

Surface Use Plan of Operations

HOBBS OGD
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Introduction

The following surface use plan of operations will be followed and carried out once the APD is approved. No other disturbance will be created other than what was submitted in this surface use plan. If any other surface disturbance is needed after the APD is approved, a BLM approved sundry notice or right of way application will be acquired prior to any new surface disturbance.

Before any surface disturbance is created, stakes or flagging will be installed to mark boundaries of permitted areas of disturbance, including soils storage areas. As necessary, slope, grade, and other construction control stakes will be placed to ensure construction in accordance with the surface use plan. All boundary markers will be maintained in place until final construction cleanup is completed. If disturbance boundary markers are disturbed or knocked down, they will be replaced before construction proceeds.


If terms and conditions are attached to the approved APD and amend any of the proposed actions in this surface use plan, we will adhere to the terms and conditions.

1. Existing Roads

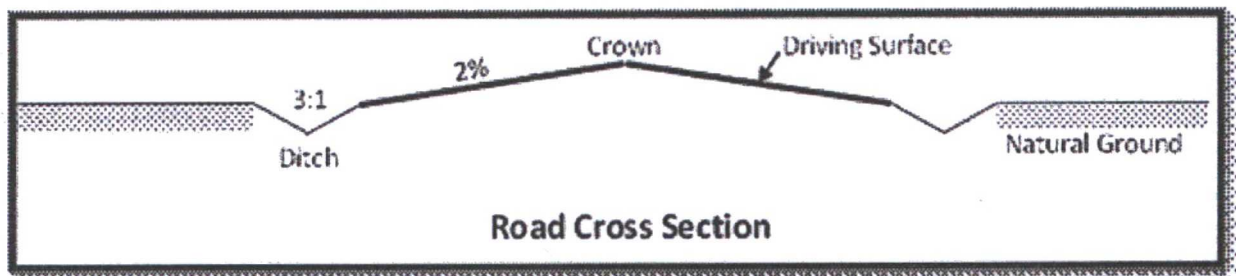
- a. The existing access road route to the proposed project is depicted on C-102 Land Survey Plat #1907. Improvements to the driving surface will be done where necessary. No new surface disturbance will be done, unless otherwise noted in the New or Reconstructed Access Roads section of this surface use plan.
- b. The existing access road route to the proposed project does not cross lease or unit boundaries, so a BLM right-of way grant will not be acquired for this proposed road route.
- c. The operator will improve or maintain existing roads in a condition the same as or better than before operations begin. The operator will repair pot holes, clear ditches, repair the crown, etc. All existing structures on the entire access route such as cattle guards, other range improvement projects, culverts, etc. will be properly repaired or replaced if they are damaged or have deteriorated beyond practical use.
- d. We will prevent and abate fugitive dust as needed, whether created by vehicular traffic, equipment operations, or wind events. BLM written approval will be acquired before application of surfactants, binding agents, or other dust suppression chemicals on roadways.

2. New or Reconstructed Access Roads

- a. An access road will be needed for this proposed project. See the survey plat for the location of the access road.
- b. The length of access road needed to be constructed for this proposed project is about 94 feet.


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- c. 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. All areas outside of the driving surface will be revegetated.
- d. The access road will be constructed with 6 inches of compacted Caliche.
- e. When the road travels on fairly level ground, the road will be crowned and ditched with a 2% slope from the tip of the road crown to the edge of the driving surface. The ditches will be 3 feet wide with 3:1 slopes. See Road Cross Section diagram below.



- f. The access road will be constructed with a ditch on each side of the road.
- g. The maximum grade for the access road will be 2 percent.
- h. No turnouts will be constructed on the proposed access road.
- i. No cattleguards will be installed for this proposed access road.
- j. No BLM right-of-way grant is needed for the construction of this access road.
- k. No culverts will be constructed for this proposed access road.
- l. No low water crossings will be constructed for the access road.
- m. Since the access road is on level ground, no lead-off ditches will be constructed for the proposed access road.
- n. Newly constructed or reconstructed roads, on surface under the jurisdiction of the Bureau of Land Management, will be constructed as outlined in the BLM "Gold Book" and to meet the standards of the anticipated traffic flow and all anticipated weather requirements as needed. Construction will include ditching, draining, crowning and capping or sloping and dipping the roadbed as necessary to provide a well-constructed and safe road.

3. Location of Existing Wells

- a. North Lea 9 Fed Com 1H radius of the APD depicts all known wells within a one mile radius of the proposed well.

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- b. There is no other information regarding wells within a one mile radius.
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4. Location of Existing and/or Proposed Production Facilities

- a. All permanent, lasting more than 6 months, above ground structures including but not limited to pumpjacks, storage tanks, barrels, pipeline risers, meter housing, etc. that are not subject to safety requirements will be painted a non-reflective paint color, Shale Green, from the BLM Standard Environmental Colors chart, unless another color is required in the APD Conditions of Approval.
- b. No production facilities will be located on the well pad.
- c. Production from the proposed well will be transported via pipeline to the production facility located on the North Lea 9 Fed Com 4H pad location as specified in the attached Flowline Plat.
- d. Surface flowlines to the production facility will be used and will predominately follow existing flowlines, roads and surface disturbances. The length of the proposed Flowline will be approximately 3,360.66 feet. One 3 inch PVC (SDR11) flowline from the proposed well pad to the CTB will be used. Depending on the flowline pressures, a 2 1/2 inch Steel Schedule 80 threaded and coupled flowline may be used instead.

If any plans change regarding the production facility or other infrastructure (pipeline, electric line, etc.), we will submit a sundry notice or right of way (if applicable) prior to installation or construction.

Electric Line(s)

- a. An electric line will be installed as specified in the attached Electric Line Plat. The length of the proposed electric line will be 207.06 feet.

5. Location and Types of Water

- a. The location of the water well is as follows: Kenneth Smith's water well 7 miles north of the ranch house on CR529.
- b. The operator will use established or constructed oil and gas roads to transport water to the well site. The operator will try to utilize the identified access route in the surface use plan.

6. Construction Material

- a. Construction material that will be used to build the well pad and road will be caliche. All material required for construction of the drill pad and access roads will be obtained from private, state, or federal pits. If the well pad is flipped to acquire caliche underneath the well pad, Read and Stevens shall stay within the approved well pad area when performing these operations. A federal mineral material permit will be acquired prior to flipping the location for caliche or acquiring caliche from a federal pit.

7. Methods for Handling Waste

- a. Drilling fluids and produced oil and water from the well during drilling and completion operations will be stored safely and disposed of properly in an NMOCD approved disposal facility.
- b. Garbage and trash produced during drilling and completion operations will be collected in a trash container and disposed of properly at a state approved disposal facility. All trash on and around the well site will be collected for disposal.
- c. Human waste and grey water will be properly contained and disposed of properly at a state approved disposal facility.
- d. 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.
- e. The well will be drilled utilizing a closed loop system. Drill cutting will be properly disposed of into steel tanks and taken to an NMOCD approved disposal facility.

8. Ancillary Facilities

- a. No ancillary facilities will be needed for this proposed project.

9. Well Site Layout

- a. The following information is presented in the well site survey plat or diagram:
 - i. reasonable scale (near 1":50')
 - ii. well pad dimensions
 - iii. well pad orientation
 - iv. drilling rig components
 - v. proposed access road
 - vi. elevations of all points
 - vii. topsoil stockpile
 - viii. reserve pit location/dimensions if applicable
 - ix. other disturbances needed (flare pit, stinger, frac farm pad, etc.)
 - x. existing structures within the 600' x 600' archaeological surveyed area (pipelines, electric lines, well pads, etc.)
- b. The proposed drilling pad was staked and surveyed by a professional surveyor. The attached survey plat of the well site depicts the drilling pad layout as staked.
- c. The submitted survey plat does depict all the necessary information required by Onshore Order No. 1.
- d. Topsoil Salvaging
 - i. Grass, forbs, and small woody vegetation, such as mesquite will be excavated as the topsoil is removed. Large woody vegetation will be stripped and stored separately and

respread evenly on the site following topsoil resspreading. Topsoil depth is defined as the top layer of soil that contains 80% of the roots. In areas to be heavily disturbed, the top 6 inches of soil material, will be stripped and stockpiled on the perimeter of the well location and along the perimeter of the access road to control run-on and run-off, to keep topsoil viable, and to make redistribution of topsoil more efficient during interim reclamation. Stockpiled topsoil should include vegetative material. Topsoil will be clearly segregated and stored separately from subsoils. Contaminated soil will not be stockpiled, but properly treated and handled prior to topsoil salvaging.

10. Plans for Surface Reclamation

Reclamation Objectives

- i. The objective of interim reclamation is to restore vegetative cover and a portion of the landform sufficient to maintain healthy, biologically active topsoil; control erosion; and minimize habitat and forage loss, visual impact, and weed infestation, during the life of the well or facilities.
- ii. The long-term objective of final reclamation is to return the land to a condition similar to what existed prior to disturbance. This includes restoration of the landform and natural vegetative community, hydrologic systems, visual resources, and wildlife habitats. To ensure that the long-term objective will be reached through human and natural processes, actions will be taken to ensure standards are met for site stability, visual quality, hydrological functioning, and vegetative productivity.
- iii. The BLM will be notified at least 3 days prior to commencement of any reclamation procedures.
- iv. Interim reclamation and/or final reclamation actions will be completed no later than 6 months from when the final well on the location has been completed or plugged. We will gain written permission from the BLM if more time is needed.

Interim Reclamation Procedures

1. Within 30 days of well completion, the well location and surrounding areas will be cleared of, and maintained free of, all materials, trash, and equipment not required for production.
2. In areas planned for interim reclamation, all the surfacing material will be removed and returned to the original mineral pit or recycled to repair or build roads and well pads.
3. The areas planned for interim reclamation will then be recontoured to the original contour if feasible, or if not feasible, to an interim contour that blends with the surrounding topography as much as possible. Where applicable, the fill material of the well pad will be backfilled into the cut to bring the area back to the original contour. The interim cut and fill slopes prior to re-seeding will not be steeper than a 3:1 ratio, unless the adjacent native topography is steeper. Note: Constructed slopes may be much steeper during drilling, but will be recontoured to the above ratios during interim reclamation.
4. Topsoil will be evenly respread and aggressively revegetated over the entire disturbed area not needed for all-weather operations including cuts & fills. To seed the area, the proper BLM seed mixture, free of noxious weeds, will be used. Final seedbed preparation will consist of contour

cultivating to a depth of 4 to 6 inches within 24 hours prior to seeding, dozer tracking, or other imprinting in order to break the soil crust and create seed germination micro-sites.

5. Proper erosion control methods will be used on the entire area to control erosion, runoff and siltation of the surrounding area.
6. The interim reclamation will be monitored periodically to ensure that vegetation has reestablished and that erosion is controlled.
7. Interim reclamation will be performed on the well pad as proposed in the attached interim reclamation plat. Approximately 75 feet on the south and west side of the pad site will be reclaimed.

Final Reclamation (well pad, buried pipelines, etc.)

1. Prior to final reclamation procedures, the well pad, road, and surrounding area will be cleared of material, trash, and equipment.
2. All surfacing material will be removed and returned to the original mineral pit or recycled to repair or build roads and well pads.
3. All disturbed areas, including roads, pipelines, pads, production facilities, and interim reclaimed areas will be recontoured to the contour existing prior to initial construction or a contour that blends indistinguishably with the surrounding landscape. Topsoil that was spread over the interim reclamation areas will be stockpiled prior to recontouring. The topsoil will be redistributed evenly over the entire disturbed site to ensure successful revegetation.
4. After all the disturbed areas have been properly prepared, the areas will be seeded with the proper BLM seed mixture, free of noxious weeds. Final seedbed preparation will consist of contour cultivating to a depth of 4 to 6 inches within 24 hours prior to seeding, dozer tracking, or other imprinting in order to break the soil crust and create seed germination micro-sites.
5. Proper erosion control methods will be used on the area to control erosion, runoff and siltation of the surrounding area.
6. All unused equipment and structures including pipelines, electric line poles, tanks, etc. that serviced the well will be removed.
7. All reclaimed areas will be monitored periodically to ensure that revegetation occurs, that the area is not redisturbed, and that erosion is controlled.

11. Surface Ownership

- a. The surface ownership of the proposed project is Fee and is owned by Kenneth Smith, Inc.

12. Other Information

- a. No other information is needed at this time.

Read and Stevens, Inc.
North Lea 9 Fed Com 1H

SHL: 500 FSL & 990 FEL, Section: 4, T.20S., R.34E
BHL: 330 FSL & 350 FEL, Section: 9, T.20S., R.34E

13. Maps and Diagrams

C-102 Land Survey Plat #1907
North Lea 9 Fed Com 1H radius - Wells Within One Mile
Flowline Plat
Electric Line Plat
Interim Reclamation Plat

Read and Stevens, Inc.

400 N Pennsylvania Ave #1000, Roswell, NM 88201

Operator Certification: Application for Permit to Drill
North Lea 9 Fed Com #1H
Read and Stevens, Inc.
Lea County, New Mexico

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in the Application for Permit to Drill (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 by Read and Stevens, Inc. and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. I also certify responsibility for the operations conducted on that portion of the leased lands associated with this application with bond coverage provided by BLM Bond Number NM-2310. This statement is subject to the provisions of the 18U.S.C.1001 for filing a false statement.

Signed: 
Rory McMinn
President of Read Operating Company LLC,
Agent for Read & Stevens, Inc.

Dated: 26 Oct 2014

AGREEMENT AND RELEASE FOR
ROAD AND LOCATION ACCESS AND DAMAGES

State (Situs of Land): New Mexico

County (Situs of Land): Lea

Owner/Lessee: Mr Kenneth Smith
P. O. Box 764
Carlsbad, New Mexico 88220-0764

Operator: Read & Stevens, Inc.
P. O. Box 1518
Roswell, New Mexico 88202-1518

Effective Date: December 1, 1987

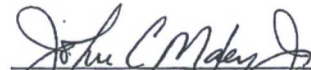
Owner/Lessee, named above, is the record owner, or the authorized representative of the record owner, of all surface rights in lands (the "Lands") in the County and State named above, described as follows:

S/2 of Section 4 T20S-R34E

For the agreed upon amounts for damages as set forth above, Owner/Lessee releases and discharges in full Operator and Operator's officers, agents, contractors, sub-contractors, employees, successors and assigns, from any and all claims, demands or causes of actions for any injuries or damages whatever kind or character occasioned by or arising out of Operators operations and the drilling, equipping, maintenance, operation and completion (or plugging) of any Wells.


This release and agreement made by Owner/Lessee is intended as a covenant running with the Lands and shall be binding on Owner/Lessee and any and all personal representatives, successors, and assigns of Owner/Lessee. This agreement may be recorded by Operator as evidence of Owner/Lessee and Operators agreement.

Agreed upon and executed this date:



John C. Maxey, Jr.
Read & Stevens, Inc.

June 1, 1995
Date



Mr. Kenneth Smith

6/3/95
Date

Bob
John /