30-025-41447

HOBBS OCD SEP 1 7 2013

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ENDURANCE RESOURCES LLC

MULTIPOINT SURFACE USE AND OPERATIONS PLAN

STRATOCASTER 20 FED #3H

SHL: 330' FSL & 1980' FEL

BHL: 330' FNL & 1980' FEL

SEC 20-T23S-R34E

LEA COUNTY, 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 State Highway 128 and CR 21 (Delaware Basin) go north on CR 21 approx. 5.1 miles. Go southeast on caliche road approx. 0.75 of a mile. Veer northeast and go approx. 0.1 of a mile to begin Stratocaster 20-2H road lath. Follow road laths east approx. 0.2 of a mile to southeast corner of 2H pad go east approx. 900ft to southwest corner of 3H pad. Location is approx. 267 ft northeast.

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 are labeled in orange &
 blue. 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.

2. Planned Access Road:

Endurance Resources LLC will be using the existing access road that runs through the proposed
Telecaster 30-4H location (15' wide) up near the Stratocaster 20 Fed 1H (formally Paloma Blanco
20 Fed #1) location. This planned access road is ~900ft in length to access the Stratocaster 20-3H
from the Stratocaster 20-2H location. This access road will also provide access to the planned



Stratocaster 20-4H (formally Back Basin #1). See attached C-102 packet page 4 for more details. This access road will have a max width of 15' & follow along the south side of the section. It will be crowned and made of 6" rolled and compacted caliche. This road will be used as a multi-use ROW for flow lines & power lines.

- This proposed access road will be of native caliche. This material will be obtained from a BLM approved pit nearest in proximity to the location. Water will be deflected, as necessary, to avoid accumulation and prevent surface erosion. The average grade will be approx. 1%.
- 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. Endurance Resources LLC is willing to work with outside operators (ex Caza Operating) to allow access to their new drill wells in Sec 29-23S-34E through Endurance's existing & proposed access road (s). This will allow less of a surface disturbance on federal, state, & private lands in this area. This option was discussed with Trish Badbear during the onsite.

4. Location of Existing and/or Proposed Facilities:

- This location is in a relatively flat area. Well site will be constructed by way of a 350'x420' pad.
 Pad dimensions could change based on the type of rig secured. 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, production will be taking via flow line following the existing & proposed access road(s) to the Stratocaster 20 Fed 1H Battery (formally the Paloma Blanco 20 Fed #1). A strip of land 30 ft wide crossing BLM land in Sec 20-T23S-R-34E & being 15' on each side is being requested for multi-use ROW. Total distance of this flow line will be ~900' in length that will be able to connect into a flow line previously laid for the Stratocaster 3H well via a ROW to the Stratocaster 20-1H Battery from the previously proposed Stratocaster 20-2H MSOP plan. Endurance Resources requests to lay two buried 4" poly flex flow lines within this distance that will tie into the existing poly line & will go to the battery. These lines are expected to carry 800 BOPD, 600 MCFPD, & 1200 BWPD at 125 psi respectively. These two lines will carry production from the proposed Stratocaster 20 Fed 3H & 4H wells. See attached plat labeled "Flowline to connect the Stratocaster 20 Federal #1H, #2H, #3H, & #4H" for more details (contains 3 pages).
- All flow lines will adhere to API standards.
- Power will be supplied by way of existing electrical line running from CR-21 along the existing road into the Stratocaster 20 Fed 1H (formally Paloma Blanco 20 Fed #1) location. This is an Endurance owned power line. Endurance Resources' electric line will need to be routed along the proposed access road & proposed flow line route mentioned above. A strip of land 30 ft wide crossing BLM land in Sec 20-T23S-R34E being that of 15ft wide of each side is being requested for multi-use ROW. This electrical line will be ~900' in length to tie power into the Stratocaster 3H location. This line will also help power the proposed Stratocaster 20 Fed 4H well. See attached plat labeled "An electrical line to connect the Stratocaster 20 Fed #1H, 2H, 3H, & #4H" for more details (contains 3 pages).



• 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 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.

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. 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 waster material. The equipment will be properly maintained during the drilling and completion operations, and will be removed when all operations are completed.
- Disposal of fluids are to be transported by an approved disposal company.

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. Endurance Resources LLC is providing the layout of McVay Rig #4.
- This exhibit indicates proposed location of reserve and sump pits if utilized. Living facilities will be
 placed on the south side of location.
- Mud pits in the active circulating system will be steel pits and a closed loop system will be utilized. Endurance Resources LLC will comply with the NMOCD requirements 19.15.17 and submit a form C-144 to the appropriate NMOCD district office.
- This location is in a relatively flat area. Well site will be constructed by way of a 350'x420' pad.
 Pad dimensions could change based on the type of rig secured. Topsoil pile will be placed on the north side of location. V-door will be facing east.

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 original topsoil will again be returned to the pad and contoured, as close as possible, to the original topography.
- 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 reclaimed. The original topsoil will be returned to the area of the drilling 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 attached site reclamation diagram for more details.

11. Surface Ownership:

The surface is owned by the BLM and is administered by the BLM. The surface is multiple use
with primary uses of the region for the grazing of livestock, as well as oil & gas production.
Endurance Resources has had onsite with grassing lessee Bill Angle (rancher) and is fully aware of
the operations planned in this area.

12. Other Information:

- The area surrounding the well site is made up of grassland & mesquite trees. The topsoil is packed soils and caliches. 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.



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Operators Representative:

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

Kale Jackson

Sr Completions Engineer

Endurance Resources LLC

11382 Lovington Highway

Artesia, NM 88211

575.914.3355

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 persons under my district supervision, have inspected the proposed drillsite and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Endurance Resources LLC and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

5/16/13

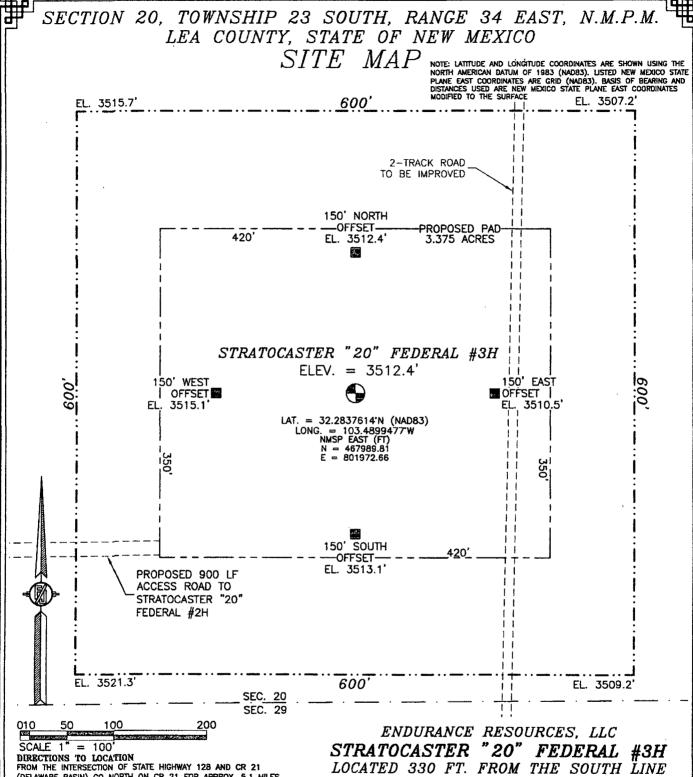
Date

Kale Jackson

Sr Completions Engineer

Endurance Resources LLC

kale@enduranceresourcesllc.com



SCALE 1" = 100'
DIRECTIONS TO LOCATION
FROM THE INTERSECTION OF STATE HIGHWAY 128 AND CR 21
(DELAWARE BASIN) GO NORTH ON CR 21 FOR APPROX. 5.1 MILES.
GO SOUTHEAST ON CAUCHE LEASE ROAD APPROX. 0.75 OF A MILE.
VEER NORTHEAST AND GO APPROX. 0.1 OF A MILE TO BEGIN
STRATOCASTER "20" FEDERAL \$2H ROAD LATH. FOLLOW ROAD LATHS
EAST APPROX. 0.2 OF A MILE TO SOUTHWEST CORNER OF \$2H PAD.
FROM SOUTHWEST CORNER OF \$2H PAD GO EAST APPROX. 900 FT.
TO SOUTHWEST CORNER PAD OF \$3H. LOCATION IS APPROX. 287 FT.
NORTHEAST.

ENDURANCE RESOURCES, LLC

STRATOCASTER "20" FEDERAL #3H

LOCATED 330 FT. FROM THE SOUTH LINE

AND 1980 FT. FROM THE EAST LINE OF

SECTION 20, TOWNSHIP 23 SOUTH,

RANCE 34 EAST, N.M.P.M.

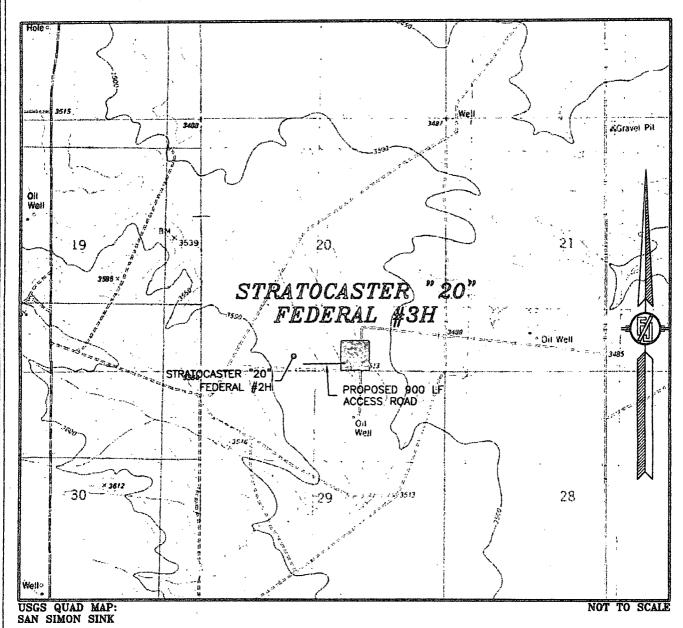
LEA COUNTY, STATE OF NEW MEXICO

APRIL 30, 2013

SURVEY NO. 1803

MADRON SURVEYING, INC. 301 SOUTH CANAL CARLSBAD, NEW MEXICO

SECTION 20, TOWNSHIP 23 SOUTH, RANGE 34 EAST, N.M.P.M. LEA COUNTY, STATE OF NEW MEXICO LOCATION VERIFICATION MAP



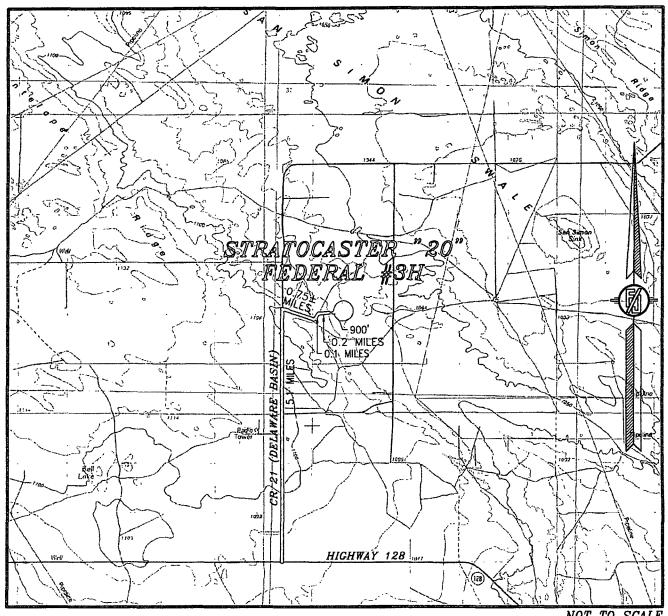
ENDURANCE RESOURCES, LLC
STRATOCASTER "20" FEDERAL #3H
LOCATED 330 FT. FROM THE SOUTH LINE
AND 1980 FT. FROM THE EAST LINE OF
SECTION 20, TOWNSHIP 23 SOUTH,
RANGE 34 EAST, N.M.P.M.
LEA COUNTY, STATE OF NEW MEXICO

APRIL 30, 2013

SURVEY NO. 1803

MADRON SURVEYING, INC. 501 SOUTH CANAL CARLSBAD, NEW MEXICO

SECTION 20, TOWNSHIP 23 SOUTH, RANGE 34 EAST, N.M.P.M. LEA COUNTY, STATE OF NEW MEXICO VICINITY MAP



NOT TO SCALE

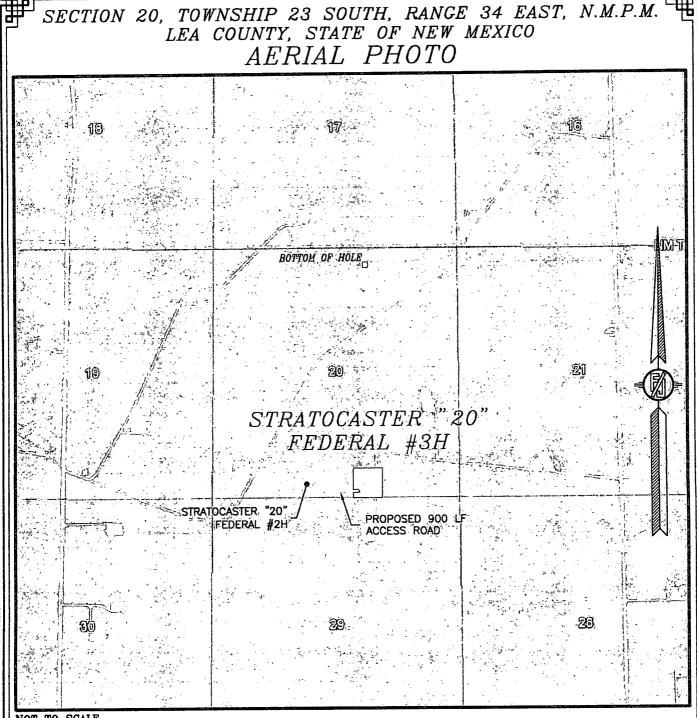
ENDURANCE RESOURCES, LLC STRATOCASTER "20" FEDERAL #3H LOCATED 330 FT. FROM THE SOUTH LINE AND 1980 FT. FROM THE EAST LINE OF SECTION 20, TOWNSHIP 23 SOUTH, RANGE 34 EAST, N.M.P.M. LEA COUNTY, STATE OF NEW MEXICO

APRIL 30, 2013

DIRECTIONS TO LOCATION FROM THE INTERSECTION OF STATE HIGHWAY 128 AND CR 21 (DELAWARE BASIN) GO NORTH ON CR 21 FOR APPROX. 5.1 MILES. GO SOUTHEAST ON CALICHE LEASE ROAD APPROX. 0.75 OF A MILE. VEER NORTHEAST AND GO APPROX. 0.1 OF A MILE TO BEGIN VEER NORTHEAST AND GO APPROX. 0.1 OF A MILE TO BEGIN STRATOCASTER "20" FEDERAL #2H ROAD LATH. FOLLOW ROAD LATHS EAST APPROX. 0.2 OF A MILE TO SOUTHWEST CORNER OF #2H PAD. GO EAST APPROX. 900 FT. TO SOUTHWEST CORNER PAD. LOCATION IS APPROX. 267 FT. NORTHEAST. NORTHEAST.

SURVEY NO. 1803

MADRON SURVEYING, INC. 301 SOUTH CANAL CARLSBAD, NEW MEXICO



NOT TO SCALE AERIAL PHOTO: GOOGLE EARTH MARCH 2012

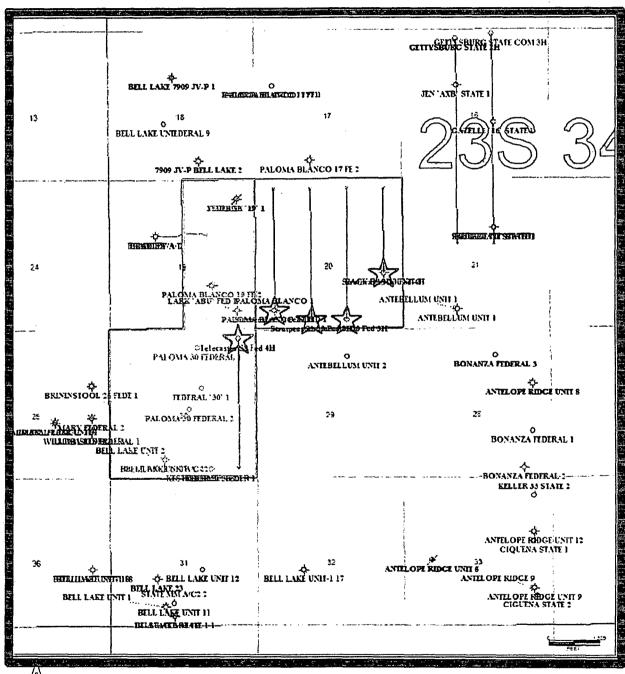
ENDURANCE RESOURCES, LLC
STRATOCASTER "20" FEDERAL #3H
LOCATED 330 FT. FROM THE SOUTH LINE
AND 1980 FT. FROM THE EAST LINE OF
SECTION 20, TOWNSHIP 23 SOUTH,
RANGE 34 EAST, N.M.P.M.
LEA COUNTY, STATE OF NEW MEXICO

APRIL 30, 2013

SURVEY NO. 1803

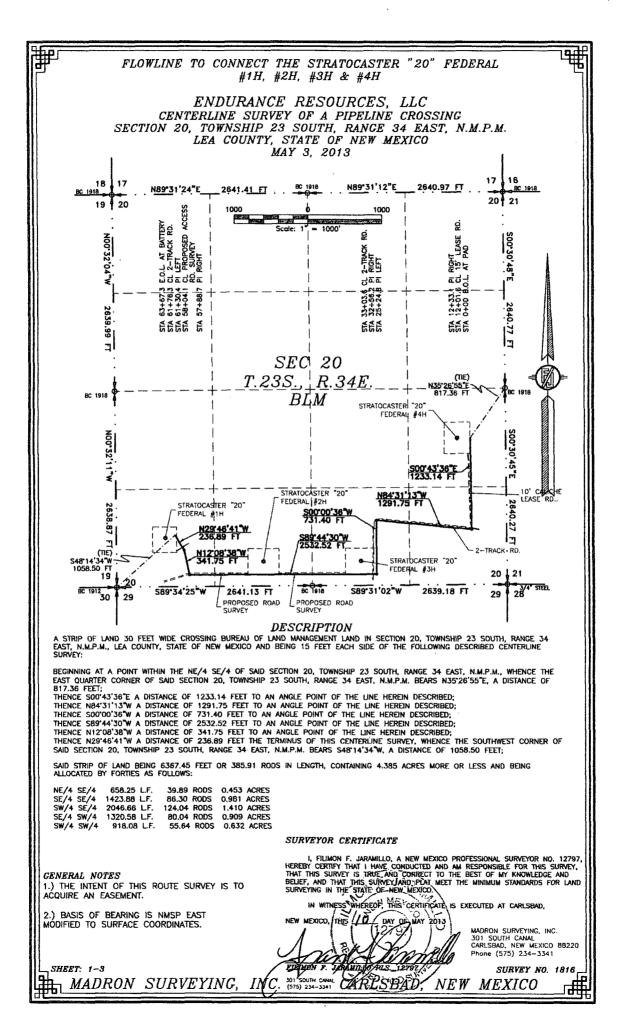
MADRON SURVEYING, INC. (575) 234-3341 CARLSBAD, NEW MEXICO

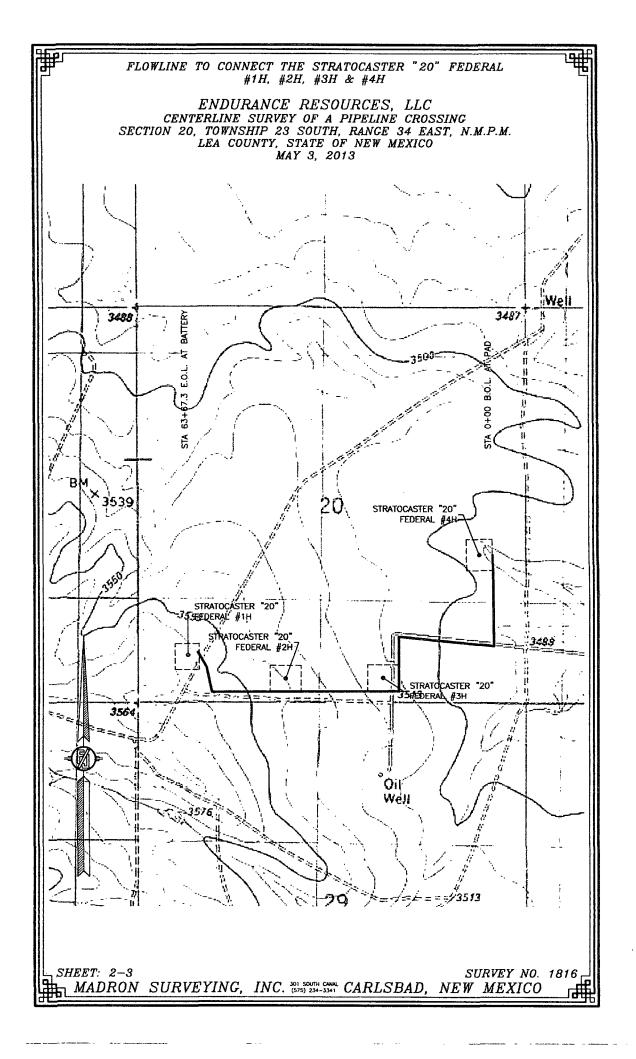


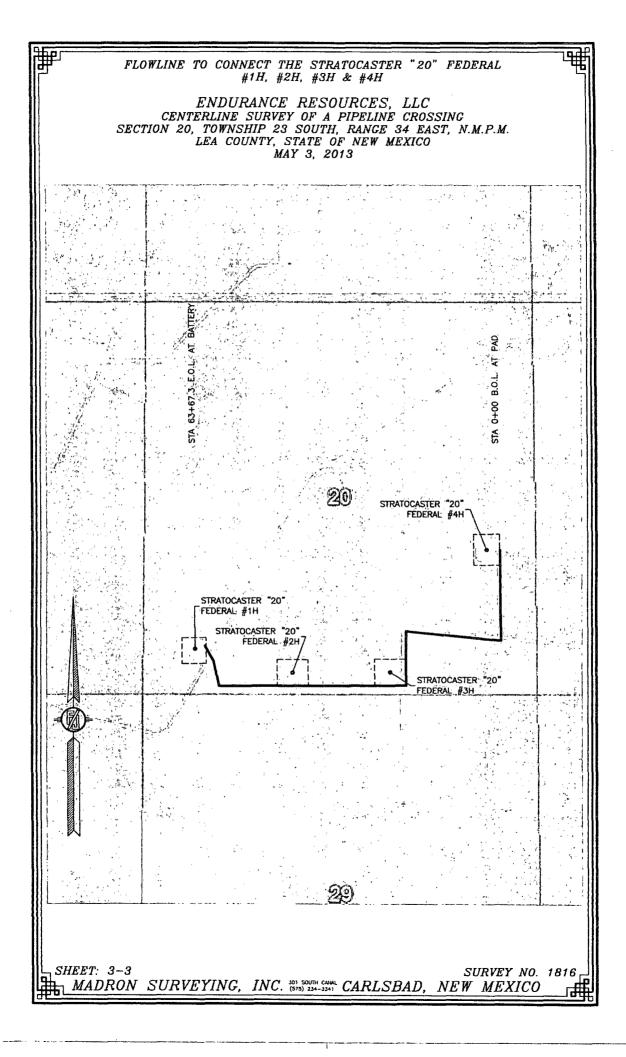




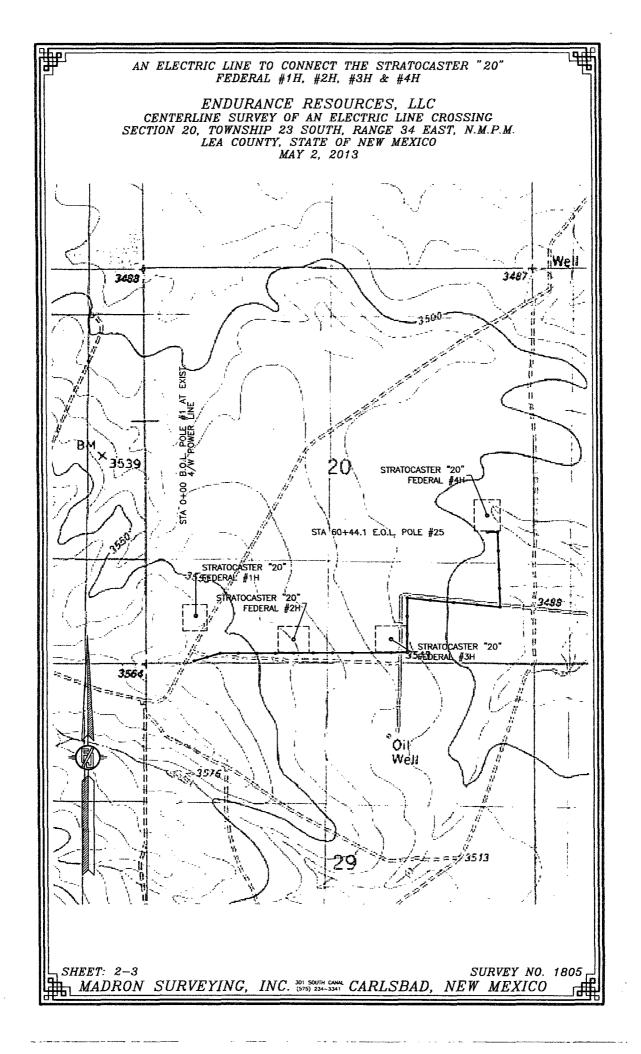
Endurance Proposed Locations





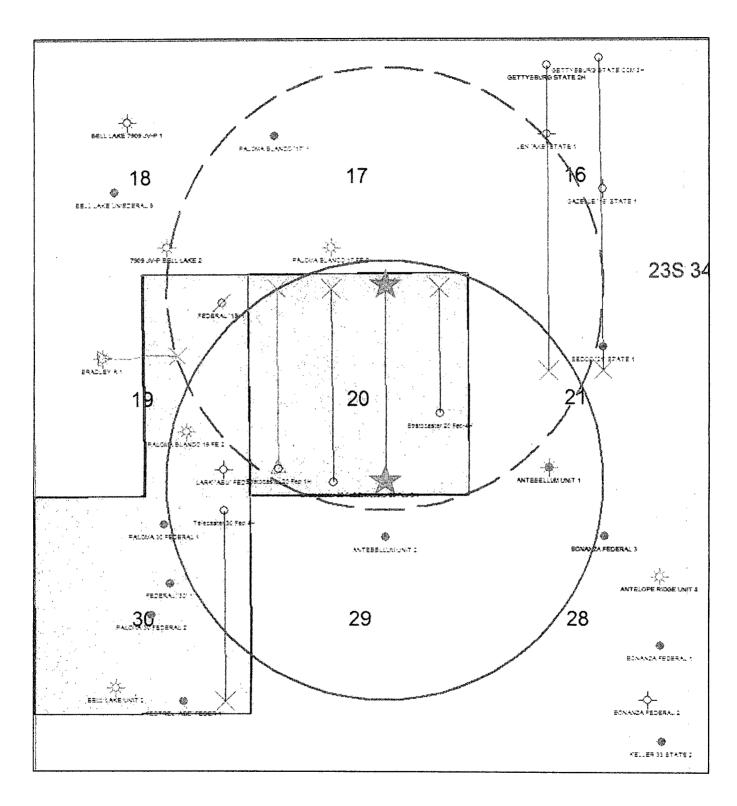


AN ELECTRIC LINE TO CONNECT THE STRATOCASTER "20" FEDERAL #1H, #2H, #3H & #4H ENDURANCE RESOURCES, LLC CENTERLINE SURVEY OF AN ELECTRIC LINE CROSSING SECTION 20, TOWNSHIP 23 SOUTH, RANGE 34 EAST, N.M.P.M.
LEA COUNTY, STATE OF NEW MEXICO MAY 2, 2013 18 17 BC 1918 2640.97 FT N89'31'12"E N89"31'24"E_ 2641.41 FT . . BC 1918 BC 1918 . 20 21 19 1 20 E 띨 8 8 F ត 16+25.0 18+89.0 45+80.1 1+81.5 8+12.8 +53.0 13+61 SI SIS ¥ ¥ ¥ | ¥ STATE STATE STA STA SEC 20 (TIE) T.23S., \ R.34E BLMSTRATOCASTER 720 FEDERAL #4H STA 60+44.1 E.O.L POLE #25 STA 59+06.8 POLE #24 PI LEFT STA 56+54.0 POLE #23 10' CALICHE LEASE RD. STA 54+01.2 POLE #22 STA 51+48.4 POLE #21 STA 49+17.6 CL 2-TRACK RD. STRATOCASTER "20" FEDERAL #1H STRATOCASTER "20" **1937 33 197** FEDERAL #2H 13 \$8426517 126214 F \$90 59 OF T STRATUCASTER "20" N89°32°53°T FEDERAL #3H 19 1 20 20 1 21 BC 1912 30 BC 1918 \$89°31'02"W 28 \$89'34'25 2641.13 FT 2639.18 FT 29 29 V (UE) PROPOSED ROAD L PROPOSED ROAD SURVEY S84"52'40'W 633.49 FT DESCRIPTION A STRIP OF LAND 30 FEET WIDE CROSSING BUREAU OF LAND MANAGEMENT LAND IN SECTION 20, TOWNSHIP 23 SOUTH, RANGE 34 EAST, N.M.P.M., LEA COUNTY, STATE OF NEW MEXICO AND BEING 15 FEET EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE BEGINNING AT A POINT WITHIN THE SW/4 SW/4 OF SAID SECTION 20, TOWNSHIP 23 SOUTH, RANGE 34 EAST, N.M.P.M., WHENCE THE SOUTHWEST CORNER OF SAID SECTION 20, TOWNSHIP 23 SOUTH, RANGE 34 EAST, N.M.P.M. BEARS S84'52'40"W, A DISTANCE OF 633.49 FEET: 633.49 FEET;
THENCE N73'14'21"E A DISTANCE OF 363.14 FEET TO AN ANGLE POINT OF THE LINE HEREIN DESCRIBED;
THENCE N89'59'58"E A DISTANCE OF 997.91 FEET TO AN ANGLE POINT OF THE LINE HEREIN DESCRIBED;
THENCE N89'59'05"E A DISTANCE OF 1320.19 FEET TO AN ANGLE POINT OF THE LINE HEREIN DESCRIBED;
THENCE S89'59'06"E A DISTANCE OF 220.04 FEET TO AN ANGLE POINT OF THE LINE HEREIN DESCRIBED;
THENCE NOU'00'06"W A DISTANCE OF 732.43 FEET TO AN ANGLE POINT OF THE LINE HEREIN DESCRIBED;
THENCE S84'26'51"E A DISTANCE OF 1262.14 FEET TO AN ANGLE POINT OF THE LINE HEREIN DESCRIBED;
THENCE NOU'10'15'4'38"W A DISTANCE OF 1011.26 FEET TO AN ANGLE POINT OF THE LINE HEREIN DESCRIBED;
THENCE N89'59'19"W A DISTANCE OF 137.29 FEET THE TERMINUS OF THIS CENTERLINE SURVEY, WHENCE THE EAST QUARTER CORNER
OF SAID SECTION 20, TOWNSHIP 23 SOUTH, RANGE 34 EAST, N.M.P.M. BEARS N36'17'06"E, A DISTANCE OF 1105.21 FEET; SAID STRIP OF LAND BEING 6044.40 FEET OR 366.32 RODS IN LENGTH, CONTAINING 4.162 ACRES MORE OR LESS AND BEING ALLOCATED BY FORTIES AS FOLLOWS: 42.61 RODS 0.910 ACRES SE/4 SW/4 1320.60 LF. 80.04 RODS SW/4 SE/4 2047.85 LF. 124.11 RODS 80.04 RODS 1.410 ACRES SE/4 SE/4 1401.87 LF. NW/4 SE/4 570.97 LF. 84.96 RODS 0.965 ACRES SURVEYOR CERTIFICATE. 34.60 RODS 0.393 ACRES I, FILMON F. JARAMILLO, A NEW MEXICO PROFESSIONAL SURVEYOR NO. 12797, HEREBY CERTIFY THAT'S HAVE CONDUCTED AND AM RESPONSIBLE FOR THIS SURVEY, THAT THIS SURVEY IS TRUE WAID CORRECT. TO THE BEST OF MY KNOWLEDGE AND BELIEF, AND THAT THIS SURVEY MAD CPLAT MEET THE MINIMUM STANDARDS FOR LAND SURVEYING IN THE STATE OF NEW MEXICO. **CENERAL NOTES** 1.) THE INTENT OF THIS ROUTE SURVEY IS TO ACQUIRE AN EASEMENT. IN WITNESS WHEREOF, THIS CEPTIFICATE EXECUTED AT CARLSBAD, 2.) BASIS OF BEARING IS NMSP EAST MEXICO, THIS 10 DAY OF MAY MODIFIED TO SURFACE COORDINATES. MADRON SURVEYING, INC. 301 SOUTH CANAL CARLSBAD, NEW MEXICO 88220 Phone (575) 234-3341 SHEET: 1-3 INC. CARLSBAD, MADRON SURVEYING, NEW MEXICO



AN ELECTRIC LINE TO CONNECT THE STRATOCASTER "20" FEDERAL #1H, #2H, #3H & #4H ENDURANCE RESOURCES, LLC CENTERLINE SURVEY OF AN ELECTRIC LINE CROSSING
SECTION 20, TOWNSHIP 23 SOUTH, RANGE 34 EAST, N.M.P.M.
LEA COUNTY, STATE OF NEW MEXICO
MAY 2, 2013 STA SO FEDERAL #4H STA 60±44:1 E.O.L. POLE #25 STRATOCASTER "20" FEDERAL #1H STRATOCASTER "20" FEDERAL #2H7 STRATOCASTER "20" FEDERAL #3H SHEET: 3-3 SURVEY NO. 1805 MADRON SURVEYING, INC. 301 SOUTH CANAL CARLSBAD, NEW MEXICO

Stratocaster 20-3H





Surface Location



Bottom Hole Location



Surface 5280' Radius



Bottom Hole 5280' Radius