

PECOS DISTRICT DRILLING CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Kaiser-Francis Oil Company
LEASE NO.:	NMNM-015321
WELL NAME & NO.:	Red Hills 402H
SURFACE HOLE FOOTAGE:	2400' FSL & 1735' FWL
BOTTOM HOLE FOOTAGE:	0330' FSL & 1266' FWL Sec. 06, T. 26 S., R 33 E.
LOCATION:	Section 31, T. 25 S., R 33 E., NMPM
COUNTY:	County, New Mexico

A. DRILLING OPERATIONS REQUIREMENTS

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

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

Lea County

Call the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240,
(575) 3933612

1. A Hydrogen Sulfide (H₂S) Drilling Plan shall be activated 500 feet prior to drilling into the Delaware formation. As a result, the Hydrogen Sulfide area must meet Onshore Order 6 requirements, which includes equipment and personnel/public protection items. If Hydrogen Sulfide is encountered, please provide measured values and formations to the BLM.
2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval. If the drilling rig is removed without approval – an Incident of Non-Compliance will be written and will be a “Major” violation.
3. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works 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.

B. CASING

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

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

Wait on cement (WOC) for Water Basin:

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 at the shoe, 2) until cement has been in place at least 8 hours. WOC time will be recorded in the driller's log. See individual casing strings for details regarding lead cement slurry requirements.

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.

Medium Cave/Karst

Possibility of water flows in the Salado and Castile.

Possibility of lost circulation in Red Beds, Rustler, and Delaware.

1. The 10-3/4 inch surface casing shall be set at approximately 910 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 10-3/4" 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 7-5/8 inch intermediate casing is:

Operator has proposed DV tool at depth of 4800', but will adjust cement proportionately if moved. DV tool shall be set a minimum of 50' below previous shoe and a minimum of 200' above current shoe. Operator shall submit sundry if DV tool depth cannot be set in this range. If an ECP is used, it is to be set a minimum of 50' below the shoe to provide cement across the shoe. If it cannot be set below the shoe, a CBL shall be run to verify cement coverage.

- a. First stage to DV tool: _____
 - Cement to circulate. If cement does not circulate, contact the appropriate BLM office before proceeding with second stage cement job. Operator should have plans as to how they will achieve circulation on the next stage.
- b. Second stage above DV tool:

 - Cement to surface. If cement does not circulate, contact the appropriate BLM office. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to cave/karst. Excess calculates to 1% - Additional cement may be required.**

If cement does not circulate to surface on the intermediate casing, the cement on the production casing must come to surface.

Formation below the 7-5/8" 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 200 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.

C. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API 53.
2. Variance approved to use flex line from BOP to choke manifold. Check condition of flexible line from BOP to choke manifold, replace if exterior is damaged or if line fails test. Line to be as straight as possible with no hard bends and is to be anchored according to Manufacturer's requirements. The flexible hose can be exchanged with a hose of equal size and equal or greater pressure rating. **Anchor requirements, specification sheet and hydrostatic pressure test certification matching the hose in service, to be onsite for review. These documents shall be posted in the company man's trailer and on the rig floor.** If the BLM inspector questions the straightness of the hose, a BLM engineer will be contacted and will review in the field or via picture supplied by inspector to determine if changes are required (operator shall expect delays if this occurs).
3. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be psi. **10M 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 hours in advance for a representative to witness the tests.
 - a. In a water basin, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. The casing cut-off and BOP installation can be initiated four hours after installing the slips, which will be approximately six hours after bumping the plug. For those casing strings not using slips, the minimum wait time before cut-off is eight hours after bumping the plug. BOP/BOPE testing can begin after cut-off or once cement reaches 500 psi compressive strength (including lead when specified), whichever is greater. However, if the float does not hold, cut-off cannot be initiated until cement reaches 500 psi compressive strength (including lead when specified).
 - a. The tests shall be done by an independent service company utilizing a test plug **not a cup or J-packer**. The operator also has the option of utilizing an independent tester to test without a plug (i.e. against the casing) pursuant to Onshore Order 2 with the pressure not to exceed 70% of the burst rating for the casing. Any test against the casing must meet the WOC time for water basin (8 hours) or potash (24 hours) or 500 pounds compressive strength, whichever is greater, prior to initiating the test (see casing segment as lead cement may be critical item).
 - b. 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.
 - c. The results of the test shall be reported to the appropriate BLM office.
 - d. All tests are required to be recorded on a calibrated test chart. **A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.**
 - e. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug. This test shall be performed prior to the test at full stack pressure.

D. DRILL STEM TEST

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

E. WASTE MATERIAL AND FLUIDS

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

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

JAM 101518

**PECOS DISTRICT
SURFACE USE
CONDITIONS OF APPROVAL**

OPERATOR'S NAME:	KAISER FRANCIS OIL COMPANY
LEASE NO.:	NMNM015321
WELL NAME & NO.:	RED HILLS 402H
SURFACE HOLE FOOTAGE:	2400'S & 1735'/W
BOTTOM HOLE FOOTAGE:	330'S & 1266'/W
LOCATION:	SECTION 31, T25S, R33E, NMPM
COUNTY:	LEA

TABLE OF CONTENTS

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

- General Provisions**
- Permit Expiration**
- Archaeology, Paleontology, and Historical Sites**
- Noxious Weeds**
- Special Requirements**
 - Cave/Karst
 - Hydrology
- Construction**
 - Notification
 - Topsoil
 - Closed Loop System
 - Federal Mineral Material Pits
 - Well Pads
 - Roads
- Road Section Diagram**
- Production (Post Drilling)**
 - Well Structures & Facilities
- Interim Reclamation**
- Final Abandonment & Reclamation**

I. GENERAL PROVISIONS

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

II. PERMIT EXPIRATION

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

III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES

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

IV. NOXIOUS WEEDS

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

V. SPECIAL REQUIREMENT(S)

Cave/Karst Surface Mitigation

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

Construction:

In the event 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.)
- Following a rain event, all fluids will be vacuumed off of the pad and hauled off-site and disposed at a proper disposal facility.

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, or equivalent, 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 valves 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 valves, 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 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:

The operator will perform annual pressure monitoring 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.

Hydrology

The entire 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 with impermeable mineral material (e.g. caliche). Topsoil shall not be used to construct the berm. No water flow from the uphill side(s) of the pad shall be allowed to enter the well pad. The 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 water erosion that may occur due to the construction of the well pad during the life of the well will be quickly corrected and proper measures will be taken to prevent future erosion. Stockpiling of topsoil is required. The top soil shall be stockpiled in an appropriate location to prevent loss of soil due to water or wind erosion and not used for berming or erosion control. 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.

Tank battery locations 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 or 24 hour production, whichever is greater. Automatic shut off, check valves, or similar systems will be installed for tanks to minimize the effects of catastrophic line failures used in production or drilling.

A leak detection plan will be submitted to the BLM Carlsbad Field Office for approval prior to pipeline installation. The method could incorporate gauges to detect pressure drops, situating valves and lines so they can be visually inspected periodically or installing electronic sensors to alarm when a leak is present. The leak detection plan will incorporate an automatic shut off system that will be installed for proposed pipelines to minimize the effects of an undesirable event.

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

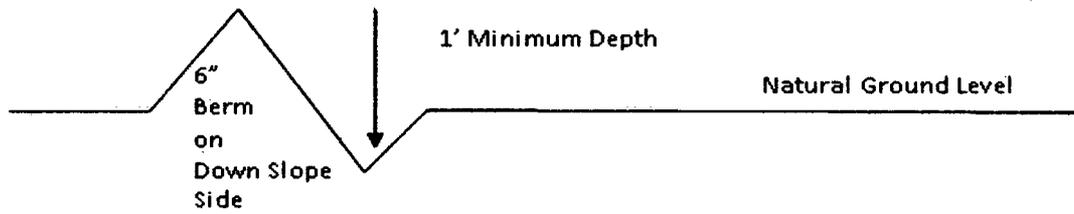
Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall conform to Figure 1; cross section and plans for typical road construction.

Drainage

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outslping 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:

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

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

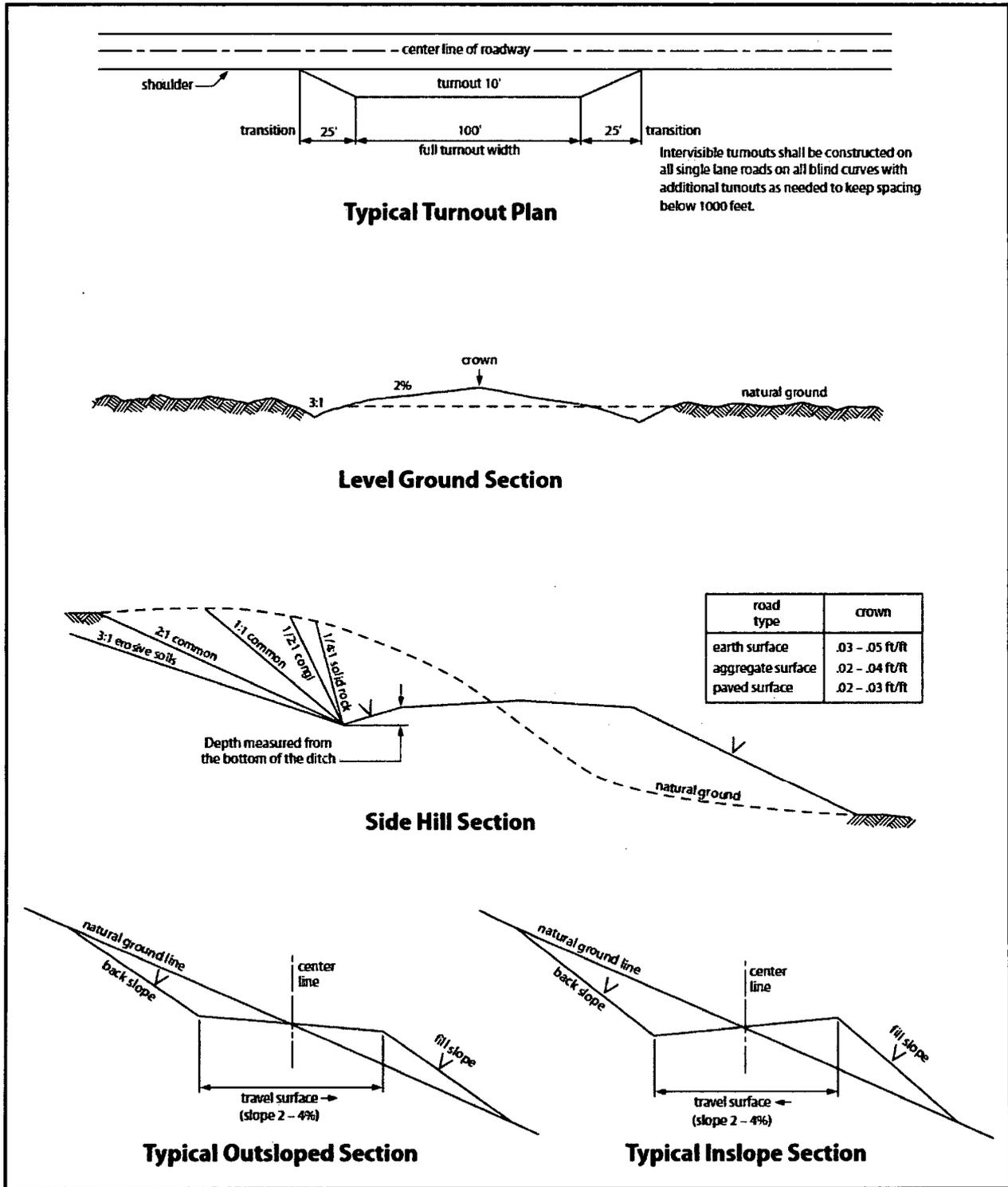


Figure 1. Cross-sections and plans for typical road sections representative of BLM resource or FS local and higher-class roads.

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).

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 2, for Sandy Sites

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

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

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

<u>Species</u>	<u>lb/acre</u>
Sand dropseed (Sporobolus cryptandrus)	1.0
Sand love grass (Eragrostis trichodes)	1.0
Plains bristlegrass (Setaria macrostachya)	2.0

*Pounds of pure live seed:

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



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

Operator Certification Data Report

10/31/2018

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: Melanie Wilson

Signed on: 05/09/2018

Title: Regulatory Analyst

Street Address: 106 W. Riverside Drive

City: Calsbad

State: NM

Zip: 88220

Phone: (575)914-1461

Email address: mjp1692@gmail.com

Field Representative

Representative Name: Todd Passmore

Street Address: 6 Desta Drive, Suite 3100

City: Midland

State: TX

Zip: 79705

Phone: (432)894-0165

Email address: tpassmore@mar-win.com

**KAISER-FRANCIS OIL COMPANY
HYDROGEN SULFIDE (H₂S) CONTINGENCY PLAN
FOR DRILLING/COMPLETION WORKOVER/FACILITY**

**Red Hills 402H
SECTION 31 -T25S-R33E
LEA COUNTY, NM**

This well/facility is not expected to have H₂S, but due to the sensitive location, the following is submitted as requested.

TABLE OF CONTENTS

Emergency Response Activation and General Responsibilities	3
Individual Responsibilities During An H ₂ S Release	4
Procedure For Igniting An Uncontrollable Condition	5
Emergency Phone Numbers	6
Protection Of The General Public/Roe	7
Characteristics Of H ₂ S And SO ₂	8
Training	8
Public Relations	8
Maps	

EMERGENCY RESPONSE ACTIVATION AND GENERAL RESPONSIBILITIES

Activation of the Emergency Action Plan

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 below for further responsibilities:

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

General Responsibilities

In the event of an H₂S emergency, the following plan will be initiated.

- 1) All personnel will immediately evacuate to an up-wind and if possible up-hill "safe area".
- 2) If for any reason a person must enter the hazardous area, they must wear a SCBA (Self contained breathing apparatus).
- 3) Always use the "buddy system".
- 4) Isolate the well/problem if possible.
- 5) Account for all personnel
- 6) Display the proper colors, warning all unsuspecting personnel of the danger at hand
- 7) Contact the Company personnel as soon as possible if not at the location. (use the enclosed call list as instructed)

At this point the company representative will evaluate the situation and coordinate the necessary duties to bring the situation under control, and if necessary, the notification of emergency response agencies and residents.

INDIVIDUAL RESPONSIBILITIES DURING AN 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 Contract management and Kaiser-Francis 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.

Kaiser-Francis Oil Company 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 company management or Local Incident Commander, and Police, Fire Department, or other local emergency services as required.

PROCEDURE FOR IGNITING AN UNCONTROLLABLE CONDITION:

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.

The decision to ignite a well should be a last resort and one if not both of the following pertain.

- 1) Human life and/or property are in danger.
- 2) There is no hope of bringing the situation under control with the prevailing conditions at the site.

INSTRUCTIONS FOR IGNITION:

- 1) Two people are required. They must be equipped with positive pressure; self contained breathing apparatus and a "D"-ring style, full body, OSHA approved safety harness. Non-flammable rope will be attached.
- 2) One of the people will be a qualified safety person who will test the atmosphere for H₂S, Oxygen, & LFL. The other person will be the company supervisor; he is responsible for igniting the well.
- 3) Ignite up-wind from a distance no closer than necessary. Make sure that where you ignite from has the maximum escape avenue available. A 25mm flare gun shall be used, with a +/-500' range to ignite the gas.
- 4) Prior to ignition, make a final check for combustible gases.
- 5) Following ignition, continue with the emergency actions & procedures as before.

CONTACTING AUTHORITIES

Kaiser-Francis 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 following call list of essential and potential responders 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).

EMERGENCY CALL LIST: (Start and continue until ONE of these people have been reached)

	<u>OFFICE</u>	<u>MOBILE</u>
Kaiser-Francis Oil Co.	918/494-0000	
Bill Wilkinson	580/668-2335	580/221-4637
David Zerger	918/491-4350	918/557-6708
Charles Lock	918/491-4337	918/671-6510
Stuart Blake	918/491-4347	918/510-4126
Robert Sanford	918/491-4201	918/770-2682
Matt Warner	918/491-4379	720/556-2313

EMERGENCY RESPONSE NUMBERS: Lea County, New Mexico

State Police – Artesia	575/748-9718
State Police – Hobbs	575/392-5580
State Police – Carlsbad	575/885-3138
Lea County Sheriff - Lovington	575/396-3611
Local Emergency Planning Center – Lea County	575/396-8607
Local Emergency Planning Center – Eddy County	575/885-3581
Fire Fighting, Rescue & Ambulance – Carlsbad	911 or 575/885-3125
Fire Fighting, Rescue & Ambulance – Hobbs	911 or 575/397-9308
Fire Fighting – Jal Volunteer Fire Department	911 or 505/395-2221
New Mexico Oil & Gas Commission – Artesia	575/748-1283
New Mexico Oil & Gas Commission – Hobbs	575/393-6161
Air Medical Transport Services – Hobbs	800/550-1025
Med Flight Air Ambulance – Albuquerque	505/842-4433
Angel MedFlight	844/553-9033
DXP	432/580-3770
BJ Services	575/392-5556
Halliburton	575/392-6531 800/844-8451

CHARACTERISTICS OF H₂S AND SO₂

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

TRAINING:

All responders must have training in the detection of H₂S measures for protection against the gas, equipment used for protection and emergency response. Weekly drills by all crews will be conducted and recorded in the IADC daily log. Additionally, responders must be equipped with H₂S monitors at all times.

PUBLIC RELATIONS

Kaiser-Francis recognizes that the news media have a legitimate interest in incidents at Kaiser-Francis 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.

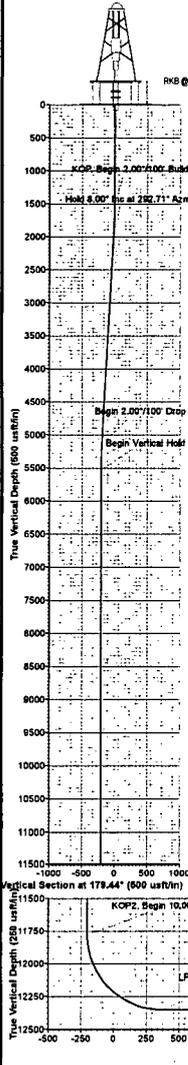
All contract and Kaiser-Francis employees are instructed **NOT** to make any statement to the media concerning the emergency incident. If a media representative contacts any employee, they should refer them to the designated Emergency Command Center where they should contact the Incident Commander or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

Kaiser-Francis Oil Company

Project: Lea County, NM (NAD 83)
 Site: Red Hills
 Well: 402H
 Wellbore: OH
 Design: Plan 1 06-28-18
 Rig: Cactus 171



Azimuths to Grid North
 True North: -0.38°
 Magnetic North: 6.34°
 Magnetic Field
 Strength: 47835.35nT
 Dip Angle: 68.76°
 Date: 02/27/2018
 Model: IWF10



RKB @ 3442 10uoft (Cactus 171)
 3419 10

DESIGN TARGET DETAILS									
Name	TVD	+N/S	+E/W	Northing	Eastng	Latitude	Longitude		
BHL - Red Hills 402H	12350.00	-7347.89	-386.86	388560.53	763620.03	32° 5' 32.19" N	103° 36' 50.7296" W		

WELL DETAILS						
+N/S	+E/W	Northing	Eastng	Latitude	Longitude	
0.00	0.00	356908.52	764016.85	32° 5' 11.01020" N	103° 36' 51.54605" W	

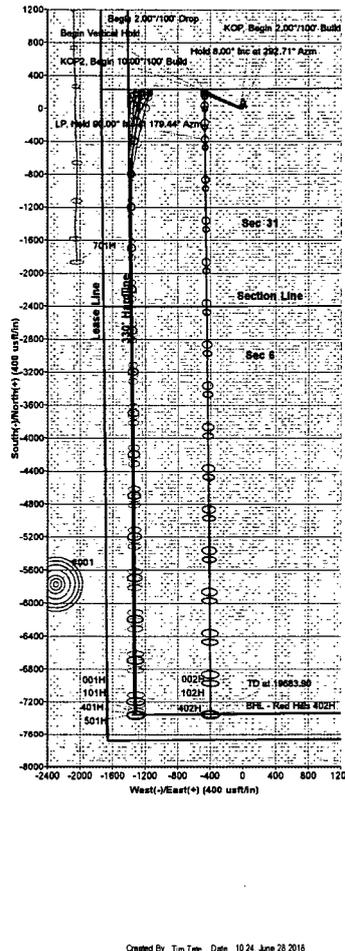
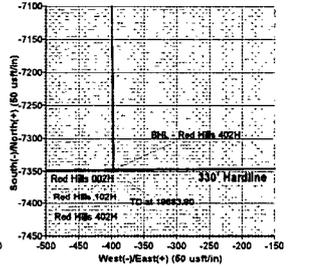
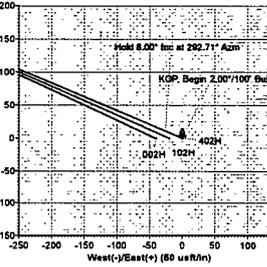
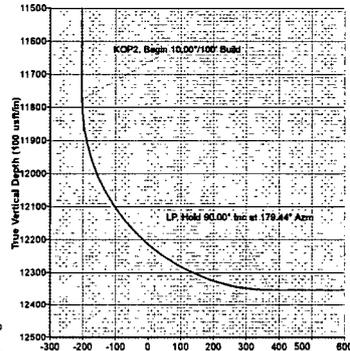
SECTION DETAILS											
Sec	MD	Inc	Az	TVD	+N/S	+E/W	Dip	TFace	VFace	Target	Annotation
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	KOP2 Begin 2.00°/100' Build
2	1500.00	0.00	0.00	1500.00	0.00	0.00	0.00	0.00	0.00	0.00	Hold 8.00° Inc at 292.71° Azm
3	1900.07	8.00	292.71	1898.77	10.77	-25.73	2.00	292.71	-11.02		Begin Vertical Hold
4	5166.32	8.00	292.71	5133.23	186.30	-445.13	0.00	0.00	-150.64		KOP2 Begin 10.00°/100' Build
5	5566.40	0.00	0.00	5532.00	197.07	-470.86	2.00	197.07	-201.66		LP Hold 90.00° Inc at 179.44° Azm
6	11811.44	0.00	0.00	11777.04	197.07	-470.86	0.00	0.00	-201.66		
7	12711.44	90.00	179.44	12350.00	-375.86	-465.24	10.00	179.44	371.25		
8	19683.96	90.00	179.44	12350.00	-386.86	-465.24	0.00	0.00	736.75		BHL - Red Hills 402H

CASING DETAILS
 No casing data is available

LEGEND	
—	102H, OH, Plan 1 06-28-18 VO
—	#001, OH, Surveys VO
—	002H, OH, Plan 2 06-28-18 VO
—	001H, OH, Plan 1 05-02-18 VO
—	701H, OH, OH VO
—	101H, OH, Plan 2 05-11-18 VO
—	501H, OH, Plan 1 05-16-18 VO
—	401H, OH, Plan 1 05-11-18 VO
—	#001, OH, Surveys VO
—	Plan 1 06-28-18

Map System: US State Plane 1983
 Datum: North American Datum 1983
 Ellipsoid: GRS 1980
 Zone Name: New Mexico Eastern Zone
 Local Origin: Well 402H, Grid North
 Latitude: 32° 5' 11.01020" N
 Longitude: 103° 36' 51.54605" W
 Grid East: 764016.89
 Grid North: 395908.52
 Scale Factor: 1.000
 Geomagnetic Model: IWF10
 Sample Date: 27-Aug-18
 Magnetic Declination: 6.72°
 Dip Angle from Horizontal: 68.76°
 Magnetic Field Strength: 47835.3078664nT
 To convert a Magnetic Direction to a Grid Direction, Add 6.34°
 To convert a Magnetic Direction to a True Direction, Add 6.72° East

FORMATION TOP DETAILS
 No formation data is available



Kaiser-Francis Oil Company

Lea County, NM (NAD 83)

Red Hills

402H

OH

Plan: Plan 1 06-28-18

Standard Planning Report

28 June, 2018



Planning Report



Database:	USA Compass	Local Co-ordinate Reference:	Well 402H
Company:	Kaiser-Francis Oil Company	TVD Reference:	RKB @ 3442.10usft (Cactus 171)
Project:	Lea County, NM (NAD 83)	MD Reference:	RKB @ 3442.10usft (Cactus 171)
Site:	Red Hills	North Reference:	Grid
Well:	402H	Survey Calculation Method:	Minimum Curvature
Wellbore:	OH		
Design:	Plan 1 06-28-18		

Project	Lea County, NM (NAD 83)		
Map System:	US State Plane 1983	System Datum:	Mean Sea Level
Geo Datum:	North American Datum 1983		
Map Zone:	New Mexico Eastern Zone		

Site	Red Hills				
Site Position:		Northing:	395,908.27 usft	Latitude:	32° 5' 11.01036 N
From:	Map	Easting:	763,976.93 usft	Longitude:	103° 36' 52.01054 W
Position Uncertainty:	0.00 usft	Slot Radius:	13-3/16 "	Grid Convergence:	0.38 °

Well	402H					
Well Position	+N/-S	0.25 usft	Northing:	395,908.52 usft	Latitude:	32° 5' 11.01020 N
	+E/-W	39.96 usft	Easting:	764,016.89 usft	Longitude:	103° 36' 51.54605 W
Position Uncertainty		0.00 usft	Wellhead Elevation:		Ground Level:	3,419.10 usft

Wellbore	OH				
Magnetics	Model Name	Sample Date	Declination	Dip Angle	Field Strength
	MVHD	8/27/2018	(°)	(°)	(nT)
			6.72	59.76	47,835.30788640

Design	Plan 1 06-28-18			
Audit Notes:				
Version:	Phase:	PLAN	Tie On Depth:	0.00
Vertical Section:	Depth From (TVD)	+N/-S	+E/-W	Direction
	(usft)	(usft)	(usft)	(°)
	0.00	0.00	0.00	179.44

Plan Sections										
Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)	TFO (°)	Target
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
1,500.00	0.00	0.00	1,500.00	0.00	0.00	0.00	0.00	0.00	0.00	
1,900.07	8.00	292.71	1,898.77	10.77	-25.73	2.00	2.00	0.00	292.71	
5,166.32	8.00	292.71	5,133.23	186.30	-445.13	0.00	0.00	0.00	0.00	
5,566.40	0.00	0.00	5,532.00	197.07	-470.86	2.00	-2.00	0.00	180.00	
11,811.44	0.00	0.00	11,777.04	197.07	-470.86	0.00	0.00	0.00	0.00	
12,711.44	90.00	179.44	12,350.00	-375.86	-465.24	10.00	10.00	19.94	179.44	
19,683.90	90.00	179.44	12,350.00	-7,347.99	-396.86	0.00	0.00	0.00	0.00	BHL - Red Hills 402

Planning Report



Database:	USA Compass	Local Co-ordinate Reference:	Well 402H
Company:	Kaiser-Francis Oil Company	TVD Reference:	RKB @ 3442.10usft (Cactus 171)
Project:	Lea County, NM (NAD 83)	MD Reference:	RKB @ 3442.10usft (Cactus 171)
Site:	Red Hills	North Reference:	Grid
Well:	402H	Survey Calculation Method:	Minimum Curvature
Wellbore:	OH		
Design:	Plan 1 06-28-18		

Planned Survey									
Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1,500.00	0.00	0.00	1,500.00	0.00	0.00	0.00	0.00	0.00	0.00
KOP, Begin 2.00°/100' Build									
1,600.00	2.00	292.71	1,599.98	0.67	-1.61	-0.69	2.00	2.00	0.00
1,700.00	4.00	292.71	1,699.84	2.69	-6.44	-2.76	2.00	2.00	0.00
1,800.00	6.00	292.71	1,799.45	6.06	-14.48	-6.20	2.00	2.00	0.00
1,900.00	8.00	292.71	1,898.70	10.76	-25.72	-11.01	2.00	2.00	0.00
1,900.07	8.00	292.71	1,898.77	10.77	-25.73	-11.02	2.00	2.00	0.00
Hold 8.00° Inc at 292.71° Azm									
2,000.00	8.00	292.71	1,997.73	16.14	-38.56	-16.51	0.00	0.00	0.00
2,100.00	8.00	292.71	2,096.75	21.51	-51.40	-22.01	0.00	0.00	0.00
2,200.00	8.00	292.71	2,195.78	26.89	-64.24	-27.51	0.00	0.00	0.00
2,300.00	8.00	292.71	2,294.81	32.26	-77.08	-33.01	0.00	0.00	0.00
2,400.00	8.00	292.71	2,393.83	37.63	-89.92	-38.51	0.00	0.00	0.00
2,500.00	8.00	292.71	2,492.86	43.01	-102.76	-44.01	0.00	0.00	0.00
2,600.00	8.00	292.71	2,591.89	48.38	-115.60	-49.51	0.00	0.00	0.00
2,700.00	8.00	292.71	2,690.91	53.76	-128.44	-55.01	0.00	0.00	0.00
2,800.00	8.00	292.71	2,789.94	59.13	-141.28	-60.51	0.00	0.00	0.00
2,900.00	8.00	292.71	2,888.97	64.51	-154.12	-66.01	0.00	0.00	0.00
3,000.00	8.00	292.71	2,987.99	69.88	-166.96	-71.51	0.00	0.00	0.00
3,100.00	8.00	292.71	3,087.02	75.25	-179.80	-77.01	0.00	0.00	0.00
3,200.00	8.00	292.71	3,186.05	80.63	-192.65	-82.51	0.00	0.00	0.00
3,300.00	8.00	292.71	3,285.07	86.00	-205.49	-88.01	0.00	0.00	0.00
3,400.00	8.00	292.71	3,384.10	91.38	-218.33	-93.51	0.00	0.00	0.00
3,500.00	8.00	292.71	3,483.12	96.75	-231.17	-99.01	0.00	0.00	0.00
3,600.00	8.00	292.71	3,582.15	102.13	-244.01	-104.51	0.00	0.00	0.00
3,700.00	8.00	292.71	3,681.18	107.50	-256.85	-110.00	0.00	0.00	0.00
3,800.00	8.00	292.71	3,780.20	112.87	-269.69	-115.50	0.00	0.00	0.00
3,900.00	8.00	292.71	3,879.23	118.25	-282.53	-121.00	0.00	0.00	0.00
4,000.00	8.00	292.71	3,978.26	123.62	-295.37	-126.50	0.00	0.00	0.00
4,100.00	8.00	292.71	4,077.28	129.00	-308.21	-132.00	0.00	0.00	0.00
4,200.00	8.00	292.71	4,176.31	134.37	-321.05	-137.50	0.00	0.00	0.00
4,300.00	8.00	292.71	4,275.34	139.74	-333.89	-143.00	0.00	0.00	0.00
4,400.00	8.00	292.71	4,374.36	145.12	-346.73	-148.50	0.00	0.00	0.00
4,500.00	8.00	292.71	4,473.39	150.49	-359.57	-154.00	0.00	0.00	0.00
4,600.00	8.00	292.71	4,572.42	155.87	-372.41	-159.50	0.00	0.00	0.00
4,700.00	8.00	292.71	4,671.44	161.24	-385.25	-165.00	0.00	0.00	0.00
4,800.00	8.00	292.71	4,770.47	166.62	-398.09	-170.50	0.00	0.00	0.00
4,900.00	8.00	292.71	4,869.50	171.99	-410.93	-176.00	0.00	0.00	0.00
5,000.00	8.00	292.71	4,968.52	177.36	-423.78	-181.50	0.00	0.00	0.00
5,100.00	8.00	292.71	5,067.55	182.74	-436.62	-187.00	0.00	0.00	0.00
5,166.32	8.00	292.71	5,133.22	186.30	-445.13	-190.64	0.00	0.00	0.00
Begin 2.00°/100' Drop									
5,200.00	7.33	292.71	5,166.60	188.04	-449.28	-192.42	2.00	-2.00	0.00
5,300.00	5.33	292.71	5,265.99	192.29	-459.44	-196.77	2.00	-2.00	0.00
5,400.00	3.33	292.71	5,365.70	195.20	-466.40	-199.75	2.00	-2.00	0.00
5,500.00	1.33	292.71	5,465.61	196.77	-470.15	-201.36	2.00	-2.00	0.00
5,566.40	0.00	0.00	5,532.00	197.07	-470.86	-201.66	2.00	-2.00	0.00
Begin Vertical Hold									
11,811.44	0.00	0.00	11,777.04	197.07	-470.86	-201.66	0.00	0.00	0.00
KOP2, Begin 10.00°/100' Build									
11,900.00	8.86	179.44	11,865.25	190.24	-470.79	-194.83	10.00	10.00	0.00
12,000.00	18.86	179.44	11,962.22	166.32	-470.56	-170.91	10.00	10.00	0.00
12,100.00	28.86	179.44	12,053.56	125.93	-470.16	-130.52	10.00	10.00	0.00

Planning Report



Database:	USA Compass	Local Co-ordinate Reference:	Well 402H
Company:	Kaiser-Francis Oil Company	TVD Reference:	RKB @ 3442.10usft (Cactus 171)
Project:	Lea County, NM (NAD 83)	MD Reference:	RKB @ 3442.10usft (Cactus 171)
Site:	Red Hills	North Reference:	Grid
Well:	402H	Survey Calculation Method:	Minimum Curvature
Wellbore:	OH		
Design:	Plan 1 06-28-18		

Planned Survey									
Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
12,200.00	38.86	179.44	12,136.50	70.29	-469.62	-74.88	10.00	10.00	0.00
12,300.00	48.86	179.44	12,208.51	1.10	-468.94	-5.68	10.00	10.00	0.00
12,400.00	58.86	179.44	12,267.42	-79.55	-468.15	74.97	10.00	10.00	0.00
12,500.00	68.86	179.44	12,311.43	-169.20	-467.27	164.62	10.00	10.00	0.00
12,600.00	78.86	179.44	12,339.20	-265.13	-466.33	260.56	10.00	10.00	0.00
12,700.00	88.86	179.44	12,349.88	-364.42	-465.35	359.86	10.00	10.00	0.00
12,711.44	90.00	179.44	12,350.00	-375.86	-465.24	371.29	10.00	10.00	0.00
LP, Hold 90.00° Inc at 179.44° Azm									
12,800.00	90.00	179.44	12,350.00	-464.42	-464.37	459.86	0.00	0.00	0.00
12,900.00	90.00	179.44	12,350.00	-564.41	-463.39	559.86	0.00	0.00	0.00
13,000.00	90.00	179.44	12,350.00	-664.41	-462.41	659.86	0.00	0.00	0.00
13,100.00	90.00	179.44	12,350.00	-764.40	-461.43	759.86	0.00	0.00	0.00
13,200.00	90.00	179.44	12,350.00	-864.40	-460.45	859.86	0.00	0.00	0.00
13,300.00	90.00	179.44	12,350.00	-964.40	-459.47	959.86	0.00	0.00	0.00
13,400.00	90.00	179.44	12,350.00	-1,064.39	-458.49	1,059.86	0.00	0.00	0.00
13,500.00	90.00	179.44	12,350.00	-1,164.39	-457.51	1,159.86	0.00	0.00	0.00
13,600.00	90.00	179.44	12,350.00	-1,264.38	-456.53	1,259.86	0.00	0.00	0.00
13,700.00	90.00	179.44	12,350.00	-1,364.38	-455.55	1,359.86	0.00	0.00	0.00
13,800.00	90.00	179.44	12,350.00	-1,464.37	-454.57	1,459.86	0.00	0.00	0.00
13,900.00	90.00	179.44	12,350.00	-1,564.37	-453.58	1,559.86	0.00	0.00	0.00
14,000.00	90.00	179.44	12,350.00	-1,664.36	-452.60	1,659.86	0.00	0.00	0.00
14,100.00	90.00	179.44	12,350.00	-1,764.36	-451.62	1,759.86	0.00	0.00	0.00
14,200.00	90.00	179.44	12,350.00	-1,864.35	-450.64	1,859.86	0.00	0.00	0.00
14,300.00	90.00	179.44	12,350.00	-1,964.35	-449.66	1,959.86	0.00	0.00	0.00
14,400.00	90.00	179.44	12,350.00	-2,064.34	-448.68	2,059.86	0.00	0.00	0.00
14,500.00	90.00	179.44	12,350.00	-2,164.34	-447.70	2,159.86	0.00	0.00	0.00
14,600.00	90.00	179.44	12,350.00	-2,264.33	-446.72	2,259.86	0.00	0.00	0.00
14,700.00	90.00	179.44	12,350.00	-2,364.33	-445.74	2,359.86	0.00	0.00	0.00
14,800.00	90.00	179.44	12,350.00	-2,464.32	-444.76	2,459.86	0.00	0.00	0.00
14,900.00	90.00	179.44	12,350.00	-2,564.32	-443.78	2,559.86	0.00	0.00	0.00
15,000.00	90.00	179.44	12,350.00	-2,664.31	-442.80	2,659.86	0.00	0.00	0.00
15,100.00	90.00	179.44	12,350.00	-2,764.31	-441.82	2,759.86	0.00	0.00	0.00
15,200.00	90.00	179.44	12,350.00	-2,864.30	-440.83	2,859.86	0.00	0.00	0.00
15,300.00	90.00	179.44	12,350.00	-2,964.30	-439.85	2,959.86	0.00	0.00	0.00
15,400.00	90.00	179.44	12,350.00	-3,064.29	-438.87	3,059.86	0.00	0.00	0.00
15,500.00	90.00	179.44	12,350.00	-3,164.29	-437.89	3,159.86	0.00	0.00	0.00
15,600.00	90.00	179.44	12,350.00	-3,264.28	-436.91	3,259.86	0.00	0.00	0.00
15,700.00	90.00	179.44	12,350.00	-3,364.28	-435.93	3,359.86	0.00	0.00	0.00
15,800.00	90.00	179.44	12,350.00	-3,464.27	-434.95	3,459.86	0.00	0.00	0.00
15,900.00	90.00	179.44	12,350.00	-3,564.27	-433.97	3,559.86	0.00	0.00	0.00
16,000.00	90.00	179.44	12,350.00	-3,664.27	-432.99	3,659.86	0.00	0.00	0.00
16,100.00	90.00	179.44	12,350.00	-3,764.26	-432.01	3,759.86	0.00	0.00	0.00
16,200.00	90.00	179.44	12,350.00	-3,864.26	-431.03	3,859.86	0.00	0.00	0.00
16,300.00	90.00	179.44	12,350.00	-3,964.25	-430.05	3,959.86	0.00	0.00	0.00
16,400.00	90.00	179.44	12,350.00	-4,064.25	-429.07	4,059.86	0.00	0.00	0.00
16,500.00	90.00	179.44	12,350.00	-4,164.24	-428.09	4,159.86	0.00	0.00	0.00
16,600.00	90.00	179.44	12,350.00	-4,264.24	-427.10	4,259.86	0.00	0.00	0.00
16,700.00	90.00	179.44	12,350.00	-4,364.23	-426.12	4,359.86	0.00	0.00	0.00
16,800.00	90.00	179.44	12,350.00	-4,464.23	-425.14	4,459.86	0.00	0.00	0.00
16,900.00	90.00	179.44	12,350.00	-4,564.22	-424.16	4,559.86	0.00	0.00	0.00
17,000.00	90.00	179.44	12,350.00	-4,664.22	-423.18	4,659.86	0.00	0.00	0.00
17,100.00	90.00	179.44	12,350.00	-4,764.21	-422.20	4,759.86	0.00	0.00	0.00
17,200.00	90.00	179.44	12,350.00	-4,864.21	-421.22	4,859.86	0.00	0.00	0.00

Planning Report



Database:	USA Compass	Local Co-ordinate Reference:	Well 402H
Company:	Kaiser-Francis Oil Company	TVD Reference:	RKB @ 3442.10usft (Cactus 171)
Project:	Lea County, NM (NAD 83)	MD Reference:	RKB @ 3442.10usft (Cactus 171)
Site:	Red Hills	North Reference:	Grid
Well:	402H	Survey Calculation Method:	Minimum Curvature
Wellbore:	OH		
Design:	Plan 1 06-28-18		

Planned Survey										
Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)	
17,300.00	90.00	179.44	12,350.00	-4,964.20	-420.24	4,959.86	0.00	0.00	0.00	
17,400.00	90.00	179.44	12,350.00	-5,064.20	-419.26	5,059.86	0.00	0.00	0.00	
17,500.00	90.00	179.44	12,350.00	-5,164.19	-418.28	5,159.86	0.00	0.00	0.00	
17,600.00	90.00	179.44	12,350.00	-5,264.19	-417.30	5,259.86	0.00	0.00	0.00	
17,700.00	90.00	179.44	12,350.00	-5,364.18	-416.32	5,359.86	0.00	0.00	0.00	
17,800.00	90.00	179.44	12,350.00	-5,464.18	-415.34	5,459.86	0.00	0.00	0.00	
17,900.00	90.00	179.44	12,350.00	-5,564.17	-414.36	5,559.86	0.00	0.00	0.00	
18,000.00	90.00	179.44	12,350.00	-5,664.17	-413.37	5,659.86	0.00	0.00	0.00	
18,100.00	90.00	179.44	12,350.00	-5,764.16	-412.39	5,759.86	0.00	0.00	0.00	
18,200.00	90.00	179.44	12,350.00	-5,864.16	-411.41	5,859.86	0.00	0.00	0.00	
18,300.00	90.00	179.44	12,350.00	-5,964.15	-410.43	5,959.86	0.00	0.00	0.00	
18,400.00	90.00	179.44	12,350.00	-6,064.15	-409.45	6,059.86	0.00	0.00	0.00	
18,500.00	90.00	179.44	12,350.00	-6,164.15	-408.47	6,159.86	0.00	0.00	0.00	
18,600.00	90.00	179.44	12,350.00	-6,264.14	-407.49	6,259.86	0.00	0.00	0.00	
18,700.00	90.00	179.44	12,350.00	-6,364.14	-406.51	6,359.86	0.00	0.00	0.00	
18,800.00	90.00	179.44	12,350.00	-6,464.13	-405.53	6,459.86	0.00	0.00	0.00	
18,900.00	90.00	179.44	12,350.00	-6,564.13	-404.55	6,559.86	0.00	0.00	0.00	
19,000.00	90.00	179.44	12,350.00	-6,664.12	-403.57	6,659.86	0.00	0.00	0.00	
19,100.00	90.00	179.44	12,350.00	-6,764.12	-402.59	6,759.86	0.00	0.00	0.00	
19,200.00	90.00	179.44	12,350.00	-6,864.11	-401.61	6,859.86	0.00	0.00	0.00	
19,300.00	90.00	179.44	12,350.00	-6,964.11	-400.63	6,959.86	0.00	0.00	0.00	
19,400.00	90.00	179.44	12,350.00	-7,064.10	-399.64	7,059.86	0.00	0.00	0.00	
19,500.00	90.00	179.44	12,350.00	-7,164.10	-398.66	7,159.86	0.00	0.00	0.00	
19,600.00	90.00	179.44	12,350.00	-7,264.09	-397.68	7,259.86	0.00	0.00	0.00	
19,683.90	90.00	179.44	12,350.00	-7,347.99	-396.86	7,343.76	0.00	0.00	0.00	
TD at 19683.90										

Design Targets										
Target Name	Dip Angle (°)	Dip Dir. (°)	TVD (usft)	+N/-S (usft)	+E/-W (usft)	Northing (usft)	Easting (usft)	Latitude	Longitude	
BHL - Red Hills 402H	0.00	0.00	12,350.00	-7,347.99	-396.86	388,560.53	763,620.03	32° 3' 58.32419 N	03° 36' 56.72696 W	
- hit/miss target										
- Shape										
- plan hits target center										
- Point										

Plan Annotations					
Measured Depth (usft)	Vertical Depth (usft)	Local Coordinates		Comment	
		+N/-S (usft)	+E/-W (usft)		
1,500.00	1,500.00	0.00	0.00	KOP, Begin 2.00°/100' Build	
1,900.07	1,898.77	10.77	-25.73	Hold 8.00° Inc at 292.71° Azm	
5,166.32	5,133.22	186.30	-445.13	Begin 2.00°/100' Drop	
5,566.40	5,532.00	197.07	-470.86	Begin Vertical Hold	
11,811.44	11,777.04	197.07	-470.86	KOP2, Begin 10.00°/100' Build	
12,711.44	12,350.00	-375.86	-465.24	LP, Hold 90.00° Inc at 179.44° Azm	
19,683.90	12,350.00	-7,347.99	-396.86	TD at 19683.90	

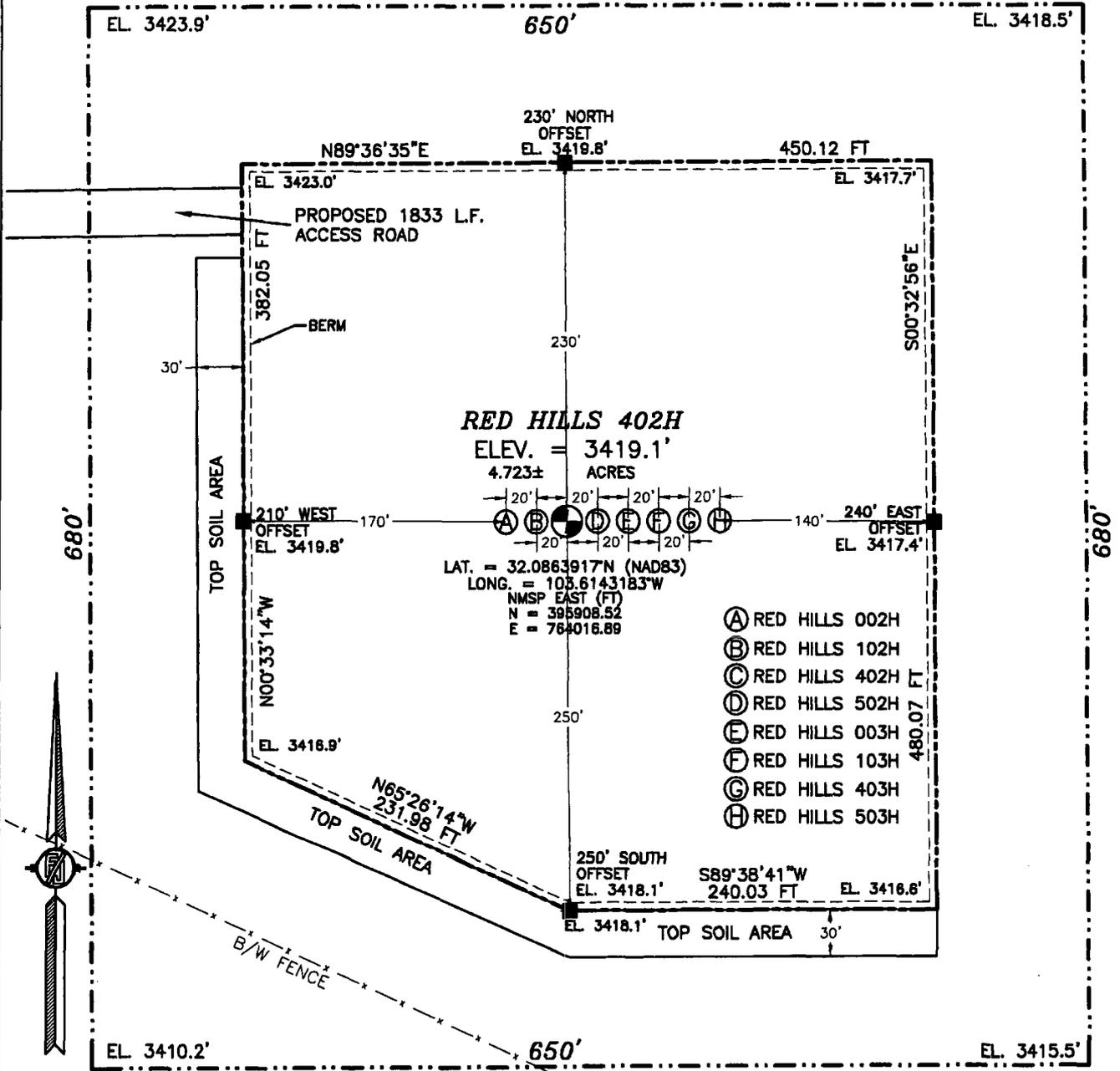
SPILL PREVENTION, CONTROL, AND COUNTERMEASURE PLAN

**Kaiser-Francis Oil Company
P.O. Box 21468
Tulsa, Oklahoma 74121-1468**

Red Hills Pad 2 Production Facility

September 27, 2017

**SECTION 31, TOWNSHIP 25 SOUTH, RANGE 33 EAST, N.M.P.M.
LEA COUNTY, STATE OF NEW MEXICO
SITE MAP**



RED HILLS 402H
ELEV. = 3419.1'
4.723± ACRES

LAT. = 32.0863917°N (NAD83)
LONG. = 103.6143183°W
N = 395908.52
E = 764016.89

- (A) RED HILLS 002H
- (B) RED HILLS 102H
- (C) RED HILLS 402H
- (D) RED HILLS 502H
- (E) RED HILLS 003H
- (F) RED HILLS 103H
- (G) RED HILLS 403H
- (H) RED HILLS 503H



SCALE 1" = 100'
DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF CR. 1 (ORLA HWY.) AND MONSANTO ROAD, GO SOUTH ON CR. 1 2.1 MILES TO A CALICHE ROAD ON LEFT (EAST), TURN LEFT AND GO EAST ON CALICHE ROAD 2.72 MILES TO A "Y" INTERSECTION, BEAR RIGHT (SOUTHEAST) AND GO SOUTHEAST 0.57 MILE TO A ROAD SURVEY ON RIGHT (SOUTH), FOLLOW ROAD SURVEY SOUTH 930' THEN EAST 903' TO THE NORTHWEST PAD CORNER FOR THIS LOCATION.

KAISER-FRANCIS OIL COMPANY
RED HILLS 402H
LOCATED 2400 FT. FROM THE SOUTH LINE
AND 1735 FT. FROM THE WEST LINE OF
SECTION 31, TOWNSHIP 25 SOUTH,
RANGE 33 EAST, N.M.P.M.
LEA COUNTY, STATE OF NEW MEXICO

MAY 3, 2018

SURVEY NO. 6206

MADRON SURVEYING, INC. 301 SOUTH CANAL CARLSBAD, NEW MEXICO
(575) 234-3341

Table of Contents

	Page
Cross-Reference with SPCC Rule	4
Introduction	5
Management Approval	6
Professional Engineer Certification	6
Plan Review	7
Location of SPCC Plan	7
Certification of Substantial Harm Determination	8
Part I – General Facility Information	
1.1 Company Information	9
1.2 Contact Information	9
1.3 Facility Layout Diagram	10
1.4 Facility Location and Operations	10
1.5 Oil Storage and Handling	11
1.6 Conformance w/Applicable State and Local Requirements	12
Part II – Spill Response and Reporting	
2.1 Discharge Discovery and Reporting	13
2.2 Spill Mitigation Procedures	14
2.3 Disposal Plan	15
Part III – Spill Prevention, Control, and Countermeasure Provisions	
3.1 Potential Discharge Volume and Direction of Flow	16
3.2 Containment and Diversionary Structures	17
3.3 Other Spill Prevention Measures	18
3.4 Inspections, Tests, and Records	19
3.5 Personnel, Training, and Discharge Prevention Procedures	20
Appendix A – Facility Diagrams	21
Appendix B – Monthly Inspection Report	23
Appendix C – Record of Dike Drainage	25
Appendix D – Discharge Notification Procedures	26
Appendix E – Equipment Shut off Procedures	31
Appendix F – Written Commitment of Manpower, Equipment, and Materials	32

	Page
<u>List of Tables</u>	
Table 0-1: Record of plan review and changes	7
Table 1-1: Facility contact information	10
Table 1-2: Characteristics of oil containers	11
Table 3-1: Potential discharge volume and direction of flow	16
Table 3-2: Berm capacity calculations	17
 <u>List of Figures</u>	
Figure A-1: Production facility diagrams	21

Cross-Reference with SPCC Rule

Provision*	Plan Section	Page(s)
112.3(d)	Professional Engineer Certification	6
112.3(e)	Location of SPCC Plan	7
112.5	Plan Review	7
112.7	Management Approval	6
112.7	Cross-Reference with SPCC Rule	4
112.7(a)(3)	Part I – General Information and Facility Diagram Appendix A: Facility Diagrams	9-12 Appendix A
112.4 and 112.7(a)(3)	2.1 Discharge Discovery and Reporting Appendix D: Discharge Notification	13-14 Appendix D
112.7(b)	3.1 Potential Discharge Volume and Direction of Flow	16
112.7(c)	3.2 Containment and Diversionary Structures	17
112.7(d)	3.2.3 Practicability of Secondary Containment Appendix F: Written Commitment of manpower, equipment and materials.	18 Appendix F
112.7(e)	3.4 Inspections, Tests, and Records Appendix B: Facility Inspection Checklists	19 Appendix B
112.7(f)	3.5 Personnel, Training, & Discharge Prevention Procedures Appendix D: Discharge Notification	20 Appendix D
112.7(g)	Security – N/A (does not apply to production facilities)	N/A
112.7(h)	Loading/Unloading Rack – N/A (no rack at this facility)	N/A
112.7(i)	3.4.3 Brittle Fracture Evaluation – N/A (no field-erected above- ground tank at this facility)	19
112.7(j)	1.6 Conformance with Applicable State and Local Requirements	12
112.9(b)	3.2.1 Oil Production Facility Drainage Appendix C: Record of Dike Drainage	17 Appendix C
112.9(c)(1)	1.5.1 Production Equipment	11
112.9(c)(2)	3.2.2 Secondary Containment for Bulk Storage Containers	17
112.9(c)(3)	3.4 Inspections, Tests, and Records Appendix B: Monthly Inspection Report	19 Appendix B
112.9(c)(4)	3.3.1 Bulk Storage Containers Overflow Prevention	18
112.9(d)(1)	3.3.2 Transfer Operations and Saltwater Disposal System	18
112.9(d)(2)	3.3.2 Transfer Operations and Saltwater Disposal System	18
112.9(d)(3)	3.4.4 Flowline Maintenance Program	20

*Only relevant rule provisions are indicated. For a complete list of SPCC requirements, refer to the full text of 40 CFR part 112.

Introduction

The purpose of this Spill Prevention Control and Countermeasure (SPCC) Plan is to describe measures implemented by Kaiser-Francis Oil Company "KFOC" to prevent oil discharges from occurring, and to prepare KFOC to respond in a safe, effective, and timely manner to mitigate the impacts of a discharge from the North Bell Lake Unit Pad 0 production facility. This SPCC Plan has been prepared and implemented in accordance with the SPCC requirements contained in 40 CFR part 112.

In addition to fulfilling requirements of 40 CFR 112, this SPCC Plan is used as a reference for oil storage information and testing records, as a tool to communicate practices on preventing and responding to discharges with KFOC employees and contractors, as a guide on facility inspections, and as a resource during emergency response.

Management Approval

40 CFR 112.7

Kaiser-Francis Oil Company ("KFOC") is committed to maintaining the highest standards for preventing discharges of oil to navigable waters and the environment through the implementation of this SPCC Plan. This SPCC Plan has the full approval of KFOC management. KFOC's management has committed the necessary resources to implement the measures described in this Plan.

The Production Superintendent is the Designated Person Accountable for Oil Spill Prevention at this KFOC facility and has the authority to commit the necessary resources to implement the Plan as described.

Authorized Facility Representative: David Zerger
Signature: _____
Title: Operations Engineer
Date: _____

Professional Engineer Certification
40 CFR 112.3(d)

The undersigned Registered Professional Engineer is familiar with the requirements of Part 112 of Title 40 of the *Code of Federal Regulations* (40 CFR part 112) and has visited and examined the facility, or has supervised examination of the facility by appropriately qualified personnel. The undersigned Registered Professional Engineer attests that this Spill Prevention, Control and Countermeasure Plan has been prepared in accordance with good engineering practice, including consideration of applicable industry standards and the requirements of 40 CFR part 112; that procedures for required inspections have been established; and that this Plan is adequate for the facility. [112.3(d)]

This certification in no way relieves the owner or operator of the facility of his/her duty to prepare and fully implement this SPCC Plan in accordance with the requirements of 40 CFR part 112.

Signature

Date

Charles W. Lock
Name of Professional Engineer

16241 - OK
Registration Number/Issuing State

Certification of Substantial Harm Determination
40 CFR 112.20(e), 40 CFR 112.20(f)(1)

Facility Name: Kaiser-Francis Oil Company, North Bell Lake Unit Pad 0

1. Does the facility transfer oil over water to or from vessels and does the facility have a total oil storage capacity greater than or equal to 42,000 gallons?

Yes No

2. Does the facility have a total oil storage capacity greater than or equal to 1 million gallons and does the facility lack secondary containment that is sufficiently large to contain the capacity of the largest aboveground oil tank plus sufficient freeboard to allow for precipitation within any aboveground storage tank area?

Yes No

3. Does the facility have a total oil storage capacity greater than or equal to 1 million gallons and is the facility located at a distance (as calculated using the appropriate formula) such that a discharge from the facility could cause injury to fish and wildlife and sensitive environments?

Yes No

4. Does the facility have a total oil storage capacity greater than or equal to 1 million gallons and is the facility located at a distance (as calculated using the appropriate formula) such that a discharge from the facility would shut down a public drinking water intake?

Yes No

5. Does the facility have a total oil storage capacity greater than or equal to 1 million gallons and has the facility experienced a reportable oil spill in an amount greater than or equal to 10,000 gallons within the last 5 years?

Yes No

Certification

I certify under penalty of law that I have personally examined and am familiar with the information submitted in this document, and that based on my inquiry of those individuals responsible for obtaining this information, I believe that the submitted information is true, accurate, and complete.

Signature

Charles W. Lock

Name (type or print)

EHS Manager

Title

Date

PART I – GENERAL FACILITY INFORMATION
40 CFR 112.7(a)(3)**1.1 Company Information**

Name of Facility:	Kaiser-Francis Oil Company Red Hills Pad 2
Type	Onshore oil production facility
Location	31-25S-33E Lea County, NM
Name and Address of Owner	Kaiser-Francis Oil Company <i>Ardmore District Office</i> Box 197 (Dillard Route) Wilson, OK 73643 <i>Corporate Office</i> 6733 S. Yale Avenue Tulsa, OK 74133

1.2 Contact Information

The designated person accountable for overall oil spill prevention and response at the facility, also referred to as the "Response Coordinator" (RC), is the Production Superintendent, Bill Wilkinson. 24 hour contact information is provided in Table 1-1.

The pumper/gauger provides operation support activities for KFOC, including performing informal daily examinations of the facility equipment, as described in Section 3.4 of this SPCC Plan. The pumper regularly visits the facility to record production levels and perform other maintenance/inspection activities as requested by the Kaiser-Francis Operations Engineer. Pumper phone numbers are included in Table 1-1.

Table 1-1: Facility contact information

Name	Title	Telephone
Larry Motes	Pumper	432/238-6996 (cell)
Jeff Pevehouse	Pumper	575/361-2965 (cell)
Bill Wilkinson	Production Superintendent Kaiser-Francis Oil Company Ardmore District	580/668-2335 (office) 580/221-4637 (cell)
David Zerger	Operations Engineer Kaiser-Francis Oil Company Tulsa, OK	918/491-4350 (office)
Charles Lock	EHS Manager Kaiser-Francis Oil Company Tulsa, OK	918/491-4337 (office) 918/671-6510 (cell)

1.3 Facility Layout Diagram

Appendix A, at the end of this Plan, shows a general site plan for the facility. The site plan shows the site topography and the location of the facility relative to waterways, roads, and inhabited areas. Appendix A will also include a detailed facility diagram that shows the wells, tank battery, and transfer areas for the facility. The diagram will show the location, capacity, and contents of all oil storage containers greater than 55 gallons in capacity.

1.4 Facility Location and Operations

KFOC operates the Red Hills Pad 2 production facility; directions to the lease are as follows:

From the intersection of CR 1 (Orla HWY.) and Monsanto Road, Go south on CR 1 2.1 miles to a caliche road on left (east), Turn Left and go East on Caliche Road 2.72 miles to a "Y" intersection, bear right (southeast) and go southeast 0.57 mile to a road survey on right (south), follow road survey south 930' then east 903'.

The production facility is generally unmanned. Field operations personnel from KFOC, or pumpers acting as contractors to KFOC visit the facility daily to record production rates and ensure the proper functioning of wellhead equipment and pumpjacks, storage tanks, flowlines, and separation vessels. This includes performing equipment inspection and maintenance as needed.

The produced water tank may contain an oil/produced water mixture making it subject to 40 CFR part 112 and is covered by this SPCC Plan.

1.5 Oil Storage and Handling

1.5.1 Production Equipment

1.6 Conformance w/Applicable State and Local Requirements [112.7(j)]

The SPCC regulation of 40 CFR part 112 is more stringent than requirements from the state for this type of facility. This SPCC Plan was written to conform to 40 CFR part 112 requirements. The facility thereby conforms to general requirements for oil pollution facilities in the state. All discharge notifications are made in compliance with local, state, and federal requirements.

PART II. SPILL RESPONSE AND REPORTING

40 CFR 112.7

2.1 Discharge Discovery and Reporting [112.7(a)(3)]

Several individuals and organizations must be contacted in the event of an oil discharge. The Production Superintendent is responsible for ensuring that all required discharge notifications have been made. All discharges should be reported to the Production Superintendent. The summary table included in Appendix D to this SPCC Plan provides a list of agencies to be contacted under different circumstances. Discharges would typically be discovered during the inspections conducted at the facility in accordance with procedures set forth in Section 3.4.1 of this SPCC Plan, and on the checklist of Appendix B. The Form included in Appendix D of this Plan summarizes the information that must be provided when reporting a discharge, including contact lists and phone numbers.

2.1.1 Verbal Notification Requirements (Local, State, and Federal (40 CFR part 110))

For any discharge that reaches navigable waters, or threatens to reach navigable waters, *immediate* notification must be made to the National Response Center Hotline (800-424-8802) and to the Environmental Protection Agency.

In the event of a discharge that threatens to result in an emergency condition, facility field personnel must verbally notify the appropriate state agency immediately, and in no case later than *within one (1) hour* of the discovery of the discharge. An emergency condition is any condition that could reasonably be expected to endanger the health and safety of the public; cause significant adverse impact to the land, water, or air environment; or cause severe damage to property. This notification must be made regardless of the amount of the discharge.

In the event of a discharge that does not present an emergency situation, verbal notification must be made to the appropriate state agency *within twenty-four hours* of the discharge.

2.1.2 Written Notification Requirements (State and Federal (40 CFR part 112))

A written notification will be made to EPA for any single discharge of oil to a navigable water or adjoining shoreline waterway of more than 1,000 gallons, or for two discharges of 1 bbl (42 gallons) of oil to a waterway in any 12-month period. This written notification must be made within 60 days of the qualifying discharge, and a copy will be sent to the appropriate state agency in charge of oil production control activities. This reporting requirement is separate and in addition to reporting under 40 CFR part 110 discussed above.

2.1.3 Submission of SPCC Information

Whenever the facility experiences a discharge into navigable waters of more than 1,000 gallons, or two discharges of 42 gallons or more within a 12-month period, KFOC will provide information in writing to the EPA Region office within 60 days of a qualifying discharge as described above. The required information is described in Appendix D of this SPCC Plan.

2.2 Spill Mitigation Procedures [112.7(a)(5)]

The following is a summary of actions that must be taken in the event of a discharge. It summarizes the distribution of responsibilities among individuals and describes procedures to follow in the event of a discharge.

In the event of a discharge, KFOC or contract field personnel and the Production Superintendent shall be responsible for the following:

2.2.1 Shut off Ignition Sources

Field personnel must shut off all ignition sources, including motors, electrical circuits, and open flames. See Appendix E for more information about shut-off procedures.

2.2.2 Stop Oil Flow

Field personnel should determine the source of the discharge, and if safe to do so, immediately shut off the source of the discharge. Shut in the well(s) if necessary.

2.2.3 Stop Spread of Oil and Call the Production Superintendent

If safe to do so, field personnel must use resources available at the facility to stop the spilled material from spreading. Measures that may be implemented, depending on the location and size of the discharge, include placing sorbent material or other barriers in the path of the discharge (e.g., sand bags), or constructing earthen berms or trenches.

In the event of a significant discharge, field personnel must immediately contact the Production Superintendent, who may obtain assistance from authorized company contractors and direct the response and cleanup activities. Should a discharge reach navigable waters, only physical response and countermeasures should be employed, such as the construction of underflow dams, installation of hard boom and sorbent boom, use of sorbent pads, and use of vacuum trucks to recover oil and oily water from the water. If water flow is low, construction of any underflow dam downstream and ahead of the spill flow may be advantageous. Sorbent material and/or boom should be placed immediately downstream of the dam to recover any sheen from the water. If water flow is normal, floating booms and sorbent boom will be deployed. Vacuum trucks will then be utilized to remove oil and oily water at dams and other access points. At no time shall any surfactants, dispersants, or other chemicals be used to remove oil when the spill is in water.

2.2.4 Gather Spill Information

The Production Superintendent will ensure that the *Discharge Notification Form* is filled out and that notifications have been made to the appropriate authorities. The Production Superintendent may ask for assistance in gathering the spill information on the *Spill Report Form* (Appendix D) of this Plan.

2.2.5 Notify Agencies Verbally

Some notifications must be completed *immediately* upon discovering the discharge. It is important to immediately contact the Production Superintendent so that timely notifications can be made. If the Production Superintendent is not available, or the Production Superintendent requests it, field personnel must designate one person to begin notification. Section 2.1 of this Plan describes the required notifications to government agencies. The Notification List is included in Appendix D of this SPCC Plan. The Production Superintendent must also ensure that written notifications, if needed, are submitted to the appropriate agencies.

2.3 Disposal Plan

The cleanup contractor will handle the disposal of any recovered product, contaminated soil, contaminated materials and equipment, decontamination solutions, sorbents, and spent chemicals collected during a response to a discharge incident.

PART III. SPILL PREVENTION, CONTROL, AND COUNTERMEASURE PROVISIONS

40 CFR 112.7 and 112.9

3.1 Potential Discharge Volume and Direction of Flow [112.7(b)] and Containment [112.7(a)(3)(iii)]

- The potential spills sources at the Facility are summarized in the following table:

Container ID	Substance Stored (Oil)	Shell Capacity (Bbls)	Potential Failure	Rate of Flow (Bbls/hr)	Direction of Flow	Containment System(s)
Bulk Storage Containers						
Operational Equipment						
Truck or Rail Loading/Unloading Rack						
Other Potential Spill Sources						

- The material and construction of bulk storage containers are compatible with the material stored and conditions of storage such as pressure and temperature.
- All bulk storage container installations, if required, are constructed so that a means of secondary containment is provided for the entire capacity of the largest single container plus sufficient freeboard to contain precipitation.
- Diked areas are sufficiently impervious to contain discharged oil.

3.2 Containment and Diversionary Structures [112.7(c)]

The facility is configured to minimize the likelihood of a discharge reaching navigable waters. The following measures are provided:

- Secondary containment for the oil storage tanks and saltwater tanks (which may have small amounts of oil), is provided by an earthen berm or metal containment ring, as described in Section 3.2.2 below. The earthen berm is constructed of native soils and then covered with gravel.

3.2.1 Oil Production Facility Drainage [112.9(b)]

Facility drainage areas in the production/separation area, but outside containment berms, are visually examined by facility personnel on a daily basis during routine facility rounds to detect any discoloration or staining that would indicate the presence of oil from small leaks within the facility. Any accumulation of oil is promptly removed and disposed off site.

3.2.2 Secondary Containment for Bulk Storage Containers [112.9(c)(2)]

In order to further minimize the potential for a discharge to navigable waters, bulk storage containers such as all tank battery, separation, and treating equipment are placed inside a berm (fire wall). It provides secondary containment sufficient for the size of the largest tank, plus enough freeboard to contain precipitation. Per example below: This secondary containment capacity is equivalent to approximately 775 percent of the capacity of the largest tank within the containment area and exceeds the 10 percent freeboard recommended by API for firewalls around production tanks (API-12R1). An example of the berm capacity calculations is provided in Table 3-2.

EXAMPLE Table 3-2: BERM CAPACITY CALCULATIONS

BERM CAPACITY	
Berm height	3 ft
Berm dimensions	140 ft x 50 ft = 7000 ft ²
Tank footprint	6 tanks @ 16 ft dia. each = 6 x (π 12 ² /4) = 1198.69 ft ²
Net volume	3 ft x (7000-1198.69) = 17403.93 ft ³
Ratio to largest tank	17403.93 / 2245.84 = 774.94 %
CORRESPONDING AMOUNT OF FREEBOARD	
100% volume of largest tank	16800 gal = 2245.84 ft ³
Net area	7000 – 1198.69 = 5801.31 ft ²
Minimum berm height for 100% of tank volume	2245.84 / 5801.31 ft = 0.38 ft
Freeboard	3 - 0.38 = 2.62 ft

Facility personnel inspect the berm daily for the presence of oil. The sides of the earthen berms are capped with gravel to minimize erosion.

3.2.3 Practicability of Secondary Containment [112.7(d)]

Flowlines adjacent to the production equipment and storage tanks are located within the berm, and therefore have secondary containment. Flowlines that go from the wells to the production equipment as well as the tank truck loading area are inspected daily by the pumper, as described in section 3.4 of this Plan. The installation of double-wall piping, berms, or other permanent structures (e.g., remote impoundment) around flowlines and tank truck loading area are impracticable at this facility due to the long distances involved and physical and road/fenceline right-of-way constraints. Sorbent materials in conjunction with drip pans provide adequate secondary containment for equipment and piping outside of the berm. Therefore, sorbent materials will be used when necessary.

3.3 Other Spill Prevention Measures**3.3.1 Bulk Storage Containers Overflow Prevention [112.9(c)(4)]**

The tank battery is designed with a fail-safety system to prevent discharge, as follows:

- The capacity of the oil storage tanks is sufficient to ensure that oil storage is adequate in the event where facility personnel are unable to perform the daily visit to unload the tanks or the pumper is delayed in stopping production. The oil tanks are sized to provide sufficient storage for at least two days.
- Where applicable when multiple oil tanks are present the tanks are connected with overflow equalizing lines to ensure the full tank can overflow to an adjacent tank.

3.3.2 Transfer Operations and Saltwater Disposal System [112.9(d)]

All aboveground valves and piping associated with transfer operations are inspected daily by the pumper and/or truck driver, as described in Section 3.4 of this Plan. The inspection procedure includes observing flange joints, valve glands and bodies, drip pans, and pipe supports.

3.4 Inspections, Tests, and Records [112.7(e)]

This Plan outlines procedures for inspecting the facility equipment in accordance with SPCC requirements. Records of inspections performed as described in this Plan and signed by the appropriate supervisor are maintained at the Tulsa Corporate Office for a minimum of three years. The reports include a description of the inspection procedure, date of inspection and the inspector's signature.

Each container is inspected monthly by field operation personnel as described in this Plan section and following the checklist provided in Appendix B of this SPCC Plan. The inspection is aimed at identifying signs of deterioration and maintenance needs.

The inspection program is comprised of informal daily examinations, monthly scheduled inspections, and periodic condition inspections. Additional inspections and/or examinations are performed whenever an operation alert, malfunction, shell or deck leak, or potential bottom leak is reported following a scheduled examination. Written examination/inspection procedures and monthly examination/inspection reports are signed by the field inspector and are maintained at the corporate office for a period of at least three years.

3.4.1 Daily Examinations

The facility is visited daily by field operations personnel. The daily visual examination consists of a walk through of the tank battery and around the well. Field operations personnel check the wells and production equipment for leaks and proper operation. They examine all aboveground valves, polished rod stuffing boxes, wellheads, fittings, gauges, and flowline piping at the wellhead. Personnel inspect pumps to verify proper function and check for damage and leakage. They look for accumulation of water within the tank battery berms. The storage tanks are gauged every day. A daily production report is maintained. All malfunctions, improper operation of equipment, evidence of leakage, stained or discolored soil, etc. are logged and communicated to the KFOC Production Superintendent.

3.4.2 Monthly Reports

Leases and equipment are inspected daily. Any problems with the lease or equipment are recorded on the Monthly Inspection Report (Appendix B) and submitted with the gauge report for each month.

3.4.3 Brittle Fracture Evaluation [112.7(i)]

At the present time, none of the bulk storage containers at this site are field-erected, and therefore no brittle fracture evaluation is required.

3.4.4 Flowline Maintenance Program [112.9(d)(3)]

The facility is relying on sorbent materials to address discharges from flowlines. The flowline maintenance program is specifically implemented to maintain the integrity of the primary container (in this case piping) to minimize releases of oil from this part of the production facility. The facility's gathering lines and flowlines are inspected for leaks at connections and on each joint, corrosion (pitting, flaking), and maintained to minimize the potential for a discharge.

**3.5 Personnel Training, and Discharge Prevention Procedures
[112.7(f)]**

The Production Superintendent has been designated as the point of contact for all oil discharge prevention and response at this facility.

All KFOC field personnel receive training on proper handling of oil products and procedures to respond to an oil discharge. The training ensures that all facility personnel understand the procedures described in the SPCC Plan and are informed of the requirements under applicable pollution control laws, rules and regulations. The training also covers risks associated with potential exposure to hydrogen sulfide (H₂S) gas.

KFOC ensures that all contractor personnel are familiar with the facility operations, and spill prevention and control procedures described in this Plan.

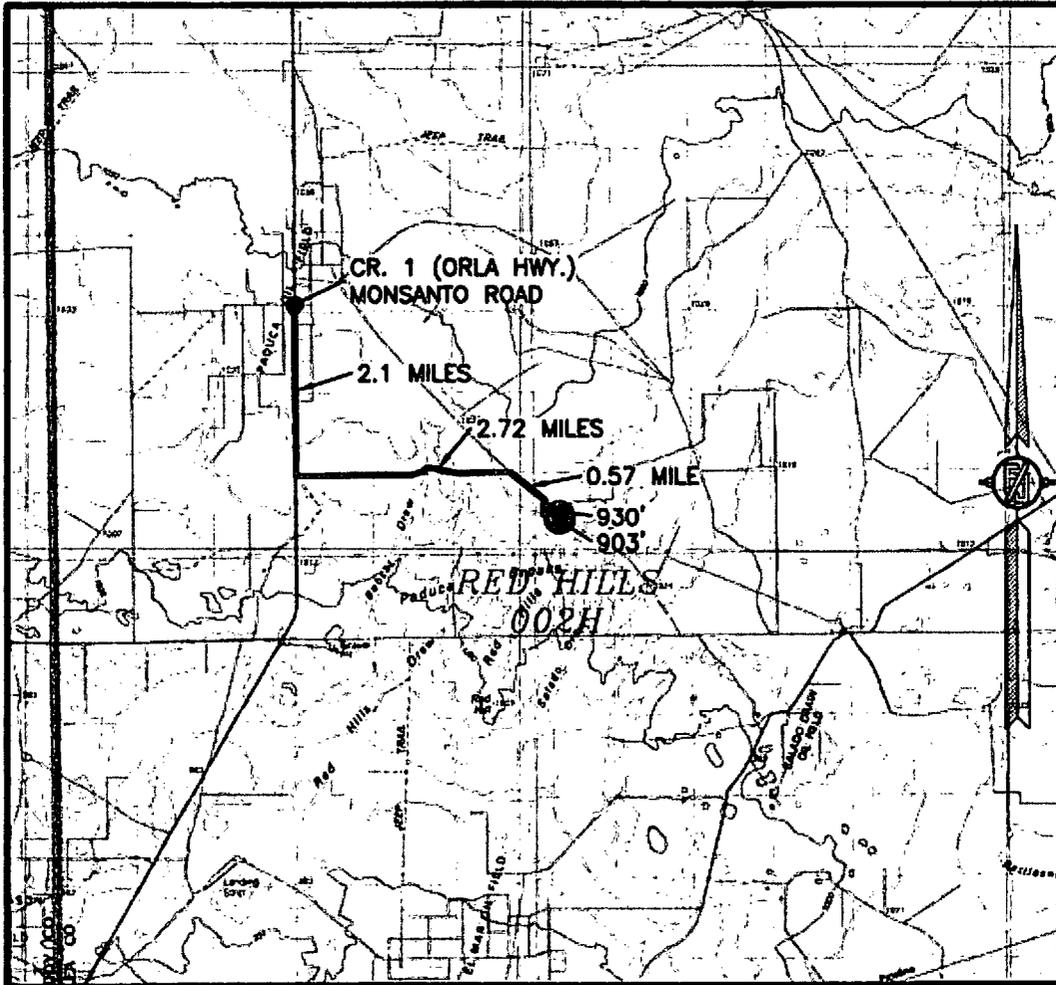
KFOC management holds briefings with company field operations personnel at least once a year, as described below.

3.5.1 Spill Prevention Briefing

The Safety & Environmental Coordinator conducts Spill Prevention Briefings annually to ensure adequate understanding and effective implementation of this SPCC Plan. These briefings highlight and describe known events or failures, malfunctioning components, and recently developed precautionary measures. The briefings are conducted in conjunction with the company safety meetings. Sign-in sheets, which include the topics of discussion at each meeting, are maintained in the Safety Department at KFOC's Corporate Office. The scheduled annual briefing includes a review of KFOC policies and procedures for SPCC inspections and spill prevention procedures; spill reporting procedures; spill response; and recovery, disposal, and treatment of spilled material.

Personnel are instructed in applicable federal, state, and local pollution laws, rules, and regulations. Facility operators and other personnel have an opportunity during the briefings to share recommendations concerning health, safety, and environmental issues encountered during facility operations.

APPENDIX A: Facility Diagrams/ Vicinity / Road



DISTANCES IN MILES

NOT TO SCALE

DIRECTIONS TO LOCATION

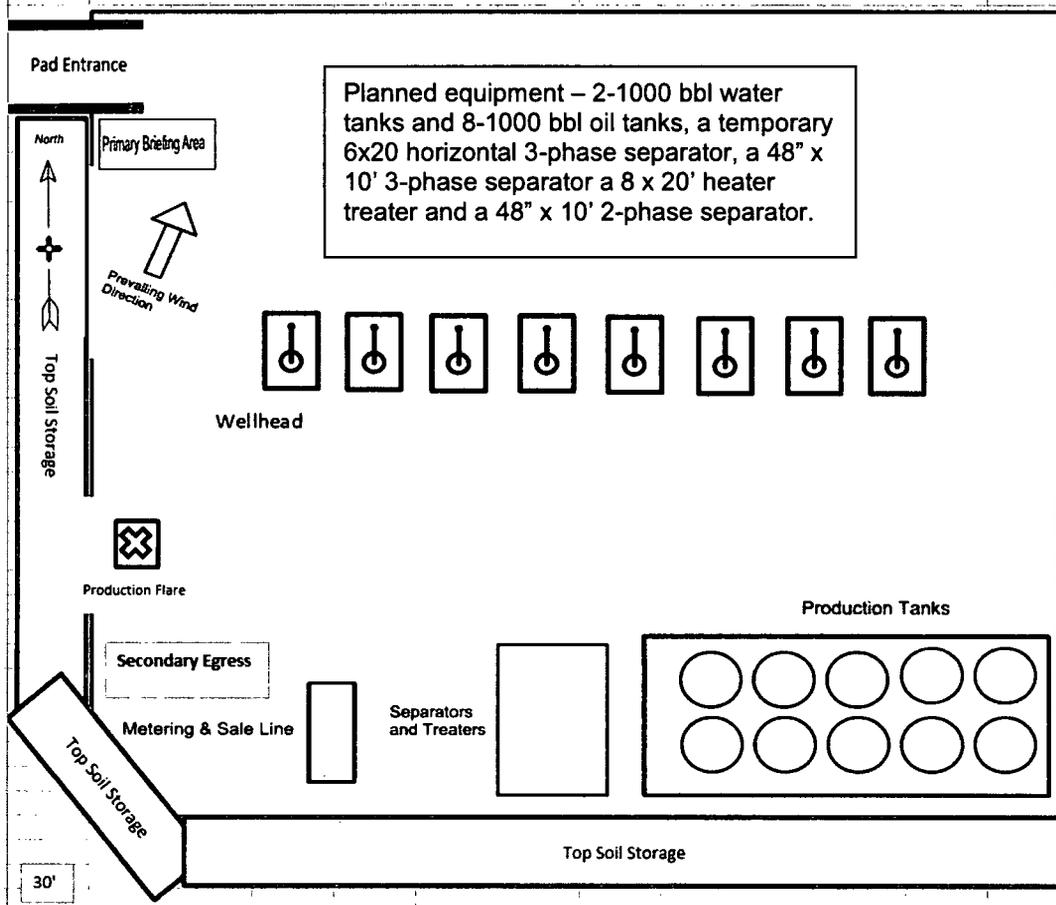
FROM THE INTERSECTION OF CR. 1 (ORLA HWY.) AND MONSANTO ROAD, GO SOUTH ON CR. 1 2.1 MILES TO A CALICHE ROAD ON LEFT (EAST), TURN LEFT AND GO EAST ON CALICHE ROAD 2.72 MELES TO A Y INTERSECTION, BEAR RIGHT (SOUTHEAST) AND GO SOUTHEAST 0.57 MILE TO A ROAD SURVEY ON RIGHT (SOUTH), FOLLOW ROAD SURVEY SOUTH 930' THEN EAST 903' TO THE NORTHWEST PAD CORNER FOR THIS LOCATION.

**KAISER-FRANCIS OIL COMPANY
RED HILLS 002H**

LOCATED 2400 FT. FROM THE SOUTH LINE
AND 1695 FT. FROM THE WEST LINE OF
SECTION 31, TOWNSHIP 25 SOUTH,
RANGE 33 EAST, N.M.P.M.
LEA COUNTY, STATE OF NEW MEXICO

APRIL 25, 2018

PLANNED SITE DIAGRAM FOR COMPLETED TANK BATTERY



APPENDIX B: Monthly Inspection Report

A record of the completed checklists, with signatures, is maintained at the Tulsa KFOC office. Inspections are conducted using the following checklist in accordance with section 3.4 of this SPCC plan.

SPCC Inspection Checklist			
Pumper:		District:	
Facility ID:			
Storage Areas and Separation Equipment	Y	N	Description & Comments (Note tank/equipment ID)
<i>Tank surfaces showing signs of leakage</i>			
<i>Tanks showing signs of damage, rust or deterioration</i>			
<i>Damaged bolts, rivets or seams</i>			
<i>Deteriorated or buckled aboveground tank supports</i>			
<i>Eroded or settled Aboveground tank foundations</i>			
<i>Leaking gaskets</i>			
<i>Level gauges or alarms that are inoperative</i>			
<i>Obstructed vents</i>			
<i>Thief hatch and vent valve does not seal air tight</i>			
<i>Damaged or missing nets on open top vessels</i>			
<i>Containment berm showing discoloration or stains</i>			
<i>Berm that is breached or eroded or has vegetation</i>			
<i>Trash or vegetation inside of berm area</i>			
<i>Missing equipment guards, labels or signs</i>			
Piping/Flowlines and Related Equipment			
<i>Leaking valve seals or gaskets</i>			
<i>Damaged or deteriorated Pipelines or supports</i>			
<i>Buried pipelines that are exposed</i>			
<i>Visible line leaks</i>			
Transfer Equipment			
<i>Damaged or deteriorated loading/unloading lines</i>			
<i>Connections are not capped or blank-flanged</i>			
<i>Secondary Containment is damaged or stained</i>			
Field drainage systems			
<i>Accumulation of oil in drainage ditches or road ditches</i>			
<i>Accumulation of oil in oil traps, sumps, or skimmers</i>			
<i>If yes, you must promptly remove any accumulations of oil</i>			
Response Kit Inventory:			
<i>Discharge response material is missing or damaged or needs replaced</i>			
Signature:		Date:	

Monthly Inspection Report

A detailed description of what to inspect is provided on page one of the Checklist

District: _____

Pumper: _____

Facility ID	Problems with Storage tanks & Separation Equipment		Problems with Piping/Flowlines & Related Equipment		Problems with Transfer Equipment		Description & Comments (Note tank/equipment ID)
	Y	N	Y	N	Y	N	

Please make sure all open top vessels are properly netted and the net is not damaged or deteriorated.

Further descriptions and comments, if needed, should be provided on the empty space at the bottom of this page or on a separate sheet of paper and attached to this page. Any item answered "Yes" needs to be promptly reported, repaired, or replaced as it may result in noncompliance with regulatory requirements.

Note: Leases and equipment should be inspected daily. Record any problems on this form and submit it monthly with your gauge report.

Date: _____

Signature: _____

APPENDIX C: Record of Dike Drainage

This record must be completed when rainwater from diked areas is drained into a storm drain or into an open watercourse, lake, or pond, and bypasses the water treatment system. The facility is not equipped with a manual valve of open-and-closed design. All water accumulated within the berm is closely inspected by field operations personnel (who are the persons providing "responsible supervision") to ensure that no free oil is present (i.e. there is no sheen or discoloration upon the surface, or a sludge or emulsion deposit beneath the surface of the water). Free oil is promptly removed and disposed of in accordance with waste regulations.

Date	Area	Presence of oil (y/n)	Time started	Time Finished	Signature

APPENDIX D: Discharge Notification Procedures

- **WHEN REPORTING A DISCHARGE PROVIDE THE FOLLOWING INFORMATION:**
 - Exact location;
 - Material involved;
 - Quantity involved;
 - Topographical and environmental conditions;
 - Circumstances that may hinder response; and
 - Injuries, if any.

- **WARN PERSONNEL.** All personnel on facility will be verbally warned of the oil spill. If an explosion or fire occurs, evacuate personnel from the area until the danger is over.

- **REQUEST ADDITIONAL RESOURCES.** If oil has reached water or could reach water, facility personnel will decide whether the available onsite containment materials are sufficient to contain the spill. If it is estimated that additional materials will be necessary, an Oil Spill Removal Organization will be contacted at this time. An estimate of the amount of oil released shall be relayed to the Oil Spill Removal Organization.

- **CONTAIN THE SPILLED OIL.** Facility personnel will attempt to prevent the spilled oil from spreading. Available containment material will be deployed.

- **GATHER INFORMATION.** Information on the spill will be collected and the "Spill Notification Form" will be completed.

- **MAKE NOTIFICATIONS.** Facility personnel will contact Company Management. Information on the spill along with actions taken will be relayed to Company Management and Company Management will make all necessary notifications. If Company Management is not available facility personnel will make the notifications.

- **CLEAN UP THE SPILLED OIL.** Once the spill is contained to the maximum extent possible, available supplies will be used to proceed with cleanup of the spill. An Oil Spill Removal Organization will be mobilized as required.

- **SPILL RESPONSE.** If immediate cleanup is not considered to be an appropriate remedial measure, the operator will notify the proper agency and give an alternative remedial plan and will promptly implement said plan upon approval.

Spill Report Form

Description of Discharge		
Date/time	Release date: Release time: Duration:	Discovery date: Discovery time:
Reporting Individual	Name:	Tel. #:
Location of discharge (Quarter, Block, Section, Survey, etc.)	County: State:	Description:
Surface Owner	Description of area: <input type="checkbox"/> Farming <input type="checkbox"/> Grazing <input type="checkbox"/> Urban	
Equipment Sources	<input type="checkbox"/> Piping <input type="checkbox"/> Flowline <input type="checkbox"/> Well <input type="checkbox"/> Stock, flare <input type="checkbox"/> Unknown	Description: Equipment ID:
Product	<input type="checkbox"/> Crude oil <input type="checkbox"/> Saltwater <input type="checkbox"/> Other*	*Description other:
Appearance and description of area	<input type="checkbox"/> Sandy <input type="checkbox"/> Sandy Loam <input type="checkbox"/> Clay <input type="checkbox"/> Rocky <input type="checkbox"/> Wet <input type="checkbox"/> Dry <input type="checkbox"/> Snow	
Environmental conditions	Wind Direction: Wind Speed:	Rainfall: Current:
Site Drainage direction		
Distance to nearest navigable water		

Impacts		
Quantity	Released:	Recovered:
Receiving Medium	<input type="checkbox"/> Water** <input type="checkbox"/> Land <input type="checkbox"/> Other (describe):	<input type="checkbox"/> Release confined to company property. <input type="checkbox"/> Release outside company property ** if water, indicate extent and body of water:
Describe Circumstances of the Release		
Assessment of impacts and remedial actions		
Disposal method for recovered material		
Action taken to prevent incident from reoccurring		
Safety Issues	<input type="checkbox"/> Fire <input type="checkbox"/> Explosion <input type="checkbox"/> Injuries <input type="checkbox"/> Fatalities <input type="checkbox"/> Evacuation <input type="checkbox"/> *Other	*Description of other:
Notifications		
Agency	Name	Date/time reported & Comments
Company Spill Response Coordinator	Charles W. Lock (918)491-4337	
National Response Center 1-800-424-8802		
OSRO/cleanup contractor		

Contact List and Phone Numbers

Contact information for reporting a discharge to the National Response Center and other federal, state, and local agencies, and to other affected parties, is provided below. Note that any discharge to water must be reported immediately to the National Response Center.

The following is a contact list and phone number reference for the Facility:

Contacts	Primary	Alternate
Designated Person Accountable For Oil Spill Prevention and/or Facility Response Coordinator		
<u>Name/Title:</u> Larry Motes/Pumper	432/238-6996	
<u>Name/Title:</u> Jeff Pevehouse/Pumper	575/361-2965	
<u>Name/Title:</u> Jeremy Parent/Prod. Foreman	580/504-2593	580/668-2334
<u>Name/Title:</u> Bill Wilkinson/Prod. Superintendent	580/221-4637	
<u>Name/Title:</u> David Zerger/Operations Engineer	918/491-4350	918/671-6510
<u>Name/Title:</u> Charles Lock/EHS Manager	918/491-4337	

Contact List and Phone Numbers

The following is a contact list and phone number reference for the Facility:

Contacts	Primary	Alternate (Cell)
<i>Cleanup Contractors (as necessary):</i>		
Dozers – B&R Trucking – Carlsbad	575/236-6012	
Vacuum & Tank Trucks – Parker Energy – Eunice	575/394-0444	
Misc. Trucks & Labor – J&A Oilfield Svcs.	575/208-9653	
Pump Trucks – Parker Energy – Eunice	575/394-0444	
Frac Tanks – EOS – Hobbs	575/397-0100	
Welder – Custom Welding – Hobbs	575/393-5904	
<i>Federal, State and local agencies (as necessary)</i>		
National Response Center	(800) 424-8802	(202) 267-2675
NMOCC – Hobbs	505/393-6161	
EPA Region 6	866/372-7745	
OSHA – Lubbock	806/472-7681	800/321-OSHA
<i>Other contact references:</i>		
Fire Fighting – Hobbs	575/397-9308	
Police – Hobbs	575/397-9265	
Ambulance – Hobbs	575/397-9308	
Sheriff – Hobbs	575/393-2515	
Highway Patrol – Hobbs	575/392-5588	

APPENDIX E: Equipment Shut-off Procedures

Source	Action
Manifold, transfer pumps or hose failure	Shut in the well supplying oil to the tank battery if appropriate. Immediately close the header/manifold or appropriate valve(s). Shut off transfer pumps.
Tank overflow	Shut in the well supplying oil to the tank battery. Close header/manifold or appropriate valve(s).
Tank failure	Shut in the well supplying oil to the tank battery. Close inlet valve to the storage tanks.
Flowline rupture	Shut in the well supplying oil to the flowline. Immediately close the nearest valve to stop the flow of oil to the leaking section.
Flowline leak	Shut in the well supplying oil to the flowline. Immediately close the nearest valve to stop the flow of oil to the leaking section.
Explosion or fire	Immediately evacuate personnel from the area until the danger is over. Immediately shut in both wells if safe to do so. If possible, close all manifold valves. If the fire is small enough such that it is safe to do so, attempt to extinguish if extinguisher is available.
Equipment failure	Immediately close the nearest valve to stop the flow of oil into the leaking area.

**APPENDIX F: Written Commitment of Manpower,
Equipment, and Materials**

In addition to implementing the preventive measures described in this Plan, Kaiser-Francis Oil Company will also:

In the event of a discharge:

- Make available trained field personnel to perform response actions
- Obtain assistance from additional employees from its main operations contractor.
- Collaborate with local, state, and federal authorities on response and cleanup operations.

Maintain all on-site oil spill control equipment described in this Plan and in the attached Oil Spill Contingency Plan.

Maintain all communications equipment in operating condition at all times.

Ensure that staging areas are accessible by field vehicles.

Review the adequacy of on-site and third party response capacity with pre-established response/cleanup contractors.

Maintain formal agreements/contracts with response and cleanup contractors who will provide assistance in responding to an oil discharge and/or completing cleanup.

Surface Use & Operating Plan

Red Hills Pad 002

Wells: Red Hills 002H, Red Hills 102H, Red Hills 402H, and Red Hills 502H

Wells: Red Hills 003H, Red Hills 103H, Red Hills 403H, and Red Hills 503H

- Surface Owner: BLM
- New Road: 1833' of new road
- Facilities: Production facilities will be installed on well pad
- **Well Site Information**
 - V Door: North
 - Topsoil: West
 - Interim Reclamation: No interim reclamation is planned

Notes

Drilling pad located on Federal Land. Jeff Robbins is the surface tenant and has been contacted by Kaiser-Francis Oil Company.

Onsite: On-site was done by William Degrush (BLM); Matt Warner (Kaiser-Francis), and Frank Jaramillo (Madron Surveying) on Apr 19, 2018.

- NOS #: **10400029451**

SURFACE USE AND OPERATING PLAN

1. Existing & Proposed Access Roads

- A. The well site survey and elevation plat for the proposed well is attached with this application. It was staked by Madron Surveying, Carlsbad, NM.
- B. All roads to the location are shown on the Road Map attachment. The existing lease roads are illustrated in red and are adequate for travel during drilling and disposal operations. Upgrading existing roads prior to drilling the well will be done where necessary. Proposed new access road is shown in red dashes on the Road Map attachment and is shown in detail on the Access Road Map attachment.
- C. Directions to location: See Madron Surveying Wellsite Layout attachment
- D. Based on current road maintenance performed on other roads serving existing wells, we anticipate maintaining the lease roads leading to the proposed well pad at least once a year on dry conditions and twice a year in wetter conditions.

2. Proposed Access Road:

The Access Road Map shows that 1833' of new access road will be required for this location. The access road will be constructed as follows:

The maximum width of the running surface will be 15'. The road will be crowned, ditched and constructed of 6" rolled and compacted caliche. Ditches will be at 3:1 slope and 3' feet wide. Water will be diverted where necessary to avoid ponding, prevent erosion, maintain good drainage, and to be consistent with local drainage patterns.

- A. The average grade will be less than 2%.
- B. No turnouts are planned.
- C. No cattleguard, culvert, gates, low water crossings or fence cuts are necessary.
- D. Surfacing material will consist of native caliche. Caliche will be obtained from the actual well site if available. If not available onsite, caliche will be hauled from nearby caliche pit on landowner's farm.

3. Location of Existing Well:

The 1-Mile Radius attachment shows existing wells within a one-mile radius of the proposed wellbore.

4. Location of Existing and/or Proposed Facilities:

- A. There are currently no production facilities at this well site.
- B. Upon successfully completion of this well, we plan to install a production facility initially consisting of 2-1000 bbl water tanks and 8-1000 bbl oil tanks, a temporary 6x20 horizontal 3-phase separator, a 48" x 10' 3-phase separator, a 8 x 20' heater treater and a 48"x 10' 2-phase separator. .
- C. Any additional caliche will be obtained from the actual well site. If caliche does not exist or is not plentiful from the well site, the caliche will be hauled from the nearest BLM approved caliche pit.
- D. No power line to this location is planned at this time.
- E. If completion of the well is successful, rehabilitation plans will include the following:
 - The original topsoil from the well site will be returned to the location, and the site will be re-contoured as close as possible to the original site.

5. Location and Type of Water Supply:

The well will be drilled with combination brine and fresh water mud system as outlined in the drilling program. The water will be obtained from a private source. Fresh water will come from landowner's water source used to fill KFOC utilized frac pit also located on land owner's surface. Brine water will come from Mesquite SWD, Inc.'s Malaga I Brine Station in Section 12-T23S-R28E and the alternate source is Mesquite SWD, Inc.'s Malaga II Brine Station in Section 20-T24S-R29E.

6. Source of Construction Materials and Location "Turn-Over" Procedure:

Obtaining caliche: One primary 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. Amount will vary for each pad. The procedure below has been approved by BLM personnel:

- A. Equipment that is needed to construct the proposed location will be as follows: Two dozers to flip the site for caliche and to move topsoil, one blade to level the surface, one Road Roller to roll and compact this site, one backhoe to dig the cellar, one water truck to water location and dust abatement and two dump trucks to haul surface material. If caliche is not available onsite and have to haul caliche from a private pit, in addition to equipment mentioned above we will have 10 belly dumps and one front end loader.
- B. The time line to complete construction will be approximately 10 days.

- C. The top 6 inches of topsoil is pushed off and stockpiled along the south side of the location. Maximum height of the topsoil stock pile will be 3'.
- D. An approximate 160' X 160' area is used within the proposed well site to remove caliche.
- E. Subsoil is removed and stockpiled within the surveyed well pad.
- F. When caliche is found, material will be stock piled within the pad site to build the location and road.
- G. Then subsoil is pushed back in the hole and caliche is spread accordingly across entire location and road.
- H. There will be no interim reclamation. Once well is drilled, the stock piled top soil will be seeded in place.
- I. Neither caliche, nor subsoil will be stock piled outside of the well pad. Topsoil will be stockpiled along the edge of the pad as depicted in the Well Site Layout or survey plat.

In the event that no caliche is found onsite, caliche will be hauled in from the nearest BLM caliche pit

Methods of Handling Water Disposal:

- A. The well will be drilled utilizing a closed loop mud system. Drill cuttings will be held in roll-off style mud boxes and taken to an approved commercial disposal facility.
- B. Drilling fluids will be contained in steel mud pits and taken to an approved commercial disposal facility.
- C. Water produced from the well during completion will be held temporarily in steel tanks and then taken to an NMOCD approved commercial disposal facility.
- D. Garbage and trash produced during drilling or completion operations will be collected in a trash bin and hauled to an approved landfill.
- E. Human waste and grey water will need to be properly contained and disposed of. Proper disposal and elimination of waste and grey water may include but are not limited to portable septic systems and/or portable waste gathering systems (i.e. portable toilets).
- 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. 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 operation on this well.

8. Well Site Layout:

- A. The drill pad layout, with elevations staked by Madron Surveying, is shown in the Wellsite Layout attachment. Dimensions of the pad and pits are shown on the Drilling Site Layout. V door direction is north. Topsoil, if available, will be stockpiled on the west side of location, per BLM specifications. No major cuts will be required. A berm will be constructed on the east side of the pad.
- B. The Drilling Site Layout exhibit shows the proposed orientation of closed loop system and access road. 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. Interim Reclamation will take place within six months after the well has been completed. The pad will be downsized by reclaiming the areas not needed for disposal operations. The portions of the pad that are not needed for disposal operations will be re-contoured to its original state as much as possible. The caliche that is removed will be reused to either build another pad site or for road repairs within the lease. The stockpiled topsoil will then be spread out reclaimed area and reseeded with a BLM approved seed mixture. In the event that the well must be worked over or maintained, it may be necessary to drive, park, and/or operate machinery on reclaimed land. This area will be repaired or reclaimed after work is complete.
- B. Final Reclamation: Upon plugging and abandoning the well all caliche for well pad and lease road will be removed and surface will be recountoured to reflect its surroundings as much as possible within six months. Caliche will be recycled for road repair or reused for another well pad within the lease. If any topsoil remains, it will be spread out and the area will be re-seeded with a BLM approved mixture and re-vegetated as per BLM orders. When required by BLM, the well pad site will be restored to match pre-construction grades.

10. Surface Ownership:

- A. The surface is owned by the BLM. The surface tenant is Jeff Robbins 575-390-0660
- B. The proposed road routes and surface location will be restored as directed by the BLM.

11. Other Information:

- A. Around the wellsite, no wildlife was observed but it is likely that mule deer, rabbits, coyotes and rodents traverse the area.
- B. There is no permanent or live water in the immediate area.

12. Bond Coverage:

Bond Coverage is Statewide Bond # WYB000055

*Surface Use Plan
Kaiser-Francis Oil Company
Red Hills 402H
2400' FSL & 1735' FWL, NWSW
Section 31, T25S, R33E
Lea County, New Mexico*

15. Operator's Representative:

The Kaiser-Francis Oil Company representative responsible for assuring compliance with the surface use plan is as follows:

Robert Sanford
Drilling Manager
Kaiser-Francis Oil Company
PO Box 21468
Tulsa, OK 74121
Office: 918-770-2682