



OXY USA Inc.

A subsidiary of Occidental Petroleum Corporation
Mid-Continent Assets Team

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P.O. Box 27570, Houston, Texas 77227-7570
Phone 713.215.7000

April 27, 2010

**Re: Notice of Proposed Conditions of Approval (COAs) for Surface Use
and Election to Consent or Reject Certain COAs
Brush Creek Federal 15-4 Well
Township 9 South Range 94 West
Surface Location: NW $\frac{1}{4}$ SE $\frac{1}{4}$ Section 16 (Currey 16-10 Pad)
Township 9 South Range 94 West
Bottom Hole Location: NW $\frac{1}{4}$ N W $\frac{1}{4}$ Section 15
Mesa County, CO**

Surface Owner:

Dr. H. Wayne Currey
101 North Uncompahgre Avenue
Montrose, Colorado 81401-3767

Dear Surface Owner:

OXY USA Inc. (OXY) proposes to drill the captioned well at a surface location in the above described quarter-quarter section. From the records available to us, OXY believes that you own all or part of the land surface at the well location site, or you are the authorized representative of the surface owner. Therefore, as to the proposed well, we are providing you with this notice of proposed conditions of approval (COAs) for surface use and will require your election to consent to or reject certain COAs, consistent with the recently revised Rules of the Colorado Oil and Gas Conservation Commission (Rules). Please allow us to explain further.

When OXY or another operator makes an application to secure a permit to drill an oil or gas well in Colorado, the new Rules require the oil and gas operator to determine whether the surface location of a proposed oil and gas operation is within either a "Sensitive Wildlife Habitat" (SWH) area or a "Restricted Surface Occupancy" (RSO) area, or both. OXY obtains this information from surface maps maintained by the Colorado Oil and Gas Conservation Commission (COGCC) that are available at the COGCC's website (<http://cogcc.state.co.us/>).

If a proposed well location is within one or both such areas, then by Rule the operator must notify the Colorado Division of Wildlife (CDOW). The CDOW then must consult with the operator, surface owner, and the COGCC Oil and Gas Director to allow the Director to determine whether "conditions of approval" (COAs) are necessary to minimize adverse impacts to wildlife resources from the proposed operation in the identified area, unless the CDOW elects to waive such consultation.

As to the proposed captioned well, OXY has determined from the COGCC maps that the proposed well surface location is in a SWH area identified as an "elk winter concentration area," and has notified CDOW of that determination. In response, CDOW proposes that the Director incorporate into OXY's well permit certain COAs contained on the attached "Wildlife Best Management Practices" (WBMP) list. OXY is unaware as to whether the CDOW has previously

consulted with you as surface owner in developing these proposed COAs, or if you have received a copy of the CDOW's list, as attached for your review.

As operator, OXY has reviewed each of the proposed COAs, and has found that some of the COAs are listed in the Rules as "operating requirements" which the COGCC requires unconditionally for this proposed well location.

However, some of these operating requirements are conditional in that they can only be imposed with the surface owner's consent. Moreover, other of the proposed COAs are not specifically listed in the Rules as operating requirements. Under the Rules, these COAs are termed "permit-specific" and can be included in the well permit COAs only with the consent of the surface owner.

As per the attached WBMP list, OXY believes certain of those COAs, or parts thereof, are either permit specific COAs or operating requirements that require surface owner consent, which you as surface owner are entitled to either elect to accept by consent or elect to reject.

Each of the COAs (or parts thereof) that require your prior consent are set forth below, together with "Consent" and "Reject" boxes for you to mark with an "X" as to whether you want the COA incorporated into the permit for the proposed well as to the SWH area on your surface:

- Posting of speed limit and caution signs on access roads to minimize wildlife mortality from vehicle collisions.

☒ Consent

☐ Reject

- Gating of single-purpose roads and restricting general public access to reduce traffic disruptions to wildlife.

☒ Consent

☐ Reject

- Installation of 4-foot high fencing around temporary drilling pits to prevent wildlife access, including a 4-foot high square mesh on top of the fencing.

☒ Consent

☐ Reject


- Remediation of disturbed area using certified weed-free seed mixes that are locally adapted for elk habitat (as available), and are appropriately diverse to reflect an appropriate reference area for the site, emphasizing bunchgrass over sod-forming grasses and avoiding aggressive non-native grasses.

☒ Consent

☐ Reject

After you have made your election above, please sign the appropriate line below:

Surface Owner:


(Signature)

H. WAYNE CURREY, M.D.
101 N. Uncompahgre Ste #2
Montrose, Colo. 81401
(Print Name) 240-9654

Surface Owner's Authorized Representative:

(Signature)

(Print Name)

In providing this notice and the attached WBMP list to you, OXY does not seek to advise you as to whether you should consent to or reject the above-referenced COAs. Any questions as to the COAs listed on the attached list should be directed to the appropriate CDOW employee.

After you have indicated your position as to the COAs referenced above by marking the appropriate box, please return this letter to OXY within ten (10) days of your receipt of same in the self-address stamped envelope enclosed. OXY will then advise the COGCC Director and the CDOW of your position with respect to each.

NOTE: COGCC Rule 1202, "Consultation," states that "[n]o permit-specific condition of approval for wildlife habitat protection under this rule shall be imposed without surface owner consent" Therefore, if OXY does not receive a return of our letter 10 days from your receipt of the same, properly marked indicating your election as to the COAs listed above and signed by you, OXY will inform the COGCC Director that you have not given consent for said COAs to be incorporated into the permit for the subject well.

Yours very truly,



Brent G. Sonnier
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Wildlife Best Management Practices for Oxy's Currey 16-10 Pad

Sensitive Habitat: Elk

Currey 16-10 Pad is existing

Pre-consultation meeting with CDOW occurred March 18, 2010

Elk Winter Concentration Area

- Consult with CDOW to identify locations of elk winter concentration areas. Map all seasonal habitats using CDOW habitat selection models as they become available.
- After drilling and completions activities reduce visits to well-sites through remote monitoring (i.e. SCADA) and the use of multi-function contractors.
- Schedule, as best as possible, well site visitations to portions of the day between 10:00 a.m. and 3:00 p.m. between December 1 through April 15 in elk winter concentration areas.
- Establish company guidelines to minimize wildlife mortality from vehicle collisions on roads.
- Implement the species appropriate Infrastructure Layout and Drilling and Production Operations Wildlife Protection Measures found in Section II D. of the CDOW Wildlife BMP document as follows:
 - Section II D. **DRILLING AND PRODUCTION OPERATIONS WILDLIFE PROTECTION MEASURES:** *The purpose of these measures is to reduce disturbance on the actual drill site and the surrounding area, to reduce direct conflict with wildlife and hunters, and to prevent wildlife access to equipment.*
 1. Use centralized hydraulic fracturing operations.
 2. Transport water through centralized pipeline systems rather than by trucking.
 3. Where possible, locate pipeline systems under existing roadways, or roadways that are planned for development.
 4. Maximize use of state-of-the-art drilling technology (e.g., high efficiency rigs, coiled-tubing unit rigs, closed-loop or pitless drilling, etc.) to minimize disturbance.
 5. Conduct well completions with drilling operations to limit the number of rig moves and traffic.
 6. Install exclusionary devices to prevent bird and other wildlife access to equipment stacks, vents and openings.
- Minimize surface disturbance and fragmentation of elk habitat through use of the smallest facility footprints possible, use of multiple well pads, clustering of roads and pipelines, and the widest possible spacing of surface facilities.
- Remove all unnecessary infrastructure.
- Treat waste water pits and any associated pit containing water that provides a suitable medium for breeding mosquitoes with Bti (*Bacillus thuringiensis v. israelensis*) or take other effective action to control mosquito larvae that may spread West Nile Virus to wildlife, especially grouse.
- In order to prevent wildlife from accessing the temporary drilling pits, pits will be contained by a 4-foot high fence, with a 4-foot high square mesh on top of the fencing. Further, while the pit is not in use, flagging will be placed over the pit to prevent birds from entering the pit.
- Implement the species appropriate reclamation guidelines found in Section II G. of the CDOW Wildlife BMP document.
 - Section II G. **RESTORATION, RECLAMATION AND ABANDONMENT:** *The purpose of these measures is to restore disturbed sites to their pre-development conditions, using native vegetation that can be used by the indigenous wildlife. Develop a reclamation plan in consultation with CDOW, NRCS, and the land owner or land management agency that incorporates wildlife species-specific goals and that defines reclamation performance standards, including the following components:*
 1. Seed
 - a. Use only certified weed-free native seed in seed mixes, unless use of non-native plant materials is recommended by CDOW.
 - b. Use locally adapted seed whenever available, especially for species which have wide geographic ranges and much genetic variation (e.g., big sagebrush (*Artemisia tridentata*), antelope bitterbrush (*Purshia tridentata*), etc.).

- c. Where more than one ecotype of a given species is available and potentially adapted to the site, include more than one ecotype per species in the seed mix.
 - d. Use appropriately diverse reclamation seed mixes that mirror an appropriate reference area for the site being reclaimed (see also species-specific recommendations).
 - e. Conduct seeding in a manner that ensures that seedbed preparation and planting techniques are targeted toward the varied needs of grasses, forbs and shrubs (e.g., seed forbs and shrubs separately from grasses, broadcast big sagebrush but drill grasses, etc.).
 - f. Emphasize bunchgrass over sod-forming grasses in seed mixes in order to provide more effective wildlife cover and to facilitate forb and shrub establishment.
 - g. Seed immediately after recontouring and spreading topsoil. Spread topsoil and conduct seeding during optimal periods for seed germination and establishment. Use of the same contractor for re-contouring land as used for seeding is often the most effective approach.
 - h. Do not include aggressive, non-native grasses (e.g., intermediate wheatgrass, pubescent wheatgrass, crested wheatgrass, smooth brome, etc.) in reclamation seed mixes. Site specific exceptions may be considered.
 - i. Distribute quick germinating site adapted native seed or sterile non-native seed for interim reclamation on cut and fill slopes and topsoil piles.
 - j. Plan for reclamation failure and be prepared to repeat seeding as necessary to meet vegetation cover, composition, and diversity standards.
2. Vegetative Cover Standard
- a. Choose reference areas as goals for reclamation that have high wildlife value, with attributes such a diverse and productive understory of vegetation, productive and palatable shrubs, and a high prevalence of native species.
 - b. Establish vegetation with total perennial non-invasive plant cover of at least eighty (80) percent of pre-disturbance or reference area levels.
 - c. Establish vegetation with plant diversity of non-invasive species which is at least half that of pre-disturbance or reference area levels. Quantify diversity of vegetation using a metric that considers only species with at least 3 percent relative plant cover.
 - d. Observe and maintain a performance standard for reclamation success characterized by the establishment of a self-sustaining, vigorous, diverse, locally appropriate plant community on the site, with a density sufficient to control erosion and non-native plant invasion and diversity sufficient to allow for normal plant community development.
3. Timing
- a. Use early and effective reclamation techniques, including interim reclamation to accelerate return of disturbed areas for use by wildlife.
 - b. Remove all unnecessary infrastructure.
 - c. Close and reclaim roads not necessary for development immediately, including removing all bridges and culverts and recontouring/reclaiming all stream crossings.
 - d. Reclaim reserve pits as quickly as possible after drilling and ensure that pit contents do not contaminate soil.
 - e. Remediate hydrocarbon spills on disturbed areas prior to reclamation.
 - f. Reclaim sites during optimum seasons (e.g. late fall/early winter or early spring).
 - g. Complete final reclamation activities so that seeding occurs during the first optimal season following plugging and abandonment of oil and gas wells.
4. Interim reclamation
- a. Use a variety of native grasses and forbs to establish effective, interim reclamation on all disturbed areas (e.g., road shoulders and borrow areas), including disturbed areas where additional future ground disturbance is expected to occur.
 - b. Oxy will make a good-faith effort to perform interim reclamation to final reclamation species composition and establishment standards.
 - c. Perform "interim" reclamation on all disturbed areas not needed for active support of production operations.
5. Riparian areas (none associated with this pad or associated access roads and pipelines)
- a. Replace all riparian vegetation removed during development at a rate of at least 3:1.

- b. Restore both form and function of impacted wetlands and riparian areas and mitigate erosion.

6. Disposal

- a. Remove well pad and road surface materials that are incompatible with post-production land use and re-vegetation requirements.
- b. Remove and properly dispose of degraded silt fencing and erosion control materials after their utility has expired.
- c. Remove and properly dispose of pit contents where contamination of surface water, groundwater, or soil by pit contents cannot be effectively prevented.

7. Establishing reclaimed areas

- a. Apply certified weed free mulch and crimp or tacyfy to remain in place to reclaim areas for seed preservation and moisture retention.
- b. Utilize staked soil retention blankets for erosion control and reclamation of large surface areas with 3:1 or steeper slopes. Avoid use of plastic blanket materials, known to cause mortality of snakes.
- c. Control weeds in areas surrounding reclamation areas in order to reduce weed competition.
- d. Educate employees and contractors about weed issues.

- Within 45 days of completion, habitat will be reclaimed to State requirements to return habitat to use by elk as quickly as possible.
- Gate single-purpose roads and restrict general public access to reduce traffic disruptions to wildlife.
- Close and immediately reclaim all roads that are redundant, not used regularly, or have been abandoned to the maximum extent possible to minimize disturbance and habitat fragmentation.
- Avoid aggressive non-native grasses and shrubs in elk habitat restoration.
- Reclaim elk habitats with native shrubs, grasses, and forbs appropriate to the ecological site disturbed.
- Restore disturbed sagebrush sites with the appropriate sagebrush species or subspecies on disturbed sagebrush sites. Use locally collected seed for reseeding where possible.