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State of New Mexico Energy, Minerals and Natural Resources

Oil Conservation Division 1220 S. St Francis Dr. Santa Fe, NM 87505 Form C-145 Permit 120541

Change of Operator

revious Operator Information		New Operator	New Operator Information	
		Effective Date:	Effective on the date of approval by the OCD	
OGRID:	25513	OGRID:	16696	
Name:	YATES DRILLING CO	Name:	OXY USA INC	
Address:	105 S 4TH SΓ	Address:	PO Box 4294	
City, State, Zip:	ARTESIA , NM 88210	City, State, Zip:	Houston, TX 77210	
I hereby certify the information on the	hat the rules of the Oil Conse is form and the certified list	rvation Division have b	peen complied with and that the est of my knowledge and belief.	
Additionally, by so of applicable rule	signing below, OXY USA IN s.	IC certifies that it has re	ead and understands the following synopsis	
Previous Operat	tor	New Oper	ator	
Signature: Printed Name:	of Blocks	Signature: Printed Name:	Brent G. Sonnier	
Title: Op	erations Man	ager Title:	or Regulatory Advisor	
Date: 9/17	10 Phone: <u>575, 748</u>	1471 Date: 9	/16/10 Phone: 713.346.5654	
	NMOCD An	nroval		

NMOCD Approval

Electronic Signature: Randy Dade, District 2

Date: October 22, 2010

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OXY USA INC certifies that all below-grade tanks constructed and installed prior to J with the selected wells are in compliance with 19.15.17 NMAC, have been closed pur NMAC, or have been retrofitted to comply with Paragraphs (1) through (4) of Subsect NMAC.

OXY USA INC understands that the OCD's approval of this operator change:

- 1. constitutes approval of the transfer of the permit for any permitted pit, below-g system associated with the selected wells; and
- constitutes approval of the transfer of any below-grade tanks constructed and in 2008 associated with the selected wells, regardless of whether the transferor ha of those below-grade tanks to the transferee or to the OCD, and regardless of w tanks are in compliance with 19.15.17 NMAC.

As the operator of record of wells in New Mexico, OXY USA INC agrees to the follow

- 1. I am responsible for ensuring that the wells and related facilities comply with a rules, and am responsible for all regulatory filings with the OCD. I am respons applicable statutes and rules, not just the rules referenced in this list. I understa are available on the OCD website under "Rules," and that the Water Quality Coare available on the OCD website on the "Publications" page.
- 2. I understand that if I acquire wells from another operator, the OCD must approbefore I begin operating those wells. See 19.15.9.9.B NMAC. I understand that facilities subject to a compliance order addressing inactive wells or environmer OCD will approve the operator change it may require me to enter into an enforthose wells to compliance. See 19.15.9.9.C(2) NMAC.
- 3. I must file a monthly C-115 report showing production for each non-plugged w the OCD has approved an allowable and authorization to transport, and injectic See 19.15.7.24 NMAC. I understand that the OCD may cancel my authority to into all the wells I operate if I fail to file C-115 reports. See 19.15.7.24.C NMA
- 4. I understand that New Mexico requires wells that have been inactive for certain plugged or placed on approved temporary abandonment. See 19.15.25.8 NMAt requirements for plugging and approved temporary abandonment in 19.15.25 N can check my compliance with the basic requirements of 19.15.25.8 NMAC by List" on OCD's website.
- 5. I must keep current with financial assurances for well plugging. I understand the each state or fee well that has been inactive for more than two years and has no released to be covered by a single-well financial assurance, even if the well is a financial assurance and even if the well is on approved temporary abandonmen NMAC. I understand that I can check my compliance with the single-well finance requirement by using the "Inactive Well Additional Financial Assurance Report
- 6. I am responsible for reporting releases as defined by 19.15.29 NMAC. I unders me as the operator of record to take corrective action for releases at my wells a including releases that occurred before I became operator of record.

http://www.emnrd.state.nm.us/ocd/OCDPermitting/Report/C... 10/18/2010

- 7. I have read 19.15.5.9 NMAC, commonly known as "Part 5.9," and understand with its requirements I must have the appropriate financial assurances in place, requiring corrective action, pay penalties assessed by the courts or agreed to by agreement, and not have too many wells out of compliance with the inactive w NMAC). If I am in violation of Part 5.9, I may not be allowed to drill, acquire wells, and will not be able to obtain any new injection permits. See 19.15.16.16 NMAC, 19.15.9.9 NMAC and 19.15.14.10 NMAC. If I am in violation of Part notice and hearing, revoke my existing injection permits. See 19.15.26.8 NMA
- 8. For injection wells, I understand that I must report injection on my monthly Coperate my wells in compliance with 19.15.26 NMAC and the terms of my injet that I must conduct mechanical integrity tests on my injection wells at least one 19.15.26.11 NMAC. I understand that when there is a continuous one-year peri all wells in an injection or storage project or into a saltwater disposal well or specific authority for that injection automatically terminates. See 19.15.26.12 NM transfer operation of an injection well to another operator, the OCD must approauthority to inject, and the OCD may require me to demonstrate the well's mecapproving that transfer. See 19.15.26.15 NMAC.
- 9. I am responsible for providing the OCD with my current address of record and information, and I am responsible for updating that information when it change NMAC. I understand that I can update that information on the OCD's website 1 Permitting."
- 10. If I transfer well operations to another operator, the OCD must approve the cha operator can begin operations. See 19.15.9.9.B NMAC. I remain responsible for facilities and all related regulatory filings until the OCD approves the operator the transfer will not relieve me of responsibility or liability for any act or omiss I operated the wells and related facilities.

ChangeOp Comments

OGRID: [25513] YATES DRILLING CO

Permit Number: 120541
Permit Type: ChangeOp

Created By	Comment	Comment Date
JProuty	The C-145 is for permit 120486; this is permit 120541. Please resubmit the C-145 with permit 120541 on it. Also, please submit all three pages of the C-145.	10/7/2010