

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMLC029426A
1b. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator OXY USA WTP Limited Partnership		7. Unit or CA Agreement Name and No.
3a. Address P.O. Box 50250 Midland, TX 79710-0250	3b. Phone No. (include area code) 915-685-5717	8. Lease Name and Well No. OXY Pralines & Cream Fed #1
4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface 1650 FNL 660 FEL SENE(H) per SN dated 7/29/03 At proposed prod. zone		9. API Well No. 30-015-32982
14. Distance in miles and direction from nearest town or post office* 7 miles northeast from Loco Hills, NM		10. Field and Pool, or Exploratory Undsg. Fren Morrow
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 660'	16. No. of Acres in lease 320	11. Sec., T., R., M., or Blk. and Survey or Area Sec 3 T17S R31E
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. N/A	19. Proposed Depth 12400'	12. County or Parish Eddy
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3984'	22. Approximate date work will start* 6/30/03	13. State NM
23. Estimated duration 30 days		

24. Attachments

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

- | | |
|---|---|
| <ol style="list-style-type: none"> 1. Well plat certified by a registered surveyor. 2. A Drilling Plan 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | <ol style="list-style-type: none"> 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). 5. Operator certification. 6. Such other site specific information and/or plans as may be required by the authorized officer. |
|---|---|

25. Signature 	Name (Printed/Typed) David Stewart	Date 5/21/03
-------------------	--	------------------------

Title
Sr. Regulatory Analyst

Approved by (Signature) /s/ Joe G. Lara	Name (Printed/Typed) /s/ Joe G. Lara	Date 5 AUG 2003
---	--	---------------------------

Title ACTING FIELD MANAGER	Office CARLSBAD FIELD OFFICE
--------------------------------------	--

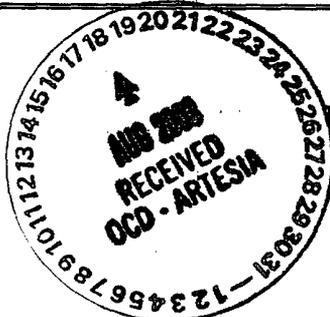
Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

APPROVAL FOR 1 YEAR

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on Reverse)

**APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED**



ROSWELL CONTROLLED WATER BASIN

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0135
Expires: November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No.
NMLC029426A

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.
**OXY Pralines & #1
Cream Federal**

9. API Well No.
30-015-

10. Field and Pool, or Exploratory Area
Undsg Fren Morrow

11. County or Parish, State
Eddy NM

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
OXY USA WTP LP **192463**

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

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

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
**1460 FNL 660 FEL SENE(H) Sec 3 T17S R31E
1450**

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal
			<input type="checkbox"/> Water Shut-Off
			<input type="checkbox"/> Well Integrity
			<input checked="" type="checkbox"/> Other <u>Move</u>
			<u>Surface Location</u>

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection.)

At the request of the BLM, the surface location was moved ^{200'} ~~190'~~ to the north and the access road rerouted.
V-door will be to the north and pits to the west.

Please see attached for an amended C-102 plat and Exhibit's B.

New Location: ¹⁴⁵⁰ ~~1460~~ FNL 660 FEL SENE(H) Sec 3 T17S R31E

Old Location: 1650 FSL 660 FEL SENE(H) Sec 3 T17S R31E

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed) **David Stewart** Title **Sr. Regulatory Analyst**

David Stewart Date **7/22/03 7/29/03**

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by **/s/ Joe G. Lara** ACTING FIELD MANAGER Date **15 AUG 2003**

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. Office **CARLSBAD FIELD OFFICE**

Title 18 U.S.C. Section 1001, and Title 43 U.S.C. Section 1212, makes 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.

DISTRICT I
P.O. Box 1988, Hobbs, NM 88241-1988

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Artesia, NM 87410

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT AMENDED REPORT

API Number 30-015-	Pool Code 96663	Pool Name Undesignated Fren Morrow
Property Code	Property Name OXY PRALINES & CREAM Federal	Well Number 1
OGRID No. 192463	Operator Name OXY U.S.A. WTP, LP	Elevation 3982'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	3	17-S	31-E		1450	NORTH	660	EAST	EDDY

Bottom Hole Location If Different From Surface

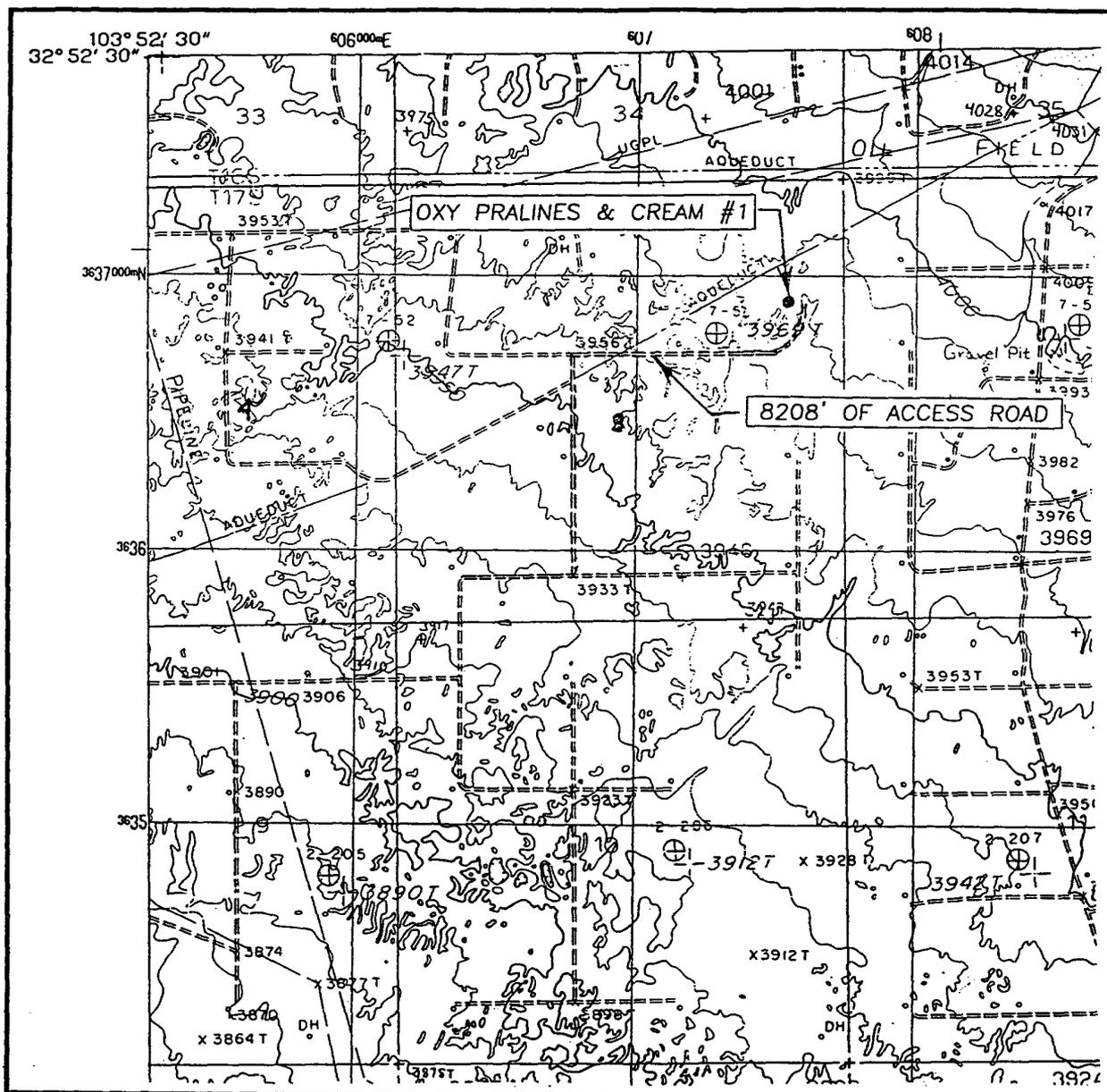
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

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

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

<p>GEODETTIC COORDINATES NAD 27 NME</p> <p>X= 648229.7 E Y= 679388.5 N</p> <p>LAT. = 32°52'00.44" N LONG. = 103°51'02.05" W</p> <div style="text-align: center;"> </div>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>David Stewart</i> Signature</p> <p>David Stewart Printed Name</p> <p>Sr. Regulatory Analyst Title</p> <p>7/22/03 7/29/03 Date</p> <hr/> <p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.</p> <p>JULY 15, 2003 Date Surveyed</p> <p>Ronald J. Eidson LMP Signature & Seal of Professional Surveyor</p> <p><i>Ronald J. Eidson</i> Professional Surveyor</p> <p>03-11-0753 Certificate No. RONALD J. EIDSON 3239 GARY EIDSON 12641</p>
--	---

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'
MALJAMAR, N.M.

SEC. 3 TWP. 17-S RGE. 31-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1450' FNL & 660' FEL

ELEVATION 3982'

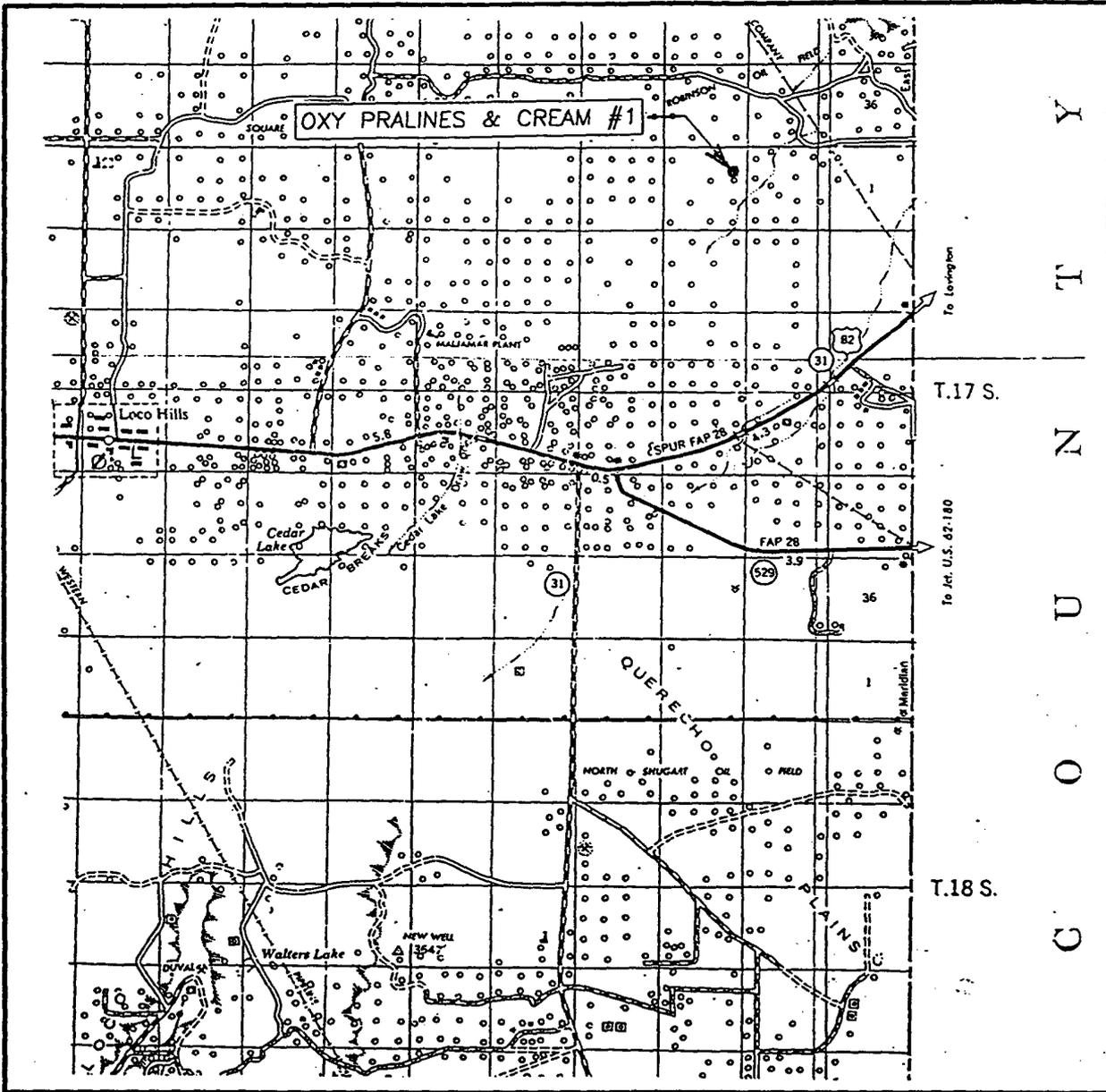
OPERATOR OXY U.S.A WTP, LP.

LEASE OXY PRALINES & CREAM

U.S.G.S. TOPOGRAPHIC MAP
MALJAMAR, N.M.

**JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117**

EXHIBIT B
VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 3 TWP. 17-S RGE. 31-E
 SURVEY N.M.P.M.
 COUNTY EDDY
 DESCRIPTION 1450' FNL & 660' FEL
 ELEVATION 3982'
 OPERATOR OXY U.S.A WTP, LP.
 LEASE OXY PRALINES & CREAM

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117

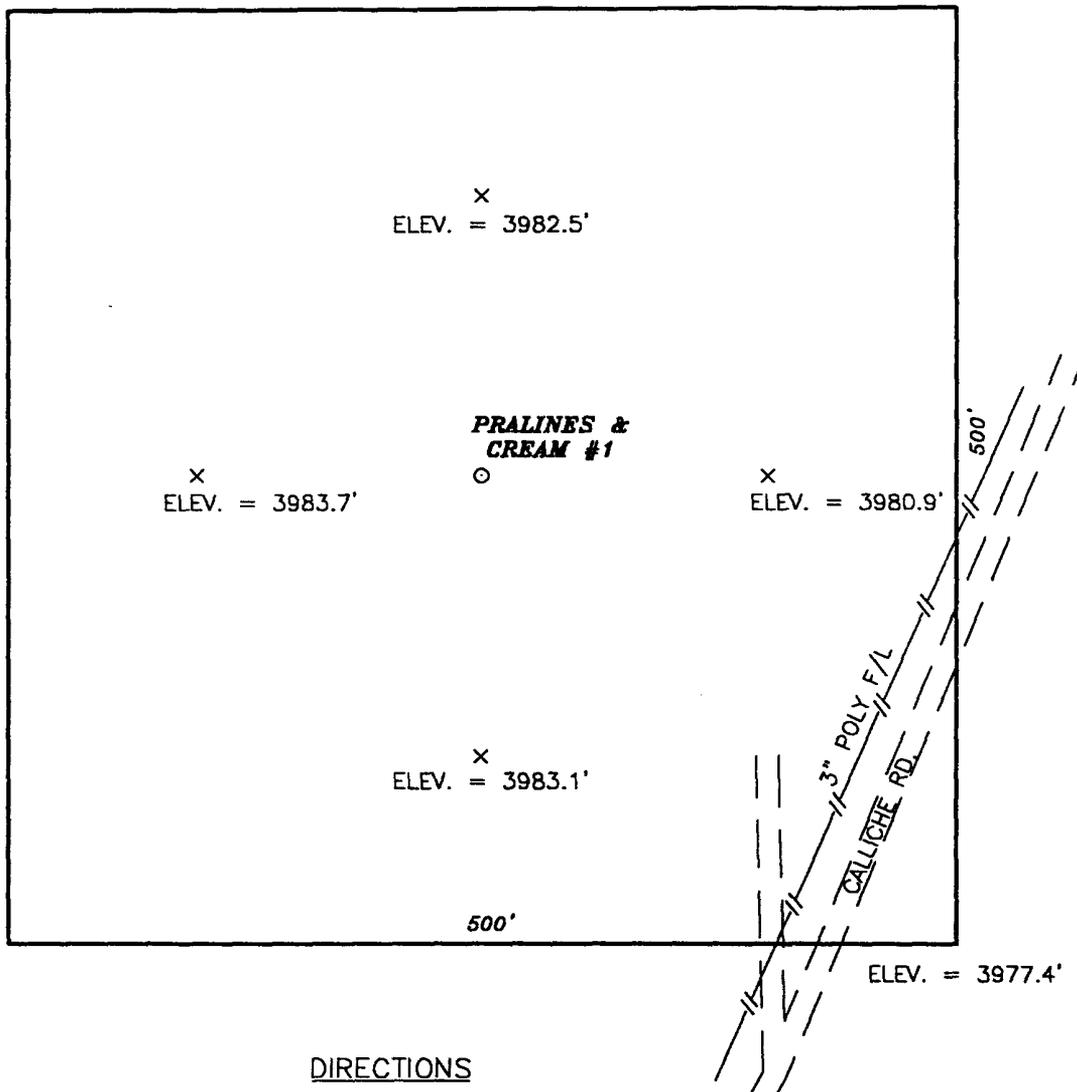
SECTION 3, TOWNSHIP 17 SOUTH, RANGE 31 EAST, N.M.P.M.,

EDDY COUNTY,

NEW MEXICO.

ELEV. = 3987.4'

ELEV. = 3983.9'



DIRECTIONS

BEGINNING AT THE INTERSECTION OF U.S. HWY 82 AND SKELLY RD.(CR 221). THEN NORTH ALONG SKELLY RD.(CR 221) 1.4 MILES; THEN NORTHEAST ALONG A CALICHE ROAD 0.5 MILES. THEN EAST 0.5 MILES. THEN NORTH 0.5 MILES. THEN EAST 2.1 MILES. THEN NORTH 0.2 MILES. THEN EAST 0.2 MILES. THEN NORTH 0.5 MILES. THEN EAST 0.4 MILES. THEN NORTHEAST 0.08 MILES. THEN NORTH 0.03 TO THE LOCATION.



GEOGRAPHIC COORDINATES NAD 27

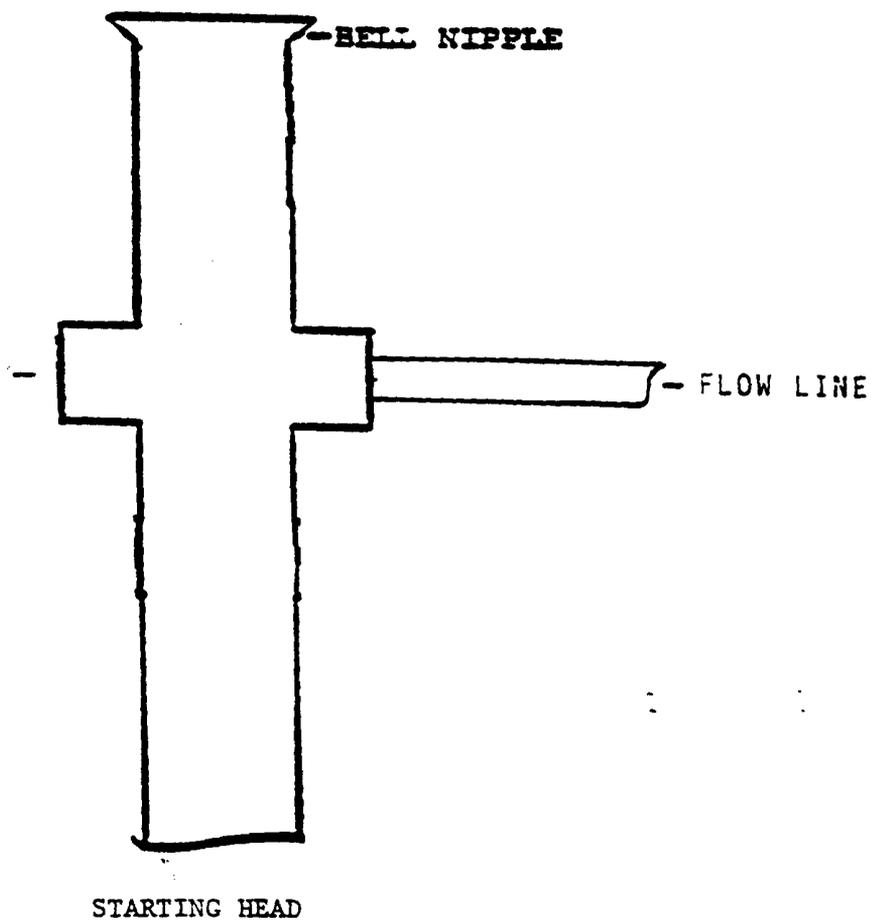
LAT. = 32°52'00.44" N
LONG. = 103°51'02.05" W

JOHN WEST SURVEYING COMPANY
412 N. DAL PASO - HOBBS, NEW MEXICO - 505-393-3117

OXY U.S.A. WTP, LP		
THE PRALINES & CREAM #1 1450 FEET FROM THE NORTH LINE AND 660 FEET FROM THE EAST LINE OF SECTION 3, TOWNSHIP 17 SOUTH, RANGE 31 EAST, N.M.P.M. EDDY COUNTY, NEW MEXICO		
Survey Date: 7/15/03	Sheet 1	of 1 Sheets
W.O. Number: 03.11.0753	Drawn By: LMP	Rev:
Date: 7/16/03	DISK: CD '03	03110753
		Scale: 1"=100'

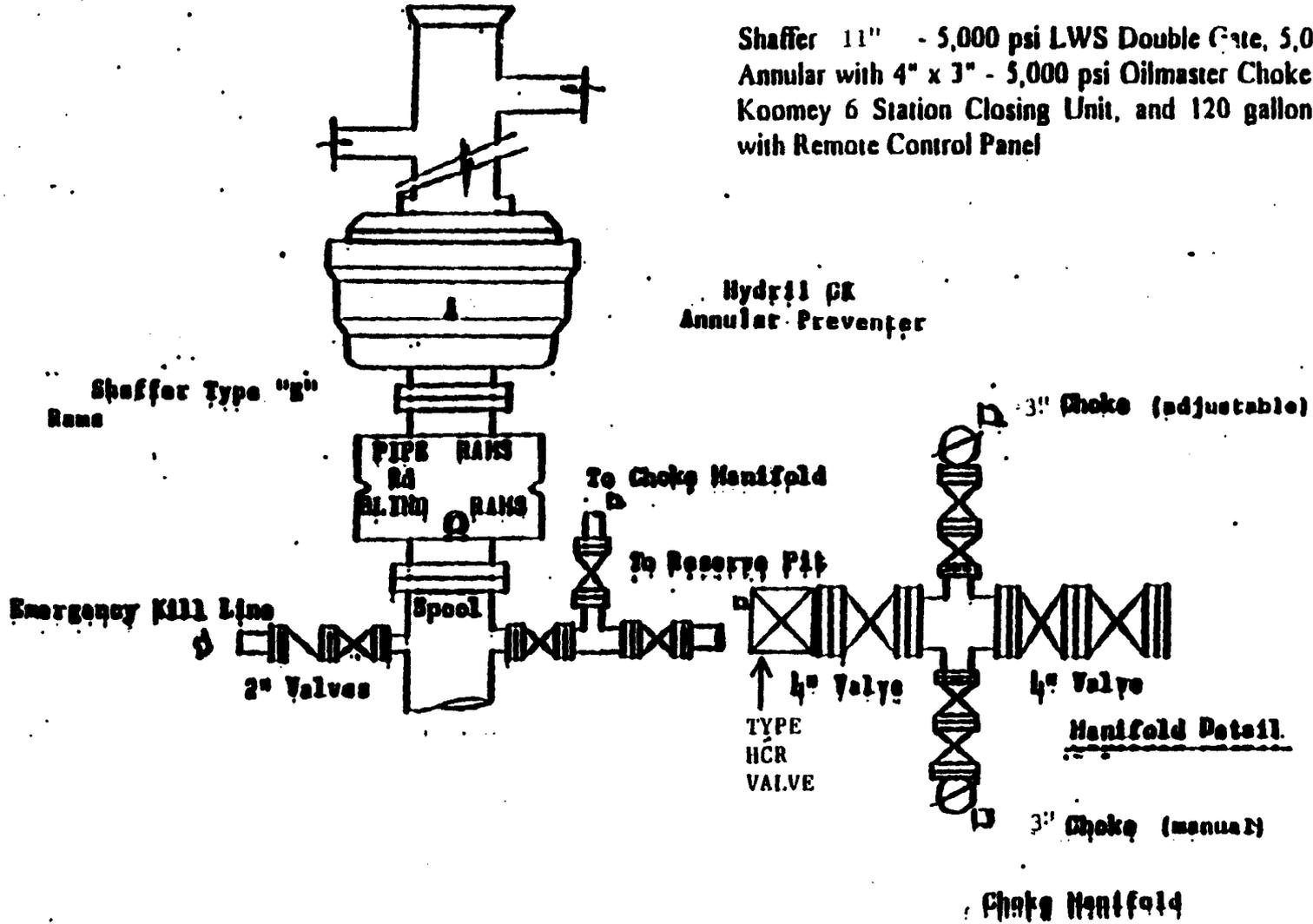
EXHIBIT A

ANNULAR PREVENTOR
TO BE USED AS DIVERTOR ONLY

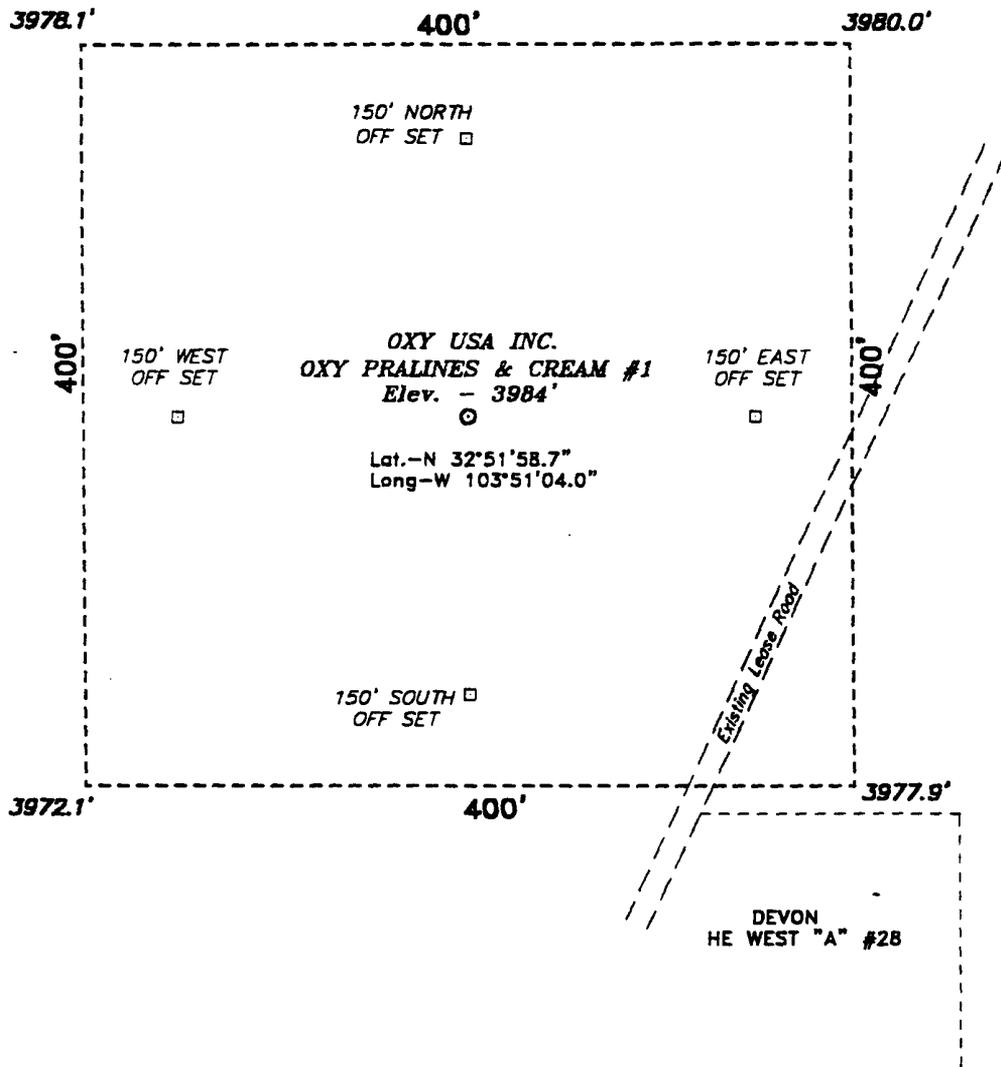


BLOWOUT PREVENTOR SCHEME

EXHIBIT A

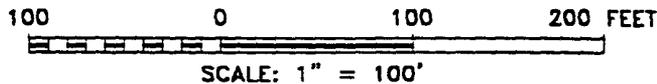


SECTION 3, TOWNSHIP 17 SOUTH, RANGE 31 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



Directions to Location:

FROM THE JUNCTION OF US HWY 82 AND CO. RD. 221, GO NORTH ON CO. RD. 221 1.4 MILE; THENCE 1.2 MILE NORTHEAST ON CAL LEASE ROAD; THENCE 0.5 MILE NORTH; THENCE 2.0 MILES EAST TO A DEAD END; THENCE NORTH 0.3 MILE; THENCE EAST 0.2 MILE; THENCE NORTH 0.5 MILE; THENCE EAST 0.5 MILE TO THE PROPOSED WELL LOCATION.



Oxy USA Inc.	
REF: Oxy Pralines & Cream No. 1 / Well Pgd Topo	
THE OXY PRALINES & CREAM No. 1 LOCATED 1650' FROM THE NORTH LINE AND 660' FROM THE EAST LINE OF SECTION 3, TOWNSHIP 17 SOUTH, RANGE 31 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.	

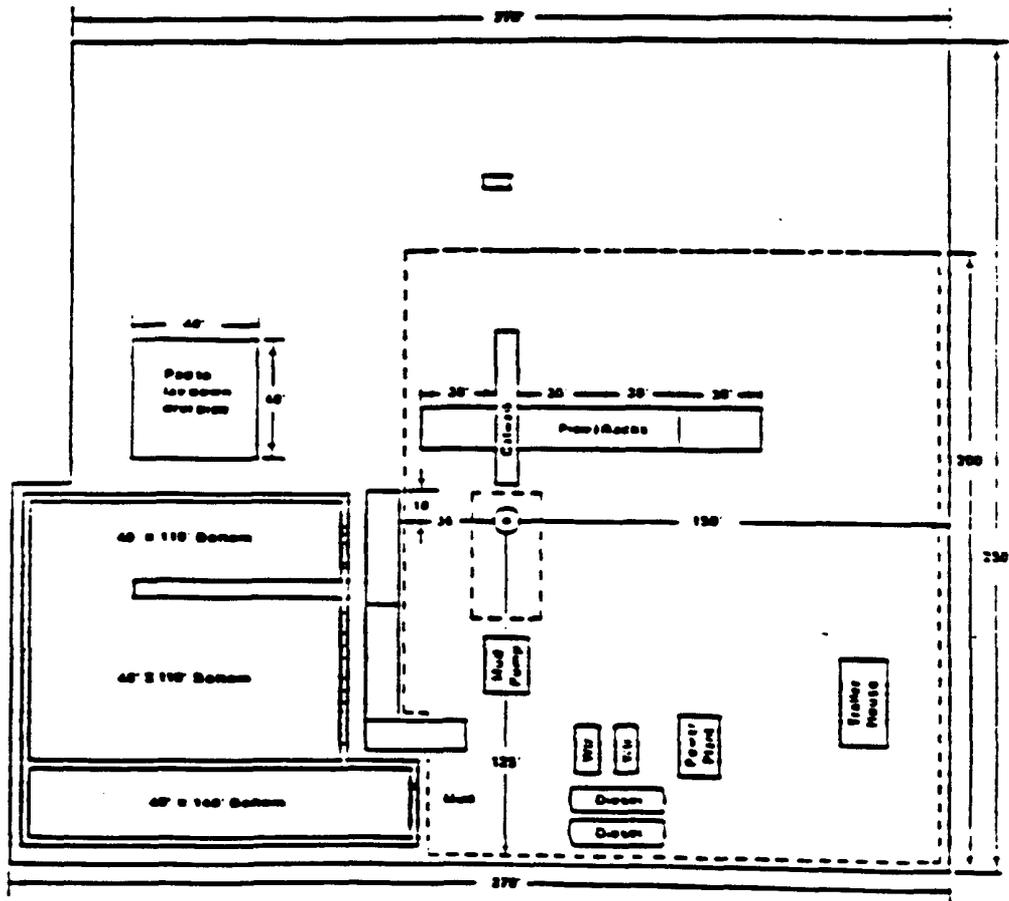
BASIN SURVEYS P.O. BOX 1786 - HOBBS, NEW MEXICO

W.O. Number: 0292 Drawn By: **K. GOAD**

Date: 06-06-2000 Disk: KJG #122 - 0292A.DWG

Survey Date: 06-02-2000 Sheet 1 of 1 Sheets

EXHIBIT D
LOCATION PLAT



HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

OXY USA Inc.
OXY Pralines & Cream Federal #1
Eddy County, New Mexico
Lease No. NMLC029426A

I. 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 this well:

1. The hazards and characteristics of hydrogen sulfide (H₂S).
2. The proper use and maintenance of personal protective equipment and life support systems.
3. The proper use of H₂S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds.
4. The proper techniques for first aid and rescue procedures.

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

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

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

II. H₂S SAFETY EQUIPMENT AND SYSTEMS

Note: All H₂S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonably expected to contain H₂S.

1. Well Control Equipment:
 - A. Flare Line with electronic igniter or continuous pilot.
 - B. Choke manifold with a minimum of one remote choke.
 - C. Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.
 - D. Auxiliary equipment to include: annular preventer, mud-gas separator, rotating head, and flare gun with flares.

Hydrogen Sulfide Drilling Operations Plan
OXY Pralines & Cream Federal #1
Page 2

2. Protective equipment for essential personnel:
 - A. 30-minute SCBA units located in the dog house and at the briefing areas, as indicated on well site diagram.
3. H2S detection and monitoring equipment:
 - A. 2-portable H2S monitors positioned on location for best coverage and response. These units have warning lights and audible sirens when H2S levels of 10ppm are reached.
 - B. 1-portable SO2 monitor positioned near flare line.
4. Visual warning systems:
 - A. Wind direction indicators as shown on well site diagram.
 - B. Caution/Danger signs shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used, when appropriate.
5. Mud program:
 - A. The mud program has been designed to minimize the volume of H2S circulated to the surface. Proper mud weight, safe drilling practices, and the use of H2S scavengers will minimize hazards when penetrating H2S bearing zones.
 - B. A mud-gas separator and an H2S gas buster will be utilized.
6. Metallurgy:
 - A. All drill strings, casing, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifold and lines, and valves shall be suitable for H2S service.
 - B. All elastomers used for packing and seals shall be H2S trim.
7. Communication:
 - A. Radio communication in company vehicles including cellular telephone and/or 2-way radio.
 - B. Land line (telephone) communications at field office.
8. Well testing:
 - A. Drill stem testing will be performed with the minimum number of personnel in the immediate vicinity which are necessary to safely and adequately conduct the test. The drill stem testing will be conducted during daylight hours and formation fluids will not be flowed to the surface. All drill stem testing operations conducted in an H2S environment will use the closed chamber method of testing.

May 21, 2003

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

Re: Application for Permit to Drill
OXY USA WTP Limited Partnership
OXY Pralines & Cream Federal #1
Eddy County, New Mexico
Lease No. NMLC029426A

Gentlemen:

OXY USA WTP Limited Partnership respectfully requests permission to drill our OXY Pralines & Cream Federal #1 located 1650 FNL and 660 FEL of Section 3, T17S, R31E, Eddy County, New Mexico, Federal Lease No. NMLC029426A. The proposed well will be drilled to a TD of approximately 12400' (TVD). The location and work area has been staked. It is approximately 7 miles northeast of Loco Hills, New Mexico.

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

I. Application for Permit to Drill:

1. Form 3160.3, Application for Permit to Drill.
2. Form C-102 Location and Acreage Dedication Plat certified by Gary L. Jones, Registered Land Surveyor No. 7977 in the State of New Mexico, dated June 6, 2000.
3. The elevation of the unprepared ground is 3984 feet above sea level.
4. The geologic name of the surface formation is Permian Rustler.
5. Rotary drilling equipment will be utilized to drill the well to TD 12400' (TVD), and run casing. This equipment will then be rigged down and the well will be completed with a pulling unit.
6. Proposed total depth is 12400' TVD.
7. Estimated tops of important geologic markers.

Wolfcamp	8650' TVD
Strawn	11130' TVD
Atoka	11400' TVD
Morrow	11650' TVD

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

Primary Objective:	Morrow	11650' TVD
Secondary Objective:	Atoka	11400' TVD

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

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

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

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

12. Mud Program:

0-675'	Fresh water/native mud. Lime for pH control (9-10). Paper for seepage. Wt. 8.7-9.2 ppg, vis 32-34 sec.
675-4500'	Fresh/*brine water. Lime for pH control (10-10.5). Paper for seepage. Wt. 8.3-9.0/10.0-10.1ppg, vis 28-29 sec. *Fresh water will be used unless chlorides in the mud system increase to 20000PPM.
4500-9500'	Fresh water. Lime for pH control (9-9.5). Paper for seepage. Wt. 8.3-8.5 ppg, vis 28-29 sec.
9500-11000'	Cut brine. Lime for pH control (10-10.5). Wt. 9.6-10.0 ppg, vis 28-29 sec.
11000-12400'	Mud up with an Duo Vis/Flo Trol system. Wt. 9.6-10.0 ppg, Vis 32-36sec, WL<10cc.

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

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

13. Testing, Logging and Coring Program:
 - A. Testing program: No DST's are anticipated.
 - B. Mud logging program: One-man unit from 6000' to TD.
 - C. Electric logging program: CNL/LDT/CAL/GR, DLL/CAL/GR.
 - D. Coring program: Possible sidewall rotary cores.
14. No abnormal temperatures are anticipated. The highest anticipated pressure gradient would be .55psi/ft. An H₂S Drilling Operations Plan is attached and will be activated while drilling below the 13-3/8" casing and until the 9-5/8" casing is set and cemented, covering the San Andres formation. Adequate flare lines will be installed off the mud/gas separator where gas may be flared safely.
15. Anticipated starting date is June 30, 2003. It should take approximately 30 days to drill the well and another 10 days to complete.
16. The Multi-Point Surface Use & Operation Plan is attached.
17. If the Bureau of Land Management needs additional information to evaluate this application, please advise.

Very truly yours,



David Stewart
Sr. Regulatory Analyst
OXY USA WTP Limited Partnership

DRS/drs

Attachments

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

**Hydrogen Sulfide (H₂S)
Contingency Plan**

For

**OXY Pralines & Cream Fed. No. 1
1450 ft FNL, 660 ft FEL
Sec 3, T17S, R31E
Eddy County, NM**

And

McVay Drilling Co., Rig No. 8

TABLE OF CONTENTS

<u>ITEM</u>	<u>PAGE</u>
PREFACE	3
LOCATION MAP.....	4
RIG SKETCH.....	5
EMERGENCY RESPONSE ACTIVATION AND GENERAL RESPONSIBILITIES	6
SPECIFIC EMERGENCY GUIDANCE	
- H2S Release	8
- Well Control.....	10
PUBLIC RELATIONS	13
PHONE CONTACTS – OP DOWNHOLE SERVICES GROUP	14
EMERGENCY PERSONELL NOTIFICATION NUMBERS.....	13
PHONE CONTACTS – OP PRODUCTION AND PLANT PERSONNEL	15
PHONE CONTACTS – OP HES PERSONNEL	16

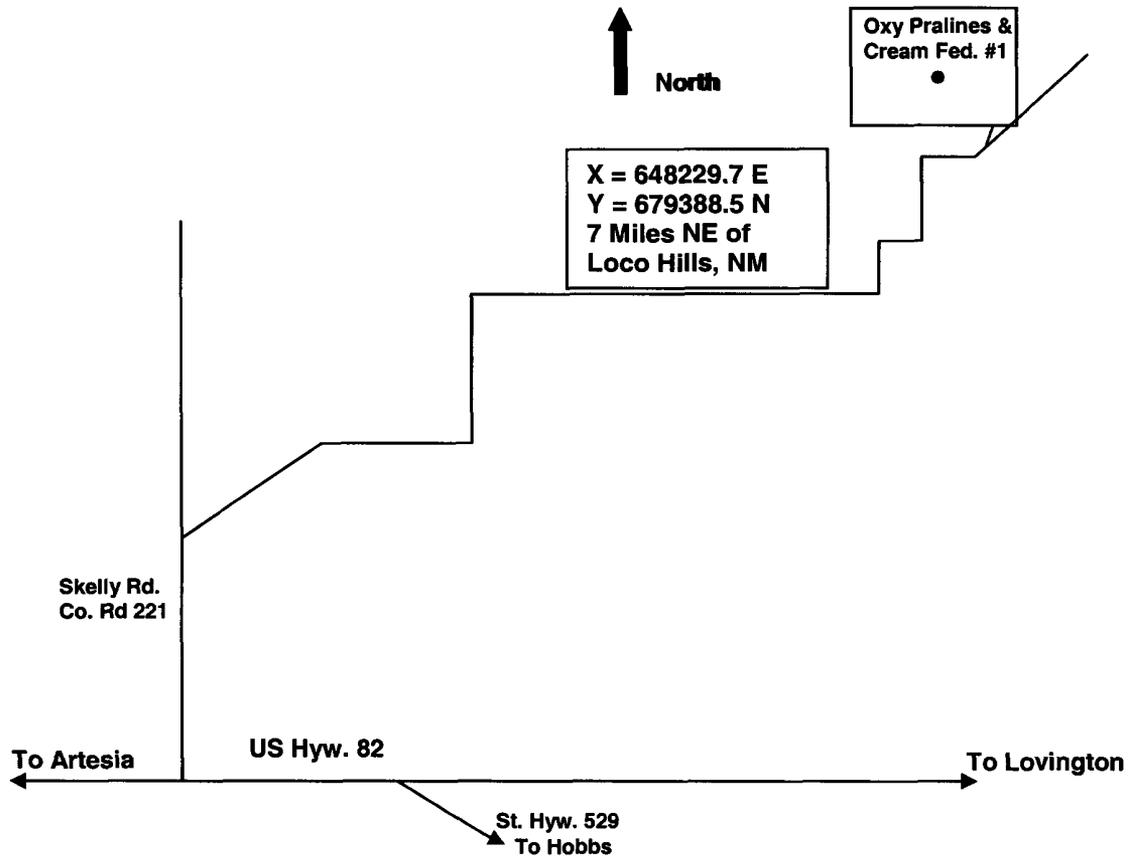
PREFACE

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

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

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

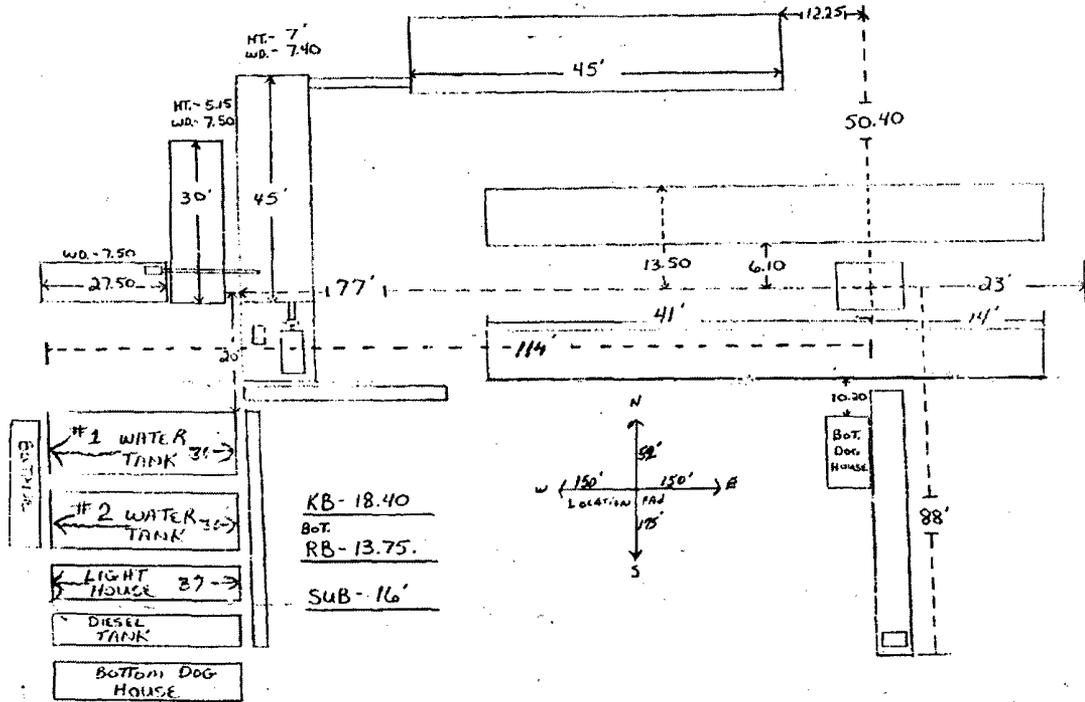
OXY PRALINES & CREAM FED. NO.1



**Beginning at the intersection of US Hyw. 82 and Skelly Rd. (Co. RD 221). Then north along Skelly Rd. 1.4 miles;
Then Northeast along a caliche road 0.5 miles.
Then north 0.5 miles.
Then east 2.1 miles.
Then north 0.2 miles.
Then east 0.2 miles.
Then north 0.5 miles.
Then east 0.4 miles.
Then northeast 0.08 miles.
Then north 0.03 miles to the location.**

RIG #8

AUG 27 03 08:54



EMERGENCY RESPONSE ACTIVATION AND GENERAL RESPONSIBILITIES

Activation of the Emergency Action Plan

- A. In the event of any emergency situation, all personnel on location should first ensure that the following items are initiated. After that, they should refer to the appropriate Specific Emergency Guidance sections on pages five (5) through nine (10) in this document for further responsibilities:
 - 1. Notify the senior ranking contract representative on site.
 - 2. Notify Oxy representative in charge.
 - 3. Notify civil authorities if the Oxy Representative can not be contacted and the situation dictates.
 - 4. Perform rescue and first aid as required (without jeopardizing additional personnel).

General Responsibilities

Oxy Permian Personnel:

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

Contract Drilling Personnel will immediately report to their assigned stations and perform their duties as outlined in the appropriate Specific Emergency Guidance sections on pages five (5) through nine (9) in this document.

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

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

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

H2S RELEASE

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

All Personnel:

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

Rig Manager/Tool Pusher:

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

Two People Responsible For Shut-in and Rescue:

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

All Other Personnel:

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

Oxy Representative:

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

Training

All responders must have training in the detection of H₂S measures for protection against the gas, equipment used for protection and emergency response. Weekly drills by all crews will be conducted and recorded in the IADC daily log. Additionally, responders must be equipped with H₂S monitors at all times

Ignition of Gas Source

Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO₂). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally the NM State Police shall be the Incident Command of any major release.

Characteristics of H₂S and SO₂

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

Contacting Authorities

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

WELL CONTROL

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

Kick While Drilling - Procedures And Responsibilities

Driller:

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

Derrickman:

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

Floorman # 1:

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

Floorman # 2:

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

Floorman # 3:

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

Tool Pusher/Rig Manager:

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

Oxy Representative:

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

Kick While Tripping - Procedures and Responsibilities

Driller:

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

Derrickman: (same as while drilling)

Floor Man # 1:

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

Floor Man # 2:

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

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

PUBLIC RELATIONS

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

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

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

OXY PERMIAN DOWNHOLE SERVICES GROUP

	LOCATION	OFFICE	HOME	CELL	PAGER
<i>Manager Operations Support</i>					
Hardesty, Steve	Midland	432-685-5885	432/694-6441	713-560-8095	
<i>Team Leader</i>					
Pennington, Randy	Midland	432-685-5684	432/689-7642	432-556-0207	713-312-8186
			Toledo Bend =	318-590-2349	
<i>Operations Specialists</i>					
Fleming, Joe	Midland	432-685-5858	432/699-0875	432-425-6075	432-498-3281
Ray, Fred	Midland	432-685-5683	432/362-2857	432-661-3893	432-499-3432
<i>HES Tech</i>					
Thompson, Don	Midland	432-685-5719	432/684-3900	432-556-1505	

Emergency Notification Numbers

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

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

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

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

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

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

RMT/PMT Leaders: South Permian Asset					
Frontier RMT: Tommy Johnson	Midland	(432) 685-5671	(432) 685-4054	(432) 238-9343	(432) 567-7038

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

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

PERSON	LOCATION	OFFICE	FAX	CELL	PAGER
HES Coordinators & Area of Responsibility					
Frontier: Tom Scott	Midland	(432) 685-5677	(432) 685-5742	(432) 448-1121	(432) 498-1312
HES Techs & Area of Responsibility					
Hobbs RMT: Steve Bishop	Hobbs	(505) 397-8251	(505) 397-8204	(505) 390-4784	(877) 339-1954-1118#
Frontier-New Mexico: Rick Kerby	Hobbs	(505) 393-2174	(505) 393-2671	(505) 390-8639	(505) 370-6527