

SURFACE USE PLAN OF OPERATIONS

Operator Name/Number:	Occidental Permian Limited Partnership - 157984	
Lease Name/Number:	OPL Zack 8 Federal #1	Federal Lease No. NM160973
Pool Name/Number:	Undsg Salado Draw Wolfcamp Gas-84410 - Wildcat Bone Spring-96053	
Surface Location:	660 FSL 860 FEL SESE(P) Sec 8 T26S R33E	
Bottom Hole Location:	940 FSL 380 FWL SWSW(M) Sec 8 T26S R33E - Bone Spring	

1. Existing Roads

- a. 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.
- b. The well was staked by Terry J. Asel, Certificate No. 15079 on 7/31/10, certified 8/5/10.
- c. 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 1.2 miles. Turn right and go north on proposed new road for .4 miles to location.

2. New or Reconstructed Access Roads:

- a. A new access road will be built. The access road will run approximately 2100' north from an existing road to the location. See Exhibit #2.
- 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.

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.

- a. 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.
- 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 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>	780	\$0.16/ft over 1/4 mile	<u>\$124.80</u>	<u>\$1,503.80</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>\$0.00</u></u>	<u><u>\$3,413.80</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

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 4th day of August, 2010.

Name: Denise Woods 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


CERTIFICATE OF CONFORMITY

Supplier : CONTITECH RUBBER INDUSTRIAL KFT.
Equipment : 8 pcs. Choke and Kill Hose with installed couplings
Type : 3" x 10,67 m WP: 10000 psi
Supplier File Number : 412638
Date of Shipment : April. 2008
Customer : Phoenix Beattie Co.
Customer P.O. : 002481
Referenced Standards :
/ Codes / Specifications : API Spec 16 C
Serial No.: 52754,52755,52776,52777,52778,52782

STATEMENT OF CONFORMITY

We hereby certify that the above items/equipment supplied by us are in conformity with the terms, conditions and specifications of the above Purchaser Order and that these items/equipment were fabricated inspected and tested in accordance with the referenced standards, codes and specifications and meet the relevant acceptance criteria and design requirements.

COUNTRY OF ORIGIN HUNGARY/EU

Signed : 
Position: Q.C. Manager

Continental Rubber
Industrial Kft.
Quality Control Dept.
HU

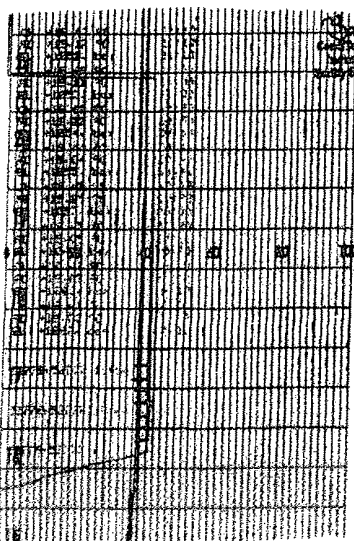
Date: 04. April. 2008

PHOENIX Beattie											
Material Identification Certificate											
PA No 008330		Client HELMERICH & PAYNE INT'L DRILLING Client Ref 370-380-001		Page 1							
Part No	Description	Material Desc	Material Spec	Qty	WO No	Batch No	Test Cert No	Bin No	Org No	Issue No	
10000-001	3" x 10,67 m WP: 10000 psi			1	248	52777/8		52777			
10000-002	CLIPPING & SAFETY EQUIPMENT TO			1	248	52777/8		52777			
10000-003	SAFETY CLAMP HOSE 7.5FT	CHROMIUM STEEL		1	248	52777/8		52777			
10000-004	SAFETY CLAMP HOSE 7.5FT	CHROMIUM STEEL		1	248	52777/8		52777			

We hereby certify that these goods have been inspected by our Quality Management System, and to the best of our knowledge are found to conform to relevant industry standards within the requirements of the purchase order as issued to Phoenix Beattie Corporation.



QUALITY CONTROL INSPECTION AND TEST CERTIFICATE				CERT. NO:	746
PURCHASER: Phoenix Beattie Co.				P.O. NO:	002491
CONTITECH ORDER NO: 412638		HOSE TYPE: 3" ID Choke and Kill Hose			
HOSE SERIAL NO: 52777		NOMINAL / ACTUAL LENGTH: 10,57 m			
W.P. 68,96 MPa 10000 psi		T.P. 103,4 MPa 15000 psi		Duration: 60 min.	
<p>Pressure test with water at ambient temperature</p> <p style="text-align: center;">See attachment. (1 page)</p> <p>↑ 10 mm = 10 Min. → 10 mm = 25 MPa</p>					
COUPLINGS					
Type	Serial No		Quality	Heat No	
3" coupling with 4 1/16" Flange and	917 913		AISI 4130	T7986A	
			AISI 4130	28084	
INFOCHIP INSTALLED				API Spec 18 C Temperature rate: "B"	
All metal parts are stainless					
WE CERTIFY THAT THE ABOVE HOSE HAS BEEN MANUFACTURED IN ACCORDANCE WITH THE TERMS OF THE ORDER AND PRESSURE TESTED AS ABOVE WITH SATISFACTORY RESULT.					
Date:	Inspector		Quality Control		
04. April. 2008			Continental Rubber Industrial B2B Quality Control Dept. (1)		



Delivery Note

Customer Order Number	376-369-001	Delivery Note Number	003078	Page	1
Customer / Invoice Address HELMERICH & PAYNE INT'L DRILLING CO 1437 SOUTH BOULDER TULSA, OK 74119		Delivery / Address HELMERICH & PAYNE IDC ATTN: JOE STEPHENSON - RIG 378 13609 INDUSTRIAL ROAD HOUSTON, TX 77015			

Customer Acc No	Phoenix Beattie Contract Manager	Phoenix Beattie Reference	Date
H01	J.L.	006538	05/23/2006

Item No	Beattie Part Number / Description	Qty Ordered	Qty Sent	Qty To Follow
1	HP1003A-36-4F1 3" 10K 10C CMC HOSE x 35% OAL ON 4.1/16" API SPEC FLANGE E/ End 1: 4.1/16" 10Kpsi API Spec 6A Type 6BX Flange End 2: 4.1/16" 10Kpsi API Spec 6A Type 6BX Flange c/w 8X155 Standard ring groove at each end Suitable for H2S Service Working pressure: 10,000psi Test pressure: 15,000psi Standard: API 10C Full specification Armor Guarding: Included Fire Rating: Not Included Temperature rating: -20 Deg C to +100 Deg C	1	1	0
2	SECKS-HPF3 LIFTING & SAFETY EQUIPMENT TO SUIT HP1003-36-F1 2 x 160mm ID Safety Clamps 2 x 24mm ID Lifting Collars & element C's 2 x 7/8" Stainless Steel wire rope 3/4" OD 4 x 7/8" Shackles	1	1	0
3	SC726-206CS SAFETY CLAMP 200MM 7.25T C/S GALVANIZED	1	1	0

Delivery Note

Customer Order Number	376-369-001	Delivery Note Number	003078	Page	2
Customer / Invoice Address HELMERICH & PAYNE INT'L DRILLING CO 1437 SOUTH BOULDER TULSA, OK 74119		Delivery / Address HELMERICH & PAYNE IDC ATTN: JOE STEPHENSON - RIG 378 13609 INDUSTRIAL ROAD HOUSTON, TX 77015			

Customer Acc No	Phoenix Beattie Contract Manager	Phoenix Beattie Reference	Date
H01	J.L.	006538	05/23/2006

Item No	Beattie Part Number / Description	Qty Ordered	Qty Sent	Qty To Follow
4	SC726-132CS SAFETY CLAMP 132MM 7.25T C/S GALVANIZED C/W BOLTS	1	1	0
5	ROBERT-HYDRO HYDROSTATIC PRESSURE TEST CERTIFICATE	1	1	0
6	ROBERT-LOAD LOAD TEST CERTIFICATES	1	1	0
7	OFFFREIGHT INBOUND / OUTBOUND FREIGHT PRE-PAY & ADD TO FINAL INVOICE NOTE: MATERIAL MUST BE ACCOMPANIED BY PAPERWORK INCLUDING THE PURCHASE ORDER, RIG NUMBER TO ENSURE PROPER PAYMENT	1	1	0

Phoenix Beattie Inspection Signature:

Received in Good Condition: Signature

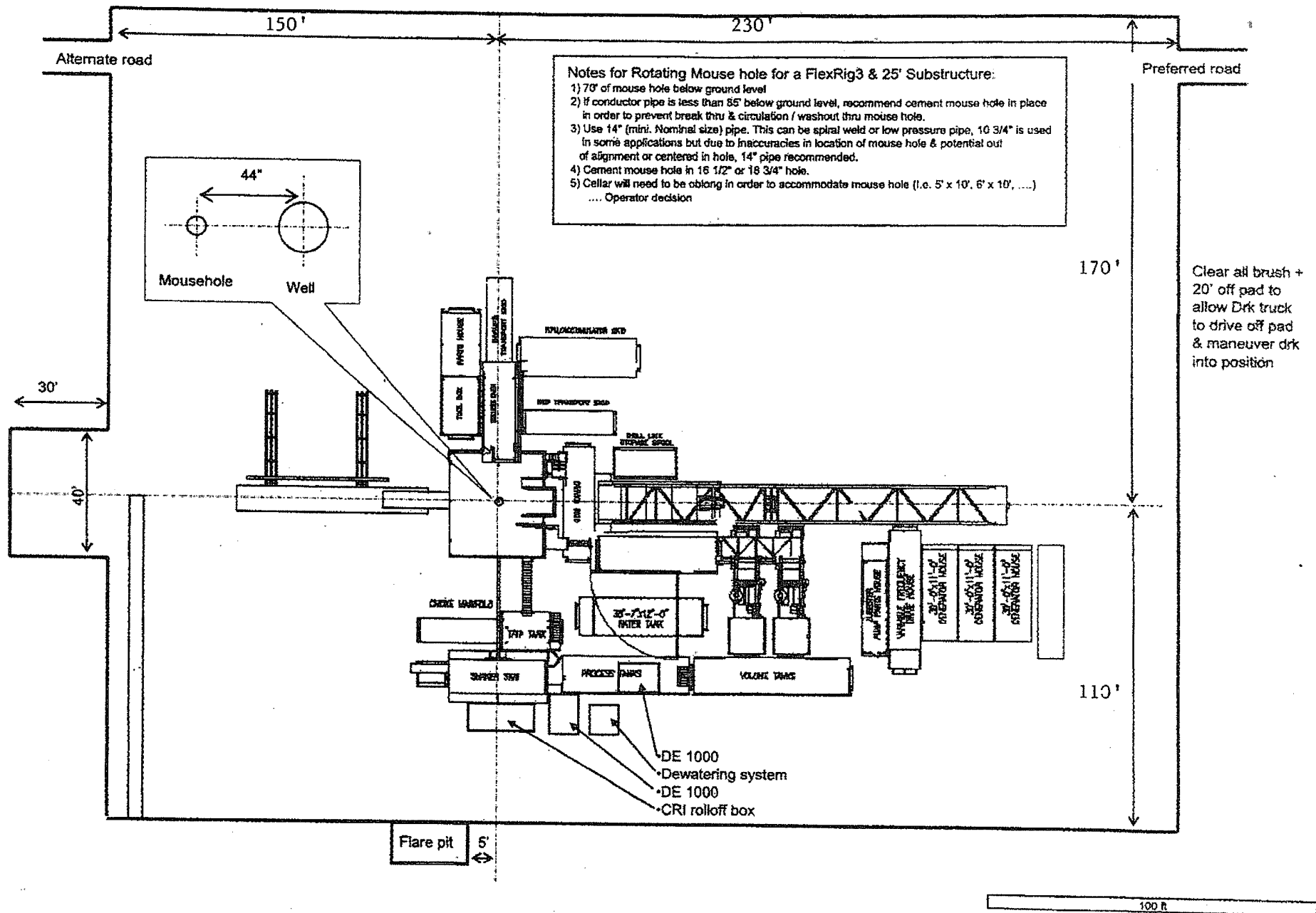
Print Name

Date

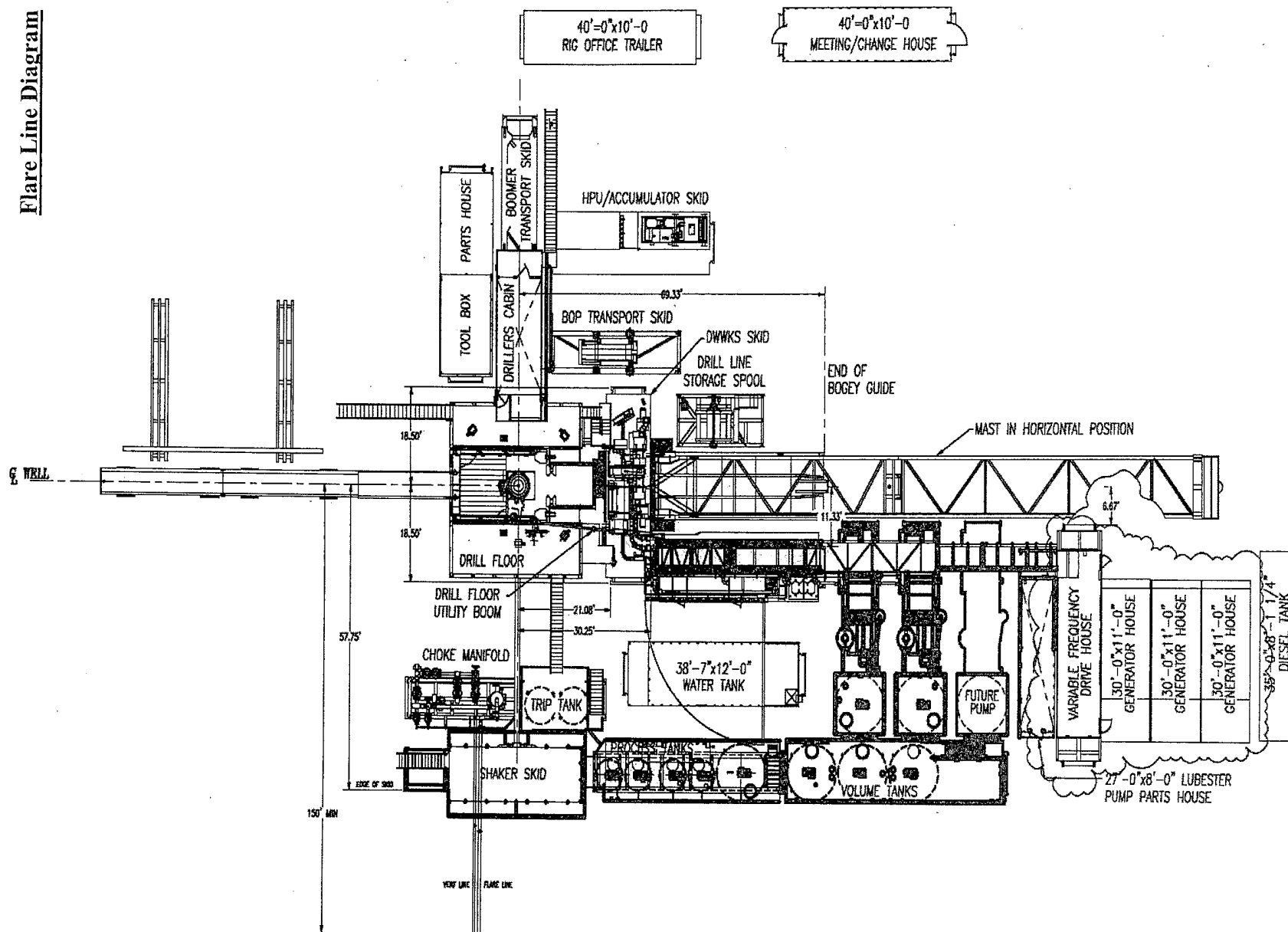
All goods remain the property of Phoenix Beattie until paid for in full. Any damage or shortage on this delivery must be advised within 8 days. Returns may be subject to a handling charge.

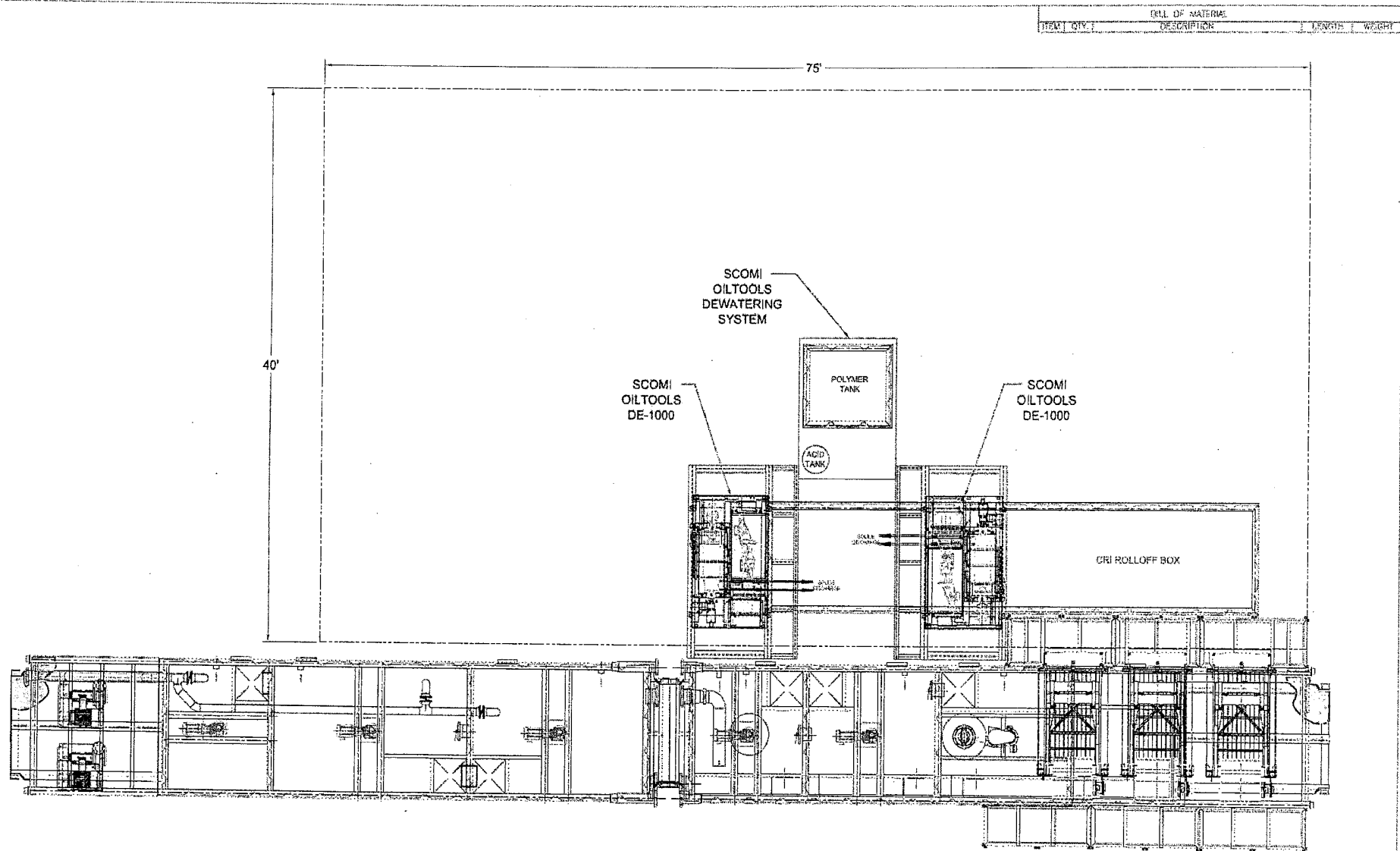
OXY FLEX III PAD (SCOMI Closed Loop System)

Level Area-No Caliche-For Offices and Living Quarters



Flare Line Diagram





NO.	REVISION	BY	CHKD	APPD	DATE
1	AS PER PAGE 2 TO SHOW P&ID				4-22-09

1. ALL STRUCTURAL MATERIAL SHALL BE ASTM - A36.
2. ALL PIPE SHALL BE 40 MATERIAL SA 106 Gr. B.
3. ALL FLANGES SHALL BE 5000 150# & MATERIAL SA 105.
4. ALL FITTINGS SHALL BE 5000 150# & MATERIAL SA 105.
5. TANK FABRICATION SHALL BE IN ACCORDANCE WITH API-650.

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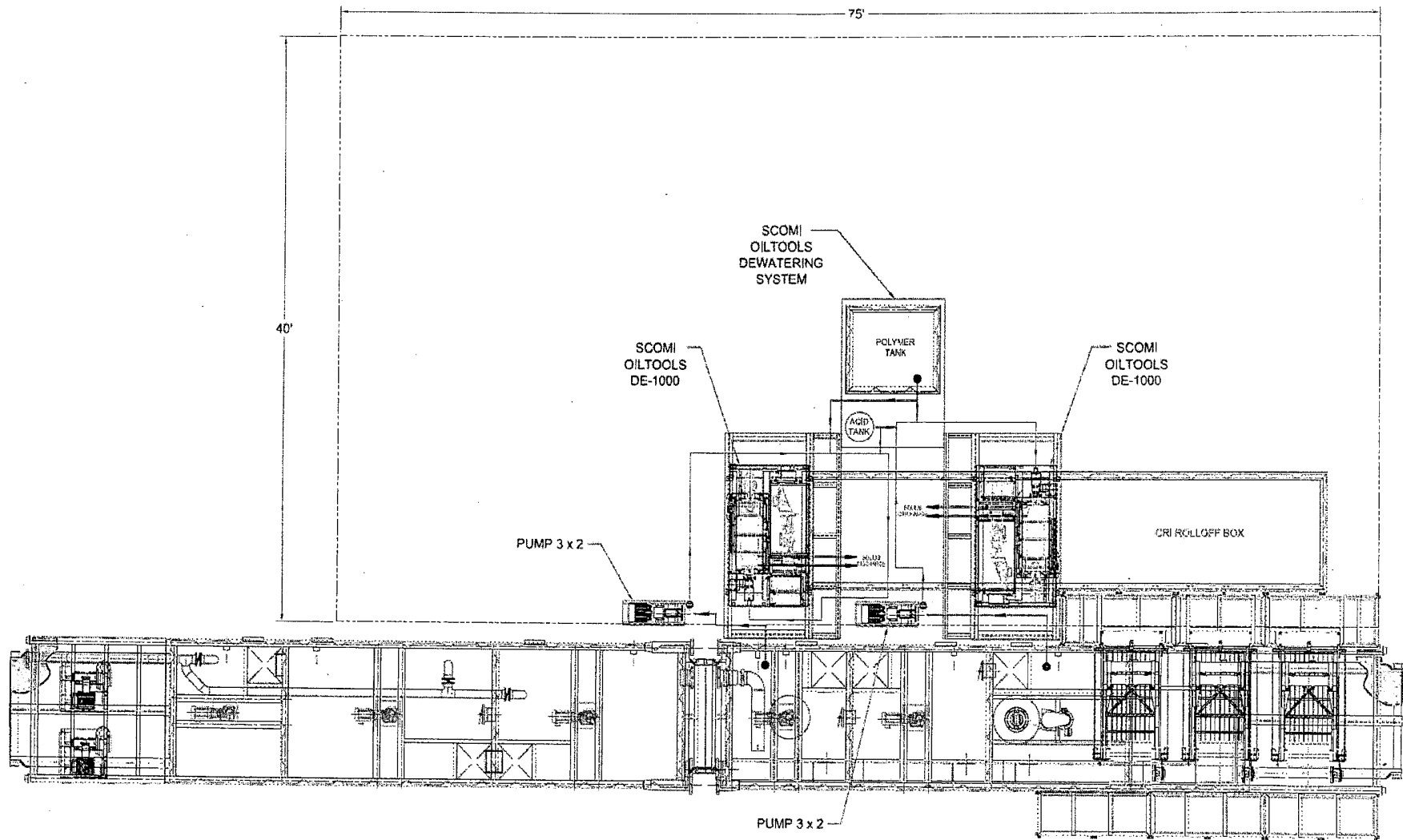
TITLE: CLOSED LOOP SYSTEM BASIC LAYOUT AND TIE IN OXY - H&P - FLEX RIGS / PG 1 OF 2			
DESIGNED BY PDI	DATE 10/30/08	CHECKED BY	DATE
APPROVED	DATE	SCALE NTS	NO. OF SHEETS D

Scomi

501 N. Sam Houston Parkway East, Suite 300,
Houston, Texas 77060
PHONE: (281) 298-6014, FAX: (281) 298-6060

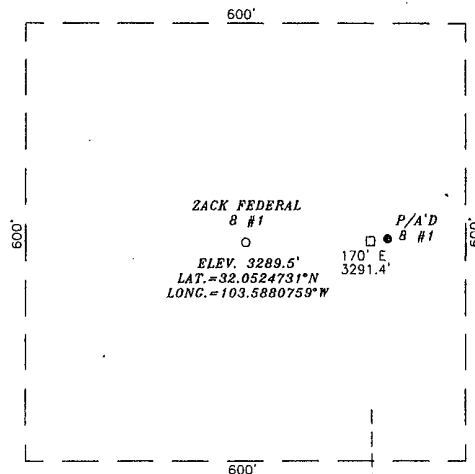
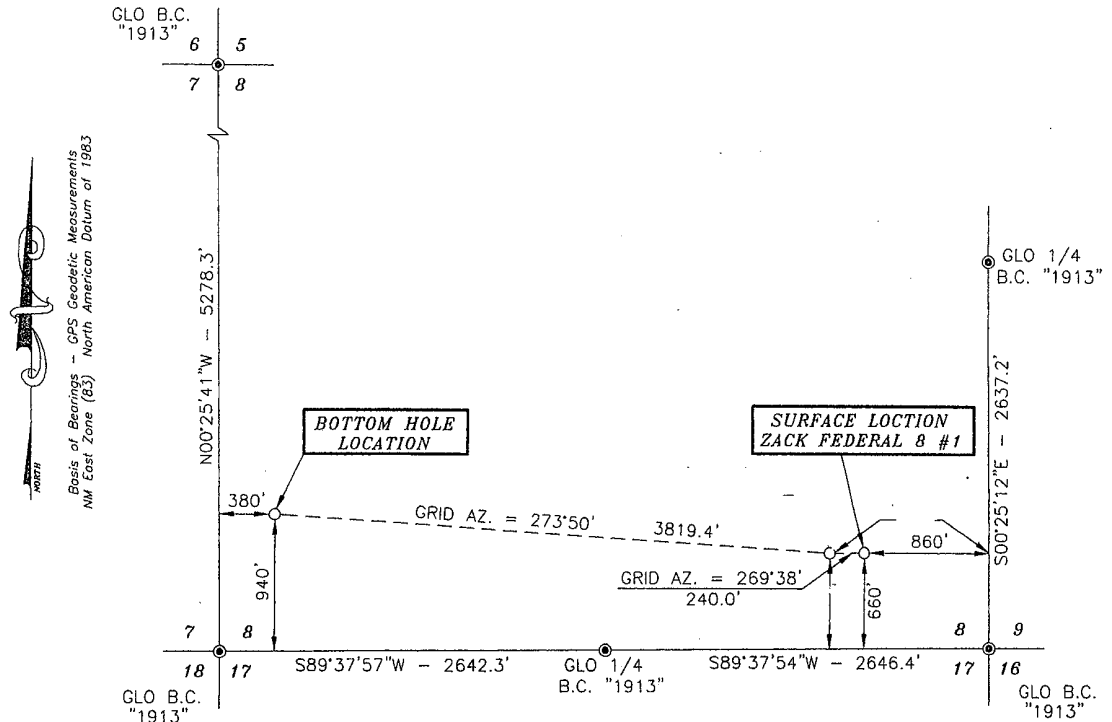
JOB NO.	DRAWING NO.	REV.
	521S-014	A

BILL OF MATERIAL		ITEM	QTY	DESCRIPTION	LENGTH	WIDTH



				1. ALL STRUCTURAL MATERIAL SHALL BE ASTM - A36. 2. ALL PIPE SCH. 40 MATERIAL SA 105 GR. B. 3. ALL FLANGES SHALL BE SORF. 150# & MATERIAL SA 105. 4. ALL FITTINGS SCH. 40 MATERIAL SHALL BE SA 234 GR. WPB. 5. TANK FABRICATION SHALL BE IN ACCORDANCE WITH API-650.				TITLE: CLOSED LOOP SYSTEM BASIC LAYOUT AND TIE IN OXY - H&P - FLEX RIGS / PG 2 OF 2				Scomi 501 N. Sam Houston Parkway East, Suite 302, Houston, Texas 77060 PHONE: (281)-265-5214 FAX: (281)-265-5280			
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A. ATTEND PAGE 2 TO KNOW RIGS				DES. BY: _____ DATE: 11/2/09								REV: A			

SECTION 8, 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
1.2 MILES, TURN RIGHT AND GO NORTH
ON PROPOSED NEW ROAD FOR 0.4
MILES TO LOCATION.



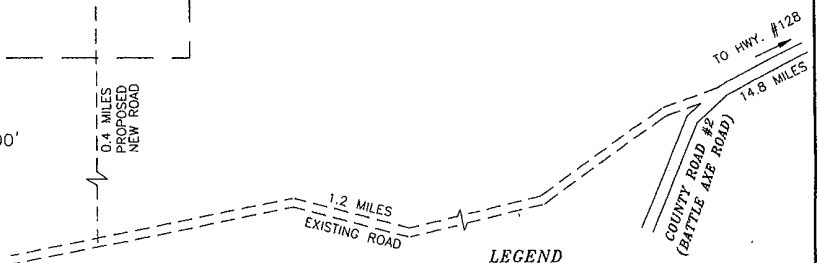
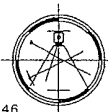
SURVEYOR'S CERTIFICATE

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

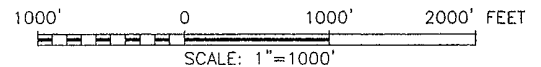
Asel Surveying

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



LEGEND

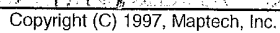
● - DENOTES FOUND MONUMENT AS NOTED



OCCIDENTAL PERMIAN LIMITED

ZACK FEDERAL 8 #1 LOCATED AT
660' FSL & 860' FEL IN SECTION 8,
TOWNSHIP 26 SOUTH, RANGE 33 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO

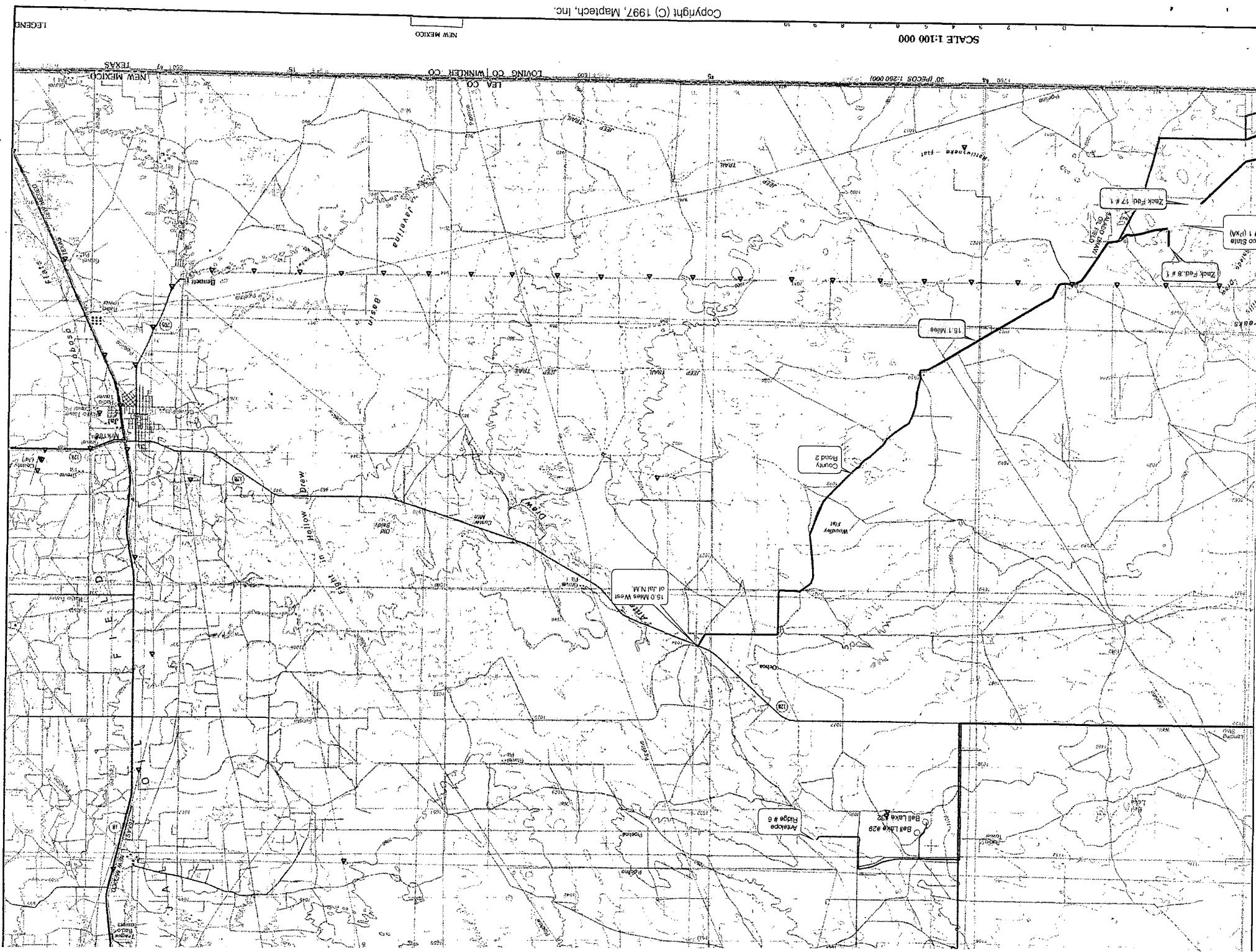
Survey Date: 07/30/10	Sheet 1 of 1 Sheets
W.O. Number: 100730WL	Drawn By: KA Rev:
Date: 08/04/10	100730WL Scale: 1"=1000'



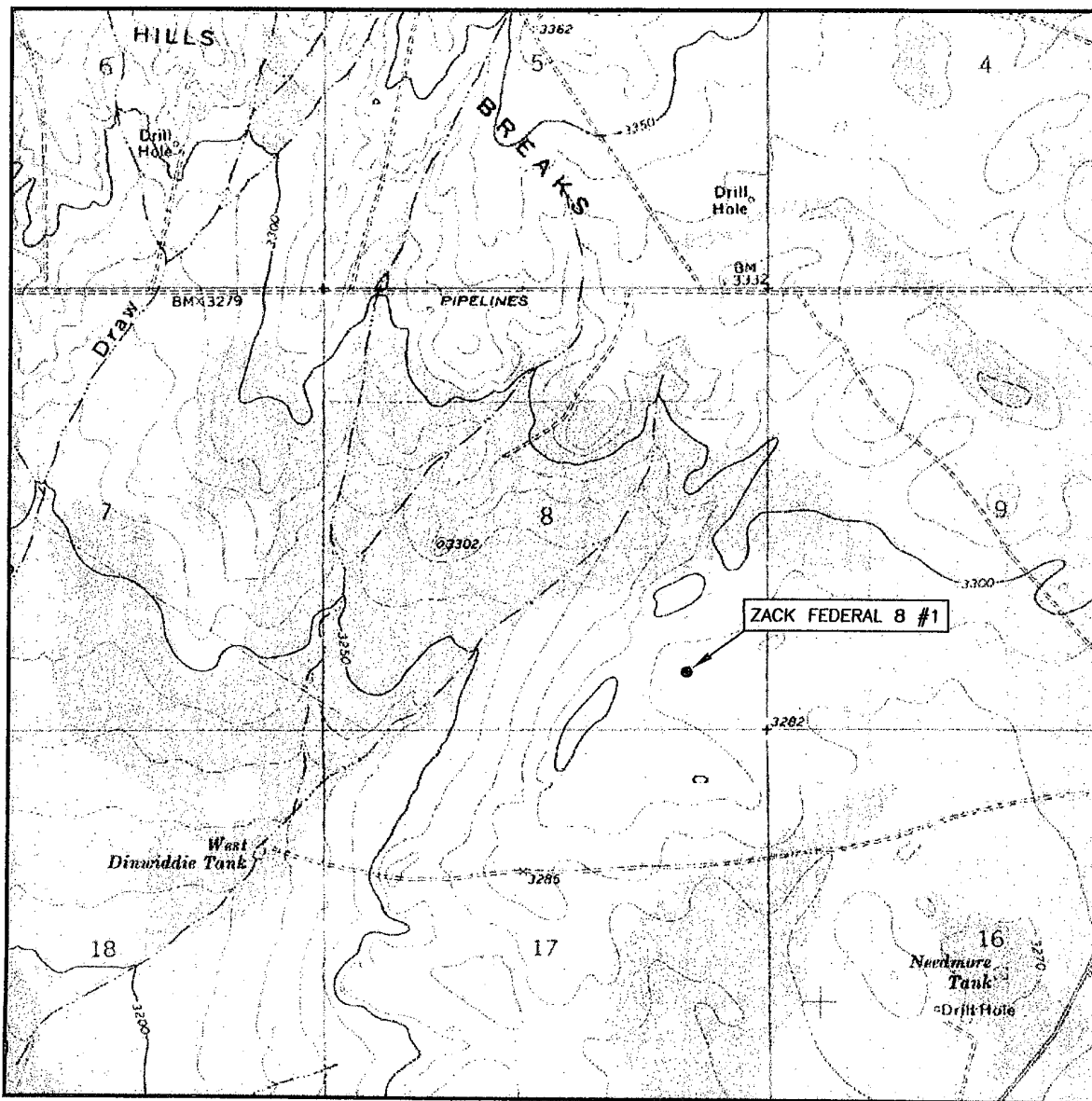
NEW MEXICO

SCALE 1:100 000

LEGEND



LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

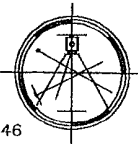
CONTOUR INTERVAL: 10'

SEC. 8 TWP. 26-S RGE. 33-ESURVEY N.M.P.M.COUNTY LEADESCRIPTION 660' FSL & 860' FELELEVATION 3289.5'OPERATOR OCCIDENTAL PERMIAN LTD.LEASE ZACK FEDERAL 8 #1

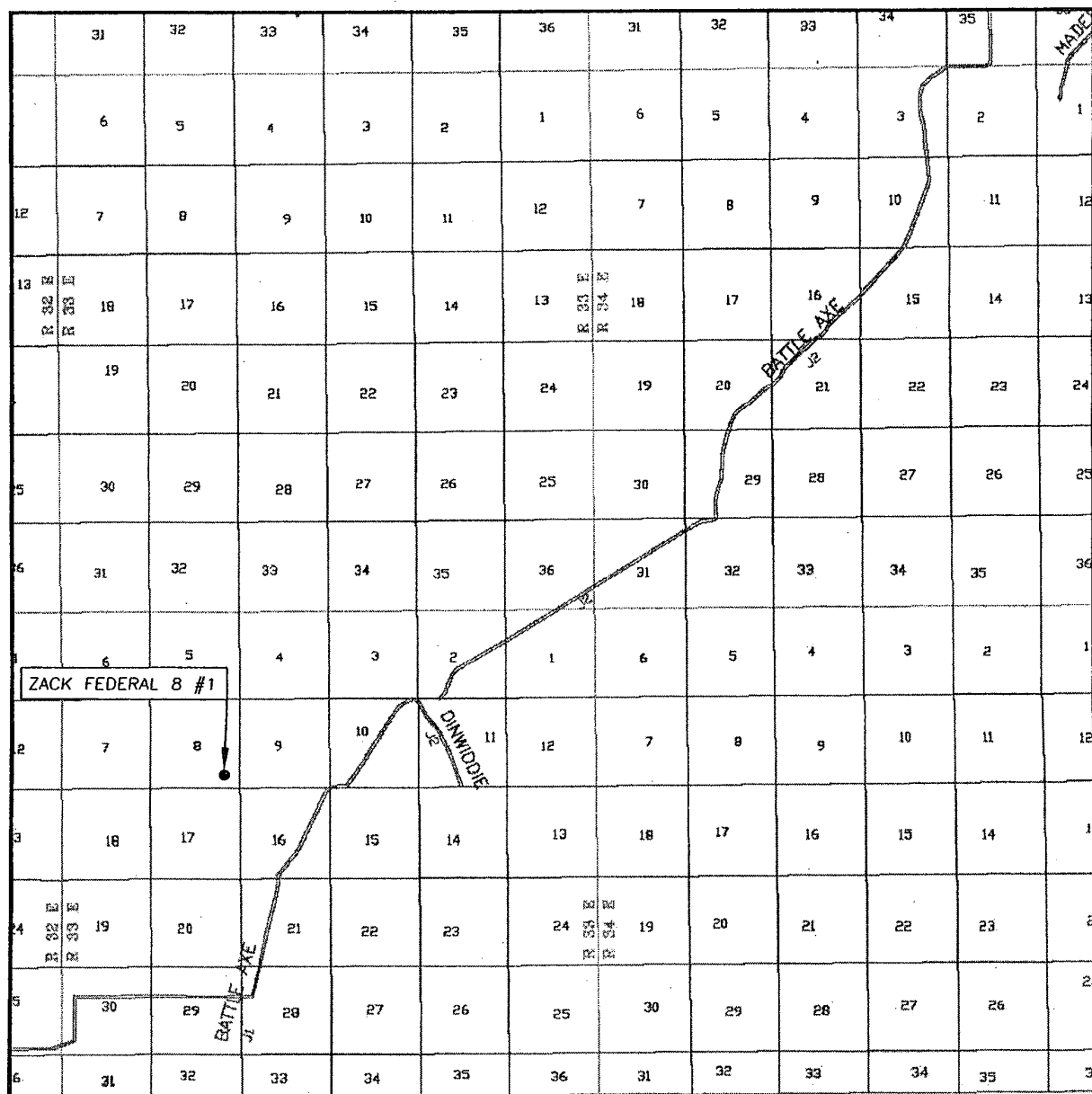
U.S.G.S. TOPOGRAPHIC MAP

PADUCA BREAKS EAST, N.M.

Asel Surveying

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

VICINITY MAP

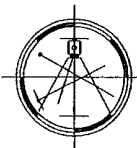


SEC. 8 TWP. 26-S RGE. 33-E
 SURVEY N.M.P.M.
 COUNTY LEA
 DESCRIPTION 660' FSL & 860' FEL
 ELEVATION 3289.5'
 OPERATOR OCCIDENTAL PERMIAN LTD.
 LEASE ZACK FEDERAL 8 #1

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 1.2 MILES, TURN RIGHT AND GO NORTH ON PROPOSED NEW ROAD FOR 0.4 MILES TO LOCATION.

EXHIBIT 3

