

30-015-39330

SURFACE USE PLAN OF OPERATIONS

Operator Name/Number:	OXY USA Inc.	16696
Lease Name/Number:	Cypress 28 Federal #4H	37803 Federal Lease No. NMNM86024
Pool Name/Number:	South Laguna Salado Bone Spring	96857
Surface Location:	1730 FNL 330 FWL SWNW(E) Sec 28 T23S R29E	
Bottom Hole Location:	1980 FNL 1700 FEL SWNE(G) Sec 28 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 2/25/11, certified 3/24/11.
- c. At the intersection of SH 128 and SH 18, go west on SH 128 for 48.1 miles. Turn south on CR 793 (Rawhide) for 3.5 miles, turn west on lease road for 4.4 miles. Turn south on proposed road for 79.1' to location.

2. New or Reconstructed Access Roads:

- a. A new access road will be built. The access road will run approximately 79.1' south 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 4.4 miles of an existing caliche road.

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 28 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>\$1,379.00</u>	79	\$0.16/ft over 1/4 mile	<u>\$0.00</u>	<u>\$1,379.00</u>
Pipeline - up to 1 mile	<u>\$1,273.00</u>	1730	\$266 per 1/4 mile	<u>\$0.00</u>	<u>\$1,273.00</u>
Electric Line - up to 1 mile	<u>\$637.00</u>	79	\$0.18/ft over 1 mile	<u>\$0.00</u>	<u>\$637.00</u>
Total	<u><u>\$3,289.00</u></u>			<u><u>\$0.00</u></u>	<u><u>\$3,289.00</u></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 14th day of April, 2011.

Name: _____ 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): _____ Larry Sammons _____
Address (If different from above): _____ P.O. Box 50250 Midland, TX 79710 _____
Telephone (if different from above): _____ 432-685-5724 _____
E-mail (if different from above): _____ Larry_Sammons@oxy.com _____

United States Department of the Interior
Bureau of Land Management
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220

Attention: Linda Denniston

RE: Cypress 28 Federal #4H
Eddy County, New Mexico

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

OPERATOR NAME: OXY USA Inc.
ADDRESS: P.O. Box 4294
Houston, Texas 77210-4294

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below:

LEASE NO.: NMNM 86024

LEGAL DESCRIPTION: SL: 1730 FNL 330 FWL SWNW(E)
PBHL: 1980 FNL 1700 FEL SWNE(G)
Section 28 T23S R29E
Eddy County, New Mexico

FORMATIONS: Bone Springs

BOND COVERAGE: Nationwide

BLM BOND FILE NO.: ES 0136

AUTHORIZED SIGNATURE: OXY USA Inc.

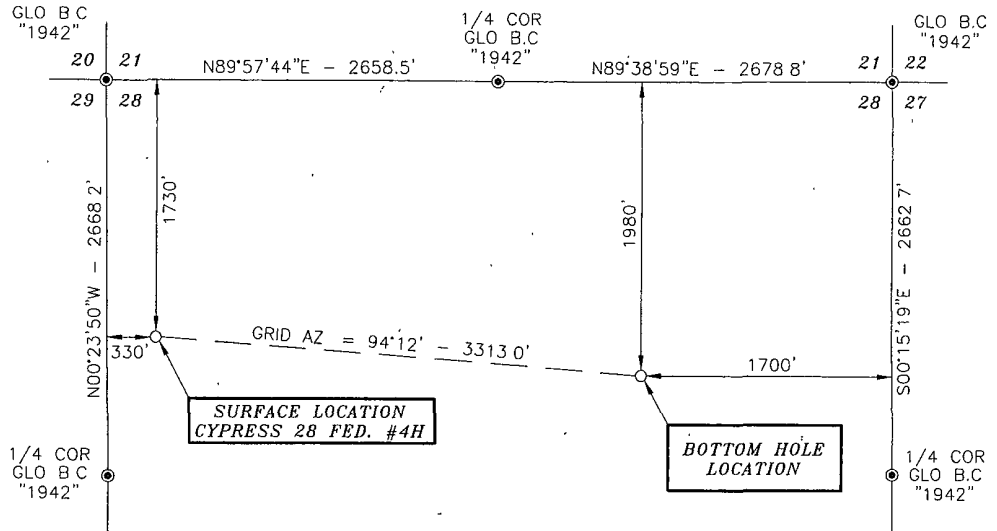
Colin D. Barnett

TITLE: Landman

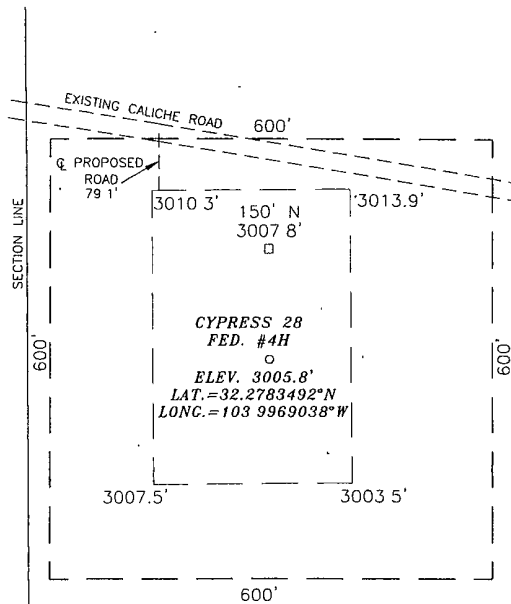
DATE: April 11, 2011

cc: David Stewart

SECTION 28, TOWNSHIP 23 SOUTH, RANGE 29 EAST, N.M.P.M.,
EDDY COUNTY NEW MEXICO



Base of Bearings - GPS Geodetic Measurements
NAD East Zone (83) North American Datum of 1983



DRIVING DIRECTIONS
BEGINNING IN JAL AT THE INTERSECTION
OF HWY #128 AND HWY. #18, GO WEST
ON HWY. #128 FOR APPX 48.1 MILES,
TURN SOUTH ON EDDY CO. ROAD #793
(RAWHIDE ROAD) FOR 3.5 MILES, TURN
WEST ON LEASE ROAD FOR 4.4 MILES,
TURN SOUTH ON PROPOSED ROAD FOR
79.1 FEET TO LOCATION

SCALE - 1" = 200'



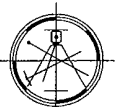
SURVEYORS CERTIFICATE

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 3/24/2011
Terry J. Asel, N.M. R.P.S. No. 15079

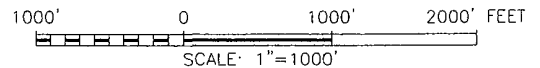
Asel Surveying

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



LEGEND

● - DENOTES FOUND MONUMENT AS NOTED

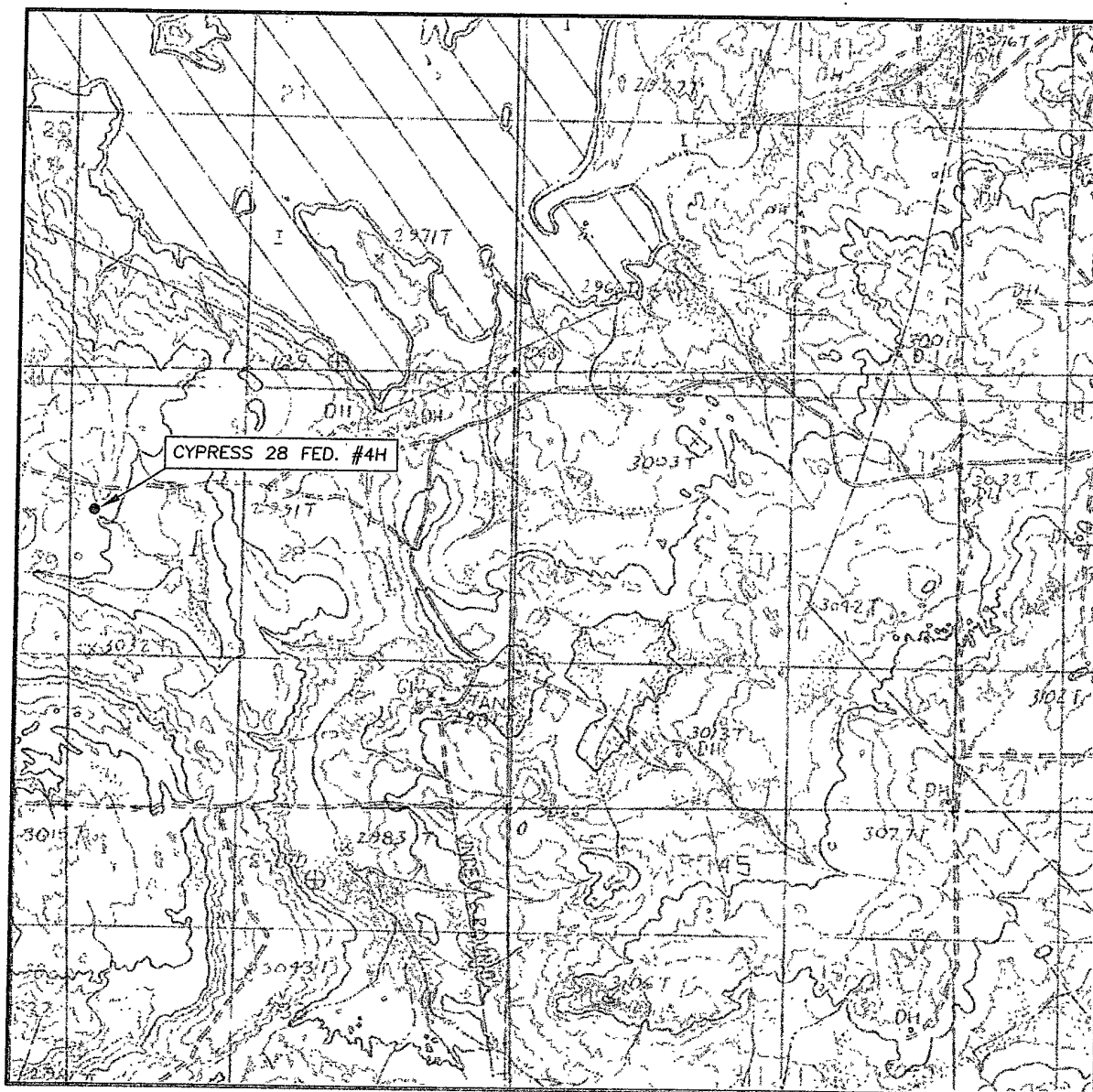


OXY USA INC.

CYPRESS 28 FED #4H AT
1730' FNL & 330' FWL IN SECTION 28,
TOWNSHIP 23 SOUTH, RANGE 29 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO

Survey Date: 02/25/11	Sheet 1 of 1 Sheets
W.O. Number: 110225WL	Drawn By: KA Rev
Date 03/22/11	110225WL Scale: 1" = 1000'

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'

SEC. 28 TWP 23-S RGE 29-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1730' FNL & 330' FWL

ELEVATION 3005.8'

OPERATOR OXY USA INC.

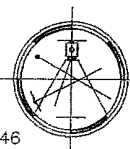
LEASE CYPRESS 28 FED. #4H

U.S.G.S. TOPOGRAPHIC MAP

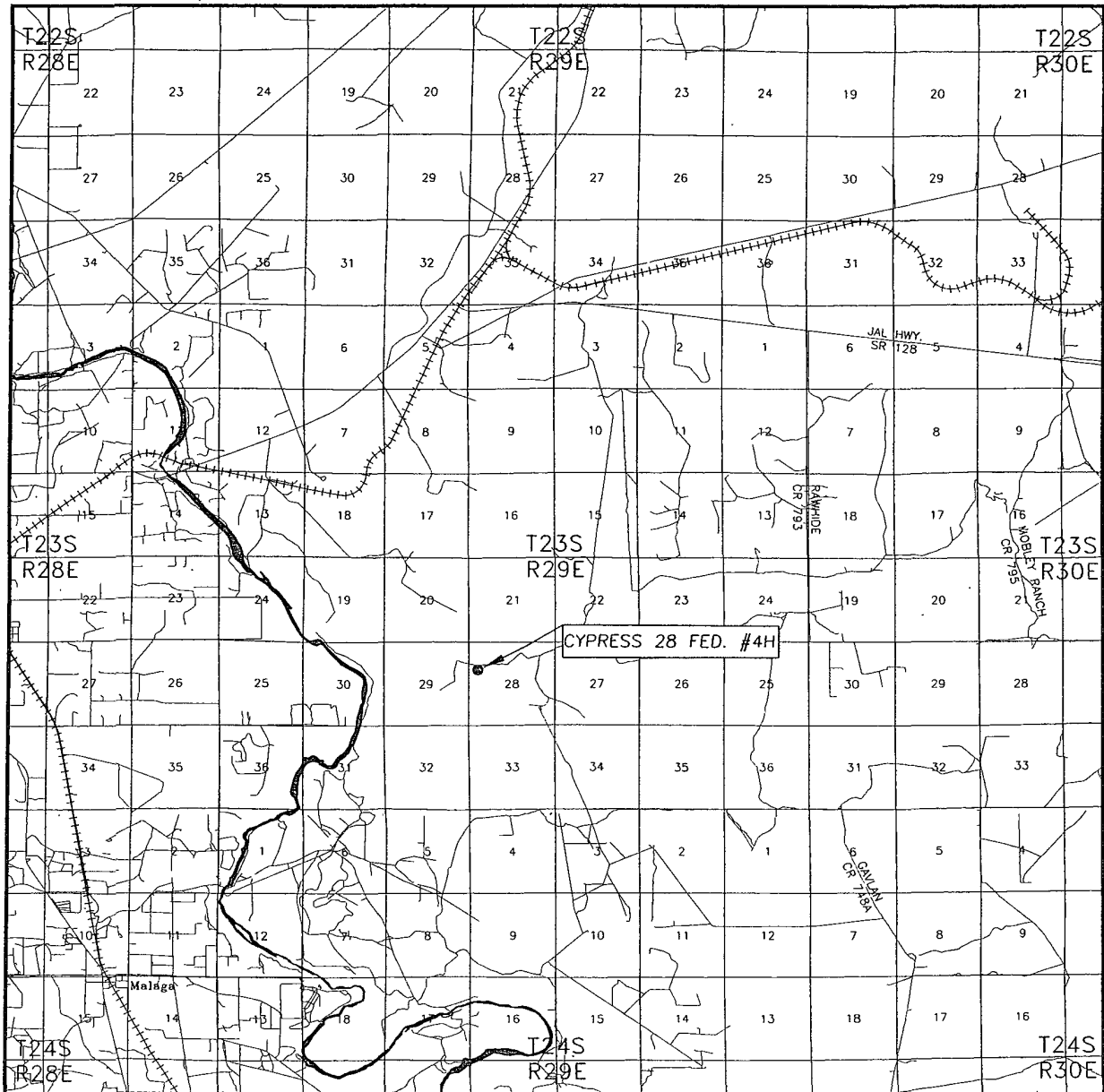
REMUDA BASIN, N.M.

Asel Surveying

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



VICINITY MAP

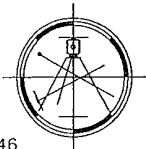


SEC. 28 TWP. 23-S RGE. 29-E
 SURVEY N.M.P.M.
 COUNTY EDDY
 DESCRIPTION 1730' FNL & 330' FWL
 ELEVATION 3005.8'
 OPERATOR OXY USA INC.
 LEASE CYPRESS 28 FED. #4H

SCALE: 1" = 2 MILES

Asel Surveying

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



DIRECTIONS BEGINNING IN JAL AT THE INTERSECTION OF HWY. #128 AND HWY #18, GO WEST ON HWY. #128 FOR APPX 48.1 MILES, TURN SOUTH ON EDDY CO. ROAD #793 (RAWHIDE ROAD) FOR 3.5 MILES, TURN WEST ON LEASE ROAD FOR 4.4 MILES, TURN SOUTH ON PROPOSED ROAD FOR 79.1 FEET TO LOCATION.

