

Reliant Exploration and Production LLC
300 N. Marienfeld, Suite 600
Midland, Texas 79701

March 10, 2011

VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED
AND EMAIL: mark_hodge@oxy.com

Mr. Mark E. Hodge
OXY USA Inc.
5 Greenway Plaza, Suite 110
Houston, Texas 77046

#624K

Re: Reliant's Proposed Well 7-1-L
Lot 3 (38.70 acres), Lot 4 (38.74 acres) and the SE/4 SW/4 of Section 7, T-19-N, R-31-E,
N.M.P.M., Harding County, New Mexico

Dear Mark:

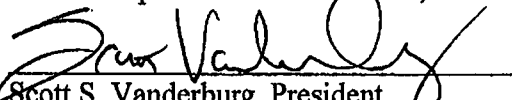
Reliant Exploration and Production LLC hereby proposes to drill the 7-1-L well to an approximate depth of 2,600 ft. or a depth sufficient to test the Tubb Formation and all other potentially productive formations encountered in the captioned well. The proposed spacing unit for the well will include acreage owned by OXY USA Inc. ("OXY") and therefore we are submitting this proposal concerning the drilling of the well.

Please indicate the option of OXY's choice below, sign and return this letter by mail and email to our office at 300 N. Marienfeld, Ste. 600, Midland, Texas 79701, email: scottv@reliantholdingsltd.com. Reliant has estimated the costs of drilling the proposed well at approximately \$623,866.00, as indicated in the attached AFE. If OXY elects to participate in the proposed operation, please also execute and return the enclosed AFE along with a check in the amount of \$155,966.50 (Oxy's 25% WI X \$623,866.00), which represents OXY's share of the AFE. Please also include a Well Requirement Sheet containing a contact name, facsimile number and e-mail address, if available, to insure receipt of well information. Reliant would operate the well on the terms and conditions of the enclosed JOA.

Your early attention and response to this proposal will be greatly appreciated. If we do not hear from you within thirty (30) days of the date of this letter, Reliant intends to file an application with the New Mexico Oil Conversation Division to pool your interests in the subject well.

Oxy USA Inc.
Hodge
March 10, 2011
Page 2

Reliant Exploration & Production, L.L.C.



Scott S. Vanderburg, President

_____ OXY hereby elects to participate in the 7-1-L Well.
_____ OXY hereby elects not to participate in the 7-1-L Well.

OXY USA Inc.

By: _____
Name: _____
Title: _____
Date: _____

AFE 1931 7-1-L

Intangible Drilling			PERMITS & LOCATION		\$ 62,239.00
Supervision	\$ 7,500.00		DRILLING		\$ 329,702.00
Geology	\$ 480.00		COMPLETION		\$ 114,748.00
Surveying	\$ 832.00		WELL HEAD MONITORING EQUIPMENT		\$ 15,600.00
Legal	\$ 25,000.00		FLOWLINES TO COLLECTION SYSTEM		\$ 51,000.00
Roads Location & Pads	\$ 25,325.00		LAND DAMAGES & PIT CLOSURE		\$ 50,577.00
Pit Linelng	\$ 3,102.00			TOTALS	\$ 623,866.00
Surface Damage	\$ 3,400.00				
Water	\$ 1,460.00				
Water Hauling	\$ 6,197.00				
Trucking Rig Mob-Demob	\$ 37,500.00				
Trucking FG Pipe	\$ 1,600.00				
Trucking Inter Rig Mov	\$ 1,500.00				
Sub Set Guide Shoes	\$ 253.00				
Sub Set 51/2	\$ 3,500.00				
Surface Casing	\$ 10,754.00				
Production Casing Stee	\$ 1,800.00				
Production Casing Glas	\$ 47,263.00				
Drilling-Daywork & Rig Move	\$ 82,338.00				
Drill Pipe Inspection	\$ 920.00				
Mud & Logger	\$ 25,000.00				
Electric Logging	\$ 18,000.00				
Cementing Surface Strl	\$ 26,673.00				
Centralizers (85/8)	\$ 631.00				
Cementing Production S	\$ 30,084.00				
Bits & Reamers	\$ 8,815.00				
Rental Potty and Trash	\$ 1,600.00				
Rental Fork Lift	\$ 600.00				
Fuel	\$ 11,000.00				
Miscellaneous I.D.	\$ 11,014.00				
Pit Closure & Disposal	\$ 47,177.00				
Intangible Drilling Total	\$ 441,318.00				
Tangible Completion					
Wellhead	\$ 1,200.00				
Gas Metering Equip.	\$ 15,000.00				
Miscellaneous T.C.	\$ 600.00				
Tangible Completion Total	\$ 16,800.00				
Intangible Completion					
Preforating & Logging	\$ 16,000.00				
Slick Line Services	\$ 3,249.00				
Safety Anchors	\$ 1,163.00				
Fracturing	\$ 81,572.00				
CO2 FOR FRACING	\$ 8,000.00				
Frac Tank and Rent & Haul	\$ 4,764.00				
Well Testing	\$ 11,000.00				
Well Monitoring and Flowlines	\$ 40,000.00				
Intangible Completion Total	\$ 165,748.00				
Total Completed Well Cost	\$ 623,866.00				
			AGREED:		
			OXY USA INC.:		
			BY:		
			NAME:		
			TITLE:		
			DATE:		