

SURFACE USE PLAN

Devon Energy Production Company, L.P.

The on-site inspection for these projects was performed on – July 16, 2015 by CEHMM.

GAUCHO UNIT 29H & 30H

1. Existing Roads:

- a. The well site surveys and elevation plats for the proposed pads are attached with this application. These plats were staked by Madron Surveying.
- b. All roads to the location are shown on the Location Verification Map. All existing lease roads are illustrated and are adequate for travel during drilling and production operations. Any upgrades to existing roads prior to drilling will be done where necessary. The road routes to the pad site are depicted on the Location Verification and Vicinity Maps within the attached C-102.
- c. Devon will improve, repair or maintain existing roads in a condition the same as or better than before operations began. Any road maintenance will allow access for ingress and egress traffic to proposed location. Devon will make regular inspections of the roads throughout the year; 3 times per year in dry conditions and 4 times per year in wet conditions, and will maintain, repair the roads. Devon will prevent and abate fugitive dust as needed.
- d. Directions to Location: Please see "Site Map".

2. New or Reconstructed Access Roads:

- a. The "Site Map" and "Aerial Access Road Map" shows a new constructed access road that will run 433 LF from an existing caliche lease road to the well location.
- b. The maximum driving width of the access road will be 14 feet. The maximum width of surface disturbance when constructing the access road will not exceed 25 feet. The road will be crowned and ditched with 2% slope from the tip of the crown to the edge of the driving surface. The ditches will be 3 feet wide with 3:1 slopes. The driving surface will be made of 6" rolled and compacted caliche. Any areas disturbed outside of finished roadway will be re-vegetated.
- c. When cutting fences separating ownership lines of the rancher(s), Devon will install cattle guards to prevent the loss of cattle. Devon will assume responsibility for any damages that occur to fences when moving a rig in or out of the area. No turnouts are planned.

3. Location of Existing Wells:

The attached "One Mile Radius Map" shows all existing and proposed wells within a one-mile radius of the proposed location.

4. Location of Existing and/or Proposed Production Facilities:

- a. In the event the well is found productive, the Gaucho 20 CTB (Central Tank Battery) would be utilized and shared, located in Sec 20-T22S-R34E. See "Gaucho "20" C.T.B." plat and "Interim Reclamation Diagram". Note: the Central Tank Battery pad will be constructed utilizing

“engineered fill method”, which will address any concerns of settling problems by building on fill. The Engineered Fill Method is as follows:

After stripping the surface vegetation and over-excavation to the required depths, the exposed material shall be free from organic material, scarified to a minimum depth of six inches (6”), watered or aerated as necessary to bring the soil to a moisture content that will permit proper compaction and compacted to 95% peak dry density as defined by ATSM D 1557.

Install engineered fill in six inch (6”) lifts and compact each lift to 95% peak dry density as defined by ATSM D 1557. Hand tamp as necessary to protect any subsurface features. Prior to installation engineered fill shall be watered or aerated as necessary to bring the soil to a moisture content that will permit proper compaction.

- b. If necessary, the well will be operated by means of an electric distribution line. We will connect to the electric distribution line that is on the South East side of the pad. The run is 749.82 ft., coming on the Southeast side of the pad. See attached Electric Line Plat.
- c. All flow lines will adhere to API standards.
- d. If the well is productive, rehabilitation plans are as follows:
 - i. A closed loop system will be utilized.
 - ii. The original topsoil from the well site will be returned to the location. The drill site will then be contoured as close as possible to the original state.

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 the existing and proposed roads described and depicted on the “Vicinity Map”. On occasion, water will be obtained from a pre-existing water well, running a pump directly to the drill rig. In cases where a poly pipeline is used to transport water for drilling purposes, proper authorizations will be secured. If a poly pipeline is used, the size, distance, and map showing route will be provided to the BLM via sundry notice. For the Gaucho area, Devon currently uses OSE Well # CP-865, located in 20-22S-34E and/or CP-1455 or CP-1362, located in 18-22S-34E.

6. Construction Materials:

Obtaining caliche: One primary way of obtaining caliche to build locations and roads will be by “turning over” the location. This means caliche will be obtained from the actual well site. Actual amounts will vary for each pad. The procedure below has been approved by BLM personnel:

- a. The top 6 inches of topsoil is pushed off and stockpiled along the side of the location.
- b. Subsoil is removed and stockpiled within the surveyed well pad.
- c. When caliche is found, material will be stock piled within the pad site to build the location and road.
- d. Then subsoil is pushed back in the hole and caliche is spread accordingly across entire location and road.
- e. Once well is drilled, the stock piled top soil will be used for interim reclamation and spread along areas where caliche is picked up and the location size is reduced.
- f. Neither caliche, nor subsoil will be stock piled outside of the well pad. Topsoil will be stockpiled along the edge of the pad as depicted in the Well Site Layout or survey plat.

In the event that no caliche is found onsite, caliche will be sourced from BLM or State pits. The amount of caliche used will be determined by pad size. Potential pits to be used as a caliche source are: State Pit 586-D, State Pit 586-E or Private Pit on CR 21-B (Antelope Road). A BLM mineral material permit will be acquired prior to obtaining any mineral material from BLM pits or land.

7. Methods of Handling Waste Material:

- a. Wells will be drilled utilizing a closed loop system. Drill cuttings will be properly disposed of into steel tanks, then taken to a New Mexico Oil Conservation Division (NMOCD) approved disposal site; R360 or Sundance.
- b. Garbage and trash produced during drilling and completion operations will be collected in trash containers/trailers and disposed of properly at a state approved disposal facility or land fill located in Carlsbad, Jal or Eunice. All trash on and around the well site will be collected for disposal.
- c. Drilling fluids and produced oil and water from wells during drilling and completion operations will be stored in steel mud pits and safely disposed of properly in an NMOCD approved disposal facility and/or in salt water disposal areas as follows:
 - Rio Blanco 33 Fed 2, Section 33-T22S-R34E
 - Caballo 9-1, Section 9-T23S-R34E
 - Rio Blanco 4-3, Section 4-T23S-R34E.

After drilling and completion operations, trash, chemicals, salts, frac sand and other waste material will be removed and disposed of properly at a state approved disposal facility.

- d. Human waste and gray water will be properly contained and disposed of. Proper disposal and elimination of waste and gray water may include but are not limited to portable septic systems and/or portable waste gathering systems (i.e. portable toilets). Stallion and/or Mesquite Services will handle disposal.

8. Ancillary Facilities: No campsite or other facilities will be constructed as a result of this well.

9. Well Site Layout

- a. The Rig Location Layout attachment shows the proposed well site layout and pad dimensions.
- b. The Rig Location Layout attachment proposes location of sump pits and living facilities.
- c. Mud pits in the active circulating system will be steel pits.
- d. A closed loop system will be utilized. Devon will provide a copy of the Design Plan to the BLM.

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. The location and road will be rehabilitated as recommended by the BLM.
- c. 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. See "Interim Reclamation Diagram".
- d. All disturbed areas not needed for active support of production operations will undergo interim reclamation. The portions of the cleared well site not needed for operational and safety purposes will be recontoured to a final or intermediate contour that blends with the surrounding topography as much as possible. Topsoil will be respread over areas not needed for all-weather operations, and the surface will be drill seeded with a BLM approved mixture and re-vegetated as directed by the BLM Authorized Officer. See "Interim Reclamation Diagram".

11. Surface Ownership

- a. The surface is owned by the State of New Mexico. An agreement has been reached with the state. The minerals are owned and administered by the U. S. Federal Government. The surface is multiple use with the primary uses of the region for grazing of livestock and the production of oil and gas. A copy of the finalized SUPO will be provided to the State of New Mexico.
- b. The proposed road routes and the surface location will be restored as directed by the BLM.

12. 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, sage bush, yucca and miscellaneous weeds. 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 dwellings within 2 miles of location.
- d. A Cultural Resources Examination will be completed by Lone Mountain Archaeological Services, Inc. and forwarded to the BLM office in Carlsbad, New Mexico.

13. Bond Coverage:

Bond Coverage is Nationwide; Bond # is CO-1104 & NMB-000801

Operators Representative:

The Devon Energy Production Company, L.P. representatives responsible for ensuring compliance of the surface use plan are listed below.

Trevor Klaassen - Completions Engineer
Devon Energy Production Company, L.P.
333 W. Sheridan
Oklahoma City, OK 73102-5010
(405) 552-5069 (office)
(405) 850-5870 (Cellular)

Don Mayberry - Superintendent
Devon Energy Production Company, L.P.
Post Office Box 250
Artesia, NM 88211-0250
(575) 748-3371 (office)
(575) 746-4945 (home)


Certification

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access road 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 Devon Energy Production Company, L.P. 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.

I hereby also certify that I, or Devon Energy Production Company, L.P. have made a good faith effort to provide the surface owner with a copy of the Surface Use Plan of Operations and any Conditions of Approval that are attached to the APD.

Executed this 19th day of March, 2015.

Printed Name: David H. Cook

Signed Name: 

Position Title: Regulatory Specialist

Address: 333 W. Sheridan, OKC OK 73102

Telephone: (405)-552-7848