

**SURFACE USE PLAN OF OPERATIONS**

NOV 10 2014

Operator Name/Number:	OXY USA Inc.	16696
Lease Name/Number:	Speak Easy Federal Unit #4H	NMN126140X 39664
Pool Name/Number:	Bootleg Ridge Delaware, NW	6925
Surface Location:	1980 FNL 330 FWL SWNW(E) Sec 1 T22S R32E	Federal Lease No. NMNM109891
Bottom Hole Location:	1980 FNL 330 FEL SENE(H) Sec 1 T22S R32E	Federal Lease No. NMNM106696

**1. Existing Roads**

- a. A copy of a USGS "The Divide, 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 9/25/12, certified 10/11/12.
- c. Directions to Location: From the Intersection of SH 128 and CR 798, go north on CR 798 for 7.3 miles to lease road. Turn right and go northeast for 2.7 miles, continue east/souteast for 2.5 miles, continue northeast for 2.0 miles. Turn left and go north for 1.2 miles. Turn right and go east for 0.7 miles. Turn left and go north for 0.2 miles. Turn right and go east for 0.8 miles. Turn left and go north for 0.9 miles. Turn left and go west for 0.9 miles to location.

**2. New or Reconstructed Access Roads:**

- a. No new access road will be built.
- b. Surfacing material: N/A
- c. Maximum Grade: N/A
- d. Turnouts: None needed
- e. Drainage Design: N/A
- f. Culverts: None needed
- g. Cut and fills: N/A
- h. Gates or cattleguards: none required.
- i. Blade, water & repair an existing caliche road as 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 Speak Easy Federal Unit tank battery would be utilized and the necessary production equipment will be installed at the well site. See proposed Production Facilities Layout diagram.
- b. If necessary, electric power poles will be set along side of the access road.
- c. 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

The proposed well site layout with dimensions of the pad layout and equipment location.

V-Door - East                      CL Tanks- North                      Pad - 280' X 410'

## 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 46, 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>\$1,507.00</u>	0	\$0.19/ft over 1/4 mile	<u>\$0.00</u>	<u>\$1,507.00</u>
Pipeline - up to 1mile	<u>\$1,391.00</u>	0	\$290 per 1/4 mile	<u>\$0.00</u>	<u>\$1,391.00</u>
Electric Line-up to 1mile	<u>\$696.00</u>	0	\$0.21/ft over 1 mile	<u>\$0.00</u>	<u>\$696.00</u>
Total	<u><u>\$3,594.00</u></u>			<u><u>\$0.00</u></u>	<u><u>\$3,594.00</u></u>

## 13. Bond Coverage:

Bond Coverage is Individual-NMB000862, Nationwide-ESB00226

## 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.  
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Manager Field Operations  
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Calvin (Dusty) Weaver  
Operation Specialist  
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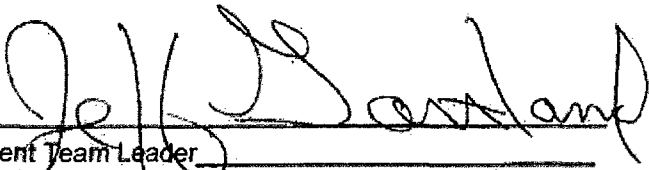
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Anar Khalilov  
Drilling Engineer  
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Cellular: 832-205-6365

**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

21<sup>st</sup> day of May, 2013.

Name: Jeff Gartland   
Position: Reservoir Management Team Leader  
Address: 5 Greenway Plaza, Suite 110, Houston, TX 77046  
Telephone: 713-552-8567  
E-mail: (optional): jeff\_gartland@oxy.com  
Company: Occidental Permian LP / OXY USA Inc / OXY USA WTP LP  
Field Representative (if not above signatory): Dusty Weaver  
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