

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

OCT 20 2010

ATS-10-560
FA-10-1051
FORM APPROVED
OMB NO. 1004-0136
Expires: November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

R-111-POTASH
NMCD ARTESIA

Lease Serial No.
NMNM0417696

1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		6. If Indian, Allottee or Tribe Name	
1b. Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone SWD		7. Unit or CA Agreement Name and No.	
2. Name of Operator OXY USA Inc.		8. Lease Name and Well No. Lost Tank 3 Federal #25	
3a. Address P.O. Box 50250 Midland, TX 79710-0250		9. API Well No. 30-015-38254	
3b. Phone No. (include area code) 432-685-5717		10. Field and Pool, or Exploratory Lost Tank Delaware, West	
4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface 1500 541 1611 FNL 788 FEL SENE(H) (U/L H)		11. Sec., T., R., M., or Blk. and Survey or Area Sec 3 T22S R31E	
14. Distance in miles and direction from nearest town or post office* 20 miles northeast from Loving, NM		12. County or Parish Eddy	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 788'		13. State NM	
16. No. of Acres in lease 640		17. Spacing Unit dedicated to this well N/A	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 368'		20. BLM/BIA Bond No. on file ES0136	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3500.9'		22. Approximate date work will start* 6/10	
		23. Estimated duration 20	

24. Attachments

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

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 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 shall be filed with the appropriate Forest Service Office). | 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 5/3/10
Title Sr. Regulatory Analyst		
Approved by (Signature) /s/ Linda S.C. Rundell	Name (Printed/Typed)	Date OCT 12 2010
Title STATE DIRECTOR	Office NM STATE 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 TWO YEARS

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

*(Instructions on Reverse)

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

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

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease- 4 Copies
Fee Lease- 3 Copies
☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-38254	Pool Code 96592	Pool Name Lost Tank Delaware, West
Property Code 304875	Property Name LOST TANK 3 FEDERAL	Well Number 25
OGRID No. 16696	Operator Name OXY USA, INC.	Elevation 3503.7'

Surface Location

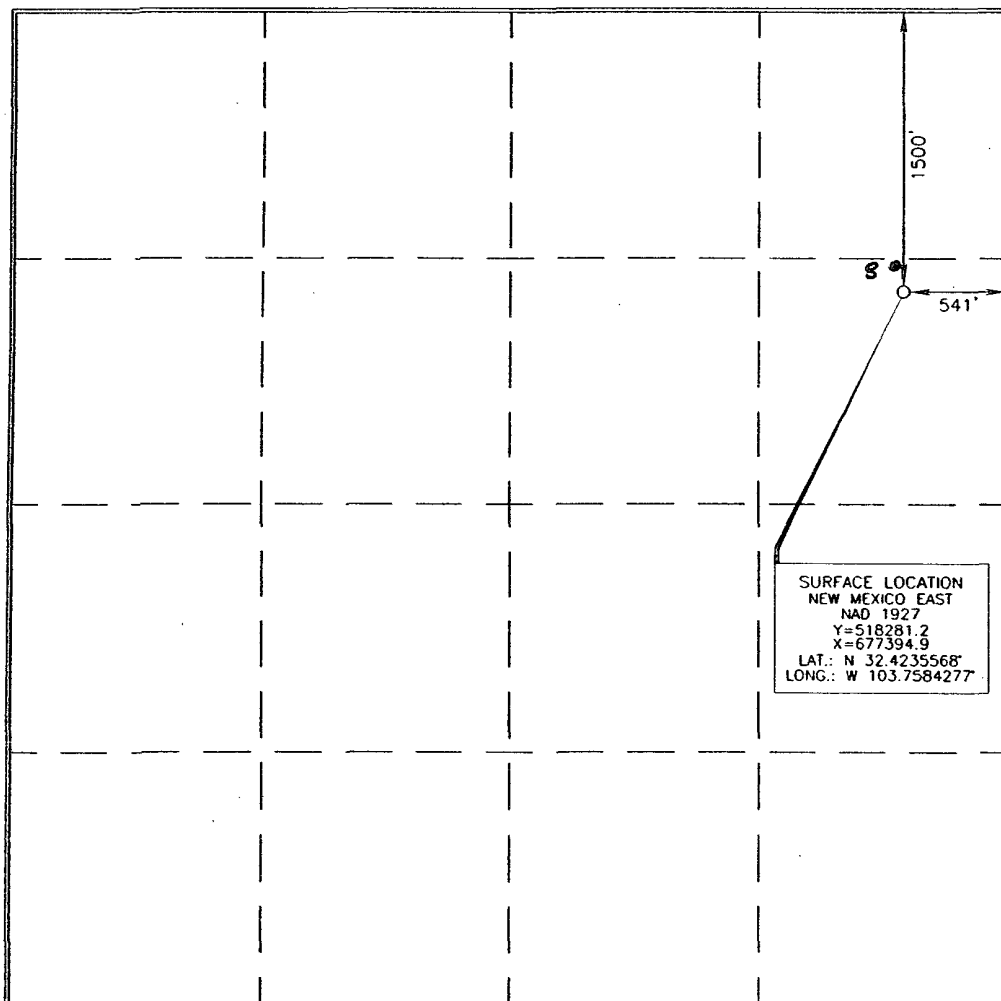
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	3	22 SOUTH	31 EAST, N.M.P.M.		1500'	NORTH	541'	EAST	EDDY

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 N/A	Joint or Infill —	Consolidation Code	Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



OPERATOR CERTIFICATION

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

David Stewart
Signature Date

David Stewart
Printed Name

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was located 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.

15079
JUNE 16, 2010

Date of Survey
Signature and Seal of Professional Surveyor

Terry J. Asel
Certificate Number 15079

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

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.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other		SWD	5. Lease Serial No. NMNM0417696
2. Name of Operator OXY USA Inc.		16696	6. If Indian, Allottee or Tribe Name
3a. Address P.O. Box 50250, Midland, TX 79710-0250	3b. Phone No. (include area code) 432-685-5717		7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1500 FNL 541 FEL SENE(H) Sec 3 T22S R31E			8. Well Name and No. Lost Tank 3 #25 Federal
			9. API Well No. 30-015-
			10. Field and Pool, or Exploratory Area Lost Tank Delaware, West
			11. County or Parish, State Eddy NM

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"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Amend APD -
	<input checked="" type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	APD Deficiencies
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

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 recompleate 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 recompleation 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.)

OXY USA Inc. respectfully requests that the following attached information be accepted to amend the APD for the Lost Tank 3 Federal #25 that was originally filed 5/3/10.

OK Just 8-18-10

1. C-102, location was moved at the BLM request.
Amended-1500 FNL 541 FEL SENE(H) Original-1611 FNL 788 FEL SENE(H)
2. Amended Drilling Plan w/ new TD and changes to production casing.
3. APD Deficiencies List

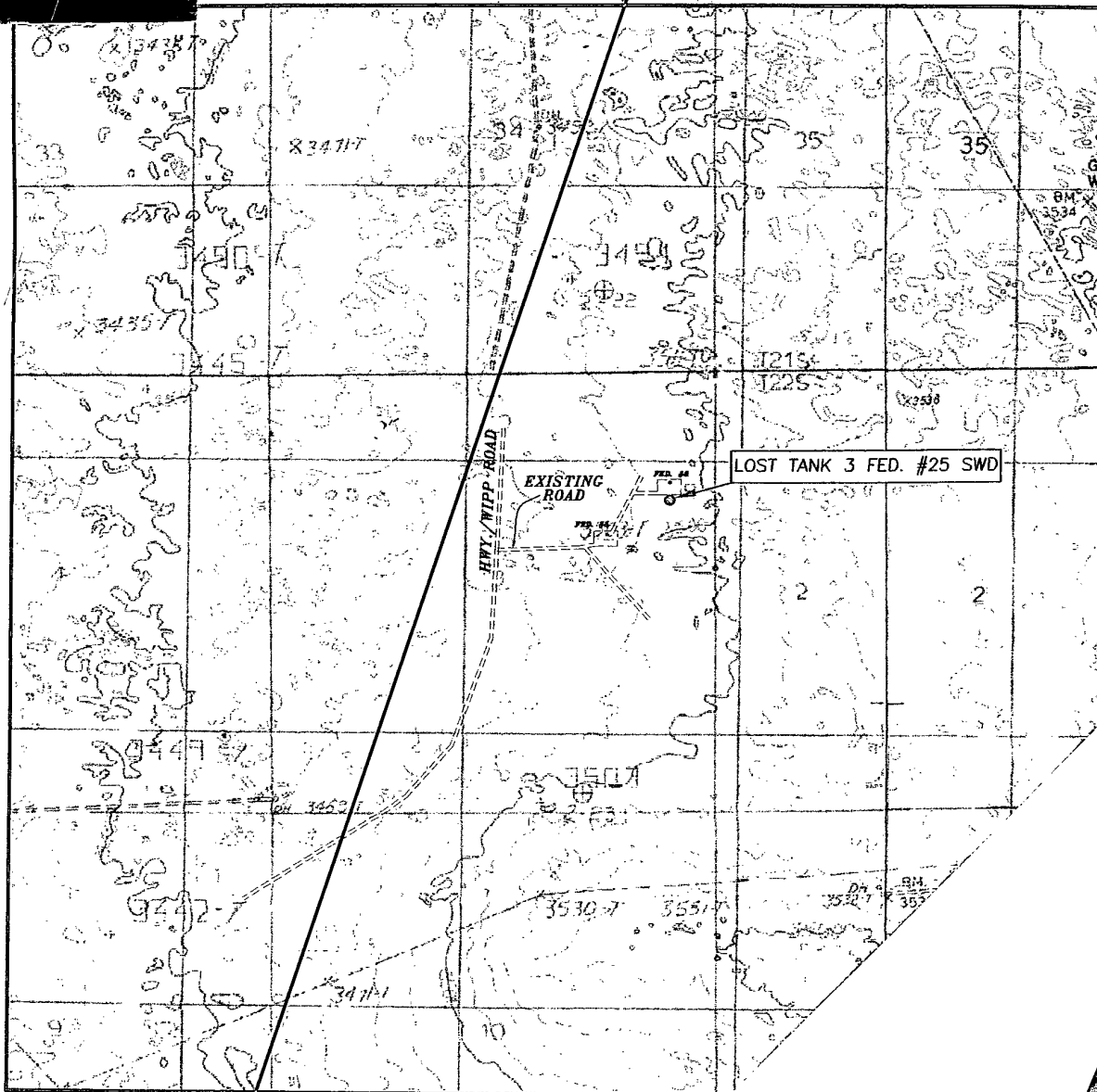
14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) David Stewart	Title Sr. Regulatory Analyst
	Date 8/9/10

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by	Title	Date
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	

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.

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

SEC. 3 TWP. 22-S RGE. 31-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1500' FNL & 541' FEL

ELEVATION 3503.7'

OPERATOR OXY USA, INC.

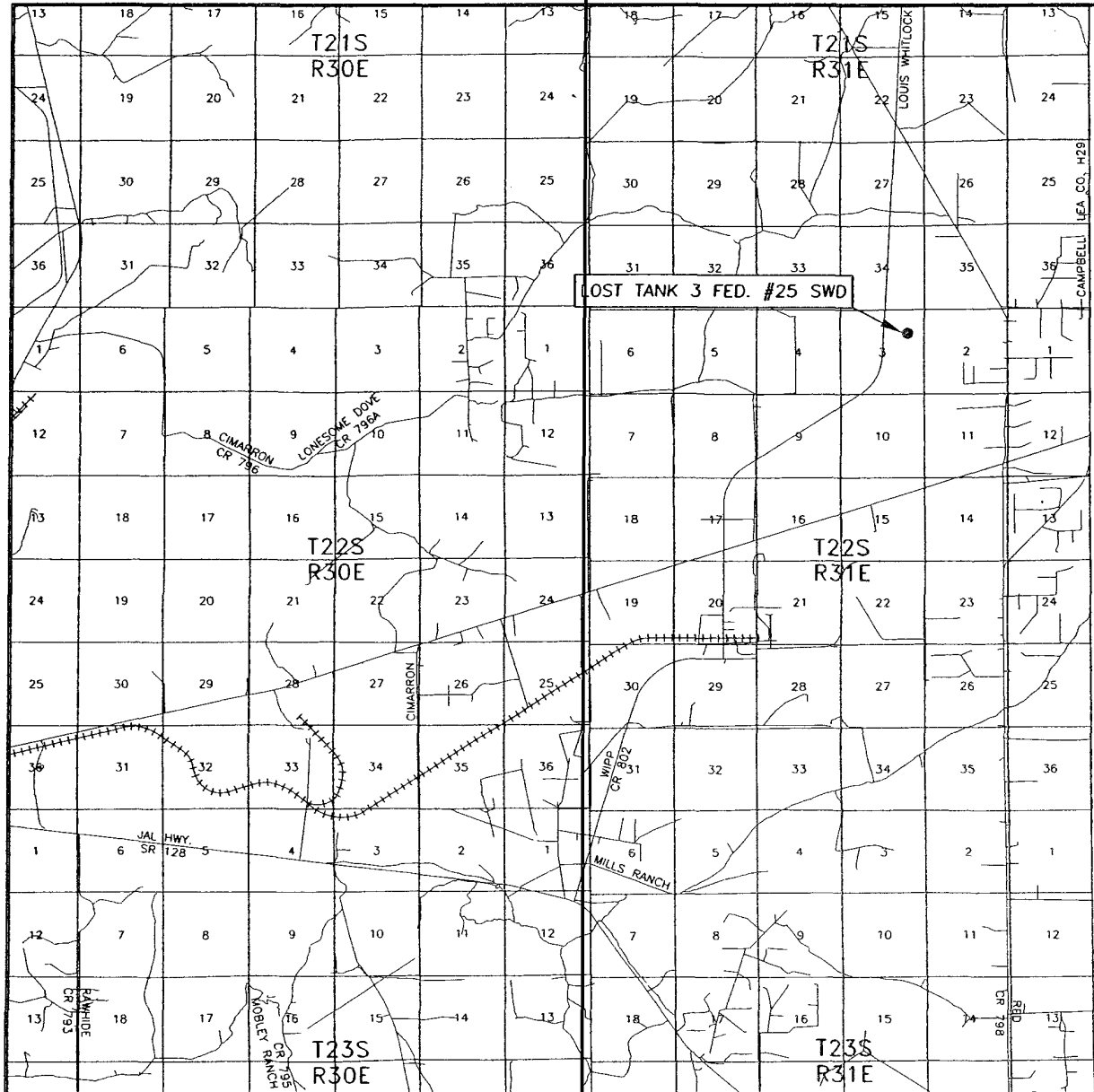
LEASE LOST TANK 3 FED. #25 SWD

U.S.G.S. TOPOGRAPHIC MAP

LIVINGSTON RIDGE, N.M.

P.O.
HOBBS, N.

VICINITY MAP

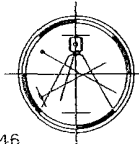


SEC. 3 TWP. 22-S RGE. 31-E
 SURVEY N.M.P.M.
 COUNTY EDDY
 DESCRIPTION 1500' FNL & 541' FEL
 ELEVATION 3503.7'
 OPERATOR OXY USA, INC.
 LEASE LOST TANK 3 FED. #25 SWD

SCALE: 1" = 2 MILES

Asel Surveying

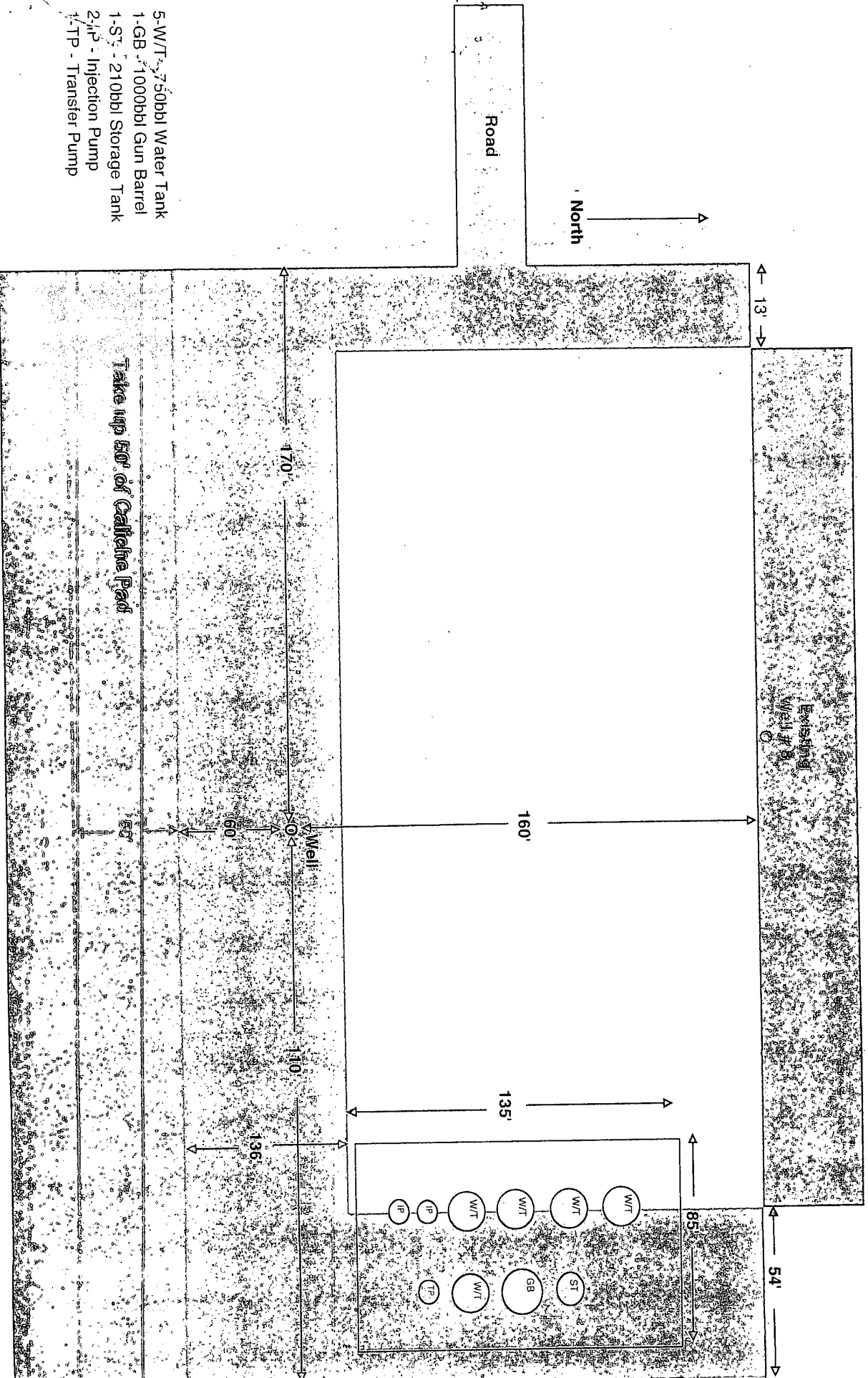
P.O. BOX 393 - 310 W. TAYLOR
 HOBBS, NEW MEXICO - 575-393-9146



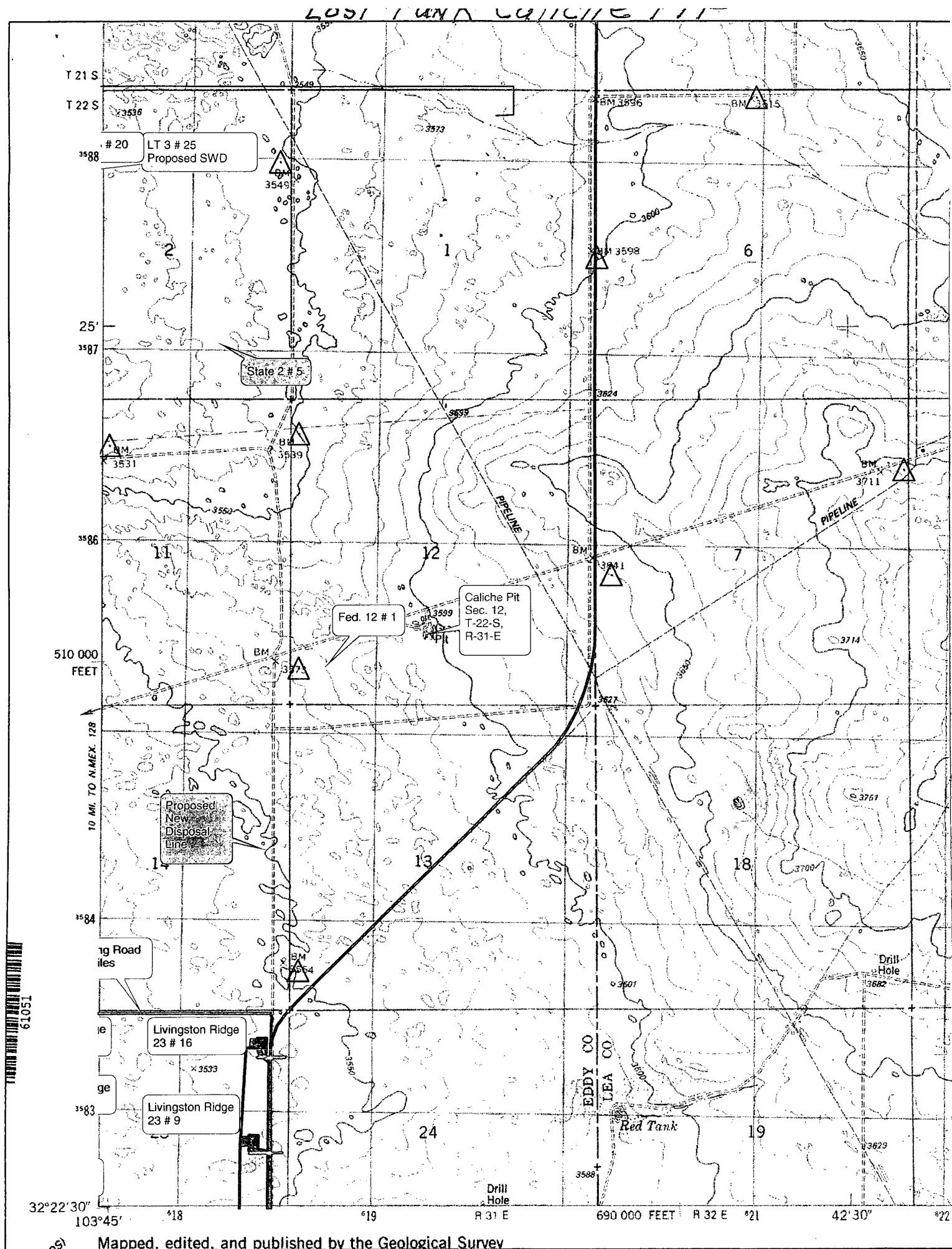
DIRECTIONS BEGINNING AT THE INTERSECTION OF HWY. #128 AND EDDY COUNTY ROAD #802 (WIPP ROAD), GO NORTH ON EDDY CO. ROAD #802 FOR 8.6 MILES, TURN RIGHT ON LEASE ROAD AND GO EAST FOR 0.2 MILES, TURN LEFT AND GO NORTHEAST FOR 0.1 MILES, TURN RIGHT AND GO EAST FOR 50 FEET TO LOCATION.

Lost Tank 3 Federal No. 25

- Existing Pad
- Existing Pad overlapping with new pad
- New Pad
- Proposed Pad Reclamation



5-W/T - 750bbl Water Tank
 1-GB - 1000bbl Gun Barrel
 1-ST - 210bbl Storage Tank
 2-IP - Injection Pump
 1-TP - Transfer Pump



APD DATA - DRILLING PLAN

OPERATOR NAME / NUMBER: OXY USA Inc - 16696

LEASE NAME / NUMBER: Lost Tank 3 Federal # 25 Federal Lease No: NMNM0417696

STATE: NM

COUNTY: Eddy

SURFACE LOCATION: 1500 FNL 541 FEL SENE(H) Sec 3 T22S R31E

SL: LAT: 32.4235568 N LONG: 103.7584277W X: 677394.9 Y: 518281.2 NAD: 27

C-102 PLAT APPROX GR ELEV: 3503.7'

EST KB ELEV: 3520.20' (16.5' KB)

1. GEOLOGIC NAME OF SURFACE FORMATION

a. Permian

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

Formation	TV Depth Top	Expected Fluids
Upper Permian Sand	170	Water
Rustler	640	
Base of Salt	4220	None
Lamar	4220	None
Bell Canyon	4280	
Ramsey 1	4310	
Ramsey 2	4350	
Cherry Canyon	5165	
Sand 1	5370	
Sand 2	5475	
Sand 3	5560	
Sand 4	5600	
Sand 5	5630	
Manzanita Marker	5668	
TD	6300	TD

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

GREATEST PROJECTED TD 6300' MD/ 6300' TVD

OBJECTIVE: Cherry Canyon

3. CASING PROGRAM

Surface Casing: 11.75" casing set at \pm 665' MD/ 665' TVD in a 14.75" hole filled with 8.40 ppg mud

Interval	Length	Wt	Gr	Cplg	Coll Rating (psi)	Burst Rating (psi)	Jt Str (M-lbs)	ID (in)	Drift (in)	SF Coll	SF Burst	SF Ten
0'-665'	665'	42	H-40	ST&C	1070	1980	307	11.084	4.77	7.41	2.46	2.43

Intermediate Casing: 8.625" casing set at $\pm 4250'$ MD / 4250'TVD in a 10.625" hole filled with 10 ppg mud

Interval	Length	Wt	Gr	Cplg	Coll Rating (psi)	Burst Rating (psi)	Jt Str (M-lbs)	ID (in)	Drift (in)	SF Coll	SF Burst	SF Ten
0' - 4250'	4250'	32	J-55	LT&C	2530	3930	417	7.92	7.80	2.93	1.3	1.94

Production Casing: 5.5" casing set at $\pm 6300'$ MD / 6300'TVD in a 7.875" hole filled with 8.90 ppg mud

Interval	Length	Wt	Gr	Cplg	Coll Rating (psi)	Burst Rating (psi)	Jt Str (M-lbs)	ID (in)	Drift (in)	SF Coll	SF Burst	SF Ten
0' - 6300'	6300'	17	J-55	LT&C	4910	5320	247	4.89	4.77	1.75	1.28	1.73

Collapse and burst loads calculated using Stress Check with actual anticipated loads.

4. CEMENT PROGRAM:

Surface Interval

Interval	Amount sx	Ft of Fill	Type	Gal/Sk	PPG	Ft ³ /sk	24 Hr Comp
Surface (TOC: Surface)							
Lead: 0' - <u>365'</u> (150% Excess)	230	365'	Premium Plus Cement, with 4% Bentonite, 2% Calcium Chloride	9.20	13.5	1.75	1208 psi
Tail: <u>365'</u> - 665'	270	300'	Premium Plus Cement with 2% Calcium Chloride - Flake	6.39	14.8	1.35	2500 psi

Intermediate Interval

Interval	Amount sx	Ft of Fill	Type	Gal/Sk	PPG	Ft ³ /sk	24 Hr Comp
Intermediate TOC: Surface (0' -4250')							
Lead: 0' -3766' (150 % Excess)	960	3766'	Light Premium Plus Cement, with 5% Salt, 5 lb/sk Gilsonite, & 0.125 lb/sk Poly-E- Flake, 1% Halad-344, 2% Calcium Chloride	9.35	12.9	1.88	650 psi
Tail: 3766' - <u>4250'</u> (150 % Excess)	200	484'	Premium Plus cement with 1% WellLife 734 (Cement Enhancer)	6.38	14.80	1.34	1343 psi

Production Interval

Interval	Amount sx	Ft of Fill	Type	Gal/Sk	PPG	Ft ³ /sk	24 Hr Comp
Production (TOC: 4300') 1st Stage							
Lead: 4300' - 6300' (200 % Excess)	640	1950'	Super H Cement with 0.5% Halad-344 (Low Fluid Loss Control), 0.4% CFR-3 (Dispersant), 5 lb/sk Gilsonite, 1 lb/sk Salt & 0.3% Poly-E-FLake (Retarder)	7.48	13.20	1.61	1536 psi
DV Tool @ 4300							
Production (TOC: Surface) 2nd Stage							
Lead: 0' - <u>3854'</u> (35% Excess)	460	3854'	Light Premium Plus	11.29	12.4	2.01	560 psi

Tail: 3854' – 6300'	100	496	Premium Plus	6.34	14/8	1.33	1600 psi
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5. PRESSURE CONTROL EQUIPMENT

Surface: 0 – 665' None.

Intermediate: 0 – 4250' the minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required to drill below the surface casing shoe shall be 3000 (3M) psi . Operator will using a 11" 5M two ram stack w/ 5M annular preventer, & 5M Choke Manifold, but testing as 3M.

- a. The 11" 5000 psi blowout prevention equipment will be installed and operational after setting the 11 3/4" surface casing and the 11 3/4" SOW x 13 5/8" 3K conventional wellhead; the rotating head body will be installed but the rubber will be installed when it becomes operationally necessary.
- b. The BOP and ancillary BOPE will be tested by a third party upon installation to the 11 3/4"H-40 42ppf surface casing. All equipment will be tested to 250/1386 (70% of casing burst) psi for 30 minutes without a test plug or 10 minutes if test plug is implemented. This is to be in compliance with the Onshore Order # 2 which states the BOPE shall be tested to 70 % of the yield of the casing when the BOP and casing are not isolated

Production: 0 – 6300' will be drilled with a 11" 5M two ram stack w/ 5M annular preventer, & 5M Choke Manifold.

- a. The BOP and ancillary BOPE will be tested by a third party upon installation to the 8 5/8" intermediate casing at 4250'. All equipment will be tested to 5000 psi (high) and 250 psi (low) except the annular will be tested to 70% of its rated working pressure (high) and also to 250 psi (low). All test will performed with the implementation of a test type plug,
- b. The pipe rams will be functionally tested during each 24 hour period; the blind rams will be functionally tested on each trip out of the hole. These functional tests will be documented on the Daily Driller's Log. Other accessory equipment (BOPE) will include a safety valve and subs as needed to fit all drill strings, and a 2" kill line and 3 " choke line having a 5000 psi WP rating. Oxy requests that the system be tested at 5,000 psi WP rating..
- c. Oxy also requests a variance to connect the BOP choke outlet to the choke manifold using a co-flex hose made by *Contitech Rubber Industrial KFT*. It is a 3" ID x 35' flexible hose rated to 10,000 psi working pressure. It has been tested to 15,000 psi and is built to API Spec 16C. Once the flex line is installed it will be tied down with safety clamps. Please see attached certifications.
- d. See attached BOP & Choke manifold diagrams.

6. MUD PROGRAM:

Depth	Mud Wt ppg	Vis Sec	Fluid Loss	Type System
0 – 665'	8.4 – 8.6	32 – 48	NC	Fresh Water /Spud Mud
665' – 4250'	9.8 – 10.0	28 – 29	NC	Brine Water
4250' – 6000'	8.4 – 8.6	26- 28	NC	Fresh Water
7800' - TD	8.8 – 9.0	32 - 38	10- 15	Duo Vis

Remarks: Pump high viscosity sweeps as needed for hole cleaning. The mud system will be monitored visually/manually as well as with an electronic PVT. The necessary mud products for additional weight and fluid loss control will be on location at all times.

7. AUXILIARY WELL CONTROL AND MONITORING EQUIPMENT

- a. A Kelly cock will be in the drill string at all times.
- b. A full opening drill pipe stabbing valve having the appropriate connections will be on the rig floor unobstructed and readily accessible at all times.
- c. Hydrogen Sulfide detection equipment will be in operation after drilling out the surface casing shoe until the production casing is cemented. Breathing equipment will be on location upon drilling the surface casing shoe until total depth is reached. **If Hydrogen Sulfide is encountered, measured amounts and formations will be reported to the BLM**

8. POTENTIAL HAZARDS:

- A. H2S detection equipment will be in operation after drilling out the surface casing shoe until the production casing has been cemented. Breathing equipment will be on location from drilling out the surface shoe until production casing is cemented. If H2S is encountered the operator will comply with Onshore Order #6.
- B. No abnormal temperatures or pressures are anticipated. **The highest anticipated pressure gradient is 0.55 psi/ft** All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Adequate flare lines will be installed off the mud/gas separator where gas may be flared safely.

9. ANTICIPATED STARTING DATE AND DURATION OF OPERATIONS

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

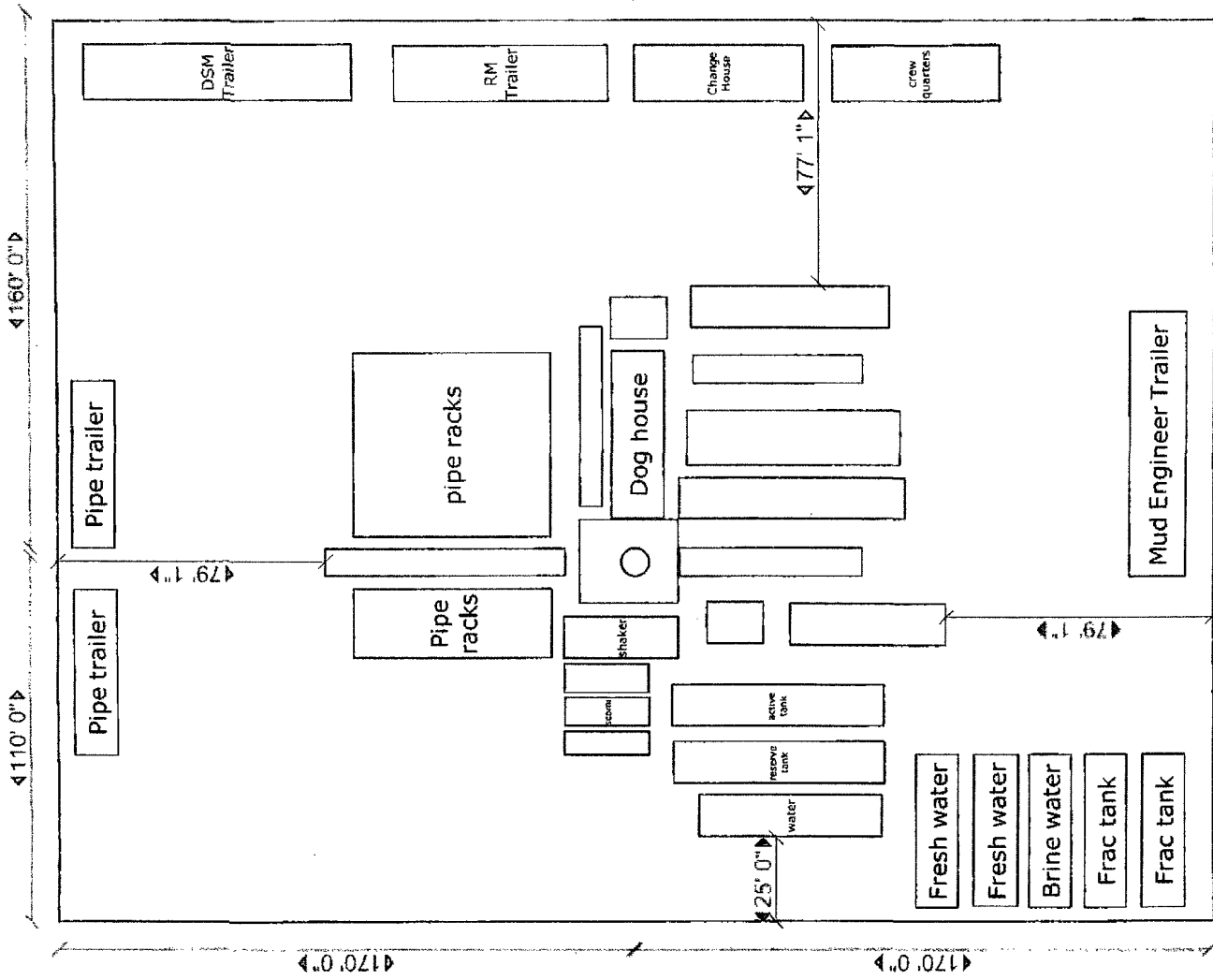
10. COMPANY PERSONNEL-DRILLING:

<u>Name</u>	<u>Title</u>	<u>Office Phone</u>	<u>Mobile Phone</u>
Luis Tarazona	Drilling Engineer	713-366-5771	713-628-9526
Frank Hutton	Drilling Engineer Supervisor	713-366-5325	713-855-4274
Sergio Abauat	Drilling Superintendent	713-366-5689	832-531-5636
Richard Jackson	Drilling Manager	713-215-7235	281-467-6383

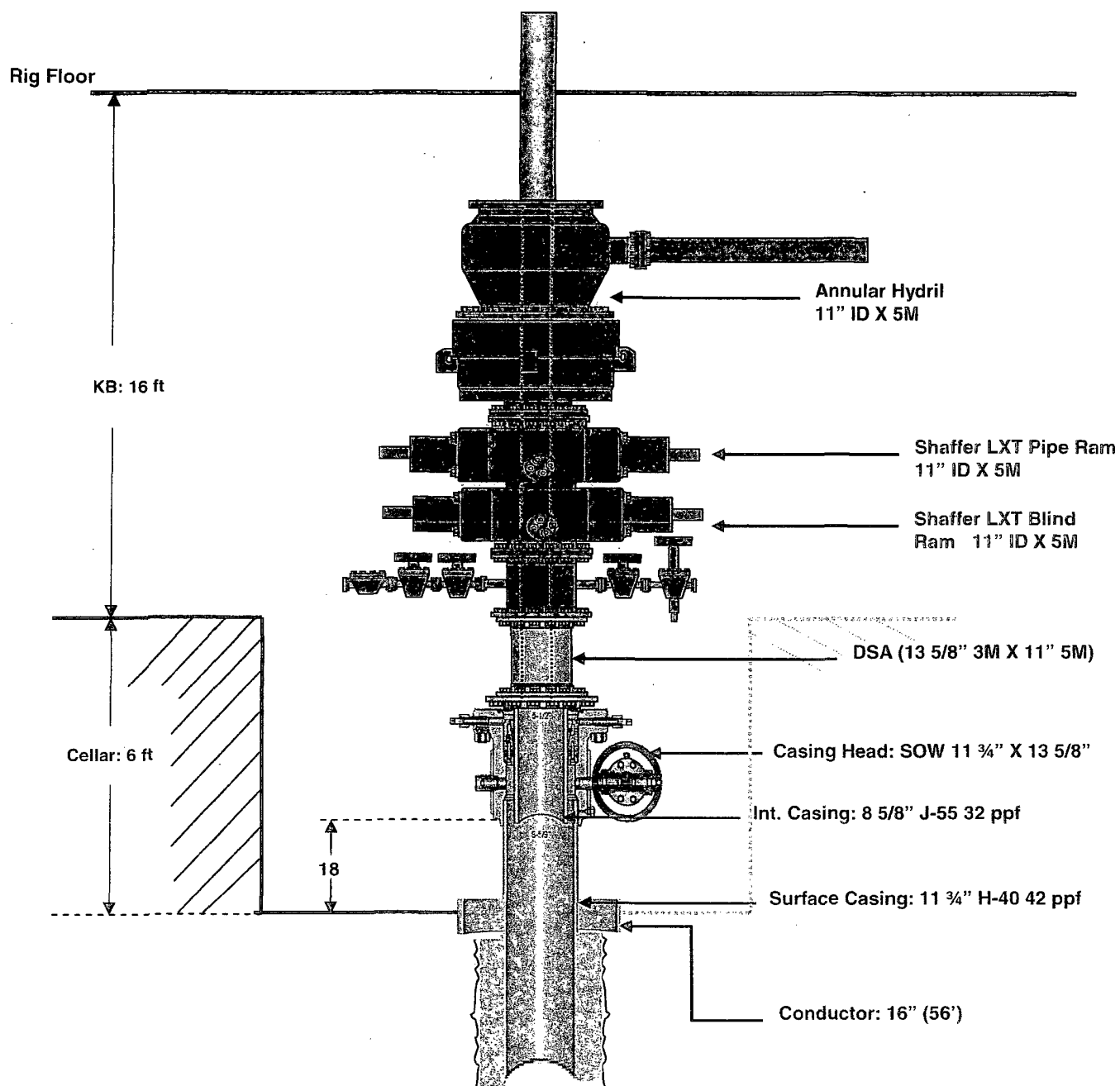
Plan for improving/maintaining existing road to Lost Tank 3 Federal #25

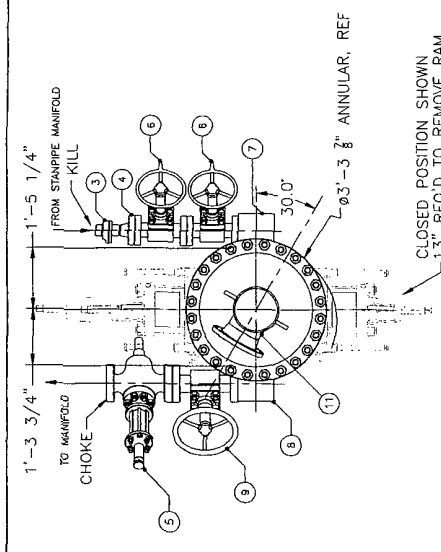
1. Blade and water existing road from County Road (WIPP Road) to new location.
2. Add caliche to any bad areas of existing road

Existing electrical line is on west edge of proposed location.



11. BOP Diagram



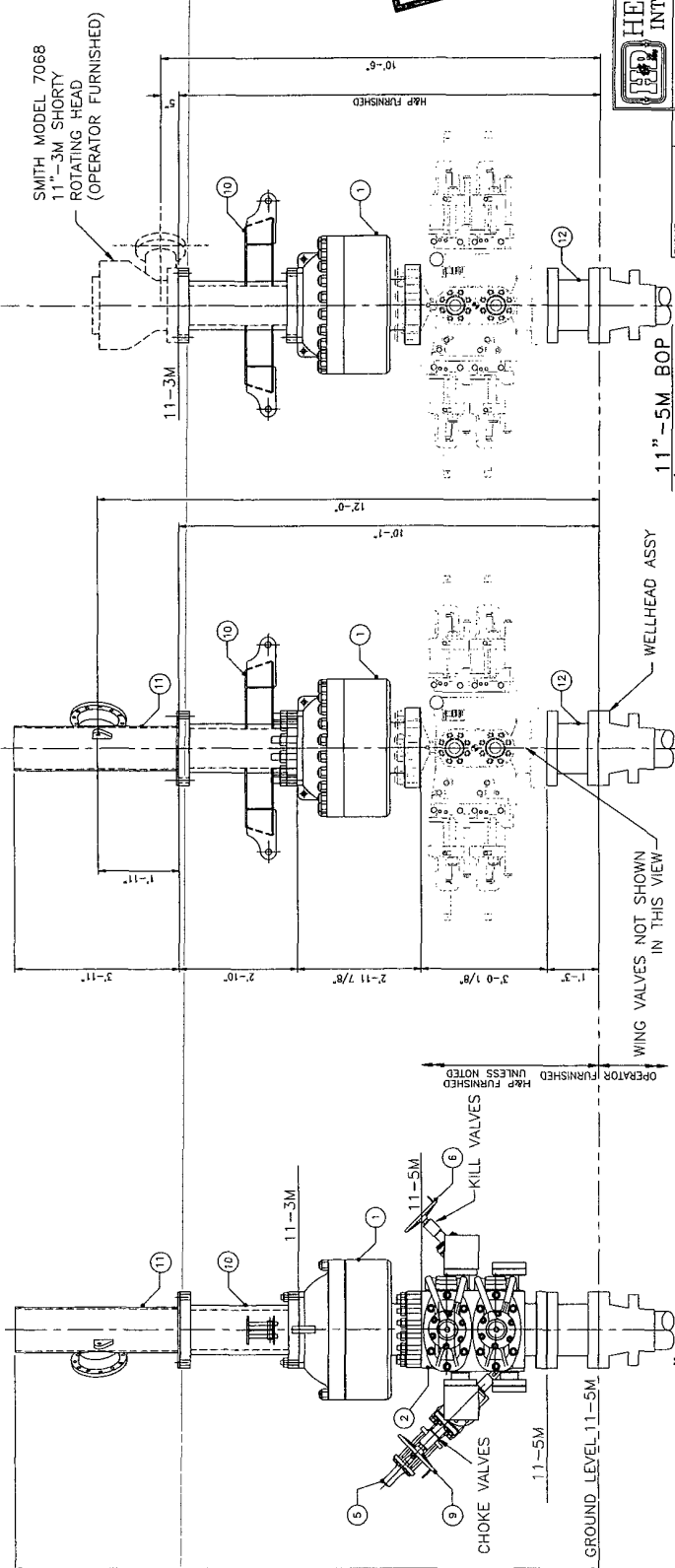


PROPER TORQUE FOR BOLTS			
COMPONENT	FLANGE SIZE & RATING	BOLT SIZE	TORQUE (FT/LBS)
SPOOLS, ANNUAL & RAMS	11" 6M	1 7/8" DIA.	1880
BLOCKS	3 1/8 5M	1 1/8" DIA.	401
CHOKE VALVES	3 1/8 5M	1 1/8" DIA.	401
KILL VALVES	2 1/8 5M	7/8" DIA.	188

BILL OF MATERIAL			
ITEM NO.	QUAN.	DESCRIPTION	PART NUMBER
1	1	11-5M BOP ASSEMBLY	6005
2	1	ANNULAR, 11-5M BOPED TYPE	7600
3	1	BOP DOUBLE RAM	444
4	1	RAM ELEMENTS	5
5	1	HAMMER UNION, 2-1/2" 5M API	42
6	1	FLANGE, 11-5M X 1 1/8-5M	350
7	1	VALVE, GATE 2 1/8-5M	250
8	1	90° STUDDED BLOCK, 3 1/8-5M X 2 1/8-5M	720
9	1	VALVE, GATE 3 1/8-5M	720
10	1	BELL NECK BOP LIFTING SECTION	MC FM-3-3180A
11	1	BELL NECK EXTENSION	MC FM-3-3180A
12	1	11"-5M X 11"-5M X 1'-3" LONG SPACER	600

HARDWARE		
ITEM NO.	QUAN.	DESCRIPTION
1	1	RINGS AND BOLTS

APPROX. TOTAL WEIGHT = 18,228 LBS



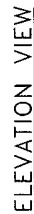
ENGINEERING APPROVAL		DATE
DESIGNED BY	DATE	
CHECKED BY	DATE	
APPROVED BY	DATE	

HELMERICH & PAYNE
 INTERNATIONAL DRILLING CO.
 11-5M BOP EQUIPMENT
 GENERAL ARRANGEMENT
 CUSTOMER: OXY-PERMAN
 PROJECT: FARM
 DRAWN: JOHNSON
 DATE: 07/14/08
 DWG. NO.: 11-5M-4-300

ISSUED FOR
 FABRICATION
 AUGUST 08-2008
 DRAFTSMAN
 ENGINEER

PROPRIETARY
 THIS DRAWING AND THE IDEAS AND INFORMATION INCLUDED HEREIN ARE THE PROPERTY OF HELMERICH & PAYNE INTERNATIONAL DRILLING CO. REPRODUCTION, DISTRIBUTION OR DISCLOSURE IN ANY MANNER WITHOUT THE PRIOR WRITTEN CONSENT OF A FULLY AUTHORIZED OFFICER OF HELMERICH & PAYNE INTERNATIONAL DRILLING CO. IS PROHIBITED.

NOTES:
 1. ALL BOP RAMS SHOWN ARE SHAFTER MODEL LXT
 11-5M PSI WP - FLANGED BOTTOM AND STUDDED TOP



DIMENSION NOTATION		
DIM "A"	DIM "B"	RIGS THAT APPLY
1'-3"	1'-6"	335 THRU 339
11 1/2"	1'-9 1/2"	340, 344 THRU 347

- ## LEGEND

- ①—3 1/8"–5M FLANGED END GATE VALVE
- ②—2 1/16"–5M FLANGED END GATE VALVE
- ③—BLOCK WITH TRANSMITTER FLANGE AND PRESSURE GAUGE
- ④—2 1/16"–5M ADJUSTABLE CHOKE
- ⑤—TRANSMITTER FLANGE
- ⑥—PRESSURE GAUGE
- ⑦—DSA 2 1/16"–5M x 3 1/16"–10M
- ⑧—3 1/16"–10M HYDRAULIC CHOKE
- ⑨—3 1/8"–5M x 3 1/16"–10M SPOOL
- ⑩—3 1/8"–5M x 3 1/8"–5M STUDDED TEE
- ⑪—3 1/8"–5M FLANGED END HCR GATE VALVE
- ⑫—2 1/16"–5M x 2 1/16"–5M SPOOL

PROPRIETARY

THIS DRAWING AND THE IDEAS AND INFORMATION INCLUDED IN THIS DRAWING ARE PROPRIETARY AND ARE NOT TO BE REPRODUCED, DISTRIBUTED OR DISCLOSED IN ANY MANNER, WITHOUT THE PRIOR, WRITTEN CONSENT OF A DULY AUTHORIZED OFFICER OF HELMREICH & BAYNE INT'L DRILLING CO.

[illegible]

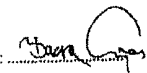
CERTIFICATE OF CONFORMITY

Supplier : CONTITECH RUBBER INDUSTRIAL KFT.
Equipment : 6 pcs. Choke and Kill Hose with installed couplings
Type : 3" x 10,67 m WP: 10000 psi
Supplier File Number : 412638
Date of Shipment : April. 2008
Customer : Phoenix Beattie Co.
Customer P.O. : 002491
Referenced Standards
/ Codes / Specifications : API Spec 18 C
Serial No.: 52754,52755,52776,52777,52778,52782

STATEMENT OF CONFORMITY

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

COUNTRY OF ORIGIN HUNGARY/EU

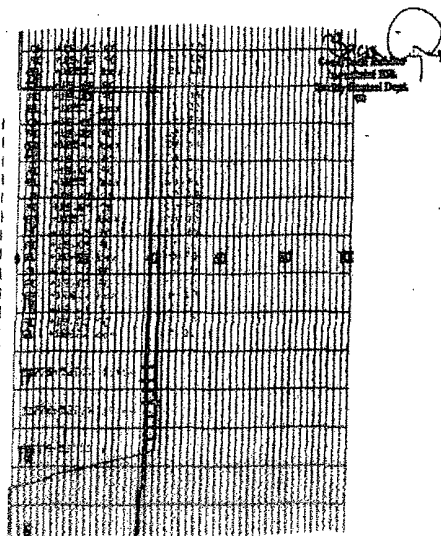
Signed : 
Position: Q.C. Manager
contitech Rubber
Industrial KFT.
Quality Control Dept.
Date: 04. April. 2008

PHOENIX Beattie Material Identification Certificate										
Part No		Description	Material Desc	Material Spec	Qty	WO No	Batch No	Test Cert No	Bin No	Draw No
WP10000-38-4PS	3"	10.67 m CHOKER & KILL HOSE			1	2008	52777/52778			
52754-52755		LIFTING & SAFETY HOSE			1	2008	52754/52755			
52756-52757		SAFETY CLAMP HOSE 1 SET	CARBON STEEL		1	2008	52756/52757			
52776-52777		SAFETY CLAMP HOSE 1 SET	CARBON STEEL		1	2008	52776/52777			

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



QUALITY CONTROL INSPECTION AND TEST CERTIFICATE				CERT. N°:	748
PURCHASER: Phoenix Boats Co.				P.O. N°:	902491
CONTITECH ORDER N°: 412638		HOSE TYPE: 3" ID		Choke and Kill Hose	
HOSE SERIAL N°: 52777		NOMINAL / ACTUAL LENGTH: 10,87 m			
W.P. 68,98 MPa 10000 psi		T.P. 103,4 MPa 15000 psi		Diameter: 80 ~ min.	
<p>Pressure test with water at ambient temperature</p> <p>See attachment. (1 page)</p> <p>↑ 10 mm = 10 Min. → 10 mm = 25 MPa</p>					
COUPLINGS					
Type	Serial N°	Quality	Heat N°		
3" coupling with 4 1/8" Flange end	917 913	AISI 4130 AISI 4130	T7988A 26884		
INFOCHIP INSTALLED				API Spec 16 C Temperature rate: "B"	
All metal parts are finished					
WE CERTIFY THAT THE ABOVE HOSE HAS BEEN MANUFACTURED IN ACCORDANCE WITH THE TERMS OF THE ORDER AND PRESSURE TESTED AS ABOVE WITH SATISFACTORY RESULT.					
Date:	Inspector:	Quality Control:			
04. April 2008		<p>Continental Contitech Inspected By: Quality Control Dept. ID</p>			



Delivery Note

Customer Order Number	378-369-001	Delivery Note Number	003878	Page	1
Customer / Invoice Address HELMERICH & PAYNE INT'L DRILLING CO 1437 SOUTH BOULDER TULSA, OK 74119		Delivery / Address HELMERICH & PAYNE 10C ATTN: JOE STEPHENSON - RIG 270 13609 INDUSTRIAL ROAD HOUSTON, TX 77015			

Customer Acc No	Phoenix Beattie Contract Manager	Phoenix Beattie Reference	Date
H01	JUL	006338	06/23/2008

Item No	Beattie Part Number / Description	Qty Ordered	Qty Sent	Qty To Follow
1	HP1003A-35-AP1 3" 10K 10C CRK HOSE x 35 PSI OAL CW 4.1/16" API SPEC FLANGE E/ End 1: 4.1/16" 10Kpsi API Spec 6A Type 6BX Flange End 2: 4.1/16" 10Kpsi API Spec 6A Type 6BX Flange c/w 8X155 Standard ring groove at each end Suitable for H2S Service Working pressure: 10,000psi Test pressure: 15,000psi Standard: API 10C Full specification Armor Guarding: Included Fire Rating: Not Included Temperature rating: -20 Deg C to +100 Deg C	1	1	0
2	SECKS-HPF3 LIFTING & SAFETY EQUIPMENT TO SUIT HP1003-35-F1 2 x 180mm ID Safety Clamps 2 x 24mm ID Lifting Collars & element C's 2 x 7ft Stainless Steel wire rope 3/4" OD 4 x 7.75t Shackles	1	1	0
3	SC726-200CS SAFETY CLAMP 200MM 7.25T C/S GALVANIZED	1	1	0

Delivery Note

Customer Order Number	378-369-001	Delivery Note Number	003878	Page	2
Customer / Invoice Address HELMERICH & PAYNE INT'L DRILLING CO 1437 SOUTH BOULDER TULSA, OK 74119		Delivery / Address HELMERICH & PAYNE 10C ATTN: JOE STEPHENSON - RIG 379 13609 INDUSTRIAL ROAD HOUSTON, TX 77015			

Customer Acc No	Phoenix Beattie Contract Manager	Phoenix Beattie Reference	Date
H01	JUL	006338	06/23/2008

Item No	Beattie Part Number / Description	Qty Ordered	Qty Sent	Qty To Follow
4	SC726-132CS SAFETY CLAMP 132MM 7.25T C/S GALVANIZED C/W BOLTS	1	1	0
5	DOCERT-HYDRO HYDROSTATIC PRESSURE TEST CERTIFICATE	1	1	0
6	DOCERT-LOAD LOAD TEST CERTIFICATES	1	1	0
7	DOFREIGHT INBOUND / OUTBOUND FREIGHT PRE-PAY & ADD TO FINAL INVOICE NOTE: MATERIAL MUST BE ACCOMPANIED BY PAPERWORK INCLUDING THE PURCHASE ORDER, RIG NUMBER TO ENSURE PROPER PAYMENT	1	1	0

Phoenix Beattie Inspection Signature: _____

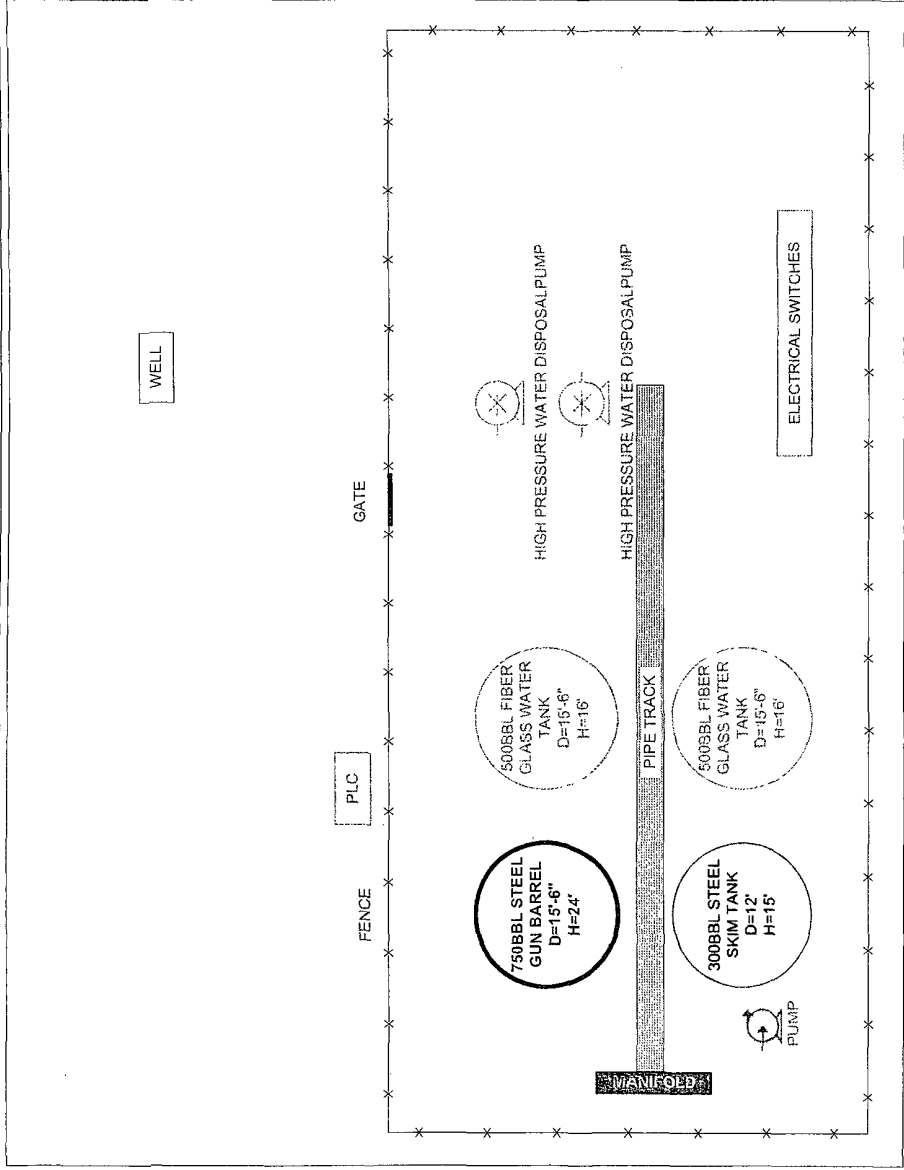
Received in Good Condition: Signature _____

Date: _____

Surface Equipment List

•Use this equipment list Lost Tank 3-25 and Sundance 4-32
SWD

EQUIPMENT	QNTY
500 BBL FG WATER TANKS	2
300 BBL ST SKIM OIL TANKS	1
10HP TRANSFER PUMP	1
75HP DISPOSAL PUMPS	2
750 BBL GUN BARREL	1
DISPOSAL WELL	1

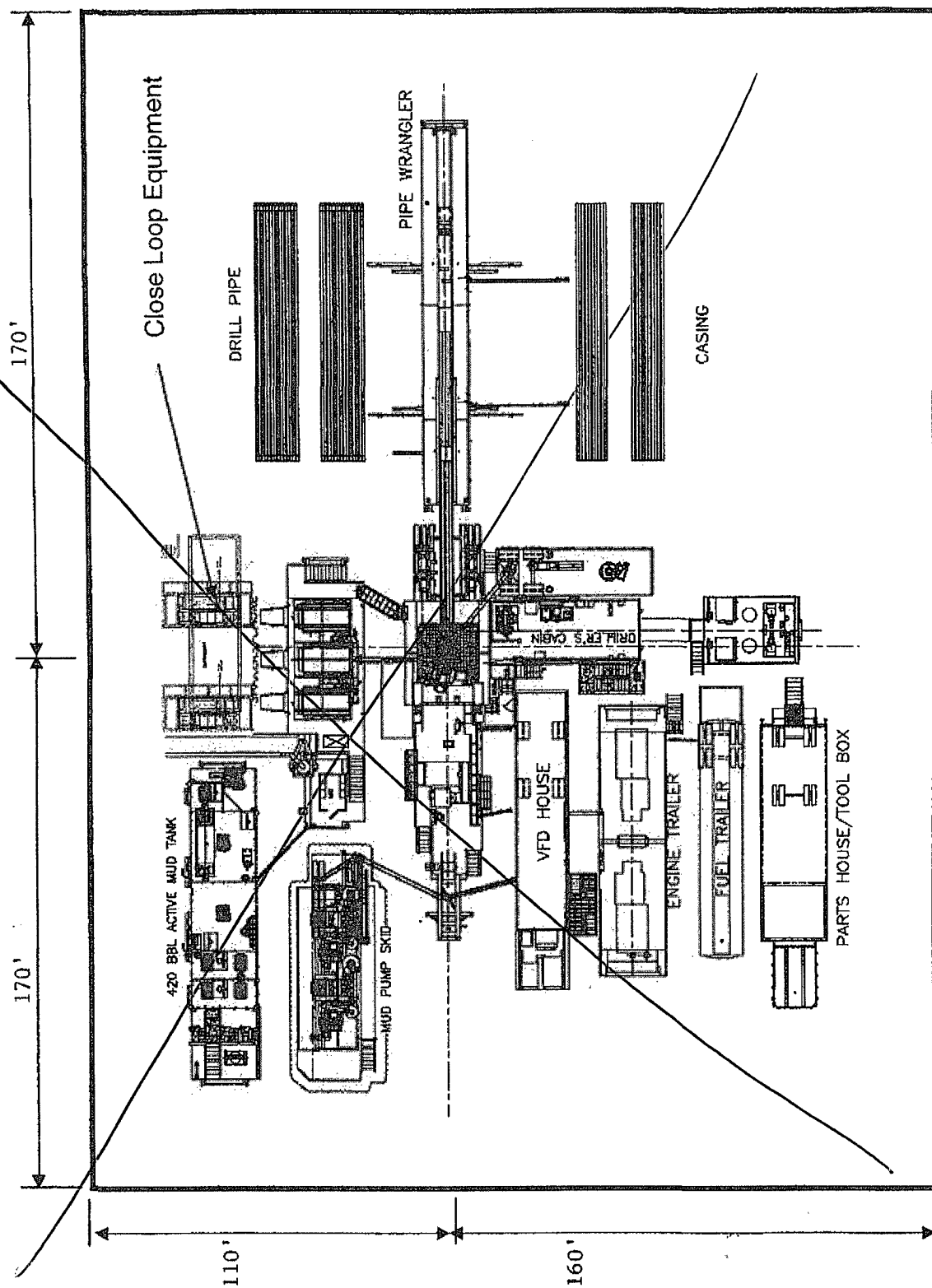


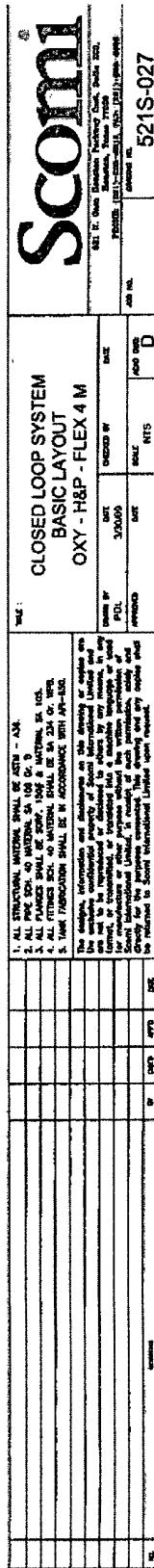
REV.	DESCRIPTION	DATE	BY
1	Issues with System Description	02/04/10	NM
OCCIDENTAL PERMIAN			
LOST TANK 3-25 & Sundance 4-32 SWD BATTERY PLOT PLAN			
SIZE A3	FSM NO	DWG NO	REV 1
SCALE	None	SHEET	1 OF 1



EDDY COUNTY, NM

OXY FLEX IV PAD (Closed Loop System)





521S-027

SURFACE USE PLAN OF OPERATIONS

Operator Name	OXY USA Inc.	16696
Lease Name/Number	Lost Tank 3 Federal #25	304875 Federal Lease No. NMNM0417696
Pool Name/Number:	Lost Tank Delaware, West	96582
Surface Location:	1611 FNL 788 FEL SENE(H)	Sec 3 T22S R31E

1. Existing Roads

- a. A copy of a USGS "Livingston Ridge, N.M." quadrangle map is attached showing the proposed location. The well location is spotted on this map, which shows the existing road system.
- b. The well was staked by Terry J. Asel, Certificate No. 15079 on 12/17/08, certified 12/22/08.
- c. Directions to Location: At the intersection of SH 128 and CR 802, go north on CR 802 for 8.6 miles. Turn right on lease road and go east for 0.2 miles. Turn left and go northeast 0.2 miles. Turn right and go east for 0.1 miles to location

2. New or Reconstructed Access Roads:

- a. A new access road will be built. The access road will run approximately 200' west from an existing road to the location. See Exhibit #2.
- b. The maximum width of the road will be 15'. It will be crowned and made up of 6" of rolled and compacted caliche. Water will be deflected, as necessary, to avoid accumulation and prevent surface erosion.
- c. Surface material will be native caliche. This material will be obtained from a BLM approved pit nearest in proximity to the location. The average grade will be approximately 1%.
- d. No cattle guards, grates or fence cuts will be required. No turnouts are planned.

3. Location of Existing Wells:

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

4. Location of Existing and/or Proposed Injection Facilities.

- a. The Lost Tank # Federal tank battery would be utilized and the necessary injection equipment will be installed at the well site. See proposed Facilities Layout diagram, Exhibit #4.
- b. If necessary, electric power poles will be set along side of the access road.
- c. All flowlines will adhere to API Standards, Exhibit #4

5. Location and types of Water Supply.

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

6. Construction Materials:

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

7. Methods of Handling Waste Material:

- a. A closed loop system will be utilized consisting of above ground steel tanks and haul-off bins. Disposal of liquids, drilling fluids and cuttings will be disposed of at an approved facility, see C-144 CLEZ.
 1. Solids - CRI
 2. Liquids - Laguna
- b. All trash, junk, and other waste material will be contained in trash cages or bins to prevent scattering. When the job is completed, all contents will be removed and disposed of in an approved sanitary landfill.
- c. The supplier, including broken sacks, will pick up slats remaining after completion of well.
- d. A Porto-john will be provided for the rig crews. This equipment will be properly maintained during the drilling and completion operations and will be removed when all operations are complete.
- e. Disposal of fluids to be transported will be by the following companies:
TFH Ltd. - Laguna SWD Facility

8. Ancillary Facilities: None needed

9. Well Site Layout

Exhibit #5 shows the proposed extended well site layout with dimensions of the pad layout and equipment location.

V-door - South

Tanks - East

Pad Size - 340' X 270'

10. Plans for Surface Reclamation:

- a. After concluding the drilling and/or completion operations, if the well is found non-commercial, the caliche will be removed from the pad and transported to the original caliche pit or used for other drilling locations. The road will be reclaimed as directed by the BLM. The original top soil will again be returned to the pad and contoured, as close as possible, to the original topography.
- b. If the well is deemed commercially productive, caliche from areas of the pad site not required for operations will be reclaimed. The original top soil will be returned to the area of the drill pad not necessary to operate the well. These unused areas of the drill pad will be contoured, as close as possible, to match the original topography, and the area will be seeded with an approved BLM mixture to re-establish vegetation.

11. Surface Ownership

The surface is owned by the U.S. Government and is administered by the BLM. The surface is multiple use with the primary uses of the region for the grazing of livestock and the production of oil and gas.

12. Other Information

- a. The vegetation cover is generally sparse consisting of mesquite, yucca, shinnery oak, sandsage and perennial native range grass. The topsoil is sandy in nature. Wildlife in the area is also sparse consisting of deer, coyotes, rabbits, rodents, reptiles, dove and quail.
- b. There is no permanent or live water in the general proximity of the location.
- c. There are no dwellings within 2 miles of the proposed well site.

- d. A Cultural Resources Examination - this well is located in the Permian Basin MOA.

Pad + 1/4 mile road	<u>\$1,339.00</u>	\$0.15/ft over 1/4 mile	<u>\$0.00</u>	<u>\$1,339.00</u>
Pipeline - up to 1mile	<u>\$1,236.00</u>	\$250 per 1/4 mile	<u>\$0.00</u>	<u>\$1,236.00</u>
Electric Line - up to 1mile	<u>\$618.00</u>	\$0.17/ft over 1 mile	<u>\$0.00</u>	<u>\$618.00</u>
Total	<u><u>\$3,193.00</u></u>		<u><u>\$0.00</u></u>	<u><u>\$3,193.00</u></u>

13. Bond Coverage:

Bond Coverage is Nationwide Bond No. ES0136.

Operators Representatives:

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

Marvin McElroy
Production Coordinator
P.O. Box 50250
Midland, TX 79710
Office Phone: 432-652-8607
Cellular: 806-215-6750

Larry Sammons
Production Lead
P.O. Box 50250
Midland, TX 79710
Office Phone: 432-685-5724
Cellular: 432-296-9323

Sergio Abauat
Drilling Superintendent
P.O. Box 4294
Houston, TX 77210
Office Phone: 432-366-5689
Cellular: 432-893-3067


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

Camilo Arias
Drilling Engineering Supervisor
P.O. Box 4294
Houston, TX 77210
Office Phone: 713-366-5953
Cellular: 281-468-4652

Luis Tarazona
Drilling Engineer
P.O. Box 4294
Houston, TX 77210
Office Phone: 713-366-5771
Cellular: 713-628-9526

OPERATOR CERTIFICATION

I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions that presently exist; that I have full knowledge of State and Federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements. Executed this 21st day of April, 2010.

Name: Denise Woods 
Position: Reservoir Management Team Leader
Address: 5 Greenway Plaza, Suite 110, Houston, TX 77046
Telephone: 713-215-7154
E-mail: (optional): denise_woods@oxy.com
Company: OXY USA Inc.
Field Representative (if not above signatory): Marvin McElroy
Address (If different from above): P.O. Box 50250 Midland, TX 79710
Telephone (if different from above): 432-652-8607
E-mail (if different from above): marvin_mcelroy@oxy.com

PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	OXY USA, INC.
LEASE NO.:	NM0417696
WELL NAME & NO.:	LOST TANK 3 FEDERAL #25
SURFACE HOLE FOOTAGE:	1611' FNL & 0788' FEL
BOTTOM HOLE FOOTAGE	SAME
LOCATION:	Section 3, T. 22 S., R 31 E., NMPM
COUNTY:	Eddy County, New Mexico

TABLE OF CONTENTS

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

- ☐ **General Provisions**
- ☐ **Permit Expiration**
- ☐ **Archaeology, Paleontology, and Historical Sites**
- ☐ **Noxious Weeds**
- ☐ **Special Requirements**
 - Lesser Prairie-Chicken Timing Stipulations
 - Ground-level Abandoned Well Marker
 - Aplomado Falcon
 - Cave/Karst
 - VRM
 - Cultural
- ☐ **Construction**
 - Notification
 - V-Door Direction
 - Topsoil
 - Closed Loop System
 - Federal Mineral Material Pits
 - Well Pads
 - Roads
- ☐ **Road Section Diagram**
- ☒ **Drilling**
 - R-111-P Potash
 - H2S – Onshore Order 6
 - Logging Requirements
- ☐ **Production (Post Drilling)**
 - Well Structures & Facilities
 - Pipelines
 - Electric Lines

- ☐ Interim Reclamation
- ☐ Final Abandonment & Reclamation

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.

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) 234-5972 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. V-DOOR DIRECTION: _____

C. TOPSOIL

The operator shall stockpile the topsoil in a low profile manner in order to prevent wind/water erosion of the topsoil. The topsoil to be stripped is approximately inches in depth. The topsoil will be used for interim and final reclamation.

There is no measurable soil on this well pad to stockpile. No topsoil stockpile is required.

D. CLOSED LOOP SYSTEM

Tanks are required for drilling operations: No Pits.

The operator shall properly dispose of drilling contents at an authorized disposal site.

E. 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.

F. 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.

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 thirty (30) 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.

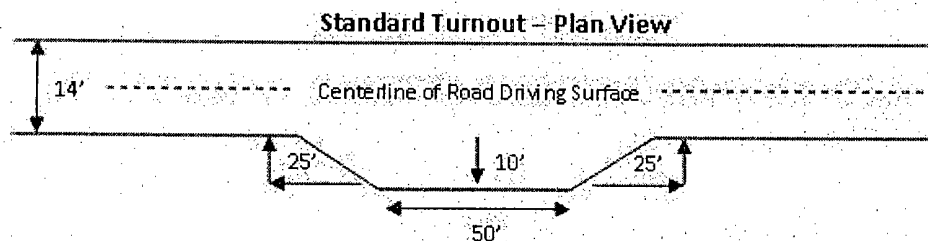
Ditching

Ditching shall be required on the uphill side of the road.

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 be constructed on all blind curves. Turnouts shall conform to the following diagram:

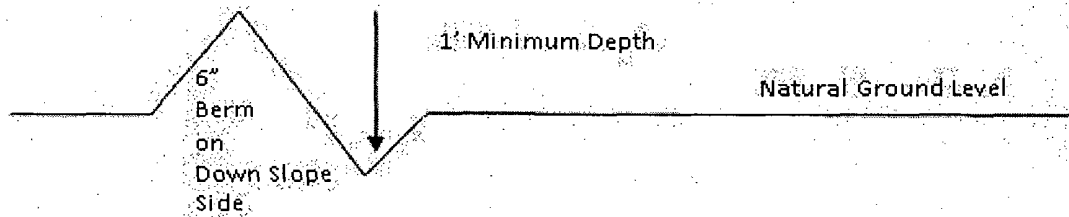


Drainage

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outloping 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:

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

Culvert Installations

Appropriately sized culvert(s) shall be installed at the deep waterway channel flow crossing.

Cattleguards

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 and fastened securely to H-braces.

Fence Requirement

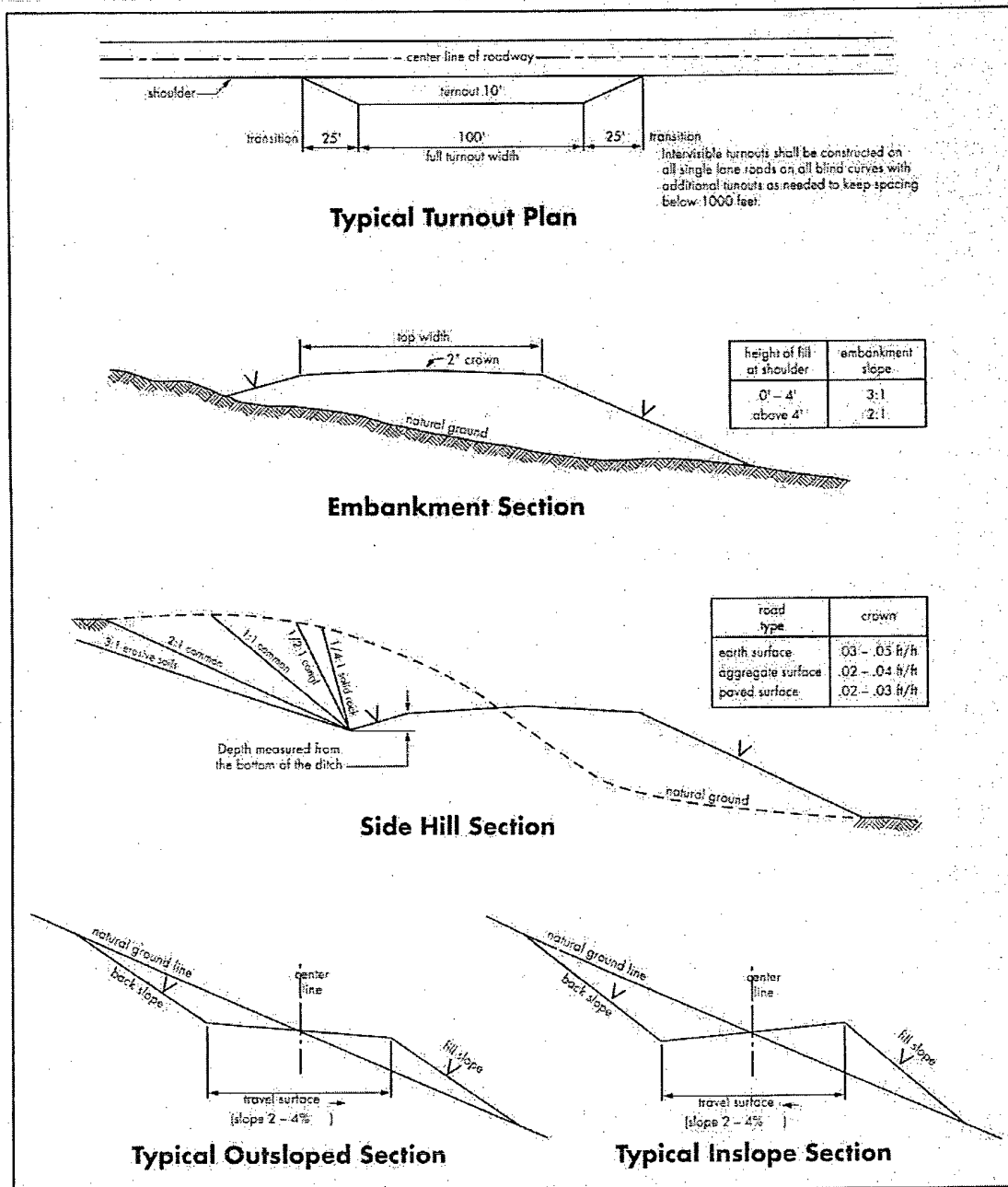
Where entry is required across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting.

The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fence(s).

Public Access

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

Figure 1 – Cross Sections and Plans For Typical Road Sections



VII. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of 4 hours in advance for a representative to witness:

- a. Spudding well
- b. Setting and/or Cementing of all casing strings
- c. BOPE tests

☒ **Eddy County**

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

1. **Due to recent H₂S encounters in the salt formation, it is recommended that monitoring equipment be onsite for potential Hydrogen Sulfide prior to drilling out the surface shoe. If Hydrogen Sulfide is encountered, please report measurements and formations to the BLM.**
2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval. **If the drilling rig is removed without approval – an Incident of Non-Compliance will be written and will be a “Major” violation.**
3. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.
4. **The record of the drilling rate along with the GR/N well log run from TD to surface (horizontal well – vertical portion of hole) will be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies. The Rustler top and top and bottom of Salt are to be recorded on the Completion Report.**

B. CASING

Changes to the approved APD casing and cement program require submitting a sundry and receiving approval prior to work. Failure to obtain approval prior to work will result in an Incident of Non-Compliance being issued.

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

Wait on cement (WOC) time prior to drilling out for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater for all casing strings. DURING THIS WOC TIME, NO DRILL PIPE, ETC. SHALL BE RUN IN THE HOLE. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. See individual casing strings for details regarding lead cement slurry requirements.

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

R-111-P Potash

Possible lost circulation in the Glorietta.

Possible water flows in the Blinebry.

1. The 11-3/4 inch surface casing shall be set at **approximately 665 feet (a minimum of 25 feet 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 is to include the lead cement slurry.**
 - c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.
 - d. If cement falls back, remedial cementing will be done prior to drilling out that string.
2. The minimum required fill of cement behind the 8-5/8 inch intermediate casing is:
 - ☒ Cement to surface. If cement does not circulate see B.1.a, c-d above. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to potash.**

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

3. The minimum required fill of cement behind the 5-1/2 inch production casing is:
 - a. First stage to DV tool, cement shall:
 - ☒ Cement to circulate. If cement does not circulate, contact the appropriate BLM office before proceeding with second stage cement job. Operator should have plans as to how they will achieve circulation on the next stage.
 - b. Second stage above DV tool, cement shall:
 - ☒ Cement to surface. If cement does not circulate, contact the appropriate BLM office.
4. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.
5. Whenever a casing string is cemented in the R-111-P potash area, the NMOCD requirements shall be followed.

C. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.
2. **Variance approved to use flex line from BOP to choke manifold for Serial #52777. Check condition of 3" 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.**
3. 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**.

4. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the 8-5/8 intermediate casing shoe shall be **5000 (5M) psi. 5M system requires an HCR valve, remote kill line and annular to match. The remote kill line is to be installed prior to testing the system and tested to stack pressure.**
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 or where the float does not hold, the minimum wait time before cut-off is eight hours after bumping the plug or when the cement reaches 500 psi compressive strength (including lead when specified), whichever is greater. BOP/BOPE testing can begin after the above conditions are satisfied.
 - 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.**
 - c. The results of the test shall be reported to the appropriate BLM office.
 - d. 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.**
 - e. 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.

D. DRILL STEM TEST

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

E. WELL COMPLETION

A NOI sundry with the procedure to complete this well shall be submitted and approved prior to commencing completion work. The procedure will be reviewed to verify that the completion will allow the operator to restrict the injection fluid to the approved formation.

F. 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.

DHW 081110

VIII. PRODUCTION (POST DRILLING)

A. WELL STRUCTURES & FACILITIES

Placement of Production Facilities

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

Containment Structures

The containment structure shall be constructed to hold the capacity of the entire contents of the largest tank, plus 24 hour production, unless more stringent protective requirements are deemed necessary by the Authorized Officer.

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, Munsell Soil Color Chart # 5Y 4/2

VRM Facility Requirement

Low-profile tanks not greater than eight-feet-high shall be used.

B. PIPELINES

C. ELECTRIC LINES

IX. INTERIM RECLAMATION

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

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

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

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

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

X. FINAL ABANDONMENT & RECLAMATION

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

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

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

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

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

Seed Mixture for LPC Sand/Shinnery Sites

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

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

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

<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

**Four-winged Saltbush 5lbs/A

* This can be used around well pads and other areas where caliche cannot be removed.

*Pounds of pure live seed:

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

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.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☐ Oil Well ☐ Gas Well ☒ Other

SWD

2. Name of Operator

OXY USA Inc.

16696

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)

1500 FNL 541 FEL SENE(H) Sec 3 T22S R31E

5. Lease Serial No.

NMNM0417696

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

Lost Tank 3 #25
Federal

9. API Well No.

30-015-

10. Field and Pool, or Exploratory Area

Lost Tank Delaware, West

11. County or Parish, State

Eddy NM

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"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Amend APD -
	<input checked="" type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	APD Deficiencies
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

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 recompleat 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 recompleat 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.)

OXY USA Inc. respectfully requests that the following attached information be accepted to amend the APD for the Lost Tank 3 Federal #25 that was originally filed 5/3/10.

1. C-102, location was moved at the BLM request.
Amended-1500 FNL 541 FEL SENE(H) Original-1611 FNL 788 FEL SENE(H)
2. Amended Drilling Plan w/ new TD and changes to production casing.
3. APD Deficiencies List

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

David Stewart

Title

Sr. Regulatory Analyst

Date

8/9/10

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

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

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
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

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

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease- 4 Copies
Fee Lease- 3 Copies
☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-	Pool Code 96592	Pool Name Lost Tank Delaware, West
Property Code 304875	Property Name LOST TANK 3 FEDERAL	Well Number 25
OGRID No. 16696	Operator Name OXY USA, INC.	Elevation 3503.7'

Surface Location

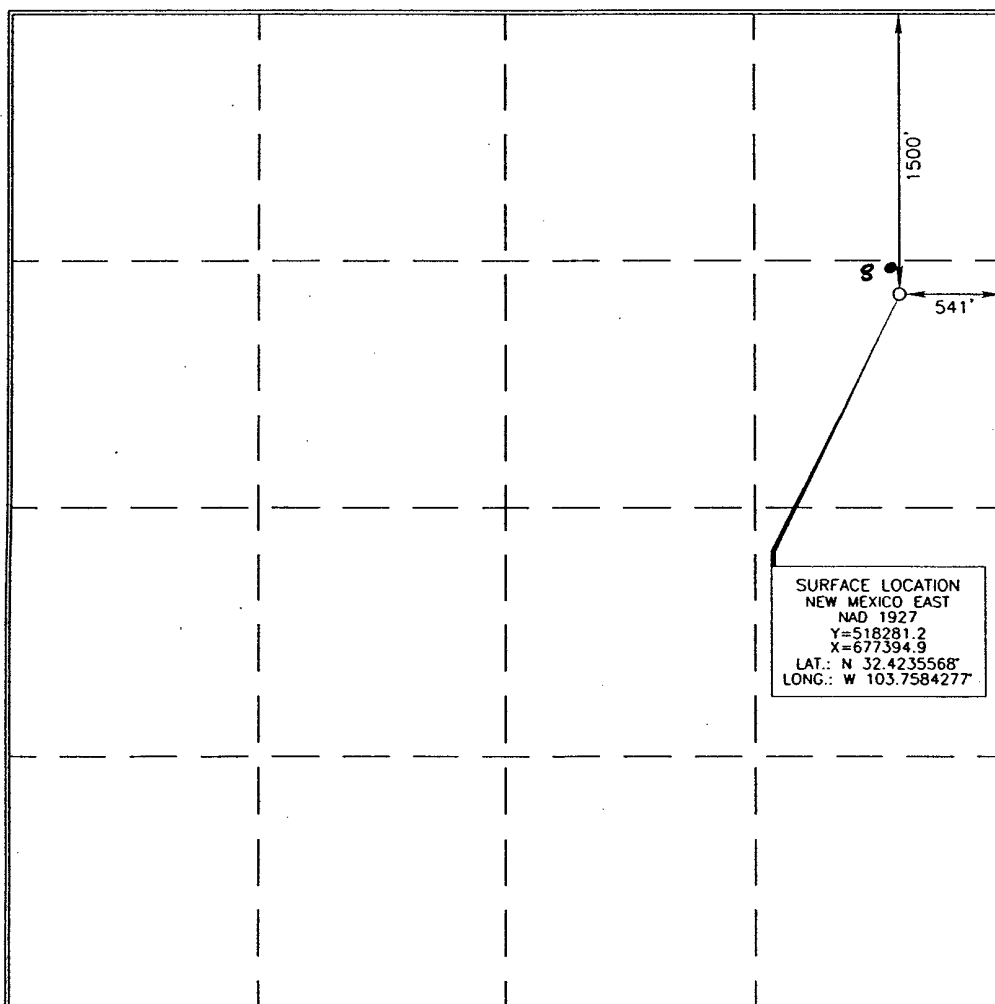
UL or lot no. H	Section 3	Township 22 SOUTH	Range 31 EAST, N.M.P.M.	Lot Idn	Feet from the 1500'	North/South line NORTH	Feet from the 541'	East/West line EAST	County EDDY
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Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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Dedicated Acres N/A	Joint or Infill -	Consolidation Code	Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



OPERATOR CERTIFICATION

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

David Stewart
Signature Date

David Stewart
Printed Name

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was adopted from field notes or actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

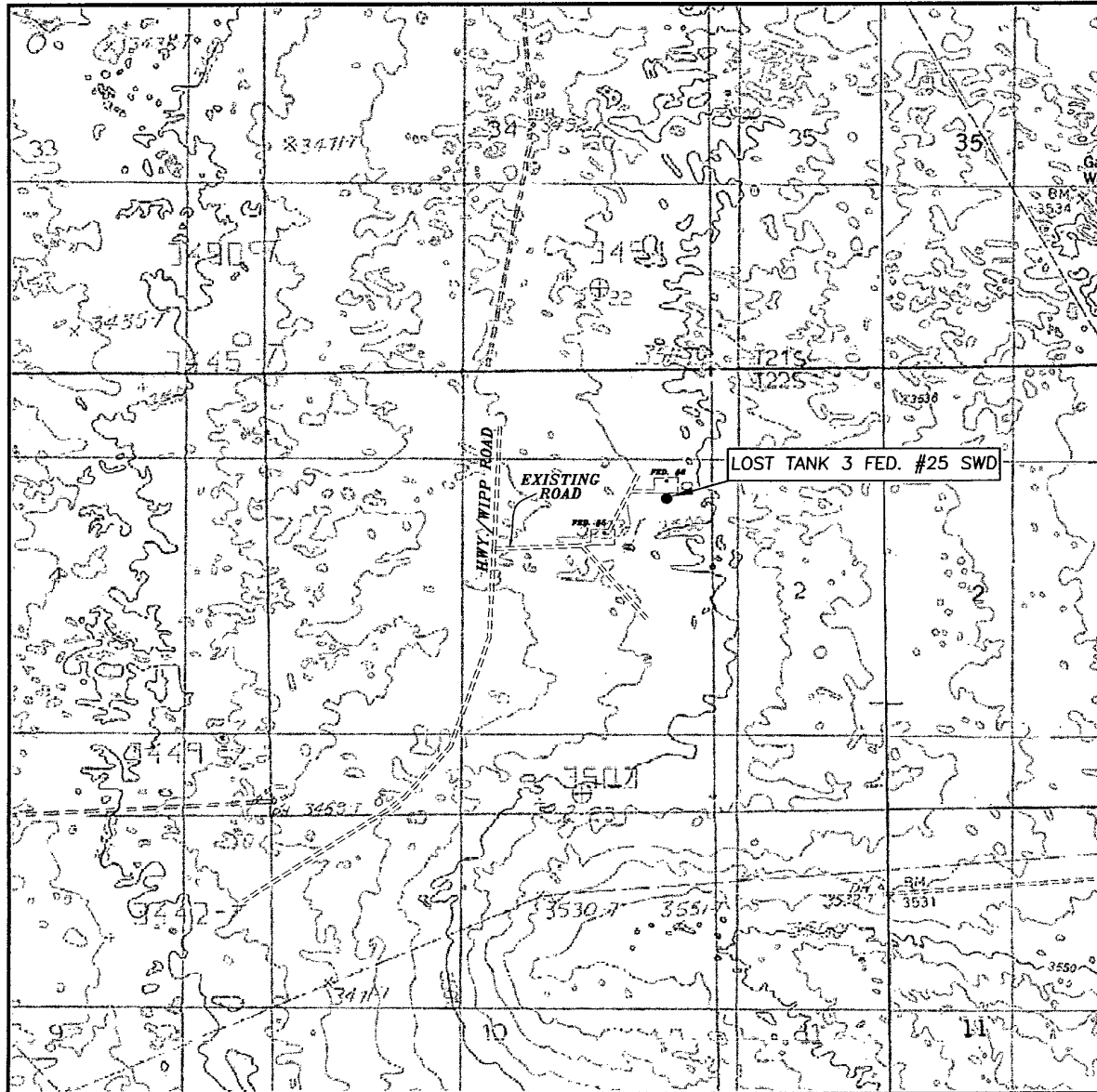
Jerry J. Asel
Date of Survey

Jerry J. Asel
Signature and Seal of Professional Surveyor

Jerry J. Asel
Certificate Number 15079

WO# 081217WL (Rev. A) (KA)

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'

SEC. 3 TWP. 22-S RGE. 31-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1500' FNL & 541' FEL

ELEVATION 3503.7'

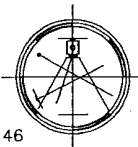
OPERATOR OXY USA, INC.

LEASE LOST TANK 3 FED. #25 SWD

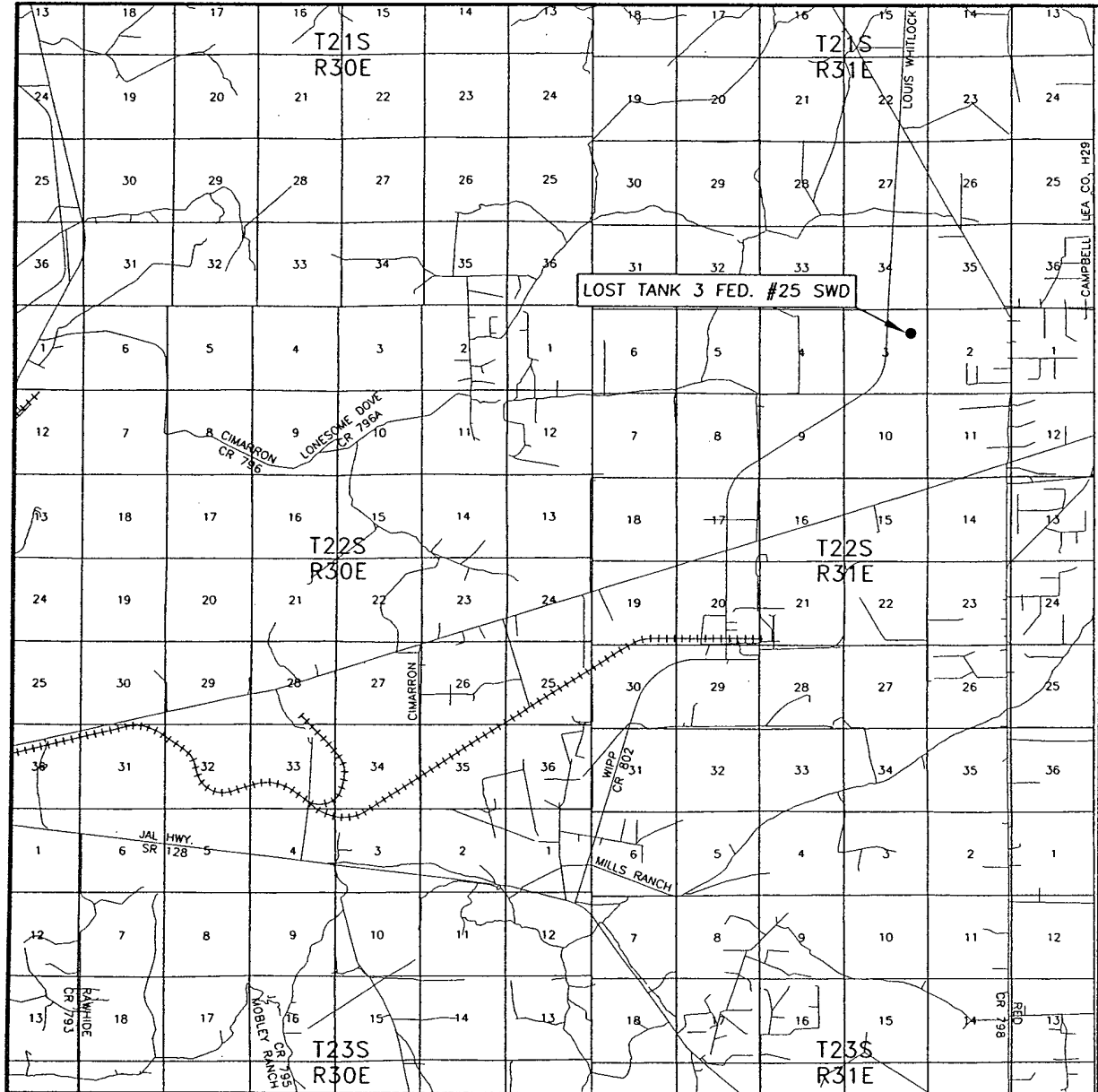
U.S.G.S. TOPOGRAPHIC MAP
LIVINGSTON RIDGE, N.M.

Asel Surveying

P.O. BOX 393 - 310 W. TAYLOR
HOBBS, NEW MEXICO - 575-393-9146



VICINITY MAP

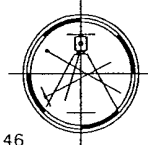


SEC. 3 TWP. 22-S RGE. 31-E
 SURVEY N.M.P.M.
 COUNTY EDDY
 DESCRIPTION 1500' FNL & 541' FEL
 ELEVATION 3503.7'
 OPERATOR OXY USA, INC.
 LEASE LOST TANK 3 FED. #25 SWD

SCALE: 1" = 2 MILES

Asel Surveying

P.O. BOX 393 - 310 W. TAYLOR
 HOBBS, NEW MEXICO - 575-393-9146



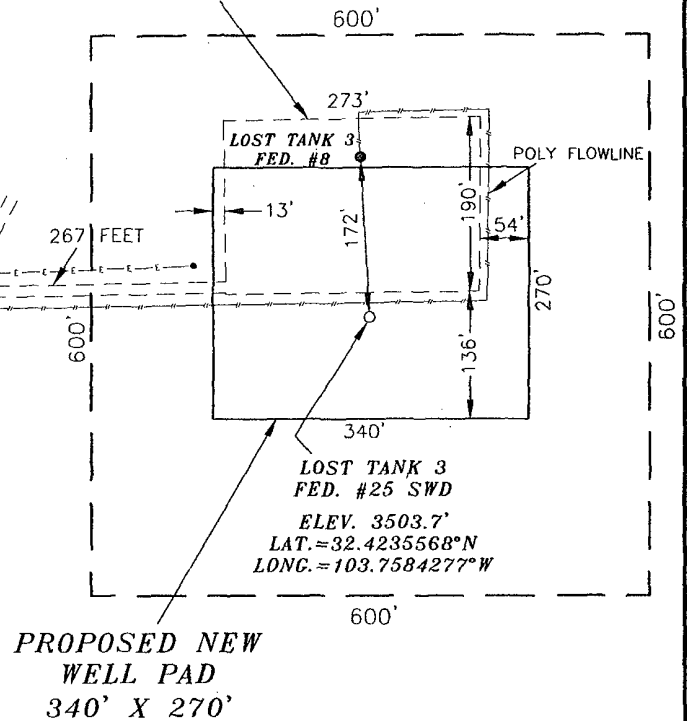
DIRECTIONS BEGINNING AT THE INTERSECTION OF HWY. #128 AND EDDY COUNTY ROAD #802 (WIPP ROAD), GO NORTH ON EDDY CO. ROAD #802 FOR 8.6 MILES, TURN RIGHT ON LEASE ROAD AND GO EAST FOR 0.2 MILES, TURN LEFT AND GO NORTHEAST FOR 0.1 MILES, TURN RIGHT AND GO EAST FOR 50 FEET TO LOCATION.

OXY USA, INC.

LOST TANK 3 FED. #25 SWD

Basis of Bearings - GPS Geodetic Measurements
 NM East Zone (83) North American Datum of 1983

EXISTING
 WELL PAD
 273' X 190'



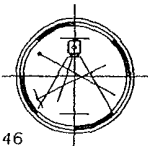
SURVEYORS CERTIFICATE

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

Terry J. Asel 7/19/2010
 Terry J. Asel N.M. R.P.S. No. 15079

Asel Surveying

P.O. BOX 393 - 310 W. TAYLOR
 HOBBS, NEW MEXICO - 575-393-9146



- LEGEND**
- - DENOTES EXISTING WELL
 - - DENOTES PROPOSED NEW WELL
 - - DENOTES PROPOSED NEW WELL PAD
 - - DENOTES EXISTING WELL PAD & ROADS

200' 0 200' 400' FEET
 SCALE: 1"=200'

OXY USA, INC.

LOST TANK 3 FED. #25 SWD WELL LOCATED
 AT 1500' FNL & 541' FEL IN SECTION 3,
 TOWNSHIP 22 SOUTH, RANGE 31 EAST,
 N.M.P.M., EDDY COUNTY, NEW MEXICO

Survey Date: 06/16/10	Sheet 1 of 1 Sheets
W.O. Number: 081217WL (Rev. B)	Drawn By: KA Rev: B
Date: 07/16/10	081217WL Scale: 1"=200'

APD DATA – DRILLING PLAN

OPERATOR NAME / NUMBER: OXY USA Inc - 16696

LEASE NAME / NUMBER: Lost Tank 3 Federal # 25 **Federal Lease No:** NMNM0417696

STATE: NM

COUNTY: Eddy

SURFACE LOCATION: 1500 FNL 541 FEL SENE(H) Sec 3 T22S R31E

SL: LAT: 32.4235568 N **LONG:** 103.7584277W **X:**677394.9 **Y:**518281.2 **NAD:**27

C-102 PLAT APPROX GR ELEV: 3503.7'

EST KB ELEV: 3520.20' (16.5' KB)

1. GEOLOGIC NAME OF SURFACE FORMATION

a. Permian

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

Formation	TV Depth Top	Expected Fluids
Upper Permian Sand	170	Water
Rustler	640	
Base of Salt	4220	None
Lamar	4220	None
Bell Canyon	4280	
Ramsey 1	4310	
Ramsey 2	4350	
Cherry Canyon	5165	
Sand 1	5370	
Sand 2	5475	
Sand 3	5560	
Sand 4	5600	
Sand 5	5630	
Manzanita Marker	5668	
TD	6300	TD

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

GREATEST PROJECTED TD 6300' MD/ 6300' TVD

OBJECTIVE: Cherry Canyon

3. CASING PROGRAM

Surface Casing: 11.75" casing set at \pm 665' MD/ 665' TVD in a 14.75" hole filled with 8.40 ppg mud

Interval	Length	Wt	Gr	Cplg	Coll Rating (psi)	Burst Rating (psi)	Jt Str (M-lbs)	ID (in)	Drift (in)	SF Coll	SF Burst	SF Ten
0'-665'	665'	42	H-40	ST&C	1070	1980	307	11.084	4.77	7.41	2.46	2.43

Intermediate Casing: 8.625" casing set at $\pm 4250'$ MD / 4250'TVD in a 10.625" hole filled with 10 ppg mud

Interval	Length	Wt	Gr	Cplg	Coll Rating (psi)	Burst Rating (psi)	Jt Str (M-lbs)	ID (in)	Drift (in)	SF Coll	SF Burst	SF Ten
0' - 4250'	4250'	32	J-55	LT&C	2530	3930	417	7.92	7.80	2.93	1.3	1.94

Production Casing: 5.5" casing set at $\pm 6300'$ MD / 6300'TVD in a 7.875" hole filled with 8.90 ppg mud

Interval	Length	Wt	Gr	Cplg	Coll Rating (psi)	Burst Rating (psi)	Jt Str (M-lbs)	ID (in)	Drift (in)	SF Coll	SF Burst	SF Ten
0' - 6300'	6300'	17	J-55	LT&C	4910	5320	247	4.89	4.77	1.75	1.28	1.73

Collapse and burst loads calculated using Stress Check with actual anticipated loads.

4. CEMENT PROGRAM:

Surface Interval

Interval	Amount sx	Ft of Fill	Type	Gal/Sk	PPG	Ft ³ /sk	24 Hr Comp
Surface (TOC: Surface)							
Lead: 0' - <u>365'</u> (150% Excess)	230	365'	Premium Plus Cement, with 4% Bentonite, 2% Calcium Chloride	9.20	13.5	1.75	1208 psi
Tail: <u>365'</u> - 665'	270	300'	Premium Plus Cement with 2% Calcium Chloride - Flake	6.39	14.8	1.35	2500 psi

Intermediate Interval

Interval	Amount sx	Ft of Fill	Type	Gal/Sk	PPG	Ft ³ /sk	24 Hr Comp
Intermediate TOC: Surface (0' -4250')							
Lead: 0' -3766' (150 % Excess)	960	3766'	Light Premium Plus Cement, with 5% Salt, 5 lb/sk Gilsonite, & 0.125 lb/sk Poly-E- Flake, 1% Halad-344, 2% Calcium Chloride	9.35	12.9	1.88	650 psi
Tail: 3766' - <u>4250'</u> (150 % Excess)	200	484'	Premium Plus cement with 1% WellLife 734 (Cement Enhancer)	6.38	14.80	1.34	1343 psi

Production Interval

Interval	Amount sx	Ft of Fill	Type	Gal/Sk	PPG	Ft ³ /sk	24 Hr Comp
Production (TOC: 4300') 1st Stage							
Lead: 4300' - 6300' (200 % Excess)	640	1950'	Super H Cement with 0.5% Halad-344 (Low Fluid Loss Control), 0.4% CFR-3 (Dispersant), 5 lb/sk Gilsonite, 1 lb/sk Salt & 0.3% Poly-E-FLake (Retarder)	7.48	13.20	1.61	1536 psi
DV Tool @ 4300							
Production (TOC: Surface) 2nd Stage							
Lead: 0' - <u>3854'</u> (35% Excess)	460	3854'	Light Premium Plus	11.29	12.4	2.01	560 psi

Tail: 3854' – 6300'	100	496	Premium Plus	6.34	14/8	1.33	1600 psi
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5. PRESSURE CONTROL EQUIPMENT

Surface: 0 – 665' None.

Intermediate: 0 – 4250' the minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required to drill below the surface casing shoe shall be 3000 (3M) psi . Operator will using a 11" 5M two ram stack w/ 5M annular preventer, & 5M Choke Manifold, but testing as 3M.

- The 11" 5000 psi blowout prevention equipment will be installed and operational after setting the 11 3/4" surface casing and the 11 3/4" SOW x 13 5/8" 3K conventional wellhead; the rotating head body will be installed but the rubber will be installed when it becomes operationally necessary.
- The BOP and ancillary BOPE will be tested by a third party upon installation to the 11 3/4"H-40 42ppf surface casing. All equipment will be tested to 250/1386 (70% of casing burst) psi for 30 minutes without a test plug or 10 minutes if test plug is implemented. This is to be in compliance with the Onshore Order # 2 which states the BOPE shall be tested to 70 % of the yield of the casing when the BOP and casing are not isolated

Production: 0 – 6300' will be drilled with a 11" 5M two ram stack w/ 5M annular preventer, & 5M Choke Manifold.

- The BOP and ancillary BOPE will be tested by a third party upon installation to the 8 5/8" intermediate casing at 4250'. All equipment will be tested to 5000 psi (high) and 250 psi (low) except the annular will be tested to 70% of its rated working pressure (high) and also to 250 psi (low). All test will performed with the implementation of a test type plug,
- The pipe rams will be functionally tested during each 24 hour period; the blind rams will be functionally tested on each trip out of the hole. These functional tests will be documented on the Daily Driller's Log. Other accessory equipment (BOPE) will include a safety valve and subs as needed to fit all drill strings, and a 2" kill line and 3 " choke line having a 5000 psi WP rating. Oxy requests that the system be tested at 5,000 psi WP rating..
- Oxy also requests a variance to connect the BOP choke outlet to the choke manifold using a co-flex hose made by *Contitech Rubber Industrial KFT*. It is a 3" ID x 35' flexible hose rated to 10,000 psi working pressure. It has been tested to 15,000 psi and is built to API Spec 16C. Once the flex line is installed it will be tied down with safety clamps. Please see attached certifications.
- See attached BOP & Choke manifold diagrams.

6. MUD PROGRAM:

Depth	Mud Wt ppg	Vis Sec	Fluid Loss	Type System
0 – 665'	8.4 – 8.6	32 – 48	NC	Fresh Water /Spud Mud
665' – 4250'	9.8 – 10.0	28 – 29	NC	Brine Water
4250' – 6000'	8.4 – 8.6	26- 28	NC	Fresh Water
7800' - TD	8.8 – 9.0	32 - 38	10- 15	Duo Vis

Remarks: Pump high viscosity sweeps as needed for hole cleaning. The mud system will be monitored visually/manually as well as with an electronic PVT. The necessary mud products for additional weight and fluid loss control will be on location at all times.

7. AUXILIARY WELL CONTROL AND MONITORING EQUIPMENT

- a. A Kelly cock will be in the drill string at all times.
- b. A full opening drill pipe stabbing valve having the appropriate connections will be on the rig floor unobstructed and readily accessible at all times.
- c. Hydrogen Sulfide detection equipment will be in operation after drilling out the surface casing shoe until the production casing is cemented. Breathing equipment will be on location upon drilling the surface casing shoe until total depth is reached. **If Hydrogen Sulfide is encountered , measured amounts and formations will be reported to the BLM**

8. POTENTIAL HAZARDS:

- A. H2S detection equipment will be in operation after drilling out the surface casing shoe until the production casing has been cemented. Breathing equipment will be on location from drilling out the surface shoe until production casing is cemented. If H2S is encountered the operator will comply with Onshore Order #6.
- B. No abnormal temperatures or pressures are anticipated. **The highest anticipated pressure gradient is 0.55 psi/ft** All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Adequate flare lines will be installed off the mud/gas separator where gas may be flared safely.

9. ANTICIPATED STARTING DATE AND DURATION OF OPERATIONS

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

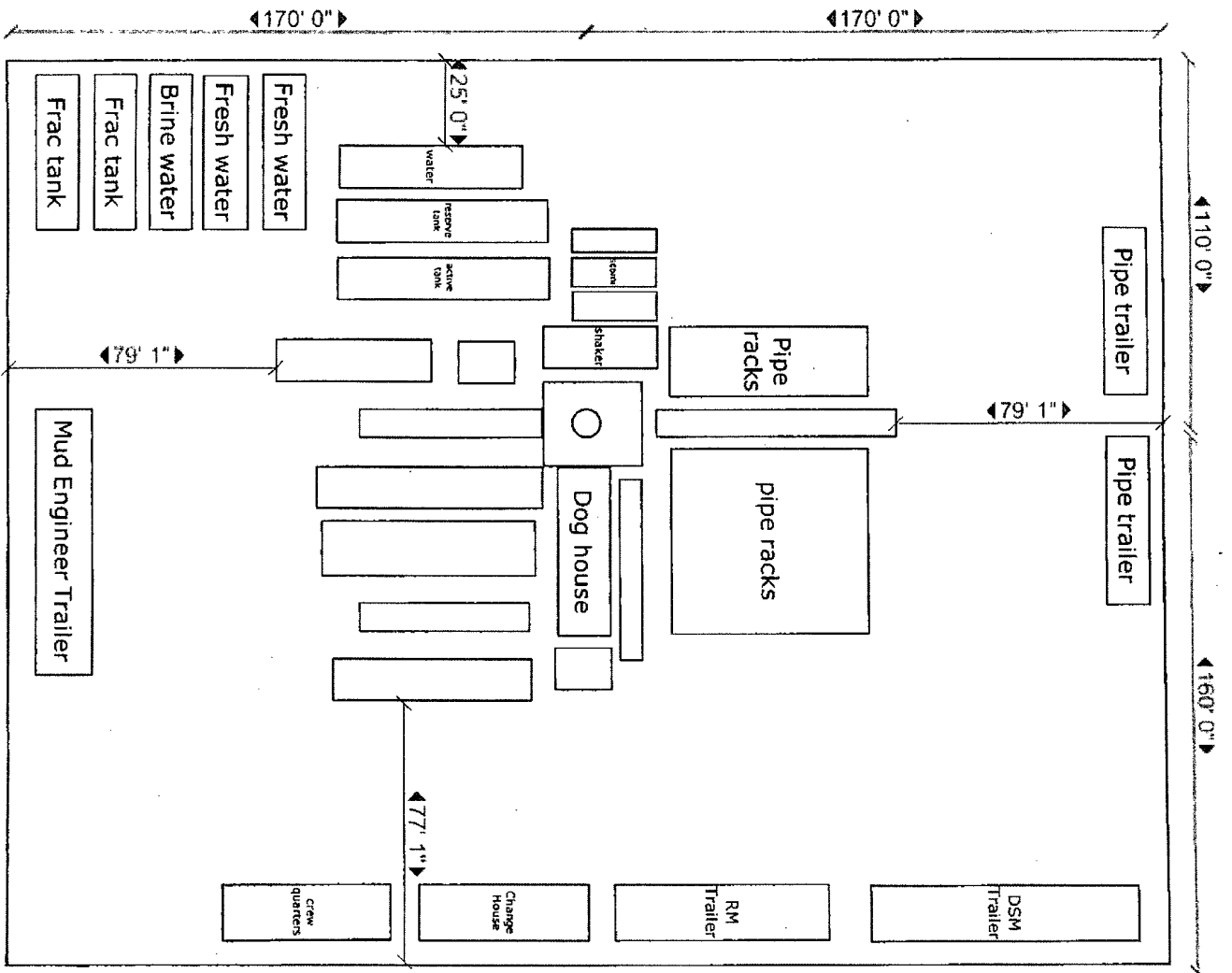
10. COMPANY PERSONNEL-DRILLING:

<u>Name</u>	<u>Title</u>	<u>Office Phone</u>	<u>Mobile Phone</u>
Luis Tarazona	Drilling Engineer	713-366-5771	713-628-9526
Frank Hutton	Drilling Engineer Supervisor	713-366-5325	713-855-4274
Sergio Abauat	Drilling Superintendent	713-366-5689	832-531-5636
Richard Jackson	Drilling Manager	713-215-7235	281-467-6383

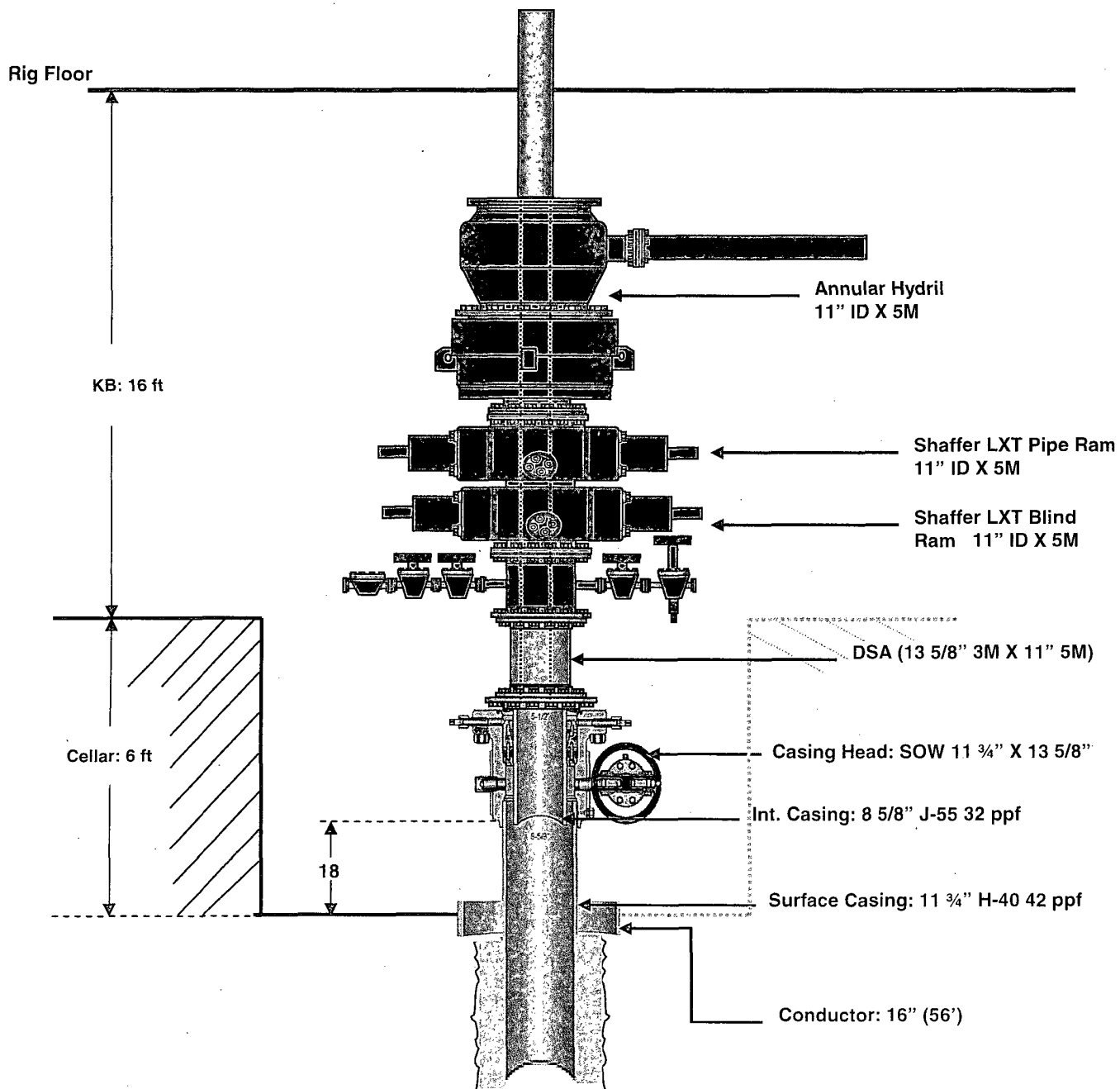
Plan for improving/maintaining existing road to Lost Tank 3 Federal #25

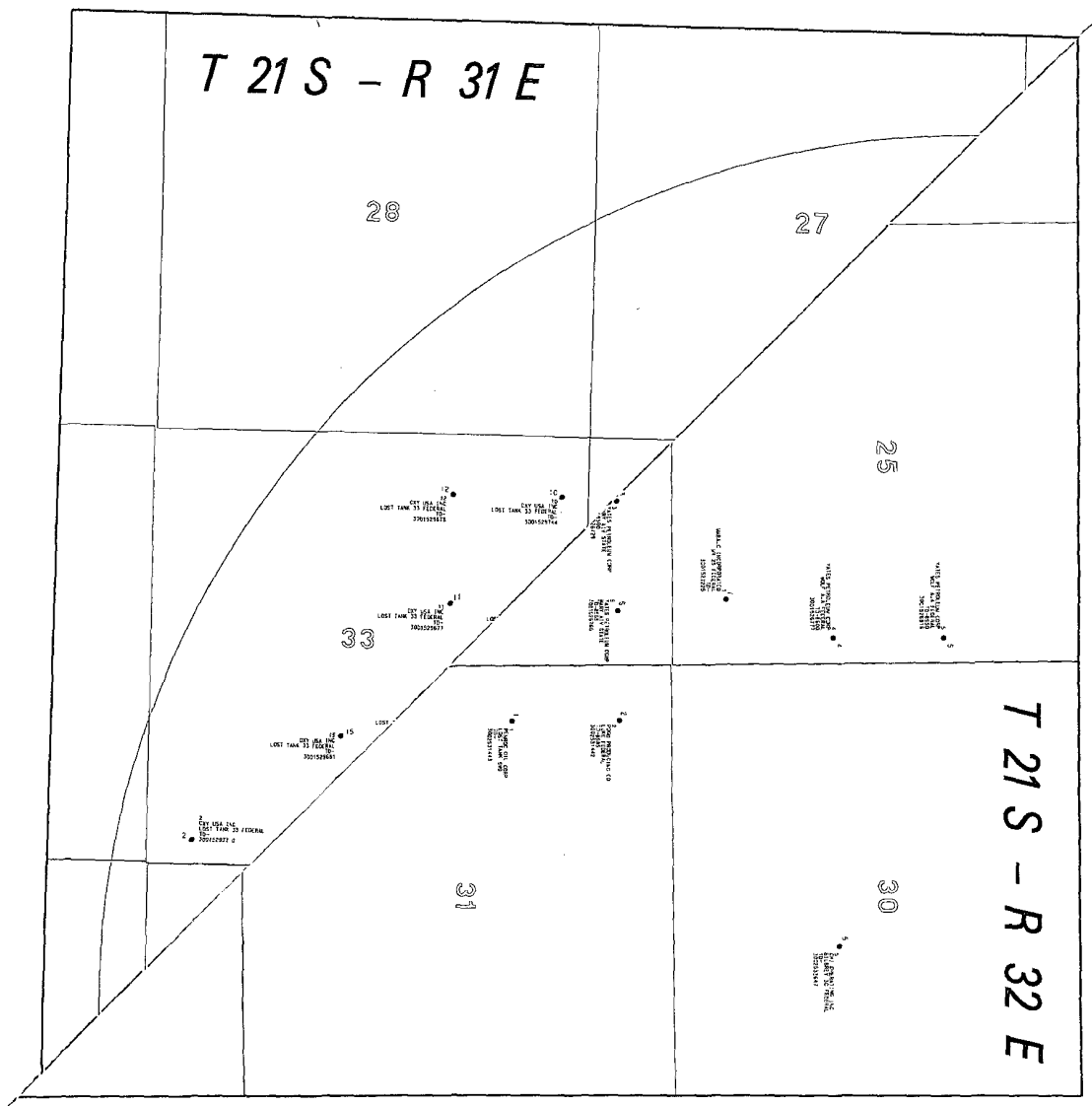
1. Blade and water existing road from County Road (WIPP Road) to new location.
2. Add caliche to any bad areas of existing road

Existing electrical line is on west edge of proposed location.



11. BOP Diagram





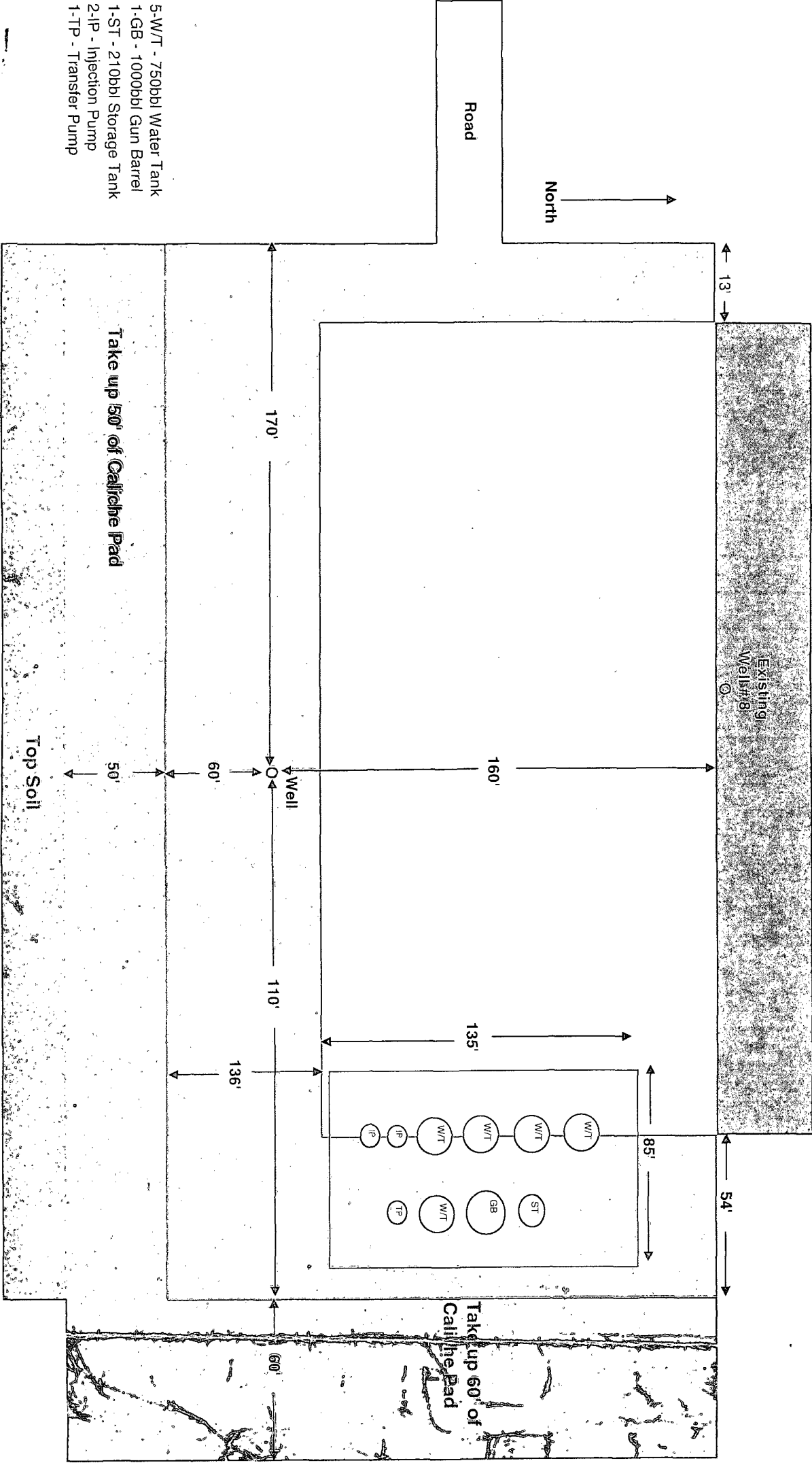
Bureau of Land Management
RECEIVED

AUG 10 2010

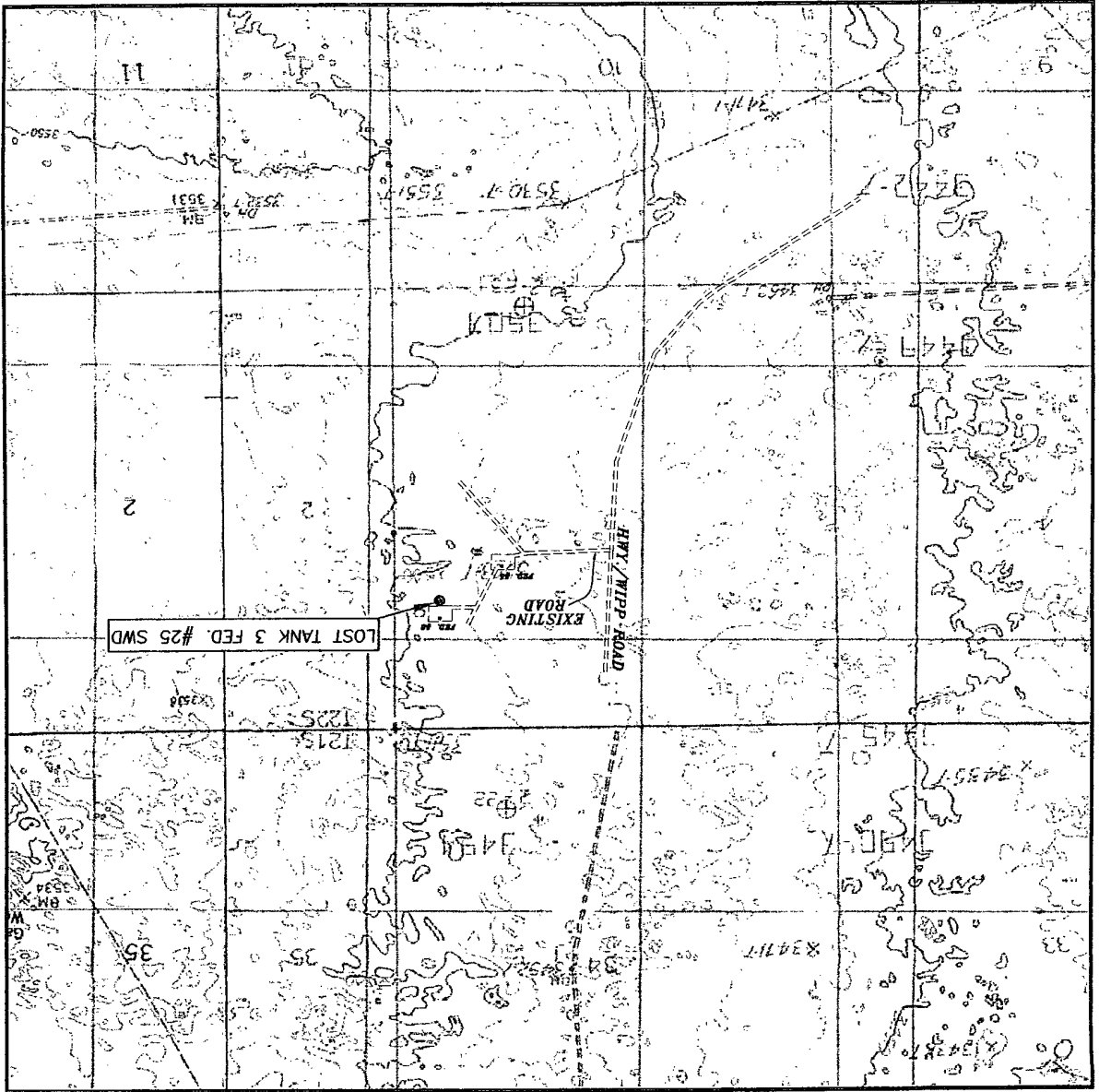
Carlsbad Field Office
Carlsbad, N.M.

Lost Tank 3 Federal No. 25

- Existing Pad
- Existing Pad overlapping with new pad
- New Pad
- Proposed Pad Reclamation



LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'

SEC. 3 TWP. 22-S RGE. 31-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1500' FNL & 541' FEL

ELEVATION 3503.7'

OPERATOR OXY USA, INC.

LEASE LOST TANK 3 FED. #25 SWD

U.S.G.S. TOPOGRAPHIC MAP
LIVINGSTON RIDGE, N.M.

