30-015-39142

SURFACE USE PLAN OF OPERATIONS

Operator Name/Number: OXY USA Inc. 16696

Lease Name/Number: Goodnight 27 Federal #4H Federal Lease No. NM105557

Pool Name/Number: Undesignated Harroun Ranch Delaware, Northeast 96878

Surface Location: 284 FSL 1993 FWL SESW(N) Sec 27 T23S R29E

Bottom Hole Location: 400 FNL 1920 FWL NENW(C) Sec 27 T23S R29E

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 9/3/09, certified 1/6/10.
- c. At the intersection of Hwy 128 and Hwy 31, go east on Hwy 128 for 4.5 miles. Turn south on CR 793 (Rawhide) for 4.1 miles, turn west on lease road for 3.5 miles. Turn southeast for 1.1 miles, turn east on proposed new road for 52' to location.

2. New or Reconstructed Access Roads:

a. A new access road will be built. The access road will run approximately 52' east from an existing road to the location. See Exhibit #2.

1EN 6/14/10

- 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.

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 Goodnight 27 Federal tank battery would be utilized and the necessary production equipment will be installed at the well site and the tank battery. See proposed Production Facilities Layout diagrams, 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 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

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

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

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.

Marvin McElroyLarry SammonsProduction CoordinatorProduction LeadP.O. Box 50250P.O. Box 50250Midland, TX 79710Midland, TX 79710

Sergio Abauat Calvin (Dusty) Weaver
Drilling Superintendent Operation Specialist
P.O. Box 4294 P.O. Box 50250
Houston, TX 77210 Midland, TX 79710

Office Phone: 432-366-5689 Office Phone: 432-685-5723 Cellular: 432-893-3067 Cellular: 806-893-3067

Camilo Arias John Egelston

Drilling Engineering Supervisor

P.O. Box 4294

Houston, TX 77210

Office Phone: 713-366-5953

Sr. Drilling Engineer

P.O. Box 4294

Houston, TX 77210

Office Phone: 713-215-7849

Cellular: 281-468-4652 Cellular: 713-303-7298

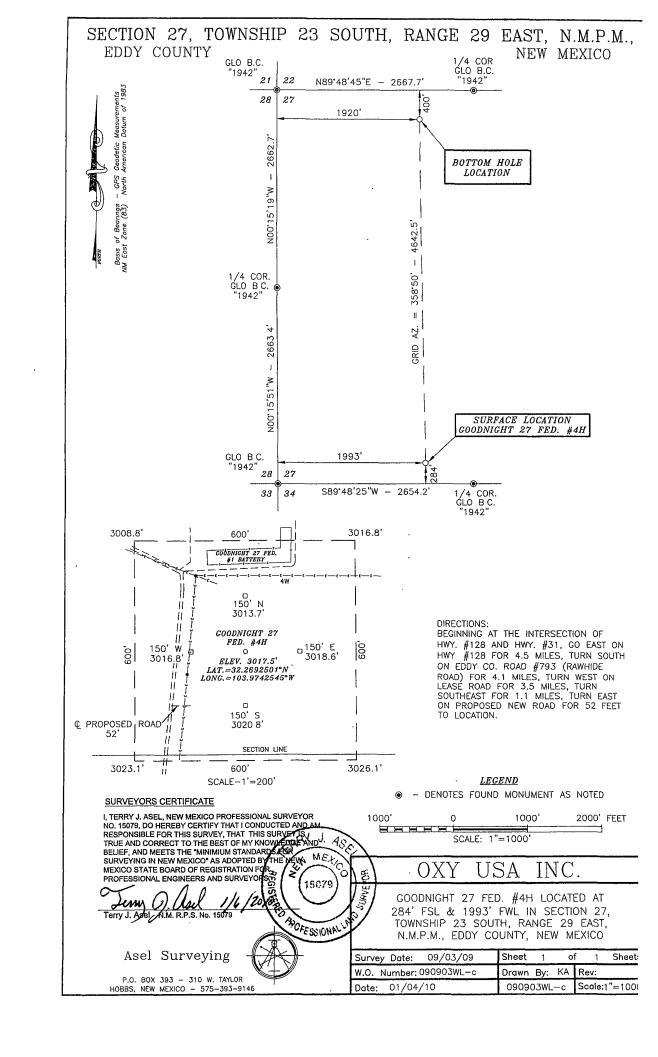
OPERATOR CERTIFICATION

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 day of Mucch, 2010.

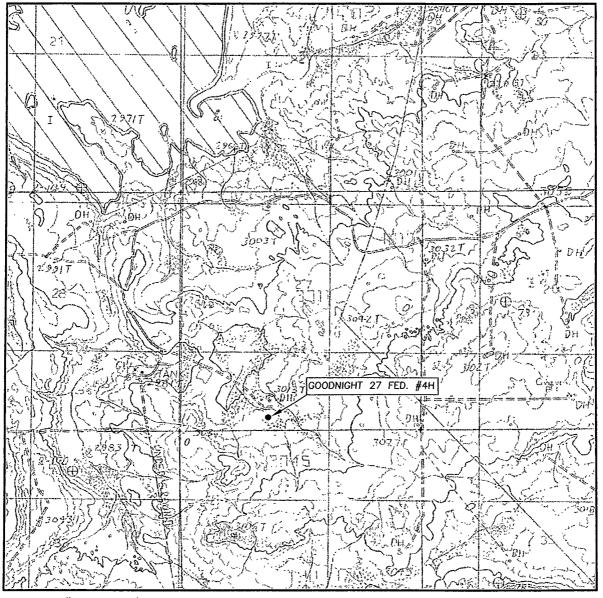
(in) and (in)
Name: Barry Beresik Dary Reusik
Position:Reservoir Management Team Leader
Address:5 Greenway Plaza, Suite 110, Houston, TX 77046
Telephone:713-366-5016
E-mail: (optional):barry_beresik@oxy.com
Company:OXY USA Inc
Field Representative (if not above signatory):Marvin McElroy
Address (If different from above): _P.O. Box 50250 Midland, TX 79710
Telephone (if different from above):432-652-8607 - 806-215-6750
E-mail (if different from above):marvin_mcelroy@oxy.com

OXY USA Inc. – APD Deficiencies Goodnight 27 Federal #4H SL-284 FSL 1993 FWL SESW(N) Sec 27 T23S R29E BHL-400 FNL 1920 FWL NENW(C) Sec 27 T23S R29E Eddy County, NM

- 1. Access Road, see attached, Exhibit #1.
- 2. Blade and water existing road from CR 793 (Rawhide Road) to location and repair any bad areas of the existing road with caliche.
- **3.** The maximum width of the driving surface will be 14 feet. The road will be crowned and ditched with a 2% slope from the tip of the crown to the edge of the driving surface. If needed the ditches will be 1 foot deep with a 3:1 slopes. The driving surface will be made of 6" rolled and compacted caliche.
- 4. One mile AOR map, see attached for Exhibit #2A, #2B.
- 5. Proposed Production Facilities, See attached for Exhibit #3
- 6. No new electric lines will be required for this well. There is an existing electrical line on north edge of pad.
- **7.** Caliche for location and road will come from a caliche pit located in Sec 34 T23S R29E, Eddy County, NM.
- **8.** Proposed Well Site Layout, see attached for Exhibit #3.
- 9. Schematic and description of BOP with required valves and choke lines, expanded view of flex hose routing and clamp location, see attached for Exhibit #4A, 4B, 4C, 4D.



LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'

SEC. 27 TWP. 23—S RGE. 29—E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 284' FSL & 1993' FWL

ELEVATION 3017.5'

OPERATOR OXY USA INC.

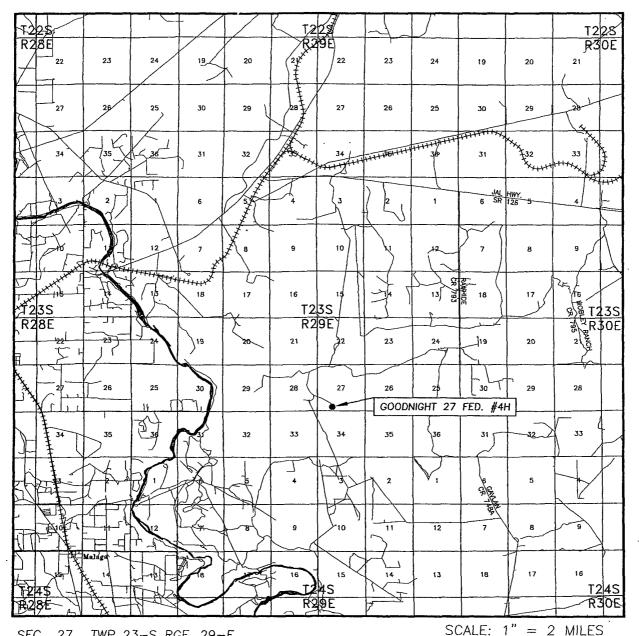
LEASE GOODNIGHT 27 FED. #4H

U.S.G.S. TOPOGRAPHIC MAP

REMUDA BASIN, N.M.



VICINITY MAP



 SEC. 27 TWP. 23-S RGE. 29-E

 SURVEY N.M.P.M.

 COUNTY EDDY

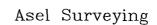
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LEASE GOODNIGHT 27 FED. #4H

SCALL. 1 — Z MIL

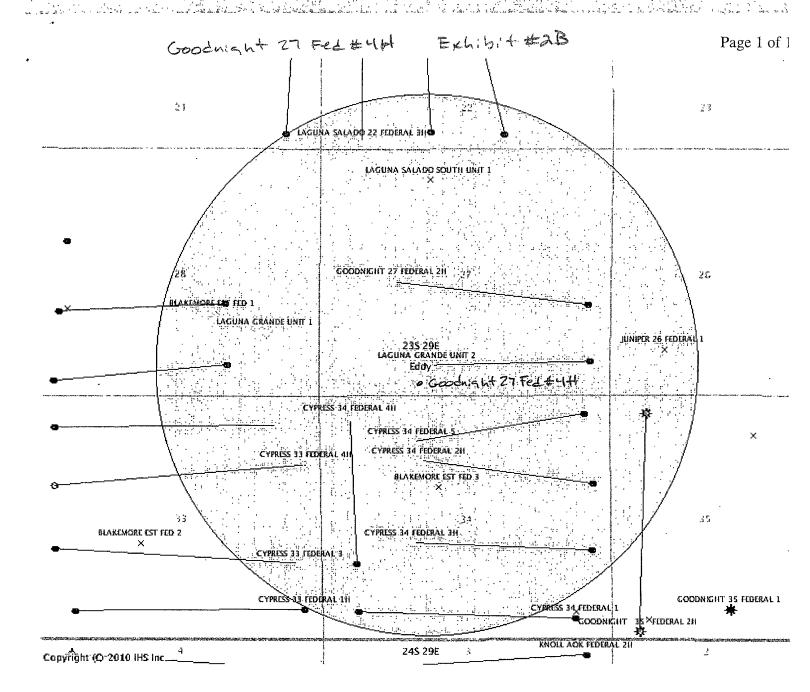


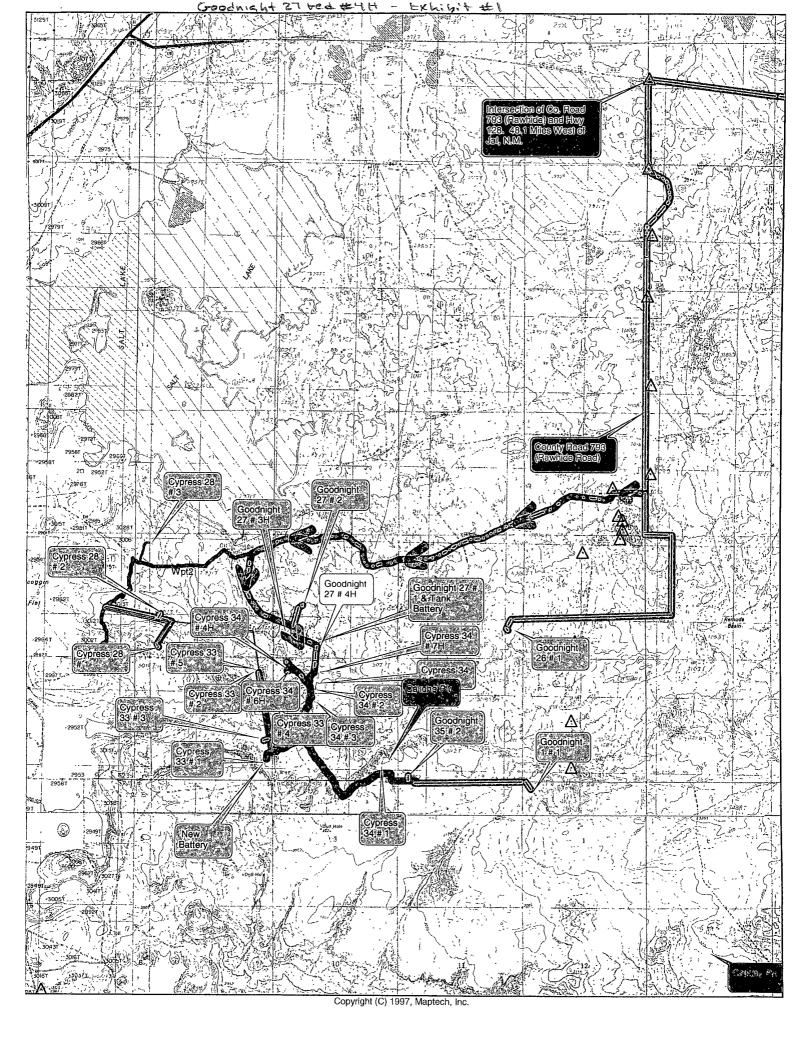
P.O. BOX 393 - 310 W. TAYLOR HOBBS, NEW MEXICO - 575-393-9146

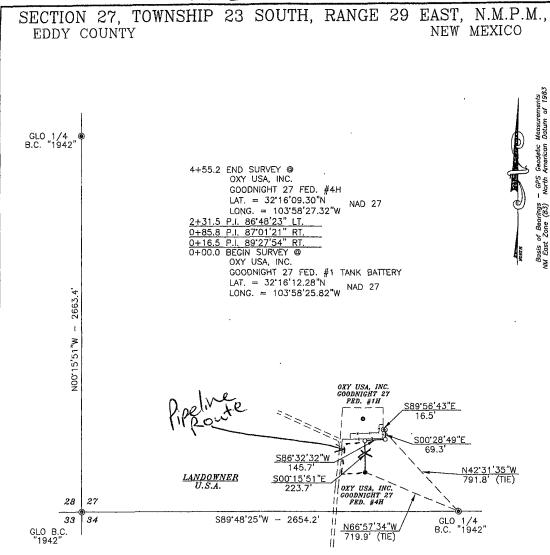


DIRECTIONS BEGINNING AT THE INTERSECTION OF HWY. #128 AND HWY. #31, GO EAST ON HWY. #128 FOR 4.5 MILES, TURN SOUTH ON EDDY CO. ROAD #793 (RAWHIDE ROAD) FOR 4.1 MILES, TURN WEST ON LEASE ROAD FOR 3.5 MILES, TURN SOUTHEAST FOR 1.1 MILES, TURN EAST ON PROPOSED NEW ROAD FOR 52 FEET TO LOCATION.









See COAs

DESCRIPTION

A STRIP OF LAND 30.0 FEET WIDE AND 455.2 FEET OR 0.086 MILES IN LENGTH CROSSING U.S.A. LAND IN SECTION 27, TOWNSHIP 23 SOUTH, RANGE 29 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO AND BEING 15.0 FEET LEFT AND 15.0 FEET RIGHT OF THE ABOVE PLATTED CENTERLINE SURVEY.



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 "MINIMIUM STANDARDS FOR SURVEYING IN NEW MEXICO." AS ADOPTED BY THE NEW MEXICO STATE BOARD OF REGISTRATION FOR PROFESSIONAL ENGINEERS AND SURVEYORS.

Jenny J. Aspt. N.M. R.P.S. No. 15079

Asel Surveying

P.O. BOX 393 - 310 W. TAYLOR HOBBS, NEW MEXICO - 575-393-9146 <u>LEGEND</u>

DENOTES FOUND MONUMENT AS NOTED

500' 0 500' 1000' FEET

SCALE: 1"=500'

<u>oxy</u> usa, inc.

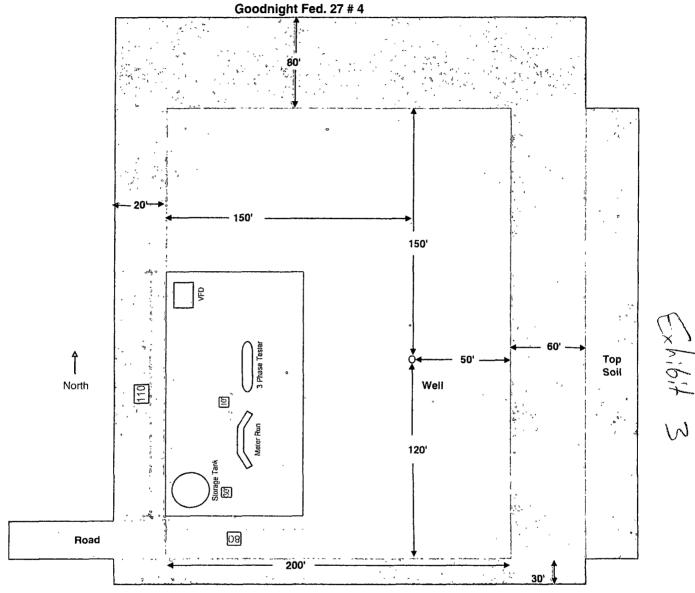
SURVEY FOR A PIPELINE EASEMENT CROSSING U.S.A. LAND IN SECTION 27, TOWNSHIP 23 SOUTH, RANGE 29 EAST, N.M P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 02/03/10	Sheet 1 of 1	Sheets
W.O. Number: 100203PL	Drawn By: KA	i
Date: 02/03/10	100203PL.DWG Scale:1	l"=500'

OXY FLEX III PAD (SCOMI Closed Loop System) Road Level Area-No Caliche-For Offices and Living Quarters 120' 210" Notes for Rotating Mouse hole for a FlexRig3 & 25' Substructure: 1) 70" of mouse hole below ground level 2) If conductor pipe is less than 85" below ground level, recommend cement mouse hole in place in order to prevent break thru & circulation / washout thru mouse hole. 3) Use 14" (mini, Nominal size) pipe. This can be spiral weld or low pressure pipe, 10 3/4" is used in some applications but due to inaccurecies in location of mouse hole & potential out of alignment or centered in hole, 14" pipe recommended. 4) Cement mouse hole in 16 1/2" or 18 3/4" hole. 44" 5) Cellar will need to be oblong in order to accommodate mouse hole (i.e. 5' x 10', 6' x 10',) Operator decision Clear all brush + Mousehole 20' off pad to Well allow Drk truck to drive off pad & maneuver drk into position 30' North ide of 35°-7'312'-0' SVIER WAX DE 1000 Dewatering system •DE 1000 ·CRI rolloff box

Oh t:9:4×3

H & P Flex 3 Rig



If road comes into Southwest corner of pad Oxy will take up 60' on east side, 80' on north side, 20' on west side, and 30' on south side of pad. Topsoil will be redistributed into the reclaimed area (Orange Area).

Goodnight 27#4 Equipment List

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

Production Facility/Interim Reclamate
Layout

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