



## **12-POINT SURFACE USE PLAN OF OPERATIONS**

### **OXY USA Inc.**

**Ute Water Fed 27-13A Well  
NESE, Sec. 27, Twn. 9S, Rng. 94W 6<sup>th</sup> PM (Surface Location)  
Lease No. COC 64796 (Mineral Location)  
Mesa County, CO**

#### **Overview**

The Ute Water Federal 27-13A well will be drilled from the proposed Ute Water 27-11 pad which will be constructed on private lands owned by the Ute Water Conservancy District (UWCD). Access to the location will be across private (UWCD) and Bureau of Land Management (BLM) lands. A Surface Use, Access and Right-of-Way Agreement between Laramie Energy LLC and the Landowner is attached to this permit. OXY USA Inc. (Oxy) entered into a Purchase and Sale Agreement with Plains Exploration & Production Company (PXP) dated September 24, 2008 and effective December 1, 2008 which transferred ownership of the attached Surface Use Agreement from PXP to Oxy. PXP entered into a Purchase and Sale Agreement with Laramie Energy LLC (Laramie) dated April 18<sup>th</sup>, 2007 and effective January 1<sup>st</sup>, 2007 which transferred ownership of the attached Surface Use Agreement from Laramie to PXP.

#### **1. Existing Roads**

To access the Ute Water 27-11 pad, follow Highway 330 east through Collbran, Colorado, and continue on for approximately 4.9 miles and turn right on a gravel access road. Continue 1.1 miles south/southeast, past east side of farm buildings. Travel an additional 0.9 mile down the ranch road and turn right on to pad access road. The pad is located approximately 0.1 mile to west on the access road.

#### **2. Planned access road**

The proposed access road for the Ute water 27-11 pad is located primarily on private surface, following an existing ranch road, with portions of the proposed access road crossing BLM surface (unimproved ranch road). Upgrades to the ranch road will be required to be compatible with the anticipated load traffic. A short portion of the proposed access road will require new construction which will be constructed in accordance with the construction methods described in the E. Plateau /Brush Creek Field POD.

Any navigable waters crossed during construction of the access road, gathering lines, or the pad will be permitted as necessary with a section 404 permit through the Army Corp of Engineers prior to actual disturbance activities.

Refer to E. Plateau /Brush Creek Field POD for road standards and maintenance.

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

As of 3/3/10, there were 9 gas wells identified by the COGCC in some stage of activity within a one-mile radius of the proposed well. Refer to the "Well Vicinity Map" figure supplied in the Ute Water Federal 27-13A well plat package.

#### **4. Location of Tank Batteries, Production Facilities and Production Gathering and Service Lines**

The Ute Water Federal 27-13A well plat package has a Production Schematic showing the equipment layout for the proposed wells on the Ute Water 27-11 pad. Each well will have its own individual treatment, metering and tankage setup. The final site facility layout will be submitted to the BLM upon completion.

The proposed gathering line will exit the pad location and follow the access road and ranch road approximately 4,240 feet to an existing above ground valve which ties-in to Oxy's 8-inch gathering line to the Brush Creek compressor site.

#### **5. Location and Type of Water Supply**

Refer to E. Plateau /Brush Creek Field POD for water supply source, see page 48 of the POD.

#### **6. Source of Construction Materials**

Refer to E. Plateau /Brush Creek Field POD.

#### **7. Method of Handling Waste Disposal**

Refer to E. Plateau /Brush Creek Field POD.

#### **8. Ancillary Facilities**

Refer to E. Plateau /Brush Creek Field POD.

#### **9. Wellsite Layout**

The Ute Water Federal 27-13A plat package shows the surface location and bottom hole location for the proposed well, refer to Well Location Map figure. The proposed well pad will be partially located within the edge a scrub oak vegetative community, refer to the pad layout figure in the plat package. The drill site layout will consist two lined pits (reserve and cuttings pits), the rig and appurtenant equipment, and support trailers for the drilling crew, refer to the typical rig layout figure in the plat package. The plat package also contains the proposed access road map, topographic map, construction layout drawings, and the proposed multi-well orientation.

#### **10. Plans for Restoration of the Surface**

After the drilling and completion operations, the pad will be reclaimed in accordance to the terms in the Surface Use, Access, & ROW Agreement between Laramie and the private landowner, which has been transferred to Oxy through the Purchase and Sales Agreements noted in overview above.

The Production Schematic in the plat package shows the area expected to be reclaimed after the drilling and completion operations.

#### **11. Surface Ownership:**

The existing pad and access road are located on surface property owned by the Ute Water Conservancy District. A Surface Use, Access and Right-of-Way Agreement between Laramie and the Landowner is attached. See attachment "B".

#### **12. Other Information**

Oxy will follow and adhere to the Noxious and Invasive Weed Management Plan for Oil and Gas Operators published from the Grand Junction Field Office of the BLM and the Grand Valley Ranger District for the U.S. Forest service dated March, 2007. A Class III Cultural Resource Inventory of the proposed drill sites, access roads and other facilities on federal lands has been or will be conducted

and a report filed with the appropriate BLM office. Plant and wildlife surveys of the proposed drill sites, access roads and other facilities on Federal lands have been or will be conducted and a report filed with the appropriate BLM office. Operator will notify the BLM at least three (3) working days prior to construction of the well pad and/or related facilities and within two (2) working days after completion of the well pad. If archaeological, historical or vertebrate fossil materials are discovered during the course of any construction activities, Oxy will immediately suspend all activities and contact the appropriate BLM office. Operations in the area of discovery will not resume until written authorization to proceed has been issued by the BLM. Oxy will be fully responsible for the actions of their subcontractors. A copy of the approved APD and Conditions of Approval will be on location during drilling and completion operations.

# ATTACHMENT A

## Surface Owner Certification Of 12 Point Surface Use Plan



# Lessee's or Operator's Representative and Certification

Ute Water Federal 27-13A  
Fed Lease No.: COC 64796

**A) Representative:**

Chris G. Clark  
Regulatory Coordinator/Lead  
OXY USA Inc.  
760 Horizon Drive, Suite 101  
Grand Junction, CO 81506  
(970) 263-3628  
(970) 263-3694 Fax  
(970) 462-1206 Cell

**B) Field Representative:**

Warner Meece  
Production Coordinator  
OXY USA Inc.  
(970) 985-3004 Cell

All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations and Onshore Oil and Gas Orders. The operator is fully responsible for the actions of its subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.

**C) Representative 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 which currently 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 March, 2010.

**Name:** Chris G. Clark

**Position Title:** Regulatory Coordinator/Lead

**Address:** 760 Horizon Drive, Suite 101, Grand Junction, CO 81506

**Telephone:** (970) 263-3628

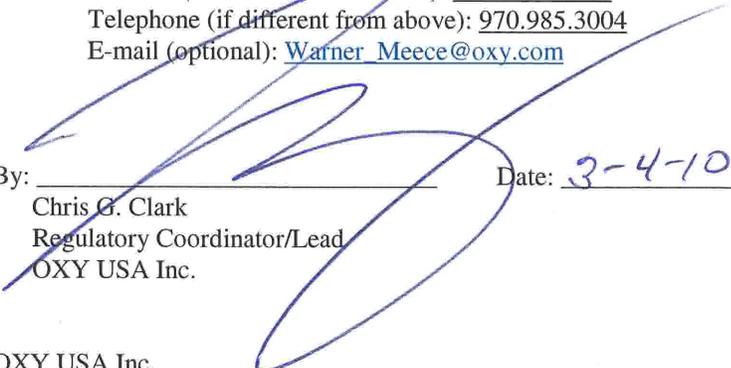
Field representative (if not above signatory)

Name: Warner Meece, Production Coordinator

Address (if different from above): Same as above

Telephone (if different from above): 970.985.3004

E-mail (optional): Warner Meece@oxy.com

By:   
Chris G. Clark  
Regulatory Coordinator/Lead  
OXY USA Inc.

Date: 3-4-10

# ATTACHMENT B

## Surface Use Agreement

14 PAGE DOCUMENT

**SURFACE USE, ACCESS AND RIGHT-OF-WAY AGREEMENT**

THIS SURFACE USE, ACCESS AND RIGHT-OF-WAY AGREEMENT ("Agreement") dated effective November 21, 2006, is made by and between Ute Water Conservancy District, 560 25 Road, Grand Junction, CO 81505, hereinafter referred to as "Owner," and Laramie Energy LLC, whose legal address is 1512 Larimer Street, Suite 1000, Denver, Colorado 80202, hereinafter referred to as "Laramie."

WHEREAS, Owner owns the surface estate and no mineral rights in the following described property located in Mesa County, Colorado:

Township 9 South, Range 94 West, 6<sup>th</sup> P.M.

Section 22: SENW lying south of centerline of the Peninsula Road also known as Mesa County Highway 330, SW, W/2SE except for the tract of land beginning at W ¼ corner of said Section 22, thence South 85 degree 20' East 962 feet, thence South 70 degree 42' East 481 feet, thence South 3 degree East 246 feet, thence South 15 degree 20' East 454 feet, thence South 44 degree 10' East 575 feet, thence South 3 degree 45' West 830 feet, thence South 29 degree West 550 feet, thence West 1640 feet, thence North 2640 feet, to point of beginning.

Section 27: NWNE, E/2NW, NESW, W/2SE

(hereinafter called the "Property"); and

WHEREAS, Laramie is the lessee under Oil and Gas Leases executed by the owners of the mineral rights in the Property; and

WHEREAS, Laramie intends to drill multiple oil and/or gas wells from two (2) surface locations as agreed to by Owner and Laramie located in the SESW of Section 22 and in the NESW of Section 27, T9S, R94W and to conduct other operations on the Property under its Oil and Gas Leases; and

WHEREAS, Owner and Laramie wish to memorialize their agreement concerning surface use and the payment for damages to the Property in connection with the drilling, construction, completion, recompletion, reworking, re-entry, production, maintenance and operation of the well(s), access roads, and all pipeline(s), tank batteries and other facilities on the Property by Laramie, its affiliates, successors or assigns.

Therefore, for and in consideration of the covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Owner and Laramie agree as follows:

**Article I: Wells and Well Pad:**

A. This Agreement provides for two surface locations on the Property, (hereinafter called "Well Pads") which are located as more fully set forth on the Well Location Map attached to this

Agreement as Exhibit "A" and made a part hereof by this reference. (1) Laramie may drill the maximum number of wells on the Well Pads permitted by the Colorado Oil and Gas Conservation Commission ("COGCC") spacing requirements. As used in this Agreement, "well" shall mean a well and the accompanying wellbore (either vertically and directionally drilled from the Well Pad) for the production of oil and gas, and all associated casing and wellhead equipment and (2) Unless otherwise agreed to by Owner in writing, Laramie agrees to locate on such Well Pads any and all compressors and/or other oil and gas facilities placed on the Property, excepting pipelines and roads. This Agreement shall limit compressors on the Property to 1200 name plate horsepower for each compressor or less, and does not authorize the placement of any gas treatment or gas processing facility on the Property, other than standard wellsite separation, artificial lift equipment, dehydration equipment and tank batteries.

B. The surface disturbance of each Well Pad will be an area approximately 260 feet by 450 feet, excluding any cuts, fills and storm water mitigation with a total disturbance of approximately 3 to 4 acres.

C. Prior to the construction of each Well Pad, Laramie shall remove the top six inches (6") of topsoil and stockpile such topsoil within the confines of the Wellpad for future reclamation. Any trees that are larger than six inches (6") in diameter that are removed as a result of building the Well Pads, the access road (see Article II, below) or pipeline (see Article III, below) shall be cut in lengths no greater than twenty four inches (24") and shall be delivered and stacked at a reasonable location agreed to by Owner and Laramie located on the Property.

D. All reserve pits and blow pits shall be located on the Well Pads. Each reserve pit and blow pit shall be fenced by Laramie and shall be lined by Laramie with an impermeable liner to prevent contaminants from seeping or escaping from such pits. After interim reclamation, Laramie shall install fencing around any equipment that requires the installation or construction of containment structures or berms to comply with safety regulations. Fencing shall be installed in such a manner to prevent domestic livestock from entering such fenced area.

E. Unless it is not possible to do so, Laramie will centralize production equipment at one location on each Well Pad. Laramie will use reasonable efforts to locate production and gathering facilities together with related pipelines and valves at the production equipment site and will install remote monitoring and control equipment in order to reduce vehicle traffic to and on the Well Pads. The Well Pads will be constructed as shown on the attached Exhibit "A-1" and made a part hereof by this reference.

#### **Article II: Access Road Construction:**

Laramie's access to the Property shall be limited to each proposed Well Pad access road illustrated on Exhibit "A" attached hereto and incorporated by reference (hereinafter the "Road").

A. All equipment, vehicles and personnel related to Laramie's operations on the Property shall access the Property by using the Road.

B. Any portions of the Road that do not currently exist shall be constructed by Laramie, and Laramie shall otherwise upgrade and gravel the Road as agreed to by the Owner and Laramie. Laramie shall install culverts across the Road at locations mutually agreed to by Owner and Laramie in order to allow water to pass under the road.

C. Laramie shall maintain the Road as an all weather road in accordance with the standards for BLM Resource Roads, with an adequate crown and in good and passable condition. Laramie shall post fifteen (15) miles per hour speed limit signs on the Road, at sites mutually agreeable to Owner and Laramie and shall apply magnesium chloride to the Road at the request of the Owner to limit dust (Laramie shall not be required to apply magnesium chloride to the Road more than three times per annum).

D. In accordance with the terms of this Agreement, Owner does hereby quitclaim to Laramie a non-exclusive easement and right-of-way, as limited herein, to construct, maintain, and remove the Road for ingress and egress across the Property to each Well Pad. Upon completion of the construction of the Road, Laramie shall promptly provide Owner an "as built" survey of the Road constructed hereunder, which shall be added as an addendum to this Agreement and which shall be recorded in Mesa County, Colorado at the Owner's option.

E. Portions of the Road cross real property owned by third parties. Laramie shall be responsible, at its sole cost and expense, for obtaining all necessary easements, permits or other permissions from such third parties for the use of the portion of the Road that crosses the property of the third parties.

### **Article III: Pipelines:**

A. In accordance with the terms and limitations of this Agreement, Owner does hereby quitclaim to Laramie a non-exclusive easement and right-of-way to lay, construct, maintain, operate, repair, replace, and remove one pipeline, together with all necessary valves, connections, and fittings, and to erect, maintain and remove cathodic protection equipment (the "Pipeline") on, over, under, through and across a strip of land fifty feet (50') in width (the "Pipeline Right-of-Way"). The Pipeline Right-of-Way shall revert to twenty-five (25') feet in width after initial construction (being twelve and one-half (12.5') feet on each side of the center line of the Pipeline). The route for the Pipeline Right-of-Way is shown on Exhibit "A" attached hereto and made a part hereof. Laramie shall be entitled to use the Pipeline for the transportation of oil, gas, and produced water. The Pipeline shall be buried at least 42 inches below the surface of the ground. Upon completion of the installation of the Pipeline, Laramie shall promptly provide Owner an "as built" survey plat of the Pipeline Right-of-Way which shall be added as an addendum to this Agreement and which shall be recorded in Mesa County, Colorado at Owner's option.

B. Upon completion of installation of the Pipeline, Laramie agrees to restore the ground by replacing any top soil that was removed during construction and adequately tamping and packing to a condition, as nearly as possible, as it existed prior to the installation of the Pipeline. All rocks three inches (3") in diameter or greater will be removed and placed at a location designated