

**SURFACE USE PLAN OF OPERATIONS**

Operator Name/Number:	OXY USA Inc.	16696
Lease Name/Number:	Rum Runner 2 Federal Com #1H	N/A
Pool Name/Number:	Undesignated Northwest Bootleg Ridge Delaware	6925
Surface Location:	1980 FNL 330 FEL SENE(H) Sec 2 T22S R32E	
Bottom Hole Location:	1980 FNL 330 FWL SWNW(E) Sec 2 T22S R32E	

**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 11/30/10, certified 12/10/10.
- 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 north/northeast and south/southeast for 5.1 miles. Turn left and for northeast for 2.0 miles. Turn left and go north for 1.2 miles. Turn right and go east for 2.0 miles. Turn left and go north for .9 miles, turn right on proposed road and go west for 1.0 miles to location

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

- a. A new access road will be built. The access road will run approximately 1.1 miles west 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 Rum Runner 2 Federal tank battery would be utilized and the necessary production equipment will be installed at the well site. See proposed Production Facilities Layout diagram, Exhibit #4.
- b. If necessary, electric power poles will be set along side of the access road.
- c. All flowlines will adhere to API Standards, see Exhibit #4.

**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

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

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

## 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>	4488	\$0.16/ft over 1/4 mile	<u>\$718.08</u>		<u>\$2,097.08</u>
Pipeline - up to 1mile	<u>\$1,273.00</u>	0.1	\$266 per 1/4 mile	<u>\$106.40</u>		<u>\$1,379.40</u>
Electric Line - up to 1mile	<u>\$637.00</u>	2.2	\$0.18/ft over 1 mile	<u>\$2,090.88</u>		<u>\$2,727.88</u>
Total	<u><u>\$3,289.00</u></u>			<u><u>\$2,915.36</u></u>	\$6,204.36	<u><u>\$6,204.36</u></u>

## 13. Bond Coverage:

Bond Coverage is Nationwide Bond No. ES0136.

## Operators Representatives:

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

Gilbert Williams  
Production Coordinator  
P.O. Box 50250  
Midland, TX 79710  
Office Phone: 432-385-2778  
Cellular: 806-215-0009

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

Travis Samford  
Drilling Superintendent  
P.O. Box 4294  
Houston, TX 77210  
Office Phone: 713-215-7849  
Cellular: 281-684-6897

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

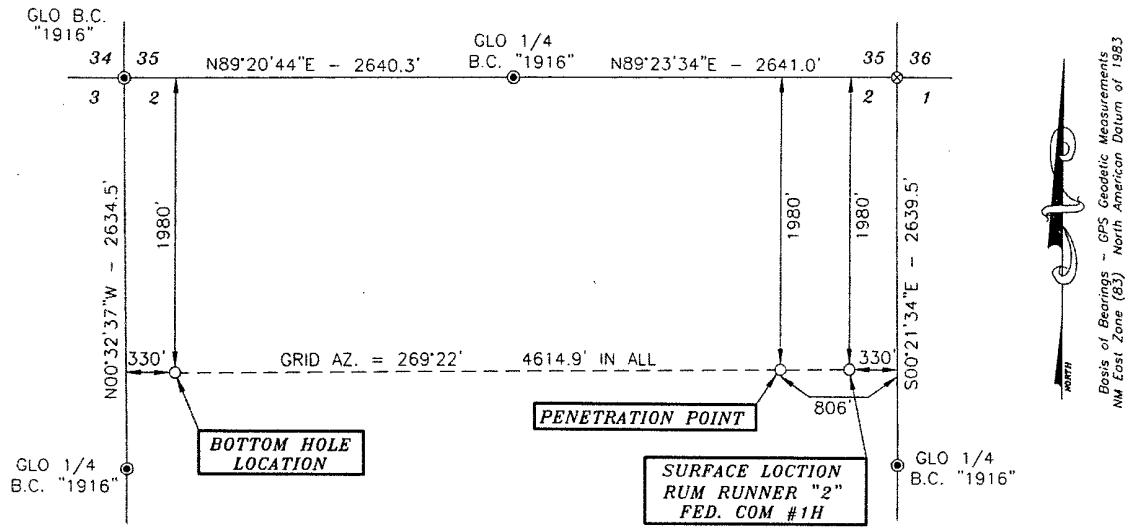
Melissa Schaaf  
Drilling Engineer  
P.O. Box 4294  
Houston, TX 77210  
Office Phone: 713-366-5274  
Cellular: 713-594-7331

### OPERATOR CERTIFICATION

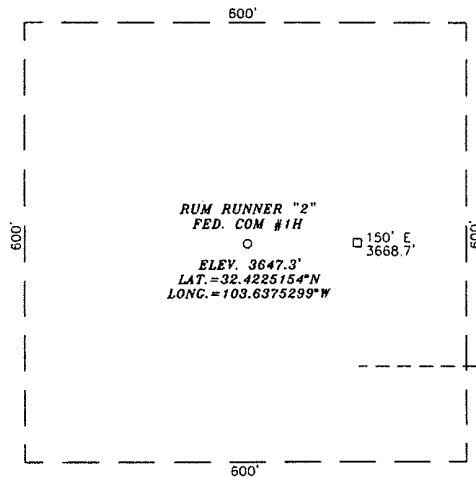
I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions that presently exist; that I have full knowledge of State and Federal laws applicable to this operation; that the statements made in 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 January, 2011.

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): \_\_\_\_\_ Gilbert Williams \_\_\_\_\_  
Address (If different from above): \_\_\_\_\_ P.O. Box 50250 Midland, TX 79710 \_\_\_\_\_  
Telephone (if different from above): \_\_\_\_\_ 432-385-2778 \_\_\_\_\_  
E-mail (if different from above): \_\_\_\_\_ gilbert\_williams@oxy.com \_\_\_\_\_

SECTION 2, TOWNSHIP 22 SOUTH, RANGE 32 EAST, N.M.P.M.,  
LEA COUNTY  
NEW MEXICO



DIRECTIONS:  
BEGINNING IN JAL AT THE INTERSECTION OF HWY. #128 AND HWY. #18, GO WEST NORTHWEST ON HWY. #128 FOR ±35.0 MILES, TURN RIGHT AND GO NORTH ON COUNTY ROAD #798 (RED ROAD) FOR 7.3 MILES, TURN RIGHT AND GO NORTHEAST ON CALICHE ROAD FOR 2.7 MILES, CONTINUE EAST SOUTHEAST 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 ON PROPOSED NEW ROAD FOR 1.0 MILES TO LOCATION.



SCALE - 1" = 200'



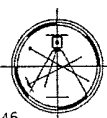
**SURVEYORS CERTIFICATE**

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* 1/5/2011  
Terry J. Asel, N.M. R.P.S. No. 15079

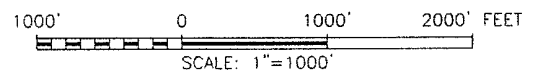
Asel Surveying

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



**LEGEND**

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

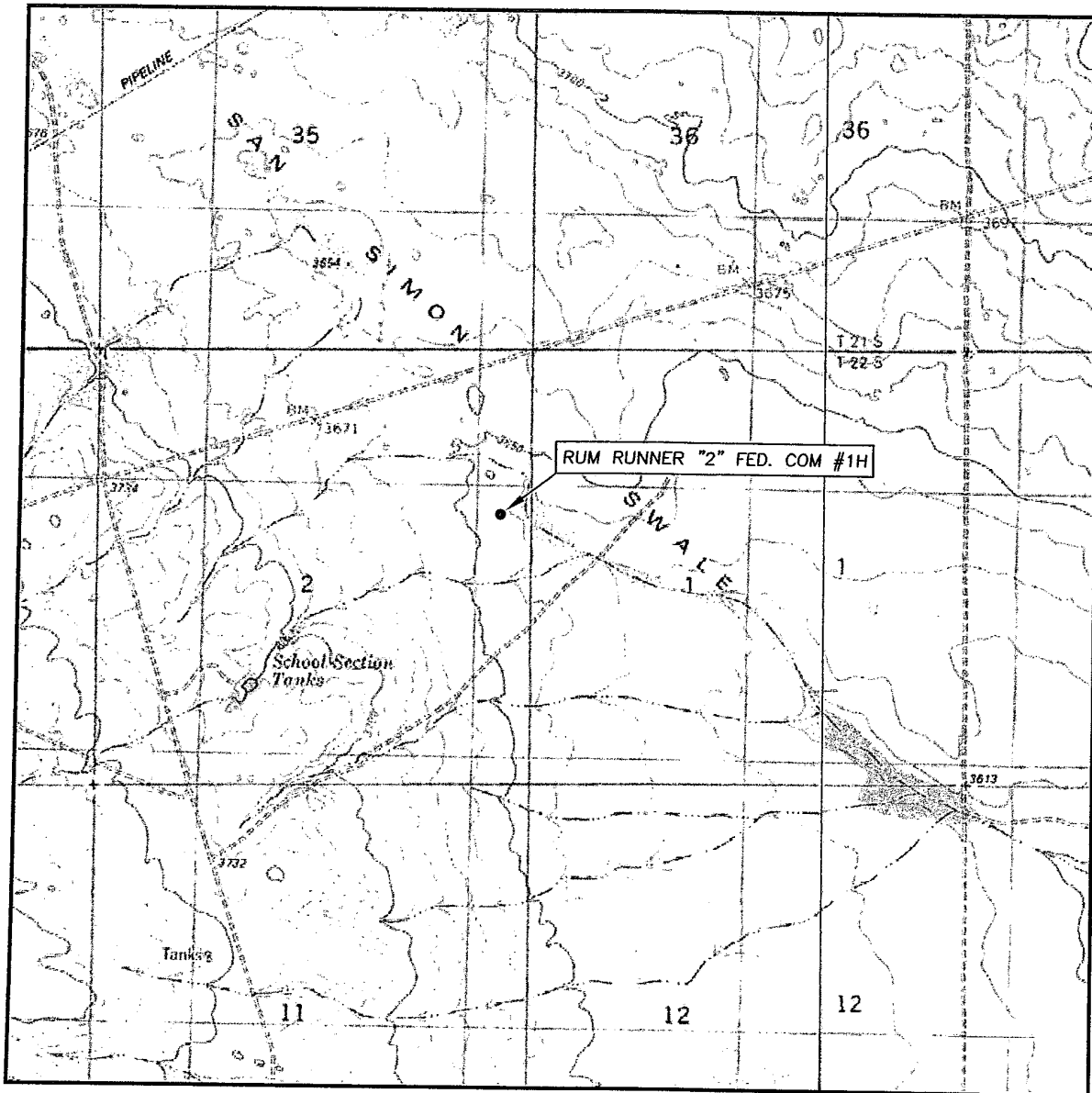


**OXY USA INC.**

RUM RUNNER "2" FED. COM #1H LOCATED  
AT 1980' FNL & 330' FEL IN SECTION 2,  
TOWNSHIP 22 SOUTH, RANGE 32 EAST,  
N.M.P.M., LEA COUNTY, NEW MEXICO

Survey Date: 11/30/10	Sheet 1 of 1 Sheets
W.O. Number: 101130WL-a (Rev. A)	Drawn By: KA Rev: A
Date: 1/05/11	101130WL-a Scale: 1"=1000'

# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'

SEC. 2 TWP. 22-S RGE. 32-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 1980' FNL & 330' FEL

ELEVATION 3647.3'

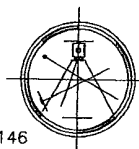
OPERATOR OXY USA INC.

LEASE RUM RUNNER "2" FED. COM #1H

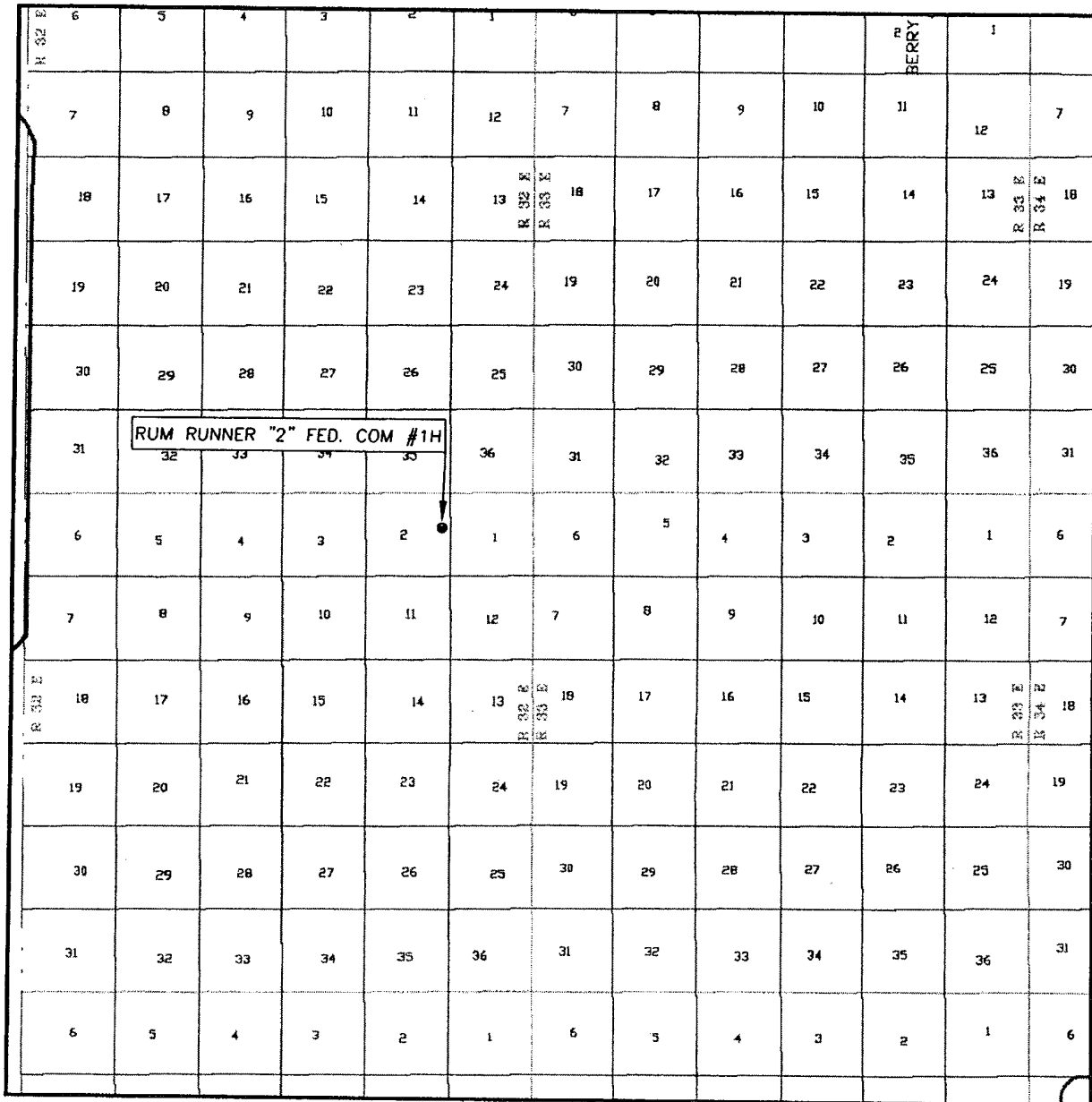
U.S.G.S. TOPOGRAPHIC MAP  
THE DIVIDE, N.M.

Asel Surveying

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



# VICINITY MAP



SEC. 82 TWP. 26-S RGE. 33-E 6A

SCALE: 1" = 2 MILES

SURVEY N.M.P.M.

COUNTY LEA

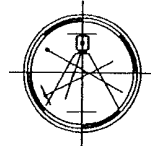
DESCRIPTION 1980' FNL & 330' FEL

ELEVATION 3647.3'

OPERATOR OXY USA INC.

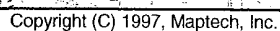
LEASERUM RUNNER "2" FED. COM #1H

Asel Surveying

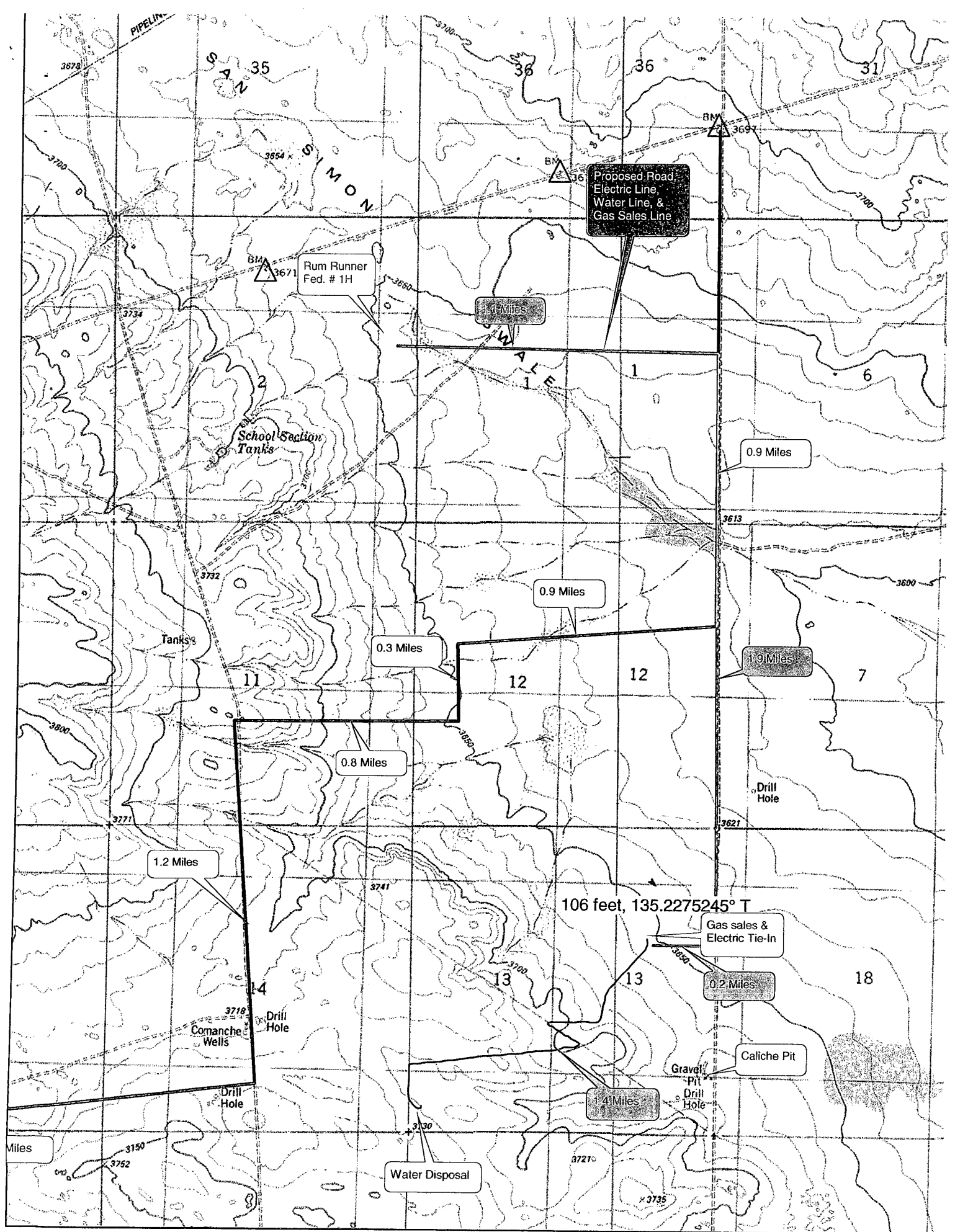


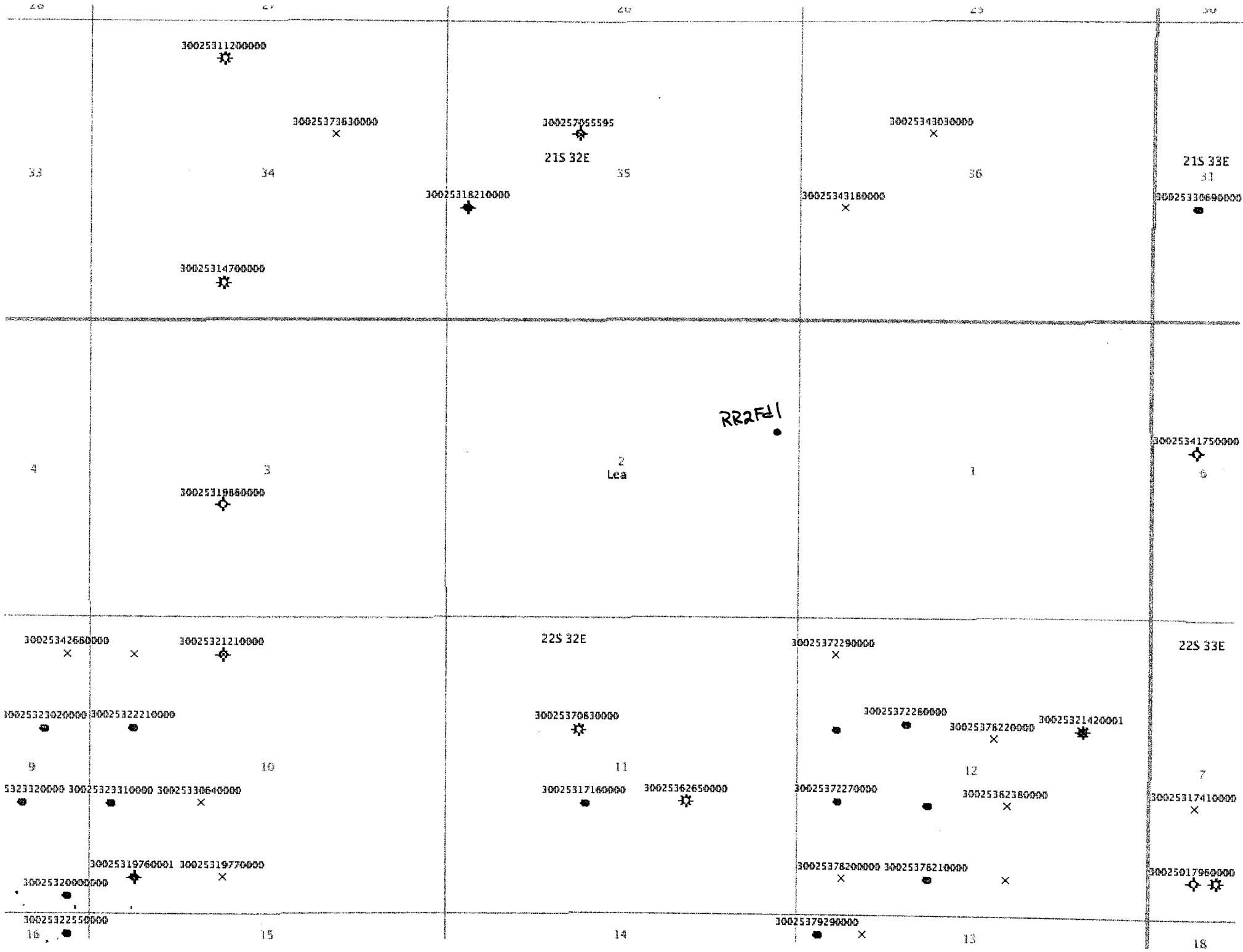
P.O. BOX 393 - 310 W. TAYLOR  
HOBBS, NEW MEXICO - 575-393-9146

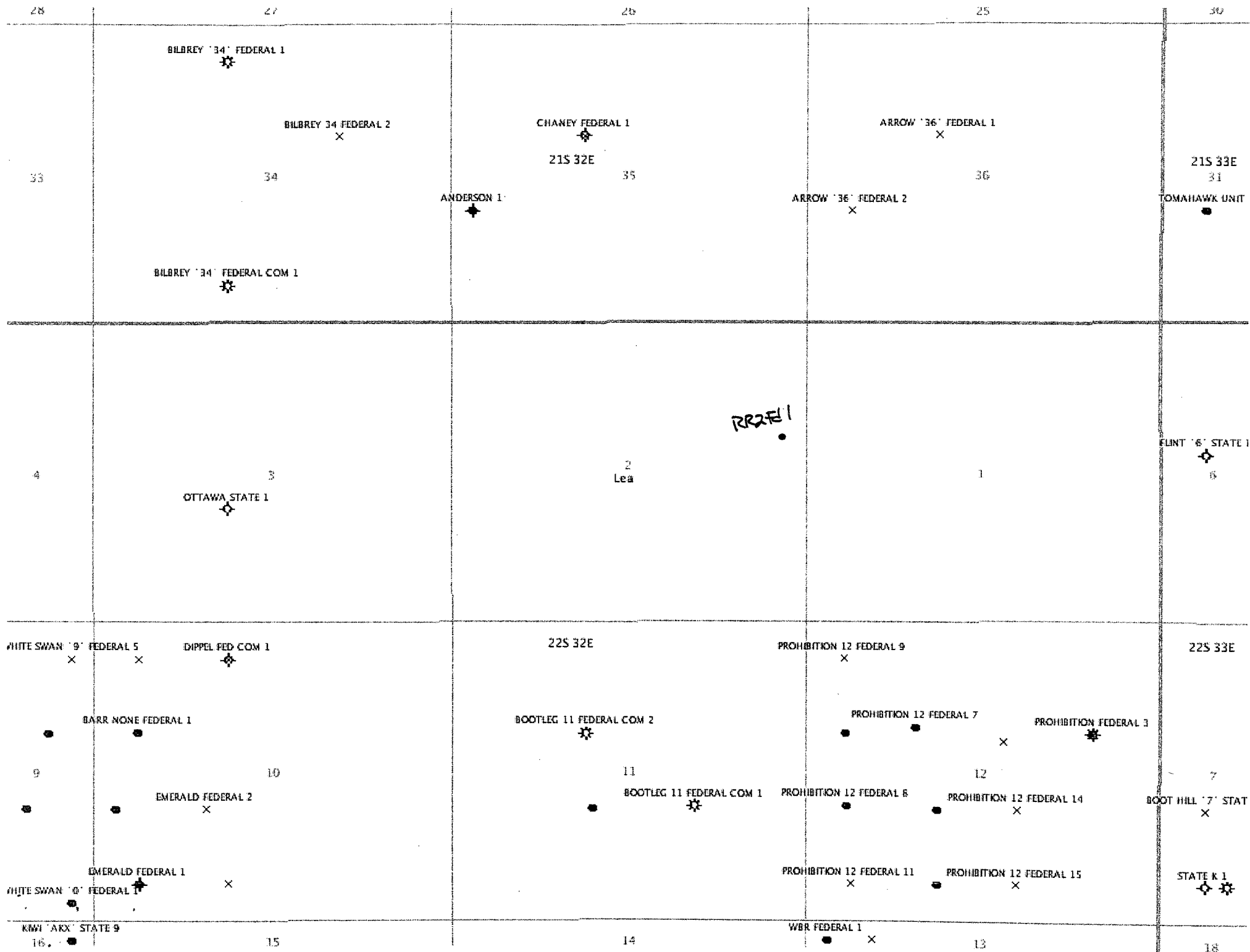
DIRECTIONS BEGINNING IN JAL AT THE INTERSECTION OF HWY. #128 AND HWY. #18, GO WEST NORTHWEST ON HWY. #128 FOR 35.0 MILES, TURN RIGHT AND GO NORTH ON COUNTY ROAD #798 (RED ROAD) FOR 7.3 MILES, TURN RIGHT AND GO NORTHEAST ON CALICHE ROAD FOR 2.7 MILES, CONTINUE EAST SOUTHEAST FOR 2.5 MILES, CONTINUE NORTHEAST 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 ON PROPOSED NEW ROAD FOR 1.0 MILES TO LOCATION.

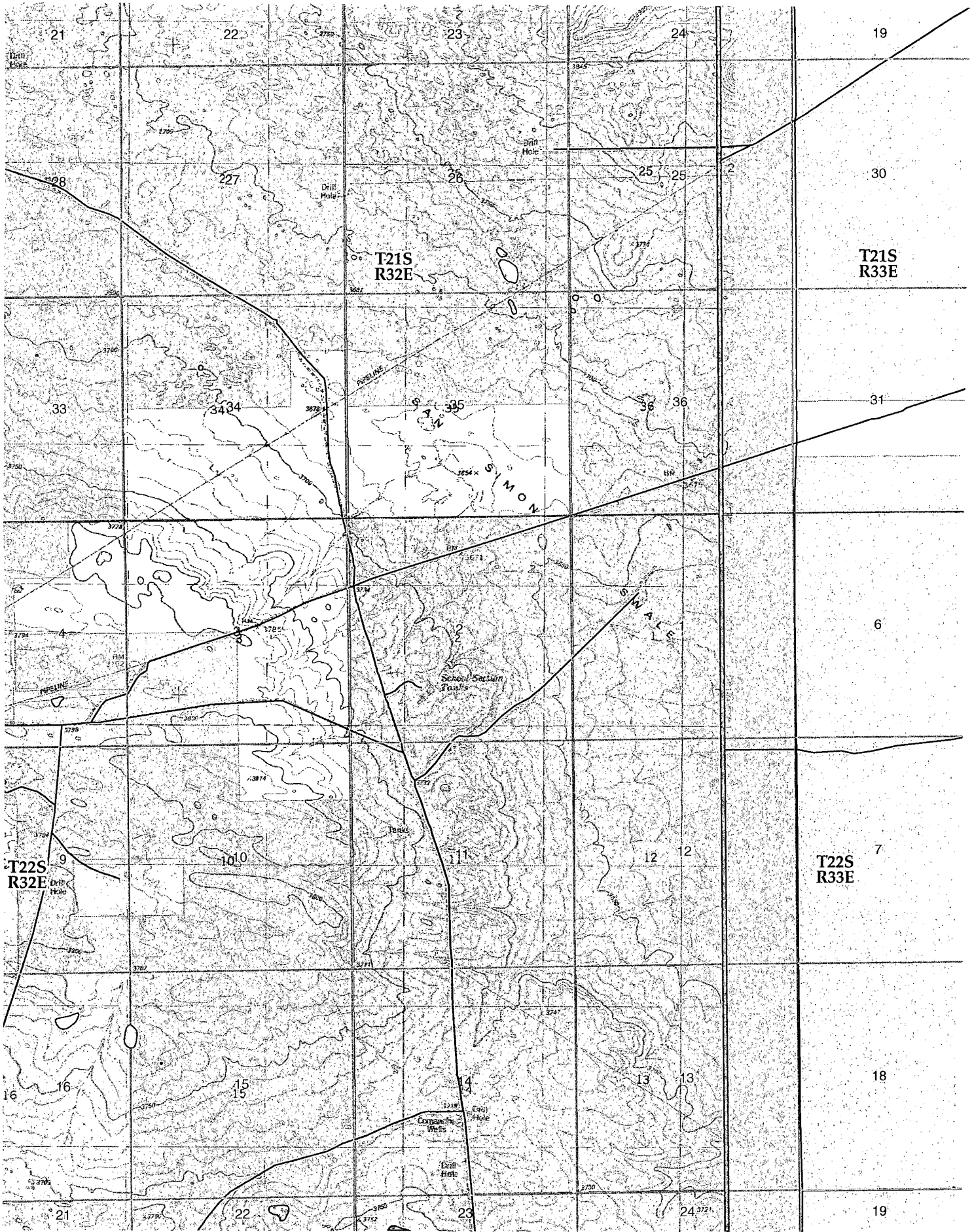












T21S  
R32E

34

35

36

NW106696

NW107788

NW108691

T22S  
R32E

9

2

1

10

11

12