

30-025-39995

## **SURFACE USE PLAN OF OPERATIONS**

<b>Operator Name/Number:</b>	<b>Occidental Permian Limited Partnership - 157984</b>	
<b>Lease Name/Number:</b>	<b>OPL Zack 17 Federal #1</b>	<b>Federal Lease No. NM160973</b>
<b>Pool Name/Number:</b>	<b>Undsg Salado Draw Wolfcamp Gas-84410 - Wildcat Bone Spring-96053</b>	
<b>Surface Location:</b>	<b>330 FSL 1980 FWL SESW(N) Sec 17 T26S R33E</b>	
<b>Bottom Hole Location:</b>	<b>380 FNL 2260 FWL NENW(C) Sec 17 T26S R33E - Bone Spring</b>	

### **1. Existing Roads**

- A copy of a USGS "Paduca Breaks East, NM" quadrangle map is attached showing the proposed location. The well location is spotted on this map, which shows the existing road system.
- The well was staked by Terry J. Asel, Certificate No. 15079 on 7/31/10, certified 8/5/10.
- Directions to Location: From Jal, NM go west on SH 128 for 14.1 miles to CR 2. Turn left and go south/southwest for 14.8 miles. Turn right on existing road and go southwest for 1.6 miles. Turn left and go south on proposed new road for .6 miles. Turn right and go .1 miles to location.

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

- A new access road will be built. The access road will run approximately 4800' west/south from an existing road to the location. See Exhibit #2.
- 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.
- 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%.
- No cattle guards, grates or fence cuts will be required. No turnouts are planned.

### **3. Location of Existing Wells:**

Existing wells within a one mile radius of the proposed well are shown on Exhibit #3.

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

- In the event the well is found productive, the OPL Zack Federal tank battery would be utilized and the necessary production equipment will be installed at the well site.
- If necessary, electric power poles will be set along side of the access road.
- 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 in Sec 3 T26S R33E 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

Exhibit #5 shows the proposed well site layout with dimensions of the pad layout and equipment location.

V-Door    North                      Tanks    West                      Pad    380' X 280'

## 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.

## 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>\$1,379.00</u>	3480	\$0.16/ft over 1/4 mile	<u>\$556.80</u>	<u>\$1,935.80</u>
Pipeline - up to 1mile	<u>\$1,273.00</u>		\$266 per 1/4 mile	<u>\$0.00</u>	<u>\$1,273.00</u>
Electric Line - up to 1mile	<u>\$637.00</u>		\$0.18/ft over 1 mile	<u>\$0.00</u>	<u>\$637.00</u>
Total	<u><u>\$3,289.00</u></u>			<u><u>\$556.80</u></u>	<u><u>\$3,845.80</u></u>

## 13. Bond Coverage:

Bond Coverage is Nationwide Bond No. 929128583.

## Operators Representatives:

The OXY Permian representatives responsible for ensuring compliance of the surface use plan are listed below.

Marvin McElroy  
Production Coordinator  
P.O. Box 50250  
Midland, TX 79710  
Office Phone: 432-652-8607  
Cellular: 806-215-6750

Larry Sammons  
Production Lead  
P.O. Box 50250  
Midland, TX 79710  
Office Phone: 432-685-5724  
Cellular: 432-296-9323

Nelson Emery  
Drilling Superintendent  
P.O. Box 4294  
Houston, TX 77210  
Office Phone: 713-215-7357  
Cellular: 281-467-2862

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

Frank Hutton  
Drilling Engineering Supervisor  
P.O. Box 4294  
Houston, TX 77210  
Office Phone: 713-366-5325  
Cellular: 713-855-4274

Luis Tarazona  
Drilling Engineer  
P.O. Box 4294  
Houston, TX 77210  
Office Phone: 713-366-5771  
Cellular: 713-628-9526

United States Department of the Interior  
Bureau of Land Management  
Carlsbad Field Office  
620 East Greene Street  
Carlsbad, New Mexico 88220

Attention: Linda Denniston

RE: OPL Zack 17 Federal #1  
W/2 Section 17-T26S-R33E  
Lea County, New Mexico

**STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS**

**OPERATOR NAME:** Occidental Permian Limited Partnership  
**ADDRESS:** P.O. Box 4294  
Houston, Texas 77210-4294

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below:

**LEASE NO.:** NM-0160973

**LEGAL DESCRIPTION:** Surface Location: 1980' FWL & 330' FSL  
Bottom Location: 2260' FWL & 380' FNL  
Section 17-T26S-R33E  
Lea County, New Mexico


**FORMATIONS:** None

**BOND COVERAGE:** Nationwide

**BLM BOND FILE NO.:** 929128583

Occidental Permian Limited Partnership

**AUTHORIZED SIGNATURE:**

  
Patrick S. Sparks

**TITLE:** Land Negotiator

**DATE:** August 5, 2010

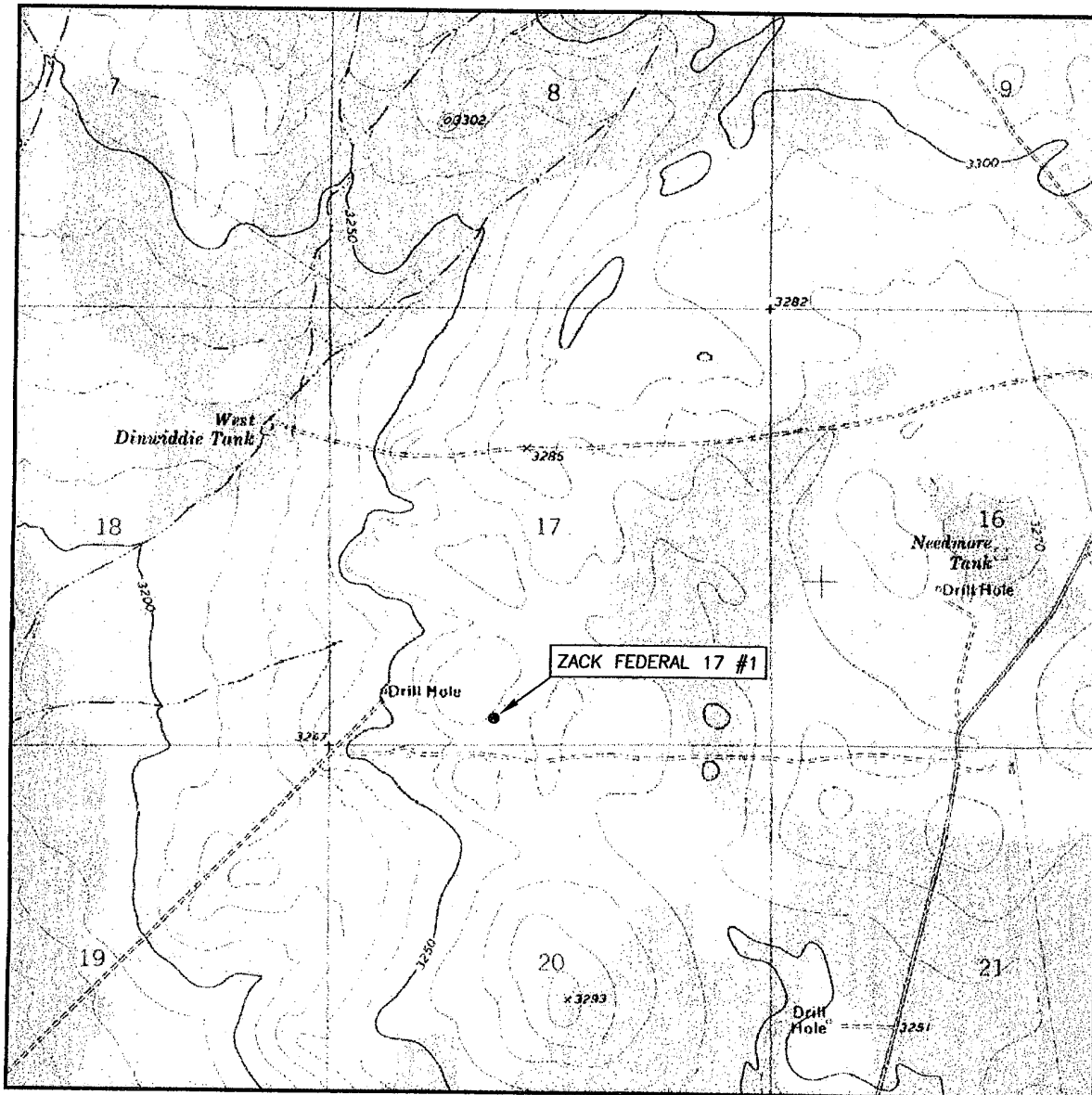
cc: David Stewart

**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 4<sup>th</sup> day of August, 2010.

Name: \_\_\_\_\_ Denise Woods \_\_\_\_\_  
Position: \_\_\_\_\_ Reservoir Management Team Leader \_\_\_\_\_  
Address: \_\_\_\_\_ 5 Greenway Plaza, Suite 110, Houston, TX 77046 \_\_\_\_\_  
Telephone: \_\_\_\_\_ 713-215-7154 \_\_\_\_\_  
E-mail: (optional): \_\_\_\_\_ denise\_woods@oxy.com \_\_\_\_\_  
Company: \_\_\_\_\_ OXY USA Inc. \_\_\_\_\_  
Field Representative (if not above signatory): \_\_\_\_\_ Marvin McElroy \_\_\_\_\_  
Address (If different from above): \_\_\_\_\_ P.O. Box 50250 Midland, TX 79710 \_\_\_\_\_  
Telephone (if different from above): \_\_\_\_\_ 432-652-8607 \_\_\_\_\_  
E-mail (if different from above): \_\_\_\_\_ marvin\_mcelroy@oxy.com \_\_\_\_\_

# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'

SEC. 17 TWP. 26-S RGE. 33-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 330' FSL & 1980' FWL

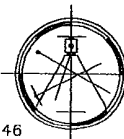
ELEVATION 3266.0'

OPERATOR OCCIDENTAL PERMIAN LTD.

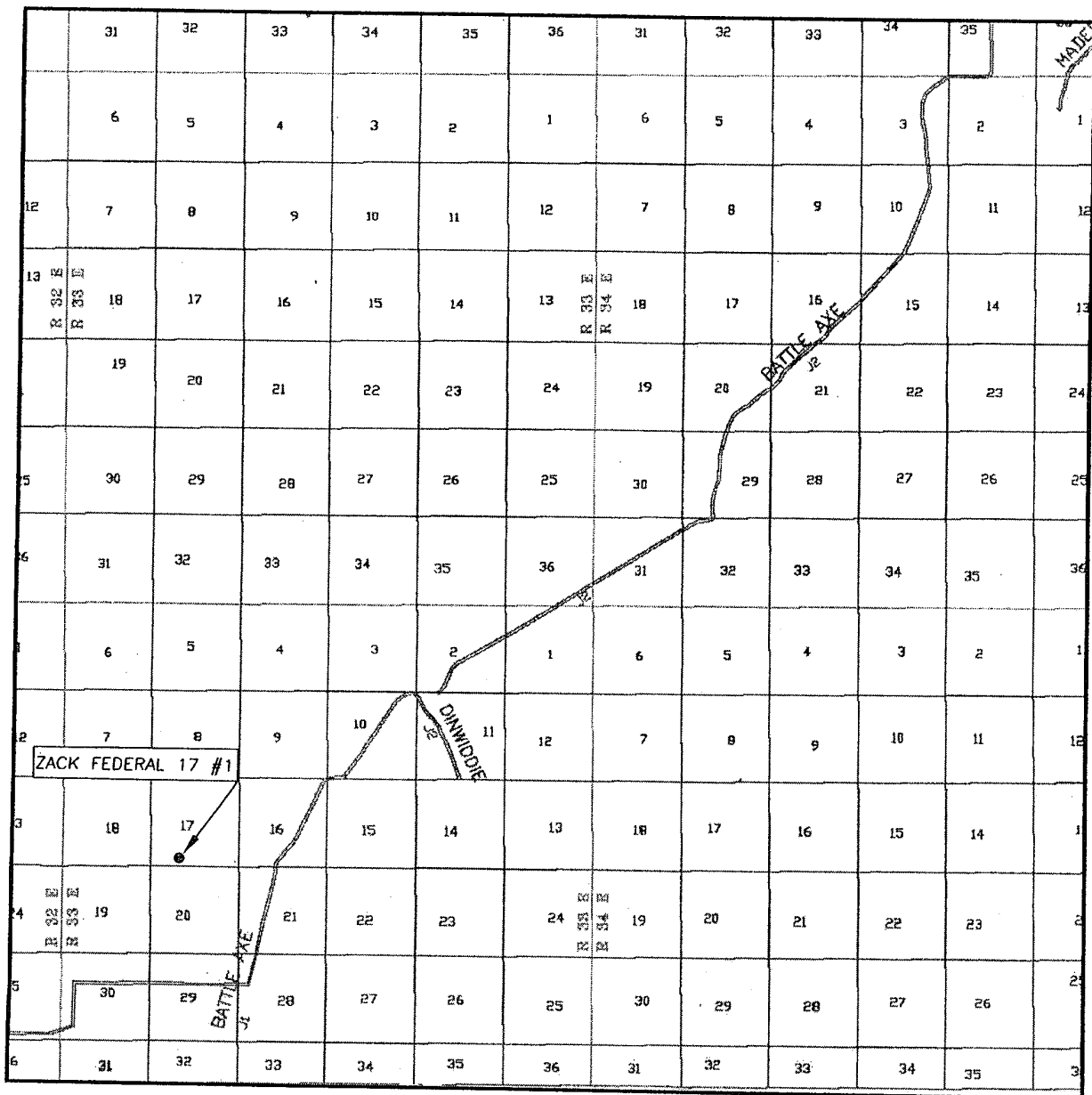
LEASE ZACK FEDERAL 17 #1

U.S.G.S. TOPOGRAPHIC MAP  
PADUCA BREAKS EAST, N.M.

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



## VICINITY MAP

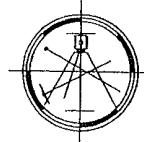


SEC. 17 TWP. 26-S RGE. 33-E  
 SURVEY N.M.P.M.  
 COUNTY LEA  
 DESCRIPTION 330' FSL & 1980' FWL  
 ELEVATION 3266.0'  
 OPERATOR OCCIDENTAL PERMIAN LTD.  
 LEASE ZACK FEDERAL 17 #1

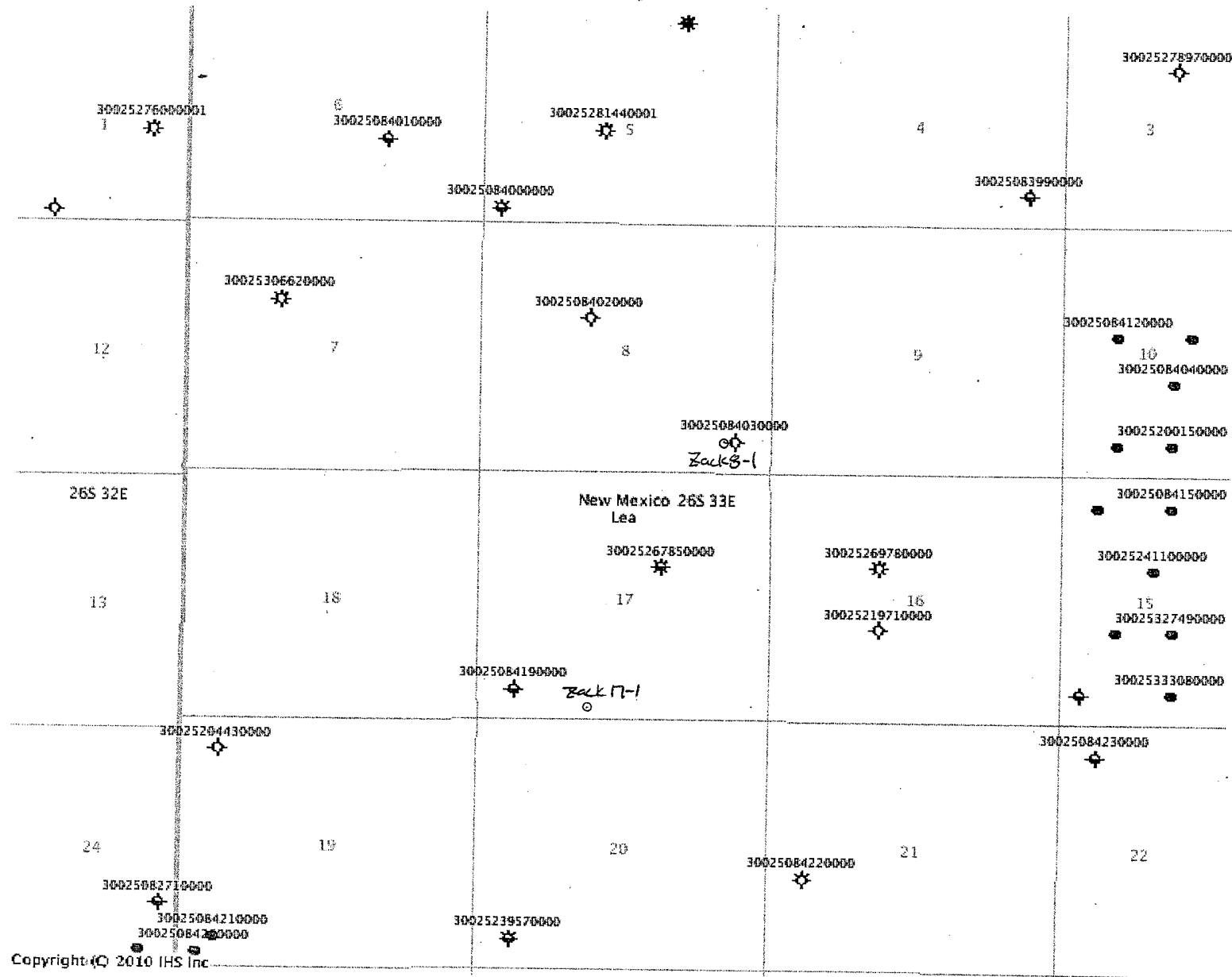
SCALE: 1" = 2 MILES

Asel Surveying

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

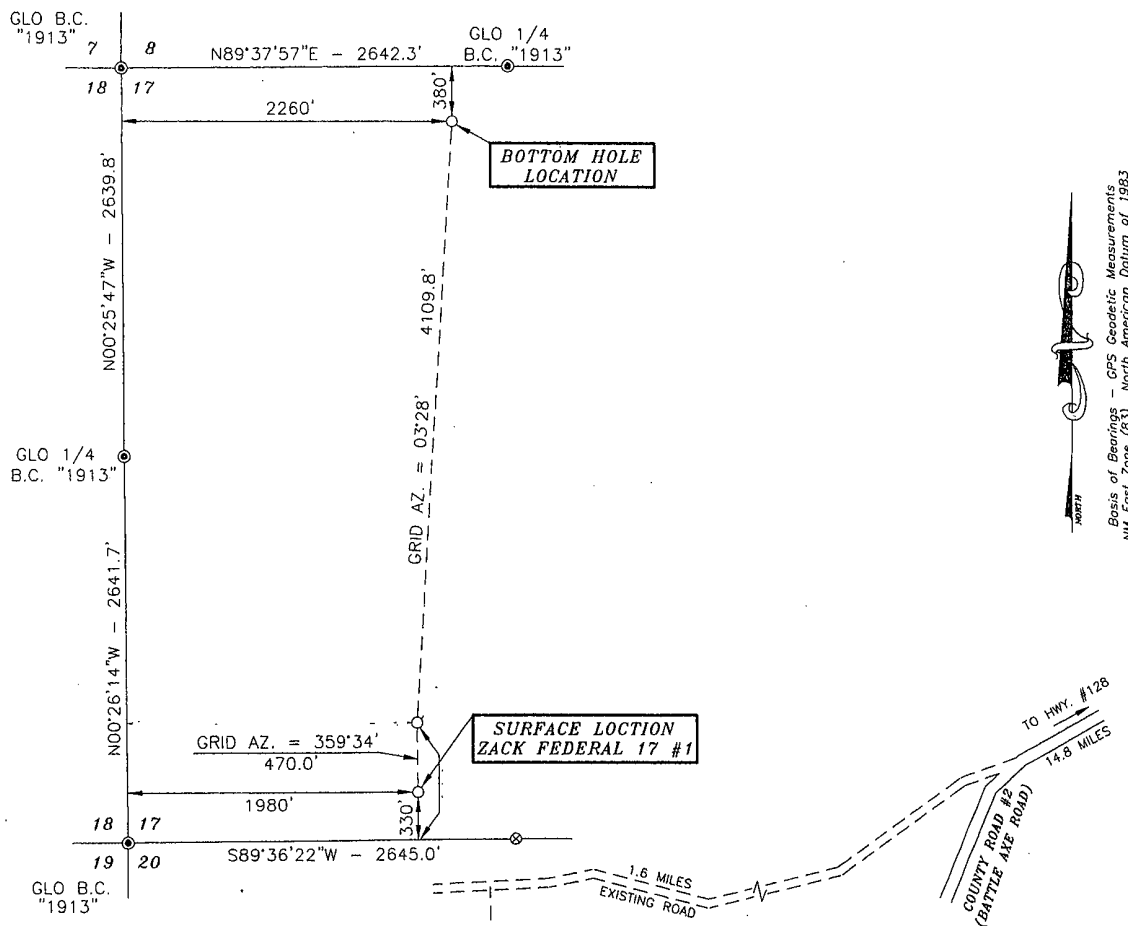


DIRECTIONS BEGINNING IN JAL AT THE INTERSECTION OF N.M. STATE HWY. #18 AND N.M. STATE HWY. #128, GO WEST ON N.M. STATE HWY. #128 FOR 14.1 MILES TO COUNTY ROAD #2 (BATTLE AXE ROAD), TURN LEFT AND GO SOUTH/SOUTHWEST FOR 14.8 MILES, TURN RIGHT ON EXISTING ROAD AND GO SOUTHWEST FOR 1.6 MILES, TURN LEFT AND GO SOUTH ON PROPOSED NEW ROAD FOR 0.6 MILES, TURN RIGHT AND GO 0.1 MILES TO LOCATION.

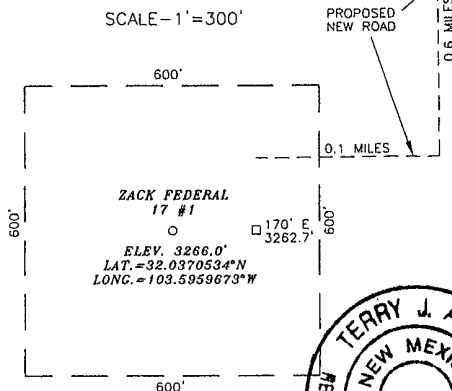




# SECTION 17, TOWNSHIP 26 SOUTH, RANGE 33 EAST, N.M.P.M., LEA COUNTY NEW MEXICO



**DIRECTIONS:**  
BEGINNING IN JAL AT THE INTERSECTION OF N.M. STATE HWY. #18 AND N.M. STATE HWY. #128, GO WEST ON N.M. STATE HWY. #128 FOR 14.1 MILES TO COUNTY ROAD #2 (BATTLE AXE ROAD), TURN LEFT AND GO SOUTH/SOUTHWEST FOR 14.8 MILES, TURN RIGHT ON EXISTING ROAD AND GO SOUTHWEST FOR 1.6 MILES, TURN LEFT AND GO SOUTH ON PROPOSED NEW ROAD FOR 0.6 MILES, TURN RIGHT AND GO 0.1 MILES TO LOCATION.



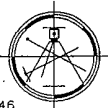
## SURVEYORS CERTIFICATE

I, TERRY J. ASEL, 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. Asel* 8/4/2010  
Terry J. Asel, N.M. R.P.S. No. 15079

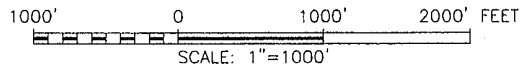
Asel Surveying

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



## LEGEND

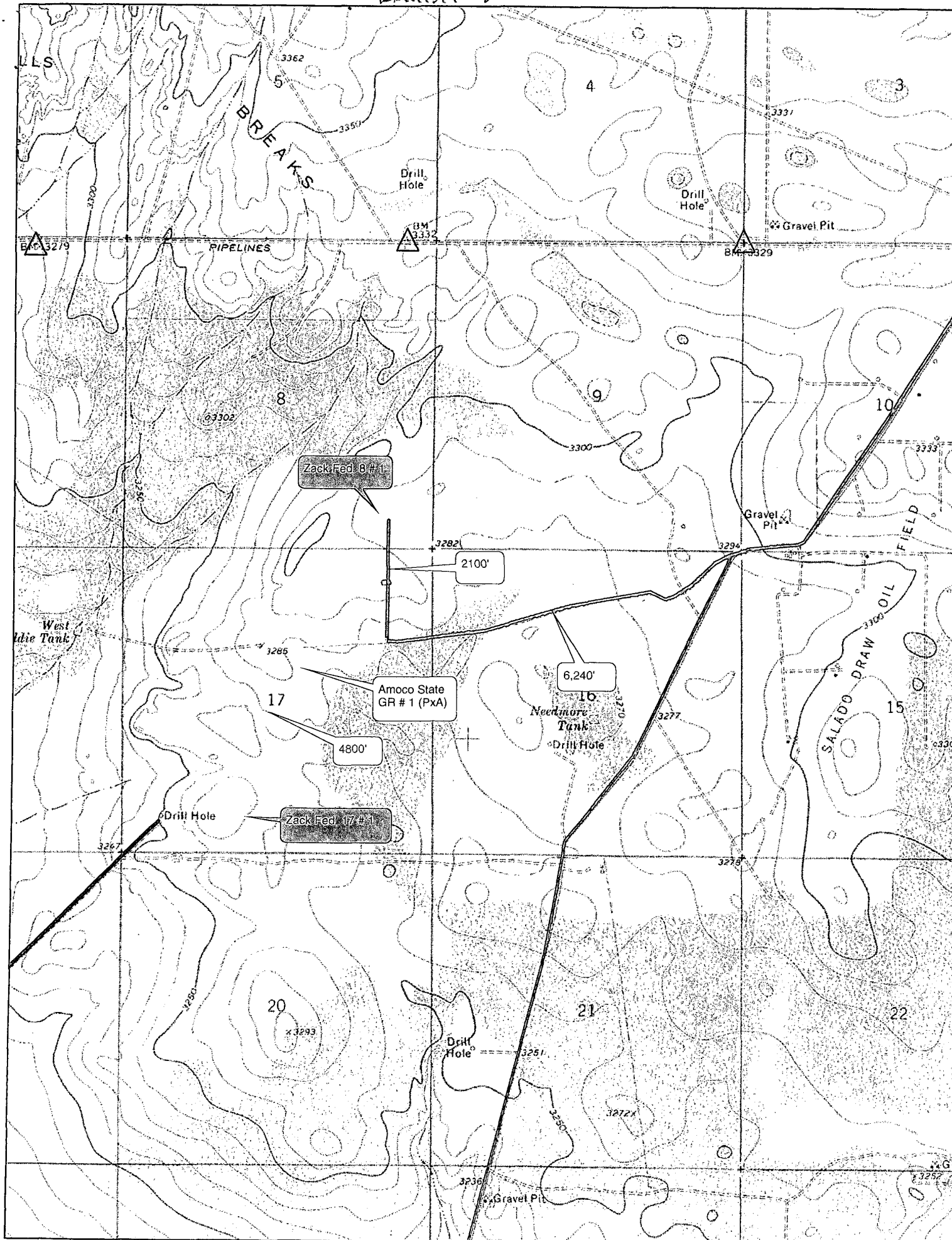
- ⊙ - DENOTES FOUND MONUMENT AS NOTED
- ⊗ - DENOTES CALCULATED CORNER

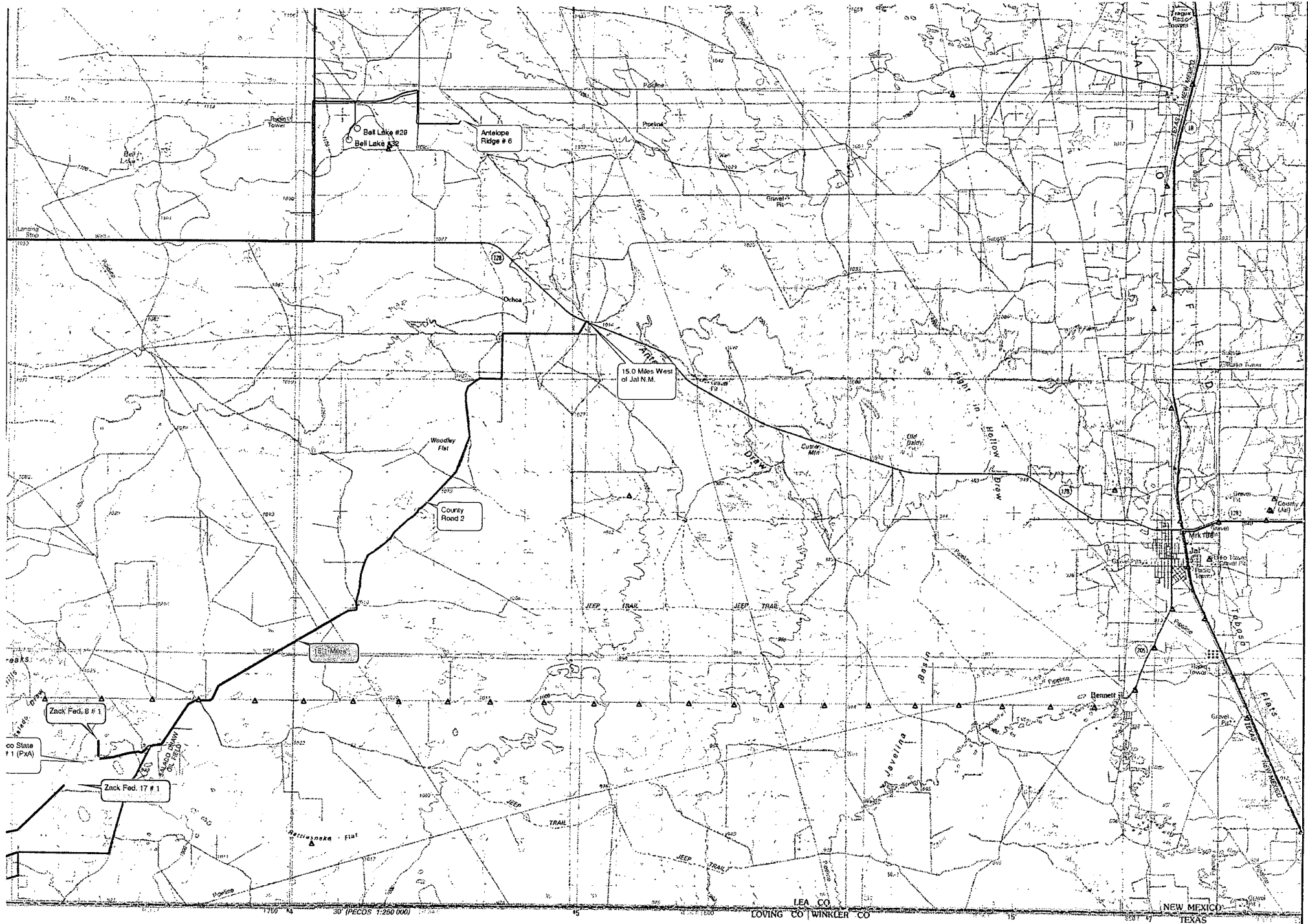


## OCCIDENTAL PERMIAN LIMITED

ZACK FEDERAL 17 #1 LOCATED AT  
330' FSL & 1980' FWL IN SECTION 17,  
TOWNSHIP 26 SOUTH, RANGE 33 EAST,  
N.M.P.M., LEA COUNTY, NEW MEXICO

Survey Date: 07/31/10	Sheet 1 of 1 Sheets
W.O. Number: 100731WL	Drawn By: KA Rev:
Date: 08/04/10	100731WL Scale: 1" = 1000'





SCALE 1:100 000

NEW MEXICO

LEGEND