OCD Artesia

Fonn 3160-3
(March 2012)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No. NMNM99034

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. CYPRESS 33 FEDERAL COM 10H 39492

2. Name of Operator OXY USA INC

9. API Well No. 30-015-44096

3a. Address 5 Greenway Plaza, Suite 110 Houston TX 770

3b. Phone No. *(include area code)* (713)366-5716

10. Field and Pool, or Exploratory CEDAR CANYON BONE SPRING / 3RD

4. Location of Well *(Report location clearly and in accordance with any State requirements.*)*

At surface LOT 3 / 212 FNL / 1337 FEL / LAT 32.2534488 / LONG -103.9937694

At proposed prod. zone NWNW / 180 FNL / 380 FWL / LAT 32.268082 / LONG -103.9971733

11. Sec., T. R. M. or Blk. and Survey or Area SEC 4 / T24S / R29E / NMP

14. Distance in miles and direction from nearest town or post office* 6 miles

12. County or Parish EDDY

13. State NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 212 feet

16. No. of acres in lease 878.94

17. Spacing Unit dedicated to this well 160

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 624 feet

19. Proposed Depth 10011 feet / 14923 feet

20. BLM/BIA Bond No. on file FED: ESB000226

21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3081 feet

22. Approximate date work will start* 12/10/2016

23. Estimated duration 25 days

24. Attachments

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

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).
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 BLM.

25. Signature	Name *(Printed/Typed)*	Date
(Electronic Submission)	David Stewart / Ph: (713)366-5716	09/07/2016

Title: Sr. Regulatory Advisor

Approved by *(Signature)*	Name *(Printed/Typed)*	Date
(Electronic Submission)	Cody Layton / Ph: (575)234-5959	02/24/2017

Title	Office
Supervisor Multiple Resources	CARLSBAD

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.

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

(Continued on page 2)

*(Instructions on page 2)

APPROVED WITH CONDITIONS

Accepted for record - NMOCD
BW 3-9-17

NM OIL CONSERVATION
ARTESIA DISTRICT
MAR 08 2017

RECEIVED

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

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

NM OIL CONSERVATION
ARTESIA DISTRICT
MAR 08 2017
RECEIVED

Form C-102
Revised August 1, 2011
Submit one copy to appropriate District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
30-015-44096	11520	Cedar Canyon Bone Spring

Property Code	Property Name	Well Number
39492	CYPRESS "33" FEDERAL COM	10H

OGRID No.	Operator Name	Elevation
16696	OXY USA INC.	3081.3'

Surface Location

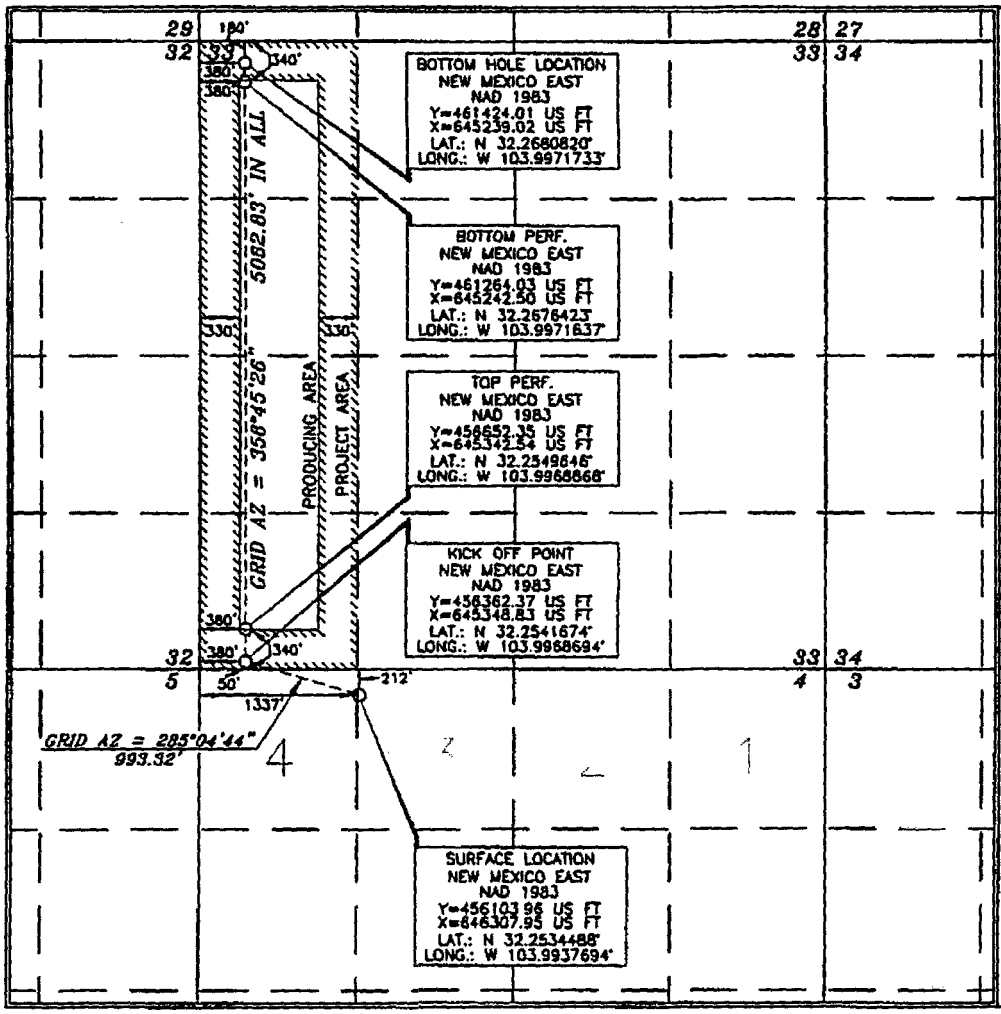
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
3	4	24 SOUTH	29 EAST, N.M.P.M.		212'	NORTH	1337'	WEST	EDDY

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
D	33	23 SOUTH	29 EAST, N.M.P.M.		180'	NORTH	380'	WEST	EDDY

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

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: 9/15/16

David Stewart Sr. Reg. Adv.
Printed Name

david_stewart@oxy.com
E-mail Address

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.

JERRY J. ASEL
NEW MEXICO
15079
REGISTERED PROFESSIONAL LAND SURVEYOR

AUGUST 1, 2016
Date of Survey

Signature and Seal of Professional Surveyor

9/15/2016

Certificate Number 15079

WO# 160801WL (Rev. B) (KA)

United States Department of the Interior
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE
CARLSBAD, NEW MEXICO 88220

In Reply
Refer To:
3160 (NMP0201)
NMNM-86024
NMNM-19848

Memorandum

To: Manager, Carlsbad Field Office (NMP0201)

From: Division of Land and Minerals (NMP0220)

Subject: Application for Permit to Drill

Applicant:	**OXY USA INC.**
Lease:	Surface Hole: NMNM-099034 Bottom Hole: NMNM-086024
Well Name:	**Cypress 33 Federal 10H**
Surface Location:	212 FNL & 1337 FEL T24S, R29E: Sec. 04
Bottom Hole Location:	180 FNL & 380 FWL T23S, R29E: Sec. 33
Well Type:	Oil and Gas Well; TVD: 10,011'; MD: 14,923'
Producing Formation:	3rd Bone Spring

Approval Recommendation

Objective

The APD was evaluated with respect to the following lease stipulations as stated in the Secretary's 2012 Potash Order.

1. Drilling for oil and gas shall be permitted only in the event that the lessee establishes to the satisfaction of the authorized officer, Bureau of Land Management, that such will not interfere with the mining and recovery of potash deposits (Section III A 1).
2. No Wells shall be drilled for oil or gas at a location which, in the opinion of the authorized officer, would result in undue waste of potash deposits or constitute a hazard to or unduly interfere with mining operations being conducted for the extraction of potash deposits. (Section III A 2)
3. When the authorized officer, determines that unitization is necessary for orderly oil and gas development and proper protection of potash deposits, no well shall be drilled for oil or gas except pursuant to a unit plan approved by the authorized officer. (Section III A 3)
4. The drilling or the abandonment of any well on said lease shall be in accordance with applicable oil and gas operating regulations, including such requirements as the authorized

3-9-17

officer may prescribe as necessary to prevent the infiltration of oil, gas or water into formations containing potash deposits or into mines or workings being utilized in the extraction of such deposits. (Section III A 4)

5. In taking any action under Part A, Items 1, 2, 3, and 4 of this Order, the authorized officer shall take into consideration the applicable rules and regulations of the Oil Conservation Division of the State of New Mexico.

New Objectives

1. It is the intent of the Department of the Interior to administer oil and gas operations through the Designated Potash Area in a manner which promotes safe, orderly co-development of oil, gas, and potash resources. It is the policy of the Department of the Interior to deny approval of most applications for permits to drill oil and gas wells from surface locations within the Designated Potash Area. Three exceptions to this policy will be permitted if the drilling will occur under the following conditions from:

    a. A Drilling Island associated with a Development Area established under this Order or a Drilling Island established under a prior Order;
    b. A Barren Area and the Authorized Officer determines that such operations will not adversely affect active or planned potash mining operations in the immediate vicinity of the proposed drill-site; or
    c. A Drilling Island, not covered by (a) above, or single well site established under this Order by the approval and in the sole discretion of the Authorized Officer, provided that such site was jointly recommended to the Authorized Officer by the oil and gas lessee(s) and the nearest potash lessee(s).

2. In taking any action under Section 6.e. of this Order, the Authorized Officer will take into consideration the applicable rules and regulations of the NMOCD.
3. The Authorized Officer will make full use of his/her authorities wherever necessary or advisable to require unitization and/or communitization pursuant to the regulations in 43CFR Subparts 3105 and 3180.
4. In implementing this Order, the BLM is authorized to exercise its discretion through any and all appropriate means, including rulemaking, notices to lessees, and orders of the Authorized Officer.

Chronology and Data

The APD was evaluated using all the pertinent information and data available at the date of the application. The information and data pertinent to this decision are:

1. Oil and Gas Lease NMNM-099034 was issued on 9/1/97 and NMNM-086024 was issued on May 1, 1974.
2. The area was included within the Secretary's Potash Area on October 28, 1986.
3. The Application for Permit to Drill (APD) was received on September 7, 2016.
4. The proposed well will be horizontally drilled with a total vertical depth of 10,011 feet.
5. The proposed well is not within the potash enclave.
6. The proposed well is not leased for potassium.
7. The proposed well is not within one mile of a Three Year Mine Plan.
8. The proposed well is not within one mile of open mine workings.
9. The proposed well does not interfere with access to potash ore deposits.
10. The proposed well is not in a known barren area.
11. The proposed well casing requirements will have two casing strings cemented to surface.
12. The proposed well is a single well site established under this Order by the approval and in the sole discretion of the Authorized Officer, provided that such site was jointly recommended to the Authorized Officer by the oil and gas lessee(s) and the nearest potash lessee(s).

Rationale:

Buffer Zones Established by the BLM - Buffer zones of ¼ mile for oil wells and ½ mile for gas wells have been established in the Secretary's Potash Order of 2012. These Buffer Zones will stay in effect until such time as revised distances are adopted by the BLM Director or other BLM official, as delegated. The Director will base revised Buffer Zones on science, engineering, and new technology and will consider comments and reports from the Joint Industry Technical Committee and other interested parties in adopting any revisions.

The proposed well is within established oil and gas buffer zone.

Base of Second Bone Spring Sandstone General – The BLM differentiates between shallow and deep wells with respect to the base of the Second Bone Spring Sandstone of the Leonardian Group, correlated from existing wells, for the respective area within the Secretary's Potash Area. The BLM generally defines shallow and deep zones for oil and gas as:

> **Shallow Zone** - all formations above the base of the Second Bone Spring Sandstone as defined by the BLM geological report for the respective area within the Secretary's Potash Area.
>
> **Deep Zone** - all formations below the base of the Second Bone Spring Sandstone as defined by the BLM geological report for the respective area within the Secretary's Potash Area.

The BLM, at its discretion, uses the base of the Second Bone Spring Sandstone of the Leonardian Group as a liberally defined demarcation between shallow oil wells and deep gas wells. The Second Bone Spring Sandstone is often produced for oil at or very near the bottom of the formation. The BLM allows wells to be drilled 50 feet below the base of the Second Bone Spring Sandstone to accommodate logging the zones at the base of the formation, and still be classified as shallow oil wells.

The proposed location is to be horizontally drilled to a total vertical depth of 10,011 feet. The base of the Second Bone Spring Sandstone is given in the BLM's geological report as 8,771 feet. The proposed well is 1,240 feet deeper than the base of the Second Bone Spring Sandstone and is therefore classified as "deep" by BLM definitions.

Development Areas, Drill Islands & Three Year Mine Plans: - The Secretary's 2012 Order allows for the establishment of Development Areas and Drilling Islands within Development Areas. A Development Area established by the BLM within the Designated Potash Area in consideration of appropriate oil and gas technology such that wells can be drilled from a Drilling Island capable of effectively extracting oil and gas resources while managing the impact on potash resources. Each Development Area will typically have only one Drilling Island, subject to narrow exceptions based on specific facts and circumstances. All new oil and gas wells that penetrate the potash formations within a Development Area will be drilled from the Drilling Island (s) associated with that Development Area. The boundaries of each Development Area will be determined in conformity with Section 6.e. (2).

Drilling Islands usually associated with and within a Development Area, from which all new drilling of vertical, directional, or horizontal wells that newly penetrate the potash formations can be performed in order to support the development of oil and gas resources. The size and shape of a Drilling Island defines the area where wellbore penetrations of the potash formations will be allowed; this area is to be small as practical to allow effective oil and gas development while managing impacts on potash.

No islands shall be established within one mile of any area where approved mining operations will be conducted within three years. Three-year mine plans are filed to make this determination.

A three-year mine plan has been filed by Mosaic for CY 2016. Mosaic's Three Year Mine Plan is approximately 6.7 miles northeast of proposed location.

Open Mine Workings - The proposed location is not within one mile of open mine workings. Mosaic's mine workings are located approximately 6.7 miles northeast of the proposed location.

In areas where there are no mineable ore reserves, or the reserves have been completely mined and no mining is being conducted in that mine, drilling is allowed no closer to open mine workings than ½ mile for deep wells and ¼ mile for shallow wells.

Access to Measured Potash Ore Reserves - The proposed location is not in an area which if drilled will limit access to currently defined Measured Ore reserves.

Measured Potash Ore Reserves - The proposed location is not within currently defined Measured Ore reserves.

In the area of the proposed location the Fourth Ore Zone is defined by the core holes listed below.

Core-Hole	10th Ore Zone Thickness(ft)	%K_2O as Sylvite
A-13	Barren	Barren
I-378	3.9	3.54
A-27	2.6	9.41

The above information is considered confidential and shall not be disclosed

Protests or Objections – The proposed location has not been protested by an affected party.

Casing Requirements- The Authorized Officer shall take into consideration the applicable rules and regulations of the Oil Conservation Division of the State of New Mexico as necessary to prevent the infiltration of oil, gas or water into formations containing potash deposits or into mines or workings being utilized in the extraction of such deposits.

The casing and cementing requirements in the Secretary's Potash Area are delineated by whether the proposed well is inside or outside of the R-111-P boundary.

Secretary's Potash (DPA) — Casing design is for three strings of casing. The first two strings, which protect the fresh water and the salt formation, are cemented to surface. The intermediate casing may be set deeper than the base of the salt. The requirement for the third casing string is varying tie-back a minimum of 500 feet into the next larger casing string.

R-111-P—Casing design is for three or four strings of casing. With three casing strings, all will be cemented to surface. With four casing strings, the fourth casing string will have varying tie-back of at least 500 feet into the next larger casing. The first casing protects surface water; the second casing is a salt string and is set within 100 to 600 feet of the salt base. The third and possibly fourth casings are production casings.

The proposed well is within the Designated Potash Area (DPA) and will require DPA casing design. The surface casing will be set into the first competent formation and above the salt and cemented circulated to surface. The intermediate casing will be set to protect the salt formation with cement circulated to surface.

Determination

Considering the above analysis, it has been determined that the drilling of this well satisfies all conditions of the Secretary's 2012 Potash Order because it is a single well site established under this Order by the approval and in the sole discretion of the Authorized Officer, provided that such site was jointly recommended to the Authorized Officer by the oil and gas lessee(s) and the nearest potash lessee(s). The drilling of the proposed well is in accordance with applicable oil and gas operating regulations,

including such requirements as necessary to prevent the infiltration of oil, gas or water into formations containing potash deposits or into mines or workings being utilized in the extraction of such deposits. Drilling at this location will not result in undue waste of potash deposits, nor will it constitute a hazard to or unduly interfere with mining operations being conducted for the extraction of potash deposits. Unitization is not applicable because the adjacent lease is open to drilling.

Recommendation of Cypress 33 Federal 10H

The APD was evaluated with consideration of the 2012 Potash Order and is recommended for **approval** at the requested location. A well drilled for oil and gas at the proposed location will not result in the undue waste of potash deposits, and will not constitute a hazard to or unduly interfere with mining operations being conducted for the extraction of potash deposits.

See Attachments:

Date: 2-10-17

Robert Salaz
Geologist
Carlsbad Field Office

Concurrence of Recommendation of Cypress 33 Federal 10H

Date: 02/24/17

for Tye Bryson
Acting Field Manager
Carlsbad Field Office

LOCATION MAP

OXY USA INC.

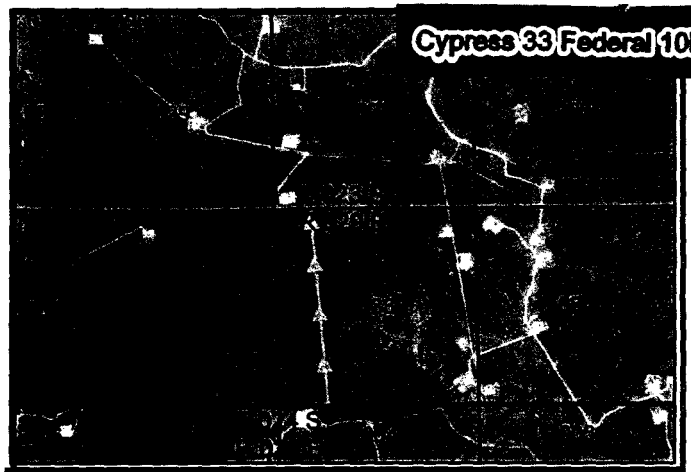
Cypress 33 Federal 10H

Legend

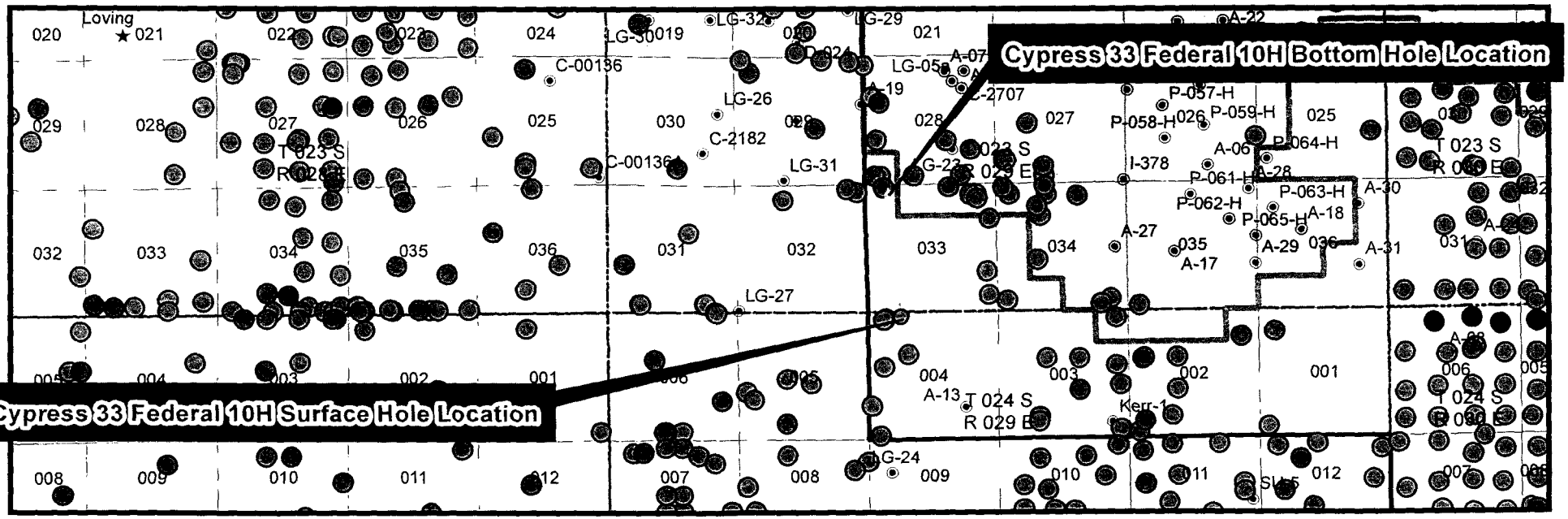
Ongard

Well Type

- Carbon Dioxide
- Gas
- Injection
- Miscellaneous
- Oil
- Salt Water Disposal
- Water
- Potash Leases
- Core Holes Archived
- <all other values>
- 2012 Secretary Potash Area
- KPLA
- Measured
- Indicated
- Inferred



SHL: T23S, R29E, Sec. 28: 140' FSL & 1935' FWL
BHL: T23S, R29E, Sec. 33: 180' FSL & 1700' FWL



No warranty is made by the Bureau of Land Management as to the accuracy, reliability, or completeness of these data for individual use or aggregate use with other data, or for purposes not intended by BLM. Spatial information may not meet National Map Accuracy Standards. This information may be updated without notification. Map created 0--15-2014

CONFIDENTIAL

0 0.75 1.5 3 Miles

APD ID: 10400004557
Submission Date: 09/07/2016
Highlight All Changes

Operator Name: OXY USA INC
Federal/Indian APD: FED

Well Name: CYPRESS 33 FEDERAL COM
Well Number: 10H

Well Type: OIL WELL
Well Work Type: Drill

Application

Section 1 - General

APD ID: 10400004557
Tie to previous NOS?
Submission Date: 09/07/2016

BLM Office: CARLSBAD
User: David Stewart
Title: Sr. Regulatory Advisor

Federal/Indian APD: FED
Is the first lease penetrated for production Federal or Indian? FED

Lease number: NMNM99034
Lease Acres: 878.94

Surface access agreement in place?
Allotted?
Reservation:

Agreement in place? NO
Federal or Indian agreement:

Agreement number:

Agreement name:

Keep application confidential? NO

Permitting Agent? NO
APD Operator: OXY USA INC

Operator letter of designation:

Keep application confidential? NO

Operator Info

Operator Organization Name: OXY USA INC

Operator Address: 5 Greenway Plaza, Suite 110
Zip: 77046

Operator PO Box:

Operator City: Houston
State: TX

Operator Phone: (713)366-5716

Operator Internet Address:

Section 2 - Well Information

Well in Master Development Plan? NO
Mater Development Plan name:

Well in Master SUPO? NO
Master SUPO name:

Well in Master Drilling Plan? NO
Master Drilling Plan name:

Well Name: CYPRESS 33 FEDERAL COM **Well Number:** 10H **Well API Number:**

Field/Pool or Exploratory? Field and Pool **Field Name:** CEDAR CANYON BONE SPRING **Pool Name:** 3RD BONE SPRING

Is the proposed well in an area containing other mineral resources? USEABLE WATER,POTASH

Describe other minerals:

Is the proposed well in a Helium production area? N **Use Existing Well Pad?** NO **New surface disturbance?**

Type of Well Pad: SINGLE WELL **Multiple Well Pad Name:** **Number:**

Well Class: HORIZONTAL **Number of Legs:**

Well Work Type: Drill

Well Type: OIL WELL

Describe Well Type:

Well sub-Type: INFILL

Describe sub-type:

Distance to town: 6 Miles **Distance to nearest well:** 624 FT **Distance to lease line:** 212 FT

Reservoir well spacing assigned acres Measurement: 160 Acres

Well plat: Cypress33Fd10H_C102_09-15-2016.pdf

Well work start Date: 12/10/2016 **Duration:** 25 DAYS

Section 3 - Well Location Table

Survey Type: RECTANGULAR

Describe Survey Type:

Datum: NAD83 **Vertical Datum:** NAVD88

Survey number:

	STATE: NEW MEXICO	**Meridian:** NEW MEXICO PRINCIPAL	**County:** EDDY
	Latitude: 32.2534488	**Longitude:** -103.9937694	
SHL	**Elevation:** 3081	**MD:** 0	**TVD:** 0
Leg #: 1	**Lease Type:** FEDERAL	**Lease #:** NMNM99034	
	NS-Foot: 212	**NS Indicator:** FNL	
	EW-Foot: 1337	**EW Indicator:** FEL	
	Twsp: 24S	**Range:** 29E	**Section:** 4
	Aliquot:	**Lot:** 3	**Tract:**

Operator Name: OXY USA INC

Well Name: CYPRESS 33 FEDERAL COM **Well Number:** 10H

	STATE: NEW MEXICO	**Meridian:** NEW MEXICO PRINCIPAL	**County:** EDDY
	Latitude: 32.2541674	**Longitude:** -103.9968694	
KOP	**Elevation:** -6457	**MD:** 9624	**TVD:** 9538
Leg #: 1	**Lease Type:** FEDERAL	**Lease #:** NMNM19848	
	NS-Foot: 50	**NS Indicator:** FSL	
	EW-Foot: 380	**EW Indicator:** FWL	
	Twsp: 23S	**Range:** 29E	**Section:** 33
	Aliquot: SWSW	**Lot:**	**Tract:**
	STATE: NEW MEXICO	**Meridian:** NEW MEXICO PRINCIPAL	**County:** EDDY
	Latitude: 32.2549646	**Longitude:** -103.9968868	
PPP	**Elevation:** -6841	**MD:** 10100	**TVD:** 9922
Leg #: 1	**Lease Type:** FEDERAL	**Lease #:** NMNM19848	
	NS-Foot: 340	**NS Indicator:** FSL	
	EW-Foot: 380	**EW Indicator:** FWL	
	Twsp: 23S	**Range:** 29E	**Section:** 33
	Aliquot: SWSW	**Lot:**	**Tract:**
	STATE: NEW MEXICO	**Meridian:** NEW MEXICO PRINCIPAL	**County:** EDDY
	Latitude: 32.2676423	**Longitude:** -103.9971637	
EXIT	**Elevation:** -6930	**MD:** 14763	**TVD:** 10011
Leg #: 1	**Lease Type:** FEDERAL	**Lease #:** NMNM86024	
	NS-Foot: 340	**NS Indicator:** FNL	
	EW-Foot: 380	**EW Indicator:** FWL	
	Twsp: 23S	**Range:** 29E	**Section:** 33
	Aliquot: NWNW	**Lot:**	**Tract:**
	STATE: NEW MEXICO	**Meridian:** NEW MEXICO PRINCIPAL	**County:** EDDY
	Latitude: 32.268082	**Longitude:** -103.9971733	
BHL	**Elevation:** -6930	**MD:** 14923	**TVD:** 10011
Leg #: 1	**Lease Type:** FEDERAL	**Lease #:** NMNM86024	
	NS-Foot: 180	**NS Indicator:** FNL	
	EW-Foot: 380	**EW Indicator:** FWL	

Operator Name: OXY USA INC

Well Name: CYPRESS 33 FEDERAL COM **Well Number:** 10H

Twsp: 23S **Range:** 29E **Section:** 33

Aliquot: NWNW **Lot:** **Tract:**

Drilling Plan

Section 1 - Geologic Formations

ID: Surface formation **Name:** RUSTLER

Lithology(ies):

SHALE

DOLOMITE

ANHYDRITE

Elevation: 2815 **True Vertical Depth:** 295 **Measured Depth:** 295

Mineral Resource(s):

USEABLE WATER

Is this a producing formation? N

ID: Formation 1 **Name:** SALADO

Lithology(ies):

SHALE

DOLOMITE

HALITE

ANHYDRITE

Elevation: 2577 **True Vertical Depth:** 504 **Measured Depth:** 504

Mineral Resource(s):

OTHER - Salt

Is this a producing formation? N

ID: Formation 2 **Name:** LAMAR

Lithology(ies):

LIMESTONE

SANDSTONE

SILTSTONE

Elevation: 23 **True Vertical Depth:** 3058 **Measured Depth:** 3058

Mineral Resource(s):

NATURAL GAS

OIL

OTHER - Brine

Is this a producing formation? N

ID: Formation 3 **Name:** BELL CANYON

Lithology(ies):

SANDSTONE

SILTSTONE

Elevation: -5 **True Vertical Depth:** 3086 **Measured Depth:** 3086

Mineral Resource(s):

NATURAL GAS

OIL

OTHER - Brine

Is this a producing formation? N

ID: Formation 4 **Name:** CHERRY CANYON

Lithology(ies):

SANDSTONE

SILTSTONE

Elevation: -1139 **True Vertical Depth:** 3954 **Measured Depth:** 3954

Mineral Resource(s):

NATURAL GAS

OIL

OTHER - Brine

Is this a producing formation? N

ID: Formation 5 **Name:** BRUSHY CANYON

Lithology(ies):

SANDSTONE

SILTSTONE

Elevation: -2313 **True Vertical Depth:** 5128 **Measured Depth:** 5128

Mineral Resource(s):

NATURAL GAS

OIL

OTHER - Brine

Is this a producing formation? N

ID: Formation 6 **Name:** BONE SPRING

Lithology(ies):

LIMESTONE

SANDSTONE

SILTSTONE

Elevation: -3933 **True Vertical Depth:** 6748 **Measured Depth:** 6748

Mineral Resource(s):

NATURAL GAS

OIL

Is this a producing formation? N

ID: Formation 7 **Name:** BONE SPRING 1ST

Lithology(ies):

LIMESTONE

SANDSTONE

SILTSTONE

Elevation: -4943 **True Vertical Depth:** 7758 **Measured Depth:** 7758

Mineral Resource(s):

NATURAL GAS

OIL

Is this a producing formation? Y

ID: Formation 8 **Name:** BONE SPRING 2ND

Lithology(ies):

LIMESTONE

SANDSTONE

SILTSTONE

Elevation: -5240 **True Vertical Depth:** 8055 **Measured Depth:** 8055

Mineral Resource(s):

NATURAL GAS

OIL

URANIUM

Is this a producing formation? Y

ID: Formation 9 **Name:** BONE SPRING 3RD

Lithology(ies):

LIMESTONE

SILTSTONE

Elevation: -6808 **True Vertical Depth:** 9623 **Measured Depth:** 9623

Mineral Resource(s):

NATURAL GAS

OIL

Is this a producing formation? Y

Section 2 - Blowout Prevention

Pressure Rating (PSI): 5M **Rating Depth:** 10100

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

Requesting Variance? YES

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

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

maximum of 30 days. If any seal subject to test pressure is broken the system will be tested. We will test the flange connection of the wellhead with a test port that is directly in the flange. We are proposing that we will run the wellhead through the rotary prior to cementing surface casing as discussed with the BLM on October 8, 2015.

Choke Diagram Attachment:

Cypress33Fd10H_ChkManifold(5M)_09-15-2016.pdf

BOP Diagram Attachment:

Cypress33Fd10H_BOP(5M13-58)_09-15-2016.pdf

Cypress33Fd10H_FlexHoseCert_09-15-2016.pdf

Section 3 - Casing

String Type: PRODUCTION **Other String Type:**

Hole Size: 8.5

Top setting depth MD: 0 **Top setting depth TVD:** 0

Top setting depth MSL: 3081

Bottom setting depth MD: 14923 **Bottom setting depth TVD:** 10011

Bottom setting depth MSL: -6930

Calculated casing length MD: 14923

Casing Size: 5.5 **Other Size**

Grade: P-110 **Other Grade:**

Weight: 20

Joint Type: OTHER **Other Joint Type:** dqx

Condition: NEW

Inspection Document:

Standard: API

Spec Document:

Tapered String?: N

Tapered String Spec:

Safety Factors

Collapse Design Safety Factor: 2.11 **Burst Design Safety Factor:** 1.27

Joint Tensile Design Safety Factor type: BUOYANT **Joint Tensile Design Safety Factor:** 2.48

Body Tensile Design Safety Factor type: BUOYANT **Body Tensile Design Safety Factor:** 2.23

Casing Design Assumptions and Worksheet(s):

Cypress33Fd10H_CsgDesignCriteria_09-15-2016.pdf

Operator Name: OXY USA INC

Well Name: CYPRESS 33 FEDERAL COM **Well Number:** 10H

String Type: SURFACE **Other String Type:**

Hole Size: 17.5

Top setting depth MD: 0 **Top setting depth TVD:** 0

Top setting depth MSL: 3081

Bottom setting depth MD: 345 **Bottom setting depth TVD:** 345

Bottom setting depth MSL: 2736

Calculated casing length MD: 345

Casing Size: 13.375 **Other Size**

Grade: H-40 **Other Grade:**

Weight: 54.5

Joint Type: BUTT **Other Joint Type:**

Condition: NEW

Inspection Document:

Standard: API

Spec Document:

Tapered String?: N

Tapered String Spec:

Safety Factors

Collapse Design Safety Factor: 5.44 **Burst Design Safety Factor:** 1.34

Joint Tensile Design Safety Factor type: BUOYANT **Joint Tensile Design Safety Factor:** 2.64

Body Tensile Design Safety Factor type: BUOYANT **Body Tensile Design Safety Factor:** 2.47

Casing Design Assumptions and Worksheet(s):

Cypress33Fd10H_CsgDesignCriteria_09-15-2016.pdf

Operator Name: OXY USA INC

Well Name: CYPRESS 33 FEDERAL COM **Well Number:** 10H

String Type: INTERMEDIATE **Other String Type:**

Hole Size: 12.25

Top setting depth MD: 0 **Top setting depth TVD:** 0

Top setting depth MSL: 3081

Bottom setting depth MD: 3108 **Bottom setting depth TVD:** 3108

Bottom setting depth MSL: -27

Calculated casing length MD: 3108

Casing Size: 6.625 **Other Size**

Grade: J-55 **Other Grade:**

Weight: 36

Joint Type: BUTT **Other Joint Type:**

Condition: NEW

Inspection Document:

Standard: API

Spec Document:

Tapered String?: N

Tapered String Spec:

Safety Factors

Collapse Design Safety Factor: 3.09 **Burst Design Safety Factor:** 1.28

Joint Tensile Design Safety Factor type: BUOYANT **Joint Tensile Design Safety Factor:** 2.56

Body Tensile Design Safety Factor type: BUOYANT **Body Tensile Design Safety Factor:** 2.24

Casing Design Assumptions and Worksheet(s):

Cypress33Fd10H_CsgDesignCriteria_09-15-2016.pdf

Section 4 - Cement

Casing String Type: SURFACE

Stage Tool Depth:

Lead

Top MD of Segment: 0 **Bottom MD Segment:** 345 **Cement Type:** Premium Plus

Additives: 2% CaCl2 (Accelerator) **Quantity (sks):** 294 **Yield (cu.ff./sk):** 1.35

Density: 14.8 **Volume (cu.ft.):** 397 **Percent Excess:** 50

Casing String Type: INTERMEDIATE

Stage Tool Depth:

Lead

Top MD of Segment: 0 **Bottom MD Segment:** 2108 **Cement Type:** Light Premium Plus

Additives: 6% Bentonite, 0.3% HR-800 (Retarder), 5% salt (Accelerator) **Quantity (sks):** 628 **Yield (cu.ff./sk):** 1.74

Density: 12.9 **Volume (cu.ft.):** 1093 **Percent Excess:** 75

Tail

Top MD of Segment: 2108 **Bottom MD Segment:** 3108 **Cement Type:** Premium Plus

Additives: **Quantity (sks):** 298 **Yield (cu.ff./sk):** 1.32

Density: 14.8 **Volume (cu.ft.):** 393 **Percent Excess:** 20

Casing String Type: PRODUCTION

Stage Tool Depth:

Lead

Top MD of Segment: 2608 **Bottom MD Segment:** 9124 **Cement Type:** Premium Plus

Additives: 0.35% HR-601 (Retarder), 0.5% Halad R-9 (Low Fluid Loss Control), 0.125#/sx Poly-E-Flake (Lost Circulation) **Quantity (sks):** 833 **Yield (cu.ff./sk):** 3.06

Density: 10.2 **Volume (cu.ft.):** 2546 **Percent Excess:** 75

Tail

Bottom MD Segment: 14923 **Cement Type:** Super H

Quantity (sks): 1836 **Yield (cu.ff./sk):** 1.63

Top MD of Segment: 9124 **Volume (cu.ft.):** 2994 **Percent Excess:** 125

Additives: 0.1% HR-800 (Retarder), 0.5% Halad R-344 (Low Fluid Loss Control, 0.4% CFR-3 (Dispersant), 3#/sx salt (Accelerator)

Density: 13.2

Section 5 - Circulating Medium

Mud System Type: Closed

Will an air or gas system be Used? NO

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

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

Describe what will be on location to control well or mitigate other conditions: Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements. The following is a general list of products: Barite, Bentonite, Gypsum, Lime, Soda Ash, Caustic Soda, Nut Plug, Cedar Fiber, Cotton Seed Hulls, Drilling Paper, Salt Water Clay, CACL2.
Describe the mud monitoring system utilized: PVT/MD Totco/Visual Monitoring

Circulating Medium Table

Top Depth: 9424	**Bottom Depth:** 14923
Mud Type: OIL-BASED MUD	
Min Weight (lbs./gal.): 8.8	**Max Weight (lbs./gal.):** 9.6
Density (lbs/cu.ft.):	**Gel Strength (lbs/100 sq.ft.):**
PH:	**Viscosity (CP):**
Filtration (cc):	**Salinity (ppm):**
Additional Characteristics:	

Top Depth: 3106	**Bottom Depth:** 9424
Mud Type: OTHER	EnerSeal (MMH)
Min Weight (lbs./gal.): 8.8	**Max Weight (lbs./gal.):** 9.6
Density (lbs/cu.ft.):	**Gel Strength (lbs/100 sq.ft.):**
PH:	**Viscosity (CP):**
Filtration (cc):	**Salinity (ppm):**
Additional Characteristics:	

Top Depth: 0 **Bottom Depth:** 345

Mud Type: OTHER EnerSeal (MMH)

Min Weight (lbs./gal.): 8.4 **Max Weight (lbs./gal.):** 8.6

Density (lbs/cu.ft.): **Gel Strength (lbs/100 sq.ft.):**

PH: **Viscosity (CP):**

Filtration (cc): **Salinity (ppm):**

Additional Characteristics:

Top Depth: 345 **Bottom Depth:** 3106

Mud Type: OTHER Brine

Min Weight (lbs./gal.): 9.8 **Max Weight (lbs./gal.):** 10

Density (lbs/cu.ft.): **Gel Strength (lbs/100 sq.ft.):**

PH: **Viscosity (CP):**

Filtration (cc): **Salinity (ppm):**

Additional Characteristics:

Section 6 - Test, Logging, Coring

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

GR from TD to surface (horizontal well – vertical portion of hole). Mud Log from Intermediate Shoe to TD.

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

GR,MUDLOG,SONIC

Coring operation description for the well:

No coring is planned at this time

Section 7 - Pressure

Anticipated Bottom Hole Pressure: 4894 **Anticipated Surface Pressure:** 2691.58

Anticipated Bottom Hole Temperature(F): 160

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

Describe:

Contingency Plans geoharzards description:

Contingency Plans geohazards attachment:

Hydrogen Sulfide drilling operations plan required? YES

Hydrogen sulfide drilling operations plan:

Cypress33Fd10H_H2S1_09-15-2016.pdf

Cypress33Fd10H_H2S2_09-15-2016.pdf

Section 8 - Other Information

Proposed horizontal/directional/multi-lateral plan submission:

Cypress33Fd10H_DirectionalPlan_09-19-2016.pdf

Other proposed operations facets description:

Other proposed operations facets attachment:

Cypress33Fd10H_DrillingPlan_09-15-2016.pdf

Other Variance attachment:

SUPO

Section 1 - Existing Roads

Will existing roads be used? YES

Existing Road Map:

Cypress33Fd10H_ExistRoads_09-15-2016.pdf

Existing Road Purpose: ACCESS,FLUID TRANSPORT **Row(s) Exist?** NO

ROW ID(s)

ID:

Do the existing roads need to be improved? NO

Existing Road Improvement Description:

Existing Road Improvement Attachment:

Section 2 - New or Reconstructed Access Roads

Will new roads be needed? YES

New Road Map:

Cypress33Fd10H_NewRoad_09-15-2016.pdf

New road type: LOCAL

Length: 70 Feet **Width (ft.):** 25

Max slope (%): 0 **Max grade (%):** 0

Army Corp of Engineers (ACOE) permit required? NO

ACOE Permit Number(s):

New road travel width: 14

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

New road access plan or profile prepared? YES

New road access plan attachment:

Cypress33Fd10H_NewRoad_09-15-2016.pdf

Access road engineering design? NO

Access road engineering design attachment:

Access surfacing type: OTHER

Access topsoil source: ONSITE

Access surfacing type description: Caliche

Access onsite topsoil source depth: 0

Offsite topsoil source description:

Onsite topsoil removal process: If available

Access other construction information: None

Access miscellaneous information: Proposed road will begin at an existing caliche road and go 70' north through pasture to the southwest corner of pad.

Number of access turnouts: 0 **Access turnout map:**

Drainage Control

New road drainage crossing: CULVERT

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

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

Road Drainage Control Structures (DCS) attachment:

Access Additional Attachments

Additional Attachment(s):

Section 3 - Location of Existing Wells

Existing Wells Map? YES

Attach Well map:

Cypress33Fd10H_ExistWells_09-15-2016.pdf

Existing Wells description:

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

Submit or defer a Proposed Production Facilities plan? SUBMIT

Estimated Production Facilities description:

Production Facilities description: A. In the event the well is found productive, the Cypress 33 Federal #1 tank battery would be utilized and the necessary production equipment will be installed at the well site. B. All flow lines will adhere to API standards. They will consist of 2 – 4" composite production flowlines operating 75% MAWP on surface. 2 – 4" steel gas lift supply line operating 1500 psig buried. Survey of a strip of land 30' wide and 6520.5' in length crossing USA Land in Section 33 & 34 T23S R29E and Section 3 & 4 T24S R29E, NMPM, Eddy County, NM and being 15' left and 15' right of the centerline survey. C. Electric line will follow a route approved by the BLM. Survey of a strip of land 30' wide and 4607.9' in length crossing USA Land in Section 33 & 34 T23S R29E and Section 4 T24S R29E, NMPM, Eddy County, NM and being 25' left and 25' right of the centerline survey.
Production Facilities map:

Cypress33Fd10H_Facility-PL-EL_09-15-2016.pdf

Section 5 - Location and Types of Water Supply

Water Source Table

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

Water source type: GW WELL

Describe type:

Source latitude:

Source longitude:

Source datum:

Water source permit type: OTHER,WATER WELL

Source land ownership: COMMERCIAL

Water source transport method: PIPELINE,TRUCKING

Source transportation land ownership: COMMERCIAL

Water source volume (barrels): 2000

Source volume (acre-feet): 0.25778618

Source volume (gal): 84000

Water source and transportation map:

Cypress33Fd10H_GRRWaterSources_09-15-2016.pdf

Cypress33Fd10H_MesquiteWtrSources_09-15-2016.pdf

Water source comments: This well will be drilled using a combination of water mud systems. It will be obtained from commercial water stations (Gregory Rockhouse, Mesquite) in the area and will be hauled to location by transport truck using existing and proposed roads.
New water well? NO

New Water Well Info

Well latitude:

Well Longitude:

Well datum:

Well target aquifer:

Est. depth to top of aquifer(ft): **Est thickness of aquifer:**

Aquifer comments:

Aquifer documentation:

Well depth (ft): **Well casing type:**

Well casing outside diameter (in.): **Well casing inside diameter (in.):**

New water well casing? **Used casing source:**

Drilling method: **Drill material:**

Grout material: **Grout depth:**

Casing length (ft.): **Casing top depth (ft.):**

Well Production type: **Completion Method:**

Water well additional information:

State appropriation permit:

Additional information attachment:

Section 6 - Construction Materials

Construction Materials description: Primary - All caliche utilized for the drilling pad and proposed access road will be obtained from an existing BLM/State/Fee approved pit or from prevailing deposits found on the location. Will use BLM recommended extra caliche from other locations close by for roads, if available. Secondary - The secondary way of obtaining caliche to build locations and roads will be by "turning over" the location. This means, caliche will be obtained from the actual well site. A caliche permit will be obtained from BLM prior to pushing up any caliche. 2400 cubic yards is max amount of caliche needed for pad and roads. Amount will vary for each pad. The procedure below has been approved by BLM personnel: a. The top 6" of topsoil is pushed off and stockpiled along the side of the location. b. An approximate 120' X 120' area is used within the proposed well site to remove caliche. c. Subsoil is removed and piled alongside the 120' X 120' within the pad site. d. When caliche is found, material will be stockpiled within the pad site to build the location and road. e. Then subsoil is pushed back in the hole and caliche is spread accordingly across entire location and road. f. Once the well is drilled the stockpiled top soil will be used for interim reclamation and spread along areas where caliche is picked up and the location size is reduced. Neither caliche nor subsoil will be stockpiled outside of the well pad. Topsoil will be stockpiled along the edge of the pad. Caliche will be provided from one of the following three pits located in Sections 6, 20, 22 T24S R29E. Water will be provided from one of the three frac ponds located in Sections 15, 21, 22 T24S R29E.

Construction Materials source location attachment:

Section 7 - Methods for Handling Waste

Waste type: DRILLING

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

Amount of waste: 1340 barrels

Waste disposal frequency : Daily

Safe containment description: Haul-Off Bins

Safe containmant attachment:

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

Disposal type description:

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

Reserve Pit

Reserve Pit being used? NO

Temporary disposal of produced water into reserve pit?

Reserve pit length (ft.) **Reserve pit width (ft.)**

Reserve pit depth (ft.) **Reserve pit volume (cu. yd.)**

Is at least 50% of the reserve pit in cut?

Reserve pit liner

Reserve pit liner specifications and installation description

Cuttings Area

Cuttings Area being used? NO

Are you storing cuttings on location? YES

Description of cuttings location A closed loop system will be utilized consisting of above ground steel tanks and haul-off bins. Disposal of liquids, drilling fluids and cuttings will be disposed of at an approved facility.

Cuttings area length (ft.) **Cuttings area width (ft.)**

Cuttings area depth (ft.) **Cuttings area volume (cu. yd.)**

Is at least 50% of the cuttings area in cut?

WCuttings area liner

Cuttings area liner specifications and installation description

Section 8 - Ancillary Facilities

Are you requesting any Ancillary Facilities?: NO

Ancillary Facilities attachment:

Comments:

Section 9 - Well Site Layout

Well Site Layout Diagram:

Cypress33Fd10H_WellSiteCL_09-15-2016.pdf

Operator Name: OXY USA INC

Well Name: CYPRESS 33 FEDERAL COM **Well Number:** 10H

Comments: V-Door-East - CL Tanks-North - 330' X 410'

Section 10 - Plans for Surface Reclamation

Type of disturbance: NEW

Recontouring attachment:

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

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

Wellpad long term disturbance (acres): 1.9

Wellpad short term disturbance (acres): 3.1

Access road long term disturbance (acres): 0.02

Access road short term disturbance (acres): 0.04

Pipeline long term disturbance (acres): 1.4969008

Pipeline short term disturbance (acres): 4.4907026

Other long term disturbance (acres): 0

Other short term disturbance (acres): 3.2

Total long term disturbance: 3.4169009

Total short term disturbance: 10.830703

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

Soil treatment: To be determined by the BLM.

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

Existing Vegetation at the well pad attachment:

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

Existing Vegetation Community at the road attachment:

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

Existing Vegetation Community at the pipeline attachment:

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

Existing Vegetation Community at other disturbances attachment:

Non native seed used? NO

Non native seed description:

Seedling transplant description:

Will seedlings be transplanted for this project? NO

Seedling transplant description attachment:

Will seed be harvested for use in site reclamation? NO

Seed harvest description:

Seed harvest description attachment:

Seed Management

Seed Table

Seed type: **Seed source:**

Seed name:

Source name: **Source address:**

Source phone:

Seed cultivar:

Seed use location:

PLS pounds per acre: **Proposed seeding season:**

Seed Summary

Total pounds/Acre:

Seed Type	Pounds/Acre

Seed reclamation attachment:

Operator Contact/Responsible Official Contact Info

First Name: Jim **Last Name:** Wilson

Phone: (575)631-2442 **Email:** jim_wilson@oxy.com

Seedbed prep:

Seed BMP:

Seed method:

Existing invasive species? NO

Existing invasive species treatment description:

Existing invasive species treatment attachment:

Weed treatment plan description: To be determined by the BLM .

Weed treatment plan attachment:

Monitoring plan description: To be determined by the BLM .

Monitoring plan attachment:

Success standards: To be determined by the BLM .

Pit closure description: NA

Pit closure attachment:

Section 11 - Surface Ownership

Disturbance type: WELL PAD

Describe:

Surface Owner: BUREAU OF LAND MANAGEMENT

Other surface owner description:

BIA Local Office:

BOR Local Office:

COE Local Office:

DOD Local Office:

NPS Local Office:

State Local Office:

Military Local Office:

USFWS Local Office:

Other Local Office:

USFS Region:

USFS Forest/Grassland: **USFS Ranger District:**

Disturbance type: NEW ACCESS ROAD

Describe:

Surface Owner: BUREAU OF LAND MANAGEMENT

Other surface owner description:

BIA Local Office:

BOR Local Office:

COE Local Office:

DOD Local Office:

NPS Local Office:

State Local Office:

Military Local Office:

USFWS Local Office:

Other Local Office:

USFS Region:

USFS Forest/Grassland: **USFS Ranger District:**

Disturbance type: PIPELINE

Describe:

Surface Owner: BUREAU OF LAND MANAGEMENT

Other surface owner description:

BIA Local Office:

BOR Local Office:

COE Local Office:

DOD Local Office:

NPS Local Office:

State Local Office:

Military Local Office:

USFWS Local Office:

Other Local Office:

USFS Region:

USFS Forest/Grassland: **USFS Ranger District:**

Disturbance type: OTHER

Describe: Electric Line

Surface Owner: BUREAU OF LAND MANAGEMENT

Other surface owner description:

BIA Local Office:

BOR Local Office:

COE Local Office:

DOD Local Office:

NPS Local Office:

State Local Office:

Military Local Office:

Operator Name: OXY USA INC

Well Name: CYPRESS 33 FEDERAL COM **Well Number:** 10H

USFWS Local Office:

Other Local Office:

USFS Region:

USFS Forest/Grassland: **USFS Ranger District:**

Section 12 - Other Information

Right of Way needed? YES **Use APD as ROW?** YES

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

ROW Applications

SUPO Additional Information: PBPA - to be determined by BLM

Use a previously conducted onsite? NO

Previous Onsite information:

Other SUPO Attachment

Cypress33Fd10H_GasCapPlan_09-15-2016.pdf

Cypress33Fd10H_MiscSvyPlats_09-15-2016.pdf

Cypress33Fd10H_StakingNotice_09-15-2016.pdf

Cypress33Fd10H_SUPO_09-15-2016.pdf

Section 1 - General

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

Section 2 - Lined Pits

Would you like to utilize Lined Pit PWD options? NO

Produced Water Disposal (PWD) Location:

PWD surface owner: **PWD disturbance (acres):**

Lined pit PWD on or off channel:

Lined pit PWD discharge volume (bbl/day):

Lined pit specifications:

Pit liner description:

Pit liner manufacturers information:

Precipitated solids disposal:

Decribe precipitated solids disposal:

Precipitated solids disposal permit:

Lined pit precipitated solids disposal schedule:

Lined pit precipitated solids disposal schedule attachment:

Lined pit reclamation description:

Lined pit reclamation attachment:

Leak detection system description:

Leak detection system attachment:

Lined pit Monitor description:

Lined pit Monitor attachment:

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

Is the reclamation bond a rider under the BLM bond?

Lined pit bond number:

Lined pit bond amount:

Additional bond information attachment:

Section 3 - Unlined Pits

Would you like to utilize Unlined Pit PWD options? NO

Produced Water Disposal (PWD) Location:

PWD surface owner: **PWD disturbance (acres):**

Unlined pit PWD on or off channel:

Unlined pit PWD discharge volume (bbl/day):

Unlined pit specifications:

Precipitated solids disposal:

Decribe precipitated solids disposal:

Precipitated solids disposal permit:

Unlined pit precipitated solids disposal schedule:

Unlined pit precipitated solids disposal schedule attachment:

Unlined pit reclamation description:

Unlined pit reclamation attachment:

Unlined pit Monitor description:

Unlined pit Monitor attachment:

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

Beneficial use user confirmation:

Estimated depth of the shallowest aquifer (feet):

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

TDS lab results:

Geologic and hydrologic evidence:

State authorization:

Unlined Produced Water Pit Estimated percolation:

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

Is the reclamation bond a rider under the BLM bond?

Unlined pit bond number:

Unlined pit bond amount:

Additional bond information attachment:

Section 4 - Injection

Would you like to utilize Injection PWD options? NO

Produced Water Disposal (PWD) Location:

PWD surface owner: **PWD disturbance (acres):**

Injection PWD discharge volume (bbl/day):

Injection well mineral owner:

Injection well type:

Injection well number: **Injection well name:**

Assigned injection well API number? **Injection well API number:**

Injection well new surface disturbance (acres):

Minerals protection information:

Mineral protection attachment:

Underground Injection Control (UIC) Permit?

UIC Permit attachment:

Section 5 - Surface Discharge

Would you like to utilize Surface Discharge PWD options? NO

Produced Water Disposal (PWD) Location:

PWD surface owner: **PWD disturbance (acres):**

Surface discharge PWD discharge volume (bbl/day):

Surface Discharge NPDES Permit?

Surface Discharge NPDES Permit attachment:

Surface Discharge site facilities information:

Surface discharge site facilities map:

Section 6 - Other

Would you like to utilize Other PWD options? NO

Produced Water Disposal (PWD) Location:

PWD surface owner: **PWD disturbance (acres):**

Other PWD discharge volume (bbl/day):

Other PWD type description:

Other PWD type attachment:

Have other regulatory requirements been met?

Operator Name: OXY USA INC

Well Name: CYPRESS 33 FEDERAL COM **Well Number:** 10H

Other regulatory requirements attachment:

Bond Info

Bond Information

Federal/Indian APD: FED

BLM Bond number: ESB000226

BIA Bond number:

Do you have a reclamation bond? NO

Is the reclamation bond a rider under the BLM bond?

Is the reclamation bond BLM or Forest Service?

BLM reclamation bond number:

Forest Service reclamation bond number:

Forest Service reclamation bond attachment:

Reclamation bond number:

Reclamation bond amount:

Reclamation bond rider amount:

Additional reclamation bond information attachment:

Operator Certification

Operator Certification

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

NAME: David Stewart **Signed on:** 09/15/2016

Title: Sr. Regulatory Advisor

Street Address: 5 Greenway Plaza, Suite 110

City: Houston **State:** TX **Zip:** 77046

Phone: (713)366-5716

Email address: David_stewart@oxy.com

Field Representative

Representative Name: Jim Wilson

Street Address: P.O. Box 50250

Operator Name: OXY USA INC

Well Name: CYPRESS 33 FEDERAL COM **Well Number:** 10H

City: Midland **State:** TX **Zip:** 79710

Phone: (575)631-2442

Email address: jim_wilson@oxy.com

Payment Info

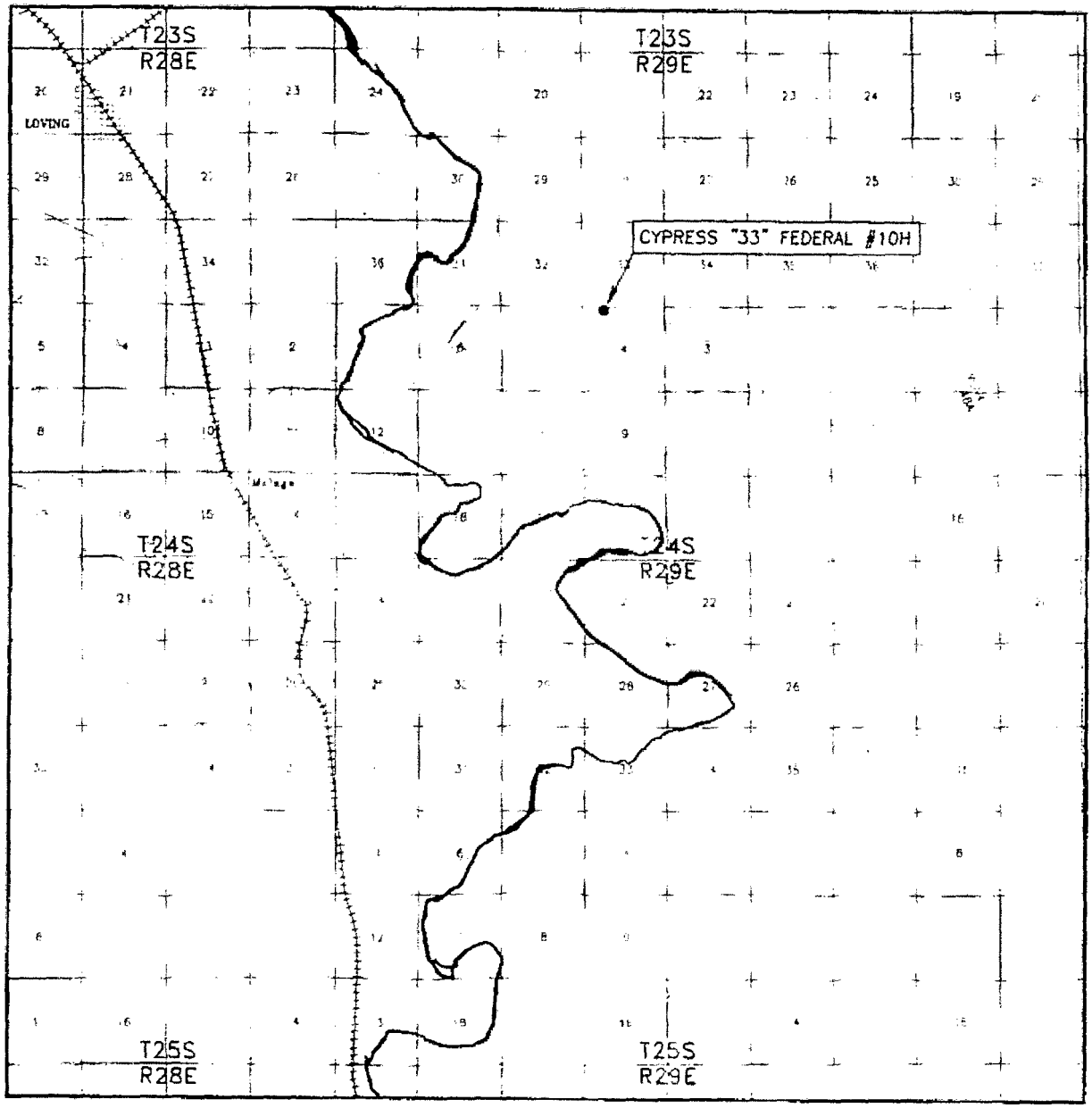
Payment

APD Fee Payment Method: PAY.GOV

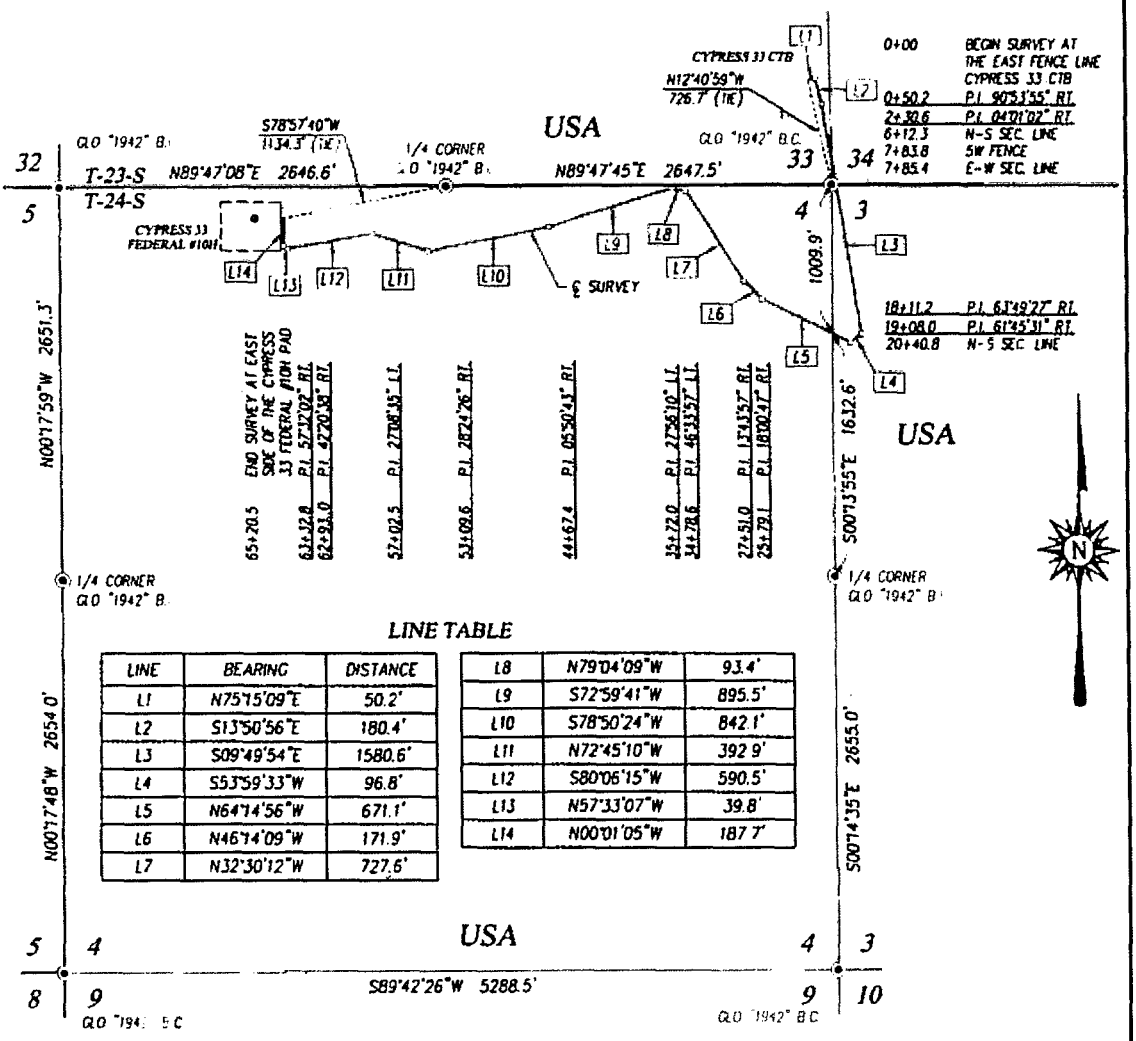
pay.gov Tracking ID: 25TOT3Q8

VM

VICINITY MAP



Asel Sur



LINE TABLE

LINE	BEARING	DISTANCE
L1	N75°15'09"E	50.2'
L2	S13°50'56"E	180.4'
L3	S09°49'54"E	1580.6'
L4	S53°59'33"W	96.8'
L5	N64°14'56"W	671.1'
L6	N46°14'09"W	171.9'
L7	N32°30'12"W	727.6'
L8	N79°04'09"W	93.4'
L9	S72°59'41"W	895.5'
L10	S78°50'24"W	842.1'
L11	N72°45'10"W	392.9'
L12	S80°06'15"W	590.5'
L13	N57°33'07"W	39.8'
L14	N00°01'05"W	187.7'

DESCRIPTION

SURVEY FOR A STRIP OF LAND 30.0 FEET WIDE AND 6520.5 FEET OR 1.235 MILES IN LENGTH CROSSING USA LAND IN SECTION 33 & 34, TOWNSHIP 23 SOUTH, RANGE 29 EAST, SECTIONS 3 & 4, TOWNSHIP 24 SOUTH, RANGE 29 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO, AND BEING 15.0 FEET LEFT AND 15.0 FEET RIGHT OF THE ABOVE PLATTED CENTERLINE SURVEY

NOTE

BEARINGS SHOWN HEREON ARE MERCATOR GRID AND CONFORM TO THE NEW MEXICO COORDINATE SYSTEM "NEW MEXICO EAST ZONE" NORTH AMERICAN DATUM 1983. DISTANCES ARE SURFACE VALUES.

I, RONALD J. EIDSON, NEW MEXICO PROFESSIONAL SURVEYOR No. 3239, DO HEREBY CERTIFY THAT THIS SURVEY PLAT AND THE ACTUAL SURVEY ON THE GROUND UPON WHICH IT IS BASED WERE PERFORMED BY ME OR UNDER MY DIRECT SUPERVISION; THAT I AM RESPONSIBLE FOR THIS SURVEY; THAT THIS SURVEY MEETS THE MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO; AND THAT IT IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

RONALD J. EIDSON

DATE: 7/26/2016

LEGEND

● DENOTES FOUND CORNER AS NOTED

1000 0 1000 2000 FEET

Scale: 1"=1000'

PROVIDING SURVEYING SERVICES SINCE 1946

JOHN WEST SURVEYING COMPANY

412 N. DAL PASO HOBBS, N.M. 88240

(575) 393-3117 www.jwsc.biz

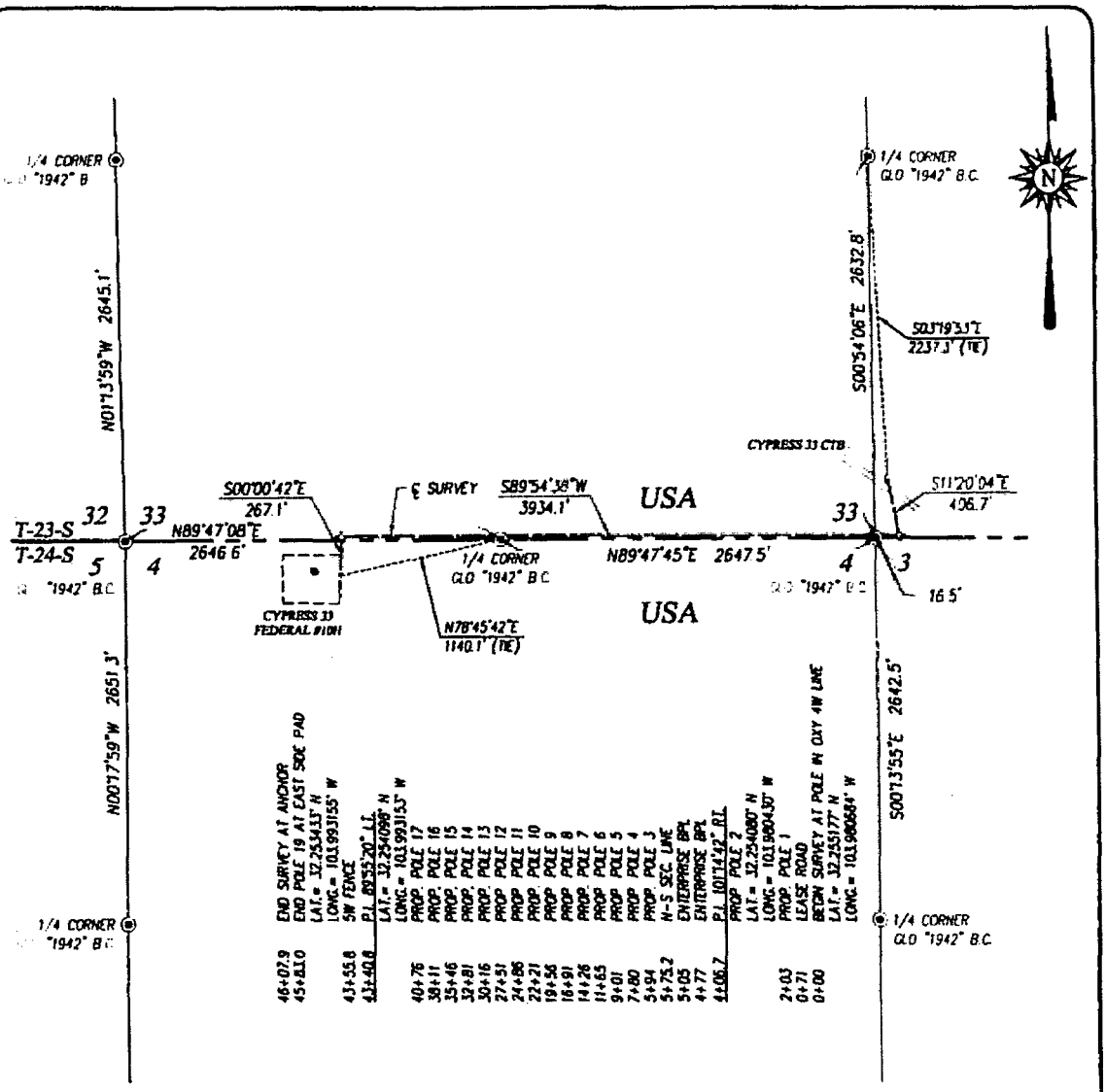
TBPLS# 10021000

OXY U.S.A. INC.

SURVEY FOR A BURIED GAS LIFT LINE FROM THE CYPRESS 33 CTB TO THE CYPRESS 33 FEDERAL #10H CROSSING SECTIONS 33 & 34, TOWNSHIP 23 SOUTH, RANGE 29 EAST, AND SECTIONS 3 & 4, TOWNSHIP 24 SOUTH, RANGE 29 EAST, N.M.P.M. EDDY COUNTY, NEW MEXICO

Survey Date: 7/18/16	CAD Date: 7/25/16	Drawn By: LSL
W.O. No.: 16110508	Rev:	Rel. W.O.:	Sheet 1 of 1

Electric Line



DESCRIPTION

SURVEY FOR A STRIP OF LAND 30.0 FEET WIDE AND 4607.9 FEET AND 0.873 MILES IN LENGTH CROSSING USA LAND IN SECTIONS 33 & 34, TOWNSHIP 23 SOUTH, RANGE 29 EAST AND SECTION 4, TOWNSHIP 24 SOUTH, RANGE 29 EAST N.M.P.M., EDDY COUNTY, NEW MEXICO, AND BEING 25.0 FEET LEFT AND 25.0 FEET RIGHT OF THE ABOVE PLATTED CENTERLINE SURVEY

NOTE

1) BEARINGS SHOWN HEREON ARE MERCATOR GRID AND CONFORM TO THE NEW MEXICO COORDINATE SYSTEM "NEW MEXICO EAST ZONE" NORTH AMERICAN DATUM 1983. DISTANCES ARE SURFACE VALUES.

2) LATITUDE AND LONGITUDE VALUES SHOWN HEREON ARE RELATIVE TO THE NORTH AMERICAN DATUM 1983 (NAD83).

I, RONALD J. EIDSON, NEW MEXICO PROFESSIONAL SURVEYOR No. 3239, DO HEREBY CERTIFY THAT THIS SURVEY PLAT AND THE ACTUAL SURVEY ON THE GROUND UPON WHICH IT IS BASED WERE PERFORMED BY ME OR UNDER MY DIRECT SUPERVISION; THAT I AM RESPONSIBLE FOR THIS SURVEY; THAT THIS SURVEY MEETS THE MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO; AND THAT IT IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

RONALD J. EIDSON Ronald Eidson

DATE: 7/25/2016

LEGEND

◉ DENOTES FOUND CORNER AS NOTED

1000 0 1000 2000 FEET

Scale: 1"=1000'

PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO HOBBS, N.M. 88240
(575) 393-3117 www.jwsc.biz
TBPLS# 10021000

OXY U.S.A. INC.

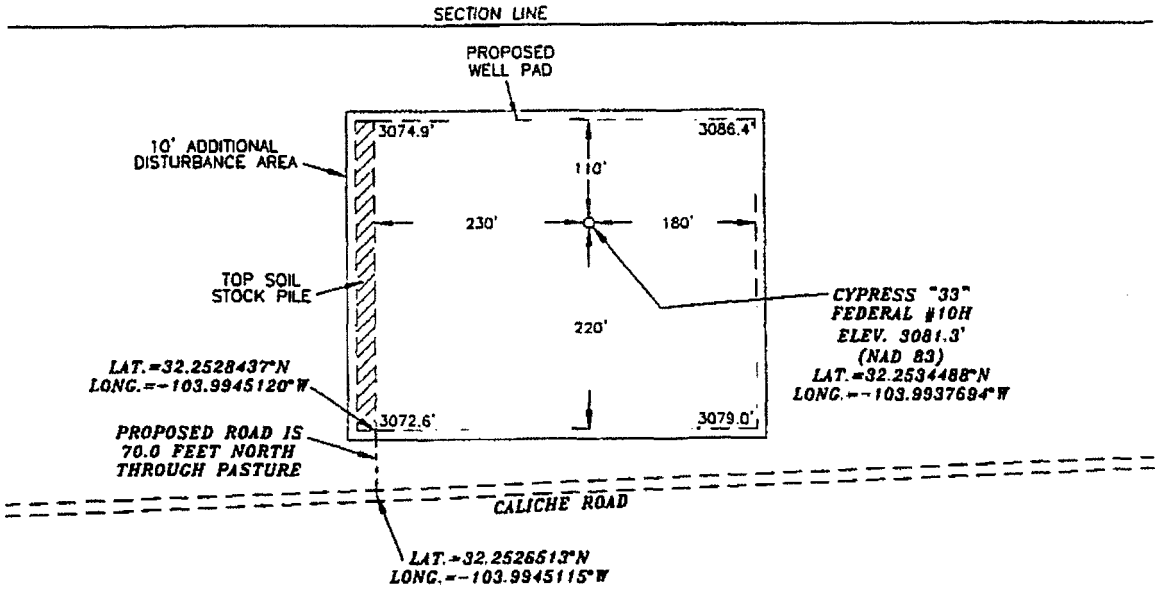
SURVEY FOR AN ELECTRIC LINE TO THE CYPRESS 33 FEDERAL 10H CROSSING SECTIONS 33 & 34, TOWNSHIP 23 SOUTH, RANGE 29 EAST, AND SECTION 4, TOWNSHIP 24 SOUTH, RANGE 29 EAST, N.M.P.M. EDDY COUNTY, NEW MEXICO

Survey Date: 7/19/16	CAD Date: 7/25/16	Drawn By: LSL
W.O. No.: 16110535	Rev:	Rel. W.O.:	Sheet 1 of 1

Site Plan

OXY USA INC.
CYPRESS "33" FEDERAL #10H
SITE PLAN

FAA PERMIT: NO



TERRY J ASEL NEW MEXICO 15079 REGISTERED PROFESSIONAL LAND SURVEYOR

LEGEND

– DENOTES PROPOSED WELL PAD
– – – – DENOTES PROPOSED ROAD
▨ – DENOTES STOCK PILE AREA

200' 0 200' 400' FEET
SCALE: 1"=200'

SURVEYORS CERTIFICATE

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

Terry J. Asel 9/15/2016
Terry J. Asel N.M. R.P.L.S. No. 15079

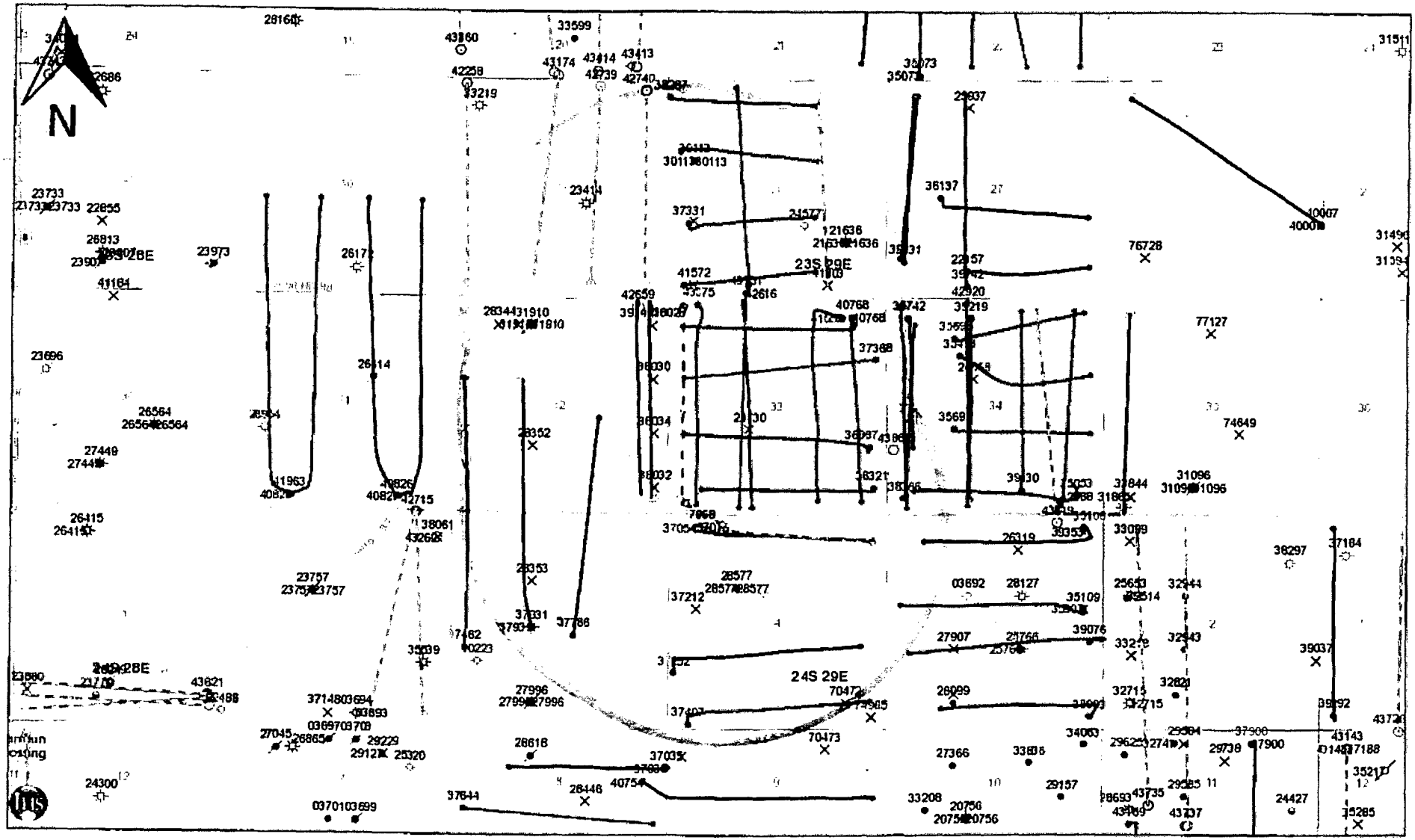
Asel Surveying
P.O. BOX 393 – 310 W. TAYLOR
HOBBS, NEW MEXICO – 575-393-9146

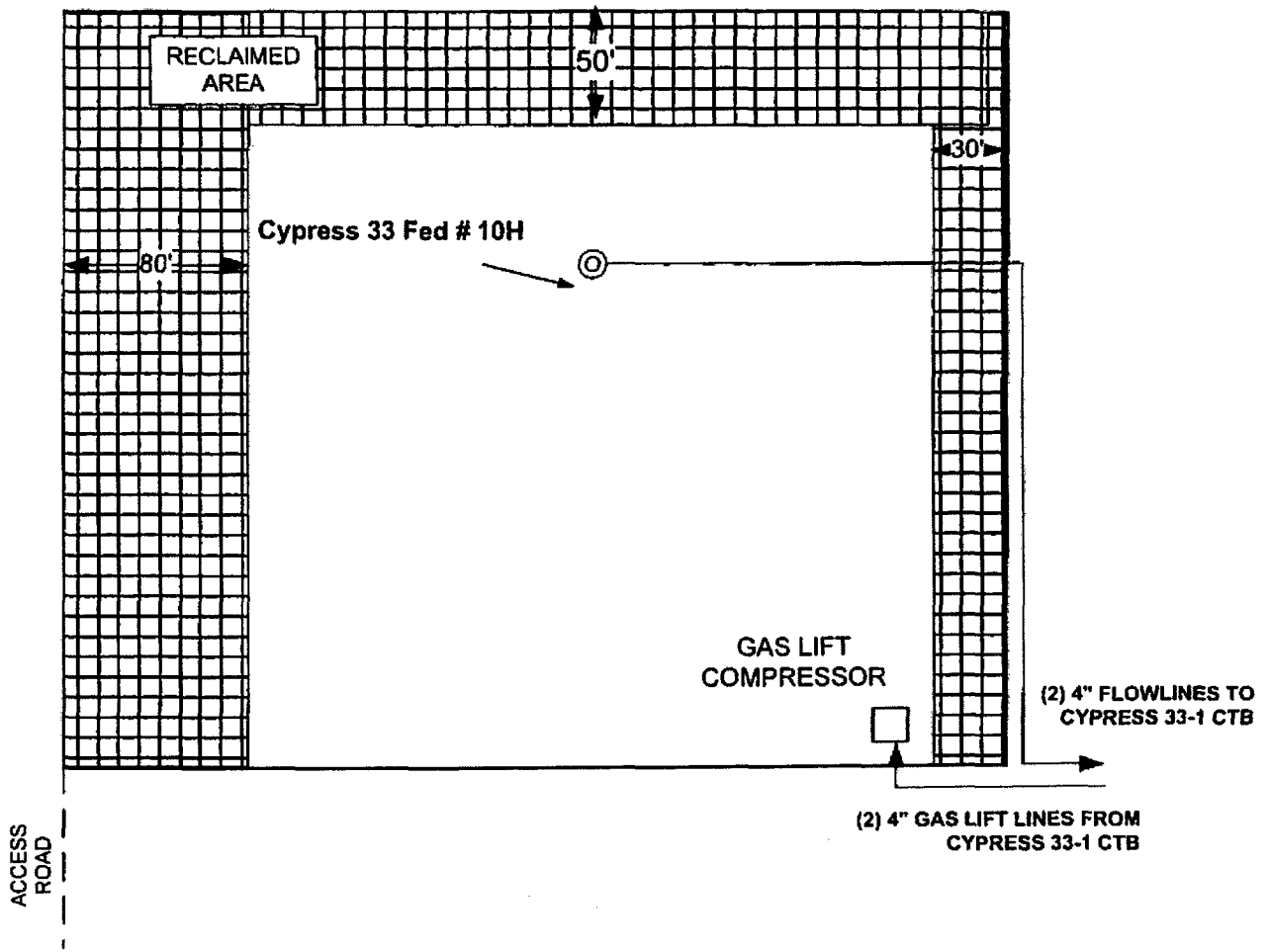
OXY USA INC.

CYPRESS "33" FEDERAL #10H LOCATED AT 212' FNL & 1337' FWL IN SECTION 4, TOWNSHIP 24 SOUTH, RANGE 29 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO

Survey Date: 08/01/16	Sheet 1 of 1 Sheets	
W.O. Number: 160801WL (Rev. B)	Drawn By: KA	Rev: B
Date: 09/14/16	160801WL	Scale:1"=200'

Cypress 33 Federal Com. #10H - 1 Mile AOR





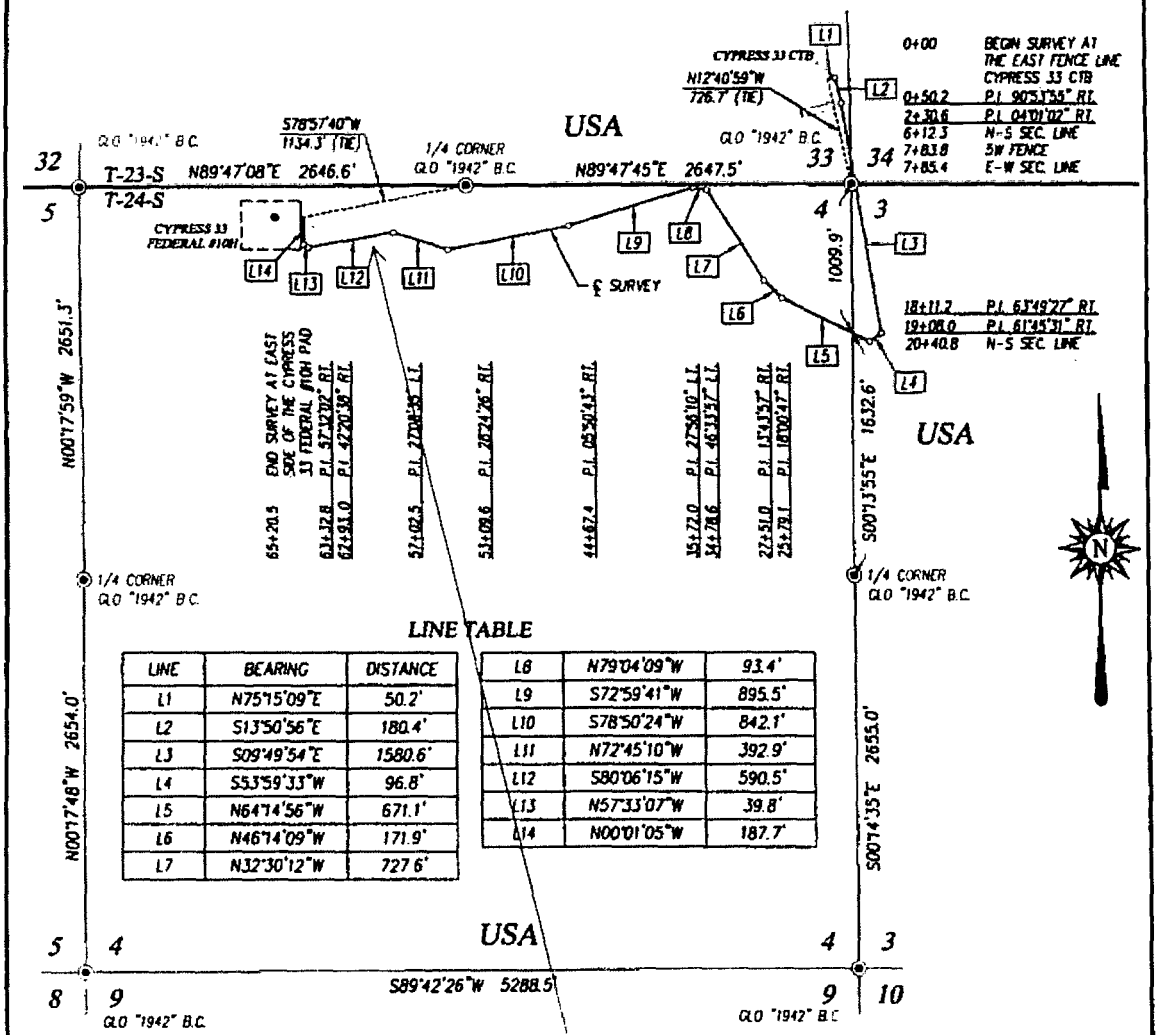
REVISION BLOCK						ENGINEERING RECORD	
NO.	DATE	DESCRIPTION	BY	CHK	APP	BY	DATE
						KAO	8/15/16

FACILITY LAYOUT DIAGRAM

Cypress 33 Fed # 10H

EDDY COUNTY, NEW MEXICO

Flow line



LINE TABLE

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L3	S09°49'54"E	1580.6'
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DESCRIPTION

SURVEY FOR A STRIP OF LAND 30.0 FEET WIDE AND 6520.5 FEET OR 1.235 MILES IN LENGTH CROSSING USA LAND IN SECTION 33 & 34, TOWNSHIP 23 SOUTH, RANGE 29 EAST, SECTIONS 3 & 4, TOWNSHIP 24 SOUTH, RANGE 29 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO, AND BEING 15.0 FEET LEFT AND 15.0 FEET RIGHT OF THE ABOVE PLATTED CENTERLINE SURVEY.

Surface
(2) 4" Composite Production Flowlines operating < 75% MAWP per well
Buried:
(2) 4" Steel gas lift supply line operating < 1,500 psig per well
Lines to follow surveyed route

NOTE

BEARINGS SHOWN HEREON ARE MERCATOR GRID AND CONFORM TO THE NEW MEXICO COORDINATE SYSTEM "NEW MEXICO EAST ZONE" NORTH AMERICAN DATUM 1983. DISTANCES ARE SURFACE VALUES.

I, RONALD J. EIDSON, NEW MEXICO PROFESSIONAL SURVEYOR No. 3239, DO HEREBY CERTIFY THAT THIS SURVEY PLAT AND THE ACTUAL SURVEY ON THE GROUND UPON WHICH IT IS BASED WERE PERFORMED BY ME OR UNDER MY DIRECT SUPERVISION; THAT I AM RESPONSIBLE FOR THIS SURVEY; THAT THIS SURVEY MEETS THE MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO; AND THAT IT IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

RONALD J. EIDSON

DATE: 7/25/2016

LEGEND

◉ DENOTES FOUND CORNER AS NOTED

1000 0 1000 2000 FEET

Scale: 1" = 1000'

OXY U.S.A. INC.

SURVEY FOR A SURFACE FLOWLINE FROM THE CYPRESS 33 CTB TO THE CYPRESS 33 FEDERAL #10H CROSSING SECTIONS 33 & 34, TOWNSHIP 23 SOUTH, RANGE 29 EAST, AND SECTIONS 3 & 4, TOWNSHIP 24 SOUTH, RANGE 29 EAST, N.M.P.M. EDDY COUNTY, NEW MEXICO

PROVIDING SURVEYING SERVICES SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO HOBBS, N.M. 88240
(575) 393-3117 www.jwsc.biz
TBPLS# 10021000

Survey Date: 7/18/16	CAD Date: 7/25/16	Drawn By: LSL
W.O. No.: 16110508	Rev: .	Rel. W.O.:	Sheet 1 of 1

OXY USA Inc. - Cypress 33 Federal Com #10H

1. Geologic Formations

TVD of target	10011'	Pilot Hole Depth	N/A
MD at TD:	14923'	Deepest Expected fresh water:	293'

Delaware Basin

Formation	TVD - RKB	Expected Fluids
Rustler	293	
Salado	502	
Lamar/Delaware	3056	Oil/Gas
Bell Canyon*	3084	Water/Oil/Gas
Cherry Canyon*	3952	Oil/Gas
Brushy Canyon*	5126	Oil/Gas
1st Bone Spring	6746	Oil/Gas
2nd Bone Spring	8053	Oil/Gas
3rd Bone Spring	8859	Oil/Gas
3rd Bone Spring (Target)	9978	Oil/Gas
Wolfcamp	10012	Oil/Gas

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

2. Casing Program

Hole Size (in)	Casing Interval		Csg. Size (in)	Weight (lbs)	Grade	Conn.	SF Collapse	SF Burst	SF Tension
	From (ft)	To (ft)							
17.5	0	345	13.375	54.5	H40	BTC	5.44	1.34	2.47
12.25	0	3108	9.625	36	J55	BTC	3.09	1.28	2.24
8.5	0	14923	5.5	20	P-110	DQX	2.11	1.27	2.23

All casing strings will be tested in accordance with Onshore Oil and Gas Order #2 III.B.1.h

	Y or N
Is casing new? If used, attach certification as required in Onshore Order #1	Y
Does casing meet API specifications? If no, attach casing specification sheet.	Y
Is premium or uncommon casing planned? If yes attach casing specification sheet.	Y
Does the above casing design meet or exceed BLM's minimum standards? If not provide justification (loading assumptions, casing design criteria).	Y
Will the intermediate pipe be kept at a minimum 1/3 fluid filled to avoid approaching the collapse pressure rating of the casing?	Y
Is well located within Capitan Reef?	N
If yes, does production casing cement tie back a minimum of 50' above the Reef?	
Is well within the designated 4 string boundary.	
Is well located in SOPA but not in R-111-P?	Y
If yes, are the first 2 strings cemented to surface and 3rd string cement tied back 500' into previous casing?	Y

Is well located in R-111-P and SOPA?	N
If yes, are the first three strings cemented to surface?	
Is 2nd string set 100' to 600' below the base of salt?	
Is well located in high Cave/Karst?	N
If yes, are there two strings cemented to surface?	
(For 2 string wells) If yes, is there a contingency casing if lost circulation occurs?	
Is well located in critical Cave/Karst?	N
If yes, are there three strings cemented to surface?	

3. Cementing Program

Casing	# Sks	Wt. lb/ gal	Yld ft3/ sack	H20 gal/sk	500# Comp. Strength (hours)	Slurry Description
Surface	294	14.8	1.35	6.53	6:50	Premium Plus Cement 2% Calcium Chloride – Flake (Accelerator)
Intermediate Casing	628	12.9	1.74	8.67	15:07	Halliburton Light Premium Plus 6% Bentonite, 0.3% HR-800 (Retarder), 5% Salt
	298	14.8	1.326	6.34	6:31	Premium Plus Cement 94 lbm/sk
Production Casing	833	10.2	3.057	15.65	19:09	Premium Plus Cement, 0.35 % HR-601 (Retarder), 0.5 % Halad(R)-9 (Low Fluid Loss Control), 0.125 lbm/sk Poly-E-Flake (Lost Circulation Additive)
	1836	13.2	1.631	8.37	15:15	Super H Cement, 0.1 % HR-800 (Retarder), 0.5 % Halad(R)-344 (Low Fluid Loss Control), 0.4 % CFR-3 (Dispersant), 3 lbm Salt (Salt)

Casing String	TOC (ft)	% Excess Lead	% Excess Tail
Surface	0		50%
Intermediate Casing	0	75%	20%
Production Casing	2608	75%	125%

Include Pilot Hole Cementing specs:
Pilot hole depth N/A
KOP N/A

Plug top	Plug Bottom	% Excess	No. Sacks	Wt. lb/gal	Yld ft3/sack	Water gal/sk	Slurry Description and Cement Type
N/A							
N/A							

4. Pressure Control Equipment

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

*Specify if additional ram is utilized.

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

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

	Formation integrity test will be performed per Onshore Order #2. On Exploratory wells or on that portion of any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Will be tested in accordance with Onshore Oil and Gas Order #2 III.B.1.i.
	A variance is requested for the use of a flexible choke line from the BOP to Choke Manifold. See attached for specs and hydrostatic test chart.
	Y | Are anchors required by manufacturer?
	A multibowl wellhead is being used. The BOP will be tested per Onshore Order #2 after installation on the surface casing which will cover testing requirements for a maximum of 30 days. If any seal subject to test pressure is broken the system must be tested. See attached schematic. We are proposing that we will run the wellhead through the rotary prior to cementing surface casing as discussed with the BLM on October 8, 2015.

5. Mud Program

Depth		Type	Weight (ppg)	Viscosity	Water Loss
From (ft)	To (ft)				
0	345	EnerSeal (MMH)	8.4-8.6	40-60	N/C
345	3106	Brine	9.8-10.0	35-45	N/C
3106	9424	EnerSeal (MMH)	8.8-9.6	38-50	N/C
9424	14923	Oil-Based Mud	8.8-9.6	35-50	N/C

Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be kept on location at all times.

Oxy proposes to drill out the 13.375" surface casing shoe with a saturated brine system from 345' - 3106', which is the base of the salt system. At this point we will swap fluid systems to a high viscosity mixed metal hydroxide system.

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

6. Logging and Testing Procedures

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

Additional logs planned		Interval
No	Resistivity	
No	Density	
No	CBL	
Yes	Mud log	Intermediate Shoe - TD
No	PEX	

7. Drilling Conditions

Condition	Specify what type and where?
BH Pressure at deepest TVD	4894 psi
Abnormal Temperature	No

Pump high viscosity sweeps as needed for hole cleaning. The mud system will be monitored visually/manually as well as with an electronic PVT. The necessary mud products for additional weight and fluid loss control will be on location at all times. Appropriately weighted mud will be used to isolate potential gas, oil, and water zones until such time as casing can be cemented into place for zonal isolation.

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

8. Other facets of operation

	Yes/No
Will the well be drilled with a walking/skidding operation? If yes, describe.	No
Will more than one drilling rig be used for drilling operations? If yes, describe.	No

Attachments
_x__ Directional Plan
_x__ H2S Contingency Plan
_x__ Flex III Attachments

9. Company Personnel

Name	Title	Office Phone	Mobile Phone
Greg Caraway	Drilling Engineer	713-215-7850	936-718-5393
Diego Tellez	Drilling Engineer Team Lead	713-350-4602	713-303-4932
Ryan Farrell	Drilling Engineer Supervisor	713-366-5058	832-914-7443
Simon Benavides	Drilling Superintendent	713-522-8652	281-684-6897
Angie Contreras	Drilling & Completions Manager	713-497-2012	832-605-4882
Daniel Holderman	Drilling Manager	713-497-2006	832-525-9029

Schlumberger

Plan - Rev1 **OXY** RKB = 26.5 ft

Borehole:	Well:	Field:	Structure:
Original Borehole	Oxy Cypress 33 Federal 10H	NM Eddy County (NAD 83)	Oxy Cypress 33 Federal 10H

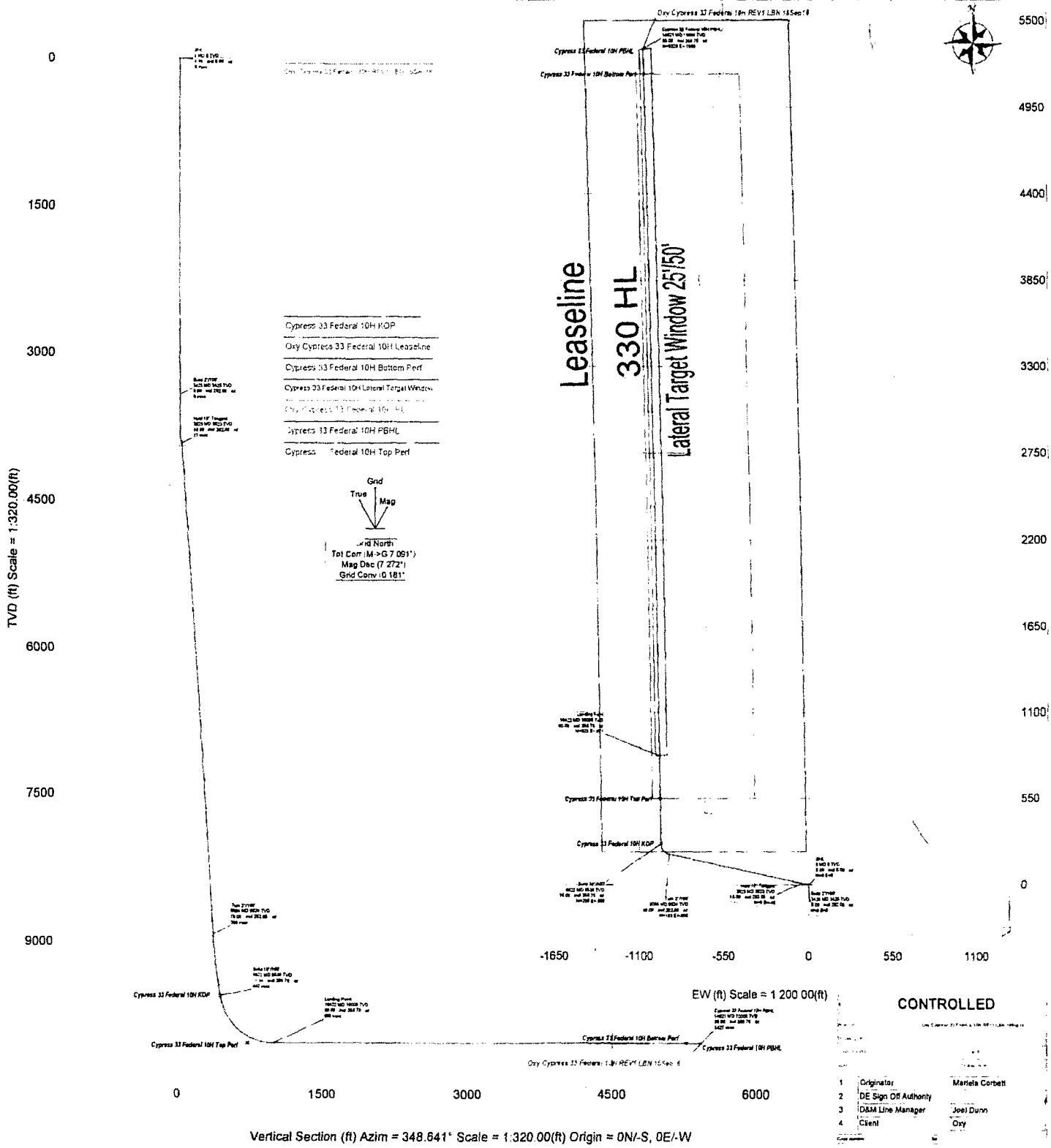
Survey & Magnetic Parameters — Model: HDGM 2016 | Dip: 60.118° | Date: 18-Sep-2018 | MagDec: 7.272° | FS: 48213.484nT | Gravity FS: 998.468mgn (9.80665 Based)

Surface Location — NAD83 New Mexico State Plane, Eastern Zone, US Feet — Lat: N 32 15 12.42 | Lon: W 103 59 37.57 | Northing: 456103.96flUS | Easting: 646307.95flUS | Grid Conv: 0.1812° | Scale Fact: 0.99982171

Miscellaneous — Slot: Oxy Cypress 33 Federal 10H | Plan: Oxy Cypress 33 Federal 10H REV1 LBN 18Sep18 | TVD Ref: RKB=26.5'(3107.80' above MSL)

Critical Points

Comments	Survey MD (ft)	Inclination (deg)	Azimuth (deg)	TVD (ft)	SubSea TVD	VS (ft)	NS (ft)	EW (ft)	Latitude (deg)	Longitude (deg)	Easting (ftUS)	Northing (ftUS)	DLS (°/100ft)	Tool Face (deg)
SHL	0 00	0 00	0 00	0 00	3107 80	0 00	0 00	0 00	N 32 15 12 416	W 103 59 37 570	646307 95	456103 96		282 05
Rustler	293 00	0 00	282 05	293 00	2814 80	0 00	0 00	0 00	N 32 15 12 416	W 103 59 37 570	646307 95	456103 96	0 00	282 05
Salado	502 00	0 00	282 05	502 00	2605 80	0 00	0 00	0 00	N 32 15 12 416	W 103 59 37 570	646307 95	456103 96	0 00	282 05
Lamar/Delaware	3056 00	0 00	282 05	3056 00	-51 80	0 00	0 00	0 00	N 32 15 12 416	W 103 59 37 570	646307 95	456103 96	0 00	282 05
Bell Canyon	3084 00	0 00	282 05	3084 00	23 80	0 00	0 00	0 00	N 32 15 12 416	W 103 59 37 570	646307 95	456103 96	0 00	282 05
Build 2°/100'	3425 00	0 00	282 05	3425 00	317 20	0 00	0 00	0 00	N 32 15 12 416	W 103 59 37 570	646307 95	456103 96	0 00	282 05
Hold 10° Tangent	3925 15	10 00	282 05	3922 61	814 81	17 30	9 09	-42 59	N 32 15 12 507	W 103 59 38 065	646265 36	456113 05	2 00	0 00
Cherry Canyon	3954 99	10 00	282 05	3952 00	844 20	19 36	10 17	-47 66	N 32 15 12 518	W 103 59 38 124	646260 30	456114 13	0 00	0 00
Brushy Canyon	5147 11	10 00	282 05	5126 00	2018 20	101 64	53 40	-250 17	N 32 15 12 952	W 103 59 40 481	646057 80	456157 36	0 00	0 00
Bone Spring	6792 12	10 00	282 05	6746 00	3638 20	215 17	113 06	-529 61	N 32 15 13 551	W 103 59 43 733	645778 39	456217 01	0 00	0 00
Turn 2°/100	9003 62	10 00	282 05	8923 89	5816 09	367 80	193 26	-905 28	N 32 15 14 356	W 103 59 48 104	645402 75	456297 20	0 00	99 81
Build 10°/100'	9622 30	10 00	358 76	9535 54	6427 74	442 32	258 43	-959 20	N 32 15 15 003	W 103 59 48 730	645348 83	456362 37	2 00	0 00
Landing Point	10422 30	90 00	358 76	10009 00	6901 20	997 80	822 55	-971 43	N 32 15 20 585	W 103 59 48 852	645336 60	456926 45	10 00	0 00
Cypress 33 Federal 10H PBHL	14921 28	90 00	358 76	10009 00	6901 20	5426 81	5320 48	1069 02	N 32 16 5 095	W 103 59 49 824	645239 02	461424 01	0 00	



Vertical Section (ft) Azim = 348.641° Scale = 1:320.00(ft) Origin = 0N/-S, 0E/-W

CONTROLLED

1	Originator	Mariela Corbett
2	DE Sign Off Authority	
3	D&M Line Manager	Joel Dunn
4	Client	Oxy

Schlumberger

Oxy Cypress 33 Federal 10H REV1 LBN 16Sep16 Proposal Geodetic Report

(Non-Def Plan)

Report Date:	September 16, 2016 - 12:08 PM	**Survey / DLS Computation:**	Minimum Curvature / Lubinski
Client:	OXY	**Vertical Section Azimuth:**	348.639 ° (Grid North)
Field:	NM Eddy County (NAD 83)	**Vertical Section Origin:**	0.000 ft, 0.000 ft
Structure / Slot:	Oxy Cypress 33 Federal 10H / Oxy Cypress 33 Federal 10H	**TVD Reference Datum:**	RKB=26.5'
Well:	Oxy Cypress 33 Federal 10H	**TVD Reference Elevation:**	3107.800 ft above MSL
Borehole:	Original Borehole	**Seabed / Ground Elevation:**	3081.300 ft above MSL
UWI / API#:	Unknown / Unknown	**Magnetic Declination:**	7.272 °
Survey Name:	Oxy Cypress 33 Federal 10H REV1 LBN 16Sep16	**Total Gravity Field Strength:**	998.4592mgn (9.80665 Based)
Survey Date:	September 16, 2016	**Gravity Model:**	GARM
Tort / AHD / DDI / ERD Ratio:	102.377 ° / 6081.606 ft / 5.968 / 0.608	**Total Magnetic Field Strength:**	48213.494 nT
Coordinate Reference System:	NAD83 New Mexico State Plane, Eastern Zone, US Feet	**Magnetic Dip Angle:**	60.115 °
Location Lat / Long:	N 32° 15' 12.41570", W 103° 59' 37.56989"	**Declination Date:**	September 16, 2016
Location Grid N/E Y/X:	N 456103.960 ftUS, E 646307.950 ftUS	**Magnetic Declination Model:**	HDGM 2016
CRS Grid Convergence Angle:	0.1812 °	**North Reference:**	Grid North
Grid Scale Factor:	0.99992171	**Grid Convergence Used:**	0.1812 °
Version / Patch:	2.9.370.0	**Total Corr Mag North->Grid North:**	7.0910 °
		Local Coord Referenced To:	Well Head

Comments	MD (ft)	Incl (°)	Azim Grid (°)	TVD (ft)	VSEC (ft)	NS (ft)	EW (ft)	DLS (°/100ft)	Northing (ftUS)	Easting (ftUS)	Latitude (N/S ° ' ")	Longitude (E/W ° ' ")
SHL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	N/A	456103.96	646307.95	N 32 15 12.42	W 103 59 37.57
	100.00	0.00	282.05	100.00	0.00	0.00	0.00	0.00	456103.96	646307.95	N 32 15 12.42	W 103 59 37.57
	200.00	0.00	282.05	200.00	0.00	0.00	0.00	0.00	456103.96	646307.95	N 32 15 12.42	W 103 59 37.57
	300.00	0.00	282.05	300.00	0.00	0.00	0.00	0.00	456103.96	646307.95	N 32 15 12.42	W 103 59 37.57
	400.00	0.00	282.05	400.00	0.00	0.00	0.00	0.00	456103.96	646307.95	N 32 15 12.42	W 103 59 37.57
	500.00	0.00	282.05	500.00	0.00	0.00	0.00	0.00	456103.96	646307.95	N 32 15 12.42	W 103 59 37.57
	600.00	0.00	282.05	600.00	0.00	0.00	0.00	0.00	456103.96	646307.95	N 32 15 12.42	W 103 59 37.57
	700.00	0.00	282.05	700.00	0.00	0.00	0.00	0.00	456103.96	646307.95	N 32 15 12.42	W 103 59 37.57
	800.00	0.00	282.05	800.00	0.00	0.00	0.00	0.00	456103.96	646307.95	N 32 15 12.42	W 103 59 37.57
	900.00	0.00	282.05	900.00	0.00	0.00	0.00	0.00	456103.96	646307.95	N 32 15 12.42	W 103 59 37.57
	1000.00	*0.00*	*282.05*	*1000.00*	*0.00*	*0.00*	*0.00*	*0.00*	*456103.96*	*646307.95*	*N 32 15 12.42*	*W 103 59 37.57*
	1100.00	0.00	282.05	1100.00	0.00	0.00	0.00	0.00	456103.96	646307.95	N 32 15 12.42	W 103 59 37.57
	1200.00	0.00	282.05	1200.00	0.00	0.00	0.00	0.00	456103.96	646307.95	N 32 15 12.42	W 103 59 37.57
	1300.00	0.00	282.05	1300.00	0.00	0.00	0.00	0.00	456103.96	646307.95	N 32 15 12.42	W 103 59 37.57
	1400.00	0.00	282.05	1400.00	0.00	0.00	0.00	0.00	456103.96	646307.95	N 32 15 12.42	W 103 59 37.57
	1500.00	0.00	282.05	1500.00	0.00	0.00	0.00	0.00	456103.96	646307.95	N 32 15 12.42	W 103 59 37.57
	1600.00	0.00	282.05	1600.00	0.00	0.00	0.00	0.00	456103.96	646307.95	N 32 15 12.42	W 103 59 37.57
	1700.00	0.00	282.05	1700.00	0.00	0.00	0.00	0.00	456103.96	646307.95	N 32 15 12.42	W 103 59 37.57
	1800.00	0.00	282.05	1800.00	0.00	0.00	0.00	0.00	456103.96	646307.95	N 32 15 12.42	W 103 59 37.57
	1900.00	0.00	282.05	1900.00	0.00	0.00	0.00	0.00	456103.96	646307.95	N 32 15 12.42	W 103 59 37.57
	2000.00	0.00	282.05	2000.00	0.00	0.00	0.00	0.00	456103.96	646307.95	N 32 15 12.42	W 103 59 37.57
	2100.00	0.00	282.05	2100.00	0.00	0.00	0.00	0.00	456103.96	646307.95	N 32 15 12.42	W 103 59 37.57
	2200.00	0.00	282.05	2200.00	0.00	0.00	0.00	0.00	456103.96	646307.95	N 32 15 12.42	W 103 59 37.57
	2300.00	0.00	282.05	2300.00	0.00	0.00	0.00	0.00	456103.96	646307.95	N 32 15 12.42	W 103 59 37.57
	2400.00	0.00	282.05	2400.00	0.00	0.00	0.00	0.00	456103.96	646307.95	N 32 15 12.42	W 103 59 37.57
	2500.00	0.00	282.05	2500.00	0.00	0.00	0.00	0.00	456103.96	646307.95	N 32 15 12.42	W 103 59 37.57
	2600.00	0.00	282.05	2600.00	0.00	0.00	0.00	0.00	456103.96	646307.95	N 32 15 12.42	W 103 59 37.57
	2700.00	0.00	282.05	2700.00	0.00	0.00	0.00	0.00	456103.96	646307.95	N 32 15 12.42	W 103 59 37.57
	2800.00	0.00	282.05	2800.00	0.00	0.00	0.00	0.00	456103.96	646307.95	N 32 15 12.42	W 103 59 37.57
	2900.00	0.00	282.05	2900.00	0.00	0.00	0.00	0.00	456103.96	646307.95	N 32 15 12.42	W 103 59 37.57
	3000.00	0.00	282.05	3000.00	0.00	0.00	0.00	0.00	456103.96	646307.95	N 32 15 12.42	W 103 59 37.57
	3100.00	0.00	282.05	3100.00	0.00	0.00	0.00	0.00	456103.96	646307.95	N 32 15 12.42	W 103 59 37.57
	3200.00	*0.00*	*282.05*	*3200.00*	*0.00*	*0.00*	*0.00*	*0.00*	*456103.96*	*646307.95*	*N 32 15 12.42*	*W 103 59 37.57*
	3300.00	0.00	282.05	3300.00	0.00	0.00	0.00	0.00	456103.96	646307.95	N 32 15 12.42	W 103 59 37.57
	3400.00	0.00	282.05	3400.00	0.00	0.00	0.00	0.00	456103.96	646307.95	N 32 15 12.42	W 103 59 37.57
Build 2°/100'	3425.00	0.00	282.05	3425.00	0.00	0.00	0.00	0.00	456103.96	646307.95	N 32 15 12.42	W 103 59 37.57
	3500.00	1.50	282.05	3499.99	0.39	0.20	-0.96	2.00	456104.16	646306.99	N 32 15 12.42	W 103 59 37.58
	3600.00	3.50	282.05	3599.89	2.12	1.12	-5.23	2.00	456105.08	646302.72	N 32 15 12.43	W 103 59 37.63
	3700.00	5.50	282.05	3699.58	5.24	2.75	-12.90	2.00	456106.71	646295.05	N 32 15 12.44	W 103 59 37.72
	3800.00	7.50	282.05	3798.93	9.74	5.12	-23.97	2.00	456109.08	646283.98	N 32 15 12.47	W 103 59 37.85
	3900.00	9.50	282.05	3897.83	15.61	8.20	-38.42	2.00	456112.16	646269.53	N 32 15 12.50	W 103 59 38.02
Hold 10° Tangent	3925.15	10.00	282.05	3922.61	17.30	9.09	-42.59	2.00	456113.05	646265.36	N 32 15 12.51	W 103 59 38.07
	4000.00	10.00	282.05	3996.33	22.47	11.81	-55.30	0.00	456115.77	646252.65	N 32 15 12.53	W 103 59 38.21
	4100.00	10.00	282.05	4094.81	29.37	15.43	-72.29	0.00	456119.39	646235.66	N 32 15 12.57	W 103 59 38.41
	4200.00	10.00	282.05	4193.29	36.27	19.06	-89.28	0.00	456123.02	646218.68	N 32 15 12.61	W 103 59 38.61
	4300.00	10.00	282.05	4291.76	43.17	22.69	-106.27	0.00	456126.64	646201.69	N 32 15 12.64	W 103 59 38.81
	4400.00	10.00	282.05	4390.24	50.08	26.31	-123.25	0.00	456130.27	646184.71	N 32 15 12.68	W 103 59 39.00
	4500.00	10.00	282.05	4488.72	56.98	29.94	-140.24	0.00	456133.90	646167.72	N 32 15 12.72	W 103 59 39.20
	4600.00	10.00	282.05	4587.20	63.88	33.56	-157.23	0.00	456137.52	646150.74	N 32 15 12.75	W 103 59 39.40
	4700.00	10.00	282.05	4685.68	70.78	37.19	-174.21	0.00	456141.15	646133.75	N 32 15 12.79	W 103 59 39.60
	4800.00	10.00	282.05	4784.16	77.68	40.82	-191.20	0.00	456144.77	646116.76	N 32 15 12.83	W 103 59 39.79
	4900.00	10.00	282.05	4882.64	84.58	44.44	-208.19	0.00	456148.40	646099.78	N 32 15 12.86	W 103 59 39.99
	5000.00	10.00	282.05	4981.12	91.48	48.07	-225.18	0.00	456152.03	646082.79	N 32 15 12.90	W 103 59 40.19
	5100.00	10.00	282.05	5079.60	98.39	51.70	-242.16	0.00	456155.65	646065.81	N 32 15 12.93	W 103 59 40.39
	5200.00	10.00	282.05	5178.08	105.29	55.32	-259.15	0.00	456159.28	646048.82	N 32 15 12.97	W 103 59 40.59
	5300.00	10.00	282.05	5276.56	112.19	58.95	-276.14	0.00	456162.90	646031.84	N 32 15 13.01	W 103 59 40.78
	5400.00	10.00	282.05	5375.04	119.09	62.58	-293.12	0.00	456166.53	646014.85	N 32 15 13.04	W 103 59 40.98
	5500.00	10.00	282.05	5473.52	125.99	66.20	-310.11	0.00	456170.16	645997.86	N 32 15 13.08	W 103 59 41.18
	5600.00	10.00	282.05	5572.00	132.89	69.83	-327.10	0.00	456173.78	645980.88	N 32 15 13.12	W 103 59 41.38
	5700.00	10.00	282.05	5670.48	139.80	73.45	-344.09	0.00	456177.41	645963.89	N 32 15 13.15	W 103 59 41.57
	5800.00	10.00	282.05	5768.96	146.70	77.08	-361.07	0.00	456181.03	645946.91	N 32 15 13.19	W 103 59 41.77
	5900.00	10.00	282.05	5867.44	153.60	80.71	-378.06	0.00	456184.66	645929.92	N 32 15 13.23	W 103 59 41.97
	6000.00	10.00	282.05	5965.92	160.50	84.33	-395.05	0.00	456188.29	645912.93	N 32 15 13.26	W 103 59 42.17
	6100.00	10.00	282.05	6064.40	167.40	87.96	-412.03	0.00	456191.91	645895.95	N 32 15 13.30	W 103 59 42.36
	6200.00	10.00	282.05	6162.88	174.30	91.59	-429.02	0.00	456195.54	645878.96	N 32 15 13.34	W 103 59 42.56
	6300.00	10.00	282.05	6261.36	181.21	95.21	-446.01	0.00	456199.17	645861.98	N 32 15 13.37	W 103 59 42.76
	6400.00	10.00	282.05	6359.84	188.11	98.84	-463.00	0.00	456202.79	645844.99	N 32 15 13.41	W 103 59 42.96
	6500.00	10.00	282.05	6458.32	195.01	102.47	-479.98	0.00	456206.42	645826.01	N 32 15 13.44	W 103 59 43.16
	6600.00	10.00	282.05	6556.80	201.91	106.09	-496.97	0.00	456210.04	645811.02	N 32 15 13.48	W 103 59 43.35
	6700.00	10.00	282.05	6655.28	208.81	109.72	-513.96	0.00	456213.67	645794.03	N 32 15 13.52	W 103 59 43.55
	6800.00	10.00	282.05	6753.76	215.71	113.34	-530.94	0.00	456217.30	645777.05	N 32 15 13.55	W 103 59 43.75
	6900.00	10.00	282.05	6852.24	222.61	116.97	-547.93	0.00	456220.92	645760.06	N 32 15 13.59	W 103 59 43.95
	7000.00	10.00	282.05	6950.72	229.52	120.60	-564.92	0.00	456224.55	645743.08	N 32 15 13.63	W 103 59 44.14
	7100.00	10.00	282.05	7049.20	236.42	124.22	-581.91	0.00	456228.17	645726.09	N 32 15 13.66	W 103 59 44.34
	7200.00	10.00	282.05	7147.68	243.32	127.85	-598.89	0.00	456231.80	645709.11	N 32 15 13.70	W 103 59 44.54
	7300.00	10.00	282.05	7246.16	250.22	131.48	-615.88	0.00	456235.43	645692.12	N 32 15 13.74	W 103 59 44.74
	7400.00	10.00	282.05	7344.64	257.12	135.10	632.87	0.00	456239.05	645675.13	N 32 15 13.77	W 103 59 44.93
	7500.00	10.00	282.05	7443.12	264.02	138.73	-649.85	0.00	456242.68	645658.15	N 32 15 13.81	W 103 59 45.13

Comments	MD (ft)	Incl (°)	Azim Grid (°)	TVD (ft)	VSEC (ft)	NS (ft)	EW (ft)	DLS (°/100ft)	Northing (ftUS)	Easting (ftUS)	Latitude (N/S ° ' ")	Longitude (E/W ° ' ")
	7600.00	10.00	282.05	7541.60	270.93	142.36	-666.84	0.00	456246.30	645641.16	N 32 15 13.85	W 103 59 45.33
	7700.00	10.00	282.05	7640.08	277.83	145.98	-683.83	0.00	456249.93	645624.18	N 32 15 13.88	W 103 59 45.53
	7800.00	10.00	282.05	7738.56	284.73	149.61	-700.82	0.00	456253.56	645607.19	N 32 15 13.92	W 103 59 45.72
	7900.00	10.00	282.05	7837.04	291.63	153.23	-717.80	0.00	456257.18	645590.20	N 32 15 13.95	W 103 59 45.92
	8000.00	10.00	282.05	7935.52	298.53	156.86	-734.79	0.00	456260.81	645573.22	N 32 15 13.99	W 103 59 46.12
	8100.00	10.00	282.05	8034.00	305.43	160.49	-751.78	0.00	456264.43	645556.23	N 32 15 14.03	W 103 59 46.32
	8200.00	10.00	282.05	8132.48	312.34	164.11	-768.76	0.00	456268.06	645539.25	N 32 15 14.06	W 103 59 46.52
	8300.00	10.00	282.05	8230.96	319.24	167.74	-785.75	0.00	456271.69	645522.26	N 32 15 14.10	W 103 59 46.71
	8400.00	10.00	282.05	8329.44	326.14	171.37	-802.74	0.00	456275.31	645505.28	N 32 15 14.14	W 103 59 46.91
	8500.00	10.00	282.05	8427.92	333.04	174.99	-819.73	0.00	456278.94	645488.29	N 32 15 14.17	W 103 59 47.11
	8600.00	10.00	282.05	8526.40	339.94	178.62	-836.71	0.00	456282.56	645471.30	N 32 15 14.21	W 103 59 47.31
	8700.00	10.00	282.05	8624.88	346.84	182.25	-853.70	0.00	456286.19	645454.32	N 32 15 14.25	W 103 59 47.50
	8800.00	10.00	282.05	8723.36	353.74	185.87	-870.69	0.00	456289.82	645437.33	N 32 15 14.28	W 103 59 47.70
	8900.00	10.00	282.05	8821.84	360.65	189.50	-887.67	0.00	456293.44	645420.35	N 32 15 14.32	W 103 59 47.90
	9000.00	10.00	282.05	8920.32	367.55	193.12	-904.66	0.00	456297.07	645403.36	N 32 15 14.35	W 103 59 48.10
Turn 2°/100'	9003.62	10.00	282.05	8923.89	367.80	193.26	-905.28	0.00	456297.20	645402.75	N 32 15 14.36	W 103 59 48.10
	9100.00	8.95	291.67	9018.95	375.23	197.80	-920.42	2.00	456301.74	645387.60	N 32 15 14.40	W 103 59 48.28
	9200.00	8.19	304.33	9117.85	384.59	204.71	-933.52	2.00	456308.65	645374.51	N 32 15 14.47	W 103 59 48.43
	9300.00	7.88	318.51	9216.87	395.62	213.86	-943.94	2.00	456317.81	645364.08	N 32 15 14.56	W 103 59 48.55
	9400.00	8.06	332.91	9315.92	408.30	225.24	-951.68	2.00	456329.18	645356.35	N 32 15 14.67	W 103 59 48.64
	9500.00	8.71	345.92	9414.86	422.61	238.83	-956.71	2.00	456342.77	645351.31	N 32 15 14.81	W 103 59 48.70
	9600.00	9.73	356.68	9513.57	438.55	254.61	-959.05	2.00	456358.55	645348.98	N 32 15 14.96	W 103 59 48.73
Build 10°/100'	9622.30	10.00	358.76	9535.54	442.32	258.43	-959.20	2.00	456362.37	645348.83	N 32 15 15.00	W 103 59 48.73
	9700.00	17.77	358.76	9610.91	460.66	277.06	-959.60	10.00	456381.00	645348.43	N 32 15 15.19	W 103 59 48.73
	9800.00	27.77	358.76	9703.06	498.71	315.70	-960.44	10.00	456419.64	645347.59	N 32 15 15.57	W 103 59 48.74
	9900.00	37.77	358.76	9786.98	551.93	369.75	-961.61	10.00	456473.68	645346.42	N 32 15 16.10	W 103 59 48.75
	10000.00	47.77	358.76	9860.30	618.69	437.55	-963.08	10.00	456541.48	645344.95	N 32 15 16.78	W 103 59 48.77
	10100.00	57.77	358.76	9920.72	696.98	517.05	-964.80	10.00	456620.97	645343.22	N 32 15 17.56	W 103 59 48.79
	10200.00	67.77	358.76	9966.42	784.40	605.84	-966.73	10.00	456709.75	645341.30	N 32 15 18.44	W 103 59 48.80
	10300.00	77.77	358.76	9996.00	878.31	701.21	-968.80	10.00	456805.11	645339.23	N 32 15 19.38	W 103 59 48.83
	10400.00	87.77	358.76	10008.57	975.85	800.26	-970.95	10.00	456904.16	645337.08	N 32 15 20.36	W 103 59 48.85
Landing Point	10422.30	90.00	358.76	10009.00	997.80	822.55	-971.43	10.00	456926.45	645336.60	N 32 15 20.59	W 103 59 48.85
	10500.00	90.00	358.76	10009.00	1074.29	900.23	-973.12	0.00	457004.12	645334.91	N 32 15 21.35	W 103 59 48.87
	10600.00	90.00	358.76	10009.00	1172.73	1000.21	-975.29	0.00	457104.09	645332.74	N 32 15 22.34	W 103 59 48.89
	10700.00	90.00	358.76	10009.00	1271.18	1100.19	-977.46	0.00	457204.06	645330.57	N 32 15 23.33	W 103 59 48.91
	10800.00	90.00	358.76	10009.00	1369.62	1200.16	-979.62	0.00	457304.03	645328.40	N 32 15 24.32	W 103 59 48.93
	10900.00	90.00	358.76	10009.00	1468.07	1300.14	-981.79	0.00	457404.00	645326.24	N 32 15 25.31	W 103 59 48.95
	11000.00	90.00	358.76	10009.00	1566.51	1400.12	-983.96	0.00	457503.98	645324.07	N 32 15 26.30	W 103 59 48.98
	11100.00	90.00	358.76	10009.00	1664.96	1500.09	-986.13	0.00	457603.93	645321.90	N 32 15 27.29	W 103 59 49.00
	11200.00	90.00	358.76	10009.00	1763.40	1600.07	-988.30	0.00	457703.90	645319.73	N 32 15 28.28	W 103 59 49.02
	11300.00	90.00	358.76	10009.00	1861.85	1700.05	-990.47	0.00	457803.87	645317.56	N 32 15 29.27	W 103 59 49.04
	11400.00	90.00	358.76	10009.00	1960.29	1800.02	-992.64	0.00	457903.84	645315.39	N 32 15 30.26	W 103 59 49.06
	11500.00	90.00	358.76	10009.00	2058.74	1900.00	-994.81	0.00	458003.81	645313.22	N 32 15 31.25	W 103 59 49.08
	11600.00	90.00	358.76	10009.00	2157.18	1999.98	-996.98	0.00	458103.77	645311.05	N 32 15 32.24	W 103 59 49.11
	11700.00	90.00	358.76	10009.00	2255.62	2099.95	-999.15	0.00	458203.74	645308.88	N 32 15 33.23	W 103 59 49.13
	11800.00	90.00	358.76	10009.00	2354.07	2199.93	-1001.31	0.00	458303.71	645306.72	N 32 15 34.22	W 103 59 49.15
	11900.00	90.00	358.76	10009.00	2452.51	2299.90	-1003.48	0.00	458403.68	645304.55	N 32 15 35.20	W 103 59 49.17
	12000.00	90.00	358.76	10009.00	2550.96	2399.88	-1005.65	0.00	458503.65	645302.38	N 32 15 36.19	W 103 59 49.19
	12100.00	90.00	358.76	10009.00	2649.40	2499.86	-1007.82	0.00	458603.62	645300.21	N 32 15 37.18	W 103 59 49.21
	12200.00	90.00	358.76	10009.00	2747.85	2599.83	-1009.99	0.00	458703.59	645298.04	N 32 15 38.17	W 103 59 49.24
	12300.00	90.00	358.76	10009.00	2846.29	2699.81	-1012.16	0.00	458803.55	645295.87	N 32 15 39.16	W 103 59 49.26
	12400.00	90.00	358.76	10009.00	2944.74	2799.79	-1014.33	0.00	458903.52	645293.70	N 32 15 40.15	W 103 59 49.28
	12500.00	90.00	358.76	10009.00	3043.18	2899.76	-1016.50	0.00	459003.49	645291.53	N 32 15 41.14	W 103 59 49.30
	12600.00	90.00	358.76	10009.00	3141.63	2999.74	-1018.67	0.00	459103.46	645289.37	N 32 15 42.13	W 103 59 49.32
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	13500.00	90.00	358.76	10009.00	4027.63	3899.53	-1038.19	0.00	460003.18	645269.85	N 32 15 51.03	W 103 59 49.52
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	13900.00	90.00	358.76	10009.00	4421.41	4299.43	-1046.86	0.00	460403.05	645261.17	N 32 15 54.99	W 103 59 49.60
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	14700.00	90.00	358.76	10009.00	5208.97	5099.25	-1064.22	0.00	461202.80	645243.82	N 32 16 2.91	W 103 59 49.78
	14800.00	90.00	358.76	10009.00	5307.41	5199.22	-1066.39	0.00	461302.77	645241.65	N 32 16 3.90	W 103 59 49.80
	14900.00	90.00	358.76	10009.00	5405.86	5299.20	-1068.55	0.00	461402.73	645239.48	N 32 16 4.88	W 103 59 49.82
Cypress 33 Federal 10H PBHL	14921.28	90.00	358.76	10009.00	5426.81	5320.48	-1069.02	0.00	461424.01	645239.02	N 32 16 5.10	W 103 59 49.82

Survey Type: Non Def Plan

Survey Error Model: *ISCWSA Rev 0 *** 3-D 95.000% Confidence 2.7955 sigma*
Survey Program:

Description	Part	MD From (ft)	MD To (ft)	EOU Freq (ft)	Hole Size Casing Diameter (in)	Casing Diameter (in)	Expected Max Inclination (deg)	Survey Tool Type	Borehole / Survey
	1	0.000	26.500	1/100.000	30.000	30.000		NAL_MWD_HDGM-Depth Only	Original Borehole : Oxy Cypress 33 Federal 10H REV1 LBN
	1	26.500	14921.283	1/100.000	30.000	30.000		NAL_MWD_HDGM	Original Borehole : Oxy Cypress 33 Federal 10H REV1 LBN

OXY's Minimum Design Criteria

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

1) Casing Design Assumptions

a) Burst Loads

CSG Test (Surface)

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

CSG Test (Intermediate)

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

CSG Test (Production)

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

Gas Column (Surface)

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

Bullheading (Surface / Intermediate)

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

Gas Kick (Intermediate)

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

Tubing Leak Near Surface While Producing (Production)

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

Tubing Leak Near Surface While Stimulating (Production)

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

Injection / Stimulation Down Casing (Production)

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

b) Collapse Loads

Lost Circulation (Surface / Intermediate)

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

Cementing (Surface / Intermediate / Production)

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

Full Evacuation (Production)

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

c) Tension Loads

Running Casing (Surface / Intermediate / Production)

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

Green Cement (Surface / Intermediate / Production)

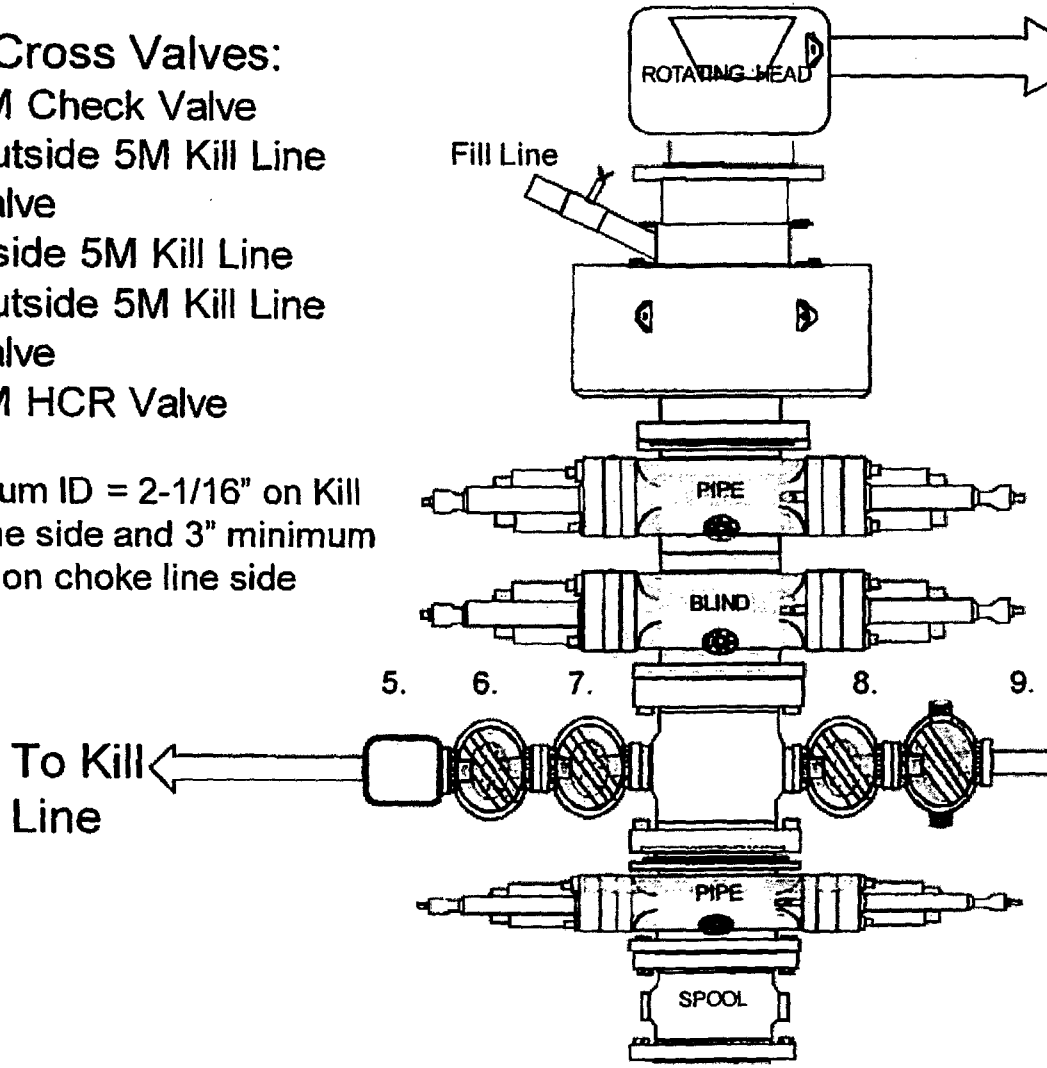
- Axial: Buoyant weight of the string plus cement plug bump pressure load.

5M BOP Stack

Mud Cross Valves:

5. 5M Check Valve
6. Outside 5M Kill Line Valve
7. Inside 5M Kill Line
8. Outside 5M Kill Line Valve
9. 5M HCR Valve

*Minimum ID = 2-1/16" on Kill Line side and 3" minimum ID on choke line side

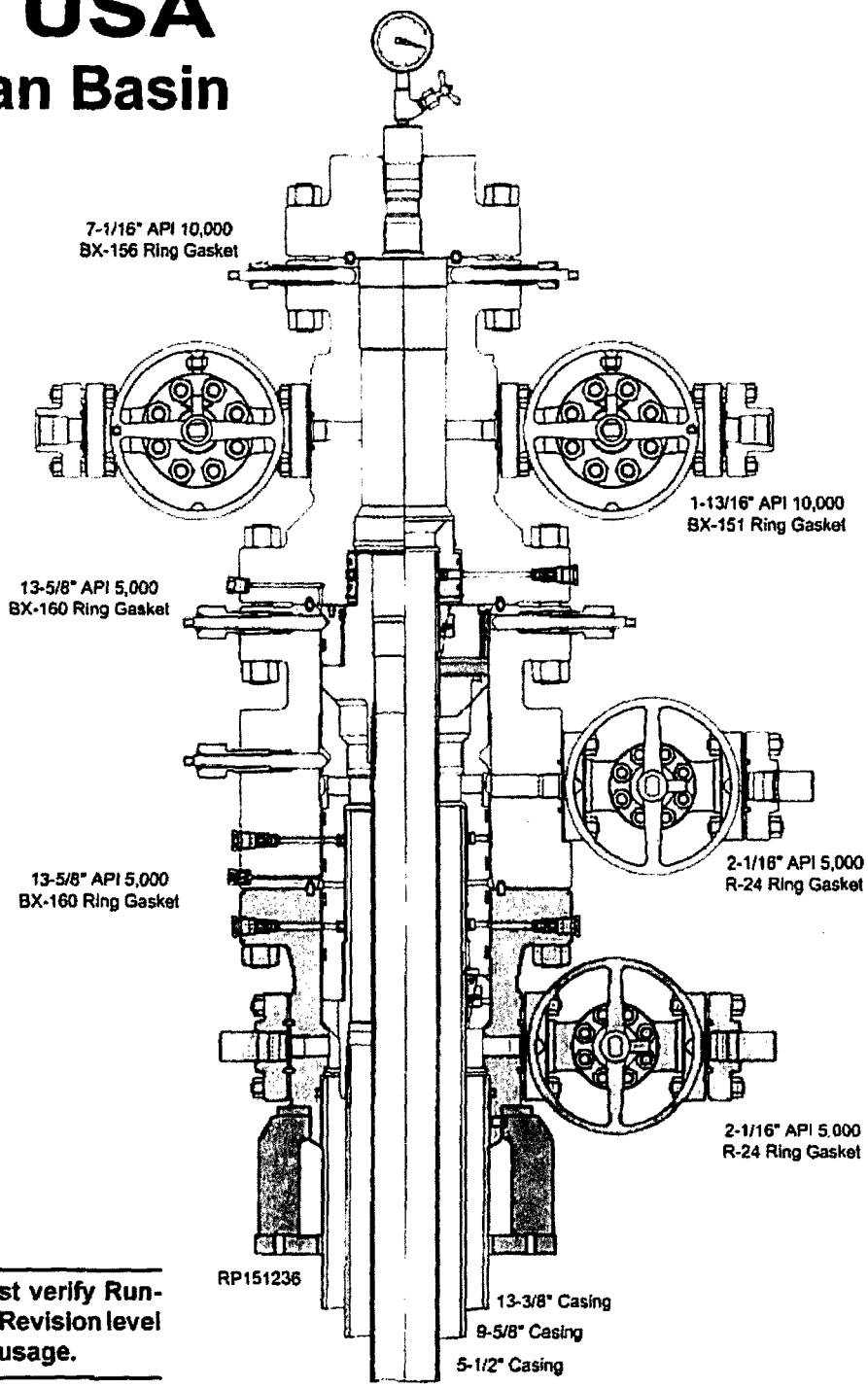


1. 5000 psi Annular (13-5/8" ID)
2. 5,000 psi Upper Pipe Ram (13-5/8" ID)
3. 5,000 psi Blind Ram (13-5/8" ID)
4. 5,000 psi Lower Pipe Ram (13-5/8" ID)

BOP-2

RUNNING PROCEDURE

Oxy USA
Permian Basin



▲ CAUTION **Must verify Running Procedure Revision level in SAP prior to usage.**

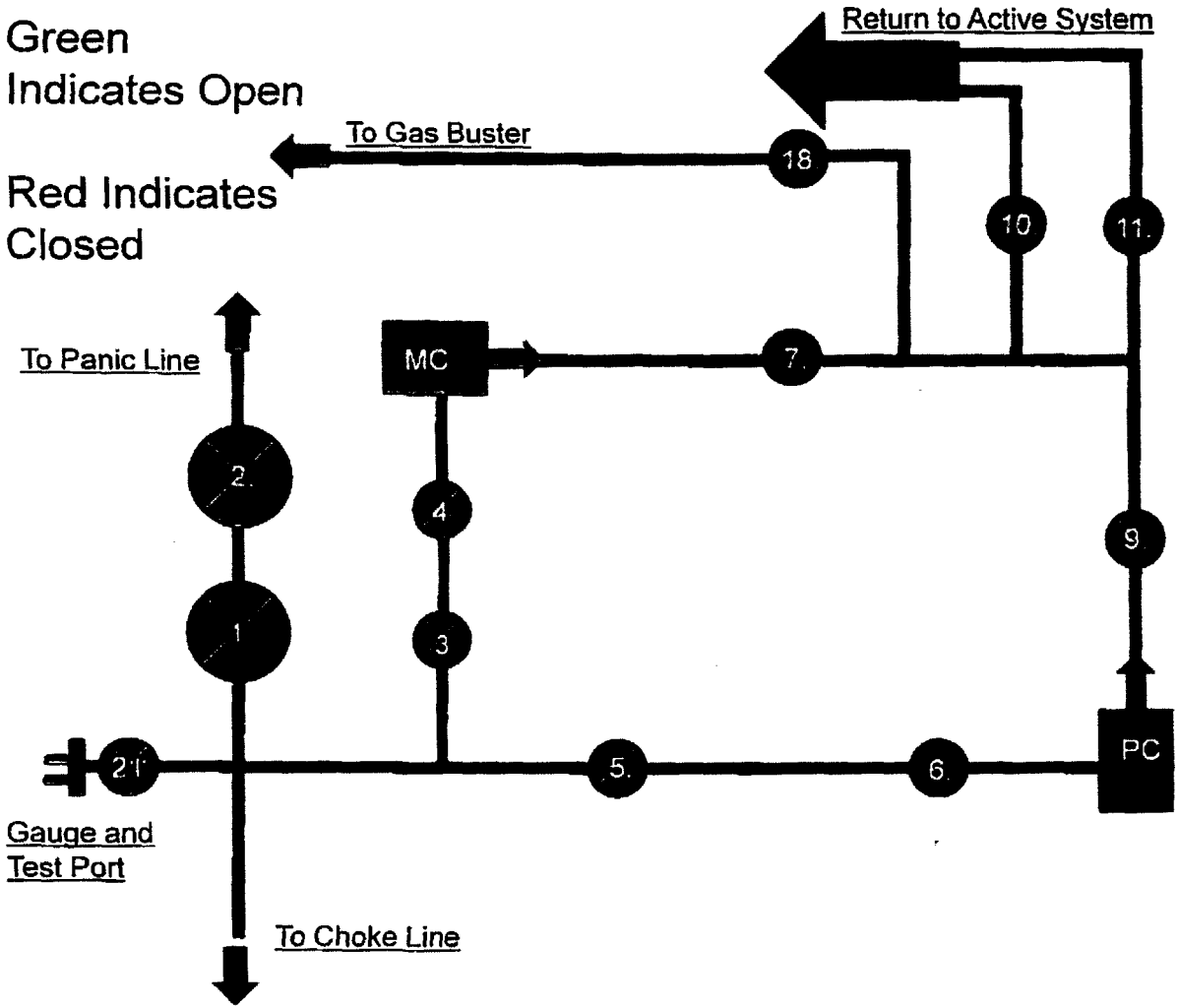
Surface Systems Publication

CAMERON	13-5/8" 5M MBS System 13-3/8" x 9-5/8" x 5-1/2" Casing Program	RP-003328 Rev 01

5M Choke Panel

Green
Indicates Open

Red Indicates
Closed



1. 4" Choke Manifold Valve
2. 4" Choke Manifold Valve
3. 3" Choke Manifold Valve
4. 3" Choke Manifold Valve
5. 3" Choke Manifold Valve
6. 3" Choke Manifold Valve
7. 3" Choke Manifold Valve
8. PC – Power Choke
9. 3" Choke Manifold Valve
10. 3" Choke Manifold Valve
11. Choke Manifold Valve
12. MC – Manual Choke

18. Choke Manifold Valve

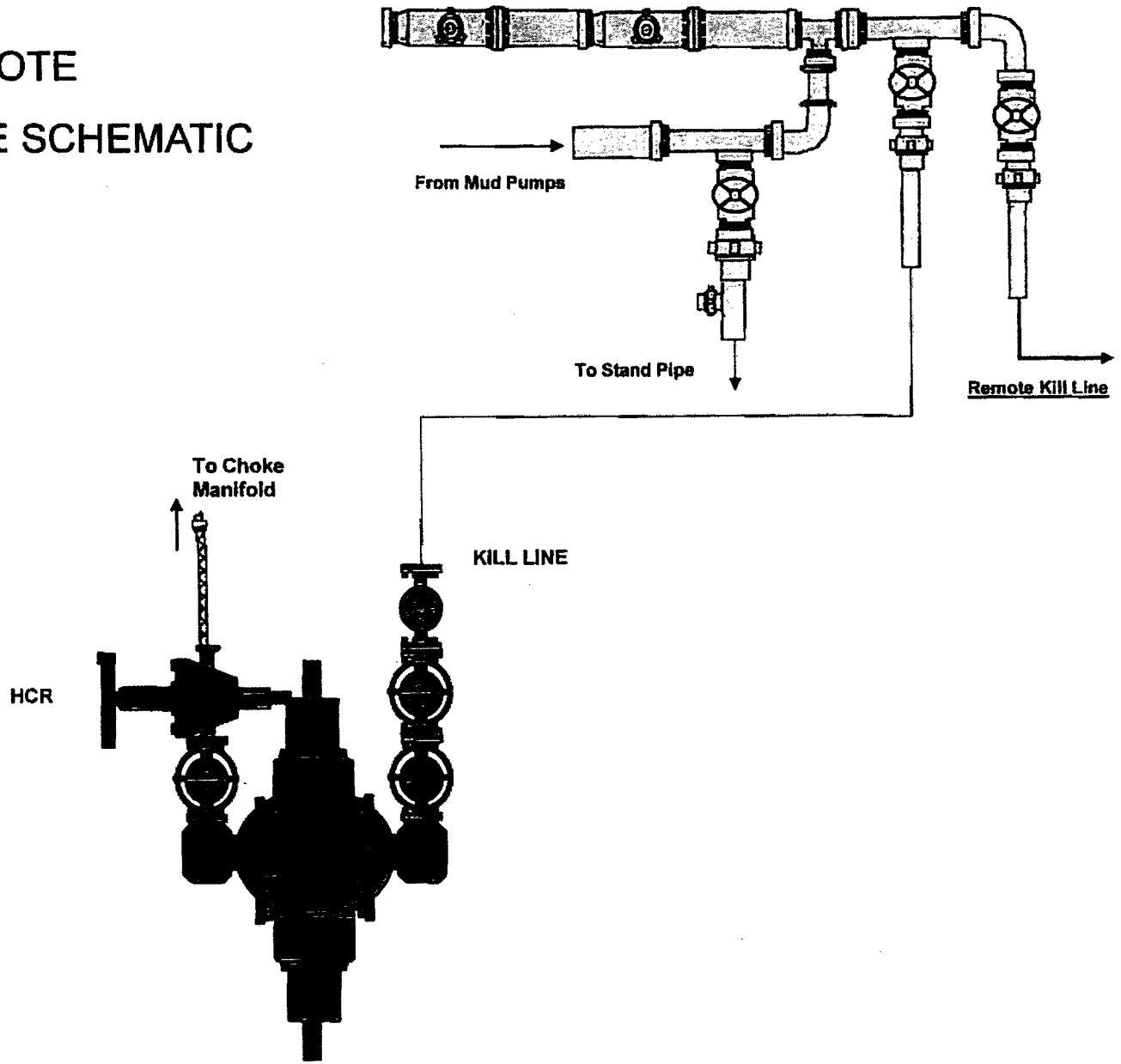
21. Vertical Choke Manifold Valve

***All Valves 3" minimum**

CM-1

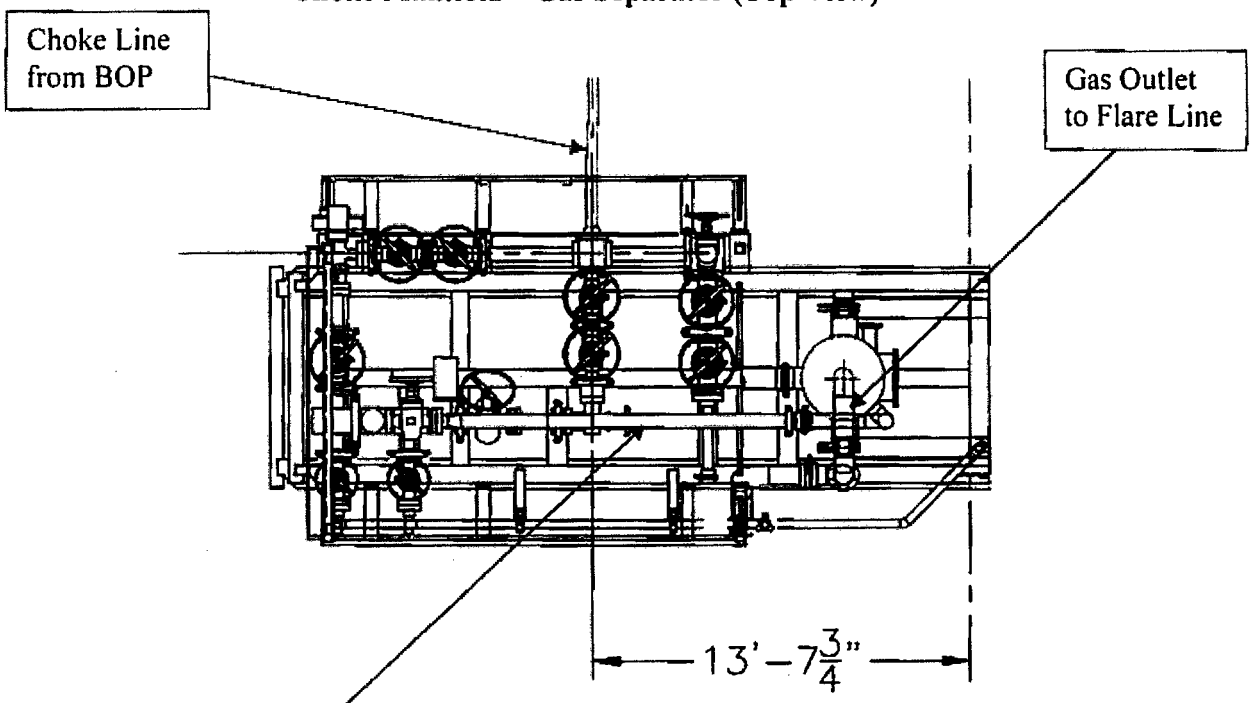
10M REMOTE

KILL LINE SCHEMATIC

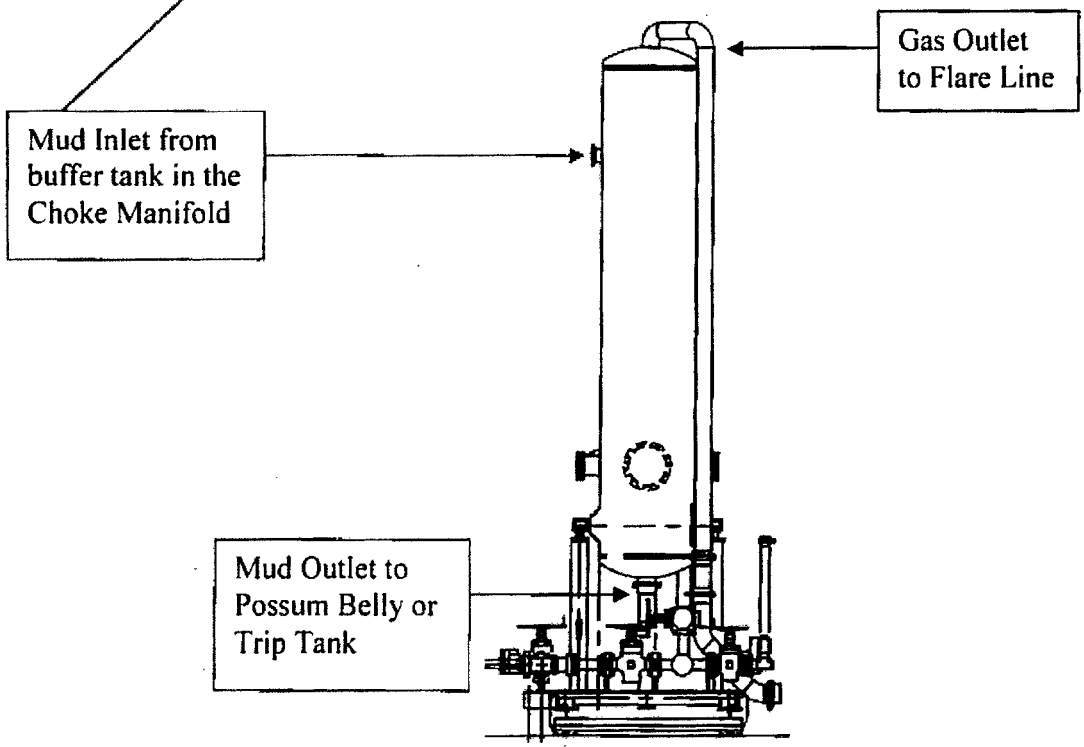


CM-2

Choke Manifold – Gas Separator (Top View)

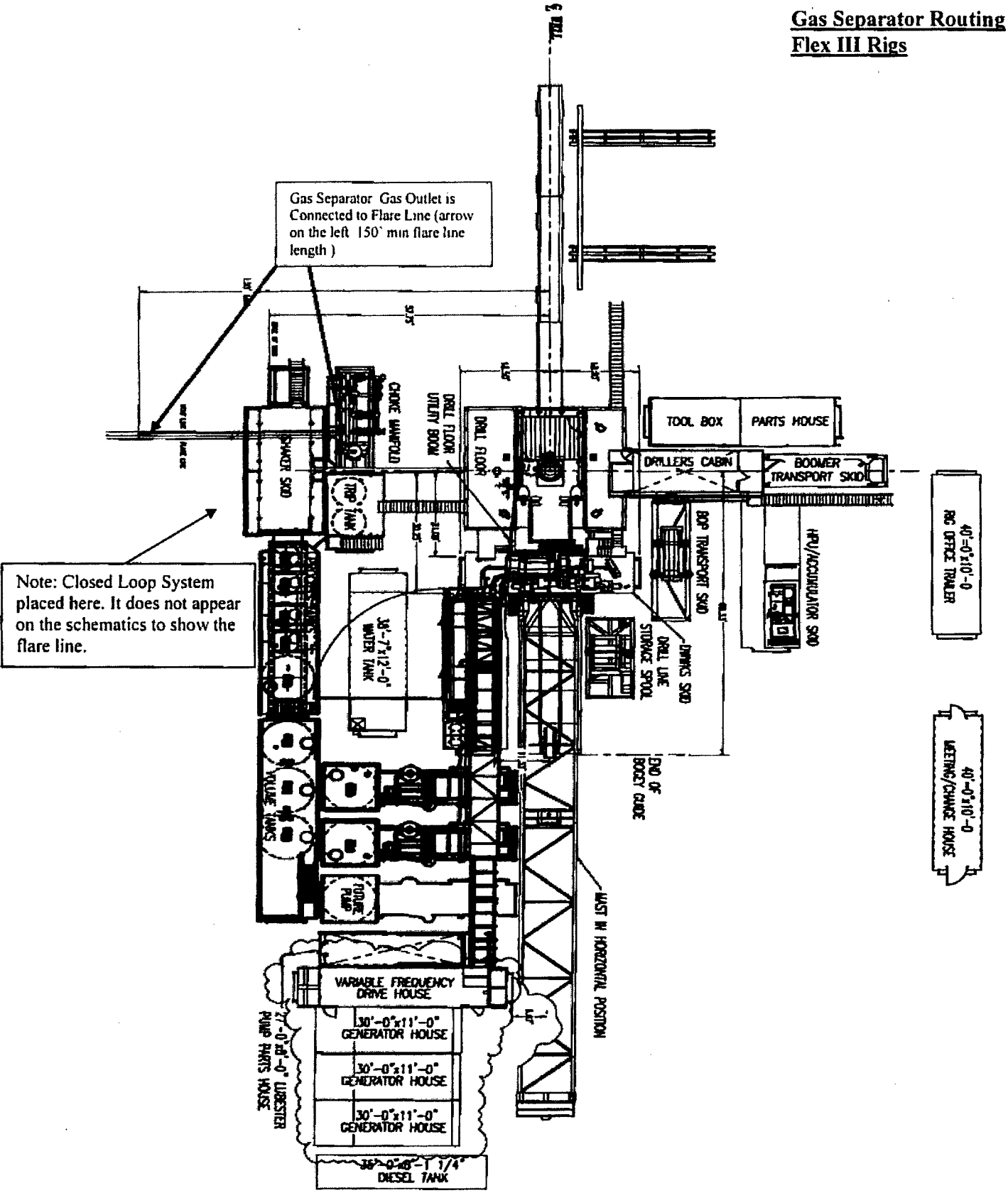


Choke Manifold – Gas Separator (Side View)



CM-4

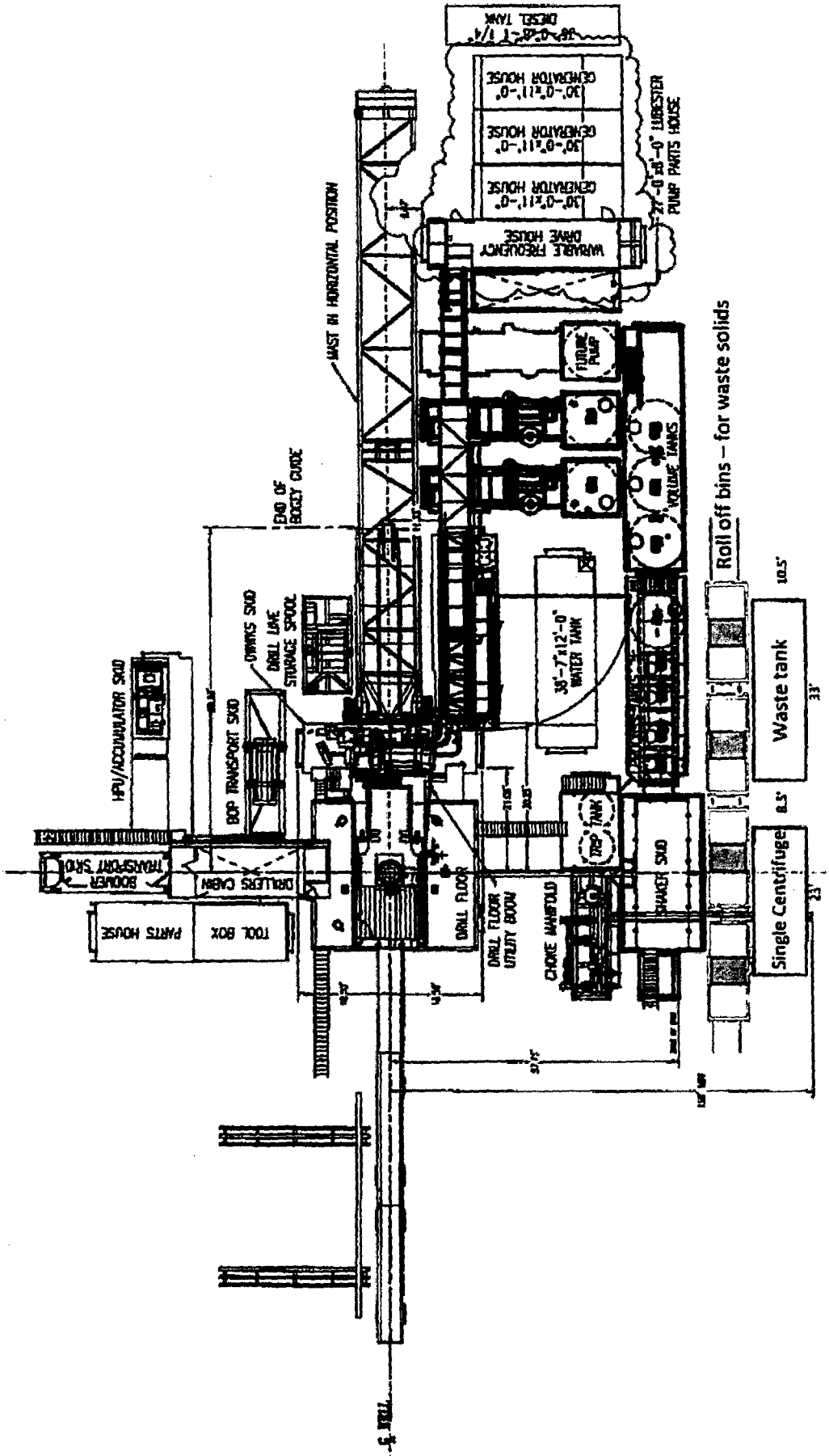
Gas Separator Routing
Flex III Rigs



closed loop - 1

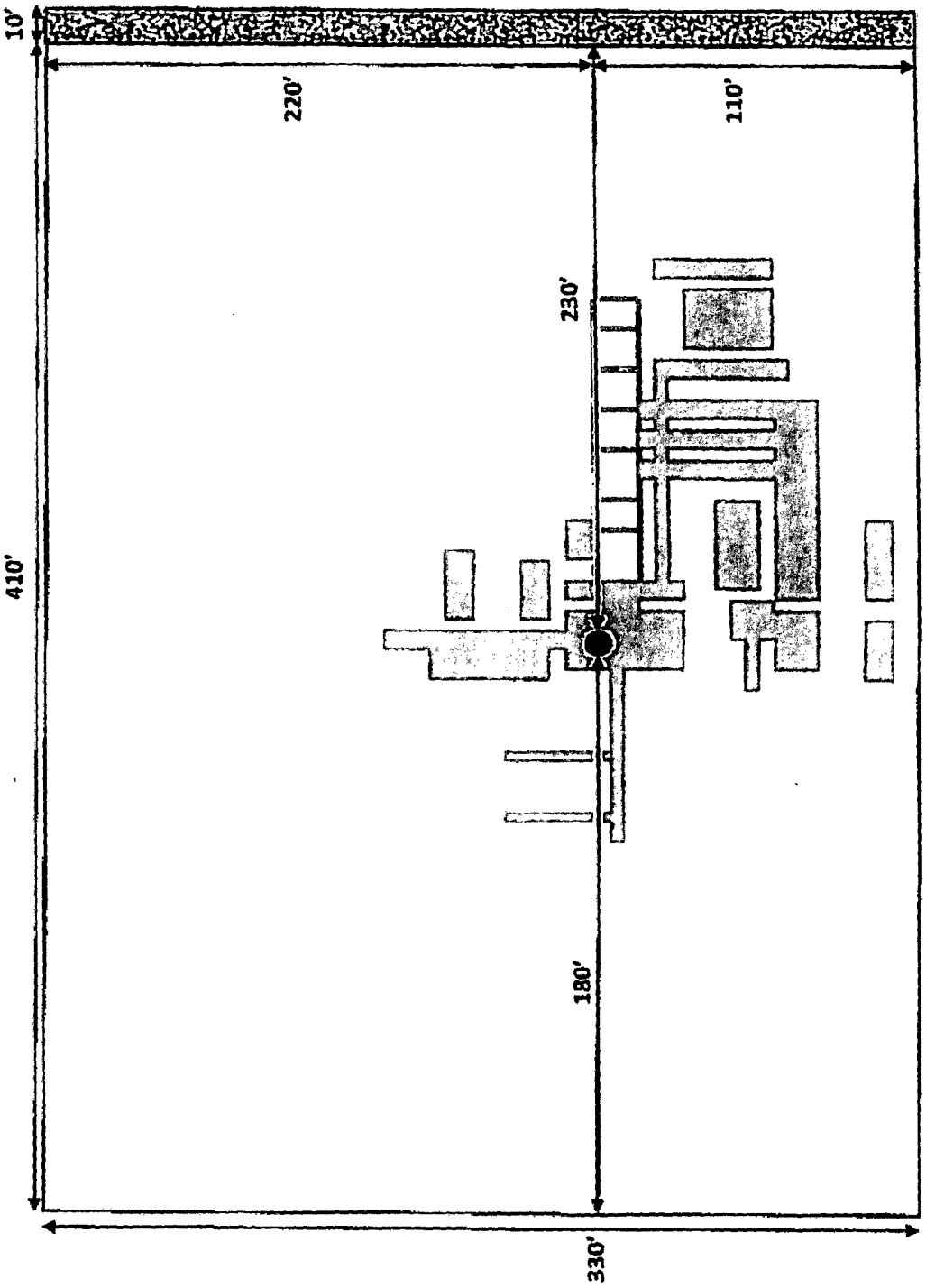
Oxy Single Centrifuge Closed Loop System – New Mexico Flex III

May 28, 2013

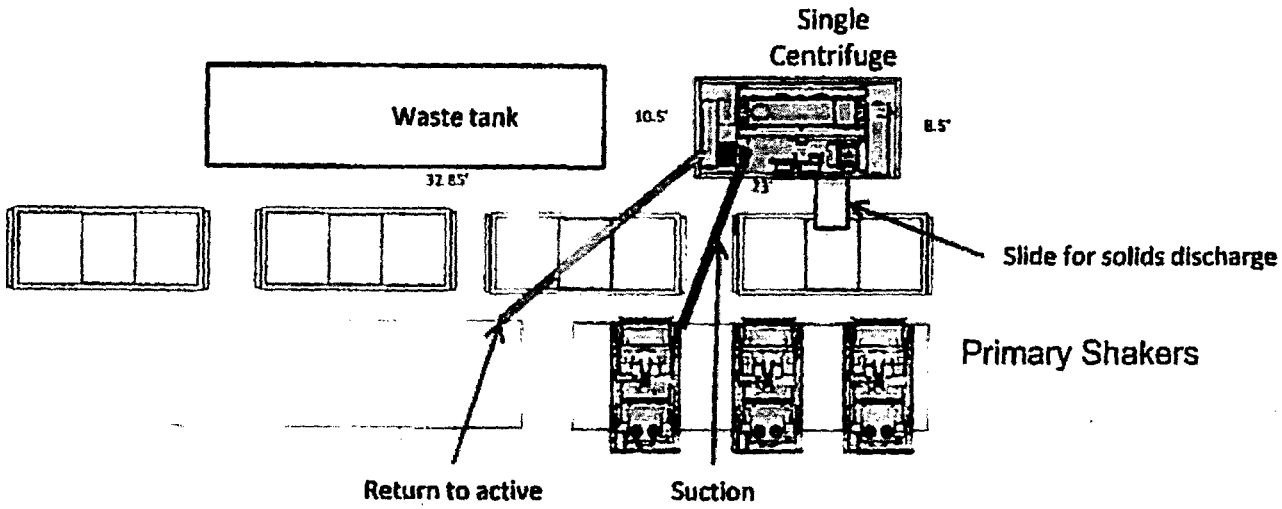


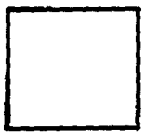
CL-2

Pad Site Overall Rig Layout
1 Well Pad Site



Oxy





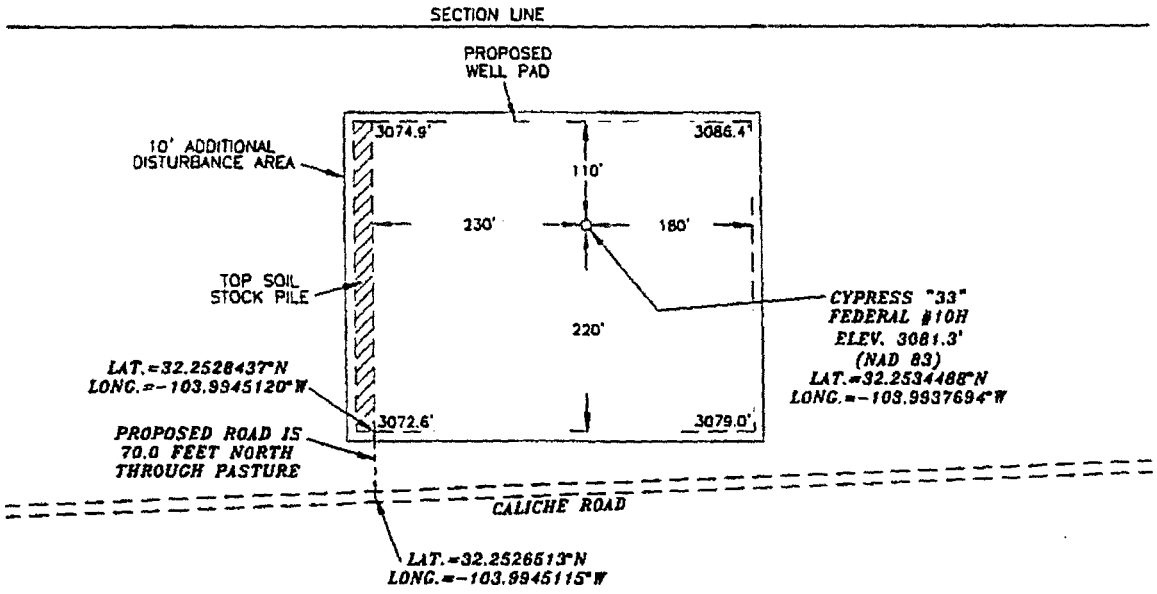
Oxy Single Centrifuge Closed Loop System – New Mexico Flex III

May 28, 2013

Site Plan

OXY USA INC.
CYPRESS "33" FEDERAL #10H
SITE PLAN

FAA PERMIT: NO



TERRY J ASEL NEW MEXICO 15079 REGISTERED PROFESSIONAL LAND SURVEYOR

LEGEND

- DENOTES PROPOSED WELL PAD
- DENOTES PROPOSED ROAD
- DENOTES STOCK PILE AREA

200' 0 200' 400' FEET

SCALE: 1"=200'

SURVEYORS CERTIFICATE

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

Terry J. Asel 9/15/2016

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

Asel Surveying

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

OXY USA INC.

CYPRESS "33" FEDERAL #10H LOCATED AT 212' FNL & 1337' FWL IN SECTION 4, TOWNSHIP 24 SOUTH, RANGE 29 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO

Survey Date: 08/01/16	Sheet 1 of 1 Sheets	
W.O. Number: 160801WL (Rev. B)	Drawn By: KA	Rev: B
Date: 09/14/16	160801WL	Scale:1"=200'

Permian Drilling
Hydrogen Sulfide Drilling Operations Plan
Cypress 33 Fed 10H

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

1. Escape

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

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

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

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

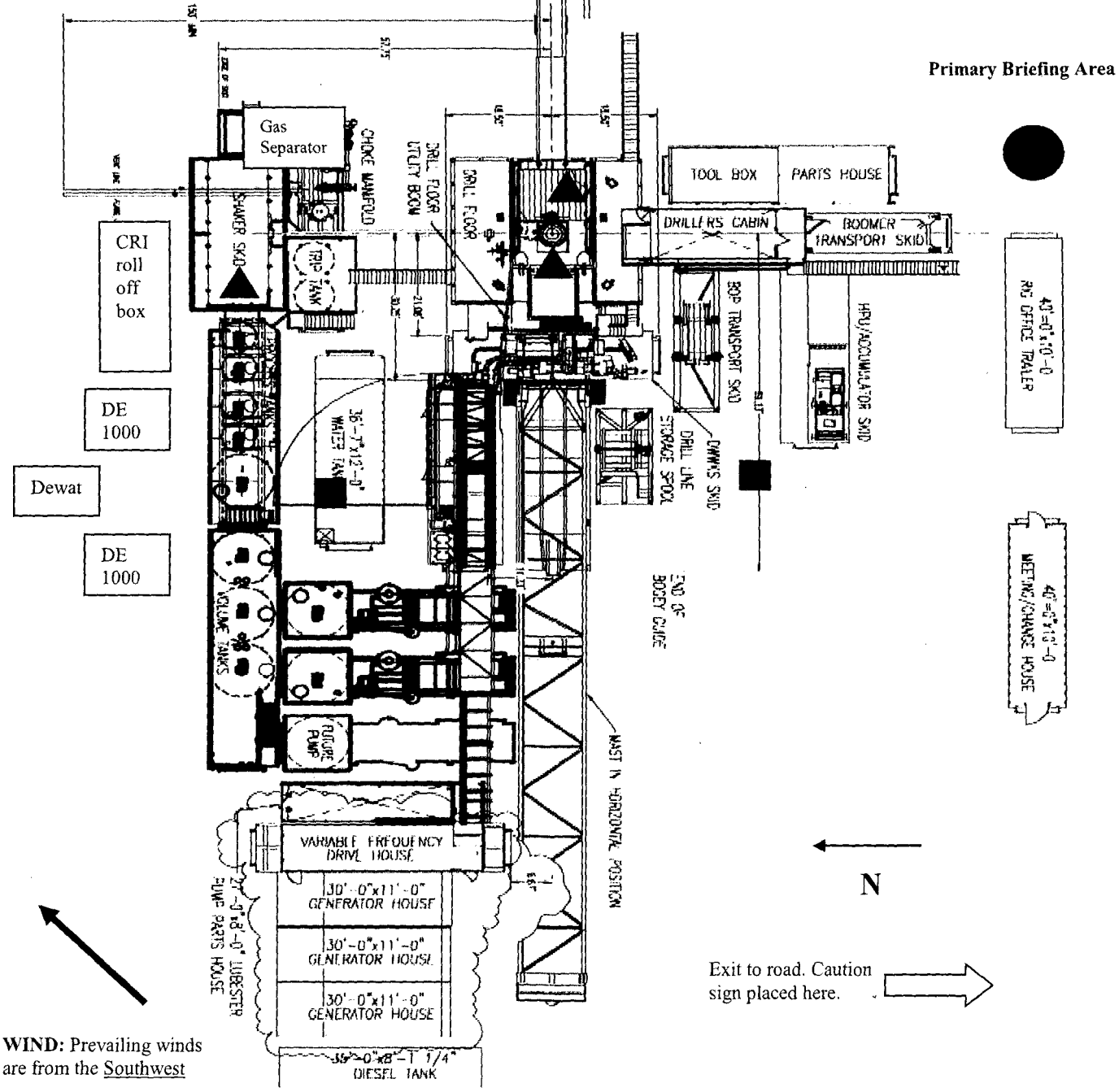
A gas buster is connected to both the choke manifold and flowline outlets.

Secondary Briefing Area

Rig Layout

Secondary Egress

Primary Briefing Area



WIND: Prevailing winds are from the Southwest

Permian Drilling
Hydrogen Sulfide Drilling Operations Plan
New Mexico

Scope

This contingency plan establishes guidelines for the public, all company employees, and contract employees who's work activities may involve exposure to hydrogen sulfide (H2S) gas.
While drilling this well, it is possible to encounter H2S bearing formations. At all times, the first barrier to control H2S emissions will be the drilling fluid, which will have a density high enough to control influx.

Objective

1. Provide an immediate and predetermined response plan to any condition when H2S is detected. All H2S detections in excess of 10 parts per million (ppm) concentration are considered an Emergency.

2. Prevent any and all accidents, and prevent the uncontrolled release of hydrogen sulfide into the atmosphere.

3. Provide proper evacuation procedures to cope with emergencies.

4. Provide immediate and adequate medical attention should an injury occur.

H2S-4

Discussion

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

Hydrogen Sulfide Training

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

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

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

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

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

Service company and visiting personnel

A. Each service company that will be on this well will be notified if the zone contains H2S.

B. Each service company must provide for the training and equipment of their employees before they arrive at the well site.

C. Each service company will be expected to attend a well site briefing

Emergency Equipment Requirements

1. Well control equipment

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

Special control equipment:

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

2. Protective equipment for personnel

A. Four (4) 30-minute positive pressure air packs (2 at each briefing area) on location.

B. Adequate fire extinguishers shall be located at strategic locations.

C. Radio / cell telephone communication will be available at the rig.

- Rig floor and trailers.
- Vehicle.

3. Hydrogen sulfide sensors and alarms

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

4. Visual Warning Systems

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

Caution – potential poison gas
Hydrogen sulfide
No admittance without authorization

Wind sock wind streamers:

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

Condition flags

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

green – normal conditions
yellow – potential danger
red – danger, H2S present

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

5. Mud Program

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

Mud inspection devices:

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

6. Metallurgy

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

7. Well Testing

No drill stem test will be performed on this well.

8. Evacuation plan

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

9. Designated area

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

Emergency procedures

A. In the event of any evidence of H2S level above 10 ppm, take the following steps:

1. The Driller will pick up off bottom, shut down the pumps, slow down the pipe rotation.

2. Secure and don escape breathing equipment, report to the upwind designated safe briefing / muster area.

3. All personnel on location will be accounted for and emergency search should begin for any missing, the Buddy System will be implemented.

4. Order non-essential personnel to leave the well site, order all essential personnel out of the danger zone and upwind to the nearest designated safe briefing / muster area.

5. Entrance to the location will be secured to a higher level than our usual "Meet and Greet" requirement, and the proper condition flag will be displayed at the entrance to the location.

6. Take steps to determine if the H2S level can be corrected or suppressed and, if so, proceed as required.

B. If uncontrollable conditions occur:

1. Take steps to protect and/or remove any public in the down-wind area from the rig – partial evacuation and isolation. Notify necessary public safety personnel and appropriate regulatory entities (i.e. BLM) of the situation.

2. Remove all personnel to the nearest upwind designated safe briefing / muster area or off location.

3. Notify public safety personnel of safe briefing / muster area.

4. An assigned crew member will blockade the entrance to the location. No unauthorized personnel will be allowed entry to the location.

5. Proceed with best plan (at the time) to regain control of the well. Maintain tight security and safety procedures.

C. Responsibility:

1. Designated personnel.

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

All personnel:	1. On alarm, don escape unit and report to the nearest upwind designated safe briefing / muster area upw 2. Check status of personnel (buddy system). 3. Secure breathing equipment. 4. Await orders from supervisor.
Drill site manager:	1. Don escape unit if necessary and report to nearest upwind designated safe briefing / muster area. 2. Coordinate preparations of individuals to return to point of release with tool pusher and driller (using the buddy system). 3. Determine H2S concentrations. 4. Assess situation and take control measures.
Tool pusher:	1. Don escape unit Report to up nearest upwind designated safe briefing / muster area. 2. Coordinate preparation of individuals to return to point of release with tool pusher drill site manager (using the buddy system). 3. Determine H2S concentration. 4. Assess situation and take control measures.
Driller:	1. Don escape unit, shut down pumps, continue

		rotating DP.
	2.	Check monitor for point of release.
	3.	Report to nearest upwind designated safe briefing / muster area.
	4.	Check status of personnel (in an attempt to rescue, use the buddy system).
	5.	Assigns least essential person to notify Drill Site Manager and tool pusher by quickest means in case of their absence.
	6.	Assumes the responsibilities of the Drill Site Manager and tool pusher until they arrive should they be absent.
Derrick man Floor man #1 Floor man #2	1.	Will remain in briefing / muster area until instructed by supervisor.
Mud engineer:	1.	Report to nearest upwind designated safe briefing / muster area.
	2.	When instructed, begin check of mud for ph and H2S level. (Garett gas train.)
Safety personnel:	1.	Mask up and check status of all personnel and secure operations as instructed by drill site manager.

Taking a kick

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

Open-hole logging

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

Running casing or plugging

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

Ignition procedures

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

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

Instructions for igniting the well

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

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

Status check list

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

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

Checked by:_____ Date:_____

Procedural check list during H2S events

Perform each tour:

1. Check fire extinguishers to see that they have the proper charge.

2. Check breathing equipment to ensure that it in proper working order.

3. Make sure all the H2S detection system is operative.

Perform each week:

1. Check each piece of breathing equipment to make sure that demand or forced air regulator is working. This requires that the bottle be opened and the mask assembly be put on tight enough so that when you inhale, you receive air or feel air flow.

2. BOP skills (well control drills).

3. Check supply pressure on BOP accumulator stand by source.

4. Check breathing equipment mask assembly to see that straps are loosened and turned back, ready to put on.

5. Check pressure on breathing equipment air bottles to make sure they are charged to full volume. (Air quality checked for proper air grade "D" before bringing to location)

6. Confirm pressure on all supply air bottles.

7. Perform breathing equipment drills with on-site personnel.

8. Check the following supplies for availability.

   A. Emergency telephone list.
   B. Hand operated H2S detectors and tubes.

General evacuation plan

1. When the company approved supervisor (Drill Site Manager, consultant, rig pusher, or driller) determines the H2S gas cannot be limited to the well location and the public will be involved, he will activate the evacuation plan.

2. Drill Site Manager or designee will notify local government agency that a hazardous condition exists and evacuation needs to be implemented.

3. Company or contractor safety personnel that have been trained in the use of H2S detection equipment and self-contained breathing equipment will monitor H2S concentrations, wind directions, and area of exposure. They will delineate the outer perimeter of the hazardous gas area. Extension to the evacuation area will be determined from information gathered.

4. Law enforcement personnel (state police, police dept., fire dept., and sheriff's dept.) Will be called to aid in setting up and maintaining road blocks. Also, they will aid in evacuation of the public if necessary.

5. After the discharge of gas has been controlled, company safety personnel will determine when the area is safe for re-entry.

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

H2S-17

Emergency actions

Well blowout – if emergency

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

Person down location/facility

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

Toxic effects of hydrogen sulfide

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

Table i
Toxicity of various gases

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

1) threshold limit – concentration at which it is believed that all workers may be repeatedly exposed day after day without adverse effects.

2) hazardous limit – concentration that will cause death with short-term exposure.

3) lethal concentration – concentration that will cause death with short-term exposure.

Toxic effects of hydrogen sulfide

Table ii
Physical effects of hydrogen sulfide

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

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

*at 15.00 psia and 60'f.

Use of self-contained breathing equipment (SCBA)

1. Written procedures shall be prepared covering safe use of SCBA's in dangerous atmosphere, which might be encountered in normal operations or in emergencies. Personnel shall be familiar with these procedures and the available SCBA.

2 SCBA's shall be inspected frequently at random to insure that they are properly used, cleaned, and maintained.

3. Anyone who may use the SCBA's shall be trained in how to insure proper face-piece to face seal. They shall wear SCBA's in normal air and then wear them in a test atmosphere. (note: such items as facial hair {beard or sideburns} and eyeglasses will not allow proper seal.) Anyone that may be reasonably expected to wear SCBA's should have these items removed before entering a toxic atmosphere. A special mask must be obtained for anyone who must wear eyeglasses or contact lenses.

4. Maintenance and care of SCBA's:

   a. A program for maintenance and care of SCBA's shall include the following:
      1. Inspection for defects, including leak checks.
      2. Cleaning and disinfecting.
      3. Repair.
      4. Storage.

   b. Inspection, self-contained breathing apparatus for emergency use shall be inspected monthly.
      1. Fully charged cylinders.
      2. Regulator and warning device operation.
      3. Condition of face piece and connections.
      4. Rubber parts shall be maintained to keep them pliable and prevent deterioration.

   c. Routinely used SCBA's shall be collected, cleaned and disinfected as frequently as necessary to insure proper protection is provided.

5. Persons assigned tasks that requires use of self-contained breathing equipment shall be certified physically fit (medically cleared) for breathing equipment usage at least annually.

6. SCBA's should be worn when:

   A. Any employee works near the top or on top of any tank unless test reveals less than 10 ppm of H2S.

B. When breaking out any line where H2S can reasonably be expected.

C. When sampling air in areas to determine if toxic concentrations of H2S exists.

D. When working in areas where over 10 ppm H2S has been detected.

E. At any time there is a doubt as to the H2S level in the area to be entered.

Rescue
First aid for H2S poisoning

Do not panic!

Remain calm – think!

1. Don SCBA breathing equipment.

2. Remove victim(s) utilizing buddy system to fresh air as quickly as possible. (go up-wind from source or at right angle to the wind. Not down wind.)

3. Briefly apply chest pressure – arm lift method of artificial respiration to clean the victim's lungs and to avoid inhaling any toxic gas directly from the victim's lungs.

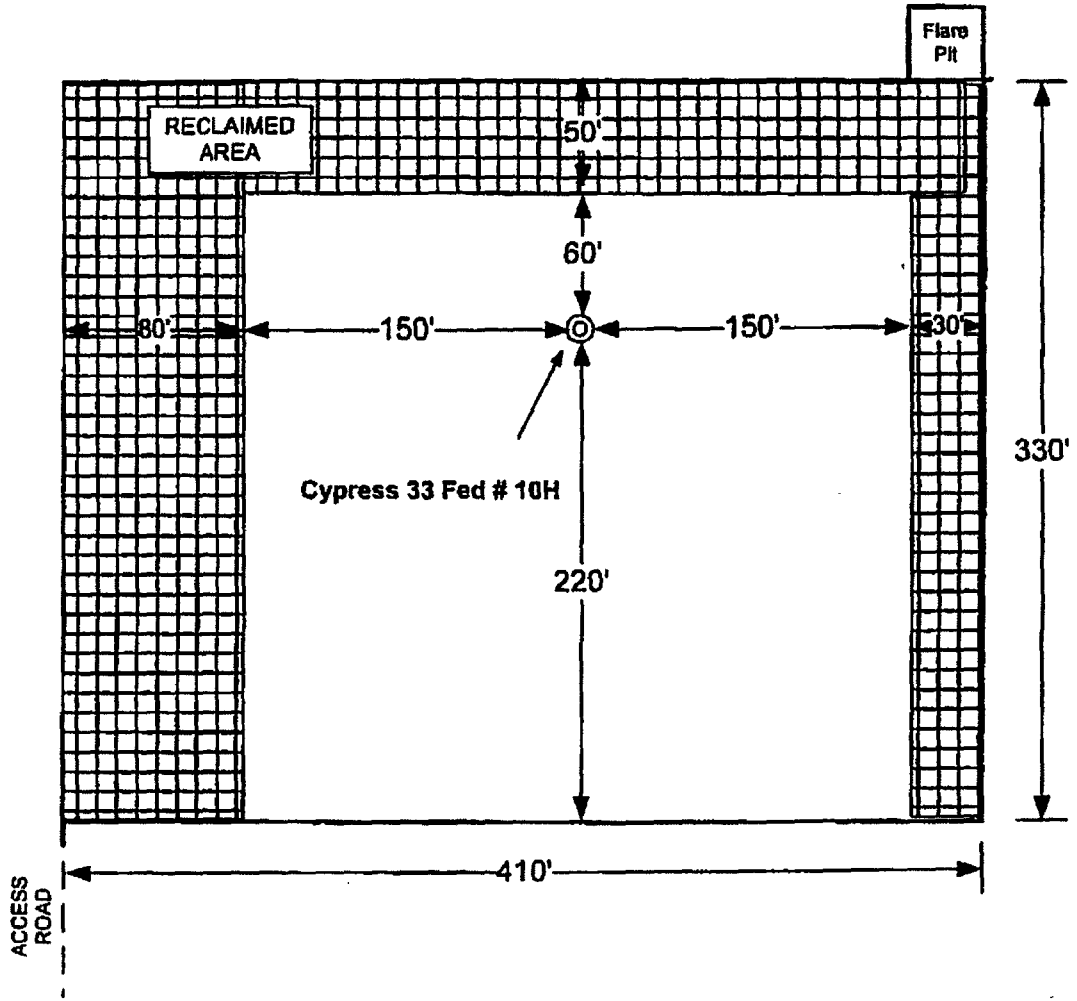
4. Provide for prompt transportation to the hospital, and continue giving artificial respiration if needed.

5. Hospital(s) or medical facilities need to be informed, before-hand, of the possibility of H2S gas poisoning – no matter how remote the possibility is.

6. Notify emergency room personnel that the victim(s) has been exposed to H2S gas.

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

Revised CM 6/27/2012



NORTH

VDOOR - EAST

8' Diameter x 8' Deep Tinhorn Cellar

REVISION BLOCK						ENGINEERING RECORD	
NO.	DATE	DESCRIPTION	BY	CHK	APP	BY	DATE

FLEX 3 & ENSIGN RIG DIAGRAM
Cypress 33 Fed # 10H
EDDY COUNTY, NEW MEXICO

Wellsite Layout -

Surface Use Plan of Operations

Operator Name/Number: OXY USA Inc. – 16696
Lease Name/Number: Cypress 33 Federal Com #10H
Pool Name/Number: Cedar Canyon Bone Spring 11520
Surface Location: 212 FNL 1337 FWL NENW (3) Sec 4 T24S R29E - NMNM99034
Bottom Hole Location: 180 FNL 380 FWL NWNW (D) Sec 33 T23S R29E - NMNM86024

1. Existing Roads

a. A copy of the USGS "Remuda Basin, NM" quadrangle map is attached showing the proposed location. The well location is spotted on the map, which shows the existing road system.

b. The well was staked by Terry J Asel, Certificate No. 15079 on 8/1/16, certified 9/15/16.

c. Directions to Location: From the intersection of US 285 and CR 720, go east on CR 720 for 1.3 miles. Turn right on CR 746 and go south for 0.8 miles, continue southeast/east for 2.3 miles. Turn left on CR 788 and go northeast for 1.6 miles. Turn left and go northwest for 1.2 miles. Turn right and go east for 0.6 miles. Turn left and go north for 1.5 miles, continue east for 0.2 miles. Turn left on proposed and go north for 70' to location.

2. New of Reconstructed Access Roads:

a. A new access road will be built. The access road will run approximately 70' north from an existing caliche road through pasture to the southwest corner of the pad.

b. The maximum width of the road will be 14'. It will be crowned and made up of 6" of rolled and compacted caliche. Water will be deflected, as necessary, to avoid accumulation and prevent surface erosion.

c. Surface material will be native caliche. This material will be obtained from a BLM approved pit nearest in proximity to the location. The average grade will be approximately 1%.

d. No cattle guards, grates or fence cuts will be required. No turnouts are planned.

e. Blade, water and repair existing caliche roads as needed.

3. Location of Existing Wells:

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

4. Location of Existing and/or Proposed Facilities:

a. In the event the well is found productive, the Cypress 33 Federal #1 tank battery would be utilized and the necessary production equipment will be installed at the well site. See proposed facilities layout diagram.

b. All flow lines will adhere to API standards. They will consist of 2 – 4" composite flowlines operating < 75% MAWP, buried and 2 – 4" steel gas lift supply line operating ~1500 psig, buried, lines to follow surveyed route. Survey of a strip of land 30' wide and 6520.5' in length crossing USA Land in Sections 33 & 34 T23S R29E and Sections 3 & 4 T24S R29E NMPM, Eddy County, NM and being 15' left and 15' right of the centerline survey, see attached.

c. Electric line will follow a route approved by the BLM. Survey of a strip of land 30' wide and 4607.9' in length crossing USA Land in Section 33 & 34 T23S R29E and Section 4 T24S R29E NMPM, Eddy County, NM and being 25' left and 25' right of the centerline survey, see attached.

5. Location and types of Water Supply

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

6. Construction Materials:

Primary

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

Secondary

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

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

7. Methods of Handling Waste Material:

a. A closed loop system will be utilized consisting of above ground steel tanks and haul-off bins. Disposal of liquids, drilling fluids and cuttings will be disposed of at an approved facility. Solids-CRI, Liquids-Laguna

b. All trash, junk and other waste material will be contained in trash cages or bins to prevent scattering. When the job is completed, all contents will be removed and disposed of in an approved sanitary landfill.

c. The supplier, including broken sacks, will pickup slats remaining after completion of well.

d. A Porto-john will be provided for the rig crews. This equipment will be properly maintained during the drilling and completion operations and will be removed when all operations are complete.

e. Disposal of fluids to be transported will be by the following companies. TFH Ltd, Laguna SWD Facility

8. Ancillary Facilities: None needed.

9. Well Site Layout:

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

V-Door – East CL Tanks – North Pad – 330' X 410'

10. Plans for Surface Reclamation:

a. After concluding the drilling and/or completion operations, if the well is found non-commercial, the caliche will be removed from the pad and transported to the original caliche pit or used for other drilling locations. The road will be reclaimed as directed by the BLM. The original topsoil will again be returned to the pad and contoured, as close as possible, to the original topography, and the area will be seeded with an approved BLM mixture to re-establish vegetation.

b. If the well is deemed commercially productive, caliche from the areas of the pad site not required for operations will be reclaimed. The original topsoil will be returned to the area of the drill pad not necessary to operate the well. These unused areas of the drill pad will be contoured, as close as possible, to match the original topography, and the area will be seeded with an approved BLM mixture to re-establish vegetation.

11. Surface Ownership:

The surface is owned by the U.S. Government and is administered by the BLM. The surface is multiple use with the primary uses of the region for the grazing of livestock and the production of oil and gas. The surface is leased to: Pierce Canyon, Allotment #77036, Henry McDonald and John D. Brantley, P.O. Box 597, Loving, NM 88256. They will be notified of our intention to drill prior to any activity.

12. Other Information:

a. The vegetation cover is generally sparse consisting of mesquite, yucca, shinnery oak, sandsage and perennial native range grass. The topsoil is sandy in nature. Wildlife in the area is also sparse consisting of deer, coyotes, rabbits, rodents, reptiles, dove and quail.

b. There is no permanent or live water in the general proximity of the location.

c. There are no dwellings within one mile of the proposed well site.

d. Cultural Resources Examination–This well is located in the Permian Basin PA. Payment to be determined by BLM.

Pad + ¼ mile road	$1518.00	$.21/ft over ¼ mile	$ 0.00	$1518.00
Pipeline-up to 1 mile	$1402.00	$.26/ft over 1 mile	$ 322.53	$1724.53
Electric Line-up to 1 mile	$702.00	$.23/ft over 1 mile	$ 0.00	$ 702.00
Total	$3622.00		$ 322.53	$3944.53

e. Copy of this application has been mailed to CEHMM, 505 N. Main St., Carlsbad, NM 88220. No Potash leases within one mile of surface location, no notification sent.

13. Bond Coverage:

Bond coverage is Individual-NMB000862, Nationwide-ESB00226.

14. Operators Representatives:

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

Victor Guadian
Production Coordinator
1502 West Commerce Dr.
Carlsbad, NM 88220
Office – 575-628-4006
Cellular – 575-291-9905

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

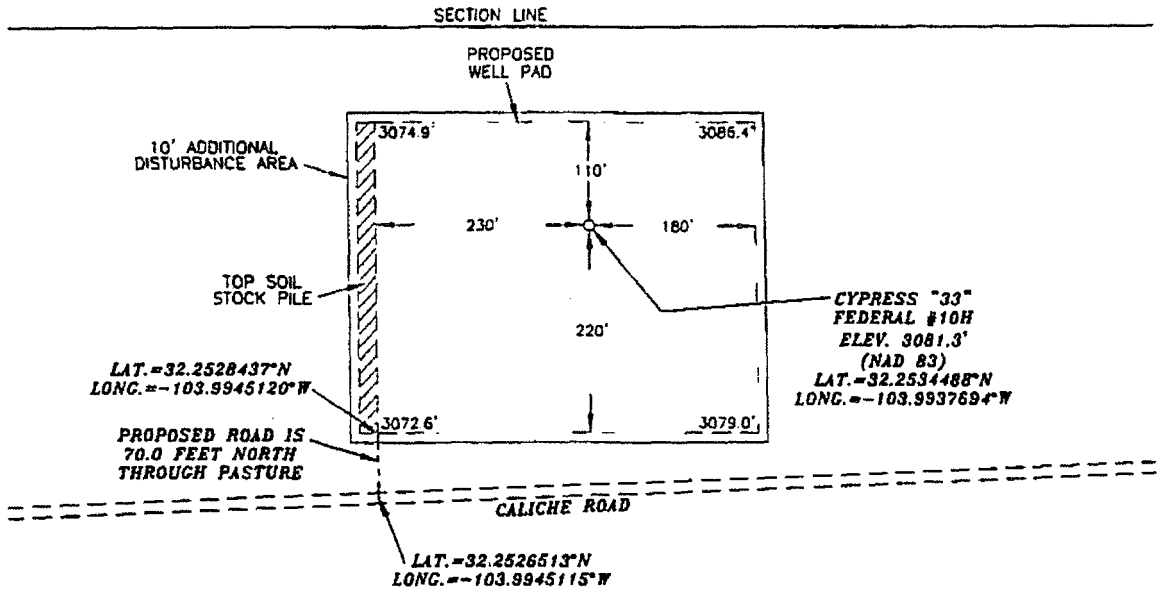
Jim Wilson
Operation Specialist
P.O. Box 50250
Midland, TX 79710
Cellular – 575-631-2442

Omar Lisigurski
RMT Leader
P.O. Box 4294
Houston, TX 77210
Office – 713-215-7506
Cellular – 281-222-7248

Site Plan

OXY USA INC.
CYPRESS "33" FEDERAL #10H
SITE PLAN

FAA PERMIT: NO



TERRY J ASEL
NEW MEXICO
15079
REGISTERED PROFESSIONAL LAND SURVEYOR

LEGEND

– DENOTES PROPOSED WELL PAD
– – – – DENOTES PROPOSED ROAD
▨ – DENOTES STOCK PILE AREA

200' 0 200' 400' FEET
SCALE: 1"=200'

SURVEYORS CERTIFICATE

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

Terry J. Asel 9/15/2016
Terry J. Asel N.M. R.P.L.S. No. 15079

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

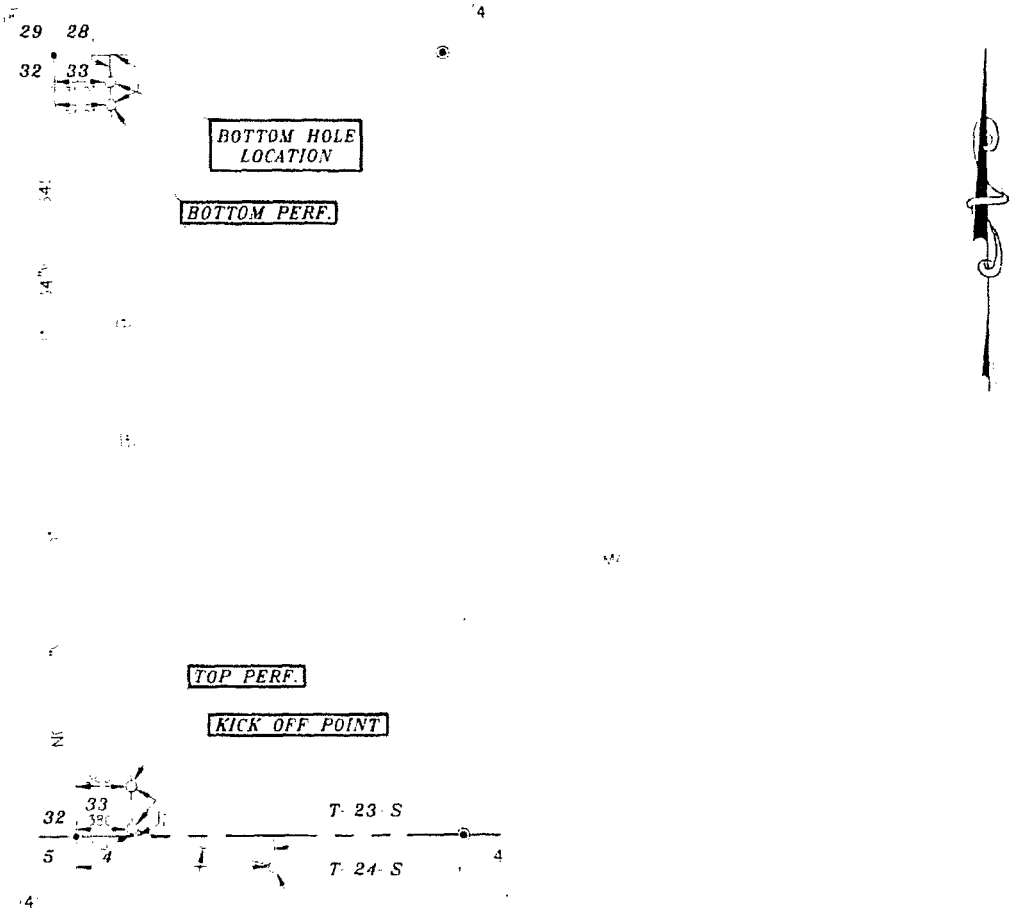
OXY USA INC.

CYPRESS "33" FEDERAL #10H LOCATED AT 212' FNL & 1337' FWL IN SECTION 4, TOWNSHIP 24 SOUTH, RANGE 29 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO

Survey Date: 08/01/16	Sheet 1 of 1 Sheets	
W.O. Number: 160801WL (Rev. B)	Drawn By: KA	Rev: B
Date: 09/14/16	160801WL	Scale:1"=200'

LOC

SECTION 4, TOWNSHIP 24 SOUTH, RANGE 29 EAST, N.M.P.M.,
SECTION 33, TOWNSHIP 23 SOUTH, RANGE 29 EAST, N.M.P.M.
EDDY CO NTY NEW MEXICO



TERRY J ASEL
NEW MEXICO
15079
REGISTERED PROFESSIONAL LAND SURVEYOR

SURVEYORS CERTIFICATE

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

Terry J. Asel 8/3/2016
Terry J. Asel, NM RPLS No. 15079

A: urveying

Survey Date:		
W.O. Number:		
Date:		

AM

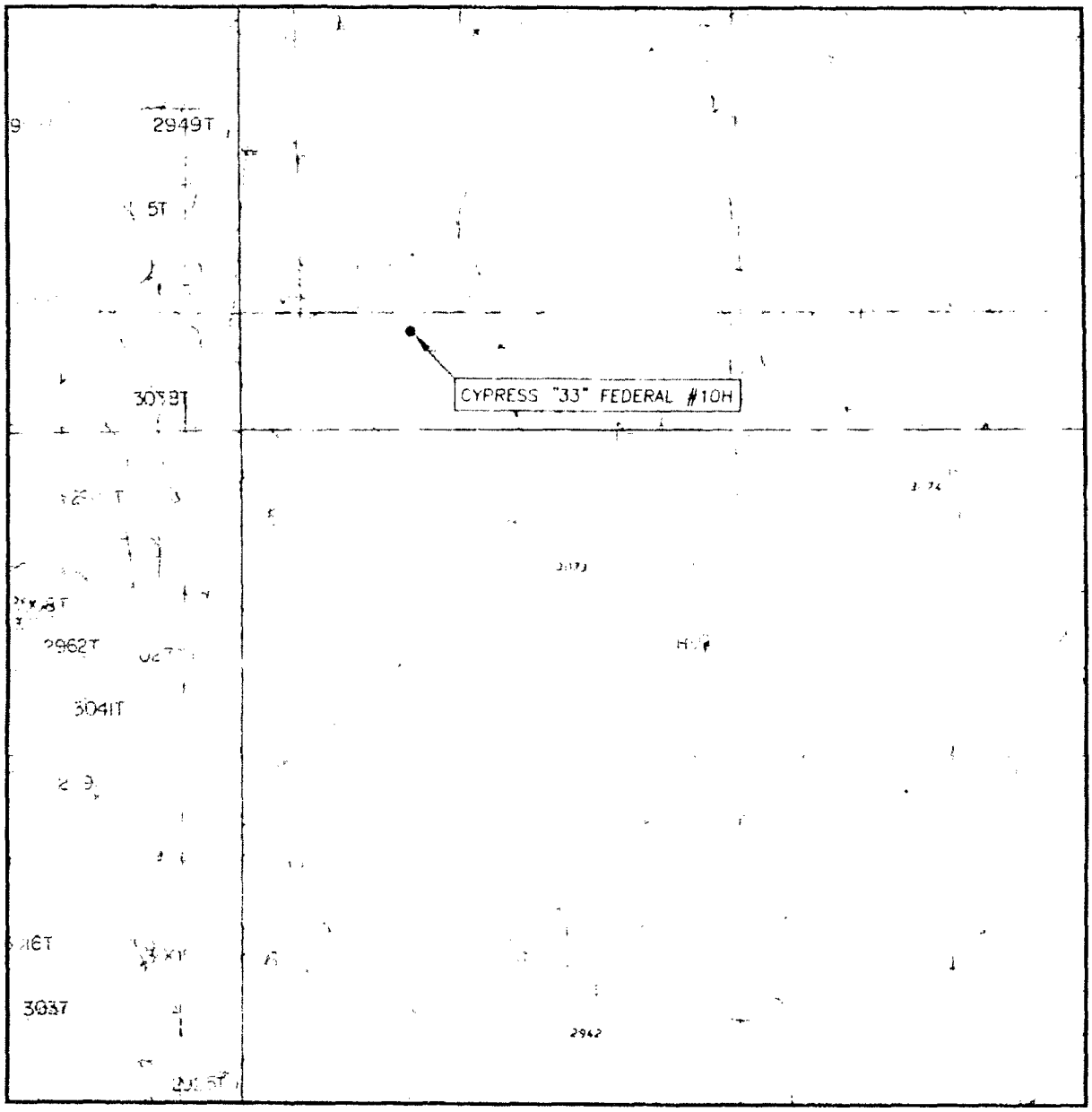
AERIAL MAP

SCALE: NOT TO SCALE

Asel Surveying

LUM

LOCATION VERIFICATION MAP



Asel Surveying
P O B X [illegible] W [illegible] AVE OR
OBBS NEW MEXI [illegible] 575 393- [illegible] 46

Prepared by:
Dave Andersen
GRR Land Department

GRR, INC. WATER SOURCES
FOR OXY CERTAIN POND LOCATIONS

08/26/2016

Pond Name	Water Source1	Water Source2	Water Source3	Water Source4
Cedar Canyon	Mine_Industrial	C-3478	C-2772	C-1360
Corral Fly	C-1360	C-1361	C-3358	C-3836
Cypress	Mine_Industrial	C-3478	C-2772	C-1361
Mesa Verde	C-2571	C-2574	J-27	J-5
Peaches	C-906	C-3200	SP-55 & SP-1279-A	C-100

GRR Inc.

NMOSE WELL NUMBER	WELL COMMON NAME	LAND OWNERSHIP	GPS LOCATION
C-100	Tres Rios - Next to well shack	PRIVATE	32.201921° -104.254317°
C-100-A	Tres Rios - Center of turnaround	PRIVATE	32.201856° -104.254443°
C-272-B	Tres Rios - Northwest	PRIVATE	32.202315° -104.254812°
C-906	Whites City Commercial	PRIVATE	32.176949°-104.374371°
C-1246-AC & C-1246-AC-S	Lackey	PRIVATE	32.266978°-104.271212°
C-1886	1886 Tank	BLM	32.229316° -104.312930°
C-1083	Petska	PRIVATE	32.30904° -104.16979°
C-1142	Winston West	BLM	32.507845-104.177410
C-1360	ENG#1	PRIVATE	32.064922° -103.908818°
C-1361	ENG#2	PRIVATE	32.064908° -103.906266°
C-1573	Cooksey	PRIVATE	32.113463° -104.108092°
C-1575	ROCKHOUSE Ranch Well - Wildcat	BLM	32.493190° -104.444163°
C-2270	CW#1 (Oliver Kiehne)	PRIVATE	32.021440° -103.559208°
C-2242	Walterscheid	PRIVATE	32.39199° -104.17694°
C-2492POD2	Stacy Mills	PRIVATE	32.324203° -103.812472°
C-2569	Paduca well #2	BLM	32.160588 -103.742051
C-2569POD2	Paduca well replacement	BLM	32.160588 -103.742051
C-2570	Paduca (tank) well #4	BLM	32.15668 -103.74114
C-2571	Paduca (road) well	BLM	32.163993° -103.745457°
C-2572	Paduca well #6	BLM	32.163985 -103.7412
C-2573	Paduca (in the bush) well	BLM	32.16229 -103.74363
C-2574	Paduca well (on grid power)	BLM	32.165777° -103.747590°
C-2701	401 Water Station	BLM	32.458767° -104.528097°
C-2772	Mobley Alternate	BLM	32.305220° -103.852360°
C-3011	ROCKY ARROYO - MIDDLE	BLM	32.409046° -104.452045°
C-3060	Max Vasquez	PRIVATE	32.31291° -104.17033°
C-3095	ROCKHOUSE Ranch Well - North of Rockcrusher	PRIVATE	32.486794° -104.426227°
C-3200	Beard East	PRIVATE	32.168720 -104.276600
C-3260	Hayhurst	PRIVATE	32.227110° -104.150925°
C-3350	Winston Barn	PRIVATE	32.511871° -104.139094°
C-3358	Branson	PRIVATE	32.19214° -104.06201°
C-3363	Watts#2	PRIVATE	32.444637° -103.931313°
C-3453	ROCKY ARROYO - FIELD	PRIVATE	32.458657° -104.460804°
C-3478	Mobley Private	PRIVATE	32.294937° -103.888656°
C-3483pod1	ENG#3	BLM	32.065556° -103.894722°
C-3483pod3	ENG#5	BLM	32.06614° -103.89231°
C-3483POD4	CW#4 (Oliver Kiehne)	PRIVATE	32.021803° -103.559030°
C-3483POD5	CW#5 (Oliver Kiehne)	PRIVATE	32.021692° -103.560158°
C-3554	Jesse Baker #1 well	PRIVATE	32.071937° -103.723030°
C-3577	CW#3 (Oliver Kiehne)	PRIVATE	32.021773° -103.559738°
C-3581	ENG#4	BLM	32.066083° -103.895024°
C-3595	Oliver Kiehne house well #2	PRIVATE	32.025484° -103.682529°
C-3596	CW#2 (Oliver Kiehne)	PRIVATE	32.021793° -103.559018°

GRR Inc.

NMOSE WELL NUMBER	WELL COMMON NAME	LAND OWNERSHIP	GPS LOCATION
C-3614	Dale Hood #2 well	PRIVATE	32.449290° -104.214500°
C-3639	Jesse Baker #2 well	PRIVATE	32.073692° -103.727121°
C-3679	McCloy-Batty	PRIVATE	32.215790° -103.537690°
C-3689	Winston Barn_South	PRIVATE	32.511504° -104.139073°
C-3731	Ballard Construction	PRIVATE	32.458551° -104.144219°
C-3764	Watts#4	PRIVATE	32.443360° -103.942890°
C-3795	Beckham#6	BLM	32.023434°-103.321968°
C-3821	Three River Trucking	PRIVATE	32.34636° -104.21355
C-3824	Collins	PRIVATE	32.224053° -104.090129°
C-3829	Jesse Baker #3 well	PRIVATE	32.072545°-103.722258°
C-3830	Paduca	BLM	32.156400° -103.742060°
C-3836	Granger	PRIVATE	32.10073° -104.10284°
C-384	ROCKHOUSE Ranch Well - Rockcrusher	PRIVATE	32.481275° -104.420706°
C-459	Walker	PRIVATE	32.3379° -104.1498°
C-496pod2	Munoz #3 Trash Pit Well	PRIVATE	32.34224° -104.15365°
C-496pod3&4	Munoz #2 Corner of Porter & Derrick	PRIVATE	32.34182° -104.15272°
C-552	Dale Hood #1 well	PRIVATE	32.448720° -104.214330°
C-764	Mike Vasquez	PRIVATE	32.230553° -104.083518°
C-766(old)	Grandi	PRIVATE	32.32352° -104.16941°
C-93-S	Don Kidd well	PRIVATE	32.344876 -104.151793
C-987	ROCKY ARROYO - HOUSE	PRIVATE	32.457049° -104.461506°
C-98-A	Bindel well	PRIVATE	32.335125° -104.187255°
CP-1170POD1	Beckham#1	PRIVATE	32.065889° -103.312583°
CP-1201	Winston Ballard	BLM	32.580380° -104.115980°
CP-1202	Winston Ballard	BLM	32.538178° -104.046024°
CP-1231	Winston Ballard	PRIVATE	32.618968° -104.122690°
CP-1263POD5	Beckham#5	PRIVATE	32.065670° -103.307530°
CP-1414	Crawford #1	PRIVATE	32.238380° -103.260890°
CP-1414 POD 1	RRR	PRIVATE	32.23911° -103.25988°
CP-1414 POD 2	RRR	PRIVATE	32.23914° -103.25981°
CP-519	Bond_Private	PRIVATE	32.485546 -104.117583
CP-556	Jimmy Mills (Stacy)	STATE	32.317170° -103.495080°
CP-626	Ol Loco (W)	STATE	32.692660° -104.068064°
CP-626-S	Beach Exploration/ Ol Loco (E)	STATE	32.694229° -104.064759°
CP-73	Laguna #1	BLM	32.615015°-103.747615°
CP-74	Laguna #2	BLM	32.615255°-103.747688°
CP-741	Jimmy Richardson	BLM	32.61913° -104.06101°
CP-742	Jimmy Richardson	BLM	32.614061° -104.017211°
CP-742	Hidden Well	BLM	32.614061 -104.017211
CP-745	Leaning Tower of Pisa	BLM	32.584619° -104.037179°
CP-75	Laguna #3	BLM	32.615499°-103.747715°
CP-924	Winston Ballard	BLM	32.545888° -104.110114°
CP-926	Winchester well (Winston)	BLM	32.601125° -104.128358°

GRR Inc.

NMOSE WELL NUMBER	WELL COMMON NAME	LAND OWNERSHIP	GPS LOCATION
J-27	Beckham	PRIVATE	32.020403° -103.299333°
J-5	EPNG Jal Well	PRIVATE	32.050232° -103.313117°
J-33	Beckham	PRIVATE	32.016443° -103.297714°
J-34	Beckham	PRIVATE	32.016443° -103.297714°
J-35	Beckham	PRIVATE	32.016443° -103.297714°
L-10167	Angell Ranch well	PRIVATE	32.785847° -103.644705°
L-10613	Northcutt3 (2nd House well)	PRIVATE	32.687922°-103.472452°
L-11281	Northcutt4	PRIVATE	32.687675°-103.471512°
L-12459	Northcutt1 (House well)	PRIVATE	32.689498°-103.472697°
L-12462	Northcutt8 Private Well	PRIVATE	32.686238°-103.435409°
L-13049	EPNG Maljamar well	PRIVATE	32.81274° -103.67730°
L-13129	Pearce State	STATE	32.726305°-103.553172°
L-13179	Pearce Trust	STATE	32.731304°-103.548461°
L-13384	Northcutt7 (State) CAZA	STATE	32.694651°-103.434997°
L-1880S-2	HB Intrepid well #7	PRIVATE	32.842212° -103.621299°
L-1880S-3	HB Intrepid well #8	PRIVATE	32.852415° -103.620405°
L-1881	HB Intrepid well #1	PRIVATE	32.829124° -103.624139°
L-1883	HB Intrepid well #4	PRIVATE	32.828041° -103.607654°
L-3887	Northcutt2 (Tower or Pond well)	PRIVATE	32.689036°-103.472437°
L-5434	Northcutt5 (State)	STATE	32.694074°-103.405111°
L-5434-S	Northcutt6 (State)	STATE	32.693355°-103.407004°
RA-14	Horner Can	PRIVATE	32.89348° -104.37208°
RA-1474	Irvin Smith	PRIVATE	32.705773° -104.393043°
RA-1474-B	NLake WS / Jack Clayton	PRIVATE	32.561221°-104.293095°
RA-9193	Angell Ranch North Hummingbird	PRIVATE	32.885162° -103.676376°
SP-55 & SP-1279-A	Blue Springs Surface POD	PRIVATE	32.181358° -104.294009°
SP-55 & SP-1279 (Bounds)	Bounds Surface POD	PRIVATE	32.203875° -104.247076°
SP-55 & SP-1279 (Wilson)	Wilson Surface POD	PRIVATE	32.243010° -104.052197°
City Treated Effluent	City of Carlsbad Waste Treatment Plant	PRIVATE	32.411122° -104.177030°
Mine Industrial	Mosaic Industrial Water	PRIVATE	32.370286° -103.947839°
Mobley State Well (NO OSE)	Mobley Ranch	STATE	32.308859° -103.891806°
EPNG Industrial	Monument Water Well Pipeline (Oil Center, Eunice)	PRIVATE	32.512943° -103.290300°
MCOX Commercial	Matt Cox Commercial	PRIVATE	32.529431° -104.188017°
AMAX Mine Industrial	Mosaic Industrial Water	N/A	VARIOUS TAPS
WAG Mine Industrial	Mosaic Industrial Water	N/A	VARIOUS TAPS
HB Mine Industrial	Intrepid Industrial Water	N/A	VARIOUS TAPS

Mesquite

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

Corral Fly – South of Cedar Canyon
Major Source: C464 (McDonald) Sec. 13 T24S R28E
Secondary Source: C-00738 (McDonald/Faulk) Sec. 12 T24S R28E

Cypress – North of Cedar Canyon
Major Source: Caviness B: C-501-AS2 Sec 23 T28S R15E
Secondary Source: George Arnis; C-1303

Sand Dunes – new frac pond
Major Source: 128 Fresh Water Pond (Mesquite/Mosaic) – located at MM 4 on 128; 240,000 bbl pond
Secondary Source: George Arnis; C-1303

Mesa Verde – east of Sand Dunes
Major Source: 128 Fresh Water Pond (Mesquite/Mosaic) – located at MM 4 on 128; 240,000 bbl pond
Secondary Source: Unknown at this time; needs coordinates to determine secondary source

Smokey Bits/Ivore/Misty – had posiden tanks before
Major Source: Unknown at this time; need coordinates to determine major source
Secondary Source: Unknown at this time; needs coordinates to determine secondary source

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

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

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit Original to Appropriate District Office

GAS CAPTURE PLAN

Date: 9-7-2016

☒ Original
☐ Amended - Reason for Amendment:

Operator & OGRID No.: OXY USA INC. - 16696

This Gas Capture Plan outlines actions to be taken by the Operator to reduce well/production facility flaring/venting for new completion (new drill, recomplete to new zone, re-frac) activity.

Note: Form C-129 must be submitted and approved prior to exceeding 60 days allowed by Rule (Subsection A of 19.15.18.12 NMAC).

Well(s)/Production Facility – Name of facility

The well(s) that will be located at the production facility are shown in the table below.

Well Name	API	Well Location (ULSTR)	Footages	Expected MCF/D	Flared or Vented	Comments
Cypress 33 Federal Com #10H	Pending	Unit C / Lot 3, Sec. 3, T24S, R29E	212FNL 1337FWL	1,331	0	

Gathering System and Pipeline Notification

Well(s) will be connected to a production facility after flowback operations are complete, where a gas transporter system is in place. The gas produced from production facility is dedicated to ETC Field Services, LLC ("ETC") and is connected to ETC low pressure gathering system located in Eddy County, New Mexico. OXY USA INC. ("OXY") provides (periodically) to ETC a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, OXY and ETC have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will be processed at ETC Processing Plant located in Sec. 35, Block 57, T2S T&P RR CO Survey, Reeves County, Texas. The actual flow of the gas will be based on compression operating parameters and gathering system pressures.

Flowback Strategy

After the fracture treatment/completion operations, well(s) will be produced to temporary production tanks and gas will be flared or vented. During flowback, the fluids and sand content will be monitored. When the produced fluids contain minimal sand, the wells will be turned to production facilities. Gas sales should start as soon as the wells start flowing through the production facilities, unless there are operational issues on ETC system at that time. Based on current information, it is OXY's belief the system can take this gas upon completion of the well(s).

Safety requirements during cleanout operations from the use of underbalanced air cleanout systems may necessitate that sand and non-pipeline quality gas be vented and/or flared rather than sold on a temporary basis.

Alternatives to Reduce Flaring

Below are alternatives considered from a conceptual standpoint to reduce the amount of gas flared.

- Power Generation – On lease
  - Only a portion of gas is consumed operating the generator, remainder of gas will be flared
- Compressed Natural Gas – On lease
  - Gas flared would be minimal, but might be uneconomical to operate when gas volume declines
- NGL Removal – On lease
  - Plants are expensive, residue gas is still flared, and uneconomical to operate when gas volume declines

PECOS DISTRICT
SURFACE USE
CONDITIONS OF APPROVAL

OPERATOR'S NAME:	OXY USA INC
LEASE NO.:	NMNM99034
WELL NAME & NO.:	10H- Cypress 33 Federal Com
SURFACE HOLE FOOTAGE:	212'/N & 1337'/W
BOTTOM HOLE FOOTAGE	180'/N & 380'/W
LOCATION:	Section 4 T.24 S., R.29 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)

Cave and Karst

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

Cave/Karst Surface Mitigation

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

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

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

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

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

Tank Battery Liners and Berms:
Tank battery locations and all facilities will be lined and bermed. A 20 mil permanent liner will be installed with a 4 oz. felt backing to prevent tears or punctures. Tank battery berms must be large enough to contain 1 ½ times the content of the largest tank.

Leak Detection System:

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

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

Cave/Karst Subsurface Mitigation

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

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

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

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

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

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

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

VI. CONSTRUCTION

A. NOTIFICATION

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (575) 234-5909 at least 3 working days prior to commencing construction of the access road and/or well pad.

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

B. TOPSOIL

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

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

C. CLOSED LOOP SYSTEM

Tanks are required for drilling operations: No Pits.

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

D. FEDERAL MINERAL MATERIALS PIT

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

E. WELL PAD SURFACING

Surfacing of the well pad is not required.

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation. The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational needs.

F. EXCLOSURE FENCING (CELLARS & PITS)

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

G. ON LEASE ACCESS ROADS

Road Width
The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed twenty-five (25) feet.

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

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

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

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

Ditching
Ditching shall be required on both sides of the road.

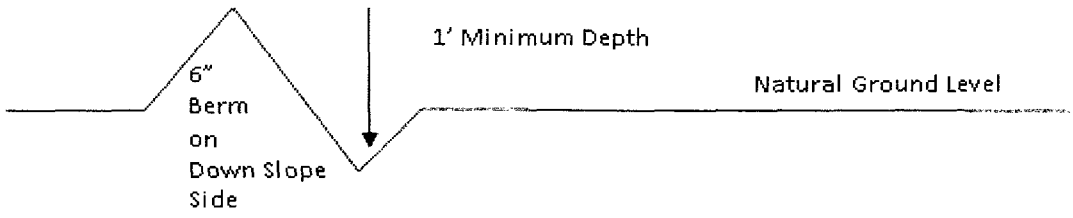
Turnouts
Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall conform to Figure 1; cross section and plans for typical road construction.

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

Cattle guards

An appropriately sized cattle guard sufficient to carry out the project shall be installed and maintained at fence/road crossings. Any existing cattle guards on the access road route shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattle guards that are in place and are utilized during lease operations.

Fence Requirement

Where entry is granted across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting. The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fences.

Public Access

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

Construction Steps

1. Salvage topsoil
2. Construct road
3. Redistribute topsoil
4. Revegetate slopes

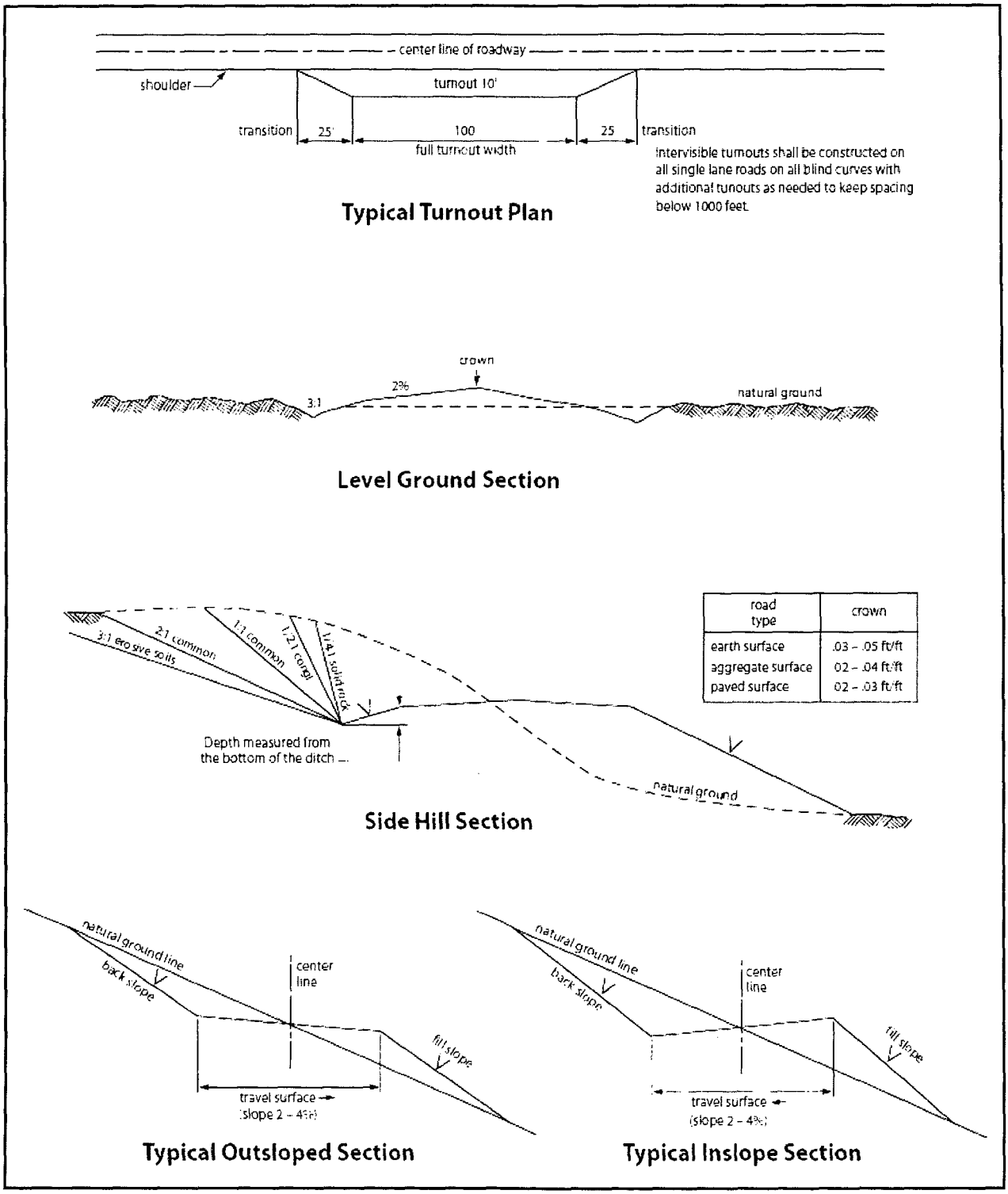


Figure 1. Cross-sections and plans for typical road sections representative of BLM resource or FS local and higher-class roads.

VII. PRODUCTION (POST DRILLING)

A. WELL STRUCTURES & FACILITIES

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

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

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

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

Containment Structures

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

Painting Requirement
All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color, **Shale Green** from the BLM Standard Environmental Color Chart (CC-001: June 2008).

B. PIPELINES

BURIED PIPELINE STIPULATIONS

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

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

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

2. The Holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC 2601 et seq. (1982) with regards to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant. (See 40 CFR Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation, and Liability Act, section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.

3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et seq. or the Resource Conservation and Recovery Act, 42 U.S.C.6901, et seq.) on the Right-of-Way (unless the release or threatened release is wholly unrelated to

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

4. If, during any phase of the construction, operation, maintenance, or termination of the pipeline, any oil or other pollutant should be discharged from the pipeline system, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil or other pollutant, wherever found, shall be the responsibility of holder, regardless of fault. Upon failure of holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages resulting therefrom, on the Federal lands, the Authorized Officer may take such measures as he deems necessary to control and clean up the discharge and restore the area, including where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve holder of any responsibility as provided herein.

5. All construction and maintenance activity will be confined to the authorized right-of-way.

6. The pipeline will be buried with a minimum cover of **36** inches between the top of the pipe and ground level.

7. The maximum allowable disturbance for construction in this right-of-way will be **30** feet:

- Blading of vegetation within the right-of-way will be allowed: maximum width of blading operations will not exceed **20** feet. The trench is included in this area. (*Blading is defined as the complete removal of brush and ground vegetation.*)

- Clearing of brush species within the right-of-way will be allowed: maximum width of clearing operations will not exceed **30** feet. The trench and bladed area are included in this area. (*Clearing is defined as the removal of brush while leaving ground vegetation (grasses, weeds, etc.) intact. Clearing is best accomplished by holding the blade 4 to 6 inches above the ground surface.*)

- The remaining area of the right-of-way (if any) shall only be disturbed by compressing the vegetation. (*Compressing can be caused by vehicle tires, placement of equipment, etc.*)

8. The holder shall stockpile an adequate amount of topsoil where blading is allowed. The topsoil to be stripped is approximately 6 inches in depth. The topsoil will be

segregated from other spoil piles from trench construction. The topsoil will be evenly distributed over the bladed area for the preparation of seeding.

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

10. Vegetation, soil, and rocks left as a result of construction or maintenance activity will be randomly scattered on this right-of-way and will not be left in rows, piles, or berms, unless otherwise approved by the Authorized Officer. The entire right-of-way shall be recontoured to match the surrounding landscape. The backfilled soil shall be compacted and a 6 inch berm will be left over the ditch line to allow for settling back to grade.

11. In those areas where erosion control structures are required to stabilize soil conditions, the holder will install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound resource management practices.

12. The holder will reseed all disturbed areas. Seeding will be done according to the attached seeding requirements, using the following seed mix.

(X) seed mixture 1	( ) seed mixture 3
( ) seed mixture 2	( ) seed mixture 4
( ) seed mixture 2/LPC	( ) Aplomado Falcon Mixture

13. All above-ground structures not subject to safety requirements shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be color which simulates "Standard Environmental Colors" – **Shale Green**, Munsell Soil Color No. 5Y 4/2.

14. The pipeline will be identified by signs at the point of origin and completion of the right-of-way and at all road crossings. At a minimum, signs will state the holder's name, BLM serial number, and the product being transported. All signs and information thereon will be posted in a permanent, conspicuous manner, and will be maintained in a legible condition for the life of the pipeline.

15. The holder shall not use the pipeline route as a road for purposes other than routine maintenance as determined necessary by the Authorized Officer in consultation with the holder before maintenance begins. The holder will take whatever steps are necessary to ensure that the pipeline route is not used as a roadway. As determined necessary during the life of the pipeline, the Authorized Officer may ask the holder to construct temporary deterrence structures.

16. Any cultural and/or paleontological resources (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the Authorized Officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery will be made by the Authorized Officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the Authorized Officer after consulting with the holder.

17. 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 associated roads, 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.

18. Escape Ramps - The operator will construct and maintain pipeline/utility trenches [that are not otherwise fenced, screened, or netted] to prevent livestock, wildlife, and humans from becoming entrapped. At a minimum, the operator will construct and maintain escape ramps, ladders, or other methods of avian and terrestrial wildlife escape in the trenches according to the following criteria:

a. Any trench left open for eight (8) hours or less is not required to have escape ramps; however, before the trench is backfilled, the contractor/operator shall inspect the trench for wildlife, remove all trapped wildlife, and release them at least 100 yards from the trench.
b. For trenches left open for eight (8) hours or more, earthen escape ramps (built at no more than a 30 degree slope and spaced no more than 500 feet apart) shall be placed in the trench.

STANDARD STIPULATIONS FOR SURFACE INSTALLED PIPELINES

A copy of the Grant and attachments, including stipulations, survey plat(s) and/or map(s), shall be on location during construction. BLM personnel may request to review a copy of your permit during construction to ensure compliance with all stipulations.

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

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

2. Holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, Holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC § 2601 *et seq.* (1982) with regard to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant (*see* 40 CFR, Part 702-799 and in particular, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193). Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation, and Liability Act, section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the Authorized Officer concurrent with the filing of the reports to the involved Federal agency or State government.

3. Holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9601, *et seq.* or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, *et seq.*) on the Right-of-Way (unless the release or threatened release is wholly unrelated to activity of the Right-of-Way Holder's activity on the Right-of-Way), or resulting from the activity of the Right-of-Way Holder on the Right-of-Way. This provision applies without regard to whether a release is caused by Holder, its agent, or unrelated third parties.

4. Holder shall be liable for damage or injury to the United States to the extent provided by 43 CFR Sec. 2883.1-4. Holder shall be held to a standard of strict liability for damage or injury to the United States resulting from pipe rupture, fire, or spills caused or substantially aggravated by any of the following within the right-of-way or permit area:

   a. Activities of Holder including, but not limited to: construction, operation, maintenance, and termination of the facility;

b. Activities of other parties including, but not limited to:
   (1) Land clearing
   (2) Earth-disturbing and earth-moving work
   (3) Blasting
   (4) Vandalism and sabotage;

c. Acts of God.

The maximum limitation for such strict liability damages shall not exceed one million dollars ($1,000,000) for any one event, and any liability in excess of such amount shall be determined by the ordinary rules of negligence of the jurisdiction in which the damage or injury occurred.

This section shall not impose strict liability for damage or injury resulting primarily from an act of war or from the negligent acts or omissions of the United States.

5. If, during any phase of the construction, operation, maintenance, or termination of the pipeline, any oil, salt water, or other pollutant should be discharged from the pipeline system, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil, salt water, or other pollutant, wherever found, shall be the responsibility of Holder, regardless of fault. Upon failure of Holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages resulting therefrom, on the Federal lands, the Authorized Officer may take such measures as he/she deems necessary to control and clean up the discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of Holder. Such action by the Authorized Officer shall not relieve Holder of any responsibility as provided herein.

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

7. No blading or clearing of any vegetation shall be allowed unless approved in writing by the Authorized Officer.

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

9. The pipeline shall be buried with a minimum of **24** inches under all roads, "two-tracks," and trails. Burial of the pipe will continue for 20 feet on each side of each crossing. The condition of the road, upon completion of construction, shall be returned to

at least its former state with no bumps or dips remaining in the road surface.

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

11. In those areas where erosion control structures are required to stabilize soil conditions, the holder will install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound resource management practices.

12. Excluding the pipe, all above-ground structures not subject to safety requirement shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be a color which simulates "Standard Environmental Colors" – **Shale Green**, Munsell Soil Color No. 5Y 4/2; designated by the Rocky Mountain Five State Interagency Committee.

13. The pipeline will be identified by signs at the point of origin and completion of the right-of-way and at all road crossings. At a minimum, signs will state the holder's name, BLM serial number, and the product being transported. Signs will be maintained in a legible condition for the life of the pipeline.

14. The holder shall not use the pipeline route as a road for purposes other than routine maintenance as determined necessary by the Authorized Officer in consultation with the holder. The holder will take whatever steps are necessary to ensure that the pipeline route is not used as a roadway.

15. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the authorized officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the authorized officer. An evaluation of the discovery will be made by the authorized officer to determine appropriate cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the authorized officer after consulting with the holder.

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

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

C. ELECTRIC LINES

STANDARD STIPULATIONS FOR OVERHEAD ELECTRIC DISTRIBUTION LINES

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

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

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

2. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC 2601 et seq. (1982) with regards to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation, and Liability Act, section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.

3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et seq. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et seq.) on the Right-of-Way (unless the release or threatened release is wholly unrelated to the Right-of-Way holder's activity on the Right-of-Way), or resulting from the activity of the Right-of-Way holder on the Right-of-Way. This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.

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

5. Power lines shall be constructed and designed in accordance to standards outlined in

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

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

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

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

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

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

10. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the Authorized Officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery will be made by the Authorized Officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the Authorized Officer after consulting with the holder.

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

VIII. INTERIM RECLAMATION

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

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

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

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

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

IX. 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

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 shall 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 shall be either certified or registered seed. The seed container shall be tagged in accordance with State law(s) and available for inspection by the Authorized Officer.

Seed shall 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 shall 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). Holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed shall be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre shall be doubled. The seeding shall be repeated until a satisfactory stand is established as determined by the Authorized Officer. Evaluation of growth may 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

PECOS DISTRICT
DRILLING OPERATIONS
CONDITIONS OF APPROVAL

OPERATOR'S NAME:	OXY USA INC
LEASE NO.:	NMNM99034
WELL NAME & NO.:	10H- Cypress 33 Federal Com
SURFACE HOLE FOOTAGE:	212'/N & 1337'/W
BOTTOM HOLE FOOTAGE	180'/N & 380'/W
LOCATION:	Section 4 T.24 S., R.29 E., NMPM
COUNTY:	Eddy County, New Mexico

I. DRILLING

I.DRILLING OPERATIONS REQUIREMENTS

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

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

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

1. **Hydrogen Sulfide (H2S) monitors shall be installed prior to drilling out the surface shoe. If H2S is detected in concentrations greater than 100 ppm, the Hydrogen Sulfide area shall meet Onshore Order 6 requirements, which includes equipment and personnel/public protection items. If Hydrogen Sulfide is encountered, provide measured values and formations to the BLM.**

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

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

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

II.CASING

Changes to the approved APD casing program need prior approval if the items substituted are of lesser grade or different casing size or are Non-API. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-55 to N-80, or from 36# to 40#). Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.). The initial wellhead installed on the well will remain on the well with spools used as needed.

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

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

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

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

Secretary's Potash
Medium Cave/Karst
Possibility of water flows in the Salado and Castile.
Possibility of lost circulation in the Rustler, Salado, and Delaware.

1. The **13-3/8** inch surface casing shall be set at approximately **345** feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt) and cemented to the surface. **If salt is encountered, set casing at least 25 feet above the salt.**

    a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with surface log readout will be used or a cement bond log shall be run

to verify the top of the cement. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.

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

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

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

Formation below the 13-3/8" shoe to be tested according to Onshore Order 2.III.B.1.i. Test to be done as a mud equivalency test using the mud weight necessary for the pore pressure of the formation below the shoe and the mud weight for the bottom of the hole. Report results to BLM office.

2. The minimum required fill of cement behind the **9-5/8** inch intermediate casing which shall be set at approximately **2,950** feet is:

   ☒ Cement to surface. If cement does not circulate see B.1.a, c-d above. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to cave/karst and potash.**

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

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

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

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

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

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

III.PRESSURE CONTROL

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

2. Variance approved to use flex line from BOP to choke manifold. Check condition of flexible line from BOP to choke manifold, replace if exterior is damaged or if line fails test. Line to be as straight as possible with no hard bends and is to be anchored according to Manufacturer's requirements. The flexible hose can be exchanged with a hose of equal size and equal or greater pressure rating. **Anchor requirements, specification sheet and hydrostatic pressure test certification matching the hose in service, to be onsite for review. These documents shall be posted in the company man's trailer and on the rig floor.** If the BLM inspector questions the straightness of the hose, a BLM engineer will be contacted and will review in the field or via picture supplied by inspector to determine if changes are required (operator shall expect delays if this occurs).

3. **Operator has proposed a multi-bowl wellhead assembly. This assembly will only be tested when installed on the surface casing. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be** 5000 (5M) **psi.**
    a. **Wellhead shall be installed by manufacturer's representatives, submit documentation with subsequent sundry.**
    b. **If the welding is performed by a third party, the manufacturer's representative shall monitor the temperature to verify that it does not exceed the maximum temperature of the seal.**
    c. **Manufacturer representative shall install the test plug for the initial BOP test.**
    d. **Operator shall perform the intermediate casing integrity test to 70% of the casing burst. This will test the multi-bowl seals.**
    e. **If the cement does not circulate and one inch operations would have been possible with a standard wellhead, the well head shall be cut off, cementing operations performed and another wellhead installed.**

5M system requires an HCR valve, remote kill line and annular to match. The remote kill line is to be installed prior to testing the system and tested to stack pressure.

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

a. In potash areas, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. For all casing strings, casing cut-off and BOP installation can be initiated at twelve hours after bumping the plug. However, **no tests** shall commence until the cement has had a minimum of 24 hours setup time.

b. The tests shall be done by an independent service company utilizing a test plug **not a cup or J-packer**.

c. The test shall be run on a 5000 psi chart for a 2-3M BOP/BOP, on a 10000 psi chart for a 5M BOP/BOPE and on a 15000 psi chart for a 10M BOP/BOPE. If a linear chart is used, it shall be a one hour chart. A circular chart shall have a maximum 2 hour clock. If a twelve hour or twenty-four hour chart is used, tester shall make a notation that it is run with a two hour clock.

d. The results of the test shall be reported to the appropriate BLM office.

e. All tests are required to be recorded on a calibrated test chart. **A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.**

f. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug. This test shall be performed prior to the test at full stack pressure.

IV.DRILL STEM TEST

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

V.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.

Communitization Agreement

The operator will submit a Communitization Agreement to the Carlsbad Field Office, 620 E Greene St. Carlsbad, New Mexico 88220, at least 90 days before the anticipated date of first production from a well subject to a spacing order issued by

the New Mexico Oil Conservation Division. The Communitization Agreement will include the signatures of all working interest owners in all Federal and Indian leases subject to the Communitization Agreement (i.e., operating rights owners and lessees of record), or certification that the operator has obtained the written signatures of all such owners and will make those signatures available to the BLM immediately upon request.

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

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

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