

SURFACE USE PLAN

CAZA OPERATING, LLC.

HOBBS OCD

WEST COPPERLINE 29 FED/STATE COM. #4H
UNIT "D" SECTION 29
T23S-R34E LEA CO. NM

APR 15 2014

RECEIVED

1. EXISTING AND PROPOSED ROADS WITH DIRECTIONS TO LOCATION:

- A. Exhibit "B" is a reproduction of a County General Hi-Way map showing existing roads. Exhibit "C" is a reproduction of a USGS topographic map showing existing roads and proposed roads. All existing roads will be maintained in equal or better than current conditions. All new roads will be constructed to BLM specifications.
- B. Exhibit "A" shows the proposed well site as staked.
- C. Directions to location; From Eunice New Mexico take State Hi-way 207 2.5 miles to Delaware Basin Road (Hi-way 21) Follow Delaware Basin Road 27.3 miles, turn Left on caliche lease road follow road .8 miles to location on the North side of road.
- D. Exhibit "C" shows a topographic map indicating existing roads and proposed location. If powerlines are required to produce the well they will be constructed along existing roads. Flowlines will be laid on top of ground to an existing production facility on lease.

2. PLANNED ACCESS ROADS: No additional roads will be required.

- A. The access roads will be crowned and ditched to a 14' wide travel surface, within a 30' R-O-W.
- B. Gradient of all roads will be less than 5%.
- C. Turn-outs will be constructed where necessary.
- D. As required all new access roads will be surfaced with a minimum of 4-6" of Caliche. This material will be obtained from a local source.
- E. The center line of roads will be flagged and road construction will be done as field conditions allow.
- F. Culverts will be placed in the access roads as drainage conditions require. Roads will be constructed to use low water crossings for drainage as topographic features require to keep erosion to a minimum.

3. EXHIBIT "A-1" SHOWS EXISTING WELLS WITHIN A ONE MILE RADIUS OF THE LOCATION:

- A. Water wells - One well approximately 1.25 miles Northeast of location.
- B. disposal wells - None known
- C. drilling wells - None known
- D. producing wells. - As shown on Exhibit "A-1"
- E. Abandoned wells - As shown on Exhibit "A-1"

APR 23 2014

SURFACE USE PLAN

CAZA OPERATING, LLC.
WEST COPPERLINE 29 FED/STATE COM. #4H
UNIT "D" SECTION 29
T23S-R34E LEA CO. NM

4. If on completion this well is successful the operator will complete it as a producer. The operator will lay flow lines to an existing tank battery located on lease as indicated on Exhibit "C". If a power line is required to operate facilities they will be constructed along existing R-O-W's, or obtained R-O-W's. These are shown on Exhibit "C".

5. LOCATION AND TYPE OF WATER SUPPLY:

Water will be purchased locally from a commercial source and transported by transport or piped to location by flexible flowlines laid on top of the ground.

6. SOURCE OF CONSTRUCTION MATERIAL:

If possible construction material will be obtained from the leveling of the drill site. If additional material will be required it will be obtained from a local source and transported over access roads shown on Exhibit "C".

7. METHODS OF HANDLING WASTE MATERIAL:

- A. In case this well is drilled using a closed mud system the cuttings will be collected in containers and disposed of in a state approved disposal site. Drilling fluids likewise will be contained in tanks and disposed of in state approved disposal sites.
- B. All trash, junk and other waste material will be contained in trash cages or trash bins to prevent scattering. When job is complete all contents will be taken from location and disposed of in a state approved disposal site.
- C. Salts and other mud material remaining after completion of the well will be collected by the supplier and be removed from the location.
- D. Waste water from living quarters will be directed into an onsite sewage treatment unit and when well is completed residue will be removed and disposed of in a state approved disposal site. Porto-johns will be on location for rig crews, completion crews and other contract personnel, this equipment will be properly maintained during drilling and completion. When all operations are complete the residue will be removed and disposed of in a state approved disposal site and the equipment removed by supplier.
- E. Any fluids produced during the completion phase will be separated and the oil sold and water will be disposed of in an approved disposal site.

8. ANCILLARY FACILITIES:

- A. No camps, airstrips, or staging areas will be constructed on location.

SURFACE USE PLAN

CAZA OPERATING, LLC.
WEST COPPERLINE 29 FED/STATE COM. #4H
UNIT "D" SECTION 29
T23S-R34E LEA CO. NM

9. WELL SITE LAYOUT:

A. Exhibit "D" shows a generic well site for a well drilled using a closed mud system.

10. PLANS FOR RESTORATION OF SURFACE:

Rehabilitation of the surface will start after the well has been completed, if the well is completed as a producer production facilities will be constructed on the location. What area is not required for the operation of this project will be reclaimed and restored as near as possible to the original grade and vegetation.

If in case this well is unsuccessful and is a dry hole the drilling pad and the access roads will be reclaimed according to specifications provided by The Bureau of Land Management. Caliche or other road material will be removed for the possible use in another location or deposited in an approved reclamation site.

Drill cuttings and mud used to drill this well will be removed and disposed of at an approved disposal site. All trash and any other debris will be collected and disposed of as the above.

11. ADDITIONAL INFORMATION:

The surface is owned by The Limestone Livestock, LLC. located at 76 Angell Road, Lovington, New Mexico 88260.

Topography has a slight dip in an Easterly direction toward Antelope Sink. Vegetation consists of prickly pear, mesquite, snake weed and various native grasses.

There is a water well approximately 1.25 miles Northeast of the location and is approximately 350' deep.

The surface is used for the grazing of livestock and the production of oil and gas.

Negotiations are currently underway to settle damages to the surface due to the drilling of this well with the surface owner.