

SURFACE USE PLAN OF OPERATIONS

SUPO 1

Operator Name/Number:	OXY USA Inc.	16696
Lease Name/Number:	Madera 30 Federal #3H	
Pool Name/Number:	Jabalina Delaware, Southwest	97597
Surface Location:	220 FSL 2260 FEL SWSE(O) Sec 19 T26S R35E	Fee
Bottom Hole Location:	200 FSL 2240 FEL SWNE(4) 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. **HOBBS OGD**
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 6/4/14, certified 8/29/14. **OCT 01 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 left and go east for 0.2 miles, turn right on proposed road and go east for 1104' to location. **RECEIVED**

2. New or Reconstructed Access Roads:

- a. A new access road will be built. The access road will run approximately 101' south, then 1103.5' east. then 20' north 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.
- f. Water bars will be incorporated every 200' during the construction of the road, see attached.

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.

OCT 08 2015

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 - East

CL Tanks- North

Pad - 280' X 550'

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 a private landowner and a surface agreement is currently being negotiated. The surface is owned by Beckham Ranch, Inc., P.O. Box 1203, Jal, NM 88252. The minerals are owned and administered by the U.S. Government. The surface is of limited use except for the grazing of livestock and the production of oil & gas.

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	1225'	\$0.19/ft over 1/4 mile	\$0.00	\$1,552.00
Pipeline - up to 1mile	\$1,433.00		\$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.

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Drilling Engineer

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Oxy U.S.A Inc.

New Mexico Staking Form

Date Staked: 5-12-14

Lease/Well Name: MADERA 30 Fed #3H

Legal Description: 220 FSL 2260 FEL Sec 19 T26S R35E

Latitude: 32.01' 19.77" NAD 83

Longitude: 103.24' 18.84"

Move Information: 200' SOUTH

County: LEA

Surface Owner/Tenant: ^{PRIVATE}
~~BLM~~ - Becknam Ranch

Nearest Residence: 5 miles

Nearest Water Well: _____

V-Door: EAST

Road Description: Road into SW corner from WEST

New Road: 800'

Upgrade Existing Road: _____

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

Source of Caliche: ~~Becknam~~ RA

Top Soil: WEST

Onsite Date Performed: 6-3-14

Onsite Attendees: Indra DANAL - BLM Jim Wilson - Oxy
Terry Acel - Acel 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.

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