Form 3160-5 (August 1999)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS

OCD-ARTESIA

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

O 2000 5. Lease Serial No.

NM40659

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Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.					Allottee or Tribe Name
SUBMIT IN TRIPLICATE -	Other instructions	on reverse side		7. If Unit or	CA/Agreement, Name and/or No
1. Type of Well X Oil Well Gas Well Other 2. Name of Operator				8. Well Nam Pure Gold	
OXY USA Inc.		16696		9. API Well	No
3a. Address P.O. Box 50250, Midland, TX 79710-	0250	3b Phone No. (<i>include ar</i> 432 - 685 - 5717	ea code)	30-015-35	
4. Location of Well (Footage, Sec., T, R., M., or Survey I	Description)			Sand Dune	s Delaware, West or Parish, State
12. CHECK APPROPRIATE	BOX(ES) TO INC	DICATE NATURE OF	NOTICE, REP	ORT, OR OT	HER DATA
TYPE OF SUBMISSION		TY	PE OF ACTION		
Notice of Intent Subsequent Report Final Abandonment Notice	Acidize Alter Casing Casing Repair X Change Plans Convert to Injection	Deepen Fracture Treat New Construction Plug and Abandon Plug Back	Reclamate	te ly Abandon	Water Shut-Off Well Integrity X Other Amend Drilling Plan
3. Describe Proposed or Completed Operation (clearly	state all pertinent detail	ils, including estimated start	ing date of any pr	oposed work an	d approximate duration thereof

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.)

See attached.

SEE ATTACHED FOR CONDITIONS OF APPROVAL

14 I hereby certify that the foregoing is true and correct Name (Printed/Typed)	itle	
David Stewart	Sr. Regulatory Analys	ADDDOVED
le the	Date 6/16/09	APPROVED
THIS SPACE FOR FEDERAL	OR STATE OFFICE USE	NIN 9 4 2000
Approved by	Title	Date
Conditions of approval, if any, are attached. Approval of this notice does not warrant of certify that the applicant holds legal or equitable title to those rights in the subject least which would entitle the applicant to conduct operations thereon.	Office e	WESLEY W. INGRAM PETROLEUM ENGINEER

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.

OXY USA Inc. Pure Gold D#13

660 FNL 990 FEL NENE(A) Sec 28 T23S R31E Lat N 32.280761°N Long W103.776929°W

Eddy County, New Mexico

DRILLING PROGRAM

- 1. **Geologic Name of Surface Location:**
 - A. Permian
- 2. Estimated Tops of Geological Markers and Depth of Anticipated Fresh Water, Oil or Gas:

Formation	Depth	Expected Fluid
Rustler	480'	
Top Salt	820'	
Bottom Salt	4012'	
Delaware	4230'	
Bell Canyon	4250'	
Cherry Canyon	5140'	
Brushy Canyon	6340'	
Bone Spring	8060'	Oil
TD	8300'	

Only the target Bone Spring Sands are expected to yield oil or gas in measurable quantities. All freshwater sands will be protected by setting 113/4 casing @ 570', 20' into the Rustler formation, and circulating cement. The salt section will be protected by setting 85/8" intermediate casing @ 4250', 20' into the Delaware formation, and circulating cement to surface. Production casing will be 51/2" and the cement will be circulated to surface.

3. Casing Program. Design criteria and casing load assumptions:

Hole Size	Depth Interval	Casing OD	Weight PPF	Grade	Conn
14 ¾"	0' - 570'	11.3/4"	42	H-40	STC
10 5/8"	0'4250	8 5/8"	32	J-55	LTC
77/8"	0' - 8300'	5½"	17	J-55	LTC

See COA

All pipe will be new and manufactured to API specs.

Surface Casing

Tension: A 1.6 design factor utilizing the effects of buoyancy (8.34ppg)

Collapse: A 1.125 design factor with full internal evacuation and a collapse force

equal to the mud gradient in which the casing will be run (0.433 psi/ft). The

effects of axial load on collapse will be considered.

Burst: A 1.2 design factor with a surface pressure equal to the fracture gradient

at setting depth less a gas gradient to the surface. Internal burst force at the shoe will be fracture pressure at that depth. Back up pressure will be

formation pore pressure.

Intermediate Casing:

Tension: A 1.6 design factor utilizing the effects of buoyancy (10.0 ppg)

Collapse: A 1.125 design factor with full internal evacuation, and a collapse force

equal to the mud gradient in which the casing will be run (0.478 psi/ft). The

effects of axial load on collapse will be considered.

Burst: A 1.2 design factor with a surface pressure equivalent to the fracture

gradient at setting depth less a gradient to the surface to 0.1 psi/ft. Internal burst force at the shoe will be fracture pressure at that depth. Back

pressure will be formation pore pressure.

Production Casing:

Tension: A 1.6 design factor utilizing the effects of buoyancy (8.6 ppg)

Collapse: A 1.125 design factor with full internal evacuation, and a collapse force

equal to the mud gradient in which the casing will be run (0.447 psi/ft). The

effects of axial load on collapse will be considered.

Burst: A 1.2 design factor with a surface pressure equivalent to the fracture

gradient at setting depth less a gradient to the surface to 0.1 psi/ft. Internal burst force at the shoe will be fracture pressure at that depth. Back

pressure will be formation pore pressure.

4. Cementing Program:

interval	Amount sx	Ft of Fill	Туре	Gal/Sx	PPG	Ft3/sx
Surface (TOC: S	urface)	L		I		
Lead: 0'-270' (150% Excess)	170	270'	Halliburton Premium Plus + 4% Bentonite, 2% Calcium Chloride, 0.125 pps Poly-E-Flake	9.18	13.5	1.75
Tail 270' – 570 (150% Excess)	270	300'	Halliburton Premium Plus + 2% CaCl ₂	6.39	14.8	1.35

Intermediate (TO	C: Surface)					
Lead: 0' - 3,771' (150% Excess)	980	3,771'	Halliburton Light Premium Plus cement + 5 pps Gilsonite, 0.125 pps Poly- E-Flake, 5% Salt	9.57	12.9	1.88
Tail: 3,771' - 4,250' (150% Excess)	200	479'	Halliburton Premium Plus	6.34	14.8	1.33
	Two Stage	DV Tool @ 4	1,300' and Circulate Cement to	Surface		
Production (TOC 1st Stage	: 4,300')					
Lead: 4,300' - 6,000' (150% Excess)	270	1,700'	Halliburton Interfill H + 5 pps Gilsonite, and 0.125 pps Poly-E-Flake	16.26	11.5	2.80
Tail: 6,000' – 8,300' (100% Excess)	490	2,300'	Halliburton Super H Cement containing 0.5% LAP-1, 0.4% CFR-3, 0.25 pps D-Air 3000, and 5 pps Gilsonite	8.10	13.2	1.66
Production (TOC 2 nd Stage	: Surface)					
Lead: 0' - 3,987' (15% Excess)	300	3,987'	Halliburton Interfill C + 0.5% LAP-1, 0.25 pps D-AIR 3000	16.64	11.5	2.79
Tail: 3,987' – 4,300' (150% Excess)	100	313'	Halliburton premium Plus	6.34	14.8	1.33

Cement Summary: <

Casing	Hole Size	Interval	тос	Comp.Strength (24 hrs)
11 ¾" 42# H-40, STC	14 ¾"	0' – 570'	Surface	689 psi Lead 2500 psi Tail
8 5/8" 32# J-55, LTC	10 5/8"	0' - 4,250' - 6 - 0' - 8,300'	Surface	650 psi Lead 1343 psi Tail
5 ½" 17# J-55, LTC	7 7/8"	0' – 8,300'	Surface	1343 psi Tali 118 psi Lead 1528 psi Tail

- Gee COA

5. Pressure Control Equipment

Based on the maximum expected BHP of 3500 psi at 8300' TD (MASP= 2670 psi, 7 7/8" hole size), the blowout prevention equipment will have a working pressure rating of 5000 psi (11") and will consist of (1) a double ram blowout preventer (BOP) with the bottom rams as the blinds and the top rams sized for $4\frac{1}{2}$ " drill pipe; (2) annular preventer; (3) rotating head; and (4) choke manifold. Both the ram and annular preventer will be hydraulically operated.

The 11" 5000 psi blowout prevention equipment will be installed and operational after setting the 113/4" surface casing; 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 113/4" surface casing. All equipment will be tested to 1000 psi (high), and 250 psi (low). (MASP + 500 = 841 psi)

The BOP and ancillary BOPE will be tested by a third party upon installation to the 85/8" 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).

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 valve.

Request variance to connect BOP outlet to the choke manifold a flex line that is manufactured by Contitech Rubber Industrial KFT. It is a 3" ID X 35' flexible hose rated to 10000psi working pressure. It has been tested to 15000psi and is built to API Spec 16C. Once the flex line is installed, it will be tied down with safety clamps, certification attached.

6. Mud Program

Interval	Туре	MW	PV	FL
0 – 570'	FW – Gel Spud	8.4 – 8.8	2-4	NC
570' – 4250'	Brine w/ sweeps	9.8 – 9.9	2-3	NC
4250' – 8000'	Fresh Water/Gel	8.4 - 8.5	1	NC
8000' – 8300'	Fresh Water/Gel	8.5 – 8.6	6-8	15-20

The necessary mud products for weight addition and lost circulation control will be on location at all times.

7. Auxiliary Well Control and Monitoring Equipment:

- a. An upper and lower top drive valve will be in the Top Drive at all times.
- b. A full opening drill pipe safety valve having the correct connections for the string in use will be on the floor at all times.
- c. Hydrogen Sulfide monitoring equipment will be installed and operational before drilling out the surface casing shoe and remain operational until production casing is cemented. A H₂S Contingency Plan was included with the original permit filing.

8. Logging, Coring & Testing Program (See COM





- a. No drill stem testing is planned.
- b. Open Hole Logging: Total Depth to Intermediate Casing Shoe: Dual Laterlog -Microguard, DS Neutron / Spectral Density log with GR and Caliper.
- c. No conventional coring operations are planned.

9. Potential Hazards

No abnormally high pressured zones are expected. Hydrogen Sulfide is not expected to be encountered in this wellbore, however should this occur operations will comply with the provisions of Onshore Oil and Gas Order No. 6.

10. Anticipated Starting Date and Duration of Operations

Road and location construction have been completed. Commencement of operations will be dependent upon the availability of suitable equipment but may begin as early as the fourth week of June, 2009. Drilling operations are expected to require 19 days from spud to rig release. An additional 30 days may be needed for completion operations and construction of surface production facilities.

Page 5 of 5

tel S alse, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

30-015-35800

ATS-07-514
Form approved 1-07-1805

R-111-POTASH OCD-ARTESIA SUBMIT IN TRIT

(No men 1983)		ED STATE	5	ber instruc reverse si		Budget Bureau No. 1004-0136 Expires August 31, 1985
	DEPARTMEN' BUREAU OF	LAND MANA		EJ	4	5. LEASE DESIGNATION AND SERIAL NO. NM-40659
APPLICATIO	N FOR PERMIT	TO DRILL,	DEEPEN, OR P	LUG B	ACK	6. IF INDIAN, ALLOTTES OR TELSE NAME
la. TTPE OF WORK	_					7 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5
D. TYPE OF WELL		DEEPEN	· SINGLE 🛇	UG BAC	_	OCD 2007
2. NAME OF OPERATOR	WELL OTHER		ZON'E 🚫	TONE		PURE GOLD "D" ESIA
	POGO PRO	DDUCING COM	IPANY			9. WELL NO.
3. ADDRESS OF OPERATOR		,				13
4 LOCATION OF THELL (P.O. BO	X 10340, M	IIDLAND, TEXAS	79702		10. FIELD AND POOL, OR WILDCAT
At surface			· ,	-		UNDESIGNATED DELAWARE
At proposed prod. so	660' FN	IL AND 990'	FEL OF SECTIO	N 28		11. SEC. T., R., M., OR MLK. AND SURVEY OR AREA
- ·	AND DESCRION FROM NEA	SRAD CONTR	OLLED WATER R	A CTM		SEC.28, T.23 S., R.31 E
14. DISTANCE IN MILES						12. COUNTY OR PARISH 18. STATE
IO. DISTANCE FROM PROP		S EAST OF L	OVING, NEW ME		17 112	EDDY COUNTY NEW MEXICO
LOCATION TO WEARES	IT LINE, FT.	6601		WEARE	17. NO. 0	HIS WELL
(Also to pearest dr)	POSED LOCATION*	660'	640		20. BOTA	40 WYB 000 238
TO NEAREST WELL, I OR APPLIED FOR, ON TE	DRILLING, COMPLETED, HIS LEASE, PT.	1320'	8300		}	OTARY
21., ELEVATIONS (Show with	ether DF, RT, GR, etc.)				<u>' ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' </u>	22. APPROX. DATE WORK WILL START*
		3365' GR				UPON APPROVAL
23.		PROPOSED CASI	NG AND CEMENTING	PROGRAM	\$ 2 C F 19	""V's Potash R-111-P Potas
SILE OF HOLE	BIZE OF CABING	WEIGHT PER F		1	*****	QUANTITY OF CEMENT
17-1/2"	13-3/8"	54.5#		O' CON		ICIENT TO CIRCULATE WITHE
11" 7-7/8"	8-5/8" 5-1/2"	24# & 32 15.5# & 1				ICIENT TO CIRCULATE WITN
7-770	3-1/2	15.5# & 1	7# 8300	J ;	SUFF	ICIENT TO CIRCULATESEESTIP
А	FTER SETTING PRO ND STIMULATED AS EE ATTACHED FOR	S NECESSARY : SUPPLEME BOP SKET	NTAL DRILLING	DATA		FEB 22 COMPARES ARES
·			f earthen pits are	used in		, 0° E
SEE ATTACH CONDITIONS	HED FOR S OF APPROVA	AL .	association with the well, an OCD pit pobtained prior to	he drillin permit m	iust be	
	drill or deepen directions					uctive some and proposed new productive d and true vertical depths. Give blowout
Rek/	kid Tilhel	A	Division Op	neratio	חו או את	r. February 16, 1993
(This space for Feder	ichand Wright ral or State office use)		<u> </u>		<u>. Jup</u>	NOS REC'D: 2/5/93
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APPROVAL SUBJECT	APPRO	VAL FOR T	TWO YEARS			AL REQUIREMENTS
GENERAL REQUIREM SPECIAL STIPULATION	ENIS AND		·	A N		ECIAL STIPULATIONS
		*See Instruc	tions On Reverse			IRNY
ted S alse	NMOCD'S R-111-P 1001, makes it a crime , fictitious or fraudulen	for any person it statements or	knowingly and willfu representations as to	lly to Make any matt	er within	repartment or agency of the

State of New Mexico

DISTRICT I 1625 N PRENCE DEL, HOBBS, NW 88240

Energy, Minerals and Natural Resources Department

DISTRICT II 1301 W. GRAND AVENUE, ARTESIA, NW 88210 OIL CONSERVATION DIVISION 1220 SOUTH ST. FRANCIS DR. Santa Fe, New Mexico 87505 Form C-102 Revised October 12, 2005 Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies

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

DISTRICT IV 1220 S. ST. FRANCIS DR., SANTA FE, NW	WELL LOCATION AND	ACREAGE DEDICATION	N PLAT	☐ AMENDED REPORT
API Number	Pool Code	7	Pool Name	
30 015 3580	73815	Sand Dunas:	Delawan	, West
Property Code	Pro	perty Name		Well Number
36735	PUR	E GOLD D	i	13
OGRID No.		erator Name		Elevation
233194	POGO PROD	UCING COMPANY		3367'

Surface Location UL or lot No. Section Township Range Lot Idn Feet from the North/South line Feet from the East/West line County **EDDY** 28 31-E 660 NORTH . 990 **EAST** Α 23-S

Bottom Hole Location If Different From Surface Range Lot Ida Feet from the North/South line East/West line County UL or lat No. Section Township Feet from the 40 Dedicated Acres Joint or Infill Consolidation Code Order No. 40

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

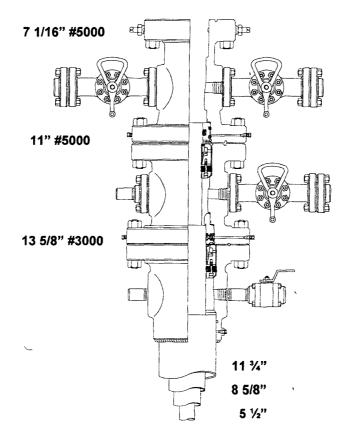
3	OR A NON-STANDARD UNIT HAS BEEN APPROVED BY TH	E DIVISION
	3365.2' \(\frac{9}{2} \) 3368 2' \\\ \\ \\ \\ \\ \\ \\ \\ \\ \\ \\ \\ \	OPERATOR CERTIFICATION I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns 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 mineral or working interest, or to a voluntary pooling agreement or a computeory pooling order heretotyre entered by the division. Signature Date Printed Name SURVEYOR CERTIFICATION
		Date Surveyed. Signafure & Seal of Professional Surveys and Surveys and that the same is true and correct to the best of my belief Date Surveyed. Certificate No GARY EIDSON 12641 RONALD J EIDSON 3239

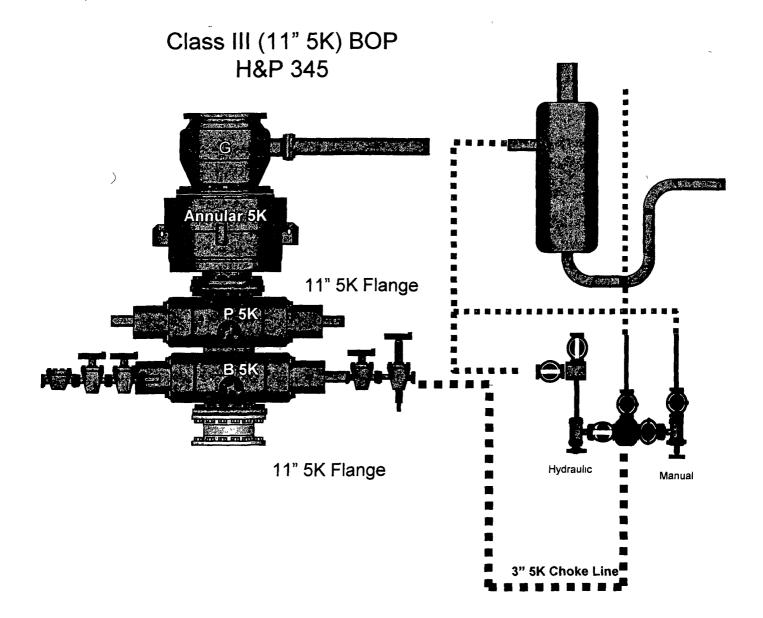


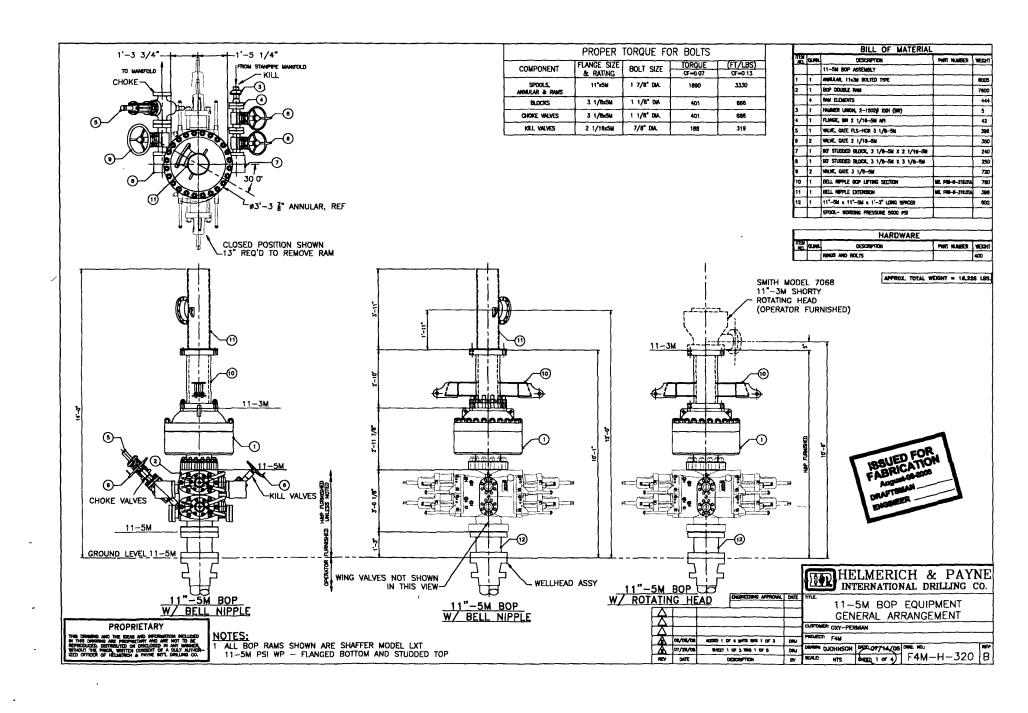
CUSTOMER: OXY USA

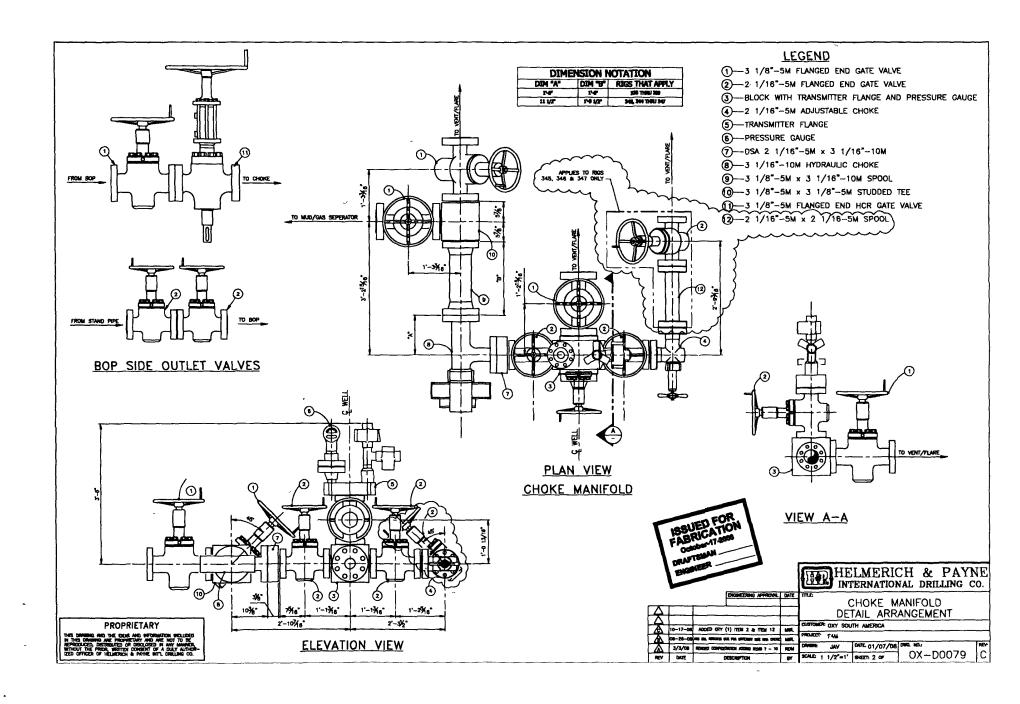
WELL: Pure Gold Federal Unit

RIG: H&P #345









CERTIFICATE OF CONFORMITY

Supplier CONTITECH RUBBER INDUSTRIAL KFT.

Equipment: 6 pos. Choks and Kill Hose with installed couplings

3" x 10,67 m WP: 10000 pel Type: Supplier File Number : 412638 : April. 2008 Date of Shipment : Phoenix Bestile Co.

Customer : 002491 Customer P.o.

Referenced Standards

/ Codes / Specifications : API Spec 16 C Serial No.: 52754,52755,52776,52777,52778,52782

STATEMENT OF CONFORMITY

We hereby certify that the above items/equipment supplied by us are in conformity with the terms, conditions and specifications of the above Purchaser Order and that these items/equipment were tabricated 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

Position: Q.C. Manager

PHOENIX Beatile Meterial Identification Certificate										
PA No 008	330 [Climb] HI	LMERICH & PA	YNE INT'L DRELLING	Chart	Auf 37	70-368-001			Fago	
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We hareby certify that these goods have been inspected by our Quality Management System, and to the best of our knowledge are found to convision industry standards within the requirements of the purchase order as leaued to Phoenbs Seattle Corporation.



QUA INSPECTION	LITY CONT		CATE		CERT	MP:	746	
PURCHAMER	Phoetist Bea	attin Co.			PO.P	: (02491	
CONTITION ORDER Nº:	412639	HOSE TYPE	3"	Ð	Ch	olos and K	# Hose	
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Delivery Note

Customer Order Number 378-369-061	Delivery Note Number	963676	Page	1
Custosser / Investor Adabases -ELHERION & PAYNE INT'L DRILLING CO 1427 SOUTH BOULDER TULSA, OR 74119	Delivery / Address HELMERICH & ANNE IDC ATTH-JUE STEPHENSON - RE 19698 INCUSTUAL RUMB HOUSTON, TX 77815	£ 170		

Customer Ace Ho	Phoesis Seettle Contract Manager	Phoenix Sentile Reference	Desira
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	I-PISCOSA-35-4F1 3* 108 106 CAK MOSE x 35ft ONL OH 4 1/16* APT SPEC FLANGE E/ End 1: 4.1/16* 100ps1 APT Spec 64 Type GMX Flange End 2: 4.1/16* 100ps1 APT Spec 64 Type GMX Flange C/w 8035 Standard ring groove at each end Surtable for M25 Service Marking pressure: 16,000ps1 Tost pressure: 15,000ps1 Standard: APT 16C Felt spectification Arear Searding: Included Free Reting: But Included Temperature reting: -20 One C to +160 One C	1	1	0
	SECKS-HAFE LIFTIME & SAFETY BRUTHMENT TO SULT HP10CKS-36-F1 2 x 100mu ID Safety Chapts 2 x 100mu ID Lifting Colliers & element C's 2 x 100mu ID Lifting Colliers & element C's 2 x 70°s Stainless Stail wire rope 3/4° 00° 4 x 7.79°s Shackles	1	1	0
	SC725-200CS SAFETY CLAMP 200MI 7 26T C/3 GALWHISED	1	1	0

--- PHOENIX Beattie

Form No 100/12

Phoenix Beatile C 1205 Stitume Pet Stie Noticella 27 7406 Per Cells 327-446 Fee Cells 327-446 C-ecil selliphonblootic.com

Delivery Note

Customer Order Number 378-369-001	Delivery Note Humber	003070	Page	2
Continuer / Involve Address HELEZION & PANNE INT'L ORILLING CO 1487 SOUTH BULLOER TU.S.A. CX 74119	Delivery / Address HELFRICH & PAYNE ISC ATH: JUE STEPHENSON - RE 1368 THOLSTRIAL ROMB HOUSTON, TX 77015	1 379		

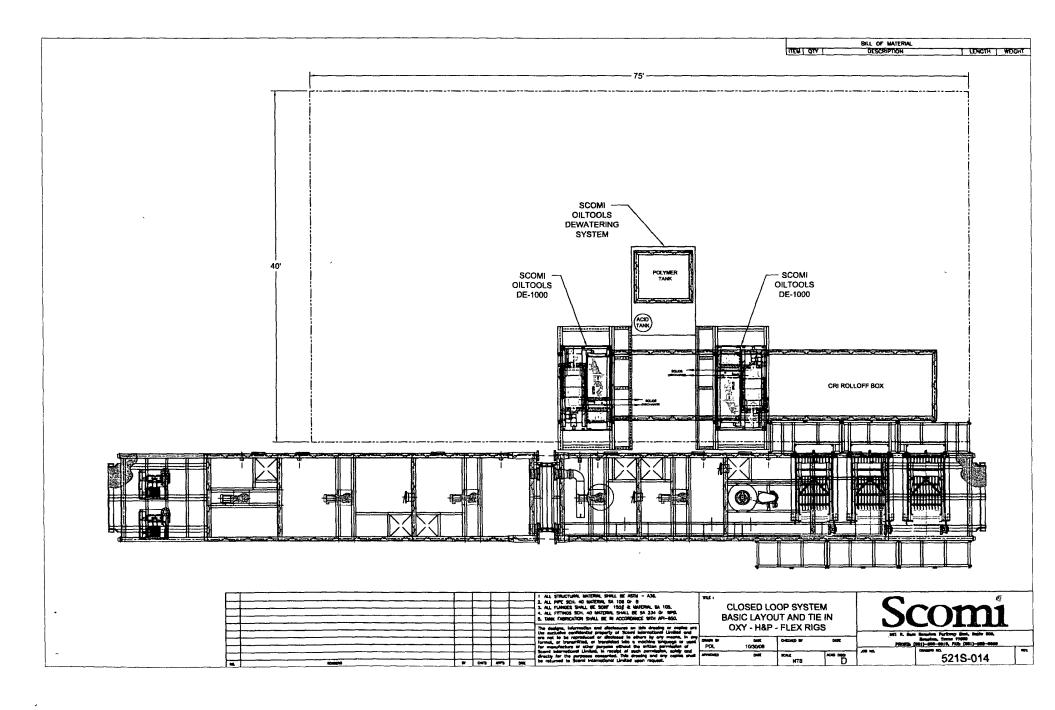
Customer Ass No	Phoenix Seettle Contract Manager	Phoenix Boutdo Reference	Debo
HØI	JJL.	006286	05/23/2006

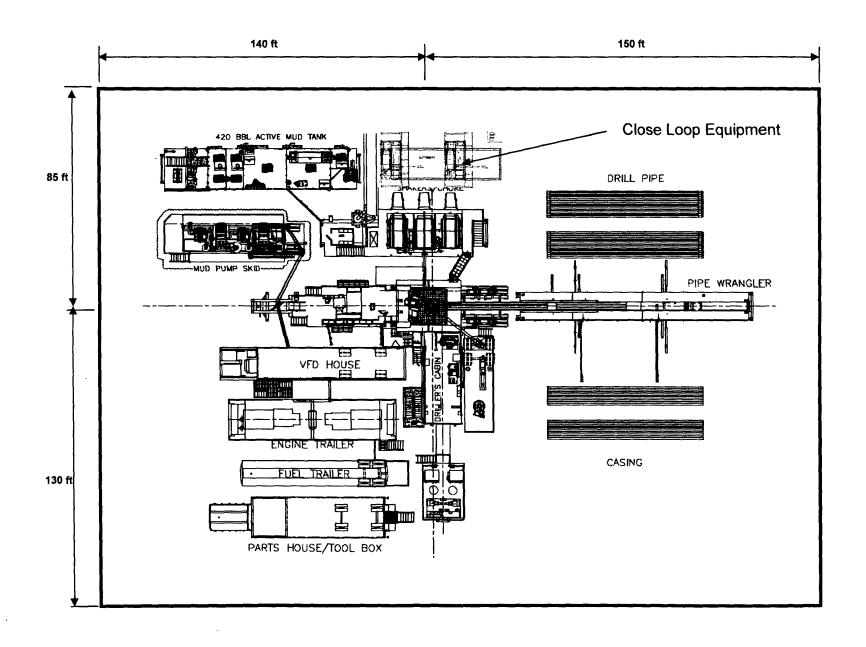
Itama No	South Part Humber / Description	City Ordered	Oby Sent	Oty Te Follow
	SC728-138CS SAFETY CLAMP 138M 7 25T C/S GALVANIZED CAN BOLTS	1	1	•
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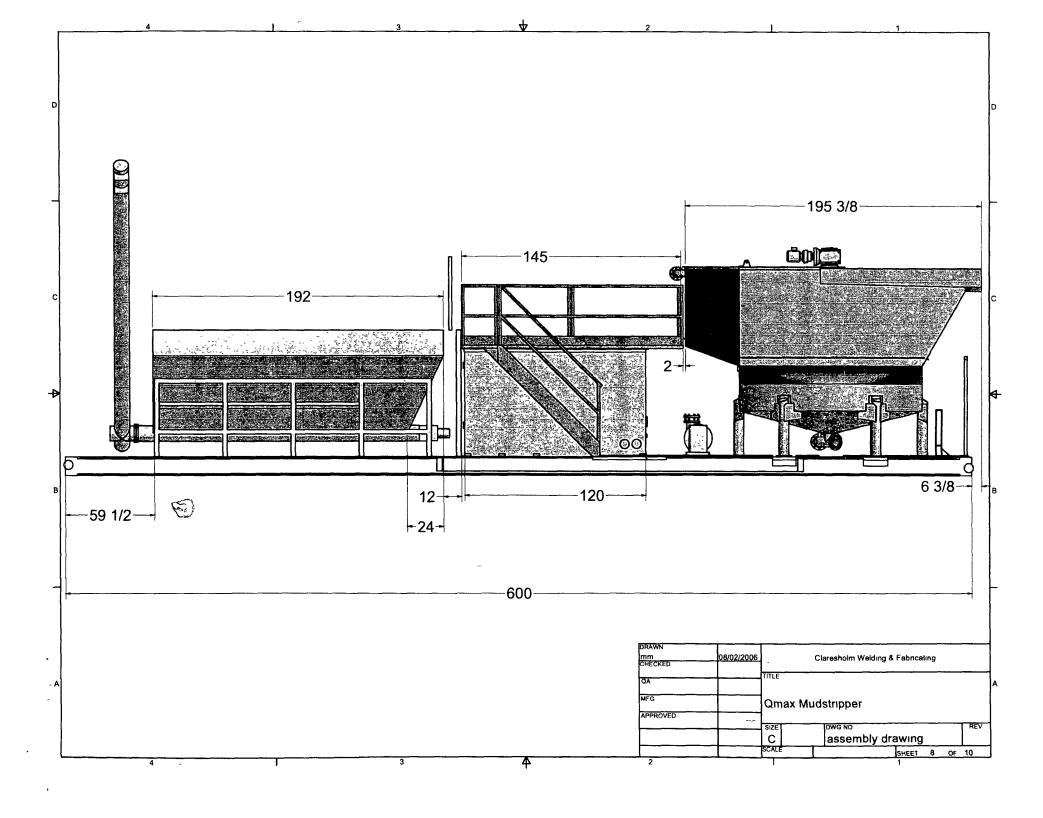
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Print Name







PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME: OXY USA, Inc.

LEASE NO.: | NMNM-40659

WELL NAME & NO.: | Pure Gold D #13

SURFACE HOLE FOOTAGE: 0660' FNL & 0990' FEL

LOCATION: Section 28, T. 23 S., R 31 E., NMPM

COUNTY: Eddy County, New Mexico

I. 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. Although there are no measured amounts of Hydrogen Sulfide reported, it is always a potential hazard. If Hydrogen Sulfide is encountered, please provide measured values and formations to the BLM.
- 2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.
- 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. Gamma-Ray/Neutron logs shall be run from the base of the Salado formation to the surface. The logs shall be run at a speed which allows the logs to be legible and no faster than manufacturer of the logging tools recommended speed. (R-111-P area only)

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 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. 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.

Possible lost circulation in the Delaware and Bone Spring formations.

Possible water flows in the Salado, Castile, Delaware, and Bone Spring formations.

- 1. The 11-3/4 inch surface casing shall be set at approximately 570 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 a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.
 - 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 (which is to be set in the Lamar Limestone) 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.
 - b. Second stage above DV tool, cement shall:
 - Cement to surface. If cement does not circulate, contact the appropriate BLM office. Additional cement may be required to circulate to surface as excess for second stage calculates to 27%.
- 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. Check condition of 3" x 35' 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 **2000 (2M)** 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. The tests shall be done by an independent service company.
 - b. The results of the test shall be reported to the appropriate BLM office.
 - c. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.
 - d. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.
 - e. Effective November 1, 2008, no variances will be granted on reduced pressure tests on the surface casing and BOP/BOPE. Onshore Order 2 requirements will be in effect.

D. DRILL STEM TEST

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

WWI 062409