

APR 01 2013

30-025-41083

SURFACE USE PLAN OF OPERATIONS

| | | |
|-----------------------|--|------------------------------|
| Operator Name/Number: | OXY USA Inc. | 16696 |
| Lease Name/Number: | Madera 35 Federal #1H | |
| Pool Name/Number: | Undesignated Jabalina Delaware, SW | 13367 |
| Surface Location: | 400 FNL 329 FWL NWNW(D) Sec 35 T26S R34E | Federal Lease No. NMNM110840 |
| Penetration Point: | 400 FNL 556 FWL NWNW(D) Sec 35 T26S R34E | |
| Bottom Hole Location: | 400 FNL 350 FEL NENE(A) Sec 35 T26S R34E | |

1. Existing Roads

- A copy of a USGS "Andrews Place, NM" quadrangle map is attached showing the proposed location. The well location is spotted on this map, which shows the existing road system.
- The well was staked by Terry J. Asel, Certificate No. 15079 on 10/23/12, certified 11/19/12.
- Directions to Location: Beginning in Bennett go southwest on CR 3 for 4.6 miles. Turn right on Beckham Rd. and go west for 5.4 miles. Turn right and go northwest for 4.4 miles. Turn left and go south for 1.1 miles. Turn right and go west for 0.6 miles. Continue southwest on trail road for 1.2 miles, continue northwest on proposed road for 2817.8' to location.

2. New or Reconstructed Access Roads:

- A new access road will be built. The access road will run approximately 2818' northwest from an existing road to the location.
- 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.
- 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%.
- No cattle guards, grates or fence cuts will be required. No turnouts are planned.
- Blade, water & repair an existing caliche road as needed.

3. Location of Existing Wells:

Existing wells within a one mile radius of the proposed well are shown on attached plat.

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

- In the event the well is found productive, the Madera 35 Federal tank battery would be utilized and the necessary production equipment will be installed at the well site. See proposed Production Facilities Layout diagram.
- If necessary, electric power poles will be set along side of the access road.
- All flowlines will adhere to API Standards.

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.

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6. Construction Materials:

All caliche utilized for the drilling pad and proposed access road will be obtained from an existing BLM approved pit 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

The proposed well site layout with dimensions of the pad layout and equipment location.

V-Door - East

Tanks - North

Pad - 355' X 410'

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: Beckham Ranch, Inc., 236 Beckham Rd., Jal, NM 88252. 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. (2818")

| | | | | | |
|-----------------------------|--------------------------|------|-------------------------|------------------------|--------------------------|
| Pad + 1/4 mile road | <u>\$1,463.00</u> | 1498 | \$0.17/ft over 1/4 mile | <u>\$254.66</u> | <u>\$1,717.66</u> |
| Pipeline - up to 1mile | <u>\$1,350.00</u> | | \$274 per 1/4 mile | <u>\$0.00</u> | <u>\$1,350.00</u> |
| Electric Line - up to 1mile | <u>\$676.00</u> | 0 | \$0.19/ft over 1 mile | <u>\$0.00</u> | <u>\$676.00</u> |
| Total | <u><u>\$3,489.00</u></u> | | | <u><u>\$254.66</u></u> | <u><u>\$3,743.66</u></u> |

13. Bond Coverage:

Bond Coverage is Individual-NMB000862, Nationwide-022032304, BLM-ESB00226

Operators Representatives:

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

Kim Moore
Production Coordinator
1017 W. Stanolind Rd.
Hobbs, NM 88240
Office Phone: 575-397-8236
Cellular: 575-706-1219

Charles Wagner
Manager Field Operations
1502 West Commerce Dr.
Carlsbad, NM 88220
Office Phone: 575-628-4151
Cellular: 575-725-8306

Roger Allen
Drilling Superintendent
P.O. Box 4294
Houston, TX 77210
Office Phone: 713-215-7617
Cellular: 281-682-3919


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

Sebastian Millan
Drilling Engineering Supervisor
P.O. Box 4294
Houston, TX 77210
Office Phone: 713-985-8750
Cellular: 713-528-3268

Carlos Mercado
Drilling Engineer
P.O. Box 4294
Houston, TX 77210
Office Phone: 713-366-5418
Cellular: 281-455-3481

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 15th day of January, 2013.

Name: Peter Lawrence 

Position: Reservoir Management Team Leader

Address: 5 Greenway Plaza, Suite 110, Houston, TX 77046

Telephone: 713-215-7644

E-mail: (optional): peter_lawrence@oxy.com

Company: Occidental Permian LP / OXY USA Inc. / OXY USA WTP LP

Field Representative (if not above signatory): Dusty Weaver

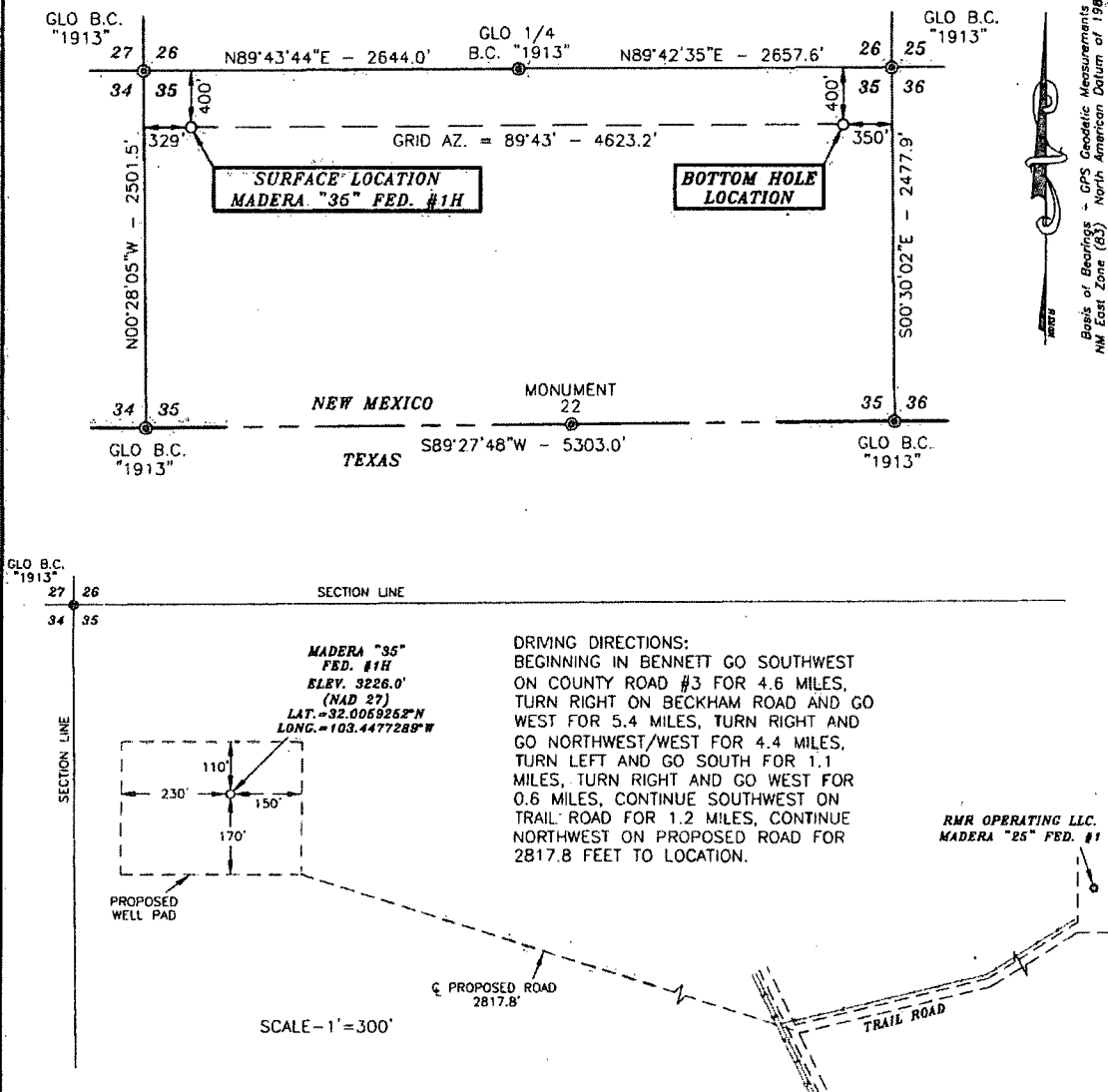
Address (if different from above): P.O. Box 50250 Midland, TX 79710

Telephone (if different from above): 432-685-5723

E-mail (if different from above): calvin_weaver@oxy.com

600' x 600'

SECTION 35, TOWNSHIP 26 SOUTH, RANGE 34 EAST, N.M.P.M.,
LEA COUNTY
NEW MEXICO



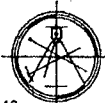
SURVEYORS CERTIFICATE

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 11/19/2012
Terry J. Asel N.M. R.P.L.S. No. 15079

Asel Surveying

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



LEGEND

● - DENOTES FOUND MONUMENT AS NOTED

1000' 0 1000' 2000' FEET
SCALE: 1"=1000'

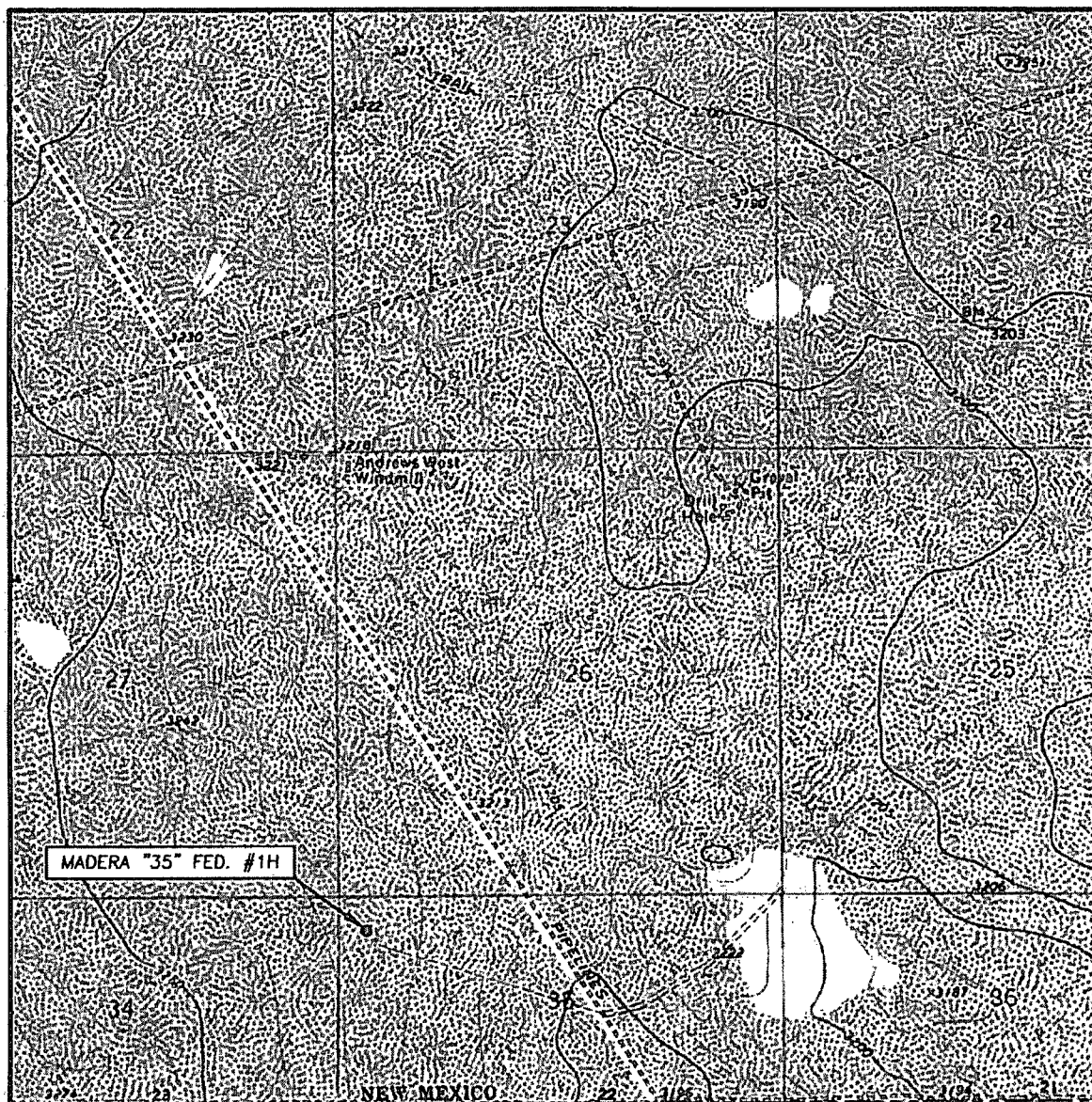
OXY USA INC.

MADERA "35" FED. #1H LOCATED AT
400' FNL & 329' FWL IN SECTION 35,
TOWNSHIP 26 SOUTH, RANGE 34 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO

| | |
|-------------------------|----------------------------|
| Survey Date: 10/23/12 | Sheet 1 of 1 Sheets |
| W.O. Number: 121023WL-c | Drawn By: KA Rev: |
| Date: 11/08/12 | 121023WL-c Scale: 1"=1000' |

LVM

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'

SEC. 35 TWP. 26-S RGE. 34-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 400' FNL & 329' FWL

ELEVATION 3226.0'

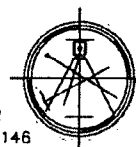
OPERATOR OXY USA INC.

LEASE MADERA "35" FED. #1H

U.S.G.S. TOPOGRAPHIC MAP
ANDREWS PLACE, N.M.

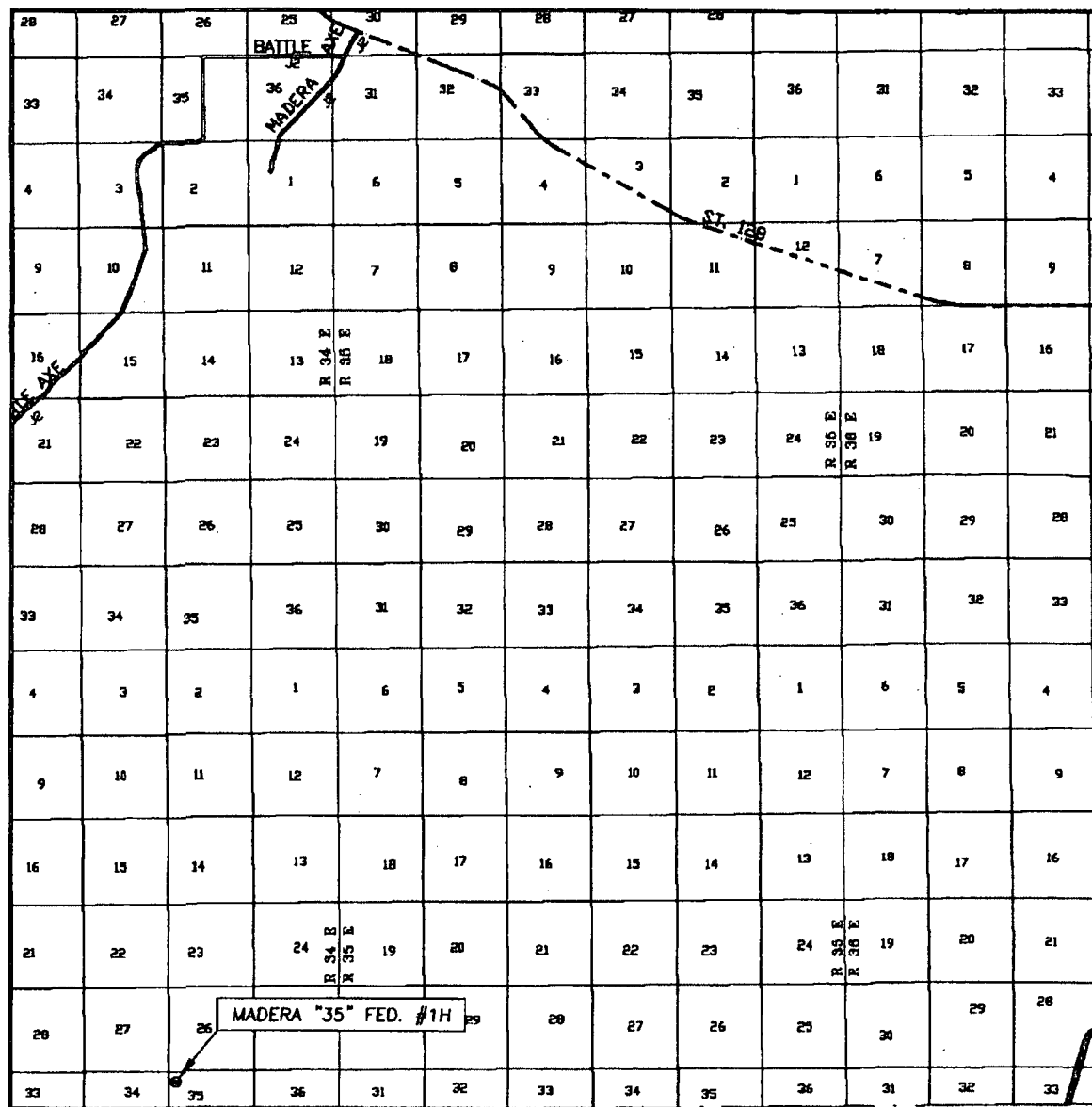
Asel Surveying

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



VM

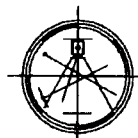
VICINITY MAP



SEC. 35 TWP. 26-S RGE. 34-E
 SURVEY N.M.P.M.
 COUNTY LEA
 DESCRIPTION 400' FNL & 329' FWL
 ELEVATION 3226.0'
 OPERATOR OXY USA INC.
 LEASE MADERA "35" FED. #1H

SCALE: 1" = 2 MILES

Asel Surveying

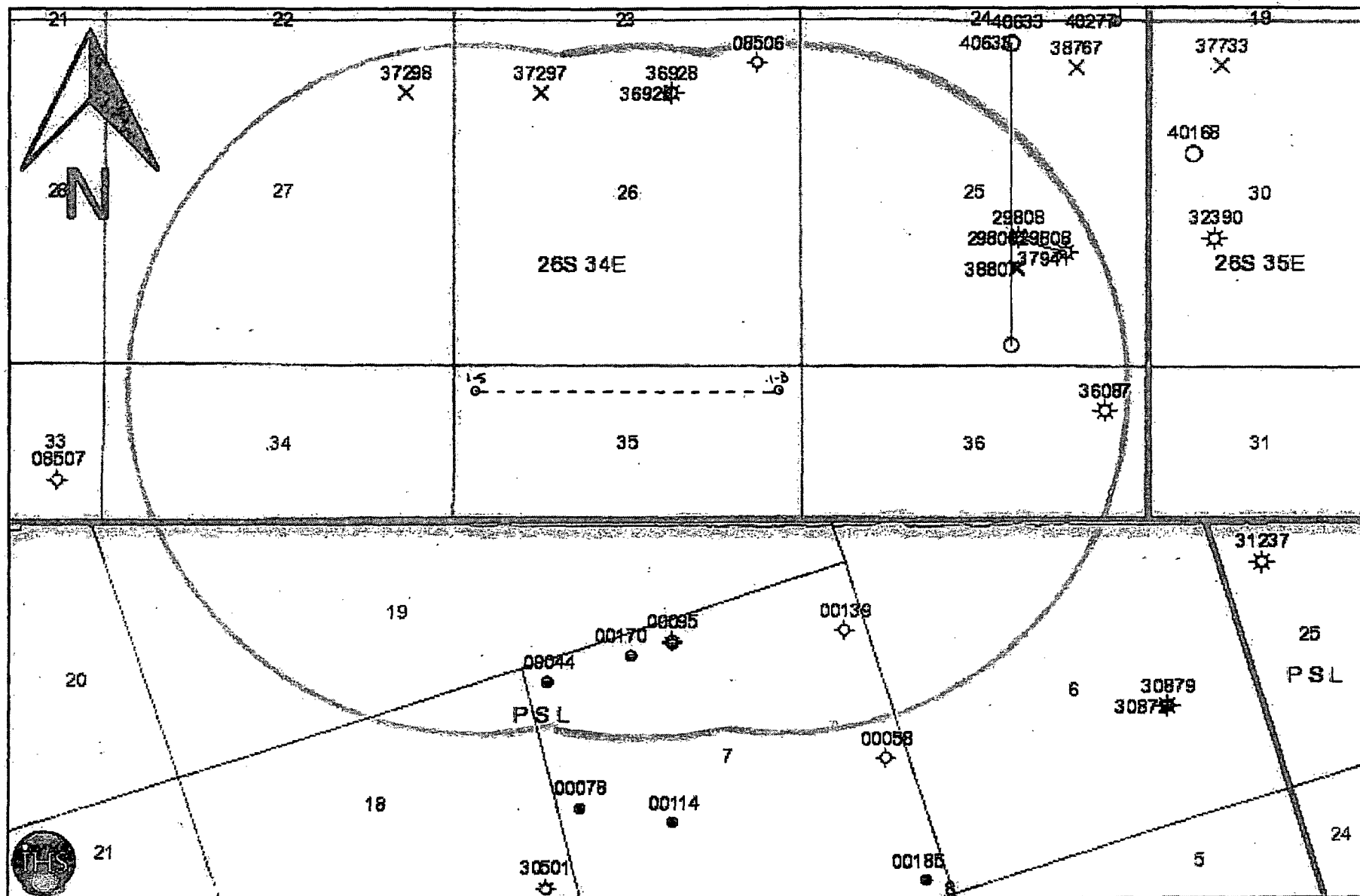


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DIRECTIONS BEGINNING IN BENNETT GO SOUTHWEST ON COUNTY ROAD #3 FOR 4.6 MILES, TURN RIGHT ON BECKHAM ROAD AND GO WEST FOR 5.4 MILES, TURN RIGHT AND GO NORTHWEST/WEST FOR 4.4 MILES, TURN LEFT AND GO SOUTH FOR 1.1 MILES, TURN RIGHT AND GO WEST FOR 0.6 MILES, CONTINUE SOUTHWEST ON TRAIL ROAD FOR 1.2 MILES, CONTINUE NORTHWEST ON PROPOSED ROAD FOR 2817.8 FEET TO LOCATION.

1 mile AOR Plot

Madera 35 Federal #1H - 1mile AOR



4 1

