Form 3160-3
(April 2004)

New Mexico Oil Conservation Division, District I
1625 N. French Drive
Hobbs, NM 88240

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.: LC-032233(A)

1a. Type of Work: [X] DRILL [ ] REENTER

1b. Type of Well: [X] Oil Well [ ] Gas Well [ ] Other [X] Single Zone [ ] Multiple Zone

6. If Indian, Allotee or Tribe Name:

7. Unit or CA Agreement Name and No.:

2. Name of Operator <157984>
Occidental Permian Limited Partnership ATTN: Mark Stephens, Rm. 19.013

8. Lease Name and Well No. <19520>
North Hobbs G/SA Unit No. 625

3a. Address
P.O. Box 4294, Houston, TX 77210-4294

3b. Phone No. (include area code)
(713) 366-5158

9. API Well No.
30-025-37213

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

At surface 1755' FNL & 977' FWL

At proposed prod. zone Unit E

10. Field and Pool, or Exploratory <31920>
Hobbs; Grayburg-San Andres

11. Sec., T., R., M., or Blk. and Survey or Area
Sec. 29, T-18-S, R-38-E

14. Distance in miles and direction from nearest town or post office*
0.5 miles West from Hobbs, NM

12. County or Parish: Lea

13. State: NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any)	16. No. of Acres in lease	17. Spacing Unit dedicated to this well
8834' FSL	10,649.53	40 acres
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	**19. Proposed Depth**	**20. BLM/BIA Bond No. on file**
854'	4600' TVD	NM2797
21. Elevations (Show whether DF, KDB, RT, GL, etc.	**22. Approximate date work will start***	**23. Estimated duration**
3647' GL	7/13/05	9 days

24. Attachments

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

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

25. Signuature	Name (*Printed/Typed*)	Date
Mark Stephens	Mark Stephens	4/4/05

Title: Regulatory Compliance Analyst

Approved by (Signautre)	Name (*Printed/Typed*)	Date
/s/ Joe G. Lara	/s/ Joe G. Lara	APR 27 2005
Title: ACTING FIELD MANAGER	Office: CARLSBAD FIELD OFFICE	

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

APPROVAL FOR 1 YEAR

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

*(Instructions on page 2)

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised JUNE 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
30-025-37213	31920	HOBBS; GRAYBURG - SAN ANDRES

Property Code	Property Name	Well Number
19520	NORTH HOBBS G/SA UNIT	625

OGRID No.	Operator Name	Elevation
157984	OCCIDENTAL PERMIAN LIMITED PARTNERSHIP	3647'

Surface Location

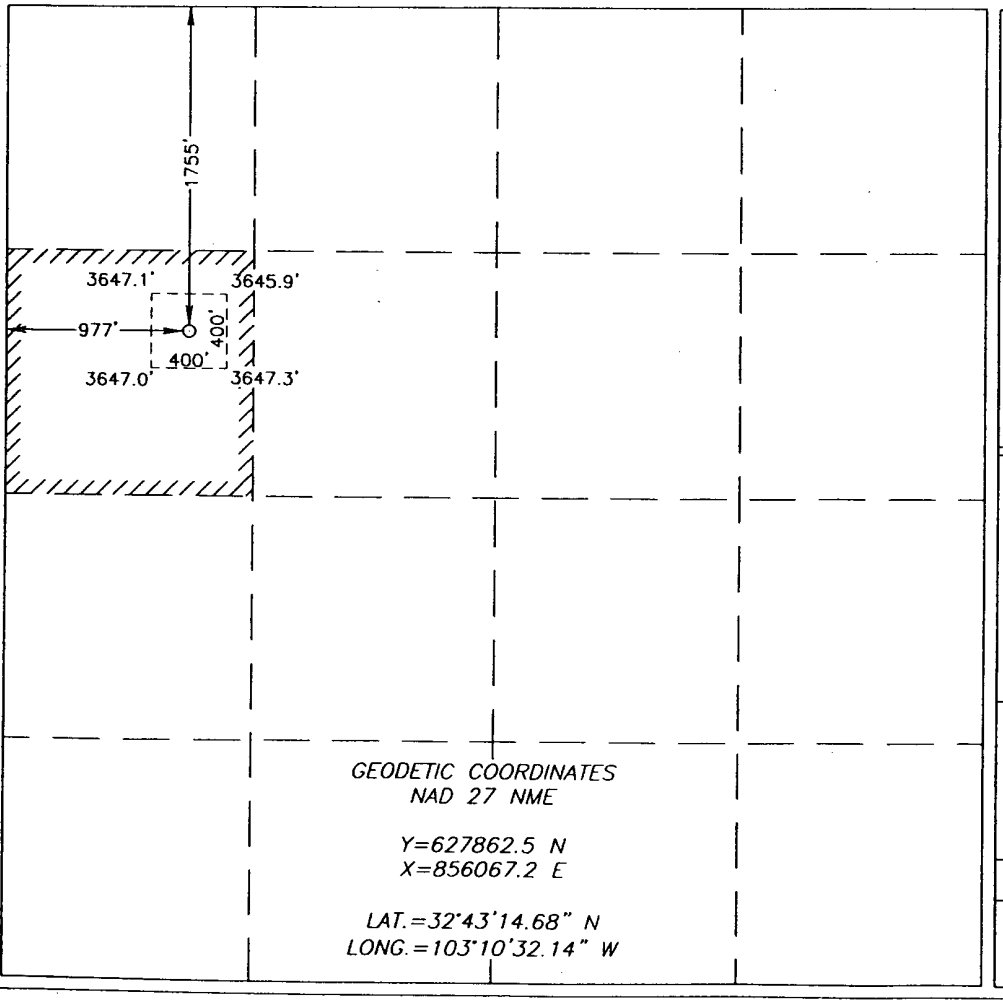
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	29	18-S	38-E		1755	NORTH	977	WEST	LEA

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

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
40	I	U	

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 the the information contained herein is true and complete to the best of my knowledge and belief.

Mark Stephens
Signature

Mark Stephens
Printed Name

Reg. Comp. Analyst
Title

February 25, 2005
Date

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 supervison, and that the same is true and correct to the best of my belief.

JANUARY 22, 2005
Date Surveyed REV: 2/22/05 JR

Signature & Seal of Professional Surveyor

GARY L. EIDSON
NEW MEXICO
12641
REGISTERED PROFESSIONAL SURVEYOR

2/22/05

05.11.0044

Certificate No. GARY L. EIDSON 12641
RONALD J. EIDSON 3239

AFE No.	93000971			**PayKey:**	HOBBS01-59003-OX19
Rig No.	Patterson 65			**Date:**	March 1, 2005
API #:	Not yet assigned	**Permit #**		**County:**	Lea
Lease:	North Hobbs G/SA Unit	**Well No.**	625	**Field:**	Hobbs
Location:	1755' FNL & 977' FWL, Sec. 29 T-18-S, R-38-E	**Bottomhole Location:**	Same as surface - No Target.		

OBJECTIVE: **Primary:** Grayburg - San Andres **Secondary:** None

METHOD OF DRILLING

TYPE OF TOOLS	DEPTH OF DRILLING
Rotary	0 - 4410'

LOG PROGRAM	Depth Interval

REMARKS:

Core 250', OH Logs, FMI,RFT

APPROXIMATE DEPTHS OF GEOLOGICAL MARKER

Estimated Elev. GL: 3647.00' KB: (13.0') 3660.00'

Marker	
Redbeds	265'
Rustler	1515'
Yates	2690'
Grayburg	3770'
San Andres	4070'
TD	**4410'**

SPECIAL TESTS

TYPE	DEPTH INTERVAL, ETC

Remarks:
BLM and City well. Vertical. Permit to 4600'.

Probable completion interval

DRILL CUTTING SAMPLES		DRILLING TIME	
FREQUENCY	DEPTH	FREQUENCY	DEPTH
		Continuous	0' - TD

Remarks:

Mud Program

Approx Interval	Type Mud	Weight	Vis, sec/qt	W/L, cc's/30 min	pH control
0' - 1540'	Fresh Water Native Mud	8.6-9.5	32-36	No Control	None
1540' - 4410'	Brine	10.0-10.2	28-29	No Control	None
	During coring water loss = 10cc				

REMARKS:

CASING PROGRAM:

Casing String	Est. Depth	Casing	Hole Size	Cu. Ft. Cement	Cement Recipe	Landing Point	Test Pressure
Surface	1540'	8.625", 24.0#, J55, STC	12.25"		See below	Cut hole to fit pipe tally	1500 psi
Production	4410'	5.500", 15.5#, J55, LTC	7.875"		See below	4410'	1500 psi

Float Equipment, DV Tool, Flag Joint & Centralizers:

Surface Hole Equipment:
Guide Shoe, 1 shoe joint, Insert float, 11 centralizers
Centralizers: One on each of bottom 3 joints, and thereafter every fourth joint to surface (total 13 centralizers).

Production Hole Equipment:
Guide Shoe, one shoe joint, Float Collar
Centralizers:One 5' above guide shoe, One 5' above float collar, 2 at DV tool, and every fourth jt from 3725 to 4205' (total 8 centr.)
DV Tool set at 3500'. ECP set at 1400'. Also centralize Yates if active.

Marker Jt. @ 4000'

Cement:

Surface Hole:

Lead Slurry		Tail Slurry	
550 sx PBCZ		300 sx Premium Plus	
13.5 ppg	Slurry Weight	14.8 ppg	Slurry Weight
1.63 cuft/sx	Slurry Yield	1.34 cuft/sx	Slurry Yield
8.37 gal/sx	Fresh Water	6.31 gal/sx	Fresh Water

Production Hole:

First Stage			Second Stage		
Lead Slurry			**Lead Slurry**		**Tail End Slurry**
250 sx Premium Plus			550 sx Interfill "C"		100 sx Premium Plus
.4% CFR-3, .25% D-AIR			.25 lb/sx Flocele		2% Calcium Chloride
.5% LAP-1					
14.84 ppg	Slurry Weight		11.9 ppg	Slurry Wieght	14.81 ppg Slurry Weight
1.32 cuft/sx	Yield		2.46 cuft/sx	Yield	1.34 cuft/sx Slurry Yield
6.17 gal/sx	Fresh Water		14.22 gal/sx	Fresh Water	6.29 gal/sx Fresh Water

Samples:
Cement: On all slurries for surface & production cement, 1 bag of dry cement of each blend
Water: On all cement mix water for surface & production cement, 1 gal of mix water (1 from each tank being used)
Chlorides: Cement Company - Check chlorides on each water sample. If Chlorides greater than 300 ppm notify company representative.

GENERAL REMARKS:
Safety Equipment on location by 3000'.
Surface wellhead set with BHO East & West.

Logging program developed by:

PREPARED BY: *Mike Blackwell*	APPROVED:	APPROVED:

WELL BORE SKETCH

WELL HEAD 6" X 900 | **AFE #** 93000971

WELL NO: 625 | **GL ELEVATION** 3647.00'

POOL: Hobbs; Grayburg-San Andres | KB: (13.0')

OBJECTIVE: Grayburg - San Andres | **KB ELEVATION** 3660.00'

Surface Hole

Casing

8 5/8" 24# J55 ST&C casing. Guide shoe, one shoe joint, insert float. Run 13 central. 1 on each of bottom three joints, and every fourth joint thereafter to surface.

Cement

Cement with 550 sacks of Permian Basin Critical Zone and 300 sacks of Premium Plus.

H2S Equipment on location by 3000'

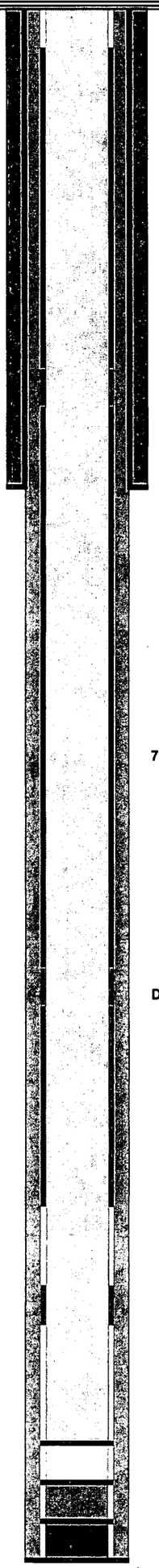
Production Hole

Casing

5.5" 15.5# J-55 LT&C casing. Guide Shoe, One Shoe Joint, Float Collar, DV Tool, ECP. DV Tool to be set at 3500'. ECP to be set at 1400'. Centralizers: One centralizer 5' above the guide shoe, One at the float collar, and 2 at DV tool. One centralizer every 4th joint from 3725-4205' (total 8 centralizers).

Cement

Cement 1st stage with 250 sacks of Premium Plus w/ additives. Cement 2nd stage with 550 sacks of Interfill "C" with additives and follow with 100 sacks of Premium Plus with additives.



conductor @ 40'

12 1/4" Hole

8 5/8" 24#, J-55, ST&C Casing to 1540'.

ECP @ 1400'

7 7/8" Hole

DV Tool @ 3500'

Marker Jt. @ 4000'

TD 4410'

Expected Hazards and Proposed Mitigation Measures
Attachment to Drilling Plan
Onshore Oil and Gas Operations, 3162.3-1(e)

Hazard: Time and water-sensitive redbed shales slough into hole.

Mitigation: Maintain viscosity of at least 32 sec/qt. If tight hole is encountered, attempt to work through tight spot before circulating. Case-off redbeds immediately after drilling through them.

Hazard: Gas influx from Yates formation.

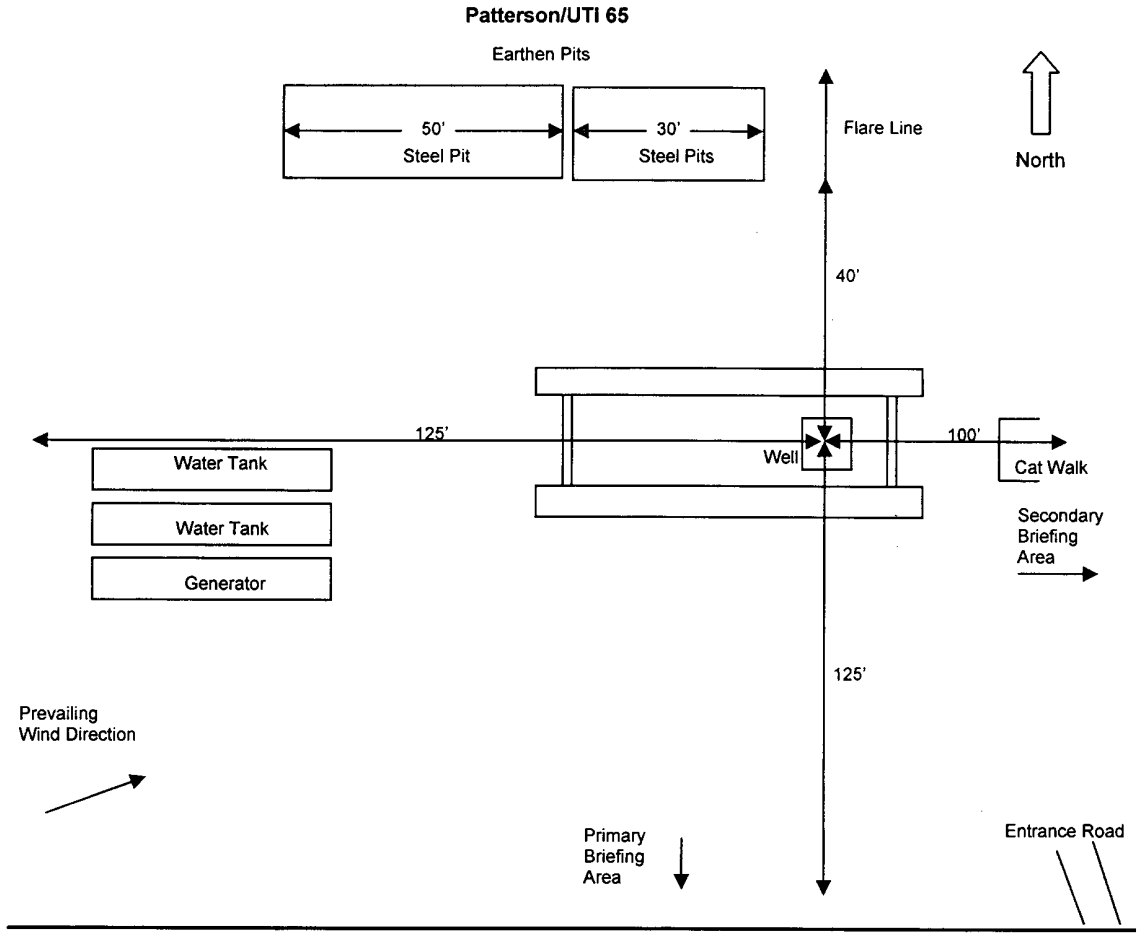
Mitigation: Maintain brine weight of at least 10 ppg. Utilize external casing packer to reduce gas migration through cement.

Hazard: H2S influx from formations.

Mitigation: Maintain brine weight of at least 10 ppg. Observe H2S precautions and bring H2S safety equipment on site before drilling below 3000'. Utilize H2S scavenger if H2S encountered.

Hazard: Lost returns in Grayburg and San Andres formations.

Mitigation: Utilize LCM if lost returns occur. If LCM is unsuccessful at regaining returns, cement lost-return zone and re-drill.



Drilling Rig Layout

NOTES REGARDING THE BLOWOUT PREVENTERS

1) Drilling nipple to be so constructed that it can be removed without use of a welder through rotary table opening, with minimum i.d. equal to preventer bore.

2) Blowout preventer (BOP) and all fittings must be in good condition, 3000 psi WP minimum. BOP, choke manifold, and all related equipment will be suitable for H2S service per 43 CFR 3160 Onshore Oil and Gas Order No. 6, Hydrogen Sulfide Operations (III.C).

3) All fittings to be flanged.

4) Safety valve must be available on rig floor at all times with proper connections; valve to be full bore 3000 psi WP minimum.

5) All choke and kill lines to be securely anchored, especially ends of choke lines.

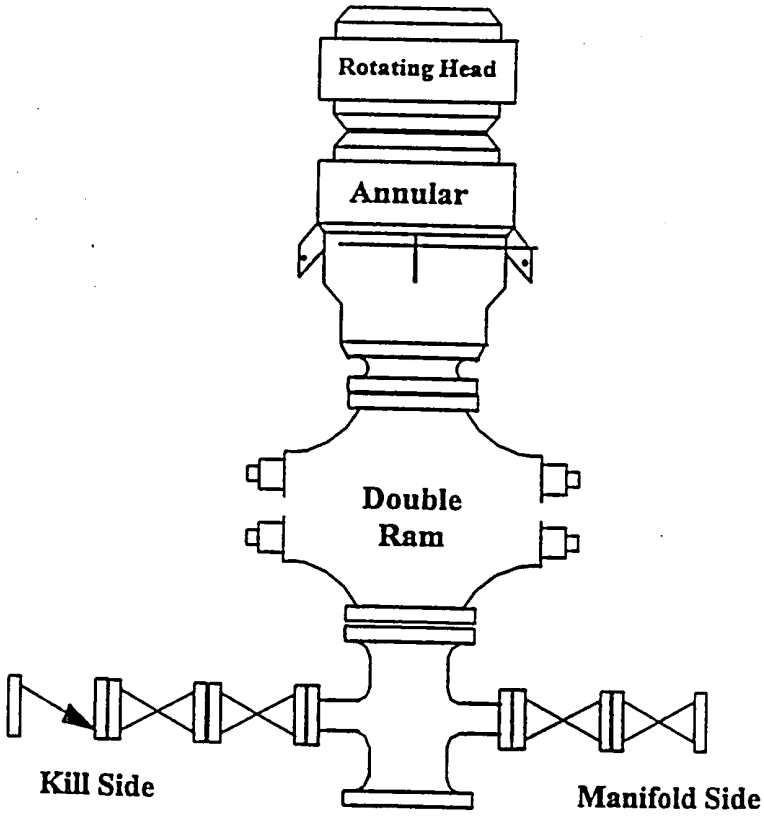
6) Equipment through which bit must pass shall be at least as large as the diameter of the casing being drilled through.

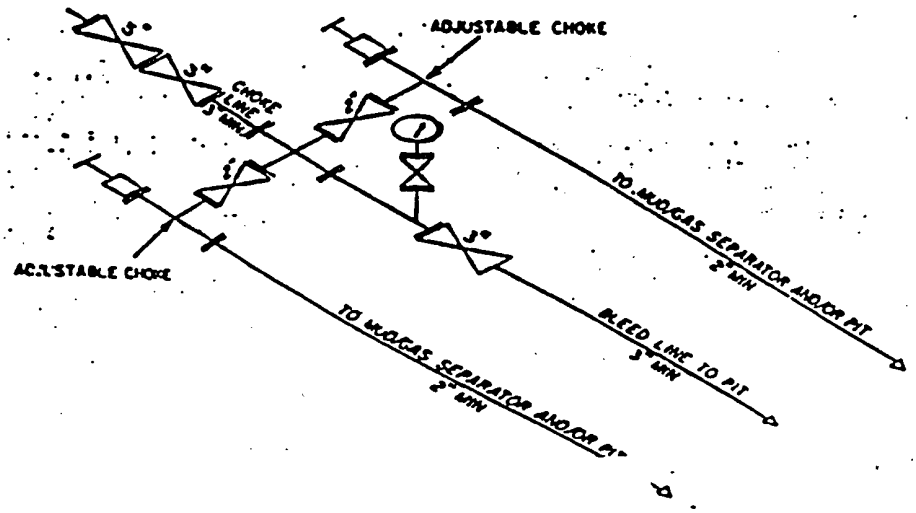
7) Kelly cock on kelly.

8) Extension wrenches and hand wheels to be properly installed.

9) Blow out preventer control to be located as close to driller's position as feasible.

10) BOP closing equipment to meet specifications of 43 CFR 3160 Onshore Oil and Gas Order No. 2, Drilling Operations (III.A.).


Rotating Head
Annular
Double
Ram
Kill Side
Manifold Side


3"
3"
CHOKE LINE 3" MIN
ADJUSTABLE CHOKE
TO MUD/GAS SEPARATOR AND/OR PIT
2" MIN
3"
BLEED LINE TO PIT
3" MIN
ADJUSTABLE CHOKE
TO MUD/GAS SEPARATOR AND/OR PIT
2" MIN

Request for Variance – BOP
Well Control Requirements
Onshore Oil and Gas Operating Order No. 2, Drilling Operations

Request: Utilize 3000 psi BOP stack, but test only to 1100 psi.

Logic: Surface casing will be set at approximately 1540' below grade. At this depth, the fracture gradient of the formation is estimated to be approximately 13.3 ppg. The formation at the casing shoe can therefore only hold (13.3)(.052)(1540) = 1065 psi without fracturing. Assuming cut brine in the wellbore, 1065 psi at the casing shoe translates into 1065 - (8.9)(.052)(1540) = 352 psi at the wellhead. Assuming gas in the wellbore, 1065 psi at the casing shoe translates into 1065 - (0)(.052)(1540) = 1065 psi at the wellhead. Thus, the BOP stack on this well is unlikely to be subjected to well-control pressures in excess of approximately 1065 psi.

OXY Permian
Limited Partnership
PO Box 50250
Midland, TX 79710

Hydrogen Sulfide (H_2S)
Contingency Plan

For

OPL NHU 29-625
1755 ft FNL, 977 ft FWL
Sec 29, T18S, R38E
Lea County, NM

And

Patterson/UTI 65

TABLE OF CONTENTS

PREFACE

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

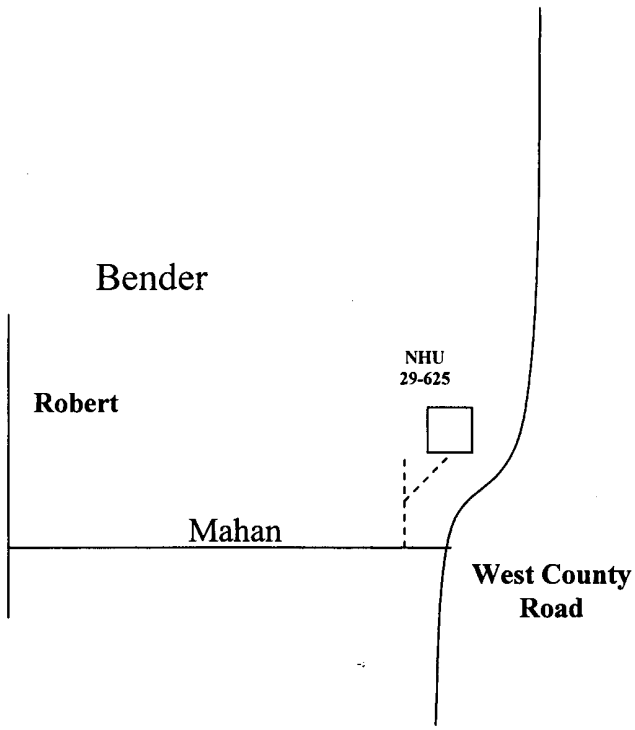
Although the plan addresses varied emergency situations which may occur, it recognizes that flexibility and the use of the organization's knowledge and experience is critical to safe resolution of emergency incidents. Response actions outlined in the plan provide a framework, which may be placed into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

This Contingency Plan is intended for use on Oxy Downhole Services Group projects and the operations within their area of responsibility, such as drilling, critical well work, etc.

A copy of the Plan shall be maintained in the Top Dog House, Rig Managers trailer, and Company Representative's trailer if applicable.

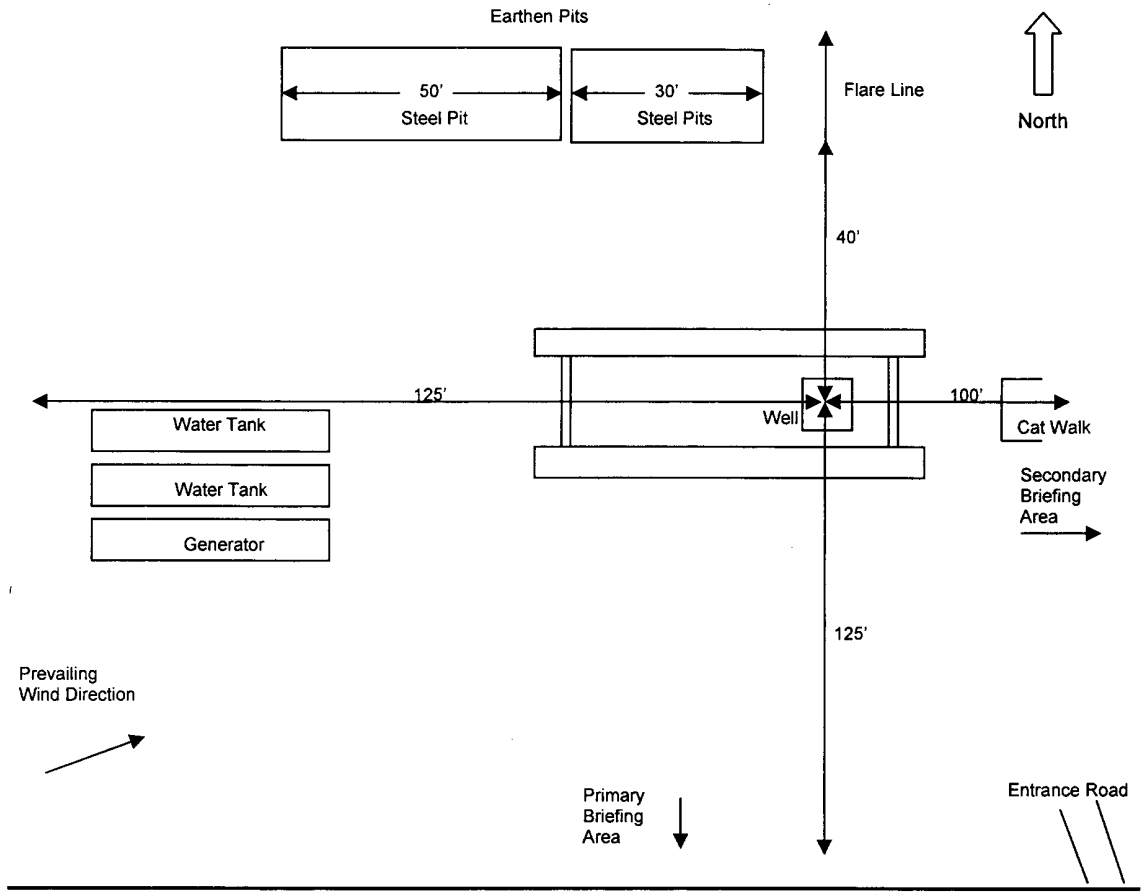
Oxy Permian 29-625
Lat. 32°43'14.68"N
Long. 103°10' 32.14"W
NAD 27 NME
Y = 627862.5 N
X = 856067.2 E

NORTH



From the intersection of Mahan Dr. and West County Road, go west on Mahan for approximately 0.1 miles to a caliche road. Turn right, north, And go approx. 0.1 miles. Turn right, northeast, and go approx. 0.1 miles.

Patterson/UTI 65



EMERGENCY RESPONSE ACTIVATION AND GENERAL RESPONSIBILITIES

Activation of the Emergency Action Plan

A. In the event of any emergency situation, all personnel on location should first ensure that the following items are initiated. After that, they should refer to the appropriate Specific Emergency Guidance sections on pages ten (10) through twelve (12) in this document for further responsibilities:

1. Notify the senior ranking contract representative on site.
2. Notify Oxy representative in charge.
3. Notify civil authorities if the Oxy Representative can not be contacted and the situation dictates.
4. Perform rescue and first aid as required (without jeopardizing additional personnel).

General Responsibilities

Oxy Permian Personnel:

A. Operations Specialist: The Oxy Drilling/Critical Well Servicing Operations Specialist or contract personnel serving in that capacity will serve as Operations Chief Officer for all emergency incidents. The Operations Chief Officer is responsible for:

1. Notification to the Downhole Services Team Leader of the incident occurrence.
2. Notification to the local RMT/PMT leader of the incident occurrence, and the need for the designated local RMT/PMT Incident Commander to act in that capacity for the response effort.
3. Sole control of all tactical activities directed toward reducing the immediate hazard, establishing situational control and restoring the operations to a non-emergency state.

B. Local RMT/PMT Designated Incident Commander: The Oxy local RMT/PMT Designated Incident Commander will serve as the overall Incident Commander for the drilling or critical well servicing emergency incident. The Incident Commander is responsible for:

1. Coordinating with the Downhole Services Team Leader for notification to the Oxy Crisis Management team of the incident occurrence.
2. Establishing and managing the overall incident command structure and response from inception through restoration of normal activities in the area.

C. Downhole Services HES Tech: The Downhole Services HES Tech (or his designate) is responsible for reporting to the incident as soon as reasonably possible, to provide support to the response effort as required by the Operations Chief Officer or the Incident Commander.

Contract Drilling Personnel will immediately report to their assigned stations and perform their duties as outlined in the appropriate Specific Emergency Guidance sections on pages ten (10) through twelve (12) in this document.

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

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

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

H2S RELEASE

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

All Personnel:

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

Rig Manager/Tool Pusher:

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

Two People Responsible For Shut-in and Rescue:

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

All Other Personnel:

1. Isolate the area and prevent entry by other persons into the 100 ppm ROE. Additionally the first responder(s) must evacuate any public places encompassed by the 100 ppm ROE. First responder(s) must take care not to injure themselves during this operation. Company and/or local officials must be contacted to aid in this operation. Evacuation of the public should be beyond the 100 ppm ROE.

Oxy Representative:

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

Training

There will be an initial training session prior to encountering a known or probable H2S zone (within 3 days or 500 feet) and weekly H2S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H2S Drilling Operations Plan and the Public Protection Plan (Contingency Plan). This plan shall be available at the well site. All personnel will be required to carry documentation that they have received the proper training.

Ignition of Gas Source

Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO2). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally the NM State Police shall be the Incident Command of any major release. Ignition of the well will be with the concurrence of the drilling team leader and the Oxy Crisis Management Team as time allows.

Characteristics of H2S and SO2

Common Name	Chemical Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal Concentration
Hydrogen Sulfide	H_2S	1.189 Air = 1	10 ppm	100 ppm	600 ppm
Sulfur Dioxide	SO_2	2.21 Air = 1	2 ppm	N/A	1000 ppm

Contacting Authorities

Oxy Permian personnel must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as; type and volume of release, wind direction, location of release, etc. Be prepared with all information available. The call list of essential and potential responders at the back of this document has been prepared for use during a release. This response plan must be in coordination with the State of New Mexico's 'Hazardous Materials Emergency Response Plan' (HMER).

WELL CONTROL

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

Kick While Drilling - Procedures And Responsibilities

Driller:

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

Derrickman:

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

Floorman # 1:

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

Floorman # 2:

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

Floorman # 3:

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

Tool Pusher/Rig Manager:

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

Oxy Representative:

1. Notify Operation Specialists or Team Leader and RMT Leader or Local Incident Commander, and Police, Fire Department, or other local emergency services as required.

Kick While Tripping - Procedures and Responsibilities

Driller:

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

Derrickman: (same as while drilling)

Floor Man # 1:

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

Floor Man # 2:

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

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

PUBLIC RELATIONS

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

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

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

OXY PERMIAN DOWNHOLE SERVICES GROUP

	LOCATION	OFFICE	HOME	CELL	PAGER
Manager Operations Support					
Hardesty, Steve	Midland	432-685-5880	432/694-6441	713-560-8095	
Team Leader					
Pennington, Randy	Midland	432-685-5684	432/689-7642	432-556-0207	
			Toledo Bend =	318-590-2349	
Operations Specialists					
Blackwell, Mike	Levelland	806.229.9472	806.797.5729	806.638.3861	
Murray, Mike	Midland	432.685.5718	432.689.2592	432.556.6792	
HES Tech					
Thompson, Don	Midland	432-685-5719	432/684-3900	432-556-1505	

Emergency Notification Numbers

Public Authorities		
New Mexico State Police	Artesia	505/746-2704
New Mexico State Police	Carlsbad	505/885-3137
New Mexico State Police	Hobbs	505/392-5588
Eddy County Sheriff's Office	Artesia	505/746-2704
Eddy County Sheriff's Office	Carlsbad	505/887-7551
Lea County Sheriff's Office	Hobbs	505/393-2515
Local Emergency Planning Center	Eddy County	505/887-9511
Local Emergency Planning Center	Lea County	505/397-9231
New Mexico Oil & Gas Commission	Artesia	505/748-1283
New Mexico Oil & Gas Commission	Hobbs	505/393-6161
NM Emergency Response Center	Hobbs	505/827-9222

Emergency Services		
Fire Fighting, Rescue, Ambulance, Police	Artesia	911
Fire Fighting, Rescue, Ambulance, Police	Carlsbad	911
Fire Fighting, Rescue, Ambulance, Police	Hobbs	911
Flight For Life	Lubbock	806/743-9911
Aerocare	Lubbock	806/7478923
Med Flight Air Ambulance	Albuquerque	505/842-4433

Other Emergency Services		
Boots and Coots		1/800-256-9688
Cudd Pressure Control	Midland	432/699-0139
B.J. Services	Artesia	505/746-3569
Halliburton	Artesia	505/746-2757

OXY Permian Production and Plant Personnel OXY Permian Crisis Team Hotline Notification (713) 935-7210					
PERSON	**LOCATION**	**OFFICE**	**FAX**	**CELL**	**PAGER**
Asset Management-Operations Areas					
OXY Permian General Manager: Tom Menges	Houston	(713) 366-5147		(713) 560-8038	
North Permian Asset: Harry Hufft	Houston	(713) 3665002		(713) 560-8071	

PERSON	**LOCATION**	**OFFICE**	**FAX**	**CELL**	**PAGER**
Production Coordinators: S. Permian Asset					
Hobbs RMT: Gary Bullock	Hobbs	(505) 397-8203	(505) 397-8204	(505) 390-9144	

OXY Permian HES Personnel OXY Permian Crisis Team Hotline Notification (713) 935-7210					
PERSON	**LOCATION**	**OFFICE**	**FAX**	**CELL**	**PAGER**
HES Coordinators & Area of Responsibility					
Rickie Tyler	Midland	432 685-5707		432 556-6790	
HES Techs & Area of Responsibility					
Hobbs RMT: Steve Bishop	Hobbs	(505) 397-8251	(505) 397-8204	(505) 390-4784	(877) 339-1954- 1118#
Frontier-New Mexico: Rick Kerby	Hobbs	(505) 393-2174	(505) 393-2671	(505) 390-8639	(505) 370-6527

Request for Variance – Second Egress
Drilling/Completion/Workover Requirements (III.C.2.a)
Onshore Oil and Gas Order No. 6, Hydrogen Sulfide Operations

Request: Permit drilling pad to be built with only one ingress/egress road.

Logic: In the event of an H2S release or other similar incident, a second-egress road or foot-path would be unlikely to provide additional routes of egress from the drilling pad. The area surrounding the drilling pad is relatively flat, and contains few obstructions (the perimeter of the drilling pad is not fenced, and essentially the only obstructions are scattered brush with significant clear areas between plants). In the event of an H2S release or other similar incident, personnel on the drill pad would most likely exit the drill pad at the nearest point, regardless of whether the surrounding area at that point was cleared or uncleared. In the event of an H2S-release or other similar incident, personnel on the drill pad would not be expected to travel back through some portion of the drill pad and exit the drill pad via one of the two cleared egress routes.

Further, a second egress route would disturb additional areas of the native environment.

Attachment 1
SURFACE USE AND OPERATING PLAN

Occidental Permian, Ltd.
North Hobbs G/SA Unit Well No. 29-625
1755 FNL & 977 FWL
Unit Letter E, Section 29, T-18-S, R-38-E
Lea County, New Mexico

1. Existing Roads:

   A. Access to the location is shown in Attachment 2.
   B. The well site survey plat for the proposed well is shown in Attachment 3.
   C. Directions to location: From corner of Hwy 62/180 and West County Rd. Turn north on west County Rd. and go 1-1/2 miles. Turn left off West County onto Mahan and go approximately 1/10 of a mile. Turn north on lease road and go approximately 1/10 mile, turn northeast and go approximately 1/10 mile to well pad.

2. Location of Existing Wells:

   Attachment 4 shows existing unit wells within a one-mile radius of this well operated by Occidental Permian, Ltd.

3. Location of Existing and/or Proposed Facilities:

   The well will be connected to an existing facilities located approximately 2500 feet southwest of this proposed site by a flowline installed according to API specifications.

4. Location and Type of Water Supply:

   The well will be drilled with a combination of brine and fresh water mud systems as outlined in the drilling program. The water will be obtained from commercial water stations in the area and hauled to the location by transport truck over the existing and proposed roads shown in Attachment 2. No water well will be drilled on the location.

5. Source of Construction Material:

   All caliche required for construction of the drill pad and to maintain the access roads will be obtained from an approved caliche pit or from the construction of the reserve pit. All roads and pads will be constructed of 6 inches of rolled and compacted caliche.

6. Methods of Handling Waste Disposal:

   A. Drill cuttings will be disposed of into the reserve pit.

   B. Drilling fluids will be contained in steel mud tanks and the reserve pit. The reserve pit will contain any excess drilling fluid or flow from the well during drilling, cementing, and completion operations.

      1. The reserve pit will be an earthen pit, approximately 150 feet x 125 feet x 6 feet deep and fenced. The pit will be plastic-lined (5-7 mil thickness) to minimize loss of drilling fluids and saturation of the ground with brine water. The pit will be divided into two separate pits, one being for fresh water cuttings, and the other for brine water cuttings. At the completion of the

well the pits will be allowed to dry, the brine cuttings will be removed and taken to a licensed disposal site, and the fresh water cuttings will be buried on site.

C. Water produced from the well during completion may be disposed into the brine cuttings side of the reserve pit or a steel tank. After the well is permanently placed on production, produced water will be collected in existing facilities.
D. A portable chemical toilet will be provided on the location for human waste during the drilling and completion operations.
E. Garbage and trash produced during drilling and completion operations will be collected in a screened-in trailer. All waste material will be contained to prevent scattering by the wind. After drilling operations are complete the trash will be disposed of in a nearby landfill.
F. After the rig is moved out and the well is either completed or abandoned, all waste materials will be cleaned up within 30 days. No adverse materials will be left on the location. The reserve pit will be completely fenced and kept closed until it has dried. In the event of a dry hole, only a dry hole marker will remain.

7. Ancillary Facilities:

No airstrip, campsite, or other facilities will be built as a result of the operations on this well.

8. Well Site Layout:

Attachment 5 shows a typical orientation for the rig and associated drilling equipment, reserve pit, and pipe racks. No permanent living facilities are planned, but a temporary foreman/toolpusher's trailer will be on location during the drilling operations.

9. Plans for Restoration of the Surface:

A. Upon completion of the proposed operations, if the well is abandoned, the caliche will be removed from the location and road and returned to the pit from which it was taken. The pit area, after allowing to dry, will be broken out and leveled. The original topsoil will be returned to the entire location that will be leveled and contoured to as nearly the original topography as possible. Pit lining material will be buried or hauled away in order to leave the location in an aesthetically pleasing condition. All pits will be filled and the location leveled within 120 days after abandonment.
B. The disturbed surface area will be restored per agreement with surface owners.

10. Surface Ownership:

The well site and lease is located entirely on privately owned surface.

11. Operator's Representative:

An Occidental representative responsible for assuring compliance with the surface use plan is as follows:

Drill Site Compliance:
Dusty Weaver
1017 W. Stanolind
Hobbs, NM 88240
Work Phone 806-893-3067

Well and Facilities Operations:
David Nelson
1017 W. Stanolind
Hobbs, NM 88240
Work Phone 505-397-8211

Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are to best of my knowledge, true and correct; and the work associated with the operations proposed herein will be performed by Occidental Permian, Ltd. and its contractors and subcontractors in conformity with this plan and the terms and conditions which is in approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

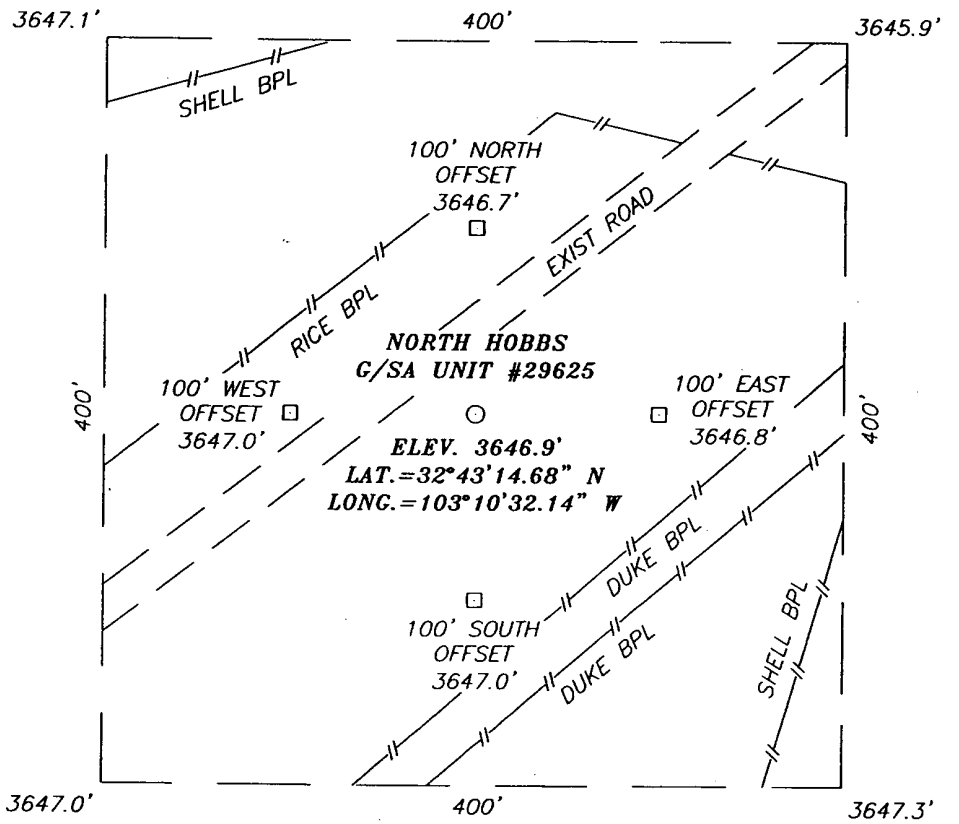
Date: 2-24-05

Signed: _____

David Nelson
Hobbs RMT Engineering Advisor

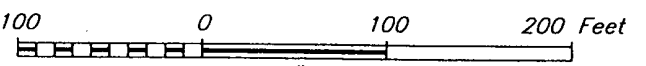
SECTION 29, TOWNSHIP 18 SOUTH, RANGE 38 EAST, N.M.P.M.,

LEA COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF MAHAN DR. AND WEST COUNTY RD., GO WEST ON MAHAN DR. 0.1 MILES TO A CALICHE ROAD ON THE RIGHT. TURN RIGHT (NORTH) AND GO APPROX. 0.1 MILES. TURN RIGHT (NE) AND GO APPROX. 0.1 MILES. PROPOSED LOCATION IS APPROX. 70' EAST.



Scale:1"=100'

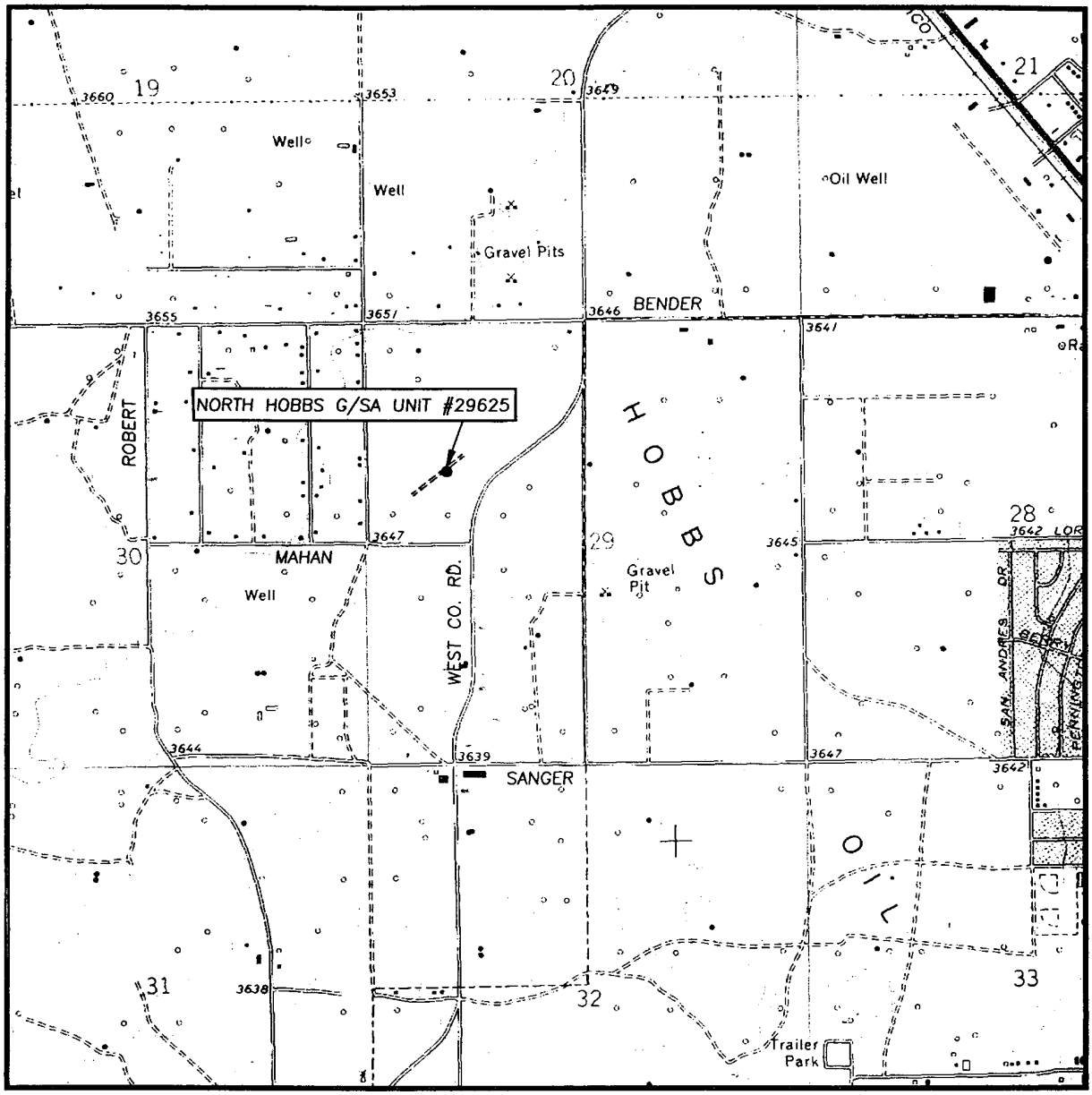
PROVIDING SURVEYING SERVICES SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

OCCIDENTAL PERMIAN, LTD

NORTH HOBBS G/SA UNIT #29625 WELL
LOCATED 1755 FEET FROM THE NORTH LINE
AND 977 FEET FROM THE WEST LINE OF SECTION 29,
TOWNSHIP 18 SOUTH, RANGE 38 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.

Survey Date: 1/22/05	Sheet 1 of 1 Sheets		
W.O. Number: 05.11.0044	Dr By: J.R.	Rev 1:N/A	
Date: 1/25/05	Disk: CD#5	05110044	Scale:1"=100'

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
HOBBS WEST, N.M. – 5'

SEC. 29 TWP. 18-S RGE. 38-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 1755' FNL & 977' FWL

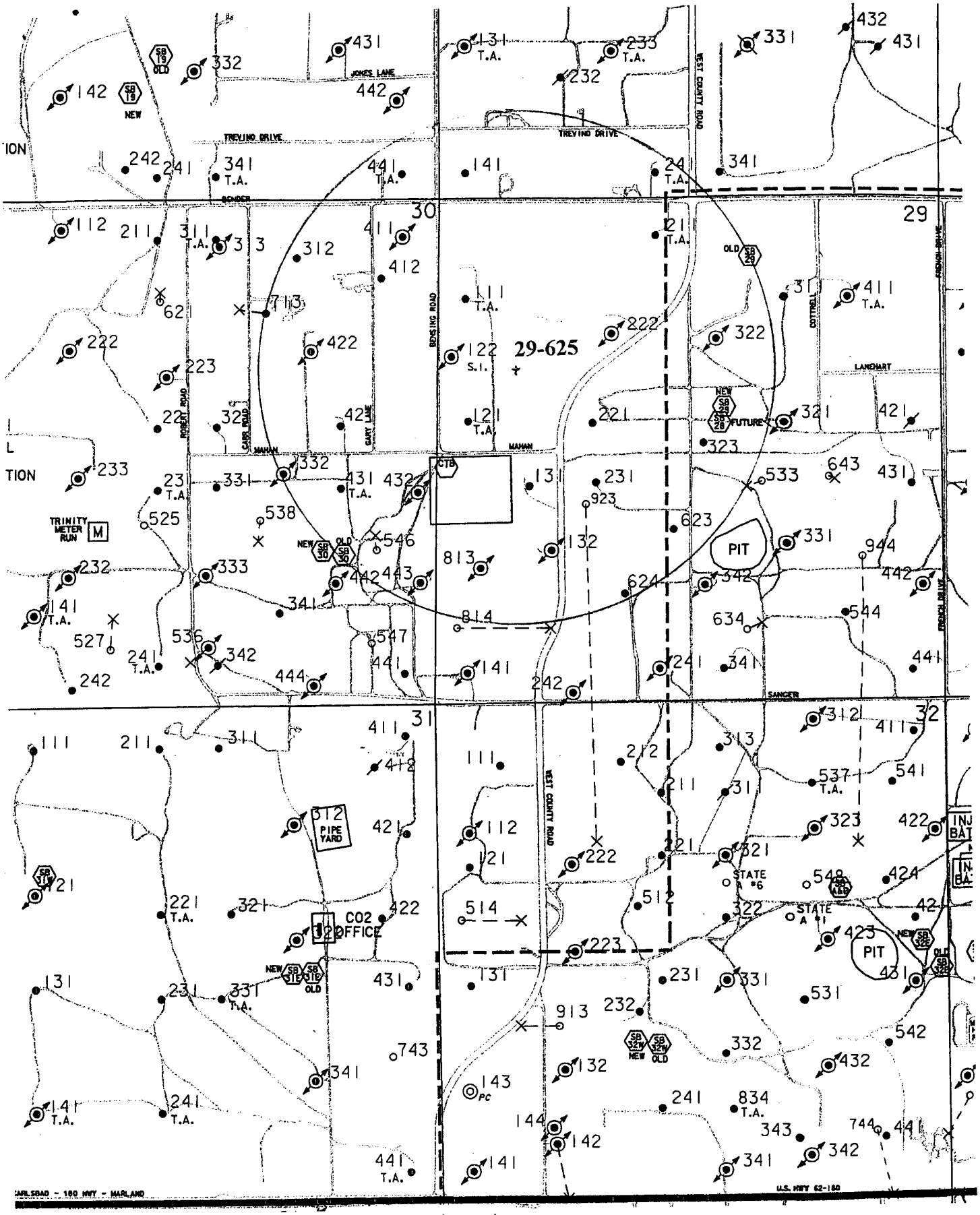
ELEVATION 3647'

OPERATOR OCCIDENTAL PERMIAN, LTD

LEASE NORTH HOBBS G/SA UNIT

U.S.G.S. TOPOGRAPHIC MAP
HOBBS WEST, N.M.

PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117



Attachment 4

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

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

Lease No.:	LC-032233(A)
Legal Description:	Letter E, Section 29, T-18-S, R-38-E
Formation:	Grayburg – San Andres
Bond Coverage:	$25,000.00 (Statewide Oil & Gas Bond)
BLM Bond No.:	NM2797
Surety Bond No:	218975

Authorized Signature Mark Stephens 4/4/05

Mark Stephens
Regulatory Compliance Analyst
Occidental Permian Limited Partnership

N:\PERMITTING\MarkStephens\Stmt Accpt Resp for Oprs.

PRIVATE SURFACE OWNER'S AGREEMENT OR STATEMENT THAT AN AGREEMENT HAS BEEN REACHED CONCERNING SURFACE USE

Occidental Permian Limited Partnership, P.O. Box 4294, Houston, TX 77210-4294 is both operator (North Hobbs G/SA Unit) and surface owner (Letter E, Section 29, T-18-S, R-38-E, Lea Co. NM), and therefore, no surface agreement is necessary.

Authorized Signature Mark Stephens 4/4/05

Mark Stephens
Regulatory Compliance Analyst
Occidental Permian Limited Partnership

N:\PERMITTING\MarkStephens\Stmt Accpt Resp for Oprs.

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, 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

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

Form C-144
March 12, 2004

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☐ No ☒
Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator: _Occidental Permian, LTD _____Telephone: 432.685.5719_____e-mail address: Don_Thompson2@oxy.com_____
Address: P.O. Box 50250, Midland, TX 79710_____
Facility or well name: __NHU 29-625_____API #: 30-025-37213 U/L or Qtr/Qtr _SWNW__ Sec _29___T_18-S R__38-E___
County: _Lea_____ Latitude_32°43'14.68"N___ Longitude_103°10'32.14"W____ NAD: 1927 ☒ 1983 ☐ Surface Owner Federal ☐ State ☐ Private ☒ Indian ☐

Pit	**Below-grade tank**	
Type: Drilling ☒ Production ☐ Disposal ☐ Workover ☐ Emergency ☐ Lined ☒ Unlined ☐ Liner type: Synthetic ☒ Thickness _12__mil Clay ☐ Volume _5,000_bbl	Volume: _____bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes ☐ If not, explain why not. _____	
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	Less than 50 feet 50 feet or more, but less than 100 feet 100 feet or more	(20 points) (10 points) 10 (0 points)
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes No	(20 points) (0 points) 0
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet 200 feet or more, but less than 1000 feet 1000 feet or more	(20 points) (10 points) (0 points) 0
	Ranking Score (Total Points)	10

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: onsite ☐ offsite ☐ If offsite, name of facility_____. (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface_____ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. **I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.**
Date: __2/22/2005____
Printed Name/Title_ Don Thompson/HES Tech._____ Signature D.T. Thompson

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations

Approval:
Date: _____
Printed Name/Title PAUL F. KAUTZ PETROLEUM ENGINEER Signature _____ APR 29 2005