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SURFACE USE PLAN

XTO Energy, Inc.

OUTRIDER FEDERAL #1H

SHL: 100'FNL & 320'FEL, M-21-T24S-R32E

1st Take Point: 700'FNL & 369'FWL, D-28-T24S-R32E

2nd Take Point: 330'FNL & 627'FWL, M-28-T24S-R32E

BHL: 200'FNL & 635'FWL, M-28-T24S-R32E

Lea County, NM

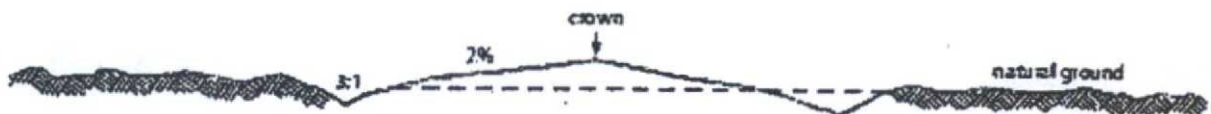
This plan is submitted with form 3160-3, Application for Permit to Drill, covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of the surface disturbance involved and the procedures 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. DIRECTIONS: From the intersection of St. Hwy 128 and Co. Rd. J1 (Orla Rd.), go South approximately 1.0 mile. Turn right and go west approx. 0.6 miles to begin rd. Stake follow stakes SW. 2059', then West 142' to this location.
- b. See attached plats and maps provided by John West Surveying Company.
- c. The access route from Co. Road J1 (Orla Rd) to the well location is depicted on Exhibit A. The route highlighted in red will be the access and no ROW is required for this well.
- d. Existing roads on the access route will be improved and maintained to the standard set forth in Section 2 of this Surface Use Plan of Operations.

2. NEW OR RECONSTRUCTED ACCESS ROADS:

- a. 2201' of road from an existing lease road in the Northeast corner of Section 21 to the well pad will be required to access the location. Below regards any upgrading of the existing caliche road system to the proposed well location.
- b. The maximum width of the driving surface will be 14 feet. The road will be crowned and ditched with a 2% slope from the tip of the crown to the edge of the driving surface. The ditches will be 1 foot deep with 3:1 slopes. The driving surface will be made of 6" rolled and compacted caliche.



Level Ground Section

- c. Surface material will be native caliche. The average grade of the entire road will be approximately 3%.
- d. Fence Cuts: No.
- e. Cattle Guards: No
- f. Turnouts: No
- g. Culverts: No
- h. Cuts and Fills: Not significant

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- i. Approximately 6 inches of topsoil (root zone) will be stripped from the proposed access road prior to any further construction activity. The topsoil that was stripped will be spread along the edge of the road and within the ditch. The topsoil will be seeded with the proper seed mix designated by the BLM.
- j. The access road will be constructed and maintained as necessary to prevent soil erosion and accommodate all-weather traffic. The road will be crowned and ditched with water turnouts installed as necessary to provide for proper drainage along with access road route.
- k. The access road and associated drainage structures will be constructed and maintained in accordance with road guidelines contained in the joint BLM/USFS publication: Surface Operating Standards for Oil and Gas Exploration and Development, The Gold Book, Fourth Edition and/or BLM Manual Section 9113 concerning road construction standards on projects subject to federal jurisdiction.

3. LOCATION OF EXISTING WELLS:

See attached map (Exhibit B) showing all wells within a one-mile radius.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

- a. A separate standalone 300x350' facility pad was staked in Section 28-T24S-R32E 263.4'FNL & 2640'FEL to support 10 anticipated wells in the area. See Exhibit F for plat of facility location.
- b. A 60'x60' flare pad is located 100' South of the staked facility site.
- c. The facility location was staked out at time of on-site with Trishia Bad Bear, BLM Natural Resource Specialist.
- d. All permanent (on site six months or longer) aboveground structures constructed or installed on location and not subject to safety requirements will be painted to BLM specifications.
- e. Containment berms will be constructed completely around any production facilities designed to hold fluids. The containment berms will be constructed of compacted subsoil, be sufficiently impervious, hold 1 ½ times the capacity of the largest tank and away from cut or fill areas.
- f. Flowlines: Approximately 2700' of flowline will be run through approved road corridors as specified by the BLM on-site staking. Flowlines will go from the Outrider Federal #1H well pad to the standalone facility.
- g. Electrical: Approximately 12,000' of 12,740 volt electrical line will follow existing and new road corridors to the Outrider Federal #1H well.

5. LOCATION AND TYPE OF WATER SUPPLY:

The well will be drilled using a combination of water mud systems as outlined in the Drilling Program. The water will be obtained from commercial water stations in the area and hauled to the location by transport truck using the existing and proposed roads shown in the attached survey plats. If a commercial water well is nearby, a temporary, surface poly line, will be laid along existing roads or other ROW easements and the water pumped to the well. No water well will be drilled on the location.

6. SOURCE OF CONSTRUCTION MATERIALS:

Any construction material that may be required for surfacing of the drill pad and access road will be from a contractor having a permitted source of materials within the general area. No

construction materials will be removed from Federal lands without prior approval from the appropriate surface management agency. All roads will be constructed of 6" rolled and compacted caliche.

7. METHODS OF HANDLING WASTE DISPOSAL:

- a. The well will be drilled utilizing a closed loop mud system. Drill cuttings will be held in roll-off style mud boxes and taken to an NMOCD approved disposal site.
- b. Drilling fluids will be contained in steel mud pits.
- c. Water produced from the well during completion will be held temporarily in steel tanks and then taken to an NMOCD approved commercial disposal facility.
- d. Oil produced during operations will be stored in tanks until sold.
- e. Portable, self-contained chemical toilets will be provided for human waste disposal. Upon completion of operations, or as required, the toilet holding tanks will be pumped and the contents thereof disposed of in an approved sewage disposal facility. All state and local laws and regulations pertaining to disposal of human and solid waste will be complied with. This equipment will be properly maintained during the drilling and completion operations and will be removed when all operations are complete.
- f. All trash, junk, and other waste materials will be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Immediately after drilling all debris and other waste materials on and around the well location not contained in the trash cage will be cleaned up and removed from the location. No potentially adverse materials or substances will be left on the location.
- g. Hazardous Materials.
 - i. All drilling wastes identified as hazardous substances by the Comprehensive Environmental Response Compensation Liability Act (CERCLA) removed from the location and not reused at another drilling location will be disposed of at a hazardous waste facility approved by the U.S. Environmental Protection Agency (EPA).
 - ii. XTO Energy, Incorporated and its contractors will comply with all applicable Federal, State and local laws and regulations, existing or hereafter enacted promulgated, with regard to any hazardous material, as defined in this paragraph, that will be used, produced, transported or stored on the oil and gas lease. "Hazardous material" means any substance, pollutant or contaminant that is listed as hazardous under the CERCLA of 1980, as amended, 42 U.S.C. 9601 et seq., and its regulation. The definition of hazardous substances under CERCLA includes any "hazardous waste" as defined in the RCRA of 1976, as amended, 42 U.S.C. 6901 et seq., and its regulations. The term hazardous material also includes any nuclear or nuclear by-product material as defined by the Atomic Energy Act of 1954, as amended, 42 U.S.C. 2011 et seq. The term does not include petroleum, including crude oil or any fraction thereof that is not otherwise specifically listed or designated as a hazardous substance under CERCLA Section 101 (14) U.S.C. 9601 (14) nor does the term include natural gas.
 - iii. No hazardous substances or wastes will be stored on the location after completion of the well.
 - iv. Chemicals brought to location will be on the Toxic Substance Control Act (TSCA) approved inventory list.
 - v. All undesirable events (fires, accidents, blowouts, spills, discharges) as specified in Notice to Lessees (NTL) 3A will be reported to the BLM Carlsbad Field Office.

Major events will be reported verbally within 24 hours, followed by a written report within 15 days. "Other than Major Events" will be reported in writing within 15 days.

8. ANCILLARY FACILITIES:

No campsite, airstrip or other facilities will be built as a result of the operation of this well. No staging areas are needed.

9. WELL SITE LAYOUT:

- a. Exhibit D shows the dimensions of the proposed well pad.
- b. The proposed well pad size will be 320' x 370' (See Exhibit D & Maps from John West Surveying), including topsoil storage. This is a dual pad with the Cazador Federal #1H well. There will be no reserve pit due to the well being drilled utilizing a closed loop mud system. The closed loop system will meet the NMOCD requirements 19.15.17.
- c. John West Surveying Company's plat, Form C-102 and Exhibit D, shows the direction of the pad at a V-Door East.
- d. A 600' x 600' area has been staked and flagged.
- e. All equipment and vehicles will be confined to the approved disturbed areas of this APD (i.e., access road, well pad and topsoil storage areas).

10. PLANS FOR SURFACE RECLAMATION:

Non-Commercial Well (Not Productive), Interim & Final Reclamation:

Definition: Reclamation includes disturbed areas where the original landform and a natural vegetative community will be restored and it is anticipated the site will not be disturbed for future development.

Reclamation Standards:

The portions of the pad not essential to production facilities or space required for workover operations will be reclaimed and seeded as per BLM requirements for interim reclamation. (See Exhibit "H" Figures H.1-12)

All equipment and trash will be removed, and the surfacing material will be removed from the well pad and road and transported to the original caliche pit or used to maintain other roads. The location will then be ripped and seeded.

The original stock piled topsoil will be spread over the areas being reclaimed and the original landform will be restored for all disturbed areas including well pads, production facilities, roads, pipelines, and utility corridors as close as possible to the original topography. The location will then be ripped and seeded

A self-sustaining, vigorous, diverse, native (or otherwise approved) plant community will be established on the site with a density sufficient to control erosion and invasion by non-native plants and to re-establish wildlife habitat or forage production. At a minimum, the established plant community will consist of species included in the seed mix and/or desirable species occurring in the surrounding natural vegetation.

Erosion features are equal to or less than surrounding area and erosion control is sufficient so that water naturally infiltrates into the soil and gulying, headcutting, slumping, and deep or excessive rills (greater than 3 inches) are not observed.

The site will be free of State-or County-listed noxious weeds, oil field debris and equipment, and contaminated soil. Invasive and non-native weeds will be controlled.

Seeding:

- Seedbed Preparation: Initial seedbed preparation will consist of recontouring to the appropriate interim or final reclamation standard. All compacted areas to be seeded will be ripped to a minimum depth of 18 inches with a minimum furrow spacing of 2 feet, followed by recontouring the surface and then evenly spreading the stockpiled topsoil. Prior to seeding, the seedbed will be scarified to a depth of no less than 4-6 inches. If the site is to be broadcast seeded, the surface will be left rough enough to trap seed and snow, control erosion, and increase water infiltration.
- If broadcast seeding is to be used and is delayed, final seedbed preparation will consist of contour cultivating to a depth of 4-6 inches within 24 hours prior to seeding, dozer tracking, or other imprinting in order to break the soil crust and create seed germination micro-sites.
- Seed Application. Seeding will be conducted no more than two weeks following completion of final seedbed preparation. A certified weed-free seed mix designed by the BLM to meet reclamation standards will be used.
- If the site is harrowed or dragged, seed will be covered by no more than 0.25 inch of soil.

11. SURFACE OWNERSHIP:

- a. The surface is owned by the Bureau of Land Management (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.
- b. The grazing lessee in this area is Mr. Mark McCloy.

12. OTHER INFORMATION:

- a. The project area is situated across an overall flat plain which, locally, trends gradually downhill to the southwest at a grade of less than one percent. Local soils are of the Pyote-Maljamar-Kermit association as defined by the Soil Conservation Service of the U.S. Department of Agriculture. The light reddish-brown sandy soils have been wind-worked into occasional low dunes up to 2 in height. Local vegetation is typical of Chihuahuan Desert scrub and includes various grasses, acacia, mesquite, shin oak, yucca, prickly pear cacti and various low forbes.
- b. There is no permanent or live water in the area.
- c. There are no dwellings within 2 miles of this location.
- d. A Class III Cultural Resources Examination has been completed by Boone Archaeological Services and the results will be forwarded to the BLM office.

13. BOND COVERAGE:

- a. Bond Coverage is Nationwide; Bond Number UTB000138.

OPERATORS REPRESENTATIVE:

The XTO Energy, Inc. representatives for ensuring compliance of the surface use plan are listed below:

Surface:

Jeff Raines
XTO Energy, Inc
500 W. Illinois St, Suite 100
Midland, TX 79701
432-620-4349 (Office)

Jimie Scott
XTO Energy, Inc
500 W. Illinois St, Suite 100
Midland, TX 79701
432-488-9955 (Cell)

Drilling & Production:

Weston Turner
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500 W. Illinois St, Suite 100
Midland, TX 79701
432-638-4380 (Office)

David Luna
XTO Energy, Inc.
500 W. Illinois St, Suite 100
Midland, TX 79701
432-620-6742 (Office)

On-Site performed on 11/20/2014 resulted in a 150' move. It was agreed to a V-Door East, Topsoil North, Downsize North side.

PRESET AT ON-SITE:

Trishia Bad Bear, Bureau of Land Management
Rebecca Hill, Boone Arch Surveying
Jimie Scott, Contract Representative for XTO Energy, Inc
John West Surveying Company

Rabadue, Stephanie

From: Bad Bear, Trishia <tbadbear@blm.gov>
Sent: Thursday, April 30, 2015 4:08 PM
To: Rabadue, Stephanie
Subject: Re: Cazador & Outrider Changes

Ms. Rabadue,

Thank you for the email update.

Thank you,

Trishia C. Bad Bear
Natural Resource Specialist
BLM-Hobbs Field Station
414 W. Taylor St.
Hobbs, NM 88240

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tbadbear@blm.gov

On Thu, Apr 30, 2015 at 9:38 AM, Rabadue, Stephanie <Stephanie_Rabadue@xtoenergy.com> wrote:

Good morning again, Trish!

This is a reminder per our phone conversation that on this lease, we have moved the road to line the South of the Cazador pads rather than hug the section line through the center of the pads. Due to this change, the Cazador V-Door orientation became to the East instead of to the West, as was determined at the time of the on-site inspection. The lease road will also be adjacent to the facility location in the area. These permits have been submitted but replacement pages will be provided.

Please let me know if you need anything else!

Take care!

Stephanie Rabadue

Regulatory Analyst – Permian Division