KM

Form 3160-3
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Operator Copy

R-111-POTASH

FORM APPROVED
OMB NO. 1004-0136
Expires: November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.: NMNM0545035

1a. Type of Work: [X] DRILL [ ] REENTER

6. If Indian, Allotee or Tribe Name:

1b. Type of Well: [X] Oil Well [ ] Gas Well [ ] Other [X] Single Zone [ ] Multiple Zone

7. Unit or CA Agreement Name and No.:

2. Name of Operator: OXY USA Inc. 16696

8. Lease Name and Well No.: Federal 29 #9

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

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

9. API Well No.: 30-015- 37697

4. Location of Well (*Report location clearly and in accordance with any State equirements*)*

At surface: 2030 FNL 1650 FEL SW NE (G) Bottomhole

At proposed prod. zone: 2450 FNL 2310 FWL SE NW (F)

10. Field and Pool, or Exploratory: Sand Dunes Delaware, West

11. Sec., T., R., M., or Blk. and Survey or Area: Sec 29 T23S R31E

14. Distance in miles and direction from nearest town or post office*: 20 miles northeast from Loving, NM UNORTHODOX LOCATION

12. County or Parish: Eddy

13. State: NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any)

16. No. of Acres in Lease: 320 Abt 10/4/09

17. Spacing Unit dedicated to this well: 320

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.: 50'

19. Proposed Depth: 8253 8300'M 7990' V

20. BLM/BIA Bond No. on file: ES0136

21. Elevations (Show whether DF, KDB, RT, GL, etc.: 3345.9' GL

22. Approximate date work will start*: 1/10

23. Estimated duration: 45

24. Attachments

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

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

25. Signature: [signature] Name (*Printed/Typed*): David Stewart Date: 9/2/09

Title: Sr. Regulatory Analyst

Approved by (Signature): [signature] Name (*Printed/Typed*): Linda S.C. Rundell Date: 2/5/10

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)

CARLSBAD CONTROLLED WATER BASIN

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	Pool Code	Pool Name
30-015-37697	53815	Sand Dunes Delaware, West

Property Code	Property Name	Well Number
304820	FEDERAL 29	9

OGRID No.	Operator Name	Elevation
16696	OXY USA INC.	3345.9'

Surface Location

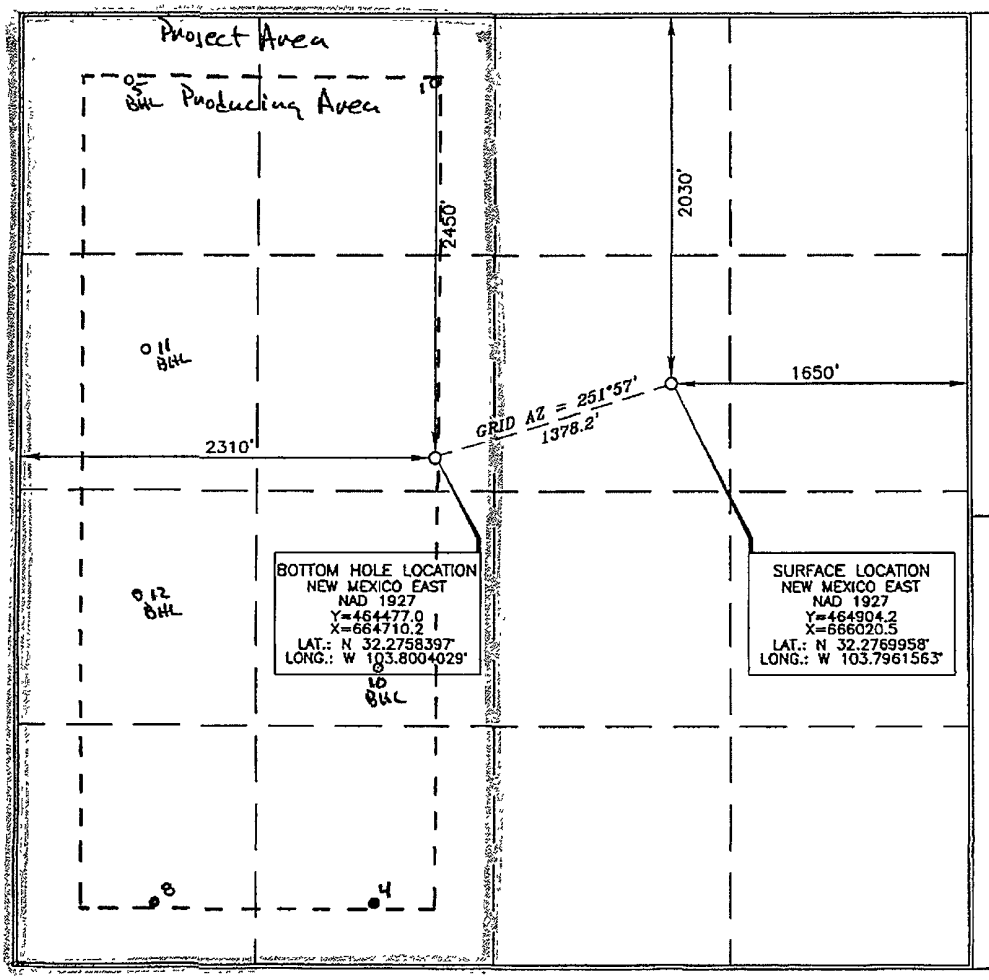
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	29	23 SOUTH	31 EAST, N.M.P.M.		2030'	NORTH	1650'	EAST	EDDY

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
F	29	23 SOUTH	31 EAST, N.M.P.M.		2450'	NORTH	2310'	WEST	EDDY

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

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



OPERATOR CERTIFICATION

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

Signature — Date: 9/9/09

David Stewart
Printed Name

SURVEYOR CERTIFICATION

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

15079
APRIL 29, 2009
Date of Survey

Signature and Seal of Professional Surveyor

REGISTERED PROFESSIONAL LAND SURVEYOR

Certificate Number 15079 — 8/31/2009

WO# 080828WL-9 (Rev. A) (KA)

OXY USA Inc.

PO Box 50250
Midland, TX 79710-0250

February 4, 2010

Bureau of Land Management
Attn: LPC Technical Guidance Request
Carlsbad Field Office
620 E. Greene St.
Carlsbad, New Mexico 88220

Re: LPC Exception Request – OXY USA Inc.
Federal 29 #9
Sec 29 T23S R31E
Eddy County, New Mexico
Lease No. NMNM054035

OXY USA Inc. respectfully requests an exception to the Lesser Prairie Chicken Stipulation. The Federal 29 #9 is located at 2030 FNL and 1650 FEL SWNE of Section 29, T23S, R31E, Eddy County, New Mexico, approximately 20 miles northeast of Loving, New Mexico. The Federal Lease Number is NMNM054035, API Number is pending. The proposed well is currently scheduled with a proposed spud date of 4/15/10. The drilling of the wells will take about 30 days to drill with the completion starting approximately 15 days after rig release. If any additional information is needed, please contact me at 432-685-5717. We appreciate your help in this manner.

Very truly yours,

David Stewart
Sr. Regulatory Analyst
OXY USA Inc.

Attachments

United States Department of the Interior
BUREAU OF LAND MANAGEMENT
New Mexico State Office
~~1474 Rodeo Rd.~~ 301 Dinosaur Trail
P.O. Box 27115
Santa Fe, New Mexico 87502-0115
www.blm.gov/nm

TAKE PRIDE IN AMERICA

IN REPLY REFER TO.
NM 0545035
3160 (P0220)

February 5, 2010

Your Reference:
NM 0545035
Federal 29 #9
SHL 2030'/N. & 1650'/E., sec. 29, T. 23 S., R. 31 E.
BHL 2450'/N. & 2310'/W., sec. 29, T. 23 S., R. 31 E.
Eddy County, New Mexico

CERTIFIED--RETURN RECEIPT REQUESTED
7008 1830 0000 8071 0319

OXY USA, INC
P.O. BOX 50250
Midland, TX 79710-0250

Gentlemen:

We have approved your application at the well location requested. A copy of the approved application with stipulations is enclosed. Please contact our Carlsbad Field Office at (575) 234-5972, should you have any questions or if we can be of any additional help.

Sincerely,

Linda S.C. Rundell
State Director

1 Enclosure

PECOS DISTRICT
CONDITIONS OF APPROVAL

OPERATOR'S NAME:	OXY USA Inc.
LEASE NO.:	NM0545035
WELL NAME & NO.:	9 Federal 29
SURFACE HOLE FOOTAGE:	2030' FNL & 1650' FEL
BOTTOM HOLE FOOTAGE	2450' FNL & 2310' FWL
LOCATION:	Section 29, T. 23 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.

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)

Lesser Prairie Chicken and Abandoned Well Marker

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

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. TOPSOIL

The operator shall stockpile the topsoil of the well pad. The topsoil shall not be used to backfill the reserve pit and will be used for interim and final reclamation.

C. Closed Loop System

Tanks are required for drilling operations: No Pits.

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

D. FEDERAL MINERAL MATERIALS PIT

If the operator elects to surface the access road and/or well pad, mineral materials extracted during construction of the reserve pit may be used for surfacing the well pad and access road and other facilities on the lease.

Payment shall be made to the BLM prior to removal of any additional federal mineral materials from any site other than the reserve pit. Call the
Carlsbad Field Office at (575) 234-5972.

E. WELL PAD SURFACING

Surfacing of the well pad is not required.

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation.

The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational needs.

F. 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.

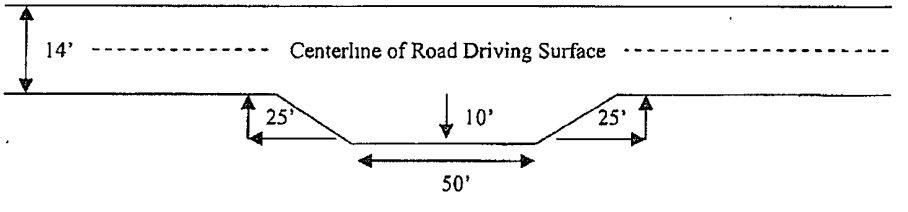
Crowning
Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

Ditching

Ditching shall be required on 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:

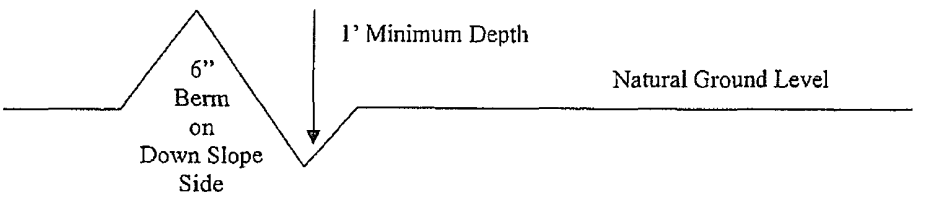
Standard Turnout – Plan View



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

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

Cross Section of a Typical Lead-off Ditch



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

Formula for Spacing Interval of Lead-off Ditches

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

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

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

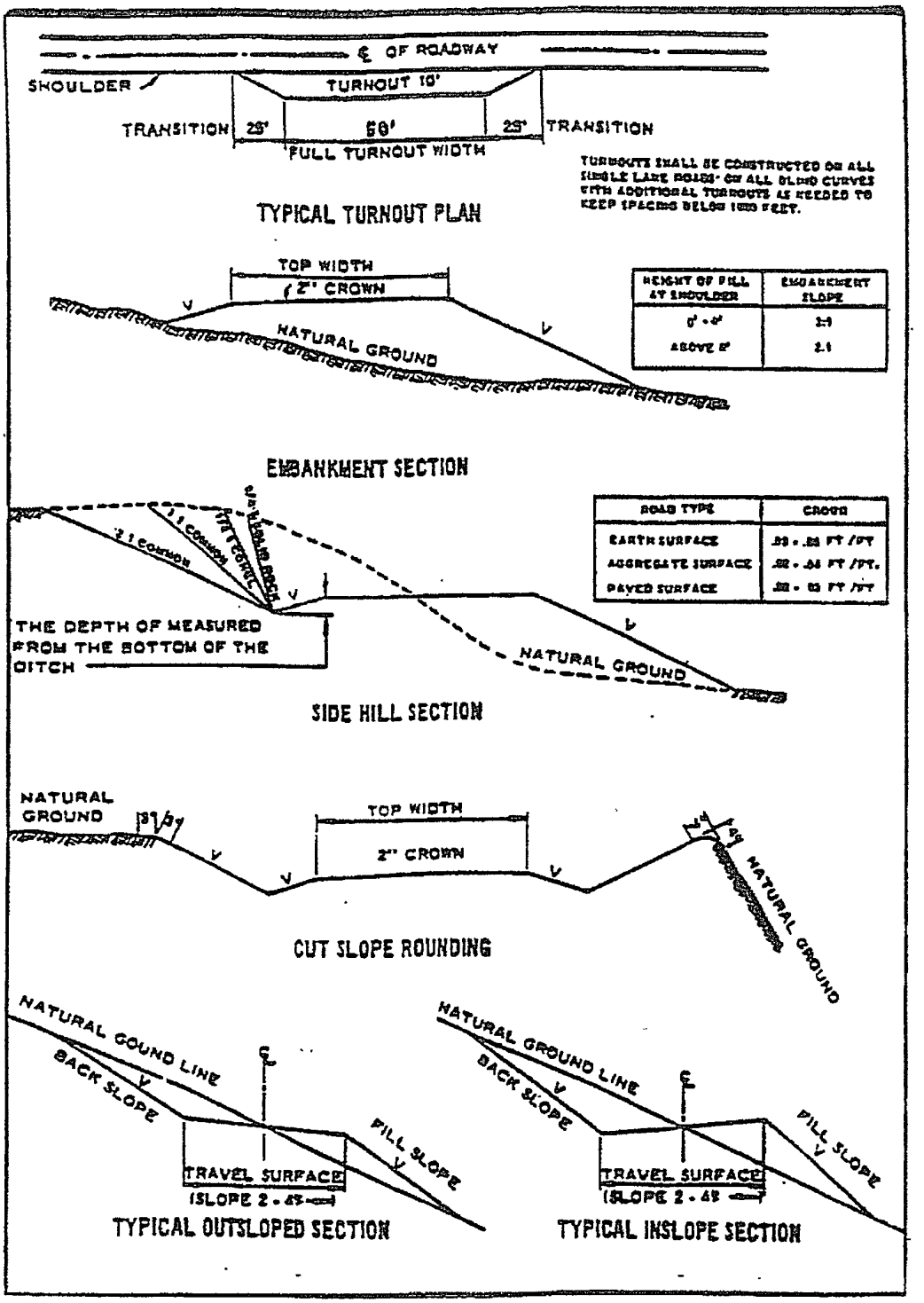
Where entry is required across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting.

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. **Although Hydrogen Sulfide has not been reported in this section, it is always a potential hazard. If Hydrogen Sulfide is encountered, please report measured amounts 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. **The record of the drilling rate along with the CAL/GR/N well log run from TD to surface 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 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.

R-111-Potash
Possible water flows in the Salado, Castile, Delaware and Bone Spring formations. Possible lost circulation in the Delaware and Bone Spring formations.

1. The **11-3/4** inch surface casing shall be set at **approximately 500 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt)** and cemented to the surface. **If the salt is encountered at a shallower depth, the casing is to be set a minimum of 25 feet above the salt. Fresh water mud to be used to setting depth.**

    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 is: **The intermediate should be set in the Fletcher Anhydrite or Lamar Limestone within 100 to 600 feet below the base of the salt.**

    ☒ 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.**

The DV tool should be placed a minimum of 50 feet below the intermediate casing shoe.

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 circulate. If cement does not circulate, contact the appropriate BLM office before proceeding with third stage cement job.

   c. Third 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. 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. **Operator is using a 5M system but testing as a 3M.**

4. 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.

CRW 101509

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

B. PIPELINES

BLM LEASE NUMBER:
COMPANY NAME:
WELL NO. & NAME:

STANDARD STIPULATIONS FOR SURFACE INSTALLED PIPELINES

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

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

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

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

a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.

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

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

a. Activities of the holder including, but not limited to construction, operation, maintenance, and termination of the facility.

b. Activities of other parties including, but not limited to:

(1) Land clearing.
(2) Earth-disturbing and earth-moving work.
(3) Blasting.
(4) Vandalism and sabotage.

c. Acts of God.

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

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

5. If, during any phase of the construction, operation, maintenance, or termination of the pipeline, any oil, salt water, or other pollutant should be discharged from the pipeline system, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil, salt water, or other pollutant, wherever found, shall be the responsibility of the holder, regardless of fault. Upon failure of the holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages resulting

therefrom, on the Federal lands, the Authorized Officer may take such measures as he deems necessary to control and clean up the discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve the holder of any responsibility as provided herein.

6. All construction and maintenance activity will be confined to the authorized right-of-way width of **25** feet.

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

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

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

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

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

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

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

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

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

(March 1989)

C. ELECTRIC LINES

BLM Serial Number:
Company Reference:
Well No. & Name:

STANDARD STIPULATIONS FOR OVERHEAD ELECTRIC DISTRIBUTION LINES

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

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

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

2. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic

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

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

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

5. Powerlines shall be constructed in accordance to standards outlined in "Suggested Practices for Raptor Protection on Powerlines, " Raptor Research Foundation, Inc., 1981. The holder shall assume the burden and expense of proving that pole designs not shown in the above publication are "raptor safe." Such proof shall be provided by a raptor expert approved by the Authorized Officer. The BLM reserves the right to require modification or additions to all powerline structures placed on this right-of-way, should they be necessary to ensure the safety of large perching birds. Such modifications and/or additions shall be made by the holder without liability or expense to the United States.

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

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

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

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

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

11. Special Stipulations:

- For reclamation remove poles, lines, transformer, etc. and dispose of properly.
- Fill in any holes from the poles removed.
- See attached reclamation plans.

IX. INTERIM RECLAMATION & RESERVE PIT CLOSURE

A. INTERIM RECLAMATION

If the well is a producer, interim reclamation shall be conducted on the well site in accordance with the orders of the Authorized Officer. The operator shall submit a Sundry Notices and Reports on Wells (Notice of Intent), Form 3160-5, prior to conducting 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.

The operators should work with BLM surface management specialists to devise the best strategies to reduce the size of the location. Any reductions 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 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.

BLM Serial #:
Company Reference:
Well Name and Number:

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:

Species	lb/acre
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
(Insert Seed Mixture Here)

X. FINAL ABANDONMENT & REHABILITATION REQUIREMENTS

Upon abandonment of the well and/or when the access road is no longer in service the Authorized Officer shall issue instructions and/or orders for surface reclamation and restoration of all disturbed areas.

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.

On private surface/federal mineral estate land the reclamation procedures on the road and well pad shall be accomplished in accordance with the private surface land owner agreement.

DRILLING PROGRAM

Operator Name	**OXY USA Inc.**	**16696**	
Lease Name/Number	**Federal 29 #9**	**304820**	**Federal Lease No. NM054035**
Pool Name/Number:	**Sand Dunes Delaware, West**	**53815**	
Surface Location:	**2030 FNL 1650 FEL SWNE(G)**		**Sec 29 T23S R31E**
Bottom Hole Location:	**2450 FNL 2310 FWL SENW(F)**		**Sec 29 T23S R31E**

Proposed TD: 7990 **8000' TVD** 8258 **8300' TMD** **Elevation: 3345.9'**

SL - Lat: 32.2769958 **Long: 103.7961563** **X=666020.5** **Y=464904.2** **NAD - 1927**

BHL-Lat: 32.2758397 **Long: 103.8004029** **X=664710.2** **Y=464477.0** **NAD - 1927**

1. Geologic Name of Surface Formation:

a. Permian

2. Estimated Tops of Geological Markers & Depths of Anticipated Fresh Water, Oil or Gas:

Geological Marker	Depth	Type
a. Rustler	377	Water
b. Top Salt - Salado	748'	---
c. Bottom Salt	3848'	---
d. Delaware	4035'	Oil
e. Bell Canyon	4107'	Oil
f. Cherry Canyon	4984'	Oil
g. Brushy Canyon	6275'	Oil
h. Bone Springs	7938'	Oil

3. Casing Program:

Hole Size	Interval	OD Csg	Weight	Collar	Grade	Condition	Collapse Design Factor	Burst Design Factor	Tension Design Factor
	500' See COA								
14-3/4"	~~400'~~	11-3/4"	42#	ST&C	H40	New	8.79	4.63	2.28
10-5/8"	4000'	8-5/8"	32#	LT&C	J55	New	2.32	1.31	2
	8258								
7-7/8"	~~8300'~~	5-1/2"	17#	LT&C	J55	New	1.27	1.4	1.94
	DVT-5900' DVT/ECPT-4050'								

4. Cement Program See COA

a. 11-3/4" Surface — Circulate cement to Surface w/ 330sx PP w/ 4% Bentonite + 2% CaCl2, 13.5 ppg 1.74 yield followed by 270sx PP w/ 2% $CaCl_2$., 14.8 ppg 1.34 yield

b. 8-5/8" Intermediate — Circulate cement to surface w/ 880sx HES light PP w/ 5% Salt + 5#/sx Gilsonite + .125#/sx Poly-E-Flake 12.9 ppg 1.87 yield followed by 200sx PP, 14.8 ppg 1.32 yield.

c. 5-1/2" Production — Cement 1st stage w/ 520sx Super H w/ .5% LAP-1 + .4% CFR-3 + 5#/sx Gilsonite + 3#/sx Salt + .25#/sx D-AIR 3000 +.3% HR-800, 13.2ppg 1.66 yield
Cement 2nd stage w/ 590sx Super H w/ .5% LAP-1 + .4% CFR-3 + 5#/sx Gilsonite + 3#/sx Salt + .25#/sx D-AIR 3000 13.2ppg 1.66 yield
Cement 3rd stage w/ 310sx IFC w/ .5% LAP-1 + .25#/sx D-AIR 3000 11.5ppg 2.79 yield followed by 100sx PP 14.8ppg 1.33 yield Estimated TOC @ Surface.

The above cement volumes could be revised pending the caliper measurement.

5. **Pressure Control Equipment:**

Surface 0-400'	None
Production 400-8300'	11" X 5M Double Ram, 11" X 3M Annular, 5M Choke Manifold

see COA

All BOP's and associated equipment will be tested to ~~1200psi with the rig pump~~ before drilling out the 11-3/4" casing shoe. Prior to drilling out the 8-5/8" casing shoe, the BOP's and Hydril will be tested as per BLM Drilling Operations Order #2.

Pipe Rams will be operated and checked each 24-hour period and each time the drill pipe is out of the hole. These functional tests will be documented on the daily driller's log. A 2" kill line and 3" choke line will be incorporated in the drilling spool below the ram-type BOP. Other accessory BOP equipment will include a Kelly cock, floor safety valve, choke lines and choke manifold having a 5000 psi WP rating.

See COA

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. **Proposed Mud Circulation System**

See COA

500'

Depth	Mud Wt. ppg	Visc sec	Fluid Loss	Type System
0-400'	8.4-8.8	32-34	NC	Fresh Water/MI Gel Spud Mud
400-4000'	9.9-10.0	28-29	NC	Brine Water
4000-7900'	8.4-8.5	28-29	NC	Fresh Water
7900-8300'	9.5-9.6	32-36	10-15	FW Mud/Duo Vis/Poly Pac R

8258'

The necessary mud products for weight additional 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 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.

8. **Logging, Coring and Testing Program:** see COA

a. Drill stem tests are not anticipated but if done will be based on geological sample shows.
b. The open hole electrical logging program will consist of Triple Combo - CNL\LDT\DLL.
c. No coring program is planned but if done will be sidewall rotary cores.
d. Mud logging program will be initiated from 4000' to TD.

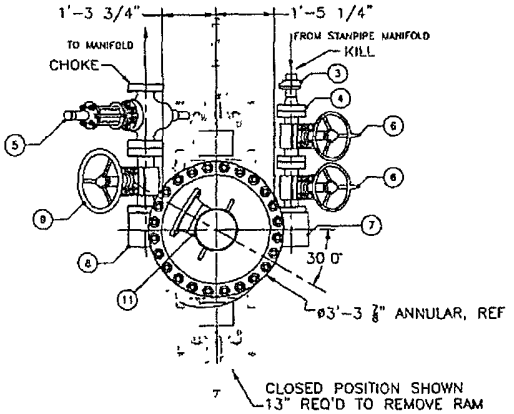
9. **Potential Hazards:**

No abnormal pressures, temperatures or H_2S gas are expected. The highest anticipated pressure gradient would .55psi/ft. If H_2S is encountered the operator will comply with the provisions of Onshore Oil & Gas Order No. 6.

No lost circulation is expected to occur. 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.

10. 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 45 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.



PROPER TORQUE FOR BOLTS

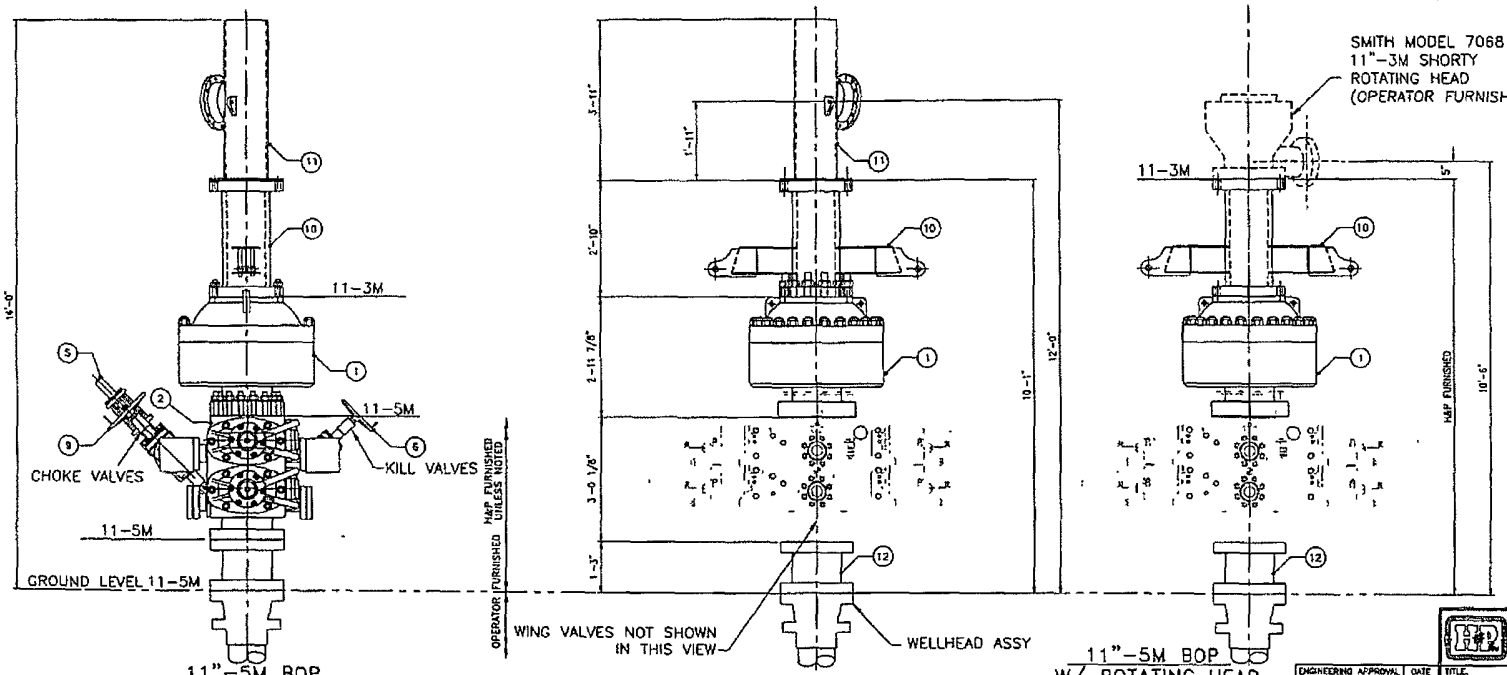
COMPONENT	FLANGE SIZE & RATING	BOLT SIZE	TORQUE (FT/LBS) CF=0.07	CF=0.13
SPOOLS, ANNULAR & RAMS	11"x5M	1 7/8 DIA.	1890	3330
BLOCKS	3 1/8x5M	1 1/8" DIA	401	686
CHOKE VALVES	3 1/8x5M	1 1/8" DIA.	401	686
KILL VALVES	2 1/16x5M	7/8" DIA	188	319

ITEM NO.	QUAN.	DESCRIPTION	PART NUMBER	WEIGHT
		11-5M BOP ASSEMBLY		
1	1	ANNULAR 11x5M BOLTED TYPE		6005
2	1	BOP DOUBLE RAM		7600
	4	RAM ELEMENTS		444
3	1	HAMMER UNION 2-1502# XXH (BW)		5
4	1	FLANGE, WN 2 1/16-5M API		42
5	1	VALVE, GATE FLS-HCR 3 1/8-5M		396
6	2	VALVE, GATE 2 1/16-5M		350
7	1	90° STUDDED BLOCK, 3 1/8-5M X 2 1/16-5M		240
8	1	90° STUDDED BLOCK, 3 1/8-5M X 3 1/8-5M		250
9	2	VALVE, GATE 3 1/8-5M		720
10	1	BELL NIPPLE BOP LIFTING SECTION	MK F6M-N-318.01A	780
11	1	BELL NIPPLE EXTENSION	MK F6M-N-319.01A	396
12	1	11"-5M x 11-5M x 1'-3" LONG SPACER		600
		SPOOL- WORKING PRESSURE 5000 PSI		

HARDWARE

ITEM NO.	QUAN.	DESCRIPTION	PART NUMBER	WEIGHT
		RINGS AND BOLTS		400

APPROX. TOTAL WEIGHT = 18,228 LBS



11"-5M BOP W/ BELL NIPPLE

11"-5M BOP W/ BELL NIPPLE

11"-5M BOP W/ ROTATING HEAD

ISSUED FOR FABRICATION
August-08-2008
DRAFTSMAN
ENGINEER

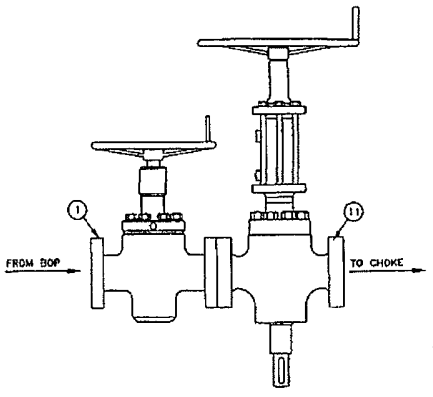
NOTES:
1. ALL BOP RAMS SHOWN ARE SHAFFER MODEL LXT
11-5M PSI WP - FLANGED BOTTOM AND STUDDED TOP

ENGINEERING APPROVAL	DATE
08/08/08 ADDED 1 OF 4 SHTS WAS 1 OF 3	DRJ
07/29/08 SHEET 1 OF 3 WAS 1 OF 3	DRJ

HELMERICH & PAYNE
INTERNATIONAL DRILLING CO.

TITLE: 11-5M BOP EQUIPMENT GENERAL ARRANGEMENT

CUSTOMER DXY-PERMIAN
PROJECT F4M
DRAWN DJOHNSON DATE 07/14/08 DWG NO F4M-0-320 REV 0

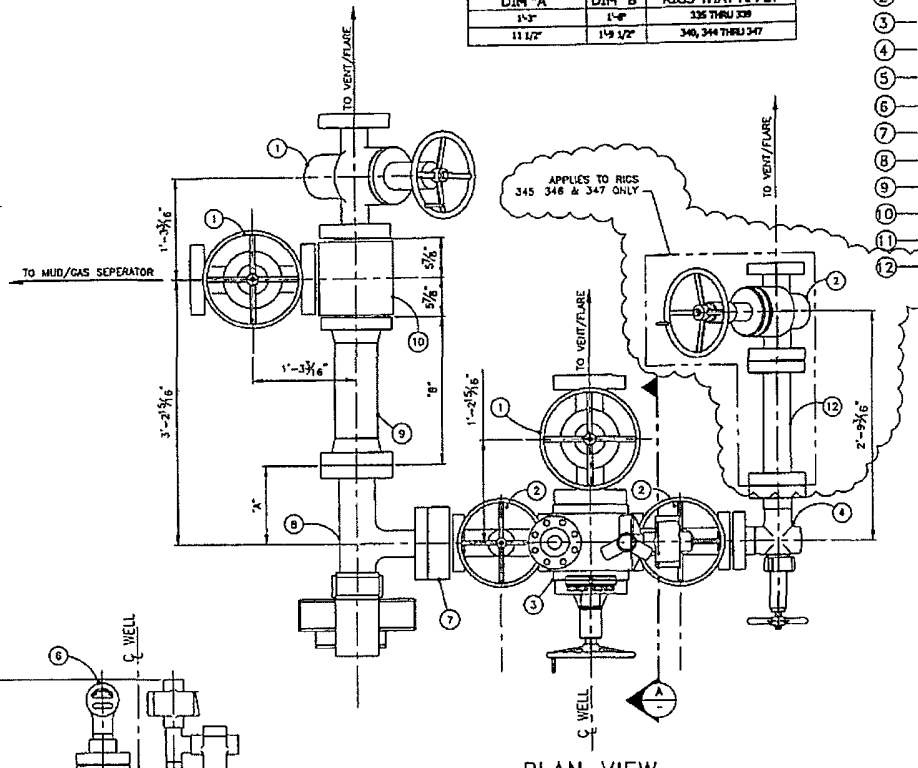


BOP SIDE OUTLET VALVES

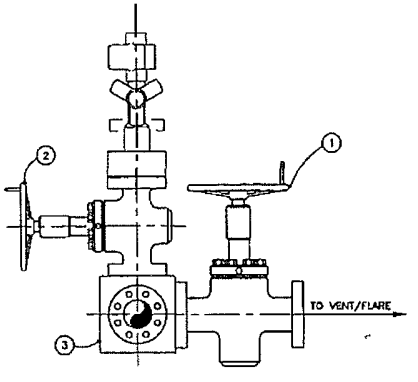
DIMENSION NOTATION		
DIM "A"	DIM "B"	RIGS THAT APPLY
1'-3"	1'-0"	335 THRU 339
11 1/2"	1'-9 1/2"	340, 344 THRU 347

LEGEND

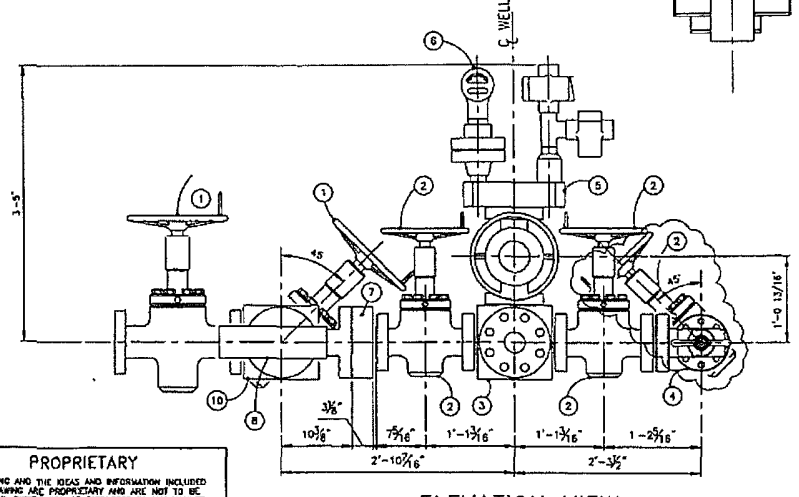
1. 3 1/8"-5M FLANGED END GATE VALVE
2. 2 1/16"-5M FLANGED END GATE VALVE
3. BLOCK WITH TRANSMITTER FLANGE AND PRESSURE GAUGE
4. 2 1/16"-5M ADJUSTABLE CHOKE
5. TRANSMITTER FLANGE
6. PRESSURE GAUGE
7. OSA 2 1/16"-5M x 3 1/16"-10M
8. 3 1/16"-10M HYDRAULIC CHOKE
9. 3 1/8"-5M x 3 1/16"-10M SPOOL
10. 3 1/8"-5M 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



PLAN VIEW
CHOKE MANIFOLD



VIEW A-A



ELEVATION VIEW

ISSUED FOR FABRICATION
October-17-2008
DRAFTSMAN
ENGINEER

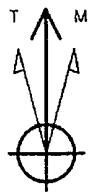
		ENGINEERING APPROVAL	DATE
A	10-17-08	ADDED QTY (1) ITEM 2 & ITEM 12	MWL
A	09-25-08	ADD DIM. NOTATION BOX FOR INTERLOCK SEE NOTE CHART	MWL
A	3/3/08	REVISED CONFIGURATION ADDING ITEMS 7 - 10	RDM

HELMERICH & PAYNE
INTERNATIONAL DRILLING CO

TITLE
CHOKE MANIFOLD
DETAIL ARRANGEMENT

CUSTOMER OXY SOUTH AMERICA
PROJECT F4M
DRAWN JAV DATE 01/07/08 DWG NO. OX-D0079 REV C

XY Permian



Azimuths to Grid North
True North: -0 29°
Magnetic North: 7.61°

Magnetic Field
Strength: 48832.1snT
Dip Angle: 60 26°
Date: 2009/08/28
Model: IGRF200510

PATHFINDER

Project: Eddy County, NM
Site: Sand Dune Fed 29 #11
Well: Well #9
Wellbore: OH
Plan: Plan #1 (Well #9/OH)

WELL DETAILS: Well #9

Ground Elevation: 3345.90
RKB Elevation: RKB to MSL @ 3362.40ft
Rig Name:

+N/-S	+E/-W	Northing	Easting	Latitude	Longitude	Sl
0.00	0.00	464904.20	666020.50	32° 16' 37.18527 N	103° 47' 46.16306 W	

CASING DETAILS

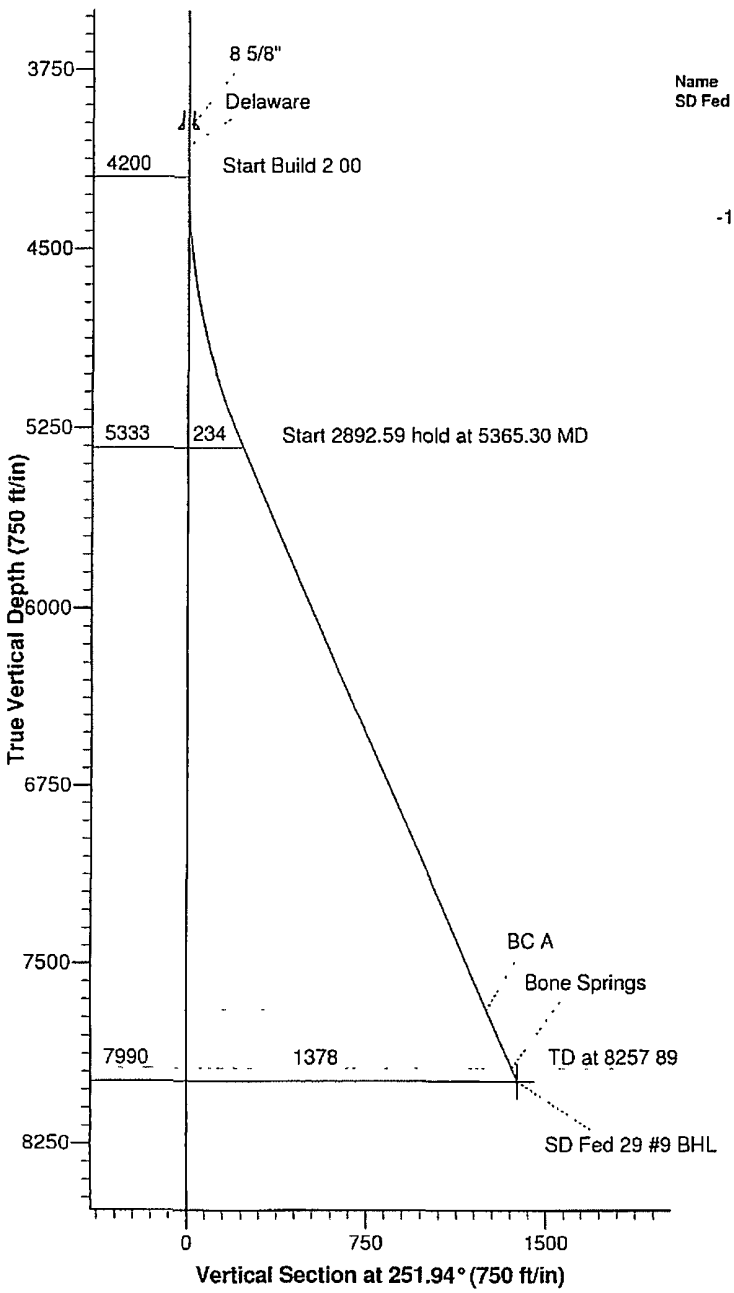
TVD	MD	Name	Size
4000.00	4000.00	8 5/8"	8-5/8

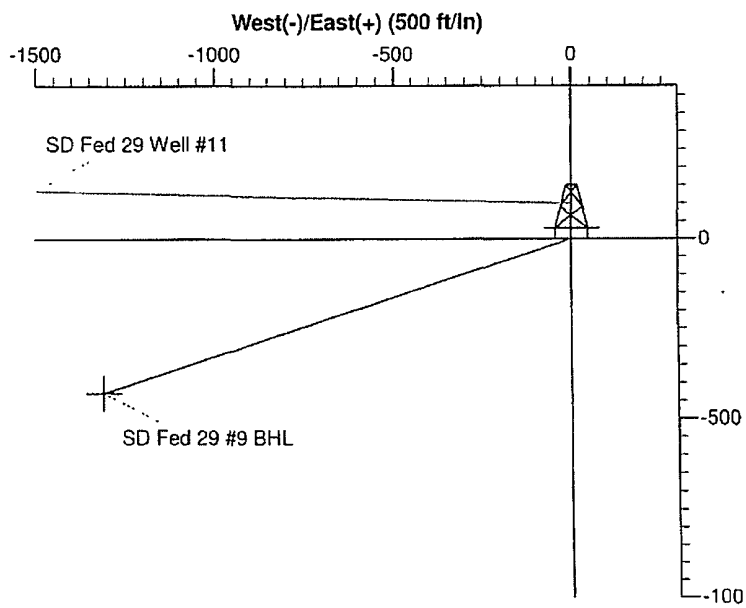
SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Target
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2	4200.00	0.00	0.00	4200.00	0.00	0.00	0.00	0.00	0.00	
3	5365.30	23.31	251.94	5333.43	-72.46	-222.24	2.00	251.94	233.75	
4	8257.89	23.31	251.94	7990.00	-427.20	-1310.30	0.00	0.00	1378.18	SD Fed 29 #9 BH

WELLBORE TARGET DETAILS (MAP CO-ORDINATES)

Name	TVD	+N/-S	+E/-W	Northing	Easting	Shape
SD Fed 29 #9 BHL	7990.00	-427.20	-1310.30	464477.00	664710.20	Point





FORMATION TOP DETAILS

TVDPath	MDPath	Formation
4071.00	4071.00	Delaware
7695.00	7936.68	BC A
7935.00	8198.00	Bone Springs

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

System Datum: Mean Sea Level
Local North: Grid

Plan: Plan #1 (Well #9/OH)
Created By: Kurt Ott Date: 10:03, August 28 2009

Company:	OXY Permian	Local Co-ordinate Reference:	Well Well #9
Project:	Eddy County, NM	TVD Reference:	RKB to MSL @ 3362.40ft
Site:	Sand Dune Fed 29 #11	MD Reference:	RKB to MSL @ 3362.40ft
Well:	Well #9	North Reference:	Grid
Wellbore:	OH	Survey Calculation Method:	Minimum Curvature
Design:	Plan #1	Database:	Landmark Network DB

Project Eddy County, NM

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

Site Sand Dune Fed 29 #11

Site Position:		Northing:	465,004.10 ft	Latitude:	32° 16' 38.17389 N
From:	Map	Easting:	666,020.00 ft	Longitude:	103° 47' 46.16305 W
Position Uncertainty:	0.00 ft	Slot Radius:	"	Grid Convergence:	0 29 °

Well Well #9

Well Position	+N/-S	0.00 ft	Northing:	464,904.20 ft	Latitude:	32° 16' 37 18527 N
	+E/-W	0.00 ft	Easting:	666,020 50 ft	Longitude:	103° 47' 46.16306 W
Position Uncertainty		0 00 ft	Wellhead Elevation:	ft	Ground Level:	3,345 90 ft

Wellbore OH

Magnetics	Model Name	Sample Date	Declination (°)	Dip Angle (°)	Field Strength (nT)
	IGRF200510	2009/08/28	7.90	60 26	48,832

Design Plan #1

Audit Notes:

Version:	Phase:	PLAN	Tie On Depth:	0.00

Vertical Section:	Depth From (TVD) (ft)	+N/-S (ft)	+E/-W (ft)	Direction (°)
	0.00	0.00	0.00	251.94

Survey Tool Program Date 2009/08/28

From (ft)	To (ft)	Survey (Wellbore)	Tool Name	Description
0.00	8,257.89	Plan #1 (OH)	MWD	MWD - Standard

Company:	OXY Permian	Local Co-ordinate Reference:	Well Well #9
Project:	Eddy County, NM	TVD Reference:	RKB to MSL @ 3362.40ft
Site:	Sand Dune Fed 29 #11	MD Reference:	RKB to MSL @ 3362.40ft
Well:	Well #9	North Reference:	Grid
Wellbore:	OH	Survey Calculation Method:	Minimum Curvature
Design:	Plan #1	Database:	Landmark Network DB

Planned Survey

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	TVDSS (ft)	V. Sec (ft)	Northing (ft)	Easting (ft)	DLeg (°/100ft)
4,000.00	0.00	0.00	4,000.00	-637.60	0.00	464,904.20	666,020.50	0.00
4,071.00	0.00	0.00	4,071.00	-708.60	0.00	464,904.20	666,020.50	0 00
Delaware								
4,100.00	0.00	0.00	4,100 00	-737 60	0.00	464,904.20	666,020 50	0.00
4,200 00	0.00	0.00	4,200 00	-837.60	0 00	464,904.20	666,020 50	0.00
4,300.00	2.00	251.94	4,299.98	-937.58	1.75	464,903 66	666,018 84	2.00
4,400.00	4.00	251.94	4,399 84	-1,037.44	6.98	464,902.04	666,013.87	2.00
4,500.00	6.00	251.94	4,499.45	-1,137.05	15.69	464,899.34	666,005.58	2.00
4,600.00	8.00	251.94	4,598 70	-1,236.30	27 88	464,895.56	665,993.99	2 00
4,700.00	10.00	251.94	4,697.47	-1,335.07	43.52	464,890.71	665,979.12	2.00
4,800.00	12.00	251 94	4,795 62	-1,433.22	62 60	464,884 79	665,960.98	2 00
4,900.00	14.00	251.94	4,893.06	-1,530.66	85.10	464,877.82	665,939.59	2 00
5,000 00	16.00	251.94	4,989 64	-1,627.24	110.98	464,869.80	665,914 99	2.00
5,100.00	18.00	251.94	5,085.27	-1,722 87	140.21	464,860.74	665,887.19	2 00
5,200.00	20.00	251.94	5,179 82	-1,817.42	172.77	464,850.65	665,856.24	2.00
5,300.00	22.00	251 94	5,273.17	-1,910.77	208.60	464,839.54	665,822.17	2.00
5,365.30	23.31	251.94	5,333.43	-1,971.03	233.75	464,831.74	665,798.26	2 00
5,400.00	23.31	251.94	5,365 30	-2,002.90	247.48	464,827.49	665,785.21	0 00
5,500.00	23.31	251.94	5,457.14	-2,094.74	287.05	464,815.22	665,747.59	0 00
5,600.00	23.31	251.94	5,548.98	-2,186.58	326 61	464,802.96	665,709.98	0.00
5,700 00	23.31	251.94	5,640.82	-2,278.42	366.17	464,790.70	665,672.36	0.00
5,800.00	23 31	251.94	5,732.66	-2,370.26	405.74	464,778.43	665,634.75	0.00
5,900.00	23.31	251.94	5,824 50	-2,462.10	445.30	464,766.17	665,597.13	0.00
6,000.00	23.31	251 94	5,916.34	-2,553.94	484.87	464,753.90	665,559.52	0.00
6,100.00	23.31	251.94	6,008.18	-2,645.78	524.43	464,741.64	665,521.90	0.00
6,200.00	23.31	251.94	6,100 02	-2,737 62	563 99	464,729 38	665,484.28	0.00
6,300.00	23.31	251.94	6,191.86	-2,829.46	603 56	464,717.11	665,446.67	0.00

Company:	OXY Permian	**Local Co-ordinate Reference:**	Well Well #9
Project:	Eddy County, NM	**TVD Reference:**	RKB to MSL @ 3362.40ft
Site:	Sand Dune Fed 29 #11	**MD Reference:**	RKB to MSL @ 3362.40ft
Well:	Well #9	**North Reference:**	Grid
Wellbore:	OH	**Survey Calculation Method:**	Minimum Curvature
Design:	Plan #1	**Database:**	Landmark Network DB

Planned Survey

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	TVDSS (ft)	V. Sec (ft)	Northing (ft)	Easting (ft)	DLeg (°/100ft)
6,400.00	23.31	251.94	6,283.70	-2,921.30	643.12	464,704.85	665,409.05	0.00
6,500.00	23.31	251.94	6,375.54	-3,013.14	682.69	464,692.58	665,371.44	0 00
6,600 00	23.31	251.94	6,467.38	-3,104.98	722 25	464,680 32	665,333 82	0.00
6,700.00	23 31	251.94	6,559 22	-3,196.82	761.82	464,668.06	665,296 21	0.00
6,800 00	23.31	251.94	6,651.07	-3,288.67	801.38	464,655.79	665,258.59	0 00
6,900 00	23.31	251.94	6,742.91	-3,380.51	840 94	464,643.53	665,220.98	0 00
7,000.00	23.31	251.94	6,834.75	-3,472.35	880 51	464,631.27	665,183.36	0.00
7,100.00	23.31	251.94	6,926 59	-3,564 19	920.07	464,619.00	665,145 75	0.00
7,200.00	23.31	251.94	7,018.43	-3,656.03	959 64	464,606.74	665,108 13	0.00
7,300 00	23.31	251.94	7,110.27	-3,747 87	999 20	464,594.47	665,070.51	0 00
7,400.00	23.31	251 94	7,202.11	-3,839.71	1,038 76	464,582.21	665,032.90	0.00
7,500.00	23.31	251.94	7,293 95	-3,931.55	1,078 33	464,569 95	664,995 28	0.00
7,600.00	23.31	251.94	7,385.79	-4,023.39	1,117.89	464,557.68	664,957.67	0.00
7,700.00	23.31	251.94	7,477.63	-4,115 23	1,157 46	464,545 42	664,920.05	0.00
7,800 00	23.31	251.94	7,569.47	-4,207.07	1,197.02	464,533.16	664,882.44	0.00
7,900 00	23.31	251.94	7,661 31	-4,298.91	1,236.59	464,520.89	664,844.82	0 00
7,936 68	23 31	251.94	7,695.00	-4,332.60	1,251.10	464,516.39	664,831.02	0.00
BC A								
8,000.00	23.31	251.94	7,753.15	-4,390.75	1,276.15	464,508.63	664,807.21	0.00
8,100.00	23.31	251.94	7,844 99	-4,482.59	1,315 71	464,496.36	664,769.59	0.00
8,198 00	23.31	251.94	7,935 00	-4,572.60	1,354 49	464,484 34	664,732.73	0.00
Bone Springs								
8,200 00	23.31	251.94	7,936 83	-4,574 43	1,355 28	464,484.10	664,731.98	0.00
8,257.89	23.31	251.94	7,990 00	-4,627.60	1,378.18	464,477.00	664,710.20	0.00
SD Fed 29 #9 BHL								

Company:	OXY Permian	Local Co-ordinate Reference:	Well Well #9
Project:	Eddy County, NM	TVD Reference:	RKB to MSL @ 3362.40ft
Site:	Sand Dune Fed 29 #11	MD Reference:	RKB to MSL @ 3362.40ft
Well:	Well #9	North Reference:	Grid
Wellbore:	OH	Survey Calculation Method:	Minimum Curvature
Design:	Plan #1	Database:	Landmark Network DB

Targets

Target Name - hit/miss target - Shape	Dip Angle (°)	Dip Dir. (°)	TVD (ft)	+N/-S (ft)	+E/-W (ft)	Northing (ft)	Easting (ft)	Latitude	Longitude
SD Fed 29 #9 BHL - plan hits target center - Point	0.00	0.00	7,990.00	-427.20	-1,310 30	464,477.00	664,710 20	32° 16' 33.02242 N	103° 48' 1.44982 W

Casing Points

Measured Depth (ft)	Vertical Depth (ft)	Name	Casing Diameter (")	Hole Diameter (")
4,000.00	4,000.00	8 5/8"	8-5/8	12-1/4

Formations

Measured Depth (ft)	Vertical Depth (ft)	Name	Lithology	Dip (°)	Dip Direction (°)
4,071.00	4,071.00	Delaware		0.00	
8,198 00	7,935 00	Bone Springs		0 00	
7,936.68	7,695.00	BC A		0.00	

Checked By. _____ Approved By: _____ Date: _____

SURFACE USE PLAN OF OPERATIONS

Operator Name	OXY USA Inc.	16696	
Lease Name/Number	Federal 29 #9	304820	Federal Lease No. NM054035
Pool Name/Number:	Sand Dunes Delaware, West	53815	
Surface Location:	2030 FNL 1650 FEL SWNE(G)		Sec 29 T23S R31E
Bottom Hole Location:	2450 FNL 2310 FWL SENW(F)		Sec 29 T23S R31E

1. **Existing Roads**

   a. A copy of a USGS "Los Medanos, 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 4/29/09, certified 8/31/09.

   c. Directions to Location: From Jal, NM, go west on SH 128 for 38.8 miles. Go south on caliche road for 0.3 miles, then west on caliche road for 0.7 miles, then south on caliche road for 0.5 miles, then east on caliche road for 0.2 miles to location

2. **New or Reconstructed Access Roads:**

   a. A new access road will be built. The access road will run approximately 1600' 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 Production Facilities.**

   a. In the event the well is found productive, the Federal 29 tank battery would be utilized and the necessary production equipment will be installed at the well site. See proposed Production 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 well site layout with dimensions of the pad layout and equipment location.

V-Door East Tanks North Pad 280' X 290'
Federal 29 #11 and Mobil Federal #9 will use the same pad.

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. The surface is leased to: Stacey Mills, LLC P.O. Box 1358 Loving, NM 88256.
They will be notified of our intention to drill prior to any activity.

12. Other Information

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

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

c. There are no dwellings within 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	$1,339.00	1600	$0 15/ft over 1/4 mile	$42.00	$1,381.00
Pipeline - up to 1mile	$1,236.00	2950	$250 per 1/4 mile	$0.00	$1,236.00
Electric Line - up to 1mile	$618.00	1800	$0.17/ft over 1 mile	$0.00	$618.00
Total	$3,193.00			$42.00	$3,235.00

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.

Larry Sammons
Production Leader
P.O. Box 50250
Midland, TX 79705
Office Phone: 432-685-5724
Cellular: 432-296-9323

Marvin McElroy
Production Coordinator
P.O. Box 1988
Carlsbad, NM 88220
Office Phone: 806-592-6200
Cellular: 806-215-6750

Nelson Emery
Drilling Superintendent
P.O. Box 4294
Houston, TX 77210
Office Phone: 713-215-7357
Cellular: 281-467-2862

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

Richard Jackson
Drilling Engineering Supervisor
P.O. Box 4294
Houston, TX 77210
Office Phone: 713-215-7235
Cellular: 281-467-6383

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

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 August, 2009.

Name: Denise Woods Denise Woods

Position: RMT Leaader

Address: 5 Greenway Plaza, Ste. 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 1410 McCamey TX 79752

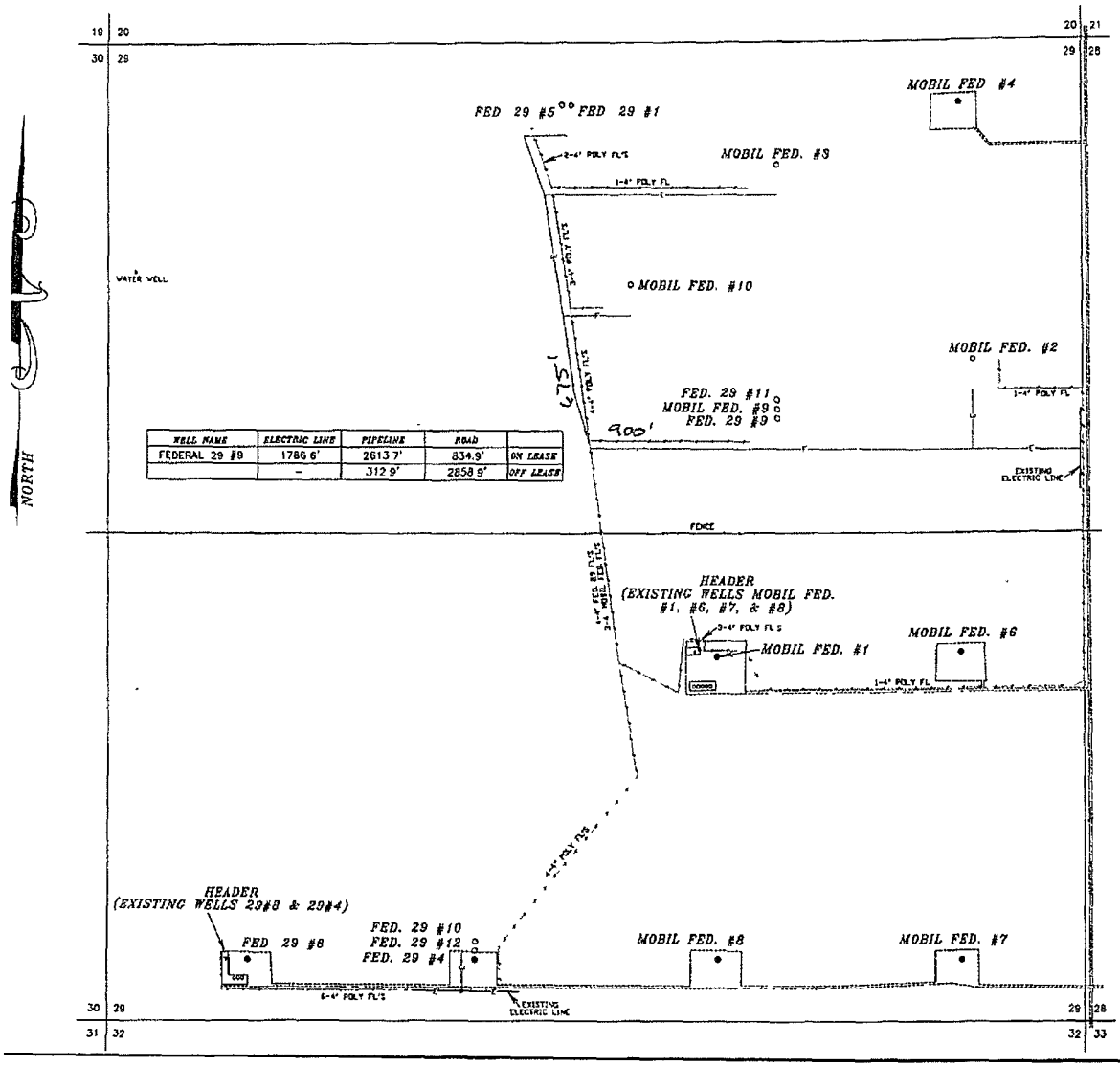
Telephone (if different from above): 806-215-6750

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

OXY USA, INC.
PURE GOLD B #18

OXY USA INC.

SURVEY OF PROPOSED ROAD, ELECTRIC LINE, AND FLOWLINE TO THE FEDERAL 29 #9 WELL LOCATION LOCATED IN SECTION 29, TOWNSHIP 23 SOUTH, RANGE 31 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO



WELL NAME	ELECTRIC LINE	PIPELINE	ROAD	
FEDERAL 29 #9	1786.6'	2613.7'	834.9'	ON LEASE
	-	312.9'	2858.9'	OFF LEASE

LEGEND

- ⊗ — DENOTES EXISTING WELL (AS NOTED)
- ○ — DENOTES PROPOSED NEW WELL (AS NOTED)
- — DENOTES PROPOSED PIPELINE
- —E— DENOTES PROPOSED ELECTRIC LINE
- — DENOTES PROPOSED ROAD

600' 0 600' 1200 FEET
SCALE: 1" = 600'

TERRY J. ASEL NEW MEXICO 15079 REGISTERED PROFESSIONAL SURVEYOR

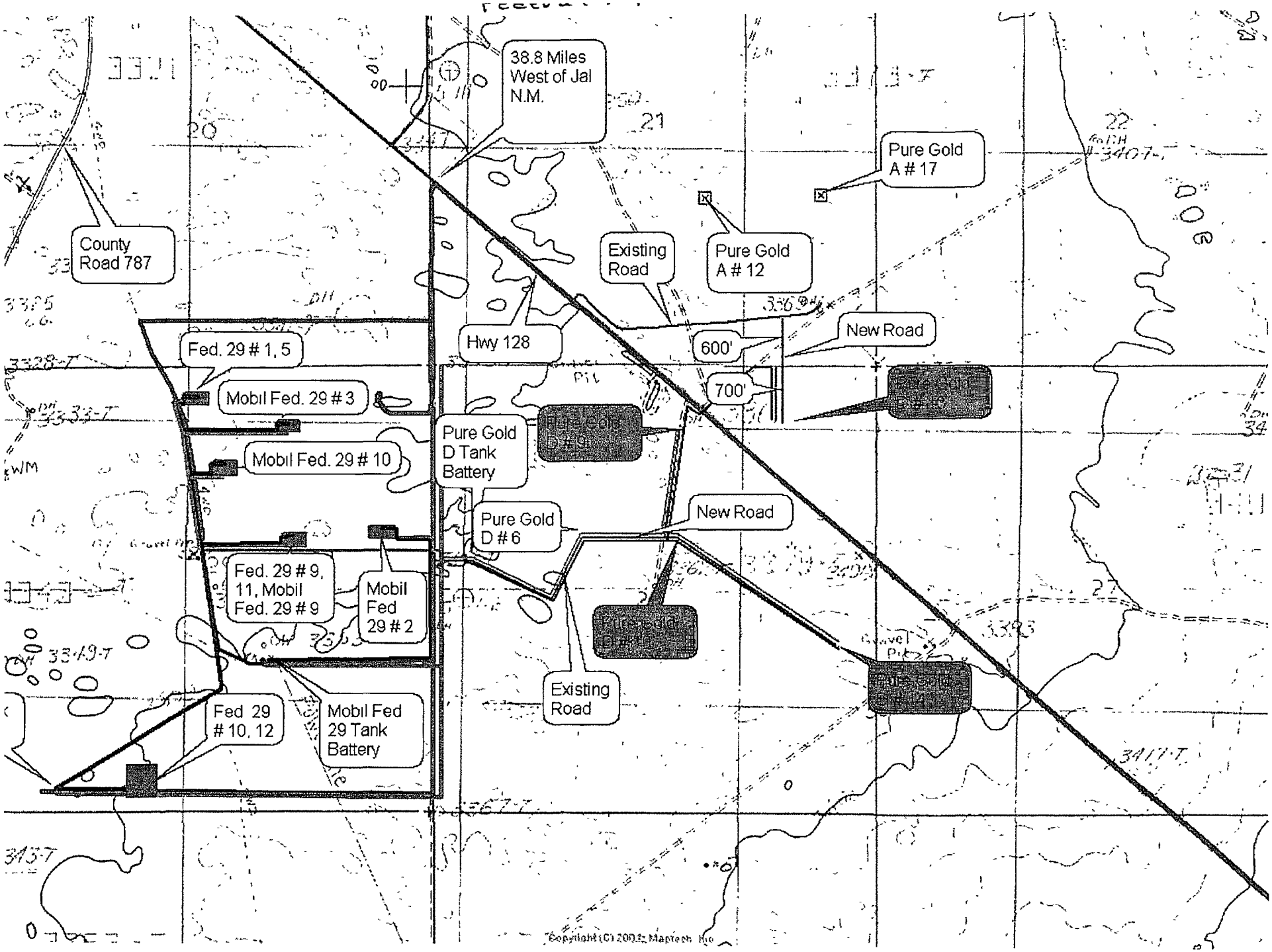
SURVEYORS CERTIFICATE

I, TERRY J. ASEL, NEW MEXICO REGISTERED PROFESSIONAL LAND 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.

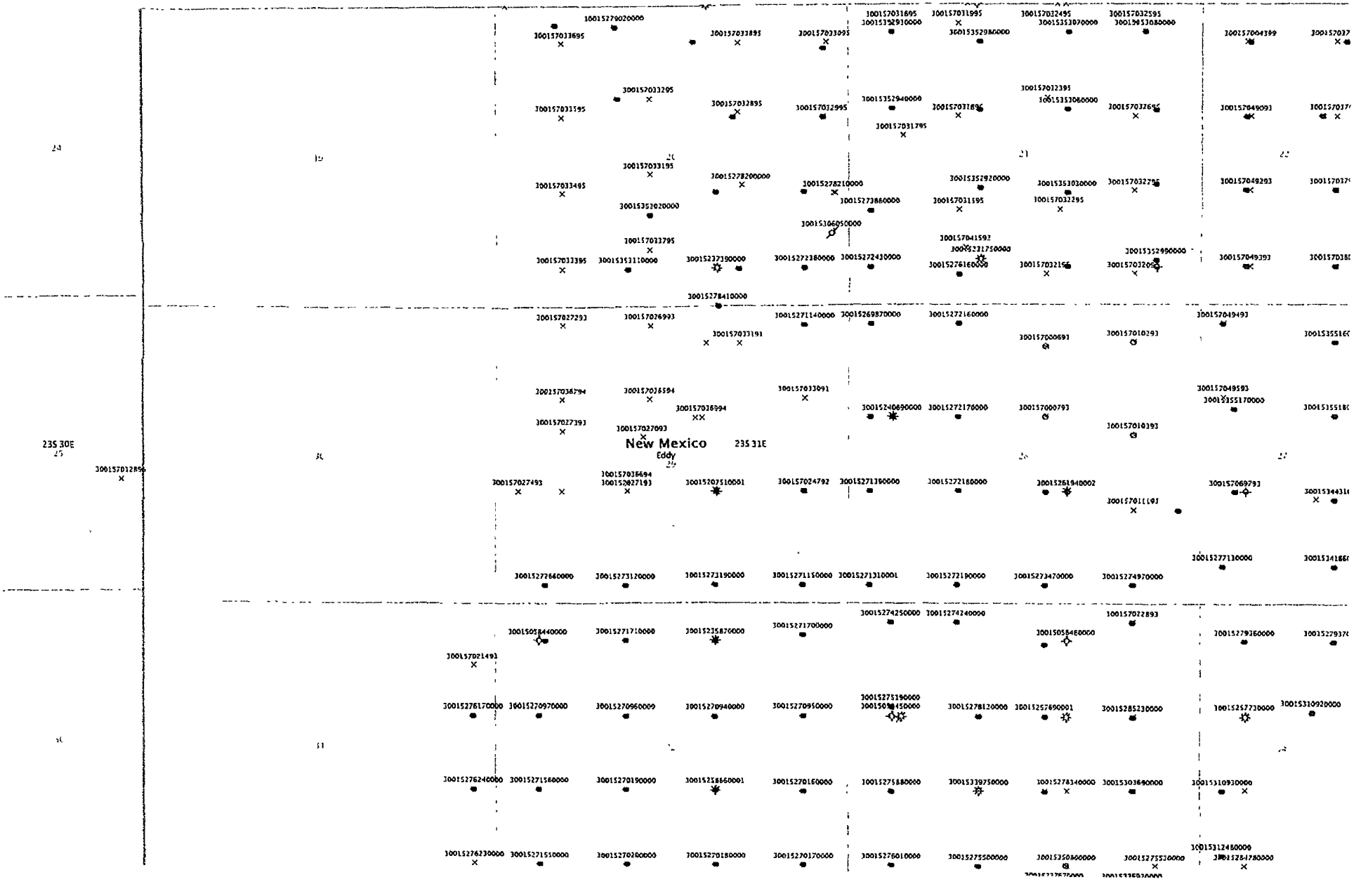
Terry J Asel N.M. R.P.S. No. 15079 — DATE 8/31/2009

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

OXY USA INC	Work Order # 090803RPE-qq
Date Surveyed 07/01/2009	Surveyed by. Terry Asel
DWG # 090803RPE-qq dwg	Drafted By: KA
Scale: 1" = 600'	Sheet 1 of 1

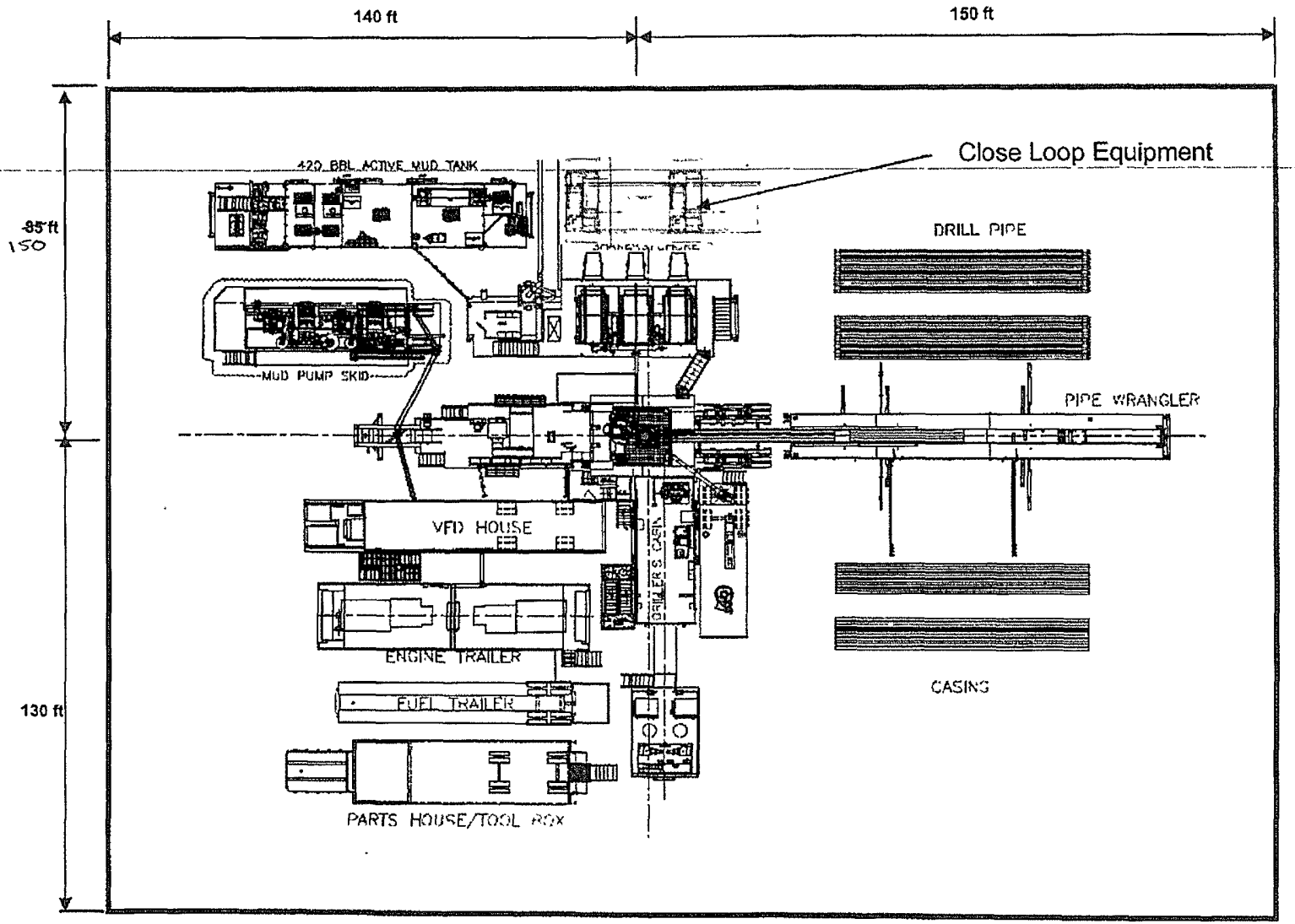

38.8 Miles West of Jal N.M.
Pure Gold A # 17
Pure Gold A # 12
County Road 787
Existing Road
Hwy 128
New Road
600'
700'
Fed. 29 # 1, 5
Mobil Fed. 29 # 3
Mobil Fed. 29 # 10
Pure Gold D Tank Battery
Pure Gold D # 6
New Road
Fed. 29 # 9, 11, Mobil Fed. 29 # 9
Mobil Fed 29 # 2
Existing Road
Fed 29 # 10, 12
Mobil Fed 29 Tank Battery

Federal 29

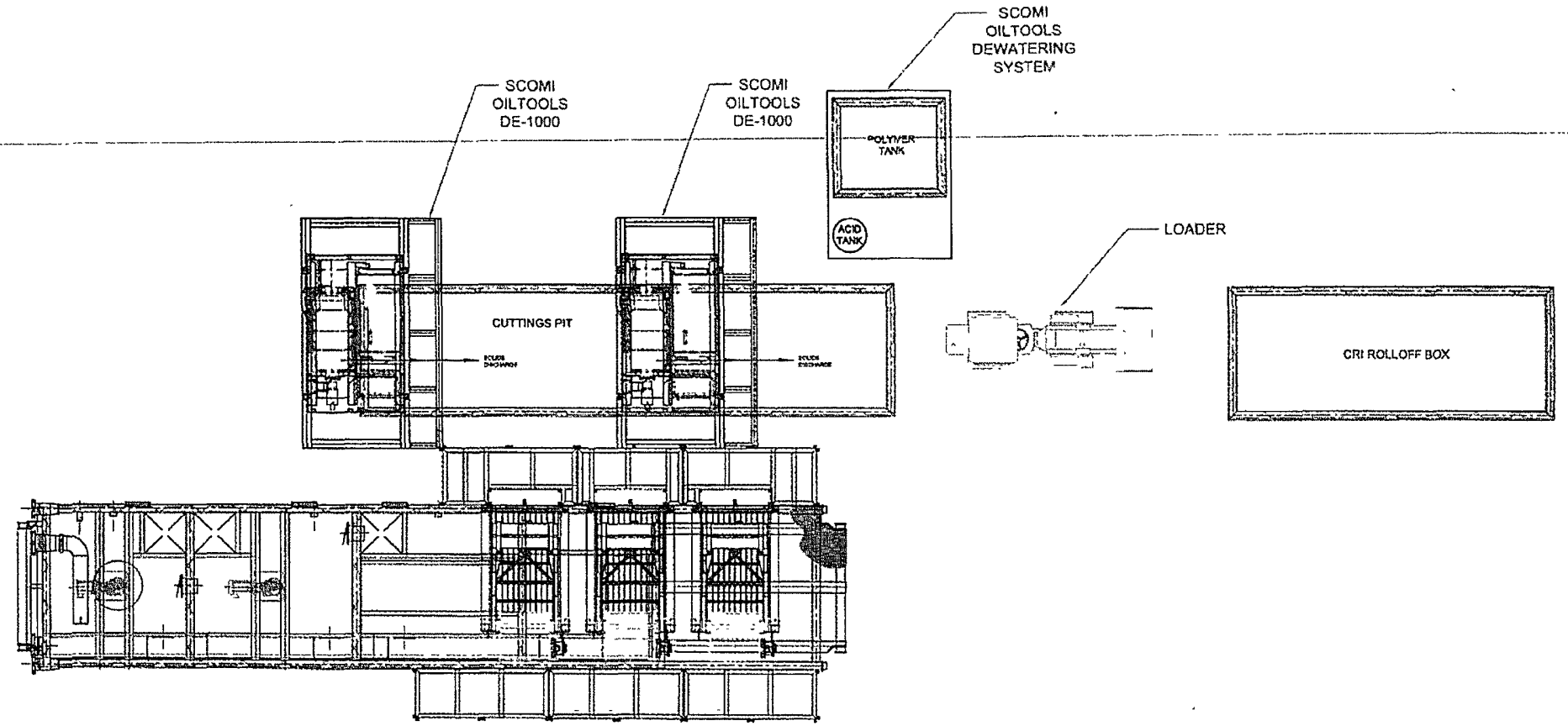


OXY FLEX IV PAD (Closed Loop System)

Revised 05/14/2009



BILL OF MATERIAL				
ITEM	QTY.	DESCRIPTION	LENGTH	WEIGHT



1. ALL STRUCTURAL MATERIAL SHALL BE ASTM – A36.
2. ALL PIPE SCH. 40 MATERIAL SA 106 Gr. B
3. ALL FLANGES SHALL BE 300#, 150# & MATERIAL SA 105.
4. ALL FITTINGS SCH. 40 MATERIAL SHALL BE SA 234 Gr. WPB.
5. TANK FABRICATION SHALL BE IN ACCORDANCE WITH API-650.

TITLE :

CLOSED LOOP SYSTEM
BASIC LAYOUT
OXY - H&P - FLEX 4 M

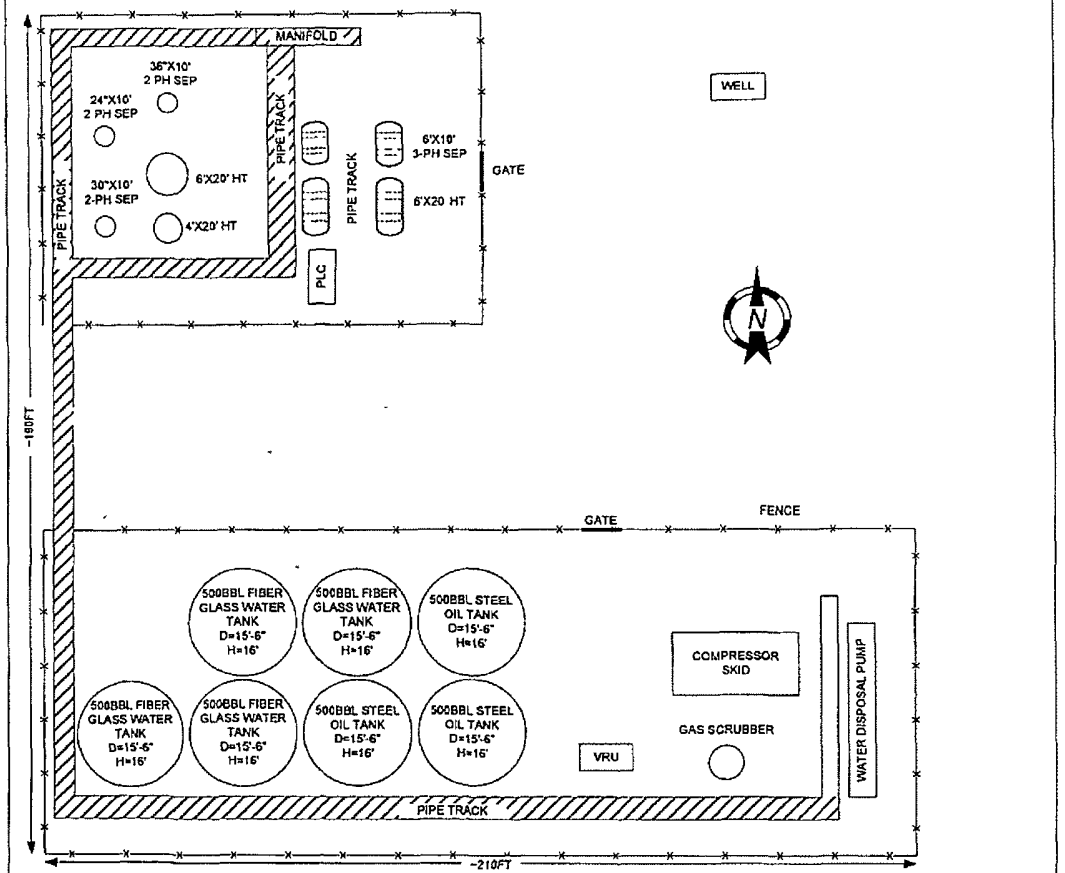
DRAWN BY	DATE	CHECKED BY	DATE
PDL	3/2/09		
APPROVED	DATE	SCALE	WORK SHEET
		NTS	D

Scomi

JOB NO.

DRAWING NO. 521S-027

REV



REV	DESCRIPTION	DATE	BY
0	Issues with System Description	05/14	NM

OXY

OCCIDENTAL PERMIAN

FEDERAL 29-8 BATTERY PLOT PLAN

EDDY COUNTY, NM

SIZE	FSCM NO	DWG NO	REV
A3			1

SCALE None SHEET 1 OF 1