

## SURFACE USE PLAN OF OPERATIONS

Operator Name/Number:	OXY USA Inc.	16696
Lease Name/Number:	Federal 23 #11H	304816
Pool Name/Number:	Livingston Ridge Delaware	39360
Surface Location:	590 FNL 380 FWL NWNW(D) Sec 26 T22S R31E	Federal Lease No. NMNM62590
Bottom Hole Location:	330 FNL 380 FWL NWNW(D) Sec 23 T22S R31E	Federal Lease No. NMNM62589

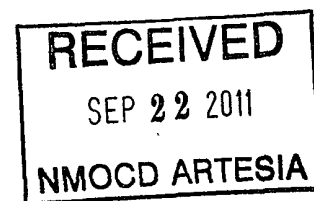
30-015-39437

### 1. Existing Roads

- A copy of a USGS "Los Medanos, 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 3/21/11, certified 6/11/11.
- Directions to Location: At the intersection of SH 128 and CR 798 (Red Road), go north on CR 798 for 7.7 miles. Turn left on caliche road and go west for 0.3 miles, go northwest for 0.3 miles, go west for 0.3 miles to location.

### 2. New or Reconstructed Access Roads:

- No new access road will be built.
- Surfacing material: N/A
- Maximum Grade: N/A
- Turnouts: None needed
- Drainage Design: N/A
- Culverts: None needed
- Cut and fills: N/A
- Gates or cattleguards: none required.
- Blade, water & repair 4750' of an existing 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.

- In the event the well is found productive, the Federal 23 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.

## 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

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

South *DAF 6-29-11*  
V-Door ~~North~~ Tanks West 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: Slash L16, Inc., P.O. Box 1358, 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>\$1,420.00</u>	0	\$0.17/ft over 1/4 mile	<u>\$0.00</u>	<u>\$1,420.00</u>
Pipeline - up to 1mile	<u>\$1,311.00</u>	8448	\$274 per 1/4 mile	<u>\$822.00</u>	<u>\$2,133.00</u>
Electric Line - up to 1mile	<u>\$656.00</u>	0	\$0.19/ft over 1 mile	<u>\$0.00</u>	<u>\$656.00</u>
Total	<u><u>\$3,387.00</u></u>			<u><u>\$822.00</u></u>	<u><u>\$4,209.00</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

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

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

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

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

Luis Tarazona  
Drilling Engineer  
P.O. Box 4294  
Houston, TX 77210  
Office Phone: 713-366-5771  
Cellular: 713-628-9526

### OPERATOR CERTIFICATION

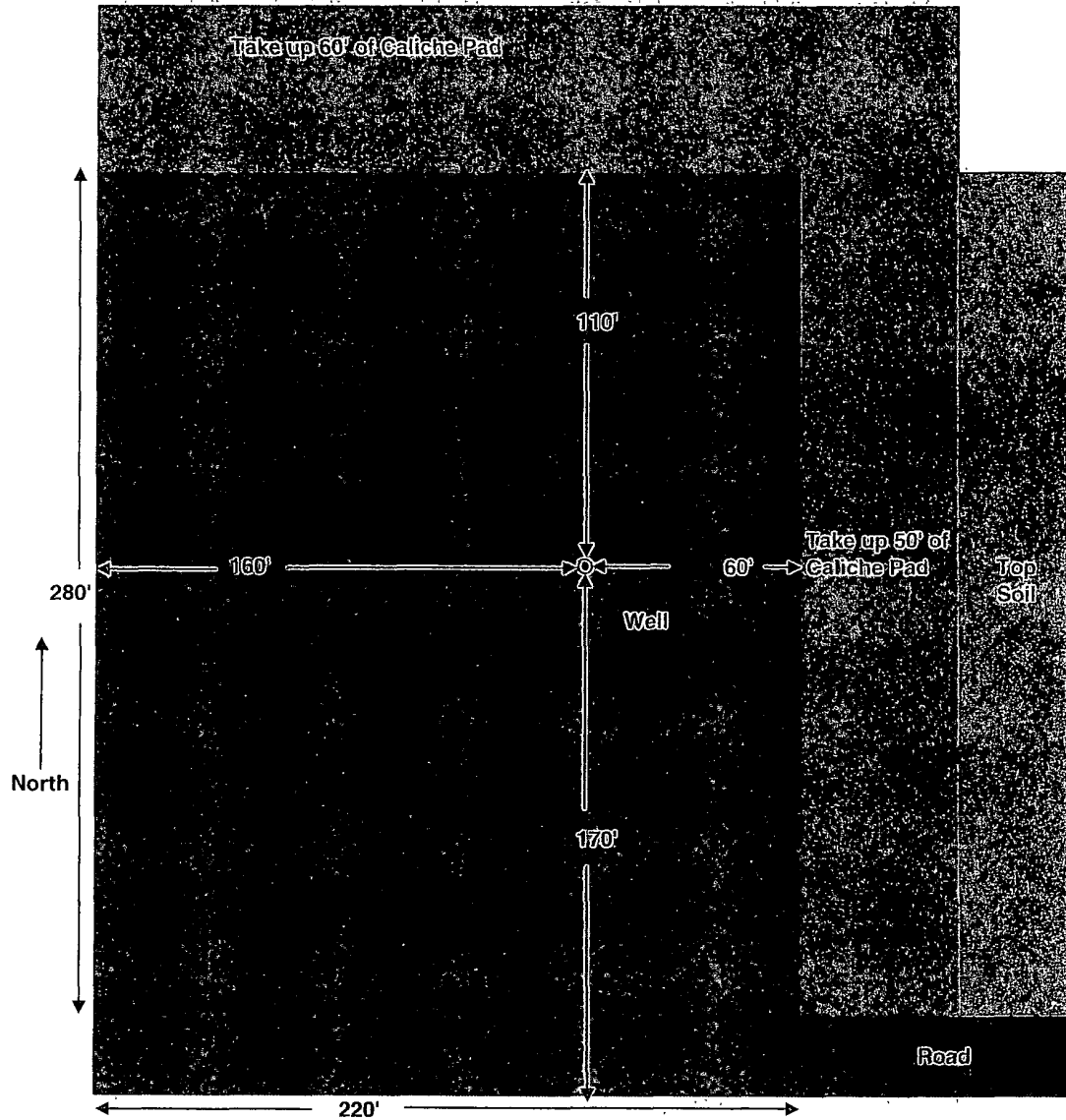
I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions that presently exist; that I have full knowledge of State and Federal laws applicable to this operation; that the statements made in 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

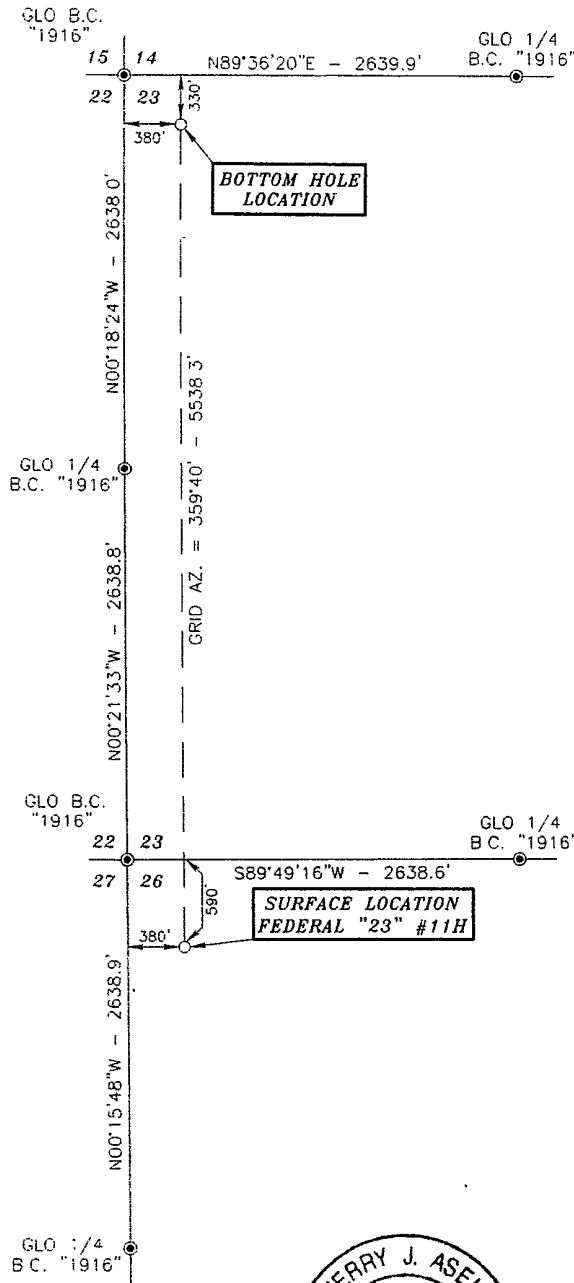
# H & P Flex 4 Rig

Federal 23 # 11H

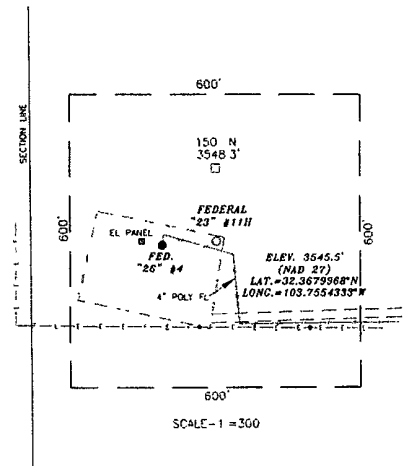
If road comes into Southeast corner of pad Oxy will take up  
50' on east side and 60' on north side of pad



SECTIONS 26 & 23, TOWNSHIP 22 SOUTH, RANGE 31 EAST, N.M.P.M.,  
EDDY COUNTY  
NEW MEXICO



DRIVING DIRECTIONS:  
 BEGINNING AT THE INTERSECTION OF N.M. STATE HWY. #128 AND EDDY COUNTY ROAD #798 (RED ROAD), GO NORTH ON EDDY COUNTY ROAD #798 FOR 7.7 MILES, TURN LEFT ON CALICHE ROAD AND GO WEST FOR 0.4 MILES, GO NORTHWEST FOR 0.3 MILES, GO WEST FOR 0.3 MILES TO LOCATION



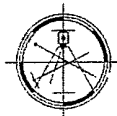
**SURVEYORS CERTIFICATE**

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* 3/30/2011  
 Terry J. Asel M.M. R.P.S. No. 15079

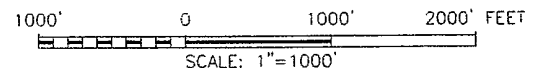
Asel Surveying

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



**LEGEND**

● - DENOTES FOUND MONUMENT AS NOTED

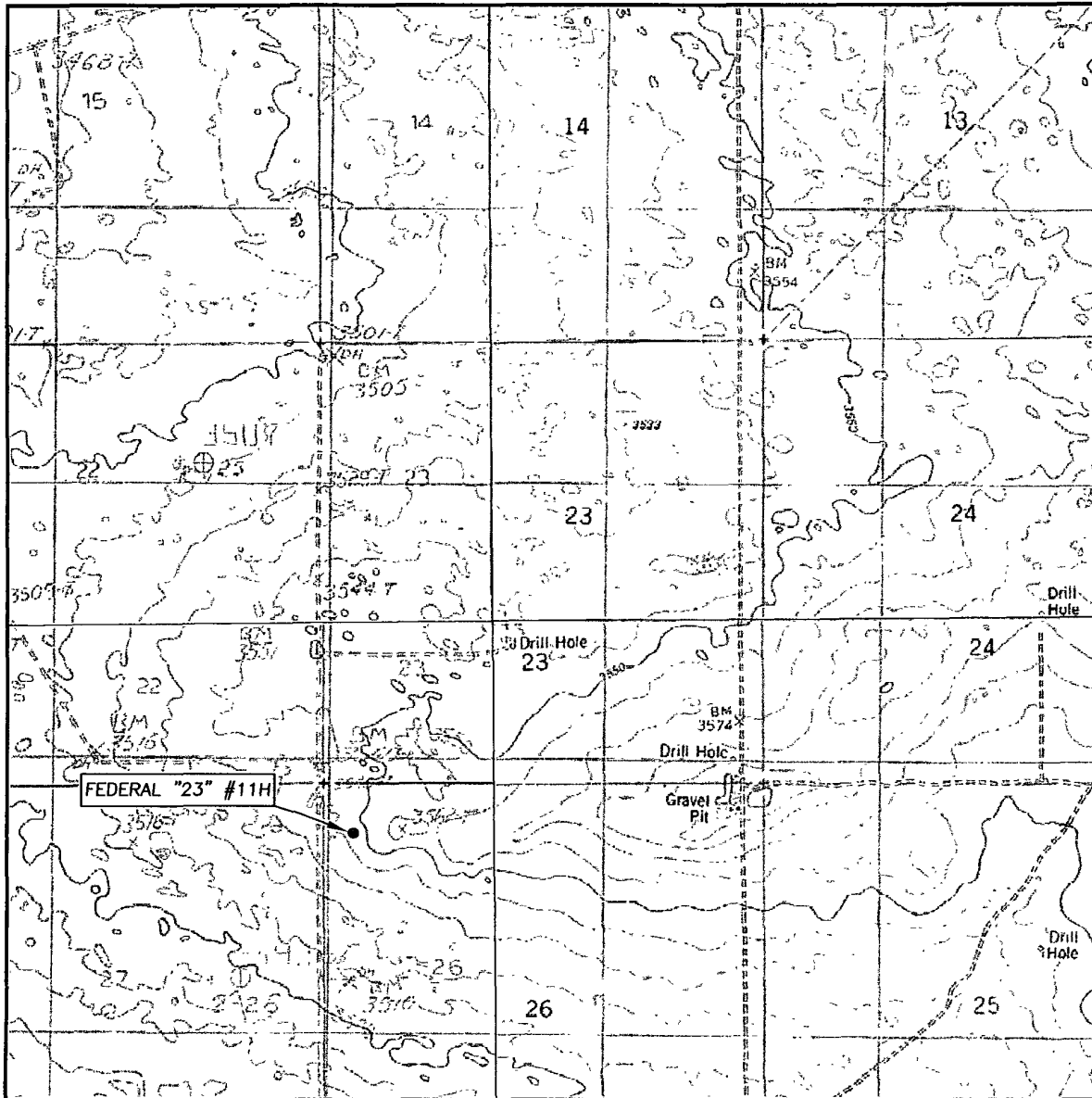


**OXY USA INC.**

FEDERAL "23" #11H LOCATED AT  
 590' FNL & 380' FWL IN SECTION 26,  
 TOWNSHIP 22 SOUTH, RANGE 31 EAST,  
 N.M.P.M., EDDY COUNTY, NEW MEXICO

Survey Date: 03/21/11	Sheet 1 of 1 Sheets
W.O. Number: 110321WL-b	Drawn By: KA Rev:
Date: 03/24/11	110321WL-b Scale: 1"=1000'

# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'

SEC. 26 TWP. 22-S RGE. 31-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 590' FNL & 380' FWL

ELEVATION 3545.5'

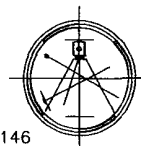
OPERATOR OXY USA INC.

LEASE FEDERAL "23" #11H

U.S.G.S. TOPOGRAPHIC MAP  
LOS MEDANOS, N.M.

Asel Surveying

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



The map displays a grid of 36 sections per township, with township and range labels (T21S R30E, T22S R30E, T23S R30E, T21S R31E, T22S R31E, T23S R31E) and section numbers. Key features include:

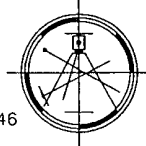
- Rivers:** Cimarron River, Red River, and Wolf River.
- Roads:** JAL HWY. 128, SR 6, SR 5, SR 793, SR 795, SR 796, SR 798, SR 802, SR 803, SR 804, SR 805, SR 806, SR 807, SR 808, SR 809, SR 810, SR 811, SR 812, SR 813, SR 814, SR 815, SR 816, SR 817, SR 818, SR 819, SR 820, SR 821, SR 822, SR 823, SR 824, SR 825, SR 826, SR 827, SR 828, SR 829, SR 830, SR 831, SR 832, SR 833, SR 834, SR 835, SR 836, SR 837, SR 838, SR 839, SR 840, SR 841, SR 842, SR 843, SR 844, SR 845, SR 846, SR 847, SR 848, SR 849, SR 850, SR 851, SR 852, SR 853, SR 854, SR 855, SR 856, SR 857, SR 858, SR 859, SR 860, SR 861, SR 862, SR 863, SR 864, SR 865, SR 866, SR 867, SR 868, SR 869, SR 870, SR 871, SR 872, SR 873, SR 874, SR 875, SR 876, SR 877, SR 878, SR 879, SR 880, SR 881, SR 882, SR 883, SR 884, SR 885, SR 886, SR 887, SR 888, SR 889, SR 890, SR 891, SR 892, SR 893, SR 894, SR 895, SR 896, SR 897, SR 898, SR 899, SR 900, SR 901, SR 902, SR 903, SR 904, SR 905, SR 906, SR 907, SR 908, SR 909, SR 910, SR 911, SR 912, SR 913, SR 914, SR 915, SR 916, SR 917, SR 918, SR 919, SR 920, SR 921, SR 922, SR 923, SR 924, SR 925, SR 926, SR 927, SR 928, SR 929, SR 930, SR 931, SR 932, SR 933, SR 934, SR 935, SR 936, SR 937, SR 938, SR 939, SR 940, SR 941, SR 942, SR 943, SR 944, SR 945, SR 946, SR 947, SR 948, SR 949, SR 950, SR 951, SR 952, SR 953, SR 954, SR 955, SR 956, SR 957, SR 958, SR 959, SR 960, SR 961, SR 962, SR 963, SR 964, SR 965, SR 966, SR 967, SR 968, SR 969, SR 970, SR 971, SR 972, SR 973, SR 974, SR 975, SR 976, SR 977, SR 978, SR 979, SR 980, SR 981, SR 982, SR 983, SR 984, SR 985, SR 986, SR 987, SR 988, SR 989, SR 990, SR 991, SR 992, SR 993, SR 994, SR 995, SR 996, SR 997, SR 998, SR 999, SR 1000.
- Ranches:** Lone Dove Ranch, Mills Ranch, and others.
- Other Features:** A black dot marking a location labeled "FEDERAL '23' #11H".

SCALE: 1" = 2 MILES

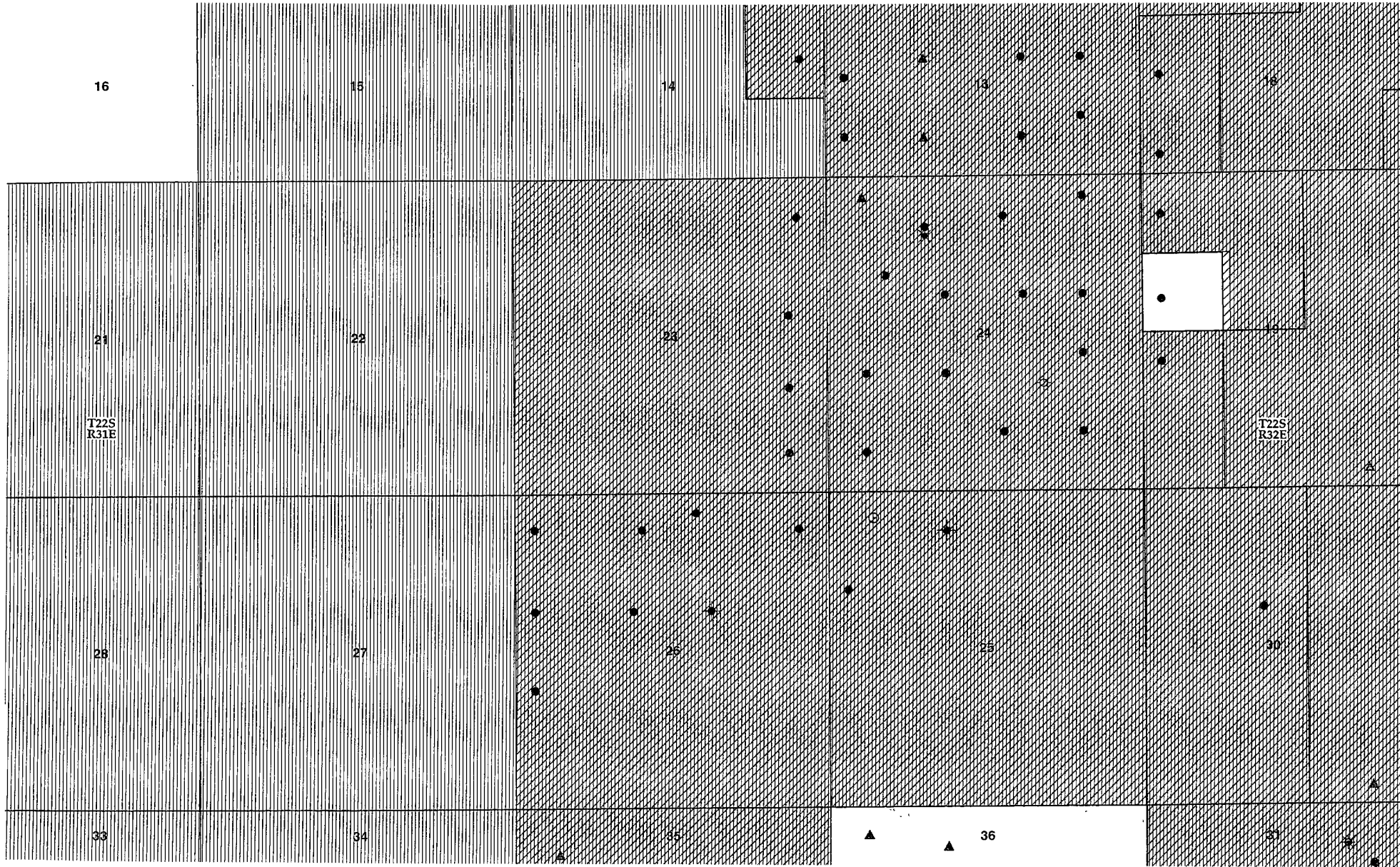
DIRECTIONS BEGINNING AT THE INTERSECTION OF N.M. STATE HWY. #128 AND EDDY COUNTY ROAD #798 (RED ROAD), GO NORTH ON EDDY COUNTY ROAD #798 FOR 7.7 MILES, TURN LEFT ON CALICHE ROAD AND GO WEST FOR 0.4 MILES, GO NORTHWEST FOR 0.3 MILES, GO WEST FOR 0.3 MILES TO LOCATION.

## Asel Surveying

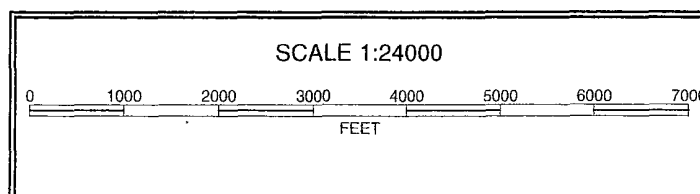
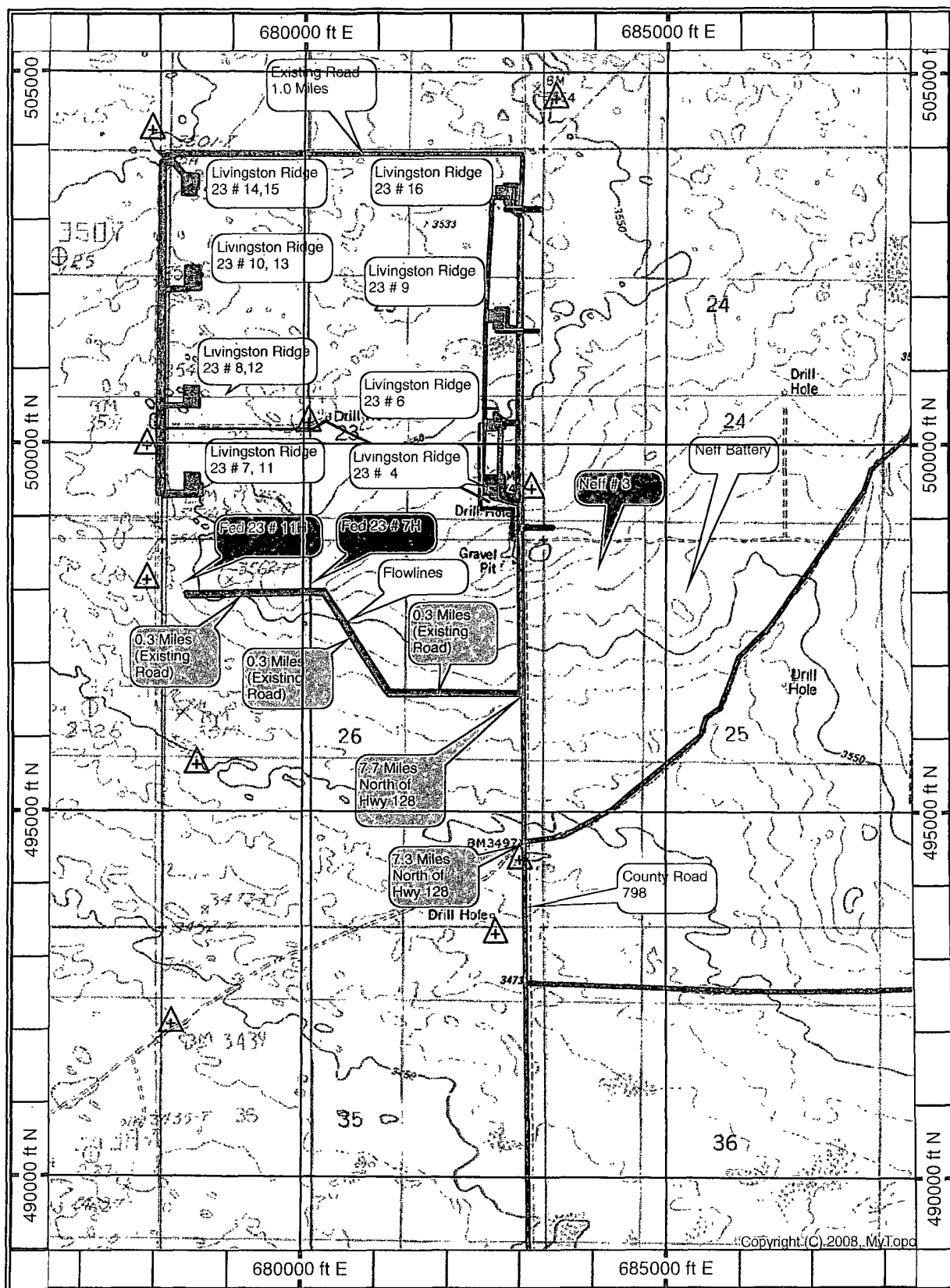
P.O. BOX 393 - 310 W. TAYLOR  
HOBBS, NEW MEXICO - 575-393-9146

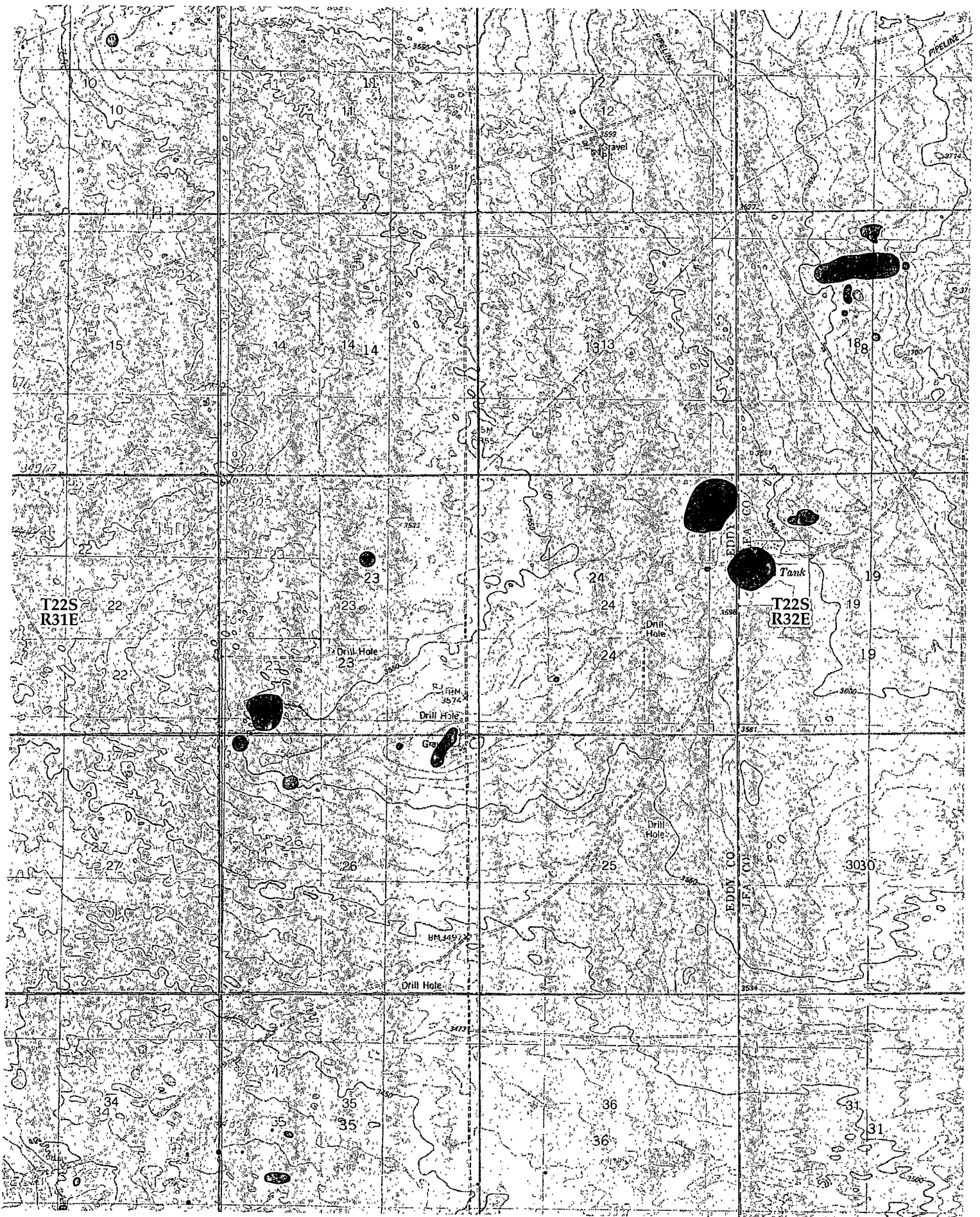




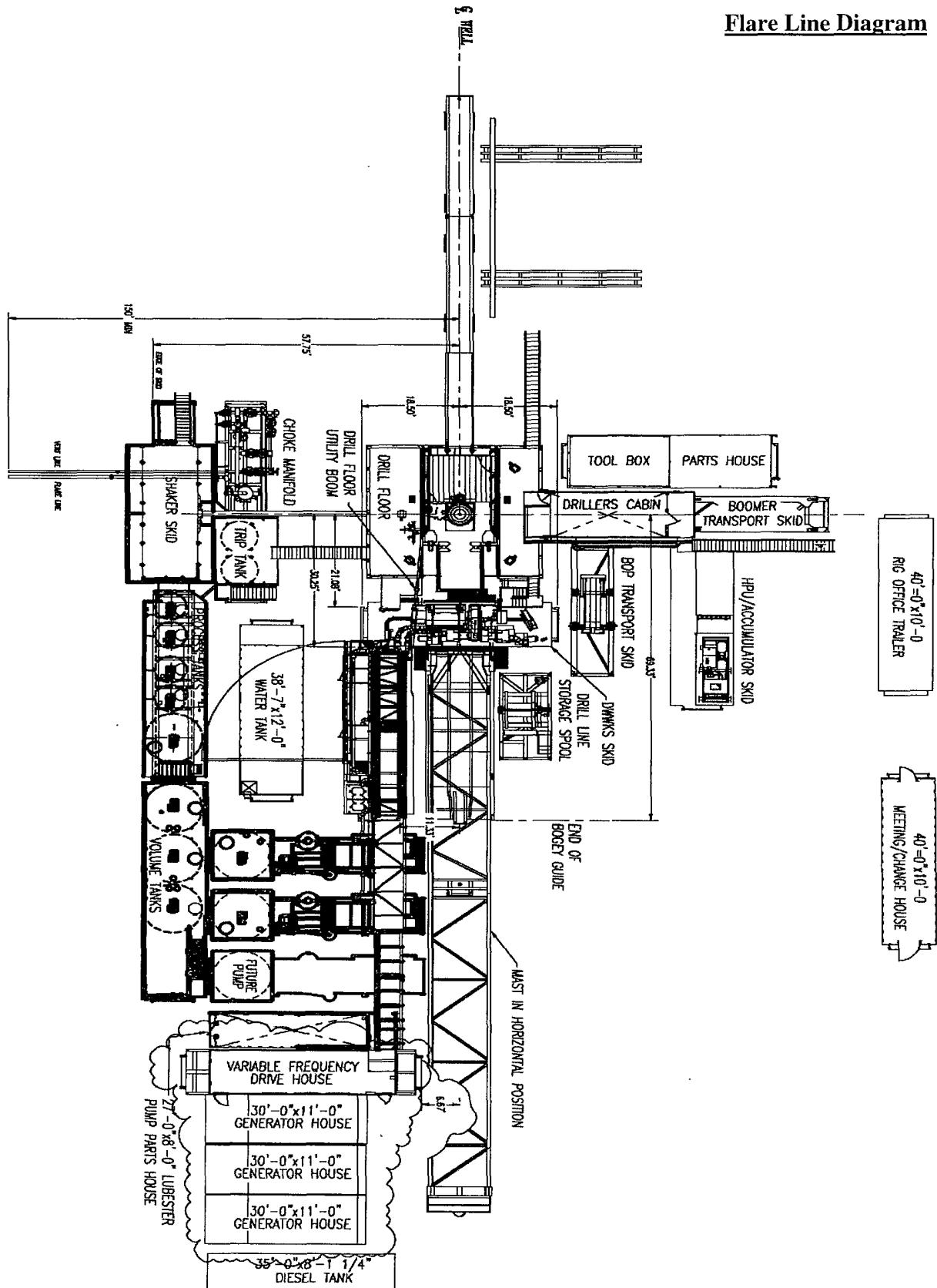








# Flare Line Diagram



---

**CERTIFICATE OF CONFORMITY**

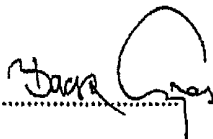
**Supplier** : CONTITECH RUBBER INDUSTRIAL KFT.  
**Equipment**: 6 pcs. Choke and Kill Hose with installed couplings  
**Type**: 3" x 10,67 m WP: 10000 psi  
**Supplier File Number** : 412638  
**Date of Shipment** : April. 2008  
**Customer** : Phoenix Beattie Co.  
**Customer P.o.** : 002491  
**Referenced Standards**  
**/ Codes / Specifications** : API Spec 16 C  
**Serial No.:** 52754,52755,52776,52777,52778,52782

**STATEMENT OF CONFORMITY**

We hereby certify that the above items/equipment supplied by us are in conformity with the terms, conditions and specifications of the above Purchaser Order and that these items/equipment were fabricated inspected and tested in accordance with the referenced standards, codes and specifications and meet the relevant acceptance criteria and design requirements.

**COUNTRY OF ORIGIN HUNGARY/EU**

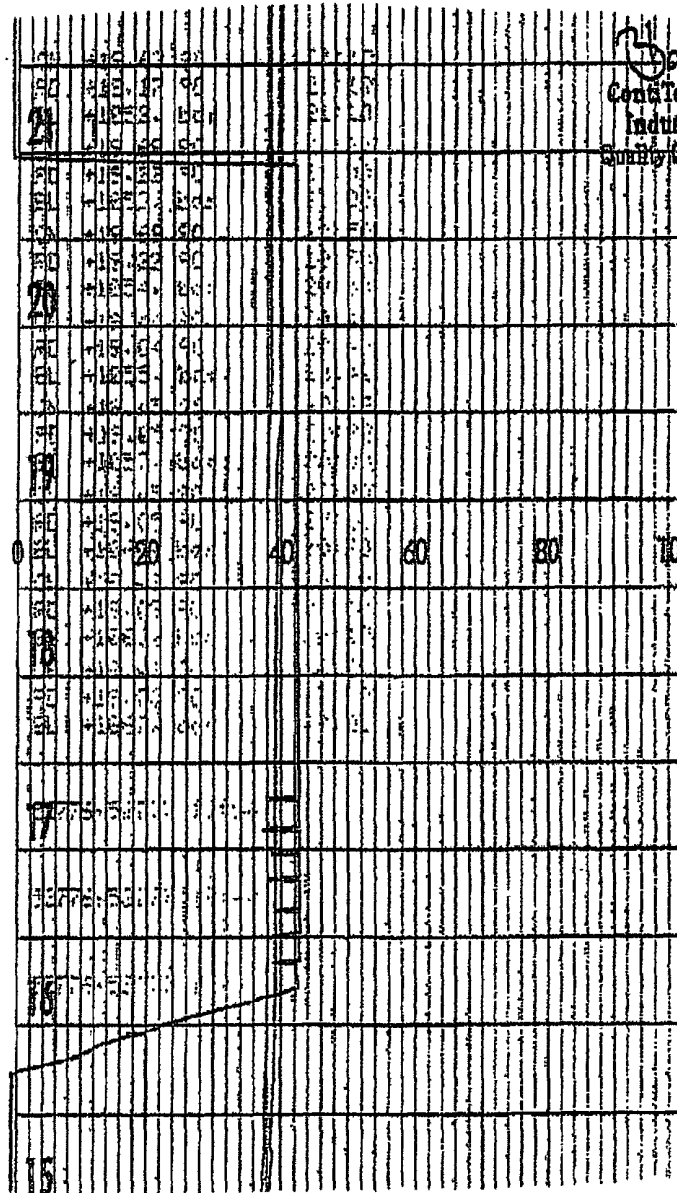
Signed : .....



Position: Q.C. Manager

ContiTech Rubber  
Industrial Kft.  
Quality Control Dept.  
(1)

Date: 04. April. 2008



3-1  
Cont Tech Rubber  
Industrial Kit  
Supply Control Dept.  
(2)

[illegible]

We hereby certify that these goods have been inspected by our Quality Management System, and to the best of our knowledge are found to conform to relevant industry standards within the requirements of the purchase order as issued to Phoenix Beattie Corporation.

05/23/09



**Phoenix Beattie Corp**

11535 Brittmoore Park Drive  
Houston, TX 77041  
Tel: (832) 327-0141  
Fax: (832) 327-0148  
E-mail: mail@phoenixbeattie.com  
www.phoenixbeattie.com

**Delivery Note**

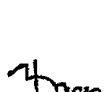

<b>Customer Order Number</b>	370-369-001	<b>Delivery Note Number</b>	003078	<b>Page</b>	1
<b>Customer / Invoice Address</b> HELMERICH & PAYNE INT'L DRILLING CO 1437 SOUTH BOULDER TULSA, OK 74119		<b>Delivery / Address</b> HELMERICH & PAYNE IDC ATTN: JOE STEPHENSON - RIG 370 13609 INDUSTRIAL ROAD HOUSTON, TX 77015			

<b>Customer Acc No</b>	<b>Phoenix Beattie Contract Manager</b>	<b>Phoenix Beattie Reference</b>	<b>Date</b>
H01	JJL	006330	05/23/2008

Item No	Beattie Part Number / Description	Qty Ordered	Qty Sent	Qty To Follow
1	HP10CK3A-35-4F1 3" 10K 16C C&K HOSE x 35ft OAL CW 4.1/16" API SPEC FLANGE E/ End 1: 4.1/16" 10Kpsi API Spec 6A Type 6BX Flange End 2: 4.1/16" 10Kpsi API Spec 6A Type 6BX Flange c/w BX155 Standard ring groove at each end Suitable for H2S Service Working pressure: 10,000psi Test pressure: 15,000psi Standard: API 16C Full specification Armor Guarding: Included Fire Rating: Not Included Temperature rating: -20 Deg C to +100 Deg C	1	1	0
2	SECK3-HPF3 LIFTING & SAFETY EQUIPMENT TO SUIT HP10CK3-35-F1 2 x 160mm ID Safety Clamps 2 x 244mm ID Lifting Collars & element C's 2 x 7ft Stainless Steel wire rope 3/4" OD 4 x 7.75t Shackles	1	1	0
3	SC725-200CS SAFETY CLAMP 200MM 7.25T C/S GALVANISED	1	1	0

Continued...

All goods remain the property of Phoenix Beattie until paid for in full. Any damage or shortage on this delivery must be advised within 5 days. Returns may be subject to a handling charge.

<b>QUALITY CONTROL INSPECTION AND TEST CERTIFICATE</b>				CERT. N°: 746	
PURCHASER: Phoenix Beattie Co.				P.O. N°: 002491	
CONTITECH ORDER N°: 412838		HOSE TYPE: 3" ID Choke and Kill Hose			
HOSE SERIAL N°: 52777		NOMINAL / ACTUAL LENGTH: 10,67 m			
W.P. 68,96 MPa 10000 psi		T.P. 103,4 MPa 15000 psi		Duration: 60 ~ min.	
Pressure test with water at ambient temperature					
<p style="text-align: center;">See attachment. (1 page)</p>					
↑ 10 mm = 10 Min. → 10 mm = 25 MPa					
<b>COUPLINGS</b>					
Type		Serial N°		Heat N°	
3" coupling with 4 1/16" Flange end		917 913		T7998A  26984	
INFOCHIP INSTALLED		API Spec 16 C Temperature rate: "B"			
All metal parts are flawless					
WE CERTIFY THAT THE ABOVE HOSE HAS BEEN MANUFACTURED IN ACCORDANCE WITH THE TERMS OF THE ORDER AND PRESSURE TESTED AS ABOVE WITH SATISFACTORY RESULT.					
Date:  04. April. 2008		Inspector		Quality Control   	

**Phoenix Beattie Corp**

11535 Brittonmore Park Drive  
Houston, TX 77041  
Tel: (832) 327-0141  
Fax: (832) 327-0148  
E-mail: mail@phoenixbeattie.com  
www.phoenixbeattie.com

**Delivery Note**

<b>Customer Order Number</b>	370-369-001	<b>Delivery Note Number</b>	003078	<b>Page</b>	2
<b>Customer / Invoice Address</b> HELMERICH & PAYNE INT'L DRILLING CO 1437 SOUTH BOULDER TULSA, OK 74119		<b>Delivery / Address</b> HELMERICH & PAYNE IDC ATTN: JOE STEPHENSON - RIG 370 13609 INDUSTRIAL ROAD HOUSTON, TX 77015			

<b>Customer Acc No</b>	<b>Phoenix Beattie Contract Manager</b>	<b>Phoenix Beattie Reference</b>	<b>Date</b>
H01	JJL	006330	05/23/2008

Item No	Beattie Part Number / Description	Qty Ordered	Qty Sent	Qty To Follow
4	SC725-132CS SAFETY CLAMP 132MM 7.25T C/S GALVANIZED C/W BOLTS	1	1	0
5	00CERT-HYDRO HYDROSTATIC PRESSURE TEST CERTIFICATE	1	1	0
6	00CERT-LOAD LOAD TEST CERTIFICATES	1	1	0
7	00FREIGHT INBOUND / OUTBOUND FREIGHT PRE-PAY & ADD TO FINAL INVOICE NOTE: MATERIAL MUST BE ACCOMPANIED BY PAPERWORK INCLUDING THE PURCHASE ORDER, RIG NUMBER TO ENSURE PROPER PAYMENT	1	1	0

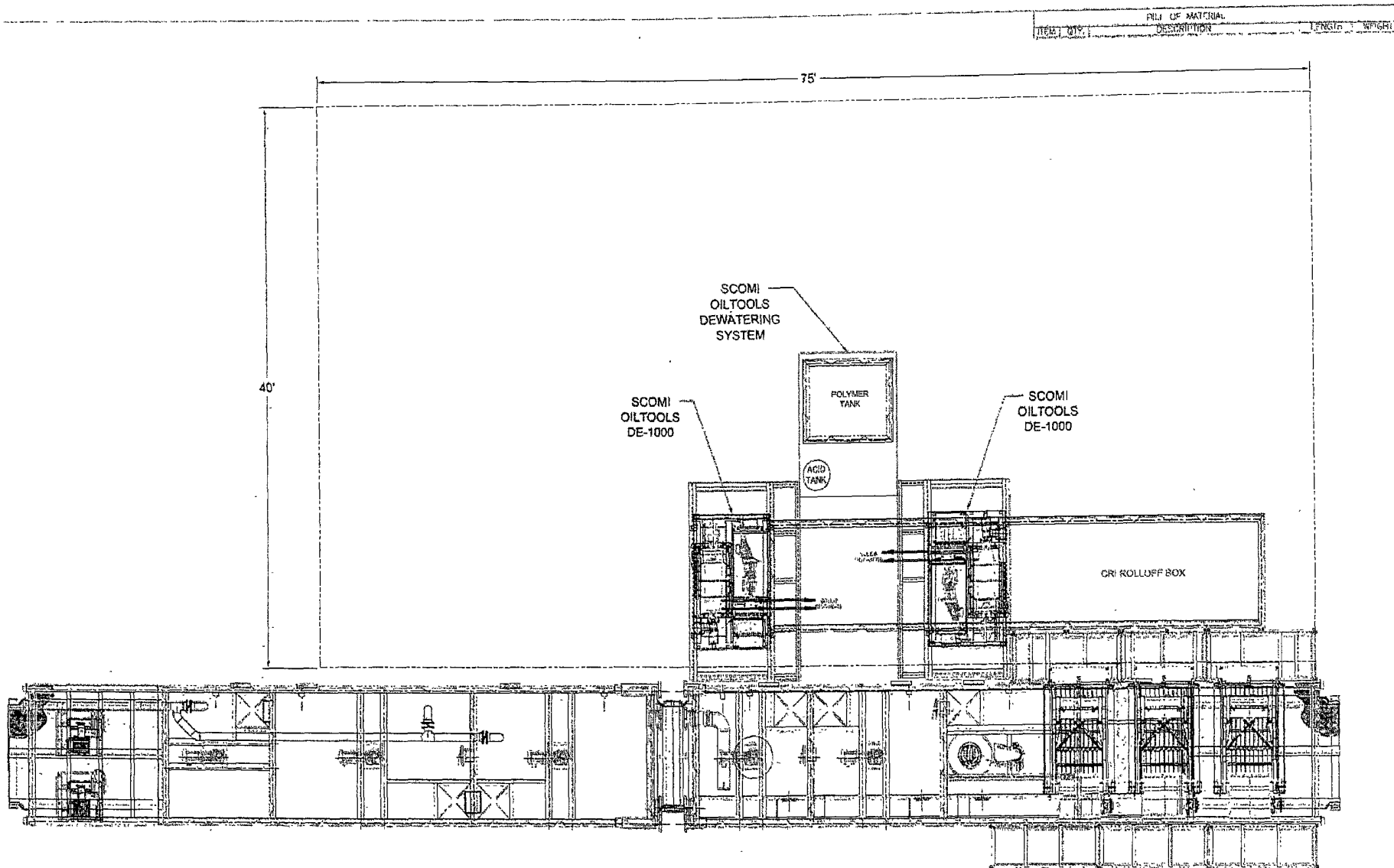
Phoenix Beattie Inspection Signature :

Received In Good Condition : Signature

Print Name

Date

All goods remain the property of Phoenix Beattie until paid for in full. Any damage or shortage on this delivery must be advised within 5 days.  
Returns may be subject to a handling charge.



										1. ALL STRUCTURAL MATERIAL SHALL BE A516 - 40										2. ALL PIPE SHALL BE 40 MATERIAL SA 105 GR. B										3. ALL FLANGES SHALL BE 5016 150# R MATERIAL SA 105										4. ALL FITTINGS 5016 40 MATERIAL SHALL BE SA 234 GR. WPB										5. TANK FABRICATION SHALL BE IN ACCORDANCE WITH API-650										THE DESIGN, INFORMATION & ITS DISCLOSURE ON THIS DRAWING OR COPIES ARE THE EXCLUSIVE 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 INCORPORATED INTO A MACHINE LANGUAGE OR USED FOR MANUFACTURE OR OTHER PURPOSES WITHOUT THE WRITTEN PERMISSION OF Scomi INTERNATIONAL LIMITED. IN RESPECT OF SUCH PERMISSION, APPLY AND DIRECTLY FOR THE BUSINESS CONCERNED. THE DESIGN AND ANY COPIES SHALL BE RETURNED TO Scomi INTERNATIONAL LIMITED UPON REQUEST.										TITLE CLOSED LOOP SYSTEM BASIC LAYOUT AND TIE IN OXY - H&P - FLEX RIGS / PG 1 OF 2										Scomi 501 H. Gail Industrial Parkway East, Suite 100, Houston, Texas 77060 PHONE: (813) 688-6816, FAX: (813) 688-6827									
DESIGN BY: DATE: 10/20/03										CHECKED BY: DATE:										APPROVED: DATE: 10/20/03										SCALE: NTS										ADD. ENG. D										FORM NO. 521S-014										REV. A																													
APPROVED: DATE: 10/20/03										CHECKED BY: DATE:										APPROVED: DATE: 10/20/03										SCALE: NTS										ADD. ENG. D										FORM NO. 521S-014										REV. A																													



