

SECRETARY'S POTASH

OCD Artesia

Form 3160-3
(March 2012)

FORM APPROVED
OMB No. 1004-0137
Expires October 31, 2014

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

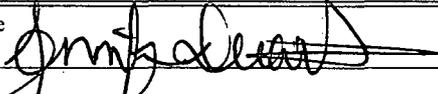
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM-0006245,019440,056542
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator OXY USA WTP LIMITED PARTNERSHIP (192463)		7. If Unit or CA Agreement, Name and No.
3a. Address P.O. BOX 4294 HOUSTON, TX 77210		8. Lease Name and Well No. (39934) MISTY 35 FEDERAL COM #3H
3b. Phone No. (include area code) 713-513-6640		9. API Well No. 30-015-41416
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 550' FSL & 120' FEL At proposed prod. zone 550' FSL & 330' FWL		10. Field and Pool, or Exploratory LEO; BONE SPRING, SOUTH (37920)
14. Distance in miles and direction from nearest town or post office* 37 MILES NORTHEAST OF CARLSBAD, NM		11. Sec., T. R. M. or Blk. and Survey or Area P; SEC 35, T18S, R30E
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 120'	16. No. of acres in lease 640	12. County or Parish EDDY COUNTY, NM
17. Spacing Unit dedicated to this well 160	18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1100'	13. State NM
19. Proposed Depth 13162' MD / 8641' TVD	20. BLM/BIA Bond No. on file ESB000226	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3516.5' GL	22. Approximate date work will start* 08/01/2013	23. Estimated duration 30 DAYS

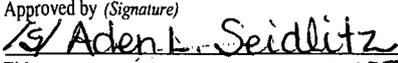
24. Attachments

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

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

25. Signature 	Name (Printed/Typed) JENNIFER DUARTE (jennifer_duarte@oxy.com)	Date 12/27/2012
---	---	--------------------

Title
REGULATORY ANALYST

Approved by (Signature) 	Name (Printed/Typed) Aden L. Seidlitz	Date MAY 21 2013
--	--	---------------------

Title
STATE DIRECTOR 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.

(Continued on page 2)

*(Instructions on page 2)

Capitan Controlled Water Basin

Approval Subject to General Requirements & Special Stipulations Attached

RECEIVED
JUN 03 2013
NMOCD ARTESIA

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

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-402
Revised October 12, 2005
Submit to Appropriate District Office
State Lease- 4 Copies
Fee Lease- 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-41416	Pool Code 37920	Pool Name Leo; Bone Spring, South
Property Code 39934	Property Name MISTY "35" FEDERAL	Well Number 3H
OCRID No. 192463	Operator Name OXY USA	Elevation 3516.5'

Surface Location

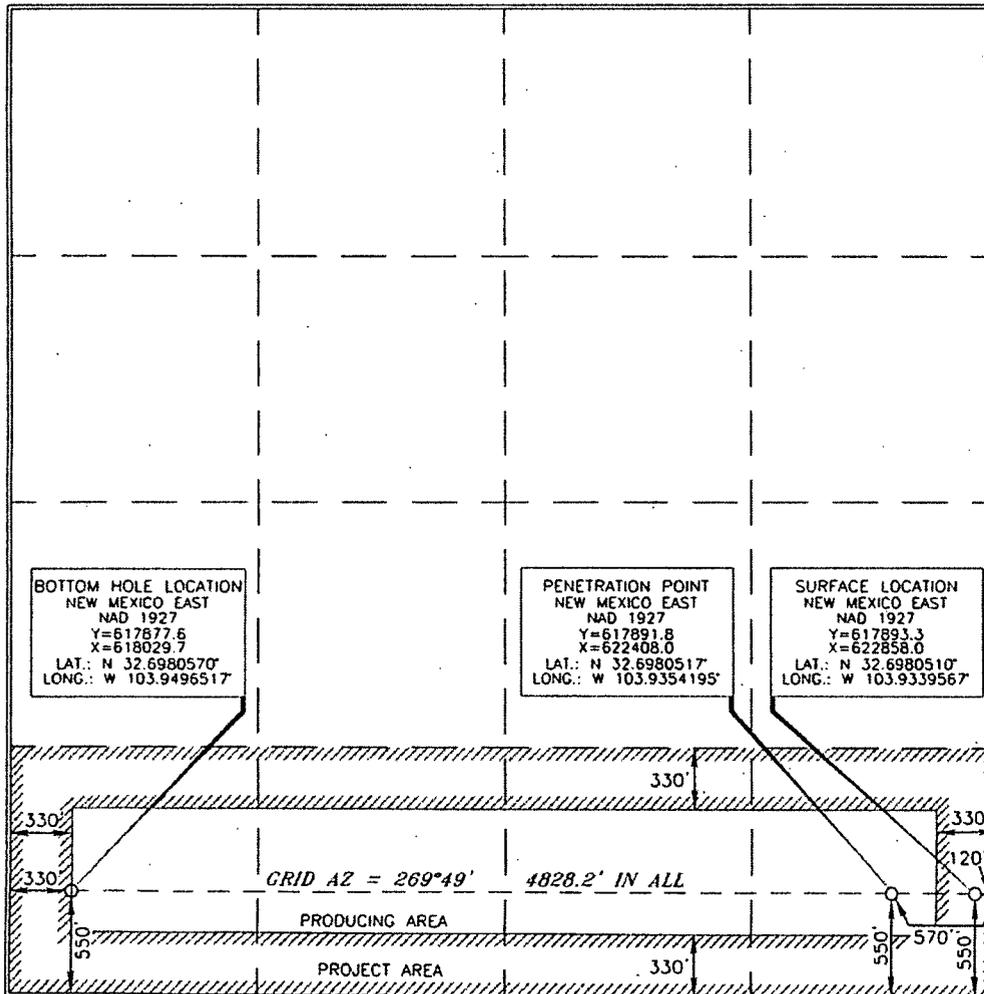
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	35	18 SOUTH	30 EAST, N.M.P.M.		550'	SOUTH	120'	EAST	EDDY

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
M	35	18 SOUTH	30 EAST, N.M.P.M.		550'	SOUTH	330'	WEST	EDDY

Dedicated Acres 160	Joint or Infill	Consolidation Code	Order No.
-------------------------------	-----------------	--------------------	-----------

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.

Jennifer Duarte
Signature Date
Jennifer Duarte
Printed Name

SURVEYOR CERTIFICATION

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

NOVEMBER 17, 2010
Date of Survey
Signature and Seal of Professional Surveyor

Jerry J. ...
Certificate Number 15079

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 27th day of December 2012.

Name: David Schellstede 
Position: Reservoir Management Team Leader
Address: 5 Greenway Plaza, Suite 110, Houston, TX 77046
Telephone: 713-366-5013
E-mail: (optional): david_schellstede@oxy.com
Company: OXY USA WTP LP
Field Representative (if not above signatory): Dusty Weaver
Address (If different from above): P.O. Box 50250 Midland, TX 79710
Telephone (if different from above): 432-685-5723
E-mail (if different from above): calvin_weaver@oxy.com

United States Department of the Interior
Bureau of Land Management
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220

RE: Misty 35 Federal Com #3H
Section 35, 18S-30E
Eddy County, New Mexico

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

OPERATOR NAME: OXY USA WTP Limited Partnership
ADDRESS: P.O. Box 27570
Houston, Texas 77227-9804

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below:

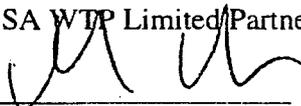
LEASE NO.: NMNM-0006245 (320 Acres)
NMNM-019440 (240 Acres)
NMNM-056542 (80 Acres)

LEGAL DESCRIPTION: SL: 550' FSL & 120' FEL SESE (P)
PBHL: 550' FSL & 330' FWL SWSW (M)
Section 35 T18S-R30E
Eddy County, New Mexico

FORMATIONS: Bone Springs

BOND COVERAGE: Statewide

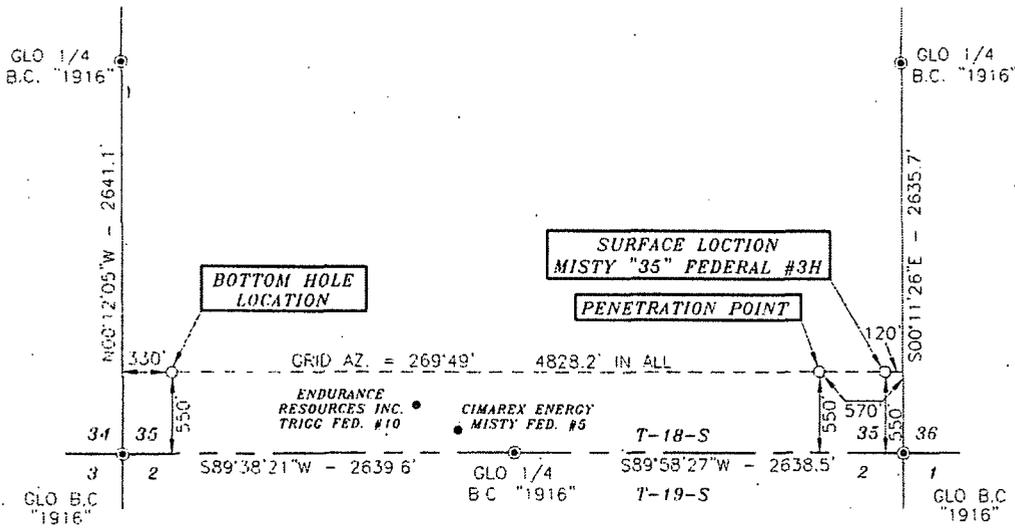
BLM BOND FILE NO.: ESB000226

AUTHORIZED SIGNATURE: OXY USA WTP Limited Partnership

Michael Meir

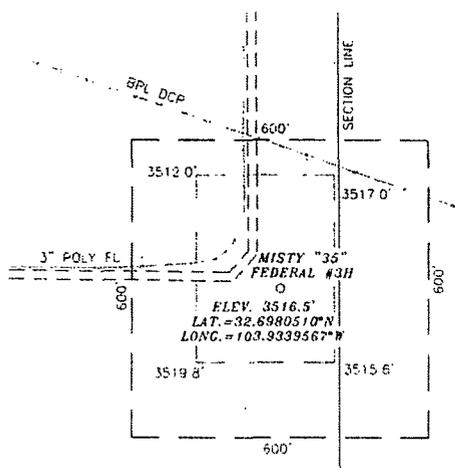
TITLE: Land Negotiator

DATE: December 18, 2012

SECTION 35, TOWNSHIP 18 SOUTH, RANGE 30 EAST, N.M.P.M.,
EDDY COUNTY
NEW MEXICO



Basis of Bearings - GPS Geodetic Measurements
 NAD 83 North American Datum of 1983



DIRECTIONS:
 BEGINNING IN LOCO HILLS AT THE INTERSECTION OF COUNTY ROAD #217 AND U.S. HWY. #82, GO EAST ON U.S. HWY #82 FOR 6.1 MILES TO COUNTY ROAD #222. TURN RIGHT AND GO SOUTH FOR 6.8 MILES. TURN RIGHT ON COUNTY ROAD #250 (GRUBBS ROAD) AND GO SOUTHWEST/WEST FOR 2.7 MILES. TURN LEFT ON EXISTING ROAD AND GO SOUTHWEST/SOUTH FOR 1.0 MILES TO LOCATION.



SURVEYORS CERTIFICATE

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

Terry J. Asel 8/8/2012
 Terry J. Asel N.M. R.P.L.S. No. 15079

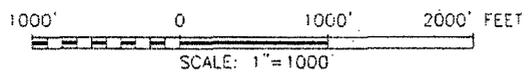
Asel Surveying

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



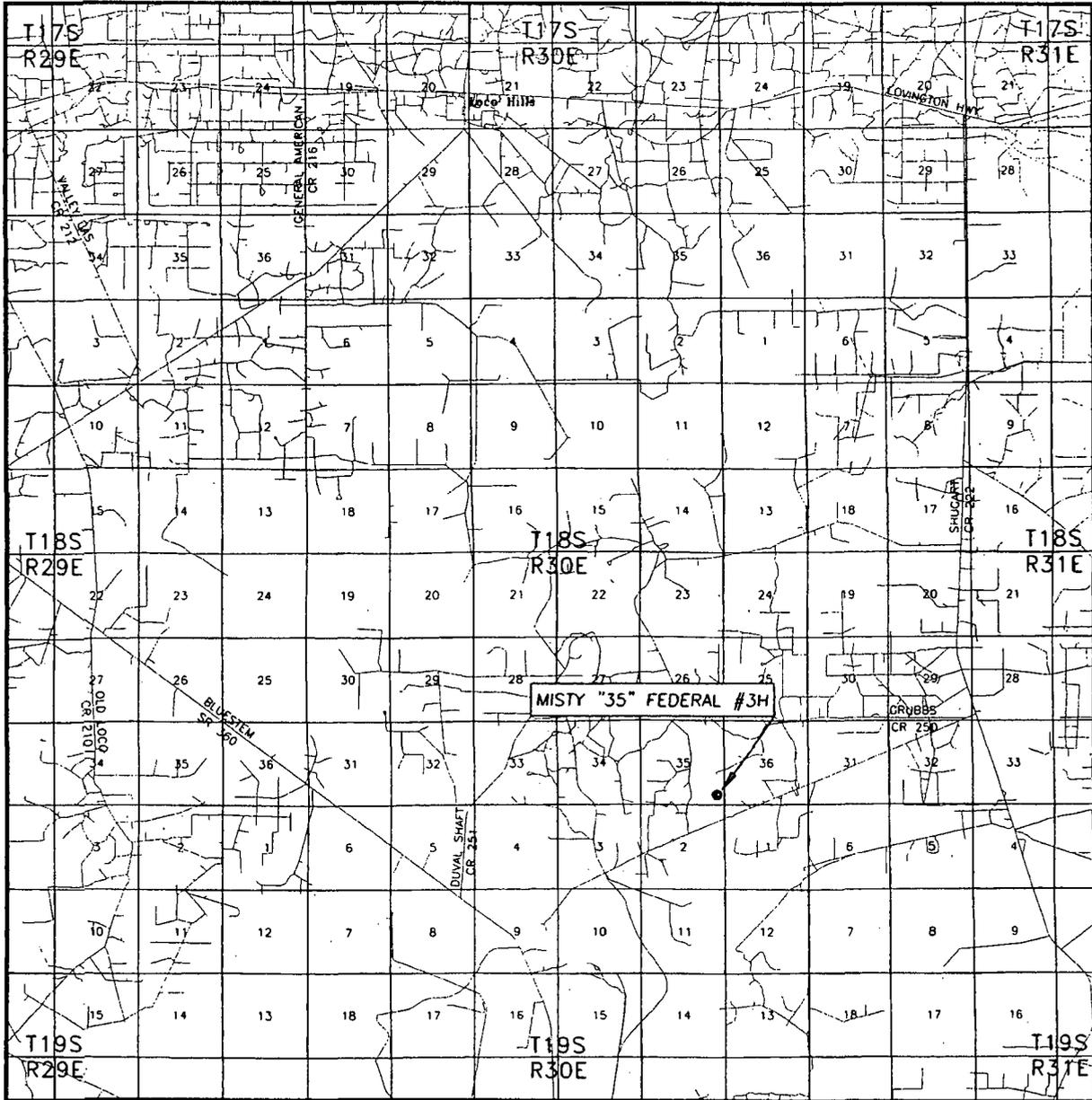
LEGEND

⊙ - DENOTES FOUND MONUMENT AS NOTED



OXY USA WTP LP			
MISTY "35" FEDERAL #3H LOCATED AT 550' FSL & 120' FEL IN SECTION 35, TOWNSHIP 18 SOUTH, RANGE 30 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO			
Survey Date:	11/17/10	Sheet .1	of 1 Sheets
W.O. Number:	101028WL (Rev. B)	Drawn By:	KA Rev. B
Date:	08/08/12	101028WL	Scale: 1"=1000'

VICINITY MAP

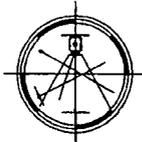


SEC. 35 TWP. 18-S RGE. 30-E
 SURVEY _____ N.M.P.M. _____
 COUNTY _____ EDDY _____
 DESCRIPTION 550' FSL & 120' FEL
 ELEVATION _____ 3516.5' _____
 OPERATOR _____ OXY USA WTPLP _____
 LEASE MISTY "35" FEDERAL #3H

SCALE: 1" = 2 MILES

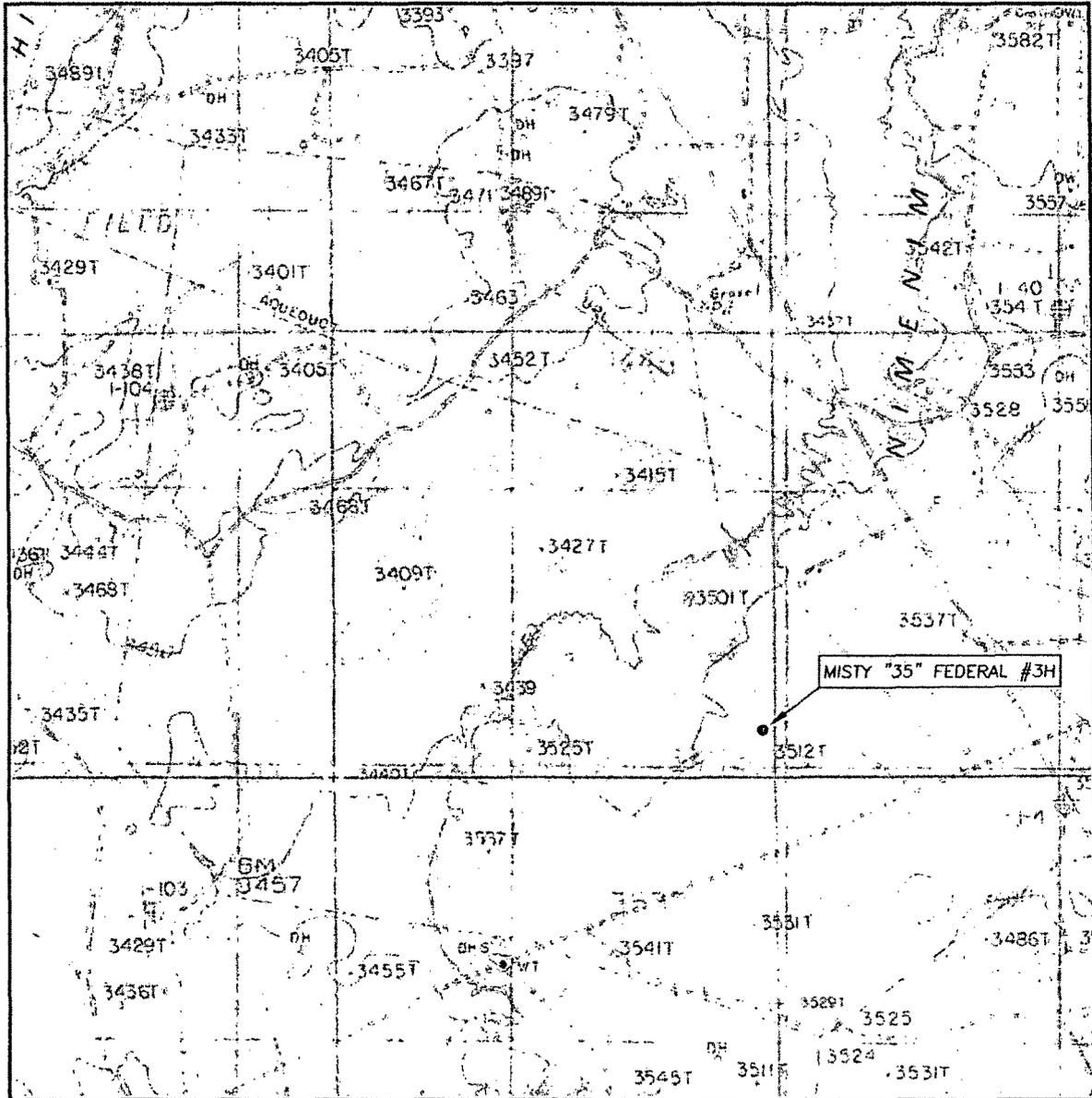
Asel Surveying

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



DIRECTIONS BEGINNING IN LOCO HILLS AT THE INTERSECTION OF COUNTY ROAD #217 AND U.S. HWY. #82, GO EAST ON U.S. HWY. #82 FOR 6.1 MILES TO COUNTY ROAD #222, TURN RIGHT AND GO SOUTH FOR 6.8 MILES, TURN RIGHT ON COUNTY ROAD #250 (GRUBBS ROAD) AND GO SOUTHWEST /WEST FOR 2.7 MILES, TURN LEFT ON EXISTING ROAD AND GO SOUTHWEST/SOUTH FOR 1.0 MILES TO LOCATION.

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'

SEC. 35 TWP. 18-S RGE. 30-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 550' FSL & 120' FFL

ELEVATION 3516.5'

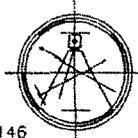
OPERATOR OXY USA WTPLP

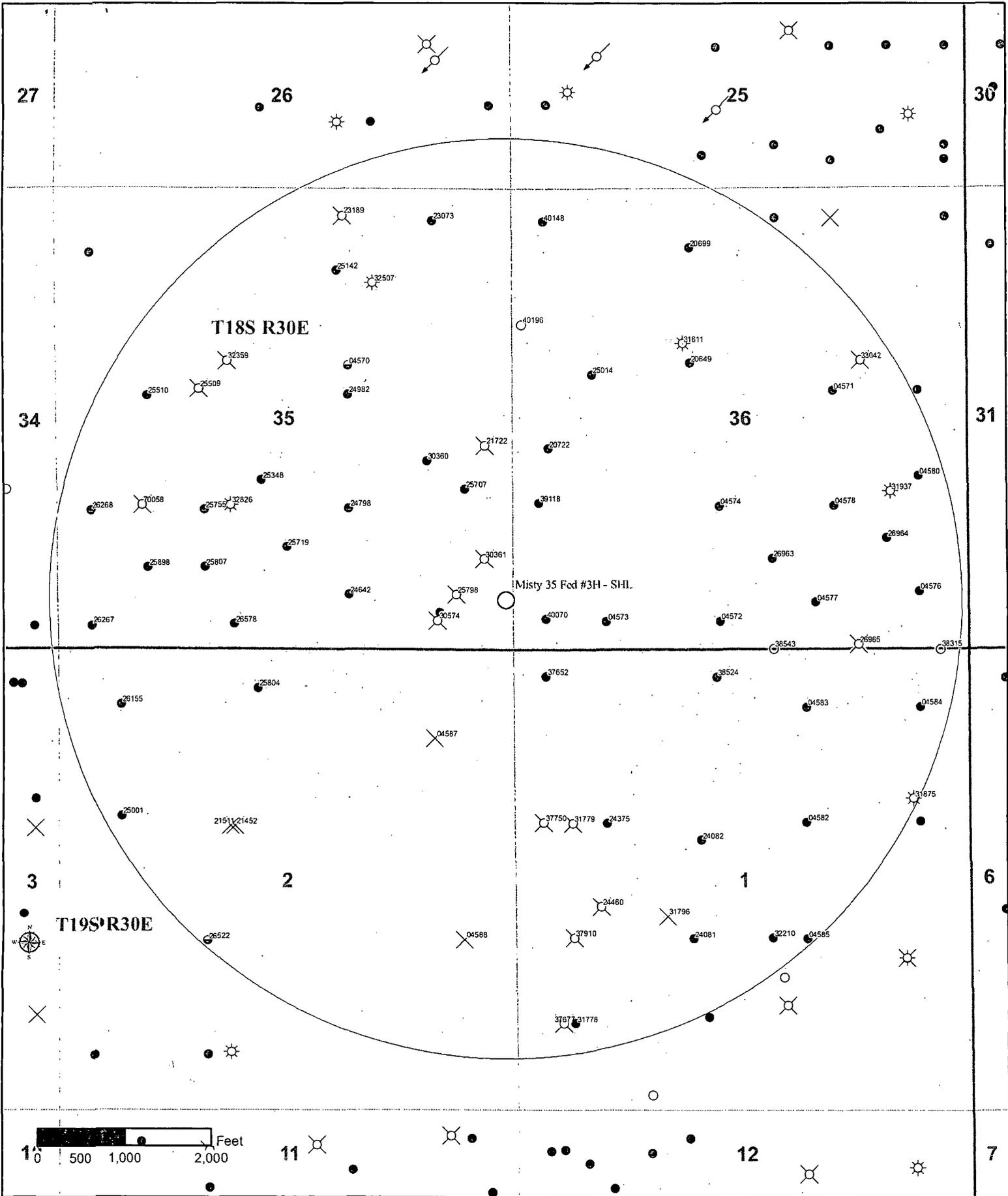
LEASE MISTY "35" FEDERAL #3H

U.S.G.S. TOPOGRAPHIC MAP
HACKBERRY LAKE, N.M.

Asel Surveying

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

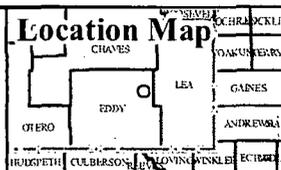


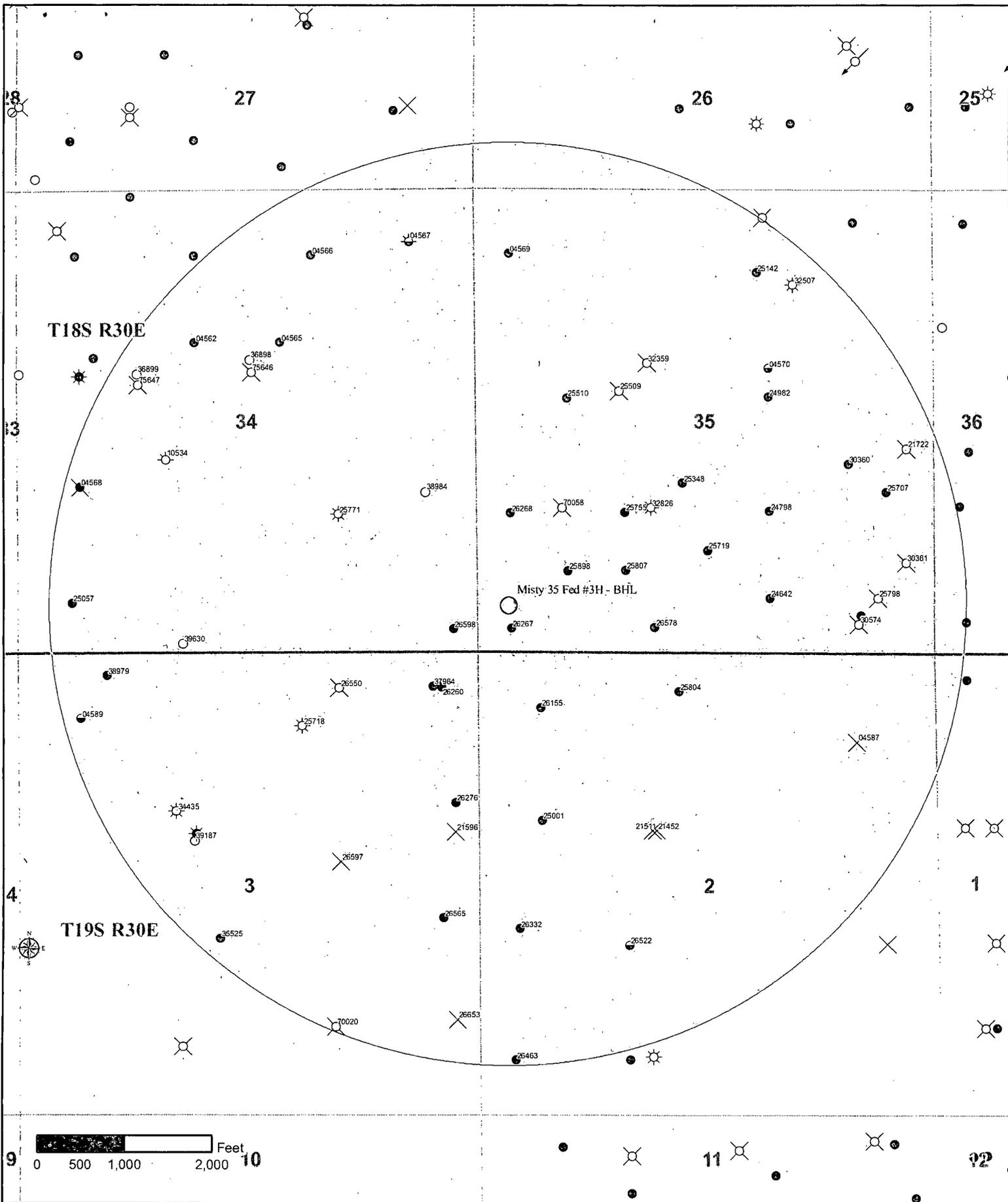


OXY Permian Primary
 New Mexico
 Eddy & Lea Counties
 Oxy 2012 Wells with
 1 Mile Radius
 ML - 12/2/2012

<ul style="list-style-type: none"> OXY WELL 1 MILE RADIUS GAS GAS OIL 	<ul style="list-style-type: none"> O&G GAS SHOWS OIL SHOWS O&G SHOWS 	<ul style="list-style-type: none"> LOC AOW SUS AQ&GW 	<ul style="list-style-type: none"> AGW ABANDONED LOC ABANDONED-NO SHOWS INJ-NO SHOWS 	<ul style="list-style-type: none"> OTHER
---	--	--	--	--

Coordinate System Information
 Geographic Coordinate System: North American 1927
 Datum: North American 1927
 NAD 1927 State Plane: New Mexico East FIPS 3001
 Projection: Transverse Mercator
 False Easting: 500000.000000
 False Northing: 0.000000
 Central Meridian: -104.333333
 Scale Factor: 0.999809
 Latitude Of Origin: 31.000000
 Linear Unit: Foot US





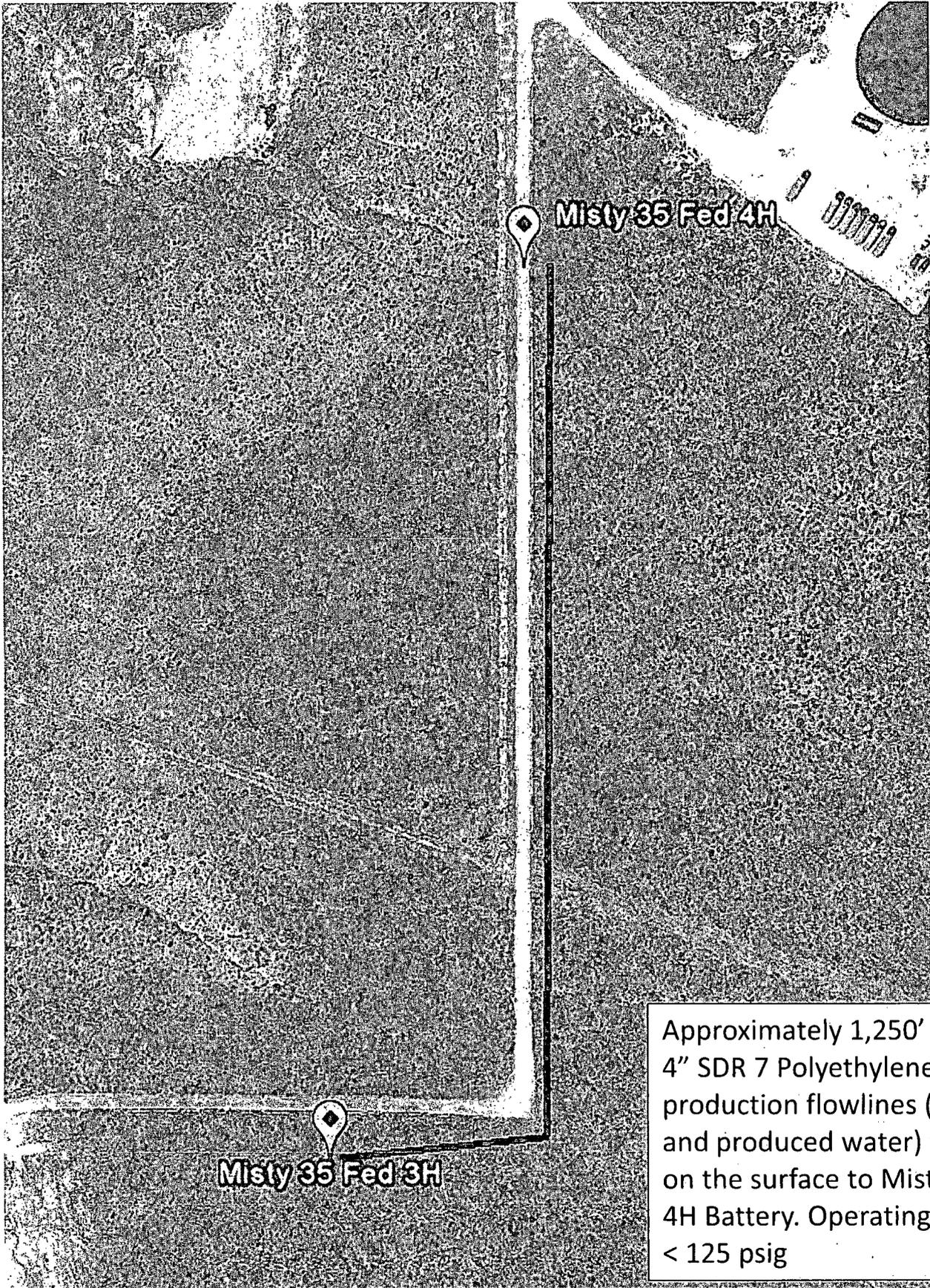
Permian Primary
 New Mexico
 Eddy & Lea Counties
 Oxy 2012 Wells with
 1 Mile Radius
 ML - 12/2/2012

○ OXY WELL	☀ O&G	○ LOC	☀ AGW	○ ABANDONED LOC	○ OTHER
○ 1 MILE RADIUS	☀ GAS SHOWS	○ AOW	☀ AOW	○ ABANDONED-NO SHOWS	
☀ GAS	● OIL SHOWS	○ SUS	☀ AO&GW	○ INJ-NO SHOWS	
● OIL	☀ O&G SHOWS				

Coordinate System Information
 Geographic Coordinate System North American 1983
 Datum: North American 1927
 NAD83 1983 State Plane New Mexico East FIPS 3001
 Projection: Transverse Mercator
 False Easting: 500000.000000
 False Northing: 0.000000
 Central Meridian: -104.333333
 Scale Factor: 0.9999999
 Latitude Of Origin: 31.000000
 Linear Unit: Foot US

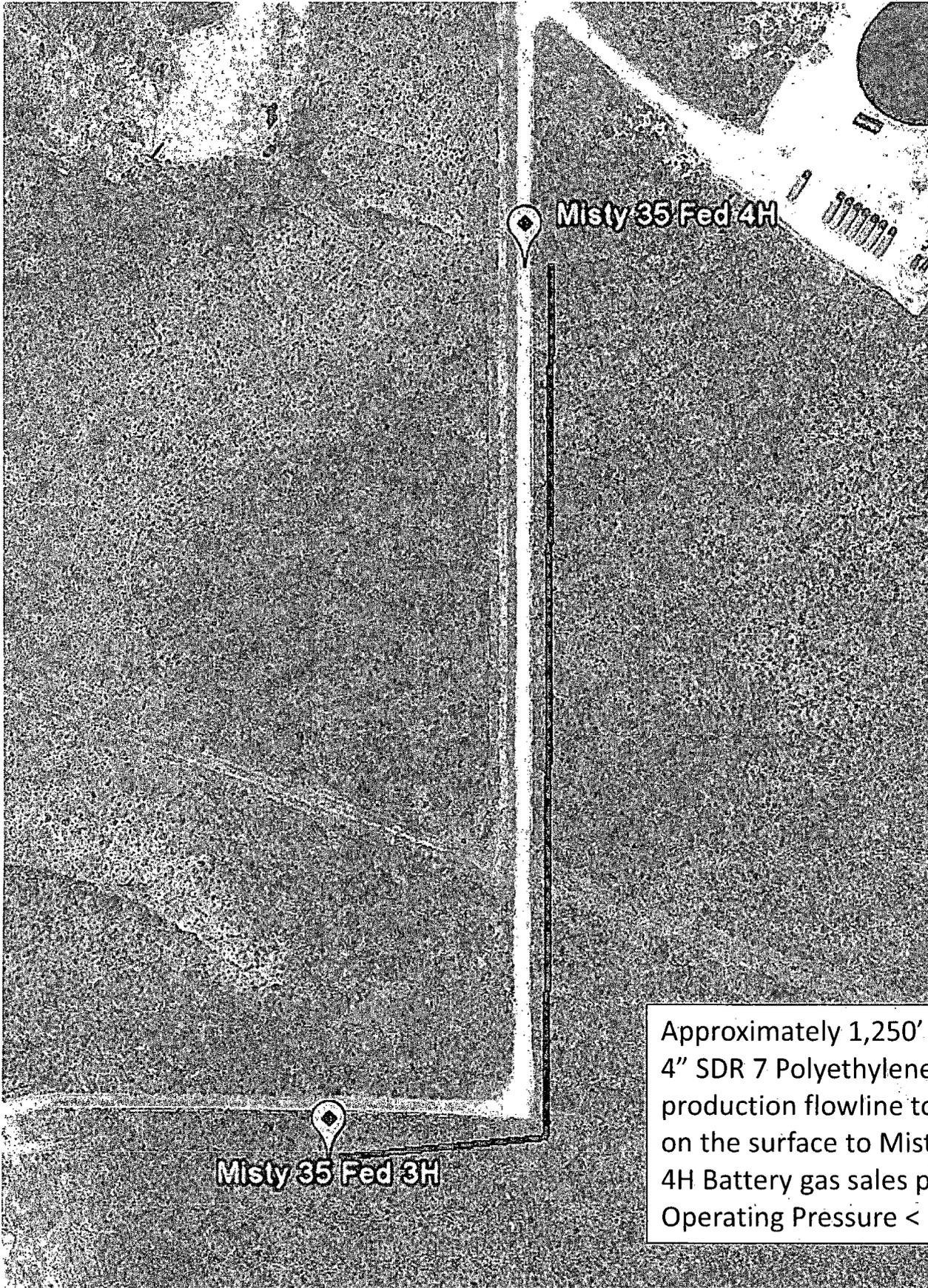
Location Map

Misty 35 Fed 3H Flowline Routing

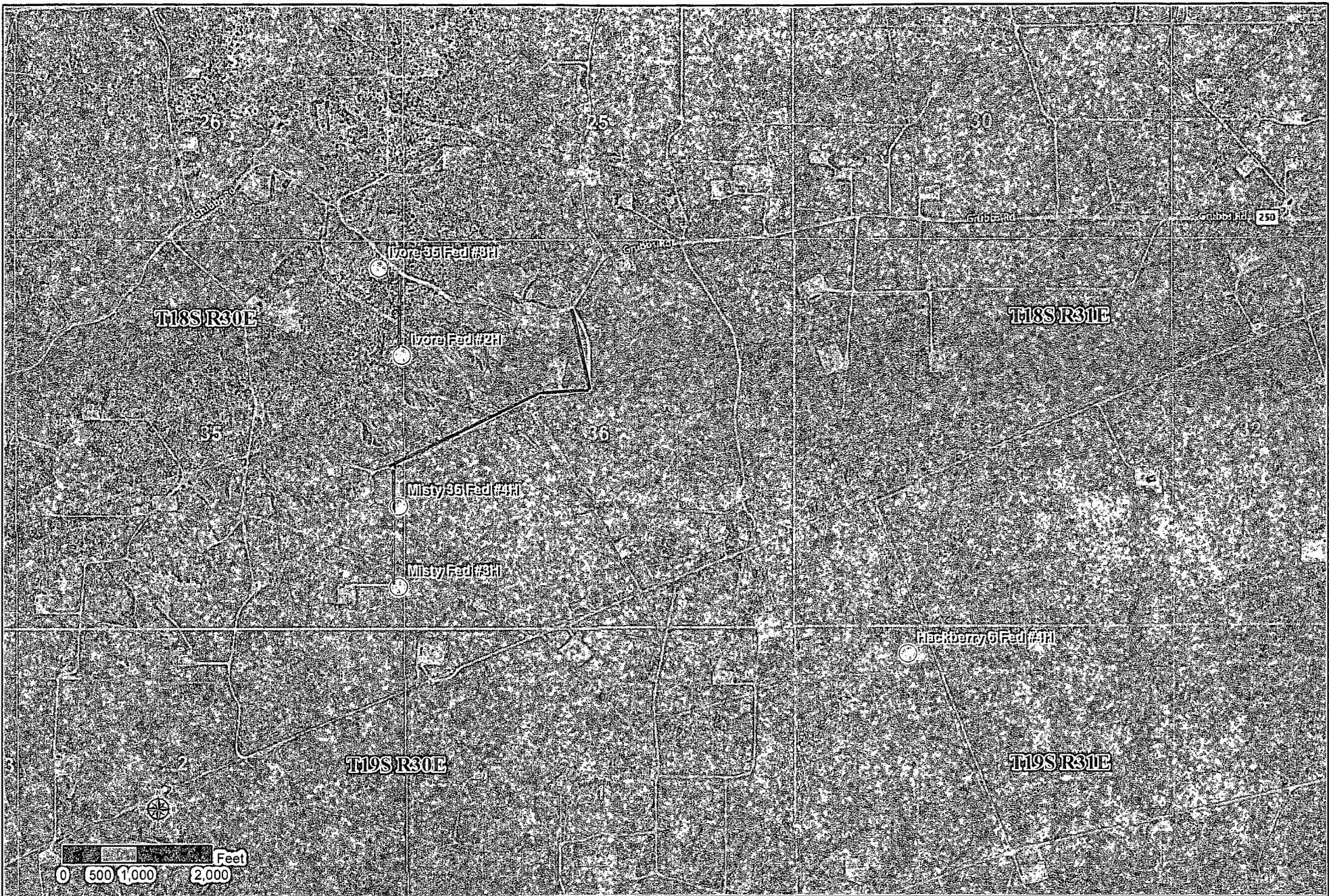


Approximately 1,250' of QTY 1 4" SDR 7 Polyethylene production flowlines (oil, gas, and produced water) to be laid on the surface to Misty 35 Fed 4H Battery. Operating Pressure < 125 psig

Misty 35 Fed 3H Gas Line Routing



Approximately 1,250' of QTY 1
4" SDR 7 Polyethylene
production flowline to be laid
on the surface to Misty 35 Fed
4H Battery gas sales point.
Operating Pressure < 125 psig



Permian Primary

New Mexico
Eddy & Lea Counties
Oxy Wells with
1 Mile Radius

DL - 01/30/2013

NNM_APDs_BS_013013

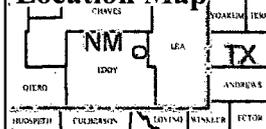
- Interstate Highway
- US Highway
- State Highway

Route from Public Access Point

Coordinate System Information

Geographic Coordinate System North American 1927
Datum: North American 1927
NAD 1927 State Plane New Mexico East FIPS 3001
Projection: Transverse Mercator
False Easting: 500000.000000
False Northing: 0.000000
Central Meridian: -104.333333
Scale Factor: 0.999909
Latitude Of Origin: 31.000000
Linear Unit: Foot US

Location Map



OXY USA Inc
Misty 35 Federal #3H
APD Data

OPERATOR NAME / NUMBER: OXY USA Inc

LEASE NAME / NUMBER: Misty 35 Federal #3H

STATE: NM **COUNTY:** Eddy

SURFACE LOCATION: 350' FSL & 120' FEL, Sec 35, T18S, R30E

BOTTOM HOLE LOCATION: 550' FSL & 330' FWL, Sec. 35, T18S, R30E

C-102 PLAT APPROX GR ELEV: 3516.5' **EST KB ELEV:** 3540.5' (24' KB)

1. **GEOLOGIC NAME OF SURFACE FORMATION**
 - a. Permian
2. **ESTIMATED TOPS OF GEOLOGICAL MARKERS & DEPTHS OF ANTICIPATED FRESH WATER, OIL OR GAS**

Formation Tops	TV Depth Top	Expected Fluid
T. Rustler	445	--
T. Salado	665	--
T. Tansill (B. Salt)	1960	--
T. Yates	2090	--
T. Seven Rivers	2645	--
T. Queen	3095	--
T. Delaware	4480	Oil/Gas
T. 1st Bone Spring Lime	6025	Oil/Gas
T. 1st Bone Spring Sand	7650	Oil/Gas
T. 2nd Bone Spring Lime	7915	Oil/Gas
T. 2nd Bone Spring Sand	8470	Oil/Gas
Target 2nd Bone Spring Sand	8641	Oil/Gas

Fresh water may be encountered above the Rustler formation. Surface casing will be set below the top of the Rustler to protect it.

GREATEST PROJECTED TD 13162' MD/ 8641' TVD **OBJECTIVE:** 2nd Bone Spring Sand

3. CASING PROGRAM (ALL NEW CASING)

Surface Casing: 13.375" casing set at ± 480' MD/480' TVD in a 17.5" hole filled with 8.90 ppg mud

Interval	Length	Wt	Gr	Cplg	Coll Rating (psi)	Burst Rating (psi)	Jt Str (M-lbs)	ID (in)	Drift (in)	SF Coll	SF Burst	SF Ten
0' - 480' ^{525'}	480'	48	H-40	ST&C	770	1730	322	12.715	12.557	3.46	1.42	12.05

Intermediate Casing: 9.625" casing set at 3600' MD / 3600' TVD in a 12.25" hole filled with 10 ppg mud

See COA

Interval	Length	Wt	Gr	Cplg	Coll Rating (psi)	Burst Rating (psi)	Jt Str (M-lbs)	ID (in)	Drift (in)	SF Coll	SF Burst	SF Ten
0' - 3600' ^{3725'}	3600'	36	J-55	LT&C	2570	3950	520	8.84	8.75	1.37	1.32	3.71

Production Casing: 5.5" casing set at ± 13162' MD / 8641' TVD in a 8.75" hole filled with 9.20 ppg mud

Interval	Length	Wt	Gr	Cplg	Coll Rating (psi)	Burst Rating (psi)	Jt Str (M-lbs)	ID (in)	Drift (in)	SF Coll	SF Burst	SF Ten
0' - 13162'	13162'	17	L-80	LT&C	6290	7740	338	4.892	4.767	1.52	2.36	1.73

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

4. CEMENT PROGRAM:

Surface Interval

Interval	Amount sx	Ft of Fill	Type	Gal/Sk	PPG	Ft ³ /sk	24 Hr Comp
Surface (TOC: 0' - 480')							
Lead: 0' - 353' (165% Excess)	380	353	Premium Plus cement with 2% Calcium Chloride, 4% Bentonite, 0.125 lbm/sl Poly-E-Flake	9.18	13.5	1.75	589 psi
Tail: 353' - 480' (165 % Excess)	200	127	Premium Plus cement with 94 lbm/sk Premium Plus Cement, 2% Calcium Chloride	6.39	14.80	1.35	1608 psi

Intermediate Interval

Interval	Amount sx	Ft of Fill	Type	Gal/Sk	PPG	Ft ³ /sk	24 Hr Comp
Intermediate (TOC: 0' - 3600')							
Lead: 0' - 3210' (105% Excess)	1040	3210'	Light Premium Plus Cement, with 5% Salt, 3lb-sk Kol Seal, 0.125 lb/sk Poly-E-Flake	9.68	12.9	1.87	840 psi
Tail: 3210' - 3600' (105 % Excess)	200	390'	Premium Plus cement with 1% Calcium Chloride	6.36	14.80	1.34	2125 psi

Production Interval

Interval	Amou nt sx	Ft of Fill	Type	Gal/Sk	PPG	Ft ³ /sk	24 Hr Comp
Production (TOC: 3100' - 13162') Single Stage							
Lead: 3100' - 7900' (100% Excess)	1020	4800'	Premium Cement, 14.8 lb/sk Silicalite 50/50 Blend, 16 lb/sk Scotchlite HGS-6000, 2 lb/sk Kol-Seal, 0.5 lb/sk CFR-3, 0.15 lb/sk WG-17, 1 lb/sk Cal-Seal 60, 1.5 lb/sk Salt.	9.79	10.80	2.39	520 psi
Tail: 7900' - 13162' (50% Excess)	1100	5262'	Super H Cement, 3 lbm/sk Kol-Seal, 3 lbm/sk Salt, 0.125 lbm/sk Poly-E-Flake, 0.2 % and HR-601, & 0.5% Halad-344, 0.4% CFR 3.	8.40	13.2	1.66	1750 psi

Cement Additives: *Bentonite (light weight additive), Calcium Chloride (accelerator), Halad-344 (low fluid loss control), HR-601 (retarder), Kol-Seal (lost circulation additive), Salt (salt), Poly-E-Flake (lost circulation additive), Silicalite (Additive Material), CFR-3 (Dispersant), Schotchlite HGS 6000 (Light Weight Additive), WG-17 (Gelling Agent), Cal-Seal 60 (Accelerator)

5. DIRECTIONAL PLAN

Please see attached directional plan

6. PRESSURE CONTROL EQUIPMENT

Surface: ~~0 - 480'~~^{525'} None.

Intermediate: ~~0 - 3600'~~^{3725'} Intermediate hole will be drilled with a 13-5/8" 10M three ram stack w/ 5M annular preventer, & 5M Choke Manifold.

Production: ~~0 - 13162'~~ Production hole will be drilled with a 13-5/8" 10M three ram stack w/ 5M annular preventer, & 5M-Choke Manifold. Oxy requires this section to be drilled using a 5M stack. This is also compliant with On-shore Order #2.

Amend BOP Testing

OXY USA Inc.

Ivore 35 Fed Com #3H

Surface Location: 387' FNL & 387' FEL, Sec 35, T18S, R30E

County: Eddy, NM

6. PRESSURE CONTROL EQUIPMENT

Surface: ^{525'}0 - ~~515'~~ None.

Intermediate and Production: ^{3725'}3600' MD/TVD - 12709' MD / 8450' TVD

Intermediate and Production hole will be drilled with a 13-5/8" 10M three ram stack with a 5M annular preventer and a 5M Choke Manifold.

- See 302*
- a. All BOP's and associated equipment will be tested in accordance with Onshore Order #2 (250/5000 psi on rams for 10 minutes each and 250/3500 for 10 minutes for annular preventer, equal to 70% of working pressure) with a third party BOP testing service before drilling out the surface casing shoe. A multibowl wellhead system will be used in this well therefore the BOPE test will cover the test requirements for the Intermediate and Production sections
 - b. The Surface and Intermediate casings strings will be tested to 70% of their burst rating for 30 minutes. This will also test the seals of the lock down pins that hold the pack-off in place in the multibowl wellhead system
 - c. Pipe rams will be function tested every 24 hours and blind rams will be tested 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 accommodated on the drilling spool below the ram-type BOP.
 - d. The BOPE test will be repeated after 21 days of the original test, on the first trip, if drilling the intermediate or production section takes more time than planned
 - e. Other accessory BOP equipment will include a Kelly cock, floor safety valve, choke lines, and choke manifold having a 5000 psi working pressure rating and tested to 5000 psi
 - f. The Operator also requests a variance to connect the BOP choke outlet to the choke manifold using a co-flex hose manufactured by Contitech Rubber Industrial KFT. It is a 3" ID x 35' flexible hose with a 10,000 psi working pressure. It has been tested to 15,000 psi and is built to API Spec 16C. Once the flex line is installed it will be tied down with safety clamps (certifications attached)
 - g. BOP & Choke manifold diagrams attached

- See COA*
- a. All BOP's and associated equipment will be tested in accordance with Onshore Order #2 (250/5000 psi on rams for 10 minutes each and 250/3500 for 10 minutes for annular preventer, equal to 70% of working pressure) with a third party BOP testing service before drilling out the 13-3/8" casing shoe. Wellhead pressure rating will support this test and 13-3/8" casing will be protected from high pressure. Since the wellhead system is a multibowl design, this initial test will cover the requirements prior to drilling out the 9-5/8" casing shoe.
 - b. 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 accommodated on 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. Oxy requests that the system be tested at 5,000 psi.
 - c. Oxy also requests a variance to connect the BOP choke outlet to the choke manifold using a co-flex hose made by Contitech Rubber Industrial KFT. It is a 3" ID x 35' flexible hose rated to 10,000 psi working pressure. It has been tested to 15,000 psi and is built to API Spec 16C. *See COA* Once the flex line is installed it will be tied down with safety clamps. Please see attached certifications.
 - d. See attached BOP & Choke manifold diagrams.
 - e.

7. MUD PROGRAM:

See COA

Depth	Mud Wt ppg	Vis Sec	Fluid Loss	Type System
0 - 480' 525'	8.4 - 8.9	32 - 34	NC	Fresh Water /Spud Mud
480' - 3600' 3125'	9.8 - 10.0	28 - 29	NC	Brine Water
3600' - 8000'	8.6 - 8.8	28 - 29	NC	Fresh Water
8000' - TD'	9.0 - 9.2	40 - 50	8 - 15	Salt Gel/Duo Vis

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

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

8. AUXILIARY WELL CONTROL AND MONITORING EQUIPMENT

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

9. LOGGING / CORING AND TESTING PROGRAM:

See COA

- A. Mud Logger: Base of Intermediate Casing to TD.
- B. DST's: None.
- C. Open Hole Logs as follows: GR-NEU-DEN-RES from KOP to Int Casing shoe. GR-NEU from KOP to surface. MWD-GR from kick-off point to TD.

10. POTENTIAL HAZARDS:

See COA

- A. H2S detection equipment will be in operation after drilling out the surface casing shoe until the production casing has been cemented. Breathing equipment will be on location from drilling out the surface shoe until production casing is cemented. If H2S is encountered the operator will comply with Onshore Order #6.
- B. The bottomhole pressure is anticipated to be between **4000 psi and 4100 psi**.
- C. No abnormal temperatures or pressures are anticipated. **The highest anticipated pressure gradient is 0.47 psi/ft.** All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Adequate flare lines will be installed off the mud/gas separator where gas may be flared safely.

11. ANTICIPATED STARTING DATE AND DURATION OF OPERATIONS

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

12. COMPANY PERSONNEL:

<u>Name</u>	<u>Title</u>	<u>Office Phone</u>	<u>Mobile Phone</u>
Carlos Mercado	Drilling Engineer	713-366-5418	281-455-3481
Sebastian Millan	Drilling Engineer Supervisor	713-350-4950	832-528-3268
Roger Allen	Drilling Superintendent	713-215-7617	281-682-3919
Douglas Chester	Drilling Manager	713-366-9124	713-918-9124



Weatherford®

Drilling Services

Proposal



OCCIDENTAL PERMIAN LTD.

MISTY 35 FED #3H

EDDY CO., NEW MEXICO

WELL FILE: **PLAN 2**

OCTOBER 26, 2012

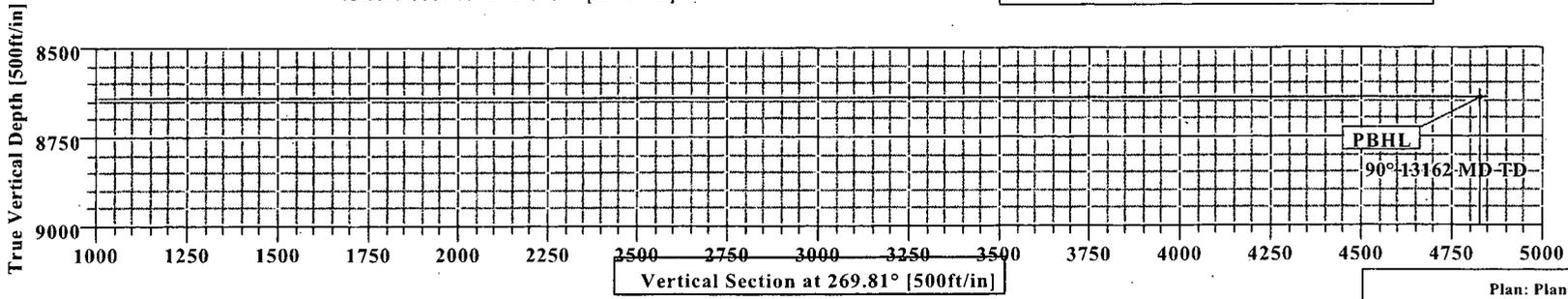
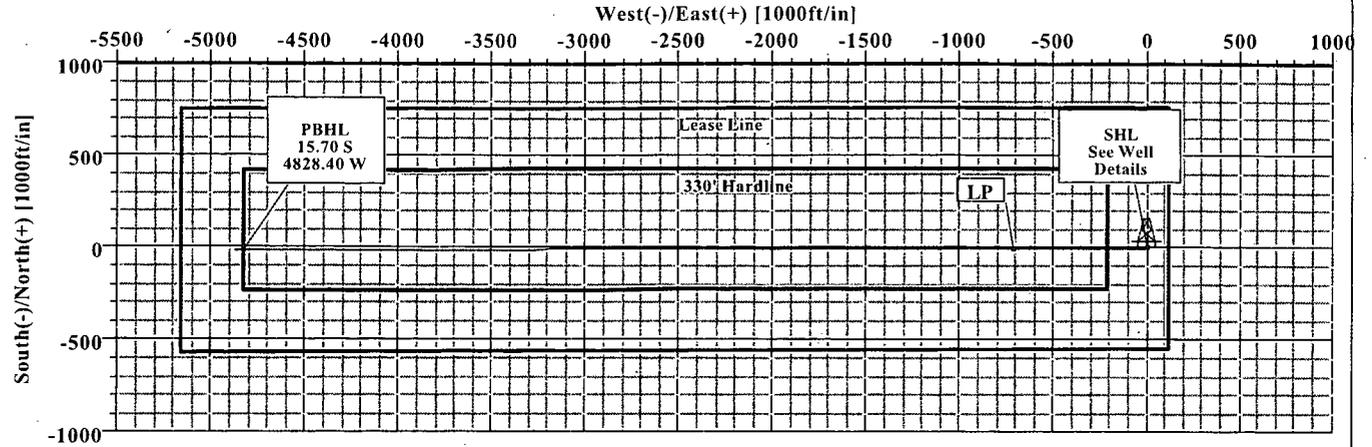
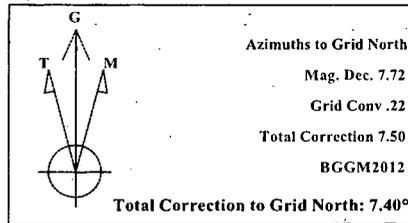
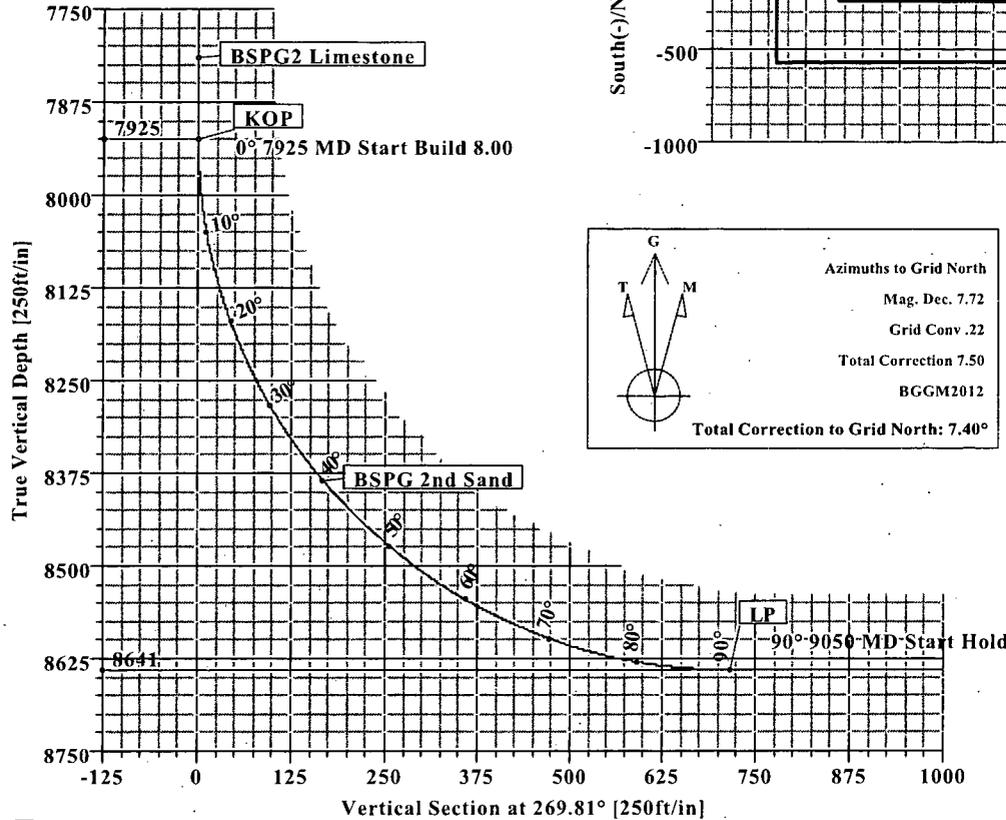
Weatherford International, Ltd.

P.O. Box 61028
Midland, TX 79711 USA
+1.432.561.8892 Main
+1.432.561.8895 Fax
www.weatherford.com



Misty 35 Fed #3H
Eddy Co, New Mexico

KB ELEV: 3541.5
GL ELEV: 3516.5



SECTION DETAILS										
Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Target
1	0.00	0.00	269.81	0.00	0.00	0.00	0.00	0.00	0.00	
2	7924.80	0.00	269.81	7924.80	0.00	0.00	0.00	0.00	0.00	
3	9049.80	-90.00	269.81	8641.00	-2.33	-716.19	8.00	269.81	716.20	
4	13161.93	90.00	269.81	8641.00	-15.70	-4828.30	0.00	0.00	4828.33	PBHL

WELL DETAILS								
Name	+N/-S	+E/-W	Northing	Easting	Latitude	Longitude	Slot	
Misty 35 Fed #3H	0.00	0.00	617893.30	622858.00	32°41'52.984N	103°56'02.244W	N/A	

TARGET DETAILS						
Name	TVD	+N/-S	+E/-W	Northing	Easting	Shape
PBHL	8641.00	-15.70	-4828.30	617877.60	618029.70	Point

FIELD DETAILS
Eddy Co, NM (Nad 27)

Geodetic System: US State Plane Coordinate System 1927
Ellipsoid: NAD27 (Clarke 1866)
Zone: New Mexico, Eastern Zone
Magnetic Model: IGRF2010

System Datum: Mean Sea Level
Local North: Grid North

SITE DETAILS
Misty 35 Fed #3H

Site Centre Northing: 617893.30
Easting: 622858.00

Ground Level: 3516.50
Positional Uncertainty: 0.00
Convergence: 0.22



LEGEND	
	Existing Misty Federal #2 (1)
	Plan #2

Plan: Plan #2 (Misty 35 Fed #3H/1)
Created By: Patrick Rudolph
Date: 10/26/2012



Weatherford International Ltd.

WFT Plan Report - X & Y's



Weatherford

Company: Occidental Permian Ltd.	Date: 10/26/2012	Time: 07:38:09	Page: 1
Field: Eddy Co, NM (Nad 27)	Co-ordinate(NE) Reference: Well: Misty 35 Fed #3H, Grid North		
Site: Misty 35 Fed #3H	Vertical (TVD) Reference: SITE 3541.5		
Well: Misty 35 Fed #3H	Section (VS) Reference: Well (0.00N,0.00E,269.81Azi)		
Wellpath: 1	Survey Calculation Method: Minimum Curvature	Db: Sybase	

Plan: Plan #2	Date Composed: 10/26/2012
Principal: Yes	Version: 1
	Tied-to: From Surface

Site: Misty 35 Fed #3H

Site Position:	Northing: 617893.30 ft	Latitude: 32 41 52.984 N
From: Map	Easting: 622858.00 ft	Longitude: 103 56 2.244 W
Position Uncertainty: 0.00 ft		North Reference: Grid
Ground Level: 3516.50 ft		Grid Convergence: 0.22 deg

Well: Misty 35 Fed #3H	Slot Name:
Well Position: +N/-S 0.00 ft	Northing: 617893.30 ft
+E/-W 0.00 ft	Easting: 622858.00 ft
Position Uncertainty: 0.00 ft	Latitude: 32 41 52.984 N
	Longitude: 103 56 2.244 W

Wellpath: 1	Drilled From: Surface
Current Datum: SITE	Tie-on Depth: 0.00 ft
Magnetic Data: 12/1/2012	Above System Datum: Mean Sea Level
Field Strength: 48741 nT	Declination: 7.61 deg
Vertical Section: Depth From (TVD)	Mag Dip Angle: 60.53 deg
ft	ft
+N/-S	Direction
ft	deg
8641.00	0.00
0.00	0.00
	269.81

Plan Section Information

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg	Target
0.00	0.00	269.81	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
7924.80	0.00	269.81	7924.80	0.00	0.00	0.00	0.00	0.00	0.00	
9049.80	90.00	269.81	8641.00	-2.33	-716.19	8.00	8.00	0.00	269.81	
13161.93	90.00	269.81	8641.00	-15.70	-4828.30	0.00	0.00	0.00	0.00	PBHL

Survey

MD ft	Incl deg	Azim deg	TVD ft	N/S ft	E/W ft	VS ft	DLS deg/100ft	MapN ft	MapE ft	Comment
7900.00	0.00	269.81	7900.00	0.00	0.00	0.00	0.00	617893.30	622858.00	
7924.80	0.00	269.81	7924.80	0.00	0.00	0.00	0.00	617893.30	622858.00	KOP
7950.00	2.02	269.81	7949.99	0.00	-0.44	0.44	8.00	617893.30	622857.56	
8000.00	6.02	269.81	7999.86	-0.01	-3.94	3.94	8.00	617893.29	622854.06	
8050.00	10.02	269.81	8049.36	-0.04	-10.91	10.91	8.00	617893.26	622847.09	
8100.00	14.02	269.81	8098.26	-0.07	-21.32	21.32	8.00	617893.23	622836.68	
8150.00	18.02	269.81	8146.31	-0.11	-35.11	35.11	8.00	617893.19	622822.89	
8200.00	22.02	269.81	8193.28	-0.17	-52.22	52.22	8.00	617893.13	622805.78	
8250.00	26.02	269.81	8238.94	-0.24	-72.57	72.57	8.00	617893.06	622785.43	
8300.00	30.02	269.81	8283.07	-0.31	-96.05	96.05	8.00	617892.99	622761.95	
8350.00	34.02	269.81	8325.46	-0.40	-122.55	122.55	8.00	617892.90	622735.45	
8400.00	38.02	269.81	8365.89	-0.49	-151.95	151.95	8.00	617892.81	622706.05	
8424.59	39.98	269.81	8385.00	-0.54	-167.42	167.42	8.00	617892.76	622690.58	BSPG 2nd Sand
8450.00	42.02	269.81	8404.18	-0.60	-184.09	184.09	8.00	617892.70	622673.91	
8500.00	46.02	269.81	8440.13	-0.71	-218.83	218.83	8.00	617892.59	622639.17	
8550.00	50.02	269.81	8473.57	-0.83	-255.98	255.99	8.00	617892.47	622602.02	
8600.00	54.02	269.81	8504.33	-0.96	-295.39	295.39	8.00	617892.34	622562.61	
8650.00	58.02	269.81	8532.28	-1.10	-336.84	336.84	8.00	617892.20	622521.16	
8700.00	62.02	269.81	8557.26	-1.24	-380.14	380.14	8.00	617892.06	622477.86	
8750.00	66.02	269.81	8579.16	-1.38	-425.07	425.07	8.00	617891.92	622432.93	
8800.00	70.02	269.81	8597.88	-1.53	-471.43	471.43	8.00	617891.77	622386.57	
8850.00	74.02	269.81	8613.31	-1.69	-518.97	518.98	8.00	617891.61	622339.03	
8900.00	78.02	269.81	8625.39	-1.85	-567.48	567.48	8.00	617891.45	622290.52	



Weatherford International Ltd.

WFT Plan Report - X & Y's



Weatherford

Company: Occidental Permian Ltd. Field: Eddy Co, NM (Nad 27) Site: Misty 35 Fed #3H Well: Misty 35 Fed #3H Wellpath: 1	Date: 10/26/2012 Time: 07:38:09 Page: 2 Co-ordinate(NE) Reference: Well: Misty 35 Fed #3H, Grid North Vertical (TVD) Reference: SITE 3541.5 Section (VS) Reference: Well (0.00N,0.00E,269.81Azi) Survey Calculation Method: Minimum Curvature Db: Sybase
---	--

Survey

MD ft	Incl deg	Azim deg	TVD ft	N/S ft	E/W ft	VS ft	DLS deg/100ft	MapN ft	MapE ft	Comment
8950.00	82.02	269.81	8634.06	-2.01	-616.71	616.72	8.00	617891.29	622241.29	
9000.00	86.02	269.81	8639.27	-2.17	-666.43	666.43	8.00	617891.13	622191.57	
9049.80	90.00	269.81	8641.00	-2.33	-716.19	716.20	8.00	617890.97	622141.81	LP
9100.00	90.00	269.81	8641.00	-2.49	-766.39	766.39	0.00	617890.81	622091.61	
9200.00	90.00	269.81	8641.00	-2.82	-866.39	866.39	0.00	617890.48	621991.61	
9300.00	90.00	269.81	8641.00	-3.14	-966.39	966.39	0.00	617890.16	621891.61	
9400.00	90.00	269.81	8641.00	-3.47	-1066.39	1066.39	0.00	617889.83	621791.61	
9500.00	90.00	269.81	8641.00	-3.79	-1166.39	1166.39	0.00	617889.51	621691.61	
9600.00	90.00	269.81	8641.00	-4.12	-1266.39	1266.39	0.00	617889.18	621591.61	
9700.00	90.00	269.81	8641.00	-4.44	-1366.39	1366.39	0.00	617888.86	621491.61	
9800.00	90.00	269.81	8641.00	-4.77	-1466.39	1466.39	0.00	617888.53	621391.61	
9900.00	90.00	269.81	8641.00	-5.09	-1566.39	1566.39	0.00	617888.21	621291.61	
10000.00	90.00	269.81	8641.00	-5.42	-1666.39	1666.39	0.00	617887.88	621191.61	
10100.00	90.00	269.81	8641.00	-5.74	-1766.39	1766.39	0.00	617887.56	621091.61	
10200.00	90.00	269.81	8641.00	-6.07	-1866.38	1866.39	0.00	617887.23	620991.62	
10300.00	90.00	269.81	8641.00	-6.39	-1966.38	1966.39	0.00	617886.91	620891.62	
10400.00	90.00	269.81	8641.00	-6.72	-2066.38	2066.39	0.00	617886.58	620791.62	
10500.00	90.00	269.81	8641.00	-7.04	-2166.38	2166.39	0.00	617886.26	620691.62	
10600.00	90.00	269.81	8641.00	-7.37	-2266.38	2266.39	0.00	617885.93	620591.62	
10700.00	90.00	269.81	8641.00	-7.69	-2366.38	2366.39	0.00	617885.61	620491.62	
10800.00	90.00	269.81	8641.00	-8.02	-2466.38	2466.39	0.00	617885.28	620391.62	
10900.00	90.00	269.81	8641.00	-8.35	-2566.38	2566.39	0.00	617884.95	620291.62	
11000.00	90.00	269.81	8641.00	-8.67	-2666.38	2666.39	0.00	617884.63	620191.62	
11100.00	90.00	269.81	8641.00	-9.00	-2766.38	2766.39	0.00	617884.30	620091.62	
11200.00	90.00	269.81	8641.00	-9.32	-2866.38	2866.39	0.00	617883.98	619991.62	
11300.00	90.00	269.81	8641.00	-9.65	-2966.38	2966.39	0.00	617883.65	619891.62	
11400.00	90.00	269.81	8641.00	-9.97	-3066.38	3066.39	0.00	617883.33	619791.62	
11500.00	90.00	269.81	8641.00	-10.30	-3166.38	3166.39	0.00	617883.00	619691.62	
11600.00	90.00	269.81	8641.00	-10.62	-3266.38	3266.39	0.00	617882.68	619591.62	
11700.00	90.00	269.81	8641.00	-10.95	-3366.38	3366.39	0.00	617882.35	619491.62	
11800.00	90.00	269.81	8641.00	-11.27	-3466.38	3466.39	0.00	617882.03	619391.62	
11900.00	90.00	269.81	8641.00	-11.60	-3566.38	3566.39	0.00	617881.70	619291.62	
12000.00	90.00	269.81	8641.00	-11.92	-3666.38	3666.39	0.00	617881.38	619191.62	
12100.00	90.00	269.81	8641.00	-12.25	-3766.37	3766.39	0.00	617881.05	619091.63	
12200.00	90.00	269.81	8641.00	-12.57	-3866.37	3866.39	0.00	617880.73	618991.63	
12300.00	90.00	269.81	8641.00	-12.90	-3966.37	3966.39	0.00	617880.40	618891.63	
12400.00	90.00	269.81	8641.00	-13.22	-4066.37	4066.39	0.00	617880.08	618791.63	
12500.00	90.00	269.81	8641.00	-13.55	-4166.37	4166.39	0.00	617879.75	618691.63	
12600.00	90.00	269.81	8641.00	-13.87	-4266.37	4266.39	0.00	617879.43	618591.63	
12700.00	90.00	269.81	8641.00	-14.20	-4366.37	4366.39	0.00	617879.10	618491.63	
12800.00	90.00	269.81	8641.00	-14.52	-4466.37	4466.39	0.00	617878.78	618391.63	
12900.00	90.00	269.81	8641.00	-14.85	-4566.37	4566.39	0.00	617878.45	618291.63	
13000.00	90.00	269.81	8641.00	-15.17	-4666.37	4666.39	0.00	617878.13	618191.63	
13100.00	90.00	269.81	8641.00	-15.50	-4766.37	4766.39	0.00	617877.80	618091.63	
13161.93	90.00	269.81	8641.00	-15.70	-4828.30	4828.33	0.00	617877.60	618029.70	PBHL

Targets

Name	Description Dip.	TVD Dir.	+N/-S ft	+E/-W ft	Map Northing ft	Map Easting ft	←← Latitude →→			←← Longitude →→				
							Deg	Min	Sec	Deg	Min	Sec		
PBHL		8641.00	-15.70	-4828.30	617877.60	618029.70	32	41	53.005	N	103	56	58.747	W



Weatherford International Ltd.

WFT Plan Report - X & Y's



Weatherford

Company: Occidental Permian Ltd. Field: Eddy Co, NM (Nad 27) Site: Misty 35 Fed #3H Well: Misty 35 Fed #3H Wellpath: 1	Date: 10/26/2012 Time: 07:38:09 Page: 3 Co-ordinate(NE) Reference: Well: Misty 35 Fed #3H, Grid North Vertical (TVD) Reference: SITE 3541.5 Section (VS) Reference: Well (0.00N,0.00E,269.81Azi) Survey Calculation Method: Minimum Curvature Db: Sybase
---	--

Casing Points

MD ft	TVD ft	Diameter in	Hole Size in	Name
475.00	475.00	0.000	0.000	Csg
1950.00	1950.00	0.000	0.000	Csg

Annotation

MD ft	TVD ft	Name
7924.80	7924.80	KOP
9049.80	8641.00	LP
13161.93	8641.00	PBHL

Formations

MD ft	TVD ft	Formations	Lithology	Dip Angle deg	Dip Direction deg
7815.00	7815.00	BSPG2 Limestone		0.00	0.00
8424.59	8385.00	BSPG 2nd Sand		0.00	0.00



Weatherford

Weatherford Drilling Services

GeoDec v5.03

Report Date: October 25, 2012
 Job Number: _____
 Customer: Oxy
 Well Name: Misty 35 Fed #3H
 API Number: _____
 Rig Name: _____
 Location: Eddy Co, NM
 Block: _____
 Engineer: Patrick Rudolph

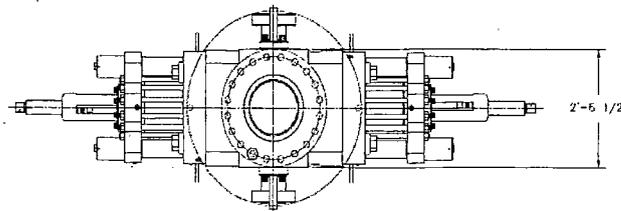
US State Plane 1927	Geodetic Latitude / Longitude
System: New Mexico East 3001 (NON-EXACT)	System: Latitude / Longitude
Projection: SPC27 Transverse Mercator	Projection: Geodetic Latitude and Longitude
Datum: NAD 1927 (NADCON CONUS)	Datum: NAD 1927 (NADCON CONUS)
Ellipsoid: Clarke 1866	Ellipsoid: Clarke 1866
North/South 617893.300 USFT	Latitude 32.6980510 DEG
East/West 622858.000 USFT	Longitude -103.9339565 DEG
Grid Convergence: .22°	
Total Correction: +7.50°	

Geodetic Location WGS84 Elevation = 0.0 Meters
 Latitude = 32.69805° N 32° 41 min 52.984 sec
 Longitude = 103.93396° W 103° 56 min 2.244 sec

Magnetic Declination =	7.72°	[True North Offset]	
Local Gravity =	.9988 g	Checksum =	6656
Local Field Strength =	48725 nT	Magnetic Vector X =	23783 nT
Magnetic Dip =	60.49°	Magnetic Vector Y =	3223 nT
Magnetic Model =	bggm2012	Magnetic Vector Z =	42404 nT
Spud Date =	Dec 01, 2012	Magnetic Vector H =	24000 nT

Signed: _____

Date: _____



LEGEND

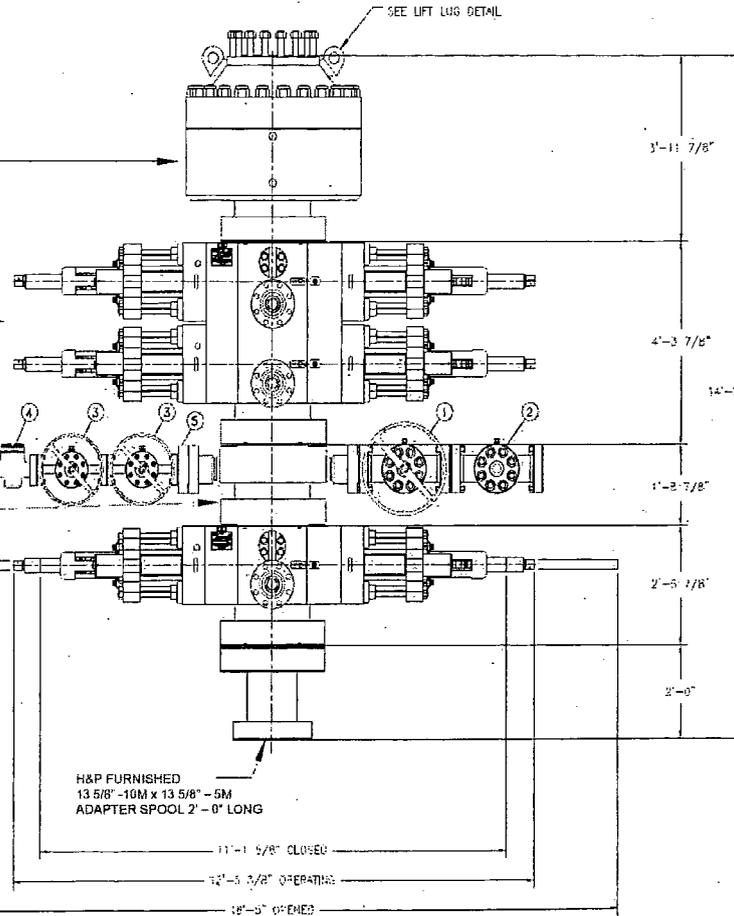
- ① - 4 1/16" - 10M FLANGED END GATE VALVE
- ② - 4 1/16" - 10M FLANGED END GATE VALVE WITH DOUBLE ACTING HYDRAULIC ACTUATOR
- ③ - 2 1/16" - 10M FLANGED END GATE VALVE
- ④ - 2 1/16" - 10M FLANGED END CHECK VALVE
- ⑤ - DOUBLE STUDDED ADAPTER

SHAFFER BOLTED-COVER SPHERICAL ANNULAR PREVENTER (API 16A MONOGRAMMED, 13 5/8" - 5M WP), 10M BOTTOM FLANGE x 5M STUDDED TOP (WEIGHT = 14,200 LBS WITH SHAFFER API 16A HOT OIL RESISTANT ACRYLONITRILE ELEMENT)

CAMERON UM DOUBLE RAM-TYPE PREVENTER (API 16A MONOGRAMMED, 13 5/8" - 10M WP), WITH 5" CAMERON PIPE RAMS (CAMRAM FRONT PACKERS & TOP SEALS IN TOP CAVITY AND CAMERON OS SHEARING BLIND RAMS IN BOTTOM CAVITY. BOTTOM FLANGE x STUDDED TOP (WEIGHT = 21,100 LBS. WITH RAMS)

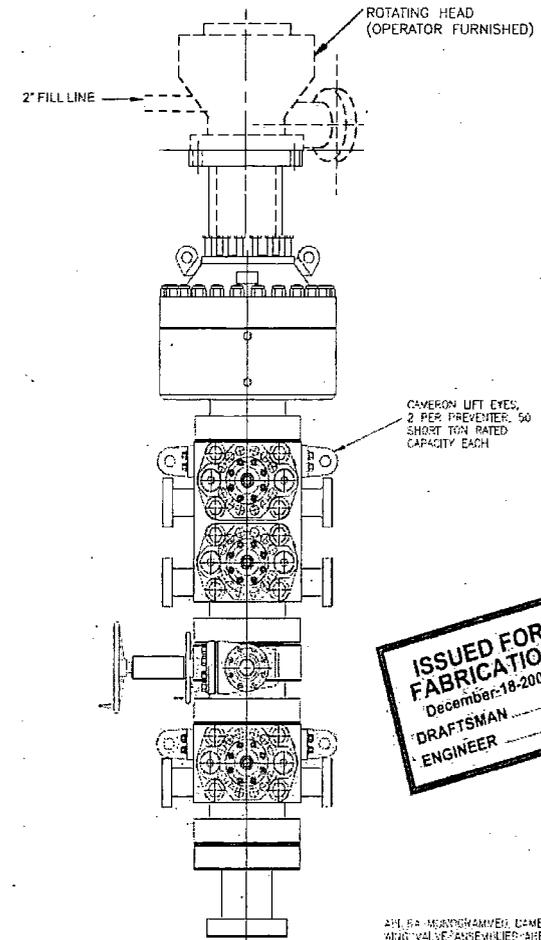
13 5/8" - 10M WP CAMERON RAMMER SPOOL (API 16A MONOGRAMMED), STUDDED TOP x FLANGED BOTTOM WITH 4 1/16" - 10M WP FLANGED OUTLETS (WEIGHT APPROXIMATELY 6,000 LBS)

CAMERON UM SINGLE RAM-TYPE PREVENTER (API 16A MONOGRAMMED, 13 5/8" - 10M WP), WITH 3" CAMERON PIPE RAMS (CAMRAM FRONT PACKERS & TOP SEALS) BOTTOM FLANGE x STUDDED TOP (WEIGHT = 10,000 LBS)



H&P FURNISHED
13 5/8" - 10M x 13 5/8" - 5M
ADAPTER SPOOL 2' - 0" LONG

**13 5/8 - 10M BOP STACK
WITH 13 5/8 - 5M ANNULAR**



ISSUED FOR FABRICATION
December 18-2007
DRAFTSMAN
ENGINEER

API 16A MONOGRAMMED CAMERON CHUCK AND H&P WING VALVE ASSEMBLIES ARE NOT SHOWN FOR CLARITY
WEIGHTS DO NOT INCLUDE HOSES, ADAPTERS, SPOOLS OR OTHER CONNECT FITTINGS

PROPRIETARY
THIS DRAWING AND THE DATA AND INFORMATION INCLUDED IS THE PROPERTY OF HELMERICH & PAYNE INTERNATIONAL DRILLING CO. IT IS TO BE KEPT CONFIDENTIAL AND NOT TO BE REPRODUCED, COPIED, EITHER WHOLLY OR IN PART, WITHOUT THE PRIOR WRITTEN CONSENT OF HELMERICH & PAYNE INTERNATIONAL DRILLING CO.

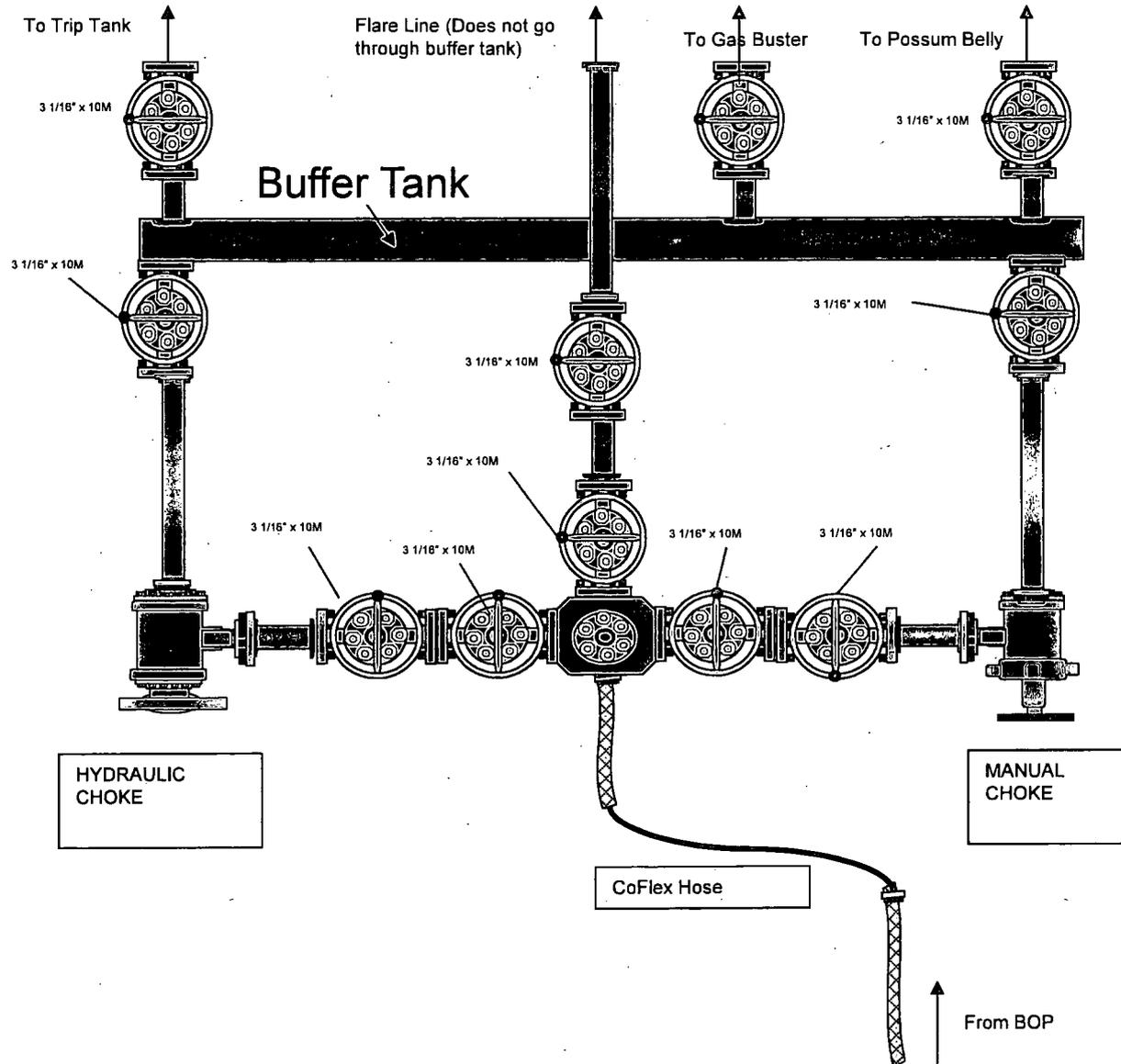
REV	DATE	DESCRIPTION	BY
1	12/18/07	AS PER SHEET 03	JAV
2	4-15-07	REVISIONS PER API 16A BOP CODE, INDENTED 1, 2, & 3 AND W/NET FACE 2007	JRG
3	4-24-07	ADDED TO SPACER ADAPTER SPOOL	JRG
4	02-07-07	ADDED ADAPTER SPOOL	VAL
5	02-13-07	CONNECTED LOW STACK	VAL

HELMERICH & PAYNE INTERNATIONAL DRILLING CO.

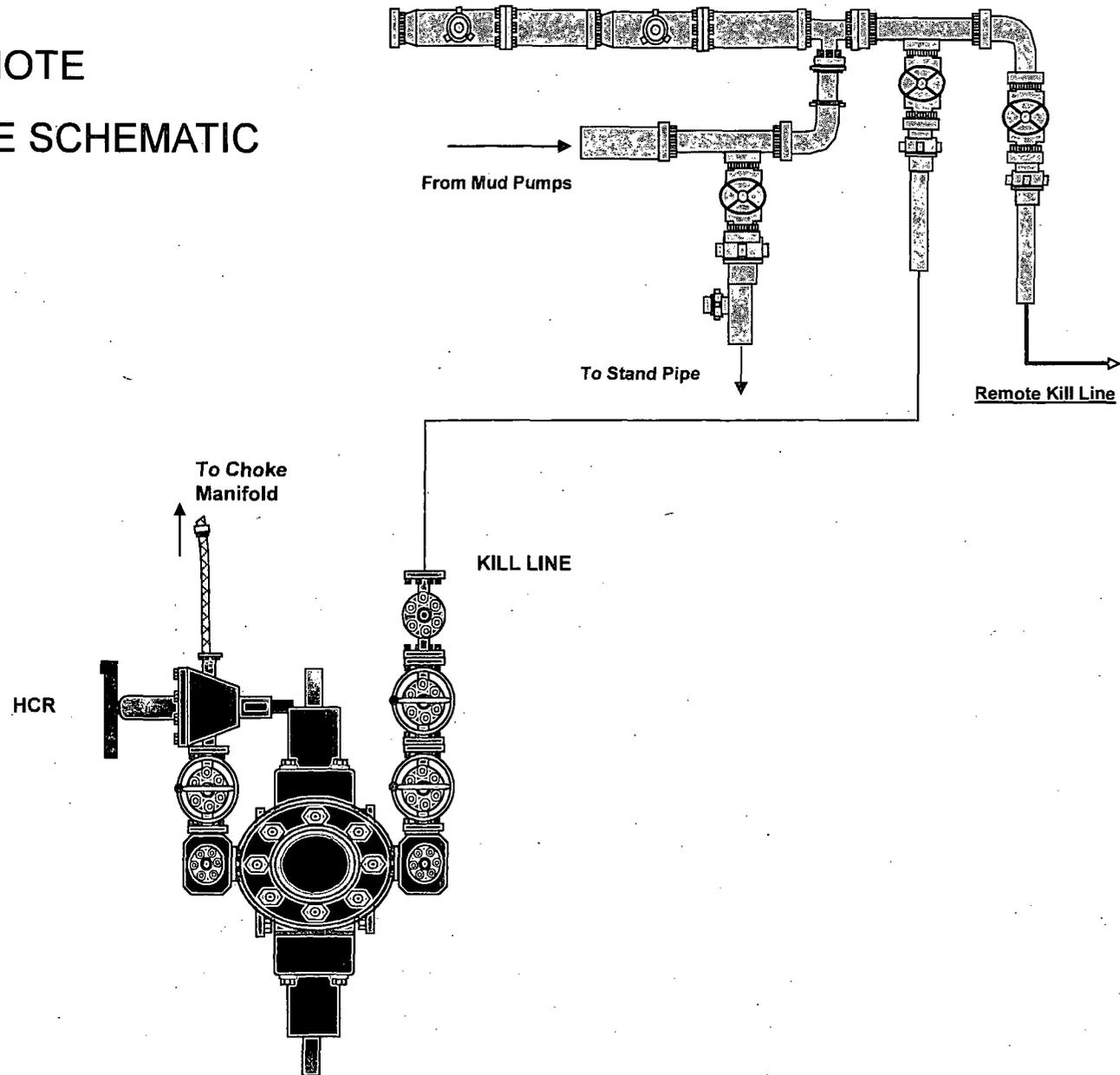
13 5/8" - 10M BOP 3 RAM STACK FLEXRIG³

ENGINEER'S APPROVAL	DATE	TITLE
CUSTOMER: H&P		
PROJECT: FLEXRIG3		
DRAWN: VTS	DATE: 02-13-07	ISSUE NO:
SCALE: 3/4" = 1'	SHEET: 1 OF 7	210-P1-07

FLEX3 STD CHOKE MANIFOLD (COMPREHENSIVE)

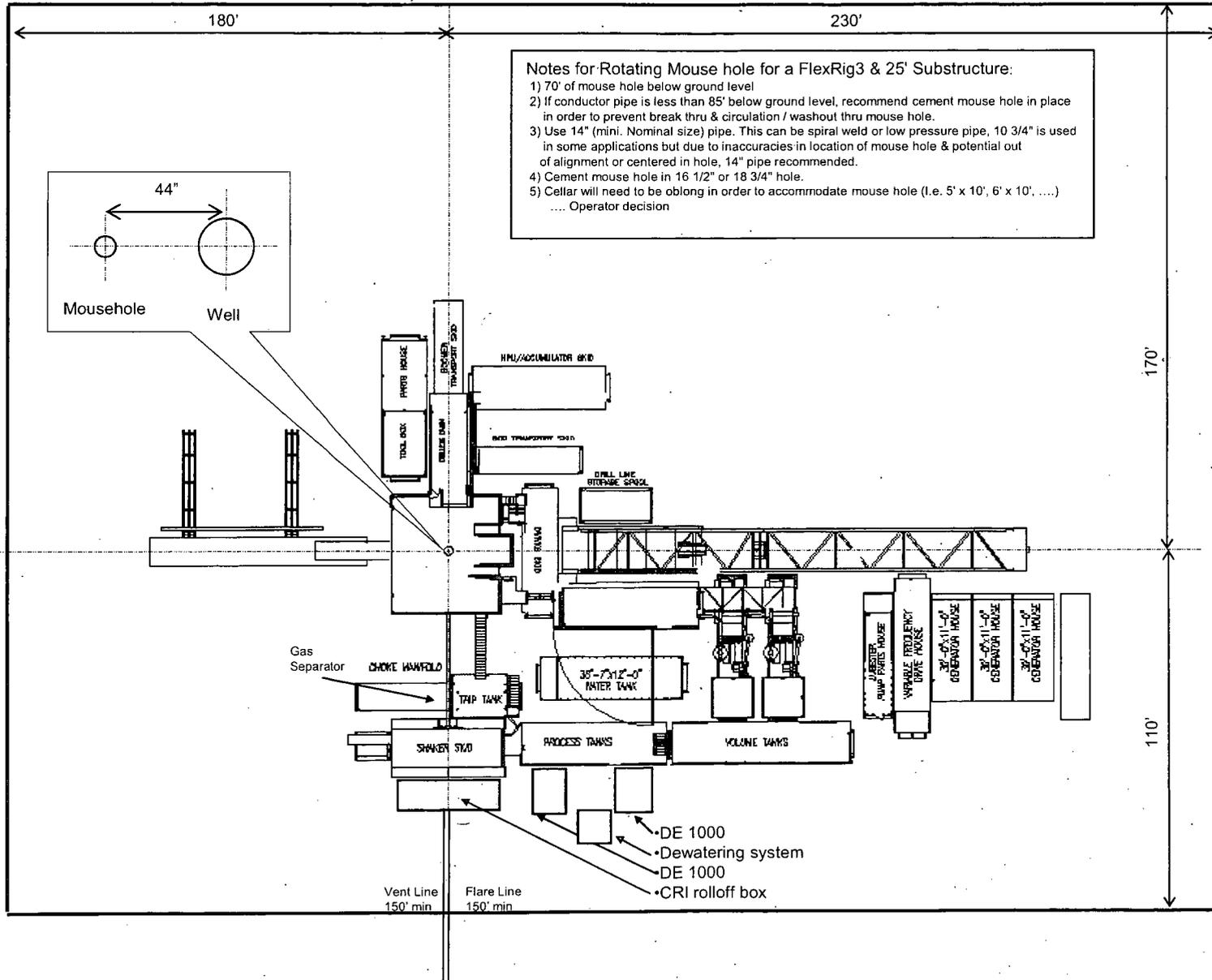


10M REMOTE KILL LINE SCHEMATIC



OXY FLEX III PAD (SCOMI Closed Loop System)

Level Area-No Caliche-For Offices and Living Quarters



100 ft

CERTIFICATE OF CONFORMITY

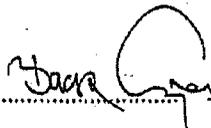
Supplier : CONTITECH RUBBER INDUSTRIAL KFT.
Equipment : 6 pcs. Choke and Kill Hose with installed couplings
Type : 3" x 10,67 m WP: 10000 psi
Supplier File Number : 412638
Date of Shipment : April. 2008
Customer : Phoenix Beattie Co.
Customer P.o. : 002491
Referenced Standards
/ Codes / Specifications : API Spec 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 fabricated inspected and tested in accordance with the referenced standards, codes and specifications and meet the relevant acceptance criteria and design requirements.

COUNTRY OF ORIGIN HUNGARY/EU

Signed :



ContiTech Rubber
Industrial Kft.
Quality Control Dept.
(1)

Date: 04. April. 2008

Position: Q.C. Manager

Coflex Hose Certification

Item No.	Part No.	Description	QTY	UNIT	PRICE	TOTAL
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44						
45						
46						
47						
48						
49						
50						
51						
52						
53						
54						
55						
56						
57						
58						
59						
60						
61						
62						
63						
64						
65						
66						
67						
68						
69						
70						
71						
72						
73						
74						
75						
76						
77						
78						
79						
80						
81						
82						
83						
84						
85						
86						
87						
88						
89						
90						
91						
92						
93						
94						
95						
96						
97						
98						
99						
100						

Back
Conti Tech Rubber
Industrial Kft.
Quality Control Dept.
(1)

Coflex Hose Certification

Form No 100/12



Phoenix Beattie Corp

11535 Brittainore Park Drive
Houston, TX 77041
Tel: (832) 327-0141
Fax: (832) 327-0148
E-mail: mail@phoenixbeattie.com
www.phoenixbeattie.com

Delivery Note

Customer Order Number	370-369-001	Delivery Note Number	003078	Page	1
Customer / Invoice Address			Delivery / Address		
HELMERICH & PAYNE INT'L DRILLING CO 1437 SOUTH BOULDER TULSA, OK 74129			HELMERICH & PAYNE IDC ATTN: JOE STEPHENSON - RIG 370 13609 INDUSTRIAL ROAD HOUSTON, TX 77015		

Customer Acc No	Phoenix Beattie Contract Manager	Phoenix Beattie Reference	Date
H01	JJL	006330	05/23/2008

Item No	Beattie Part Number / Description	Qty Ordered	Qty Sent	Qty To Follow
1	HP10CK3A-35-4F1 3" 10K 16C C&K HOSE x 35ft OAL CW 4.1/16" API SPEC FLANGE E/ End 1: 4.1/16" 10Kpsi API Spec 6A Type 6BX Flange End 2: 4.1/16" 10Kpsi API Spec 6A Type 6BX Flange c/w BX155 Standard ring groove at each end Suitable for H2S Service Working pressure: 10,000psi Test pressure: 15,000psi Standard: API 16C Full specification Armor Guarding: Included Fire Rating: Not Included Temperature rating: -20 Deg C to +100 Deg C	1	1	0
2	SECK3-HPF3 LIFTING & SAFETY EQUIPMENT TO SUIT HP10CK3-35-F1 2 x 160mm ID Safety Clamps 2 x 244mm ID Lifting Collars & element C's 2 x 7ft Stainless Steel wire rope 3/4" OD 4 x 7.75t Shackles	1	1	0
3	SC725-200CS SAFETY CLAMP 200MM 7.25T C/S GALVANISED	1	1	0

Continued...

All goods remain the property of Phoenix Beattie until paid for in full. Any damage or shortage on this delivery must be advised within 5 days. Returns may be subject to a handling charge.

Coflex Hose Certification



Fluid Technology
Quality Document

QUALITY CONTROL INSPECTION AND TEST CERTIFICATE				CERT. N°: 746
PURCHASER: Phoenix Beattie Co.			P.O. N°: 002491	
CONTITECH ORDER N°: 412638		HOSE TYPE: 3" ID Choke and Kill Hose		
HOSE SERIAL N°: 52777		NOMINAL / ACTUAL LENGTH: 10,67 m		
W.P. 68,96 MPa	10000 psi	T.P. 103,4 MPa	15000 psi	Duration: 60 ~ min.
Pressure test with water at ambient temperature <p align="center">See attachment. (1 page)</p>				
↑ 10 mm = 10 Min. → 10 mm = 25 MPa				
COUPLINGS				
Type	Serial N°	Quality	Heat N°	
3" coupling with 4 1/16" Flange end	917 913	AISI 4130	T7998A	
		AISI 4130	26984	
INFOCHIP INSTALLED			API Spec 16 C Temperature rate: "B"	
All metal parts are flawless				
WE CERTIFY THAT THE ABOVE HOSE HAS BEEN MANUFACTURED IN ACCORDANCE WITH THE TERMS OF THE ORDER AND PRESSURE TESTED AS ABOVE WITH SATISFACTORY RESULT.				
Date: 04. April. 2008	Inspector:	Quality Control <div style="text-align: center;"> ContiTech Rubber Industrial Kit Quality Control Dept. (1) </div>		

Coflex Hose Certification

Form No 100/12



Phoenix Beattie Corp
 11535 Brittonore Park Drive
 Houston, TX 77041
 Tel: (832) 327-0141
 Fax: (832) 327-0148
 E-mail: mail@phoenixbeattie.com
 www.phoenixbeattie.com

Delivery Note

Customer Order Number	370-369-001	Delivery Note Number	003078	Page	2
Customer / Invoice Address HELMERICH & PAYNE INT'L DRILLING CO 1437 SOUTH BOULDER TULSA, OK 74119		Delivery / Address HELMERICH & PAYNE IDC ATTN: JOE STEPHENSON - RIG 370 13609 INDUSTRIAL ROAD HOUSTON, TX 77015			

Customer Acc No	Phoenix Beattie Contract Manager	Phoenix Beattie Reference	Date
H01	JJL	006330	05/23/2008

Item No	Beattie Part Number / Description	Qty Ordered	Qty Sent	Qty To Follow
4	SC725-132CS SAFETY CLAMP 132MM 7.25T C/S GALVANIZED C/W BOLTS	1	1	0
5	00CERT-HYDRO HYDROSTATIC PRESSURE TEST CERTIFICATE	1	1	0
6	00CERT-LOAD LOAD TEST CERTIFICATES	1	1	0
7	00FREIGHT INBOUND / OUTBOUND FREIGHT PRE-PAY & ADD TO FINAL INVOICE NOTE: MATERIAL MUST BE ACCOMPANIED BY PAPERWORK INCLUDING THE PURCHASE ORDER, RIG NUMBER TO ENSURE PROPER PAYMENT	1	1	0

Phoenix Beattie Inspection Signature :

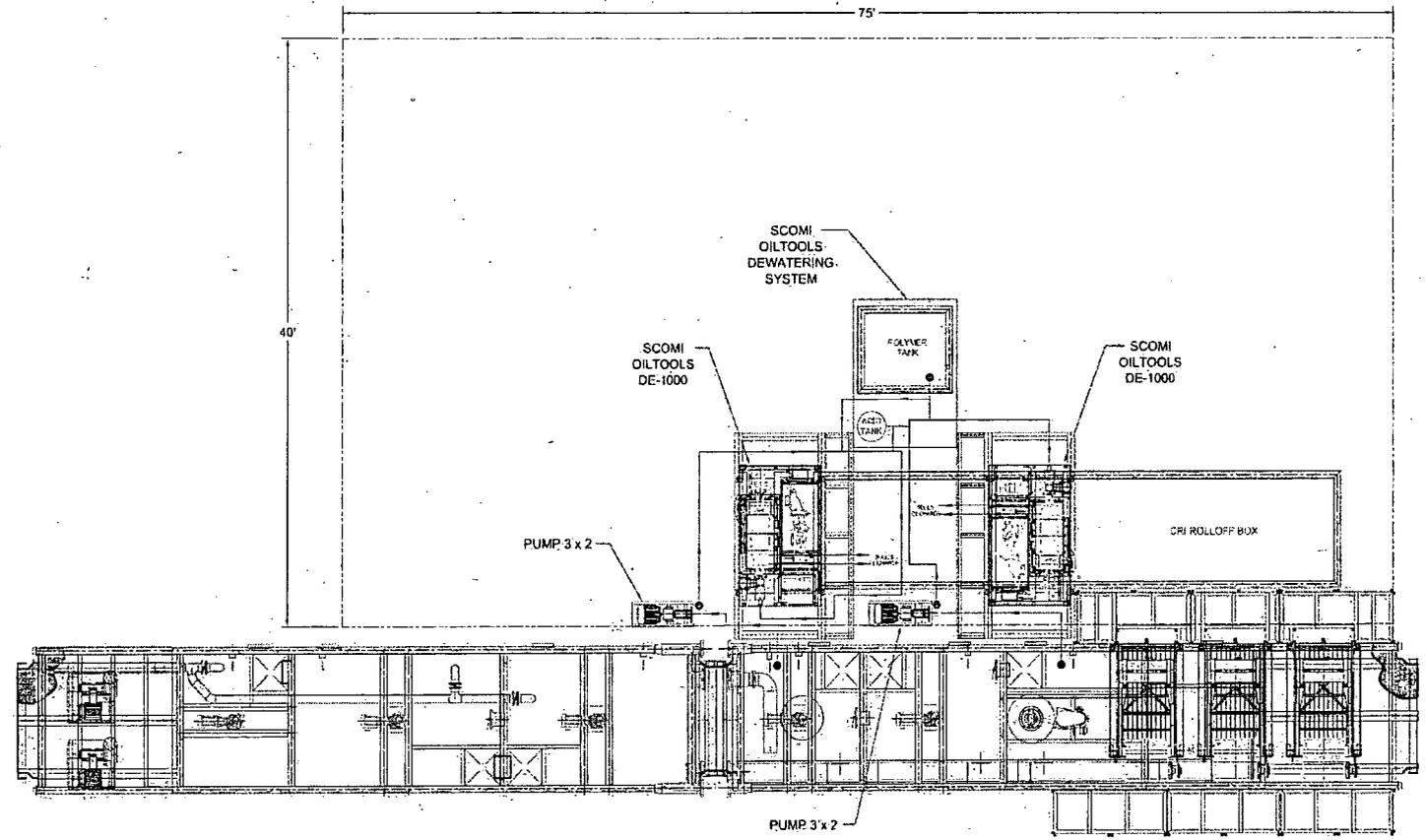
Received in Good Condition : Signature

Print Name

Date

All goods remain the property of Phoenix Beattie until paid for in full. Any damage or shortage on this delivery must be advised within 5 days. Returns may be subject to a handling charge.

ITEM QTY	DESCRIPTION	ISSUES	WEIGHT
----------	-------------	--------	--------



NO.	DESCRIPTION	QTY	UNIT	DATE
1	APPROVAL / DESIGN			1/13/20
2	REVISION			

1. ALL STRUCTURAL MATERIAL SHALL BE ASTM - A36
 2. ALL PIPE SHALL BE WATERSIDE SA 105 OR B
 3. ALL FLANGES SHALL BE SCOMI 1500 # MATERIAL SA 105
 4. ALL WELDS SHALL BE WATERSIDE SA 105 OR B
 5. ALL TANKS SHALL BE IN ACCORDANCE WITH API-650

The design, fabrication and inspection on this drawing is subject to the exclusive intellectual property of Scomi International Limited and shall not be reproduced or disclosed in whole or in part, in any form, or transmitted, or distributed into a public domain, without the prior written consent of Scomi International Limited. Any such reproduction, distribution, or disclosure without the prior written consent of Scomi International Limited shall be deemed to be a breach of the business confidential data, process and any other right to be retained in Scomi International Limited's confidential information.

TITLE: **CLOSED LOOP SYSTEM
 BASIC LAYOUT AND TIE-IN
 OXY - H&P - FLEX RIGS / PG 2 OF 2**

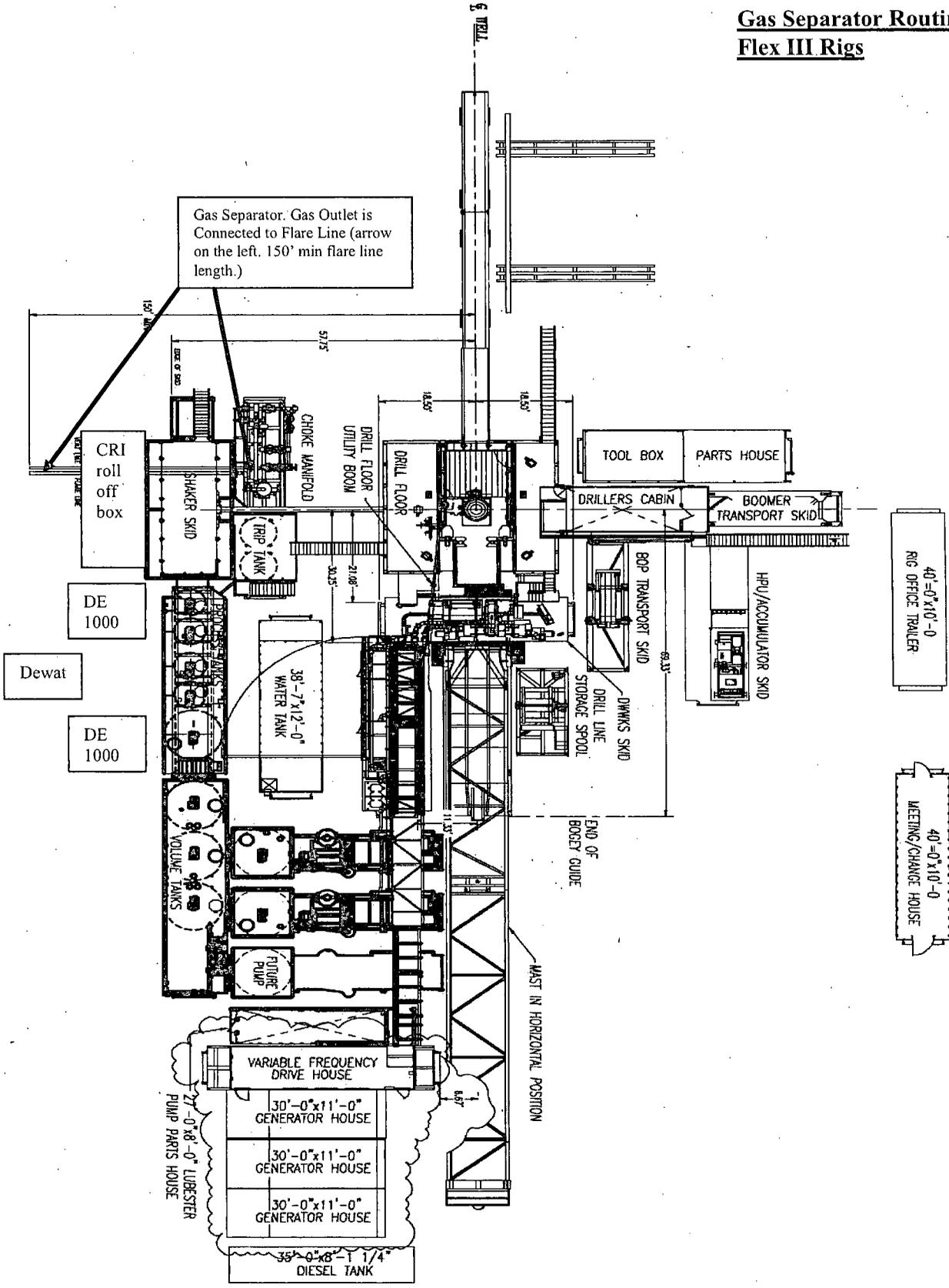
OWNER: **1003008** CHECKED BY: **DATE**
 DRAWN BY: **DATE** SEAL: **DATE** AND THE: **D** 2/17/20

Scomi

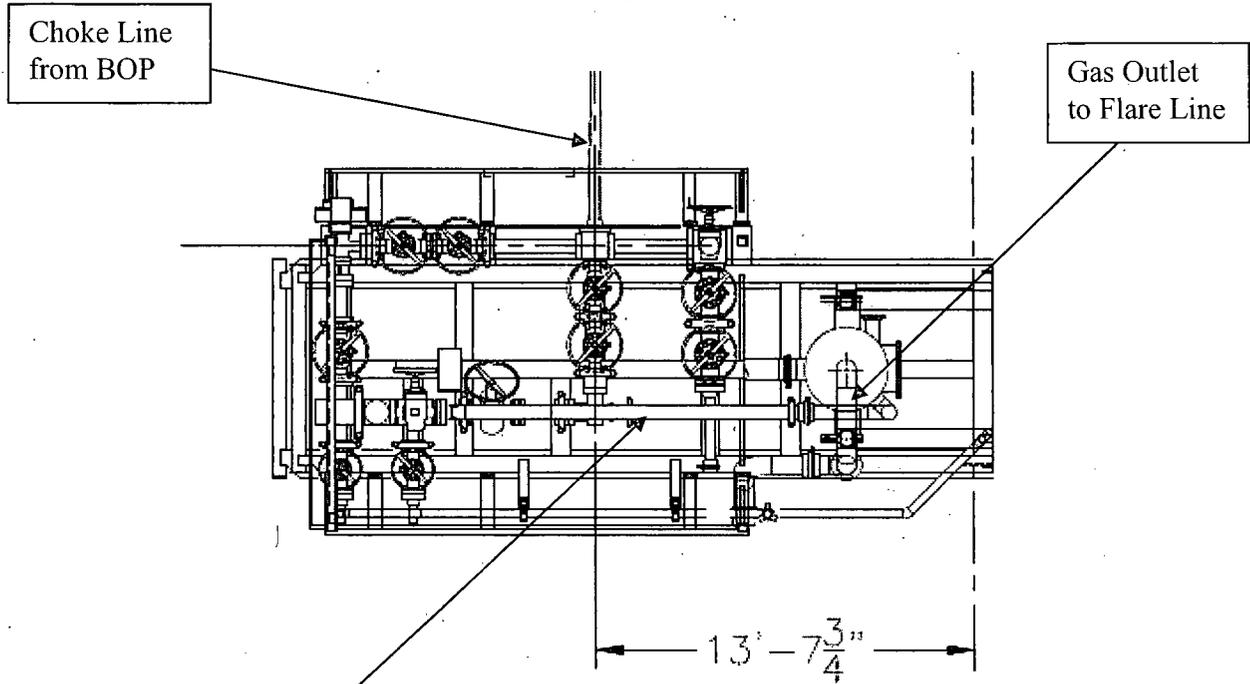
501 N. New Houston Parkway East, Suite 300,
 Houston, Texas 77060
 PHONE: (832) 295-2518 FAX: (281) 295-8888

521S-014 A

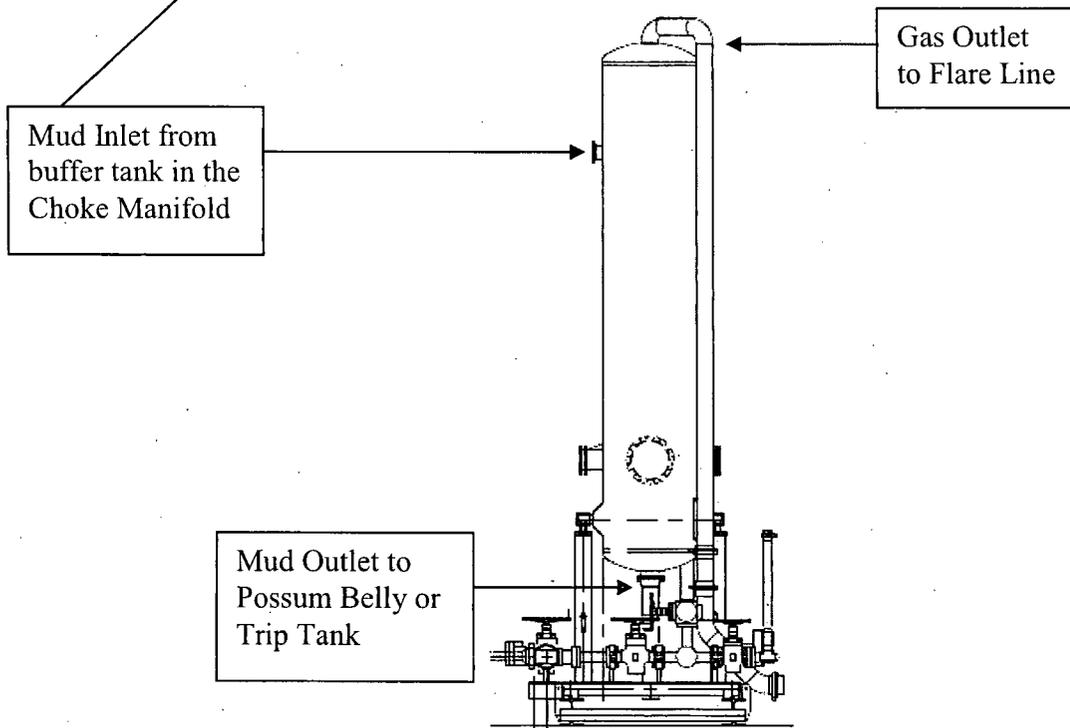
Gas Separator Routing Flex III Rigs



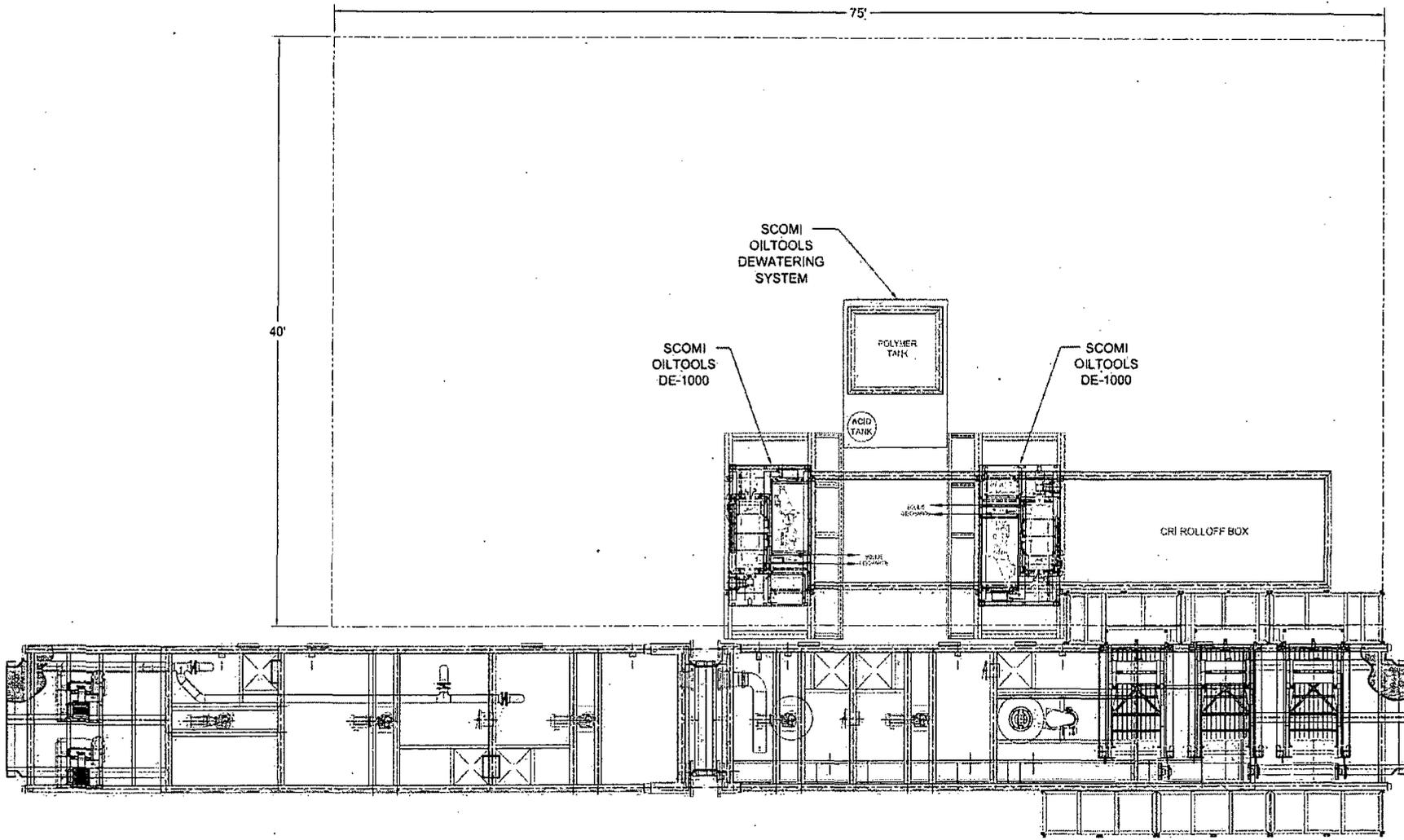
Choke Manifold – Gas Separator (Top View)



Choke Manifold – Gas Separator (Side View)



BILL OF MATERIAL		LENGTH	WEIGHT
ITEM	QTY.	DESCRIPTION	



NO.	REVISION	DATE	BY	CHKD	APPD
A	ADDED PAGE 2 TO SHOW P&ID				

1. ALL STRUCTURAL MATERIAL SHALL BE ASTM - A36.
 2. ALL PIPE SHALL BE MATERIAL SA-106 Gr. B.
 3. ALL FLANGES SHALL BE 2025-1100F @ MATERIAL SA-105.
 4. ALL FITTINGS SHALL BE MATERIAL SA-106 Gr. B.
 5. TANK FABRICATION SHALL BE IN ACCORDANCE WITH API-650.

The designer, information and dimensions on this drawing of copies are the exclusive confidential property of Scomi International Limited and are not to be reproduced or disclosed to others by any means, in any form, or transmitted or transferred in any manner, without the written permission of Scomi International Limited. In respect of such permission, solely and directly for the purposes mentioned. This drawing and any copies shall be returned to Scomi International Limited upon request.

TITLE CLOSED LOOP SYSTEM BASIC LAYOUT AND TIE IN OXY - H&P - FLEX RIGS / PG 1 OF 2			
DESIGN BY DCH	DATE 1/23/2008	ENGINEER BY NTS	DATE 1/23/2008
APPROVED DATE	SCALE NTS	ADDED BY D	JOB NO. 521S-014



SCOMI, 2000 Rowland Parkway East, Suite 202,
Houston, Texas 77060
PHONE: (281) 250-4016, FAX: (281) 250-4869

NO.	521S-014	REV.	A
-----	----------	------	---

 H2S Detectors. At least three detectors will be installed: bell nipple, rig floor and Shakers.

 Briefing Areas. At least two briefing areas will be placed, 90 deg off.

 Wind direction indicators. Visible from rig floor and from the mud pits area.

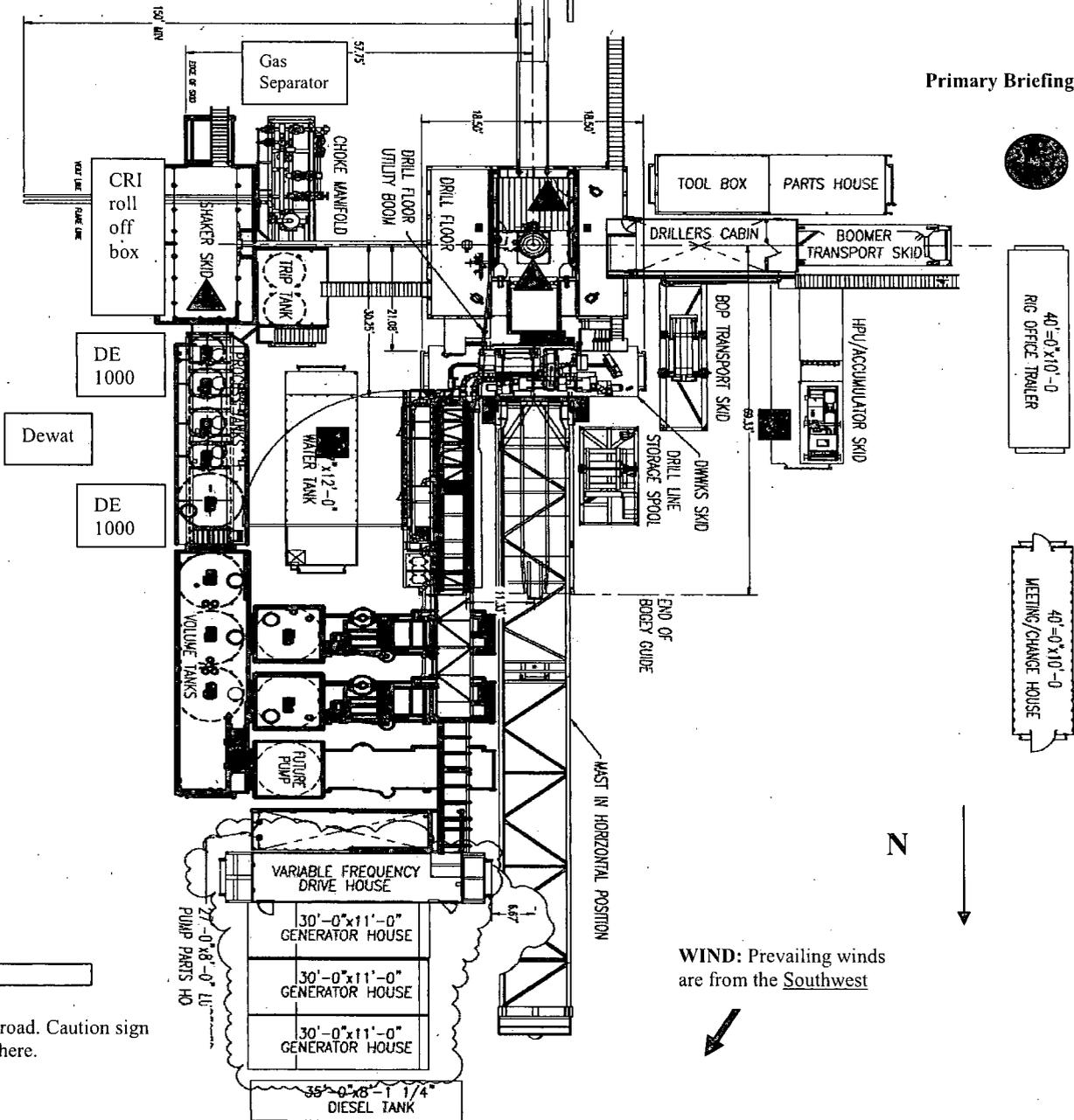
A gas buster is connected to both the choke manifold and flowline outlets.

Rig Layout

Secondary Briefing Area

Secondary Egress

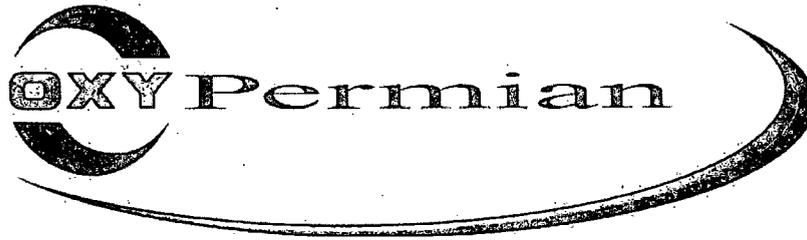
Primary Briefing Area



Exit to road. Caution sign placed here.

WIND: Prevailing winds are from the Southwest

N



Permian Drilling Hydrogen Sulfide Drilling Operations Plan New Mexico

Scope

This contingency plan establishes guidelines for the public, all company employees, and contract employees who's work activities may involve exposure to hydrogen sulfide (H₂S) gas.

While drilling this well, it is possible to encounter H₂S bearing formations. At all times, the first barrier to control H₂S emissions will be the drilling fluid, which will have a density high enough to control influx.

Objective

1. Provide an immediate and predetermined response plan to any condition when H₂S is detected. All H₂S detections in excess of 10 parts per million (ppm) concentration are considered an Emergency.
2. Prevent any and all accidents, and prevent the uncontrolled release of hydrogen sulfide into the atmosphere.
3. Provide proper evacuation procedures to cope with emergencies.
4. Provide immediate and adequate medical attention should an injury occur.

Discussion

Implementation:	This plan with all details is to be fully implemented before drilling to <u>commence</u> .
Emergency response Procedure:	This section outlines the conditions and denotes steps to be taken in the event of an emergency.
Emergency equipment Procedure:	This section outlines the safety and emergency equipment that will be required for the drilling of this well.
Training provisions:	This section outlines the training provisions that must be adhered to prior to drilling.
Drilling emergency call lists:	Included are the telephone numbers of all persons to be contacted should an emergency exist.
Briefing:	This section deals with the briefing of all people involved in the drilling operation.
Public safety:	Public safety personnel will be made aware of any potential evacuation and any additional support needed.
Check lists:	Status check lists and procedural check lists have been included to insure adherence to the plan.
General information:	A general information section has been included to supply support information.

Hydrogen Sulfide Training

All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on the well:

1. The hazards and characteristics of H2S.
2. Proper use and maintenance of personal protective equipment and life support systems.
3. H2S detection.
4. Proper use of H2S detectors, alarms, warning systems, briefing areas, evacuation procedures and prevailing winds.
5. Proper techniques for first aid and rescue procedures.
6. Physical effects of hydrogen sulfide on the human body.
7. Toxicity of hydrogen sulfide and sulfur dioxide.
8. Use of SCBA and supplied air equipment.
9. First aid and artificial respiration.
10. Emergency rescue.

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

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

H2S training refresher must have been taken within one year prior to drilling the well. Specifics on the well to be drilled will be discussed during the pre-spud meeting. H2S and well control (choke) drills will be performed while drilling the well, at least on a weekly basis. This plan shall be available in the well site. All personnel will be required to carry the documentation proving that the H2S training has been taken.

Service company and visiting personnel

- A. Each service company that will be on this well will be notified if the zone contains H2S.
- B. Each service company must provide for the training and equipment of their employees before they arrive at the well site.
- C. Each service company will be expected to attend a well site briefing

Emergency Equipment Requirements

1. Well control equipment

The well shall have hydraulic BOP equipment for the anticipated pressures. Equipment is to be tested on installation and follow Oxy Well Control standard, as well as BLM Onshore Order #2.

Special control equipment:

- A. Hydraulic BOP equipment with remote control on ground.
- B. Rotating head
- C. Gas buster equipment shall be installed before drilling out of surface pipe.

2. Protective equipment for personnel

- A. Four (4) 30-minute positive pressure air packs (2 at each briefing area) on location.
- B. Adequate fire extinguishers shall be located at strategic locations.
- C. Radio / cell telephone communication will be available at the rig.
 - Rig floor and trailers.
 - Vehicle.

3. Hydrogen sulfide sensors and alarms

- A. H2S sensor with alarms will be located on the rig floor, at the bell nipple, and at the flow line. These monitors will be set to alarm at 10 ppm with strobe light, and audible alarm.
- B. Hand operated detectors with tubes.
- C. H2S monitor tester (to be provided by contract Safety Company.)
- D. There shall be one combustible gas detector on location at all times.

4. Visual Warning Systems

- A. One sign located at each location entrance with the following language:

**Caution – potential poison gas
Hydrogen sulfide
No admittance without authorization**

Wind sock – wind streamers:

- A. One 36” (in length) wind sock located at protection center, at height visible from rig floor.
- B. One 36” (in length) wind sock located at height visible from pit areas.

Condition flags

- A. One each condition flag to be displayed to denote conditions.

green – normal conditions

yellow – potential danger

red – danger, H2S present

- B. Condition flag shall be posted at each location sign entrance.

5. Mud Program

The mud program is designed to minimize the risk of having H2S and other formation fluids at surface. Proper mud weight and safe drilling practices will be applied. H2S scavengers will be used to minimize the hazards while drilling. Below is a summary of the drilling program.

Mud inspection devices:

Garrett gas train or hatch tester for inspection of sulfide concentration in mud system.

6. Metallurgy

- A. Drill string, casing, tubing, wellhead, blowout preventers, drilling spools or adapters, kill lines, choke manifold, lines and valves shall be suitable for the H2S service.
- B. All the elastomers, packing, seals and ring gaskets shall be suitable for H2S service.

7. Well Testing

No drill stem test will be performed on this well.

8. Evacuation plan

Evacuation routes should be established prior to well spud for each well and discussed with all rig personnel.

9. Designated area

- A. Parking and visitor area: all vehicles are to be parked at a predetermined safe distance from the wellhead.
- B. There will be a designated smoking area.
- C. Two briefing areas on either side of the location at the maximum allowable distance from the well bore so they offset prevailing winds perpendicularly, or at a 45-degree angle if wind direction tends to shift in the area.

Emergency procedures

- A. In the event of any evidence of H₂S level above 10 ppm, take the following steps:
 - 1. The Driller will pick up off bottom, shut down the pumps, slow down the pipe rotation.
 - 2. Secure and don escape breathing equipment, report to the upwind designated safe briefing / muster area.
 - 3. All personnel on location will be accounted for and emergency search should begin for any missing, the Buddy System will be implemented.
 - 4. Order non-essential personnel to leave the well site, order all essential personnel out of the danger zone and upwind to the nearest designated safe briefing / muster area.
 - 5. Entrance to the location will be secured to a higher level than our usual "Meet and Greet" requirement, and the proper condition flag will be displayed at the entrance to the location.
 - 6. Take steps to determine if the H₂S level can be corrected or suppressed and, if so, proceed as required.
- B. If uncontrollable conditions occur:
 - 1. Take steps to protect and/or remove any public in the down-wind area from the rig – partial evacuation and isolation. Notify necessary public safety personnel and appropriate regulatory entities (i.e. BLM) of the situation.

2. Remove all personnel to the nearest upwind designated safe briefing / muster area or off location.
3. Notify public safety personnel of safe briefing / muster area.
4. An assigned crew member will blockade the entrance to the location. No unauthorized personnel will be allowed entry to the location.
5. Proceed with best plan (at the time) to regain control of the well. Maintain tight security and safety procedures.

C. Responsibility:

1. Designated personnel.

- a. Shall be responsible for the total implementation of this plan.
- b. Shall be in complete command during any emergency.
- c. Shall designate a back-up.

All personnel:

1. On alarm, don escape unit and report to the nearest upwind designated safe briefing / muster area upw
2. Check status of personnel (buddy system).
3. Secure breathing equipment.
4. Await orders from supervisor.

Drill site manager:

1. Don escape unit if necessary and report to nearest upwind designated safe briefing / muster area.
2. Coordinate preparations of individuals to return to point of release with tool pusher and driller (using the buddy system).
3. Determine H2S concentrations.
4. Assess situation and take control measures.

Tool pusher:

1. Don escape unit Report to up nearest upwind designated safe briefing / muster area.
2. Coordinate preparation of individuals to return to point of release with tool pusher drill site manager (using the buddy system).
3. Determine H2S concentration.
4. Assess situation and take control measures.

Driller:

1. Don escape unit, shut down pumps, continue rotating DP.

2. Check monitor for point of release.
3. Report to nearest upwind designated safe briefing / muster area.
4. Check status of personnel (in an attempt to rescue, use the buddy system).
5. Assigns least essential person to notify Drill Site Manager and tool pusher by quickest means in case of their absence.
6. Assumes the responsibilities of the Drill Site Manager and tool pusher until they arrive should they be absent.

Derrick man
 Floor man #1
 Floor man #2

1. Will remain in briefing / muster area until instructed by supervisor.

Mud engineer:

1. Report to nearest upwind designated safe briefing / muster area.
2. When instructed, begin check of mud for pH and H₂S level. (Garett gas train.)

Safety personnel:

1. Mask up and check status of all personnel and secure operations as instructed by drill site manager.

Taking a kick

When taking a kick during an H₂S emergency, all personnel will follow standard Well control procedures after reporting to briefing area and masking up.

Open-hole logging

All unnecessary personnel off floor. Drill Site Manager and safety personnel should monitor condition, advise status and determine need for use of air equipment.

Running casing or plugging

Following the same “tripping” procedure as above. Drill Site Manager and safety personnel should determine if all personnel have access to protective equipment.

Ignition procedures

The decision to ignite the well is the responsibility of the operator (Oxy Drilling Management). The decision should be made only as a last resort and in a situation where it is clear that:

1. Human life and property are endangered.
2. There is no hope controlling the blowout under the prevailing conditions at the well.

Instructions for igniting the well

1. Two people are required for the actual igniting operation. They must wear self-contained breathing units and have a safety rope attached. One man (tool pusher or safety engineer) will check the atmosphere for explosive gases with the gas monitor. The other man is responsible for igniting the well.
2. Primary method to ignite: 25 mm flare gun with range of approximately 500 feet.
3. Ignite upwind and do not approach any closer than is warranted.
4. Select the ignition site best for protection, and which offers an easy escape route.
5. Before firing, check for presence of combustible gas.
6. After lighting, continue emergency action and procedure as before.
7. All unassigned personnel will remain in briefing area until instructed by supervisor or directed by the Drill Site Manager.

Remember: After well is ignited, burning hydrogen sulfide will convert to sulfur dioxide, which is also highly toxic. **Do not assume the area is safe after the well is ignited.**

Status check list

Note: All items on this list must be completed before drilling to production casing point.

1. H2S sign at location entrance.
2. Two (2) wind socks located as required.
3. Four (4) 30-minute positive pressure air packs (2 at each Briefing area) on location for all rig personnel and mud loggers.
4. Air packs inspected and ready for use.
5. Cascade system and hose line hook-up as needed.
6. Cascade system for refilling air bottles as needed.
7. Condition flag on location and ready for use.
8. H2S detection system hooked up and tested.
9. H2S alarm system hooked up and tested.
10. Hand operated H2S detector with tubes on location.
11. 1 – 100' length of nylon rope on location.
12. All rig crew and supervisors trained as required.
13. All outside service contractors advised of potential H2S hazard on well.
14. No smoking sign posted and a designated smoking area identified.
15. Calibration of all H2S equipment shall be noted on the IADC report.

Checked by: _____ Date: _____

Procedural check list during H2S events

Perform each tour:

1. Check fire extinguishers to see that they have the proper charge.
2. Check breathing equipment to ensure that it is in proper working order.
3. Make sure all the H2S detection system is operative.

Perform each week:

1. Check each piece of breathing equipment to make sure that demand or forced air regulator is working. This requires that the bottle be opened and the mask assembly be put on tight enough so that when you inhale, you receive air or feel air flow.
2. BOP skills (well control drills).
3. Check supply pressure on BOP accumulator stand by source.
4. Check breathing equipment mask assembly to see that straps are loosened and turned back, ready to put on.
5. Check pressure on breathing equipment air bottles to make sure they are charged to full volume. (Air quality checked for proper air grade "D" before bringing to location)
6. Confirm pressure on all supply air bottles.
7. Perform breathing equipment drills with on-site personnel.
8. Check the following supplies for availability.
 - A. Emergency telephone list.
 - B. Hand operated H2S detectors and tubes.

General evacuation plan

1. When the company approved supervisor (Drill Site Manager, consultant, rig pusher, or driller) determines the H₂S gas cannot be limited to the well location and the public will be involved, he will activate the evacuation plan.
2. Drill Site Manager or designee will notify local government agency that a hazardous condition exists and evacuation needs to be implemented.
3. Company or contractor safety personnel that have been trained in the use of H₂S detection equipment and self-contained breathing equipment will monitor H₂S concentrations, wind directions, and area of exposure. They will delineate the outer perimeter of the hazardous gas area. Extension to the evacuation area will be determined from information gathered.
4. Law enforcement personnel (state police, police dept., fire dept., and sheriff's dept.) Will be called to aid in setting up and maintaining road blocks. Also, they will aid in evacuation of the public if necessary.
5. After the discharge of gas has been controlled, company safety personnel will determine when the area is safe for re-entry.

Important: Law enforcement personnel will not be asked to come into a contaminated area. Their assistance will be limited to uncontaminated areas. Constant radio contact will be maintained with them.

Emergency actions

Well blowout – if emergency

1. Evacuate all personnel to “Safe Briefing / Muster Areas” or off location if needed.
2. If sour gas – evacuate rig personnel.
3. If sour gas – evacuate public within 3000 ft radius of exposure.
4. Don SCBA and shut well in if possible using the buddy system.
5. Notify Drilling Superintendent and call 911 for emergency help (fire dept and ambulance) if needed.
6. Implement the Blowout Contingency Plan, and Drilling Emergency Action Plan.
6. Give first aid as needed.

Person down location/facility

1. If immediately possible, contact 911. Give location and wait for confirmation.
2. Don SCBA and perform rescue operation using buddy system.

Toxic effects of hydrogen sulfide

Hydrogen sulfide is extremely toxic. The acceptable ceiling concentration for eight-hour exposure is 10 ppm, which is .001% by volume. Hydrogen sulfide is heavier than air (specific gravity – 1.192) and colorless. It forms an explosive mixture with air between 4.3 and 46.0 percent by volume. Hydrogen sulfide is almost as toxic as hydrogen cyanide and is between five and six times more toxic than carbon monoxide. Toxicity data for hydrogen sulfide and various other gases are compared in table i. Physical effects at various hydrogen sulfide exposure levels are shown in table ii.

Table i
Toxicity of various gases

Common name	Chemical formula	Specific gravity (sc=1)	Threshold limit (1)	Hazardous limit (2)	Lethal concentration (3)
Hydrogen Cyanide	Hcn	0.94	10 ppm	150 ppm/hr	300 ppm
Hydrogen Sulfide	H2S	1.18	10 ppm	250 ppm/hr	600 ppm
Sulfur Dioxide	So2	2.21	5 ppm	-	1000 ppm
Chlorine	Cl2	2.45	1 ppm	4 ppm/hr	1000 ppm
Carbon Monoxide	Co	0.97	50 ppm	400 ppm/hr	1000 ppm
Carbon Dioxide	Co2	1.52	5000 ppm	5%	10%
Methane	Ch4	0.55	90,000 ppm	Combustible above 5% in air	

- 1) threshold limit – concentration at which it is believed that all workers may be repeatedly exposed day after day without adverse effects.
- 2) hazardous limit – concentration that will cause death with short-term exposure.
- 3) lethal concentration – concentration that will cause death with short-term exposure.

Toxic effects of hydrogen sulfide

Table ii
Physical effects of hydrogen sulfide

<u>Percent (%)</u>	<u>Ppm</u>	<u>Concentration</u> Grains <u>100 std. Ft3*</u>	<u>Physical effects</u>
0.001	<10	00.65	Obvious and unpleasant odor.

0.002	10	01.30	Safe for 8 hours of exposure.
0.010	100	06.48	Kill smell in 3 – 15 minutes. May sting eyes and throat.
0.020	200	12.96	Kills smell shortly; stings eyes and throat.
0.050	500	32.96	Dizziness; breathing ceases in a few minutes; needs prompt artificial respiration.
0.070	700	45.36	Unconscious quickly; death will result if not rescued promptly.
0.100	1000	64.30	Unconscious at once; followed by death within minutes.

*at 15.00 psia and 60'f.

Use of self-contained breathing equipment (SCBA)

1. Written procedures shall be prepared covering safe use of SCBA's in dangerous atmosphere, which might be encountered in normal operations or in emergencies. Personnel shall be familiar with these procedures and the available SCBA.
2. SCBA's shall be inspected frequently at random to insure that they are properly used, cleaned, and maintained.
3. Anyone who may use the SCBA's shall be trained in how to insure proper face-piece to face seal. They shall wear SCBA's in normal air and then wear them in a test atmosphere. (note: such items as facial hair {beard or sideburns} and eyeglasses will not allow proper seal.) Anyone that may be reasonably expected to wear SCBA's should have these items removed before entering a toxic atmosphere. A special mask must be obtained for anyone who must wear eyeglasses or contact lenses.
4. Maintenance and care of SCBA's:
 - a. A program for maintenance and care of SCBA's shall include the following:
 1. Inspection for defects, including leak checks.
 2. Cleaning and disinfecting.
 3. Repair.
 4. Storage.
 - b. Inspection, self-contained breathing apparatus for emergency use shall be inspected monthly.
 1. Fully charged cylinders.
 2. Regulator and warning device operation.
 3. Condition of face piece and connections.
 4. Rubber parts shall be maintained to keep them pliable and prevent deterioration.
 - c. Routinely used SCBA's shall be collected, cleaned and disinfected as frequently as necessary to insure proper protection is provided.
5. Persons assigned tasks that requires use of self-contained breathing equipment shall be certified physically fit (medically cleared) for breathing equipment usage at least annually.
6. SCBA's should be worn when:
 - A. Any employee works near the top or on top of any tank unless test reveals less than 10 ppm of H₂S.

- B. When breaking out any line where H₂S can reasonably be expected.
- C. When sampling air in areas to determine if toxic concentrations of H₂S exists.
- D. When working in areas where over 10 ppm H₂S has been detected.
- E. At any time there is a doubt as to the H₂S level in the area to be entered.

Rescue
First aid for H₂S poisoning

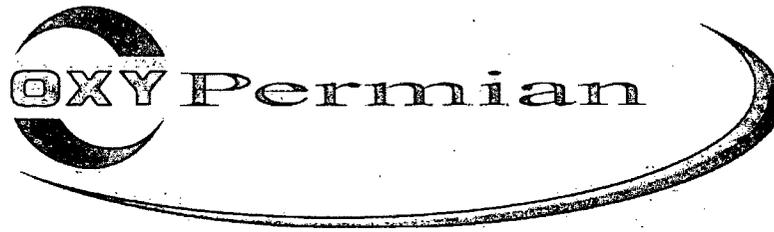
Do not panic!

Remain calm – think!

1. Don SCBA breathing equipment.
2. Remove victim(s) utilizing buddy system to fresh air as quickly as possible. (go up-wind from source or at right angle to the wind. Not down wind.)
3. Briefly apply chest pressure – arm lift method of artificial respiration to clean the victim's lungs and to avoid inhaling any toxic gas directly from the victim's lungs.
4. Provide for prompt transportation to the hospital, and continue giving artificial respiration if needed.
5. Hospital(s) or medical facilities need to be informed, before-hand, of the possibility of H₂S gas poisoning – no matter how remote the possibility is.
6. Notify emergency room personnel that the victim(s) has been exposed to H₂S gas.

Besides basic first aid, everyone on location should have a good working knowledge of artificial respiration.

Revised CM 6/27/2012

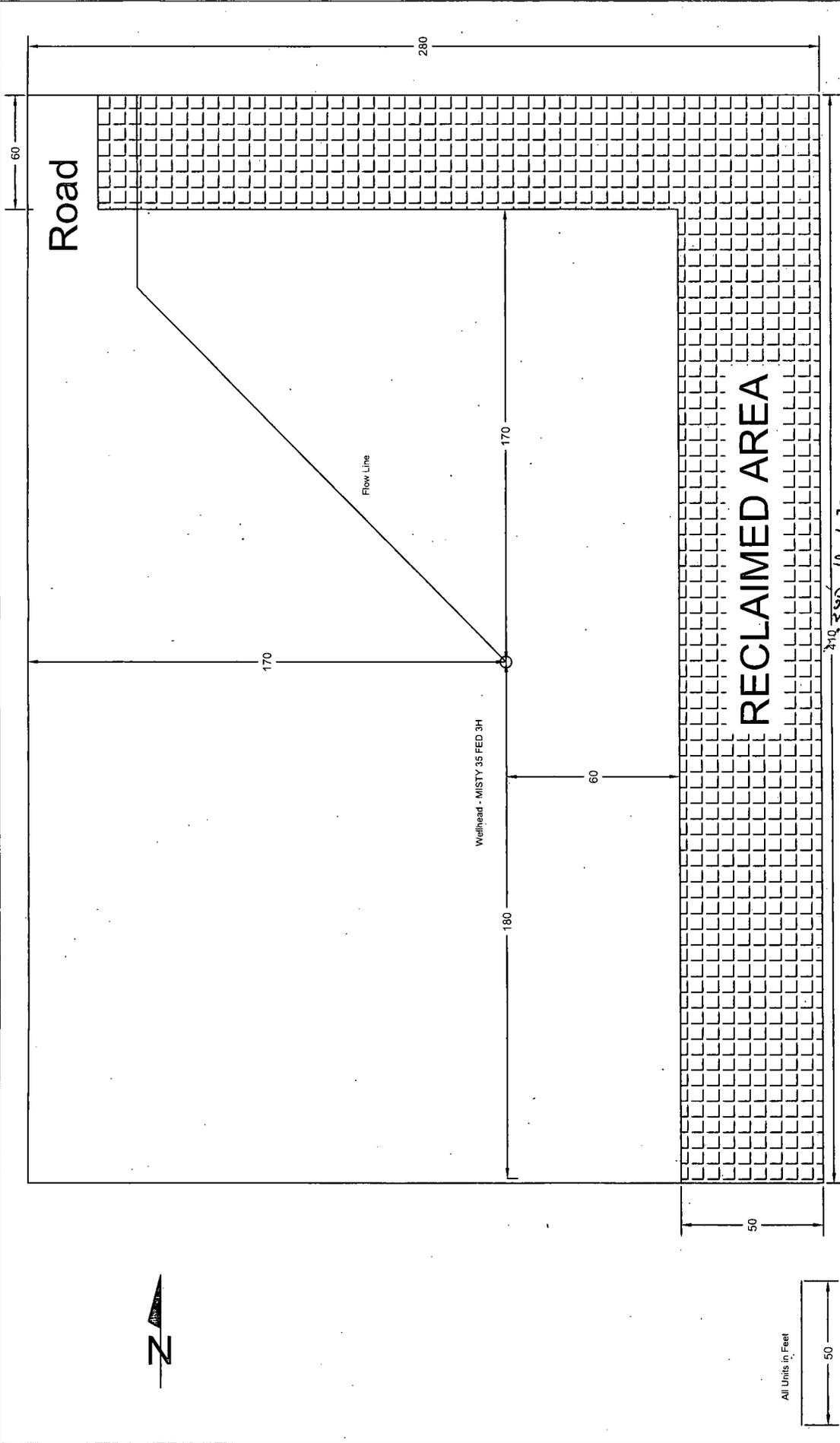


**Permian Drilling
Hydrogen Sulfide Drilling Operations Plan
Misty 35 Federal #3H**

Open drill site. No homes or buildings are near the proposed location.

1. Escape

Personnel shall escape upwind of wellbore in the event of an emergency gas release. Escape can take place through the lease road on the Northeast side of the location. Personnel need to move to a safe distance and block the entrance to location. If the primary route is not an option due to the wind direction, then a secondary egress route should be taken.



All Units in Feet



310 380 14 1-30 2013

REVISION BLOCK		ENGINEERING RECORD					
NO.	DATE	DESCRIPTION	BY	CHK	APP	BY	DATE
A	12/18/12	Plot Plan for Permitting	KMR				

PRODUCTION FACILITY LAYOUT

Misty 35 Fed 3H

SURFACE USE PLAN OF OPERATIONS

Operator Name/Number: OXY USA WTP LIMITED PARTNERSHIP - 192463
Lease Name/Number: MISTY 35 FEDERAL #3H
Pool Name/Number: LEO; BONE SPRING, SOUTH (37920)
Surface Location: P; SEC 35, T18S, R30E; 550' FSL & 120' FEL; EDDY COUNTY
Bottom Hole Location: E, SEC 35, T18S, R30E; 1700' FNL & 330' FWL; EDDY COUNTY

1. Existing Roads

- a. A copy of a USGS "HACKBERRY LAKE, NM" 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 AseI Certificate No. 15079 on 11-17-2012, certified 08-08-2012.
- c. Directions to Location:
BEGINNING IN LOCO HILLS AT THE INTERSECTION OF COUNTY ROAD #217 AND U.S. HWY. #82, GO EAST ON U.S. HWY. #82 FOR 6.1 MILES TO COUNTY ROAD #222, TURN RIGHT AND GO SOUTH FOR 6.8 MILES, TURN RIGHT ON COUNTY ROAD #250 (GRUBBS ROAD) AND GO SOUTHWEST /WEST FOR 2.7 MILES, TURN LEFT ON EXISTING ROAD AND GO SOUTHWEST/SOUTH FOR 1.0 MILES TO LOCATION.

2. New or Reconstructed Access Roads:

- a. A new access road will be built. The access road will run approximately 0' from an existing road to the location.
- 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.
- e. Blade, water & repair existing caliche road as required/needed.

3. Location of Existing Wells:

Existing wells within a one mile radius of the proposed well are shown on attached plat.

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

- a. In the event the well is found productive, the production would be sent to the central tank battery located on the MISTY 35 FEDERAL 4H CTB. The propose lines will be approximately 1250' of QTY one SDR 7 Polyethylene laid on surface from well the CTB and will be operating <125 psig. See proposed Production Facilities Layout diagram.
LB 1-30-2013

~~b. The proposed route for the electric line has been surveyed and is attached.~~ *LB 1-30-2013*

- c. All flowlines will adhere to API Standards.

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 - CONTROL RECOVERY INC - R9166
 - 2. Liquids - SUNDANCE LANDFILL - NM-01-003
- 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:
 - 1. Solids - CONTROL RECOVERY INC - R9166
 - 2. Liquids - SUNDANCE LANDFILL - NM-01-003

8. Ancillary Facilities: None needed

9. Well Site Layout

See attached for the proposed well site layout with dimensions of the pad layout and equipment location.

V-Door SOUTH CL Tanks 40' X 75' Pad 280' X 390' *1-30-2017*

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: _____ Richardson Cattle Company
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. Cultural Resources Examination - this well is located in the Permian Basin MOA.

Pad + 1/4 mile road	<u>\$1,463.00</u>	0	\$0.17/ft over 1/4 mile	<u>\$0.00</u>	<u>\$1,463.00</u>
Pipeline - up to 1mile	<u>\$1,350.00</u>	0	\$274 per 1/4 mile	<u>\$0.00</u>	<u>\$1,350.00</u>
Electric Line - up to 1mile	<u>\$676.00</u>	0	\$0.19/ft over 1 mile	<u>\$0.00</u>	<u>\$676.00</u>
Total	<u><u>\$3,489.00</u></u>			<u><u>\$0.00</u></u>	<u><u>\$3,489.00</u></u>

13. Bond Coverage:

Bond Coverage is Nationwide Bond No. _____ NM2797

Operators Representatives:

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

Kim Moore
Production Coordinator
1017 W. Stanolind Rd.
Hobbs, NM 88240
Office Phone: 575-397-8236
Cellular: 575-706-1219

Charles Wagner
Manager Field Operations
1502 West Commerce Dr.
Carlsbad, NM 88220
Office Phone: 575-628-4151
Cellular: 575-725-8306

Allan Wells
Drilling Superintendent
P.O. Box 4294
Houston, TX 77210
Office Phone: 713-350-4810
Cellular: 713-569-8697

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

Juan Pinzon
Drilling Engineering Supervisor
P.O. Box 4294
Houston, TX 77210
Office Phone: 713-366-5058
Cellular: 713-503-3962

Carlos Mercado
Drilling Engineer
P.O. Box 4294
Houston, TX 77210
Office Phone: 713-366-5418
Cellular: 281-455-3481

Owner: BLM

Tenant: Richardson Cattle Company
Tenant Address: P.O. Box 487
Carlsbad, NM 88221

PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	OXY USA WTP LP
LEASE NO.:	NMNM06245
WELL NAME & NO.:	Misty 35 Federal Com 3H
SURFACE HOLE FOOTAGE:	0550' FSL & 0120' FEL
BOTTOM HOLE FOOTAGE:	0550' FSL & 0330' FWL
LOCATION:	Section 35, T. 18 S., R 30 E., NMPM
COUNTY:	Eddy County, New Mexico

TABLE OF CONTENTS

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

- General Provisions**
- Permit Expiration**
- Archaeology, Paleontology, and Historical Sites**
- Noxious Weeds**
- Special Requirements**
 - Lesser Prairie-Chicken Timing Stipulations
 - Ground-level Abandoned Well Marker
 - Communitization Agreement
- Construction**
 - Notification
 - Topsoil
 - Closed Loop System
 - Federal Mineral Material Pits
 - Well Pads
 - Roads
- Road Section Diagram**
- Drilling**
 - H2S requirements
 - Secretary's Potash
 - Logging Requirements
 - Waste Material and Fluids
- Production (Post Drilling)**
 - Well Structures & Facilities
 - Pipelines
 - Electric Lines
- Interim Reclamation**
- Final Abandonment & Reclamation**

I. GENERAL PROVISIONS

The approval of the Application For Permit To Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, the lease terms, Onshore Oil and Gas Orders, Notices To Lessees, New Mexico Oil Conservation Division (NMOCD) Rules, National Historical Preservation Act As Amended, and instructions and orders of the Authorized Officer. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

II. PERMIT EXPIRATION

If the permit terminates prior to drilling and drilling cannot be commenced within 60 days after expiration, an operator is required to submit Form 3160-5, Sundry Notices and Reports on Wells, requesting surface reclamation requirements for any surface disturbance. However, if the operator will be able to initiate drilling within 60 days after the expiration of the permit, the operator must have set the conductor pipe in order to allow for an extension of 60 days beyond the expiration date of the APD. (Filing of a Sundry Notice is required for this 60 day extension.)

III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES

Any cultural and/or paleontological resource discovered by the operator or by any person working on the operator's behalf shall immediately report such findings to the Authorized Officer. The operator is fully accountable for the actions of their contractors and subcontractors. The operator shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery shall be made by the Authorized Officer to determine the appropriate actions that shall be required to prevent the loss of significant cultural or scientific values of the discovery. The operator shall be held responsible for the cost of the proper mitigation measures that the Authorized Officer assesses after consultation with the operator on the evaluation and decisions of the discovery. Any unauthorized collection or disturbance of cultural or paleontological resources may result in a shutdown order by the Authorized Officer.

IV. NOXIOUS WEEDS

The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

V. SPECIAL REQUIREMENT(S)

Timing Limitation Stipulation / Condition of Approval for lesser prairie-chicken:

Oil and gas activities including 3-D geophysical exploration, and drilling will not be allowed in lesser prairie-chicken habitat during the period from March 1st through June 15th annually. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, pipeline, road, and well pad construction, will be allowed except between 3:00 am and 9:00 am. The 3:00 am to 9:00 am restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during this period.

Additionally, no new drilling will be allowed within up to 200 meters of leks known at the time of permitting. Normal vehicle use on existing roads will not be restricted.

Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 feet from the source of the noise.

Ground-level Abandoned Well Marker to avoid raptor perching: Upon the plugging and subsequent abandonment of the well, the well marker will be installed at ground level on a plate containing the pertinent information for the plugged well. For more installation details, contact the Carlsbad Field Office at 575-234-5972.

Communitization Agreement

A Communitization Agreement covering the acreage dedicated to this well must be filed for approval with the BLM. The effective date of the agreement shall be prior to any sales. In addition, the well sign shall include the surface and bottom hole lease numbers. If the Communitization Agreement number is known, it shall also be on the sign. If not, it shall be placed on the sign when the sign is replaced.

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) 234-5909 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 in a low profile manner in order to prevent wind/water erosion of the topsoil. The topsoil to be stripped is approximately 4 inches in depth. The topsoil 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

Payment shall be made to the BLM prior to removal of any federal mineral materials. 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 twenty-five (25) 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

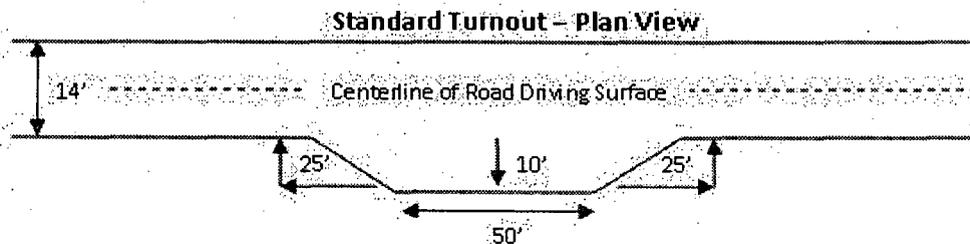
Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

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:

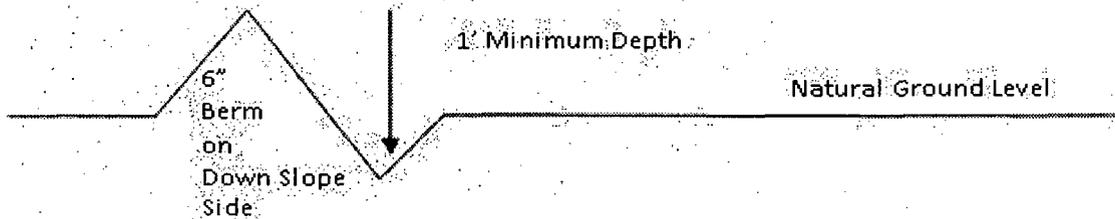


Drainage

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:

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

Culvert Installations

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

Cattleguards

An appropriately sized cattleguard(s) sufficient to carry out the project shall be installed and maintained at fence crossing(s).

Any existing cattleguard(s) on the access road shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattleguard(s) that are in place and are utilized during lease operations.

A gate shall be constructed and fastened securely to H-braces.

Fence Requirement

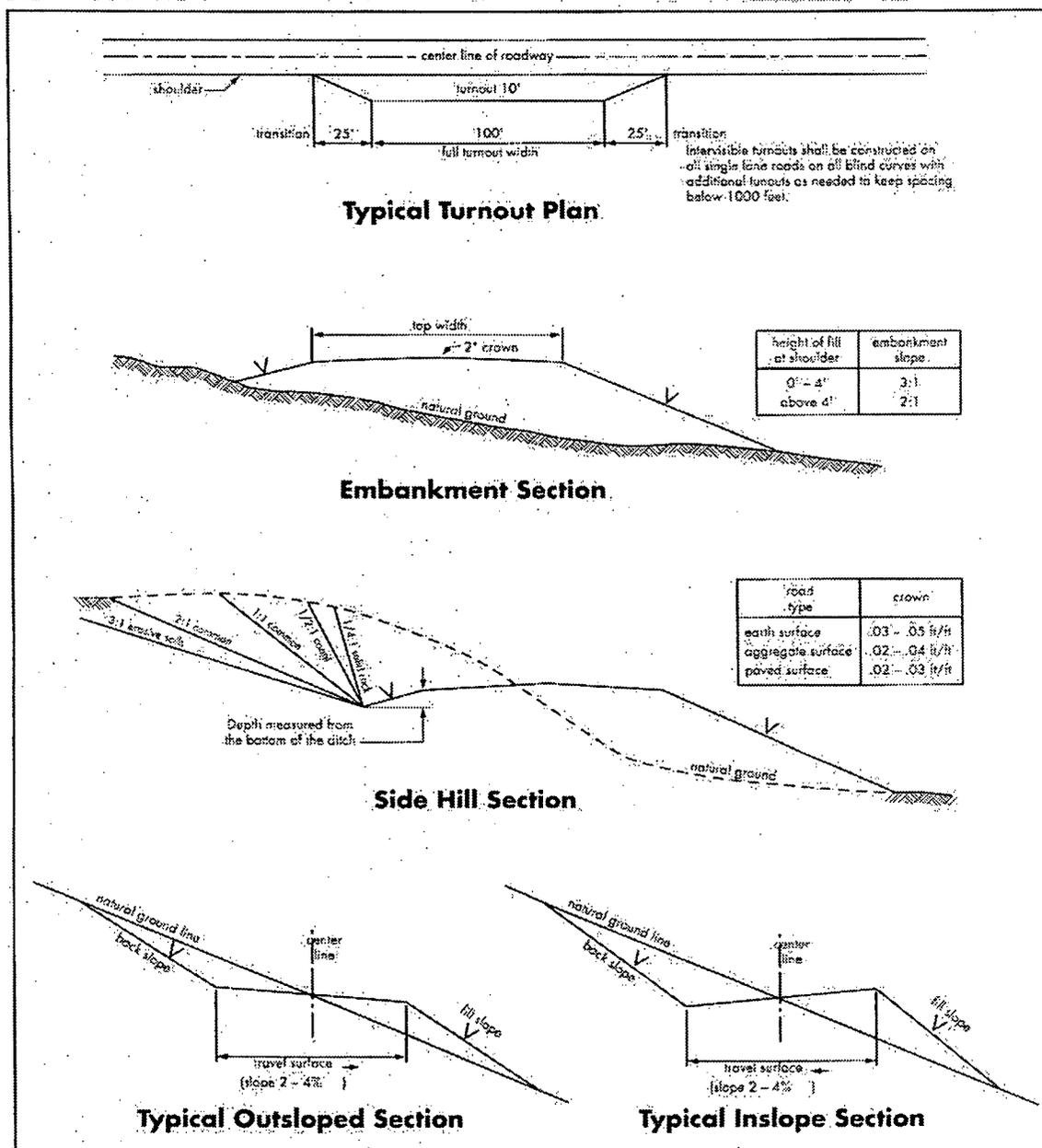
Where entry is required across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting.

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

Public Access

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

Figure 1 – Cross Sections and Plans For Typical Road Sections



VII. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified in advance for a representative to witness:

- a. Spudding well (minimum of 24 hours)
- b. Setting and/or Cementing of all casing strings (minimum of 4 hours)
- c. BOPE tests (minimum of 4 hours)

Eddy County

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

1. A Hydrogen Sulfide (H₂S) Drilling Plan shall be activated 500 feet prior to drilling into the Yates formation. **As a result, the Hydrogen Sulfide area must meet Onshore Order 6 requirements, which includes equipment and personnel/public protection items. 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. **If the drilling rig is removed without approval – an Incident of Non-Compliance will be written and will be a “Major” violation.**
3. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works is located, this does not include the dog house or stairway area.
4. **The record of the drilling rate along with the GR/N well log run from TD to surface (horizontal well – vertical portion of hole) shall 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 program need prior approval if the items substituted are of lesser grade or different casing size. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-55 to N-80, or from 36# to 40#). Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.).

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

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

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

Secretary's Potash

Possibility of water and brine flows in the Artesia and Salado Groups.

Possibility of lost circulation in the Artesia Group.

1. The 13-3/8 inch surface casing shall be set at approximately 525 feet (in a competent bed below the Magenta Dolomite, which is a Member of the Rustler) and cemented to the surface. **Freshwater 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 surface log readout will be used or a cement bond log shall be run to verify the top of the cement. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.
 - b. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.**
 - c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.
 - d. If cement falls back, remedial cementing will be done prior to drilling out that string.

Intermediate casing shall be kept fluid filled while running into hole to meet minimum collapse requirements.

2. The minimum required fill of cement behind the **9-5/8** inch intermediate casing, which shall be set at approximately **3725** feet, 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 9-5/8" 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.

Centralizers required on horizontal leg, must be type for horizontal service and a minimum of one every other joint.

3. The minimum required fill of cement behind the **5-1/2** inch production casing is:

- Cement should tie-back at least 500 feet into previous casing string. Operator shall provide method of verification.

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.

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 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 and is to be anchored according to Manufacturer's requirements. The flexible hose can be exchanged with a hose of equal size and equal or greater pressure rating. **Anchor requirements, specification sheet and hydrostatic pressure test certification matching the hose in service, to be onsite for review. These documents shall be posted in the company man's trailer and on the rig floor.** If the BLM inspector questions the straightness of the hose, a BLM engineer will be contacted and will review in the field or via picture supplied by inspector to determine if changes are required (operator shall expect delays if this occurs).
3. **Operator has proposed a multi-bowl wellhead assembly. This assembly will only be tested when installed on the surface casing. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be 5000 (5M) psi.**
 - a. **Wellhead shall be installed by manufacturer's representatives, submit documentation with subsequent sundry.**
 - b. **Operator shall perform the intermediate casing test to 70% of the casing burst. This will test the multi-bowl seals.**
 - c. **If the cement does not circulate and one inch operations would have been possible with a standard wellhead, the well head shall be cut off, cementing operations performed and another wellhead installed.**
4. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **5000 (5M) psi. 5M system requires an HCR valve, remote kill line and annular to match. The remote kill line is to be installed prior to testing the system and tested to stack pressure.**
5. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - a. In potash areas, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. For all casing strings, casing cut-off and BOP installation can be initiated at twelve hours after bumping the plug. However, **no tests** shall commence until the cement has had a minimum of 24 hours setup time.
 - b. The tests shall be done by an independent service company utilizing a test plug **not a cup or J-packer.**

- c. The test shall be run on a 5000 psi chart for a 2-3M BOP/BOP, on a 10000 psi chart for a 5M BOP/BOPE and on a 15000 psi chart for a 10M BOP/BOPE. If a linear chart is used, it shall be a one hour chart. A circular chart shall have a maximum 2 hour clock.
- d. The results of the test shall be reported to the appropriate BLM office.
- e. 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.**
- f. 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. This test shall be performed prior to the test at full stack pressure.

D. DRILL STEM TEST

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

E. WASTE MATERIAL AND FLUIDS

All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of drilling operations and completion operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area.

Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.

JAM 041513

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 from the BLM Standard Environmental Color Chart (CC-001: June 2008).

B. PIPELINES (Standard Stipulations for Surface Installed Pipelines)

STANDARD STIPULATIONS FOR SURFACE INSTALLED PIPELINES

A copy of the APD/Sundry Notice 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 20 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 or dune areas, the pipeline will be "snaked" around hummocks and dunes rather than 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.

C. ELECTRIC LINES (Not applied for in APD)

IX. INTERIM RECLAMATION

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

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

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

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

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

X. FINAL ABANDONMENT & RECLAMATION

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

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

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

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

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

Seed Mixture 1, for Loamy 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 regulator to ensure proper depth of planting where drilling is possible. The seed mixture will be evenly and uniformly planted over the disturbed area (small/heavier seeds have a tendency to drop the bottom of the drill and are planted first). The holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed will be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre are to be doubled. The seeding will be repeated until a satisfactory stand is established as determined by the authorized officer. Evaluation of growth will not be made before completion of at least one full growing season after seeding.

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

<u>Species</u>	<u>lb/acre</u>
Plains lovegrass (<i>Eragrostis intermedia</i>)	0.5
Sand dropseed (<i>Sporobolus cryptandrus</i>)	1.0
Sideoats grama (<i>Bouteloua curtipendula</i>)	5.0
Plains bristlegrass (<i>Setaria macrostachya</i>)	2.0

*Pounds of pure live seed:

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