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ENDURANCE RESOURCES LLC

MULTIPOINT SURFACE USE AND OPERATIONS PLAN

**Starcaster 18 Fed 4H
SHL: 330' FNL & 660' FEL (A)
BHL: 330' FSL & 660' FEL (P)
Sec 18-23S-34E
Lea Co, NM**

This plan is submitted with Form 3160-3, Application for Permit to Drill, covering the above mentioned well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of surface disturbance involved and the procedures to be followed in rehabilitating the surface after the completion of operations, so that a complete appraisal can be made of the environment effect associated with these operations.

Directions:

From the intersection of CR 21 and CR 21-B go north on CR 21 for approx. 4.0 miles. Go southeast on caliche lease road for approx. 0.5 of a mile. Location is approx. 440' north.

1. Existing Roads:

- The well site and elevation plat for the proposed well are reflected on the well site layout; Form C-102, page 1. This well was staked by Madron Surveying Inc. from Carlsbad, NM.
- Page 4 of the C-102 packet contains is a Vicinity map showing the well and roads in the vicinity of the proposed location. The proposed well site and the access route is labeled in orange & blue (page 3). The proposed well site and the access route to location are indicated on the Site map (page 2) of C-102 packet. ROW using this existing route is being requested if necessary.
- Routine grading and maintenance of existing roads will be conducted as necessary to maintain their condition as long as any operations continue on this lease.

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2. Planned Access Road:

- Endurance Resources LLC will be using the existing access road that turns off CR 21. A 200' access road from the existing caliche road that turns off CR 21 to the SW corner of the Starcaster 4H planned wellsite is being requested for ROW.
- This planned access road will have a maximum width of 14 feet of driving surface. The road will be crowned & ditched with a 2% slope from the tip of the crown to the edge of the driving surface. The ditches will be 3ft wide with 3:1 slopes. The driving surface will be made of 6" rolled & compacted caliche.
- This existing road will be rebladed & caliche will be placed into existing holes which will be watered and compacted to prevent surface erosion. The average grade will be approx. 1%. Surface material will be of native caliche. This material will be obtained from a BLM approved pit nearest in proximity to the location.
- No cattle guards, gates, or fence cuts will be required. No turnouts are planned.

3. Location of Existing Wells:

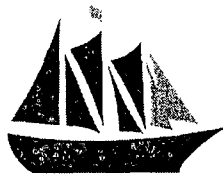
- A one mile radius map shows all existing/proposed wells within a one-mile radius of the proposed location. See attached radius plat for more details.

4. Location of Existing and/or Proposed Facilities:

- This location will require "cut & fill" from the south to the north. Well site will be constructed by way of a 420'x350' location. Topsoil pile will be placed on the north side of location. V-door will be facing east.
- In the event this well is found productive, a tank battery will be constructed with (4) 500 bbl oil tanks, (2) 500 bbl water tanks, a separator, a heater treater, a free water knockout, and a gas sales meter on this site. Necessary production equipment is subject to change once offsetting horizontal production is analyzed. Tank battery equipment will be placed on the north side of location, while treating facility equipment will be placed on the west side of location. Note: a distance of 100' is required between fired vessels and any combustibles for safety purposes. This battery will potential handle one more additional horizontal well if area is successful.
- All flow lines will adhere to API standards. Working on ROW for gas takeaway at battery site.
- Power will be supplied by way of existing electrical line running along CR 21. This is an Xcel owned power line. A strip of land 30' wide in Sec 18 will go .45 miles along the existing caliche road to the Starcaster 18 Fed 4H location. A multi-use ROW for this electrical line is being requested to follow the proposed access road into location.

5. Location and Types of Water Supply:

- This location will be drilled using a combination of water mud systems (outlined in the Drilling program). The water will be obtained from commercial water stations in the area and hauled to location by transport truck using existing roads. On occasion, water will be obtained from a pre-existing water well, running a pump directly to the drilling rig. In these cases where a poly line is used to transport water for drilling or completion purposes, the existing and proposed road into location will be utilized.



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6. Construction Materials:

- All caliche utilized for the drilling pad and access road will be obtained from an existing BLM approved pit or from prevailing deposits found under the location. If deposits are found underneath the proposed location, topsoil will be pushed back from the drill site & existing caliche will be ripped and compacted. Then topsoil will be stockpiled on location as depicted on the rig layout. All roads will be constructed of 6" rolled and compacted caliche. Will use BLM recommended use of extra caliche from other locations close by for roads, if available.

7. Methods of Handling Waste Material:

- All trash, junk, & other material will be removed from the well site within 30 days after finishing drilling/completion operations. All waste material will be contained in trash bins to prevent scattering. When the job is completed, all contents will be removed and disposed of in an approved sanitary landfill.
- The supplier, including broken sacks, will pick up slats remaining after completion of the well.
- A porto-john will be utilized for handling all gray water/waste material. The equipment will be properly maintained during the drilling and completion operations, and will be removed when all operations are completed. Contents will be removed and disposed of in an approved sanitary landfill. Sewage from living quarters will drain into holding tanks & be cleaned out periodically and hauled to a waste disposal facility.
- Drill cuttings will be separated by a series of solids removal equipment and stored in steel containment pits and then hauled to a state approved disposal facility.
- Drilling fluids will be contained in steel pits in a closed loop circulating system. Fluids will be cleaned and reused. Water produced during testing will be contained in the steel pits & disposed of at a state approved disposal facility. Any oil or condensate produced will be stored in test tanks until sold & hauled from site.

8. Ancillary Facilities:

- No campsites or other facilities will be constructed as a result of this well.

9. Wellsite Layout:

- Attached is the proposed well site layout with dimensions of the pad layout & topsoil pile.
- Mud pits in the active circulating system will be steel pits and a closed loop system will be utilized.
- This location will require "cut & fill" from the south to the north. Well site will be constructed by way of a 475'x300' pad. Topsoil pile will be placed on the south side of location. V-door will be facing east.
- If the well is a producer, those areas of the location not essential to production facilities will be reclaimed & seeded per BLM requirements.

10. Plans for Surface Reclamation:

- 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 or roads. The road will be reclaimed as directed by the BLM. The well site



will be properly contoured, as close as possible, to the original topography. Topsoil from the spoil pile will be placed over the distributed area. Revegetation procedures will comply with BLM standards.

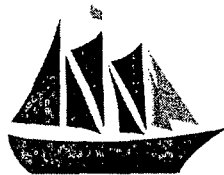
- The location and road will be rehabilitated as recommended by the BLM.
- If the well is deemed commercially productive, caliche from areas of the drill pad not required for *safe* operations, will be removed. These unused areas of the drill pad will be contoured as close as possible to match the original topography. The original topsoil will be returned to the area of the drilling pad not necessary to operate the well. These areas will then be seeded per BLM requirements.
- See attached site reclamation diagram for more details.

11. Surface Ownership:

- The surface is owned by Limestone Livestock, LLC and we are currently in negotiations for a surface use agreement. The surface is multiple use with primary uses of the region for the grazing of livestock, as well as oil & gas production.

12. Other Information:

- The area surrounding the well site is made up of grassland & mesquite trees. The topsoil is packed soils and sand. No wildlife was observed, but free range cattle, deer, dove/quail, & small rodents are likely to traverse the area.
- There is no permanent or live water in the general proximity of this location.
- There are no dwellings within 1 mile of this location.
- A two well pad for the SG 12 Fed #1H & 2H was determined by onsite with Trish Badbear 7/31/13. Due to a dunal complex to the north, it was determined that this well site would be properly placed as to not disturb the existing dunal complex in this area.



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Operators Representative:

Endurance Resources LLC representatives responsible for ensuring compliance of the surface use plan are listed below.

John Logemann

Drilling Superintendent

Endurance Resources LLC

203 W. Wall St, Suite 1000

Midland, TX 79705

432.308.0722

Manny Sirgo

VP Operations

Endurance Resources LLC

203 W. Wall St, Suite 1212

Midland, TX 79701

432.413.0085

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 the 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.

12/20/2013

Date

John Logemann

Drilling Superintendent

Endurance Resources LLC

john@enduranceresourcesllc.com

STATE OF NEW MEXICO)
)ss
COUNTY OF LEA)

SURFACE DAMAGE AGREEMENT

WHEREAS, Limestone Livestock, LLC ("Owner") owns (or is the Lessee) the following surface estate ("the land"), to wit:

- 1) N/2 of Section 18, T-23-S, R-34-E, N.M.P.M., Lea County, New Mexico
- 2) E/2 of Section 29, T-23-S, R-34-E, N.M.P.M., Lea County, New Mexico

WHEREAS, Tritex Energy A, LP ("Company") desires to drill one (1) oil and/or gas well on the land and has sought Owner's agreement as to surface damages:

NOW, THEREFORE, in consideration of the terms, conditions and covenants herein below expressed, the parties hereto agree as follows:

- (1) Company shall pay to Owner the cash sum of \$10,000.00 for the drill site location which shall represent surface damages for the reasonable use of the surface of "the land" for the drill site location, including the drill site and reserve pit. Additionally, Company shall pay the Owner the cash sum of \$10,000.00 per year which shall represent surface damages for the reasonable use of the surface of "the land" for the frac pit location. Any injury or damage occurring to groundwater, lands adjacent to the drill site location, other lands owned by Owner or injury or damage occurring to any cattle, as a result of Company's activities, is not hereby released.

Additionally, Company agrees to purchase fresh water from Owner, if Owner's water is of sufficient quantity, quality, and price of Company's needs.

- (2) Company shall pay to Owner the cash sum of \$50.00 per rod for deeded land and \$20.00 per rod for lease land for the use of new and existing roads constructed on Owner's land. Company shall pay to Owner the cash sum of \$50.00 per rod for deeded land and \$20.00 per rod for lease land for the installation of pipelines or power lines.

All roads ("the roads") to be built by Company on Owner's land shall be located as agreed upon by and between Owner and Company but Owner may not reasonably withhold permission to build a road on "the land" and shall be reasonable in its location. These roads shall contain speed bumps every 1,000 feet which shall be constructed and maintained by Company. If any fence is cut by Company, it shall properly brace same with 3 post H brace constructed out of pipe before cutting and shall install and maintain a proper cattle guard, and at the

request of Owner shall install a pipe gate across the cattle guard capable of being locked. Company shall paint all H braces, cattle guards and the like, with ranch red paint. Keys will be distributed only to those requiring access to "the land". For so long as the road is used by Company, it shall maintain the road and shall not permit or cause production vehicles (or any other vehicles) to enlarge the margin of the road. Company's use of "the road" shall be limited to the development of minerals under Owner's land.

Cattle guards shall be used by the Company during the drilling and completion stage of the well. After completion and during the production stage of the well, the cattle guards installed by Company shall be removed and metal gates shall be installed in place thereof. Each such gate shall be kept closed and locked at all times and keys distributed only to the appropriate personnel. Owner may request at Owner's option that any one or more cattle guards remain in place rather than being replaced with a metal gate, and at Owner's option may further request that a pipe gate, which can be locked, be installed across the cattle guard. Company shall be responsible for the maintenance and upkeep of each such gate and each such cattle guard that it uses.

Company shall keep all of its production equipment located on Owner's land painted BLM Tan.

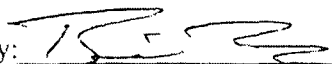
- (2a). Until such time the well is plugged and abandoned, Company shall pay to Owner, an annual road use fee in the amount of \$1,500.00 per well, per year, for roads used by Company located on Owner's land. If Company uses the road to access three (3) wells, then the annual road use payment would be \$4,500.00. When Company no longer uses "the road" to access its wells, on "the land", Company shall, within six (6) months thereof, remove, "the road" and restore the surface to its condition prior to Company activities.
- (2b). Company shall purchase topsoil from Owner for \$6.00 per loose yard and Company shall purchase caliche from Owner for \$6.00 per loose yard for its operations.
- (3) All pits used by Company shall be lined with plastic material of sufficient thickness to prevent the escape of saltwater and other materials on or into "the land". If requested by Owner, Company shall fence off the entire well location, including drill site pad, reserve pit, and, if applicable, tank batteries and pumping unit, so as to prevent any livestock from coming on the drill site location at any time. If livestock enter upon the drill site location and become "oiled" or otherwise injured due to Company's negligence in fencing off the location, Company shall be liable to Owner for such damages.
- (4) No fresh water from beneath Owner's land shall ever be used for secondary recovery or repressure operations (or any like operations) by Company. Upon written request of Owner, Company agrees to bury all production lines, flow lines

- (8) In the event that any cleanup and/or remediation work be undertaken by Lessee on Lessor's lands, either during the term of the Lease or upon its expiration or termination, then, for so long as such remediation and/or cleanup work is ongoing, and continuing until the NMOCD or any successor agency, issues a written final closure approving of such remediation or cleanup, Lessee shall pay to Lessor a monitoring fee in the amount of Five Hundred Dollars (\$500.00) per week or any portion thereof, in consideration of the disruption of Lessor's operations caused by the remediation and cleanup work undertaken by Lessee or at Lessee's direction.
- (9) Company shall indemnify, defend and hold Owner and its Trustees, officers, employees and agents harmless from and against any and all claims, demands, causes of action, costs, expenses, and liability of any nature whatsoever, including court costs, attorney's fees, and any expenses incurred, which may result from, arise out of, be related to, or in any way be connected with Company's operations; provided, however that nothing herein shall be construed to require or obligate Company to indemnify Owner against, or hold Owner harmless from Owner's own negligent acts or omissions. Further, Company shall indemnify and save Owner and its Trustees, officers, employees and agents harmless from any and all damages, cleanup expenses, fines, or penalties, resulting from a fire or any violation of, or non-compliance with, applicable local, state, or federal laws and regulations resulting from Company's operations.
- (10) The parties agree, with respect to any other matters, damages or uses which are not provided for herein, that they will diligently and in good faith negotiate same as to issue by issue basis.

THIS AGREEMENT shall be binding on Company's successors, assigns and agents and it shall be binding on Owner's heirs, successors, representatives, administrators and assigns. Company agrees to provide copies of this Surface Damage Agreement to its agents and independent contractors who will enter upon "the land" and shall require that the agents and independent contractors comply with the terms and conditions set forth therein. The covenants hereunder shall be performable in Lovington, Lea County, New Mexico.

SIGNED this 5th day of March, 2014.

OWNER: **Limestone Livestock, LLC**

By: 
Managing Partner

COMPANY: **Tritex Energy A, LP**

By: 
Donald G. Ritter, CEO