

SURFACE USE PLAN OF OPERATIONS

| | | |
|-----------------------|--|-----------------------------|
| Operator Name/Number: | OXY USA Inc. | 16696 |
| Lease Name/Number: | Madera 30 Federal #1H | |
| Pool Name/Number: | Jabalina Delaware, Southwest | 97597 |
| Surface Location: | 330 FSL 180 FWL SWSW(M) Sec 19 T26S R35E | Federal Lease No.NMNM093223 |
| Bottom Hole Location: | 200 FSL 400 FWL SWNW(2) Sec 31 T26S R35E | Federal Lease No.NMNM062932 |

1. Existing Roads

- a. A copy of a USGS "Andrews Place, NM" quadrangle map is attached showing the proposed location. The well location is spotted on this map, which shows the existing road system. **HOBBS OGD**
- b. The well was staked by Terry J. Asel, Certificate No. 15079 on 6/4/14, certified 8/29/14. **SEP 08 2015**
- c. Directions to Location: Beginning in Bennett go southwest on CR 3 for 4.6 miles. Turn right on Beckham road and go west for 5.4 miles. Turn right and go northwest/west for 4.4 miles. Turn left and go south for 0.4 miles. Turn right and go west for 0.1 miles, turn left on proposed road and go south for 16.6' to location. **RECEIVED**

2. New or Reconstructed Access Roads:

- a. A new access road will be built. The access road will run approximately 16.6' south from an existing road.
- 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 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 Madera 30 Federal tank battery would be utilized and the necessary production equipment will be installed at the well site. See proposed Production Facilities Layout diagram.
- b. Electric line information is not available at this time, but If necessary will follow a route approved by the BLM.
- c. All flowlines will adhere to API Standards, see attached for detail and route.

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:**Primary**

All caliche utilized for the drilling pad and proposed access road will be obtained from an existing BLM/State/Fee approved pit or from prevailing deposits found on the location. ~~Will use BLM recommended extra caliche from other locations close by for roads, if available.~~

Secondary

The secondary way of obtaining caliche to build locations and roads will be by "turning over" the location. This means, caliche will be obtained from the actual well site. A caliche permit will be obtained from BLM prior to pushing up any caliche. 2400 cubic yards is max amount of caliche needed for pad and roads. Amount will vary for each pad. The procedure below has been approved by BLM personnel:

- A. The top 6" of topsoil is pushed off and stockpiled along the side of the location.
- B. An approximate 120' X 120' area is used within the proposed well site to remove caliche.
- C. Subsoil is removed and piled along side the 120' X 120' area within the pad site.
- D. When caliche is found, material will be stocked piled within the pad site to build the location and road.
- E. Then subsoil is pushed back in the hole and caliche is spread accordingly across entire location and road.
- F. Once well is drilled the stock piled top soil will be used for interim reclamation and spread along areas where caliche is picked up and the location size is reduced. Neither caliche nor subsoil will be stock piled outside of the well pad. Topsoil will be stockpiled along the edge of the pad as depicted in attached plat.

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.
 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 - West

CL Tanks- South

Pad - 280' X 440'

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: Beckham Ranch, Inc., P.O. Box 1203, Jal, NM 88252. 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 (Paid 5/29/13 Receipt 2802419).

| | | | | | |
|------------------------|-------------------|-------|-------------------------|---------------|-------------------|
| Pad + 1/4 mile road | \$1,552.00 | 16' | \$0.19/ft over 1/4 mile | \$0.00 | \$1,552.00 |
| Pipeline - up to 1mile | \$1,433.00 | 3100' | \$290 per 1/4 mile | \$0.00 | \$1,433.00 |
| Total | <u>\$2,985.00</u> | | | <u>\$0.00</u> | <u>\$2,985.00</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.

Don Kendrick
Production Coordinator
1502 West Commerce Dr.
Carlsbad, NM 88220
Office Phone: 575-628-4132
Cellular: 575-602-1484

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

Roger Allen
Drilling Superintendent
P.O. Box 4294
Houston, TX 77210
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Cellular: 281-682-3919

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

Sebastian Millan
Drilling Engineering Supervisor
P.O. Box 4294
Houston, TX 77210
Office Phone: 713-985-8750
Cellular: 713-528-3268

Stephen Bennett
Drilling Engineer
P.O. Box 4294
Houston, TX 77210
Office Phone: 713-350-4609
Cellular: 832-540-0671

Oxy U.S.A Inc.

New Mexico Staking Form

Date Staked: 5-12-14

Lease/Well Name: MADERA "30" Fed # 1H

Legal Description: 330 FSC 180 FWL Sec 19 T265 R35E

Latitude: 32. 01' 20.92" Nad S3

Longitude: 103. 24' 52.34"

Move Information: 200' West

County: Lea

Surface Owner/Tenant: BLM - Beckham Ranch

Nearest Residence: 3 miles ?

Nearest Water Well: _____

V-Door: West

Road Description: Road into ~~SE~~ NE corner from EAST

New Road: 0

Upgrade Existing Road: _____

Interim Reclamation: 50' SOUTH 80' EAST 30' WEST

Source of Caliche: _____

Top Soil: SOUTH

Onsite Date Performed: 6-3-14

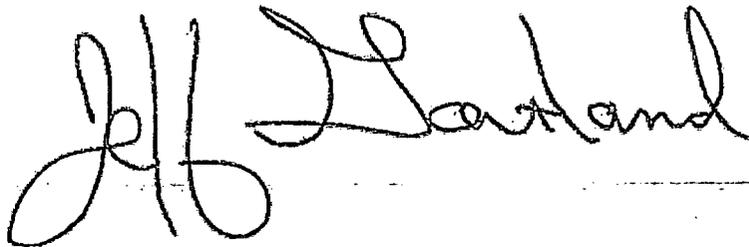
Onsite Attendees: Indra Dattal - BLM Jim Wilson - Oxy
Terry Asel - Asel Survey Crew

Special Notes: _____

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 11th day of November, 2014.

Name: Jeff Gartland
Position: Reservoir Management Team Leader
Address: 5 Greenway Plaza, Suite 110, Houston, TX 77046
Telephone: 713-552-8587
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
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



APD Tracking #: 1

Well-Site Evaluation Field Form

Operator Name: OKY-USA Well Name Madera 30 Fed 1H

SHL: Section 19 T. 26 S. R. 35 E. Footage 330 FS L & 180 FWL

Well Type: Horizontal Vertical / Oil Gas NOS/APD Received? NOS APD No

Surface Management Agency (SMA): BLM FEE STATE SMA Contacted? Yes No

Operator Representative/ Contact Name: Jim Wilson Phone _____

BLM Onsite Representatives Indra Dahal Date 5/3/14

Description & Topography: (cut & fill, etc.) Rolling dunes with minimal cut and fill.

Soils: Sand Cave Area: Low

Vegetation: Grasses and Mesquite

Hydrology: (playas, floodplain, drainages, erosive soils, etc.) _____

Wildlife: (habitat, LPC, SDL, etc.) LPC

Range Improvements: (fences, etc.) _____

Well Infrastructure

V-Door Direction: W Topsoil: South

Pad Size: 280x 210

Road Route: NE to north

Prod. Facility Placement: offsite

Interim Rec: E. south and west

Other: _____

Evaluation: (Moved?) _____

