

Mesquite SWD, Inc.
MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Mesquite SWD, Inc.
Paduca Federal SWD #3
300' FNL & 1760' FWL
Sec. 23, T25S-R32E, Lea Co.

HOBBS OCD

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This plan is submitted with Form 3160-3, Application for Permit to Drill, covering the above described 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 the surface disturbance involved and the procedures to be followed in rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effect associated with the operations.

1. Existing Roads:

- a. The well site and elevation plat for the proposed re-entry are shown on the well site layout, Form C-102.
- b. The Google image on the following page shows the existing roads near the site.
- c. Access to an existing caliche road on the east side of CR-1 the entrance is located 1,850' (0.35 mi) south of the northern Sec. 15 section line, then east 1260' (0.24 miles), south 1,800' (0.2 miles), then east approximately 3,750' (0.7 miles). New road will be required from this point south for approximately 1,800' to the NW corner of the proposed well pad.
- d. Routine grading and maintenance of the existing access roads will be conducted as necessary to maintain their condition as long as any operations continue on this lease.

2. Access Road and Pad:

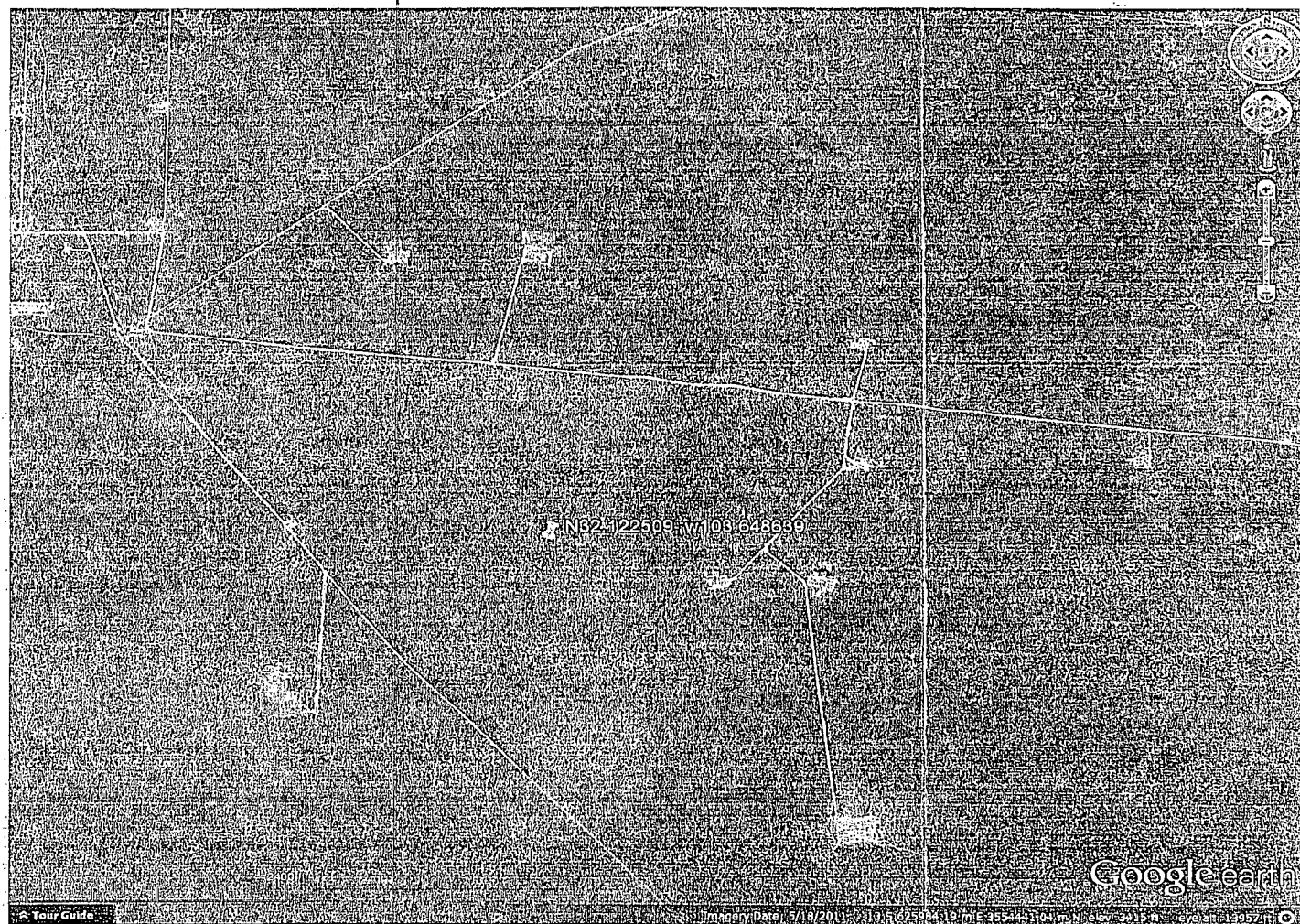
From the existing road described in paragraph 1.(c), immediately above, new caliche road will be required for approximately 1,800' south to the northwest corner of the proposed pad. 1,600' will be in Sec. 15 and 150' will be in Sec. 23.

3. Location of Existing or Proposed Facilities:

- a. No facilities exist and none are proposed, except electric supply and an injection pump. Upon successful completion of the SWD well disposal water will be piped from the Mesquite's Paduca Fed SWD #1 disposal well located approximately 3,000' to the SW in Sec. 22, for which a separate ROW will be obtained.
- b. All flow lines will adhere to API standards.
- c. The current surface material is sand and caliche. The drill site will be contoured as close as possible to the original state.

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|-----~2400'-----| Google Image 5/18/2011.

Directions: From NM-128 and Lea County CR-1 south for 6.0 miles, then east 1.3 miles on road, then south off-road approximately 1930'.

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4. Location and Types of Water Supply:

This re-entry will be drilled using a fresh water mud system (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 the existing roads shown in the diagram above.

5. 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. 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.

6. Methods of Handling Waste Material:

- a. All trash, junk and other waste material will be removed from the wellsite within 30 days after finishing drilling and/or completion operations. All waste materials will be contained in trash cages or trash bins to prevent scattering. When the job is completed, all contents will be removed and disposed of in an approved sanitary landfill.
- b. The supplier, including broken sacks, will pick-up slats remaining after well completion.
- c. 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.

7. Ancillary Facilities:

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

8. Wellsite Layout:

- a. Exhibit below shows the proposed well site layout with dimensions.
- b. Mud containers in the active circulating system will be steel rolloff bins.

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9. Plans for Surface Reclamation:

- a. After finishing 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 be returned to the pad and contoured, as close as possible, to the original state.
- b. The location and road will be rehabilitated as recommended by the BLM.
- c. If the well is deemed commercially productive, the surface will be restored as described in 9(a) within 120 days subsequent to the completion date. 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 contoured, as close as possible, to match the original topography.

10. Surface Ownership:

The surface is owned by the US Government and is administered by the Bureau of Land Management. The surface is multiple use with the primary uses of the region for the grazing of livestock and the production of oil and gas. The proposed road routes and the surface location will be restored as directed by the BLM.

11. Other Information:

- a. The area surrounding the well site is grassland. The topsoil is very sandy in nature. The vegetation is moderately sparse with native prairie grass, some mesquite bushes and shinnery oak. No wildlife was observed, but it is likely that deer, rabbits, coyotes, and rodents traverse the area.
- b. There is no permanent or live water in the general proximity of the location.
- c. There are no known dwellings within 2 miles of the location.

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12. Operator's Representative:

Kay Havenor
904 Moore Ave.
Roswell, NM 88201-1144
(575) 626-4518

Operator Certification

Operator: Mesquite SWD, Inc.
P.O. Box 1479
Carlsbad, NM 88221
575-706-1840

Field Representative: Kay Havenor
904 Moore Ave.
Roswell, NM 88201-1144
575-626-4518

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 26th Day of August, 2013:

Kay C Havenor

Name: Kay Havenor
Position Title: Agent for Mesquite SWD, Inc.
Address: 904 Moore Ave. Roswell, NM 88201-1144
Telephone: 575-626-4518
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