

SURFACE USE PLAN
XTO Energy, Inc.
PERLA NEGRA FED COM 8H
Surface Hole: 292 FNL & 538 FEL, Unit A , Section 25, T19S, R34E (NMNM 0381550C)
Bottom Hole: 200 FNL & 450 FEL, Unit A, Section 24, T19S, R34E (NMNM 026395)
Lea County, New Mexico

This plan is submitted with form 3160-3, Application for Permit to Drill, covering the above described 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 the surface disturbance involved and the procedures to be followed in rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effect associated with the operations.

1. EXISTING ROADS:

- a. DIRECTIONS: From the interstate of U.S. Highway 62-180 and Marathon Road, go Southwest on U.S. Highway 62-18 approximately 0.4 miles. Turn right at lease road go South approximately 245 ft turn left and go East 157 ft. to existing pad.
- b. See attached plats and maps provided by John West Surveying Company.
- c. The access route from U.S. Highway 62-180 to the well location is depicted on EXHIBIT B. The route highlighted in red will be the access and no ROW is required for this well.
- d. Existing roads on the access route will be improved and maintained to the standard set forth in Section 2 of this Surface Use Plan of Operations.

2. NEW OR RECONSTRUCTED ACCESS ROADS:

- a. No new road for Perla Negra Fed Com #8H, access to the existing road into the Northwest corner shared with Perla Negra Fed Com #4H.
- b. The maximum width of the driving surface will be 14 feet. The road will be crowned and ditched with a 2% slope from the tip of the crown to the edge of the driving surface. The ditches will be 1 foot deep with 3:1 slopes. The driving surface will be made of 6" rolled and compacted caliche.



Level Ground Section

- c. Surface material will be native caliche. The average grade of the entire road will be approximately 3%.
- d. Fence Cuts: No.
- e. Cattle Guards: No
- f. Turnouts: No
- g. Culverts: No

- h. Cuts and Fills: Not significant
- i. Approximately 6 inches of topsoil (root zone) will be stripped from the proposed access road prior to any further construction activity. The topsoil that was stripped will be spread along the edge of the road and within the ditch. The topsoil will be seeded with the proper seed mix designated by the BLM.
- j. The access road will be constructed and maintained as necessary to prevent soil erosion and accommodate all-weather traffic. The road will be crowned and ditched with water turnouts installed as necessary to provide for proper drainage along with access road route.
- k. The access road and associated drainage structures will be constructed and maintained in accordance with road guidelines contained in the joint BLM/USFS publication: Surface Operating Standards for Oil and Gas Exploration and Development, The Gold Book, Fourth Edition and/or BLM Manual Section 9113 concerning road construction standards on projects subject to federal jurisdiction.

3. LOCATION OF EXISTING WELLS:

See attached map (Exhibit A) showing all wells within a one-mile radius.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

- a. In the event the well is found productive, a 3" Poly flowline of approximately 5500' will be laid alongside the lease road to the battery located on the Perla Negra Federal Com #1 wellpad. Existing facilities exist on the Perla Negra Federal Com #1 directly Northwest of wellpad.
- b. All permanent (on site six months or longer) aboveground structures constructed or installed on location and not subject to safety requirements will be painted to BLM specifications.
- c. Containment berms will be constructed completely around any production facilities designed to hold fluids. The containment berms will be constructed of compacted subsoil, be sufficiently impervious, hold 1 ½ times the capacity of the largest tank and away from cut or fill areas.
- d. Electrical. 5974.6' of 12,740 volts of electrical line are proposed from the Perla Negra Federal Com #1H to the Perla Negra Federal Com #4H. ROW is in queue with the BLM. Perla Negra Federal Com #8H will tie-in to the electrical line, once BLM ROW is obtained and approved. See attached plats for proposed electrical lines.
- e. Gas Sales Line Connection is secure through Targa BPL approximately 1760' to the Southwest. Gas Sales Line connection already exists for the Perla Negra Federal Com #1H-#4H wells. Perla Negra Federal Com #8H will flow to the existing battery and gas sales will occur in the existing Targa BPL connection.
- f. Flare: An existing flare is located at the Northwest corner of the Perla Negra Federal Com #1H location.

5. LOCATION AND TYPE OF WATER SUPPLY:

The well will be drilled using a combination of water mud systems as outlined in the Drilling Program. The water will be obtained from commercial water stations in the area and hauled to the location by transport truck using the existing and proposed roads shown in the attached survey plats. If a commercial water well is nearby, a temporary, surface poly line, will be laid along existing roads or other ROW easements and the water pumped to the well. No water well will be drilled on the location.

6. SOURCE OF CONSTRUCTION MATERIALS:

Any construction material that may be required for surfacing of the drill pad and access road will be from a contractor having a permitted source of materials within the general area. No construction materials will be removed from Federal lands without prior approval from the appropriate surface management agency. All roads will be constructed of 6" rolled and compacted caliche.

7. METHODS OF HANDLING WASTE DISPOSAL:

- a. The well will be drilled utilizing a closed loop mud system. Drill cuttings will be held in roll-off style mud boxes and taken to an NMOCD approved disposal site.
- b. Drilling fluids will be contained in steel mud pits.
- c. Water produced from the well during completion will be held temporarily in steel tanks and then taken to an NMOCD approved commercial disposal facility.
- d. Oil produced during operations will be stored in tanks until sold.
- e. Portable, self-contained chemical toilets will be provided for human waste disposal. Upon completion of operations, or as required, the toilet holding tanks will be pumped and the contents thereof disposed of in an approved sewage disposal facility. All state and local laws and regulations pertaining to disposal of human and solid waste will be complied with. This equipment will be properly maintained during the drilling and completion operations and will be removed when all operations are complete.
- f. All trash, junk, and other waste materials will be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Immediately after drilling all debris and other waste materials on and around the well location not contained in the trash cage will be cleaned up and removed from the location. No potentially adverse materials or substances will be left on the location.

8. ANCILLARY FACILITIES:

No campsite, airstrip or other facilities will be built as a result of the operation of this well. No staging areas are needed.

9. WELL SITE LAYOUT:

- a. Exhibit D shows the dimensions of the proposed well pad.
- b. The proposed well pad size will be 320' x 447.2. (See Exhibit D). There will be no reserve pit due to the well being drilled utilizing a closed loop mud system. The closed loop system will meet the NMOCD requirements 19.15.17.
- c. John West Surveying Company's plat, Form C-102 and Exhibit D, shows the direction of the pad at a V-Door West.
- d. A 600' x 600' area has been staked and flagged.
- e. All equipment and vehicles will be confined to the approved disturbed areas of this APD (i.e., access road, well pad and topsoil storage areas).

10. PLANS FOR SURFACE RECLAMATION:

- a. After concluding the drilling and/or completion operations, if the well is found non-commercial, all the equipment will be removed, the surface material, caliche, will be removed from the well pad and road and transported to the original caliche pit or used for other roads. The original stock piled topsoil will be returned to the pad and contoured, as close as possible, to the original topography. The access road will have the caliche removed and the road ripped, barricaded and seeded as directed by the BLM.

- b. If the well is a producer, the portions of the pad not essential to production facilities or space required for workover operations, will be reclaimed and seeded as per BLM requirements for interim reclamation. (See Exhibit C for Interim Reclamation Plat for this Well).

c. Reclamation Performance Standards

The following reclamation performance standards will be met:

Final Reclamation – Includes disturbed areas where the original landform and a natural vegetative community will be restored and it is anticipated the site will not be disturbed for future development.

- The original landform will be restored for all disturbed areas including well pads, production facilities, roads, pipelines, and utility corridors.
- A self-sustaining, vigorous, diverse, native (or otherwise approved) plant community will be established on the site with a density sufficient to control erosion and invasion by non-native plants and to re-establish wildlife habitat or forage production. At a minimum, the established plant community will consist of species included in the seed mix and/or desirable species occurring in the surrounding natural vegetation.
- Erosion features are equal to or less than surrounding area and erosion control is sufficient so that water naturally infiltrates into the soil and gullying, headcutting, slumping, and deep or excessive rills (greater than 3 inches) are not observed.
- The site will be free of State-or County-listed noxious weeds, oil field debris and equipment, and contaminated soil. Invasive and non-native weeds are controlled.

Seeding:

- Seedbed Preparation: Initial seedbed preparation will consist of recontouring to the appropriate interim or final reclamation standard. All compacted areas to be seeded will be ripped to a minimum depth of 18 inches with a minimum furrow spacing of 2 feet, followed by recontouring the surface and then evenly spreading the stockpiled topsoil. Prior to seeding, the seedbed will be scarified to a depth of no less than 4-6 inches. If the site is to be broadcast seeded, the surface will be left rough enough to trap seed and snow, control erosion, and increase water infiltration.
- If broadcast seeding is to be used and is delayed, final seedbed preparation will consist of contour cultivating to a depth of 4-6 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.
- Seed Application. Seeding will be conducted no more than two weeks following completion of final seedbed preparation. A certified weed-free seed mix designed by the BLM to meet reclamation standards will be used.
- If the site is harrowed or dragged, seed will be covered by no more than 0.25 inch of soil.

11. SURFACE OWNERSHIP:

- a. The surface is owned by the Bureau of Land Management (BLM). The surface is multiple use 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 in a gentle sloped, dandy dunal featured, rolling hills type area. The vegetation consists of Shinnery Oak, Mesquite, Yucca, Sand Sage with three-awns and some dropseed species.
- b. There is permanent or live water in the immediate area.
- c. There are no dwellings within 2 miles of this location.
- d. A Class III Cultural Resources Examination has been completed by Boone Archaeological Services and the results will be forwarded to the BLM office.

13. BOND COVERAGE:

- a. Bond Coverage is Nationwide; Bond Number UTB000138.

OPERATORS REPRESENTATIVE:

The XTO Energy, Inc. representatives for ensuring compliance of the surface use plan are listed below:

Surface:

Jimie Scott
XTO Energy, Inc
500 W. Illinois, Ste. 100
Midland, TX 79701
432-312-3544 (Cell)

Drilling & Production:

Logan Farmer- Drilling
XTO Energy, Inc.
500 W. Illinois, Ste. 100
Midland, TX 79701
432-620-4377 (Office)

David Luna- Production

XTO Energy, Inc.
500 W. Illinois, Ste. 100
Midland, TX 79701
432-620-6742 (Office)

On-site performed on 10/30/2015 the Perla Negra Fed Com #8H –moved 6 ft. North to square with existing location. V-door west, no new road (existing road into Northwest corner), topsoil North, downsize North and East.

Present at On-Site:

Jimie Scott – XTO Energy, Inc
Bob Ballard – Bureau of Land Management
Beckie Hill – Boone Archaeological Services
John West Survey