

U.S. Department of the Interior
Bureau of Land Management
GRAND JUNCTION Field Office
2815 H ROAD
GRAND JUNCTION, CO 81506

CATEGORICAL EXCLUSION

NUMBER: DOI-BLM-CO-130-2010-0091-CX (390)

CASEFILE/PROJECT NUMBER: Lease COC-64794:

PROJECT NAME: OXY USA Inc. My Way Ranch Federal Well A5-15C

PLANNING UNIT: Grand Junction Field Office

LEGAL DESCRIPTION:

T. 10 S, R. 94 W., 6th PM:

Section 8: NW¹/₄NW¹/₄ (surface location)

Section 5: SW¹/₄SE¹/₄ (bottomhole location)

Mesa County, Colorado

APPLICANT: OXY USA Inc..

760 Horizon Dr., Suite 101

Grand Junction, CO 81506

BACKGROUND: The proposed well is within the approved East Plateau Field and Brush Creek Field Plan of Development which was analyzed by EA# CO-130-2006-027. Site-specific impacts on the pad were also analyzed in CO-130-2005-009EA and CO-130-2008-034-CX(390). The location had an additional on site inspection on September 29, 2010, which included BLM, Colorado Division of Wildlife, and OXY staff.

DESCRIPTION OF PROPOSED ACTION:

The leases and previously approved APDs for this location were held by Plains Exploration and Production Co (PXP). Since that time OXY USA Inc. has acquired PXP and its assets. OXY proposes to directionally drill the My Way Ranch Federal well A5-15C from the existing well pad to access Federal minerals. The existing multiple well pad is entirely on non-Federal surface not subject to Federal mineral estate ownership. The access roads are existing County roads and on private land. No new surface disturbance would occur.

PLAN CONFORMANCE REVIEW: The Proposed Action is subject to and has been reviewed for conformance with (43 CFR 1610.5, BLM 1617.3) the following plan:

Name of Plan: GRAND JUNCTION Resource Management Plan

Date Approved: January 1987

Decision Number/Page: 2-7 through 2-11

Decision Language: To make Federal oil and gas resources available for leasing, except where prohibited by law or where administrative action is justified in the national interest and to make

public lands available for economically and environmentally sound exploration and development projects. To avoid health and safety hazards, to protect sensitive resource values from unacceptable impacts and to minimize impacts to lessees from sensitive resource protection and hazard avoidance.

Environmental analysis for the pad on which the Proposed Action would occur was reviewed in CO-130-2006-027-EA, the East Plateau Field and Brush Creek Field Plan of Development dated 5-5-06. Site-specific impacts on the pad were also analyzed in CO-130-2006-070-CES.

CATEGORICAL EXCLUSION REVIEW: The proposed action qualifies as a statutory categorical exclusion under Section 390 of the Energy Policy Act of 2005:

Category 3: "Drilling an oil or gas well within a developed field for which an approved land use plan or any environmental document prepared pursuant to NEPA analyzed drilling as a reasonably foreseeable activity, so long as such plan or document was approved within five (5) years prior to the date of spudding the well."

The location was analyzed in Environmental Assessment CO-130-2006-027-EA signed March 5, 2006.

and

Category 2: "Drilling an oil and gas location or well pad at a site at which drilling has occurred within five years prior to the date of spudding the well."

Oxy well My Way Ranch Federal 15-14 API # 05-077-09075 was spud on October 23, 2006.

This categorical exclusion has also been reviewed for extraordinary circumstances in accordance with 43 CFR 46.205, 43 CFR 215, and Chapter 4 and Appendix 5 of the BLM Handbook pursuant to IM CO-2010-027. None of the extraordinary circumstances exist.

INTERDISCIPLINARY REVIEW:

All elements of the interdisciplinary review were analyzed previously in the referenced environmental documents. There have not been any changes to the site or the environment that would warrant additional analysis.

NAME OF PREPARER: Catherine Ventling

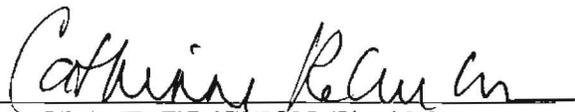
NAME OF ENVIRONMENTAL COORDINATOR: Collin Ewing

DATE: 9/29/10

DECISION AND RATIONALE: I have reviewed this Categorical Exclusion and have decided to implement the proposed action.

This action is described in Instruction Memorandum No. 2005-247 as an action that may be categorically excluded. Cumulative impacts were analyzed in the Environmental Assessment for the East Plateau Field and Brush Creek Field Plan of Development (CO-13-2006-27). Site specific impacts were also analyzed in previous Categorical Exclusions for the pad (CO-130-2006-070 CES). Mitigating measures developed by OXY will be utilized voluntarily. Conditions of Approval are applied to the APD. I have evaluated the action relative to the above Instruction Memorandum criteria, and have determined that it is categorically excluded from further environmental analysis.

SIGNATURE OF AUTHORIZED OFFICIAL:


GRAND JUNCTION, Field Manager

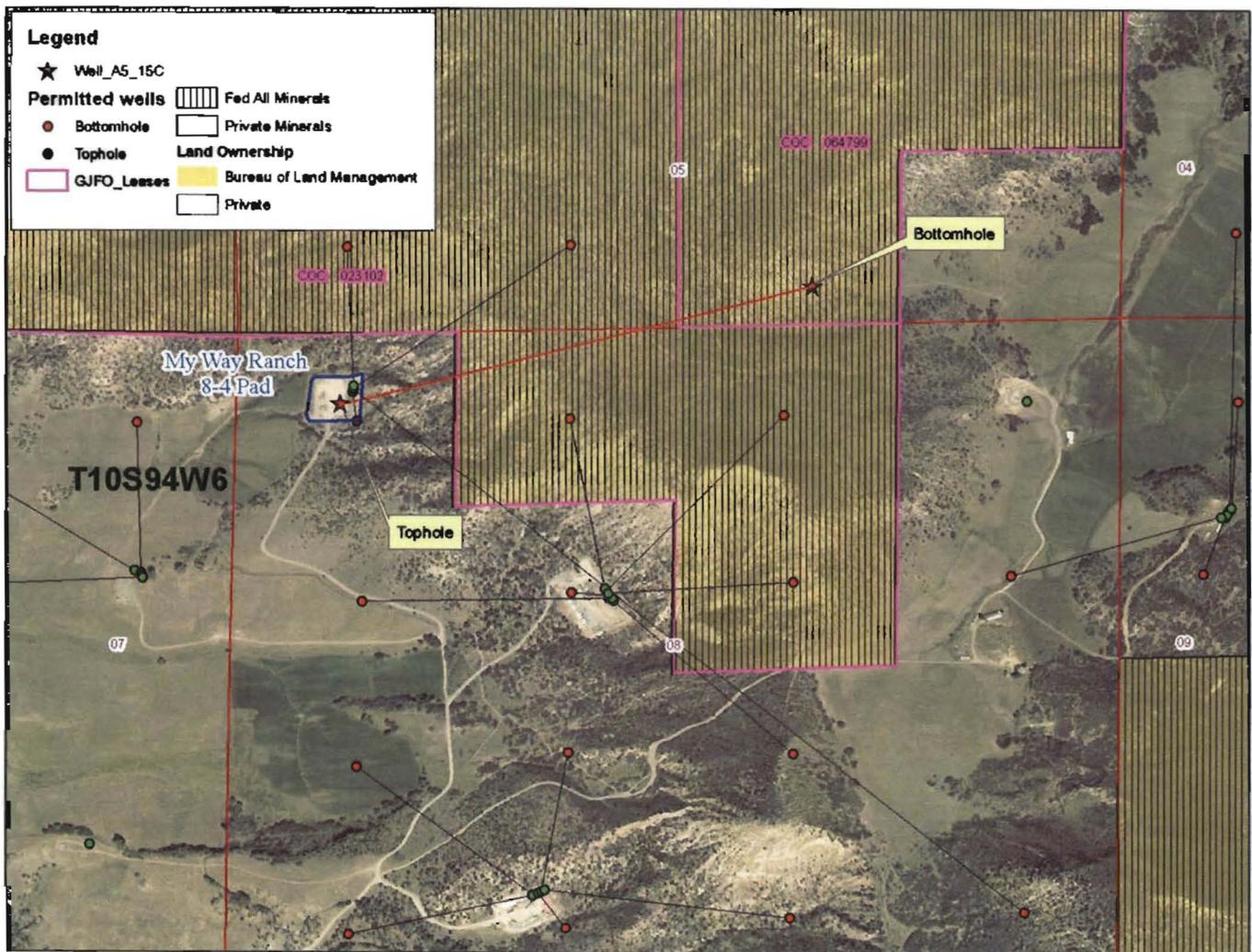
DATE SIGNED:

9/30/10

Attachments: Location Maps
COAs

EXHIBIT A:

LOCATION AND IDENTIFICATION: The site is located approximately 6.1 miles southeast of Collbran, Colorado. Take County Roads 58.5 south to KE Road east to 59 Road south to ME Road east 2.0 miles to My Way Ranch access road turn left to within 1.3 miles of the site. The route was identified by means of the Collbran USGS 7.5 Minute Quadrangle Map.



CONDITIONS OF APPROVAL
APPLICATION FOR PERMIT TO DRILL

Company/Operator: OXY USA Inc.

Well Name & Number: My Way Ranch Federal A5-15C
Lease: COC 64799

NOTIFICATION REQUIREMENTS

- Location Construction - at least forty-eight (48) hours prior to construction of location and access roads.
- Spud Notice - at least twenty-four (24) hours prior to spudding the well.
- Casing String and Cementing - at least twenty-four (24) hours prior to running casing and cementing all casing strings.
- BOP and Related Equipment Tests - at least twenty-four (24) hours prior to initiating pressure tests.
- First Production-Notice - within five (5) business days after new well begins, or production resumes after well has been off production for more than ninety (90) days.
- Reclamation - At least (24) hours prior to re-shaping the well pad.

Please contact Ed Fancher (970) 244-3039 or Bob Hartman (970) 244-3041 this office at least 24 hours prior to running the surface and production casing and conducting the BOP test.

SURFACE CONDITIONS OF APPROVAL FOR NOTICE TO DRILL

1. Applicant/Lessee shall comply with all Federal, State, and local resolutions and regulations and permit requirements.
2. Drilling water shall not be obtained from BLM surface.
3. Fluids shall be kept in pits during the flaring or fracing by directing the flare line into a pit and against a bank if necessary to prevent fluids from leaving the pit.
4. The operator is responsible for informing all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts or fossils. The operator will immediately bring to the attention of the Grand Junction Field Office Manager any and all antiquities or other objects of historic or scientific interest including, but not limited to, historic or prehistoric ruins, artifacts, or fossils discovered as a result of operations under this permit. The operator will immediately suspend all activities in the area of the object and will leave such discoveries intact until told to proceed by the Field Manager. Notice to proceed will be based upon evaluation of the cultural significance of the object. Evaluation will be by a qualified professional selected by the Field Manager from a Federal agency insofar as practical. When not practical, the operator will follow the mitigation requirements set forth by the Field Manager concerning protection, preservation, or disposition of any sites or material discovered. Within 5 working days the Field Manager will inform the operator as to: whether the materials appear eligible for the National Register of Historic Places; the mitigation measure(s) the operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and, a time frame for the Field Manager to complete an expedited review under 36 CFR 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the Field Manager are correct and that mitigation is appropriate.

If the operator wishes, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the Field Manager will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, in those situations where the Field Manager determines that mitigation, data recovery and/or salvage excavations are necessary, the operator will bear the cost. The Field Manager will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the Field Manager that the required mitigation has been completed, the operator will then be allowed to resume construction.

6. Produced water disposal shall be approved via On-shore Order #7 prior to any disposal at an authorized produced water disposal site.
7. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976, as amended (15 U.S.C. 2601 *et seq.*) with regard to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant (see 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193). Additionally, any release

of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation and Liability Act of 1980, Section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.

DOWNHOLE CONDITIONS OF APPROVAL FOR NOTICE TO DRILL

1. A cement bond log (CBL) will be run from the production casing shoe to **TOC** and shall be utilized to determine the bond quality for the production casing.
2. Any usable water zones encountered below the surface casing shall be isolated and or protected by cementing across the zone. The minimum requirement is to cement from 50 feet above to 50 feet below each usable water zone encountered.

REGULATORY REMINDERS

Approval of this application does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

All drilling operations, unless otherwise specifically approved in the APD, must be conducted in accordance with Onshore Oil and Gas Order No. 2.

All lease and/or unit operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43 CFR 3100), Onshore Oil and Gas Orders, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors.

A copy of the approved application for permit to drill (APD), including the conditions of approval and accompanying surface use plan will be furnished to the field representative by the operator to insure compliance and will be available to authorized personnel at the drillsite whenever active construction or drilling operations are underway.

APD approval is valid for a period of two (2) years from the signature date.

In the event after-hours approval or notification is necessary, please contact one of the following individuals:

Bob Hartman Petroleum Engineer	H: 970.257.1381	W: 970.244.3041
Ed Fancher Petroleum Engineering Tech.	H: 970.242.9502	W: 970.244.3039 C: 970.640.4590
Cathy Ventling Natural Resource Specialist		W: 970.244.3009

BLM Fax: 970.244.3083