

30-015-39235

**Manzano, LLC**  
**MULTI-POINT SURFACE USE AND OPERATIONS PLAN**

Golden Spur Federal #1H

Surface Location:

330' FSL & 1980' FWL

Section 25, T26S, R31E

Bottom Hole Location

330' FNL & 1980' FWL

Section 25, T26S, R31E

Eddy 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. The well site and elevation plat for the proposed well are reflected on the well site layout; Form C-102. The well was staked by Basin Surveys Company.
- b. *Exhibit 2C* is a portion of a aerial map showing the well and roads in the vicinity of the proposed location. The proposed wellsite and the access route to the location are indicated in blue on *Exhibit 2*.

- c. Routine grading and maintenance of existing roads will be conducted as necessary to maintain their condition as long as any operations continue on this lease.

**DIRECTIONS:**

From the Junction of HWY County rd.1 (Orla HWY) and Battle Axe road Go Southwest on Orla for 2.2 miles to lease road (State line road), on lease road go west 1.2 miles to Proposed Golden Spur Fed 1H

**2. PLANNED ACCESS ROAD:**

The proposed access road is shown in *Exhibit 2*.

- A. The well site and elevation plat for the proposed well are reflected on the well site Layout; Form C-102. The well was staked by Basin Surveys.
- B. All roads into the location are depicted on *Exhibit 2A*

**3. New or Reconstructed Access Roads and Location**

- A. The well site layout, and proposed road access is depicted in surface plats drawn out by Basin Surveys.
- B. The maximum width of the ROW will be 25' with a driving surface of 14'. It will be crowned and made of 6" of rolled and compacted caliche. Water will be deflected, as necessary, to avoid accumulation and prevent surface erosion.
- C. Surface material will be native caliche. This material will be obtained from a BLM approved pit Nearest in proximity to the location. The average grade will be approximately 1%
- D. No cattle guards, grates or fence cuts will be required. No turnouts are planned
- E. Top soil will be stock piled on the southwest corner of the location, and 100% of this material will be used for interim reclamation

**4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:**

- A. In the event the well is found productive, the Golden Spur Federal 1H tank battery would be utilized and the necessary production equipment will be installed at the well site. A proposed layout of the facilities is included on *Exhibit 4 on Page 12*.
- B. All flowlines will adhere to API standards
- C. If electricity is needed, power will be obtained from Xcel Electric. Xcel Electric will apply for ROW for their power lines.

**5. LOCATION AND TYPES OF WATER SUPPLY:**

This location will be drilled using a combination of water mud systems (outlined in the Drilling Program). The water will be obtained from commercial water stations in the area and hauled to location by transport truck using the existing and proposed roads shown in Exhibit #2. On occasion, water will be obtained from a pre-existing water well, running a pump directly to the drill rig. In these cases where a poly pipeline is used to transport water for drilling purposes, the existing and proposed road shown in Exhibit "2" will be utilized.

**5. CONSTRUCTION MATERIALS:**

All Caliche utilized for the drilling pad and proposed access road will be obtained from an existing BLM approved pit or from prevailing deposits found under the location. All roads will be constructed of 6" rolled and compacted caliche. Will use BLM recommended use of extra caliche from other locations close by for roads, if available.

**6. METHODS OF HANDLING WASTE MATERIAL:**

- a. All trash, junk and other waste material will be removed from the wellsite within 30 days after finishing drilling and/or completion operations. All waste 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.
- b. The supplier, including broken sacks, will pick up slats remaining after completion of well.
- c. A porto-john 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.
- d. Disposal of fluids to be transported by an approved disposal company.

**7. ANCILLARY FACILITIES:**

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

**8. WELLSITE LAYOUT:**

- a. *Exhibit 3C, page 11* shows the proposed well site layout with dimensions of the pad layout.
- b. This exhibit indicates proposed location of close loop and sump pits if utilized and living facilities.
- c. Mud pits in the active circulating system will be steel pits and a closed loop system will be utilized.

**9. PLANS FOR INTERIM RECLIMATION/ FINAL SURFACE RECLIMATION:**

- a. Interim reclamation will be done if the well is deemed commercially productive; caliche from areas of the pad site not required for operations will be reclaimed. The original top soil will be returned to the area of the drill pad not necessary to operate the well. These unused areas of the drill pad will be contoured, as close as possible, to match the original topography. *Exhibit 4, page 12* indicates an area on the west side of location that may be reclaimed after the frac job and production facilities have been installed.
- b. After finishing 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 as directed by the BLM. The original top soil will again be returned to the pad and contoured, as close as possible, to the original state.
- c. The location and road will be rehabilitated as recommended by the BLM.

**10. SURFACE OWNERSHIP:**

The surface is owned by the US Government and is administered by the Bureau of Land Management. The surface is multiple use with the primary uses of the region for the grazing of livestock and the production of oil and gas. The proposed road routes and the surface location will be restored as directed by the BLM.

**11. OTHER INFORMATION:**

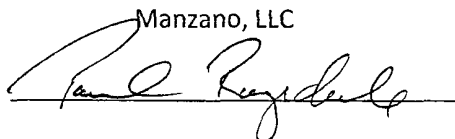
- a. The area surrounding the well site is grassland. The topsoil is very sandy in nature. The vegetation is moderately sparse with native prairie grass, some mesquite bushes and shinnery oak. No wildlife was observed but it is likely that deer, rabbits, coyotes, and rodents traverse the area.
- b. There is no permanent or live water in the general proximity of the location.
- c. There are no dwellings within 2 miles of location.

**12. OPERATOR'S REPRESENTATIVE:**

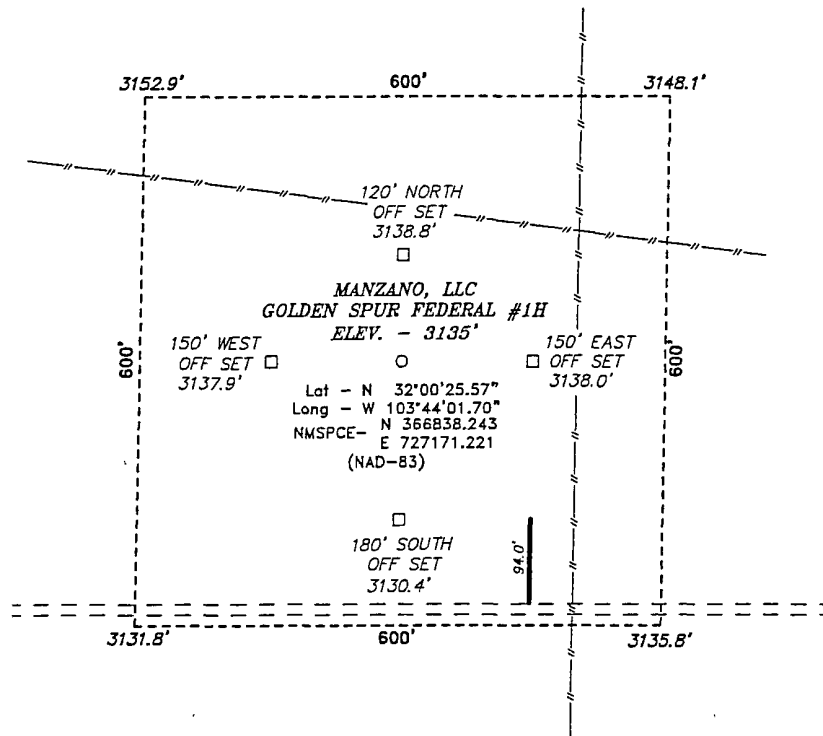
**CERTIFICATION:**

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Manzano, LLC and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

5-18-2011  
Date

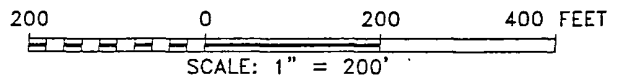
Manzano, LLC  
  
Paul Ragsdale  
Operations Manager  
Manzano, LLC

SECTION 25, TOWNSHIP 26 SOUTH, RANGE 31 EAST, N.M.P.M.,  
EDDY COUNTY, NEW MEXICO.



Directions to Location:

FROM THE JUNCTION OF ORLA AND BATTLE AXE, GO  
SOUTHWEST ON ORLA FOR 2.2 MILES TO LEASE  
ROAD, ON LEASE ROAD GO WEST 1.2 MILES TO  
PROPOSED LEASE ROAD.



**MANZANO, LLC**

REF: GOLDEN SPUR FEDERAL #1H / WELL PAD TOPO

THE GOLDEN SPUR FEDERAL #1H LOCATED 330'  
FROM THE SOUTH LINE AND 1980' FROM THE WEST LINE OF  
SECTION 25, TOWNSHIP 26 SOUTH, RANGE 31 EAST,  
N.M.P.M., EDDY COUNTY, NEW MEXICO.

**BASIN SURVEYS** P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number. 24378

Drawn By: J. SMALL

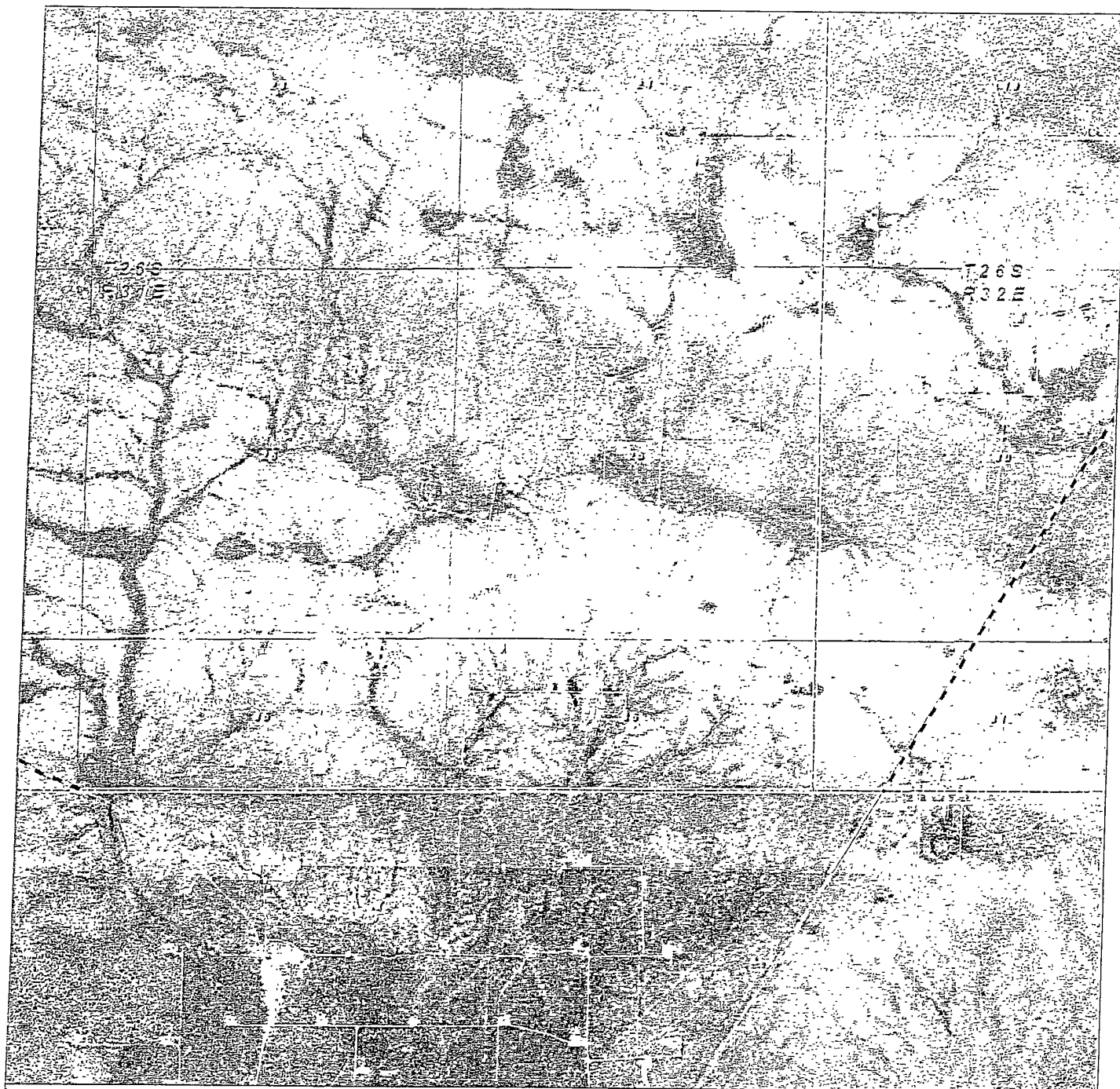
Date: 04-04-2011 Disk: JMS 24378

Survey Date: 04-01-2011

Sheet 1 of 1 Sheets







GOLDEN SPUR FEDERAL #1H  
 Located 330' FSL and 1980' FWL  
 Section 25, Township 26 South, Range 31 East,  
 N.M.P.M., Eddy County, New Mexico.

**High  
SURVEYS**  
 focused on excellence  
 in the oilfield

P.O. Box 1786  
 1120 N. West County Rd  
 Hobbs, New Mexico 88241  
 (575) 593-7315 - Office  
 (575) 592-2206 - Fax  
 bcsurveys.com

WO Number JMS 24378

Scale 1" = 2000'

YELLOW TINT - USA LAND  
 BLUE TINT - STATE LAND  
 NATURAL COLOR - FEE LAND

**MANZANO, LLC**

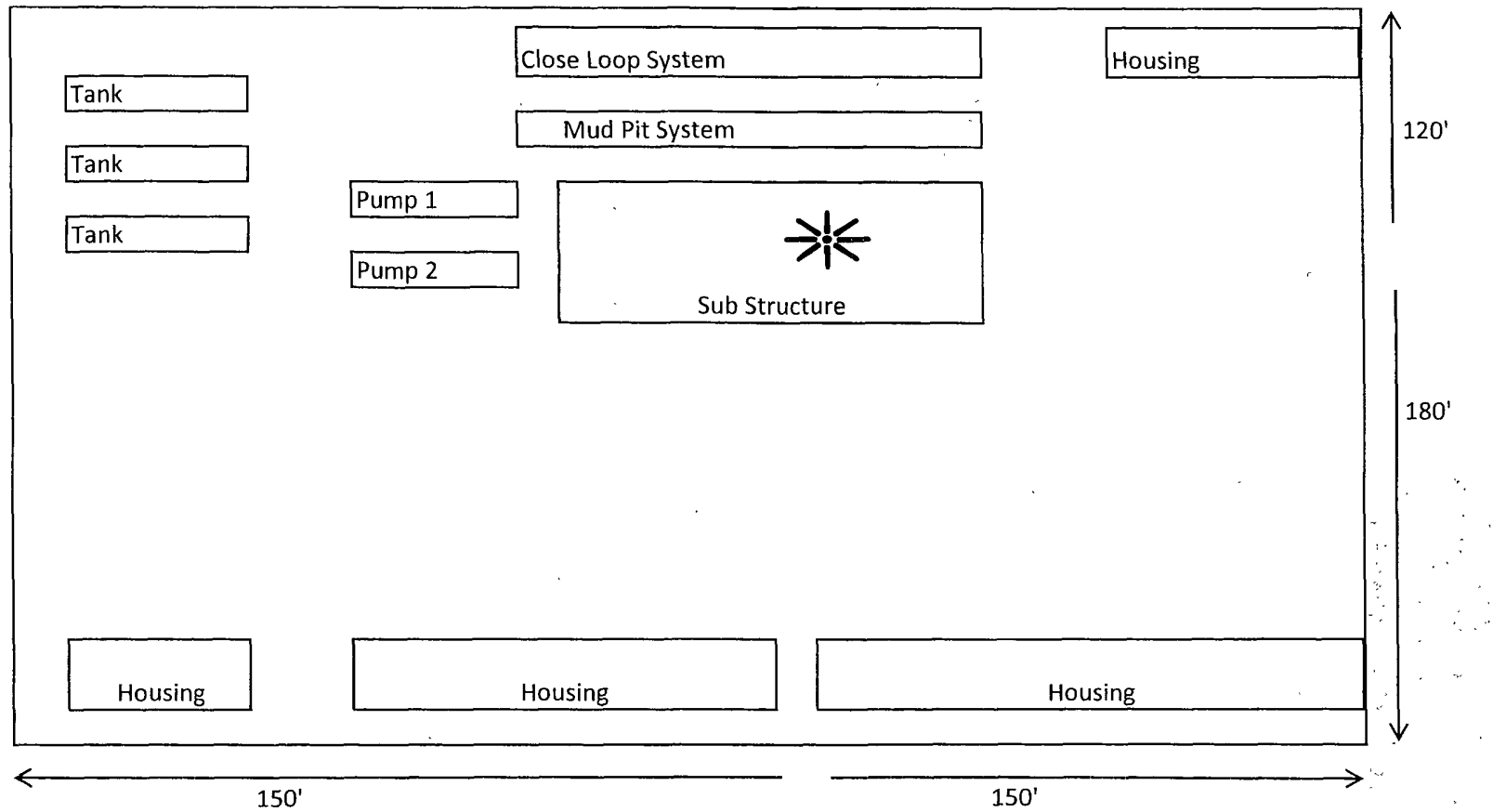




Manzano, LLC  
Golden Spur Federal 1H  
Location Plat

NORTH

Exhibit 3C



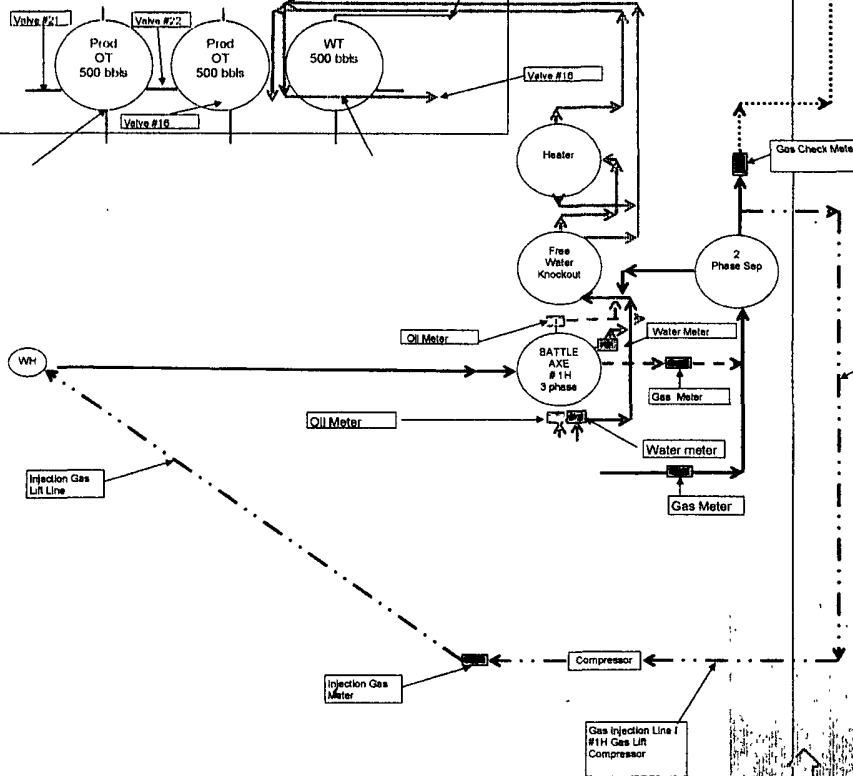
ROAD TO  
LOCATION

OLD DCP PIPELINE

25 FEET

INTERIM  
RECLAIMED  
AREA

25' X 200'



Manzano, LLC  
Golden Spur Fed #1H  
330' FSL & 1980' FWL  
Sec. 25 - T26S - R31E  
Eddy County, NM

N  
S

W

E

ROAD TO  
LOCATION

STATELINE COUNTY ROAD

12

Exhibit 4