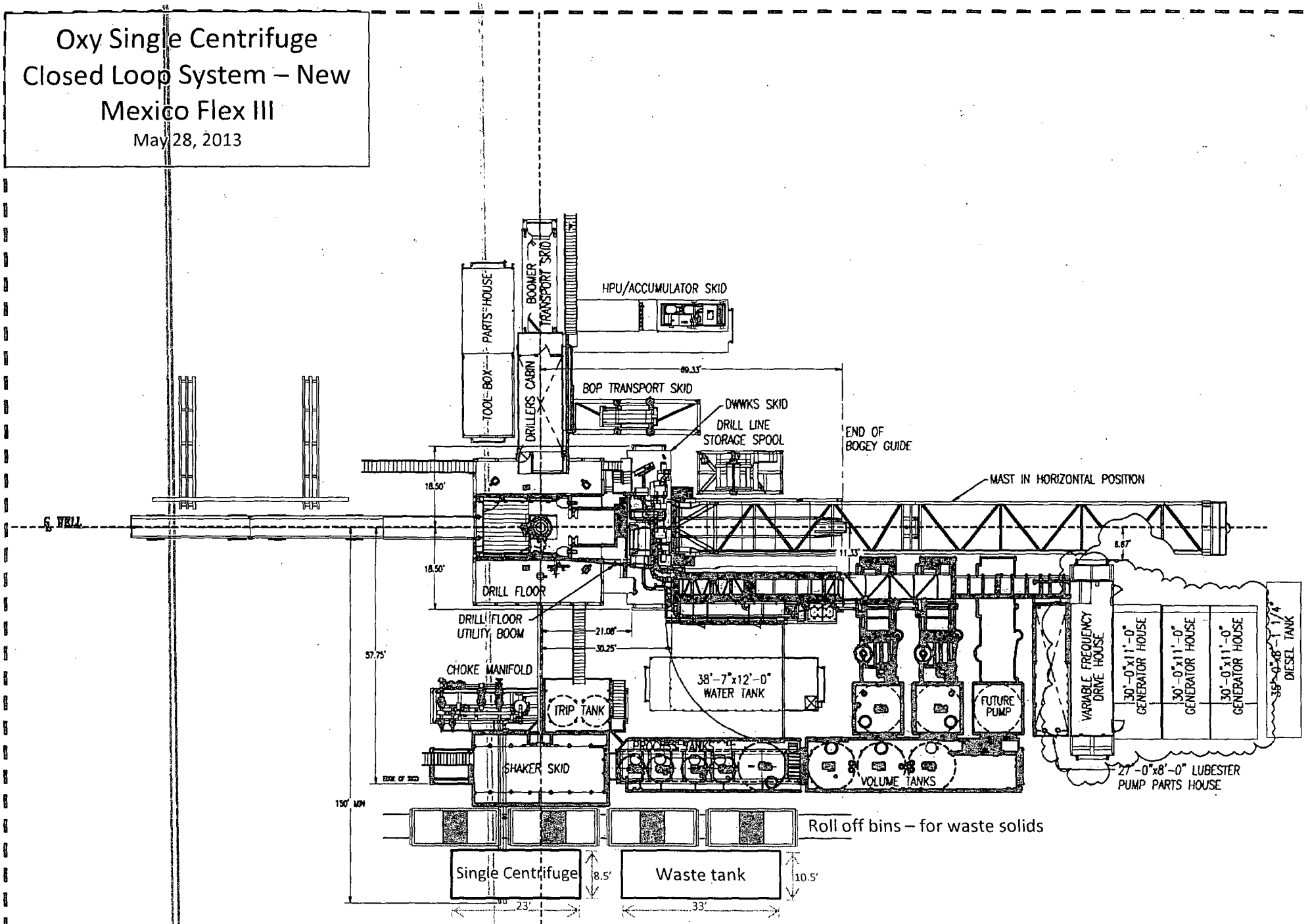
ContiTech Rubber Industrial Kft. Quality Control Dept. (1)

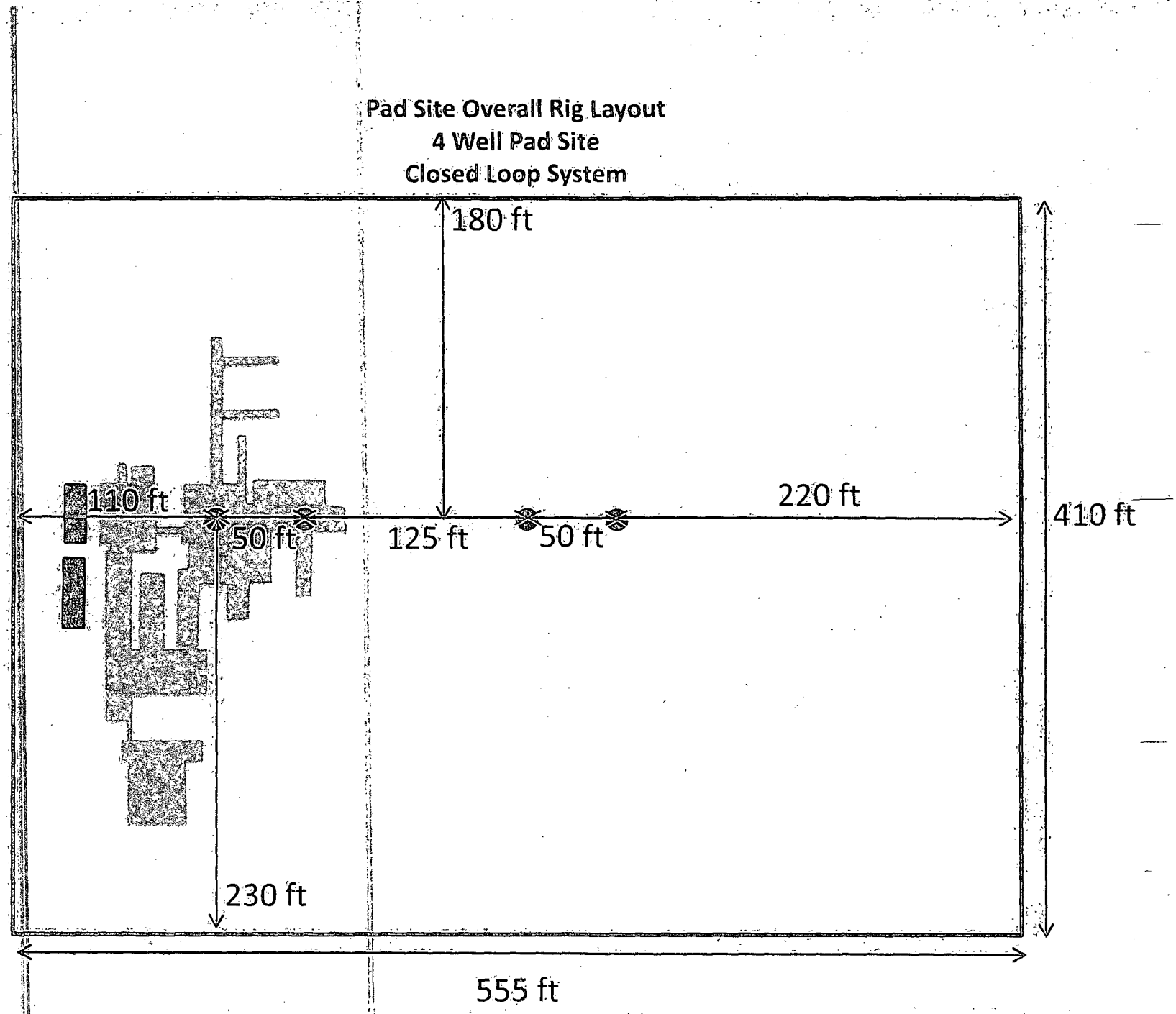
Date: 04. April. 2008

Position: Q.C. Manager

Oxy Single Centrifuge Closed Loop System – New Mexico Flex III

May 28, 2013




Pad Site Overall Rig Layout
4 Well Pad Site
Closed Loop System
180 ft
110 ft
50 ft
125 ft
50 ft
220 ft
410 ft
230 ft
555 ft

CL-2

H2S-1

Permian Drilling
Hydrogen Sulfide Drilling Operations Plan
Cedar Canyon 28 Federal 7H

Open drill site. No homes or buildings are near the proposed location.

1. Escape

   Personnel shall escape upwind of wellbore in the event of an emergency gas release. Escape can take place through the lease road on the Northwest side of the location. Personnel need to move to a safe distance and block the entrance to location. If the primary route is not an option due to the wind direction, then a secondary egress route should be taken.

H2S-2

Exit to road. Caution sign placed here.

Secondary Briefing Area

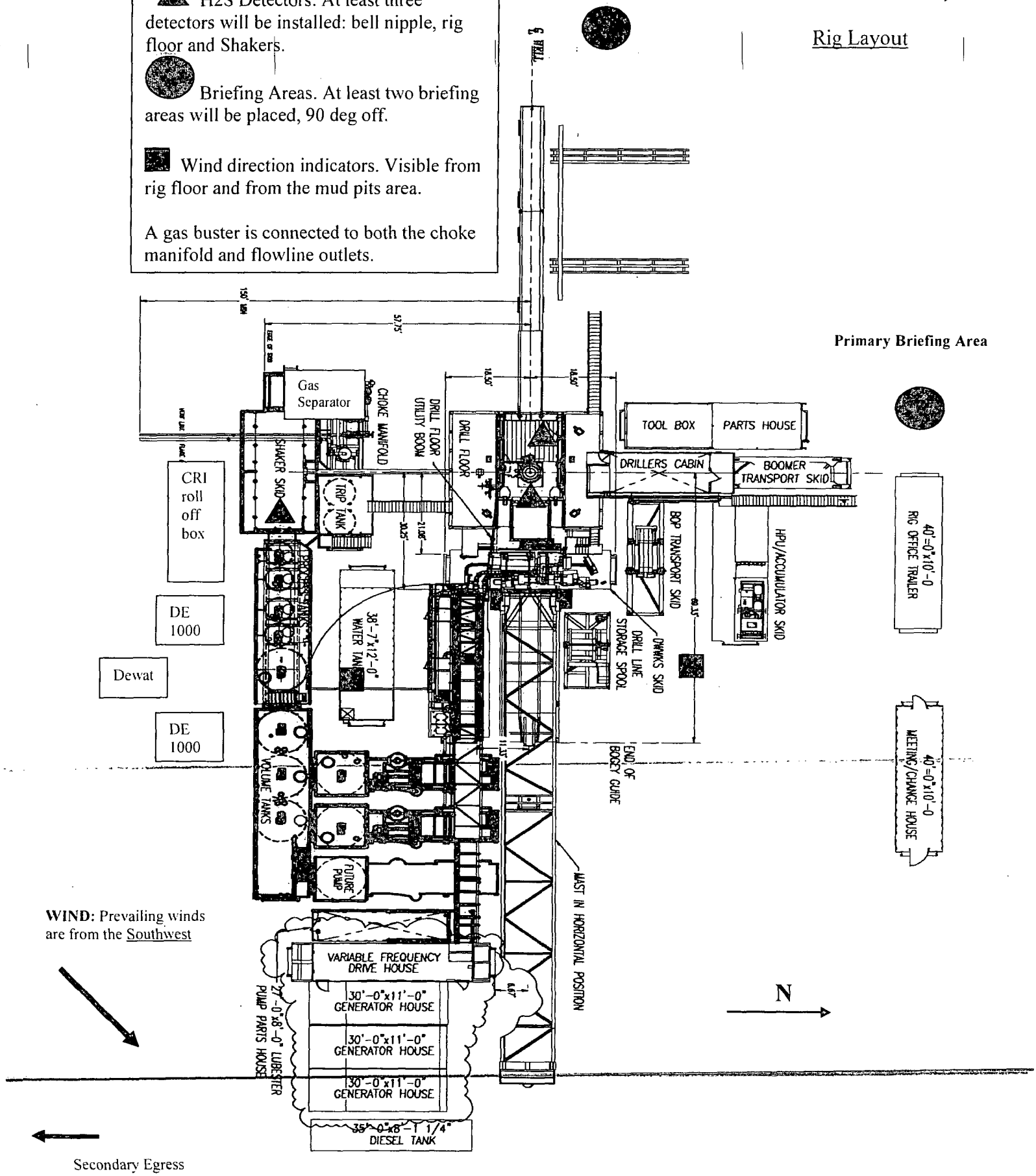
▲ H2S Detectors. At least three detectors will be installed: bell nipple, rig floor and Shakers.

● Briefing Areas. At least two briefing areas will be placed, 90 deg off.

■ Wind direction indicators. Visible from rig floor and from the mud pits area.

A gas buster is connected to both the choke manifold and flowline outlets.

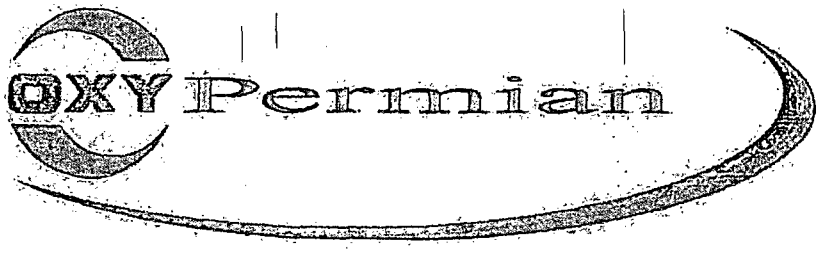
Rig Layout



WIND: Prevailing winds are from the Southwest

Secondary Egress

H2S-3



Permian Drilling
Hydrogen Sulfide Drilling Operations Plan
New Mexico

Scope

This contingency plan establishes guidelines for the public, all company employees, and contract employees who's work activities may involve exposure to hydrogen sulfide (H2S) gas.
While drilling this well, it is possible to encounter H2S bearing formations. At all times, the first barrier to control H2S emissions will be the drilling fluid, which will have a density high enough to control influx.

Objective

1. Provide an immediate and predetermined response plan to any condition when H2S is detected. All H2S detections in excess of 10 parts per million (ppm) concentration are considered an Emergency.

2. Prevent any and all accidents, and prevent the uncontrolled release of hydrogen sulfide into the atmosphere.

3. Provide proper evacuation procedures to cope with emergencies.

4. Provide immediate and adequate medical attention should an injury occur.

H2S-4

Discussion

Implementation:	This plan with all details is to be fully implemented before drilling to commence.
Emergency response Procedure:	This section outlines the conditions and denotes steps to be taken in the event of an emergency.
Emergency equipment Procedure:	This section outlines the safety and emergency equipment that will be required for the drilling of this well.
Training provisions:	This section outlines the training provisions that must be adhered to prior to drilling.
Drilling emergency call lists:	Included are the telephone numbers of all persons to be contacted should an emergency exist.
Briefing:	This section deals with the briefing of all people involved in the drilling operation.
Public safety:	Public safety personnel will be made aware of any potential evacuation and any additional support needed.
Check lists:	Status check lists and procedural check lists have been included to insure adherence to the plan.
General information:	A general information section has been included to supply support information.

Hydrogen Sulfide Training

All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on the well:

1. The hazards and characteristics of H2S.
2. Proper use and maintenance of personal protective equipment and life support systems.
3. H2S detection.
4. Proper use of H2S detectors, alarms, warning systems, briefing areas, evacuation procedures and prevailing winds.
5. Proper techniques for first aid and rescue procedures.
6. Physical effects of hydrogen sulfide on the human body.
7. Toxicity of hydrogen sulfide and sulfur dioxide.
8. Use of SCBA and supplied air equipment.
9. First aid and artificial respiration.
10. Emergency rescue.

In addition, supervisory personnel will be trained in the following areas:

1. The effects of H2S on metal components. If high tensile strength tubular is to be used, personnel will be trained in their special maintenance requirements.
2. Corrective action and shut-in procedures when drilling a well, blowout prevention and well control procedures.
3. The contents and requirements of the H2S Drilling Operations Plan.

H2S training refresher must have been taken within one year prior to drilling the well. Specifics on the well to be drilled will be discussed during the pre-spud meeting. H2S and well control (choke) drills will be performed while drilling the well, at least on a weekly basis. This plan shall be available in the well site. All personnel will be required to carry the documentation proving that the H2S training has been taken.

Service company and visiting personnel

A. Each service company that will be on this well will be notified if the zone contains H2S.

B. Each service company must provide for the training and equipment of their employees before they arrive at the well site.

C. Each service company will be expected to attend a well site briefing

H2S-6

Emergency Equipment Requirements

1. Well control equipment

The well shall have hydraulic BOP equipment for the anticipated pressures. Equipment is to be tested on installation and follow Oxy Well Control standard, as well as BLM Onshore Order #2.

Special control equipment:

A. Hydraulic BOP equipment with remote control on ground. Remotely operated choke.
B. Rotating head
C. Gas buster equipment shall be installed before drilling out of surface pipe.

2. Protective equipment for personnel

A. Four (4) 30-minute positive pressure air packs (2 at each briefing area) on location.

B. Adequate fire extinguishers shall be located at strategic locations.

C. Radio / cell telephone communication will be available at the rig.

- Rig floor and trailers.
- Vehicle.

3. Hydrogen sulfide sensors and alarms

A. H2S sensor with alarms will be located on the rig floor, at the bell nipple, and at the flow line. These monitors will be set to alarm at 10 ppm with strobe light, and audible alarm.
B. Hand operated detectors with tubes.
C. H2S monitor tester (to be provided by contract Safety Company.)
D. There shall be one combustible gas detector on location at all times.

4. Visual Warning Systems

A. One sign located at each location entrance with the following language:

Caution – potential poison gas
Hydrogen sulfide
No admittance without authorization

Wind sock + wind streamers:

A. One 36" (in length) wind sock located at protection center, at height visible from rig floor.
B. One 36" (in length) wind sock located at height visible from pit areas.

Condition flags

A. One each condition flag to be displayed to denote conditions.

green – normal conditions
yellow – potential danger
red – danger, H2S present

B. Condition flag shall be posted at each location sign entrance.

5. Mud Program

The mud program is designed to minimize the risk of having H2S and other formation fluids at surface. Proper mud weight and safe drilling practices will be applied. H2S scavengers will be used to minimize the hazards while drilling. Below is a summary of the drilling program.

Mud inspection devices:

Garrett gas train or hatch tester for inspection of sulfide concentration in mud system.

6. Metallurgy

A. Drill string, casing, tubing, wellhead, blowout preventers, drilling spools or adapters, kill lines, choke manifold, lines and valves shall be suitable for the H2S service.
B. All the elastomers, packing, seals and ring gaskets shall be suitable for H2S service.

7. Well Testing

No drill stem test will be performed on this well.

8. Evacuation plan

Evacuation routes should be established prior to well spud for each well and discussed with all rig personnel.

9. Designated area

A. Parking and visitor area: all vehicles are to be parked at a predetermined safe distance from the wellhead.
B. There will be a designated smoking area.
C. Two briefing areas on either side of the location at the maximum allowable distance from the well bore so they offset prevailing winds perpendicularly, or at a 45-degree angle if wind direction tends to shift in the area.

Emergency procedures

A. In the event of any evidence of H2S level above 10 ppm, take the following steps:

1. The Driller will pick up off bottom, shut down the pumps, slow down the pipe rotation.

2. Secure and don escape breathing equipment, report to the upwind designated safe briefing / muster area.

3. All personnel on location will be accounted for and emergency search should begin for any missing, the Buddy System will be implemented.

4. Order non-essential personnel to leave the well site, order all essential personnel out of the danger zone and upwind to the nearest designated safe briefing / muster area.

5. Entrance to the location will be secured to a higher level than our usual "Meet and Greet" requirement, and the proper condition flag will be displayed at the entrance to the location.

6. Take steps to determine if the H2S level can be corrected or suppressed and, if so, proceed as required.

B. If uncontrollable conditions occur:

1. Take steps to protect and/or remove any public in the down-wind area from the rig – partial evacuation and isolation. Notify necessary public safety personnel and appropriate regulatory entities (i.e. BLM) of the situation.

2. Remove all personnel to the nearest upwind designated safe briefing / muster area or off location.

3. Notify public safety personnel of safe briefing / muster area.

4. An assigned crew member will blockade the entrance to the location. No unauthorized personnel will be allowed entry to the location.

5. Proceed with best plan (at the time) to regain control of the well. Maintain tight security and safety procedures.

C. Responsibility:

1. Designated personnel.

a. Shall be responsible for the total implementation of this plan.
b. Shall be in complete command during any emergency.
c. Shall designate a back-up.

All personnel:	1. On alarm, don escape unit and report to the nearest upwind designated safe briefing / muster area upw 2. Check status of personnel (buddy system). 3. Secure breathing equipment. 4. Await orders from supervisor.
Drill site manager:	1. Don escape unit if necessary and report to nearest upwind designated safe briefing / muster area. 2. Coordinate preparations of individuals to return to point of release with tool pusher and driller (using the buddy system). 3. Determine H2S concentrations. 4. Assess situation and take control measures.
Tool pusher:	1. Don escape unit Report to up nearest upwind designated safe briefing / muster area. 2. Coordinate preparation of individuals to return to point of release with tool pusher drill site manager (using the buddy system). 3. Determine H2S concentration. 4. Assess situation and take control measures.
Driller:	1. Don escape unit, shut down pumps, continue

		rotating DP.
	2.	Check monitor for point of release.
	3.	Report to nearest upwind designated safe briefing / muster area.
	4.	Check status of personnel (in an attempt to rescue, use the buddy system).
	5.	Assigns least essential person to notify Drill Site Manager and tool pusher by quickest means in case of their absence.
	6.	Assumes the responsibilities of the Drill Site Manager and tool pusher until they arrive should they be absent.
Derrick man Floor man #1 Floor man #2	1.	Will remain in briefing / muster area until instructed by supervisor.
Mud engineer:	1.	Report to nearest upwind designated safe briefing / muster area.
	2.	When instructed, begin check of mud for ph and H2S level. (Garett gas train.)
Safety personnel:	1.	Mask up and check status of all personnel and secure operations as instructed by drill site manager.

Taking a kick

When taking a kick during an H2S emergency, all personnel will follow standard Well control procedures after reporting to briefing area and masking up.

Open-hole logging

All unnecessary personnel off floor. Drill Site Manager and safety personnel should monitor condition, advise status and determine need for use of air equipment.

Running casing or plugging

Following the same "tripping" procedure as above. Drill Site Manager and safety personnel should determine if all personnel have access to protective equipment.

Ignition procedures

The decision to ignite the well is the responsibility of the operator (Oxy Drilling Management). The decision should be made only as a last resort and in a situation where it is clear that:

1. Human life and property are endangered.
2. There is no hope controlling the blowout under the prevailing conditions at the well.

Instructions for igniting the well

1. Two people are required for the actual igniting operation. They must wear self-contained breathing units and have a safety rope attached. One man (tool pusher or safety engineer) will check the atmosphere for explosive gases with the gas monitor. The other man is responsible for igniting the well.
2. Primary method to ignite: 25 mm flare gun with range of approximately 500 feet.
3. Ignite upwind and do not approach any closer than is warranted.
4. Select the ignition site best for protection, and which offers an easy escape route.
5. Before firing, check for presence of combustible gas.
6. After lighting, continue emergency action and procedure as before.
7. All unassigned personnel will remain in briefing area until instructed by supervisor or directed by the Drill Site Manager.

Remember: After well is ignited, burning hydrogen sulfide will convert to sulfur dioxide, which is also highly toxic. **Do not assume the area is safe after the well is ignited.**

Status check list

Note: All items on this list must be completed before drilling to production casing point.

1. H2S sign at location entrance.
2. Two (2) wind socks located as required.
3. Four (4) 30-minute positive pressure air packs (2 at each Briefing area) on location for all rig personnel and mud loggers.
4. Air packs inspected and ready for use.
5. Cascade system and hose line hook-up as needed.
6. Cascade system for refilling air bottles as needed.
7. Condition flag on location and ready for use.
8. H2S detection system hooked up and tested.
9. H2S alarm system hooked up and tested.
10. Hand operated H2S detector with tubes on location.
11. 1 – 100' length of nylon rope on location.
12. All rig crew and supervisors trained as required.
13. All outside service contractors advised of potential H2S hazard on well.
14. No smoking sign posted and a designated smoking area identified.
15. Calibration of all H2S equipment shall be noted on the IADC report.

Checked by:_____ Date:_____

Procedural check list during H2S events

Perform each tour:

1. Check fire extinguishers to see that they have the proper charge.
2. Check breathing equipment to ensure that it in proper working order.
3. Make sure all the H2S detection system is operative.

Perform each week:

1. Check each piece of breathing equipment to make sure that demand or forced air regulator is working. This requires that the bottle be opened and the mask assembly be put on tight enough so that when you inhale, you receive air or feel air flow.
2. BOP skills (well control drills).
3. Check supply pressure on BOP accumulator stand by source.
4. Check breathing equipment mask assembly to see that straps are loosened and turned back, ready to put on.
5. Check pressure on breathing equipment air bottles to make sure they are charged to full volume. (Air quality checked for proper air grade "D" before bringing to location)
6. Confirm pressure on all supply air bottles.
7. Perform breathing equipment drills with on-site personnel.
8. Check the following supplies for availability.
   - A. Emergency telephone list.
   - B. Hand operated H2S detectors and tubes.

General evacuation plan

1. When the company approved supervisor (Drill Site Manager, consultant, rig pusher, or driller) determines the H2S gas cannot be limited to the well location and the public will be involved, he will activate the evacuation plan.

2. Drill Site Manager or designee will notify local government agency that a hazardous condition exists and evacuation needs to be implemented.

3. Company or contractor safety personnel that have been trained in the use of H2S detection equipment and self-contained breathing equipment will monitor H2S concentrations, wind directions, and area of exposure. They will delineate the outer perimeter of the hazardous gas area. Extension to the evacuation area will be determined from information gathered.

4. Law enforcement personnel (state police, police dept., fire dept., and sheriff's dept.) Will be called to aid in setting up and maintaining road blocks. Also, they will aid in evacuation of the public if necessary.

5. After the discharge of gas has been controlled, company safety personnel will determine when the area is safe for re-entry.

Important: Law enforcement personnel will not be asked to come into a contaminated area. Their assistance will be limited to uncontaminated areas. Constant radio contact will be maintained with them.

Emergency actions

Well blowout – if emergency

1. Evacuate all personnel to "Safe Briefing / Muster Areas" or off location if needed.
2. If sour gas – evacuate rig personnel.
3. If sour gas – evacuate public within 3000 ft radius of exposure.
4. Don SCBA and shut well in if possible using the buddy system.
5. Notify Drilling Superintendent and call 911 for emergency help (fire dept and ambulance) if needed.
6. Implement the Blowout Contingency Plan, and Drilling Emergency Action Plan.
6. Give first aid as needed.

Person down location/facility

1. If immediately possible, contact 911. Give location and wait for confirmation.
2. Don SCBA and perform rescue operation using buddy system.

b. If the well is deemed commercially productive, caliche from the areas of the pad site not required for operations will be reclaimed. The original topsoil will be returned to the area of the drill pad not necessary to operate the well. These unused areas of the drill pad will be contoured, as close as possible, to match the original topography, and the area will be seeded with an approved BLM mixture to re-establish vegetation.

11. Surface Ownership:

The surface is owned by the U.S. Government and is administered by the BLM. The surface is multiple use with the primary uses of the region for the grazing of livestock and the production of oil and gas. The surface is leased to: Scott Branson, 1501 Mountain Shadow, Carlsbad, NM 88220. They will be notified of our intention to drill prior to any activity.

12. Other Information:

a. The vegetation cover is generally sparse consisting of mesquite, yucca, shinnery oak, sandsage and perennial native range grass. The topsoil is sandy in nature. Wildlife in the area is also sparse consisting of deer, coyotes, rabbits, rodents, reptiles, dove and quail.

b. There is no permanent or live water in the general proximity of the location.

c. There are no dwellings within one mile of the proposed well site.

d. Cultural Resources Examination – This well is located in the Permian Basin MOA.

Pad + ¼ mile road	$1507.00	$.19/ft over ¼ mile	$0.00	$1507.00
Pipeline-up to 1 mile	$1391.00	$290 per ¼ mile	$0.00	$1391.00
Electric Line-up to 1 mile	$696.00	$.21/ft over 1 mile	$0.00	$696.00
Total	$3594.00		$0.00	$3594.00

e. Copy of this Application has been mailed to CEHMM, 505 N. Main St. Carlsbad, NM 88220.

13. Bond Coverage:

Bond coverage is Individual-NMB000862, Nationwide-ESB00226.

14. Operators Representatives:

The OXY Permian representatives responsible for ensuring compliance of the surface use plan are listed below:

Don Kendrick
Production Coordinator
1502 West Commerce Dr.
Carlsbad, NM 88220
Office – 575-628-4132
Cellular – 575-602-1484

Charles Wagner
Manager Field Operations
1502 West Commerce Dr.
Carlsbad, NM 88220
Office – 575-628-4151
Cellular – 575-725-8306

Calvin (Dusty) Weaver
Operation Specialist
P.O. Box 50250
Midland, TX 79710
Office – 432-685-5723
Cellular – 806-893-3067

Omar Lisigurski
RMT Leader
P.O. Box 4294
Houston, TX 77210
Office – 713-215-7506
Cellular – 281-222-7248

Toxic effects of hydrogen sulfide

Hydrogen sulfide is extremely toxic. The acceptable ceiling concentration for eight-hour exposure is 10 ppm, which is .001% by volume. Hydrogen sulfide is heavier than air (specific gravity – 1.192) and colorless. It forms an explosive mixture with air between 4.3 and 46.0 percent by volume. Hydrogen sulfide is almost as toxic as hydrogen cyanide and is between five and six times more toxic than carbon monoxide. Toxicity data for hydrogen sulfide and various other gases are compared in table i. Physical effects at various hydrogen sulfide exposure levels are shown in table ii.

Table i
Toxicity of various gases

Common name	Chemical formula	Specific gravity (sc=1)	Threshold limit (1)	Hazardous limit (2)	Lethal concentration (3)
Hydrogen Cyanide	Hcn	0.94	10 ppm	150 ppm/hr	300 ppm
Hydrogen Sulfide	H2S	1.18	10 ppm	250 ppm/hr	600 ppm
Sulfur Dioxide	So2	2.21	5 ppm	-	1000 ppm
Chlorine	Cl2	2.45	1 ppm	4 ppm/hr	1000 ppm
Carbon Monoxide	Co	0.97	50 ppm	400 ppm/hr	1000 ppm
Carbon Dioxide	Co2	1.52	5000 ppm	5%	10%
Methane	Ch4	0.55	90,000 ppm	Combustible above 5% in air	

1) threshold limit – concentration at which it is believed that all workers may be repeatedly exposed day after day without adverse effects.

2) hazardous limit – concentration that will cause death with short-term exposure.

3) lethal concentration – concentration that will cause death with short-term exposure.

Toxic effects of hydrogen sulfide

Table ii
Physical effects of hydrogen sulfide

Concentration			Physical effects
Percent (%)	Ppm	Grains 100 std. Ft3*	
0.001	<10	00.65	Obvious and unpleasant odor.

0.002	10	01.30	Safe for 8 hours of exposure.
0.010	100	06.48	Kill smell in 3 – 15 minutes. May sting eyes and throat.
0.020	200	12.96	Kills smell shortly; stings eyes and throat.
0.050	500	32.96	Dizziness; breathing ceases in a few minutes; needs prompt artificial respiration.
0.070	700	45.36	Unconscious quickly; death will result if not rescued promptly.
0.100	1000	64.30	Unconscious at once; followed by death within minutes.

*at 15.00 psia and 60'f.

Use of self-contained breathing equipment (SCBA)

1. Written procedures shall be prepared covering safe use of SCBA's in dangerous atmosphere, which might be encountered in normal operations or in emergencies. Personnel shall be familiar with these procedures and the available SCBA.

2 SCBA's shall be inspected frequently at random to insure that they are properly used, cleaned, and maintained.

3. Anyone who may use the SCBA's shall be trained in how to insure proper face-piece to face seal. They shall wear SCBA's in normal air and then wear them in a test atmosphere. (note: such items as facial hair {beard or sideburns} and eyeglasses will not allow proper seal.) Anyone that may be reasonably expected to wear SCBA's should have these items removed before entering a toxic atmosphere. A special mask must be obtained for anyone who must wear eyeglasses or contact lenses.

4. Maintenance and care of SCBA's:

   a. A program for maintenance and care of SCBA's shall include the following:
      1. Inspection for defects, including leak checks.
      2. Cleaning and disinfecting.
      3. Repair.
      4. Storage.

   b. Inspection, self-contained breathing apparatus for emergency use shall be inspected monthly.
      1. Fully charged cylinders.
      2. Regulator and warning device operation.
      3. Condition of face piece and connections.
      4. Rubber parts shall be maintained to keep them pliable and prevent deterioration.

   c. Routinely used SCBA's shall be collected, cleaned and disinfected as frequently as necessary to insure proper protection is provided.

5. Persons assigned tasks that requires use of self-contained breathing equipment shall be certified physically fit (medically cleared) for breathing equipment usage at least annually.

6. SCBA's should be worn when:

   A. Any employee works near the top or on top of any tank unless test reveals less than 10 ppm of H2S.

B. When breaking out any line where H2S can reasonably be expected.

C. When sampling air in areas to determine if toxic concentrations of H2S exists.

D. When working in areas where over 10 ppm H2S has been detected.

E. At any time there is a doubt as to the H2S level in the area to be entered.

Rescue
First aid for H2S poisoning

Do not panic!

Remain calm – think!

1. Don SCBA breathing equipment.
2. Remove victim(s) utilizing buddy system to fresh air as quickly as possible. (go up-wind from source or at right angle to the wind. Not down wind.)
3. Briefly apply chest pressure – arm lift method of artificial respiration to clean the victim's lungs and to avoid inhaling any toxic gas directly from the victim's lungs.
4. Provide for prompt transportation to the hospital, and continue giving artificial respiration if needed.
5. Hospital(s) or medical facilities need to be informed, before-hand, of the possibility of H2S gas poisoning – no matter how remote the possibility is.
6. Notify emergency room personnel that the victim(s) has been exposed to H2S gas.

Besides basic first aid, everyone on location should have a good working knowledge of artificial respiration.

Surface Use Plan of Operations

Operator Name/Number: OXY USA Inc. – 16696
Lease Name/Number: Cedar Canyon 28 Federal #7H
Pool Name/Number: Pierce Crossing Bone Spring, East – 96473
Surface Location: 1695 FSL 200 FEL NESE (I) Sec 28 T24S R29E NMNM094651
Bottom Hole Location: 940 FSL 180 FWL SWSW (M) Sec 28 T24S R29E

1. Existing Roads

a. A copy of the USGS "Pierce Canyon, NM" quadrangle map is attached showing the proposed location. The well location is spotted on the map, which shows the existing road system.

b. The well was staked by Terry J. Asel, Certificate No. 15079 on 2/4/14, certified 12/12/14.

c. Directions to Location: From the intersection of USH 285 and Black River Road in Malaga, go east on CR 720 for 1.3 miles. Turn right on CR 746 and go south for 0.8 miles. Continue southeast/east for 4.7 miles. Turn right on proposed road and go south for 541'. Turn right and go west for 20' to location.

2. New of Reconstructed Access Roads:

a. A new access road will be built. The access road will run approximately 541' south and 20' west from an existing road to location.

b. The maximum width of the road will be 15'. It will be crowned and made up of 6" of rolled and compacted caliche. Water will be deflected, as necessary, to avoid accumulation and prevent surface erosion.

c. Surface material will be native caliche. This material will be obtained from a BLM approved pit nearest in proximity to the location. The average grade will be approximately 1%.

d. No cattle guards, grates or fence cuts will be required. No turnouts are planned.

e. Blade, water and repair existing caliche roads as needed.

f. Water Bars will be incorporated every 200' during the construction of the road, see attached.

3. Location of Existing Wells:

Existing wells within a one mile radius of the proposed well are shown on attached plat.

4. Location of Existing and/or Proposed Facilities:

a. In the event the well is found productive, the Cedar Canyon 28 Federal tank battery would be utilized and the necessary production equipment will be installed at the well site. See proposed Production Facilities Layout diagram.

b. Electric line will follow a route approved by the BLM, see attached for proposed route.

c. All flow lines will adhere to API standards, see attached for detail and proposed route.

5. Location and types of Water Supply

This well will be drilled using a combination of water mud systems. It will be obtained from commercial water stations in the area and will be hauled to location by transport truck using existing and proposed roads.

6. Construction Materials:

Primary

All caliche utilized for the drilling pad and proposed access road will be obtained from an existing BLM/State/Fee approved pit or from prevailing deposits found on the location. Will use BLM recommended extra caliche from other locations close by for roads, if available.

Secondary

The secondary way of obtaining caliche to build locations and roads will be by "turning over" the location. This means, caliche will be obtained from the actual well site. A caliche permit will be obtained from BLM prior to pushing up any caliche. 2400 cubic yards is max amount of caliche needed for pad and roads. Amount will vary for each pad. The procedure below has been approved by BLM personnel:

a. The top 6" of topsoil is pushed off and stockpiled along the side of the location.
b. An approximate 120' X 120' area is used within the proposed well site to remove caliche.
c. Subsoil is removed and piled alongside the 120' X 120' within the pad site.
d. When caliche is found, material will be stockpiled within the pad site to build the location and road.
e. Then subsoil is pushed back in the hole and caliche is spread accordingly across entire location and road.
f. Once the well is drilled the stockpiled top soil will be used for interim reclamation and spread along areas where caliche is picked up and the location size is reduced. Neither caliche nor subsoil will be stockpiled outside of the well pad. Topsoil will be stockpiled along the edge of the pad as depicted in the attached plat.

7. Methods of Handling Waste Material:

a. A closed loop system will be utilized consisting of above ground steel tanks and haul-off bins. Disposal of liquids, drilling fluids and cuttings will be disposed of at an approved facility. Solids-CRI, Liquids-Laguna

b. All trash, junk and other waste material will be contained in trash cages or bins to prevent scattering. When the job is completed, all contents will be removed and disposed of in an approved sanitary landfill.

c. The supplier, including broken sacks, will pickup slats remaining after completion of well.

d. A Porto-john will be provided for the rig crews. This equipment will be properly maintained during the drilling and completion operations and will be removed when all operations are complete.

e. Disposal of fluids to be transported will be by the following companies. TFH Ltd, Laguna SWD Facility

8. Ancillary Facilities: None needed.

9. Well Site Layout:

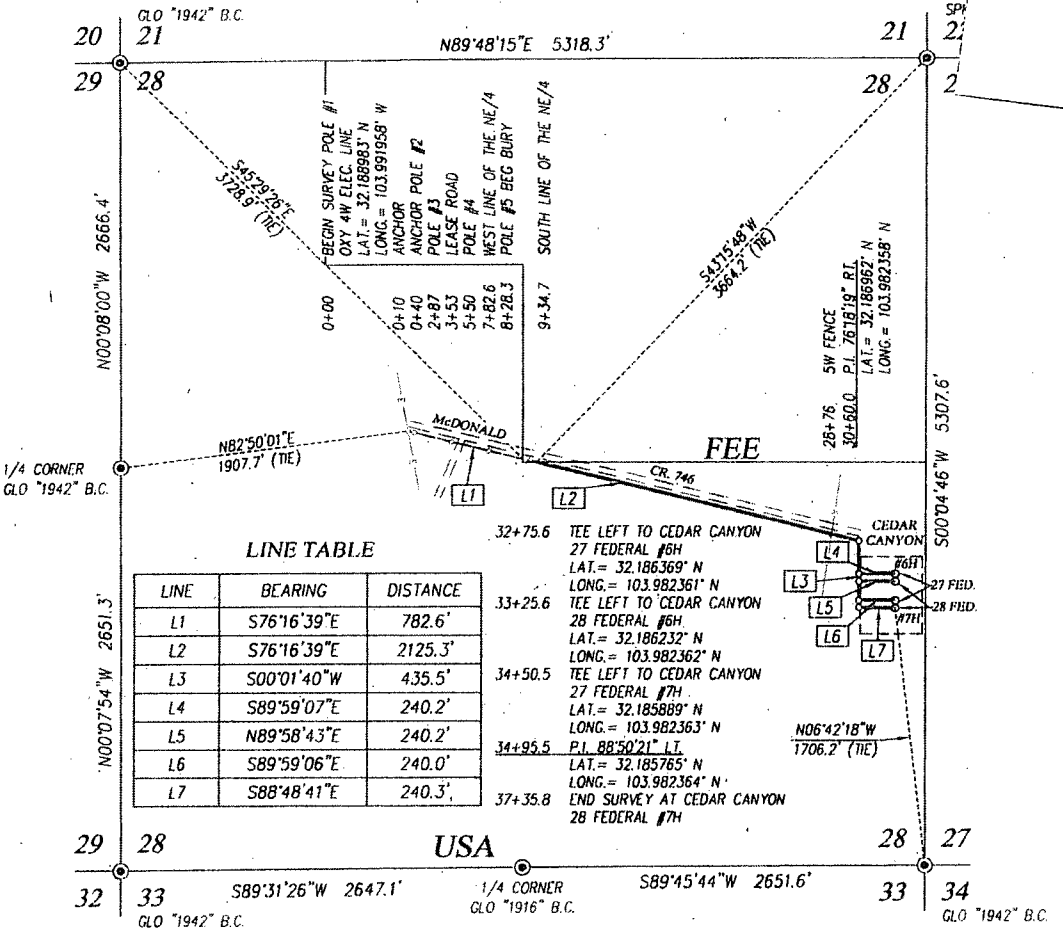
The proposed well site layout with dimensions of the pad layout and equipment location.

V-Door – East CL Tanks – North Pad – 410' X 505' – 4 wells

10. Plans for Surface Reclamation:

a. After concluding the drilling and/or completion operations, if the well is found non-commercial, the caliche will be removed from the pad and transported to the original caliche pit or used for other drilling locations. The road will be reclaimed as directed by the BLM. The original topsoil will again be returned to the pad and contoured, as close as possible, to the original topography, and the area will be seeded with an approved BLM mixture to re-establish vegetation.

Replacement Pages



LINE TABLE

LINE	BEARING	DISTANCE
L1	S76°16'39"E	782.6'
L2	S76°16'39"E	2125.3'
L3	S00°01'40"W	435.5'
L4	S89°59'07"E	240.2'
L5	N89°58'43"E	240.2'
L6	S89°59'06"E	240.0'
L7	S88°48'41"E	240.3'

32+75.6 TEE LEFT TO CEDAR CANYON 27 FEDERAL #6H
LAT.= 32.186369° N
LONG.= 103.982361° N

33+25.6 TEE LEFT TO CEDAR CANYON 28 FEDERAL #6H
LAT.= 32.186232° N
LONG.= 103.982362° N

34+50.5 TEE LEFT TO CEDAR CANYON 27 FEDERAL #7H
LAT.= 32.185889° N
LONG.= 103.982363° N

34+95.5 P.I. 88°50'21" LT.
LAT.= 32.185765° N
LONG.= 103.982364° N

37+35.8 END SURVEY AT CEDAR CANYON 28 FEDERAL #7H

N06°42'18"W 1706.2' (TIE)

DESCRIPTION

SURVEY FOR A STRIP OF LAND 50.0 FEET WIDE AND 4304.1 FEET OR 0.815 MILES IN LENGTH CROSSING USA LAND IN SECTION 28, TOWNSHIP 24 SOUTH, RANGE 29 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO, AND BEING 25.0 FEET LEFT AND 25.0 FEET RIGHT OF THE ABOVE PLATTED CENTERLINE SURVEY.

GREEN- SURFACE 782.6 FEET
RED- BURIED 3521.5 FEET
TOTAL- 4304.1 FEET

NOTE

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2) LATITUDE AND LONGITUDE VALUES SHOWN HEREON ARE RELATIVE TO THE NORTH AMERICAN DATUM 1983 (NAD83).

I, RONALD J. EIDSON, NEW MEXICO PROFESSIONAL SURVEYOR No. 3239, DO HEREBY CERTIFY THAT THIS SURVEY PLAT AND THE ACTUAL SURVEY ON THE GROUND UPON WHICH IT IS BASED WERE PERFORMED BY ME OR UNDER MY DIRECT SUPERVISION; THAT I AM RESPONSIBLE FOR THIS SURVEY; THAT THIS SURVEY MEETS THE MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO; AND THAT IT IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

RONALD J. EIDSON Ronald J. Eidson

DATE: 04/23/2015

LEGEND

◉ DENOTES FOUND CORNER AS NOTED

1000 0 1000 2000 FEET

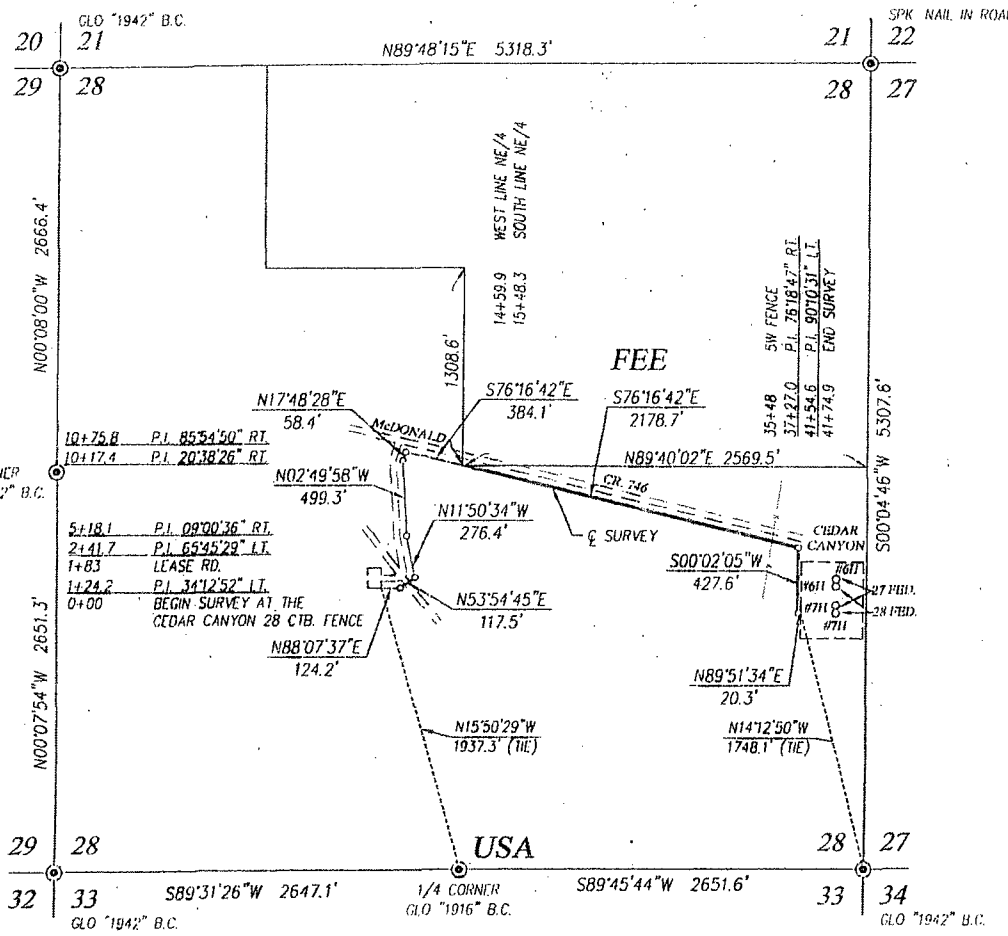
Scale: 1"=1000'

OXY U.S.A. INC.

SURVEY FOR AN ELECTRIC LINE TO THE CEDAR CANYON 27 FED. #6H, #7H & FED. 28 #6H, #7H CROSSING SECTION 28, TOWNSHIP 24 SOUTH, RANGE 29 EAST, N.M.P.M. EDDY COUNTY, NEW MEXICO

Survey Date: 2/13/15	CAD Date: 2/16/15	Drawn By: LSL
W.O. No.: 15130525	Rev: 4/23/15	Rel. W.O.: 15110235	Sheet 1 of 1

PROVIDING SURVEYING SERVICES SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO HOBBS, N.M. 88240
(575) 393-3117 www.jwsc.biz
TBPLS# 10021000



DESCRIPTION.

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TOTAL – 4086.5 FEET

SURF– BATT– TO FEE.
BURIED OUT OF FEE LAND

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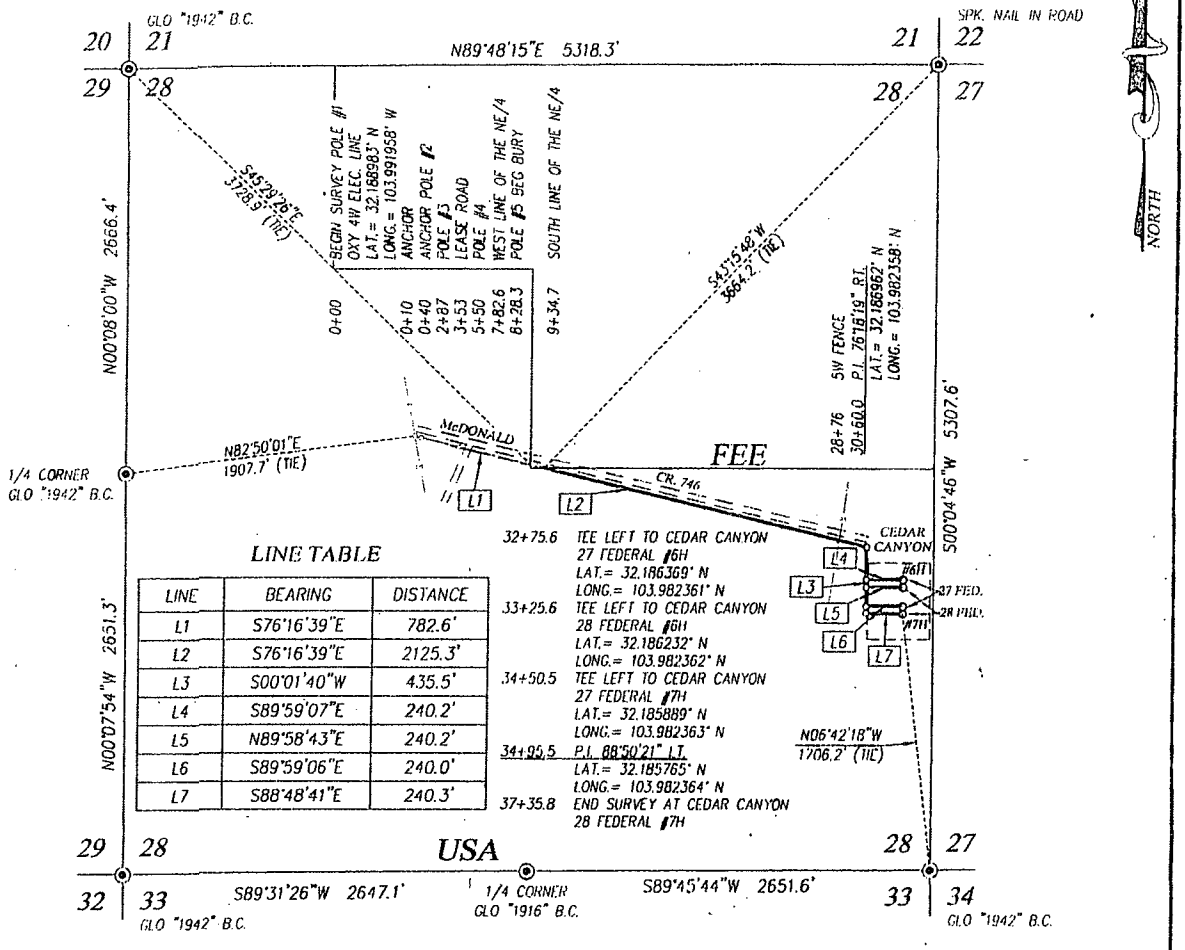

0+00 BEGIN SURVEY POLE #1 OXY 4W ELEC. LINE LAT.= 32.188983° N LONG.= 103.991958° W ANCHOR
0+10 ANCHOR POLE #2
0+40 POLE #3
2+87 LEASE ROAD
3+53 POLE #4
5+50 WEST LINE OF THE NE/4
7+82.6 POLE #5 BEG BURY
8+28.3 SOUTH LINE OF THE NE/4
9+34.7
28+76 5W FENCE
30+60.0 P.I. 76°18'19" RT. LAT.= 32.186962° N LONG.= 103.982358° W

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PROFESSIONAL SURVEYOR

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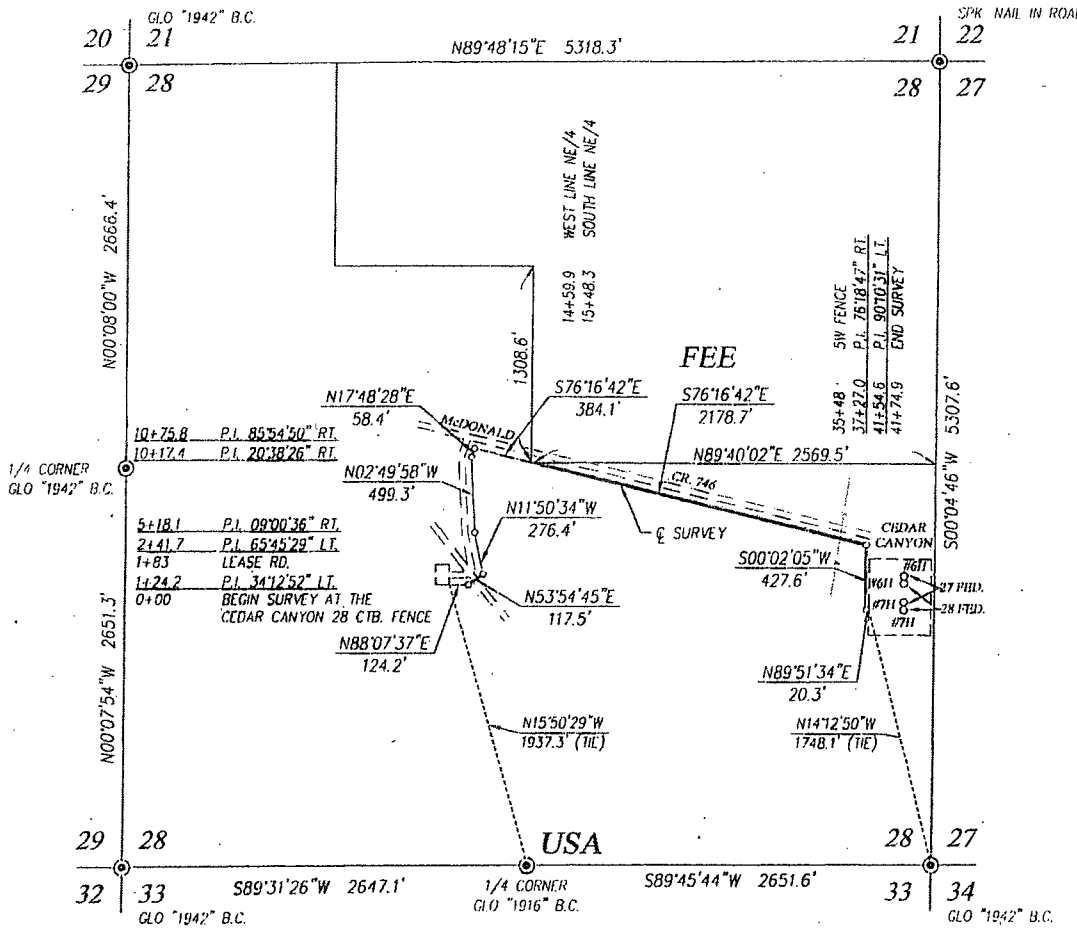

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STATE OF NEW MEXICO 3239 PROFESSIONAL SURVEYOR

LEGEND

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PECOS DISTRICT
CONDITIONS OF APPROVAL

OPERATOR'S NAME:	OXY USA, Inc
LEASE NO.:	NMNM94651
WELL NAME & NO.:	Cedar Canyon 28 Federal 7H
SURFACE HOLE FOOTAGE:	1695'/S & 200'/E
BOTTOM HOLE FOOTAGE	940'/S & 180'/W
LOCATION:	Section 28, T.24 S., R.29 E., NMPM
COUNTY:	Eddy County, New Mexico

TABLE OF CONTENTS

Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

I. GENERAL PROVISIONS

The approval of the Application For Permit To Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, the lease terms, Onshore Oil and Gas Orders, Notices To Lessees, New Mexico Oil Conservation Division (NMOCD) Rules, National Historical Preservation Act As Amended, and instructions and orders of the Authorized Officer. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

II. PERMIT EXPIRATION

If the permit terminates prior to drilling and drilling cannot be commenced within 60 days after expiration, an operator is required to submit Form 3160-5, Sundry Notices and Reports on Wells, requesting surface reclamation requirements for any surface disturbance. However, if the operator will be able to initiate drilling within 60 days after the expiration of the permit, the operator must have set the conductor pipe in order to allow for an extension of 60 days beyond the expiration date of the APD. (Filing of a Sundry Notice is required for this 60 day extension.)

III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES

Any cultural and/or paleontological resource discovered by the operator or by any person working on the operator's behalf shall immediately report such findings to the Authorized Officer. The operator is fully accountable for the actions of their contractors and subcontractors. The operator shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery shall be made by the Authorized Officer to determine the appropriate actions that shall be required to prevent the loss of significant cultural or scientific values of the discovery. The operator shall be held responsible for the cost of the proper mitigation measures that the Authorized Officer assesses after consultation with the operator on the evaluation and decisions of the discovery. Any unauthorized collection or disturbance of cultural or paleontological resources may result in a shutdown order by the Authorized Officer.

IV. NOXIOUS WEEDS

The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

V. SPECIAL REQUIREMENTS

(VRM) Visual Resources Mitigations

- Wells will be located on a single pad, spaced as closely as possible to reduce the footprint on the landscape. **Low-profile (8-feet or less) applies to all** infrastructure on the well pad.
- The buried pipeline/power line route and associated construction vehicles will follow existing roads or rights-of -ways.
- Ground disturbance and removal of vegetation shall be kept at a bare minimum.
- Natural contours of the land and existing vegetative cover shall be used to conceal the pipeline route when possible.
- All above-ground structures not subject to safety requirement shall be painted Shale Green from the BLM Standard Environmental Color Chart CC-001 to blend with the natural color of the landscape.
- Vegetation, soil, and rocks left as a result of construction or maintenance activity will be randomly scattered on the right-of-way in a natural manner and will not be left in rows, piles, or berms.
- The entire right-of-way shall be re-contoured to match the surrounding landscape. The backfilled soil shall be compacted and a 6 inch berm will be left over the ditch line to allow for settling back to grade. The holder will reseed all disturbed areas with a BLM approved seed mixture.

Cave and Karst

** Depending on location, additional Drilling, Casing, and Cementing procedures may be required by engineering to protect critical karst groundwater recharge areas.

Cave/Karst Surface Mitigation

The following stipulations will be applied to minimize impacts during construction, drilling and production.

Construction:
In the advent that any underground voids are opened up during construction activities, construction activities will be halted and the BLM will be notified immediately.

No Blasting:
No blasting will be utilized for pad construction. The pad will be constructed and leveled by adding the necessary fill and caliche.

Pad Berming:
The entire perimeter of the well pad will be bermed to prevent oil, salt, and other chemical contaminants from leaving the well pad.

- The compacted berm shall be constructed at a minimum of 12 inches high with impermeable mineral material (e.g. caliche).
- No water flow from the uphill side(s) of the pad shall be allowed to enter the well pad.
- The topsoil stockpile shall be located outside the bermed well pad.
- Topsoil, either from the well pad or surrounding area, shall not be used to construct the berm.
- No storm drains, tubing or openings shall be placed in the berm.
- If fluid collects within the bermed area, the fluid must be vacuumed into a safe container and disposed of properly at a state approved facility.
- The integrity of the berm shall be maintained around the surfaced pad throughout the life of the well and around the downsized pad after interim reclamation has been completed.
- Any access road entering the well pad shall be constructed so that the integrity of the berm height surrounding the well pad is not compromised. (Any access road crossing the berm cannot be lower than the berm height.)

Tank Battery Liners and Berms:
Tank battery locations and all facilities will be lined and bermed. A 20 mil permanent liner will be installed with a 4 oz. felt backing to prevent tears or punctures. Tank battery berms must be large enough to contain 1 ½ times the content of the largest tank.

Leak Detection System:
A method of detecting leaks is required. The method could incorporate gauges to measure loss, situating values and lines so they can be visually inspected, or installing electronic sensors to alarm when a leak is present. Leak detection plan will be submitted to BLM for approval.

Automatic Shut-off Systems:
Automatic shut off, check values, or similar systems will be installed for pipelines and tanks to minimize the effects of catastrophic line failures used in production or drilling.

Cave/Karst Subsurface Mitigation

The following stipulations will be applied to protect cave/karst and ground water concerns:

Rotary Drilling with Fresh Water:
Fresh water will be used as a circulating medium in zones where caves or karst features are expected. SEE ALSO: Drilling COAs for this well.

Directional Drilling:
Kick off for directional drilling will occur at least 100 feet below the bottom of the cave occurrence zone. SEE ALSO: Drilling COAs for this well.

Lost Circulation:

ALL lost circulation zones from the surface to the base of the cave occurrence zone will be logged and reported in the drilling report.

Regardless of the type of drilling machinery used, if a void of four feet or more and circulation losses greater than 70 percent occur simultaneously while drilling in any cave-bearing zone, the BLM will be notified immediately by the operator. The BLM will assess the situation and work with the operator on corrective actions to resolve the problem.

Abandonment Cementing:
Upon well abandonment in high cave karst areas additional plugging conditions of approval may be required. The BLM will assess the situation and work with the operator to ensure proper plugging of the wellbore.

Pressure Testing:
Annual pressure monitoring will be performed by the operator on all casing annuli and reported in a sundry notice. If the test results indicated a casing failure has occurred, remedial action will be undertaken to correct the problem to the BLM's approval.

Condition of Approval for protecting watershed:

- Surface disturbance will not be allowed (within 100 feet of drainage; or describe pad restriction).
- The entire well pad will be bermed to prevent oil, salt, and other chemical contaminants from leaving the well pad. Topsoil shall not be used to construct the berm. No water flow from the uphill side of the pad shall be allowed to enter the well pad. The berm shall be maintained through the life of the well and after interim reclamation has been completed.
- Any water erosion that may occur due to the construction of the well pad during the life of the well will be quickly corrected and proper measures will be taken to prevent future erosion.
- Stockpiling of topsoil is required. The top soil shall be stockpiled in an appropriate location to prevent loss of soil due to water or wind erosion and not used for berming or erosion control.

VI. CONSTRUCTION

A. NOTIFICATION

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (575) 234-5909 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved APD and Conditions of Approval (COA) on the well site and they shall be made available upon request by the Authorized Officer.

B. TOPSOIL

The operator shall strip the top portion of the soil (root zone) from the entire well pad area and stockpile the topsoil along the edge of the well pad as depicted in the APD. The root zone is typically six (6) inches in depth. All the stockpiled topsoil will be redistributed over the interim reclamation areas. Topsoil shall not be used for berming the pad or facilities. For final reclamation, the topsoil shall be spread over the entire pad area for seeding preparation.

Other subsoil (below six inches) stockpiles must be completely segregated from the topsoil stockpile. Large rocks or subsoil clods (not evident in the surrounding terrain) must be buried within the approved area for interim and final reclamation.

C. CLOSED LOOP SYSTEM

Tanks are required for drilling operations: No Pits.
The operator shall properly dispose of drilling contents at an authorized disposal site.

D. FEDERAL MINERAL MATERIALS PIT

Payment shall be made to the BLM prior to removal of any federal mineral materials. Call the Carlsbad Field Office at (575) 234-5972.

E. WELL PAD SURFACING

Surfacing of the well pad is not required.

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation.The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational needs.

F. EXCLOSURE FENCING (CELLARS & PITS)

Exclosure Fencing
The operator will install and maintain exclosure fencing for all open well cellars to prevent access to public, livestock, and large forms of wildlife before and after drilling operations until the pit is free of fluids and the operator initiates backfilling. (For examples of exclosure fencing design, refer to BLM's Oil and Gas Gold Book, Exclosure Fence Illustrations, Figure 1, Page 18.)

G. ON LEASE ACCESS ROADS

Road Width
The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed twenty-five (25) feet.

Surfacing
Surfacing material is not required on the new access road driving surface. If the operator elects to surface the new access road or pad, the surfacing material may be required to be removed at the time of reclamation.

Where possible, no improvements should be made on the unsurfaced access road other than to remove vegetation as necessary, road irregularities, safety issues, or to fill low areas that may sustain standing water.

The Authorized Officer reserves the right to require surfacing of any portion of the access road at any time deemed necessary. Surfacing may be required in the event the road deteriorates, erodes, road traffic increases, or it is determined to be beneficial for future field development. The surfacing depth and type of material will be determined at the time of notification.

Crowning
Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

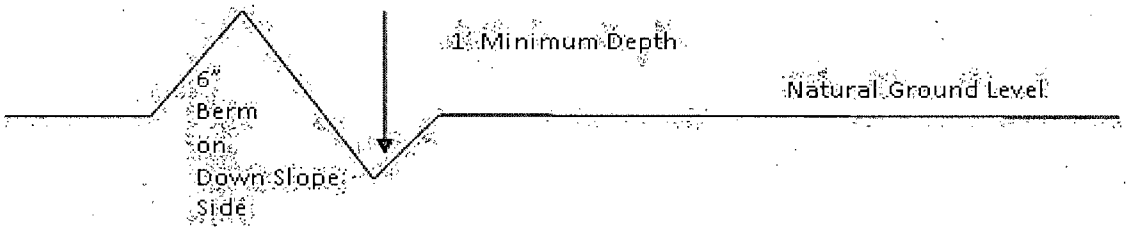
Ditching
Ditching shall be required on both sides of the road.

Turnouts
Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall conform to Figure 1; cross section and plans for typical road construction.

Drainage
Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outsloping and insloping, lead-off ditches, culvert installation, and low water crossings).

A typical lead-off ditch has a minimum depth of 1 foot below and a berm of 6 inches above natural ground level. The berm shall be on the down-slope side of the lead-off ditch.

Cross Section of a Typical Lead-off Ditch



All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval are variable for lead-off ditches and shall be determined according to the formula for spacing intervals of lead-off ditches, but may be amended depending upon existing soil types and centerline road slope (in %);

Formula for Spacing Interval of Lead-off Ditches

Example - On a 4% road slope that is 400 feet long, the water flow shall drain water into a lead-off ditch. Spacing interval shall be determined by the following formula:

400 foot road with 4% road slope: $\frac{400'}{4\%} + 100' = 200'$ lead-off ditch interval

Cattleguards

An appropriately sized cattleguard sufficient to carry out the project shall be installed and maintained at fence/road crossings. Any existing cattleguards on the access road route shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattleguards that are in place and are utilized during lease operations.

Fence Requirement

Where entry is granted across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting. The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fences.

Public Access

Public access on this road shall not be restricted by the operator without specific written approval granted by the Authorized Officer.

Construction Steps

1. Salvage topsoil
2. Construct road
3. Redistribute topsoil
4. Revegetate slopes

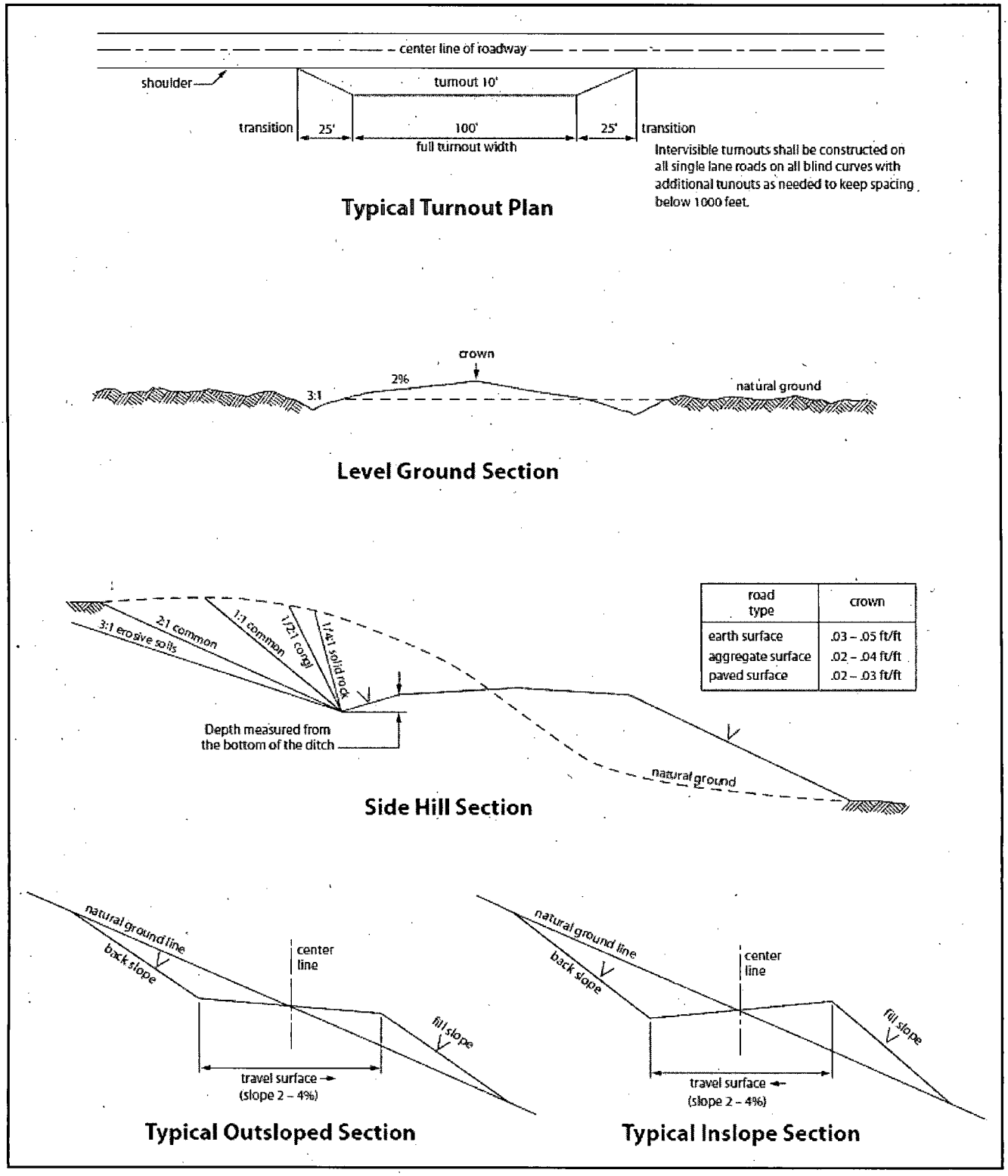


Figure 1. Cross-sections and plans for typical road sections representative of BLM resource or FS local and higher-class roads.

VII. DRILLING

A. DRILLING OPERATIONS 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)

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

1. **Hydrogen Sulfide (H2S) monitors shall be installed prior to drilling out the surface shoe. If H2S is detected in concentrations greater than 100 ppm, the Hydrogen Sulfide area shall meet Onshore Order 6 requirements, which includes equipment and personnel/public protection items. If Hydrogen Sulfide is encountered, provide measured values and formations to the BLM.**

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. **If the drilling rig is removed without approval – an Incident of Non-Compliance will be written and will be a "Major" violation.**

3. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works is located, this does not include the dog house or stairway area.

4. **The record of the drilling rate along with the GR/N well log run from TD to surface (horizontal well – vertical portion of hole) shall be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies. The Rustler top and top and bottom of Salt are to be recorded on the Completion Report.**

B. CASING

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.

Centralizers required on surface casing per Onshore Order 2.III.B.1.f.

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.

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

Medium Cave/Karst
Possibility of water flows in the Castile and Salado.
Possibility of lost circulation in the Rustler, Salado, and Delaware.

1. The **11-3/4** inch surface casing shall be set at approximately **400** feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt) and cemented to the surface. **If salt is encountered, set casing at least 25 feet above the salt.**

    a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with surface log readout will be used or a cement bond log shall be run to verify the top of the cement. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.

    b. Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.

    c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.

    d. If cement falls back, remedial cementing will be done prior to drilling out that string.

Formation below the 11-3/4" shoe to be tested according to Onshore Order 2.III.B.1.i. Test to be done as a mud equivalency test using the mud weight

necessary for the pore pressure of the formation below the shoe and the mud weight for the bottom of the hole. Report results to BLM office.

2. The minimum required fill of cement behind the **8-5/8** inch intermediate casing, which shall be set at approximately **2900** feet, is:

   ☒ Cement to surface. If cement does not circulate see B.1.a, c-d above. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to cave/karst.**

If cement does not circulate to surface on the intermediate casing, the cement on the production casing must come to surface.

Formation below the 8-5/8" shoe to be tested according to Onshore Order 2.III.B.1.i. Test to be done as a mud equivalency test using the mud weight necessary for the pore pressure of the formation below the shoe (not the mud weight required to prevent dissolving the salt formation) and the mud weight for the bottom of the hole. Report results to BLM office.

Centralizers required on horizontal leg, must be type for horizontal service and a minimum of one every other joint.

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

   ☒ Cement as proposed by operator. Operator shall provide method of verification.

4. 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.

C. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.

2. Variance approved to use flex line from BOP to choke manifold. Check condition of flexible line from BOP to choke manifold, replace if exterior is damaged or if line fails test. Line to be as straight as possible with no hard bends and is to be anchored according to Manufacturer's requirements. The flexible hose can be exchanged with a hose of equal size and equal or greater pressure rating. **Anchor requirements, specification sheet and hydrostatic pressure test certification matching the hose in service, to be onsite for review. These documents shall be posted in the company man's trailer and on the rig floor.** If the BLM inspector questions the

straightness of the hose, a BLM engineer will be contacted and will review in the field or via picture supplied by inspector to determine if changes are required (operator shall expect delays if this occurs).

3. **Operator has proposed a multi-bowl wellhead assembly. This assembly will only be tested when installed on the surface casing. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be 5000 (5M) psi.**

    a. **Wellhead shall be installed by manufacturer's representatives, submit documentation with subsequent sundry.**
    b. **If the welding is performed by a third party, the manufacturer's representative shall monitor the temperature to verify that it does not exceed the maximum temperature of the seal.**
    c. **Manufacturer representative shall install the test plug for the initial BOP test.**
    d. **Operator shall perform the intermediate casing integrity test to 70% of the casing burst. This will test the multi-bowl seals.**
    e. **If the cement does not circulate and one inch operations would have been possible with a standard wellhead, the well head shall be cut off, cementing operations performed and another wellhead installed.**

5M system requires an HCR valve, remote kill line and annular to match. The remote kill line is to be installed prior to testing the system and tested to stack pressure.

4. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.

    a. In a water basin, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. The casing cut-off and BOP installation can be initiated four hours after installing the slips, which will be approximately six hours after bumping the plug. For those casing strings not using slips, the minimum wait time before cut-off is eight hours after bumping the plug. BOP/BOPE testing can begin after cut-off or once cement reaches 500 psi compressive strength (including lead when specified), whichever is greater. However, if the float does not hold, cut-off cannot be initiated until cement reaches 500 psi compressive strength (including lead when specified).

    b. The tests shall be done by an independent service company utilizing a test plug **not a cup or J-packer**.

    a. The test shall be run on a 5000 psi chart for a 2-3M BOP/BOP, on a 10000 psi chart for a 5M BOP/BOPE and on a 15000 psi chart for a 10M BOP/BOPE. If a linear chart is used, it shall be a one hour chart. A circular chart shall

have a maximum 2 hour clock. If a twelve hour or twenty-four hour chart is used, tester shall make a notation that it is run with a two hour clock.

b. The results of the test shall be reported to the appropriate BLM office.

c. All tests are required to be recorded on a calibrated test chart. **A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.**

d. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug. This test shall be performed prior to the test at full stack pressure.

D. DRILL STEM TEST

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

E. WASTE MATERIAL AND FLUIDS

All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of drilling operations and completion operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area.

Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.

CRW 070615

VIII. PRODUCTION (POST DRILLING)

A. WELL STRUCTURES & FACILITIES

Placement of Production Facilities
Production facilities should be placed on the well pad to allow for maximum interim recontouring and revegetation of the well location.

Exclosure Netting (Open-top Tanks)
Immediately following active drilling or completion operations, the operator will take actions necessary to prevent wildlife and livestock access, including avian wildlife, to all open-topped tanks that contain or have the potential to contain salinity sufficient to cause harm to wildlife or livestock, hydrocarbons, or Resource Conservation and Recovery Act of 1976-exempt hazardous substances. At a minimum, the operator will net, screen, or

cover open-topped tanks to exclude wildlife and livestock and prevent mortality. If the operator uses netting, the operator will cover and secure the open portion of the tank to prevent wildlife entry. The operator will net, screen, or cover the tanks until the operator removes the tanks from the location or the tanks no longer contain substances that could be harmful to wildlife or livestock. Use a maximum netting mesh size of 1 ½ inches. The netting must not be in contact with fluids and must not have holes or gaps.

Chemical and Fuel Secondary Containment and Exclosure Screening
The operator will prevent all hazardous, poisonous, flammable, and toxic substances from coming into contact with soil and water. At a minimum, the operator will install and maintain an impervious secondary containment system for any tank or barrel containing hazardous, poisonous, flammable, or toxic substances sufficient to contain the contents of the tank or barrel and any drips, leaks, and anticipated precipitation. The operator will dispose of fluids within the containment system that do not meet applicable state or U. S. Environmental Protection Agency livestock water standards in accordance with state law; the operator must not drain the fluids to the soil or ground. The operator will design, construct, and maintain all secondary containment systems to prevent wildlife and livestock exposure to harmful substances. At a minimum, the operator will install effective wildlife and livestock exclosure systems such as fencing, netting, expanded metal mesh, lids, and grate covers. Use a maximum netting mesh size of 1 ½ inches.

Open-Vent Exhaust Stack Exclosures
The operator will construct, modify, equip, and maintain all open-vent exhaust stacks on production equipment to prevent birds and bats from entering, and to discourage perching, roosting, and nesting. (*Recommended exclosure structures on open-vent exhaust stacks are in the shape of a cone.*) Production equipment includes, but may not be limited to, tanks, heater-treaters, separators, dehydrators, flare stacks, in-line units, and compressor mufflers.

Containment Structures
Proposed production facilities such as storage tanks and other vessels will have a secondary containment structure that is constructed to hold the capacity of 1.5 times the largest tank, plus freeboard to account for precipitation, unless more stringent protective requirements are deemed necessary.

Painting Requirement
All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color, **Shale Green** from the BLM Standard Environmental Color Chart (CC-001: June 2008).

B. PIPELINES
STANDARD STIPULATIONS FOR SURFACE INSTALLED PIPELINES

A copy of the application (Grant, Sundry Notice, APD) and attachments, including stipulations, survey plat and/or map, will be on location during construction. BLM

personnel may request to you a copy of your permit during construction to ensure compliance with all stipulations.

Holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer:

1. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.

2. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC 2601 et seq. (1982) with regards to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation, and Liability Act, section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.

3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et seq. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et seq.) on the Right-of-Way (unless the release or threatened release is wholly unrelated to activity of the Right-of-Way holder's activity on the Right-of-Way), or resulting from the activity of the Right-of-Way holder on the Right-of-Way. This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.

4. The holder shall be liable for damage or injury to the United States to the extent provided by 43 CFR Sec. 2883.1-4. The holder shall be held to a standard of strict liability for damage or injury to the United States resulting from pipe rupture, fire, or spills caused or substantially aggravated by any of the following within the right-of-way or permit area:

a. Activities of the holder including, but not limited to construction, operation, maintenance, and termination of the facility.
b. Activities of other parties including, but not limited to:
    (1) Land clearing.
    (2) Earth-disturbing and earth-moving work.
    (3) Blasting.
    (4) Vandalism and sabotage.
c. Acts of God.

The maximum limitation for such strict liability damages shall not exceed one million dollars ($1,000,000) for any one event, and any liability in excess of such amount shall be determined by the ordinary rules of negligence of the jurisdiction in which the damage or injury occurred.

This section shall not impose strict liability for damage or injury resulting primarily from an act of war or from the negligent acts or omissions of the United States.

5. If, during any phase of the construction, operation, maintenance, or termination of the pipeline, any oil, salt water, or other pollutant should be discharged from the pipeline system, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil, salt water, or other pollutant, wherever found, shall be the responsibility of the holder, regardless of fault. Upon failure of the holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages resulting therefrom, on the Federal lands, the Authorized Officer may take such measures as he deems necessary to control and clean up the discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve the holder of any responsibility as provided herein.

6. All construction and maintenance activity will be confined to the authorized right-of-way width of **20** feet. If the pipeline route follows an existing road or buried pipeline right-of-way, the surface pipeline must be installed no farther than 10 feet from the edge of the road or buried pipeline right-of-way. If existing surface pipelines prevent this distance, the proposed surface pipeline must be installed immediately adjacent to the outer surface pipeline. All construction and maintenance activity will be confined to existing roads or right-of-ways.

7. No blading or clearing of any vegetation will be allowed unless approved in writing by the Authorized Officer.

8. The holder shall install the pipeline on the surface in such a manner that will minimize suspension of the pipeline across low areas in the terrain. In hummocky of duney areas, the pipeline will be "snaked" around hummocks and dunes rather then suspended across these features.

9. The pipeline shall be buried with a minimum of **24** inches under all roads, "two-tracks," and trails. Burial of the pipe will continue for 20 feet on each side of each crossing. The condition of the road, upon completion of construction, shall be returned to at least its former state with no bumps or dips remaining in the road surface.

10. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will contact the owner of any improvements prior to disturbing them. When

necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence. No permanent gates will be allowed unless approved by the Authorized Officer.

11. In those areas where erosion control structures are required to stabilize soil conditions, the holder will install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound resource management practices.

12. Excluding the pipe, all above-ground structures not subject to safety requirement shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be a color which simulates "Standard Environmental Colors" – **Shale Green**, Munsell Soil Color No. 5Y 4/2; designated by the Rocky Mountain Five State Interagency Committee.

13. The pipeline will be identified by signs at the point of origin and completion of the right-of-way and at all road crossings. At a minimum, signs will state the holder's name, BLM serial number, and the product being transported. Signs will be maintained in a legible condition for the life of the pipeline.

14. The holder shall not use the pipeline route as a road for purposes other than routine maintenance as determined necessary by the Authorized Officer in consultation with the holder. The holder will take whatever steps are necessary to ensure that the pipeline route is not used as a roadway.

15. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the authorized officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the authorized officer. An evaluation of the discovery will be made by the authorized officer to determine appropriate cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the authorized officer after consulting with the holder.

16. The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, powerline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

17. Surface pipelines must be less than or equal to 4 inches and a working pressure below 125 psi.

BURIED PIPELINE STIPULATIONS

A copy of the application (Grant, APD, or Sundry Notice) and attachments, including conditions of approval, survey plat and/or map, will be on location during construction. BLM personnel may request to you a copy of your permit during construction to ensure compliance with all stipulations.

Holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer:

1. The Holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.

2. The Holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC 2601 et seq. (1982) with regards to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant. (See 40 CFR Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation, and Liability Act, section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.

3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et seq. or the Resource Conservation and Recovery Act, 42 U.S.C.6901, et seq.) on the Right-of-Way (unless the release or threatened release is wholly unrelated to the Right-of-Way holder's activity on the Right-of-Way), or resulting from the activity of the Right-of-Way holder on the Right-of-Way. This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.

4. If, during any phase of the construction, operation, maintenance, or termination of the pipeline, any oil or other pollutant should be discharged from the pipeline system, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil or other pollutant, wherever found, shall be the responsibility of holder, regardless of fault. Upon failure of holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages resulting therefrom, on the Federal lands, the Authorized Officer may take such measures as he deems necessary to control and clean up the discharge and restore the area, including where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve holder of any responsibility as provided herein.
5. All construction and maintenance activity will be confined to the authorized right-of-way.

6. The pipeline will be buried with a minimum cover of **36** inches between the top of the pipe and ground level.

7. The maximum allowable disturbance for construction in this right-of-way will be **30** feet:

- Blading of vegetation within the right-of-way will be allowed: maximum width of blading operations will not exceed **20** feet. The trench is included in this area. (*Blading is defined as the complete removal of brush and ground vegetation.*)

- Clearing of brush species within the right-of-way will be allowed: maximum width of clearing operations will not exceed **30** feet. The trench and bladed area are included in this area. (*Clearing is defined as the removal of brush while leaving ground vegetation (grasses, weeds, etc.) intact. Clearing is best accomplished by holding the blade 4 to 6 inches above the ground surface.*)

- The remaining area of the right-of-way (if any) shall only be disturbed by compressing the vegetation. (*Compressing can be caused by vehicle tires, placement of equipment, etc.*)

8. The holder shall stockpile an adequate amount of topsoil where blading is allowed. The topsoil to be stripped is approximately ___6___ inches in depth. The topsoil will be segregated from other spoil piles from trench construction. The topsoil will be evenly distributed over the bladed area for the preparation of seeding.

9. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence. No permanent gates will be allowed unless approved by the Authorized Officer.

10. Vegetation, soil, and rocks left as a result of construction or maintenance activity will be randomly scattered on this right-of-way and will not be left in rows, piles, or berms, unless otherwise approved by the Authorized Officer. The entire right-of-way shall be recontoured to match the surrounding landscape. The backfilled soil shall be compacted and a 6 inch berm will be left over the ditch line to allow for settling back to grade.

11. In those areas where erosion control structures are required to stabilize soil conditions, the holder will install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound resource management practices.

12. The holder will reseed all disturbed areas. Seeding will be done according to the attached seeding requirements, using the following seed mix.

( ) seed mixture 1	( ) seed mixture 3
(X) seed mixture 2	( ) seed mixture 4
( ) seed mixture 2/LPC	( ) Aplomado Falcon Mixture

13. All above-ground structures not subject to safety requirements shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be color which simulates "Standard Environmental Colors" – **Shale Green**, Munsell Soil Color No. 5Y 4/2.

14. The pipeline will be identified by signs at the point of origin and completion of the right-of-way and at all road crossings. At a minimum, signs will state the holder's name, BLM serial number, and the product being transported. All signs and information thereon will be posted in a

permanent, conspicuous manner, and will be maintained in a legible condition for the life of the pipeline.

15. The holder shall not use the pipeline route as a road for purposes other than routine maintenance as determined necessary by the Authorized Officer in consultation with the holder before maintenance begins. The holder will take whatever steps are necessary to ensure that the pipeline route is not used as a roadway. As determined necessary during the life of the pipeline, the Authorized Officer may ask the holder to construct temporary deterrence structures.

16. Any cultural and/or paleontological resources (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the Authorized Officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery will be made by the Authorized Officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the Authorized Officer after consulting with the holder.

17. The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes associated roads, pipeline corridor and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

18. Escape Ramps - The operator will construct and maintain pipeline/utility trenches that are not otherwise fenced, screened, or netted to prevent livestock, wildlife, and humans from becoming entrapped. At a minimum, the operator will construct and maintain escape ramps, ladders, or other methods of avian and terrestrial wildlife escape in the trenches according to the following criteria:

a. Any trench left open for eight (8) hours or less is not required to have escape ramps; however, before the trench is backfilled, the contractor/operator shall inspect the trench for wildlife, remove all trapped wildlife, and release them at least 100 yards from the trench.
b. For trenches left open for eight (8) hours or more, earthen escape ramps (built at no more than a 30 degree slope and spaced no more than 500 feet apart) shall be placed in the trench.

C. Electric Line

STIPULATIONS FOR BURIED ELECTRIC DISTRIBUTION LINES

The holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer, BLM.

1. The Holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this authorization.

2. The Holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the Holder shall comply with the Toxic Substances Control Act of 1976, as amended (15 U.S.C. 2601, et. seq.) with regard to any toxic substances that are used, generated by or stored on the powerline route or on facilities authorized. (See 40

CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation and Liability Act, Section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the Authorized Officer concurrent with the filing of the reports to the involved Federal agency or State government.

3. The Holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et. seq. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et. seq.) on the right-of-way (unless the release or threatened release is wholly unrelated to the right-of-way Holder's activity on the pipeline). This agreement applies without regard to whether a release is caused by the Holder, its agent, or unrelated third parties.

4. If, during any phase of the construction, operation, maintenance, or termination of the pipeline, any oil or other pollutant should be discharged, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil or other pollutant, wherever found, shall be the responsibility of the Holder, regardless of fault. Upon failure of the holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages to Federal lands resulting therefrom, the Authorized Officer may take such measures as deemed necessary to control and cleanup the discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the Holder. Such action by the Authorized Officer shall not relieve the Holder of any liability or responsibility.

5. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the Holder, or any person working on the Holder's behalf, on public or Federal land shall be immediately reported to the Authorized Officer. The Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery will be made by the Authorized Officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The Holder will be responsible for the cost of evaluation and any decision as to the proper mitigation measures will be made by the Authorized Officer after consulting with the holder.

6. The holder is hereby obligated to comply with procedures established in the Native American Graves Protection and Repatriation Act (NAGPRA) to protect such cultural items as human remains, associated funerary objects, sacred objects, and objects of cultural patrimony discovered inadvertently during the course of project implementation. In the event that any of the cultural items listed above are discovered during the course of project work, the proponent shall immediately halt the disturbance and contact the BLM within 24 hours for instructions. The proponent or initiator of any project shall be held responsible for protecting, evaluating, reporting, excavating, treating, and disposing of these cultural items according to the procedures established by the BLM in consultation with Indian Tribes."

7. The holder shall be held responsible if noxious weeds become established within the area. Evaluation of growth of the noxious weeds shall be made upon discovery. Weed control will be required on the disturbed lands resulting from this actions, which include the roads, pads and associated pipelines and on adjacent lands affected by the establishment of weeds due to this action.

The holder shall insure that the equipment and or vehicles that will be used to construct, maintain and administer the access roads, well pad, and resulting well are not polluted with invasive and noxious weed seeds. Transporting of invasive and noxious weed seeds could occur if the equipment and vehicles were previously used in noxious weed infested areas. In order to prevent the spread of noxious weeds, the Authorized Officer shall require that the equipment and vehicles be cleaned with either high pressure water or air prior to construction, maintenance and administration of the access roads, well pad, and resulting well.

The holder is responsible for consultation with the authorized officer and/or local authorities for acceptable weed control methods, which include following EPA and BLM requirements and policy.

8. The holder shall be responsible for maintaining the site in a sanitary condition at all times; waste materials shall be disposed of promptly at an appropriate waste disposal site. "Waste" means all discarded matter including, but not limited to human waste, trash, garbage, refuse, oil drums, petroleum products, ashes and equipment.

9. The holder shall conduct all activities associated with the construction, operation and termination of the powerline within the authorized limits.

10. No blading or clearing of any vegetation will be allowed unless approved in writing by the Authorized Officer.

11. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair impacted improvements to at least their former state. The holder shall contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence will be braced on both sides of the passageway prior to cutting of the fence. No permanent gates will be allowed unless approved by the Authorized Officer.

12. Construction trenches left open over night shall be covered. Covers shall be secured in place and shall be strong enough to prevent livestock or wildlife from falling through and into a hole.

13. The holder shall evenly spread the excess soil excavated from trench in the immediate vicinity of the trench structure.

14. The BLM serial number assigned to this right-of-way grant shall be posted in a permanent, conspicuous manner, and be maintained in a legible condition for the term of the right-of-way at all major road crossings and at all serviced facilities. Numbers will be at least two inches high and will be affixed to the pole nearest the road crossing and at the facilities served.

15. Upon cancellation, relinquishment, or expiration of this grant, the holder shall comply with those abandonment procedures as prescribed by the Authorized Officer.

16. All surface structures (poles, lines, transformers, etc.) shall be removed within 180 days of abandonment, relinquishment, or termination of use of the serviced facilities or within 180 days of abandonment, relinquishment, or termination of this grant, whichever comes first. This will not apply where the power line extends to serve an active, adjoining facility or facilities.

17. Escape Ramps - The operator will construct and maintain pipeline/utility trenches that are not otherwise fenced, screened, or netted to prevent livestock, wildlife, and humans from becoming entrapped. At a minimum, the operator will construct and maintain escape ramps, ladders, or other methods of avian and terrestrial wildlife escape in the trenches according to the following criteria:

a. Any trench left open for eight (8) hours or less is not required to have escape ramps; however, before the trench is backfilled, the contractor/operator shall inspect the trench for wildlife, remove all trapped wildlife, and release them at least 100 yards from the trench.
b. For trenches left open for eight (8) hours or more, earthen escape ramps (built at no more than a 30 degree slope and spaced no more than 500 feet apart) shall be placed in the trench.

18. The construction of this project will consist of digging a trench to a depth of at least 40 inches. Then installing the power line and covering with backfill dirt. After completing construction of the buried power line, the line shall be marked with underground power line warning signs at least every 1,000 feet.

STANDARD STIPULATIONS FOR OVERHEAD ELECTRIC DISTRIBUTION LINES

A copy of the grant and attachments, including stipulations, survey plat and/or map, will be on location during construction. BLM personnel may request to you a copy of your permit during construction to ensure compliance with all stipulations.

Holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer:

1. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.

2. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC 2601 et seq. (1982) with regards to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation, and Liability Act, section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.

3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et seq. or the

Resource Conservation and Recovery Act, 42 U.S.C. 6901, et seq.) on the Right-of-Way (unless the release or threatened release is wholly unrelated to the Right-of-Way holder's activity on the Right-of-Way), or resulting from the activity of the Right-of-Way holder on the Right-of-Way. This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.

4. There will be no clearing or blading of the right-of-way unless otherwise agreed to in writing by the Authorized Officer.

5. Power lines shall be constructed and designed in accordance to standards outlined in "Suggested Practices for Avian Protection on Power lines: The State of the Art in 2006" Edison Electric Institute, APLIC, and the California Energy Commission 2006 . The holder shall assume the burden and expense of proving that pole designs not shown in the above publication deter raptor perching, roosting, and nesting. Such proof shall be provided by a raptor expert approved by the Authorized Officer. The BLM reserves the right to require modification or additions to all powerline structures placed on this right-of-way, should they be necessary to ensure the safety of large perching birds. Such modifications and/or additions shall be made by the holder without liability or expense to the United States.

Raptor deterrence will consist of but not limited to the following: triangle perch discouragers shall be placed on each side of the cross arms and a nonconductive perching deterrence shall be placed on all vertical poles that extend past the cross arms.

6. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting the fence. No permanent gates will be allowed unless approved by the Authorized Officer.

7. The BLM serial number assigned to this authorization shall be posted in a permanent, conspicuous manner where the power line crosses roads and at all serviced facilities. Numbers will be at least two inches high and will be affixed to the pole nearest the road crossing and at the facilities served.

8. Upon cancellation, relinquishment, or expiration of this grant, the holder shall comply with those abandonment procedures as prescribed by the Authorized Officer.

9. All surface structures (poles, lines, transformers, etc.) shall be removed within 180 days of abandonment, relinquishment, or termination of use of the serviced facility or facilities or within 180 days of abandonment, relinquishment, cancellation, or expiration of this grant, whichever comes first. This will not apply where the power line extends service to an active, adjoining facility or facilities.

10. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the Authorized Officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery will be made by the Authorized Officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation

measures will be made by the Authorized Officer after consulting with the holder.

11. Special Stipulations:
- For reclamation remove poles, lines, transformer, etc. and dispose of properly.
- Fill in any holes from the poles removed.

IX. INTERIM RECLAMATION

During the life of the development, all disturbed areas not needed for active support of production operations should undergo interim reclamation in order to minimize the environmental impacts of development on other resources and uses.

Within six (6) months of well completion, operators should work with BLM surface management specialists (Jim Amos: 575-234-5909) to devise the best strategies to reduce the size of the location. Interim reclamation should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche that is free of contaminants may be used for road repairs, fire walls or for building other roads and locations. In order to operate the well or complete workover operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area. Disturbing revegetated areas for production or workover operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be revegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

All disturbed areas after they have been satisfactorily prepared need to be reseeded with the seed mixture provided below.

Upon completion of interim reclamation, the operator shall submit a Sundry Notices and Reports on Wells, Subsequent Report of Reclamation (Form 3160-5).

X. FINAL ABANDONMENT & RECLAMATION

At final abandonment, well locations, production facilities, and access roads must undergo "final" reclamation so that the character and productivity of the land are restored.

Earthwork for final reclamation must be completed within six (6) months of well plugging. All pads, pits, facility locations and roads must be reclaimed to a satisfactory revegetated, safe, and stable condition, unless an agreement is made with the landowner or BLM to keep the road and/or pad intact.

After all disturbed areas have been satisfactorily prepared, these areas need to be revegetated with the seed mixture provided below. Seeding should be accomplished by drilling on the contour whenever practical or by other approved methods. Seeding may need to be repeated until revegetation is successful, as determined by the BLM.

Operators shall contact a BLM surface protection specialist prior to surface abandonment operations for site specific objectives (Jim Amos: 575-234-5909).

Ground-level Abandoned Well Marker to avoid raptor perching: Upon the plugging and subsequent abandonment of the well, the well marker will be installed at ground level on a plate containing the pertinent information for the plugged well.

Seed Mixture 2, for Sandy Sites

The holder shall seed all disturbed areas with the seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)* per acre. There shall be no primary or secondary noxious weeds in the seed mixture. Seed will be tested and the viability testing of seed will be done in accordance with State law (s) and within nine (9) months prior to purchase. Commercial seed will be either certified or registered seed. The seed container will be tagged in accordance with State law(s) and available for inspection by the authorized officer.

Seed will be planted using a drill equipped with a depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture will be evenly and uniformly planted over the disturbed area (smaller/heavier seeds have a tendency to drop the bottom of the drill and are planted first). The holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed will be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre are to be doubled. The seeding will be repeated until a satisfactory stand is established as determined by the authorized officer. Evaluation of growth will not be made before completion of at least one full growing season after seeding.

Species to be planted in pounds of pure live seed* per acre:

Species	lb/acre
Sand dropseed (Sporobolus cryptandrus)	1.0
Sand love grass (Eragrostis trichodes)	1.0
Plains bristlegrass (Setaria macrostachya)	2.0

*Pounds of pure live seed:

Pounds of seed x percent purity x percent germination = pounds pure live seed