

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No. NMNM0546732A	
6. If Indian, Allottee or Tribe Name	
7. If Unit or CA Agreement, Name and No.	
8. Lease Name and Well No. ARKENSTONE 31 FEDERAL 2H 326150	
9. API Well No. 30015 46677	
1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER	10. Field and Pool, or Exploratory RED HILLS / WOLFCAMP
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other	11. Sec., T. R. M. or Blk. and Survey or Area SEC 31 / T23S / R31E / NMP
1c. Type of Completion: <input type="checkbox"/> Hydraulic Fracturing <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone	12. County or Parish EDDY
2. Name of Operator OXY USA INCORPORATED	13. State NM
3a. Address 5 Greenway Plaza, Suite 110 Houston TX 77046	14. Distance in miles and direction from nearest town or post office* 8 miles
3b. Phone No. (include area code) (713)366-5716	15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 20 feet
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface NWNW / 130 FNL / 930 FWL / LAT 32.267817 / LONG -103.822632 At proposed prod. zone SWSW / 20 FSL / 900 FWL / LAT 32.253707 / LONG -103.82273	16. No of acres in lease 607.8
	17. Spacing Unit dedicated to this well 320
	18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 35 feet
	19. Proposed Depth 10075 feet / 15564 feet
	20. BLM/BIA Bond No. in file FED: ESB000226
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3347 feet	22. Approximate date work will start* 11/04/2019
	23. Estimated duration 15 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, and the Hydraulic Fracturing rule per 43 CFR 3162.3-3 (as applicable)

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

25. Signature (Electronic Submission)	Name (Printed/Typed) Sarah Chapman / Ph: (713)350-4997	Date 02/05/2019
Title Regulatory Specialist		
Approved by (Signature) (Electronic Submission)	Name (Printed/Typed) Cody Layton / Ph: (575)234-5959	Date 01/29/2020
Title Assistant Field Manager Lands & Minerals		
Office CARLSBAD		

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

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.



KS 2-10-20

PECOS DISTRICT DRILLING CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Oxy USA Incorporated
LEASE NO.:	NMNM0546732A
WELL NAME & NO.:	Arkenstone 31 Federal 2H
SURFACE HOLE FOOTAGE:	130'/N & 930'/W
BOTTOM HOLE FOOTAGE:	20'/S & 1310'/W
LOCATION:	Section 31, T.23 S., R.31 E., NMPM
COUNTY:	Eddy County, New Mexico

COA

H2S	<input type="radio"/> Yes	<input type="radio"/> No	
Potash	<input type="radio"/> None	<input type="radio"/> Secretary	<input checked="" type="radio"/> R-111-P
Cave/Karst Potential	<input checked="" type="radio"/> Low	<input type="radio"/> Medium	<input type="radio"/> High
Variance	<input type="radio"/> None	<input checked="" type="radio"/> Flex Hose	<input type="radio"/> Other
Wellhead	<input type="radio"/> Conventional	<input type="radio"/> Multibowl	<input checked="" type="radio"/> Both
Other	<input type="checkbox"/> 4 String Area	<input type="checkbox"/> Capitan Reef	<input type="checkbox"/> WIPP
Other	<input checked="" type="checkbox"/> Fluid Filled	<input checked="" type="checkbox"/> Cement Squeeze	<input type="checkbox"/> Pilot Hole
Special Requirements	<input type="checkbox"/> Water Disposal	<input type="checkbox"/> COM	<input type="checkbox"/> Unit

Break Testing	<input type="radio"/> Yes	<input checked="" type="radio"/> No
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A. HYDROGEN SULFIDE

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.

B. CASING

Primary Casing Design:

1. The 13-3/8 inch surface casing shall be set at approximately **402 feet** (a minimum of **70 feet (Eddy County)** into the Rustler Anhydrite and above the salt) and cemented to the surface.
 - 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 will be a minimum of **24 hours in the Potash Area** or 500 pounds compressive strength, whichever is greater. (This is to include the lead cement)
 - 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.
2. The 9-5/8 inch intermediate casing shall be set at approximately 4050 feet. The minimum required fill of cement behind the 9-5/8 inch intermediate casing is:

Option 1 (Single Stage):

- 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 or potash.**

Option 2:

Operator has proposed a DV tool, the depth may be adjusted as long as the cement is changed proportionally. The DV tool may be cancelled if cement circulates to surface on the first stage.

- a. First stage to DV tool: Cement to circulate. If cement does not circulate off the DV tool, contact the appropriate BLM office before proceeding with second stage cement job.
 - b. Second stage above DV tool:
 - Cement to surface. If cement does not circulate, contact the appropriate BLM office. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to cave/karst or potash.**
3. The minimum required fill of cement behind the 5 1/2 x 4 1/2 inch production casing is:

Option 1 (Single Stage):

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

Option 2:

Operator has proposed a DV tool, the depth may be adjusted as long as the cement is changed proportionally. The DV tool may be cancelled if cement circulates to surface on the first stage.

- a. First stage to DV tool: Cement to circulate. If cement does not circulate off the DV tool, contact the appropriate BLM office before proceeding with second stage cement job.
- b. Second stage above DV tool:
 - Cement to surface. If cement does not circulate, contact the appropriate BLM office.

Operator has proposed to pump down 9-5/8" X 5 1/2 x 4 1/2" annulus. Operator must run a CBL or ECHO-METER from TD of the 5 1/2 x 4 1/2" casing to surface. Submit results to BLM. Excess calculates to 7% - additional cement might be required.

Alternate Casing Design:

Intermediate casing must be kept fluid filled to meet BLM minimum collapse requirement.

3. The minimum required fill of cement behind the 7-5/8 inch intermediate casing is:

Option 1 (Single Stage):

- 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 or potash.**

Option 2:

Operator has proposed a DV tool, the depth may be adjusted as long as the cement is changed proportionally. The DV tool may be cancelled if cement circulates to surface on the first stage.

- c. First stage to DV tool: Cement to circulate. If cement does not circulate off the DV tool, contact the appropriate BLM office before proceeding with second stage cement job.
- d. Second stage above DV tool:
 - Cement to surface. If cement does not circulate, contact the appropriate BLM office.

Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to cave/karst or potash.

Operator has proposed to pump down 9-5/8" X 7-5/8" annulus. Operator must run a CBL or ECHO-METER from TD of the 7-5/8" casing to surface. Submit results to BLM. Excess calculates to 8% - additional cement might be required.

4. The minimum required fill of cement behind the 5 1/2 x 4 1/2 inch production casing is:

- Cement should tie-back **500 feet** into the previous casing. Operator shall provide method of verification.

C. PRESSURE CONTROL

1. Variance approved to use flex line from BOP to choke manifold. Manufacturer's specification to be readily available. No external damage to flex line. Flex line to be installed as straight as possible (no hard bends).'

2.

Option 1:

- a. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **3000 (3M) psi**.

Option 2:

1. 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 **3000 (3M) 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. 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.
 - e. Whenever any seal subject to test pressure is broken, all the tests in OOGO2.III.A.2.i must be followed.

D. SPECIAL REQUIREMENT (S)

Offline Cementing

- Contact the BLM prior to the commencement of any offline cementing procedure.

BOP Break Testing Variance

- BOP break testing is not permitted on this well pending submission of a break testing sundry.

GENERAL REQUIREMENTS

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

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

Eddy County

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

Lea County

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

1. 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.
 - a. In the event the operator has proposed to drill multiple wells utilizing a skid/walking rig. Operator shall secure the wellbore on the current well, after installing and testing the wellhead, by installing a blind flange of like pressure rating to the wellhead and a pressure gauge that can be monitored while drilling is performed on the other well(s).
 - b. When the operator proposes to set surface casing with Spudder Rig
 - Notify the BLM when moving in and removing the Spudder Rig.
 - Notify the BLM when moving in the 2nd Rig. Rig to be moved in within 90 days of notification that Spudder Rig has left the location.
 - BOP/BOPE test to be conducted per Onshore Oil and Gas Order No. 2 as soon as 2nd Rig is rigged up on well.
2. 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 are located, this does not include the dog house or stairway area.
3. 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.

A. CASING

1. Changes to the approved APD casing program need prior approval if the items substituted are of lesser grade or different casing size or are Non-API. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-55 to N-80, or from 36# to 40#). Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.). The initial wellhead installed on the well will remain on the well with spools used as needed.
2. Wait on cement (WOC) for Potash Areas: After cementing but before commencing any tests, the casing string shall stand cemented under pressure until both of the following conditions have been met: 1) cement reaches a minimum compressive strength of 500 psi for all cement blends, 2) until cement has been in place at least 24 hours. WOC time will be recorded in the driller's log. The casing integrity test can be done (prior to the cement setting up) immediately after bumping the plug.
3. Wait on cement (WOC) for Water Basin: After cementing but before commencing any tests, the casing string shall stand cemented under pressure until both of the following conditions have been met: 1) cement reaches a minimum compressive strength of 500 psi at the shoe, 2) until cement has been in place at least 8 hours. WOC time will be recorded in the driller's log. See individual casing strings for details regarding lead cement slurry requirements. The casing integrity test can be done (prior to the cement setting up) immediately after bumping the plug.
4. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. Have well specific cement details onsite prior to pumping the cement for each casing string.
5. No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.
6. On that portion of any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Formation at the shoe shall be tested to a minimum of the mud weight equivalent anticipated to control the formation pressure to the next casing depth or at total depth of the well. This test shall be performed before drilling more than 20 feet of new hole.
7. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.
8. Whenever a casing string is cemented in the R-111-P potash area, the NMOCD requirements shall be followed.

B. 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. If a variance is approved for a flexible hose to be installed from the BOP to the choke manifold, the following requirements apply: 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.
3. 5M or higher 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. If the operator has proposed a multi-bowl wellhead assembly in the APD. The following requirements must be met:
 - 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. Whenever any seal subject to test pressure is broken, all the tests in OOGO2.III.A.2.i must be followed.
 - 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.
5. 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. In potash areas, 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. For all casing strings, casing cut-off and BOP installation can be initiated at twelve hours after bumping the plug. However, **no tests** shall commence until the cement has had a minimum of 24 hours setup time, except the casing pressure test can be initiated immediately after bumping the plug (only applies to single stage cement jobs).
- c. The tests shall be done by an independent service company utilizing a test plug not a cup or J-packer. The operator also has the option of utilizing an independent tester to test without a plug (i.e. against the casing) pursuant to Onshore Order 2 with the pressure not to exceed 70% of the burst rating for the casing. Any test against the casing must meet the WOC time for water basin (8 hours) or potash (24 hours) or 500 pounds compressive strength, whichever is greater, prior to initiating the test (see casing segment as lead cement may be critical item).
- d. 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.
- e. The results of the test shall be reported to the appropriate BLM office.
- f. 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.
- g. 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.
- h. BOP/BOPE must be tested by an independent service company within 500 feet of the top of the Wolfcamp formation if the time between the setting of the intermediate casing and reaching this depth exceeds 20 days. This test does not exclude the test prior to drilling out the casing shoe as per Onshore Order No. 2.

C. DRILLING MUD

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

D. 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.

NMK12302019

**PECOS DISTRICT
SURFACE USE
CONDITIONS OF APPROVAL**

OPERATOR'S NAME:	OXY USA INCORPORATED
WELL NAME & NO.:	Arkenstone 31 Federal 2H
SURFACE HOLE FOOTAGE:	130'N & 930'W
BOTTOM HOLE FOOTAGE:	20'S & 1310'W
LOCATION:	Section 31, T.23 S., R.31 E., NMPM
COUNTY:	Eddy County, New Mexico

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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.

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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 REQUIREMENT(S)

Timing Limitation Stipulation / Condition of Approval for lesser prairie-chicken:

Oil and gas activities including 3-D geophysical exploration, and drilling will not be allowed in lesser prairie-chicken habitat during the period from March 1st through June 15th annually. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, pipeline, road, and well pad construction, will be allowed except between 3:00 am and 9:00 am. The 3:00 am to 9:00 am restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during this period. Additionally, no new drilling will be allowed within up to 200 meters of leks known at the time of permitting. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 feet from the source of the noise.

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. For more installation details, contact the Carlsbad Field Office at 575-234-5972.

This authorization is subject to your Certificate of Participation and/or Certificate of Inclusion under the New Mexico Candidate Conservation Agreement. Because it involves surface disturbing activities covered under your Certificate, your Habitat Conservation Fund Account with the Center of Excellence for Hazardous Materials Management (CEHMM) will be debited according to Exhibit B Part 2 of the Certificate of Participation.

Timing Limitation Exceptions:

The Carlsbad Field Office will publish an annual map of where the LPC timing and noise stipulations and conditions of approval (Limitations) will apply for the identified year (between March 1 and June 15) based on the latest survey information. The LPC Timing Area map will identify areas which are Habitat Areas (HA), Isolated Population Area (IPA), and Primary Population Area (PPA). The LPC Timing Area map will also have an area in red crosshatch. The red crosshatch area is the only area where an operator is required to submit a request for exception to the LPC Limitations. If an operator is operating outside the red crosshatch area, the LPC Limitations do not apply for that year and an exception to LPC Limitations is not required.

Cattleguards

Where a permanent cattleguard is approved, an appropriately sized cattleguard(s) sufficient to carry out the project shall be installed and maintained at fence crossing(s). Any existing cattleguard(s) on the access road 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 cattleguard(s) that are in place and are utilized during lease operations. A gate shall be constructed on one side of the cattleguard and fastened securely to H-braces.

Fence Requirement

Where entry granted across a fence line, the fence must be braced and tied off on both sides of the passageway prior to cutting. Once the work is completed, the fence will be restored to its prior condition, or better. The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fence(s).

Livestock Watering Requirement

Structures that provide water to livestock, such as windmills, pipelines, drinking troughs, and earthen reservoirs, will be avoided by moving the proposed action

Potash Minerals

Measures to minimize impacts to potash mineral reserves have been considered during the BLM's planning process by establishment of the Twin Wells Drill Island. No additional special mitigation or requirements have been identified by the BLM.

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

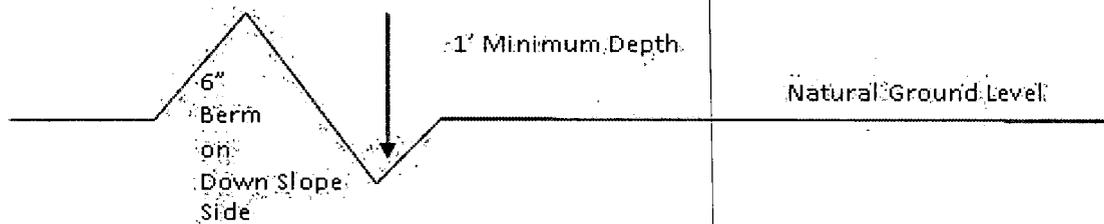
Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall conform to Figure 1; cross section and plans for typical road construction.

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:

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

Cattle guards

An appropriately sized cattle guard sufficient to carry out the project shall be installed and maintained at fence/road crossings. Any existing cattle guards 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 cattle guards 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

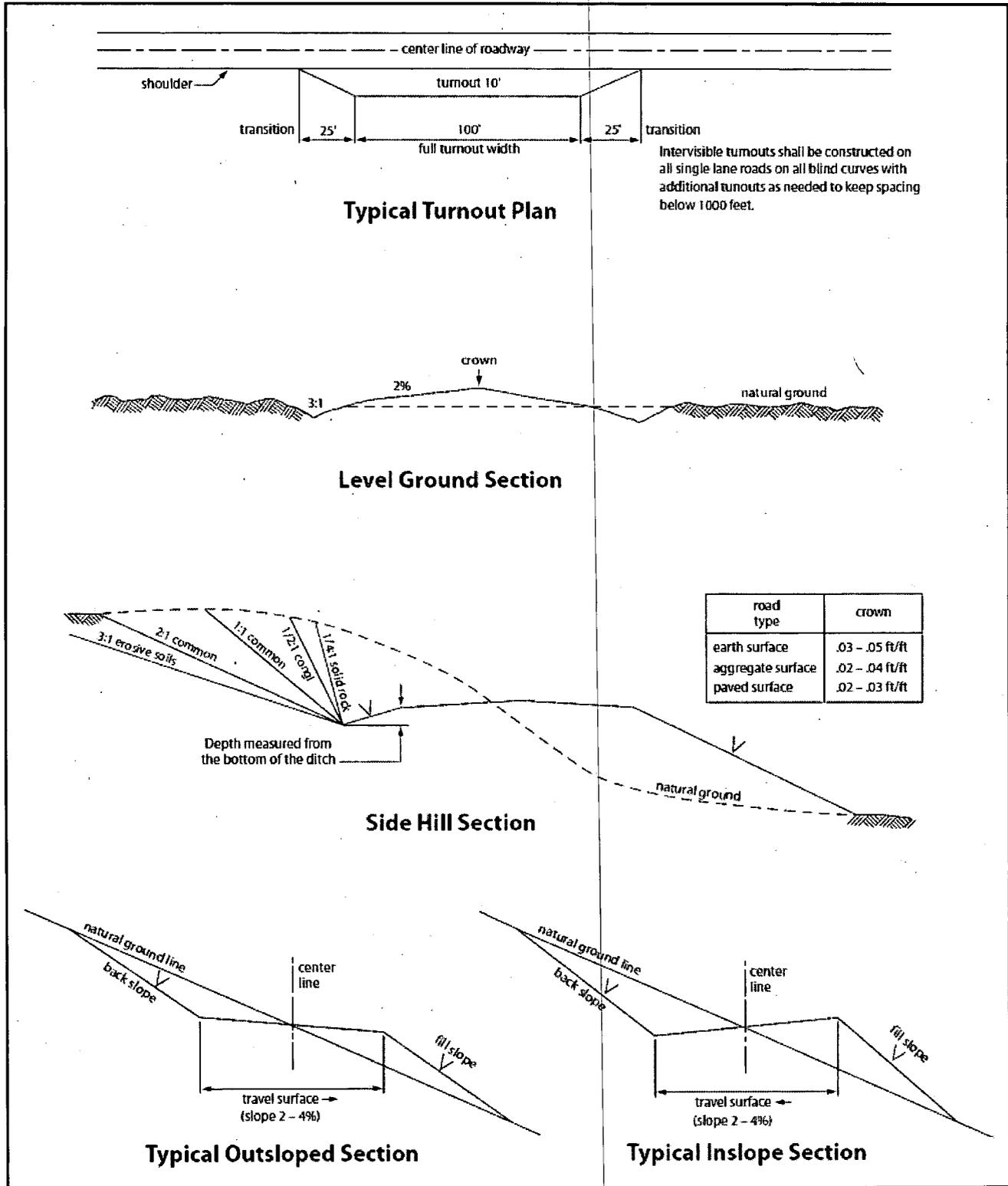


Figure 1. Cross-sections and plans for typical road sections representative of BLM resource or FS local and higher-class roads.

VII. 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

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.

- | | |
|--|--|
| <input type="checkbox"/> seed mixture 1 | <input type="checkbox"/> seed mixture 3' |
| <input type="checkbox"/> seed mixture 2 | <input type="checkbox"/> seed mixture 4 |
| <input checked="" type="checkbox"/> seed mixture 2/LPC | <input type="checkbox"/> 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.

19. Special Stipulations:

Lesser Prairie-Chicken

Oil and gas activities will not be allowed in lesser prairie-chicken habitat during the period from March 1st through June 15th annually. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, geophysical exploration other than 3-D operations, and pipeline, road, and well pad construction, will be allowed except between 3:00 am and 9:00 am. The 3:00 am to 9:00 am restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during this period. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 ft. from the source of the noise.

Timing Limitation Exceptions:

The Carlsbad Field Office will publish an annual map of where the LPC timing and noise stipulations and conditions of approval (Limitations) will apply for the identified year (between March 1 and June 15) based on the latest survey information. The LPC Timing Area map will identify areas which are Habitat Areas (HA), Isolated Population Area (IPA), and Primary Population Area (PPA). The LPC Timing Area map will also have an area in red crosshatch. The red crosshatch area is the only area where an operator is required to submit a request for exception to the LPC Limitations. If an operator is operating outside the red crosshatch area, the LPC Limitations do not apply for that year and an exception to LPC Limitations is not required.

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 or dune areas, the pipeline will be "snaked" around hummocks and dunes rather than 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.
18. Special Stipulations:

a. **Lesser Prairie-Chicken:** Oil and gas activities will not be allowed in lesser prairie-chicken habitat during the period from March 1st through June 15th annually. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities and pipeline, road, and well pad construction, will be allowed except between 3:00 am and 9:00 am. The 3:00 am to 9:00 am restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during this period. Normal vehicle use on existing roads will not be restricted.

b. **Timing Limitation Exceptions:**

The Carlsbad Field Office will publish an annual map of where the LPC timing and noise stipulations and conditions of approval (Limitations) will apply for the identified year (between March 1 and June 15) based on the latest survey information. The LPC Timing Area map will identify areas which are Habitat Areas (HA), Isolated Population Area (IPA), and Primary Population Area (PPA). The LPC Timing Area map will also have an area in red crosshatch. The red crosshatch area is the only area where an operator is required to submit a request for exception to the LPC Limitations. If an operator is operating outside the red crosshatch area, the LPC Limitations do not apply for that year and an exception to LPC Limitations is not required.

C. ELECTRIC LINES

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.

Timing Limitation Stipulation/Condition of Approval for Lesser Prairie-Chicken:

Oil and gas activities including 3-D geophysical exploration, and drilling will not be allowed in lesser prairie-chicken habitat during the period from March 1st through June 15th annually. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, geophysical exploration other than 3-D operations, and pipeline, road, and well pad construction, will be allowed except between 3:00 am and 9:00 am. The 3:00 am to 9:00 am restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during this period. Additionally, no new drilling will be allowed within up to 200 meters of leks known at the time of permitting. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 ft. from the source of the noise.

Timing Limitation Exceptions:

The Carlsbad Field Office will publish an annual map of where the LPC timing and noise stipulations and conditions of approval (Limitations) will apply for the identified year (between March 1 and June 15) based on the latest survey information. The LPC Timing Area map will identify areas which are Habitat Areas (HA), Isolated Population Area (IPA), and Primary Population Area (PPA). The LPC Timing Area map will also have an area in red crosshatch. The red crosshatch area is the only area where an operator is required to submit a request for exception to the LPC Limitations. If an operator is operating outside the red crosshatch area, the LPC Limitations do not apply for that year and an exception to LPC Limitations is not required.

D. OIL AND GAS RELATED SITES

STANDARD STIPULATIONS FOR OIL AND GAS RELATED SITES

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

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 grant and for all response costs, penalties, damages, claims, and other costs arising from the provisions of the Resource Conservation and Recovery Act (RCRA), 42 U.S.C. Chap. 82, Section 6901 et. seq., from the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), 42 U.S.C. Chap. 109, Section 9601 et. seq., and from other applicable environmental statutes.
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 right-of-way or on facilities authorized by this 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). 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 site or related pipeline(s), any oil or other pollutant should be discharged from site facilities, the pipeline(s) or from containers or vehicles impacting Federal lands, the control and total removal, disposal, and cleanup 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. Sites shall be maintained in an orderly, sanitary condition at all times. Waste materials, both liquid and solid, shall be disposed of promptly at an appropriate, authorized waste disposal facility in accordance with all applicable State and Federal laws. "Waste" means all discarded matter including, but not limited to, human waste, trash, garbage, refuse, petroleum products, brines, chemicals, oil drums, ashes, and equipment.
6. The operator will notify the Bureau of Land Management (BLM) authorized officer and nearest Fish and Wildlife Service (FWS) Law Enforcement office within 24 hours, if the operator discovers a dead or injured federally protected species (i.e., migratory bird species, bald or golden eagle, or species listed by the FWS as threatened or endangered) in or adjacent to a pit, trench, tank, exhaust stack, or fence. (If the operator is unable to contact the FWS Law Enforcement office, the operator must contact the nearest FWS Ecological Services office.)
7. 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 a color which simulates "Standard Environmental Colors" designated by the Rocky Mountain Five-State Interagency Committee. The color selected for this project is **Shale Green**, Munsell Soil Color Chart Number 5Y 4/2.
8. 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.
9. A sales contract for removal of mineral material (caliche, sand, gravel, fill dirt) from an authorized pit, site, or on location must be obtained from the BLM prior to commencing construction. There are several options available for purchasing mineral material: contact the BLM office (575-234-5972).
10. 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.

11. Once the site is no longer in service or use, the site must undergo final abandonment. At final abandonment, the site 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 the abandonment of the site. All pads and 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. 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).

12. The holder shall stockpile an adequate amount of topsoil where blading occurs. The topsoil to be stripped is approximately 6 inches in depth. The topsoil will be segregated from other spoil piles. The topsoil will be used for final reclamation.

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

- | | |
|--|--|
| <input type="checkbox"/> seed mixture 1 | <input type="checkbox"/> seed mixture 3 |
| <input type="checkbox"/> seed mixture 2 | <input type="checkbox"/> seed mixture 4 |
| <input checked="" type="checkbox"/> seed mixture 2/LPC | <input type="checkbox"/> Aplomado Falcon Mixture |

14. In those areas where erosion control structures are required to stabilize soil conditions, the holder shall install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound management practices. Any earth work will require prior approval by the Authorized Officer.

15. Open-topped Tanks - 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

16. 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 enclosure systems such as fencing, netting, expanded metal mesh, lids, and grate covers. Use a maximum netting mesh size of 1 ½ inches.

17. Open-Vent Exhaust Stack Enclosures – 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 enclosure 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.

18. 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.

19. Special Stipulations:

- 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(s) 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 corrected within two weeks and proper measures will be taken to prevent future erosion.

Lesser Prairie-Chicken

Oil and gas activities will not be allowed in lesser prairie-chicken habitat during the period from March 1st through June 15th annually. During that period, other activities that produce noise or

involve human activity, such as the maintenance of oil and gas facilities, geophysical exploration other than 3-D operations, and pipeline, road, and well pad construction, will be allowed except between 3:00 am and 9:00 am. The 3:00 am to 9:00 am restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during this period. Normal vehicle use on existing roads will not be restricted. Exhaust noise from permanent engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 ft. from the source of the noise.

Timing Limitation Exceptions:

The Carlsbad Field Office will publish an annual map of where the LPC timing and noise stipulations and conditions of approval (Limitations) will apply for the identified year (between March 1 and June 15) based on the latest survey information. The LPC Timing Area map will identify areas which are Habitat Areas (HA), Isolated Population Area (IPA), and Primary Population Area (PPA). The LPC Timing Area map will also have an area in red crosshatch. The red crosshatch area is the only area where an operator is required to submit a request for exception to the LPC Limitations. If an operator is operating outside the red crosshatch area, the LPC Limitations do not apply for that year and an exception to LPC Limitations is not required.

VIII. 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).

IX. 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 for LPC Sand/Shinnery Sites

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 shall be done in accordance with State law(s) and within nine (9) months prior to purchase. Commercial seed shall be either certified or registered seed. The seed container shall 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). 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. Seeding shall be repeated until a satisfactory stand is established as determined by the Authorized Officer. Evaluation of growth may 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:

<u>Species</u>	<u>lb/acre</u>
Plains Bristlegrass	5lbs/A
Sand Bluestem	5lbs/A
Little Bluestem	3lbs/A
Big Bluestem	6lbs/A
Plains Coreopsis	2lbs/A
Sand Dropseed	1lbs/A

*Pounds of pure live seed:

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



U.S. Department of the Interior
BUREAU OF LAND MANAGEMENT

Operator Certification Data Report

01/30/2020

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 which currently 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.

NAME: Emily Messer

Title: REGULATORY LEAD

Street Address: 5 Greenway Plaza, Suite 110

City: Houston

State: TX

Phone: (713)497-2076

Email address: emily_messer@oxy.com

Signed on: 01/25/2019

Zip: 77210

Field Representative

Representative Name:

Street Address: 6001 Deauville

City: Midland

State: TX

Phone: (575)631-2442

Email address: jim_wilson@oxy.com

Zip: 79706



APD ID: 10400038823

Submission Date: 02/05/2019

Highlighted data
reflects the most
recent changes

Operator Name: OXY USA INCORPORATED

Well Name: ARKENSTONE 31 FEDERAL

Well Number: 2H

[Show Final Text](#)

Well Type: OIL WELL

Well Work Type: Drill

Section 1 - General

APD ID: 10400038823

Tie to previous NOS?

Submission Date: 02/05/2019

BLM Office: CARLSBAD

User: Emily Messer

Title: REGULATORY LEAD

Federal/Indian APD: FED

Is the first lease penetrated for production Federal or Indian? FED

Lease number: NMNM0546732A

Lease Acres: 607.8

Surface access agreement in place?

Allotted?

Reservation:

Agreement in place? NO

Federal or Indian agreement:

Agreement number:

Agreement name:

Keep application confidential? NO

Permitting Agent? NO

APD Operator: OXY USA INCORPORATED

Operator letter of designation:

Operator Info

Operator Organization Name: OXY USA INCORPORATED

Operator Address: 5 Greenway Plaza, Suite 110

Zip: 77046

Operator PO Box:

Operator City: Houston

State: TX

Operator Phone: (713)366-5716

Operator Internet Address:

Section 2 - Well Information

Well in Master Development Plan? NO

Master Development Plan name:

Well in Master SUPO? NO

Master SUPO name:

Well in Master Drilling Plan? NO

Master Drilling Plan name:

Well Name: ARKENSTONE 31 FEDERAL

Well Number: 2H

Well API Number:

Field/Pool or Exploratory? Field and Pool

Field Name: RED HILLS

Pool Name: WOLFCAMP

Is the proposed well in an area containing other mineral resources? POTASH

Operator Name: OXY USA INCORPORATED

Well Name: ARKENSTONE 31 FEDERAL

Well Number: 2H

Is the proposed well in an area containing other mineral resources? POTASH

Is the proposed well in a Helium production area? N Use Existing Well Pad? NO New surface disturbance?

Type of Well Pad: MULTIPLE WELL

Multiple Well Pad Name: ARKENSTONE 31 FEDERAL
Number of Legs:

Number: 1H

Well Class: HORIZONTAL

Well Work Type: Drill

Well Type: OIL WELL

Describe Well Type:

Well sub-Type: INFILL

Describe sub-type:

Distance to town: 8 Miles

Distance to nearest well: 35 FT

Distance to lease line: 20 FT

Reservoir well spacing assigned acres Measurement: 320 Acres

Well plat: Arkenstone31Fd2H_c_102Supplemental_20190909090036.pdf
Arkenstone31Fd2H_SitePlan_20190909090036.pdf

Well work start Date: 11/04/2019

Duration: 15 DAYS

Section 3 - Well Location Table

Survey Type: RECTANGULAR

Describe Survey Type:

Datum: NAD83

Vertical Datum: NAVD88

Survey number:

Reference Datum:

Wellbore	NS-Foot	NS Indicator	EW-Foot	EW Indicator	Twsp	Range	Section	Aliquot/Lot/Tract	Latitude	Longitude	County	State	Meridian	Lease Type	Lease Number	Elevation	MD	TVD	Will this well produce from this lease?
SHL Leg #1	130	FNL	930	FW L	23S	31E	31	Aliquot NWN W	32.267817	-103.822632	EDD Y	NEW MEXI CO	NEW MEXI CO	F	NMNM 054673 2A	3347	0	0	
KOP Leg #1	50	FNL	900	FW L	23S	31E	31	Aliquot NWN W	32.268037	-103.822729	EDD Y	NEW MEXI CO	NEW MEXI CO	F	NMNM 054673 2A	-6204	9606	9551	

Operator Name: OXY USA INCORPORATED

Well Name: ARKENSTONE 31 FEDERAL

Well Number: 2H

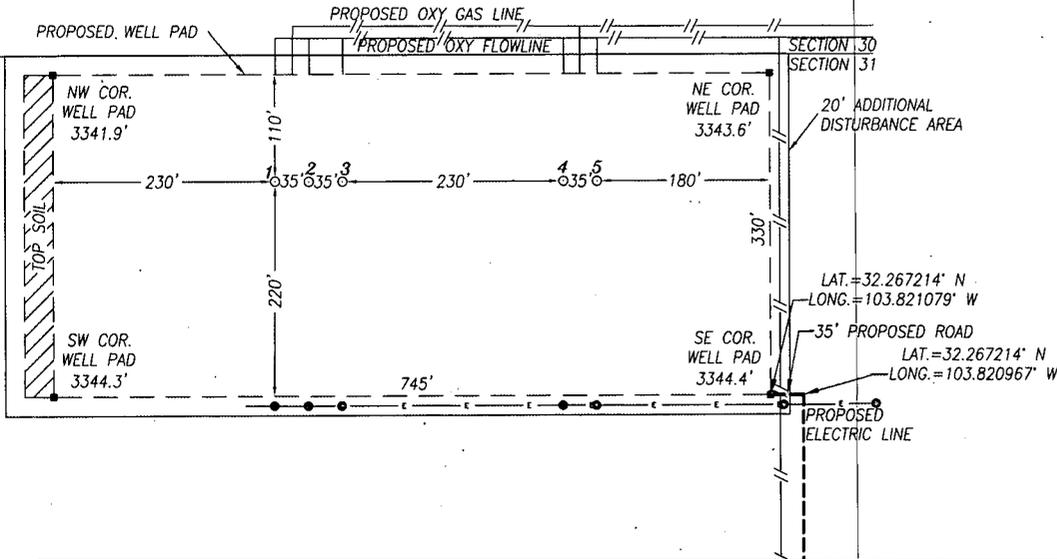
Wellbore	NS-Foot	NS Indicator	EW-Foot	EW Indicator	Twsp	Range	Section	Aliquot/Lot/Tract	Latitude	Longitude	County	State	Meridian	Lease Type	Lease Number	Elevation	MD	TVD	Will this well produce from this lease?
PPP Leg #1-1	100	FNL	900	FW L	23S	31E	31	Aliquot NWN W	32.2679	- 103.8227 29	EDD Y	NEW MEXI CO	NEW MEXI CO	F	NMNM 054673 2A	- 667 7	104 01	100 24	
EXIT Leg #1	100	FSL	900	FW L	23S	31E	31	Aliquot SWS W	32.25392 7	- 103.8227 3	EDD Y	NEW MEXI CO	NEW MEXI CO	F	NMNM 054673 2A	- 672 8	154 84	100 75	
BHL Leg #1	20	FSL	900	FW L	23S	31E	31	Aliquot SWS W	32.25370 7	- 103.8227 3	EDD Y	NEW MEXI CO	NEW MEXI CO	F	NMNM 054673 2A	- 672 8	155 64	100 75	

OXY USA INC.

SITE PLAN

SNDDNS 3102

FAA PERMIT: NO



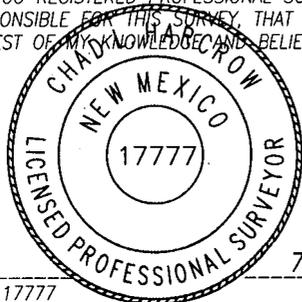
NO.	WELL	FOOTAGE	LAT.	LONG.	ELEV.	ID#
1	ARKENSTONE 31 FED #1H.	130' FNL & 895' FWL	32.267817° N	103.822745° W	3346.9'	N/A
2	ARKENSTONE 31 FED #2H	130' FNL & 930' FWL	32.267817° N	103.822632° W	3347.4'	IP-SMS-2413
3	ARKENSTONE 31 FED #7H	130' FNL & 965' FWL	32.267817° N	103.822519° W	3346.5'	IP-SMS-2415
4	ARKENSTONE 31 FED #171H	130' FNL & 1195' FWL	32.267818° N	103.821775° W	3347.4'	IP-SMS-2411
5	ARKENSTONE 31 FED #172H	130' FNL & 1230' FWL	32.267818° N	103.821662° W	3350.5'	IP-SMS-2412

NOTES:

- 1) LATS & LONGS SHOWN HEREON ARE MERCATOR GRID AND CONFORM TO THE NEW MEXICO COORDINATE SYSTEM "NEW MEXICO EAST ZONE" NORTH AMERICAN DATUM 1983.
- 2) DISTANCES ARE GRID VALUES.
- 3) ALL FEATURES ARE EXISTING UNLESS OTHERWISE NOTED.

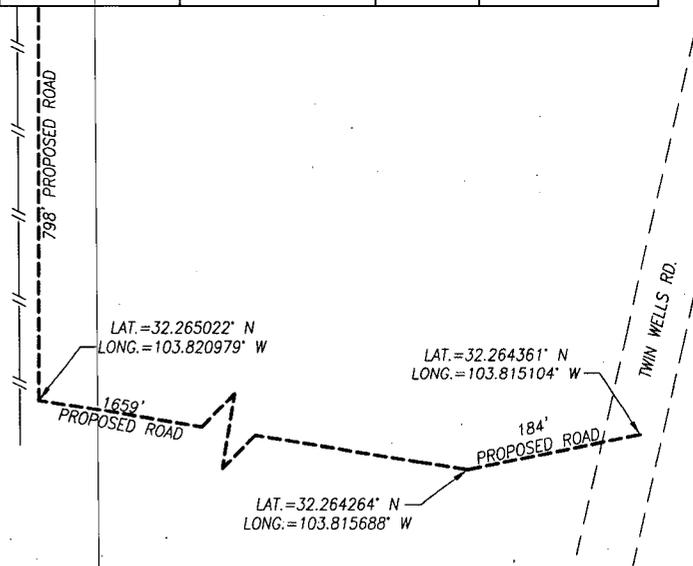
CERTIFICATION

I, CHAD HARCROW, A NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR CERTIFY THAT I DIRECTED AND AM RESPONSIBLE FOR THIS SURVEY, THAT THIS SURVEY IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

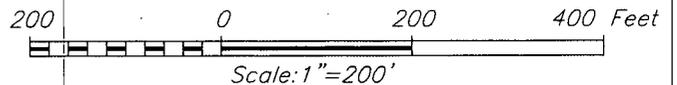


Chad Harcrow
CHAD HARCROW N.M.P.S. NO. 17777

7/22/19
DATE



HARCROW SURVEYING, LLC
2316 W. MAIN ST. ARTESIA, N.M. 88210
PH: (575) 746-2158
c.harcrow@harcrowsurveying.com



OXY USA INC.	
SURVEY DATE: JULY 10, 2019	SITE PLAN
DRAFTING DATE: JULY 18, 2019	PAGE: 1 OF 1
APPROVED BY: CH	DRAWN BY: AM
FILE: 19-1282	



APD ID: 10400038823

Submission Date: 02/05/2019

Highlighted data reflects the most recent changes

Operator Name: OXY USA INCORPORATED

Well Name: ARKENSTONE 31 FEDERAL

Well Number: 2H

[Show Final Text](#)

Well Type: OIL WELL

Well Work Type: Drill

Section 1 - Geologic Formations

Formation ID	Formation Name	Elevation	True Vertical Depth	Measured Depth	Lithologies	Mineral Resources	Producing Formation
391035	RUSTLER	3347	351	351	ANHYDRITE, DOLOMITE, SHALE	USEABLE WATER	N
391036	SALADO	2679	668	668	ANHYDRITE, DOLOMITE, HALITE, SHALE	OTHER : SALT	N
391033	CASTILE	750	2597	2597	ANHYDRITE	OTHER : salt	N
391037	LAMAR	-678	4025	4025	LIMESTONE, SANDSTONE, SILTSTONE	NATURAL GAS, OIL, OTHER : BRINE	N
391038	BELL CANYON	-710	4057	4057	SANDSTONE, SILTSTONE	NATURAL GAS, OIL, OTHER, USEABLE WATER : BRINE	N
391039	CHERRY CANYON	-1612	4959	4959	SANDSTONE, SILTSTONE	NATURAL GAS, OIL, OTHER : BRINE	N
391040	BRUSHY CANYON	-2903	6250	6250	LIMESTONE, SANDSTONE, SILTSTONE	NATURAL GAS, OIL, OTHER : BRINE	N
391034	BONE SPRING	-4583	7930	8000	LIMESTONE, SANDSTONE, SILTSTONE	NATURAL GAS, OIL	N
391030	BONE SPRING 1ST	-5613	8960	9045	LIMESTONE, SANDSTONE, SILTSTONE	NATURAL GAS, OIL	Y
391041	BONE SPRING 2ND	-6255	9602	9700	LIMESTONE, SANDSTONE, SILTSTONE	NATURAL GAS, OIL	Y

Section 2 - Blowout Prevention

Pressure Rating (PSI): 5M

Rating Depth: 9911

Equipment: 13-5/8" 5M Annular, Blind Ram, Double Ram

Requesting Variance? YES

Variance request: Request for the use of a flexible choke line from the BOP to Choke Manifold.

Testing Procedure: BOP/BOPE will be tested by an independent service company to 250 psi low and the high pressure indicated above per Onshore Order 2 requirements. The System may be upgraded to a higher pressure but still tested to the working pressure listed in the table above. If the system is upgraded all the components installed will be functional and tested. Pipe rams will be operationally checked each 24 hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets. Other accessories to the BOP equipment will include a Kelly cock and floor safety valve (inside BOP) and choke lines and choke manifold. A multibowl wellhead or a unionized multibowl wellhead system will be employed. The wellhead and connection to the BOPE will meet all API 6A requirements. The BOP

Operator Name: OXY USA INCORPORATED

Well Name: ARKENSTONE 31 FEDERAL

Well Number: 2H

maximum of 30 days. If any seal subject to test pressure is broken the system will be tested. We will test the flange connection of the wellhead with a test port that is directly in the flange. BOP Break Testing Request - As per the agreement reached in the OXY/BLM meeting on Feb 22, 2018, OXY requests permission to allow BOP Break Testing under the following conditions: 1. After a full BOP test is conducted on the first well on the pad. 2. When skidding to drill an intermediate section that the casing point is either shallower than the 3rd Bone Spring or 10,000 TVD. 3. Full BOP test will be required prior to drilling any production section.

Choke Diagram Attachment:

Arkenstone31Fed2H_ChkManifold_20190205090949.pdf

BOP Diagram Attachment:

Arkenstone31Fed2H_BOP_5M_20190205090956.pdf

Arkenstone31Fed2H_FlexHoseCert_20190205091006.pdf

Section 3 - Casing

Casing ID	String Type	Hole Size	Csg Size	Condition	Standard	Tapered String	Top Set MD	Bottom Set MD	Top Set TVD	Bottom Set TVD	Top Set MSL	Bottom Set MSL	Calculated casing length MD	Grade	Weight	Joint Type	Collapse SF	Burst SF	Joint SF Type	Joint SF	Body SF Type	Body SF
1	SURFACE	17.5	13.375	NEW	API	N	0	401	0	401			401	J-55	54.5	BUTT	1.125	1.2	BUOY	1.4	BUOY	1.4
2	INTERMEDIATE	12.25	9.625	NEW	API	N	0	4075	0	4075			4075	L-80	40	BUTT	1.125	1.2	BUOY	1.4	BUOY	1.4
3	INTERMEDIATE	8.5	5.5	NEW	API	N	0	10056	0	9886			10056	P-110	20	OTHER - DQX	1.125	1.2	BUOY	1.4	BUOY	1.4
4	PRODUCTION	6.75	4.5	NEW	API	N	10056	15564	10056	10075			5508	P-110	13.5	OTHER - DQX/SFTO RQ	1.125	1.2	BUOY	1.4	BUOY	1.4

Casing Attachments

Operator Name: OXY USA INCORPORATED

Well Name: ARKENSTONE 31 FEDERAL

Well Number: 2H

Casing Attachments

Casing ID: 1 **String Type:** SURFACE

Inspection Document:

Spec Document:

Tapered String Spec:

Casing Design Assumptions and Worksheet(s):

Arkenstone31Fed2H_CsgCriteria_20190205091056.pdf

Casing ID: 2 **String Type:** INTERMEDIATE

Inspection Document:

Spec Document:

Tapered String Spec:

Casing Design Assumptions and Worksheet(s):

Arkenstone31Fed2H_CsgCriteria_20190205091140.pdf

Casing ID: 3 **String Type:** INTERMEDIATE

Inspection Document:

Spec Document:

Tapered String Spec:

Casing Design Assumptions and Worksheet(s):

Arkenstone31Fed2H_CsgCriteria_20190205091217.pdf

Arkenstone31Fd2H_5.5_20_P110_DQX_20190909091336.pdf

Operator Name: OXY USA INCORPORATED

Well Name: ARKENSTONE 31 FEDERAL

Well Number: 2H

Casing Attachments

Casing ID: 4 String Type: PRODUCTION

Inspection Document:

Spec Document:

Tapered String Spec:

Casing Design Assumptions and Worksheet(s):

Arkenstone31Fed2H_5.5_20_P110_DQX_20190205091346.pdf

Arkenstone31Fed2H_5.5_20_P110HC_TMKUPSFTORQ_20190205091357.pdf

Arkenstone31Fed2H_CsgCriteria_20190205091420.pdf

Section 4 - Cement

String Type	Lead/Tail	Stage Tool Depth	Top MD	Bottom MD	Quantity(sx)	Yield	Density	Cu Ft	Excess%	Cement type	Additives
SURFACE	Lead		0	400	430	1.33	14.8	572	100	CI C	Accelerator

INTERMEDIATE	Lead		0	3575	947	1.73	12.9	1638	50	Pozzolan/C	Retarder
INTERMEDIATE	Tail		3575	4075	155	1.33	14.8	206	20	CI C	Accelerator
INTERMEDIATE	Lead		0	7933	414	1.92	12.9	795	25	CI C	Accelerator
INTERMEDIATE	Tail		7933	9186	62	1.65	13.2	103	5	CI H	Retarder, Dispersant, Salt
PRODUCTION	Lead		6500	1556 4	1589	1.38	13.2	2193	5	CI H	Retarder, Dispersant, Salt
PRODUCTION	Tail		0	6500	939	1.87	12.9	1756	25	CI C	Accelerator

Operator Name: OXY USA INCORPORATED

Well Name: ARKENSTONE 31 FEDERAL

Well Number: 2H

Section 5 - Circulating Medium

Mud System Type: Closed

Will an air or gas system be Used? NO

Description of the equipment for the circulating system in accordance with Onshore Order #2:

Diagram of the equipment for the circulating system in accordance with Onshore Order #2:

Describe what will be on location to control well or mitigate other conditions: Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements. The following is a general list of products: Barite, Bentonite, Gypsum, Lime, Soda Ash, Caustic Soda, Nut Plug, Cedar Fiber, Cotton Seed Hulls, Drilling Paper, Salt Water Clay, CaCl₂.

Describe the mud monitoring system utilized: PVT/MD Totco/Visual Monitoring

Circulating Medium Table

Top Depth	Bottom Depth	Mud Type	Min Weight (lbs/gal)	Max Weight (lbs/gal)	Density (lbs/cu ft)	Gel Strength (lbs/100 sqft)	PH	Viscosity (CP)	Salinity (ppm)	Filtration (cc)	Additional Characteristics
401	4075	OTHER : Saturated Brine Based Mud	9.8	10							
4075	1556 4	OTHER : Water-Based and/or Oil-Based Mud	8	9.6							
0	401	WATER-BASED MUD	8.6	8.8							

Section 6 - Test, Logging, Coring

List of production tests including testing procedures, equipment and safety measures:

GR from TD to surface (horizontal well – vertical portion of hole). Mud Log from intermediate shoe to TD.

List of open and cased hole logs run in the well:

GR,MUDLOG

Coring operation description for the well:

No coring is planned at this time.

Operator Name: OXY USA INCORPORATED

Well Name: ARKENSTONE 31 FEDERAL

Well Number: 2H

Section 7 - Pressure

Anticipated Bottom Hole Pressure: 5030

Anticipated Surface Pressure: 2813.5

Anticipated Bottom Hole Temperature(F): 161

Anticipated abnormal pressures, temperatures, or potential geologic hazards? NO

Describe:

Contingency Plans geohazards description:

Contingency Plans geohazards attachment:

Hydrogen Sulfide drilling operations plan required? YES

Hydrogen sulfide drilling operations plan:

Arkenstone31Fed2H_EmergencyContacts_20190205091846.pdf

Arkenstone31Fed2H_H2S1_20190205091853.pdf

Arkenstone31Fed2H_H2S2_20190205091900.pdf

Section 8 - Other Information

Proposed horizontal/directional/multi-lateral plan submission:

Arkenstone31Fd2H_DirectPlan_20190909092246.pdf

Arkenstone31Fd2H_DirectPlot_20190909092246.pdf

Other proposed operations facets description:

OXY respectfully requests a variance to cement the 9-5/8" and/or 7-5/8" intermediate casing strings offline.

OXY requests the option to set casing shallower yet still below the salts if losses or hole conditions require this. Cement volumes may be adjusted if casing is set shallower and a DV tool will be run in case a contingency second stage is required for cement to reach surface. If cement circulated to surface during first stage we will drop a cancellation cone and not pump the second stage.

OXY requests the option to run production casing with DQX and SF TORQ connections to accommodate hole conditions or drilling operations.

OXY requests to pump a two stage cement job on the intermediate II casing string with the first stage being pumped conventionally with the calculated TOC @ the Bone Spring and the second stage performed as a bradenhead squeeze with planned cement from the Bone Spring to surface.

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

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

Well will be drilled with a walking/skidding operation. Plan to drill the multiple well pad in batch by section: all surface sections, intermediate sections and production sections. The wellhead will be secured with a night can whenever the rig is not over the well.

Operator Name: OXY USA INCORPORATED

Well Name: ARKENSTONE 31 FEDERAL

Well Number: 2H

OXY requests the option to contract a Surface Rig to drill, set surface casing, and cement for this well. If the timing between rigs is such that OXY would not be able to preset surface, the Primary Rig will MIRU and drill the well in its entirety per the APD. Please see the attached document for information on the spudder rig.

Other proposed operations facets attachment:

Arkenstone31Fed2H_SpudRigData_20190205091926.pdf

Arkenstone31Fd2H_DrillPlan_20190909092221.pdf

Arkenstone31Fd2H_GasCapPlan_20190909092221.pdf

Other Variance attachment:

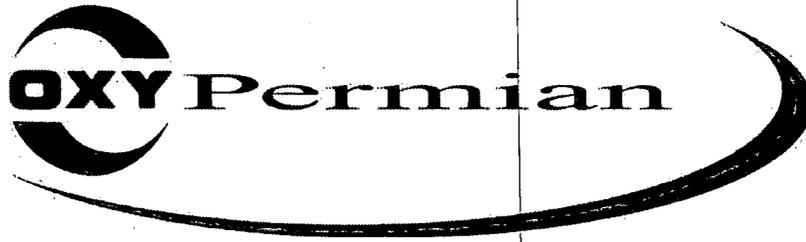


Permian Drilling Hydrogen Sulfide Drilling Operations Plan Arkenstone 31 Federal 2H

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 Southeast 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.



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.

Discussion

Implementation:	This plan with all details is to be fully implemented before drilling to <u>commence</u> .
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

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.

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

<u>Percent (%)</u>	<u>Ppm</u>	<u>Concentration</u> Grains <u>100 std. Ft3*</u>	<u>Physical effects</u>
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.

Revised CM 6/27/2012

OXY

PRD NM DIRECTIONAL PLANS (NAD 1983)

Arkenstone 31 Federal

Arkenstone 31 Federal 2H

WB00

Plan: Permitting Plan

Standard Planning Report

31 July, 2019

Oxy Planning Report

Database:	HOPSPP	Local Co-ordinate Reference:	Well Arkenstone 31 Federal 2H
Company:	ENGINEERING DESIGNS	TVD Reference:	RKB=26.5' @ 3373.90ft
Project:	PRD NM DIRECTIONAL PLANS (NAD 1983)	MD Reference:	RKB=26.5' @ 3373.90ft
Site:	Arkenstone 31 Federal	North Reference:	Grid
Well:	Arkenstone 31 Federal 2H	Survey Calculation Method:	Minimum Curvature
Wellbore:	WB00		
Design:	Permitting Plan		

Project	PRD NM DIRECTIONAL PLANS (NAD 1983)		
Map System:	US State Plane 1983	System Datum:	Mean Sea Level
Geo Datum:	North American Datum 1983		
Map Zone:	New Mexico Eastern Zone		Using geodetic scale factor

Site	Arkenstone 31 Federal		
Site Position:		Northing:	461,540.55 usft
From:	Map	Easting:	699,187.86 usft
Position Uncertainty:	0.00 ft	Slot Radius:	13.200 in
		Latitude:	32° 16' 4.142175 N
		Longitude:	103° 49' 21.474809 W
		Grid Convergence:	0.27 °

Well	Arkenstone 31 Federal 2H		
Well Position	+N/-S	0.05 ft	Northing: 461,540.60 usft
	+E/-W	0.04 ft	Easting: 699,187.90 usft
Position Uncertainty		1.00 ft	Wellhead Elevation: 0.00 ft
			Latitude: 32° 16' 4.142668 N
			Longitude: 103° 49' 21.474341 W
			Ground Level: 3,347.40 ft

Wellbore	WB00				
Magnetics	Model Name	Sample Date	Declination	Dip Angle	Field Strength
	HDGM	11/13/2018	(°) 6.88	(°) 60.00	(nT) 48,012

Design:	Permitting Plan		
Audit Notes:			
Version:	Phase:	PROTOTYPE	Tie On Depth: 0.00
Vertical Section:	Depth From (TVD)	+N/-S	+E/-W
	(ft)	(ft)	(ft)
	0.00	0.00	0.00
			Direction: 180.07
			(°)

Plan Sections										
Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)	TFO (°)	Target
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
4,965.00	0.00	0.00	4,965.00	0.00	0.00	0.00	0.00	0.00	0.00	
5,464.97	10.00	357.19	5,462.44	43.47	-2.14	2.00	2.00	0.00	357.19	
8,607.08	10.00	357.19	8,556.81	588.40	-28.93	0.00	0.00	0.00	0.00	
9,606.80	10.00	179.73	9,551.46	588.29	-32.82	2.00	0.00	-17.75	-178.71	
10,401.14	89.43	179.73	10,024.90	29.70	-30.20	10.00	10.00	0.00	0.00	FTP (Arkenstone 31)
15,564.98	89.43	179.73	10,075.90	-5,133.83	-6.00	0.00	0.00	0.00	0.00	PBHL (Arkenstone)

Oxy Planning Report

Database:	HOPSPP	Local Co-ordinate Reference:	Well Arkenstone 31 Federal 2H
Company:	ENGINEERING DESIGNS	TVD Reference:	RKB=26.5' @ 3373.90ft
Project:	PRD NM DIRECTIONAL PLANS (NAD 1983)	MD Reference:	RKB=26.5' @ 3373.90ft
Site:	Arkenstone 31 Federal	North Reference:	Grid
Well:	Arkenstone 31 Federal 2H.	Survey Calculation Method:	Minimum Curvature
Wellbore:	WB00		
Design:	Permitting Plan		

Planned Survey									
Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N-S (ft)	+E-W (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)
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
3,600.00	0.00	0.00	3,600.00	0.00	0.00	0.00	0.00	0.00	0.00
3,700.00	0.00	0.00	3,700.00	0.00	0.00	0.00	0.00	0.00	0.00
3,800.00	0.00	0.00	3,800.00	0.00	0.00	0.00	0.00	0.00	0.00
3,900.00	0.00	0.00	3,900.00	0.00	0.00	0.00	0.00	0.00	0.00
4,000.00	0.00	0.00	4,000.00	0.00	0.00	0.00	0.00	0.00	0.00
4,100.00	0.00	0.00	4,100.00	0.00	0.00	0.00	0.00	0.00	0.00
4,200.00	0.00	0.00	4,200.00	0.00	0.00	0.00	0.00	0.00	0.00
4,300.00	0.00	0.00	4,300.00	0.00	0.00	0.00	0.00	0.00	0.00
4,400.00	0.00	0.00	4,400.00	0.00	0.00	0.00	0.00	0.00	0.00
4,500.00	0.00	0.00	4,500.00	0.00	0.00	0.00	0.00	0.00	0.00
4,600.00	0.00	0.00	4,600.00	0.00	0.00	0.00	0.00	0.00	0.00
4,700.00	0.00	0.00	4,700.00	0.00	0.00	0.00	0.00	0.00	0.00
4,800.00	0.00	0.00	4,800.00	0.00	0.00	0.00	0.00	0.00	0.00
4,900.00	0.00	0.00	4,900.00	0.00	0.00	0.00	0.00	0.00	0.00
4,965.00	0.00	0.00	4,965.00	0.00	0.00	0.00	0.00	0.00	0.00
5,000.00	0.70	357.19	5,000.00	0.21	-0.01	-0.21	2.00	2.00	0.00
5,100.00	2.70	357.19	5,099.95	3.18	-0.16	-3.18	2.00	2.00	0.00
5,200.00	4.70	357.19	5,199.74	9.62	-0.47	-9.62	2.00	2.00	0.00

Oxy Planning Report

Database:	HOPSPP	Local Co-ordinate Reference:	Well Arkenstone 31 Federal 2H
Company:	ENGINEERING DESIGNS	TVD Reference:	RKB=26.5' @ 3373.90ft
Project:	PRD NM DIRECTIONAL PLANS (NAD 1983)	MD Reference:	RKB=26.5' @ 3373.90ft
Site:	Arkenstone 31 Federal	North Reference:	Grid
Well:	Arkenstone 31 Federal 2H	Survey Calculation Method:	Minimum Curvature
Wellbore:	WB00		
Design:	Permitting Plan		

Planned Survey										
Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N-S (ft)	+E-W (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)	
5,300.00	6.70	357.19	5,299.24	19.54	-0.96	-19.54	2.00	2.00	0.00	
5,400.00	8.70	357.19	5,398.33	32.92	-1.62	-32.92	2.00	2.00	0.00	
5,464.97	10.00	357.19	5,462.44	43.47	-2.14	-43.46	2.00	2.00	0.00	
5,500.00	10.00	357.19	5,496.93	49.54	-2.44	-49.54	0.00	0.00	0.00	
5,600.00	10.00	357.19	5,595.41	66.88	-3.29	-66.88	0.00	0.00	0.00	
5,700.00	10.00	357.19	5,693.90	84.23	-4.14	-84.22	0.00	0.00	0.00	
5,800.00	10.00	357.19	5,792.38	101.57	-4.99	-101.56	0.00	0.00	0.00	
5,900.00	10.00	357.19	5,890.86	118.91	-5.85	-118.91	0.00	0.00	0.00	
6,000.00	10.00	357.19	5,989.34	136.26	-6.70	-136.25	0.00	0.00	0.00	
6,100.00	10.00	357.19	6,087.82	153.60	-7.55	-153.59	0.00	0.00	0.00	
6,200.00	10.00	357.19	6,186.30	170.94	-8.40	-170.93	0.00	0.00	0.00	
6,300.00	10.00	357.19	6,284.78	188.28	-9.26	-188.27	0.00	0.00	0.00	
6,400.00	10.00	357.19	6,383.26	205.63	-10.11	-205.61	0.00	0.00	0.00	
6,500.00	10.00	357.19	6,481.74	222.97	-10.96	-222.96	0.00	0.00	0.00	
6,600.00	10.00	357.19	6,580.22	240.31	-11.81	-240.30	0.00	0.00	0.00	
6,700.00	10.00	357.19	6,678.71	257.66	-12.67	-257.64	0.00	0.00	0.00	
6,800.00	10.00	357.19	6,777.19	275.00	-13.52	-274.98	0.00	0.00	0.00	
6,900.00	10.00	357.19	6,875.67	292.34	-14.37	-292.32	0.00	0.00	0.00	
7,000.00	10.00	357.19	6,974.15	309.68	-15.22	-309.67	0.00	0.00	0.00	
7,100.00	10.00	357.19	7,072.63	327.03	-16.08	-327.01	0.00	0.00	0.00	
7,200.00	10.00	357.19	7,171.11	344.37	-16.93	-344.35	0.00	0.00	0.00	
7,300.00	10.00	357.19	7,269.59	361.71	-17.78	-361.69	0.00	0.00	0.00	
7,400.00	10.00	357.19	7,368.07	379.06	-18.63	-379.03	0.00	0.00	0.00	
7,500.00	10.00	357.19	7,466.55	396.40	-19.49	-396.38	0.00	0.00	0.00	
7,600.00	10.00	357.19	7,565.03	413.74	-20.34	-413.72	0.00	0.00	0.00	
7,700.00	10.00	357.19	7,663.51	431.09	-21.19	-431.06	0.00	0.00	0.00	
7,800.00	10.00	357.19	7,762.00	448.43	-22.04	-448.40	0.00	0.00	0.00	
7,900.00	10.00	357.19	7,860.48	465.77	-22.90	-465.74	0.00	0.00	0.00	
8,000.00	10.00	357.19	7,958.96	483.11	-23.75	-483.09	0.00	0.00	0.00	
8,100.00	10.00	357.19	8,057.44	500.46	-24.60	-500.43	0.00	0.00	0.00	
8,200.00	10.00	357.19	8,155.92	517.80	-25.45	-517.77	0.00	0.00	0.00	
8,300.00	10.00	357.19	8,254.40	535.14	-26.31	-535.11	0.00	0.00	0.00	
8,400.00	10.00	357.19	8,352.88	552.49	-27.16	-552.45	0.00	0.00	0.00	
8,500.00	10.00	357.19	8,451.36	569.83	-28.01	-569.80	0.00	0.00	0.00	
8,600.00	10.00	357.19	8,549.84	587.17	-28.87	-587.14	0.00	0.00	0.00	
8,607.08	10.00	357.19	8,556.81	588.40	-28.93	-588.37	0.00	0.00	0.00	
8,700.00	8.14	356.89	8,648.57	603.03	-29.68	-602.99	2.00	-2.00	-0.32	
8,800.00	6.14	356.37	8,747.79	615.44	-30.40	-615.40	2.00	-2.00	-0.52	
8,900.00	4.14	355.36	8,847.38	624.38	-31.03	-624.35	2.00	-2.00	-1.01	
9,000.00	2.15	352.47	8,947.22	629.84	-31.57	-629.81	2.00	-1.99	-2.89	
9,100.00	0.26	300.14	9,047.20	631.82	-32.02	-631.78	2.00	-1.89	-52.33	
9,200.00	1.87	185.33	9,147.18	630.31	-32.37	-630.27	2.00	1.61	-114.81	
9,300.00	3.87	181.78	9,247.05	625.31	-32.62	-625.27	2.00	1.99	-3.55	
9,400.00	5.87	180.64	9,346.69	616.82	-32.79	-616.79	2.00	2.00	-1.14	
9,500.00	7.86	180.08	9,445.96	604.87	-32.85	-604.83	2.00	2.00	-0.56	
9,600.00	9.86	179.75	9,544.76	589.46	-32.83	-589.42	2.00	2.00	-0.33	
9,606.80	10.00	179.73	9,551.46	588.29	-32.82	-588.25	2.00	2.00	-0.26	
9,700.00	19.32	179.73	9,641.53	564.73	-32.71	-564.69	10.00	10.00	0.00	
9,800.00	29.32	179.73	9,732.54	523.60	-32.52	-523.56	10.00	10.00	0.00	
9,900.00	39.32	179.73	9,815.03	467.29	-32.25	-467.25	10.00	10.00	0.00	
10,000.00	49.32	179.73	9,886.48	397.51	-31.93	-397.48	10.00	10.00	0.00	
10,100.00	59.32	179.73	9,944.73	316.39	-31.55	-316.35	10.00	10.00	0.00	
10,200.00	69.32	179.73	9,988.01	226.38	-31.12	-226.34	10.00	10.00	0.00	
10,300.00	79.32	179.73	10,015.00	130.23	-30.67	-130.19	10.00	10.00	0.00	

Oxy Planning Report

Database:	HOPSPP	Local Co-ordinate Reference:	Well Arkenstone 31 Federal 2H
Company:	ENGINEERING DESIGNS	TVD Reference:	RKB=26.5' @ 3373.90ft
Project:	PRD NM DIRECTIONAL PLANS (NAD 1983)	MD Reference:	RKB=26.5' @ 3373.90ft
Site:	Arkenstone 31 Federal	North Reference:	Grid
Well:	Arkenstone 31 Federal 2H	Survey Calculation Method:	Minimum Curvature
Wellbore:	WB00		
Design:	Permitting Plan		

Planned Survey										
Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)	
10,400.00	89.32	179.73	10,024.89	30.84	-30.21	-30.81	10.00	10.00	0.00	
10,401.14	89.43	179.73	10,024.90	29.70	-30.20	-29.67	10.00	10.00	0.00	
10,500.00	89.43	179.73	10,025.88	-69.15	-29.74	69.18	0.00	0.00	0.00	
10,600.00	89.43	179.73	10,026.86	-169.14	-29.27	169.18	0.00	0.00	0.00	
10,700.00	89.43	179.73	10,027.85	-269.14	-28.80	269.17	0.00	0.00	0.00	
10,800.00	89.43	179.73	10,028.84	-369.13	-28.33	369.17	0.00	0.00	0.00	
10,900.00	89.43	179.73	10,029.83	-469.13	-27.86	469.16	0.00	0.00	0.00	
11,000.00	89.43	179.73	10,030.81	-569.12	-27.40	569.15	0.00	0.00	0.00	
11,100.00	89.43	179.73	10,031.80	-669.11	-26.93	669.15	0.00	0.00	0.00	
11,200.00	89.43	179.73	10,032.79	-769.11	-26.46	769.14	0.00	0.00	0.00	
11,300.00	89.43	179.73	10,033.78	-869.10	-25.99	869.13	0.00	0.00	0.00	
11,400.00	89.43	179.73	10,034.77	-969.10	-25.52	969.13	0.00	0.00	0.00	
11,500.00	89.43	179.73	10,035.75	-1,069.09	-25.05	1,069.12	0.00	0.00	0.00	
11,600.00	89.43	179.73	10,036.74	-1,169.08	-24.58	1,169.11	0.00	0.00	0.00	
11,700.00	89.43	179.73	10,037.73	-1,269.08	-24.11	1,269.11	0.00	0.00	0.00	
11,800.00	89.43	179.73	10,038.72	-1,369.07	-23.65	1,369.10	0.00	0.00	0.00	
11,900.00	89.43	179.73	10,039.70	-1,469.07	-23.18	1,469.09	0.00	0.00	0.00	
12,000.00	89.43	179.73	10,040.69	-1,569.06	-22.71	1,569.09	0.00	0.00	0.00	
12,100.00	89.43	179.73	10,041.68	-1,669.05	-22.24	1,669.08	0.00	0.00	0.00	
12,200.00	89.43	179.73	10,042.67	-1,769.05	-21.77	1,769.07	0.00	0.00	0.00	
12,300.00	89.43	179.73	10,043.65	-1,869.04	-21.30	1,869.07	0.00	0.00	0.00	
12,400.00	89.43	179.73	10,044.64	-1,969.04	-20.83	1,969.06	0.00	0.00	0.00	
12,500.00	89.43	179.73	10,045.63	-2,069.03	-20.37	2,069.05	0.00	0.00	0.00	
12,600.00	89.43	179.73	10,046.62	-2,169.02	-19.90	2,169.05	0.00	0.00	0.00	
12,700.00	89.43	179.73	10,047.60	-2,269.02	-19.43	2,269.04	0.00	0.00	0.00	
12,800.00	89.43	179.73	10,048.59	-2,369.01	-18.96	2,369.03	0.00	0.00	0.00	
12,900.00	89.43	179.73	10,049.58	-2,469.01	-18.49	2,469.03	0.00	0.00	0.00	
13,000.00	89.43	179.73	10,050.57	-2,569.00	-18.02	2,569.02	0.00	0.00	0.00	
13,100.00	89.43	179.73	10,051.56	-2,668.99	-17.55	2,669.01	0.00	0.00	0.00	
13,200.00	89.43	179.73	10,052.54	-2,768.99	-17.08	2,769.01	0.00	0.00	0.00	
13,300.00	89.43	179.73	10,053.53	-2,868.98	-16.62	2,869.00	0.00	0.00	0.00	
13,400.00	89.43	179.73	10,054.52	-2,968.98	-16.15	2,968.99	0.00	0.00	0.00	
13,500.00	89.43	179.73	10,055.51	-3,068.97	-15.68	3,068.99	0.00	0.00	0.00	
13,600.00	89.43	179.73	10,056.49	-3,168.97	-15.21	3,168.98	0.00	0.00	0.00	
13,700.00	89.43	179.73	10,057.48	-3,268.96	-14.74	3,268.97	0.00	0.00	0.00	
13,800.00	89.43	179.73	10,058.47	-3,368.95	-14.27	3,368.97	0.00	0.00	0.00	
13,900.00	89.43	179.73	10,059.46	-3,468.95	-13.80	3,468.96	0.00	0.00	0.00	
14,000.00	89.43	179.73	10,060.44	-3,568.94	-13.34	3,568.95	0.00	0.00	0.00	
14,100.00	89.43	179.73	10,061.43	-3,668.94	-12.87	3,668.95	0.00	0.00	0.00	
14,200.00	89.43	179.73	10,062.42	-3,768.93	-12.40	3,768.94	0.00	0.00	0.00	
14,300.00	89.43	179.73	10,063.41	-3,868.92	-11.93	3,868.93	0.00	0.00	0.00	
14,400.00	89.43	179.73	10,064.39	-3,968.92	-11.46	3,968.93	0.00	0.00	0.00	
14,500.00	89.43	179.73	10,065.38	-4,068.91	-10.99	4,068.92	0.00	0.00	0.00	
14,600.00	89.43	179.73	10,066.37	-4,168.91	-10.52	4,168.91	0.00	0.00	0.00	
14,700.00	89.43	179.73	10,067.36	-4,268.90	-10.05	4,268.91	0.00	0.00	0.00	
14,800.00	89.43	179.73	10,068.34	-4,368.89	-9.59	4,368.90	0.00	0.00	0.00	
14,900.00	89.43	179.73	10,069.33	-4,468.89	-9.12	4,468.90	0.00	0.00	0.00	
15,000.00	89.43	179.73	10,070.32	-4,568.88	-8.65	4,568.89	0.00	0.00	0.00	
15,100.00	89.43	179.73	10,071.31	-4,668.88	-8.18	4,668.88	0.00	0.00	0.00	
15,200.00	89.43	179.73	10,072.30	-4,768.87	-7.71	4,768.88	0.00	0.00	0.00	
15,300.00	89.43	179.73	10,073.28	-4,868.86	-7.24	4,868.87	0.00	0.00	0.00	
15,400.00	89.43	179.73	10,074.27	-4,968.86	-6.77	4,968.86	0.00	0.00	0.00	
15,500.00	89.43	179.73	10,075.26	-5,068.85	-6.30	5,068.86	0.00	0.00	0.00	
15,564.98	89.43	179.73	10,075.90	-5,133.83	-6.00	5,133.83	0.00	0.00	0.00	

Oxy Planning Report

Database:	HOPSP	Local Co-ordinate Reference:	Well Arkenstone 31 Federal 2H
Company:	ENGINEERING DESIGNS	TVD Reference:	RKB=26.5' @ 3373.90ft
Project:	PRD NM DIRECTIONAL PLANS (NAD 1983)	MD Reference:	RKB=26.5' @ 3373.90ft
Site:	Arkenstone 31 Federal	North Reference:	Grid
Well:	Arkenstone 31 Federal 2H	Survey Calculation Method:	Minimum Curvature
Wellbore:	WB00		
Design:	Permitting Plan		

Planned Survey									
Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N-S (ft)	+E-W (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)

Design Targets									
Target Name - hit/miss target - Shape	Dip Angle (°)	Dip Dir. (°)	TVD (ft)	+N-S (ft)	+E-W (ft)	Northing (usft)	Easting (usft)	Latitude	Longitude
FTP (Arkenstone 31 - plan hits target center - Point	0.00	0.00	10,024.90	29.70	-30.20	461,570.30	699,157.70	32° 16' 4.437990 N	103° 49' 21.824430
PBHL (Arkenstone 31 - plan hits target center - Point	0.00	0.00	10,075.90	-5,133.83	-6.00	456,407.10	699,181.90	32° 15' 13.343821 N	103° 49' 21.828637

Plan Annotations					
Measured Depth (ft)	Vertical Depth (ft)	Local Coordinates		Comment	
		+N-S (ft)	+E-W (ft)		
4,965.00	4,965.00	0.00	0.00	Build 2.00°/100'	
5,464.97	5,462.44	43.47	-2.14	Hold 10.00° Tangent	
8,607.08	8,556.81	588.40	-28.93	Turn 2.00°/100'	
9,606.80	9,551.46	588.29	-32.82	KOP, Build 10.00°/100'	
10,401.14	10,024.90	29.70	-30.20	Landing Point	
15,564.98	10,075.90	-5,133.83	-6.00	TD at 15564.98' MD	



Project: PRD NM DIRECTIONAL PLANS (NAD 1983)
 Site: Arkenstone 31 Federal
 Well: Arkenstone 31 Federal 2H
 Wellbore: WB00
 Design: Permitting Plan

PROJECT DETAILS: NM DIRECTIONAL PLANS (NAD 1983)

Geodetic System: US State Plane 1983
 Datum: North American Datum 1983
 Ellipsoid: GRS 1980
 Zone: New Mexico Eastern Zone

System Datum: Mean Sea Level

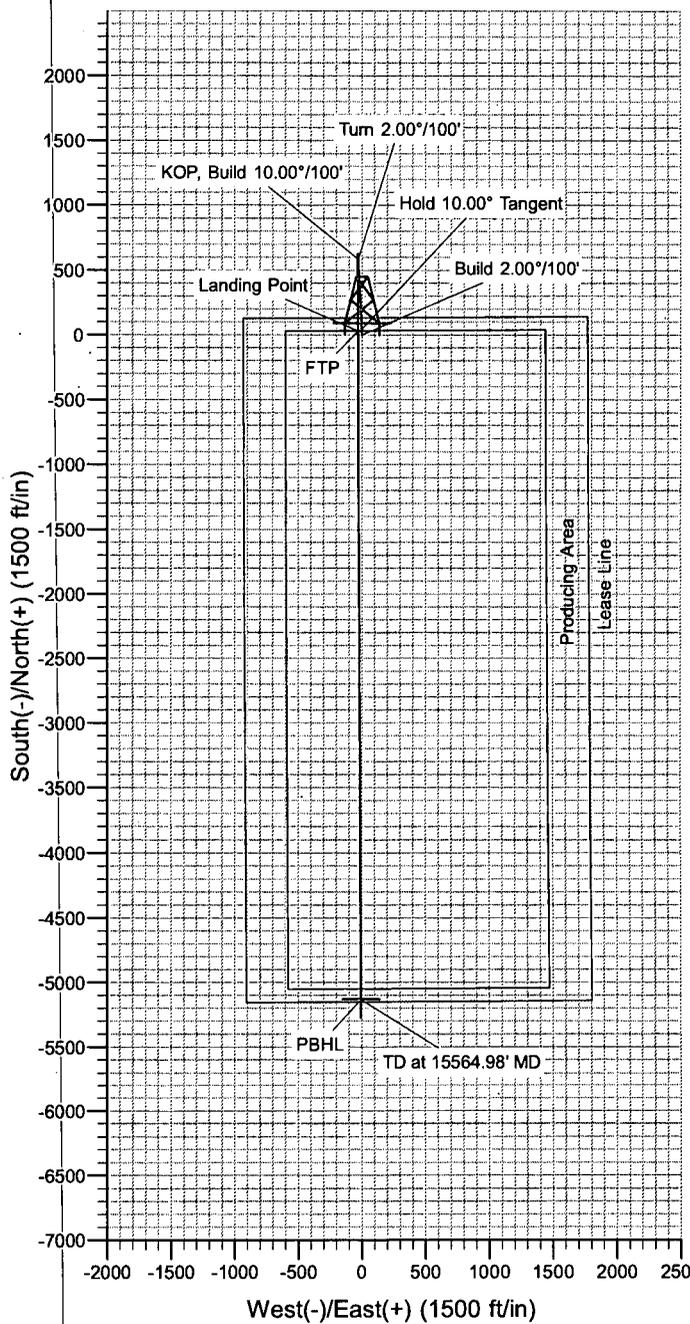
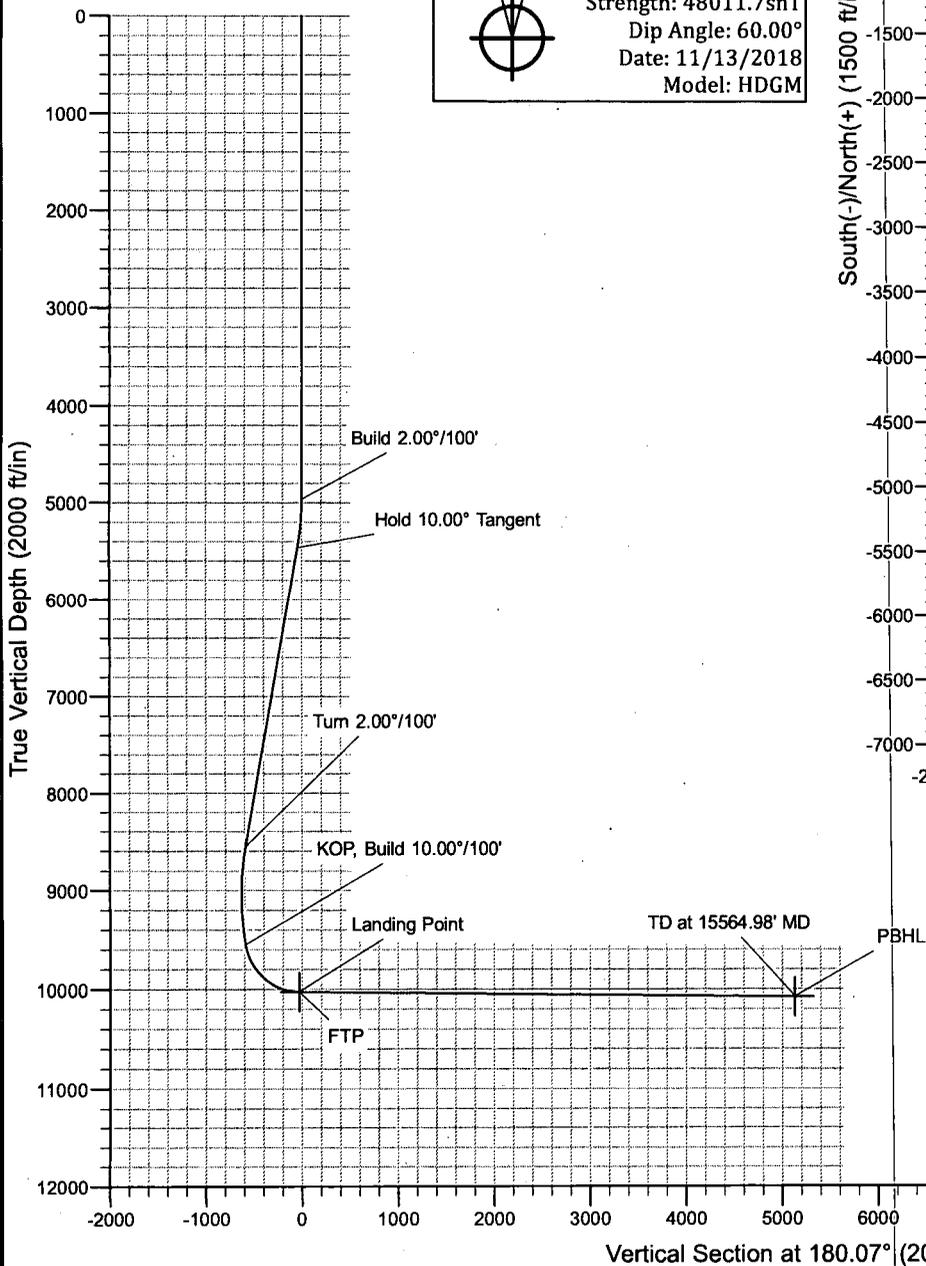
WELL DETAILS: Arkenstone 31 Federal 2H

		Ground Level: 3347.40			
+N-S	+E-W	Northing	Easting	Latitude	Longitude
0.00	0.00	461540.60	699187.90	32° 16' 4.142668 N	103° 49' 21.474341 W

SECTION DETAILS

MD	Inc	Azi	TVD	+N-S	+E-W	Dleg	TFace	VSec	Annotation
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
4965.00	0.00	0.00	4965.00	0.00	0.00	0.00	0.00	0.00	Build 2.00°/100'
5464.97	10.00	357.19	5462.44	43.47	-2.14	2.00	357.19	-43.46	Hold 10.00° Tangent
8607.08	10.00	357.19	8556.81	588.40	-28.93	0.00	0.00	-588.37	Turn 2.00°/100'
9606.80	10.00	179.73	9551.46	588.29	-32.82	2.00	-178.71	-588.25	KOP, Build 10.00°/100'
10401.14	89.43	179.73	10024.90	29.70	-30.20	10.00	0.00	-29.67	Landing Point
15564.98	89.43	179.73	10075.90	-5133.83	-6.00	0.00	0.00	5133.83	TD at 15564.98' MD

Azimuths to Grid North
 True North: -0.27°
 Magnetic North: 6.61°
 Magnetic Field
 Strength: 48011.7snT
 Dip Angle: 60.00°
 Date: 11/13/2018
 Model: HDGM



Oxy USA Inc. - Arkenstone 31 Federal 2H

1. Geologic Formations

TVD of target	10075'	Pilot Hole Depth	N/A
MD at TD:	15564'	Deepest Expected fresh water:	351'

Delaware Basin

Formation	TVD - RKB	Expected Fluids
Rustler	351	
Salado	668	Salt
Castile	2,597	Salt
Lamar/Delaware	4,025	Oil/Gas/Brine
Bell Canyon	4,057	Oil/Gas/Brine
Cherry Canyon	4,959	Oil/Gas/Brine
Brushy Canyon	6,250	Losses
Bone Spring	7,930	Oil/Gas
1st Bone Spring	8,960	Oil/Gas
2nd Bone Spring	9,602	Oil/Gas

*H2S, water flows, loss of circulation, abnormal pressures, etc.

2. Casing Program

Primary Plan:

Hole Size (in)	Casing Interval		Csg. Size (in)	Weight (lbs)	Grade	Conn.	SF Collapse	SF Burst	Buoyant	Buoyant
	From (ft)	To (ft)							Body SF Tension	Joint SF Tension
17.5	0	401	13.375	54.5	J-55	BTC	1.125	1.2	1.4	1.4
12.25	0	4075	9.625	40	L-80	BTC	1.125	1.2	1.4	1.4
8.5	0	10056	5.5	20	P-110	DQX	1.125	1.2	1.4	1.4
8.5	10056	15564	4.5	13.5	P-110	DQX	1.125	1.2	1.4	1.4
SF Values will meet or Exceed										

Contingency Plan:

Hole Size (in)	Casing Interval		Csg. Size (in)	Weight (lbs)	Grade	Conn.	SF Collapse	SF Burst	Buoyant	Buoyant
	From (ft)	To (ft)							Body SF Tension	Joint SF Tension
17.5	0	401	13.375	54.5	J-55	BTC	1.125	1.2	1.4	1.4
12.25	0	4075	9.625	40	L-80	BTC	1.125	1.2	1.4	1.4
8.5	0	9506	7.625	26.4	L-80 HC	SF (0 ft to 4000 ft) FJ (4000 ft to 9506 ft)	1.125	1.2	1.4	1.4
6.75	0	10056	5.5	20	P-110	DQX	1.125	1.2	1.4	1.4
6.75	10056	15564	4.5	13.5	P-110	DQX	1.125	1.2	1.4	1.4
SF Values will meet or Exceed										

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

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

*Oxy requests the option to run production casing with DQX and/or SF TORQ connections to accommodate hole conditions or drilling operations.

Oxy USA Inc. - Arkenstone 31 Federal 2H

Annular Clearance Variance Request

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

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

	Y or N
Is casing new? If used, attach certification as required in Onshore Order #1	Y
Does casing meet API specifications? If no, attach casing specification sheet.	Y
Is premium or uncommon casing planned? If yes attach casing specification sheet.	Y
Does the above casing design meet or exceed BLM's minimum standards? If not provide justification (loading assumptions, casing design criteria).	Y
Will the intermediate pipe be kept at a minimum 1/3 fluid filled to avoid approaching the collapse pressure rating of the casing?	Y
Is well located within Capitan Reef?	N
If yes, does production casing cement tie back a minimum of 50' above the Reef?	
Is well within the designated 4 string boundary.	
Is well located in SOPA but not in R-111-P?	N
If yes, are the first 2 strings cemented to surface and 3 rd string cement tied back 500' into previous casing?	
Is well located in R-111-P and SOPA?	Y
If yes, are the first three strings cemented to surface?	Y
Is 2 nd string set 100' to 600' below the base of salt?	Y
Is well located in high Cave/Karst?	N
If yes, are there two strings cemented to surface?	
(For 2 string wells) If yes, is there a contingency casing if lost circulation occurs?	
Is well located in critical Cave/Karst?	N
If yes, are there three strings cemented to surface?	

Oxy USA Inc. - Arkenstone 31 Federal 2H

3. Cementing Program

Primary Plan:

Casing String	# Sks	Wt. (lb/gal)	Yld (ft ³ /sack)	H2O (gal/sk)	500# Comp. Strength (hours)	Slurry Description
Surface (Lead)	N/A	N/A	N/A	N/A	N/A	N/A
Surface (Tail)	430	14.8	1.33	6.365	5:26	Class C Cement, Accelerator
Intermediate (Lead)	947	12.9	1.73	8.784	15:26	Pozzolan Cement, Retarder
Intermediate (Tail)	155	14.8	1.33	6.368	7:11	Class C Cement, Accelerator
Production 1st Stage (Lead)	250	13.2	1.38	6.692	17:50	Class H Cement, Retarder, Dispersant, Salt
Production 1st Stage (Tail)	1339	13.2	1.38	6.686	3:49	Class H Cement, Retarder, Dispersant, Salt
2nd Stage Production Lead Slurry to be pumped as Bradenhead Squeeze from surface, down the Production annulus.						
Production 2nd Stage (Tail)	939	12.9	1.872	10.11	21:54	Class C Cement, Accelerator

Casing String	Top (ft)	Bottom (ft)	% Excess
Surface (Lead)	N/A	N/A	N/A
Surface (Tail)	0	401	100%
Intermediate (Lead)	0	3575	50%
Intermediate (Tail)	3575	4075	20%
Production 1st Stage (Lead)	6500	7930	5%
Production 1st Stage (Tail)	7930	15564	5%
Production 2nd Stage (Tail)	0	6500	25%

Contingency Plan:

Casing String	# Sks	Wt. (lb/gal)	Yld (ft ³ /sack)	H2O (gal/sk)	500# Comp. Strength (hours)	Slurry Description
Surface (Lead)	N/A	N/A	N/A	N/A	N/A	N/A
Surface (Tail)	430	14.8	1.33	6.365	5:26	Class C Cement, Accelerator
Intermediate (Lead)	871	12.9	1.88	10.130	14:22	Pozzolan Cement, Retarder
Intermediate (Tail)	155	14.8	1.33	6.370	12:45	Class C Cement, Accelerator
Intermediate II 1st Stage (Lead)	N/A	N/A	N/A	N/A	N/A	N/A
Intermediate II 1st Stage (Tail)	148	13.2	1.65	8.640	11:54	Class H Cement, Retarder, Dispersant, Salt
Intermediate II 2nd Stage (Tail Slurry) to be pumped as Bradenhead Squeeze from surface, down the Intermediate annulus						
Intermediate II 2nd Stage (Lead)	N/A	N/A	N/A	N/A	N/A	N/A
Intermediate II 2nd Stage (Tail)	358	12.9	1.92	10.410	23:10	Class C Cement, Accelerator
Production (Lead)	N/A	N/A	N/A	N/A	N/A	N/A
Production (Tail)	743	13.2	1.38	6.686	3:49	Class H Cement, Retarder, Dispersant, Salt

Casing String	Top (ft)	Bottom (ft)	% Excess
Surface (Lead)	N/A	N/A	N/A
Surface (Tail)	0	401	100%
Intermediate (Lead)	0	3575	50%
Intermediate (Tail)	3575	4075	20%
Intermediate II 1st Stage (Lead)	N/A	N/A	N/A
Intermediate II 1st Stage (Tail)	6500	9506	5%
Intermediate II 2nd Stage (Lead)	N/A	N/A	N/A
Intermediate II 2nd Stage (Tail)	0	6500	25%
Production (Lead)	N/A	N/A	N/A
Production (Tail)	9006	15564	20%

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

Oxy USA Inc. - Arkenstone 31 Federal 2H

Offline Cementing

Oxy requests a variance to cement the 9.625" and/or 7.625" intermediate casing strings offline in accordance to the approved variance, EC Tran 461365.

The summarized operational sequence will be as follows:

1. Run casing as per normal operations. While running casing, conduct negative pressure test and confirm integrity of the float equipment (float collar and shoe).
2. Land casing.
3. Fill pipe with kill weight fluid, and confirm well is static.
 - a. If well is not static notify BLM and kill well.
 - b. Once well is static notify BLM with intent to proceed with nipple down and offline cementing.
4. Set and pressure test annular packoff.
5. After confirmation of both annular barriers and internal barriers, nipple down BOP and install cap flange. If any barrier fails to test, the BOP stack will not be nipped down until after the cement job is completed.
6. Skid rig to next well on pad.
7. Confirm well is static before removing cap flange.
8. If well is not static notify BLM and kill well prior to cementing or nipping up for further remediation.
9. Install offline cement tool.
10. Rig up cement equipment.
 - a. Notify BLM prior to cement job.
11. Perform cement job.
12. Confirm well is static and floats are holding after cement job.
13. Remove cement equipment, offline cement tools and install night cap with pressure gauge for monitoring.

4. Pressure Control Equipment

BOP installed and tested before drilling which hole?	Size?	Min. Required WP	Type	✓	Tested to:
12.25" Hole	13-5/8"	3M	Annular	✓	70% of working pressure
			Blind Ram	✓	250 psi / 3000 psi
		Pipe Ram			
		Double Ram	✓		
Other*					
8.5" Hole	13-5/8"	3M	Annular	✓	70% of working pressure
			Blind Ram	✓	250 psi / 3000 psi
		Pipe Ram			
		Double Ram	✓		
Other*					
6.75" Hole (Contingency)	13-5/8"	3M	Annular	✓	70% of working pressure
			Blind Ram	✓	250 psi / 3000 psi
		Pipe Ram			
		Double Ram	✓		
Other*					

Oxy USA Inc. - Arkenstone 31 Federal 2H

*Specify if additional ram is utilized.

BOP/BOPE will be tested by an independent service company to 250 psi low and the high pressure indicated above per Onshore Order 2 requirements. The System may be upgraded to a higher pressure but still tested to the working pressure listed in the table above. If the system is upgraded all the components installed will be functional and tested.

Pipe rams will be operationally checked each 24 hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets. Other accessories to the BOP equipment will include a Kelly cock and floor safety valve (inside BOP) and choke lines and choke manifold. See attached schematics.

	Formation integrity test will be performed per Onshore Order #2. On Exploratory wells or on that portion of any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Will be tested in accordance with Onshore Oil and Gas Order #2 III.B.1.i.
	A variance is requested for the use of a flexible choke line from the BOP to Choke Manifold. See attached for specs and hydrostatic test chart.
Y	Are anchors required by manufacturer?
	A multibowl or a unionized multibowl wellhead system will be employed. The wellhead and connection to the BOPE will meet all API 6A requirements. The BOP will be tested per Onshore Order #2 after installation on the surface casing which will cover testing requirements for a maximum of 30 days. If any seal subject to test pressure is broken the system must be tested. We will test the flange connection of the wellhead with a test port that is directly in the flange. We are proposing that we will run the wellhead through the rotary prior to cementing surface casing as discussed with the BLM on October 8, 2015. See attached schematics.

BOP Break Testing Request

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

- After a full BOP test is conducted on the first well on the pad.
- When skidding to drill an intermediate section that the casing point is either shallower than the 3rd Bone Spring or 10000 TVD.
- Full BOP test will be required prior to drilling any production hole.

Oxy USA Inc. - Arkenstone 31 Federal 2H

5. Mud Program

Depth		Type	Weight (ppg)	Viscosity	Water Loss
From (ft)	To (ft)				
0	401	Water-Based Mud	8.6-8.8	40-60	N/C
401	4075	Saturated Brine-Based Mud	9.8-10.0	35-45	N/C
4075	15564	Water-Based or Oil-Based Mud	8.0-9.6	38-50	N/C

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

What will be used to monitor the loss or gain of fluid?	PVT/MD Totco/Visual Monitoring
---	--------------------------------

6. Logging and Testing Procedures

Logging, Coring and Testing.	
Yes	Will run GR from TD to surface (horizontal well – vertical portion of hole). Stated logs run will be in the Completion Report and submitted to the BLM.
No	Logs are planned based on well control or offset log information.
No	Drill stem test? If yes, explain
No	Coring? If yes, explain
Additional logs planned	Interval
No	Resistivity
No	Density
No	CBL
Yes	Mud log
No	PEX
	ICP - TD

7. Drilling Conditions

Condition	Specify what type and where?
BH Pressure at deepest TVD	5030 psi
Abnormal Temperature	No
BH Temperature at deepest TVD	161°F

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

Oxy USA Inc. - Arkenstone 31 Federal 2H

used to isolate potential gas, oil, and water zones until such time as casing can be cemented into place for zonal isolation.

Hydrogen Sulfide (H2S) monitors will be installed prior to drilling out the surface shoe. If H2S is detected in concentrations greater than 100 ppm, the operator will comply with the provisions of Onshore Oil and Gas Order #6. If Hydrogen Sulfide is encountered, measured values and formations will be provided to the BLM.	
N	H2S is present
Y	H2S Plan attached

8. Other facets of operation

	Yes/No
Will the well be drilled with a walking/skidding operation? If yes, describe. <ul style="list-style-type: none"> We plan to drill the three well pad in batch by section: all surface sections, intermediate sections and production sections. The wellhead will be secured with a night cap whenever the rig is not over the well. 	Yes
Will more than one drilling rig be used for drilling operations? If yes, describe. <ul style="list-style-type: none"> Oxy requests the option to contract a Surface Rig to drill, set surface casing, and cement for this well. If the timing between rigs is such that Oxy would not be able to preset surface, the Primary Rig will MIRU and drill the well in its entirety per the APD. Please see the attached document for information on the spudder rig. 	Yes

Total estimated cuttings volume: 1461.3 bbls.

Attachments

- Directional Plan
- H2S Contingency Plan
- Flex III Attachments
- Spudder Rig Attachment
- Premium Connection Specs

9. Company Personnel

<u>Name</u>	<u>Title</u>	<u>Office Phone</u>	<u>Mobile Phone</u>
Linsay Earle	Drilling Engineer	713-350-4921	832-596-5507
Margaret Giltner	Drilling Engineer Supervisor	713-366-5026	210-683-8480
Simon Benavides	Drilling Superintendent	713-522-8652	281-684-6897
Diego Tellez	Drilling Manager	713-350-4602	713-303-4932