Car sbad	Field	Office				
iom 3160-3 March 2012)			FORM OMB N Expires C	APPROVED lo. 1004-0137 October 31, 2014		
UNITED STATES DEPARTMENT OF THE INTERIOR			5. Lease Serial No. NMNM040659	;	-	
BUREAU OF LAND MANAGEMENT			6. If Indian, Allotee or Tribe Name		-	
		·		7 If Unit or CA Agre	ement, Name and No.	<u> </u>
a. Type of work: 🗹 DRILL 🚺 REENT	ER				None	
b. Type of Well: 🗹 Oil Well 🚺 Gas Well 🚺 Other	V Sir	ngle Zone 🔲 Multip	le Zone	RIDIUM MDP1 28	-21 FEDERA 21H	3210
Name of Operator OXY USA INCORPORATED		11010	GL	9. API Well No.	15.45074	4
a. Address 5 Greenway Plaza, Suite 110 Houston TX 770	3b. Phone No	(include area code)	10	10. Field and Pool, or I	Exploratory	
Location of Well Report Joyation clearly and in avardance with a	(713)300-2	01 10		INGLE WELLS BONE SPRING / BONE {		
4. Location of well (Report location clearly and in accordance with any state requirements.") At surface SWSW / 610 FSL / 648 FWL / LAT 32.2698566 / LONG -103.7891969			SEC 28 / T23S / R31E / NMP		·	
At proposed prod. zone NWNW / 180 FNL / 380 FWL / LAT 32.2967231 / LONG -103.7901006 4. Distance in miles and direction from nearest town or post office*		12. County or Parish EDDY	13. State	—		
5 Distance from proposed* location to nearest 50 feet property or lease line, ft. (Also to nearest drig, unit line, if any)	16. No. of a 640	icres in lease	17. Spaci 320	ng Unit dedicated to this v	well	_
 B. Distance from proposed location* to nearest well, drilling, completed, 35 feet applied for, on this lease, ft. 	19. Proposed Depth 20. BLM/ 8700 feet / 18841 feet FED: E		BIA Bond No. on file SB000226			
 Elevations (Show whether DF, KDB, RT, GL, etc.) 3368 feet 	22. Approxi 11/16/201	mate date work will sta 8	I ri*	23. Estimated duratio 25 days	n	_
	24. Attac	chments				
he following, completed in accordance with the requirements of Onsho	ore Oil and Gas	Order No.1, must be a	ttached to the	his form:		
. Well plat certified by a registered surveyor. A Drilling Plan.		4. Bond to cover the Item 20 above).	he operation	ons unless covered by an	existing bond on file (s	ee
. A Surface Use Plan (if the location is on National Forest System SUPO must be filed with the appropriate Forest Service Office).	1 Lands, the	 Operator certific Such other site BLM. 	ation specific in	formation and/or plans as	s may be required by the	:
5. Signature (Electronic Submission)	Name David	(Printed/Typed) d Stewart / Ph: (713)366-571	6	Date 02/22/2018	_
ille Sr. Regulatory Advisor						
pproved by (Signature) (Electronic Submission)	Name Cody	(Printed/Typed) Layton / Ph: (575)2	234-5959		Date 06/18/2018	
itle Supervisor Multiple Resources	Office	LSBAD			L	
pplication approval does not warrant or certify that the applicant hol onduct operations thereon. onditions of approval, if any, are attached.	lds legal or equi	itable title to those righ	ts in the su	bject lease which would e	entitle the applicant to	_
itle 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a tates any false, fictitious or fraudulent statements or representations as	crime for any p s to any matter v	erson knowingly and within its jurisdiction.	willfully to	make to any department of	or agency of the United	=
(Continued on page 2)	<u></u>			*(Inst	tructions on page 2	<u> </u>
		U CONDIT	ONS	NM OIL CO ARTESI	NSERVATION A DISTRICT	l

APPROVED WITH CO

approval Date: 06/18/2018

JUN 27 2018

RECEIVED

Ruf 7-3-18

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INSTRUCTIONS

GENERAL: This form is designed for submitting proposals to perform certain well operations, as indicated on Federal and Indian lands and leases for action by appropriate Federal agencies, pursuant to applicable Federal laws and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from local Federal offices.

ITEM 1: If the proposal is to redrill to the same reservoir at a different subsurface location or to a new reservoir, use this form with appropriate notations. Consult applicable Federal regulations concerning subsequent work proposals or reports on the well.

ITEM 4: Locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local Federal offices for specific instructions.

ITEM 14: Needed only when location of well cannot readily be found by road from the land or lease description. A plat, or plats, separate or on the reverse side, showing the roads to, and the surveyed location of, the well, and any other required information, should be furnished when required by Federal agency offices.

ITEMS 15 AND 18: If well is to be, or has been directionally drilled, give distances for subsurface location of hole in any present or objective productive zone.

ITEM 22: Consult applicable Federal regulations, or appropriate officials, concerning approval of the proposal before operations are started.

NOTICES

The Privacy Act of 1974 and regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this application.

AUTHORITY: 30 U.S.C. 181 et seq., 25 U.S.C. 396; 43 CFR 3160

PRINCIPAL PURPOSES: The information will be used to: (1) process and evaluate your application for a permit to drill a new oil, gas, or service well or to reenter a plugged and abandoned well; and (2) document, for administrative use, information for the management, disposal and use of National Resource Lands and resources including (a) analyzing your proposal to discover and extract the Federal or Indian resources encountered; (b) reviewing procedures and equipment and the projected impact on the land involved; and (c) evaluating the effects of the proposed operation on the surface and subsurface water and other environmental impacts. ROUTINE USE: Information from the record and/or the record will be transferred to appropriate Federal, State, and local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecution, in connection with congressional inquiries and for regulatory responsibilities.

EFFECT OF NOT PROVIDING INFORMATION: Filing of this application and disclosure of the information is mandatory only if you elect to initiate a drilling or reentry operation on an oil and gas lease.

The Paperwork Reduction Act of 1995 requires us to inform you that:

The BLM collects this information to allow evaluation of the technical, safety, and environmental factors involved with drilling for oil and/or gas on Federal and Indian oil and gas leases. This information will be used to analyze and approve applications. Response to this request is mandatory only if the operator elects to initiate drilling or reentry operations on an oil and gas lease. The BLM would like you to know that you do not have to respond to this or any other Federal agency-sponsored information collection unless it displays a currently valid OMB control number.

BURDEN HOURS STATEMENT: Public reporting burden for this form is estimated to average 8 hours per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management (1004-0137), Bureau Information Collection Clearance Officer (WO-630), 1849 C Street, N.W., Mail Stop 401 LS, Washington, D.C. 20240.

(Continued on page 3)

(Form 3160-3, page 2)

.

Additional Operator Remarks

Location of Well[.]

SHL: SWSW / 610 FSL / 648 FWL / TWSP: 23S / RANGE: 31E / SECTION: 28 / LAT: 32.2698566 / LONG: -103.7891969 (TVD: 0 feet, MD: 0 feet)
 PPP: SWSW / 9 FSL / 379 FWL / TWSP: 23S / RANGE: 31E / SECTION: 21 / LAT: 32.282673 / LONG: -103.790081 (TVD: 8700 feet, MD: 14161 feet)
 PPP: SWSW / 340 FSL / 380 FWL / TWSP: 23S / RANGE: 31E / SECTION: 28 / LAT: 32.2691141 / LONG: -103.7900624 (TVD: 8700 feet, MD: 9079 feet)
 BHL: NWNW / 180 FNL / 380 FWL / TWSP: 23S / RANGE: 31E / SECTION: 21 / LAT: 32.2967231 / LONG: -103.7901006 (TVD: 8700 feet, MD: 18841 feet)

BLM Point of Contact

Name: Sipra Dahal Title: Legal Instruments Examiner Phone: 5752345983 Email: sdahal@blm.gov

Review and Appeal Rights

A person contesting a decision shall request a State Director review. This request must be filed within 20 working days of receipt of the Notice with the appropriate State Director (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Land Appeals, 801 North Quincy Street, Suite 300, Arlington, VA 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

NM OIL CONSERVATION

ARTESIA DISTRICT

JUN 27 2018

PECOS DISTRICT DRILLING CONDITIONS OF APPROVAL

RECEIVED

OPERATOR'S NAME:	OXY USA INC
LEASE NO.:	NMNM-040659
WELL NAME & NO.:	Iridium MDP1 28-21 Federal Com 21H
SURFACE HOLE FOOTAGE:	0610' FSL & 0648' FWL
BOTTOM HOLE FOOTAGE	0180' FNL & 0380' FWL Sec. 21, T. 23 S., R 31 E.
LOCATION:	Section 28, T. 23 S., R 31 E., NMPM
COUNTY:	County, New Mexico

Submit NMOCD Gas Capture Plan to the BLM.

Communitization Agreement

The operator will submit a Communitization Agreement to the Carlsbad Field Office, 620 E Greene St. Carlsbad, New Mexico 88220, at least 90 days before the anticipated date of first production from a well subject to a spacing order issued by the New Mexico Oil Conservation Division. The Communitization Agreement will include the signatures of all working interest owners in all Federal and Indian leases subject to the Communitization Agreement (i.e., operating rights owners and lessees of record), or certification that the operator has obtained the written signatures of all such owners and will make those signatures available to the BLM immediately upon request.

• If the operator does not comply with this condition of approval, the BLM may take enforcement actions that include, but are not limited to, those specified in 43 CFR 3163.1.

In addition, the well sign shall include the surface and bottom hole lease numbers. <u>When the Communitization Agreement number is known, it shall also be</u> on the sign.

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. Hydrogen Sulfide (H2S) monitors shall be installed prior to drilling out the surface shoe. If H2S is detected in concentrations greater than 100 ppm, the

Page 1 of 7

Hydrogen Sulfide area shall meet Onshore Order 6 requirements, which includes equipment and personnel/public protection items. If Hydrogen Sulfide is encountered, provide measured values and formations to the BLM.

- 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. The operator has proposed to drill multiple wells utilizing a skid/walking rig. Operator shall secure the wellbore on the current well, after installing and testing the wellhead, by installing a blind flange of like pressure rating to the wellhead and a pressure gauge that can be monitored while drilling is performed on the other wells.
- 4. Option Setting surface casing with Spudder Rig
 - a. Notify the BLM when removing the Spudder Rig.
 - b. Notify the BLM when moving in the H&P Flex Rig. Rig to be moved in within 60 days of notification that the Spudder Rig has left the location. Failure to notify or have rig on location within 60 days will result in an Incident of Non-Compliance.
 - c. Once the H&P Flex Rig is on location, it shall not be removed from over the hole without prior approval unless the production casing has been run and cemented or the well has been properly plugged. If the drilling rig is removed without approval an Incident of Non-Compliance will be written and will be a "Major" violation.
 - d. BOP/BOPE test to be conducted per Onshore Oil and Gas Order No. 2 as soon as H&P Flex Rig is rigged up on well. CIT for the surface casing shall be performed and results recorded on subsequent sundry – pressure to be 1200 psi.
- 5. 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.
- 6. 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

Page 2 of 7

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 or are Non-API. 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.). The initial wellhead installed on the well will remain on the well with spools used as needed.

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

Wait on cement (WOC) for Potash Areas:

After cementing but before commencing any tests, the casing string shall stand cemented under pressure until both of the following conditions have been met: 1) cement reaches a minimum compressive strength of 500 psi for all cement blends, 2) until cement has been in place at least <u>24 hours</u>. WOC time will be recorded in the driller's log.

Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. Have well specific cement details onsite prior to pumping the cement for each casing string.

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

R-111-P Potash Possible water flows in the Castile and Salado. Possible lost circulation in the Red Beds, Rustler, and Delaware.

1. The 13-3/8 inch surface casing shall be set at approximately 590 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt) and cemented to the surface. If salt is encountered, set casing at least 25 feet above the salt.

Page 3 of 7

- 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.

Formation below the 13-3/8" 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 and the mud weight for the bottom of the hole. Report results to BLM office.

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

- 2. The minimum required fill of cement behind the 9-5/8 inch intermediate casing is:
 - □ Cement to surface. If cement does not circulate see B.1.a, c-d above. Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to potash.

Formation below the 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:

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□ Cement to surface. If cement does not circulate, contact the appropriate BLM office. Excess calculates to negative 33% - Additional cement will be required.

Operator has requested the option to perform a bradenhead squeeze if the production cement does not circulate to surface.

4. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

5. Whenever a casing string is cemented in the R-111-P potash area, the NMOCD requirements shall be followed.

C. **PRESSURE CONTROL**

- 1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API 53.
- 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. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be 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.

If mulitbowl option is utilized:

- 4. 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 psi.
 - a. Wellhead shall be installed by manufacturer's representatives, submit documentation with subsequent sundry.
 - b. If the welding is performed by a third party, the manufacturer's representative shall monitor the temperature to verify that it does not exceed the maximum temperature of the seal.
 - c. Manufacturer representative shall install the test plug for the initial BOP test.
 - d. Operator shall perform the intermediate casing integrity test to 70% of the casing burst. This will test the multi-bowl seals.
 - e. 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.

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 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. If a twelve hour or twenty-four hour chart is used, tester shall make a notation that it is run with a two 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.

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NM OIL CONSERVATION ARTESIA DISTRICT JUN 27 2018

PECOS DISTRICT SURFACE USE CONDITIONS OF APPROVAL

RECEIVED

OPERATOR'S NAME:	OXY USA INCORPORATED
LEASE NO.:	NMNM 040659
WELL NAME & NO.:	21H-IRIDIUM MDP1 28-21 FED
SURFACE HOLE FOOTAGE:	610'/S & 648'/W
BOTTOM HOLE FOOTAGE	180'/N & 380'/W
LOCATION:	T-23S, R-31E, S-28. NMPM
COUNTY:	EDDY, NM

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.

Permit Expiration

Archaeology, Paleontology, and Historical Sites

Noxious Weeds

Special Requirements

Lesser Prairie-Chicken Timing Stipulations Ground-level Abandoned Well Marker Cave/Karst

Construction

Notification Topsoil Closed Loop System

Federal Mineral Material Pits

Well Pads

Roads

Road Section Diagram

Production (Post Drilling)

Well Structures & Facilities

Pipelines

Electric Lines

Interim Reclamation

Final Abandonment & Reclamation

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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

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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.

This authorization is subject to your Certificate of Participation and/or Certificate of Inclusion under the New Mexico Candidate Conservation Agreement. Because it involves surface disturbing activities covered under your Certificate, your Habitat Conservation Fund Account with the Center of Excellence for Hazardous Materials Management (CEHMM) will be debited according to Exhibit B Part 2 of the Certificate of Participation.

Cave and Karst

** Depending on location, additional Drilling, Casing, and Cementing procedures may be required by engineering to protect critical karst groundwater recharge areas.

Cave/Karst Surface Mitigation

The following stipulations will be applied to minimize impacts during construction, drilling and production.

Construction:

In the advent that any underground voids are opened up during construction activities, construction activities will be halted and the BLM will be notified immediately.

No Blasting:

No blasting will be utilized for pad construction. The pad will be constructed and leveled by adding the necessary fill and caliche.

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Pad Berming:

The entire perimeter of the well pad will be bermed to prevent oil, salt, and other chemical contaminants from leaving the well pad.

- The compacted berm shall be constructed at a minimum of 12 inches high with impermeable mineral material (e.g. caliche).
- No water flow from the uphill side(s) of the pad shall be allowed to enter the well pad.
- The topsoil stockpile shall be located outside the bermed well pad.
- Topsoil, either from the well pad or surrounding area, shall not be used to construct the berm.
- No storm drains, tubing or openings shall be placed in the berm.
- If fluid collects within the bermed area, the fluid must be vacuumed into a safe container and disposed of properly at a state approved facility.
- The integrity of the berm shall be maintained around the surfaced pad throughout the life of the well and around the downsized pad after interim reclamation has been completed.
- Any access road entering the well pad shall be constructed so that the integrity of the berm height surrounding the well pad is not compromised. (Any access road crossing the berm cannot be lower than the berm height.)

Tank Battery Liners and Berms:

Tank battery locations and all facilities will be lined and bermed. A 20 mil permanent liner will be installed with a 4 oz. felt backing to prevent tears or punctures. Tank battery berms must be large enough to contain $1\frac{1}{2}$ times the content of the largest tank.

Leak Detection System:

A method of detecting leaks is required. The method could incorporate gauges to measure loss, situating values and lines so they can be visually inspected, or installing electronic sensors to alarm when a leak is present. Leak detection plan will be submitted to BLM for approval.

Automatic Shut-off Systems:

Automatic shut off, check values, or similar systems will be installed for pipelines and tanks to minimize the effects of catastrophic line failures used in production or drilling.

Cave/Karst Subsurface Mitigation

The following stipulations will be applied to protect cave/karst and ground water concerns:

Rotary Drilling with Fresh Water:

Fresh water will be used as a circulating medium in zones where caves or karst features are expected. SEE ALSO: Drilling COAs for this well.

Page 4 of 18

Directional Drilling:

Kick off for directional drilling will occur at least 100 feet below the bottom of the cave occurrence zone. SEE ALSO: Drilling COAs for this well.

Lost Circulation:

ALL lost circulation zones from the surface to the base of the cave occurrence zone will be logged and reported in the drilling report.

Regardless of the type of drilling machinery used, if a void of four feet or more and circulation losses greater than 70 percent occur simultaneously while drilling in any cavebearing zone, the BLM will be notified immediately by the operator. The BLM will assess the situation and work with the operator on corrective actions to resolve the problem.

Abandonment Cementing:

Upon well abandonment in high cave karst areas additional plugging conditions of approval may be required. The BLM will assess the situation and work with the operator to ensure proper plugging of the wellbore.

Pressure Testing:

Annual pressure monitoring will be performed by the operator on all casing annuli and reported in a sundry notice. If the test results indicated a casing failure has occurred, remedial action will be undertaken to correct the problem to the BLM's approval.

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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 strip the top portion of the soil (root zone) from the entire well pad area and stockpile the topsoil along the edge of the well pad as depicted in the APD. The root zone is typically six (6) inches in depth. All the stockpiled topsoil will be redistributed over the interim reclamation areas. Topsoil shall not be used for berming the pad or facilities. For final reclamation, the topsoil shall be spread over the entire pad area for seeding preparation.

Other subsoil (below six inches) stockpiles must be completely segregated from the topsoil stockpile. Large rocks or subsoil clods (not evident in the surrounding terrain) must be buried within the approved area 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.

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F. EXCLOSURE FENCING (CELLARS & PITS)

Exclosure Fencing

The operator will install and maintain exclosure fencing for all open well cellars to prevent access to public, livestock, and large forms of wildlife before and after drilling operations until the pit is free of fluids and the operator initiates backfilling. (For examples of exclosure fencing design, refer to BLM's Oil and Gas Gold Book, Exclosure Fence Illustrations, Figure 1, Page 18.)

G. ON LEASE ACCESS ROADS

Road Width

The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed 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 conform to Figure 1; cross section and plans for typical road construction.

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Drainage

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

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

Cross Section of a Typical Lead-off Ditch



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

Formula for Spacing Interval of Lead-off Ditches

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

400 foot road with 4% road slope: 400' + 100' = 200' lead-off ditch interval 4%

Cattleguards

An appropriately sized cattleguard sufficient to carry out the project shall be installed and maintained at fence/road crossings. Any existing cattleguards on the access road route 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 cattleguards that are in place and are utilized during lease operations.

Fence Requirement

Where entry is granted 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 fences.

Public Access

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





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VII. 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.

Exclosure Netting (Open-top Tanks)

Immediately following active drilling or completion operations, the operator will take actions necessary to prevent wildlife and livestock access, including avian wildlife, to all open-topped tanks that contain or have the potential to contain salinity sufficient to cause harm to wildlife or livestock, hydrocarbons, or Resource Conservation and Recovery Act of 1976-exempt hazardous substances. At a minimum, the operator will net, screen, or cover open-topped tanks to exclude wildlife and livestock and prevent mortality. If the operator uses netting, the operator will net, screen, or cover the tanks until the operator will net, screen, or cover the tanks from the location or the tanks no longer contain substances that could be harmful to wildlife or livestock. Use a maximum netting mesh size of 1 ½ inches. The netting must not be in contact with fluids and must not have holes or gaps.

Chemical and Fuel Secondary Containment and Exclosure Screening

The operator will prevent all hazardous, poisonous, flammable, and toxic substances from coming into contact with soil and water. At a minimum, the operator will install and maintain an impervious secondary containment system for any tank or barrel containing hazardous, poisonous, flammable, or toxic substances sufficient to contain the contents of the tank or barrel and any drips, leaks, and anticipated precipitation. The operator will dispose of fluids within the containment system that do not meet applicable state or U. S. Environmental Protection Agency livestock water standards in accordance with state law; the operator must not drain the fluids to the soil or ground. The operator will design, construct, and maintain all secondary containment systems to prevent wildlife and livestock exposure to harmful substances. At a minimum, the operator will install effective wildlife and livestock exclosure systems such as fencing, netting, expanded metal mesh, lids, and grate covers. Use a maximum netting mesh size of 1 ½ inches.

Open-Vent Exhaust Stack Exclosures

The operator will construct, modify, equip, and maintain all open-vent exhaust stacks on production equipment to prevent birds and bats from entering, and to discourage perching, roosting, and nesting. (*Recommended exclosure structures on open-vent exhaust stacks are in the shape of a cone.*) Production equipment includes, but may not be limited to, tanks, heater-treaters, separators, dehydrators, flare stacks, in-line units, and compressor mufflers.

Containment Structures

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Proposed production facilities such as storage tanks and other vessels will have a secondary containment structure that is constructed to hold the capacity of 1.5 times the largest tank, plus freeboard to account for precipitation, unless more stringent protective requirements are deemed necessary.

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, <u>Shale Green</u> from the BLM Standard Environmental Color Chart (CC-001: June 2008).

B. PIPELINES

STANDARD STIPULATIONS FOR SURFACE INSTALLED PIPELINES

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

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

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

2. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC 2601 <u>et seq</u>. (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, <u>et seq</u>. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, <u>et seq</u>.) 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

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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-ofway width of <u>20</u> feet. If the pipeline route follows an existing road or buried pipeline right-of-way, the surface pipeline must be installed no farther than 10 feet from the edge of the road or buried pipeline right-of-way. If existing surface pipelines prevent this distance, the proposed surface pipeline must be installed immediately adjacent to the outer surface pipeline. All construction and maintenance activity will be confined to existing roads or right-of-ways.

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

by the Authorized Officer.

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

9. The pipeline shall be buried with a minimum of <u>24</u> 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

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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.

16. 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, powerline 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.

17. Surface pipelines must be less than or equal to 4 inches and a working pressure below 125 psi.

C. ELECTRIC LINES

STANDARD STIPULATIONS FOR OVERHEAD ELECTRIC DISTRIBUTION LINES

A copy of the grant 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, <u>et seq</u>. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, <u>et seq</u>.) on the Right-of-Way (unless the release or threatened release is wholly unrelated to

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the Right-of-Way holder's activity on the Right-of-Way), or resulting from the activity of the Right-of-Way holder on the Right-of-Way. This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.

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

5. Power lines shall be constructed and designed in accordance to standards outlined in "Suggested Practices for Avian Protection on Power lines: The State of the Art in 2006" Edison Electric Institute, APLIC, and the California Energy Commission 2006. The holder shall assume the burden and expense of proving that pole designs not shown in the above publication deter raptor perching, roosting, and nesting. Such proof shall be provided by a raptor expert approved by the Authorized Officer. The BLM reserves the right to require modification or additions to all powerline structures placed on this right-of-way, should they be necessary to ensure the safety of large perching birds. Such modifications and/or additions shall be made by the holder without liability or expense to the United States.

Raptor deterrence will consist of but not limited to the following: triangle perch discouragers shall be placed on each side of the cross arms and a nonconductive perching deterrence shall be placed on all vertical poles that extend past the cross arms.

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

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

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

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

10. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf, on public or Federal land

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shall be immediately reported to the Authorized Officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery will be made by the Authorized Officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the Authorized Officer after consulting with the holder.

11. Special Stipulations:

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

VIII. 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.

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

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

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

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

Seed Mixture for LPC Sand/Shinnery Sites

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

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

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

Species

lb/acre

Plains Bristlegrass	5lbs/A
Sand Bluestem	5lbs/A
Little Bluestem	3lbs/A
Big Bluestem	6lbs/A
Plains Coreopsis	2lbs/A
Sand Dropseed	11bs/A

*Pounds of pure live seed:

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

PECOS DISTRICT SURFACE USE CONDITIONS OF APPROVAL

OPERATOR'S NAME:	OXY USA INCORPORATED
LEASE NO.:	NMNM 040659
WELL NAME & NO.:	21H-IRIDIUM MDP1 28-21 FED
SURFACE HOLE FOOTAGE:	610'/S & 648'/W
BOTTOM HOLE FOOTAGE	180'/N & 380'/W
LOCATION:	T-23S, R-31E, S-28. NMPM
COUNTY:	EDDY, NM

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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.

] Permit Expiration

Archaeology, Paleontology, and Historical Sites

] Noxious Weeds

Special Requirements

Lesser Prairie-Chicken Timing Stipulations Ground-level Abandoned Well Marker Cave/Karst

Construction

Notification Topsoil Closed Loop System Federal Mineral Material Pits Well Pads Roads

Road Section Diagram

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.

This authorization is subject to your Certificate of Participation and/or Certificate of Inclusion under the New Mexico Candidate Conservation Agreement. Because it involves surface disturbing activities covered under your Certificate, your Habitat Conservation Fund Account with the Center of Excellence for Hazardous Materials Management (CEHMM) will be debited according to Exhibit B Part 2 of the Certificate of Participation.

Cave and Karst

** Depending on location, additional Drilling, Casing, and Cementing procedures may be required by engineering to protect critical karst groundwater recharge areas.

Cave/Karst Surface Mitigation

The following stipulations will be applied to minimize impacts during construction, drilling and production.

Construction:

In the advent that any underground voids are opened up during construction activities, construction activities will be halted and the BLM will be notified immediately.

No Blasting:

No blasting will be utilized for pad construction. The pad will be constructed and leveled by adding the necessary fill and caliche.

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Pad Berming:

The entire perimeter of the well pad will be bermed to prevent oil, salt, and other chemical contaminants from leaving the well pad.

- The compacted berm shall be constructed at a minimum of 12 inches high with impermeable mineral material (e.g. caliche).
- No water flow from the uphill side(s) of the pad shall be allowed to enter the well pad.
- The topsoil stockpile shall be located outside the bermed well pad.
- Topsoil, either from the well pad or surrounding area, shall not be used to construct the berm.
- No storm drains, tubing or openings shall be placed in the berm.
- If fluid collects within the bermed area, the fluid must be vacuumed into a safe container and disposed of properly at a state approved facility.
- The integrity of the berm shall be maintained around the surfaced pad throughout the life of the well and around the downsized pad after interim reclamation has been completed.
- Any access road entering the well pad shall be constructed so that the integrity of the berm height surrounding the well pad is not compromised. (Any access road crossing the berm cannot be lower than the berm height.)

Tank Battery Liners and Berms:

Tank battery locations and all facilities will be lined and bermed. A 20 mil permanent liner will be installed with a 4 oz. felt backing to prevent tears or punctures. Tank battery berms must be large enough to contain $1\frac{1}{2}$ times the content of the largest tank.

Leak Detection System:

A method of detecting leaks is required. The method could incorporate gauges to measure loss, situating values and lines so they can be visually inspected, or installing electronic sensors to alarm when a leak is present. Leak detection plan will be submitted to BLM for approval.

Automatic Shut-off Systems:

Automatic shut off, check values, or similar systems will be installed for pipelines and tanks to minimize the effects of catastrophic line failures used in production or drilling.

Cave/Karst Subsurface Mitigation

The following stipulations will be applied to protect cave/karst and ground water concerns:

Rotary Drilling with Fresh Water:

Fresh water will be used as a circulating medium in zones where caves or karst features are expected. SEE ALSO: Drilling COAs for this well.

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Directional Drilling:

Kick off for directional drilling will occur at least 100 feet below the bottom of the cave occurrence zone. SEE ALSO: Drilling COAs for this well.

Lost Circulation:

ALL lost circulation zones from the surface to the base of the cave occurrence zone will be logged and reported in the drilling report.

Regardless of the type of drilling machinery used, if a void of four feet or more and circulation losses greater than 70 percent occur simultaneously while drilling in any cavebearing zone, the BLM will be notified immediately by the operator. The BLM will assess the situation and work with the operator on corrective actions to resolve the problem.

Abandonment Cementing:

Upon well abandonment in high cave karst areas additional plugging conditions of approval may be required. The BLM will assess the situation and work with the operator to ensure proper plugging of the wellbore.

Pressure Testing:

Annual pressure monitoring will be performed by the operator on all casing annuli and reported in a sundry notice. If the test results indicated a casing failure has occurred, remedial action will be undertaken to correct the problem to the BLM's approval.

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 strip the top portion of the soil (root zone) from the entire well pad area and stockpile the topsoil along the edge of the well pad as depicted in the APD. The root zone is typically six (6) inches in depth. All the stockpiled topsoil will be redistributed over the interim reclamation areas. Topsoil shall not be used for berming the pad or facilities. For final reclamation, the topsoil shall be spread over the entire pad area for seeding preparation.

Other subsoil (below six inches) stockpiles must be completely segregated from the topsoil stockpile. Large rocks or subsoil clods (not evident in the surrounding terrain) must be buried within the approved area 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.

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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. EXCLOSURE FENCING (CELLARS & PITS)

Exclosure Fencing

The operator will install and maintain exclosure fencing for all open well cellars to prevent access to public, livestock, and large forms of wildlife before and after drilling operations until the pit is free of fluids and the operator initiates backfilling. (For examples of exclosure fencing design, refer to BLM's Oil and Gas Gold Book, Exclosure Fence Illustrations, Figure 1, Page 18.)

G. ON LEASE ACCESS ROADS

Road Width

The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed 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 conform to Figure 1; cross section and plans for typical road construction.

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Drainage

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

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

Cross Section of a Typical Lead-off Ditch



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

Formula for Spacing Interval of Lead-off Ditches

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

400 foot road with 4% road slope: 400' + 100' = 200' lead-off ditch interval 4%

Cattleguards

An appropriately sized cattleguard sufficient to carry out the project shall be installed and maintained at fence/road crossings. Any existing cattleguards on the access road route 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 cattleguards that are in place and are utilized during lease operations.

Fence Requirement

Where entry is granted 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 fences.

Public Access

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





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VII. 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.

Exclosure Netting (Open-top Tanks)

Immediately following active drilling or completion operations, the operator will take actions necessary to prevent wildlife and livestock access, including avian wildlife, to all open-topped tanks that contain or have the potential to contain salinity sufficient to cause harm to wildlife or livestock, hydrocarbons, or Resource Conservation and Recovery Act of 1976-exempt hazardous substances. At a minimum, the operator will net, screen, or cover open-topped tanks to exclude wildlife and livestock and prevent mortality. If the operator uses netting, the operator will cover and secure the open portion of the tank to prevent wildlife entry. The operator will net, screen, or cover the tanks until the operator removes the tanks from the location or the tanks no longer contain substances that could be harmful to wildlife or livestock. Use a maximum netting mesh size of 1 ½ inches. The netting must not be in contact with fluids and must not have holes or gaps.

Chemical and Fuel Secondary Containment and Exclosure Screening

The operator will prevent all hazardous, poisonous, flammable, and toxic substances from coming into contact with soil and water. At a minimum, the operator will install and maintain an impervious secondary containment system for any tank or barrel containing hazardous, poisonous, flammable, or toxic substances sufficient to contain the contents of the tank or barrel and any drips, leaks, and anticipated precipitation. The operator will dispose of fluids within the containment system that do not meet applicable state or U. S. Environmental Protection Agency livestock water standards in accordance with state law; the operator must not drain the fluids to the soil or ground. The operator will design, construct, and maintain all secondary containment systems to prevent wildlife and livestock exposure to harmful substances. At a minimum, the operator will install effective wildlife and livestock exclosure systems such as fencing, netting, expanded metal mesh, lids, and grate covers. Use a maximum netting mesh size of 1 ½ inches.

Open-Vent Exhaust Stack Exclosures

The operator will construct, modify, equip, and maintain all open-vent exhaust stacks on production equipment to prevent birds and bats from entering, and to discourage perching, roosting, and nesting. (*Recommended exclosure structures on open-vent exhaust stacks are in the shape of a cone.*) Production equipment includes, but may not be limited to, tanks, heater-treaters, separators, dehydrators, flare stacks, in-line units, and compressor mufflers.

Containment Structures

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Proposed production facilities such as storage tanks and other vessels will have a secondary containment structure that is constructed to hold the capacity of 1.5 times the largest tank, plus freeboard to account for precipitation, unless more stringent protective requirements are deemed necessary.

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, <u>Shale Green</u> from the BLM Standard Environmental Color Chart (CC-001: June 2008).

B. PIPELINES

STANDARD STIPULATIONS FOR SURFACE INSTALLED PIPELINES

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

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

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

2. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC 2601 <u>et seq</u>. (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, <u>et seq</u>. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, <u>et seq</u>.) 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

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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-ofway width of 20 feet. If the pipeline route follows an existing road or buried pipeline right-of-way, the surface pipeline must be installed no farther than 10 feet from the edge of the road or buried pipeline right-of-way. If existing surface pipelines prevent this distance, the proposed surface pipeline must be installed immediately adjacent to the outer surface pipeline. All construction and maintenance activity will be confined to existing roads or right-of-ways.

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

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by the Authorized Officer.

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

9. The pipeline shall be buried with a minimum of <u>24</u> 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

Page 13 of 18

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.

16. 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, powerline 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.

17. Surface pipelines must be less than or equal to 4 inches and a working pressure below 125 psi.

C. ELECTRIC LINES

STANDARD STIPULATIONS FOR OVERHEAD ELECTRIC DISTRIBUTION LINES

A copy of the grant 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 <u>et seq</u>. (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, <u>et seq</u>. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, <u>et seq</u>.) on the Right-of-Way (unless the release or threatened release is wholly unrelated to

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the Right-of-Way holder's activity on the Right-of-Way), or resulting from the activity of the Right-of-Way holder on the Right-of-Way. This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.

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

5. Power lines shall be constructed and designed in accordance to standards outlined in "Suggested Practices for Avian Protection on Power lines: The State of the Art in 2006" Edison Electric Institute, APLIC, and the California Energy Commission 2006. The holder shall assume the burden and expense of proving that pole designs not shown in the above publication deter raptor perching, roosting, and nesting. Such proof shall be provided by a raptor expert approved by the Authorized Officer. The BLM reserves the right to require modification or additions to all powerline structures placed on this right-of-way, should they be necessary to ensure the safety of large perching birds. Such modifications and/or additions shall be made by the holder without liability or expense to the United States.

Raptor deterrence will consist of but not limited to the following: triangle perch discouragers shall be placed on each side of the cross arms and a nonconductive perching deterrence shall be placed on all vertical poles that extend past the cross arms.

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

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

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

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

10. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf, on public or Federal land

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shall be immediately reported to the Authorized Officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery will be made by the Authorized Officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the Authorized Officer after consulting with the holder.

11. Special Stipulations:

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

VIII. 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.

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Seed Mixture for LPC Sand/Shinnery Sites

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

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

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

Species

lb/acre

Plains Bristlegrass	5lbs/A
Sand Bluestem	5lbs/A
Little Bluestem	3lbs/A
Big Bluestem	6lbs/A
Plains Coreopsis	2lbs/A
Sand Dropseed	11bs/A

*Pounds of pure live seed:

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



U.S. Department of the Interior BUREAU OF LAND MANAGEMENT



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 which currently 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.

NAME: David Stewart

Signed on: 02/22/2018

Title: Sr. Regulatory Advisor

Street Address: 5 Greenway Plaza, Suite 110

State: TX

State: TX

City: Houston

Phone: (713)366-5716

Email address: David_stewart@oxy.com

Field Representative

Representative Name: Jim Wilson

Street Address: 6001 Deauville

City: Midland

Phone: (575)631-2442

Email address: jim_wilson@oxy.com

Zip: 77046

Zip: 79706

FMSS

U.S. Department of the Interior BUREAU OF LAND MANAGEMENT

APD ID: 10400027323

Operator Name: OXY USA INCORPORATED

Section 1 - General

Well Name: IRIDIUM MDP1 28-21 FEDERAL COM

Well Type: OIL WELL

Submission Date: 02/22/2018

Well Number: 21H

Refillerster date Franks, this install view and the interest

06/19/2018

Application Data Report

Show Final Text

Well Work Type: Drill

APD ID:	10400027323	Tie to previous NOS?		Submission Date: 02/22/2018
BLM Offic	e: CARLSBAD	User: David Stewart	Tit	le: Sr. Regulatory Advisor
Federal/In	dian APD: FED	Is the first lease penet	rated for produc	tion Federal or Indian? FED
Lease nur	nber: NMNM040659	Lease Acres: 640		
Surface a	ccess agreement in place?	Allotted?	Reservation	:
Agreemen	it in place? NO	Federal or Indian agre	ement:	
Agreemen	it number:		,	
Agreemen	it name:			
Keep appl	lication confidential? NO			
Permitting	g Agent? NO	APD Operator: OXY U	SA INCORPORA	TED
Operator I	letter of designation:			
	Operator Info			
Operator	Organization Name: OXY USA	INCORPORATED		
Operator	Address: 5 Greenway Plaza, Su	uite 110	7 :	e
Operator	PO Box:		Zip. 7704	0
Operator	City: Houston Stat	e: TX		
Operator	Phone: (713)366-5716			
Operator	Internet Address:			
[Section 2 Wall Inform	ation		
L	Section 2 - Weil Inform			
Well in Ma	aster Development Plan? EXIST	ING Mater Develo	pment Plan nam	e: Sand Dunes Area
Well in Ma	aster SUPO? NO	Master SUPC) name:	
Well in Ma	aster Drilling Plan? NO	Master Drilli	ng Plan name:	
Well Nam	e: IRIDIUM MDP1 28-21 FEDER	AL COM Well Number	:: 21H	Well API Number:
Field/Poo	I or Exploratory? Field and Pool	Field Name: BONE SPRIN	INGLE WELLS	Pool Name: BONE SPRING
is the pro	posed well in an area containin	ig other mineral resources	Y USEABLE WAT	EK

Describe oth	er minerals:			
Is the propos	sed well in a Helium produc	ction area? N	Use Existing Well Pad? NO	New surface disturbance?
Type of Well	Pad: MULTIPLE WELL		Multiple Well Pad Name:	Number: 11H
Well Class: ⊦	IORIZONTAL		IRIDIUM MDP1 28-21 FEDERAL COM Number of Legs:	- ·
Well Work Ty	/pe: Drill			
Well Type: O	IL WELL			
Describe We	II Туре:			
Well sub-Typ	e: INFILL			
Describe sub	o-type:			
Distance to t	own: 8 Miles	Distance to nea	arest well: 35 FT Distan	ce to lease line: 50 FT
Reservoir we	ell spacing assigned acres	Measurement:	320 Acres	
Well plat:	IridiumMDP1_28_21FdCom	21H_C102_201	80214161120.pdf	
	IridiumMDP1_28_21FdCom	21H_SitePlan_2	20180214161137.pdf	
Well work sta	art Date: 11/16/2018		Duration: 25 DAYS	

Section 3 - Well Location Table

Survey Type: RECTANGULAR

Describe Survey Type:

Datum: NAD83

Vertical Datum: NAVD88

Survey number:

	NS-Foot	NS Indicator	EW-Foot	EW Indicator	Twsp	Range	Section	Aliquot/Lot/Tract	Latitude	Longitude	County	State	Meridian	Lease Type	Lease Number	Elevation	MD	TVD
SHL	610	FSL	648	FWL	235	31E	28	Aliquot	32.26985	-	EDD	NEW	NEW	F	NMNM	336	0	0
Leg]]			sws	00	103.7891	Y	MEXI	MEXI		040659	Ø		{
#1								W		969		CO	00					
кор	50	FSL	380	FWL	23S	31E	28	Aliquot	32.26831	-	EDD	NEW	NEW	F	NMNM	-	817	812
Leg				ľ				sws	6 9	103.7900	Y	MEXI	MEXI		040659	475	9	7
#1								w		613		co	со			9		

Operator Name: OXY USA INCORPORATED

Well Name: IRIDIUM MDP1 28-21 FEDERAL COM

Well Number: 21H

	NS-Foot	NS Indicator	EW-Foot	EW Indicator	Twsp	Range	Section	Aliquot/Lot/Tract	Latitude	Longitude	County	State	Meridian	Lease Type	Lease Number	Elevation	MD	DVT
PPP	340	FSL	380	FWL	23S	31E	28	Aliquot	32.26911	-	EDD	NEW	NEW	F	NMNM	-	907	870
Leg								SWS	41	103.7900	Y	MEXI ICO	MEXI CO		040659	533	9	0
#1										•= ·		••						
PPP	9	FSL	379	FWL	23S	31E	21	Aliquot	32.28267	-	EDD	NEW	NEW	F	NMNM	- ·	141	870
Leg								sws	3	103.7900	Y	MEXI	MEXI		038464	533	61	0
#1								w		81		co	co			2		
EXIT	340	FNL	380	FWL	23S	31E	21	Aliquot	32.29628	-	EDD	NEW	NEW	F	NMNM	-	186	870
Leg						1		NWN	33	103.7901	Y .	MEXI	MEXI		038464	533	81	0
#1								w				co	co			2		
BHL	180	FNL	380	FWL	23S	31E	21	Aliquot	32.29672	-	EDD	NEW	NEW	F	NMNM	-	188	870
Leg]					NWN	31	103.7901	Y	MEXI	MEXI		038464	533	41	0
#1								w		006		co	co			2		





FAFMSS

U.S. Department of the Interior BUREAU OF LAND MANAGEMENT



Submission Date: 02/22/2018

APD ID: 10400027323

Operator Name: OXY USA INCORPORATED

Well Name: IRIDIUM MDP1 28-21 FEDERAL COM

Well Number: 21H

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Show Final Text

Well Type: OIL WELL

Well Work Type: Drill

Section 1 - Geologic Formations

Formation			True Vertical	Measured	•	· · · · ·	Producing
ID	Formation Name	Elevation	Depth	Depth	Lithologies	Mineral Resources	Formation
1	RUSTLER	3368	424	424	SHALE,DOLOMITE,ANH YDRITE	USEABLE WATER	No
2	SALADO	2586	782	782	SHALE,DOLOMITE,HAL ITE,ANHYDRITE	OTHER : SALT	No
3	CASTILE	652	2716	2716	ANHYDRITE	OTHER : salt	No
4	LAMAR	-834	4202	4202	LIMESTONE,SANDSTO NE,SILTSTONE	NATURAL GAS,OIL,OTHER : BRINE	No
5	BELL CANYON	-857	4225	4225	SANDSTONE,SILTSTO NE	NATURAL GAS,OIL,OTHER : BRINE	No
6	CHERRY CANYON	-1733	5101	5111	SANDSTONE,SILTSTO NE	NATURAL GAS,OIL,OTHER : BRINE	No
7	BRUSHY CANYON	-3023	6391	6421	LIMESTONE,SANDSTO NE,SILTSTONE	NATURAL GAS,OIL,OTHER : BRINE	No
8	BONE SPRING	-4649	8017	8069	LIMESTONE,SANDSTO NE,SILTSTONE	NATURAL GAS,OIL	Yes

Section 2 - Blowout Prevention

Pressure Rating (PSI): 5M

Rating Depth: 8700

Equipment: 13-5/8" 5M Annular, Blind Ram, Double Ram

Requesting Variance? YES

Variance request: Request for the use of a flexible choke line from the BOP to Choke Manifold.

Testing Procedure: BOP/BOPE will be tested by an independent service company to 250 psi low and the high pressure indicated above per Onshore Order 2 requirements. The System may be upgraded to a higher pressure but still tested to the working pressure listed in the table above. If the system is upgraded all the components installed will be functional and tested. Pipe rams will be operationally checked each 24 hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets. Other accessories to the BOP equipment will include a Kelly cock and floor safety valve (inside BOP) and choke lines and choke manifold. A multibowl wellhead or a unionized multibowl wellhead system will be employed. The wellhead and connection to the BOPE will meet all API 6A requirements. The BOP will be tested per Onshore Order #2 after installation on the surface casing which will cover testing requirements for a maximum of 30 days. If any seal subject to test pressure is broken the system will be tested. We will test the flange connection of the wellhead with a test port that is directly in the flange.

Choke Diagram Attachment:

Well Number: 21H

IridiumMDP1_28_21FdCom21H_ChkManifold_20180215080639.pdf

BOP Diagram Attachment:

IridiumMDP1_28_21FdCom21H_BOP_5M__20180215080650.pdf

IridiumMDP1_28_21FdCom21H_FlexHoseCert_20180215080702.pdf

Section 3 - Casing

L Casing ID	String Type	Hole Size	92 Cs D SS 13.375	Main Condition	A Standard	Z Tapered String	Top Set MD	069 Bottom Set MD	Top Set TVD	66 Bottom Set TVD	Top Set MSL	Bottom Set MSL	65 Calculated casing length MD	Grade 1-22	Meight	Joint Type	Collapse SF	7. Burst SF	A Joint SF Type	F Joint SF	Body SF Type	F Body SF
																	5					
2	INTERMED IATE	12.2 5	9.625	NEW	API	N	0	4302	0	4302			4302	J-55	36	BUTT	1.12 5	1.2	BUOY	1.4	BUOY	1.4
3	PRODUCTI ON	8.5	5.5	NEW	ΑΡΙ	N	0	18840	0	8700			18840	P- 110	20	OTHER - DQX	1,12 5	1.2	BUOY	1.4	BUOY	1.4

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Casing Attachments

Casing ID: 1

String Type: SURFACE

Inspection Document:

Spec Document:

Tapered String Spec:

Casing Design Assumptions and Worksheet(s):

IRidiumMDP1_28_21FdCom21H_CsgCriteria_20180222135011.pdf

Well Name: IRIDIUM MDP1 28-21 FEDERAL COM

Well Number: 21H

Casing Attachments

Casing ID: 2 String Type: INTERMEDIATE Inspection Document:

Spec Document:

Tapered String Spec:

Casing Design Assumptions and Worksheet(s):

IRidiumMDP1_28_21FdCom21H_CsgCriteria_20180222134950.pdf

Casing ID: 3 String Type: PRODUCTION

Inspection Document:

Spec Document:

Tapered String Spec:

Casing Design Assumptions and Worksheet(s):

IRidiumMDP1_28_21FdCom21H_CsgCriteria_20180222134914.pdf

IridiumMDP1_28_21FdCom21H_5.5_20_P110_DQXCsg_20180222134933.pdf

Section	4 - Ce	emen	t								
String Type	Lead/Tail	Stage Tool Depth	Top MD	Bottom MD	Quantity(sx)	Yield	Density	Cu Ft	Excess%	Cement type	Additives
SURFACE	Lead		0	590	616	1.33	14.8	819	100	CIC	Accelerator

INTERMEDIATE	Lead	0	3802	1130	1.88	12.9	2124	75	Pozzolan/C	Retarder
INTERMEDIATE	Tail	3802	4302	141	1.33	14.8	188	20	CIC	Retarder, Dispersant, Salt

Operator Name: OXY USA INCORPORATED

Well Name: IRIDIUM MDP1 28-21 FEDERAL COM

Well Number: 21H

String Type	Lead/Tail	Stage Tool Depth	Top MD	Bottom MD	Quantity(sx)	Yield	Density	Cu Ft	Excess%	Cement type	Additives
PRODUCTION	Lead		0	6391	931	1.78	12.9	1657	25	CIC	Accelerator, Dispersant

PRODUCTION	Lead	6391	8017	249	1.57	13.2	391	5	CIC	Retarder
PRODUCTION	Tail	8017	1884 0	1648	1.58	13.2	2604	5	CIH	Retarder, Dispersant, Salt

Section 5 - Circulating Medium

Mud System Type: Closed

Will an air or gas system be Used? NO

Description of the equipment for the circulating system in accordance with Onshore Order #2:

Diagram of the equipment for the circulating system in accordance with Onshore Order #2:

Describe what will be on location to control well or mitigate other conditions: Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements. The following is a general list of products: Barite, Bentonite, Gypsum, Lime, Soda Ash, Caustic Soda, Nut Plug, Cedar Fiber, Cotton Seed Hulls, Drilling Paper, Salt Water Clay, CaCl2.

Describe the mud monitoring system utilized: PVT/MD Totco/Visual Monitoring

Circulating M	edium	Table
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Top Depth	Bottom Depth	Mud Type	Min Weight (Ibs/gal)	Max Weight (Ibs/gal)	Density (lbs/cu ft)	Gel Strength (lbs/100 sqft)	Н	Viscosity (CP)	Salinity (ppm)	Filtration (cc)	Additional Characteristics
590	4302	OTHER : Water- Based (Saturated Brine) Mud	9.8	10.2							
4302	1884 0	OTHER : Water- Based and/or Oil-Based Mud	8	8.6							
0	590	WATER-BASED MUD	8.6	8.8							

Operator Name: OXY USA INCORPORATED

Well Name: IRIDIUM MDP1 28-21 FEDERAL COM

Well Number: 21H

Section 6 - Test, Logging, Coring

List of production tests including testing procedures, equipment and safety measures:

GR from TD to surface (horizontal well - vertical portion of hole). Mud Log from intermediate shoe to TD.

List of open and cased hole logs run in the well: GR.MUDLOG

Coring operation description for the well:

No coring is planned at this time.

Section 7 - Pressure

Anticipated Bottom Hole Pressure: 4344

Anticipated Surface Pressure: 2430

Anticipated Bottom Hole Temperature(F): 150

Anticipated abnormal pressures, temperatures, or potential geologic hazards? NO

Describe:

Contingency Plans geoharzards description:

Contingency Plans geohazards attachment:

Hydrogen Sulfide drilling operations plan required? YES

Hydrogen sulfide drilling operations plan:

IridiumMDP1_28_21FdCom21H_H2S1_20180215080531.pdf IridiumMDP1_28_21FdCom21H_H2S2_20180215080546.pdf

Section 8 - Other Information

Proposed horizontal/directional/multi-lateral plan submission:

IridiumMDP1_28_21FdCom21H_DirectPlan_20180214164503.pdf IridiumMDP1_28_21FdCom21H_DirectPlot_20180214164531.pdf

Other proposed operations facets description:

OXY requests the option to set casing shallower yet still below the salts if losses or hole conditions require this. Cement volumes may be adjusted if casing is set shallower and a DV tool will be run in case a contingency second stage is required for cement to reach surface. If cement circulated to surface during first stage we will drop a cancelation cone and not pump the second stage.

OXY requests to pump a two stage production casing cement job with the first stage being pumped conventionally with the calculated TOC @ the Brushy Canyon and the second stage performed as a bradenhead squeeze with planned cement from the top of the Brushy Canyon to surface.

Well will be drilled with a walking/skidding operation. Plan to drill the four well pad in batch by section: all surface sections, intermediate sections and production sections. The wellhead will be secured with a night cap whenever the rig is not over the well.

Well Name: IRIDIUM MDP1 28-21 FEDERAL COM

Well Number: 21H

OXY requests the option to contract a Surface Rig to drill, set surface casing, and cement for this well. If the timing between rigs is such that OXY would not be able to preset surface, the Primary Rig will MIRU and drill the well in its entirety per the APD. Please see the attached document for information on the spudder rig.

Other proposed operations facets attachment:

IridiumMDP1_28_21FdCom21H_SpudRigData_20180214164547.pdf IridiumMDP1_28_21FdCom21H_DrillPlan_20180222134231.pdf

Other Variance attachment:





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Date:			Inspec	tor		Qualit	y Control				
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Customer Acc No	Phoenix Beattle Contract Manager	Phoenix Beattle Reference	Date
H01	JJL	006330	05/23/2008

item No	Beattle Part Number / Description	Qty Ordered	Qty Sent	Qty To Follow
1	HP10CK3A-35-4F1 3" 10K 16C C&K HOSE x 35ft 0AL CM 4.1/16" API SPEC FLANGE E/ End 1: 4.1/16" 10Kps1 API Spec 6A Type 68X Flange End 2: 4.1/16" 10Kps1 API Spec 6A Type 68X Flange c/w BX155 Standard ring groove at each end Suitable for H2S Service Working pressure: 10.000ps1 Test pressure: 15,000ps1	1	1	0
	Standard: API 16C Full specification Armor Guarding: Included Fire Rating: Not Included Temperature rating: -20 Deg C to +100 Deg C			
2	SECK3-HPF3 LIFTING & SAFETY EQUIPMENT TO SUIT HP10CK3-35-F1 2 x 160mm ID Safety Clamps 2 x 244mm IO Lifting Collars & element C's 2 x 7ft Stainless Steel wire rope 3/4" 00 4 x 7.75t Shackles	1	1	0
3	SC725-200CS SAFETY CLAMP 2004M 7.25T C/S GALVANISED	1	1	D

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• - PHOENIX Beattie

Form No 100/12

Phoenix Beattle Corp 11535 Britanne Pert Drive Haston, TX 77041 Fal: (032) 327-014 Fas: (032) 327-0149 E-aril saillphoenisbeattle.com ww.phoenisbeattle.com

Delivery Note

Customer Order Number	370-369-001	Delivery Note Number	Bivery Note Number 003078 Page 2 Bivery / Address HELMERICH & PAYNE IDC ATTN: JOE STEPHENSON - RIG 370 13609 INDUSTRIAL ROAD HOUSTON, TX 77015		
Customer / Invoice Addres HELMERICH & PAYNE INT'L I 1437 SOUTH BOULDER TULSA, OK 74119	rder Number 370-369-001 Delivery Note Number 00307/ Invoice Address Delivery / Address & PAYNE INT'L DRILLING CO HELMERICH & PAYNE IDC BOULDER ATTN: JOE STEPHENSON - RIG 370 13609 INDUSTRIAL ROAD HOUSTON, TX 77015	; 370			

Customer Acc No	Phoenix Beattle Contract Manager	Phoenix Beattle Reference	Date
K01	JJL	006330	05/23/2008

ltem No	Beattle Part Number / Description	Oty Ordered	Qty Sent	Qty To Follow
5	SC725-132CS SAFETY CLANP 132MM 7.25T C/S GALVANIZED C/W BOLTS	1	1	0
	DOCERT-HYDRO HYDROSTATIC PRESSURE TEST CERTIFICATE	1	1	0
	OOCERT-LOAD LOAD TEST CERTIFICATES	1	1	0
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PA No 000	1330 Client H	LMERICH & PA	THE INT'L DRILLING	CBent	Ref 3	70-369-001		
Part No	Description	Material Desc	Material Spec		WON	Botob No.		
HP100X3A-35-4F1	3" 10K 16C CBK HOSE x 35TE OAL			1,	2467	Batch NO		
SECK3-HPF3	LIFTING & SAFETY EQUIPMENT TO			+;	2447	02////18894		
\$0726-20005	SAFETY CLANP 200HH 7.25T	CARBON STEEL		╉╦───	2000	000000		
50725-13205	SAFETY CLANP 13200 7.26T	CARBON STEEL		<u> </u>	2242	H139		
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We hereby certify that these goods have been inspected by our Quality Management System, and to the relevant industry standards within the requirements of the purchase order as issued to Phoenix Beattle C

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above items/equipment supplied by us are in conditions and specifications of the above see items/equipment were fabricated inspected with the referenced standards, codes and re relevant acceptance criteria and design

GARY/EU

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Date: 04. April. 2008
OXY's Minimum Design Criteria

Burst, Collapse, and Tensile SF are calculated using Landmark's Stress Check (Casing Design) software. A sundry will be requested if any lesser grade or different size casing is substituted.

- 1) Casing Design Assumptions
 - a) Burst Loads

CSG Test (Surface)

- Internal: Displacement fluid + pressure required to comply with regulatory casing test pressures. This will comply with both Onshore Oil and Gas Order No. 2 and 19.15.16 of the OCD Rules.
- o External: Pore pressure in open hole.

CSG Test (Intermediate)

- Internal: Displacement fluid + pressure required to comply with regulatory casing test pressures. This will comply with both Onshore Oil and Gas Order No. 2 and 19.15.16 of the OCD Rules.
- External: Mud Weight to TOC, cement mix water gradient (8.4 ppg) below TOC, and pore pressure in open hole.

CSG Test (Production)

- o Internal:
 - For Drilling: Displacement fluid + pressure required to comply with regulatory casing test pressures. This will comply with both Onshore Oil and Gas Order No. 2 and 19.15.16 of the OCD Rules.
 - For Production: The design pressure test should be the greater of (1) the planned test pressure prior to stimulation down the casing. (2) the regulatory test pressure, and (3) the expected gas lift system pressure. The design test fluid should be the fluid associated with pressure test having the greatest pressure.
- o External:
 - For Drilling: Mud Weight to TOC, cement mix water gradient (8.4 ppg) below TOC, and pore pressure in open hole.
 - For Production: Mud base-fluid density to TOC, cement mix water gradient (8.4 ppg) below TOC, and pore pressure in open hole.

Gas Column (Surface)

- Internal: Assumes a full column of gas in the casing with a Gas/Oil Gradient of 0.1 psi/ft in the absence of better information. It is limited to the controlling pressure based on the fracture pressure at the shoe or the maximum expected pore pressure within the next drilling interval, whichever results in a lower surface pressure.
- External: Fluid gradient below TOC, pore pressure from the TOC to the Intermediate CSG shoe (if applicable), and MW of the drilling mud that was in the hole when the CSG was run from Intermediate CSG shoe to surface.

Bullheading (Surface / Intermediate)

- Internal: The string must be designed to withstand a pressure profile based on the fracture pressure at the casing shoe with a column of water above the shoe plus an additional surface pressure (in psi) of 0.02 X MD of the shoe to account for pumping friction pressure.
- External: Mud weight to TOC, cement mix water gradient (8.4 ppg) below TOC, and pore pressure in open hole.

Gas Kick (Intermediate)

- The string must be designed to at least a gas kick load case unless the rig is unable to detect a kick. For the gas kick load case, the internal pressure profile must be based on a minimum volume of 50 bbl or the minimum kick detection capability of the rig, whichever is greater, and a kick intensity of 2.0 ppg for Class 1, 1.0 ppg of Class 2, and 0.5 ppg for Class 3 and 4 wells.
- Internal: Influx depth of the maximum pore pressure of 0.55 "gas kick gravity" of gas to surface while drilling the next hole section.
- External: Mud weight to the TOC, cement mix water gradient below TOC, and pore pressure in open hole.

Tubing Leak Near Surface While Producing (Production)

- o Internal: SITP plus a packer fluid gradient to the shoe or top of packer.
- External: Mud base-fluid density to TOC, cement mix water gradient (8.4 ppg) below TOC, and pore pressure in open hole.

Tubing Leak Near Surface While Stimulating (Production)

- Internal: Surface pressure or pressure-relief system pressure, whichever is lower plus packer fluid gradient.
- External: Mud base-fluid density to TOC, cement mix water gradient (8.4 ppg) below TOC, and pore pressure in open hole.

Injection / Stimulation Down Casing (Production)

- o Internal: Surface pressure plus injection fluid gradient.
- External: Mud base-fluid density to TOC, cement mix water gradient (8.4 ppg) below TOC, and pore pressure in open hole.
- **b)** Collapse Loads

Lost Circulation (Surface / Intermediate)

- Internal: Lost circulation at the TD of the next hole section, and the fluid level falls to a depth where the hydrostatic of the mud equals pore pressure at the depth of the lost circulation zone.
- External: MW of the drilling mud that was in the hole when the casing was run.

Cementing (Surface / Intermediate / Production)

- o Internal: Displacement fluid density.
- External: Mud weight from TOC to surface and cement slurry weight from TOC to casing shoe.

Full Evacuation (Production)

- o Internal: Full void pipe.
- o External: MW of drilling mud in the hole when the casing was run.

c) Tension Loads

Running Casing (Surface / Intermediate / Production)

• Axial: Buoyant weight of the string plus the lesser of 100,000 lb or the string weight in air.

Green Cement (Surface / Intermediate / Production)

o Axial: Buoyant weight of the string plus cement plug bump pressure load.

OXY's Minimum Design Criteria

Burst, Collapse, and Tensile SF are calculated using Landmark's Stress Check (Casing Design) software. A sundry will be requested if any lesser grade or different size casing is substituted.

- **1)** Casing Design Assumptions
 - a) Burst Loads

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- External: Pore pressure in open hole.

CSG Test (Intermediate)

- Internal: Displacement fluid + pressure required to comply with regulatory casing test pressures. This will comply with both Onshore Oil and Gas Order No. 2 and 19.15.16 of the OCD Rules.
- External: Mud Weight to TOC, cement mix water gradient (8.4 ppg) below TOC, and pore pressure in open hole.

CSG Test (Production)

- o Internal:
 - For Drilling: Displacement fluid + pressure required to comply with regulatory casing test pressures. This will comply with both Onshore Oil and Gas Order No. 2 and 19.15.16 of the OCD Rules.
 - For Production: The design pressure test should be the greater of (1) the planned test pressure prior to stimulation down the casing. (2) the regulatory test pressure, and (3) the expected gas lift system pressure. The design test fluid should be the fluid associated with pressure test having the greatest pressure.
- o External:
 - For Drilling: Mud Weight to TOC, cement mix water gradient (8.4 ppg) below TOC, and pore pressure in open hole.
 - For Production: Mud base-fluid density to TOC, cement mix water gradient (8.4 ppg) below TOC, and pore pressure in open hole.

Gas Column (Surface)

- Internal: Assumes a full column of gas in the casing with a Gas/Oil Gradient of 0.1 psi/ft in the absence of better information. It is limited to the controlling pressure based on the fracture pressure at the shoe or the maximum expected pore pressure within the next drilling interval, whichever results in a lower surface pressure.
- External: Fluid gradient below TOC, pore pressure from the TOC to the Intermediate CSG shoe (if applicable), and MW of the drilling mud that was in the hole when the CSG was run from Intermediate CSG shoe to surface.

Bullheading (Surface / Intermediate)

- Internal: The string must be designed to withstand a pressure profile based on the fracture pressure at the casing shoe with a column of water above the shoe plus an additional surface pressure (in psi) of 0.02 X MD of the shoe to account for pumping friction pressure.
- External: Mud weight to TOC, cement mix water gradient (8.4 ppg) below TOC, and pore pressure in open hole.

Gas Kick (Intermediate)

- The string must be designed to at least a gas kick load case unless the rig is unable to detect a kick. For the gas kick load case, the internal pressure profile must be based on a minimum volume of 50 bbl or the minimum kick detection capability of the rig, whichever is greater, and a kick intensity of 2.0 ppg for Class 1, 1.0 ppg of Class 2, and 0.5 ppg for Class 3 and 4 wells.
- Internal: Influx depth of the maximum pore pressure of 0.55 "gas kick gravity" of gas to surface while drilling the next hole section.
- External: Mud weight to the TOC, cement mix water gradient below TOC, and pore pressure in open hole.

Tubing Leak Near Surface While Producing (Production)

- o Internal: SITP plus a packer fluid gradient to the shoe or top of packer.
- External: Mud base-fluid density to TOC, cement mix water gradient (8.4 ppg) below TOC, and pore pressure in open hole.

Tubing Leak Near Surface While Stimulating (Production)

- Internal: Surface pressure or pressure-relief system pressure, whichever is lower plus packer fluid gradient.
- External: Mud base-fluid density to TOC, cement mix water gradient (8.4 ppg) below TOC, and pore pressure in open hole.

Injection / Stimulation Down Casing (Production)

- Internal: Surface pressure plus injection fluid gradient.
- External: Mud base-fluid density to TOC, cement mix water gradient (8.4 ppg) below TOC, and pore pressure in open hole.
- **b)** Collapse Loads

Lost Circulation (Surface / Intermediate)

- Internal: Lost circulation at the TD of the next hole section, and the fluid level falls to a depth where the hydrostatic of the mud equals pore pressure at the depth of the lost circulation zone.
- o External: MW of the drilling mud that was in the hole when the casing was run.

Cementing (Surface / Intermediate / Production)

- o Internal: Displacement fluid density.
- External: Mud weight from TOC to surface and cement slurry weight from TOC to casing shoe.

Full Evacuation (Production)

- o Internal: Full void pipe.
- External: MW of drilling mud in the hole when the casing was run.

c) Tension Loads

Running Casing (Surface / Intermediate / Production)

 Axial: Buoyant weight of the string plus the lesser of 100,000 lb or the string weight in air.

Green Cement (Surface / Intermediate / Production)

• Axial: Buoyant weight of the string plus cement plug bump pressure load.

OXY's Minimum Design Criteria

Burst, Collapse, and Tensile SF are calculated using Landmark's Stress Check (Casing Design) software. A sundry will be requested if any lesser grade or different size casing is substituted.

- **1)** Casing Design Assumptions
 - a) Burst Loads

CSG Test (Surface)

- Internal: Displacement fluid + pressure required to comply with regulatory casing test pressures. This will comply with both Onshore Oil and Gas Order No. 2 and 19.15.16 of the OCD Rules.
- External: Pore pressure in open hole.

CSG Test (Intermediate)

- Internal: Displacement fluid + pressure required to comply with regulatory casing test pressures. This will comply with both Onshore Oil and Gas Order No. 2 and 19.15.16 of the OCD Rules.
- External: Mud Weight to TOC, cement mix water gradient (8.4 ppg) below TOC, and pore pressure in open hole.

CSG Test (Production)

- o Internal:
 - For Drilling: Displacement fluid + pressure required to comply with regulatory casing test pressures. This will comply with both Onshore Oil and Gas Order No. 2 and 19.15.16 of the OCD Rules.
 - For Production: The design pressure test should be the greater of (1) the planned test pressure prior to stimulation down the casing. (2) the regulatory test pressure, and (3) the expected gas lift system pressure. The design test fluid should be the fluid associated with pressure test having the greatest pressure.
- o External:
 - For Drilling: Mud Weight to TOC, cement mix water gradient (8.4 ppg) below TOC, and pore pressure in open hole.
 - For Production: Mud base-fluid density to TOC, cement mix water gradient (8.4 ppg) below TOC, and pore pressure in open hole.

Gas Column (Surface)

- Internal: Assumes a full column of gas in the casing with a Gas/Oil Gradient of 0.1 psi/ft in the absence of better information. It is limited to the controlling pressure based on the fracture pressure at the shoe or the maximum expected pore pressure within the next drilling interval, whichever results in a lower surface pressure.
- External: Fluid gradient below TOC, pore pressure from the TOC to the Intermediate CSG shoe (if applicable), and MW of the drilling mud that was in the hole when the CSG was run from Intermediate CSG shoe to surface.

Bullheading (Surface / Intermediate)

- Internal: The string must be designed to withstand a pressure profile based on the fracture pressure at the casing shoe with a column of water above the shoe plus an additional surface pressure (in psi) of 0.02 X MD of the shoe to account for pumping friction pressure.
- External: Mud weight to TOC, cement mix water gradient (8.4 ppg) below TOC, and pore pressure in open hole.

Gas Kick (Intermediate)

- The string must be designed to at least a gas kick load case unless the rig is unable to detect a kick. For the gas kick load case, the internal pressure profile must be based on a minimum volume of 50 bbl or the minimum kick detection capability of the rig, whichever is greater, and a kick intensity of 2.0 ppg for Class 1, 1.0 ppg of Class 2, and 0.5 ppg for Class 3 and 4 wells.
- Internal: Influx depth of the maximum pore pressure of 0.55 "gas kick gravity" of gas to surface while drilling the next hole section.
- External: Mud weight to the TOC, cement mix water gradient below TOC, and pore pressure in open hole.

Tubing Leak Near Surface While Producing (Production)

- o Internal: SITP plus a packer fluid gradient to the shoe or top of packer.
- External: Mud base-fluid density to TOC, cement mix water gradient (8.4 ppg) below TOC, and pore pressure in open hole.

Tubing Leak Near Surface While Stimulating (Production)

- Internal: Surface pressure or pressure-relief system pressure, whichever is lower plus packer fluid gradient.
- External: Mud base-fluid density to TOC, cement mix water gradient (8.4 ppg) below TOC, and pore pressure in open hole.

Injection / Stimulation Down Casing (Production)

- o Internal: Surface pressure plus injection fluid gradient.
- External: Mud base-fluid density to TOC, cement mix water gradient (8.4 ppg) below TOC, and pore pressure in open hole.
- **b)** Collapse Loads

Lost Circulation (Surface / Intermediate)

- Internal: Lost circulation at the TD of the next hole section, and the fluid level falls to a depth where the hydrostatic of the mud equals pore pressure at the depth of the lost circulation zone.
- o External: MW of the drilling mud that was in the hole when the casing was run.

Cementing (Surface / Intermediate / Production)

- o Internal: Displacement fluid density.
- External: Mud weight from TOC to surface and cement slurry weight from TOC to casing shoe.

Full Evacuation (Production)

- o Internal: Full void pipe.
- External: MW of drilling mud in the hole when the casing was run.
- c) Tension Loads

Running Casing (Surface / Intermediate / Production)

• Axial: Buoyant weight of the string plus the lesser of 100,000 lb or the string weight in air.

Green Cement (Surface / Intermediate / Production)

• Axial: Buoyant weight of the string plus cement plug bump pressure load.

PERFORMANCE DATA

TMK UP DQX Technical Data Sheet

5.500 in

20.00 lbs/ft

P-110

Tubular Parameters

Size	5.500	in
Nominal Weight	20.00	lbs/ft
Grade	P-110	
PE Weight	19.81	lbs/ft
Wall Thickness	0.361	in
Nominal ID	4.778	in
Drift Diameter	4.653	in
Nom. Pipe Body Area	5.828	in²
	1	

Connection Parameters

Connection OD	6.050	in
Connection ID	4.778	in
Make-Up Loss	4.122	in
Critical Section Area	5.828	in²
Tension Efficiency	100.0	%
Compression Efficiency	100.0	%
Yield Load In Tension	641,000	lbs
Min. Internal Yield Pressure	12,600	psi
Collapse Pressure	11,100	psi

Make-Up Torques

Min. Make-Up Torque	11,600	ft-lbs
Opt. Make-Up Torque	12,900	ft-lbs
Max. Make-Up Torque	14,100	ft-lbs
Yield Torque	20,600	ft-lbs

Printed on: July-29-2014

NOTE:

The content of this Technical Data Sheet is for general information only and does not guarantee performance or imply fitness for a particular purpose, which only a competent drilling professional can determine considering the specific installation and operation parameters. Information that is printed or downloaded is no longer controlled by TMK IPSCO and might not be the latest information. Anyone using the information herein does so at their own risk. To verify that you have the latest TMK IPSCO technical information, please contact TMK IPSCO Technical Sales toll-free at 1-888-258-2000.

Minimum Yield	110,000	psi
Minimum Tensile	125,000	psi
Yield Load	641,000	lbs
Tensile Load	729,000	lbs
Min. Internal Yield Pressure	12,600	psi
Collapse Pressure	11,100	psi
	-	





DXY Permian

Permian Drilling Hydrogen Sulfide Drilling Operations Plan Iridium MDP1 28-21 Federal Com 21H

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 Southeast 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.





Permian Drilling Hydrogen Sulfide Drilling Operations Plan New Mexico

<u>Scope</u>

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

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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.

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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. <u>Well control equipment</u>

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. Remotely operated choke.
- B. Rotating head
- C. Gas buster equipment shall be installed before drilling out of surface pipe.

2. <u>Protective equipment for personnel</u>

- 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. <u>Visual Warning Systems</u>

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. <u>Mud Program</u>

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. <u>Metallurgy</u>

- 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. <u>Well Testing</u>

No drill stem test will be performed on this well.

8. <u>Evacuation plan</u>

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

- 9. <u>Designated area</u>
 - 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. 2. 3. 4.	On alarm, don escape unit and report to the nearest upwind designated safe briefing / muster area upw Check status of personnel (buddy system). Secure breathing equipment. 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.

<u>Remember</u>: 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 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.

<u>Important:</u> 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

<u>Well blowout – if emergency</u>

- 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

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	e above 5% in air

Toxicity of various gases

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

		Concentration	Physical effects
Percent (%)	<u>Ppm</u>	Grains	
	-	100 std. Ft3*	
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.

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*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 facepiece 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.

<u>Rescue</u> 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

OXY

PRD NM DIRECTIONAL PLANS (NAD 1983) Iridium MDP1 28-21 Fed Com IRIDIUM MDP1 28-21 FED COM 21H

WB00

Plan: Permitting Plan

Standard Planning Report

27 November, 2017

Database: Company: Project: Site: Well: Wellbore: Design:	HOPSPP ENGINEERING DESIGNS PRD NM DIRECTIONAL PLANS (NAD 1983) Iridium MDP1 28-21 Fed Com IRIDIUM MDP1 28-21 FED COM 21H WB00 Permitting Plan				Local Co-ordinate Reference: Well IRIDIUM MDP1 28-21 FED COM 27 TVD Reference: DATUM @ 3392.50ft 3) MD Reference: DATUM @ 3392.50ft North Reference: Grid Survey Calculation Method: Minimum Curvature					ED COM 21H
Project	PRD N	M DIRECTIO	NAL PLANS (I	NAD 1983)						
Map System: Geo Datum: Map Zone:	US State North Ar New Me	e Plane 1983 nerican Datum xico Eastern Z	n 1983 Ione		System Da	tum:	Me	ean Sea Level ing geodetic so	cale factor	
Site	Iridium	MDP1 28-21	Fed Com							
Site Position: From: Position Uncertair	Map nty:	0	North Eastin .00 ft Slot F	ing: ng: Radius:	462, 709,	153.25 usft 519.68 usft 13.200 in	Latitude: Longitude: Grid Conver	gence:	1	32° 16' 9.702719 N 103° 47' 21.105685 W 0.29 °
Well	IRIDIU	M MDP1 28-21	I FED COM 2	1H						
Well Position	+N/-S	18	0.01 ft No	orthing:		462,333.25	5 usft Lati	itude:		32° 16' 11.483975 N
	+E/-W	-	1.17 ft Ea	sting:		709,518.51	lusft Lor	gitude:	1	103° 47' 21.108682 W
Position Uncertain	nty		0.00 ft W	ellhead Ele	vation:	0	.00 ft Gro	und Level:		3,366.00 ft
Wellbore	WB00			<u></u>						
Magnetics	Мо	del Name	Sampl	e Date	Declina (°)	tion	Dip A (°	ingle)	Field S (I	Strength 1T)
		HDGM	1	1/27/2017		6.95		60.03		48,129
Design	Permitt	ing Plan								
Audit Notes:										
Version:			Phas	e:	PROTOTYPE	ті	e On Depth:		0.00	
Vertical Section:		D	epth From (T	VD)	+N/-S	+1	E/-W	Dire	ection	
			0.00		0.00	c	0.00	35	58.07	
Plan Sections										
Measured Depth Incl (ft)	lination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)	TFO (°)	Target
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
4,106.00	0.00	0.00	4,106.00	0.00	0.00	0.00	0.00	0.00	0.00	
4,606.01	10.00	205.21	4,603.47	-39.38	-18.54	2.00	2.00	0.00	205.21	
7,678.79	10.00	205.21	7,629.57	-522.15	-245.82	0.00	0.00	0.00	0.00	
8,178.80	0.00	359.64	8,127.04	-561.52	-264.36	2.00	-2.00	0.00	180.00	IRIDIUM_MDP1_28
9,078.80	90.00	359.64	8,700.00	11.42	-267.93	10.00	10.00	0.00	-0.36	
18,840.52	90.00	359.64	8,700.00	9,772.96	-328.85	0.00	0.00	0.00	0.00	IRIDIUM_MDP1_28

Database:	HOPSPP	Local Co-ordinate Reference:	N
Company:	ENGINEERING DESIGNS	TVD Reference:	D
Project:	PRD NM DIRECTIONAL PLANS (NAD 1983)	MD Reference:	D
Site:	Iridium MDP1 28-21 Fed Com	North Reference:	G
Well:	IRIDIUM MDP1 28-21 FED COM 21H	Survey Calculation Method:	M
Wellbore:	WB00		
Design:	Permitting Plan		

Well IRIDIUM MDP1 28-21 FED COM 21H DATUM @ 3392.50ft DATUM @ 3392.50ft Grid Minimum Curvature

Planned Survey

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2,500.00 0.00 0.00 2,500.00 0.00 0.00 0.00 0.00 0.00	0.00
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4,800.00 10.00 205.21 4,794.52 -59.86 -32.89 -58.71 0.00 0.00	0.00
4,900,00 10,00 205,21 4,893,00 -85,57 -40,28 -84,16 0,00 0,00	0.00
5,000,00 10.00 205.21 4,991.48 -101.28 -47.68 -99.62 0.00 0.00	0.00
5,100.00 10.00 205.21 5,089.96 -116.99 -55.08 -115.07 0.00 0.00	0.00

Database: Company:	HOPSPP ENGINEERING DESIGNS	Local Co-ordinate Reference: TVD Reference:	Well IRIDIUM MDP1 28-21 FED COM 21H DATUM @ 3392.50ft
Project:	PRD NM DIRECTIONAL PLANS (NAD 1983)	MD Reference:	DATUM @ 3392,50ft
Site:	Iridium MDP1 28-21 Fed Com	North Reference:	Grid
Well:	IRIDIUM MDP1 28-21 FED COM 21H	Survey Calculation Method:	Minimum Curvature
Wellbore:	WB00		
Design:	Permitting Plan		

Planned Survey

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)
5,200.00	10.00	205.21	5,188.44	-132.70	-62.47	-130.52	0.00	0.00	0.00
5,300,00	10.00	205.21	5,286,92	-148.41	-69,87	-145.98	0.00	0.00	0.00
5,400.00	10.00	205.21	5,385.40	-164.12	-77.27	-161.43	0,00	0.00	0.00
5,500.00	10.00	205.21	5,483.88	-179.83	-84.66	-176.89	0.00	0.00	0.00
5,600.00	10.00	205.21	5,582.36	-1 9 5.55	-92.06	-192.34	0.00	0.00	0.00
5,700.00	10,00	205.21	5,680.84	-211.26	-99.46	-207.79	0.00	0.00	0.00
5,800.00	10.00	205.21	5,779.33	-226.97	-106.85	-223.25	0.00	0.00	0.00
5,900.00	10.00	205.21	5,877.81	-242.68	-114.25	-238.70	0.00	0.00	0.00
6,000.00	10.00	205.21	5,976.29	-258.39	-121.65	-254.15	0.00	0.00	0.00
6,100.00	10.00	205.21	6,074.77	-274.10	-129.04	-269.61	0.00	0.00	0.00
6,200.00	10.00	205.21	6,173.25	-289.81	-136.44	-285.06	0.00	0.00	0.00
6,300.00	10.00	205.21	6,271.73	-305.52	-143.84	-300.51	0.00	0.00	0.00
6,400.00	10,00	205.21	6,370.21	-321.23	-151.23	-315.97	0.00	0.00	0.00
6,500.00	10.00	205.21	6,468.69	-336.95	-158.63	-331.42	0.00	0.00	0.00
6,600.00	10.00	205.21	6,567.17	-352.66	-166.02	-346.87	0.00	0.00	0.00
6,700.00	10.00	205.21	6,665.65	-368.37	-173.42	-362.33	0.00	0.00	0.00
6.800.00	10.00	205.21	6.764.13	-384.08	-180.82	-377.78	0.00	0.00	0.00
6.900.00	10.00	205.21	6.862.61	-399.79	-188.21	-393.23	0.00	0.00	0.00
7.000.00	10.00	205.21	6.961.09	-415.50	-195.61	-408.69	0.00	0.00	0.00
7.100.00	10.00	205.21	7.059.57	-431.21	-203.01	-424.14	0.00	0.00	0.00
7,200.00	10.00	205.21	7,158.06	-446.92	-210.40	-439.59	0.00	0.00	0.00
7.300.00	10.00	205.21	7.256.54	-462.63	-217.80	-455.05	0.00	0.00	0.00
7,400.00	10.00	205.21	7.355.02	-478.35	-225.20	-470.50	0.00	0.00	0.00
7,500,00	10.00	205.21	7 453 50	-494.06	-232.59	-485.95	0.00	0.00	0.00
7,600.00	10.00	205.21	7.551.98	-509.77	-239.99	-501.41	0.00	0.00	0.00
7,678.79	10.00	205.21	7,629.57	-522.15	-245.82	-513.58	0.00	0.00	0.00
7,700.00	9.58	205.21	7.650.47	-525.41	-247.35	-516,79	2.00	-2.00	0.00
7,800.00	7.58	205 21	7,749,35	-538.90	-253.70	-530.06	2.00	-2.00	0.00
7,900.00	5.58	205.21	7,848,69	-549.26	-258.58	-540.25	2.00	-2.00	0.00
8,000,00	3.58	205.21	7.948.36	-556.48	-261.98	-547.35	2.00	-2.00	0.00
8,100.00	1.58	205.21	8,048.26	-560.54	-263.89	-551.35	2.00	-2.00	0.00
8.178.80	0.00	359.64	8.127.04	-561.52	-264.36	-552.32	2.00	-2.00	0.00
8,200.00	2.12	359.64	8.148.24	-561.13	-264.36	-551.92	10.00	10.00	0.00
8.300.00	12.12	359.64	8.247.34	-548.75	-264.44	-539.55	10.00	10.00	0.00
8,400.00	22.12	359.64	8.342.79	-519.35	-264.62	-510.16	10.00	10.00	0.00
8,500.00	32.12	359.64	8,431.68	-473.82	-264.90	-464.65	10.00	10.00	0.00
8,600,00	42.12	359.64	8.511.32	-413.55	-265.28	-404.40	10.00	10.00	0.00
8,700.00	52.12	359.64	8,579,28	-340.37	-265.74	-331.24	10.00	10.00	0.00
8,800,00	62.12	359.64	8,633,50	-256.50	-266.26	-247,40	10.00	10.00	0.00
8,900.00	72.12	359.64	8.672.33	-164.48	-266.83	-155.42	10.00	10.00	0.00
9,000.00	82.12	359,64	8,694.59	-67.12	-267.44	-58.09	10.00	10.00	0.00
9,078.80	90.00	359.64	8,700.00	11.42	-267.93	20.43	10.00	10.00	0.00
9,100.00	90.00	359.64	8,700.00	32.63	-268.06	41.62	0.00	0.00	0.00
9,200.00	90.00	359.64	8,700.00	132.62	-268.69	141.59	0.00	0.00	0.00
9.300.00	90.00	359.64	8,700.00	232.62	-269.31	241.55	0.00	0.00	0.00
9,400.00	90.00	359.64	8,700.00	332.62	-269.94	341.51	0.00	0.00	0.00
9,500.00	90.00	359.64	8,700.00	432.62	-270.56	441.47	0.00	0.00	0.00
9,600.00	90.00	359.64	8,700.00	532.62	-271.18	541.44	0.00	0.00	0.00
9,700.00	90.00	359.64	8,700.00	632.62	-271.81	641.40	0.00	0.00	0.00
9,800.00	90.00	359.64	8,700.00	732.61	-272.43	741.36	0.00	0.00	0.00
9,900.00	90.00	359.64	8,700.00	832.61	-273.06	841.32	0.00	0.00	0.00
10,000.00	90.00	359.64	8,700.00	932.61	-273.68	941.29	0.00	0.00	0.00
10,100.00	90.00	359.64	8,700.00	1,032.61	-274.30	1,041.25	0.00	0.00	0.00
10,200.00	90.00	359,64	8,700.00	1,132.61	-274.93	1,141.21	0.00	0.00	0.00

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HOPSPP Local Co-ordinate Reference: Well IRIDIUM MDP1 28-21 FED COM 21H Database: Company: ENGINEERING DESIGNS TVD Reference: DATUM @ 3392.50ft PRD NM DIRECTIONAL PLANS (NAD 1983) DATUM @ 3392.50ft Project: MD Reference: Iridium MDP1 28-21 Fed Com Grid Site: North Reference: IRIDIUM MDP1 28-21 FED COM 21H Survey Calculation Method: Minimum Curvature Well: Wellbore: **WB00** Permitting Plan Design:

Planned Survey										
	Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)
	10,300,00	90,00	359,64	8,700.00	1,232.60	-275.55	1,241.17	0.00	0.00	0.00
	10,400.00	90.00	359.64	8,700.00	1,332.60	-276.18	1,341.14	0.00	0.00	0.00
	10,500.00	90.00	359.64	8,700.00	1,432.60	-276.80	1,441.10	0.00	0.00	0.00
	10,600.00	90.00	359.64	8,700.00	1,532.60	-277.42	1,541.06	0.00	0.00	0.00
	10,700.00	90.00	359.64	8,700.00	1,632.60	-278.05	1,641.02	0.00	0.00	0.00
	10,800.00	90.00	359.64	8,700.00	1,732.59	-278.67	1,740.99	0.00	0.00	0.00
	10,900.00	90.00	359.64	8,700.00	1,832.59	-279.30	1,840.95	0.00	0.00	0.00
	11,000.00	90.00	359.64	8,700.00	1,932.59	-279.92	1,940.91	0.00	0.00	0.00
	11,100.00	90.00	359.64	8,700.00	2,032.59	-280.54	2,040.87	0.00	0.00	0.00
	11,200.00	90.00	359.64	8,700.00	2,132.59	-281.17	2,140.84	0.00	0.00	0.00
	11,300.00	90.00	359.64	8,700.00	2,232.58	-281.79	2,240.80	0.00	0.00	0.00
	11,400.00	90.00	359.64	8,700.00	2,332.36	-282.42	2,340.76	0.00	0.00	0.00
	11,500.00	90.00	359.64	8,700.00	2,432.58	-283.04	2,440.72	0.00	0.00	0.00
	11,600.00	90.00	359.64	8,700.00	2,532.58	-283.67	2,540.69	0.00	0.00	0.00
	11,700.00	90.00	359.64	8,700.00	2,632.58	-284.29	2,640.65	0.00	0.00	0.00
	11,800.00	90.00	359.64	8,700.00	2,132.31	-284.91	2,740.01	0.00	0.00	0.00
	11,900.00	50.00	339.04	0,700.00	2,032,57	-200,04	2,040.07	0.00	0.00	0.00
	12,000.00	90.00	359.64	8,700.00	2,932.57	-286.16	2,940.54	0.00	0.00	0.00
	12,100.00	90.00	359.64	8,700.00	3,032.57	-286.79	3,040.50	0.00	0.00	0.00
	12,200.00	90.00	359.64	8,700.00	3,132.57	-287.41	3,140.40	0.00	0.00	0.00
	12,300.00	90.00	359.04	8,700.00	3,232.00	-200.03	3,240.42	0.00	0.00	0.00
	12,400.00	50.00	555.04	8,700.00	5,552.50	-200.00	3,340.33	0.00	0.00	0.00
	12,500.00	90.00	359.64	8,700.00	3,432.56	-289.28	3,440.35	0.00	0.00	0.00
•	12,600.00	90.00	359.64	8,700.00	3,532.56	-289.91	3,540.31	0.00	0.00	0.00
	12,700.00	90,00	359,64	8,700.00	3,032.00	-290,53	3,040.27	0.00	0.00	0.00
	12,800.00	90.00	359.64	8,700.00	3.832.55	-291.78	3.840.20	0.00	0.00	0.00
	12,000.00	00.00	000.01	0,700.00	0,000.55	201,10	0,040,40	0.00	0.00	0.00
	13,000.00	90.00	359.64	8,700.00	3,932.55	-292.40	3,940.16	0.00	0.00	0.00
	13,100.00	90.00	359.04	8,700.00	4,032.33	-293.03	4,040.12	0.00	0.00	0.00
	13,200.00	90.00	359.64	8 700 00	4 232 55	-294.27	4 240.05	0.00	0.00	0.00
	13,400.00	90.00	359.64	8,700.00	4,332.54	-294.90	4,340.01	0.00	0.00	0.00
	13 500 00	90.00	359 64	8 700 00	4 432 54	-295 52	4 439 97	0.00	0.00	0.00
	13,600.00	90.00	359.64	8,700.00	4.532.54	-296.15	4.539.93	0.00	0.00	0.00
	13,700.00	90.00	359.64	8,700.00	• 4,632.54	-296.77	4,639.90	0.00	0.00	0.00
	13,800.00	90.00	359.64	8,700.00	4,732.54	-297.39	4,739.86	0.00	0.00	0.00
	13,900.00	90.00	359.64	8,700.00	4,832.53	-298.02	4,839.82	0.00	0.00	0.00
	14,000.00	90.00	359.64	8,700.00	4,932.53	-298.64	4,939.78	0.00	0.00	0.00
	14,100.00	90.00	359.64	8,700.00	5,032.53	-299.27	5,039.75	0.00	0.00	0.00
	14,200.00	90.00	359.64	8,700.00	5,132.53	-299.89	5,139.71	0.00	0.00	0.00
	14,300.00	90.00	359.64	8,700.00	5,232.53	-300.51	5,239.67	0.00	0.00	0.00
	14,400.00	90.00	359.64	8,700.00	5,332.52	-301,14	5,339,63	0.00	0.00	0.00
	14,500.00	90.00	359.64	8,700.00	5,432.52	-301.76	5,439.60	0.00	0.00	0.00
	14,600.00	90.00	359.64	8,700.00	5,532.52	-302.39	5,539.56	0.00	0.00	0.00
	14,700.00	90.00	359.64	8,700.00	5,632.52	-303.01	5,639.52	0.00	0.00	0.00
	14,800.00	90.00	359.64	8,700.00	5,732.52	-303.63	5,739.48	0.00	0.00	0.00
	14,900.00	90.00	359.64	8,700.00	5,832.51	-304.26	Ე, ᲛᲙᲧ.45	0.00	0.00	0.00
	15,000.00	90.00	359.64	8,700.00	5,932.51	-304.88	5,939.41	0.00	0.00	0.00
	15,100.00	90.00	359.64	8,700.00	6,032.51	-305.51	6,039.37	0.00	0.00	0.00
	15,200.00	90.00	359.64	8,700.00	6,132.51	-306.13	6,139.33	0.00	0.00	0.00
	15,300.00	90.00	359.64	8,700.00	6,232.51 6,222.50	-306.76	0,239.30	0.00	0.00	0.00
	15,400.00	90.00	309.04	0,700.00	0,332.30	-307,38	0,339,20	0.00	0.00	0.00
	15,500.00 15,600.00	90.00 90.00	359.64 359.64	8,700.00 8,700.00	6,432.50 6,532.50	-308.00 -308.63	6,439.22 6,539.18	0.00	0.00 0.00	0.00 0.00

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Оху Planning Report

Database:	HOPSPP	Local Co-ordin
Company:	ENGINEERING DESIGNS	TVD Reference
Project:	PRD NM DIRECTIONAL PLANS (NAD 1983)	MD Reference:
Site:	Iridium MDP1 28-21 Fed Com	North Reference
Well:	IRIDIUM MDP1 28-21 FED COM 21H	Survey Calcula
Wellbore:	WB00	
Design:	Permitting Plan	

ate Reference: **9**: ce: ation Method:

Well IRIDIUM MDP1 28-21 FED COM 21H DATUM @ 3392.50ft DATUM @ 3392.50ft Grid Minimum Curvature

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Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)
15,700.00	90.00	359.64	8,700.00	6,632.50	-309.25	6,639.15	0.00	. 0.00	0.00
15,800.00	90.00	359.64	8,700.00	6,732.50	-309,88	6,739.11	0.00	0.00	0.00
15,900.00	90.00	359.64	8,700.00	6,832.49	-310.50	6,839.07	0.00	0.00	0.00
16,000.00	90.00	359.64	8,700.00	6,932.49	-311.12	6,939.03	0.00	0.00	0.00
16,100.00	90.00	359.64	8,700.00	7,032.49	-311.75	7,039.00	0.00	0.00	0.00
16,200.00	90.00	359.64	8,700.00	7,132.49	-312.37	7,138.96	0.00	0.00	0.00
16,300.00	90.00	359.64	8,700.00	7,232.49	-313.00	7,238.92	0.00	0.00	0.00
16,400.00	90.00	359.64	8,700.00	7,332.48	-313.62	7,338.88	0.00	0.00	0.00
16,500.00	90.00	359.64	8,700.00	7,432.48	-314.24	7,438.85	0.00	0.00	0.00
16,600.00	90.00	359.64	8,700.00	7,532.48	-314.87	7,538.81	0.00	0.00	0.00
16,700.00	90.00	359.64	8,700.00	7,632.48	-315.49	7,638.77	0.00	0.00	0.00
16,800.00	90.00	359.64	8,700.00	7,732.48	-316.12	7,738.73	0.00	0.00	0.00
16,900.00	90.00	359.64	8,700.00	7,832.48	-316.74	7,838.70	0.00	0.00	0.00
17,000.00	90.00	359.64	8,700.00	7,932.47	-317.36	7,938.66	0.00	0.00	0.00
17,100.00	90.00	359.64	8,700.00	8,032.47	-317.99	8,038.62	0.00	0.00	0.00
17,200.00	90.00	359.64	8,700.00	8,132.47	-318.61	8,138.58	0.00	0.00	0.00
17,300.00	90.00	359.64	8,700.00	8,232.47	-319,24	8,238,55	0.00	0.00	0.00
17,400.00	90.00	359.64	8,700.00	8,332.47	-319.86	8,338.51	0.00	0.00	0.00
17,500.00	90.00	359.64	8,700.00	8,432.46	-320.48	8,438.47	0.00	0.00	0.00
17,600.00	90.00	359.64	8,700.00	8,532.46	-321,11	8,538.43	0.00	0.00	0.00
17,700.00	90.00	359.64	8,700.00	8,632.46	-321.73	8,638.40	0.00	0.00	0.00
17,800.00	90.00	359.64	8,700.00	8,732.46	-322.36	8,738.36	0.00	0.00	0.00
17,900.00	90.00	359.64	8,700.00	8,832.46	-322.98	8,838.32	0.00	0.00	0.00
18,000.00	90.00	359.64	8,700.00	8,932.45	-323.60	8,938.28	0.00	0.00	0.00
18,100.00	90.00	359.64	8,700.00	9,032.45	-324.23	9,038.25	0.00	0.00	0.00
18,200.00	90.00	359.64	8,700.00	9,132.45	-324.85	9,138.21	0.00	0.00	0.00
18,300.00	90.00	359.64	8,700.00	9,232.45	-325.48	9,238.17	0.00	0.00	0.00
18,400.00	90.00	359.64	8,700.00	9,332.45	-326.10	9,338.13	0.00	0.00	0.00
18,500.00	90.00	359.64	8,700.00	9,432.44	-326.72	9.438.10	0.00	0.00	0.00
18,600.00	90.00	359.64	8,700.00	9,532.44	-327.35	9,538.06	0.00	0.00	0.00
18,700.00	90.00	359.64	8,700.00	9,632.44	-327.97	9,638.02	0.00	0.00	0.00
18,800.00	90.00	359.64	8,700.00	9,732.44	-328.60	9,737.98	0.00	0.00	0.00
18,840.52	90.00	359.64	8,700.00	9,772.96	-328.85	9,778.49	0.00	0.00	0.00

- hit/miss target	Dip Angle	Dip Dir.	TVD	+N/-S	+E/-W	Northing	Easting		
- Snape	(°)	(°)	(ft)	(ft)	(ft)	(usft)	(usft)	Latitude	Longitude
IRIDIUM_MDP1_28-2 - plan hits target cer - Point	0.00 nter	0.00	8,127.04	-561.52	-264.36	461,771.76	709,254.17	32° 16' 5.940978 N	103° 47' 24.220575
IRIDIUM_MDP1_28-2 - plan hits target cer - Point	0.00 nter	0.00	8,700.00	9,772.96	-328.85	472,105.62	709,189.68	32° 17' 48.203200 N	103° 47' 24.362192

Database: Company: Project: Site: Well: Wellbore: Design:	HOPSPP ENGINEERING DESIGNS PRD NM DIRECTIONAL PLANS (NAD 1983) Iridium MDP1 28-21 Fed Com IRIDIUM MDP1 28-21 FED COM 21H WB00 Permitting Plan	Local Co-ordinate Reference: TVD Reference: MD Reference: North Reference: Survey Calculation Method:	Well IRIDIUM MDP1 28-21 FED COM 21H DATUM @ 3392.50ft DATUM @ 3392.50ft Grid Minimum Curvature
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Plan Anno	Plan Annotations									
	Measured	Vertical	Local Coordinates							
	Depth (ft)	Depth (ft)	+N/-S (ft)	+E/-W (ft)	Comment					
Ì	4,106.00	4,106.00	0.00	0.00	STEP OUT DLS 2.00					
	4,606.01	4,603.47	-39.38	-18.54	HOLD 10 DEG TANGENT					
	7,678.79	7,629.57	-522.15	-245.82	DROP BACK TO VERTICAL DLS 2.00					
}	8,178.80	8,127.04	-561.52	-264.36	BUILD CURVE 10 DEG / 100					
1	9,078.80	8,700.00	11.42	-267.93	LANDING POINT					
	18,840.52	8,700.00	9,772.96	-328,85	TD at 18840.52					

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OXY USA Inc APD ATTACHMENT: SPUDDER RIG DATA

OPERATOR NAME / NUMBER: OXY USA Inc

1. SUMMARY OF REQUEST:

Oxy USA respectfully requests approval for the following operations for the surface hole in the drill plan:

1. Utilize a spudder rig to pre-set surface casing for time and cost savings.

2. Description of Operations

- 1. Spudder rig will move in to drill the surface hole and pre-set surface casing on the well.
 - **a.** After drilling the surface hole section, the spudder rig will run casing and cement following all of the applicable rules and regulations (OnShore Order 2, all COAs and NMOCD regulations).
 - **b.** The spudder rig will utilize fresh water-based mud to drill the surface hole to TD. Solids control will be handled entirely on a closed loop basis. No earth pits will be used.
- 2. The wellhead will be installed and tested as soon as the surface casing is cut off and the WOC time has been reached.
- 3. A blind flange at the same pressure rating as the wellhead will be installed to seal the wellbore. Pressure will be monitored with needle valves installed on two wingvalves.
 - **a.** A means for intervention will be maintained while the drilling rig is not over the well.
- 4. Spudder rig operations are expected to take 2-3 days per well on the pad.
- 5. The BLM will be contacted and notified 24 hours prior to commencing spudder rig operations.
- 6. Drilling operations will begin with a larger rig and a BOP stack equal to or greater than the pressure rating that was permitted will be nippled up and tested on the wellhead before drilling operations resume on each well.
 - **a.** The larger rig will move back onto the location within 90 days from the point at which the wells are secured and the spudder rig is moved off location.
 - **b.** The BLM will be contacted / notified 24 hours before the larger rig moves back on the pre-set locations.
- 7. Oxy will have supervision on the rig to ensure compliance with all BLM and NMOCD regulations and to oversee operations.
- 8. Once the rig is removed, Oxy will secure the wellhead area by placing a guard rail around the cellar area.


1. Geologic Formations

TVD of target	8700'	Pilot Hole Depth	N/A
MD at TD:	18840'	Deepest Expected fresh water:	424'

Delaware Basin

Formation Name	TVD (ft)	Expected Fluids
RUSTLER	424	Brine
SALADO	782	
CASTILE	2716	
LAMAR	4202	Losses
BELL CANYON	4225	Water
CHERRY CANYON	5101	Oil/Gas/Water
BRUSHY CANYON	6391	Oil/Gas/Water
BONE SPRING	8017	Oil/Gas/Water

*H2S, water flows, loss of circulation, abnormal pressures, etc.

2. Casing Program

					-			Safety	/ Factor	
Hole	Ca Inte	sing erval	Csg.	Weight	Crada	Conn	Collapse	Burst	Body	Joint
Size	From (ft)	To (ft)	(in)	(lbs/ft)	Grade	Conn.	Conapse	Duist	Tension	Tension
17.5	0	590	13.375	54.5	J-55	BTC	> 1.125	> 1.2	> 1.4	> 1.4
12.25	0	4,302	9.625	36	J-55	BTC	> 1.125	> 1.2	> 1.4	> 1.4
8.5	0	18,840	5.5	20	P-110	DQX	> 1.125	> 1.2	> 1.4	> 1.4

All casing strings will be tested in accordance with Onshore Oil and Gas Order #2 III.B.1.h *OXY requests the option to set casing shallower yet still below the salts if losses or hole conditions require this. Cement volumes may be adjusted if casing is set shallower and a DV tool may be run in case hole conditions merit pumping a second stage cement job to comply with permitted top of cement. If cement circulated to surface during first stage we will drop a cancelation cone and not pump the second stage.

	Y or N
Is casing new? If used, attach certification as required in Onshore Order #1	Y
Does casing meet API specifications? If no, attach casing specification sheet.	Y
Is premium or uncommon casing planned? If yes attach casing specification sheet.	Y
Does the above casing design meet or exceed BLM's minimum standards? If not provide justification (loading assumptions, casing design criteria).	Y
Will the intermediate pipe be kept at a minimum 1/3 fluid filled to avoid approaching the collapse pressure rating of the casing?	Y

OXY USA Inc. - Iridium MDP1 28-21 Federal Com 21H – Drill Plan

Is well located within Capitan Reef?	N			
If yes, does production casing cement tie back a minimum of 50' above the Reef?				
Is well within the designated 4 string boundary.				
Is well located in SOPA but not in R-111-P?	N			
If yes, are the first 2 strings cemented to surface and 3 rd string cement tied back				
500' into previous casing?				
Is well located in R-111-P and SOPA?	Y			
If yes, are the first three strings cemented to surface?				
Is 2 nd string set 100' to 600' below the base of salt?	Y			
Is well located in high Cave/Karst?	N			
If yes, are there two strings cemented to surface?				
(For 2 string wells) If yes, is there a contingency casing if lost circulation occurs?				
Is well located in critical Cave/Karst?	N			
If yes, are there three strings cemented to surface?				

3. Cementing Program

.

CasingSlurry#SksWt. (Lb/gal)Yld ft3/sackH20 gal/sk500# Comp. StrengthSlurry Description									
Surface	Lead	616	14.8	1.33	6.37	5:26	Class C Cement, Accelerator		
Lead 1130 12.9 1.88 10.13 15:07 Pozzolan Cement, Retarde							Pozzolan Cement, Retarder		
Intermediate Tail 141 14.8 1.33 6.42 6:31 Class C Cement, Retarder, Dispersant, Salt									
Lead 249 13.2 1.57 7.43 14:44 Class C Cement									
Production Tail 1648 13.2 1.58 7.77 9:23 Class H Cement, Retarder, Dispersant, Salt									
Pumped as Bradenhead squeeze from surface down annulus. Oxy requests to pump a contingency tail slurry ahead of the lead slurry at our discretion.									

Dispersant

Casing String	Top of Lead (ft)	Bottom of Lead (ft)	Top of Tail (ft)	Bottom of Tail (ft)	% Excess Lead	% Excess Tail
Surface Casing	0	590	N/A	N/A	100%	N/A
Intermediate Casing	0	3802	3802	4302	75%	20%
1st Stage Production Casing	6391	8017	8017	18840	5%	5%
2nd Stage Production Casing	N/A	N/A	0	6391	N/A	25%

4. Pressure Control Equipment

BOP installed and tested before drilling which hole?	Size?	Min. Required WP	Туре		1	Tested to:
			Annular		1	70% of working pressure
12.25" Hole	13-5/8" 5N	5M	Blind Ram		✓	250/5000psi
			Pipe Ram			
			Double Ram		1	
			Other*			

*Specify if additional ram is utilized.

BOP/BOPE will be tested by an independent service company to 250 psi low and the high pressure indicated above per Onshore Order 2 requirements. The System may be upgraded to a higher pressure but still tested to the working pressure listed in the table above. If the system is upgraded all the components installed will be functional and tested.

Pipe rams will be operationally checked each 24 hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets. Other accessories to the BOP equipment will include a Kelly cock and floor safety valve (inside BOP) and choke lines and choke manifold. See attached schematics.

Formation integrity test will be performed per Onshore Order #2. On Exploratory wells or on that portion of any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Will be tested in accordance with Onshore Oil and Gas Order #2 III.B.1.i.					
A var Manii	iance is requested for the use of a flexible choke line from the BOP to Choke fold. See attached for specs and hydrostatic test chart.				
Y	Are anchors required by manufacturer?				
A mu and co per O requin syster that is rotary	Itibowl or a unionized multibowl wellhead system will be employed. The wellhead onnection to the BOPE will meet all API 6A requirements. The BOP will be tested nshore Order #2 after installation on the surface casing which will cover testing ements for a maximum of 30 days. If any seal subject to test pressure is broken the n must be tested. We will test the flange connection of the wellhead with a test port directly in the flange. We are proposing that we will run the wellhead through the prior to cementing surface casing as discussed with the BLM on October 8, 2015.				
See at	tached schematics.				

OXY USA Inc. - Iridium MDP1 28-21 Federal Com 21H - Drill Plan

5. Mud Program

Dept	th	Type Weight (npg)		Viceosity	Water
From (ft)	To (ft)	Гуре	weight (ppg)	viscosity	Loss
0	590	Water-Based Mud	8.4-8.6	40-60	N/C
590	4302	Brine	9.8 - 10	35-45	N/C
4302	18,840	Oil-Based Mud	8.2-9.2	35-50	N/C

Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be kept on location at all times. The following is a general list of products: Barite, Bentonite, Gypsum, Lime, Soda Ash, Caustic Soda, Nut Plug, Cedar Fiber, Cotton Seed Hulls, Drilling Paper, Salt Water Clay, CACL2. Oxy will use a closed mud system.

What will be used to monitor the loss or gain	PVT/MD Totco/Visual Monitoring
of fluid?	

6. Logging and Testing Procedures

Logg	Logging, Coring and Testing.					
Yes	Will run GR from TD to surface (horizontal well – vertical portion of hole). Stated logs					
	run will be in the Completion Report and submitted to the BLM.					
No	Logs are planned based on well control or offset log information.					
No	Drill stem test? If yes, explain					
No	Coring? If yes, explain					

Addi	tional logs planned	Interval
No	Resistivity	
No	Density	
No	CBL	
Yes	Mud log	ICP - TD
No	PEX	

7. Drilling Conditions

Condition	Specify what type and where?
BH Pressure at deepest TVD	4344 psi
Abnormal Temperature	No
BH Temperature at deepest TVD	150°F

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.

Hydrogen Sulfide (H2S) monitors will be installed prior to drilling out the surface shoe. If H2S is detected in concentrations greater than 100 ppm, the operator will comply with the provisions of Onshore Oil and Gas Order #6. If Hydrogen Sulfide is encountered, measured values and formations will be provided to the BLM.

N H2S is present

Y H2S Plan attached

8. Other facets of operation

	Yes/No
Will the well be drilled with a walking/skidding operation? If yes, describe.	Yes
• We plan to drill the two well pad in batch by section: all surface sections,	
intermediate sections and production sections. The wellhead will be	
secured with a night cap whenever the rig is not over the well.	
Will more than one drilling rig be used for drilling operations? If yes, describe.	Yes
• OXY requests the option to contract a Surface Rig to drill, set surface	
casing, and cement for this well. If the timing between rigs is such that	•
OXY would not be able to preset surface, the Primary Rig will MIRU and	
drill the well in its entirety per the APD. Please see the attached document	\
for information on the spudder rig.	

Total estimated cuttings volume: 1737 bbls.

9. Company Personnel

Name	Title	Office Phone	Mobile Phone
Philippe Haffner	Drilling Engineer	713-985-6379	832-767-9047
Diego Tellez	Drilling Engineer Supervisor	713-350-4602	713-303-4932
Simon Benavides	Drilling Superintendent	713-522-8652	281-684-6897
John Willis	Drilling Manager	713-366-5556	713-259-1417

U.S. Department of the Interior BUREAU OF LAND MANAGEMENT

APD ID: 10400027323

Operator Name: OXY USA INCORPORATED

Well Name: IRIDIUM MDP1 28-21 FEDERAL COM

Well Type: OIL WELL

Section 1 - Existing Roads

Will existing roads be used? YES

Existing Road Map:

IridiumMDP1_28_21FdCom21H_ExistRoads_20180214163735.pdf

Existing Road Purpose: FLUID TRANSPORT

Row(s) Exist? NO

ROW ID(s)

ID:

Do the existing roads need to be improved? NO

Existing Road Improvement Description:

Existing Road Improvement Attachment:

Section 2 - New or Reconstructed Access Roads

Width (ft.): 25

Max grade (%): 0

Will new roads be needed? YES

New Road Map:

 $IridiumMDP1_28_21FdCom21H_NewRoad_20180214163752.pdf$

Feet

New road type: LOCAL

Length: 666

Max slope (%): 0

Army Corp of Engineers (ACOE) permit required? NO

ACOE Permit Number(s):

New road travel width: 14

New road access erosion control: Watershed Diversion every 200' if needed.

New road access plan or profile prepared? YES

New road access plan attachment:

IridiumMDP1_28_21FdCom21H_NewRoad_20180214163809.pdf

Access road engineering design? NO

Show Final Text

Submission Date: 02/22/2018

Well Number: 21H Well Work Type: Drill

Page 1 of 11

SUPO Data Report

Well Name: IRIDIUM MDP1 28-21 FEDERAL COM

Well Number: 21H

Access road engineering design attachment:

Access surfacing type: OTHER

Access topsoil source: ONSITE

Access surfacing type description: Caliche

Access onsite topsoil source depth: 0

Offsite topsoil source description:

Onsite topsoil removal process: If available

Access other construction information: None

Access miscellaneous information: The access road will run from an existing pad going 641.1' north, then 25' east through pasture to northwest corner of the pad.

Number of access turnouts:

Access turnout map:

Drainage Control

New road drainage crossing: CULVERT

Drainage Control comments: Watershed Diversion every 200' if needed.

Road Drainage Control Structures (DCS) description: Watershed Diversion every 200' if needed.

Road Drainage Control Structures (DCS) attachment:

Access Additional Attachments

Additional Attachment(s):

Section 3 - Location of Existing Wells

Existing Wells Map? YES

Attach Well map:

IridiumMDP1_28_21FdCom21H_ExistWells_20180214163827.pdf

Existing Wells description:

Section 4 - Location of Existing and/or Proposed Production Facilities

Submit or defer a Proposed Production Facilities plan? SUBMIT

Production Facilities description: a. In the event the well is found productive, the Sand Dunes Gold Central Tank Battery would be utilized and the necessary production equipment will be installed at the well site. See proposed facilities layout diagram. b. All flow lines will adhere to API standards. They will consist of 3 – 4" composite flowlines operating 75% MAWP and 1 – 4" composite LP gas lift suction line operating 75% MAWP, surface to follow surveyed route. Survey of a strip of land 50' wide and 6749.98' in length crossing USA Land in Sections 28 & 29 T23S R31E, NMPM, Eddy County, NM and being 25' left and 25' right of the centerline survey. Two–8" gas lift line operating 1500 psig, buried, lines to follow surveyed route. Survey of a strip of land 30' wide and 2901.5' in length crossing USA Land in Sections 28 T23S R31E, NMPM, Eddy County, NMPM, Eddy County, NMPM, Eddy County, Survey of a strip of land 30' wide and 2901.5' in length crossing USA Land in Sections 28 T23S R31E, NMPM, Eddy County, R400 County, Survey of a strip of land 30' wide and 2901.5' in length crossing USA Land in Sections 28 T23S R31E, NMPM, Eddy County, R400 Coun

Well Name: IRIDIUM MDP1 28-21 FEDERAL COM

Well Number: 21H

NM and being 15' left and 15' right of the centerline survey, see attached. Surface Flowline Survey 18110639, dated 5/24/18 will replace Survey 1711073 dated 12/8/17. c. Electric line will follow a route approved by the BLM. Survey of a strip of land 30' wide and 358.8' in length crossing USA land in Sections 28 T23S R31E NMPM, Eddy County, NM and being 15' left and 15' right of the centerline survey, see attached. d. See attached for additional information on the Sand Dunes MDP1 North Corridor Surface Production Facilities.

Production Facilities map:

IridiumMDP1_28_21FdCom21H_FacilityPLEL_20180214163849.pdf IridiumMDP1_28_21FdCom21H_LeaseFacilityInfo_20180214163901.pdf IridiumMDP1_28_21FdCom21H_SurfFLAmd_20180530134222.pdf

Section 5 - Location and Types of Water Supply

Water Source Table

Water source use type: INTERMEDIATE/PRODUCTION CASING, Water source type: GW WELL OTHER, SURFACE CASING Describe type:

Source latitude:

Source datum:

Water source permit type: WATER WELL

Source land ownership: COMMERCIAL

Water source transport method: PIPELINE, TRUCKING

Source transportation land ownership: COMMERCIAL

Water source volume (barrels): 2000

Source volume (acre-feet): 0.25778618

Source longitude:

Source volume (gal): 84000

Water source and transportation map:

IridiumMDP1_28_21FdCom21H_GRRWtrSrc_20180214163950.pdf

 $IridiumMDP1_28_21FdCom21H_MesqWtrSrc_20180214164003.pdf$

Water source comments: This well will be drilled using a combination of water mud systems. It will be obtained from commercial water stations (Gregory Rockhouse, Mesquite) in the area and will be hauled to location by transport truck using existing and proposed roads.

New water well? NO

New Water Well Info

Well latitude:

Well Longitude:

Well datum:

Well target aquifer:

Est. depth to top of aquifer(ft):

Aquifer comments:

Aquifer documentation:

Well depth (ft):

Well casing type:

Est thickness of aquifer:

Well Name: IRIDIUM MDP1 28-21 FEDERAL COM

Well casing outside diameter (in.):Well casing inside diameter (in.):New water well casing?Used casing source:Drilling method:Drill material:Grout material:Grout depth:Casing length (ft.):Casing top depth (ft.):Well Production type:Completion Method:Water well additional information:State appropriation permit:Additional information attachment:Used casing inside diameter (in.):

Section 6 - Construction Materials

Construction Materials description: Primary - All caliche utilized for the drilling pad and proposed access road will be obtained from an existing BLM/State/Fee approved pit or from prevailing deposits found on the location. Will use BLM recommended extra caliche from other locations close by for roads, if available. Secondary - The secondary way of obtaining caliche to build locations and roads will be by "turning over" the location. This means, caliche will be obtained from the actual well site. A caliche permit will be obtained from BLM prior to pushing up any caliche. 2400 cubic yards is max amount of caliche needed for pad and roads. Amount will vary for each pad. The procedure below has been approved by BLM personnel: a. The top 6" of topsoil is pushed off and stockpiled along the side of the location. b. An approximate 120' X 120' area is used within the proposed well site to remove caliche. c. Subsoil is removed and piled alongside the 120' X 120' within the pad site. d. When caliche is found, material will be stockpiled within the pad site to build the location and road. e. Then subsoil is pushed back in the hole and caliche is spread accordingly across entire location and road. f. Once the well is drilled the stockpiled top soil will be used for interim reclamation and spread along areas where caliche is picked up and the location size is reduced. Neither caliche nor subsoil will be stockpiled outside of the well pad. Topsoil will be stockpiled along the edge of the pad. Caliche will be provided from a pit located in Section 7 T24S R31E. Water will be provided from a frac pond located in Sections 7 T24S R31E.

Well Number: 21H

Construction Materials source location attachment:

Section 7 - Methods for Handling Waste

Waste type: DRILLING

Waste content description: Water-Based Cuttings, Water-Based Mud, Oil-Based Cuttings, Oil-Based Mud, Produced Water

Amount of waste: 1737 barrels

Waste disposal frequency : Daily

Safe containment description: Haul-Off Bins

Safe containmant attachment:

Waste disposal type: HAUL TO COMMERCIAL Disposal location ownership: COMMERCIAL FACILITY

Disposal type description:

Disposal location description: An approved facility that can process drill cuttings, drill fluids, flowback water, produced water, contaminated soils, and other non-hazardous wastes.

Posonyo Dit	

Operator Name: OXY USA		
Well Name: IRIDIUM MDP	1 28-21 FEDERAL COM Well Number: 21H	
		·········
Reserve Pit being used? N	0	
Temporary disposal of pro	duced water into reserve pit?	
Reserve pit length (ft.)	Reserve pit width (ft.)	
Reserve pit depth (ft.)	Reserve pit volume (cu. yd.)	
Is at least 50% of the reserv	ve pit in cut?	
Reserve pit liner		
Reserve pit liner Reserve pit liner specificat	ions and installation description	
Reserve pit liner Reserve pit liner specificat	ions and installation description	
Reserve pit liner Reserve pit liner specificat	ions and installation description Cuttings Area	
Reserve pit liner Reserve pit liner specificat	ions and installation description Cuttings Area	
Reserve pit liner Reserve pit liner specificat 	tions and installation description Cuttings Area NO n location? YES	
Reserve pit liner Reserve pit liner specificat Cuttings Area being used? Are you storing cuttings or Description of cuttings loc bins. Disposal of liquids, drilli Cuttings area length (ft.)	ions and installation description Cuttings Area NO n location? YES ation A closed loop system will be utilized consisting of above growing fluids and cuttings will be disposed of at an approved facility. Cuttings area width (ft.)	bund steel tanks and haul-off
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Section 8 - Ancillary Facilities

Are you requesting any Ancillary Facilities?: NO

Ancillary Facilities attachment:

Comments:

Section 9 - Well Site Layout

Well Site Layout Diagram:

IridiumMDP1_28_21FdCom21H_WellSiteCL_20180214161853.pdf

Comments: V-Door-East - CL Tanks-North - 445' X 620' - 4 Well Pad

Well Name: IRIDIUM MDP1 28-21 FEDERAL COM

Well Number: 21H

Section 10 - Plans for Surface Reclamation

Type of disturbance: New Surface Disturbance

Multiple Well Pad Name: IRIDIUM MDP1 28-21 FEDERAL COM Multiple Well Pad Number: 11H

Recontouring attachment:

Drainage/Erosion control construction: Reclamation to be wind rowed as needed to control erosion

Drainage/Erosion control reclamation: Reclamation to be wind rowed as needed to control erosion

Well pad proposed disturbance (acres): 6.33	Well pad interim reclamation (acres): 2.33	Well pad long term disturbance (acres): 4		
Road proposed disturbance (acres): 0.46 Powerline proposed disturbance (acres): 0.25	Road interim reclamation (acres): 0.24 Powerline interim reclamation (acres): 0.25	Road long term disturbance (acres): 0.21 Powerline long term disturbance (acres): 0		
Pipeline proposed disturbance (acres): 6.25 Other proposed disturbance (acres): 0	Pipeline interim reclamation (acres): 4.16 Other interim reclamation (acres): 0.33	Pipeline long term disturbance (acres): 2.08 Other long term disturbance (acres): 0		
Total proposed disturbance: 13.29	Total interim reclamation: 7.31	Total long term disturbance: 6.29		

Disturbance Comments: See Below

Reconstruction method: If the well is deemed commercially productive, caliche from the areas of the pad site not required for operations will be reclaimed. The original topsoil 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. After concluding the drilling and/or completion operations, if the well is found non-commercial, the caliche will be reclaimed as directed by the BLM. The original topsoil will again be returned to the pad and contoured, as close as possible, to the original topsoil will an approved BLM mixture to re-establish to the original topsoil will an approved BLM mixture to re-estable, to the original topography, and the area will be seeded with an approved BLM mixture to re-estable, to the original topography, and the area will be seeded with an approved BLM mixture to re-estable, to the original topography, and the area will be seeded with an approved BLM mixture to re-estable, to the original topography, and the area will be seeded with an approved BLM mixture to re-establish vegetation.

Topsoil redistribution: The original topsoil will be returned to the area of the drill pad not necessary to operate the well.

Soil treatment: To be determined by the BLM.

Existing Vegetation at the well pad: To be determined by the BLM at Onsite.

Existing Vegetation at the well pad attachment:

Existing Vegetation Community at the road: To be determined by the BLM at Onsite.

Existing Vegetation Community at the road attachment:

Existing Vegetation Community at the pipeline: To be determined by the BLM at Onsite.

Existing Vegetation Community at the pipeline attachment:

Existing Vegetation Community at other disturbances: To be determined by the BLM at Onsite.

Existing Vegetation Community at other disturbances attachment:

Well Name: IRIDIUM MDP1 28-21 FEDERAL COM

Well Number: 21H

Non native seed used? NO

Non native seed description:

Seedling transplant description:

Will seedlings be transplanted for this project? NO

Seedling transplant description attachment:

Will seed be harvested for use in site reclamation? NO

Seed harvest description:

Seed harvest description attachment:

Seed	Management

Seed Table

Seed type:

Seed name:

Source name:

Source phone:

Seed cultivar:

Seed use location:

PLS pounds per acre:

Seed Summary
Seed Type Pounds/Acre

Total pounds/Acre:

Seed source:

Source address:

Proposed seeding season:

Seed reclamation attachment:

Operator Contact/Responsible Official Contact Info

First Name: JIM

Phone: (575)631-2442

Email: jim_wilson@oxy.com

Last Name: WILSON

Seedbed prep:

Seed BMP:

Seed method:

Existing invasive species? NO

Existing invasive species treatment description:

Well Name: IRIDIUM MDP1 28-21 FEDERAL COM

Existing invasive species treatment attachment: Weed treatment plan description: To be determined by the BLM. Weed treatment plan attachment: Monitoring plan description: To be determined by the BLM. Monitoring plan attachment: Success standards: To be determined by the BLM. Pit closure description: NA

Pit closure attachment:

Section 11 - Surface Ownership

Disturbance type: WELL PAD Describe:

Surface Owner: BUREAU OF LAND MANAGEMENT

Other surface owner description:

BIA Local Office:

BOR Local Office:

COE Local Office:

DOD Local Office:

NPS Local Office:

State Local Office:

Military Local Office:

USFWS Local Office:

Other Local Office:

USFS Region:

USFS Forest/Grassland:

USFS Ranger District:

Disturbance type: PIPELINE Describe: Surface Owner: BUREAU OF LAND MANAGEMENT Other surface owner description: BIA Local Office:

Well Name: IRID/UM MDP1 28-21 FEDERAL COM

Well Number: 21H

BOR Local Office: COE Local Office: DOD Local Office: NPS Local Office: State Local Office: Military Local Office: USFWS Local Office: Other Local Office: USFS Region:

USFS Ranger District:

Disturbance type: OTHER

USFS Forest/Grassland:

Describe: Electric Line

Surface Owner: BUREAU OF LAND MANAGEMENT

Other surface owner description:

BIA Local Office:

BOR Local Office:

COE Local Office:

DOD Local Office:

NPS Local Office:

State Local Office:

Military Local Office:

USFWS Local Office:

Other Local Office:

USFS Region:

USFS Forest/Grassland:

USFS Ranger District:

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Page 9 of 11

Operator Name: OXY USA INCORPORATED	
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Well Name: IRIDIUM MDP1 28-21 FEDERAL COM

Well Number: 21H

Disturbance type: NEW ACCESS ROAD Describe: Surface Owner: BUREAU OF LAND MANAGEMENT Other surface owner description: BIA Local Office: BOR Local Office: COE Local Office: DOD Local Office: NPS Local Office: State Local Office: Military Local Office: USFWS Local Office: USFWS Local Office: USFS Region: USFS Forest/Grassland:

USFS Ranger District:

Section 12 - Other Information

Right of Way needed? YES

Use APD as ROW? YES

ROW Type(s): 281001 ROW - ROADS,285003 ROW - POWER TRANS,288100 ROW - O&G Pipeline,289001 ROW- O&G Well Pad

ROW Applications

SUPO Additional Information: Permian Basin MOA - see attached SUPO and to be submitted after APD acceptance. GIS Shapefiles available for BLM download from shared FTP site after APD submittal. **Use a previously conducted onsite?** NO

Previous Onsite information:

Other SUPO Attachment

IridiumMDP1_28_21FdCom21H_GasCapPlan_20180214164344.pdf IridiumMDP1_28_21FdCom21H_MiscSvyPlats_20180214164401.pdf IridiumMDP1_28_21FdCom21H_StakeForm_20180214164413.pdf IridiumMDP1_28_21FdCom21H_SUPO_20180214164425.pdf VC YMP

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Iridium MDP1 28-21 Federal Com - 1 Mile AOR

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UII Gathering CIB Site

Oil will be pumped into (1) 8" buried pipeline operating less than 750 psig. This will be routed to the Silver CTB (Sand Dunes North Corridor CTB) where it will be sold via pipeline through Centurion oil sales (3rd Party Processor).

Reference Plats:

(4) John West Surveying Company W.O. No: 17110262 Survey: 4/7/17 CAD: 4/18/17

(2) John West Surveying Company W.O. No: 17111174 Survey: 12/13/17 CAD: 2/5/18

Production Flowlines

Each well will have (3) surface laid flowlines operating at less than 75% of the MAWP of the flowline per the survey plats from the well site to the CTB following access roads.

Reference plats per well APD package - FacilityPLEL

Gas Lift Compressor Site, Suction, and Injection Lines

Wells with gas lift as their artificial lift mechanism in the North Corridor development will be supported by a pair of centralized gas lift compressor stations. This gas lift compressor stations will be located on a 360'x260' pad in Section 28 Township 23 South Range 31 East, and Section 34 Township 23 South Range 31 East. Each will be fed by a buried 20" HDPE line from the Gold CTB operating at less than 125 PSIG. The discharge of the compressors will feed into (1) 8" gas injection trunk line operating < 1,500 PSIG connecting to each well pad.

Reference Plats:

(1) John West Surveying Company W.O. No: 17111197 Survey: 1/3/18 CAD: 2/5/18

(1) John West Surveying Company W.O. No: 17111198 Survey: 1/3/18 CAD: 1/29/18 REV: 2/2/18

(1) John West Surveying Company W.O. No: 17111044 Survey: 11/7/17 CAD: 11/27/17

(1) John West Surveying Company W.O. No: 17111023 Survey: 10/31/17 CAD: 11/13/17

(1) John West Surveying Company W.O. No: 17111063 Survey: 11/6/17 CAD: 12/6/17

Salt Water Disposal

Produced water will be pumped into (3) 16" HDPE buried lines operating at less than 300 PSIG. This produced water line will also connect to the OXY water treatment facility in Section 4 Township 24S Range 31E and will connect to the rest of the Sand Dunes disposal system. An additional (1) 16" HDPE buried line will be required to transfer treated water from treatment disposal water from treatment systems to ponds.

Reference Plats:

(2) John West Surveying Company W.O. No: 17111174 Survey: 12/13/17 CAD: 2/5/18

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than 125 PSIG. This gas line will e (3rd Party Processor) tie-in point per the

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ing electrical infrastructure to connect to the mpressor sites, and water treatment facility.

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C Anjelico/2017/OXY USA INC/TRACTS/17110262 500x500 Sand Dunes North Carridor CTB, 150x150 Flore Pad, Pipeline Carridor & 2 Access Rd in Sec. 33, 1195, R31E

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FRR, INC. WATER SOURCES IXY CERTAIN POND LOCATIONS

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<u>C-3478</u>	<u>C-2772</u>	
<u>C-1361</u>	<u>C-3358</u>	
<u>C-3478</u>	<u>C-2772</u>	
<u>C-2574</u>	<u>J-27</u>	
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C-1361	ENG#2	PRIVATE	32.064908° -103.906266°
C-1573	Cooksev	PRIVATE	32 113463° •104 108092°
C-1575	ROCKHOUSE Ranch Well - Wildcat	BIM	32 493190° -104 444163°
•		DEIN	02.400100 -104.444100
°C-2270	CW#1 (Oliver Kiehne)	PRIVATE	32.021440° -103.559208°
C-2242	Walterscheid	PRIVATE	32.39199° -104.17694°
C-2492POD2	Stacy Mills	PRIVATE	32.324203° -103.812472°
C-2569	Paduca well #2	BLM	32.160588 -103.742051
C-2569POD2	Paduca well replacement	BLM	32.160588 -103.742051
C-2570	Paduca (tank) well #4	BLM	32.15668 -103.74114
C-2571	Paduca (road) well	BLM	32.163993° -103.745457°
C-2572	Paduca well #6	BLM	32.163985 -103.7412
C-2573	Paduca (in the bush) well	BLM	32.16229 -103.74363
C-2574	Paduca well (on grid power)	BLM	32.165777° -103.747590°
C-2701	401 Water Station	BLM	32.458767° -104.528097°
C-2772	Mobley Alternate	BLM	32.305220° -103.852360°
C-3011	ROCKY ARROYO - MIDDLE	BLM	32.409046° -104.452045°
C-3060	Max Vasquez	PRIVATE	32.31291° -104.17033°
C-3095	ROCKHOUSE Ranch Well - North of Rockcrusher	PRIVATE	32.486794° -104.426227°
C-3200	Beard East	PRIVATE	32.168720 -104.276600
C-3260	Hayhurst	PRIVATE	32.227110° -104.150925
C-3350	Winston Barn	PRIVATE	32.511871° -104.139094
C-3358	Branson	PRIVATE	32.19214° -104.06201
C-3363	Watts#2	PRIVATE	32.444637° -103.931313
C-3453	ROCKY ARROYO - FIELD	PRIVATE	32.458657° -104.460804
C-3478	Mobley Private	PRIVATE	32.294937° -103.888656
C-3483pod1	ENG#3	BLM	32.065556° -103.894722
C-3483pod3	ENG#5	BLM	32.06614° -103.89231
C-3483POD4	CW#4 (Oliver Kiehne)	PRIVATE	32.021803° -103.559030
C-3483POD5	CW#5 (Oliver Kiehne)	PRIVATE	32.021692° -103.560158
C-3554	Jesse Baker #1 well	PRIVATE	32.071937° -103.723030
C-3577	CW#3 (Oliver Kiehne)	PRIVATE	32.021773° -103.559738
C-3581	ENG#4	BLM	32.066083° -103.895024
C-3595	. Oliver Kiehne house well #2	PRIVATE	32.025484° -103.682529
C-3596	CW#2:(Oliver Kiehne)	PRIVATE	32.021793° -103.559018°

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	AME	LAND OWNERSHIP	GPS LOCATION	
		PRIVATE	32.449290° -104.214500°	
	13	PRIVATE	32.073692° -103.727121°	
		PRIVATE	32.215790° -103.537690°	
	_ th	PRIVATE	32.511504° -104.139073°	
	n	PRIVATE	32.458551° -104.144219°	
		PRIVATE	32.443360° -103.942890°	
		BLM	32.023434°-103.321968°	
	ıg	PRIVATE	32.34636° -104.21355	
	-	PRIVATE	32.224053° -104.090129°	
0-3023	Jesse daker #J well	PRIVATE	32.072545°-103.722258°	
C-3830	Paduca	BLM	32.156400° -103.742060°	
C-3836	Granger	PRIVATE	32.10073° -104.10284°	
C-384	ROCKHOUSE Ranch Well - Rockcrusher	PRIVATE	32.481275° -104.420706°	
C-459	Walker	PRIVATE	32.3379° -104.1498°	
C-496pod2	Munoz #3 Trash Pit Well	PRIVATE	32.34224° -104.15365°	
C-496pod3&4	Munoz #2 Corner of Porter & Derrick	PRIVATE	32.34182° -104.15272°	
C-552	Dale Hood #1 well	PRIVATE	32.448720° -104.214330°	
C-764	Mike Vasquez	PRIVATE	32.230553° -104.083518°	
C-766(old)	Grandi	PRIVATE	32.32352° -104.16941°	
C-93-S	Don Kidd well	PRIVATE	32.344876 -104.151793	
C-987	ROCKY ARROYO - HOUSE	PRIVATE	32.457049° -104.461506°	
C-98-A	Bindel well	PRIVATE	32.335125° -104.187255°	
CP-1170POD1	Beckham#1	PRIVATE	32.065889° -103.312583°	
CP-1201	Winston Ballard	BLM	32.580380° -104.115980°	
CP-1202	Winston Ballard	BLM	32.538178° -104.046024°	
CP-1231	Winston Ballard	PRIVATE	32.618968° -104.122690°	
CP-1263POD5	Beckham#5	PRIVATE	32.065670° -103.307530°	
CP-1414	Crawford #1	PRIVATE	32.238380° -103.260890°	
CP-1414 POD 1	RRR	PRIVATE	32.23911° -103.25988°	
CP-1414 POD 2	RRR	PRIVATE	32.23914° -103.25981°	
CP-519	Bond_Private	PRIVATE	32.485546 -104.117583	
CP-556	Jimmy Mills (Stacy)	STATE	32.317170° -103.495080°	
CP-626	OI Loco (W)	STATE	32.692660° -104.068064°	
CP-626-S	Beach Exploration/ OI Loco (E)	STATE	32.694229° -104.064759°	
CP-73	Laguna #1	BLM	32.615015°-103.747615°	
CP-74	Laguna #2	BLM	32.615255°-103.747688°	
CP-741	Jimmy Richardson	BLM	32.61913° -104.06101°	
CP-742	Jimmy Richardson	BLM	32.614061° -104.017211°	
CP-742	Hidden Well	BLM	32.614061 -104.017211	
CP-745	Leaning Tower of Pisa	BLM	·32.584619° -104.037179°	
CP-75	Laguna #3	BLM	32.615499°-103.747715°	
CP-924	Winston Ballard	BLM	32.545888° -104.110114°	
CP-926	- Winchester well (Winston)	BLM	- 32.601125° -104.128358°	

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WELL COMMON NAME

GRR Inc.

LAND OWNERSHIP **GPS LOCATION**

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<u> </u>			
	Beckham	PRIVATE	32.020403° -103.299333°
	EPNG Jai Well	PRIVATE	32.050232° -103.313117°
	Beckham	PRIVATE	32.016443° -103.297714°
	Beckham	PRIVATE	32.016443° -103.297714°
	Beckham	PRIVATE	32.016443° -103.297714°
	Angell Ranch well	PRIVATE	32.785847° -103.644705
L-10613	Northcutt3 (2nd House well)	PRIVATE	32.687922°-103.472452
L-11281	Northcutt4	PRIVATE	32.687675°-103.471512
L-12459	Northcutt1 (House well)	PRIVATE	32.689498°-103.472697
L-12462	Northcutt8 Private Well	PRIVATE	32.686238°-103.435409
L-13049	EPNG Maljamar well	PRIVATE	32.81274° -103.67730
L-13129	Pearce State	STATE	32.726305°-103.553172
L-13179	Pearce Trust	STATE	32.731304°-103.548461
L-13384	Northcutt7 (State) CAZA	STATE	32.694651°-103.434997
L-1880S-2	HB Intrepid well #7	PRIVATE	32.842212° -103.621299°
L-1880S-3	HB Intrepid well #8	PRIVATE	32.852415° -103.620405°
L-1881	HB Intrepid well #1	PRIVATE	32.829124° -103.624139°
L-1883	HB Intrepid well #4	PRIVATE	32.828041° -103.607654°
L-3887	Northcutt2 (Tower or Pond well)	PRIVATE	32.689036°-103.472437°
L-5434	Northcutt5 (State)	STATE	32.694074°-103.405111°
L-5434-S	Northcutt6 (State)	STATE	32.693355°-103.407004°
RA-14	Horner Can	PRIVATE	32.89348° -104.37208°
RA-1474	Irvin Smith	PRIVATE	32.705773° -104.393043°
RA-1474-B	NLake WS / Jack Clayton	PRIVATE	32.561221°-104.293095°
RA-9193	Angell Ranch North Hummingbird	PRIVATE	32.885162° -103.676376°
SP-55 & SP-1279-A	Blue Springs Surface POD	PRIVATE	32.181358° -104.294009°
SP-55 & SP-1279 (Bounds)	Bounds Surface POD	PRIVATE	32.203875° -104.247076°
SP-55 & SP-1279 (Wilson)	Wilson Surface POD	PRIVATE	32.243010° -104.052197°
City Treated Effluent	City of Carlsbad Waste Treatment	PRIVATE	32.411122° -104.177030°
Mine Industrial	Mosaic Industrial Water	PRIVATE	32 370286° -103 947839°
Mobley State Well (NO	Mobley Ranch	STATE	32.308859° -103.891806°
EPNG Industrial	Monument Water Well Pipeline (Oil Center, Eunice)	PRIVATE	32.512943° -103.290300°
MCOX Commercial	Matt Cox Commercial	PRIVATE	32.529431° -104.188017°
AMAX Mine Industrial	Mosaic Industrial Water	N/A	VARIOUS TAPS
WAG Mine Industrial	Mosaic Industrial Water	N/A	VARIOUS TAPS
HB Mine Industrial	Intrepid Industrial Water	N/A	VARIOUS TAPS

Mesquite

Cedar Canyon

Major Source: C464 (McDonald) Sec. 13 T24S R28E Secondary Source: C-00738 (McDonald/Faulk) Sec. 12 T24S R28E

Corral Fly – South of Cedar Canyon

Major Source: C464 (McDonald) Sec. 13 T24S R28E Secondary Source: C-00738 (McDonald/Faulk) Sec. 12 T24S R28E

Cypress – North of Cedar Canyon

Major Source: Caviness B: C-501-AS2 Sec 23 T28S R15E Secondary Source: George Arnis; C-1303

Sand Dunes – new frac pond

Major Source: 128 Fresh Water Pond (Mesquite/Mosaic) – located at MM 4 on 128; 240,000 bbl pond

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Secondary Source: George Arnis; C-1303

Mesa Verde – east of Sand Dunes

Major Source: 128 Fresh Water Pond (Mesquite/Mosaic) – located at MM 4 on 128; 240,000 bbl pond

Secondary Source: Unknown at this time; needs coordinates to determine secondary source

Smokey Bits/Ivore/Misty – had posiden tanks before

Major Source: Unknown at this time; need coordinates to determine major source Secondary Source: Unknown at this time; needs coordinates to determine secondary source

Red Tank/Lost Tank

Major Source: Unknown at this time; need coordinates to determine major source Secondary Source: Unknown at this time; needs coordinates to determine secondary source

Peaches

Major Source: Unknown at this time; need coordinates to determine major source Secondary Source: Unknown at this time; needs coordinates to determine secondary source









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	OXY U.S.A. INC.	N V
Date Staked:	9-20-17	
Lease / Well Name:	FRIDIUM 2001 28-21 Fed Com # 2	<u>.1H</u>
Legal Description:	610' FSC 648' FWL Sec 28 T235 R3	<u>1E</u>
Latitude:	320 16' 11.48"	NAD 83
Longitude:	-1030 47' 21.81	NAD 83
X :	709518,51	NAD 83
Y: _	462333.25	NAD 83
Elevation:	3368.4	NAD 83
Move information:		
County:	Eddy	
Surface Owner	BLM	
Nearest Residence:	?	
Nearest Water Well:		
V-Door:	EAST	
Top soil:	EAST	
Road Description:	SW Corner From SouTH	
New Road:		
Upgrade Existing Road:		<u> </u>
Interim Reclamation:	80' West 50' NorTH	<u> </u>
Source of Caliche:		
Onsite Attendees:	10-6-17 Jessie BASSelt-Blm Jim Wilson- Swch Asel Survey	UFY

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Surface Use Plan of Operations

Operator Name/Number:	<u>OXY USA Inc. – 16696</u>		
Lease Name/Number:	Iridium MDP1 28-21 Federal Com #21H		
Pool Name/Number:	Ingle Wells Bone Spring	33740	
Surface Location:	610 FSL 648 FWL SWSW (M) Sec 28 T2	3S R31E - NMNM040659	
Bottom Hole Location:	180 FNL 380 FWL NWNW (D) Sec 21 T2	3S R31E - NMNM038464	

1. Existing Roads

- a. A copy of the USGS "Los Medanos, NM" quadrangle map is attached showing the proposed location. The well location is spotted on the map, which shows the existing road system.
- b. The well was staked by Terry J. Asel, Certificate No. 15079 on 9/20/17, certified 10/31/17.
- c. Directions to Location: From the intersection of NM State Hwy 128 and CR 787 (Twin Wells Rd), go southeast on SH 128 for 1.1 miles. Turn right on caliche road and go south for 1.4 miles. Turn left and go east for 0.1 miles. Turn left on proposed road and go north for 641.1 feet, turn right and go east for 25 feet to location.

2. New or Reconstructed Access Roads:

- a. A new access road will be built. The access road will run from an existing pad going 641.1' north, then 25' east through pasture to northwest corner of the pad.
- b. The maximum width of the road will be 14'. 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. Turnouts every 1000' as needed.
- e. Blade, water and repair existing caliche roads as needed.
- f. Water Bars will be incorporated every 200' during the construction of the road.

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 Facilities:

- a. In the event the well is found productive, the Sand Dunes Gold Central Tank Battery would be utilized and the necessary production equipment will be installed at the well site. See proposed facilities layout diagram.
- b. All flow lines will adhere to API standards. They will consist of 3 4" composite flowlines operating < 75% MAWP and 1 4" composite LP gas lift suction line operating <75% MAWP, surface to follow surveyed route. Survey of a strip of land 50' wide and 6167.7' in length crossing USA Land in Sections 28 & 29 T23S R31E, NMPM, Eddy County, NM and being 25' left and 25' right of the centerline survey. Two–8" gas lift line operating <1500 psig, buried, lines to follow surveyed route. Survey of a strip of land 30' wide and 2901.5' in length crossing USA Land in Sections 28 T23S R31E, NMPM, Eddy County, NM and being 15' left and 15' right of the centerline survey, see attached.</p>
- c. Electric line will follow a route approved by the BLM. Survey of a strip of land 30' wide and 358.8' in length crossing USA land in Sections 28 T23S R31E NMPM, Eddy County, NM and being 15' left and 15' right of the centerline survey, see attached.
- d. See attached for additional information on the Sand Dunes MDP1 North Corridor Surface Production Facilities.

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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:

Primary

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

Secondary

The secondary way of obtaining caliche to build locations and roads will be by "turning over" the location. This means, caliche will be obtained from the actual well site. A caliche permit will be obtained from BLM prior to pushing up any caliche. 2400 cubic yards is max amount of caliche needed for pad and roads. Amount will vary for each pad. The procedure below has been approved by BLM personnel:

- a. The top 6" of topsoil is pushed off and stockpiled along the side of the location.
- b. An approximate 120' X 120' area is used within the proposed well site to remove caliche.
- c. Subsoil is removed and piled alongside the 120' X 120' within the pad site.
- d. When caliche is found, material will be stockpiled within the pad site to build the location and road.
- e. Then subsoil is pushed back in the hole and caliche is spread accordingly across entire location and road.
- f. Once the well is drilled the stockpiled top soil will be used for interim reclamation and spread along areas where caliche is picked up and the location size is reduced. Neither caliche nor subsoil will be stockpiled outside of the well pad. Topsoil will be stockpiled along the edge of the pad as depicted in the attached plat.

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. Solids-CRI, Liquids-Laguna
- b. All trash, junk and other waste material will be contained in trash cages or bins to prevent scattering. When the job is completed, all contents will be removed and disposed of in an approved sanitary landfill.
- c. The supplier, including broken sacks, will pickup slats remaining after completion of well.
- d. A Porto-john will be provided for the rig crews. This equipment will be properly maintained during the drilling and completion operations and will be removed when all operations are complete.
- e. Disposal of fluids to be transported will be by the following companies. TFH Ltd, Laguna SWD Facility

8. Ancillary Facilities: None needed.

9. Well Site Layout:

The proposed well site layout with dimensions of the pad layout and equipment location.

V-Door – East CL Tanks – North Pad – <u>445' X 620' – 4 Well Pad</u>

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 topsoil will again be returned to the pad and contoured, as close as possible, to the original topography, and the area will be seeded with an approved BLM mixture to re-establish vegetation.

 b. If the well is deemed commercially productive, caliche from the areas of the pad site not required for operations will be reclaimed. The original topsoil 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 Co., P.O. Box 487, Carlsbad, NM 88221. 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 one mile of the proposed well site.
- d. Cultural Resources Examination–This well is located in the Permian Basin PA. Payment to be determined by BLM. This well shares the same pad as the Iridium MDP1 28-21 Federal Com #11H, 41H, 171H.
- e. Copy of this application will be furnished to SWCA Environmental Consultants, 5647 Jefferson St. NE, Albuquerque, NM 87109. Potash lessee within one mile of surface location, Mosiaic Potash Carlsbad, Inc., 370 WIPP Rd., Carlsbad, NM 88220.

13. Bond Coverage:

Bond coverage is Individual-NMB000862, Nationwide-ESB00226.

14. Operators Representatives:

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

Van Barton Supt. Operations 1502 West Commerce Dr. Carlsbad, NM 88220 Office – 575-628-4111 Cellular – 575-706-7671

Jim Wilson Operation Specialist P.O. Box 50250 Midland, TX 79710 Cellular – 575-631-2442 Corrie Hartman Manager Asset P.O. Box 4294 Houston, TX Carlsbad, NM 88220 Office – 713-215-7084 Cellular – 832-541-3190

Cuong Q. Phan RMT Leader P.O. Box 4294 Houston, TX 77210 Office – 713-513-6645 Cellular – 281-832-0978



U.S. Department of the Interior BUREAU OF LAND MANAGEMENT

Section 1 - General

Would you like to address long-term produced water disposal? NO

Section 2 - Lined Pits

Would you like to utilize Lined Pit PWD options? NO **Produced Water Disposal (PWD) Location: PWD surface owner:** Lined pit PWD on or off channel: Lined pit PWD discharge volume (bbl/day): Lined pit specifications: Pit liner description: Pit liner manufacturers information: **Precipitated solids disposal:** Decribe precipitated solids disposal: Precipitated solids disposal permit: Lined pit precipitated solids disposal schedule: Lined pit precipitated solids disposal schedule attachment: Lined pit reclamation description: Lined pit reclamation attachment: Leak detection system description: Leak detection system attachment: Lined pit Monitor description: Lined pit Monitor attachment: Lined pit: do you have a reclamation bond for the pit? Is the reclamation bond a rider under the BLM bond? Lined pit bond number: Lined pit bond amount: Additional bond information attachment:

PWD disturbance (acres):

Section 3 - Unlined Pits

Would you like to utilize Unlined Pit PWD options? NO

Produced Water Disposal (PWD) Location:

PWD surface owner:

Unlined pit PWD on or off channel:

Unlined pit PWD discharge volume (bbl/day):

Unlined pit specifications:

Precipitated solids disposal:

Decribe precipitated solids disposal:

Precipitated solids disposal permit:

Unlined pit precipitated solids disposal schedule:

Unlined pit precipitated solids disposal schedule attachment:

Unlined pit reclamation description:

Unlined pit reclamation attachment:

Unlined pit Monitor description:

Unlined pit Monitor attachment:

Do you propose to put the produced water to beneficial use?

Beneficial use user confirmation:

Estimated depth of the shallowest aquifer (feet):

Does the produced water have an annual average Total Dissolved Solids (TDS) concentration equal to or less than that of the existing water to be protected?

TDS lab results:

Geologic and hydrologic evidence:

State authorization:

Unlined Produced Water Pit Estimated percolation:

Unlined pit: do you have a reclamation bond for the pit?

Is the reclamation bond a rider under the BLM bond?

Unlined pit bond number:

Unlined pit bond amount:

Additional bond information attachment:

Section 4 - Injection

Would you like to utilize Injection PWD options? NO

Produced Water Disposal (PWD) Location:

PWD surface owner:

Injection PWD discharge volume (bbl/day):

Injection well mineral owner:

PWD disturbance (acres):

PWD disturbance (acres):

Injection well type:

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Injection well number: Assigned injection well API number? Injection well new surface disturbance (acres): Minerals protection information: Mineral protection attachment: Underground Injection Control (UIC) Permit? UIC Permit attachment:

Section 5 - Surface Discharge

Would you like to utilize Surface Discharge PWD options? NO

Produced Water Disposal (PWD) Location: PWD surface owner: Surface discharge PWD discharge volume (bbl/day): Surface Discharge NPDES Permit? Surface Discharge NPDES Permit attachment: Surface Discharge site facilities information: Surface discharge site facilities map:

Section 6 - Other

Would you like to utilize Other PWD options? NO

Produced Water Disposal (PWD) Location: PWD surface owner: Other PWD discharge volume (bbl/day): Other PWD type description: Other PWD type attachment: Have other regulatory requirements been met? Other regulatory requirements attachment: Injection well name:

Injection well API number:

PWD disturbance (acres):

PWD disturbance (acres):

AFMSS

U.S. Department of the Interior BUREAU OF LAND MANAGEMENT

Bond Information

Federal/Indian APD: FED

BLM Bond number: ESB000226

BIA Bond number:

Do you have a reclamation bond? NO

Is the reclamation bond a rider under the BLM bond?

Is the reclamation bond BLM or Forest Service?

BLM reclamation bond number:

Forest Service reclamation bond number:

Forest Service reclamation bond attachment:

Reclamation bond number:

Reclamation bond amount:

Reclamation bond rider amount:

Additional reclamation bond information attachment:

06/19/2018

Bond Info Data Report

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