

HOBBS OCD

AUG 29 2016

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SURFACE USE PLAN

GMT Exploration Company, LLC

Dandie 22 Federal State COM #3H

Surface Location: 200' FSL & 1700' FEL, Section 22, T23S-R34E

Bottom Hole Location: 330' FNL & 1700' FEL, Section 22, T23S-R34E

Lea County, New Mexico

FEDERAL LEASE No. NM-132073

1. Existing Roads

- a. The well site and elevation plat for the proposed well are reflected on the well site layout; Form C-102 (Exhibit 1) and Well Pad Topo (Exhibit 2). The well was staked by Basin Surveys.
- b. All existing roads within the vicinity of the well are depicted topographic, geographic and aerial maps of Exhibit 3 (3 pages).
- c. The existing lease road will be maintained in the same or better condition. A regular maintenance program will include, but is not limited to, blading, ditching, culvert installation and surfacing.
- d. Directions to Location: From Eunice ;
 - (1) Highway intersection 176 & Cr 207 "Delaware Basin Rd " Go South 2.4 miles.
 - (2) turn west on 207 go 22.2 miles to Antelope Ridge .
 - (3) turn south on Antelope Ridge and Go 3.2 miles ,
 - (4) turn east on Adobe Rd go 0.93 miles to curve in pavement continue strait on caliche road 0.15 miles to access road on the right (south)
 - (5) turn south go 447' to well site

2. Access Roads to be Constructed and/or Reconstructed

- a. Exhibit 2 shows the proposed 39' of new access road. The new access road will be constructed as follows. The maximum width of the road will be 15'. It will be crowned and made of 6" rolled and compacted caliche. Water will be deflected, as necessary to avoid accumulation and prevent surface erosion.
- b. Surface material will be native caliche. This material will be obtained from a BLM approved pit nearest in proximity to location. The average grade will be approximately 1%.
- c. No cattle guards, grates or fence cuts will be necessary. No turnouts are planned.

3. Location of Existing Wells within 1-Mile Radius of the Proposed Location:

- | | |
|-----------------------------|----------------|
| a. Existing wells | See Exhibit 4. |
| b. Injection/Disposal Wells | See Exhibit 4. |
| c. Drilling Wells | See Exhibit 4. |
| d. Proposed Wells | See Exhibit 4. |
| e. Water Wells | None. |

f. Plugged Wells

See Exhibit 4.

4. Location of Existing and/or Proposed Facilities if the Well is Productive

- a. If the well is productive, a tank battery will be utilized and the necessary production equipment will be installed at the well site. See Well Site Layout diagram. (Exhibit 5)
- b. The tank battery will be surrounded by a lined secondary containment of sufficient size to contain the capacity 110% of the largest tank volume and account for the volume arising from the equipment footprint within the berm.
- c. All permanent above-ground structures not subject to safety requirements will be painted to blend with the natural color of the landscape. The paint used will be a color that simulates the "Standard Environmental Colors" as specified in the COA's.
- d. All access roads will be upgraded and maintained as necessary to prevent erosion and accommodate year-around traffic if the well is a producer.
- e. The pipeline tie in will be located 15' off of the NENW corner of the pad. (see Drawing) (Exhibit 5) See pipeline survey for location of the pipeline. (Exhibit 7)
- f. In the event of production, the following items will be done:
 - i. All site-security guidelines identified in 43 CFR 3162.7 regulations will be adhered to.

5. Location and Type of Water Supply

This location will be drilled using a combination of water mud systems (outline in the Drilling Program). The water will be obtained from a private water well, for drilling and completion work. If additional water is needed, it will be obtained from commercial water stations in the area and hauled to location by transport truck using the existing proposed roads shown in the C-102.

6. Construction Methods

- a. Construction methods employed will follow the standard procedures and requirements of the BLM on Federal lands.
- b. Surface and subsoil materials along the roadway will be utilized.
- c. No construction materials will be removed from Federal lands.
- d. Any materials to be used which are under BLM jurisdiction shall be approved in advance as per CFR 3610.2-3.

7. Methods for Handling Waste Disposal

- a. Drill cuttings will be disposed.

- b. All trash, junk and other waster material will be contained in trash cages or trash bins to prevent scattering. When the job is completed all contents will be removed and disposed of in an approved sanitary landfill.
- c. All state and local laws and regulations pertaining to disposal of human and solid waste shall be complied with. GMT will hire a commercial company to provide outhouses on location. The outhouses on location with holding tanks are serviced by the commercial company once a week.
- d. GMT and its contractor(s) maintain a file, per 29 CFR 1910.1200 (g) containing current Material Safety Data Sheets (MSDS) for all chemicals, compounds, and/or substances, which are used during the course of construction, drilling completion, and production operations for this project. Hazardous materials, which may be found at the site, may include drilling mud and cement products, which are primarily inhalation hazards, fuels (flammable and/or combustible), materials that may be necessary for well completion/stimulation activities such as flammable or combustible substances and acids/gels (corrosives). The opportunity for Superfund Amendments and Reauthorization Act (SARA) listed Extremely Hazardous Substances (EHS) at the site is generally limited to proprietary treating chemicals. All hazardous and EHS and commercial preparations will be handled in an appropriate manner to minimize the potential for leaks or spills to the environment. GMT Exploration Company, LLC maintains an Emergency Response Plan which includes notifying the BLM of all reportable spills of oil, produced water, and hazardous substances.

8. Ancillary Facilities

No campsite or other ancillary facilities will be constructed as a result of this well.

9. Well site Layout

- a. Exhibit 6 shows the Rig Location Layout with the dimensions of the pad layout.
- b. Mud pits in the active circulating system will be steel pits.
- c. A closed loop system will be utilized.
- d. If a pit or closed loop system is utilized, GMT Exploration Company will comply with NMOCD requirements 19.15.17 and submit form C-144 to the appropriate NMOCD District Office. A copy to be provided 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 to near original conditions and the original top soil will be returned to the pad and contoured, as close as possible, to the original topography.

11. Surface Ownership

The surface is owned by the State of New Mexico. The surface is for multiple uses with the primary uses of the region for the grazing of livestock and the production of oil and gas.

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 brush, yucca and miscellaneous weeds.
- 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. The Carlsbad Field office (BLM) 575-234-5972 is to be advised when road and pad construction will begin.
- e. "Sundry Notice and Report of Well" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 32 CFR 3164.
- f. The dirt contractor will be provided with an approved copy of the surface use plan.
- g. All survey monuments found within the area of operations shall be protected. Survey monuments include, but are not limited to, General Land Office and Bureau of Land Management Cadastral Survey Corners, reference corners, witness points, military control monuments and recognizable civil, both public and private, survey monuments. In the event of obliteration or disturbance of any of the above, the incident shall be reported in writing to the authorized officer.

13. Lessee's or Operator's Representative and Certification – see attached



June 9, 2015

Bureau of Land Management - Carlsbad Office
620 East Greene Street
Carlsbad, NM 88220

**RE: Operator's Representative and Certification
Dandie 22 Federal State Com #3H**

CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the drill site and access route; that I am familiar with the conditions which currently 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 the company I represent, 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.

Executed this 9th day of June 2015.

GMT Exploration Company, LLC
Keith Kress
VP Engineering
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Denver, CO 80202
(303) 586-9281

Field Representative:
B.J. Cox
1025 9th Street
Rock Springs, WY 82901
(307) 354-8895

Keith Kress
GMT Exploration Company, LLC



May 27, 2015

Self-Certification Statement

Please be advised that GMT Exploration Company, LLC is the operator of the Dandie 22 Federal State Com #3H well; located in O of Section 22, Township 23 South, Range 34 East. Lease number NM-132073, Lea County, New Mexico; and is responsible under the terms and conditions of the lease and for the operations conducted upon leased lands. Bond coverage is provided under BLM Bond Number RLB0014473.

Keith Kress, Vice President Operations

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