

Surface Use Plan
Nadel and Gussman Heyco, LLC
Wizard 34 Federal Com 1H
Section 34, T18S, R32E
510' FSL & 150' FWL
Lea County, New Mexico

HOBBS OCD

MAR 30 2015

RECEIVED

1. Existing Roads:

Exhibit 1 contains the surveys and a maps with proposed location and lease roads. The location is approximately 15 miles south of Maljamar, NM. From Intersection of St Hwy 529 and Co. Road 126, Go south on Co. road 126 approx 7.6 miles. Turn left (east) on Lease road go 2.1 miles, Turn left and go 0.4 miles to Y in road. Turn left and go north approx 0.2 mile, then right (north), and go 0.2 miles to location.

2. Planned Access Roads:

Approximatly 1320" of new road will be built to access this location (approximately 320' x 250' location). See attached diagrams and plats.

3. Location of Existing Wells:

See EXHIBIT #3 Existing wells within 1 mile.

4. Location of Tank Batteries, Electric Lines, Etc:

- a. In the event the well is found productive, the tank battery would be utilized and the necessary production equipment will be installed see exhibit #6
- b. Will tie to Lea county electric line to the west side of location.

5. Location and Type of Water Supply:

This location will be drilled using a combination of water mud systems (outlined in the drilling program). Water will be obtained from commercial water stations in the area. Fast line And/or hauled in by transport truck using the existing and proposed roads shown in the Vicinty Map.

6. Source of Construction Material:

- a. Top soil will be stock piled on the south side of location and will be used after drilling and completion operations to reduce location size on south and east side and reseeded to BLM specifications. See location map.
- b. All caliche utilized for the drilling pad and proposed access road will be obtained from an existing BLM / State approved pit or from deposits found under the location. All roads will be constructed of 6" rolled and compacted caliche.

7. Methods of Handling Waste Disposal:

- a. All trash, junk, and other waste material will be contained in trash cages or trash bin to prevent scattering. When the job is completed, all contents will be removed and disposed of in an approved sanitary landfill. The wellsite will be cleaned of all waste within 30 days of final completion of the well.
- b. A portable toilet 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.
- c. Disposal of fluids to be transported by trucks to a nearby approved disposal.

8. Ancillary Facilities:

Nadel and Gussman Heyco, LLC will explore all options for obtaining water storage for stimulation before constructing a frac pit, NGH will look to utilize offset Frac pits built by nearby operators,

next option will be temporary Poisidon Frac tanks if a nearby source of water is available, if this is not possible a Frac Pit will be built. When operations are complete the Frac pit will be reclaimed and reseeded to BLM requirements.

9. Wellsite Layout:

- a. EXHIBIT #4 shows the relative location and dimensions of the well pad and major rig components.
- b. The land is relatively flat with scattered sand dunes and sandy soil.
- c. The pad area has been staked.

10. Plan for Restoration of the Surface:

- a. After drilling and completion operations are completed, all equipment and other materials not needed for further operations will be removed. The location cleaned of all trash to leave the wellsite as pleasant in appearance as possible.
- b. If the proposed operation is nonproductive, all restoration and/or vegetation requirements of the BLM will be complied with, and will be accomplished as quickly as possible.
- c. Interim reclamation consists of minimizing the footprint of disturbance by reclaiming all portions of the well site not needed for production operations. Topsoil is respread over areas not needed for production operations and recontoured to the surrounding area and reseeded

11. Other Information:

- a. The mineral and surface owner is the Federal Government, Land and Grazing lease owner (Smith Ranch) will be contacted .
- b. The topography consists of slightly sandy soil with native grasses. No wildlife was observed, but the usual inhabitants of this region are Jackrabbits, Reptiles, Coyotes, etc.
- c. There are no ponds, lakes, or rivers in this area.
- d. An Archaeological Survey has been made and a copy will be sent to the Carlsbad BLM office. There is no evidence of any significant archaeological, historical, or cultural sites in the area. Further, there are no occupied dwellings or windmills in the area.
- e. Should any incidental oil be recovered during testing of this well, this oil will be considered waste oil and not sellable due to contamination by drilling and/or completion fluids.

12. Operator's Representative:

The Nadel and Gussman Heyco, LLC Company representatives responsible for ensuring compliance of the surface Use plan are listed below.

Keith Cannon, Drilling Superintendent

Nadel and Gussman Heyco, L.L.C.
P.O Box 1936
Roswell N.M 88202
(575) 623-6601