Form 3160-3 (August 1999)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

RECEIVED

ATS-08-51/ FORM APPROVED

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

APPLICATION FOR PERMIT TO DRILL OR REENTER

NMOCD ARTESIAL ase Serial No

		1 WWW.10417030
la Type of Work	R-111-POTASH	6 If Indian, Allotee or Tribe Name
1b Type of Well Gas Well Other	X Single Zone Multiple Zon	
2 Name of Operator		8 Lease Name and Well 10.30487
OXY USA Inc.	16696	Lost Tank 4 Federal #13-
3a Address	3b Phone No (include area co	9 API Well No
P.O. Box 50250 Midland, TX 79710-0250	432-685-5717	30-015- 37946
4 Location of Well (Report location clearly and in accordance with any S At surface 2150 FSL 2260 FWL NESU	·	10 Field and Pool, or Exploratory 405 & Lost Tank Delaware, West
		11 Sec, T, R, M, or Blk and Survey or Area
At proposed prod zone		Sec 4 T22S R31E
14 Distance in miles and direction from nearest town or post office*		12 County or Parish 13 State
20 miles northeast from	Lovina. NM	Eddy NM
15 Distance from proposed*	16 No of Acres in lease	17 Spacing Unit dedicated to this well
location to nearest		
property or lease line, ft (Also to nearest drg unit line, if any)	640	40
18 Distance from proposed location*	19 Proposed Depth	20 BLM/BIA Bond No on file
to nearest well, drilling, completed, applied for, on this lease, ft	Maximum depth of penetration	
applied for, on this lease, ft	into the Bone Spring formation cannot exceed 100 ft 8078'v	, ES0136
21 Floor (Chambell DE VDD DT Close		
21 Elevations (Show whether DF, KDB, RT, GL, etc	22 Approximate date work will star	
3442.3	8/09	45
	24 Attachments	
The following, completed in accordance with the requirements of Onshore (Oil and Gas Order No 1, shall be attache	d to this form
1 Well plat certified by a registered surveyor	4 Bond to cover the operation	ons unless covered by an existing bond on file (see
2 A Drilling Plan	Item 20 above)	, c
3 A Surface Use Plan (if the location is on National Forest System Lands		
SUPO shall be filed with the appropriate Forest Service Office)	6 Such other site specific in authorized officer	formation and/or plans as may be required by the
25 Signuature	Name (Printed/Typed)	Date
1. Sty	David Stewart	5(16(09
Title		
Sr. Regulatory Analyst		
Approved by (Signautre)	Name (Printed/Typed)	Date
15/ William Mechen	151 William	Merhane 6-11-10
Title ACTINIS STATE DIRECTOR	Office NM	STATE OFFICE
Application approval does not warrant or certify that the applicant holds le	egal or equitable title to those rights in t	he subject lease which would entitle the applicant to
conduct operations thereon Conditions of approval, if any, are attached	A	APPROVAL FOR TWO YEARS

Title 18 U S C Section 1001 and Title 43 U S C Section 1212, make it a crime for any person knowlingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction

*(Instructions on Reverse)

Carlsbad Controlled Water Basin

Committee of the same

SEE ATTACHED FOR CONDITIONS OF APPROVAL

GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

District 1

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Avenue, Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410 District N

1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico

Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease- 4 Copies

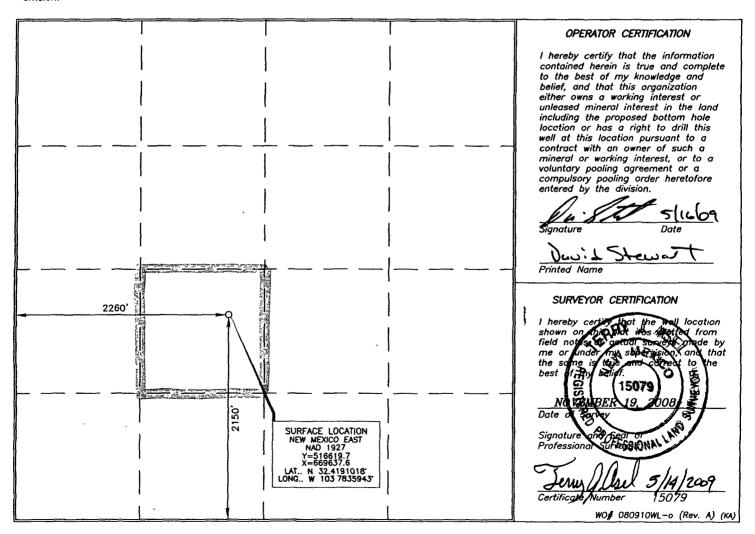
Fee Lease-3 Copies

☐ AMENDED REPORT

		WELL LOCATION AND	ACREAGE DEDI	CATION PLA	<u> </u>			
API	Number	Pool Code			Pool Name			
30-015-	37956	96582		Lost Ta	nk Delc	ware	west	t
Property Cod	e	Pı	roperty Name				Well 1	Number
304879		LOST T	'ANK 4 FED.				1	13
OGRID No.		Oį	perator Name				Elev	ation
16696		OXY	USA INC.				344	12.3'
			face Location					
UL or lot no. Section	Township	Range	Lot Idn Feet from the	North/South line	Feet from the	East/West	line	County
	22 SOUTH	31 FAST NWPW	2150'	SOUTH	2260'	WES	err l	FNNY

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

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



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

Attention: Linda Denniston

RE: Lost Tank 4 Federal # 13

Eddy County, New Mexico

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

OPERATOR NAME:

OXY USA Inc.

ADDRESS:

P.O. Box 4294

Houston, Texas 77210-4294

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

LEASE NO.:

NMNM 0417696

LEGAL DESCRIPTION:

2,150' FSL & 2,260' FWL (NESW)

Section 4-T22S-R31E Eddy County, New Mexico

FORMATIONS:

None

BOND COVERAGE:

Nationwide

BLM BOND FILE NO.:

ES 0136

OXY USA Inc.

AUTHORIZED SIGNATURE:

Donna G. Havins

TITLE:

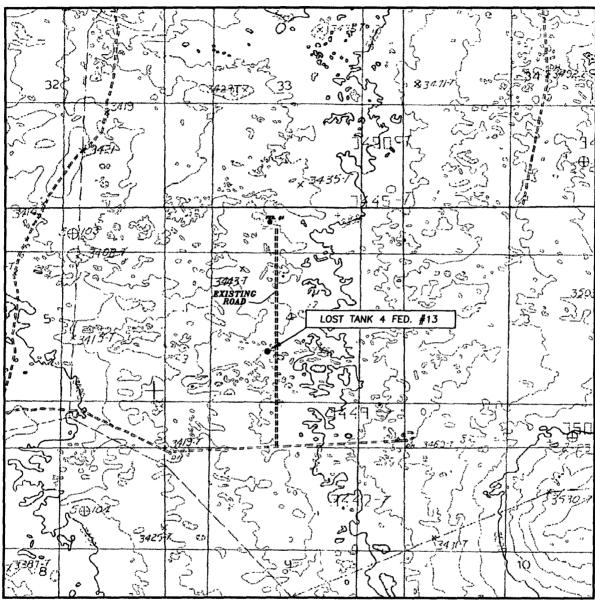
Land Negotiator

DATE:

May 14, 2009

cc: David Stewart

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'

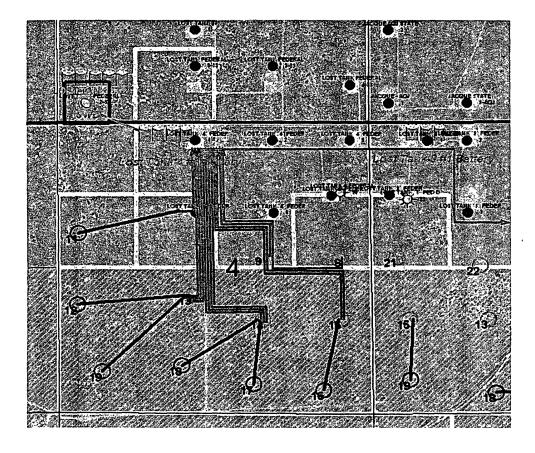
SEC. 4 TWP. 22-S RGE. 31-E
SURVEY N.M.P.M.
COUNTYEDDY
DESCRIPTION 2150' FSL & 2260' FWL
ELEVATION 3442.3'
OPERATOR OXY USA INC.
LEASE LOST TANK 4 FED. #13
U.S.G.S. TOPOGRAPHIC MAP LIVINGSTON RIDGE, N.M.

DIRECTIONS:
BEGINNING AT THE INTERSECTION OF N.M. STATE HWY.
#128 AND EDDY COUNTY ROAD #802 (WIPP ROAD), GO
NORTH ON EDDY COUNTY ROAD #802 FOR 6.4 MILES,
TURN LEFT ON LEASE ROAD AND GO NORTH FOR 0.8
MILES, TURN RIGHT AND GO EAST FOR 0.5 MILES, TURN
LEFT AND GO NORTH FOR 0.4 MILES TO LOCATION.



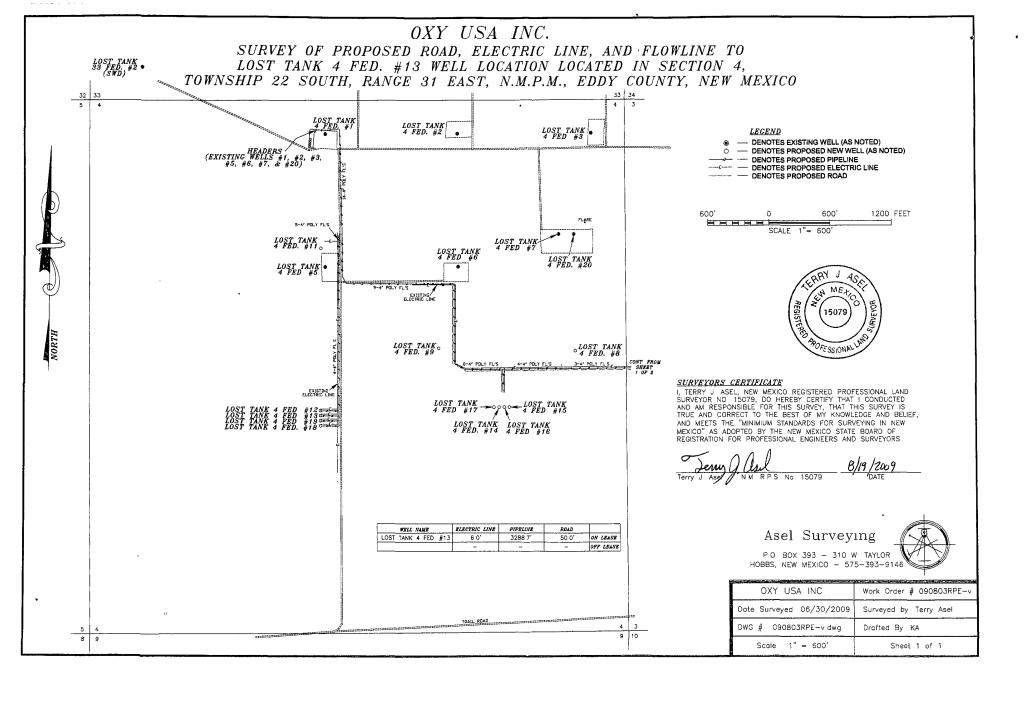


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		30			G Locations fo	Task, Nulf & Sand Di Eddy County, Nun r Vertical Wells in Pota r Directional Wells in Po	imes Prospects * Maxico sh Area via Potash Agreemen otash Area via Potash Agreem
36		31 100.	50 32 6,0 0	33	● Producing C Producing C Deep Gas V Water Dispo	/Completed pursuent to ill Walt Vell Recompleted as De Isal Wal Icing Gas Well	prior Mosaic Potash Deal
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FLOWLINES DETAILS

FROM	TO	FLUID	LINE SIZE	LINE LENTH	MATERIAL	PRESSURE	BURIED
LOST TANK 4-8	LOST TANK 4-1	PRODUCTION	4"SDR7	1 021	HDPE	LOW	NO
LOST TANK 4-9	LOST TANK 4-1	PRODUCTION	4"SDR7	0 687	HDPE	LOW	NO
LOST TANK 4-11	LOST TANK 4-1	PRODUCTION	4"SDR7	0 349	HDPE	LOW	NO
LOST TANK 4-12	LOST TANK 4-1	PRODUCTION	4"SDR7	0 608	HDPE	LOW	NO
LOST TANK 4-13	LOST TANK 4-1	PRODUCTION	4"SDR7	0 608	HDPE	LOW	NO .
LOST TANK 4-14	LOST TANK 4-1	PRODUCTION	4"SDR7	1 411	HDPE	LOW	NO
LOST TANK 4-15	LOST TANK 4-1	PRODUCTION	4"SDR7	1 204	HDPE	LOW	NO
LOST TANK 4-16	LOST TANK 4-1	PRODUCTION	4"SDR7	1 204	HDPE	LOW	NO
LOST TANK 4-17	LOST TANK 4-1	PRODUCTION	4"SDR7	1 411	HDPE	LOW	NO
LOST TANK 4-18	LOST TANK 4-1	PRODUCTION	4"SDR7	1 411	HDPE	LOW	NO
LOST TANK 4-19	LOST TANK 4-1	PRODUCTION	4"SDR7	0.608	HDPE	LOW	NO
LOST TANK 4-1	LOST TANK 3-5	GAS		1 765	HDPE	LOW	YES
LOST TANK 4-1	LOST TANK 33-2	WATER		0 323	HDPE	LOW	NO



DRILLING PROGRAM

Operator Name Lease Name/Number Pool Name/Number:

OXY USA Inc.

16696

Lost Tank 4 Federal #13 304879 Federal Lease No. NMNM0417696 96582

Lost Tank Delaware. West

2150 FSL 2260 FWL NESW (K) **Surface Location:** 8079

Sec 4 T22S R31E

Proposed TD: Lat: 32.4191018

8078 8300 TVD Long: 103.7835943

TMD 8300! X=669637.6

Elevation: 3442.3'

Y=516619.7 NAD - 1927

1. Geologic Name of Surface Formation:

a. Permian

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

Geological Marker	<u>Depth</u>	<u>Type</u>
a. Upper Permian Sand	450'	Water
b. Anhydrite	3853'	
c. Delaware	4035'	Oil
d. Bell Canyon	4107'	Oil
e. Cherry Canyon	4984'	Oil
f. Brushy Canyon	6275'	Oil
g Bone Springs	7938'	Oil

3. Casing Program: SEE COA

<u>Hole</u> <u>Size</u>	Interval	OD Csg ජුව '	<u>Weight</u>	<u>Collar</u>	<u>Grade</u>	Condition	Collapse Design Factor	Burst Design Factor	Tension Design Factor
14-3/4"	680'	11-3/4"	42#	ST&C	H40	New	8 69	5.69	2.37
		3900'							
10-5/8"	4000	8-5/8"	32#	LT&C	J55	New	2.32	1.31	2
7-7/8"	8078 [*]	5-1/2"	17#	LT&C	J55	New	1 27	1 4	1 94
11	/DVT-3950'	11		 					

4. Cement Program Sec COA

Maximum depth of penetration into the Bone Spring formation cannot exceed 100 ft

a 11-3/4" Surface

Circulate cement to Surface w/ 270sx PP w/ 4% Bentonite + 2% CaCl2, 13.5 ppg

1 74 yield followed by 270sx PP w/ 2% CaCl₂ , 14 8 ppg 1 34 yield

8-5/8" Intermediate Circulate cement to surface w/ 900sx HES light PP w/ 5% Salt + 5#/sx Gilsonite +

125#/sx Poly-E-Flake 12.9 ppg 1 87 yield followed by 200sx PP, 14 8 ppg 1.32 yield.

Cement 1st stage w/ 260sx IFH w/ 5# Gilsonite + .125#/sx Poly-E-Flake, 11.5 ppg c. 5-1/2" Production

2 80 yield followed by 370sx Super H w/ 5% LAP-1 + .4% CFR-3 + 5#/sx Gilsonite + 3#/sx Salt + 25% D-AIR 1, 13 2 ppg 1 65 yield. Cement 2nd stage w/ 230sx IFC w/ 5% LAP-1 + 25#/sx CFR-3 11 5ppg 2 78 yield followed by 100sx PP 14 8 ppg 1 32 yield

Estimated TOC @ Surface -> Stage 2 - 280 sx/150 sx per operator 6/29/09

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

RGH 8/09/09

5. Pressure Control Equipment:

Surface 0-680'

None

Production 680-8300'

11" X 5M Double Ram, 11" X 3M Annular, 5M Choke Manifold

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

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

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

6. Proposed Mud Circulation System

<u>Depth</u>	Mud Wt.	<u>Visc</u>	Fluid	Type System
	ppg	sec	Loss	The second secon
 0-680'	8.4-8.8	32-34	NC	Fresh Water/MI Gel Spud Mud
680-4000'	9.9-10.0	28-29	NC	Brine Water
4000-7900'	8.4-8 5	28-29	NC	Fresh Water
7900 -8300 ' <i>8078'</i>	9.5-96	32-36	10-15	FW Mud/Duo Vis/Poly Pac R

The necessary mud products for weight additional and fluid loss control will be on location at all times.

7. Auxiliary Well Control and Monitoring Equipment:

- a. A Kelly cock will be in the drill string at all times.
- b A full opening drill pipe stabbing valve having the appropriate connections will be on the rig floor at all times
- c. Hydrogen Sulfide detection equipment will be in operation after drilling out the surface casing shoe until the production casing is cemented. Breathing equipment will be on location upon drilling the surface casing shoe until total depth is reached.

8. Logging, Coring and Testing Program:

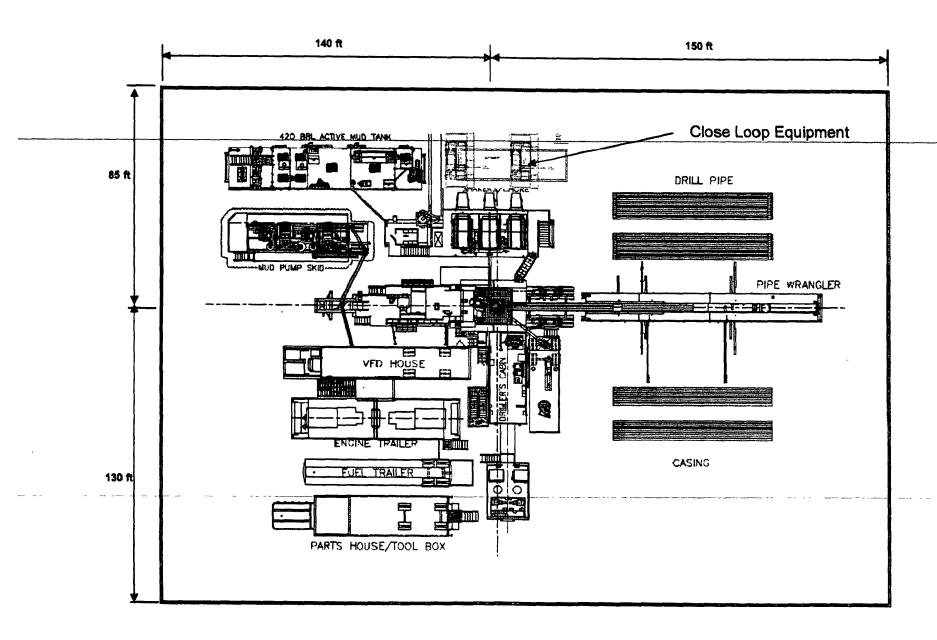
- a. Drill stem tests are not anticipated but if done will be based on geological sample shows
- b. The open hole electrical logging program will consist of Triple Combo CNL\LDT\DLL → See COA
- c No coring program is planned but if done will be sidewall rotary cores
- d. Mud logging program will be initiated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

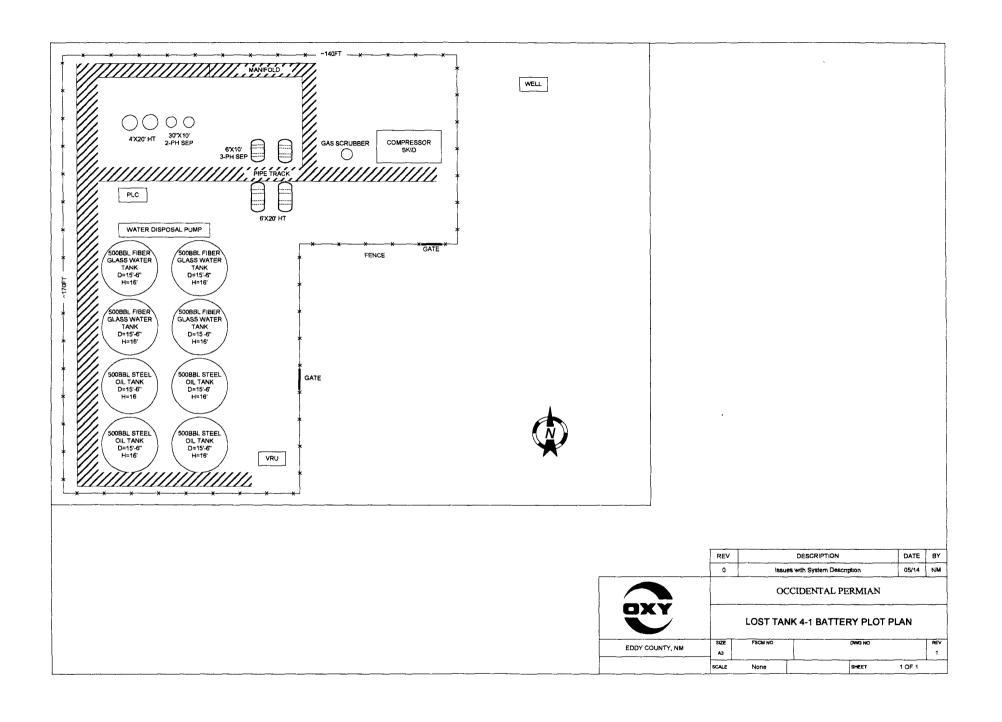
9. Potential Hazards:

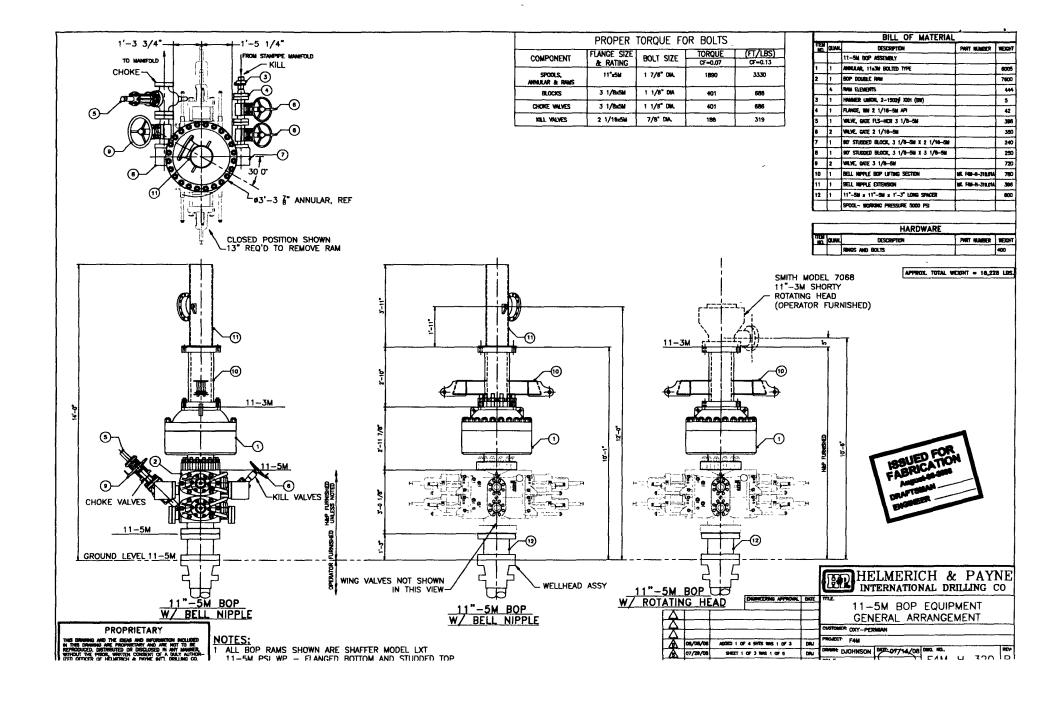
No abnormal pressures, temperatures or H_2S gas are expected. The highest anticipated pressure gradient would 0.55psi/ft. If H_2S is encountered the operator will comply with the provisions of Onshore Oil & Gas Order No. 6. No lost circulation is expected to occur. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Adequate flare lines will be installed off the mud/gas separator where gas may be flared safely

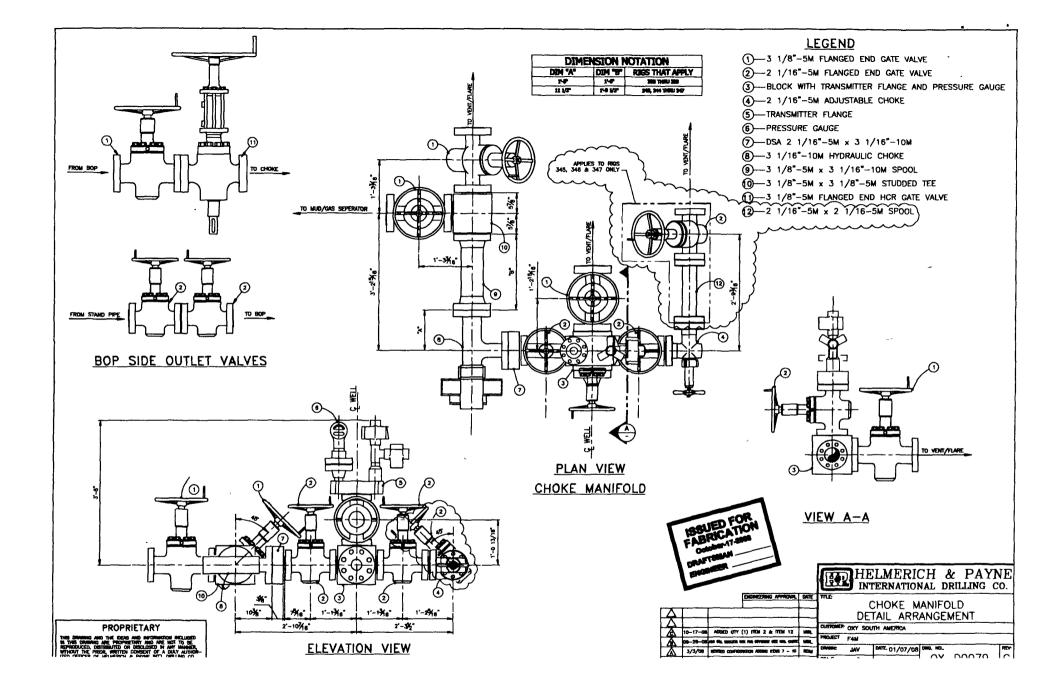
10. Anticipated Starting Date and Duration of Operations:

Road and location construction will begin after the BLM has approved the APD. Anticipated spud date will be as soon as possible after BLM approval and as soon as a rig will be available. Move in operations and drilling is expected to take 45 days. If production casing is run, then an additional 30 days will be needed to complete the well and construct surface facilities and/or lay flow lines in order to place well on production









CERTIFICATE OF CONFORMITY

Supplier : CONTITECH RUBBER INDUSTRIAL KFT.

Equipment: 6 pcs. Choke and Kill Hose with installed couplings

3" x 10,67 m WP: 10000 pel

Type: 3" x 10,67 m WP: 1 Supplier File Number : 412636 Date of Shipment : April 200 April 2008 : Phoenix Beattle Co.

Customer : 002491 Customer P.o.

Referenced Standards

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

STATEMENT OF CONFORMITY

We hereby certify that the above items/equipment supplied by us are in conformity with the terms, conditions and specifications of the above Purchaser Order and that these items/equipment were fabricated inspected and tested in accordance with the referenced standards, codes and specifications and meet the relevant acceptance criteria and design requirements.

COUNTRY OF ORIGIN HUNGARY/EU

Position: Q.C. Manager

PH	OENIX Bea	ttle	Meteria	i iden	tificati	on Certifi	cete			
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Part No	Description	Material Desc	Material Spec	Oty	WO No	Butch No	Test Cart No	Bin No	Drg No	leeue No
#1900A # 471	THE ME COME A MET COL			1	2008	M177 / 1004				1
1000-000	CLIFTERS & SWEET MALESCATE TO			-	346			A/SE		1
1070-100E	SHETT CLASS SHEEL 7 SET	CHARLES STREET		1	200	THE STREET		=		1
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s have been inspected by our Quality Management System, and to the best of our knowledge are found to conform to the requirements of the purchase order as fesued to Phoenix Besttle Corporation.





Phili Technology

Quality Document

INDIECTION	LITY CON		CATE	CERT Nº	746	
PLIRCHASER:	Phoenbr Be	ettie Co.		PO.N	002491	
CONTITIEDH ORDER Nº	412636	HOSE TYPE	3° D	Chalce	and KB Hose	
HOBE SERIAL IP:	52777	HOMBMAL / A	CTUAL LENGTH	10),67 ms	
W.P 66,86 MPs	10 000 ps	T.P. 103,4	MPs 1500	O pad Du	radies: 80 ~	m
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t 10 u						,
† 10 mm = 10 M → 10 mm = 25 M	-	cour	LINGS			,
	<u> </u>	COLF Serial Nº			Head N	•
→ 10 mm = 25 M	<u> </u>		1 0	unilly 4130	Houl N	
→ 10 mm = 28 M	917	Serial IP	ARSI		-	
Type 3" coupling with 4 1/16" Flange and	917	Serial IP	ARSI	4130	T7998A	B C
Type 3" oxiping with 4 1/16" Flange and NFOCHIP INSTALL metal page are flavour.	917	Serial NP 913	AISI AISI	4130 4130	API Spec 10	B C wte:"B"
→ 10 mm = 25 M Type 3" coupling with	917	Serial NP 913	AISI AISI	4130 4130	API Spec 10	B C wte:"B"

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4444	

--- PHOENIX Beattie

Phoenix Bestile Corp 1988 Internal Act one name, 12 700. 10 000 127-000 Par 500 127-000 E-off or 128/methantin.or

Delivery Note

Customer Order Number 378-369-003	Delivery Note Number	003976	Page	1
Customer / Involco Address -ELARION & PAYNE DR'L DRILLING CO 1407 SOUTH BOALDER TA.SA. OK 74119	Dollvery / Address HELMERICH & PAYME INC ATTM JUE STEPMENSON - R. 13689 INDUSTRIAL ROMS HOUSTON, TX 77015	IS 178		

Customer Aco No	Phoenix Sentile Contrast Mineger	Phoesix Boattle Reference	Date
HOT	73.	206339	05/23/2000

in the	Beetile Part Humber / Description	Otty Ordered	City Swet	Oty To Follow
	HPIOCEM-36-4F1 37 100 IGC CDK MSE x 35ft CML CM 4 1/16" APT SPEC FLAMEE E/ End 1 4 1/16" 100ps1 APT Spec 6A Type 6BK Flampe End 2 4 1/16" 100ps1 APT Spec 6A Type 6BK Flampe Cute 80055 Standard rine groove at each and Suttable for MES Service Northing pressure. 18,000ps1 Test pressure. 16,000ps1 Test pressure. 16,000ps1 Standard: APT 16C Fall specification Arease Barrding: Inchale Fire Racting. 10c Included Temperature retirg: -28 Day C to +100 Day C		1	0
	SECKS-NAPS LIFTING & SAFETY SUMINMENT TO SUNT HP100KS-36-F1 2 x 160mm ID Safety Clauge 2 x 244mm ID Suffety Clauge 2 x 244mm ID Lifting Collars & element C's 2 x 7ft Statmless Steel wire rope 3/4° 00 4 x 7 7ft Shackles	1	1	0
	SCT28-200CS SAFETY CLAPP 20000 7 26T C/S GALWAISED	1	1	0

Serm No 100/12

--- PHOENIX Beattie

Phoenix Beattle Co 1335 Stitume Put Stim Notes, 13 1986 Not 0800 32-466 Feed of Hybenhautic.com unspirateatic.com

Delivery Note

Customer Order Number 370-369-901	Delivery Note Number	003676	Page	2
Customer / Involve Address HEJMETCH & PATHE INT'L DRILLING CO 1487 SOUTH MOLLOER TULSA, OX 74119	Delivery / Address HELARION & PAYRE IDC ATTH: DE STEMBERS - RI 13600 TIGUSTRIAL RORD HOUSTON, TX 77015	% 370		

	Customer Ase No	Phoenix Beattle Contract Manager	Phoenix Seattle Reference	Dete
ı	101	78	0002300	06/23/2008

Item No	Beatle Part Nomber / Description	City Ordered	Oky Seet	City To Follow
	SC725-138CS SAFETY CLAMP 132M 7 2ST C/S GALVANIZED C/M BOLTS	1	1	0
5	OCCERT-HYDRO HYDROSTATIC PRESSURE TEST CERTIFICATE	1	1	٥
	ODCERT-LIMO LIMO TEST CERTIFICATES	1	1	٥
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All points remain the property of Phayets Bacels until poid for in full, Any derauge or electrique on this delivery most be advised within 6 days Returns may be subject to a handing charge.

OXY Permian

EMERGENCY ACTION PLAN

POTASH AREA

Federal 23

Federal 29

Lost Tank 3 Federal

Lost Tank 4 Federal

Lost Tank 10 Federal

Lost Tank 11 Federal

Mobil Federal

DRILLING/WORKOVER

DRILLING AND CRITICAL WELL OPERATIONS

Bureau of Land Management RECEIVED

MAY 18 2009

Carlsbad Field Office Carlsbad, NM

DRILLING/WORKOVER DRILLING AND CRITICAL WELL OPERATIONS

EMERGENCY ACTION PLAN

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PREFACE

An effective and viable Emergency Action Plan (EAP) is intended to provide prior planning and guidance in responding to emergency incidents. The primary considerations in its development are protection of personnel, the public, company and public property, and the environment

Although the plan addresses varied emergency situations that may occur, it recognizes that flexibility and the use of the organization's knowledge and experience is critical to safe resolution of emergency incidents. Response actions outlined in the plan provide a framework, which may be placed into operation without confusion. These actions should promote quick and decisive actions during the critical initial period and immediately following an emergency. As the response progresses, additional guidelines and procedures may need to be implemented as the situation dictates. In addition, all emergency incidents must be properly reported per the Oxy Incident Reporting and Notification Policy, state and federal requirements, etc

The following procedures are provided as Oxy Permian's minimum expectations. The Contractor's own procedures may be utilized in lieu of Oxy Permian's, provided that it meets or exceeds the minimum deliverables. It should be understood that this list is not all-inclusive, but the overall plan should assist in lateral application to similar incidents.

This EAP is intended for use on Oxy Drilling/Workover projects and the operations within their area of responsibility, such as drilling, critical well work, etc

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EMERGENCY RESPONSE ACTIVATION AND CENERAL RESPONSIBILITIES

Activation of the Emergency Action Plan

- A. In the event of any emergency situation, all personnel on location should first ensure that the following items are initiated. After that, they should refer to the appropriate Specific Emergency Guidance sections on pages five (5) through nine (9) in this document for further responsibilities.
 - 1 Notify the senior ranking contract representative on site
 - 2 Notify Oxy representative in charge
 - 3 Notify civil authorities if the Oxy Representative cannot be contacted and the situation dictates
 - 4. Perform rescue and first aid as required (without jeopardizing additional personnel)

General Responsibilities

Oxy Permian Personnel

- A Drill Site Manager: The Oxy Drilling/Critical Well Servicing Operations Specialist or contract personnel serving in that capacity will serve as Operations Chief Officer for all emergency incidents The Operations Chief Officer is responsible for:
 - 1. Notification to the Drilling/Workover Team Leader of the incident occurrence.
 - 2. Notification to the local RMT/PMT leader of the incident occurrence, and the need for the designated local RMT/PMT Incident Commander to act in that capacity for the response effort
 - 3 Sole control of all tactical activities directed toward reducing the immediate hazard, establishing situational control and restoring the operations to a non-emergency state.
- B Local RMT/PMT Designated Incident Commander: The Oxy local RMT/PMT Designated Incident Commander will serve as the overall Incident Commander for the drilling or critical well servicing emergency incident. The Incident Commander is responsible for:
 - 1. Coordinating with the Drilling Manager for notification to the Oxy Crisis Management team of the incident occurrence.
 - 2 Establishing and managing the overall incident command structure and response from inception through restoration of normal activities in the area
- C. Drilling/Workover HES Tech: The Drilling/Workover HES Tech (or his designate) is responsible for reporting to the incident as soon as reasonably possible, to provide support to the response effort as required by the Operations Chief Officer or the Incident Commander

Contract Drilling Personnel will immediately report to their assigned stations and perform their duties as outlined in the appropriate Specific Emergency Guidance sections on pages five (5) through nine (9) in this document.

Other Contractor Personnel will report to the safe briefing area to assist Oxy personnel and civil authorities as requested when it is safe to do so and if they have been adequately trained in their assigned duties.

Civil Authorities (Law Enforcement, Fire, and EMS) will be responsible for:

- 1. Establishing membership in the Unified Incident Command
- 2. As directed by the Incident Commander and the Unified Command, control site access, re-route traffic, and provide escort services for response personnel.
- 3. Perform all fire control activities in coordination with the Unified Command
- 4 Initiate public evacuation plans as instructed by the Incident Commander
- 5. Perform rescue or recovery activities with coordination from the Unified Command.
- 6. Provide medical assistance as dictated by the situation at hand

WELL CONTROL

The following procedures will be implemented when a loss of primary control is indicated. Indicators of loss of primary control are flow from the well, an increase in pit volume, or when the drilling fluid used to fill the hole on trips is less than the calculated pipe displacement volume. The emergency signal for well control procedures will be a single long blast of the rig air horn.

Kick While Drilling - Procedures And Responsibilities

Driller

- 1 Stop the rotary and hoist the kelly above the rotary table
- 2 Stop the mud pump(s).
- 3 Check for flow
- 4. If flowing, sound the alarm immediately
- 5 Ensure that all crew members fill their responsibilities to secure the well
- 6. Record drill pipe and casing shut-in pressures and pit volume increase and begin kill sheet

Derrickman:

- 1. Go to BOP/choke manifold area
- 2. Open choke line valve on BOP.
- 3 Signal to Floorman #1 that the choke line is open.
- 4. Close chokes after annular or pipe rams are closed
- 5. Record shut-in casing pressure and pit volume increase.
- 6 Report readings and observations to Driller.
- 7. Verify actual mud weight in suction pit and report to Driller.
- 8 Be readily available as required for additional tasks

Floorman # 1

- 1 Go to accumulator control station and await signal from Derrickman.
- 2 Close annular preventer and HCR on signal (if available, if not then close pipe rams)
- Record accumulator pressures and check for leaks in the BOP or accumulator system
- 4. Report to Driller, and be readily available as required for additional tasks.

Floorman # 2.

- 1. Start water on motor exhausts.
- 2 Notify Contractor Tool Pusher or Rig Manager of well control situation
- 3 Check location for ignition sources and extinguish or turn off, and stop any welding in progress.
- 4. Report to Driller, and be readily available as required for additional tasks.

Floorman # 3.

1 Stand-by with Driller, and be readily available as required for additional tasks.

Tool Pusher/Rig Manager.

- 1. Notify Oxy Representative and report to rig floor.
- 2 Review and verify all pertinent information.
- 3 Communicate information to Oxy Representative, and confer on an action plan
- 4. Finalize well control worksheets, calculations and preparatory work for action plan
- Initiate and ensure the action plan is carried out.
- 6 Communicate any changes in well or site conditions, or any indications that the action plan needs to be revised to the Oxy representative

Oxy Representative:

1 Notify Drilling Superintendent or Drilling Manager and RMT Leader or Local Incident Commander, and Police, Fire Department, or other local emergency services as required.

WELL CONTROL (continued)

Kick While Tripping - Procedures and Responsibilities

Driller

- .1 Sound the alarm immediately when pipe displacement volume is less than 75% of calculated
- 2 Position the upper tool joint just above rotary table and set slips.
- 3 Check for flow
- 4 Ensure that all crew members fill their responsibilities to secure the well.
- 5 Record drill pipe and casing shut-in pressures and pit volume increase, and begin kill sheets.

Derrickman (same as while drilling)

Floor Man # 1

- 1 Install full opening valve (with help from Floorman #2) in top drill string connection.
- 2. Tighten valve with make up tongs
- 3. Go to accumulator control station and await signal from Derrickman.
- 4. Close annular preventer and HCR valve on signal (if available, if not then close pipe rams).
- 5 Record accumulator pressures and check for leaks in the BOP and accumulator system.
- 6 Report to Driller, and be readily available as required for additional tasks.

Floor Man #2

- 1. Assist installing full opening valve in drill string.
- 2 Position back-up tongs for valve make-up.
- 3. Start water on motor exhausts.
- 4 Notify Contractor Tool Pusher or Rig Manager of well control situation.
- 5. Check location for ignition sources and extinguish or turn off, and stop any welding in progress
- 6. Report to Driller, and be readily available as required for additional tasks.

Floorman # 3, Rig Manager/Tool Pusher, and Oxy Representative (same as while drilling)

H2S RELEASE

The following procedures and responsibilities will be implemented on activation of the H2S siren and lights

All Personnel.

1 On alarm, don escape unit (if available) and report to upwind briefing area.

Rig Manager/Tool Pusher:

- 1. Check that all personnel are accounted for and their condition
- 2. Administer or arrange for first aid treatment, and /or call EMTs as needed.
- 3 Identify two people best suited to secure well and perform rescue, and instruct them to don SCBA
- 4 Notify Contractor management and Oxy Representative.
- 5 Remain at the briefing area, assess and monitor personnel and overall situation for hazards or conditions that might warrant a change in the action plan

Two People Responsible For Shut-in and Rescue.

- 1. Don SCBA and acquire tools to secure well and perform rescue, i.e., wrenches, retrieval ropes, etc
- 2. Utilize the buddy system to secure well and perform rescue(s)
- 3 Return to the briefing area and stand by for further instructions.

All Other Personnel

1 Remain at the briefing area and await further instructions - do not leave unless instructed.

Oxy Representative:

- 1. Remain at the briefing area, assess and monitor personnel and overall situation for hazards or conditions that might warrant a change in the action plan.
- 2. Notify Drilling Superintendent or Drilling Manager and RMT Leader or Local Incident Commander, and Police, Fire Department, or other local emergency services as required

PERSONAL INJURY OR DEATH

Call for assistance, and then administer first aid for the injured Treatment should be prioritized by life-threatening conditions.

A Do not move injured personnel unless they are in imminent danger. An ambulance should be summoned for any injury that appears to be serious

FIRE OR EXPLOSION

Fire Fighting Philosophy

It is Oxy Permian's intent that Oxy and contract personnel will only extinguish incipient or beginning stage fires and perform or assist in initial non-threatening rescue operations. The responding fire department will be given primacy when they arrive to control a fire on any Oxy property. Any Oxy or contract employee who participates in a fire response must be fully trained and qualified as such, and must be utilizing appropriate Personal Protective Equipment.

Contract and Oxy Personnel Deployment

In the event of a fire or explosion all personnel will report to the safe briefing area. The Senior Contract Representative on site will designate personnel for rescue as appropriate depending on their qualifications and the risks of the rescue. Any rescue which involves significant risk to those performing the rescue should be deferred to professional response personnel.

No personnel will leave the area without direction / permission from the Senior Contract Representative on-

The Senior Contract Representative on site will notify local emergency response personnel as required, along with the Contract Company management and the Oxy Representative as soon as reasonably possible.

SPILLS

In the event of a significant spill of any substance, the person discovering it should immediately notify the rig supervisor and the Oxy Representative Personnel onsite should **NOT** attempt identification, control or containment unless they are absolutely sure of the product spilled, are fully aware of the hazard characteristics, and are equipped with the appropriate personal protective equipment

HYDROCARBON VAPOR CLOUD RELEASE

Upon discovery of a Hydrocarbon Vapor Cloud (NGL) release, take immediate safety precautions to protect any company personnel or others that might be in the area. Other emergency actions should be initiated only by trained expert personnel from the appropriate pipeline company

The following guidelines should be followed:

- 1 Immediately notify the rig supervisor and the Oxy Representative.
- 2 Determine wind direction, and evacuate upwind or at 90 degrees to the release
- 3. Maintain a safe distance from the cloud.
- 4 Render first aid and call for an ambulance as necessary
- 5. Attempt to warn approaching individuals of the hazard.

ROMR THREAT

In the event of a bomb threat, the person receiving the call, on or off site, should try to get as much information as possible from the caller. The person receiving the call should immediately contact the supervisor in charge. Evacuation of the field should be considered at this time. Roadblocks may need to be installed. The supervisor in charge should make all appropriate contacts.

- a Realize that every bomb threat is serious
- b Notify Corporate Security
- c. Inform Police/Sheriff's Department and Fire Department
- d Contact RMT Leader or his designated relief to coordinate search efforts with the assistance of the local law enforcement agencies.

BOMB THREAT CHECKLIST

DateN	ame of person taking	call	Pho	one # call came on _	,
FILL OUT COMP	LETELY IMMEDIAT	ELY AFTER BOME	THREAT		
 2 Where is the b 3 What does the 4 What type of b 5 What will cause 6 Did the caller p 7 Why did the call 8 What is the call 	omb set to explode?_omb located?omb located?omb look like?omb is it?e the bomb to explodulace the bomb?ller's name and address.	e?			
— —	geRaceLeng F CALLER'S VOICE		ply)		
CalmAngryExcitedSlowLoud	RapidCryingNormalDistinctSlurred	Laughing _ Raspy _ Deep _ Ragged _ Nasal _	Lisp Accent Stutter Deep Clearing Thro	Disguised Familiar? W it sound like Deep Breat	?
BACKGROUND S	SOUNDS:	•			\$
Street Noises Voices Office	House NoisesMotorClear	Factory Machinery Animals Other	Music Static PA System	Local Call Long Dista Phone Boo	
THREAT LANGU	AGE:				
Well-Spoken Message Rea	Foul d by Threat Maker	Incoherent	Irrational	Taped	•
				. ,	

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NATURAL DISASTERS

Tornadoes

These general procedures should be followed by everyone seeking shelter from a severe storm or tornado

Indoors

- 1 Protect yourself from flying glass and debris
- 2 Take refuge near the core of the building for maximum protection
- 3. Do not smoke while taking shelter.
- 4. Shut all doors to offices, if time permits

In the field:

- 1 Seek cover in a low-lying area, such as a culvert, ditch, pit, or water injection valve box.
- 2 Get out of and away from your vehicle.
- 3. Stay away from power lines
- 4. Cover your head with your arms and clothing.

Thunderstorms

Indoors.

- 1 Avoid water pipes, sinks, showers, tubs, etc.
- 2 Stay away from doors and windows
- 3. Do not use the telephone
- 4. Take off head sets
- 5. Turn off, unplug, and stay away from appliances, computers, power tools, & TV sets.

In the field:

- 1 Avoid water.
- 2 Avoid high ground and open spaces.
- Avoid all metal objects including electric wires, fences, machinery, motors, power tools, etc <u>Unsafe places</u> include underneath canopies, small picnic or rain shelters, or near trees. Where possible, find shelter in a substantial building or in a fully enclosed metal vehicle such as a car, truck or a van with the windows completely shut. If lightning is striking nearby when you are outside, you should
 - a Crouch down, feet together, hands over ears
 - b Avoid proximity (minimum of 15 ft) to other people.
- 4. SUSPEND ACTIVITIES for 30 minutes after the last observed lightning or thunder

PUBLIC RELATIONS

Oxy recognizes that the news media have a legitimate interest in incidents at Oxy facilities that could affect the public. It is to the company's benefit to cooperate with the news media when incidents occur because these media are our best liaison with the public

Our objective is to see that all reports of any emergency are factual and represent the company's position fairly and accurately Cooperation with news media representatives is the most reliable guarantee that this objective will be met

All contract and Oxy employees are instructed <u>NOT</u> to make any statement to the media concerning the emergency incident. If a media representative contacts any employee, they should refer them to the designated Emergency Command Center where they should contact the Incident Commander or his designated relief for any information concerning the incident

Drilling Dept. Emergency Contact list

Drilling Manager

Scott Cooper

713-366-5325 office

281-352-5865 cell

Drilling Superintendent

Festus Hagan

713-366-5946 office

432-894-5352 cell

Drilling Eng. Supervisor Richard Jackson 713-215-7235 office 281-467-6383 cell

HES Specialist-Drilling

Brian Bielss

432-685-5719 office

432-813-6335 cell

Drilling Coordinator

Drue Dunaway 432-685-5715 office

432-556-3288 cell

Drilling Coordinator Kevin Videtich 806-592-6213 office

806-891-2000 cell

OXY Permian Incident Reporting Phone List

* .			
Person	Location	Office Phone	Cell/Mobile Phone
, /			- 🔍
Asset Management-Operations Areas	,		
OXY Permian President & General Manager: Ken Dillon	Houston	(713) 366-5140	(661) 333-9315
Operations Support Manager: Rick Callahan	Houston	(713)-215-7578	(281) 389-1141
Asset Development Manager-Jeff Simmons	Houston	(713) 366-5124	(713) 560-8073
Public Affairs: Stacey Crews	Houston	(713) 366-5304	(713) 416-8381
Tuble Allans. Stacey clews	Houston	1 : (715) 300-3304	(113) 410 0301
Operations South-Frontier	,	•	•
RMT Lead Frontier-Barry Beresik	Houston	(713) 366-5016	(713) 560-8061
RMT Lead South-Keith Brown	Houston	(713) 366-5354	(713) 264-1114
Surface Operations Team Lead-Bill Elliott	Midland	(432) 685-5845	(432) 557-6736
Well Operations Team Lead-Leamon Hood	Midland	(432) 685-5794	(432) 634-4486
Well Servicing Team Lead-Vicki Hollub	Houston	(713) 215-7332	(713) 885-6347
WST Coord Frontier-Kirk Hobbs	Midland	(432) 685-5951	(432) 634-3890
WST Coord South-Robert Ricks	Midland	(432) 685-5821	(432) 634-8791
NM Frontier Oper Coord -Larry Sammons	Carlsbad	(575) 887-8337	(575) 390-8397
NM-South Oper Coord-Gilbert Williams	Seminole	(432) 385-2778	(806) 215-0009
NM Frontier Oper Coord -Van Barton	Carlsbad	(575) 887-8337	
Completion Specialist-Dale Redding	Hobbs	(432) 385-3206	
HES Staff & Areas of First Contact Support	Haveton	(712) 266 5460	(281) 074 0522
HES Manager: John Kirby Environmental Engineer, Air: Peggy	Houston	(713) 366-5460	(281) 974-9523
Waisanen	Midland	(432) 685-5673	(432) 894-1968
Administrative Assistant: Judy Browning	Midland	. (432) 685 5692	(432) 661 1048
Environmental Consultant: Dennis Newman	Houston	(713) 366-5485	(713) 560-8060
Safety Engineer: Derek Purvis	Houston	(713) 366-5932	(713) 582-1848
Pipeline Safety: Don Bales	Midland	(432) 685-5844	(432) 894-1960
HES Lead-Pete Maciula	Midland	(432) 685-5667	(432) 557-2450
HES Specialist: Eddie Gonzales	Midland	(432) 685-5929	(432) 556-6790
HES Specialist-Drilling: Robert Lovelady	Midland	(432) 685-5630	(432) 813-6332
HES Tech & Area of Responsibility	, v s		, ,
Wasson San Andres RMT: Mark Andersen	Denver City	(806) 592-6299	(806) 215-0077
Hobbs RMT: Steve Bishop	Hobbs	(575) 397-8251	(575) 390-4784
Frontier-New Mexico: Rick Kerby	Carlsbad	(575) 887-8337	(575) 631-4972
South-New Mexico-CJ Summers	Hobbs	(575) 397-8236	(575) 390-9228
Regulatory Affairs			
Lead-Liz Bush-Ivie	Houston	(713) 366-5303	832-474-3701

(713) 935-7210

	, , ,		, '
Regulatory Analyst-David Stewart	Migiand 1	^" (432) 6 85-5717	ate d > d /par dila d to you
Regulatory Analyst-Elizabeth Casbeer	Midland	(432) 685-5755	, `
Regulatory Analyst-Mark Stephens	Houston	(713) 366-5158	†
			~ `
DOT-Pipeline Response Numbers	, ;	T	
N Hobbs Unit: Steve Bishop	Hobbs	(575) 397-8251	(575) 390-4784
Wasson PMT: Todd King	Denver City	(806) 592-6274	(806) 215-0183
Bravo/Slaughter PMT: Gary Polk	Levelland	(806) 229-9708	(806) 638-2425
Cogdell RMT: Dean Peevy	Cogdell	(325) 573-7272	(325) 207-3367
Sharon Ridge Carl Morales	Sharon Ridge	(325) 573-6341	(325) 207-3374
All DOT Pipeline Support: Donald Bales	Midland	(432) 685-5844	(432) 894-1960
	-		
OOGC HES Contacts	Г		T
Manager HES: Wes Scott	OOGC – Houston	(713) 215-7171	(713) 203-4050
Worldwide Safety Mgr: Greg Hardin alternate	OOGC – Houston	(713) 366-5324	(713) 560-8037
Worldwide Environ. Mgr: Ravi Ravishankar	OOGC – Houston	(713) 366-5039	(832) 863-2240
	,	•	•
OOGC Risk Management	T		
Jim Garrett	Los Angeles	(310) 443-6588	(310) 710-3233
Greg LaSalle, alternate	Los Angeles	(310) 443-6542	(310) 710-2255
	• ,		
OSI	D. II.	(0.70) 404 0.540	
Workers Comp. Claim Manager: Steve Jones	Dallas	(972) 404-3542	
Workers Comp. Claims: Mark Ryan	Dallas	(972) 404-3974	
Auto Claims: Steve Jones	Dallas	(972) 404-3542	
Gallagher Bassett	<i>y</i>	4	
Workers Comp. & Property Damage Claims-	,	(972) 728-3600	
OXY Permian Ltd.: Danny Ross		X252	(800) 349-8492
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Axiom Medical Consulting	<u> </u>	•	, , ,
Medical Case Management	<u>`</u>	(877) 502-9466	<u> </u>
OVV Demice Lead	R	1	•
OXY Permian Legal	,	(712) 266 7500	(712) 560 0040
Tom Janiszewski	Houston	(713) 366-5529	(713) 560-8049
Human Resources		,	
H.R. Manager: Barbara Bernhard	Houston	(713) 215-7150	(713) 702-7949
H.R. Consultant: Amy Thompson	Houston	(713) 215-7863	(281) 799-7348
H.R. Consultant: Laura Matthews	Houston	(713) 366-5137	(713) 569-0386
			(432) 661-4581
	Midland		
H.R. Consultant: Jill Williams	Midland	(432) 685-5818	(432) 001-4381
	Midland	(432) 685-5818	(432) 001-4381
Corporate Security Frank Zapalac	Midland	(713) 215-7157	(713) 829-5753
	Midland	(432) 683-3818	(432) 001-4381

Regulatory Agencies

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Bureau of Land Management	Carisbad, Nivi	(575) 887-6544 "	
Bureau of Land Management	Hobbs, NM	(575) 393-3612	-
Bureau of Land Management	Roswell, NM	(575) 393-3612	
Bureau of Land Management	Santa Fe, NM	(505) 988-6030	
DOT Juisdictional Pipelines-Incident	Suita 1 0, 1 (1)	(303) 300 0030	
Reporting New Mexico Public Regulation		(505) 827-3549	,
Commission	Santa Fe, NM	(505) 490-2375	
DOT Juisdictional Pipelines-Incident			
Reporting Texas Raılroad Commission	Austin, TX	(512) 463-6788	,
EPA Hot Line	Dallas, Texas	(214) 665-6444	
Federal OSHA, Area Office	Lubbock, Texas	(806) 472-7681	-
National Response Center	Washington, D. C.	(800) 424-8802	
National Infrastructure Coordinator Center		(202) 282-9201	
New Mexico Air Quality Bureau	Santa Fe, NM	(505) 827-1494	
New Mexico Oil Conservation Division	Artesia, NM	(575) 748-1283	
New Mexico Oil Conservation Division	Hobbs, NM	(575) 393-6161	
New Mexico Oil Conservation Division	Santa Fe, NM	(505) 471-1068	
		(505) 827-7152	
New Mexico OCD Environmental Bureau	Santa Fe, NM	(505) 476-3470	
New Mexico Environmental Department	Hobbs, NM	(575) 827-9329	,
NM State Emergency Response Center	Santa Fe, NM	(505) 827-9222	
,	District 8, 8A Midland,		
Railroad Commission of TX	TX	(432) 684-5581	
Texas Emergency Response Center	Austin, TX	(512) 463-7727	
TCEQ Air	Region 2 Lubbock, TX	(806) 796-3494	
TCEQ Water/Waste/Air	Region 7 Midland, TX	(432) 570-1359	

Medical Facilities

Within Facilities			
Artesia General Hospital	Artesia, NM	(575) 748-3333	
Guadalupe Medical Center	Carlsbad, NM	(575) 887-6633	
Lea Regional Hospital	Hobbs, NM	(575) 492-5000	,
Medical Arts Hospital	Lamesa, TX	(806) 872-2183	`
Medical Center Hospital	Odessa, TX	(432) 640-4000	
Memorial Hospital	Seminole, TX	(432) 758-5811	
Midland Memorial Hospital	Midland, TX	(432) 685-1111	
Nor-Lea General Hospital	Lovington, NM	(575) 396-6611	
Odessa Regional Hospital	Odessa, TX	(432) 334-8200	
St. Mary's Hospital	Lubbock, TX	(806) 796-6000	1 _
Union County General Hospital	Clayton, NM	(575) 374-2585	,
University Medical Center	Lubbock, TX	(806) 743-3111	,

Local Emergency Planning Comm.

Richard H. Dolgener	Andrews County, TX	(432) 524-1401.	
Joel Arnwine	Eddy County, NM	(575) 887-9511	- , ,
County Judge Judy House	Gaines County, TX	(432) 758-5411-	
Myra Sande	Harding County, NM	(575) 673-2231	
Jerry Reynolds	Lea County, NM	(575) 396-8600	(575) 399-2376

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Royce Cieager	Loving County; TX:	· ·-(432).377-2 2 51~··	hatel may thinker by \$114 - 12 at 4 makin all me
Mike Cherry	Quay County, NM	unty, NM (575) 461-2476	
Della Wetsel	Union County, NM	(575) 374-8896	,
Bonnie Leck	Winkler County, TX	(432) 586-6658	
Carl Whitaker	Yoakum County, TX	(806) 456-7491	-
	· · · · · · ·	,	
Law Enforcement - Sheriff	1		Ι
Andrews Cty Sheriff's Department	Andrews County	(432) 523-5545	
Eddy Cty Sheriff's Department	Eddy County (Artesia)	(575) 746-2704	
Eddy Cty Sheriff's Department	Eddy County (Carlsbad)	(575) 887-7551	,
Gaines Cty Sheriff's Department	Gaines County (Seminole)	(432) 758-9871	
Lea Cty Sheriff's Department	Lea County (Eunice)	(575) 384-2020	
Lea Cty Sheriff's Department	Lea County (Hobbs)	(575) 393-2515	,
Lea Cty Sheriff's Department	Lea County (Lovington)	(575) 396-3611	,
Union Cty Sheriff's Department	Union County (Clayton)	(505) 374-2583	
Yoakum City Sheriff's Department	Yoakum Co.	(806) 456-2377	
	•		×
Law Enforcement - Police		,	
Andrews City Police	Andrews, TX	(432) 523-5675	` \ \
Artesia City Police	Artesia, NM	(575) 746-2704	,
Carlsbad City Police	Carlsbad, NM	(575) 885-2111	
Clayton City Police	Clayton, NM	(575) 374-2504	
Denver City Police	Denver City, TX	(806) 592-3516	
Eunice City Police	Eunice, NM	(575) 394-2112	
Hobbs City Police	Hobbs, NM	(575) 397-9265 (575) 393-2677	
Jal City Police	Jal, NM	(575) 395-2501	
Lovington City Police	Lovington, NM	(575) 396-2811	
Seminole City Police	Seminole, TX	(432) 758-9871	
Seminole City Fonce	Semmole, 1X	(432) /36-96/1	
Law Enforcement - FBI	·	•	
FBI	Alburqueque, NM	(505) 224-2000	
FBI	Midland, TX	(432) 570-0255	
Law Enforcement - DPS		, ,	
NM State Police	Artesia, NM	(575) 746-2704	
NM State Police	Carlsbad, NM	(575) 885-3137	1
NM State Police	Eunice, NM	(575) 392-5588	
NM State Police	Hobbs, NM	(575) 392-5588	· · · · · · · · · · · · · · · · · · ·
NM State Police	Clayton, NM	(575) 374-2473; 911	
TX Dept of Public Safety	Andrews, TX	(432) 524-1443	
TX Dept of Public Safety	Seminole, TX		
		(432) 758-4041	, , ,
TX Dept of Public Safety	Yoakum County TX	(806) 456-2377	* * * * * * * * * * * * * * * * * * * *
Firefighting & Rescue			.,
Amistad/Rosebud	Amistad/Rosebud, NM	(505) 633-9113	
Amistad/Kosebud	Amistad/Rosebud, NM	(505) 633-9113	

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. 1		(420) 500 4000	
Andrews	Andrews, TX	(43 <u>2</u>) 523-4820 (43 <u>2</u>) 523-3111	- Region of the second
Artesia	Artesia, NM	(575) 746-5051	
Carlsbad	Carlsbad, NM	(575) 885-3125	
Clayton	Clayton, NM	(575) 374-2435	
Denver City	Denver City, TX	(806) 592-5426	,
Eunice	Eunice, NM	(575) 394-2111	
Hobbs	Hobbs, NM	(575) 397-9308	
Jal	Jal, NM	(575) 395-2221	,
Kermit	Kermit, TX	(432) 586-3468	-
Lovington	Lovington, NM	(575) 396-2359	
Maljamar	Maljamar, NM	(575) 676-4100	
Monahans	Monahans, TX	(432) 943-4343	
Nara Visa	Nara Visa, NM	(575) 461-3300	
Pecos	Pecos, TX	(432) 445-2421	
Seminole	Seminole, TX	(432) 758-3676 (432) 758-9871	-

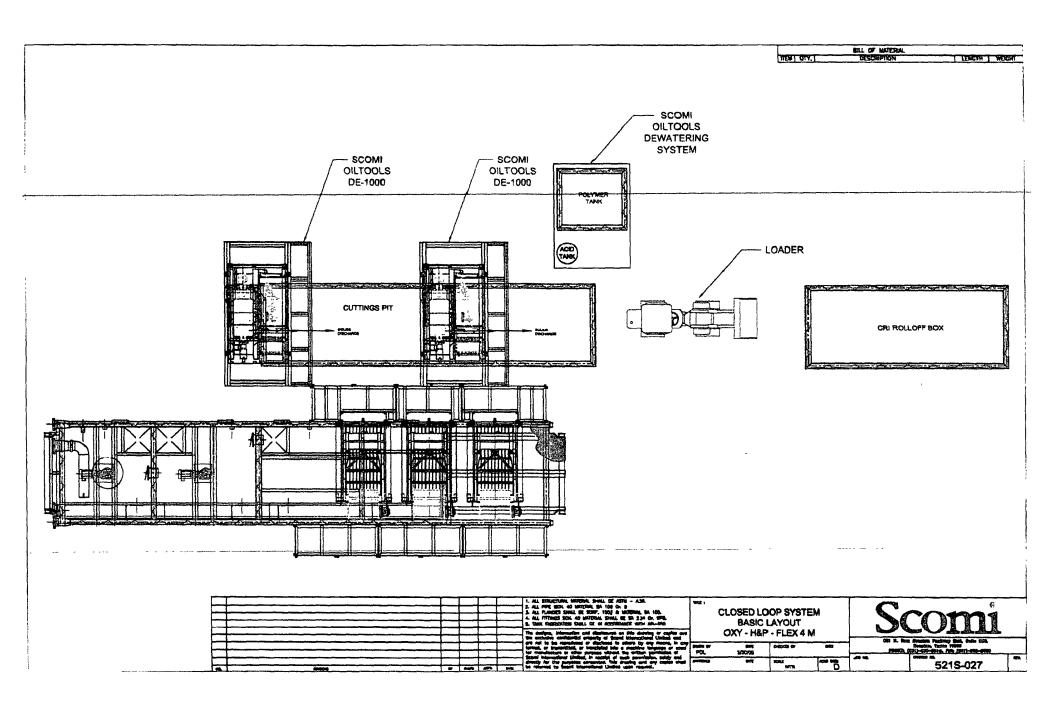
Ambulance

Amistad/Rosebud	Amistad/Rosebud, NM	(575) 633-9113	
Andrews Ambulance	Andrews, TX	(432) 523-5675	
Artesia Ambulance	Artesia, NM	(575) 746-2701	
Carlsbad Ambulance	Carlsbad, NM	(575) 885-2111; 911	
Clayton, NM	Clayton, NM	(575) 374-2501	
Denver City Ambulance	Denver City, TX	(806) 592-3516	
Eunice Ambulance	Eunice, NM	(575) 394-3258	
Hobbs, NM	Hobbs, NM	(575) 397-9308	
Jal, NM	Jal, NM	(575) 395-2501	
Lovington Ambulance	Lovington, NM	(575) 396-2811	
Nara Visa, NM	Nara Visa, NM	(575) 461-3300	
Pecos Ambulance	Pecos, TX	(432) 445-4444	
Seminole Ambulance	Seminole, TX	(432) 758-8816 (432) 758-9871	

Medical Air Ambulance Service

AEROCARE - Methodist Hospital	Lubbock, TX	(800) 627-2376	-
San Angelo Med-Vac Air Ambulance	San Angelo, TX	(800) 277-4354	, ,
Southwest Air Ambulance Service	Stanford, TX	(800) 242-6199	
Southwest MediVac	Snyder, TX	(800) 242-6199	
Southwest MediVac	Hobbs, NM	(800) 242-6199	
Odessa Care Star	Odessa, TX	(888) 624-3571	,
NWTH Medivac	Amarillo, TX	(800) 692-1331	, , , ,

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SURFACE USE PLAN OF OPERATIONS

Operator Name	OXY USA Inc.	16696
Lease Name/Number	Lost Tank 11 Federal #1	Federal Lease No. NMNM0417506
Pool Name/Number:	Lost Tank Delaware, West	96582
Surface Location:	350 FSL 250 FEL SESE (P)	Sec 3 T22S R31E /NMNM0417696
Bottom Hole Location:	927 FNL 866 FWL NWNW(D)	Sec 11 T22S R31E

1. Existing Roads

- a A copy of a USGS "Livingston Ridge, N M." quadrangle map is attached showing the proposed location. The well location is spotted on this map, which shows the existing road system.
- b The well was staked by Terry J Asel, Certificate No 15079 on 4/3/09, certified 5/14/09
- c. Directions to Location. At the intersection of SH 128 and CR 802, go north on CR 802 for 8 6 miles. Turn right on lease road and go east for 0.2 miles, go southeast for 0.2 miles, go south for 0.20 miles. Turn left on proposed road and go southeast for 0.2 miles to location.

2. New or Reconstructed Access Roads:

- a. A new access road will be built The access road will run approximately 840' from an existing road to the location. See Exhibit #2.
- b The maximum width of the road will be 15' It will be crowned and made up of 6" of rolled and compacted caliche. Water will be deflected, as necessary, to avoid accumulation and prevent surface erosion.
- c Surface material will be native caliche. This material will be obtained from a BLM approved pit nearest in proximity to the location. The average grade will be approximately 1%
- d. No cattle guards, grates or fence cuts will be required. No turnouts are planned.

3. Location of Existing Wells:

Existing wells within a one mile radius of the proposed well are shown on Exhibit #3

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

- a In the event the well is found productive, the Lost Tank 3 tank battery would be utilized and the necessary production equipment will be installed at the well site. See proposed Production Facilities Layout diagram, Exhibit #4.
- b. If necessary, electric power poles will be set along side of the access road
- c All flowlines will adhere to API Standards, Exhibit #4

5. Location and types of Water Supply.

This well will be drilled using a combination of water mud systems. It will be obtained from commercial water stations in the area and will be hauled to location by transport truck using existing and proposed roads

6. Construction Materials:

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

7. Methods of Handling Waste Material:

- a. A closed loop system will be utilized consisting of above ground steel tanks and haul-off bins. Disposal of liquids, drilling fluids and cuttings will be disposed of at an approved facility, see C-144 CLEZ
 - 1. Solids CRI
 - 2 Liquids Laguna
- b All trash, junk, and other waste material will be contained in trash cages or bins to prevent scattering. When the job is completed, all contents will be removed and disposed of in an approved sanitary landfill
- c. The supplier, including broken sacks, will pick up slats remaining after completion of well
- d A Porto-john will be provided for the rig crews. This equipment will be properly maintained during the drilling and completion operations and will be removed when all operations are complete.
- e Disposal of fluids to be transported will be by the following companies TFH Ltd Laguna SWD Facility
- 8. Ancillary Facilities: None needed

9. Well Site Layout

Exhibit #5 shows the proposed well site layout with dimensions of the pad layout and equipment location V-Door-West Tanks-South

10. Plans for Surface Reclamation:

- a After concluding the drilling and/or completion operations, if the well is found non-commercial, the caliche will be removed from the pad and transported to the original caliche pit or used for other drilling locations. The road will be reclaimed as directed by the BLM. The original top soil will again be returned to the pad and contoured, as close as possible, to the original topography
- b If the well is deemed commercially productive, caliche from areas of the pad site not required for operations will be reclaimed. The original top soil will be returned to the area of the drill pad not necessary to operate the well. These unused areas of the drill pad will be contoured, as close as possible, to match the original topography, and the area will be seeded with an approved BLM mixture to re-establish vegetation.

11. Surface Ownership

The surface is owned by the U.S. Government and is administered by the BLM. The surface is multiple use with the primary uses of the region for the grazing of livestock and the production of oil and gas. The surface is leased to Kenneth Smith Inc. 267 Smith Rd. Hobbs, NM 88240.

They will be notified of our intention to drill prior to any activity.

12. Other Information

- a The vegetation cover is generally sparse consisting of mesquite, yucca, shinnery oak, sandsage and perennial native range grass. The topsoil is sandy in nature. Wildlife in the area is also sparse consisting of deer, coyotes, rabbits, rodents, reptiles, dove and quail.
- b There is no permanent or live water in the general proximity of the location.
- c There are no dwellings within 2 miles of the proposed well site
- d. A Cultural Resources Examination this well is located in the Permian Basin MOA

Pad + 1/4 mile road	\$1,300.00	\$0 15/ft over 1/4 mile _	\$0.00	\$1,300.00
Pipeline - up to 1mile	\$1,200 00	\$250 per 1/4 mile	\$0 00	\$1,200.00
Electric Line - up to 1mile	\$600.00	\$0.17/ft over 1 mile	\$0 00	\$600.00
Total	\$3,100.00	_	\$0 00	\$3,100.00
		=		

13. Bond Coverage:

Bond Coverage is Nationwide Bond No ES0136

Operators Representatives:

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

Larry Sammons

Production Coordinator

P O. Box 1988

Carlsbad, NM 88220

Office Phone 505-887-8337

Cellular 575-390-8397

Van Barton

Production Coordinator

P O. Box 1988

Carlsbad, NM 88220

Office Phone 505-887-8337

Cellular 575-706-7671

Fetus Hagan Calvin (Dusty) Weaver

Drilling Superintendent Operation Specialist
P O Box 4294 P O. Box 50250

Houston, TX 77210 Midland, TX 79710

Office Phone 432-685-5719 Office Phone 432-685-5723

Cellular 432-894-5352 Cellular: 806-893-3067

Richard Jackson

Carmilo Arias

Drilling Engineering Supervisor

P O Box 4294

Houston, TX 77210

Office Phone: 713-215-7235

Cellular 281-467-6383

Carmilo Arias

Drilling Engineer

P O Box 4294

Houston, TX 77210

Office Phone 713-366-5953

Cellular 281-467-6383

OPERATOR CERTIFICATION

I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions that presently exist; that I have full knowledge of State and Federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements. Executed this 14th day of May, 2009.

Name: Denise Woods Denis Wood
Position: RMT Leaader
Address: 5 Greenway Plaza, Ste 110, Houston, TX 77046
Telephone: 713-215-7154
E-mail ⁻ (optional): denise_woods@oxy.com
Company: OXY USA Inc
Field Representative (if not above signatory): Larry Sammons
Address (If different from above): 102 S. Main St., Carlsbad, NM 88220
Telephone (if different from above) 575-887-8337
E-mail (if different from above): larry_sammons@oxy.com

PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	OXY USA INC.
LEASE NO.:	NM0417506
WELL NAME & NO.:	Lost Tank 11 Federal # 1
SURFACE HOLE FOOTAGE:	350' FSL & 250' FEL Section 3
BOTTOM HOLE FOOTAGE	927' FNL & 866' FWL Section 11
LOCATION:	Section 3, T. 22 S., R 31 E., NMPM
COUNTY:	Eddy County, New Mexico

TABLE OF CONTENTS

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

☐ General Provisions ☐ Permit Expiration ☐ Archaeology, Paleontology, and Historical Site ☐ Noxious Weeds ☑ Special Requirements ☐ Lesser Prairie Chicken ☐ Ground-level Abandoned Well Marker
○ Construction
Notification
Topsoil
Closed Loop System
Federal Mineral Material Pits
Well Pads
Roads
🔀 Road Section Diagram
⊠ Drilling
R-111-P Potash
Logging Requirements
⊠ Production (Post Drilling)
Well Structures & Facilities
Pipelines
Electric Lines
Closed Loop System/Interim Reclamation
Final Ahandanment/Declamation

I. GENERAL PROVISIONS

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

II. PERMIT EXPIRATION

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

III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES

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

IV. NOXIOUS WEEDS

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

V. SPECIAL REQUIREMENT(S)

Lesser Praire Chicken Timing Stipulations and Low Profile well marker

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

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

VI. CONSTRUCTION

A. NOTIFICATION

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (575) 234-5972 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved APD and Conditions of Approval (COA) on the well site and they shall be made available upon request by the Authorized Officer.

B. TOPSOIL

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

C. Closed Loop System

Closed Loop System V-Door East

Tanks are required for drilling operations: No Pits.

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

D. FEDERAL MINERAL MATERIALS PIT

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

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

E. WELL PAD SURFACING

Surfacing of the well pad is not required.

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

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

F. ON LEASE ACCESS ROADS

Road Width

The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed thirty (30) feet.

Surfacing

Surfacing material is not required on the new access road driving surface. If the operator elects to surface the new access road or pad, the surfacing material may be required to be removed at the time of reclamation.

Where possible, no improvements should be made on the unsurfaced access road other than to remove vegetation as necessary, road irregularities, safety issues, or to fill low areas that may sustain standing water.

The Authorized Officer reserves the right to require surfacing of any portion of the access road at any time deemed necessary. Surfacing may be required in the event the road deteriorates, erodes, road traffic increases, or it is determined to be beneficial for future field development. The surfacing depth and type of material will be determined at the time of notification.

Crowning

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

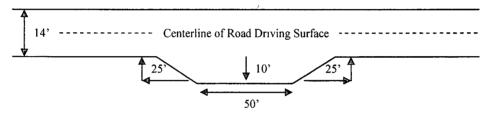
Ditching

Ditching shall be required on both sides of the road.

Turnouts

Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall be constructed on all blind curves. Turnouts shall conform to the following diagram:

Standard Turnout - Plan View

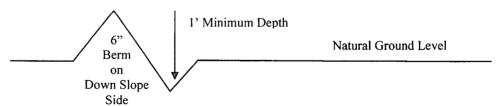


Drainage

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

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

Cross Section of a Typical Lead-off Ditch



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

Formula for Spacing Interval of Lead-off Ditches

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

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

Culvert Installations

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

Cattleguards

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

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

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

Fence Requirement

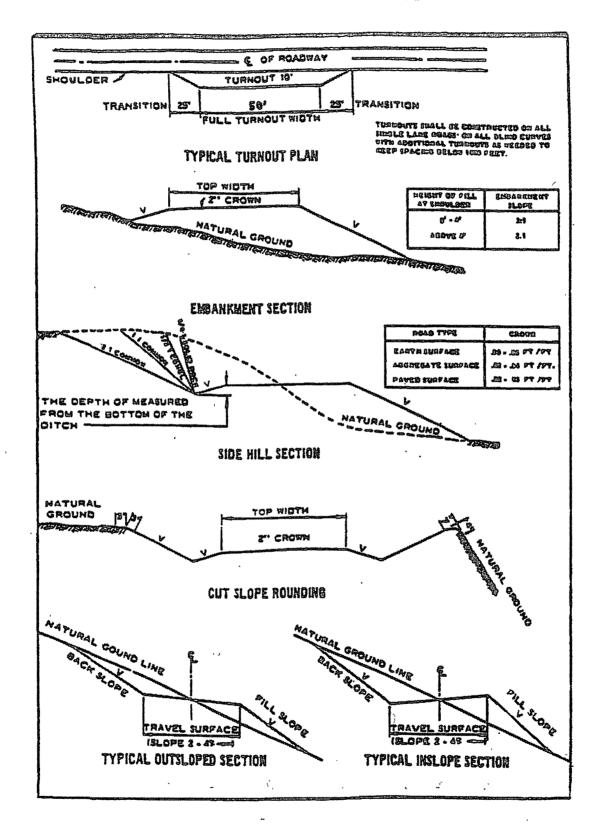
Where entry is required across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting.

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

Public Access

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

Figure 1 - Cross Sections and Plans For Typical Road Sections



VII. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of 4 hours in advance for a representative to witness:

- a. Spudding well
- b. Setting and/or Cementing of all casing strings
- c. BOPE tests

⊠ Eddy County

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

- 1. Although Hydrogen Sulfide has not been reported in this section, it is always a potential hazard. If Hydrogen Sulfide is encountered, please report measured amounts and formations to the BLM.
- 2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.
- 3. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works is located, this does not include the dog house or stairway area.
- 4. The record of the drilling rate along with the CAL/GR/N well log run from TD to surface will be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. The Rustler top and top and bottom of Salt is to be recorded on the Completion Report.

B. CASING

Changes to the approved APD casing and cement program require submitting a sundry and receiving approval prior to work. Failure to obtain approval prior to work will result in an Incident of Non-Compliance being issued.

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

Wait on cement (WOC) time for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater for all casing strings. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. See individual casing strings for details regarding lead cement slurry requirements.

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

R-111-P Potash / WIPP

Possible lost circulation in the Delaware and Bone Spring formations. Possible water and brine flows in the Salado and Castile Groups.

- 1. The 11-3/4 inch surface casing shall be set at approximately 680 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt) and cemented to the surface. If the salt is encountered at a shallower depth, the casing is to be set a minimum of 25 feet above the salt.
 - 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.
 - b. Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.
 - c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.
 - d. If cement falls back, remedial cementing will be done prior to drilling out that string.
- 2. The minimum required fill of cement behind the 8-5/8 inch intermediate casing is:
 The intermediate should be set at approximately 4100 feet in the Fletcher
 Anhydrite or Lamar Limestone, 100 to 600 feet below the base of the salt.
 - Cement to surface. If cement does not circulate see B.1.a, c-d above.

 Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to potash concerns.

DV tool to be a run a minimum of 50 feet below the intermediate casing shoe.

- 3. The minimum required fill of cement behind the 5-1/2 inch production casing is:
 - a. First stage to DV tool, cement shall:
 - Cement to circulate. If cement does not circulate, contact the appropriate BLM office, before proceeding with second stage cement job.
 - b. Second stage above DV tool, cement shall:
 - Cement to surface. If cement does not circulate, contact the appropriate BLM office.
- 4. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.
- 5. Whenever a casing string is cemented in the R-111-P potash area, the NMOCD requirements shall be followed.

C. PRESSURE CONTROL

- 1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.
- 2. Variance approved to use flex line from BOP to choke manifold. Check condition of 3" flexible line from BOP to choke manifold, replace if exterior is damaged or if line fails test. Line to be as straight as possible with no hard bends.
- 3. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be 3000 (3M) psi. Operator is using a 5M system but testing as a 3M.
- 4. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - a. The tests shall be done by an independent service company.
 - b. The results of the test shall be reported to the appropriate BLM office.
 - c. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.

- d. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.
- e. Effective November 1, 2008, no variances will be granted on reduced pressure tests on the surface casing and BOP/BOPE. Onshore Order 2 requirements will be in effect.

D. DRILL STEM TEST

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

E. WIPP Requirements

The proposed well is located over 330' from the WIPP Land Withdrawal Area boundary. As a result, OXY USA Inc. is requested, but not required to submit daily logs and deviation survey information to the Department of Energy. Any future entry into the well for purposes of completing additional drilling will require supplemental information.

OXY USA Inc. can email the required information to Ms. Susan McCauslin at susan.mccauslin@wipp.ws or fax to her attention at 575-234-6003.

RGH 080809

VIII. PRODUCTION (POST DRILLING)

A. WELL STRUCTURES & FACILITIES

Placement of Production Facilities

Production facilities should be placed on the well pad to allow for maximum interim recontouring and revegetation of the well location.

Containment Structures

The containment structure shall be constructed to hold the capacity of the entire contents of the largest tank, plus 24 hour production, unless more stringent protective requirements are deemed necessary by the Authorized Officer.

Painting Requirement

All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color Shale Green, Munsell Soil Color Chart # 5Y 4/2

B. PIPELINES

STANDARD STIPULATIONS FOR SURFACE INSTALLED PIPELINES

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

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

- 1. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.
- 2. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC 2601 et seq. (1982) with regards to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation, and Liability Act, section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.
- 3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et seq. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et seq.) on the Right-of-Way (unless the release or threatened release is wholly unrelated to activity of the Right-of-Way holder's activity on the Right-of-Way), or resulting from the activity of the Right-of-Way holder on the Right-of-Way. This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.
- 4. The holder shall be liable for damage or injury to the United States to the extent provided by 43 CFR Sec. 2883.1-4. The holder shall be held to a standard of strict liability for damage or injury to the United States resulting from pipe rupture, fire, or spills caused or substantially aggravated by any of the following within the right-of-way or permit area:
- a. Activities of the holder including, but not limited to construction, operation, maintenance, and termination of the facility.

(1) Land clearing. (2) Earth-disturbing and earth-moving work. (3) Blasting. (4) Vandalism and sabotage. Acts of God. c. 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 feet. 25 7. No blading or clearing of any vegetation will be allowed unless approved in writing by the Authorized Officer. 8. The holder shall install the pipeline on the surface in such a manner that will minimize suspension of the pipeline across low areas in the terrain. In hummocky of duney areas, the pipeline will be "snaked" around hummocks and dunes rather then suspended across these features. 9. The pipeline shall be buried with a minimum of 24 inches under all roads, "two-tracks," and trails. Burial of the pipe will continue for 20 feet on each side of each crossing. The condition of the road, upon completion of construction, shall be returned to at least its former state with no bumps or dips remaining in the road surface. 10. The holder shall minimize disturbance to existing fences and other improvements on

Activities of other parties including, but not limited to:

b.

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

- 11. In those areas where erosion control structures are required to stabilize soil conditions, the holder will install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound resource management practices.
- 12. Excluding the pipe, all above-ground structures not subject to safety requirement shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be a color which simulates "Standard Environmental Colors" **Shale Green**, Munsell Soil Color No. 5Y 4/2; designated by the Rocky Mountain Five State Interagency Committee.
- 13. The pipeline will be identified by signs at the point of origin and completion of the right-of-way and at all road crossings. At a minimum, signs will state the holder's name, BLM serial number, and the product being transported. Signs will be maintained in a legible condition for the life of the pipeline.
- 14. The holder shall not use the pipeline route as a road for purposes other than routine maintenance as determined necessary by the Authorized Officer in consultation with the holder. The holder will take whatever steps are necessary to ensure that the pipeline route is not used as a roadway.
- 15. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the authorized officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the authorized officer. An evaluation of the discovery will be made by the authorized officer to determine appropriate cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the authorized officer after consulting with the holder.

(March 1989)

C. ELECTRIC LINES

STANDARD STIPULATIONS FOR OVERHEAD ELECTRIC DISTRIBUTION LINES

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

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

- 1. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.
- 2. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC 2601 et seq. (1982) with regards to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation, and Liability Act, section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.
- 3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et seq. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et seq.) on the Right-of-Way (unless the release or threatened release is wholly unrelated to the Right-of-Way holder's activity on the Right-of-Way), or resulting from the activity of the Right-of-Way holder on the Right-of-Way. This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.
- 4. There will be no clearing or blading of the right-of-way unless otherwise agreed to in writing by the Authorized Officer.
- 5. Powerlines shall be constructed in accordance to standards outlined in "Suggested Practices for Raptor Protection on Powerlines," Raptor Research Foundation, Inc., 1981. The holder shall assume the burden and expense of proving that pole designs not shown in the above publication are "raptor safe." Such proof shall be provided by a raptor expert approved by the Authorized Officer. The BLM reserves the right to require modification or additions to all powerline structures placed on this right-of-way, should they be necessary to ensure the safety of large perching birds. Such modifications and/or additions shall be made by the holder without liability or expense to the United States.
- 6. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will contact the owner of any improvements prior to disturbing them. When

necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting the fence. No permanent gates will be allowed unless approved by the Authorized Officer.

- 7. The BLM serial number assigned to this authorization shall be posted in a permanent, conspicuous manner where the power line crosses roads and at all serviced facilities. Numbers will be at least two inches high and will be affixed to the pole nearest the road crossing and at the facilities served.
- 8. Upon cancellation, relinquishment, or expiration of this grant, the holder shall comply with those abandonment procedures as prescribed by the Authorized Officer.
- 9. All surface structures (poles, lines, transformers, etc.) shall be removed within 180 days of abandonment, relinquishment, or termination of use of the serviced facility or facilities or within 180 days of abandonment, relinquishment, cancellation, or expiration of this grant, whichever comes first. This will not apply where the power line extends service to an active, adjoining facility or facilities.
- 10. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the Authorized Officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery will be made by the Authorized Officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the Authorized Officer after consulting with the holder.

11. Special Stipulations:

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

IX. INTERIM RECLAMATION & RESERVE PIT CLOSURE

A. INTERIM RECLAMATION

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

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

The operators should work with BLM surface management specialists to devise the best strategies to reduce the size of the location. Any reductions should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

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

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 <u>no</u> 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	<u>lb/acre</u>	<u>lb/acre</u>	
Plains Bristle	grass	5lbs/A	
Sand Blueste	m	5lbs/A	
Little Blueste	em	3lbs/A	
Big Bluestem	1	6lbs/A	
Plains Coreo	psis	2lbs/A	
Sand Dropse	ed	11bs/A	

**Four-winged Saltbush

5lbs/A

* This can be used around well pads and other areas where caliche cannot be removed.

*Pounds of pure live seed:

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

X. FINAL ABANDONMENT & REHABILITATION REQUIREMENTS

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

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.

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