ATS-11-1001

OCD-ARTESIA

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NMOCD ARTESIA

Form 3160-3
(April 2004)

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No. **NMNM107368**

6. If Indian, Allotee or Tribe Name

1a. Type of work: ☑ DRILL ☐ REENTER

7. If Unit or CA Agreement, Name and No.

1b. Type of Well ☑ Oil Well ☐ Gas Well ☐ Other ☑ Single Zone ☐ Multiple Zone

8. Lease Name and Well No. **Peaches 19 Federal #1H** <39207>

2. Name of Operator **OXY USA Inc.** **16696**

9. API Well No. **30-015-** 40250

3a. Address **P.O. Box 50250 Midland, TX 79710**

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

10. Field and Pool, or Exploratory **Cottonwood Draw Bone Spring** <97994>

4. Location of Well *(Report location clearly and in accordance with any State requirements.*)*
At surface **330 FNL 2310 FEL NWNE(B)**
At proposed prod. zone **330 FSL 1980 FEL SWSE(O)**

11. Sec., T. R. M. or Blk. and Survey or Area **Sec 19 T25S R27E**

14. Distance in miles and direction from nearest town or post office* **9 miles SW from Malaga, TX**

12. County or Parish **Eddy**

13. State **NM**

15. Distance from proposed* location to nearest property or lease line, ft (Also to nearest drlg. unit line, if any) **330'**

16. No of acres in lease **160**

17. Spacing Unit dedicated to this well **160**

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. **N/A**

19. Proposed Depth **PH-8756 ✓ HL-12204'M 7853'V**

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

21. Elevations (Show whether DF, KDB, RT, GL, etc.) **3199.2' GL**

22. Approximate date work will start* **02/01/2012**

23. Estimated duration **45 days**

24. Attachments

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

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

25. Signature *David Stewart* — Name *(Printed/Typed)* **David Stewart** — Date 10/14/11

Title **Regulatory Advisor** — **david_stewart@oxy.com**

Approved by *(Signature)* /s/ Don Peterson — Name *(Printed/Typed)* — Date MAY 04 2012

Title **FIELD MANAGER** — Office **CARLSBAD FIELD OFFICE**

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

APPROVAL FOR TWO YEARS

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

**(Instructions on page 2)*

Carlsbad Controlled Water Basin

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Approval Subject to General Requirements & Special Stipulations Attached

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 11th day of Oct, 2011.

Name: Peter Lawrence

Position: Reservoir Management Team Leader

Address: 5 Greenway Plaza, Suite 110, Houston, TX 77046

Telephone: 713-215-7644

E-mail: (optional): peter_lawrence@oxy.com

Company: OXY USA Inc.

Field Representative (if not above signatory): Dusty Weaver

Address (If different from above): P.O. Box 50250 Midland, TX 79710

Telephone (if different from above): 432-685-5723

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

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease- 4 Copies
Fee Lease- 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
30-015- 40250	97494	Cottonwood Draw Bone Spring

Property Code	Property Name	Well Number
39207	PEACHES 19 FEDERAL	1H

OGRID No.	Operator Name	Elevation
16696	OXY USA INC.	3199.2'

Surface Location

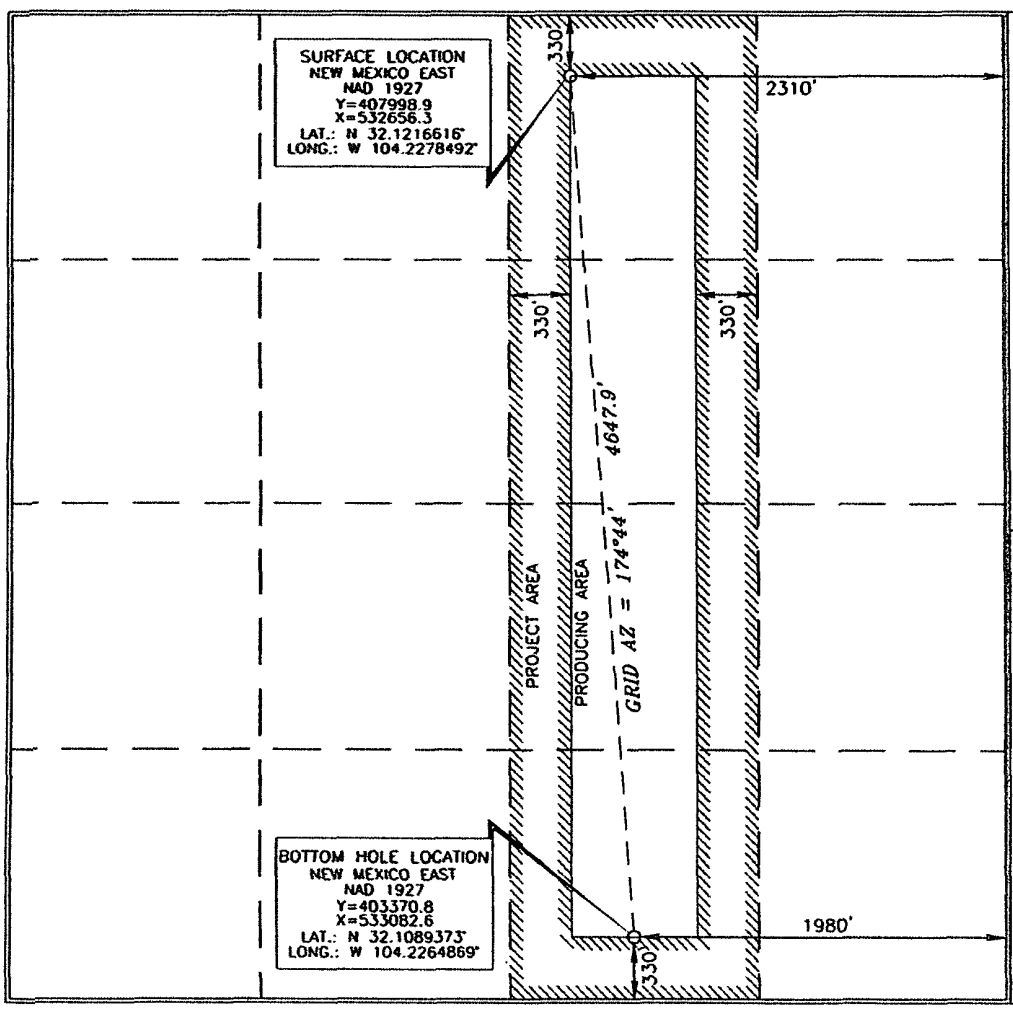
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	19	25 SOUTH	27 EAST, N.M.P.M.		330'	NORTH	2310'	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	19	25 SOUTH	27 EAST, N.M.P.M.		330'	SOUTH	1980'	EAST	EDDY

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

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



OPERATOR CERTIFICATION

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

Signature — Date: 10/14/11

David Stewart
Printed Name

SURVEYOR CERTIFICATION

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

15079

SEPTEMBER 21, 2011
Date of Survey

Signature and Seal of Professional Surveyor:

NEW MEXICO — REGISTERED PROFESSIONAL LAND SURVEYOR

Certificate Number 15079 — 10/8/2011

WO# 110921WL-g (KA)

DRILLING PROGRAM **AMENDED**

Operator Name/Number:	**OXY USA Inc.**	**16696**
Lease Name/Number:	**Peaches 19 Federal #1H**	**Federal Lease No. NMNM107368**
Pool Name/Number:	**Cottonwood Draw Bone Spring**	**97494**
Surface Location:	**330 FNL 2310 FEL NWNE(B) Sec 19 T25S R27E**	
Bottom Hole Location:	**330 FSL 1980 FEL SWSE(O) Sec 19 T25S R27E**	

Proposed TD: **Pilot Hole** **8756'** **TVD** **Horizontal Lateral** **7853'** **TVD** **12204'** **TMD**
SL - Lat: 32.1216616 **Long: 104.2278492** **X= 532656.3** **Y= 407998.9** **NAD - 1927**
BH - Lat: 32.1089373 **Long: 104.2264869** **X= 533082.6** **Y= 403370.8** **NAD - 1927**
Elevation: **3199.2' GL**

1. Geologic Name of Surface Formation:

a. Permian

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

Geological Marker	Depth	Type
a. Fresh Water	245-350'	Water
b. Rustler Anhydrite	430'	Formation
c. Top Salt	996'	Formation
d. Bottom Salt	1593'	Formation
e. Delaware	1825'	Oil/Gas
f. Bell Canyon	2034'	Oil/Gas
g. Cherry Canyon	2896'	Oil/Gas
h. Brushy Canyon	3912'	Oil/Gas
i. Bone Spring	6182'	Oil/Gas
j. 1st Bone Spring	6665'	Oil/Gas
k. 2nd Bone Spring	7315'	Oil/Gas
l. 3rd Bone Spring	8495'	Oil/Gas
m. Wolfcamp	8730'	Oil/Gas

3. Casing Program:

Hole Size	Interval	OD Csg	Weight	Collar	Grade	Condition	Collapse Design Factor	Burst Design Factor	Tension Design Factor
17-1/2"	950'	13-3/8"	48	ST&C	H-40	New	2.25	2.68	2.6
				Hole filled with 8.4# Mud			770#	1730#	
12-1/4"	1925'	9-5/8"	40	LT&C	J-55	New	6.9	1.28	3.1
				Hole filled with 10# Mud			2570#	3950#	
8-1/2"	12204' M	5-1/2"	17	LT&C	N-80	New	1.81	1.54	1.84
DVT @ 6000' - POST @ 1975'				Hole filled with 9.2# Mud			6280#	7740#	

Collapse and burst loads calculated using Stress Check with anticipated loads

4. Cement Program

a. 13-3/8" Surface Circulate cement to surface w/ 1010sx PP cmt w/ 4% Bentonite + .125#/sx Poly-E-Flake + 2% CaCl2, 14.8ppg 1.35 yield 1708# 24hr CS 100% Excess.

b. 9-5/8" Intermediate Circulate cement to surface w/ 420sx HES light PP cmt w/ 5% Salt + .125#/sx Poly-E-Flake + 5#/sx Gilsonite, 12.4ppg 2.13 yield 511# 24hs CS 105% Excess followed by 200sx PP cmt w/ 1% CaCl2, 14.8ppg 1.34 yield 2125# 24hr CS 105% Excess

c. 5-1/2" Production — Cement 1st stage w/ 1650sx Super H w/ .5% Halad-344 + .4% CFR-3 + 3#/sx Gilsonite + .3% HR-800 + .125#/sx Poly-E-Flake, 13.2ppg 1.61 yield 1372# 24hr CS 35% Excess, Calc TOC-6000'
Cement 2nd stage w/ 880sx HES Light PP w/ 5#/sx Gilsonite + .125#/sx Poly-E-Flake + 3#/sx Salt, 12.4ppg 2.09 yield 511# 24hr CS 35% Excess followed by 200sx PPC w/ 1% CaCl2, 14.8ppg 1.35 yield 1925# 24hr CS 35% Excess, Calc TOC-1975'
Cement 3rd stage w/ 160sx HES Light PP cmt w/ 3#/sx Salt, 12.4ppg 1.98 yield 511# 24hr CS 35% Excess followed by 150sx PP cmt w/ 2% CaCl2, 14.8ppg 1.35 yield 2025# 24hr CS 35% Excess, Circ Surface

d. Pilot Hole Plug — Cement w/ 205sx CL H cmt w/ 50/50 Poz + .5% CFR-3, 14.4ppg 1.22 yield 1850# 24hr CS 35% excess from 8756-8080' followed by 220sx CL H cmt w/ 50/50 Poz + .5% CFR-3, 14.4ppg 1.22 yield 1720# 24hr CS 35% Excess from 8080-7580' followed by 275sx PPC w/ 3% KCl + .75% CFR-3 + .2% HR-601, 17.5ppg .97 yield 4594# 24hr CS 35% Excess from 7580-7080'.

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

5. Pressure Control Equipment:

Surface	None
Production	13-5/8" 10M two ram stack w/ 5M annular preventer, 10M Choke Manifold

The 13 5/8" 10M blowout prevention equipment will be installed and operational after setting the 13 3/8" surface casing and the 5K conventional wellhead. Respectfully request that BOPE be treated as a 5M stack and tested as such.

All BOP's and associated equipment will be tested in accordance with Onshore Order #2 (250/5000 psi on rams for 10 minutes each and 250/3500 for 10 minutes for annular preventer, equal to 70% of working pressure) with a third party BOP testing service before drilling out the 13-3/8" casing shoe. Wellhead pressure rating will support this test and 13-3/8" casing will be protected from high pressure. Since the wellhead system is a multibowl design, this initial test will cover the requirements prior to drilling out the 9-5/8" casing shoe.

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

OXY also requests a variance to connect the BOP outlet to the choke manifold using a co-flex hose 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 to15000psi and is built to API Spec 16C. Once the flex line is installed, it will be tied down with safety clamps,-see attached for certifications.

6. Proposed Mud Circulation System

Depth	Mud Wt. ppg	Visc sec	Fluid Loss	Type System
0 - 950'	8.4-9.2	38-42	NC	Fresh Water/Spud Mud
950 - 1925"	9.8-10.2	28-29	NC	Brine Water
1925 - 7000'	8.6-8.8	28-29	NC	Fresh Water
7000 - 8756' (Pilot)	9.0-9.8	34-36	8-10	Cut Brine Gel/LSND
7080 - 12204'(Curve/Lateral)	9.0-9.4	34-36	8-10	Cut Brine Gel/LSND

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

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. If Hydrogen Sulfide is encountered, measured amounts and formations will be reported to the BLM.

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 GR from kick-off point to TD. – 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 be .54psi/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.

Weatherford®

Drilling Services

Proposal

OXY

OCCIDENTAL PERMIAN LTD.

PEACHES 19 FED #1H

EDDY CO., NM

WELL FILE: **PILOT PLAN 1**
LATERAL PLAN 2

OCTOBER 10, 2011

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

Peaches 19 Fed #1H
Eddy Co, New Mexico

KB ELEV: 3223.2
GL ELEV: 3199.2

SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Target
1	0.00	0.00	133.81	0.00	0.00	0.00	0.00	0.00	0.00	
2	2000.00	0.00	133.81	2000.00	0.00	0.00	0.00	0.00	0.00	
3	2250.00	5.00	133.81	2249.68	-7.55	7.87	2.00	133.81	8.24	
4	2686.09	5.00	133.81	2684.11	-33.86	35.30	0.00	0.00	36.95	
5	3186.09	0.00	133.81	3183.48	-48.95	51.03	1.00	180.00	53.42	
6	8758.61	0.00	133.81	8756.00	-48.95	51.03	0.00	0.00	53.42	Pbhl Pilot

FORMATION TOP DETAILS

No.	TVDPath	MDPath	Formation
1	430.00	430.00	Rustler
2	996.00	996.00	Salado (T. Salt)
3	1593.00	1593.00	B. Salt
4	1825.00	1825.00	Lamar
5	6182.00	6184.61	T. Bone Spring Limestone
6	6665.00	6667.61	T. BSPG 1st Sand
7	7055.00	7057.61	T. BSPG2 Limestone
8	7315.00	7317.61	T. BSPG 2nd Sand
9	7870.00	7872.61	Harkey Sand Target Depth
10	8495.00	8497.61	T. BSPG 3rd Sand
11	8730.00	8732.61	T. Wolfcamp

WELL DETAILS

Name	+N/-S	+E/-W	Northing	Easting	Latitude	Longitude	Slot
1H	0.00	0.00	407998.90	532656.30	32°07'17.981N	104°13'40.257W	N/A

TARGET DETAILS

Name	TVD	+N/-S	+E/-W	Northing	Easting	Shape
Pbhl Pilot	8756.00	-48.95	51.03	407949.95	532707.33	Circle (Radius: 50)

SITE DETAILS

Peaches 19 Fed #1H

Site Centre Northing: 407998.90
Easting: 532656.30

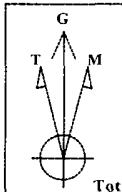
Ground Level: 3199.20
Positional Uncertainty: 0.00
Convergence: 0.06

FIELD DETAILS

Eddy Co, NM (Nad 27)

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

System Datum: Mean Sea Level
Local North: Grid North

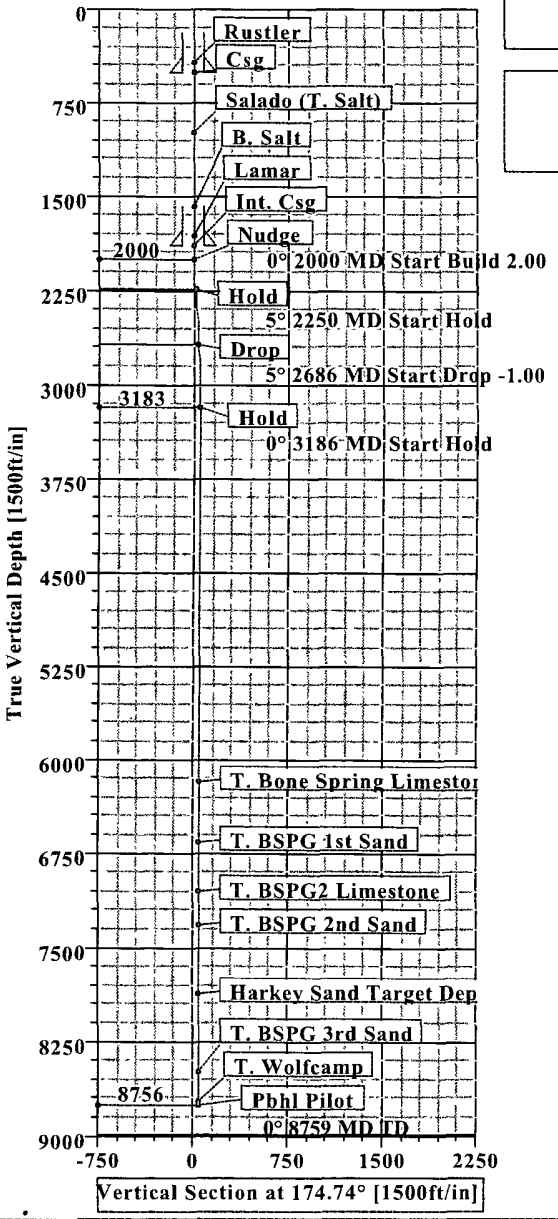


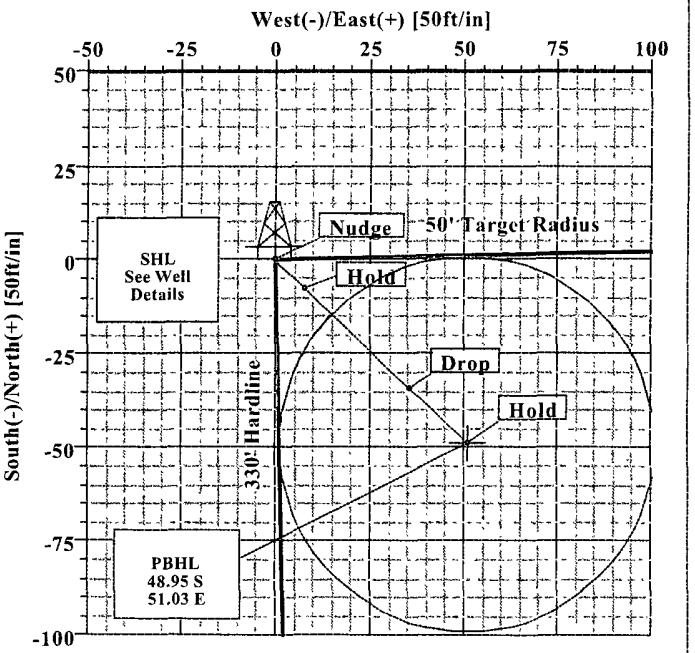
Azimuths to Grid North
True North: -0.06°
Magnetic North: 7.72°

Magnetic Field
Strength: 48427nT
Dip Angle: 59.96°
Date: 4/1/2012
Model: IGRF2010

Total Correction to Grid North: 7.72°

Weatherford





LEGEND

Pilot
Plan #1

Plan: Plan #1 (1H/Pilot)

Created By: Keith Noack Date: 10/11/2011

Weatherford International Ltd.

WFT Plan Report - X & Y's

Company:	Occidental Permian Ltd.	**Date:**	10/11/2011	**Time:** 09:29:22	**Page:** 1
Field:	Eddy Co, NM (Nad 27)	**Co-ordinate(NE) Reference:**	Well: 1H, Grid North		
Site:	Peaches 19 Fed #1H	**Vertical (TVD) Reference:**	SITE 3223.2		
Well:	1H	**Section (VS) Reference:**	Well (0.00N,0.00E,174.74Azi)		
Wellpath:	Pilot	**Survey Calculation Method:**	Minimum Curvature	**Db:**	Sybase

Plan:	Plan #1	**Date Composed:**	10/10/2011
		Version:	1
Principal:	Yes	**Tied-to:**	From Surface

Field:	Eddy Co, NM (Nad 27)		
Map System:	US State Plane Coordinate System 1927	**Map Zone:**	New Mexico, Eastern Zone
Geo Datum:	NAD27 (Clarke 1866)	**Coordinate System:**	Well Centre
Sys Datum:	Mean Sea Level	**Geomagnetic Model:**	IGRF2010

Site:	Peaches 19 Fed #1H								
Site Position:		**Northing:**	407998.90 ft	**Latitude:**	32	7	17.981	N	
From:	Map	**Easting:**	532656 30 ft	**Longitude:**	104	13	40.257	W	
Position Uncertainty:	0.00 ft			**North Reference:**			Grid		
Ground Level:	3199.20 ft			**Grid Convergence:**			0.06	deg	

Well:	1H					**Slot Name:**			
Well Position:	+N/-S	0.00 ft	**Northing:**	407998.90 ft	**Latitude:**	32	7	17.981	N
	+E/-W	0.00 ft	**Easting :**	532656.30 ft	**Longitude:**	104	13	40.257	W
Position Uncertainty:		0.00 ft							

Wellpath:	Pilot			**Drilled From:**	Lateral		
				Tie-on Depth:	0.00 ft		
Current Datum:	SITE	**Height**	3223.20 ft	**Above System Datum:**	Mean Sea Level		
Magnetic Data:	4/1/2012			**Declination:**	7.78	deg	
Field Strength:	48427 nT			**Mag Dip Angle:**	59.96	deg	

Vertical Section:	**Depth From (TVD)**	**+N/-S**	**+E/-W**	**Direction**
	ft	ft	ft	deg
	0.00	0.00	0.00	174.74

Plan Section Information

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg	Target
0.00	0.00	133.81	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2000.00	0.00	133.81	2000.00	0.00	0.00	0.00	0.00	0.00	0.00	
2250.00	5.00	133.81	2249.68	-7.55	7 87	2.00	2.00	0.00	133.81	
2686 09	5.00	133.81	2684.11	-33.86	35.30	0.00	0.00	0.00	0.00	
3186.09	0.00	133.81	3183.48	-48.95	51.03	1.00	-1.00	0.00	180.00	
8758.61	0.00	133.81	8756.00	-48.95	51.03	0.00	0.00	0 00	0 00	Pbhl Pilot

Survey

MD ft	Incl deg	Azim deg	TVD ft	N/S ft	E/W ft	VS ft	DLS deg/100ft	MapN ft	MapE ft	Comment
0.00	0.00	133.81	0.00	0.00	0.00	0.00	0.00	407998.90	532656 30	
100.00	0.00	133.81	100.00	0.00	0.00	0.00	0.00	407998.90	532656.30	
200.00	0.00	133.81	200.00	0.00	0.00	0.00	0.00	407998.90	532656.30	
300.00	0.00	133.81	300.00	0.00	0.00	0.00	0.00	407998.90	532656.30	
400.00	0.00	133.81	400.00	0.00	0.00	0.00	0.00	407998.90	532656.30	
430.00	0.00	133.81	430.00	0.00	0.00	0.00	0.00	407998.90	532656.30	Rustler
500.00	0.00	133.81	500.00	0.00	0.00	0.00	0.00	407998.90	532656.30	Csg
600.00	0.00	133.81	600.00	0.00	0.00	0.00	0.00	407998.90	532656.30	
700.00	0.00	133.81	700 00	0.00	0.00	0.00	0.00	407998.90	532656.30	
800.00	0.00	133.81	800.00	0.00	0.00	0.00	0.00	407998.90	532656.30	
900.00	0.00	133.81	900.00	0.00	0.00	0.00	0.00	407998.90	532656.30	
996.00	0.00	133.81	996.00	0.00	0.00	0.00	0.00	407998.90	532656.30	Salado (T. Salt)
1000.00	0.00	133.81	1000.00	0.00	0.00	0.00	0.00	407998.90	532656.30	
1100.00	0.00	133.81	1100.00	0.00	0.00	0 00	0.00	407998.90	532656.30	
1200.00	0.00	133.81	1200 00	0.00	0.00	0.00	0.00	407998.90	532656.30	

Weatherford International Ltd.

WFT Plan Report - X & Y's

Weatherford

Company:	Occidental Permian Ltd.	Date:	10/11/2011	Time:	09:29:22	Page:	2
Field:	Eddy Co. NM (Nad 27)	Co-ordinate(NE) Reference:	Well: 1H, Grid North				
Site:	Peaches 19 Fed #1H	Vertical (TVD) Reference:	SITE 3223.2				
Well:	1H	Section (VS) Reference:	Well (0.00N,0.00E,174.74Azi)				
Wellpath:	Pilot	Survey Calculation Method:	Minimum Curvature	Db:	Sybase		

Survey

MD ft	Incl deg	Azim deg	TVD ft	N/S ft	E/W ft	VS ft	DLS deg/100ft	MapN ft	MapE ft	Comment
1300.00	0.00	133.81	1300.00	0.00	0.00	0.00	0.00	407998.90	532656.30	
1400.00	0.00	133.81	1400.00	0.00	0.00	0.00	0.00	407998.90	532656.30	
1500.00	0.00	133.81	1500.00	0.00	0.00	0.00	0.00	407998.90	532656.30	
1593.00	0.00	133.81	1593.00	0.00	0.00	0.00	0.00	407998.90	532656.30	B. Salt
1600.00	0.00	133.81	1600.00	0.00	0.00	0.00	0 00	407998.90	532656.30	
1700.00	0 00	133.81	1700.00	0.00	0.00	0.00	0.00	407998.90	532656.30	
1800.00	0.00	133.81	1800.00	0.00	0.00	0.00	0.00	407998.90	532656.30	
1825.00	0.00	133.81	1825.00	0.00	0.00	0.00	0.00	407998.90	532656.30	Lamar
1900.00	0.00	133.81	1900.00	0.00	0.00	0.00	0.00	407998.90	532656.30	Int. Csg
2000.00	0.00	133.81	2000.00	0.00	0.00	0.00	0.00	407998.90	532656.30	Nudge
2100.00	2 00	133.81	2099.98	-1.21	1.26	1.32	2.00	407997 69	532657.56	
2200 00	4.00	133.81	2199.84	-4.83	5.04	5.27	2.00	407994.07	532661.34	
2250.00	5.00	133.81	2249.68	-7.55	7.87	8.24	2.00	407991.35	532664.17	Hold
2300.00	5.00	133.81	2299.49	-10.56	11.01	11.53	0.00	407988 34	532667.31	
2400.00	5.00	133.81	2399.11	-16.60	17.30	18.11	0.00	407982.30	532673.60	
2500.00	5.00	133.81	2498.73	-22.63	23 59	24.70	0.00	407976.27	532679.89	
2600.00	5.00	133.81	2598.35	-28.66	29.88	31.28	0.00	407970.24	532686.18	
2686.09	5.00	133.81	2684.11	-33.86	35.30	36.95	0.00	407965.04	532691.60	Drop
2700.00	4.86	133.81	2697.97	-34 68	36.16	37.85	1.00	407964.22	532692.46	
2800.00	3.86	133.81	2797.68	-39.95	41.65	43.60	1.00	407958.95	532697.95	
2900.00	2.86	133.81	2897.51	-44.01	45 88	48.03	1.00	407954.89	532702.18	
3000.00	1.86	133.81	2997.42	-46.86	48.85	51.14	1.00	407952.04	532705.15	
3100.00	0.86	133.81	3097.39	-48.50	50.56	52.93	1 00	407950.40	532706.86	
3186.09	0.00	133.81	3183.48	-48.95	51.03	53.42	1.00	407949.95	532707.33	Hold
3200.00	0.00	133.81	3197.39	-48.95	51.03	53.42	0.00	407949.95	532707.33	
3300.00	0.00	133.81	3297.39	-48.95	51.03	53.42	0.00	407949.95	532707.33	
3400.00	0.00	133.81	3397.39	-48.95	51.03	53.42	0.00	407949.95	532707.33	
3500.00	0.00	133.81	3497.39	-48.95	51.03	53.42	0.00	407949.95	532707 33	
3600.00	0.00	133.81	3597.39	-48.95	51.03	53.42	0.00	407949.95	532707.33	
3700.00	0.00	133.81	3697.39	-48.95	51.03	53.42	0.00	407949.95	532707.33	
3800.00	0.00	133.81	3797.39	-48.95	51.03	53.42	0.00	407949.95	532707.33	
3900.00	0.00	133.81	3897.39	-48.95	51.03	53.42	0.00	407949.95	532707.33	
4000.00	0.00	133.81	3997.39	-48.95	51.03	53.42	0.00	407949.95	532707.33	
4100.00	0.00	133.81	4097.39	-48.95	51.03	53.42	0.00	407949.95	532707.33	
4200.00	0.00	133.81	4197.39	-48.95	51.03	53.42	0.00	407949.95	532707.33	
4300.00	0.00	133.81	4297.39	-48 95	51.03	53 42	0.00	407949.95	532707.33	
4400.00	0.00	133.81	4397.39	-48.95	51.03	53.42	0.00	407949.95	532707.33	
4500.00	0.00	133.81	4497.39	-48.95	51.03	53.42	0.00	407949.95	532707 33	
4600.00	0.00	133.81	4597.39	-48.95	51.03	53.42	0.00	407949.95	532707.33	
4700.00	0.00	133.81	4697.39	-48.95	51.03	53 42	0.00	407949 95	532707.33	
4800.00	0.00	133.81	4797.39	-48.95	51.03	53.42	0.00	407949.95	532707.33	
4900.00	0.00	133.81	4897.39	-48.95	51.03	53.42	0.00	407949.95	532707.33	
5000.00	0.00	133.81	4997.39	-48.95	51.03	53.42	0.00	407949.95	532707.33	
5100.00	0.00	133.81	5097.39	-48.95	51.03	53.42	0.00	407949.95	532707.33	
5200.00	0.00	133.81	5197.39	-48.95	51.03	53.42	0.00	407949.95	532707.33	
5300.00	0.00	133.81	5297.39	-48.95	51.03	53.42	0.00	407949.95	532707.33	
5400.00	0.00	133.81	5397.39	-48.95	51.03	53.42	0.00	407949.95	532707.33	
5500.00	0.00	133 81	5497.39	-48.95	51.03	53.42	0 00	407949.95	532707.33	
5600.00	0.00	133.81	5597.39	-48.95	51.03	53.42	0.00	407949.95	532707.33	
5700.00	0.00	133.81	5697.39	-48.95	51.03	53.42	0.00	407949.95	532707.33	
5800.00	0.00	133.81	5797.39	-48.95	51.03	53.42	0.00	407949.95	532707.33	
5900.00	0.00	133.81	5897.39	-48.95	51.03	53.42	0.00	407949.95	532707.33	
6000.00	0.00	133.81	5997.39	-48.95	51.03	53.42	0.00	407949.95	532707.33	

Weatherford International Ltd.

WFT Plan Report - X & Y's

Weatherford

Company:	Occidental Permian Ltd.	**Date:**	10/11/2011	**Time:** 09:29:22	**Page:** 3
Field:	Eddy Co, NM (Nad 27)	**Co-ordinate(NE) Reference:**	Well: 1H, Grid North		
Site:	Peaches 19 Fed #1H	**Vertical (TVD) Reference:**	SITE 3223.2		
Well:	1H	**Section (VS) Reference:**	Well (0.00N,0.00E,174.74Azi)		
Wellpath:	Pilot	**Survey Calculation Method:**	Minimum Curvature	**Db:** Sybase	

Survey

MD ft	Incl deg	Azim deg	TVD ft	N/S ft	E/W ft	VS ft	DLS deg/100ft	MapN ft	MapE ft	Comment
6100.00	0.00	133.81	6097.39	-48 95	51.03	53.42	0.00	407949.95	532707.33	
6184.61	0.00	133.81	6182.00	-48.95	51.03	53.42	0.00	407949.95	532707.33	T. Bone Spring Lim
6200.00	0.00	133.81	6197.39	-48.95	51.03	53.42	0.00	407949.95	532707.33	
6300.00	0.00	133.81	6297.39	-48.95	51.03	53.42	0.00	407949.95	532707.33	
6400.00	0.00	133.81	6397.39	-48.95	51.03	53.42	0.00	407949.95	532707.33	
6500.00	0.00	133.81	6497.39	-48 95	51.03	53.42	0.00	407949.95	532707.33	
6600.00	0.00	133.81	6597.39	-48.95	51.03	53.42	0.00	407949.95	532707.33	
6667.61	0.00	133.81	6665.00	-48.95	51.03	53.42	0.00	407949.95	532707.33	T. BSPG 1st Sand
6700.00	0.00	133.81	6697.39	-48.95	51.03	53.42	0.00	407949.95	532707.33	
6800.00	0.00	133.81	6797.39	-48.95	51.03	53.42	0.00	407949.95	532707.33	
6900.00	0.00	133.81	6897.39	-48.95	51.03	53.42	0.00	407949.95	532707.33	
7000.00	0.00	133.81	6997.39	-48.95	51.03	53.42	0.00	407949.95	532707 33	
7057.61	0.00	133.81	7055.00	-48.95	51.03	53.42	0.00	407949.95	532707 33	T. BSPG2 Limestone
7100.00	0.00	133.81	7097.39	-48.95	51.03	53.42	0.00	407949.95	532707.33	
7200.00	0.00	133.81	7197.39	-48.95	51.03	53.42	0.00	407949.95	532707.33	
7300.00	0.00	133.81	7297.39	-48.95	51.03	53.42	0.00	407949.95	532707.33	
7317.61	0.00	133.81	7315.00	-48.95	51.03	53.42	0.00	407949.95	532707.33	T. BSPG 2nd Sand
7400.00	0.00	133.81	7397.39	-48.95	51.03	53.42	0.00	407949.95	532707.33	
7500.00	0.00	133.81	7497.39	-48.95	51.03	53.42	0 00	407949.95	532707.33	
7600.00	0.00	133.81	7597.39	-48.95	51.03	53.42	0.00	407949.95	532707.33	
7700.00	0.00	133.81	7697.39	-48.95	51.03	53.42	0.00	407949.95	532707.33	
7800.00	0.00	133.81	7797.39	-48.95	51 03	53.42	0.00	407949.95	532707.33	
7872.61	0.00	133.81	7870.00	-48.95	51.03	53.42	0.00	407949.95	532707.33	Harkey Sand Target
7900.00	0 00	133.81	7897.39	-48.95	51.03	53.42	0.00	407949.95	532707.33	
8000.00	0.00	133.81	7997.39	-48.95	51.03	53.42	0.00	407949.95	532707.33	
8100.00	0.00	133.81	8097.39	-48.95	51.03	53.42	0.00	407949.95	532707.33	
8200.00	0.00	133.81	8197.39	-48.95	51.03	53.42	0.00	407949.95	532707 33	
8300.00	0.00	133.81	8297.39	-48.95	51.03	53.42	0.00	407949.95	532707.33	
8400.00	0.00	133.81	8397.39	-48.95	51.03	53.42	0.00	407949.95	532707.33	
8497.61	0.00	133.81	8495.00	-48.95	51.03	53.42	0.00	407949.95	532707.33	T. BSPG 3rd Sand
8500.00	0.00	133.81	8497.39	-48.95	51.03	53.42	0.00	407949.95	532707.33	
8600.00	0.00	133.81	8597.39	-48.95	51.03	53.42	0.00	407949.95	532707.33	
8700.00	0.00	133.81	8697.39	-48.95	51.03	53.42	0.00	407949.95	532707.33	
8732.61	0.00	133.81	8730.00	-48.95	51.03	53.42	0.00	407949.95	532707.33	T. Wolfcamp
8758.61	0.00	133.81	8756.00	-48.95	51.03	53.42	0.00	407949 95	532707.33	Pbhl Pilot

Targets

Name	Description Dip.	Dir.	TVD ft	+N/-S ft	+E/-W ft	Map Northing ft	Map Easting ft	<--- Latitude ---> Deg Min Sec	<--- Longitude ---> Deg Min Sec
Pbhl Pilot -Circle (Radius: 50) -Plan hit target			8756.00	-48.95	51.03	407949.95	532707.33	32 7 17 496 N	104 13 39.664 W

Casing Points

MD ft	TVD ft	Diameter in	Hole Size in	Name
500.00	500.00	0.000	0.000	Csg
1900.00	1900.00	0.000	0.000	Int. Csg

Weatherford International Ltd.

WFT Plan Report - X & Y's

Company:	Occidental Permian Ltd.	**Date:** 10/11/2011	**Time:** 09:29:22	**Page:**	4
Field:	Eddy Co, NM (Nad 27)	**Co-ordinate(NE) Reference:**	Well: 1H, Grid North		
Site:	Peaches 19 Fed #1H	**Vertical (TVD) Reference:**	SITE 3223.2		
Well:	1H	**Section (VS) Reference:**	Well (0.00N,0.00E,174.74Azi)		
Wellpath:	Pilot	**Survey Calculation Method:**	Minimum Curvature	**Db:**	Sybase

Annotation

MD ft	TVD ft	
2000.00	2000.00	Nudge
2250.00	2249.68	Hold
2686.09	2684.11	Drop
3186.09	3183.48	Hold
8758.61	8756.00	Pbhl Pilot

Formations

MD ft	TVD ft	Formations	Lithology	Dip Angle deg	Dip Direction deg
430.00	430.00	Rustler		0.00	0.00
996.00	996.00	Salado (T. Salt)		0.00	0.00
1593.00	1593.00	B. Salt		0.00	0.00
1825.00	1825.00	Lamar		0.00	0.00
6184.61	6182.00	T. Bone Spring Limestone		0.00	0.00
6667.61	6665.00	T. BSPG 1st Sand		0.00	0.00
7057.61	7055.00	T. BSPG2 Limestone		0.00	0.00
7317.61	7315.00	T. BSPG 2nd Sand		0.00	0.00
7872.61	7870.00	Harkey Sand Target Depth		0.00	0.00
8497.61	8495.00	T. BSPG 3rd Sand		0.00	0.00
8732.61	8730.00	T. Wolfcamp		0.00	0.00

Occidental Permian Ltd.

Peaches 19 Fed #1H
Eddy Co, New Mexico

SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Target
1	7282.65	0.00	133.81	7280.04	-48.95	51.03	0.00	0.00	53.42	
2	8182.65	90.00	175.31	7853.00	-619.99	97.83	10.00	175.31	626.35	
3	12204.19	90.00	175.31	7853.00	-4628.10	426.30	0.00	0.00	4647.69	PBHL

WELL DETAILS

Name	+N/-S	+E/-W	Northing	Easting	Latitude	Longitude	Slot
1H	0.00	0.00	407998.90	532656.30	32°07'17.981N	104°13'40.257W	N/A

TARGET DETAILS

Name	TVD	+N/-S	+E/-W	Northing	Easting	Shape
PBHL	7853.00	-4628.10	426.30	403370.80	533082.60	Point

KB ELEV: 3223.20
GL ELEV: 3199.20

SITE DETAILS

Peaches 19 Fed #1H

Site Centre Northing: 407998.90
Easting: 532656.30

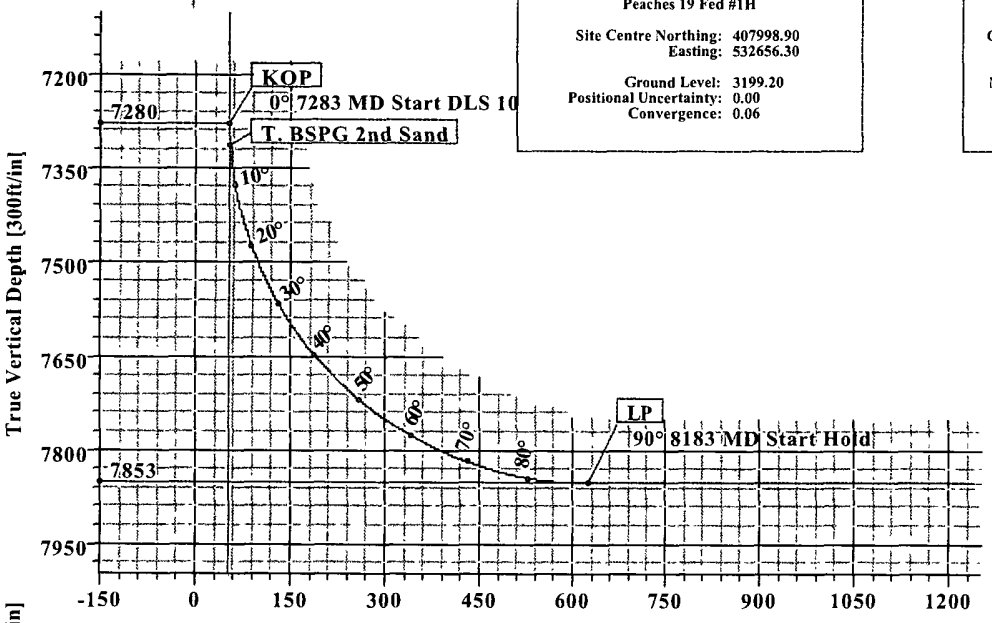
Ground Level: 3199.20
Positional Uncertainty: 0.00
Convergence: 0.06

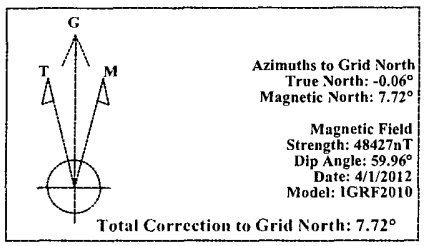
FIELD DETAILS

Eddy Co, NM (Nad 27)

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

System Datum: Mean Sea Level
Local North: Grid North





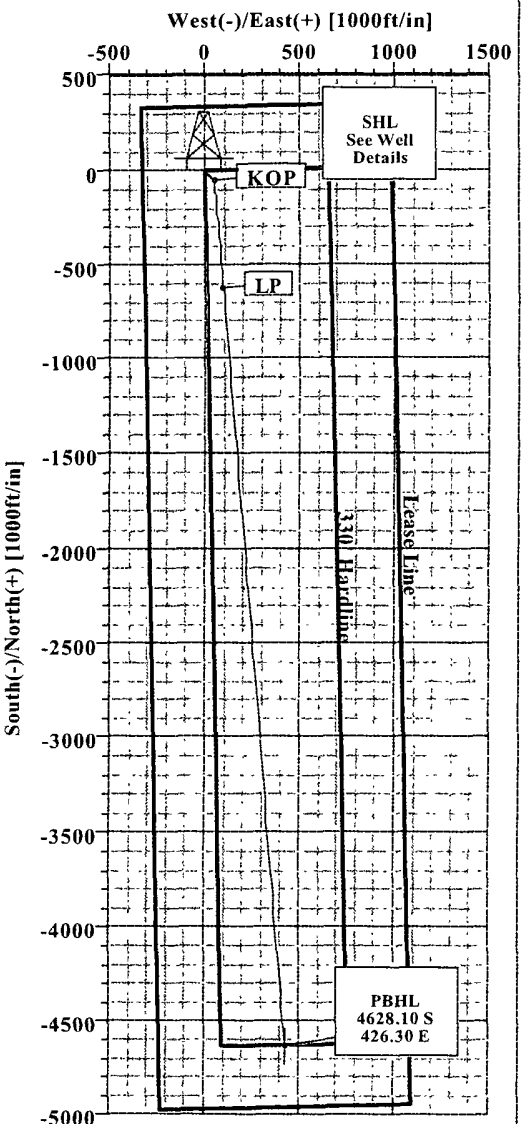
Azimuths to Grid North
True North: -0.06°
Magnetic North: 7.72°

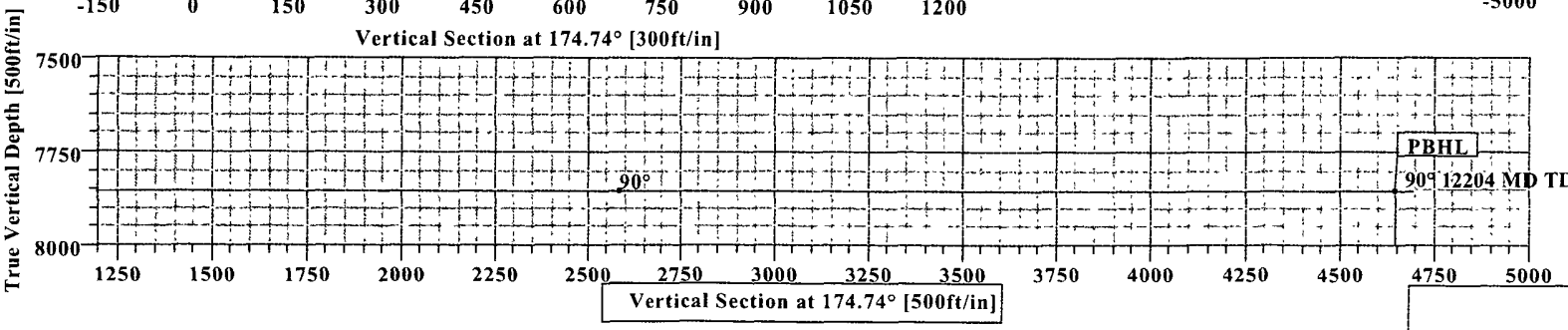
Magnetic Field
Strength: 48427nT
Dip Angle: 59.96°
Date: 4/1/2012
Model: IGRF2010

Total Correction to Grid North: 7.72°

LEGEND

1H (Pilot)
Lateral
Plan #2





Weatherford

Plan: Plan #2 (1H/Lateral)

Created By: Keith Noack Date: 10/11/2011

Weatherford International Ltd.

WFT Plan Report - X & Y's

Company:	Occidental Permian Ltd.	**Date:**	10/11/2011	**Time:**	09:32:00	**Page:**	1
Field:	Eddy Co, NM (Nad 27)	**Co-ordinate(NE) Reference:**	Well: 1H, Grid North				
Site:	Peaches 19 Fed #1H	**Vertical (TVD) Reference:**	SITE 3223.2				
Well:	1H	**Section (VS) Reference:**	Well (0.00N,0.00E,174.74Azi)				
Wellpath:	Lateral	**Survey Calculation Method:**	Minimum Curvature	**Db:**	Sybase		

Plan:	Plan #2	**Date Composed:**	10/10/2011
		Version:	1
Principal:	Yes	**Tied-to:**	From: Definitive Path

Field:	Eddy Co, NM (Nad 27)		
Map System:	US State Plane Coordinate System 1927	**Map Zone:**	New Mexico, Eastern Zone
Geo Datum:	NAD27 (Clarke 1866)	**Coordinate System:**	Well Centre
Sys Datum:	Mean Sea Level	**Geomagnetic Model:**	IGRF2010

Site:	Peaches 19 Fed #1H							
Site Position:		**Northing:**	407998.90 ft	**Latitude:**	32	7	17.981	N
From:	Map	**Easting:**	532656.30 ft	**Longitude:**	104	13	40.257	W
Position Uncertainty:	0 00 ft			**North Reference:**			Grid	
Ground Level:	3199.20 ft			**Grid Convergence:**			0.06	deg

Well:	1H				**Slot Name:**			
Well Position:	+N/-S 0.00 ft	**Northing:**	407998.90 ft	**Latitude:**	32	7	17.981	N
	+E/-W 0.00 ft	**Easting :**	532656.30 ft	**Longitude:**	104	13	40.257	W
Position Uncertainty:	0.00 ft							

Wellpath:	Lateral			**Drilled From:**	Pilot
				Tie-on Depth:	7282.65 ft
Current Datum:	SITE	**Height**	3223 20 ft	**Above System Datum:**	Mean Sea Level
Magnetic Data:	4/1/2012			**Declination:**	7.78 deg
Field Strength:	48427 nT			**Mag Dip Angle:**	59.96 deg

Vertical Section:	**Depth From (TVD)** ft	**+N/-S** ft	**+E/-W** ft	**Direction** deg
	0.00	0.00	0.00	174.74

Plan Section Information

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg	Target
7282.65	0.00	133.81	7280.04	-48.95	51.03	0.00	0.00	0.00	0.00	
8182.65	90 00	175.31	7853.00	-619.99	97.83	10.00	10.00	4.61	175.31	
12204.19	90.00	175.31	7853.00	-4628.10	426.30	0.00	0.00	0.00	0.00	PBHL

Survey

MD ft	Incl deg	Azim deg	TVD ft	N/S ft	E/W ft	VS ft	DLS deg/100ft	MapN ft	MapE ft	Comment
7282.65	0.00	133.81	7280.04	-48.95	51.03	53.42	0.00	407949.95	532707 33	KOP
7300.00	1.74	175.31	7297.39	-49.21	51.05	53.69	10.00	407949.69	532707.35	
7317.63	3.50	175.31	7315.00	-50.01	51.12	54.49	10.00	407948.89	532707.42	T. BSPG 2nd Sand
7350.00	6.74	175.31	7347.23	-52.89	51.35	57.38	10.00	407946.01	532707.65	
7400.00	11.74	175.31	7396.57	-60.89	52.01	65.40	10.00	407938.01	532708 31	
7450.00	16.74	175.31	7445.02	-73.14	53.01	77.69	10 00	407925.76	532709.31	
7500.00	21.74	175.31	7492 21	-89.55	54.36	94.16	10.00	407909.35	532710.66	
7550.00	26.74	175 31	7537.79	-110.00	56.03	114.67	10.00	407888.90	532712.33	
7600.00	31.74	175.31	7581.41	-134.33	58.03	139.08	10.00	407864.57	532714 33	
7650.00	36.74	175.31	7622.73	-162.35	60.32	167.20	10.00	407836.55	532716.62	
7700.00	41.74	175.31	7661.45	-193.86	62.91	198.82	10.00	407805.04	532719.21	
7750.00	46.74	175.31	7697.26	-228.62	65.75	233.68	10.00	407770.28	532722.05	
7800.00	51.74	175.31	7729.90	-266.35	68.85	271.54	10.00	407732.55	532725.15	
7850.00	56.74	175.31	7759.11	-306.77	72.16	312.09	10.00	407692.13	532728.46	
7900.00	61.74	175 31	7784.68	-349 58	75.67	355.04	10.00	407649.32	532731.97	
7950.00	66.74	175.31	7806.41	-394.44	79.34	400.06	10.00	407604.46	532735.64	
8000.00	71.74	175.31	7824.13	-441.02	83.16	446.79	10.00	407557.88	532739.46	
8050.00	76 74	175.31	7837.71	-488.96	87.09	494.89	10.00	407509.94	532743.39	

Weatherford International Ltd.

WFT Plan Report - X & Y's

Weatherford

Company:	Occidental Permian Ltd.	**Date:**	10/11/2011	**Time:**	09:32:00	**Page:**	2
Field:	Eddy Co. NM (Nad 27)	**Co-ordinate(NE) Reference:**	Well: 1H, Grid North				
Site:	Peaches 19 Fed #1H	**Vertical (TVD) Reference:**	SITE 3223.2				
Well:	1H	**Section (VS) Reference:**	Well (0.00N,0.00E,174.74Azi)				
Wellpath:	Lateral	**Survey Calculation Method:**	Minimum Curvature	**Db:**	Sybase		

Survey

MD ft	Incl deg	Azim deg	TVD ft	N/S ft	E/W ft	VS ft	DLS deg/100ft	MapN ft	MapE ft	Comment
8100.00	81.74	175.31	7847.05	-537.90	91.10	543.99	10.00	407461.00	532747.40	
8150.00	86.74	175.31	7852.07	-587.47	95.16	593.72	10.00	407411.43	532751.46	
8182.65	90.00	175.31	7853.00	-619.99	97.83	626.35	10.00	407378.91	532754.13	LP
8200.00	90.00	175.31	7853.00	-637.29	99.25	643.70	0.00	407361.61	532755.55	
8300.00	90.00	175.31	7853.00	-736.95	107.41	743.70	0 00	407261.95	532763.71	
8400.00	90.00	175.31	7853.00	-836.62	115.58	843.69	0.00	407162.28	532771.88	
8500 00	90.00	175.31	7853.00	-936.28	123.75	943.69	0.00	407062.62	532780.05	
8600.00	90.00	175.31	7853.00	-1035.95	131.92	1043.68	0.00	406962.95	532788.22	
8700.00	90.00	175.31	7853.00	-1135 61	140.08	1143.68	0 00	406863.29	532796.38	
8800.00	90.00	175.31	7853.00	-1235.28	148.25	1243.67	0.00	406763.62	532804.55	
8900.00	90.00	175.31	7853.00	-1334.95	156.42	1343.67	0.00	406663.95	532812.72	
9000.00	90.00	175.31	7853.00	-1434.61	164.59	1443.66	0.00	406564.29	532820.89	
9100.00	90.00	175.31	7853.00	-1534.28	172.76	1543.66	0.00	406464.62	532829.06	
9200.00	90.00	175.31	7853.00	-1633.94	180.92	1643.65	0.00	406364.96	532837 22	
9300.00	90.00	175.31	7853.00	-1733.61	189.09	1743.65	0.00	406265.29	532845.39	
9400.00	90.00	175 31	7853.00	-1833.28	197.26	1843.64	0.00	406165.62	532853.56	
9500.00	90.00	175.31	7853.00	-1932.94	205.43	1943.64	0.00	406065.96	532861.73	
9600.00	90.00	175.31	7853.00	-2032.61	213.59	2043.63	0.00	405966.29	532869.89	
9700.00	90 00	175.31	7853.00	-2132.27	221.76	2143.63	0 00	405866.63	532878.06	
9800.00	90.00	175.31	7853.00	-2231.94	229 93	2243.62	0.00	405766.96	532886.23	
9900.00	90.00	175.31	7853.00	-2331.61	238.10	2343.62	0.00	405667.29	532894.40	
10000.00	90.00	175.31	7853.00	-2431.27	246.27	2443.61	0.00	405567.63	532902.57	
10100.00	90.00	175.31	7853.00	-2530.94	254.43	2543.61	0.00	405467.96	532910.73	
10200.00	90.00	175.31	7853.00	-2630.60	262.60	2643.60	0.00	405368.30	532918.90	
10300.00	90.00	175.31	7853.00	-2730.27	270.77	2743.60	0.00	405268.63	532927.07	
10400.00	90.00	175.31	7853.00	-2829.93	278.94	2843.59	0.00	405168.97	532935.24	
10500.00	90 00	175.31	7853.00	-2929.60	287.10	2943.59	0.00	405069.30	532943.40	
10600.00	90.00	175.31	7853.00	-3029.27	295.27	3043.58	0.00	404969.63	532951.57	
10700.00	90.00	175.31	7853.00	-3128.93	303.44	3143.57	0.00	404869.97	532959.74	
10800.00	90.00	175.31	7853.00	-3228.60	311.61	3243.57	0.00	404770.30	532967.91	
10900.00	90.00	175.31	7853.00	-3328.26	319.78	3343.56	0.00	404670.64	532976.08	
11000.00	90.00	175.31	7853.00	-3427.93	327.94	3443.56	0.00	404570.97	532984.24	
11100.00	90.00	175.31	7853.00	-3527.60	336.11	3543.55	0.00	404471 30	532992.41	
11200.00	90.00	175.31	7853.00	-3627.26	344.28	3643.55	0.00	404371.64	533000.58	
11300.00	90.00	175.31	7853.00	-3726.93	352.45	3743.54	0 00	404271.97	533008.75	
11400.00	90.00	175.31	7853.00	-3826 59	360.62	3843.54	0.00	404172.31	533016.92	
11500.00	90.00	175.31	7853.00	-3926.26	368.78	3943.53	0.00	404072.64	533025.08	
11600.00	90.00	175.31	7853.00	-4025.93	376.95	4043.53	0.00	403972.97	533033.25	
11700.00	90.00	175.31	7853.00	-4125.59	385.12	4143.52	0.00	403873.31	533041.42	
11800 00	90.00	175.31	7853.00	-4225.26	393.29	4243.52	0 00	403773.64	533049.59	
11900.00	90.00	175.31	7853.00	-4324.92	401.45	4343.51	0.00	403673.98	533057.75	
12000.00	90.00	175.31	7853.00	-4424.59	409.62	4443.51	0.00	403574.31	533065.92	
12100.00	90.00	175.31	7853.00	-4524.25	417.79	4543.50	0.00	403474.65	533074.09	
12204.19	90.00	175 31	7853.00	-4628.10	426.30	4647.69	0.00	403370.80	533082.60	PBHL

Targets

Name	Description Dip.	Dir	TVD ft	+N/-S ft	+E/-W ft	Map Northing ft	Map Easting ft	<-- Latitude --> Deg	Min	Sec	<-- Longitude --> Deg	Min	Sec
PBHL			7853.00	-4628.10	426.30	403370.80	533082.60	32	6	32.175 N	104	13	35 353 W

Weatherford International Ltd.
WFT Plan Report - X & Y's

Company:	Occidental Permian Ltd.	**Date:**	10/11/2011	**Time:**	09:32:00	**Page:**	3
Field:	Eddy Co. NM (Nad 27)	**Co-ordinate(NE) Reference:**	Well: 1H, Grid North				
Site:	Peaches 19 Fed #1H	**Vertical (TVD) Reference:**	SITE 3223.2				
Well:	1H	**Section (VS) Reference:**	Well (0.00N,0.00E,174.74Azi)				
Wellpath:	Lateral	**Survey Calculation Method:**	Minimum Curvature	**Db:**	Sybase		

Casing Points

MD ft	TVD ft	Diameter in	Hole Size in	Name
500.00	500.00	0.000	0.000	Sfc. Csg
1900.00	1900.00	0.000	0.000	Int. Csg

Annotation

MD ft	TVD ft	
7282.65	7280.04	KOP
8182.65	7853.00	LP
12204.19	7853.00	PBHL

Formations

MD ft	TVD ft	Formations	Lithology	Dip Angle deg	Dip Direction deg
	0.00	Rustler		0.00	0.00
	0.00	Salado (T. Salt)		0.00	0.00
	0.00	B. Salt		0.00	0.00
	0.00	Lamar		0.00	0.00
	0.00	T Bone Spring Limestone		0.00	0.00
	0.00	T. BSPG 1st Sand		0.00	0.00
	0.00	T. BSPG2 Limestone		0.00	0.00
7317.63	7315.00	T. BSPG 2nd Sand		0.00	0.00
	0.00	Harkey Sand Target Depth		0.00	0.00

Weatherford Drilling Services

GeoDec v5.03

Report Date:	October 10, 2011
Job Number:	
Customer:	Occidental Permian Ltd.
Well Name:	Peaches 19 Fed #1H
API Number:	
Rig Name:	
Location:	Eddy Co, NM (Nad 27)
Block:	
Engineer:	KRN

US State Plane 1927
System: New Mexico East 3001 (NON-EXACT)
Projection: SPC27 Transverse Mercator
Datum: NAD 1927 (NADCON CONUS)
Ellipsoid: Clarke 1866
North/South 407998.900 USFT
East/West 532656.300 USFT
Grid Convergence: .06°
Total Correction: +7.72°

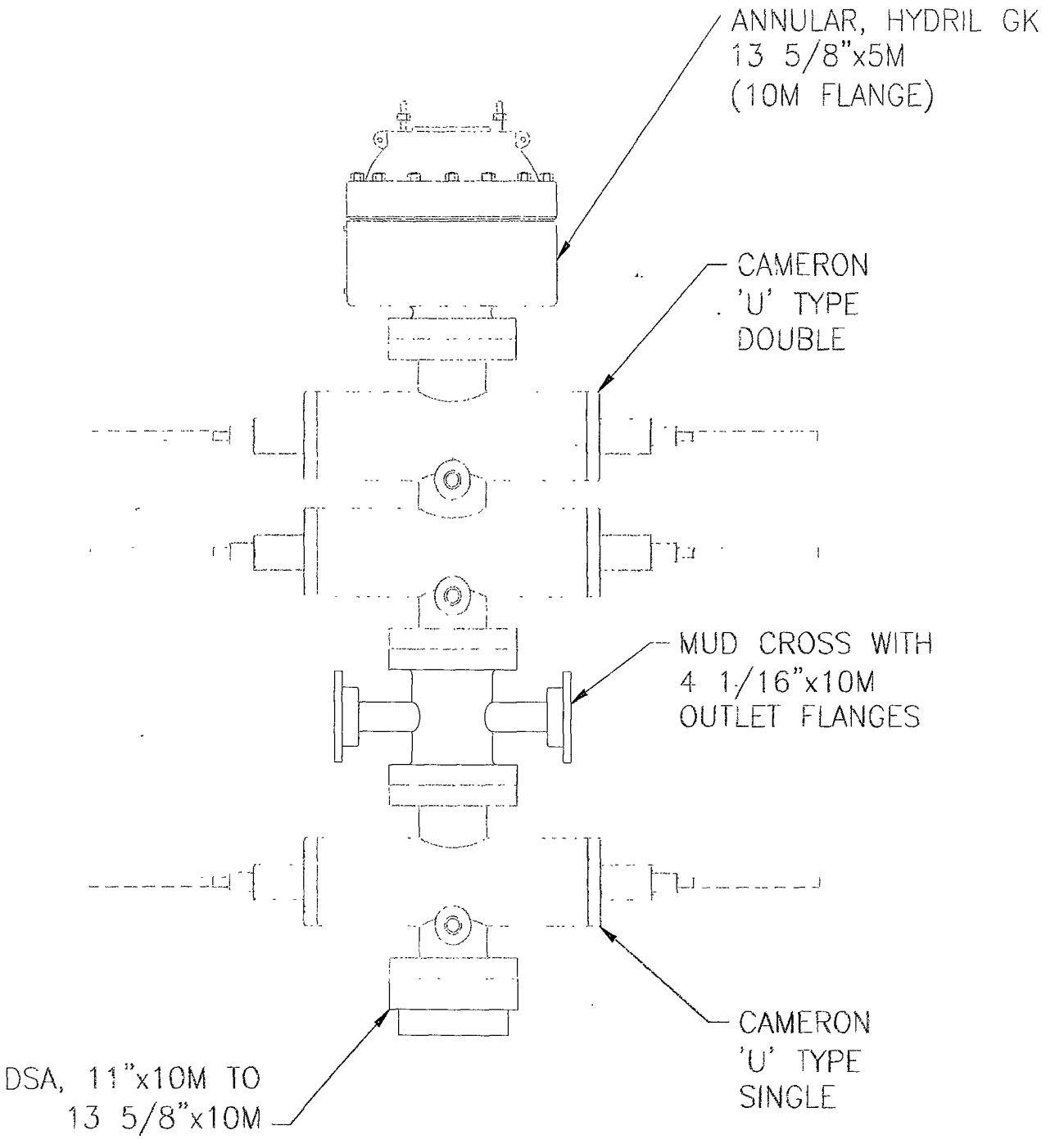
Geodetic Latitude / Longitude
System: Latitude / Longitude
Projection: Geodetic Latitude and Longitude
Datum: NAD 1927 (NADCON CONUS)
Ellipsoid: Clarke 1866
Latitude 32.1216615 DEG
Longitude -104.2278491 DEG

Geodetic Location WGS84		Elevation = 0.0 Meters
Latitude =	32.12166° N	32° 7 min 17.981 sec
Longitude =	104.22785° W	104° 13 min 40.257 sec

Magnetic Declination =	7.78°	[True North Offset]	
Local Gravity =	.9988 g	CheckSum =	6807
Local Field Strength =	48423 nT	Magnetic Vector X =	24019 nT
Magnetic Dip =	59.96°	Magnetic Vector Y =	3282 nT
Magnetic Model =	IGRF-2010g11	Magnetic Vector Z =	41917 nT
Spud Date =	Apr 01, 2012	Magnetic Vector H =	24242 nT

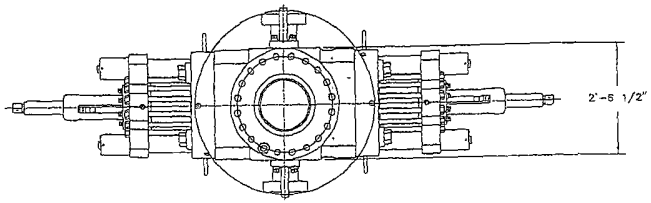
Signed:_____ Date:_____

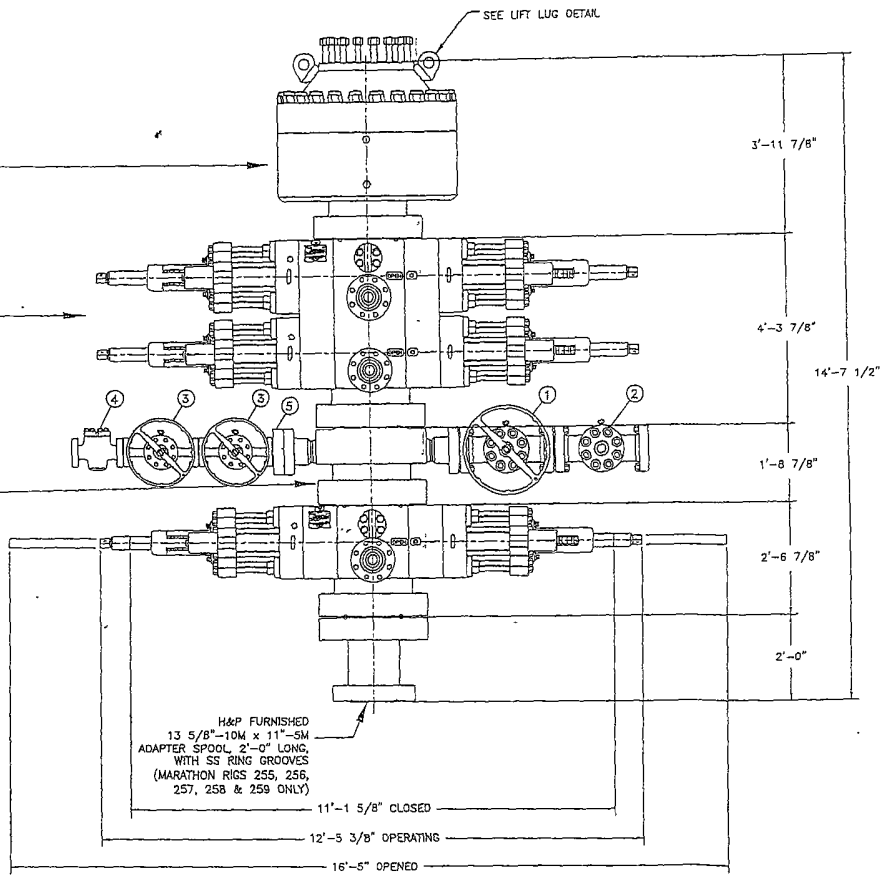
BOP Diagram



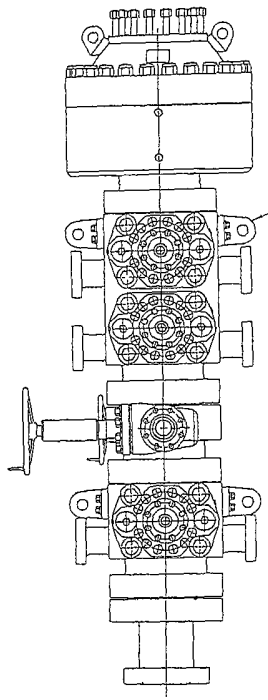
BOP STACK

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





13 5/8-10M STACK



ISSUED FOR FABRICATION
December-18-2007
DRAFTSMAN
ENGINEER

API 6A MONOGRAMMED CAMERON CHOKE AND KILL WING VALVE ASSEMBLIES ARE NOT SHOWN FOR CLARITY

WEIGHTS DO NOT INCLUDE HOSES, ADAPTER SPOOLS OR QUICK CONNECT FITTINGS

REV	DATE	DESCRIPTION	BY
E	12/18/07	ADDED SHEET 03	JAV
D	4-10-07	ORIENTATION REVISED, DOUBLE STUDDED ADAPTER, VALVES 1, 2, & 3, AND VS CHECK VALVE ADDED	JBC
C	4-04-07	6" ADDED TO SPACER ADAPTER SPOOL	JBC
B	02-07-07	ADDED ADAPTER SPOOL	MWL
A	08-13-02	CORRECTED BOP STACK	MWL

ENGINEERING APPROVAL | DATE

HELMERICH & PAYNE INTERNATIONAL DRILLING CO.

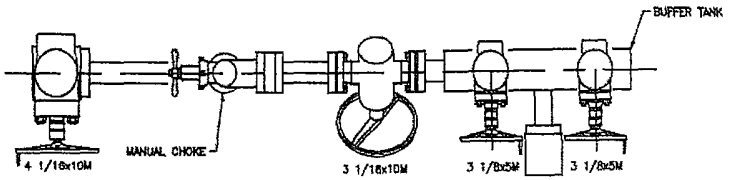
TITLE: 13 5/8"–10M BOP 3 RAM STACK FLEXRIG3

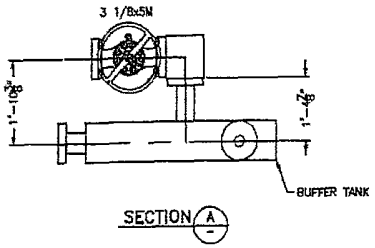
CUSTOMER: H&P

PROJECT: FLEXRIG3

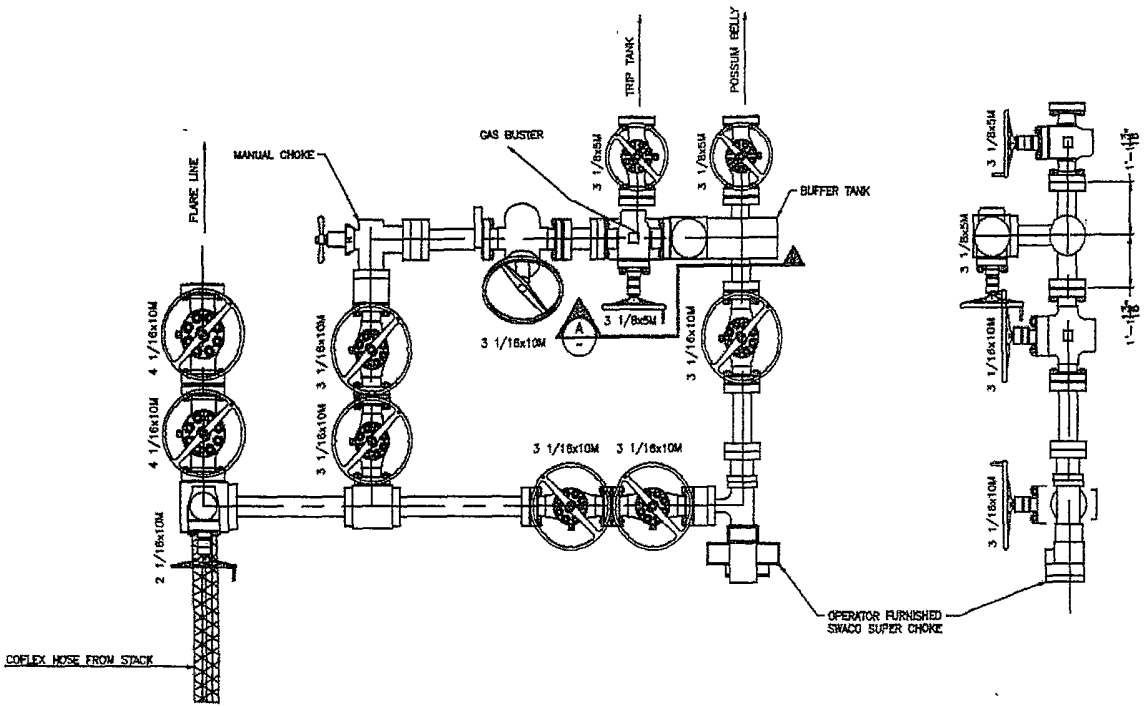
DRAWN: MTS | DATE: 6-5-02 | DWG. NO. 210-P1-07 | REV E

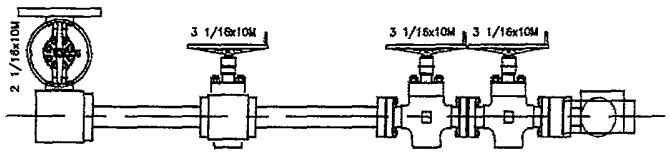
SCALE: 3/4"=1' | SHEET 1 OF 1





SECTION A





ISSUED FOR FABRICATION
MARCH 6, 2003
DRAFTSMAN
ENGINEER

REV	DATE	DESCRIPTION	BY
1	10/15/02	ADJUST DIM TO FIELD CONFIRMED DIM	RAY

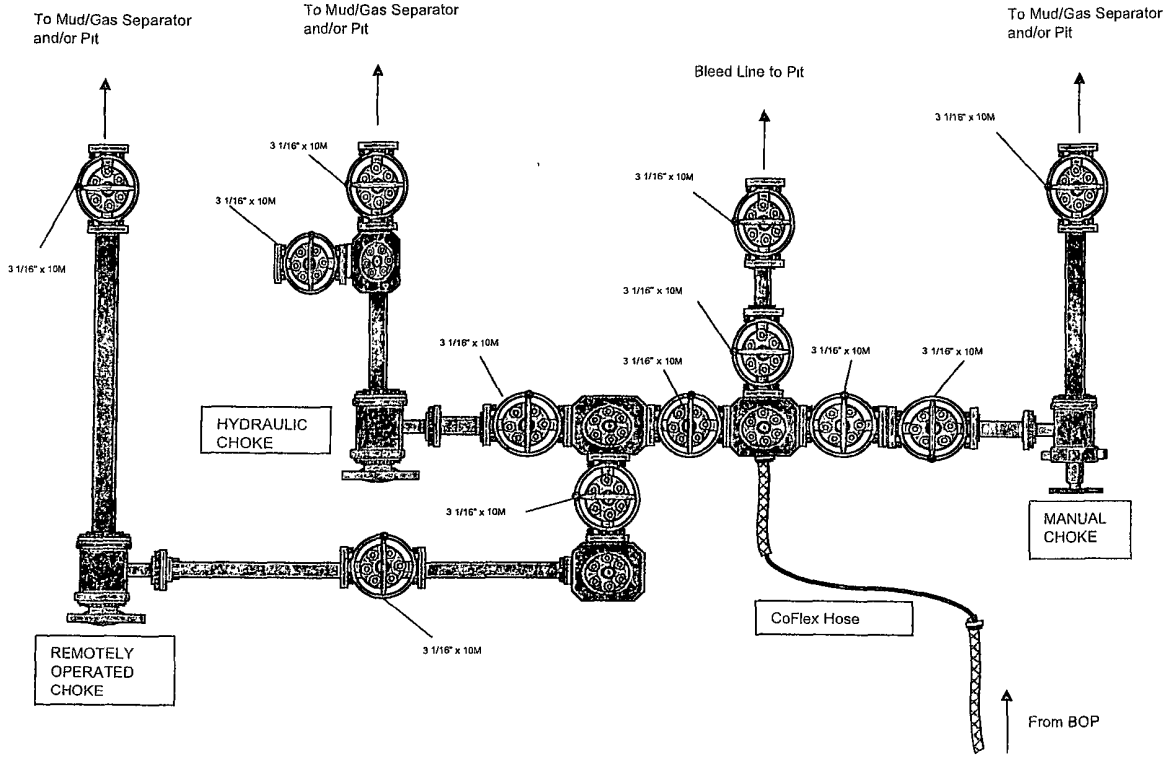
ENGINEERING APPROVAL | DATE

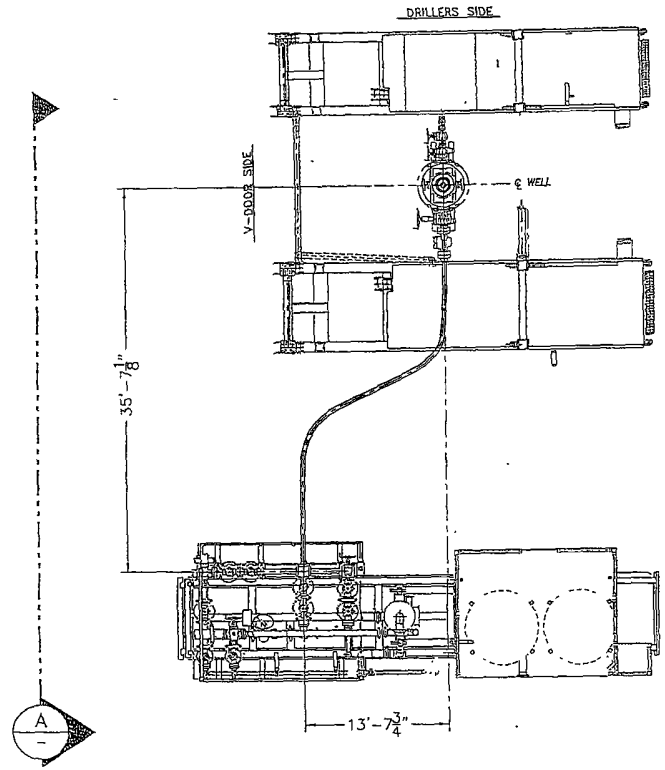
HELMERICH & PAYNE
INTERNATIONAL DRILLING CO.

TITLE: CHOKE MANIFOLD

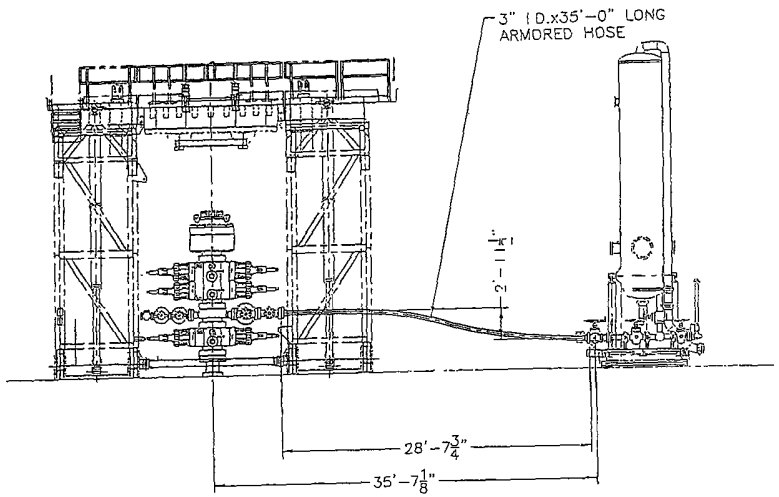
CUSTOMER: H&P
PROJECT: FLEXRIG3
DRAWN: MTS | DATE: 2-28-02 | DWG. NO.: 216-P1-05 | REV: A
SCALE: 3/4"=1' | SHEET: 1 OF 1

10M CHOKE MANIFOLD CONFIGURATION





PLAN VIEW



SECTION "A"

ISSUED FOR FABRICATION
December-19-2007
DRAFTSMAN
ENGINEER

REV	DATE	DESCRIPTION	BY
4	12/18/07	REMOVED SHEET TOTAL CALLOUT	JAV
3			
2			
1			

ENGINEERING APPROVAL | DATE

HELMERICH & PAYNE
INTERNATIONAL DRILLING CO

TITLE: CHOKE LINE SYSTEM FLEXRIG3

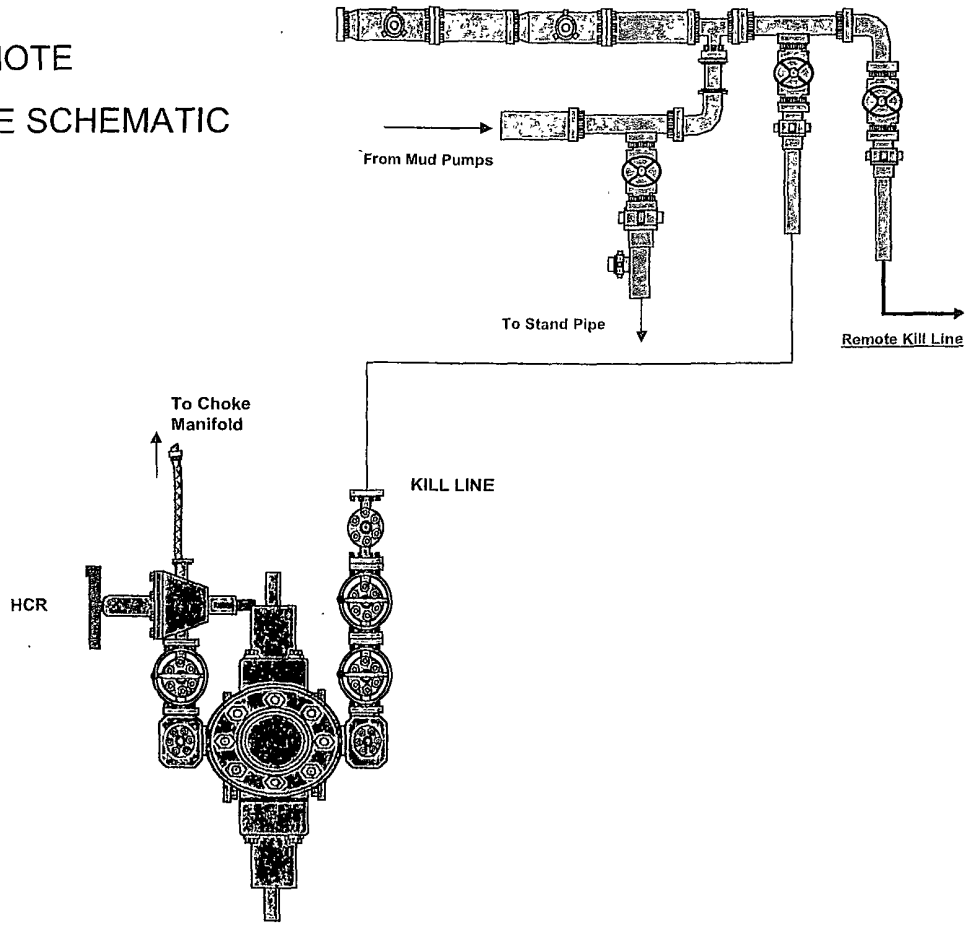
CUSTOMER

PROJECT.

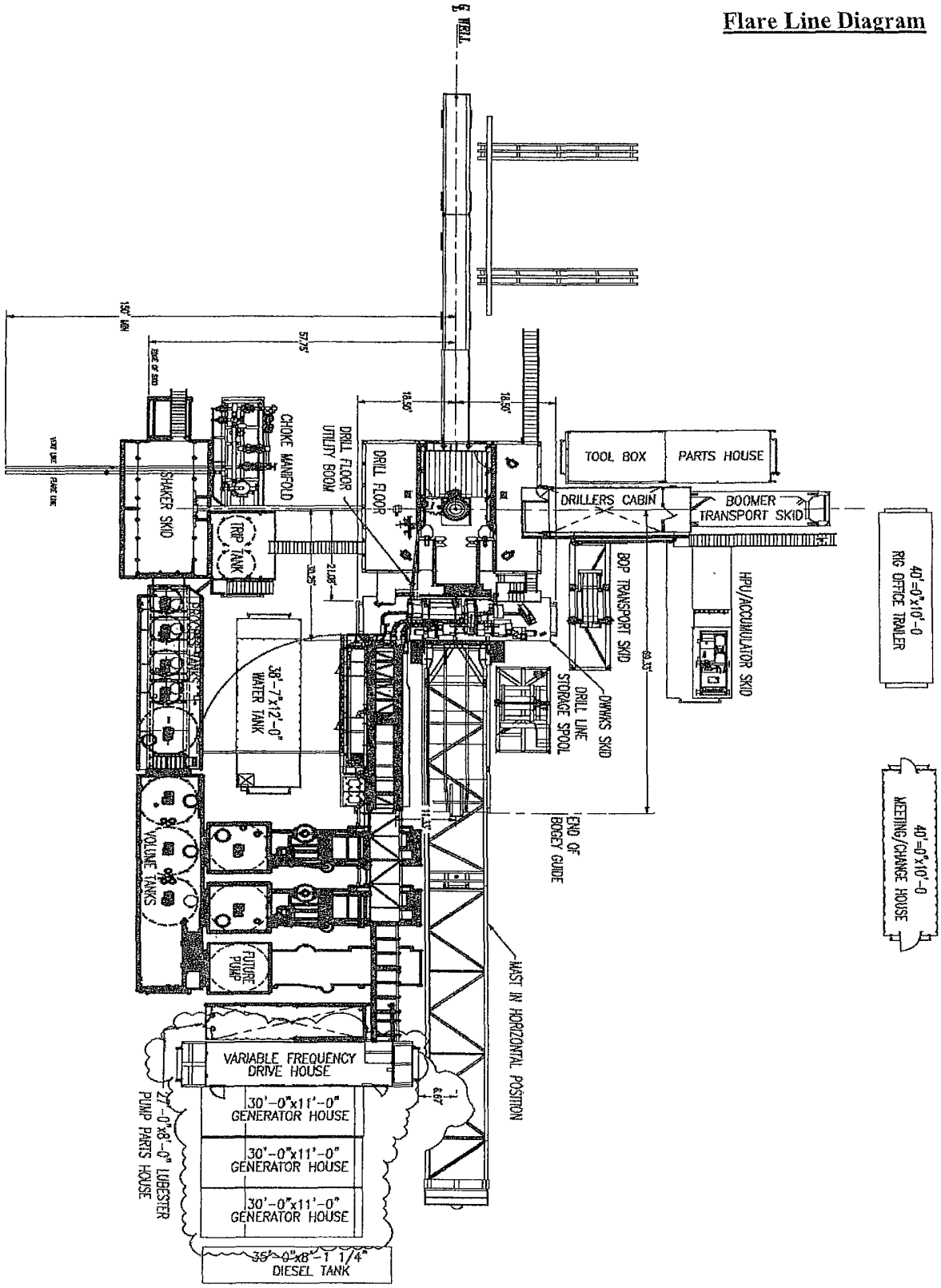
DRAWN: JBG | DATE: 4-10-07 | DWG NO: 210-P1-07 | REV: A

SCALE: 3/16"=1' | SHEET 2 OF 8

10M REMOTE
KILL LINE SCHEMATIC



Flare Line Diagram



Continental CONTITECH

Fluid Technology

Quality Document

CERTIFICATE OF CONFORMITY

Supplier : CONTITECH RUBBER INDUSTRIAL KFT.
Equipment : 6 pcs. Choke and Kill Hose with installed couplings
Type : **3" x 10,67 m WP: 10000 psi**
Supplier File Number : 412638
Date of Shipment : April. 2008
Customer : Phoenix Beattie Co.
Customer P.o. : 002491
Referenced Standards / Codes / Specifications : API Spec 16 C
Serial No.: 52754,52755,52776,52777,52778,52782

STATEMENT OF CONFORMITY

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

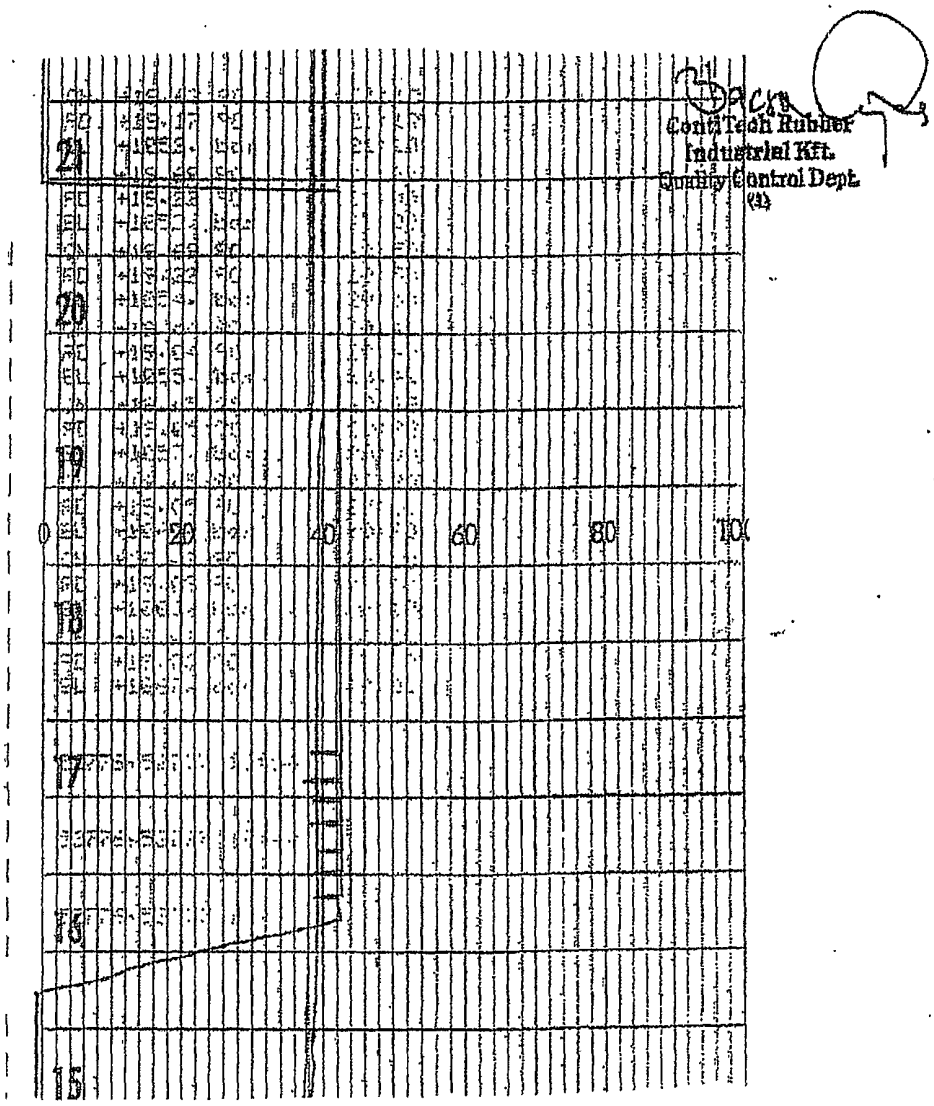
COUNTRY OF ORIGIN HUNGARY/EU

Signed : .....

ContiTech Rubber Industrial Kft. Quality Control Dept. (3)

Date: 04. April. 2008

Position: Q.C. Manager


ContiTech Rubber
Industrial Kft.
Quality Control Dept.
21
20
19
0
20
40
60
80
100
18
17
16
15

PHOENIX Beattie

Material Identification Certificate

PA No	006330	Client	HELMERICH & PAYNE INT'L DRILLING	Client Ref	370-369-001	Page	1

Part No	Description	Material Desc	Material Spec	Qty	WO No	Batch No	Test Cert No	Bin No	Drg No	Issue No
HP10CK3A-35-4F1	3" 10K 16C C&K HOSE x 35ft OAL			1	2491	52777/H884		WATER		
SECK3-HPF3	LIFTING & SAFETY EQUIPMENT TO			1	2440	002440		N/STK		
SC725-200CS	SAFETY CLAMP 200MM 7.25T	CARBON STEEL		1	2519	H655		22C		
SC725-132CS	SAFETY CLAMP 132MM 7.25T	CARBON STEEL		1	2242	H139		22		

We hereby certify that these goods have been inspected by our Quality Management System, and to the best of our knowledge are found to conform to relevant industry standards within the requirements of the purchase order as issued to Phoenix Beattie Corporation.

30/3/09

Coflex Hose Certification

Coflex Hose Certification

Form No 100/12

PHOENIX Beattie

Phoenix Beattie Corp
11635 Brittmoore Park Drive
Houston, TX 77041
Tel: (832) 327-0141
Fax: (832) 327-0148
E-mail mail@phoenixbeattie.com
www.phoenixbeattie.com

Delivery Note

Customer Order Number	370-369-001	Delivery Note Number	003078	Page	1

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

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

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

Continued...

Coflex Hose Certification

Continental CONTITECH

Fluid Technology

Quality Document

QUALITY CONTROL INSPECTION AND TEST CERTIFICATE				CERT. N°:	746
PURCHASER:	Phoenix Beattie Co.			P.O. N°:	002491
CONTITECH ORDER N°:	412638	HOSE TYPE:	3" ID	Choke and Kill Hose	
HOSE SERIAL N°:	52777	NOMINAL / ACTUAL LENGTH:		10,67 m	
W.P. 68,96 MPa	10000 psi	T.P. 103,4 MPa	15000 psi	Duration:	60 -- min.

Pressure test with water at ambient temperature

See attachment. (1 page)

↑ 10 mm = 10 Min.

→ 10 mm = 25 MPa

COUPLINGS

Type	Serial N°	Quality	Heat N°
3" coupling with	917 913	AISI 4130	T7998A
4 1/16" Flange end		AISI 4130	28984

INFOCHIP INSTALLED

API Spec 16 C
Temperature rate:"B"

All metal parts are flawless

WE CERTIFY THAT THE ABOVE HOSE HAS BEEN MANUFACTURED IN ACCORDANCE WITH THE TERMS OF THE ORDER AND PRESSURE TESTED AS ABOVE WITH SATISFACTORY RESULT.

Date:	Inspector	Quality Control
04. April. 2008		ContiTech Rubber Industrial Kft. Quality Control Dept. (1)

Coflex Hose Certification

Form No 100/12

PHOENIX Beattie

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

Delivery Note

Customer Order Number	370-369-001	Delivery Note Number	003078	Page	2

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

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

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

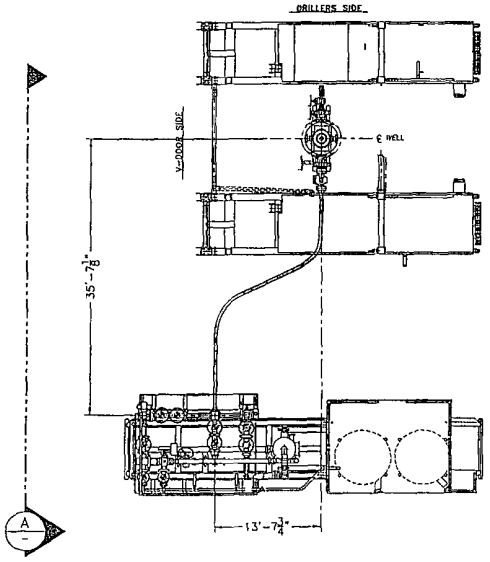
Phoenix Beattie Inspection Signature :

Received In Good Condition : Signature

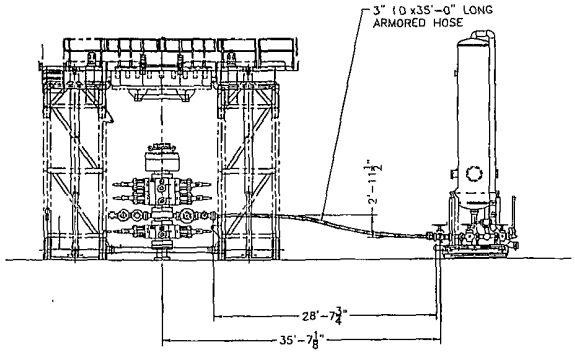
Print Name

Date

All goods remain the property of Phoenix Beattie until paid for in full. Any damage or shortage on this delivery must be advised within 6 days. Returns may be subject to a handling charge.



PLAN VIEW



SECTION "A"

ISSUED FOR FABRICATION
December-19-2007
DRAFTSMAN
ENGINEER

REV	DATE	DESCRIPTION	BY
4			
3			
2			
1			
A	12/18/07	REMOVED SHEET TOTAL CALLOUT	JAV

ENGINEERING APPROVAL / DATE

HELMERICH & PAYNE
INTERNATIONAL DRILLING CO.

TITLE: CHOKE LINE SYSTEM
FLEXRIG3

CUSTOMER

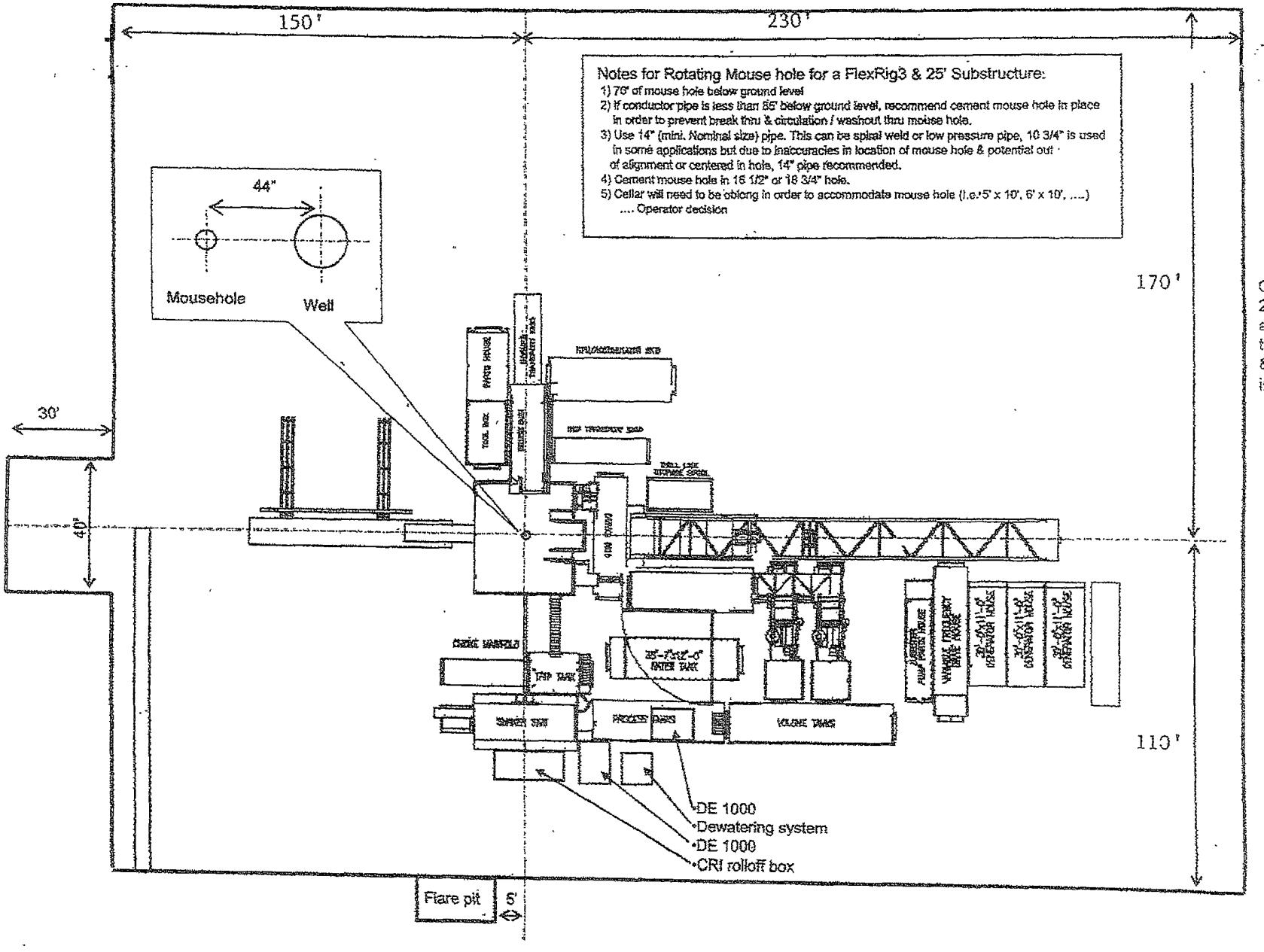
PROJECT

DRAWN: JBG | DATE: 4-10-07 | DWG NO.: 210-P1-07 | REV: A

SCALE: 3/16"=1' | SHEET: 2 OF 0

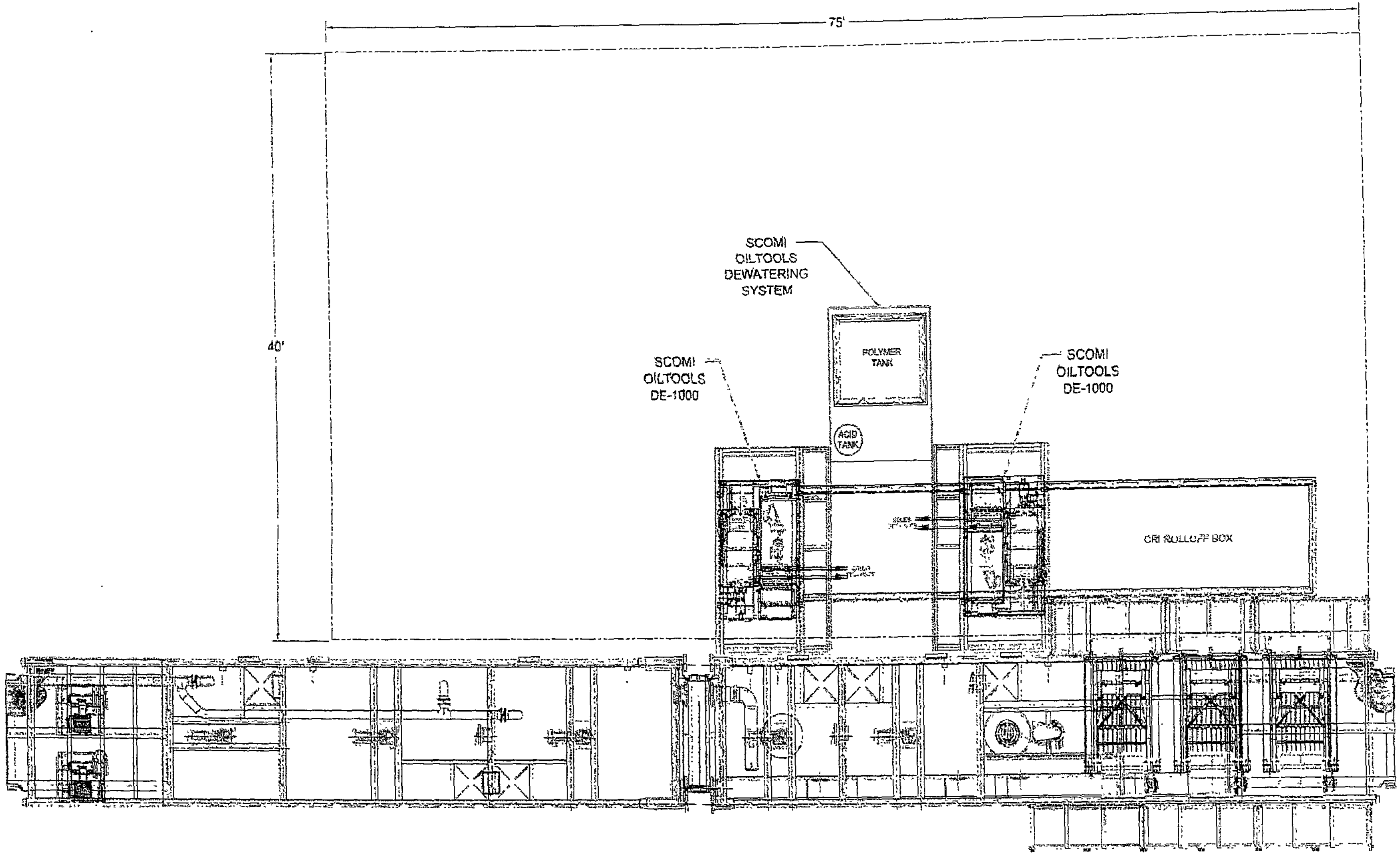
OXY FLEX III PAD (SCOMI Closed Loop System)

Level Area-No Caliche-For Offices and Living Quarters



BILL OF MATERIAL

ITEM	QTY.	DESCRIPTION	WEIGHT



NO	REVISION	BY	CHKD	APPD	DATE
4	ADDED PAGE 1 TO SHOW PLAN	PDL			

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

TITLE

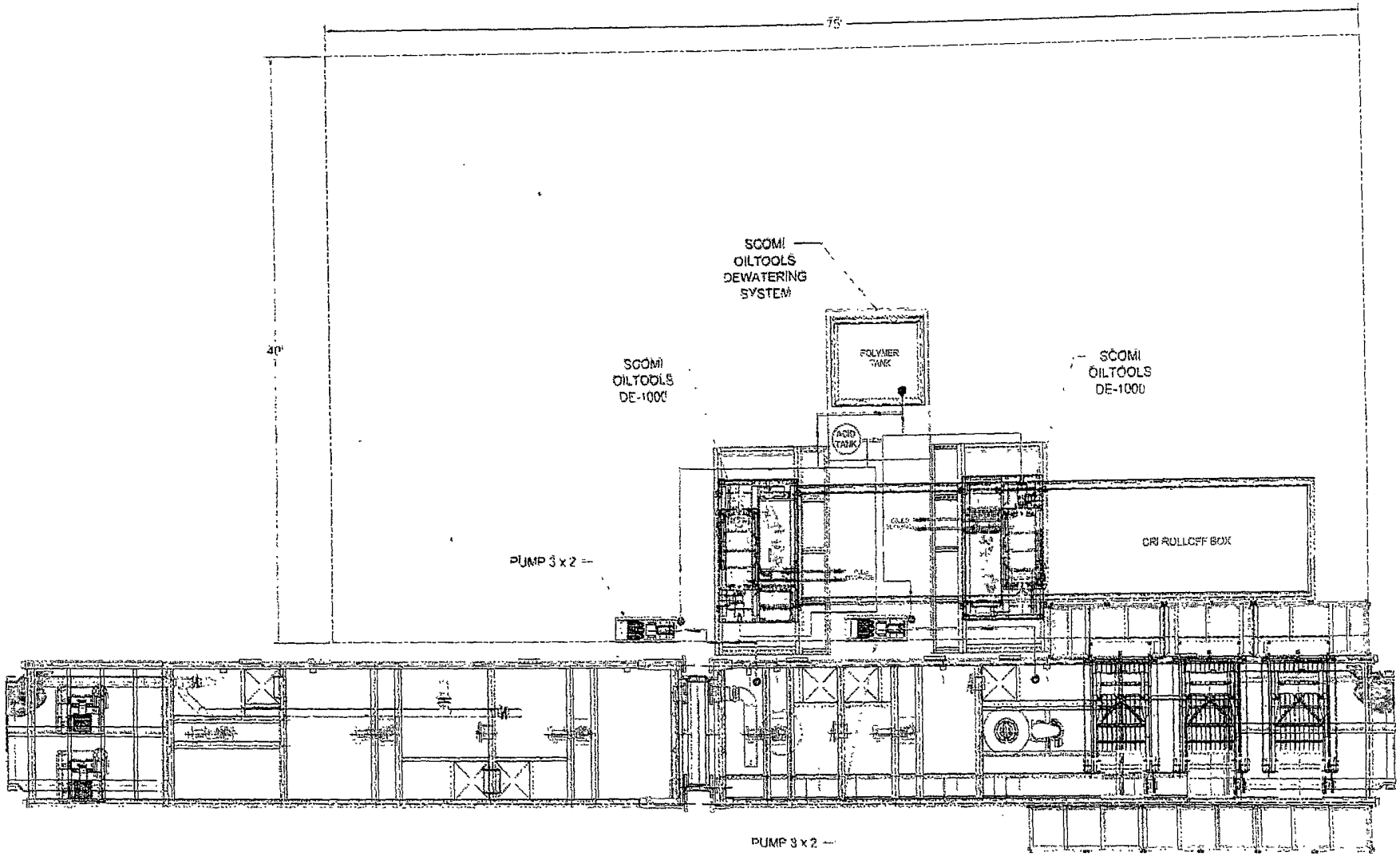
CLOSED LOOP SYSTEM BASIC LAYOUT AND TIE IN OXY - H&P - FLEX RIGS / PG 1 OF 2

DRAWN BY	DATE	CHECKED BY	DATE
PDL	10/30/09		
APPROVED	DATE	SCALE NTS	DWG SIZE D

Scomi

Sam Houston Parkway East, Suite
Houston, Texas
PHONE: FAX:

JOB NO	DRAWING NO.	REV
	521S-014	A



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

Scomi

521S-014 A

OXY USA Inc.

EMERGENCY ACTION PLAN

Peaches 19 Federal #1H

DRILLING/WORKOVER

DRILLING AND CRITICAL WELL OPERATIONS

DRILLING/WORKOVER
DRILLING AND CRITICAL WELL OPERATIONS

EMERGENCY ACTION PLAN

TABLE OF CONTENTS

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.

EMERGENCY RESPONSE ACTIVATION AND GENERAL 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.

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).
3. 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.
5. 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.

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-site.

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.

BOMB 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.

The Supervisor contacted should:

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

Date_____ Name of person taking call_____ Phone # call came on _____

FILL OUT COMPLETELY IMMEDIATELY AFTER BOMB THREAT

1. When is the bomb set to explode?_____
2. Where is the bomb located?_____
3. What does the bomb look like?_____
4. What type of bomb is it?_____
5. What will cause the bomb to explode?_____
6. Did the caller place the bomb?_____
7. Why did the caller place the bomb?_____
8. What is the caller's name and address?_____

Callers: Sex___ Age___Race___Length of call_____

DESCRIPTION OF CALLER'S VOICE (Check all that apply)

___Calm	___Rapid	___Laughing	___Lisp	___Disguised
___Angry	___Crying	___Raspy	___Accent	___Familiar? Who did
___Excited	___Normal	___Deep	___Stutter	it sound like?
___Slow	___Distinct	___Ragged	___Deep	___Deep Breathing
___Loud	___Slurred	___Nasal	___Clearing Throat	

BACKGROUND SOUNDS:

___Street Noises	___House Noises	___Factory	___Music	___Local Call
		___Machinery	___Static	___Long Distance
___Voices	___Motor	___Animals	___PA System	___Phone Booth
___Office	___Clear	___Other		

THREAT LANGUAGE:

___Well-Spoken	___Foul	___Incoherent	___Irrational	___Taped

___Message Read by Threat Maker

REMARKS:

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.
3. Avoid all metal objects including electric wires, fences, machinery, motors, power tools, etc. Unsafe places 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 **NOT** 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	**Douglas Chester**	**713-366-9124 office** **713-918-9124 cell**
Drilling Superintendent	**Travis Smaford**	**713-215-7849 office** **281-684-6897 cell**
Drilling Superintendent	**Sergio Abauat**	**432-366-5689 office** **432-893-3067 cell**
Drilling Engr Supervisor	**Camilo Arias**	**713-366-5953 office** **281-468-4652 cell**
Drilling Engr Supervisor	**Frank Hutton**	**713-366-5325 office** **713-855-4274 cell**
HES Specialist-Drilling	**Robert Lovelady**	**432-685-5630 office** **432-813-6332 cell**
HES Specialist-Drilling	**Charles Bullard**	**432-685-5719 office** **432-894-3769 cell**
Construction Specialist	**Dusty Weaver**	**432-685-5723 office** **806-893-3067 cell**

OXY Permian Incident Reporting Phone List

OXY Permian Crisis Team Hotline Notification (713) 935-7210

Person	Location	Office Phone	Cell/Mobile Phone
Asset Management-Operations Areas			
OXY Permian Primary President & General Manager: Michael Land	Houston	(310) 443-6255	
Asset Development Manager-Denise Woods	Houston	(713) 215-7154	(832) 830-5273
Operations Manager-Keith Sevin	Houston	(713) 366-5979	(432) 661-4121
OXY Permian CO2 President & General Manager: Vicki Hollub	Houston	(713)-215-7332	(713) 885-6347
Asset Development Manager-Andrew Falls	Houston	(713) 366-5148	(713) 918-9096
Operations Manager-Bob Barnes	Houston	(713) 215-7906	(832) 433-0763
Operations South-Frontier			
RMT Lead North-David Schellstede	Houston	(713) 366-5013	(713) 560-8061
RMT Lead South-Peter Lawrence	Houston	(713) 215-7644	(832) 830-5273
Surface Operations Team Lead-Bill Elliott	Midland	(432) 685-5845	(432) 557-6736
Well Operations Team Lead-Wes Scott	Houston	(713) 215-7171	(713) 203-4050
Well Servicing Team Lead-Brit Meadows	Midland	(432) 685-5840	(432) 661-0387
WST Coord Frontier-Terrell Rowe	Midland	(432) 685-5821	(432) 664-8888
WST Coord South-Michael Roberts	Midland	(432) 685-5913	(806) 215-0073
NM Frontier Oper Coord –Scott Hidges	Hobbs	(575) 397-8211	(432) 238-4405
NM Frontier Oper Coord -Van Barton	Carlsbad	(575) 628-4111	(575) 706-7671
HES Staff & Areas of First Contact Support			
HES Manager: John Kirby	Houston	(713) 366-5460	(281) 974-9523
Environmental Engineer, Air: Peggy Waisanen	Midland	(432) 685-5673	(432) 894-1968
Administrative Assistant: Debbie Robertson	Midland	(432) 685 5812	(432) 556-7495
Pipeline Safety: Don Bales	Midland	(432) 685-5844	(432) 894-1960
HES Lead-Pete Maciula	Midland	(432) 685-5667	(432) 557-2450
HES Lead-Chris Young	Midland	(432) 685-5952	(432) 967-8946
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			
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-Karen Sinard	Houston	(713) 366-5485	713-857-6068
Regulatory Advisor-David Stewart	Midland	(432) 685-5717	
Sr, Regulatory Analyst-Mark Stephens	Houston	(713) 366-5158	

DOT-Pipeline Response Numbers

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

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

Jim Garrett	Los Angeles	(310) 443-6588	(310) 710-3233
Greg LaSalle, alternate	Los Angeles	(310) 443-6542	(310) 710-2255

OSI

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

Workers Comp. & Property Damage Claims-OXY Permian Ltd.: Danny Ross		(972) 728-3600 X252	(800) 349-8492

Axiom Medical Consulting

Medical Case Management		(877) 502-9466	

OXY Permian Legal

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
H.R. Consultant: Jill Williams	Midland	(432) 685-5818	(432) 661-4581

Corporate Security

Frank Zapalac	Houston	(713) 215-7157	(713) 829-5753
Hugh Moreno, alternate	Houston	(713) 215-7162	(713) 817-3322

Regulatory Agencies

Bureau of Land Management	Carlsbad, NM	(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 Reporting New Mexico Public Regulation Commission	Santa Fe, NM	(505) 827-3549 (505) 490-2375	
DOT Juisdictional Pipelines-Incident Reporting Texas Railroad 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	
New Mexico OCD Environmental Bureau	Santa Fe, NM	(505) 827-7152 (505) 476-3470	
New Mexico Environmental Department	Hobbs, NM	(575) 827-9329	
NM State Emergency Response Center	Santa Fe, NM	(505) 827-9222	
Railroad Commission of TX	District 8, 8A Midland, 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

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	
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
Royce Creager	Loving County, TX	(432) 377-2231	
Mike Cherry	Quay County, 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

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	

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	
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	
Andrews	Andrews, TX	(432) 523-4820 (432) 523-3111	
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	

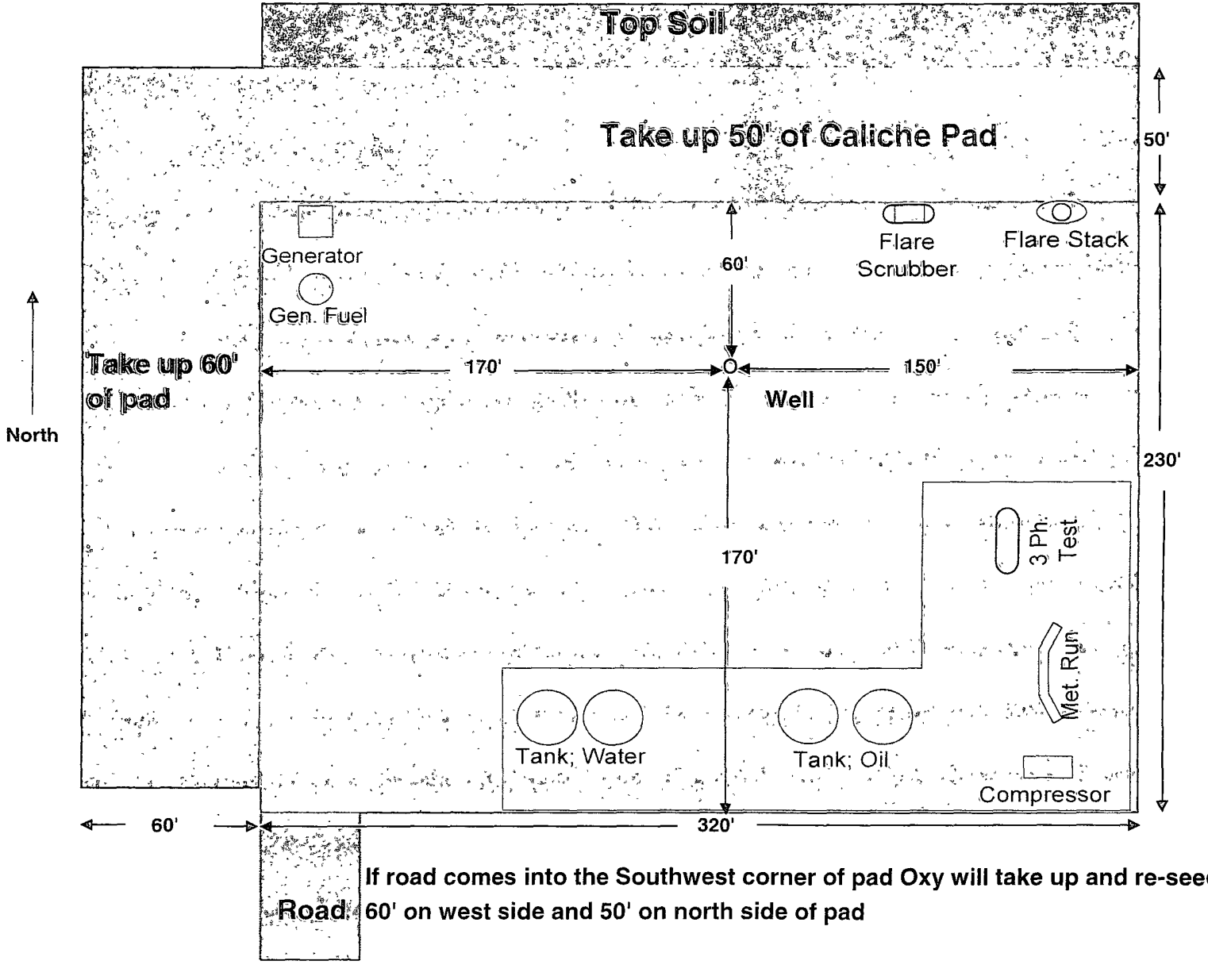
Ambulance

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	

Peaches 19 Federal #1H



Equipment List

1 ea. 3-Phase Tester
1 ea. Meter Run
2 ea. 500 bbl water tanks
2 ea. 500 bbl oil tanks
1 ea. Generator
1 ea. Generator Fuel Storage Tank
1 ea. Flare stack
1 ea. Gas Scrubber
1 ea. Gas meter run
1 ea. Compressor (produced gas)

If road comes into the Southwest corner of pad Oxy will take up and re-seed 60' on west side and 50' on north side of pad

PECOS DISTRICT
CONDITIONS OF APPROVAL

OPERATOR'S NAME:	OXY USA INC.
LEASE NO.:	NM107368
WELL NAME & NO.:	1H PEACHES 19 FEDERAL
SURFACE HOLE FOOTAGE:	330' FNL & 2310' FEL
BOTTOM HOLE FOOTAGE	330' FSL & 1980' FEL
LOCATION:	Section 19, T.25 S., R.27 E., NMPM
COUNTY:	Eddy County, New Mexico

TABLE OF CONTENTS

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

I. GENERAL PROVISIONS

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

II. PERMIT EXPIRATION

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

III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES

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

IV. NOXIOUS WEEDS

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

V. SPECIAL REQUIREMENT(S)

Notification of lessee

The lessee shall be notified prior to the construction of the access road and well pad. Lisa Ogden: 575-745-3369

Water bars

The water bars shall be constructed in the sloping portions of the road to ensure rain water does not accumulate along the road surface.

Erosion control

The entire well pad will be bermed to prevent oil, salt, and other chemical contaminants from leaving the well pad. Topsoil shall not be used to construct the berm. No water flow from the uphill side(s) of the pad shall be allowed to enter the well pad. The berm shall be maintained through the life of the well and after interim reclamation has been completed.

Any water erosion that may occur due to the construction of the well pad and access road during the life of the well will be quickly corrected and proper measures will be taken to prevent future erosion.

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) 234-6235 at least 3 working days prior to commencing construction of the access road and/or well pad.

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

B. TOPSOIL

The operator shall stockpile the topsoil in a low profile manner in order to prevent wind/water erosion of the topsoil. The topsoil to be stripped is approximately 4 inches in depth. The topsoil will be used for interim and final reclamation.

C. CLOSED LOOP SYSTEM

Tanks are required for drilling operations: No Pits.

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

D. FEDERAL MINERAL MATERIALS PIT

Payment shall be made to the BLM prior to removal of any federal mineral materials. Call the Carlsbad Field Office at (575) 234-5972.

E. WELL PAD SURFACING

Surfacing of the well pad is not required.

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

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

F. ON LEASE ACCESS ROADS

Road Width

The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed twenty (20) feet.

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

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

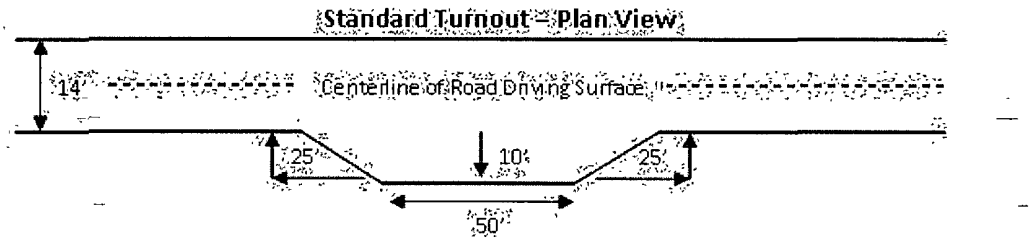
The Authorized Officer reserves the right to require surfacing of any portion of the access road at any time deemed necessary. Surfacing may be required in the event the road deteriorates, erodes, road traffic increases, or it is determined to be beneficial for future field development. The surfacing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

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

Ditching

Ditching shall be required on both sides of the road.

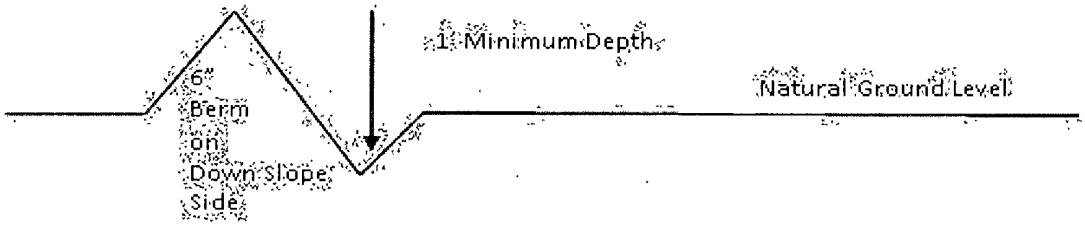
Turnouts
Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall be constructed on all blind curves. Turnouts shall conform to the following diagram:



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

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

Cross Section of a Typical Lead-off Ditch



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

Formula for Spacing Interval of Lead-off Ditches

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

400 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

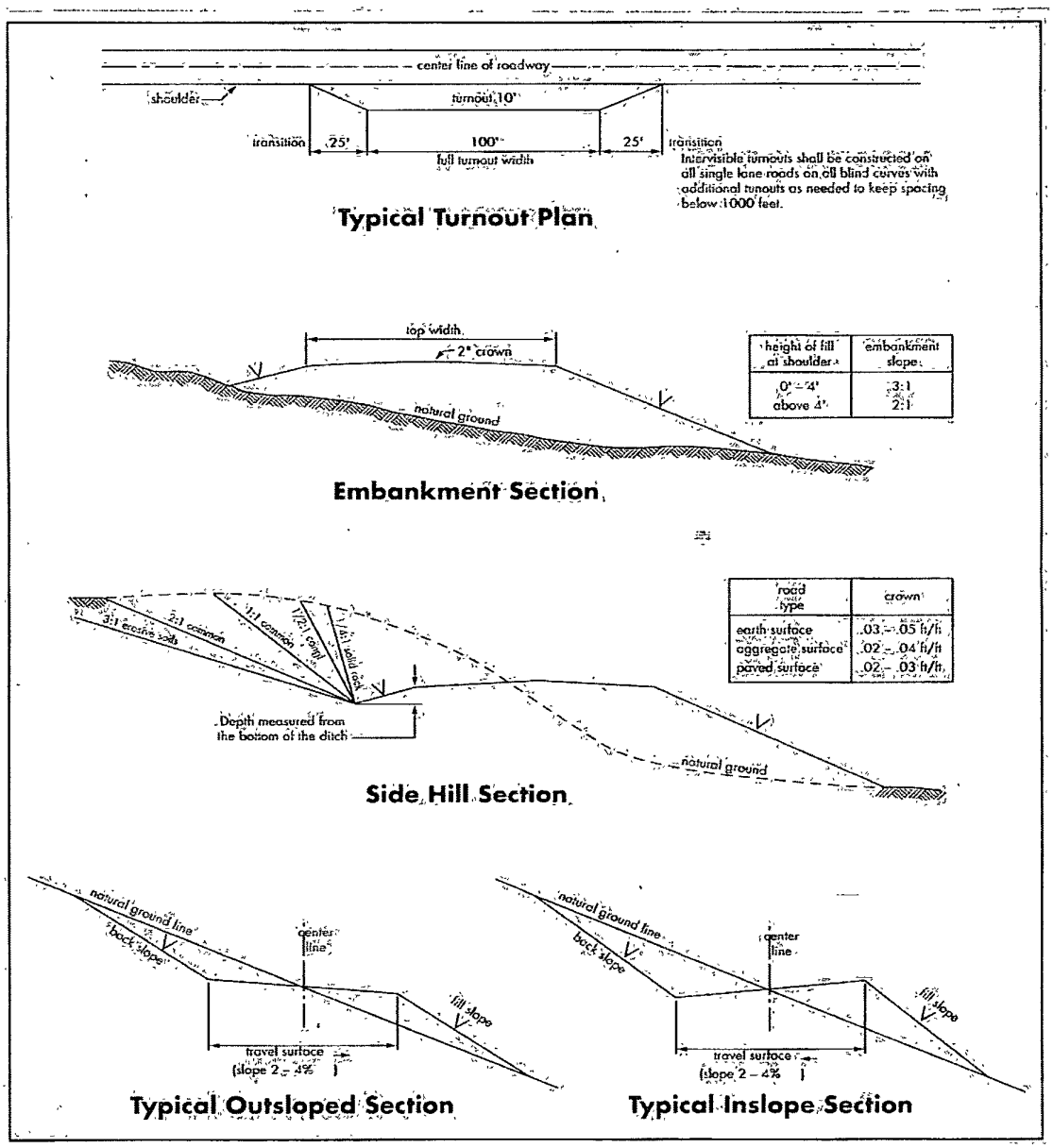
Where entry is required across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting.

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. **A Hydrogen Sulfide (H2S) Drilling Plan should be activated prior to drilling out the surface shoe. As a result, the Hydrogen Sulfide area must meet Onshore Order 6 requirements, which includes equipment and personnel/public protection items. If Hydrogen Sulfide is encountered, please provide measured values and formations to the BLM.**

2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval. **If the drilling rig is removed without approval – an Incident of Non-Compliance will be written and will be a "Major" violation.**

3. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.

4. **The record of the drilling rate along with the GR/N well log run from TD to surface (horizontal well – vertical portion of hole) shall be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies.**

B. CASING

Changes to the approved APD casing program need prior approval if the items substituted are of lesser grade or different casing size. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-55 to N-80, or from 36# to 40#).

Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.).

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

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

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

Medium cave/karst
Possible lost circulation in the Delaware.

1. The **13-3/8** inch surface casing shall be set at approximately **950** feet and cemented to the surface. **If salt is encountered, set casing 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. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.

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

    c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.

    d. If cement falls back, remedial cementing will be done prior to drilling out that string.

2. The minimum required fill of cement behind the **9-5/8** inch intermediate casing is:

    ☒ Cement to surface. If cement does not circulate see B.1.a, c-d above.

Formation below the 9-5/8" shoe to be tested according to Onshore Order 2.III.B.1.i. Test to be done as a mud equivalency test using the mud weight necessary for the pore pressure of the formation below the shoe (not the mud weight required to prevent dissolving the salt formation) and the mud weight for the bottom of the hole. Report results to BLM office.

The pilot hole plugging procedure is approved as written.

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

   a. First stage to DV tool:

   ☒ Cement to circulate. If cement does not circulate, contact the appropriate BLM office before proceeding with second stage cement job. Operator should have plans as to how they will achieve circulation on the next stage.

   b. Second stage above DV tool:

   ☒ Cement to circulate. If cement does not circulate, contact the appropriate BLM office before proceeding with third stage cement job. Operator should have plans as to how they will achieve circulation on the next stage.

   c. Third stage above DV tool:

   ☒ Cement to surface. If cement does not circulate, contact the appropriate BLM office. **Additional cement may be required – excess calculates to 1%.**

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

C. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.

2. Variance approved to use flex line from BOP to choke manifold. Check condition of flexible line from BOP to choke manifold, replace if exterior is damaged or if line fails test. Line to be as straight as possible with no hard bends and is to be anchored according to Manufacturer's requirements. The flexible hose can be exchanged with a hose of equal size and equal or greater pressure rating. **Anchor requirements, specification sheet and hydrostatic pressure test certification matching the hose in service, to be onsite for review**. If the BLM inspector questions the straightness

of the hose, a BLM engineer will be contacted and will review in the field or via picture supplied by inspector to determine if changes are required (operator shall expect delays if this occurs).

3. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **3000 (3M)** psi.

4. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.

    a. In a water basin, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. The casing cut-off and BOP installation can be initiated four hours after installing the slips, which will be approximately six hours after bumping the plug. For those casing strings not using slips, the minimum wait time before cut-off is eight hours after bumping the plug. BOP/BOPE testing can begin after cut-off or once cement reaches 500 psi compressive strength (including lead when specified), whichever is greater. However, if the float does not hold, cut-off cannot be initiated until cement reaches 500 psi compressive strength (including lead when specified).

    b. The tests shall be done by an independent service company utilizing a test plug **not a cup or J-packer**. The operator also has the option of utilizing an independent tester to test without a plug (i.e. against the casing) pursuant to Onshore Order 2 with the pressure not to exceed 70% of the burst rating for the casing. Any test against the casing must meet the WOC time for water basin (18 hours) or potash (24 hours) or 500 pounds compressive strength, whichever is greater, prior to initiating the test (see casing segment as lead cement may be critical item).
    c. The results of the test shall be reported to the appropriate BLM office.

    d. 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.**

    e. 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.

D. DRILL STEM TEST

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

E. WASTE MATERIAL AND FLUIDS

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

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

CRW 050312

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 (not applied for in APD)

C. ELECTRIC LINES (not applied for in APD)

IX. INTERIM RECLAMATION

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

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

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

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

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

X. FINAL ABANDONMENT & RECLAMATION

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

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

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

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

Seed Mixture 1, for Loamy Sites

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

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

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

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

*Pounds of pure live seed:

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