

## SURFACE USE PLAN OF OPERATIONS

Operator Name/Number: Occidental Permian - 157984

Lease Name/Number: Amoco "21" Federal #1H

Pool Name/Number: Old Millman Ranch - Bone Spring - 048035

Surface Location: A, SEC 21; T19S, R32E; 470' FNL & 660' FEL; LEA COUNTY

Bottom Hole Location: P, SEC 21, T19S, R32E; 330' FNL & 660' FEL; LEA COUNTY

HOBBS OCD

SEP 17 2012

### 1. Existing Roads

- RECEIVED
- a. A copy of a USGS "GREENWOOD LAKE, 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 11-01-2011, certified 11-18-2011.
  - c. Directions to Location:  
From Hobbs, N.M. go west/southwest on Hwy 62-180 for 37.0 miles, then west on Hwy 176 for 4.5 miles, then north on County Road 126a for 4.7 miles, then east on caliche road for 2.4 miles, then north on caliche road for 1.0 miles, then west on caliche road for 0.2 miles to location.

### 2. New or Reconstructed Access Roads:

- a. A new access road will be built. The access road will run approximately 1450' road to the location.
- 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 existing caliche road as required/needed.

### 3. Location of Existing Wells:

Existing wells within a one mile radius of the proposed well are shown on attached plat.

### 4. Location of Existing and/or Proposed Production Facilities.

- a. In the event the well is found productive, the production would be stored on location in storage tanks and hauled upon selling of product and the necessary production equipment will be installed at the well site. See proposed Production Facilities Layout diagram.
- b. The route for the electric line route will follow the section line on state land and the ROW are being applied for. The section on BLM will be submitted separately on sundry notice.
- c. All flowlines will adhere to API Standards.

SEP 20 2012

## 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 - CONTROL RECOVERY INC - R9166
  - 2. Liquids - SUNDANCE LANDFILL - NM-01-003
- 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
  - 1. Solids - CONTROL RECOVERY INC - R9166
  - 2. Liquids - SUNDANCE LANDFILL - NM-01-003

## 8. Ancillary Facilities: None needed

## 9. Well Site Layout

See attached for the proposed well site layout with dimensions of the pad layout and equipment location

V-Door	<u>NORTH</u>	CL Tanks	<u>40' X 75'</u>	Pad	<u>280' X 380'</u>
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## 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: \_\_\_\_\_ Kenneth Smith, Inc.  
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 will be completed by Boone Archaeological Services, LLC and forwarded to the BLM office in Carlsbad, NM.

## 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:

Kim Moore  
Production Coordinator  
1017 W. Stanolind Rd.  
Hobbs, NM 88240  
Office Phone: 575-397-8236  
Cellular: 575-706-1219

Charles Wagner  
Manager Field Operations  
1502 West Commerce Dr.  
Carlsbad, NM 88220  
Office Phone: 575-628-4151  
Cellular: 575-725-8306

Allan Wells  
Drilling Superintendent  
P.O. Box 4294  
Houston, TX 77210  
Office Phone: 713-350-4810  
Cellular: 713-569-8697

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

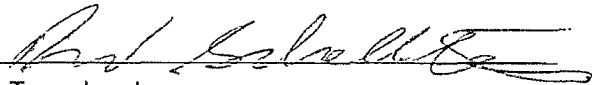
Juan Pinzon  
Drilling Engineering Supervisor  
P.O. Box 4294  
Houston, TX 77210  
Office Phone: 713-366-5058  
Cellular: 713-503-3962

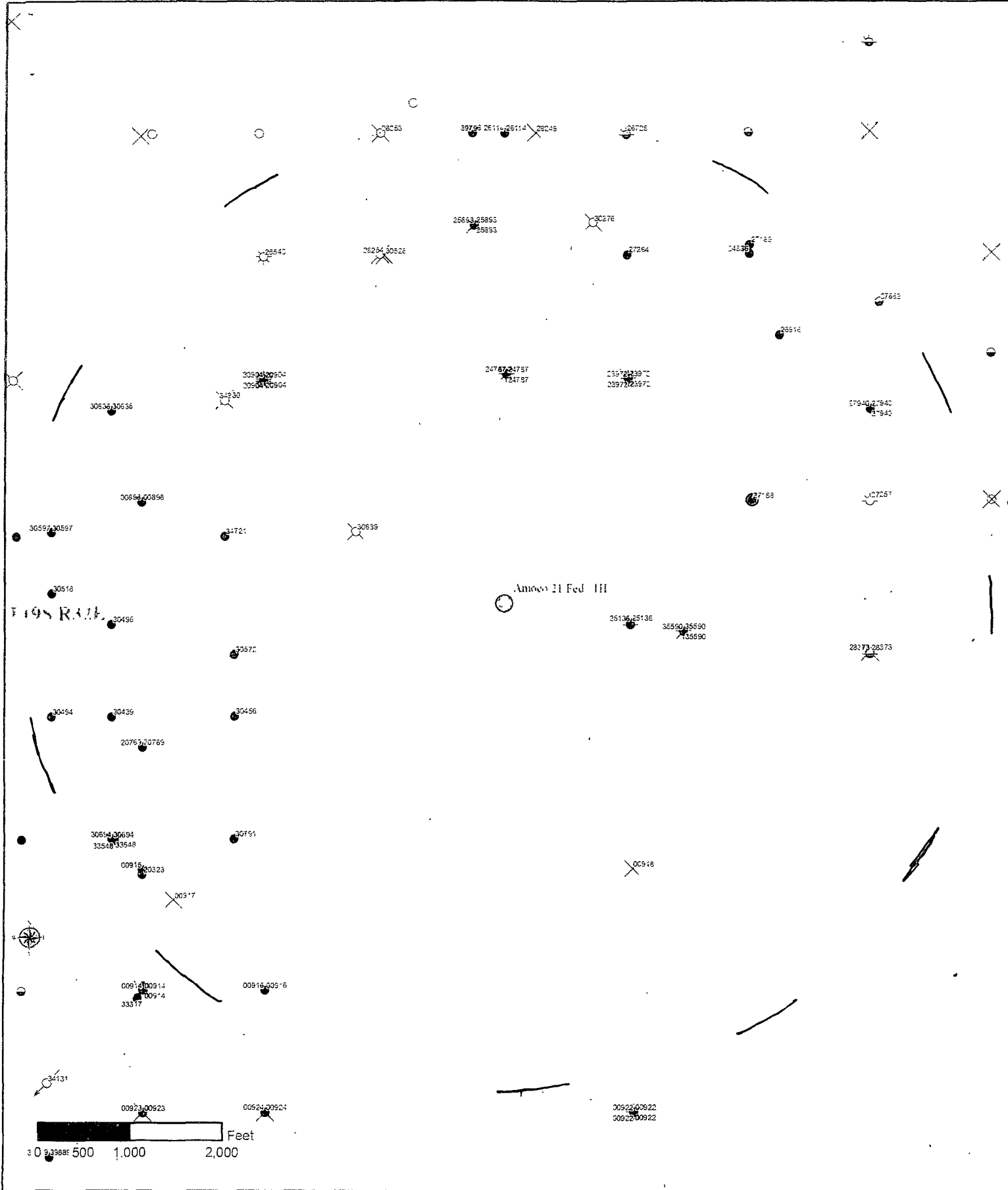
Carlos Mercado  
Drilling Engineer  
P.O. Box 4294  
Houston, TX 77210  
Office Phone: 713-366-5418  
Cellular: 281-455-3481

Tenant:  
Kenneth Smith ,Inc.  
267 Smith Ranch Road  
Hobbs, NM 88240

### OPERATOR CERTIFICATION

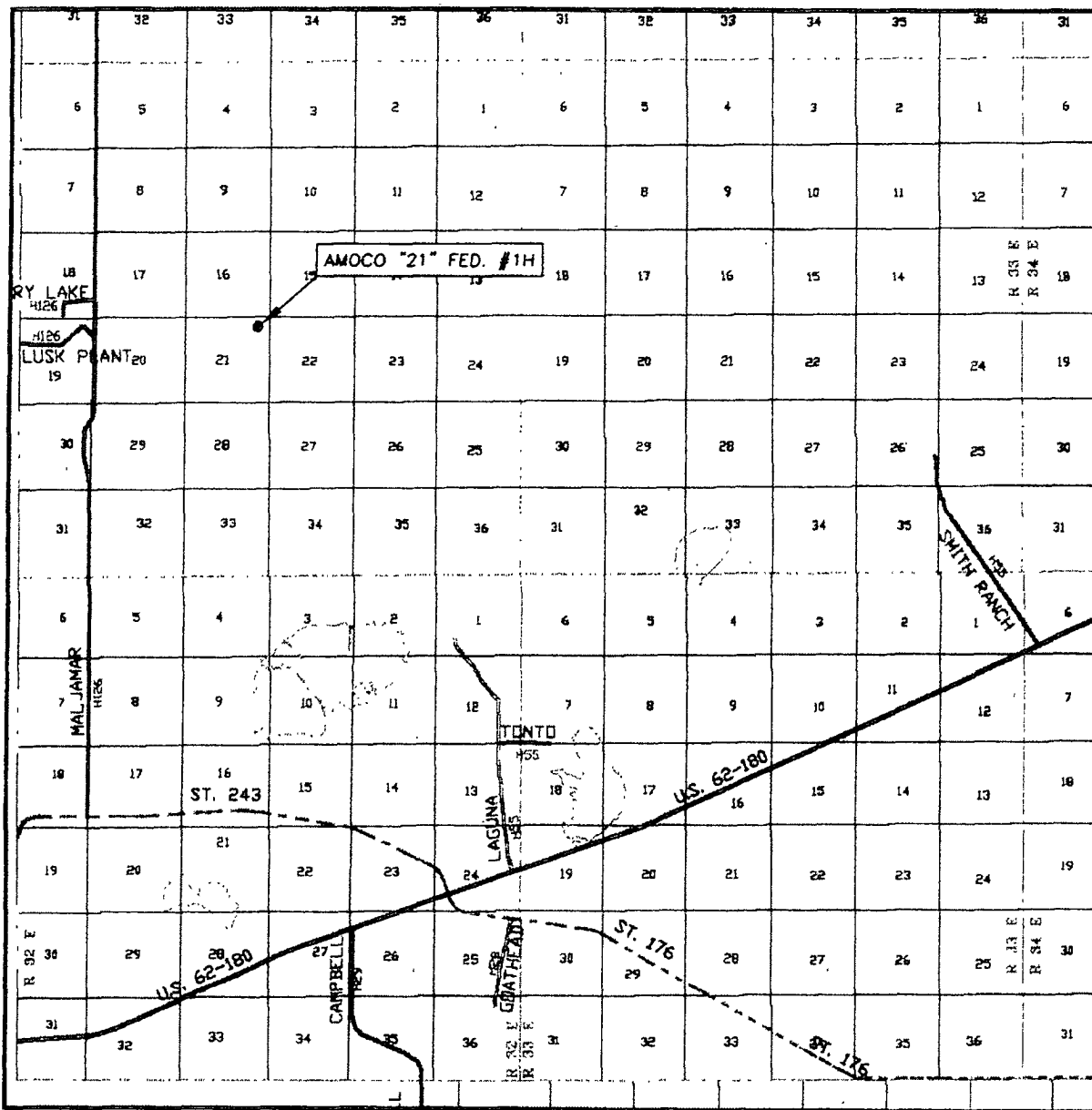
I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions that presently exist; that I have full knowledge of State and Federal laws applicable to this operation; that the statements made in 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 30<sup>th</sup> day of May, 2012.

Name: David Schellstede   
Position: Reservoir Management Team Leader  
Address: 5 Greenway Plaza, Suite 110, Houston, TX 77046  
Telephone: 713-366-5013  
E-mail: (optional): david\_schellstede@oxy.com  
Company: Occidental Permian Limited Partnership  
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



<p><b>oxy Permian Primary</b></p> <p>New Mexico Eddy &amp; Lea Counties Oxy 2012 Wells with 1 Mile Radius</p>	<p><b>Legend</b></p> <table border="0"> <tr> <td> OXY WELL</td> <td> O&amp;G</td> <td> LOC</td> <td> AOW</td> <td> ABANDONED-NO SHOWS</td> </tr> <tr> <td> 1 MILE RADIUS</td> <td> GAS SHOWS</td> <td> SUS</td> <td> AO&amp;GW</td> <td> INJ-NO SHOWS</td> </tr> <tr> <td> GAS</td> <td> OIL SHOWS</td> <td> AGW</td> <td> ABANDONED LOC</td> <td> OTHER</td> </tr> <tr> <td> OIL</td> <td> O&amp;G SHOWS</td> <td></td> <td></td> <td></td> </tr> </table>	OXY WELL	O&G	LOC	AOW	ABANDONED-NO SHOWS	1 MILE RADIUS	GAS SHOWS	SUS	AO&GW	INJ-NO SHOWS	GAS	OIL SHOWS	AGW	ABANDONED LOC	OTHER	OIL	O&G SHOWS				<p><b>Coordinate System Information</b></p> <p>Greenwich, Longitude System North America, 1957 Datum: North America 1957 NAD 83 Projection: Transverse Mercator False Easting: 1000000.00 False Northing: 0.000000 Central Meridian: -101.253333 Scale Factor: 0.9996 Latitude Of Origin: 31.263750 Units: US Feet</p>	<p><b>Location Map</b></p>
OXY WELL	O&G	LOC	AOW	ABANDONED-NO SHOWS																			
1 MILE RADIUS	GAS SHOWS	SUS	AO&GW	INJ-NO SHOWS																			
GAS	OIL SHOWS	AGW	ABANDONED LOC	OTHER																			
OIL	O&G SHOWS																						

# VICINITY MAP

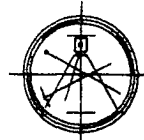


SEC. 21. TWP. 19-S RGE. 32-E  
 SURVEY N.M.P.M.  
 COUNTY LEA  
 DESCRIPTION 470' FNL & 660' FEL  
 ELEVATION 3603.7'  
 OPERATOR OXY USA INC.  
 LEASE AMOCO "21" FED. #1H

SCALE 1" = 2 MILES

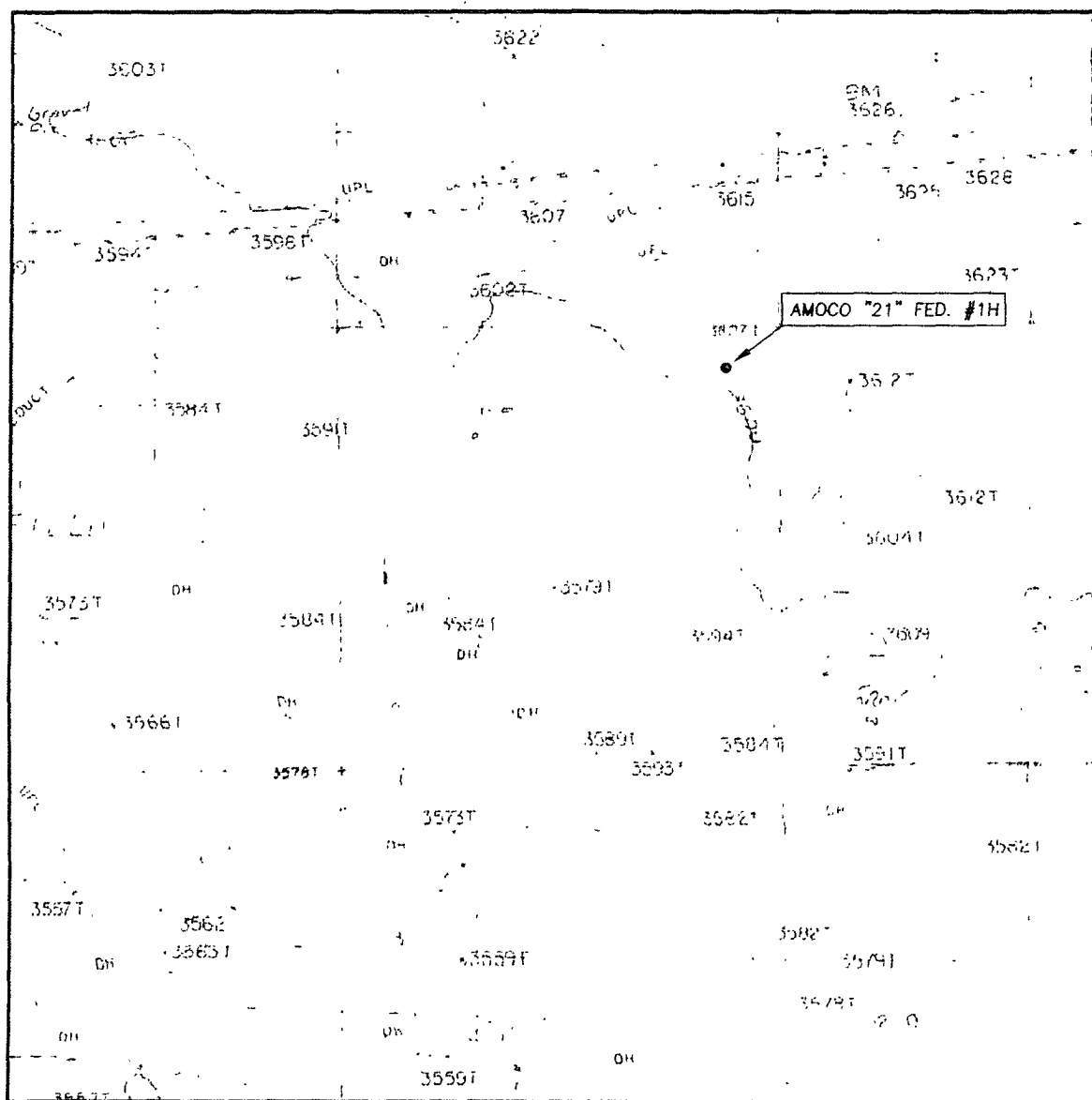
Asel Surveying

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



DIRECTIONS BEGINNING AT THE INTERSECTION OF U.S. HWY. #62/180 AND STATE HWY. #243, GO WEST ON STATE HWY. #243 FOR 4.5 MILES, TURN RIGHT AND GO NORTH ON COUNTY ROAD #126 (MALJAMAR ROAD) FOR 6.0 MILES, TURN RIGHT AND GO EAST ON CALICHE ROAD FOR 2.2 MILES, TURN RIGHT AND GO SOUTH FOR 0.5 MILES, TURN RIGHT ON PROPOSED ROAD AND GO WEST FOR 1289.1 FEET TO LOCATION.

# LOCATION VERIFICATION MAP



SCALE. 1" = 2000'

CONTOUR INTERVAL 10'

SEC 21 TWP 19-S RGE. 32-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 470' FNL & 660' FEL

ELEVATION 3603.7'

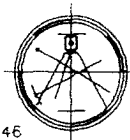
OPERATOR OXY USA INC

LEASE AMOCO "21" FED. #1H

U.S.G.S. TOPOGRAPHIC MAP  
GREENWOOD LAKE, N.M.

Asel Surveying

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





Bases of Geometry - GIS Geomatics Measurements

BOTTOM HOLE  
 LOCATION

DIRECTIONS  
BEGINNING AT THE INTERSECTION OF  
U.S. HWY #89/180 AND STATE  
HWY #243, GO WEST ON STATE  
HWY #243 FOR 4.5 MILES TURN  
RIGHT AND GO NORTH ON COUNTY  
ROAD #126 (MALAMAR ROAD) FOR  
6.0 MILES, TURN RIGHT AND GO  
EAST ON CALICHE ROAD FOR 2.2  
MILES TURN RIGHT AND GO SOUTH  
FOR 0.5 MILES, TURN RIGHT ON  
PROPOSED ROAD AND GO WEST FOR  
1259.1 FEET TO LOCATION

LEGEND

⊙ - DENOTES FOUND MONUMENT AS NOTED

SURVEYORS CERTIFICATE

I, TERRY J. ASELI, 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. Abel 11/18/2011  
Terry J. Abel NM RPS No 15079

## Asel Surviving

PO BOX 193 - 310 W 17th St  
HOBBBS NEW MEXICO - 575-393-9146

OXY USA INC.

AMOCO "21" WELL #114 LOCATED AT  
470' ENL 3. 660' ENL IN SECTION 21,  
TOWNSHIP 19 SOUTH, RANGE 32 EAST,  
N.M.P.M., LEA COUNTY, NEW MEXICO

Survey Date 11/01/11	Sheet 1 of 1 Sheets	
W O Number. 111101WL-5	Drawn By n.A	Rev
Date 11/14/11	111101WL-5	Scale 1"=100'