

**SURFACE USE PLAN OF OPERATIONS**

Operator Name/Number:	OXY USA Inc.	16696
Lease Name/Number:	Cypress 34 Federal #8H - 304798	Federal Lease No. NMNM86024
Pool Name/Number:	Nash Draw Delaware, SE	97148
Surface Location:	575 FSL 1980 FEL SWSE(O) Sec 34 T23S R29E	
Bottom Hole Location:	400 FNL 1980 FEL NWNE(B) Sec 34 T23S R29E	

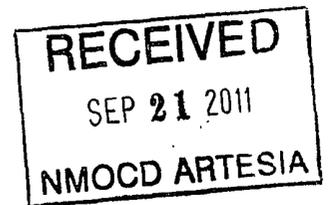
30-015-39430

**1. Existing Roads**

- a. A copy of a USGS "Remuda Basin, New Mexico" quadrangle map is attached showing the proposed location. The well location is spotted on this map, which shows the existing road system.
- b. The well was staked by Terry J. Asel, Certificate No. 15079 on 1/6/11, certified 2/18/11.
- c. At the intersection of Hwy 128 and Hwy 31, go east on Hwy 128 for 4.5 miles. Turn south on ECR 793 for 4.1 miles. Turn west on lease road for 3.5 miles. Turn south for 2.1 miles. Turn east on proposed road for 0.2 miles to location.

**2. New or Reconstructed Access Roads:**

- a. A new access road will be built. The access road will run approximately 1029.5' east from an existing road to the location. See Exhibit #2.
- b. The maximum width of the road will be 15'. It will be crowned and made up of 6" of rolled and compacted caliche. Water will be deflected, as necessary, to avoid accumulation and prevent surface erosion.
- c. Surface material will be native caliche. This material will be obtained from a BLM approved pit nearest in proximity to the location. The average grade will be approximately 1%.
- d. No cattle guards, grates or fence cuts will be required. No turnouts are planned.
- e. Blade, water & repair an existing caliche road from location to CR 793.



**3. Location of Existing Wells:**

Existing wells within a one mile radius of the proposed well are shown on Exhibit #3.

**4. Location of Existing and/or Proposed Production Facilities.**

- a. In the event the well is found productive, the Cypress 34 Federal tank battery would be utilized and the necessary production equipment will be installed at the well site. See proposed Production Facilities Layout diagram, Exhibit #4.
- b. If necessary, electric power poles will be set along side of the access road.
- c. All flowlines will adhere to API Standards, see Exhibit #4.

**5. Location and types of Water Supply.**

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

## 6. Construction Materials:

All caliche utilized for the drilling pad and proposed access road will be obtained from an existing BLM approved pit located in the SW/4SE/4 Sec 34 T23S R29E or from prevailing deposits found under the location. Will use BLM recommended use of extra caliche from other locations close by for roads, if available.

## 7. Methods of Handling Waste Material:

- a. A closed loop system will be utilized consisting of above ground steel tanks and haul-off bins. Disposal of liquids, drilling fluids and cuttings will be disposed of at an approved facility, see C-144 CLEZ.
  1. Solids - CRI
  2. Liquids - Laguna
- b. All trash, junk, and other waste material will be contained in trash cages or bins to prevent scattering. When the job is completed, all contents will be removed and disposed of in an approved sanitary landfill.
- c. The supplier, including broken sacks, will pick up slats remaining after completion of well.
- d. A Porto-john will be provided for the rig crews. This equipment will be properly maintained during the drilling and completion operations and will be removed when all operations are complete.
- e. Disposal of fluids to be transported will be by the following companies:  
TFH Ltd. - Laguna SWD Facility

## 8. Ancillary Facilities: None needed

## 9. Well Site Layout

Exhibit #5 shows the proposed well site layout with dimensions of the pad layout and equipment location.

V-Door - South                      Tanks - East                      Pad - 280' X 380'

## 10. Plans for Surface Reclamation:

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

## 11. Surface Ownership

The surface is owned by the U.S. Government and is administered by the BLM. The surface is multiple use with the primary uses of the region for the grazing of livestock and the production of oil and gas. The surface is leased to: Tyson Mahaffey P.O. Box 161 Loving, NM 88256. They will be notified of our intention to drill prior to any activity.

## 12. Other Information

- a. The vegetation cover is generally sparse consisting of mesquite, yucca, shinnery oak, sandsage and perennial native range grass. The topsoil is sandy in nature. Wildlife in the area is also sparse consisting of deer, coyotes, rabbits, rodents, reptiles, dove and quail.
- b. There is no permanent or live water in the general proximity of the location.
- c. There are no dwellings within 2 miles of the proposed well site.

d. Cultural Resources Examination - this well is located in the Permian Basin MOA.

Pad + 1/4 mile road	<u>\$1,339.00</u>	1030	\$0.15/ft over 1/4 mile	<u>\$0.00</u>	<u>\$1,339.00</u>
Pipeline - up to 1mile	<u>\$1,236.00</u>	4501	\$250 per 1/4 mile	<u>\$0.00</u>	<u>\$1,236.00</u>
Electric Line - up to 1mile	<u>\$618.00</u>	1350	\$0.17/ft over 1 mile	<u>\$0.00</u>	<u>\$618.00</u>
Total	<u>\$3,193.00</u>			<u>\$0.00</u>	<u>\$3,193.00</u>

## 13. Bond Coverage:

Bond Coverage is Nationwide Bond No. ES0136.

## Operators Representatives:

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

Scott Hodges  
Production Coordinator  
1017 W. Stanolind Rd.  
Hobbs, NM 88240  
Office Phone: 575-397-8211  
Cellular: 432-238-4405

Larry Sammons  
Production Lead  
P.O. Box 50250  
Midland, TX 79710  
Office Phone: 432-685-5724  
Cellular: 432-296-9323

Travis Samford  
Drilling Superintendent  
P.O. Box 4294  
Houston, TX 77210  
Office Phone: 713-215-7849  
Cellular: 281-684-6897

Calvin (Dusty) Weaver  
Operation Specialist  
P.O. Box 50250  
Midland, TX 79710  
Office Phone: 432-685-5723  
Cellular: 806-893-3067

Frank Hutton  
Drilling Engineering Supervisor  
P.O. Box 4294  
Houston, TX 77210  
Office Phone: 713-366-5325  
Cellular: 713-855-4274

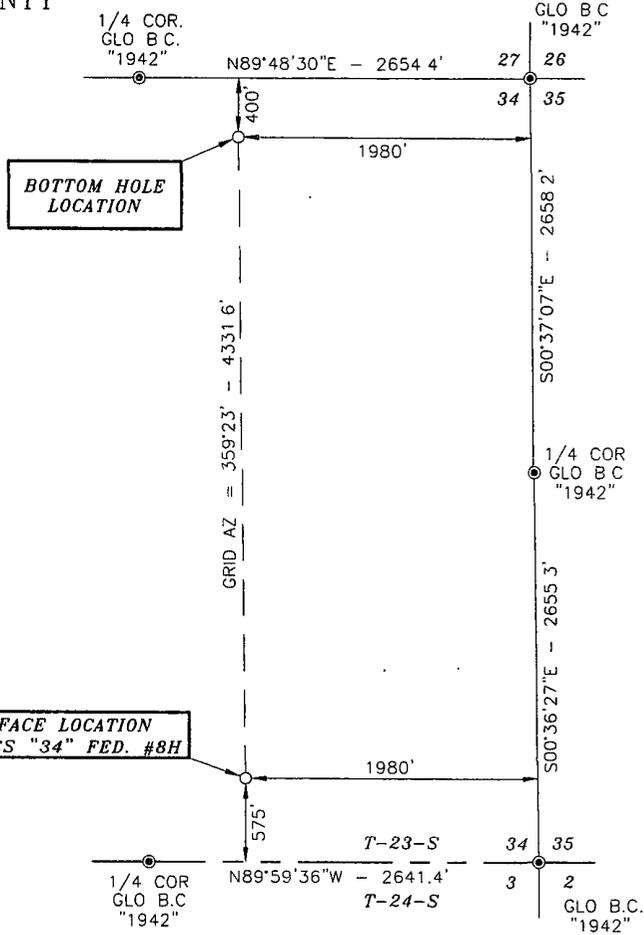
Juan Sierra  
Drilling Engineer  
P.O. Box 4294  
Houston, TX 77210  
Office Phone: 713-215-7757  
Cellular: 832-660-3136

**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 that presently 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. Executed this 4th day of May, 2011.

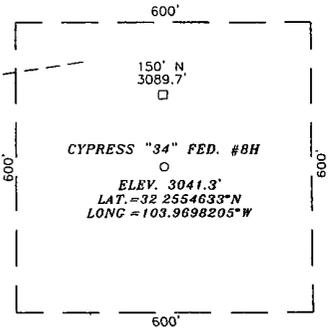
Name: Denise Woods Denise Woods  
Position: Reservoir Management Team Leader  
Address: 5 Greenway Plaza, Suite 110, Houston, TX 77046  
Telephone: 713-215-7154  
E-mail: (optional): denise\_woods@oxy.com  
Company: OXY USA Inc.  
Field Representative (if not above signatory): Dusty Weaver  
Address (if different from above): P.O. Box 50250 Midland, TX 79710  
Telephone (if different from above): 432-685-5723  
E-mail (if different from above): calvin\_weaver@oxy.com

SECTION 34, TOWNSHIP 23 SOUTH, RANGE 29 EAST, N.M.P.M.,  
EDDY COUNTY NEW MEXICO



Basis of Bearings - GPS Geodetic Measurements  
 NM East Zone (83) North American Datum of 1983

**DIRECTIONS:**  
 BEGINNING AT THE INTERSECTION OF  
 HWY. #128 AND HWY. #31, GO  
 EAST ON HWY #128 FOR 4.5  
 MILES, TURN SOUTH ON EDDY CO  
 ROAD #793 (RAWHIDE ROAD) FOR  
 4.1 MILES, TURN WEST ON LEASE  
 ROAD FOR 3.5 MILES, TURN SOUTH  
 FOR 2.1 MILES, TURN EAST ON  
 PROPOSED NEW ROAD FOR 0.2  
 MILES TO LOCATION.



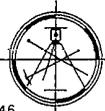
**SURVEYORS CERTIFICATE**

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

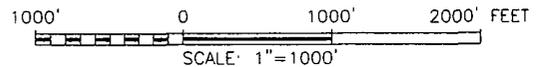
*Terry J. Asel* 2/18/2011  
 Terry J. Asel, N.M. R.P.S. No. 15079

Asel Surveying

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



**LEGEND**  
 ● - DENOTES FOUND MONUMENT AS NOTED

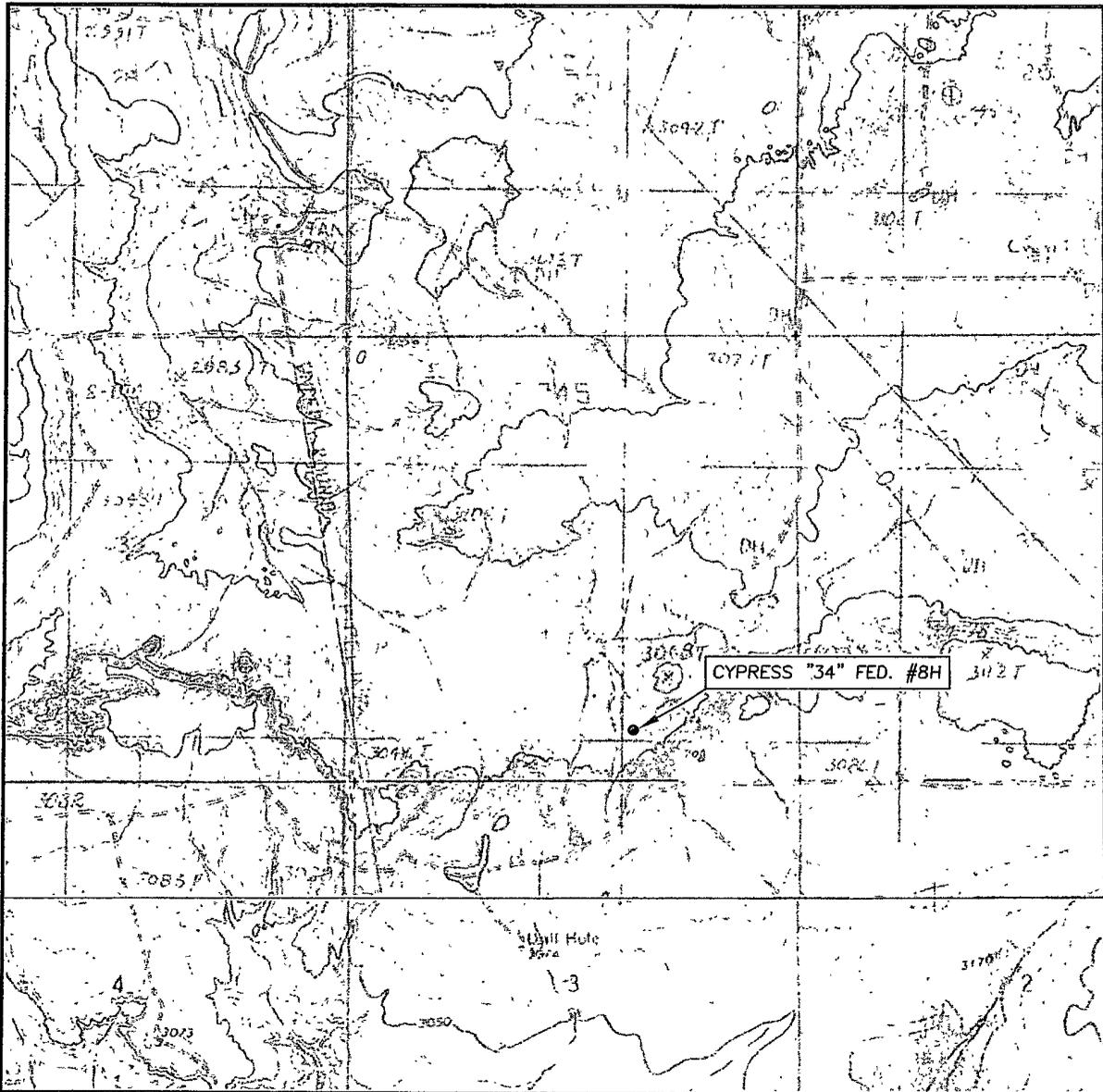


**OXY USA INC.**

CYPRESS "34" FED. #8H LOCATED AT  
 575' FSL & 1980' FEL IN SECTION 34,  
 TOWNSHIP 23 SOUTH, RANGE 29 EAST,  
 N.M.P.M., EDDY COUNTY, NEW MEXICO

Surve Date: 01/06/11 Sheet 1 of 1 Sheet  
 W.O Number: 110106WL-b Drawn E KA Rev.  
 Date: 02/17/11 110106WL-b Scale: 1"=100'

# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'

SEC. 34 TWP. 23-S RGE. 29-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 575' FSL & 1980' FEL

ELEVATION 3041.3'

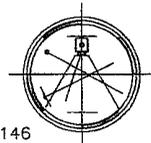
OPERATOR OXY USA INC.

LEASE CYPRESS "34" FED. #8H

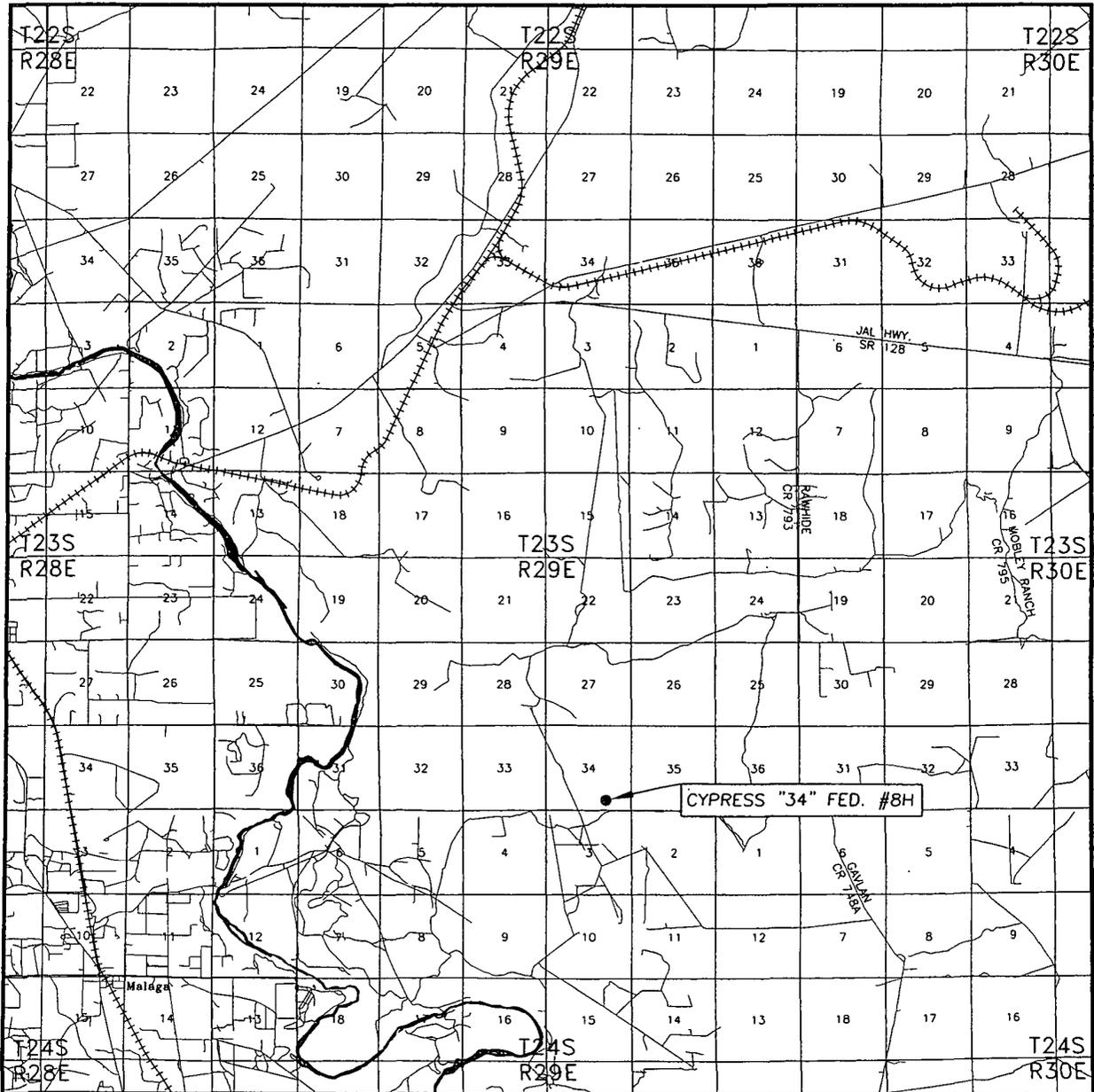
U.S.G.S. TOPOGRAPHIC MAP  
REMUDA BASIN, N.M.

Asel Surveying

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



# VICINITY MAP

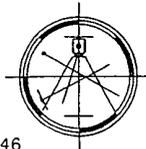


SEC. 34 TWP. 23-S RGE. 29-E  
 SURVEY N.M.P.M  
 COUNTY EDDY  
 DESCRIPTION 575' FSL & 1980' FEL  
 ELEVATION 3041.3'  
 OPERATOR OXY USA INC.  
 LEASE CYPRESS "34" FED. #8H

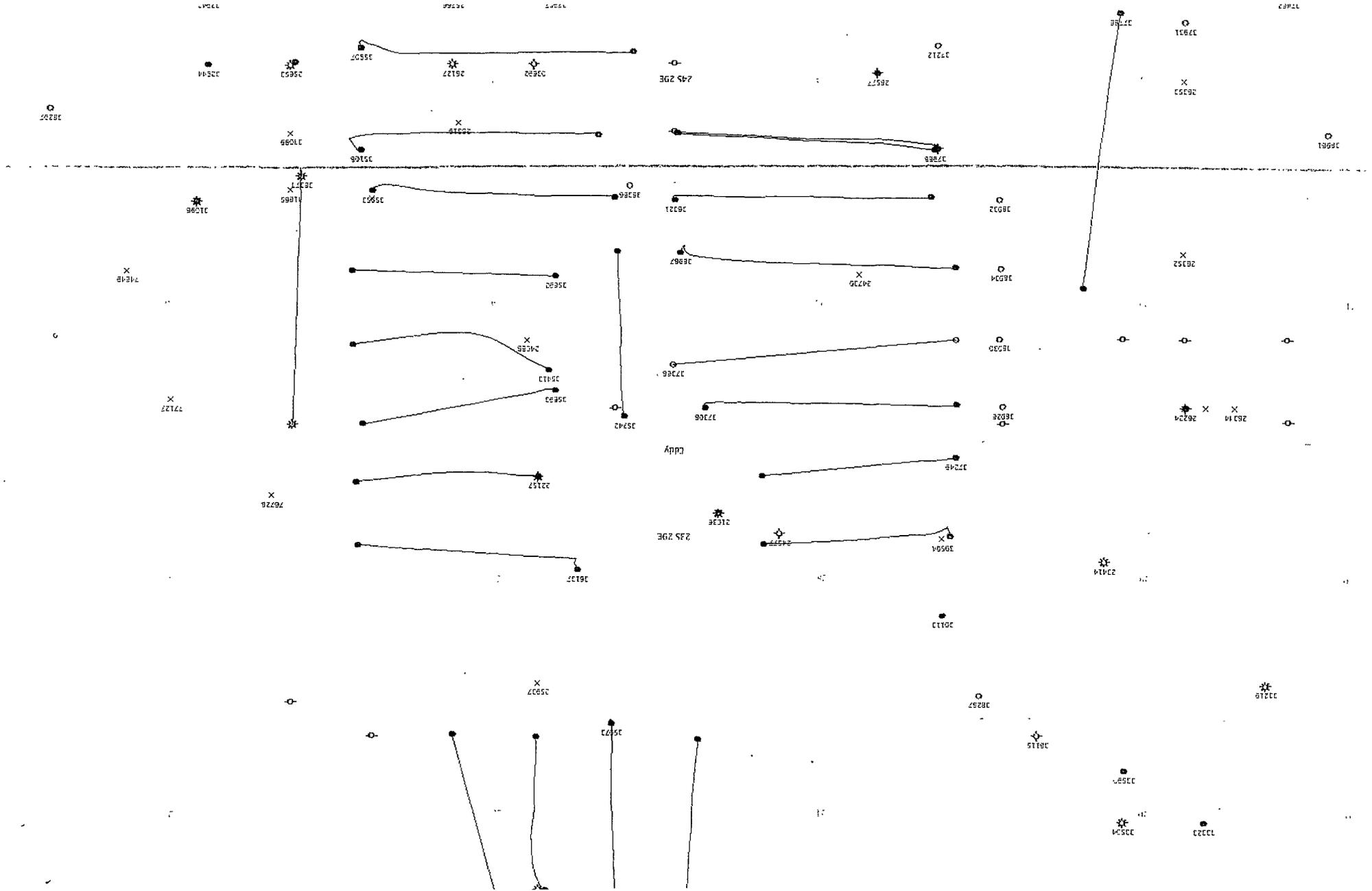
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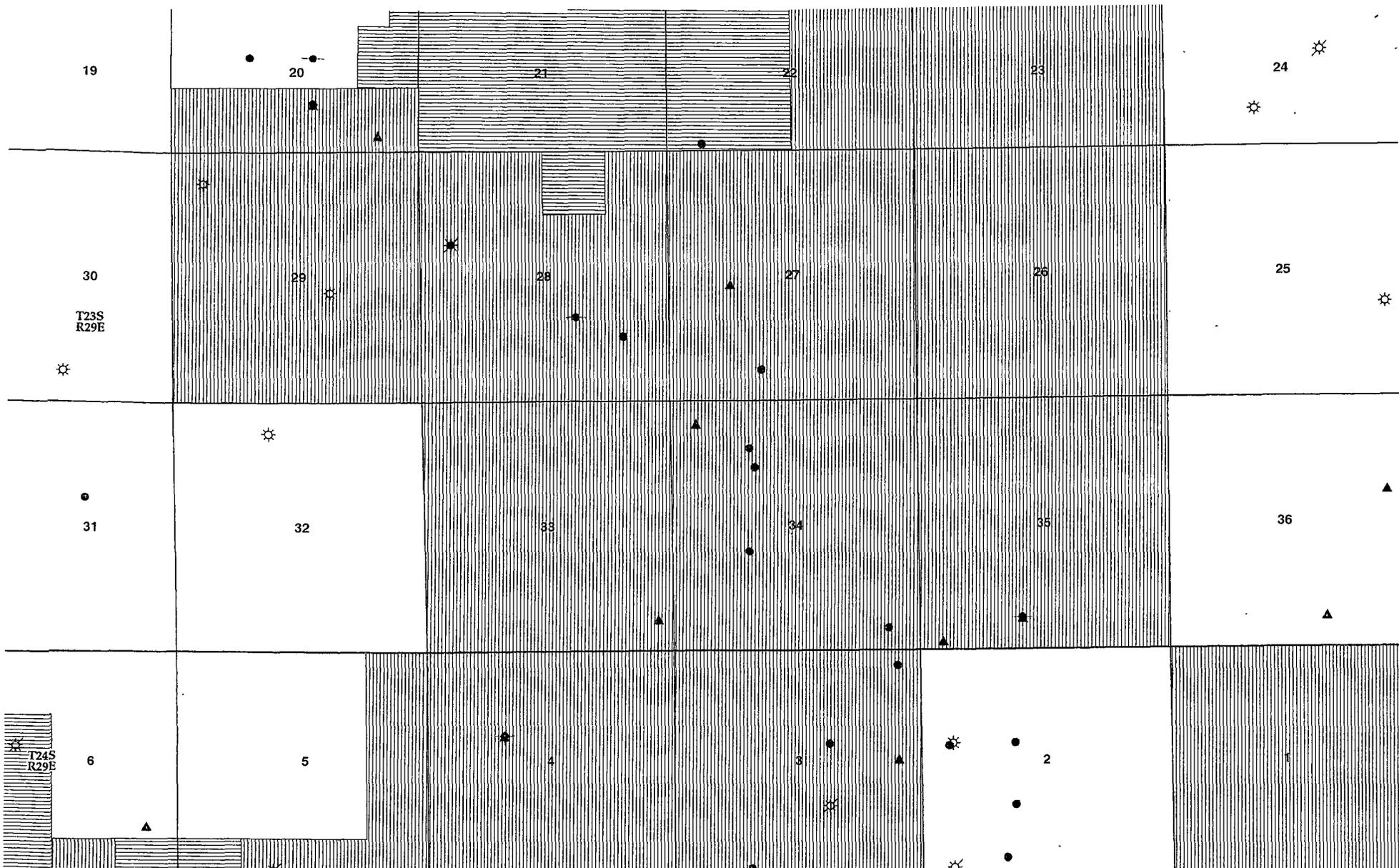
Asel Surveying

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 HOBBS, NEW MEXICO - 575-393-9146

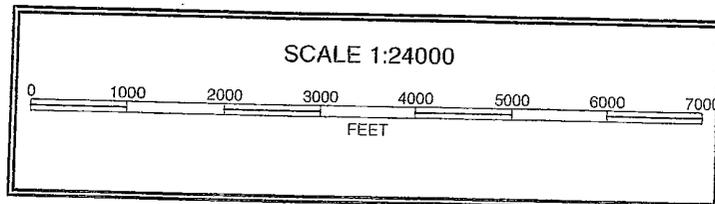
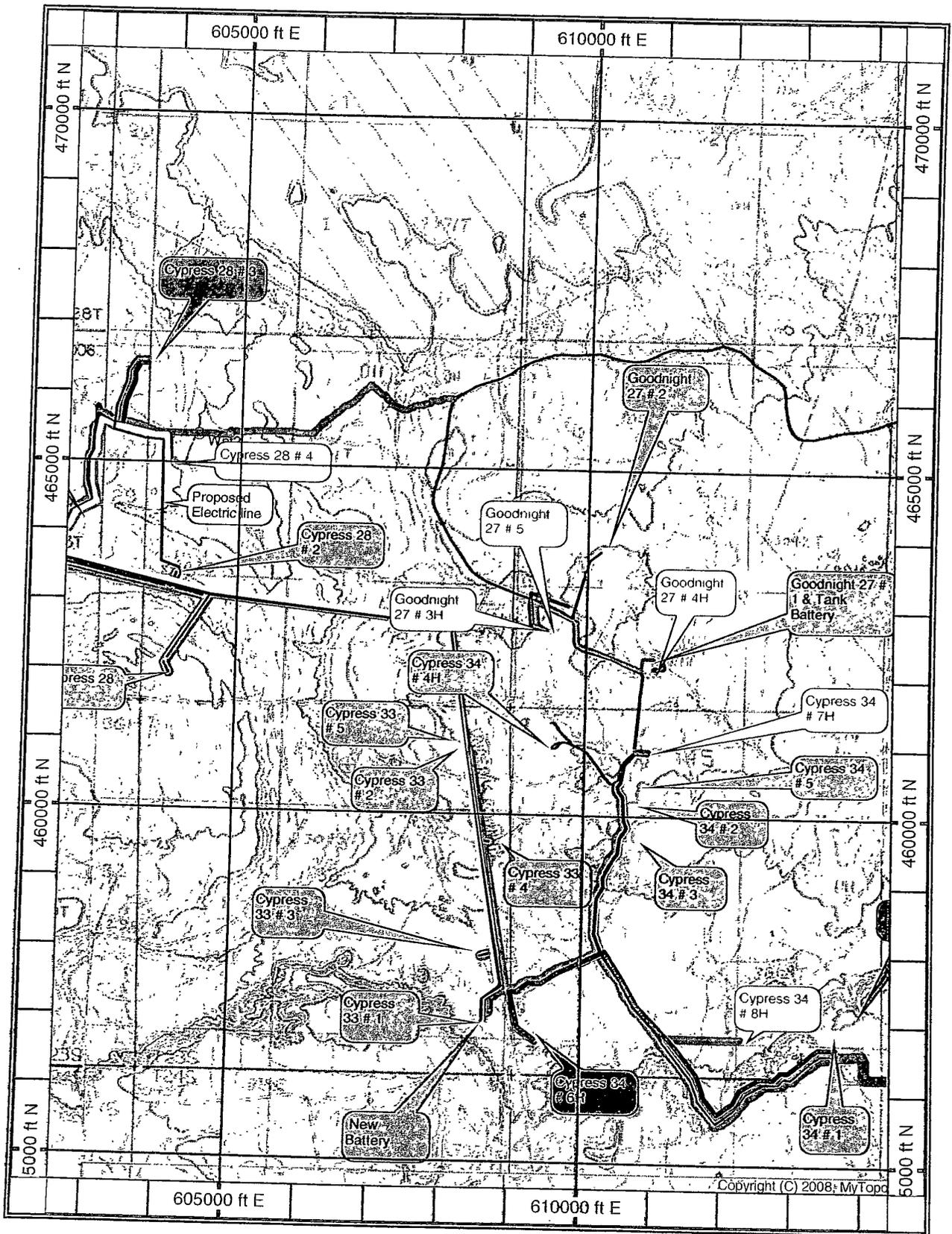


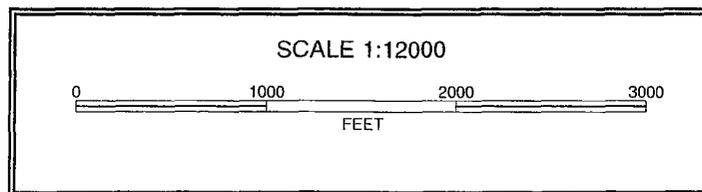
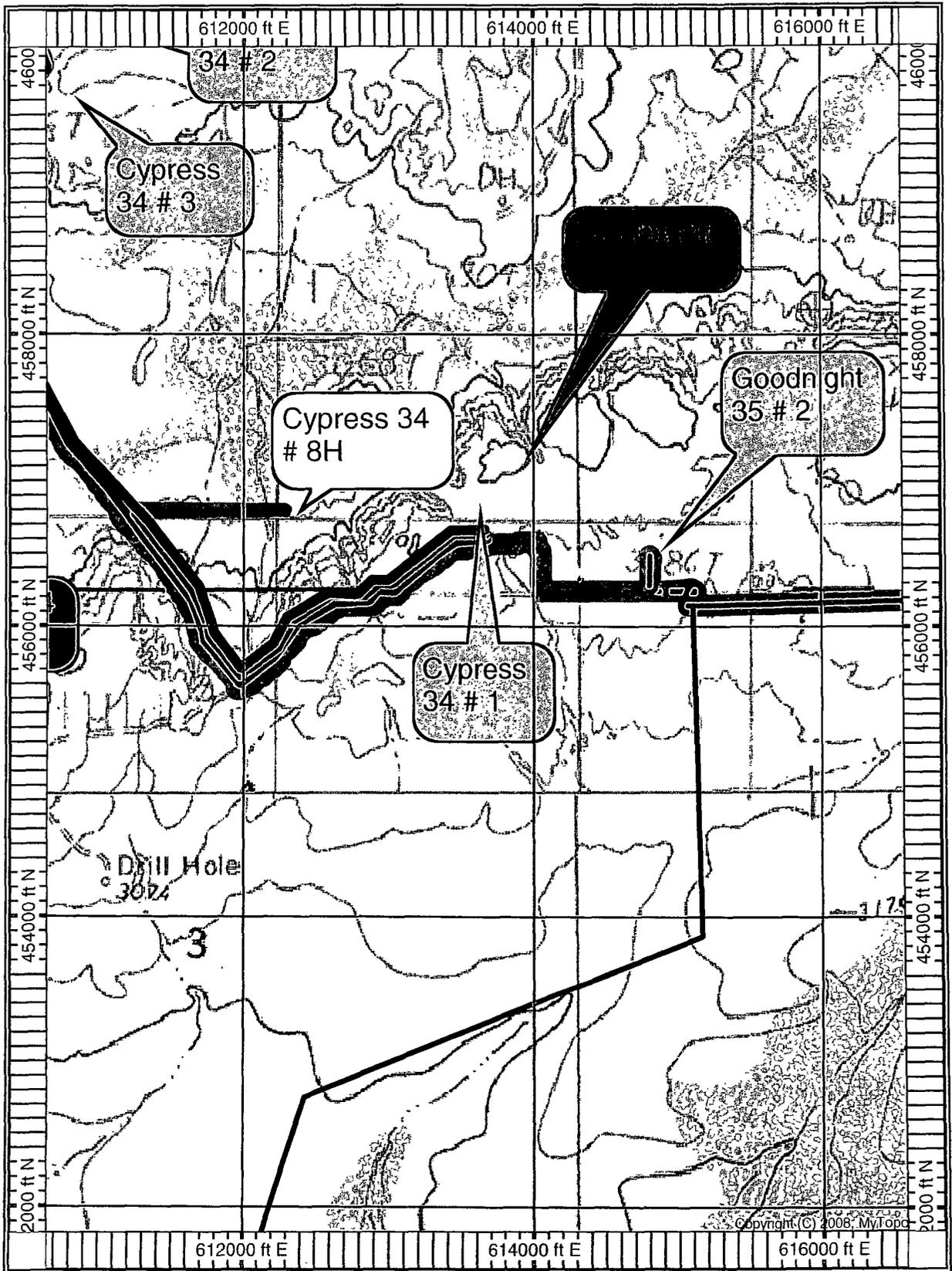
DIRECTIONS BEGINNING AT THE INTERSECTION OF HWY. #128 AND HWY. #31, GO EAST ON HWY. #128 FOR 4.5 MILES, TURN SOUTH ON EDDY CO. ROAD #793 (RAWHIDE ROAD) FOR 4.1 MILES, TURN WEST ON LEASE ROAD FOR 3.5 MILES, TURN SOUTH FOR 2.1 MILES, TURN EAST ON PROPOSED NEW ROAD FOR 0.2 MILES TO LOCATION.

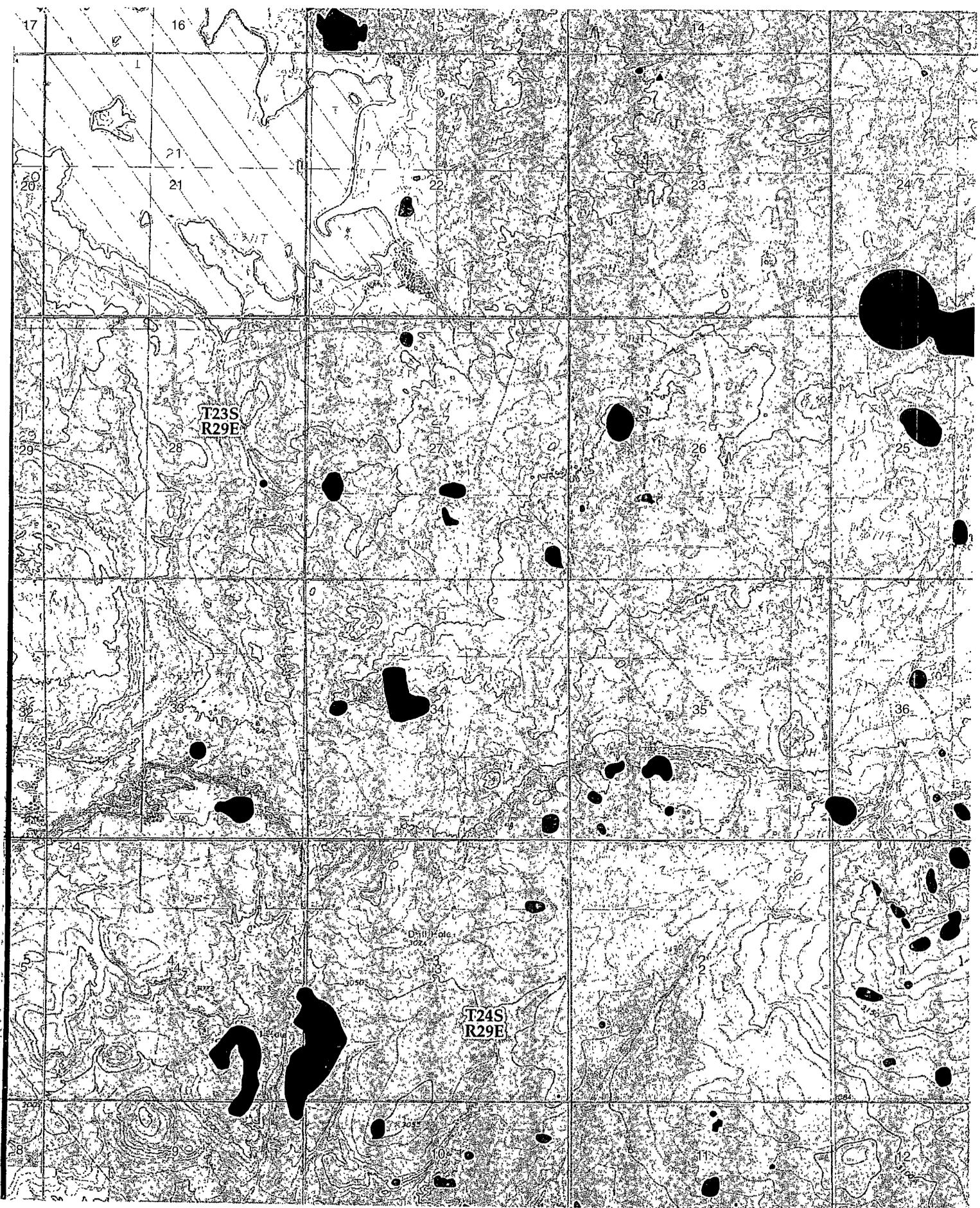




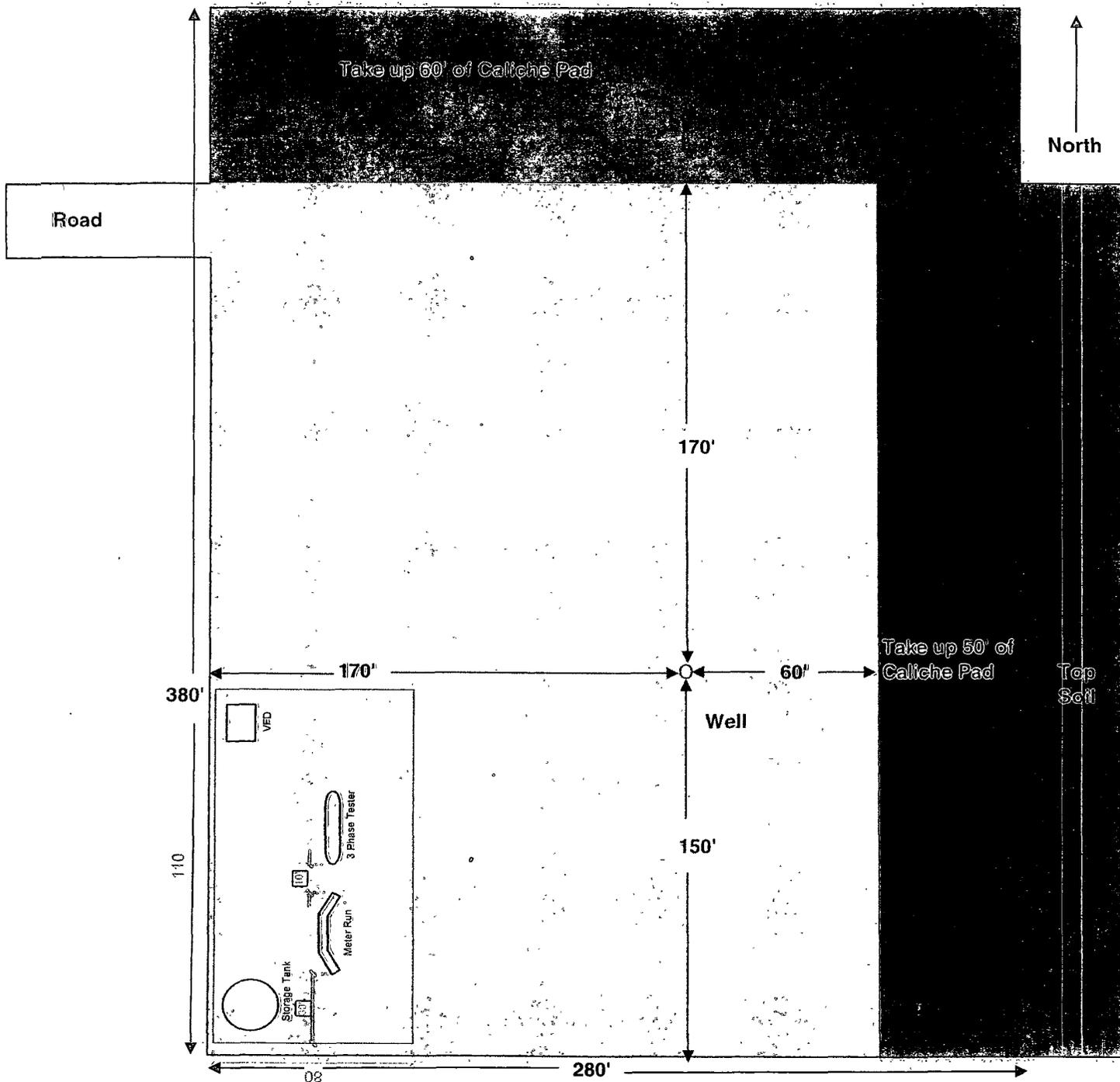








H & P Flex 3 Rig  
Cypress 34 Federal #8H



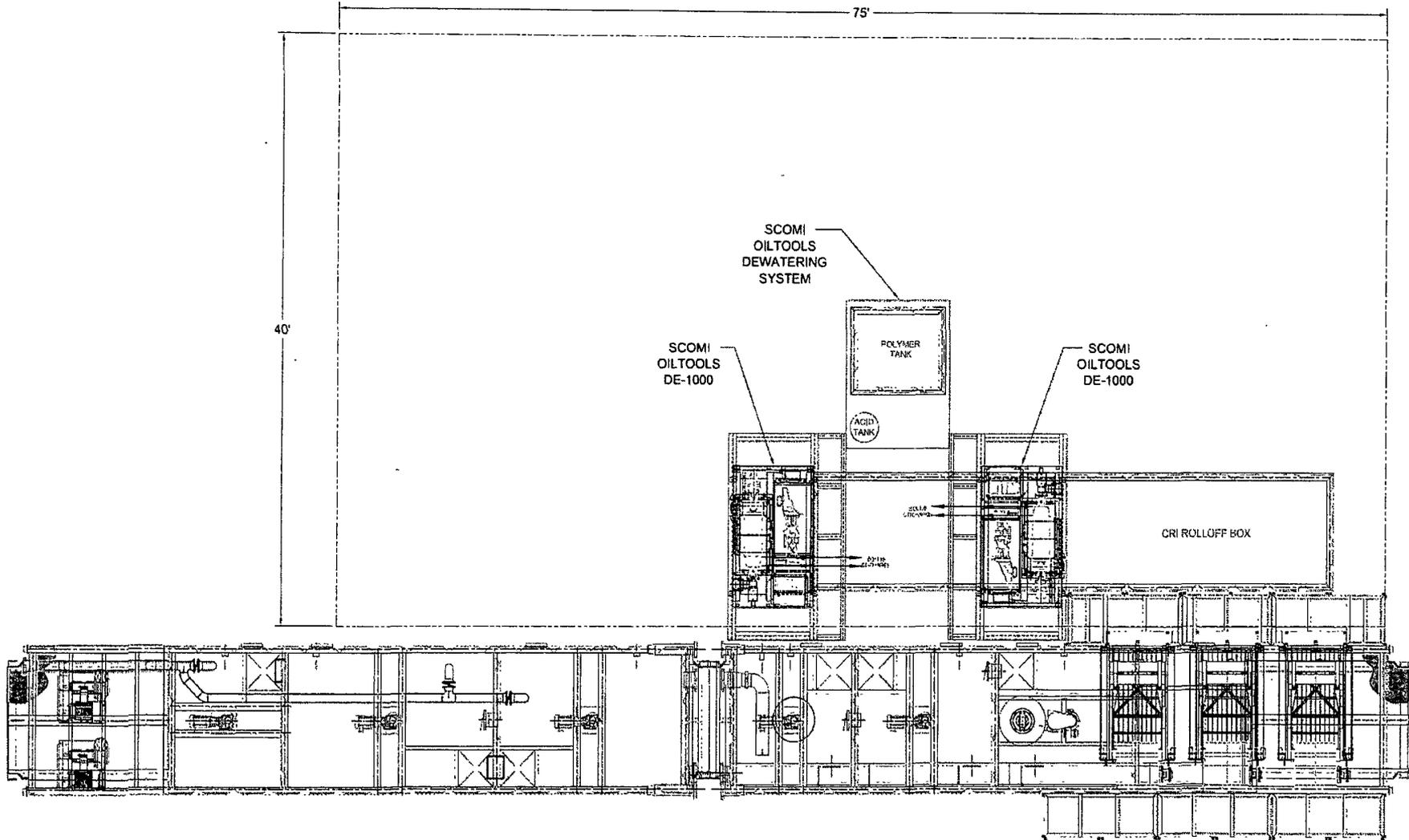
If road comes into Southwest corner of pad Oxy will take up 50' on east side and 60' on north side of pad

**Cypress 34 Federal #8H Equipment List**

- 1 ea. VFD (30"x10')
- 1 ea. 3-Phase Tester (36"x10')
- 1 ea. Meter Run
- 1 ea. Swab Tank (300 bbl)



ITEM	QTY.	UNIT OF MATERIAL	DESCRIPTION	LENGTH	WEIGHT
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				1. ALL STRUCTURAL MATERIAL SHALL BE A36/A572 - A/B/C. 2. ALL STEEL SHALL BE 40 MATERIAL SA 105 OR SA 100. 3. ALL FLANGES SHALL BE SOFT 150M & MATERIAL SA 100. 4. ALL FITTINGS SHALL BE SA 204 OR WPB. 5. TANK FABRICATION SHALL BE IN ACCORDANCE WITH API-750.				THE DESIGN, INFORMATION AND DISCUSSION ON THIS DRAWING OR SPECIES ARE THE PROPRIETARY AND CONFIDENTIAL PROPERTY OF SCOMI INTERNATIONAL LIMITED AND ARE NOT TO BE REPRODUCED OR DISCLOSED TO OTHERS BY ANY MEANS, IN ANY FORM, OR TRANSMITTED OR TRANSLATED INTO ANOTHER LANGUAGE OR USED FOR REPRODUCTION OR OTHER PURPOSES WITHOUT THE WRITTEN PERMISSION OF SCOMI INTERNATIONAL LIMITED. IN RECEIPT OF SUCH PERMISSION, COPY AND DIRECTLY FOR THE PURPOSES INTENDED. THIS DRAWING AND ANY COPIES SHALL BE RETURNED TO SCOMI INTERNATIONAL LIMITED UPON REQUEST.			
A ADDED PAGE 2 TO SHOW P&ID				PCL	BR	3/1/2008	DATE				
APPROVED:				DATE	CHECKED BY:	DATE	APPROVED:				
DRAWN BY: PDI				DATE: 10/30/08	CHECKED BY: NTG	DATE:	APPROVED: D				

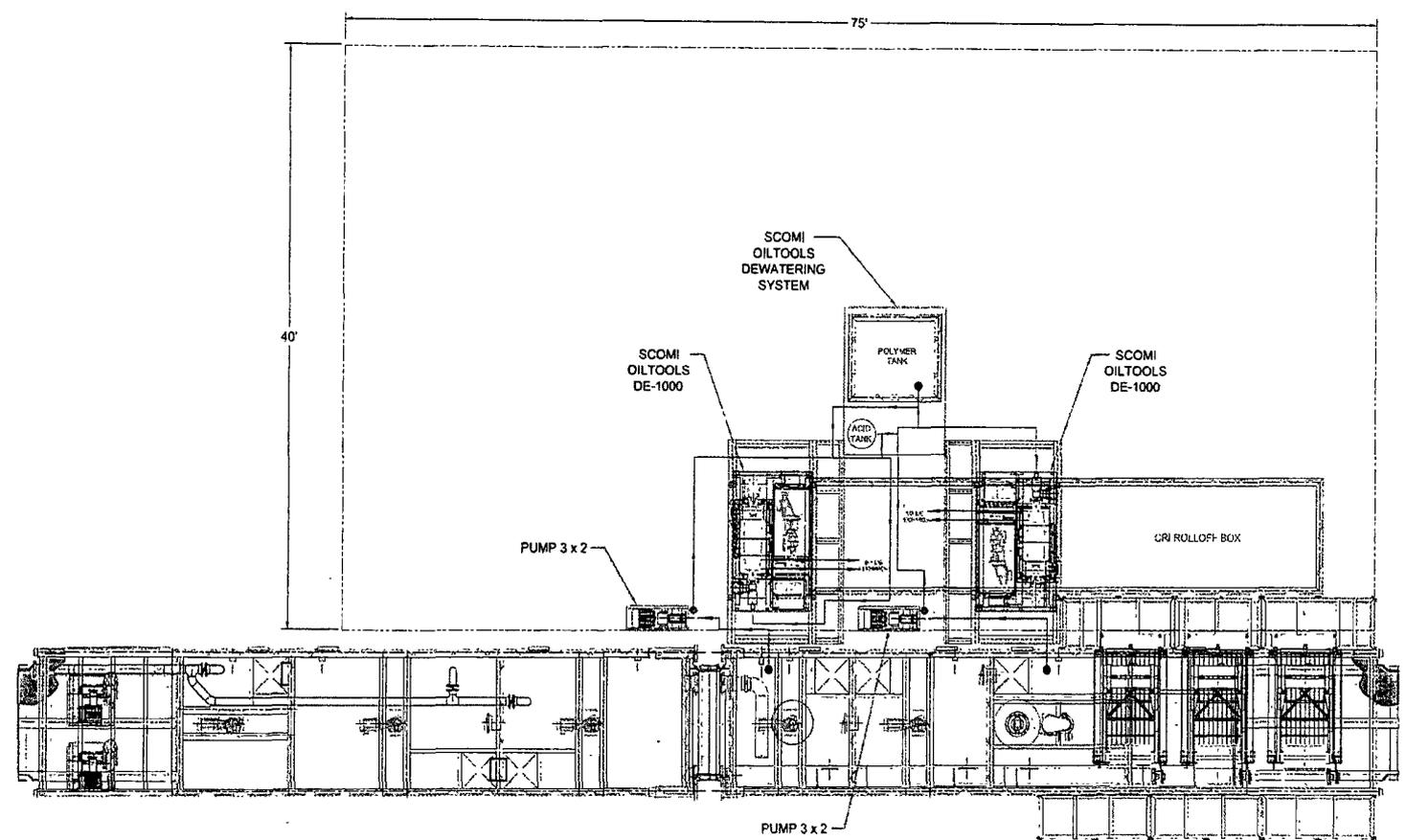
CLOSED LOOP SYSTEM  
BASIC LAYOUT AND TIE IN  
OXY - H&P - FLEX RIGS / PG 1 OF 2

**Scomi**<sup>®</sup>

621 N Sam Houston Parkway East, Suite 200,  
Houston, Texas 77060  
PHONE: (281) 558-5018, FAX: (281) 288-8989

JOB NO.	DRAWING NO.	REV.
	521S-014	A

BILL OF MATERIAL		LEADER	WORK
ITEM QTY	DESCRIPTION		



1	ALL STRUCTURAL MATERIAL SHALL BE A36 - A57				
2	ALL PIPE TO BE MATERIAL SA 106 OR B				
3	ALL FLANGES SHALL BE 304L - SA 182				
4	ALL FITTINGS SHALL BE SA 182				
5	ALL WELDS SHALL BE SA 182				
6	ALL TANKS SHALL BE SA 182				
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CLOSED LOOP SYSTEM  
BASIC LAYOUT AND TIE IN  
OXY - H&P - FLEX RIGS / PG 2 OF 2

**Scomi**  
 481 N. 2nd Avenue Parkway East, Suite 200  
 Houston, Texas 77060  
 (713) 231-2000 FAX: (713) 231-2000

REV. NO. 521S-014

