SURFACE USE PLAN OF OPERATIONS

30-015-39219

Operator Name/Number:	rator Name/Number: OXY USA Inc.	
Lease Name/Number:	Cypress 34 Federal #7H	304799
Pool Name/Number:	Undesignated Nash Draw Delaware, SE	97148
Surface Location:	500 FNL 2080 FWL NENW(C) Sec 34 T23S R29E	
Bottom Hole Location:	400 FSL 2000 FWL SESW(N) Sec 34 T23S R29E	

1. Existing Roads

- a. A copy of a USGS "Remuda Basin, NM" 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. Directions to Location: From 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 1.2 miles. Turn southeast on proposed road for 192' to location.

2. New or Reconstructed Access Roads:

- a. A new access road will be built. The access road will run approximately 192' southeast 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.

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.

 Lapress 34 HI tank battery

 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 (SESE Sec 34 T23S R29E) or from prevailing deposits found under the location.

Will use BLM recommended use ofextra 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 West Tanks South 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.

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.
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Pad + 1/4 mile road	192'	\$1,379.00	0	\$0.16/ft over 1/4 mile	\$0.00		\$1,379.00
Pipeline - up to 1mile		\$1,273.00	0	\$266 per 1/4 mile	\$0.00		\$1,273.00
Electric Line - up to 1mile		\$637.00	0	\$0.18/ft over 1 mile	\$0.00		\$637.00
Total		\$3,289.00			\$0.00	\$3,289.00	\$3,289.00

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.

Larry Sammons
Production Lead
P.O. Box 50250
Midland, TX 79710

Office Phone: 432-385-2778 Office Phone: 432-685-5724 Cellular: 806-215-0009 Cellular: 432-296-9323

Travis Samford Calvin (Dusty) Weaver
Drilling Superintendent Operation Specialist
P.O. Box 4294 P.O. Box 50250
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Office Phone: 713-215-7849 Office Phone: 432-685-8

Office Phone: 713-215-7849 Office Phone: 432-685-5723 Cellular: 281-684-6897 Cellular: 806-893-3067

Frank Hutton Juan Sierra

Drilling Engineering Supervisor

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Houston, TX 77210

Office Phone: 713-366-5325

Juan Sierra

Drilling Engineer

P.O. Box 4294

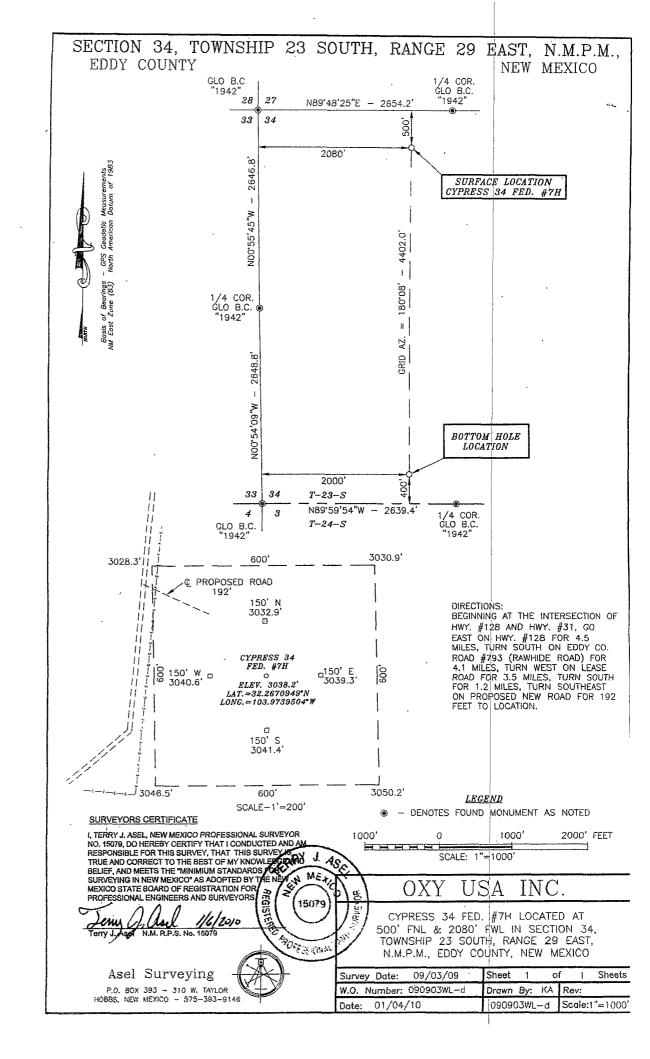
Houston, TX 77210

Office Phone: 713-215-7757

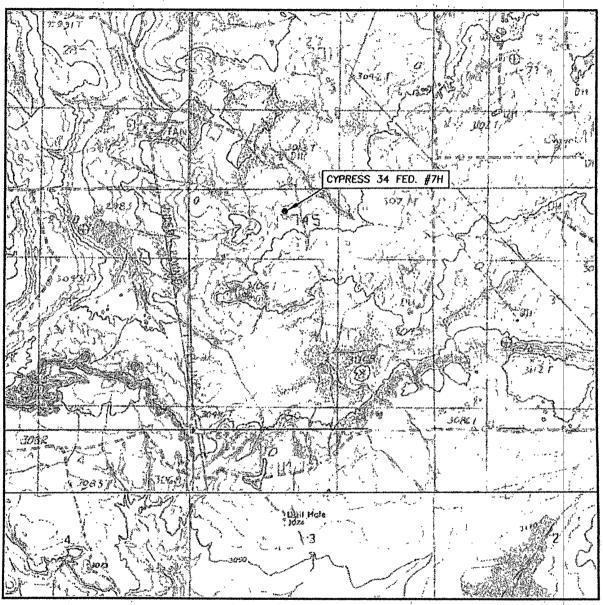
Cellular: 713-855-4274 Cellular: 832-660-3136

OPERATOR CERTIFICATION

Name: Denise Woods Kenin 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):Gilbert Williams
Address (If different from above): _P.O. Box 50250 Midland, TX 79710
Telephone (if different from above):432-385-2778
E-mail (if different from above):gilbert_williams@oxy.com



LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'

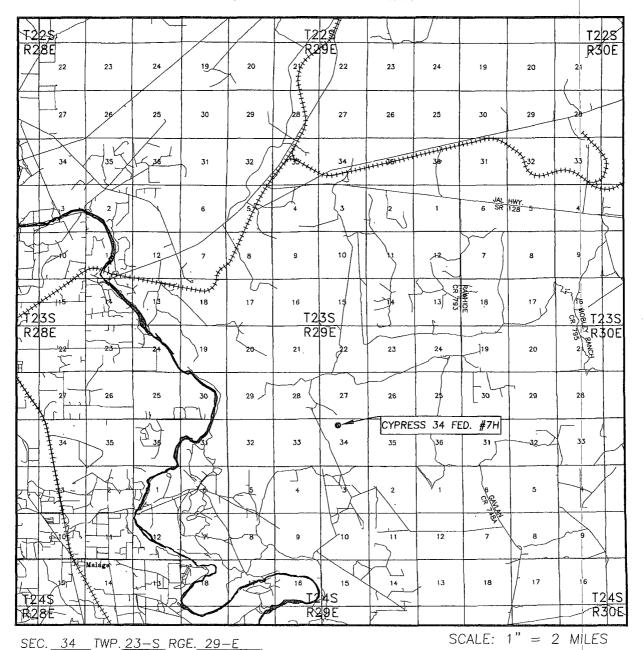
SEC. 34 IWP. 23-S RGE. 29-E
SURVEYN.M.P.M.
COUNTYEDDY
DESCRIPTION 500' FNL & 2080' FWL
ELEVATION 3038.2'
OPERATOR OXY USA INC.
LEASE CYPRESS 34 FED. #7H
U.S.G.S. TOPOGRAPHIC MAP
U.S.G.S. TOPOGRAPHIC MAP REMUDA BASIN, N.M.

Asel Surveying

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



VICINITY MAP



SURVEY N.M.P.M.
COUNTY EDDY
DESCRIPTION 500' FNL & 2080' FWL
FLEVATION 3038 2'

ELEVATION 3038.2'

OPERATOR OXY USA INC.

LEASE CYPRESS 34 FED. #7H

Asel Surveying

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

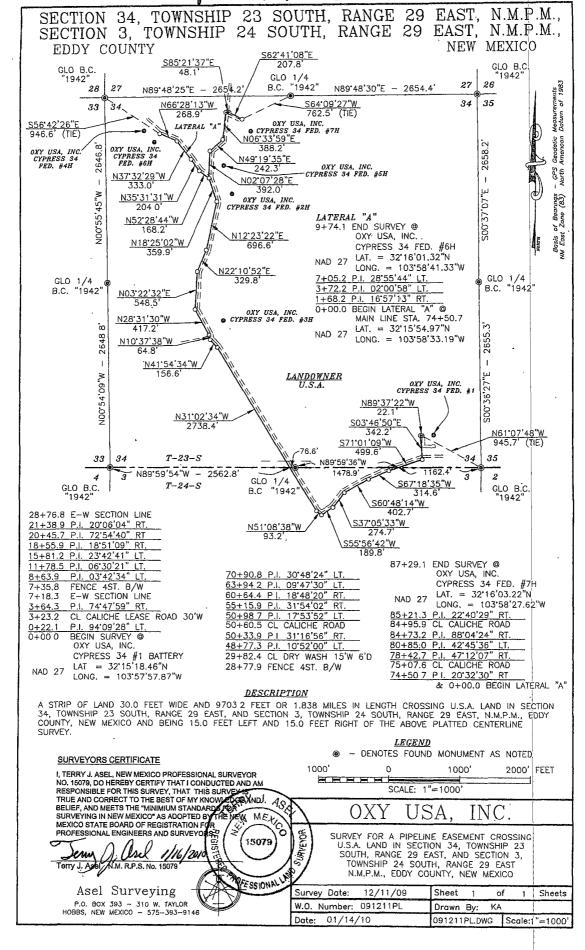
FOR 4.5 MILES, TURN SOUTH ON EDDY CO. ROAD #793 (RAWHIDE ROAD) FOR 4.1 MILES, TURN

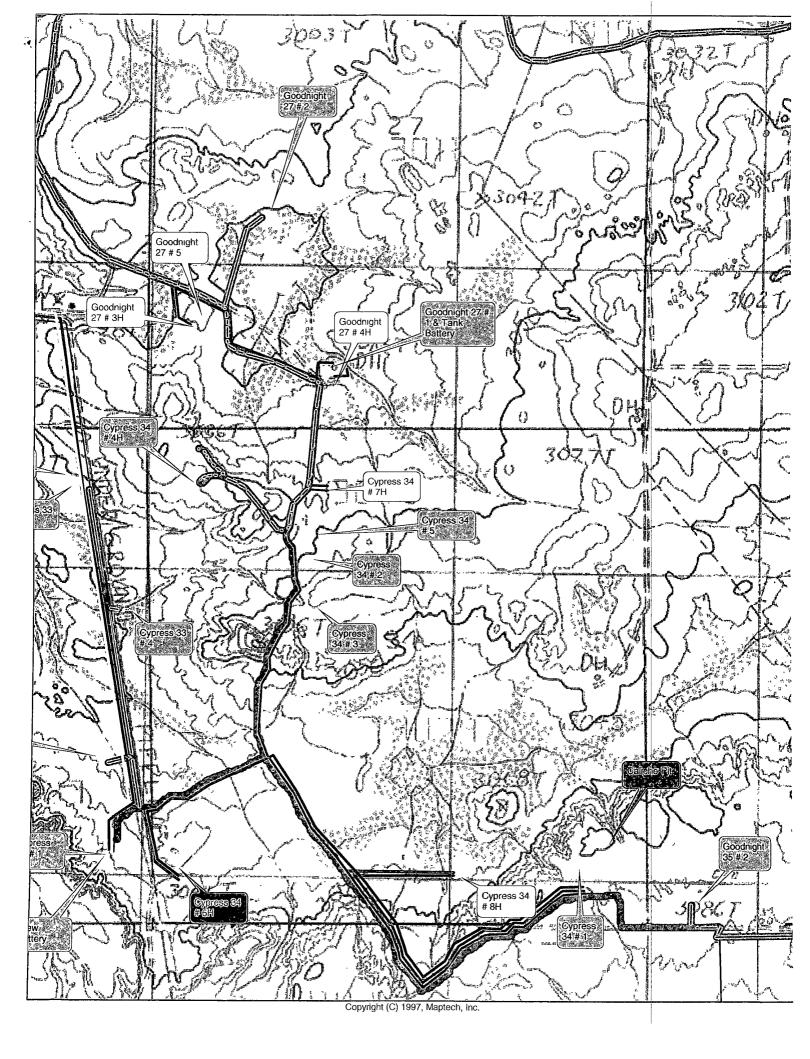
WEST ON LEASE ROAD FOR 3.5 MILES, TURN SOUTH FOR 1.2 MILES, TURN SOUTHEAST ON PROPOSED

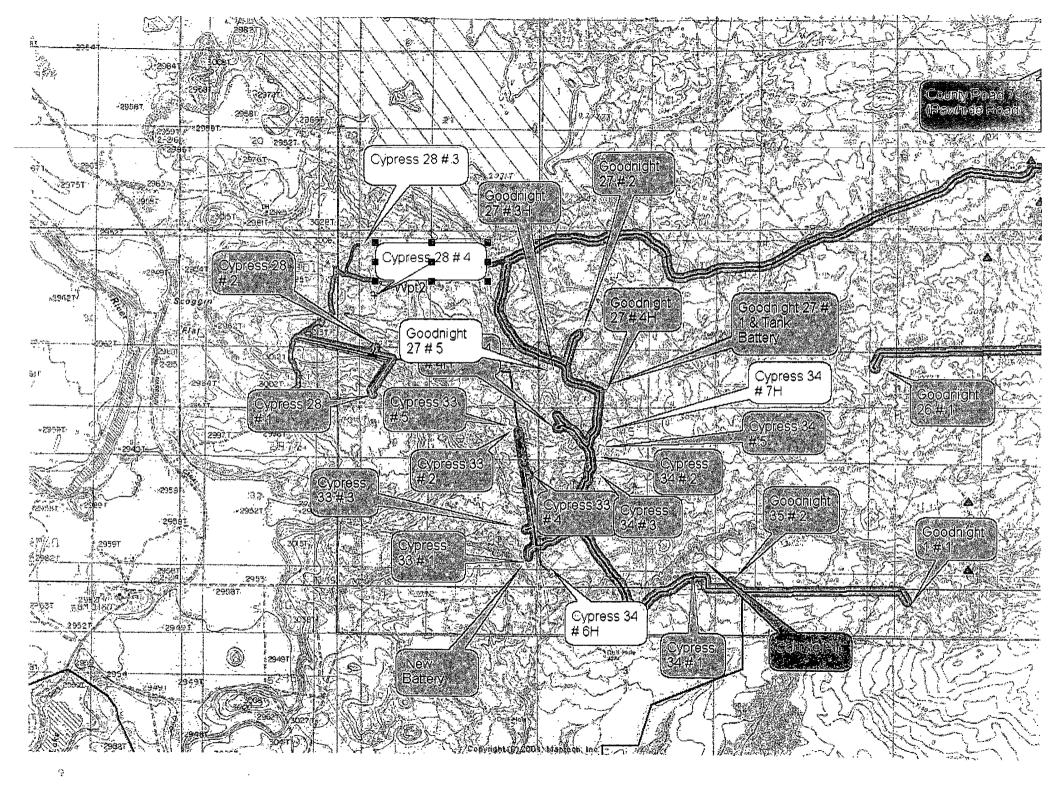
NEW ROAD FOR 192 FEET TO LOCATION.

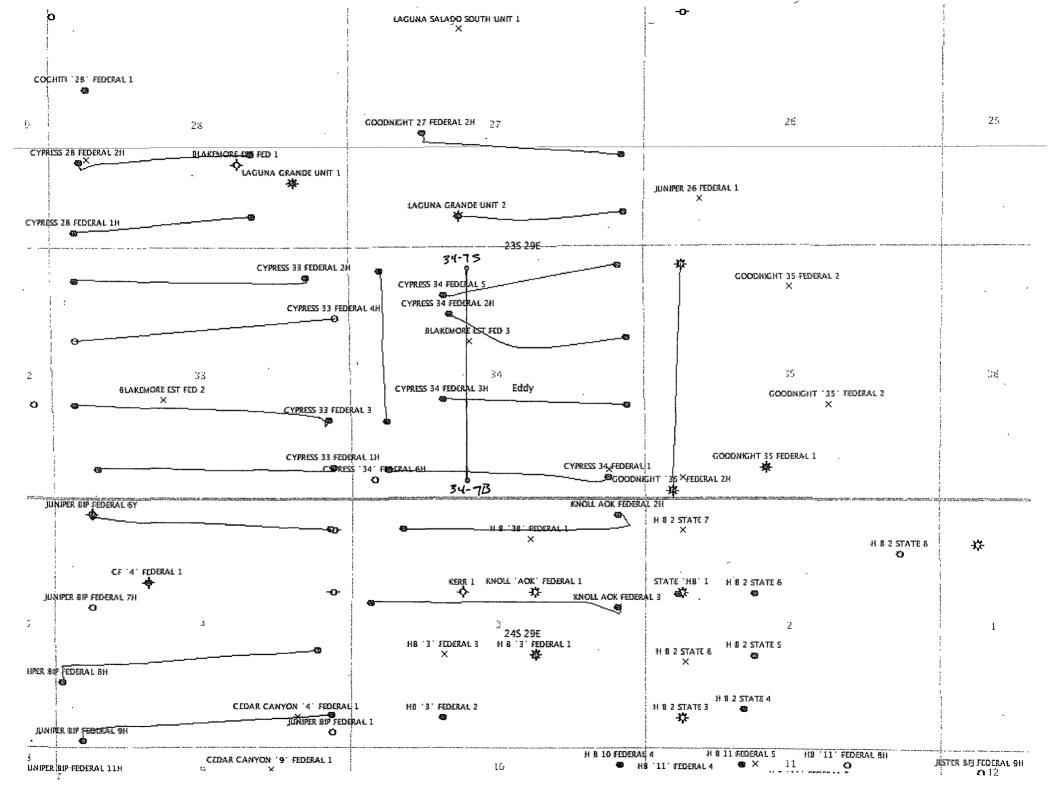


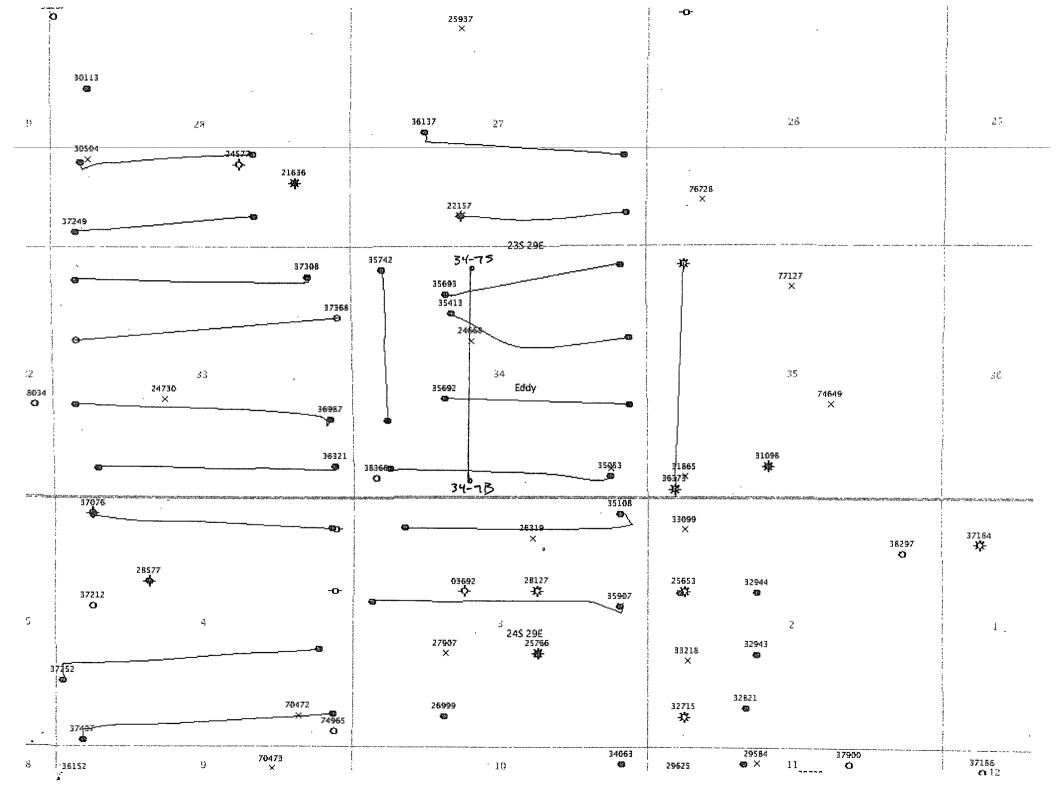
r b w line

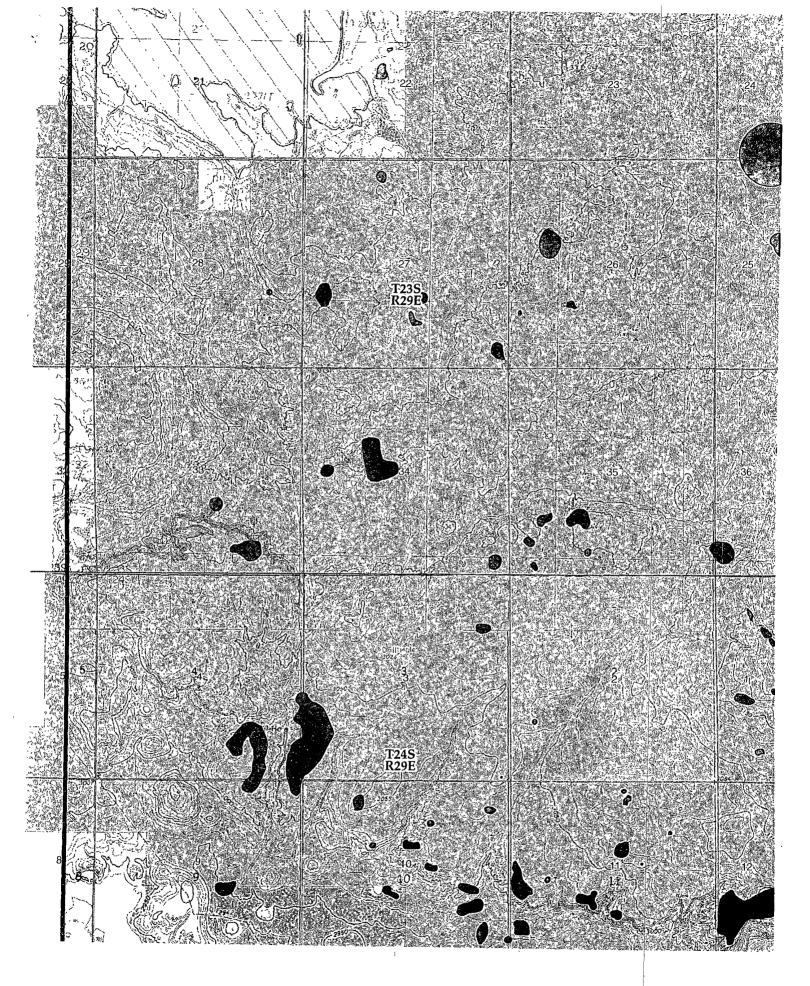






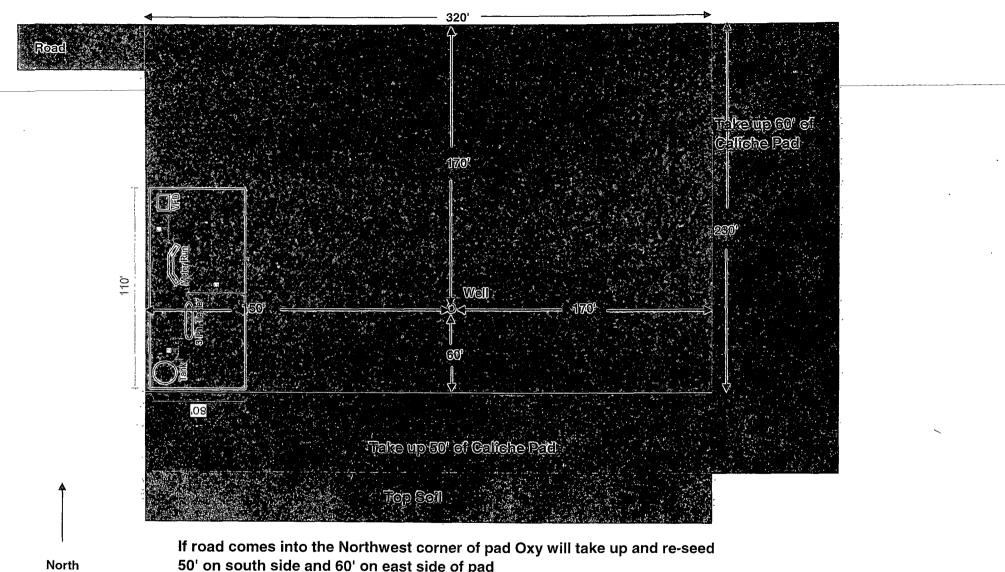






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28	26	
T23S R29E		
<b>33</b>	38	
724S R29E	2	

## H & P Flex 3 Rig Cypress 34 Federal # 7



50' on south side and 60' on east side of pad

## Cypress 34 Fed 7 Equipment List

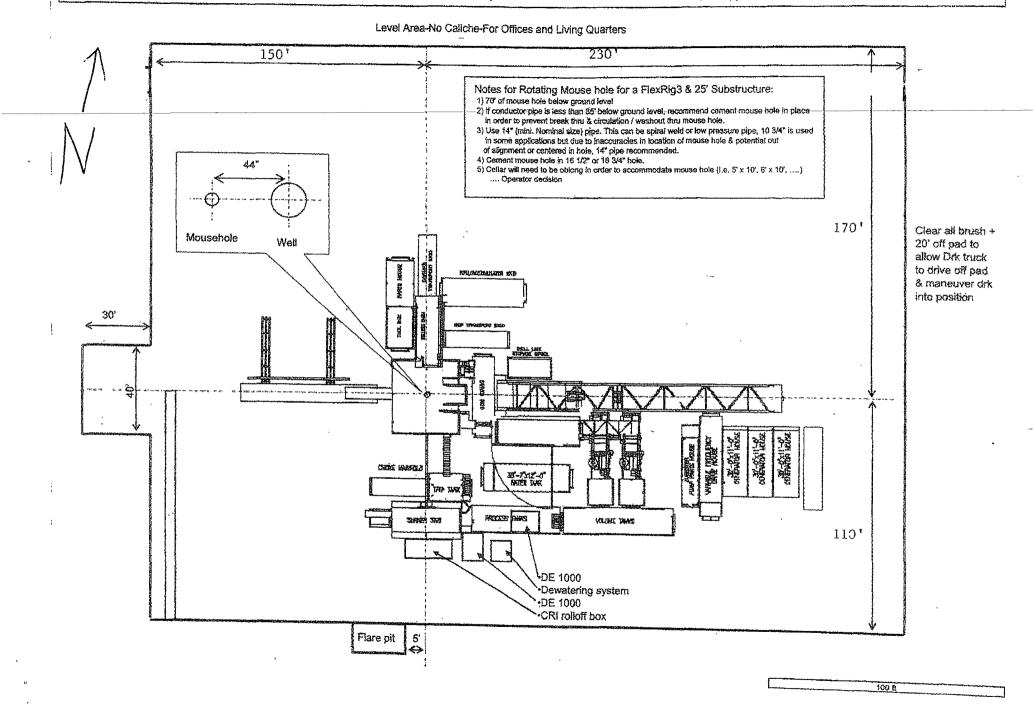
1 ea. VFD (30"x10')

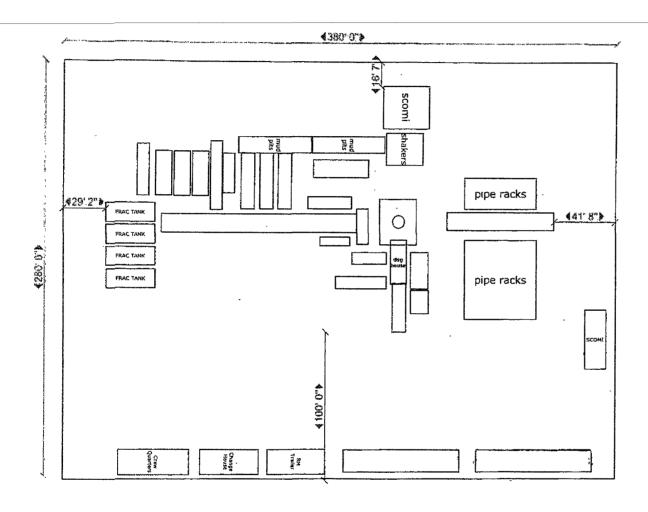
1 ea. 3-Phase Tester (30"x10")

1 ea. Meter Run

1 ea. Swab Tank (300 bbl)

# OXY FLEX III PAD (SCOMI Closed Loop System)





(4

