

HOBBS OCD

JAN 28 2013

RECEIVED

SURFACE USE PLAN
for the
Marshall & Winston Inc.
Laguna Deep Unit Federal 35 # 2H
Section 35-(I)-T19S-R33E
Lea County, NM

Note: The surface land is privately owned and a Surface Use Agreement with the surface owner as to road construction as been made.

a. Existing Roads and Maps:

Directions to Well Site: From the Intersection of Hwy # 62-190 (Carlsbad/Hobbs Hwy) and County Road H-55 (Smith Ranch Road), Go NW on Smith Ranch Road approximately 2.2 miles, turn left and go SW approximately 0.75 miles, turn left and go south approximately 0.1 miles, and go east 0.5 miles turn left to the edge of the Laguna Deep Unit 35 # 1H, then follow road survey SE 802 feet to this location.

C-102, Survey Plat, shows the proposed well site as staked.

Exhibit A: 600x 600 Arch Map & Anticipated Location Access Roads if applicable

Exhibit B: Location Verification

Exhibit C: Vicinity Map

The Operator will improve or maintain existing roads in a condition the same as or better that before operations begin Any new roads will be constructed to BLM specifications.

b. New or Reconstructed Access Roads: Approximately 802' of new access road will be constructed upon private surface land from approximately 20 ft. prior to the entrance of the Laguna Deep Unit 35 1H access road, then running SSE to the entrance of this well site location. The entrance to this well site (LDU 35 2H) is at northwest corner of the well site. The surface disturbance for the road will be no more than 20' wide and will be crowned with an average grade of 1 to 2 %. Ditches will be 3' wide and 1 ft deep with a 3:1 slope. The driving will be made of 6" rolled and compacted caliche. The material will come from the closest caliche pit, being BLM or otherwise. No cattle guards or turnouts are planned.

See: Exhibit A.

c. Location of Existing Wells: Map encircling existing wells within a 1 mile radius area.
See: Exhibit D: 1 Mile Radius Map

d. Location of Existing and/or Proposed Production Facilities: This well pad size will be reduced on two adjacent sides. This will reduce the pad size to 200' x 250'. Production facilities and storage is located on the Laguna Deep Unit Fed 35 1H. Facilities include a fence enclosed pumpjack, gas separator, oil and water storage tanks. Production from this well will be pumped through a 3 inch surface poly Fasline SDR-7, 450 psi rating, approximately 1500 Ft. in length, to the Laguna Deep Unit 35 # 1H which is located 1170 feet to the north in unit letter H of section 35 (i.e. the Central Battery Site).

The poly line will lay on the surface from the LDU 35 2H, down the east edge of the access road, on the south edge of the central battery pad and around the east side to the production facility manifold intake. It will not cross any roads and will not be buried. It will transport oil, gas and water production. The surface land is privately owned.

See: Exhibit E: Interim Reclamation Exhibit H.1: Production Facilities
Exhibit G: Pipeline Route Exhibit H.2: Areal Map

- e. **Location and Types of Water Supply:** Water will be purchased from the rancher and transported by truck over the access roads. If alternative sources of water are necessary, it will be transported using the same access roads.
- f. **Construction Materials:** A third party construction company will obtain the necessary permit to purchase material and build the roads and drilling pad. The material will come from a local caliche pit source, being BLM or private and where ever the contractor deems optimal. Trucks will transport material and equipment over the access routes.

An adequate amount of topsoil shall be stripped away and stockpiled on the edge of the location for later reclamation work. The pad will be reduced by 100' on two adjacent sides. The pad size will change from 350' x 300' to 250' x 200'.

See: Exhibit E: Interim Reclamation

- g. **Methods of Handling Waste:** Drill cuttings are separated from the drilling fluids and contained in the steel pits through the operations of the closed circulating system. The solids are then hauled to a state approved disposal facility.

All trash, junk and other waste material will be contained in trash cages or bins to prevent scattering. Salt debris and broken sacks will be picked up by the supplier and removed from location. When the job is completed all contents will be removed and disposed of in an approved sanitary land fill.

Sewage from any living quarters will drain into holding tanks and be cleaned out periodically. If living quarters are not provided for the rig crews, then a Porta-John will be provided on location.

Water produced during testing will be contained in the steel pits and disposed of at a state approved disposal facility. Any oil condensate produced will be stored in test tanks until sold and hauled from the site.

- h. **Ancillary Facilities:** An H2S Contingency Plan shall be in operations prior to drilling out of the surface casing. See Drilling Plan Section.
- i. **Well Site Layout:** **See: Exhibit 1.0: Well Site Layout**

- j. **Plans for Surface Reclamation:** Interim reclamation will begin within 6 months after drilling and completions cease in accordance with Onshore Order No. 01 and will consist of reusing the topsoil from the stockpile. It will be spread over the disturbed area to the extent possible.

When the well becomes a dry hole, the pad and road area will be re-contoured to match the existing terrain. Reclamation will begin within 6 months after plugging and abandon procedures. Surfacing material will be removed from the pad and access road. Once the caliche is removed, the entire area will be contoured to match the surrounding area. The area will be ripped to loosen the compaction. Drainage systems, if any, may need to be modified in certain circumstances to prevent inundation of the location's pad and surface facilities. All infrastructures (tanks, surface pipelines, electric lines, etc) will be removed from the site. Reclamation including soil treatment, seeding and weed control will comply with BLM standards and COA.

See: Exhibit E: Interim Reclamation

- k. **Surface Ownership:** The surface is privately owned by Ken Smith, and minerals are owned by the U.S.A. and managed by the BLM, Carlsbad, NM (575) 234-5972. Federal Lease NMNM 125141 covers the E2 of Section 10, T. 20 S., R. 27 E. By the NMOCD rules, there are four 40 acre proration units making up a one 160 acre allocation spacing for this well.

The gas production pipeline runs east from the facilities 147 ft of surface land east, the travels down private land on the edge of the road of section 35, crosses over into unit letter L of section 36 on State land, then SE onto Fee land to unit letter H where it ties into the El Paso purchasing gathering pipeline. The meter for the LDU 35 2H is located at this tie in point.

- l. **Other Information:** The land is used mainly for cattle ranching. An archaeological survey / report will be submitted to Bureau of Land Management in the Carlsbad BLM office. There is a residential dwelling approximately 6800 ft. to the north. Reseeding and weed control in junction with reclamation will comply with the conditions of approval and BLM guidelines.

Exhibits attached (if applicable) are:

C-102 Surveyor's Plat

Exhibit 1.0: Well Site Layout –*part of the APD Drilling Plan.*

Exhibit A: 600' x 600' Archeologist Survey, Access Roads

Exhibit B: Location Verification

Exhibit C: Vicinity Map

Exhibit D: Existing Wells -1 mile radius.

Exhibit E: Interim Reclamation

Exhibit G: Pipeline Route

Exhibit F: Road Survey-None, (Not applicable, Private Surface Agreement)

Exhibit H.1 and H.2 : Production Facilities and Areal Map

Lessee's or Operator's Representative and Certification

As required for APD approval in accordance to Onshore Orders 1,
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 currently exist; that the statements made in this plan are , the best of my knowledge, true and correct; and that the work associated with operations proposed herein will be performed by Marshall & Winston Incorporated 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 false statement.

Name and Title: Vernon D. Dyer, Agent Dated: April 20th, 2012.

Signature 

RE: APD, Laguna Deep Unit Federal 35 # 2H,

SECTION 35, TOWNSHIP 19 SOUTH, RANGE 33 EAST, N.M.P.M.
LEA COUNTY NEW MEXICO

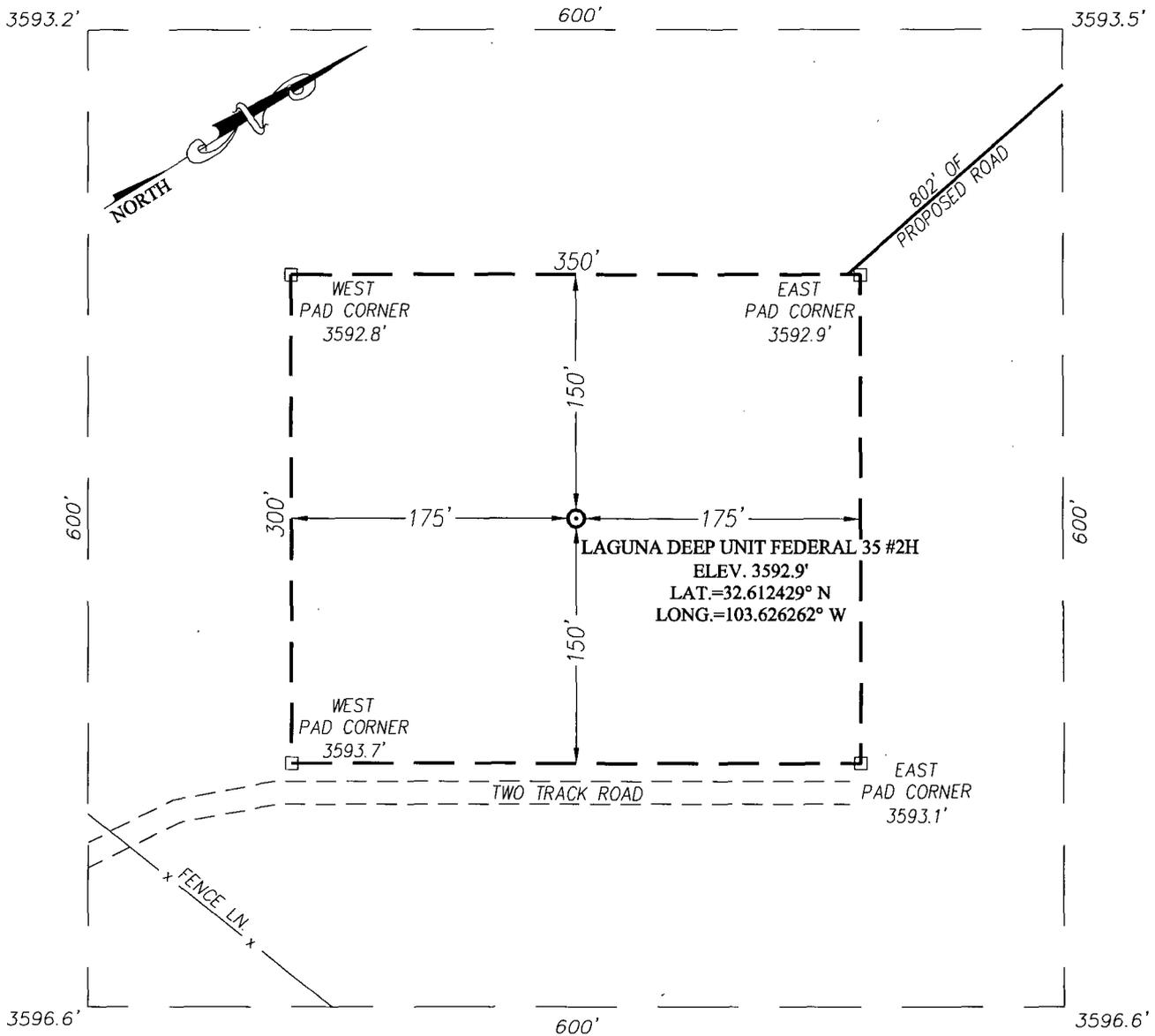
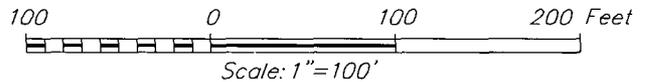


Exhibit A
600' x 600' Arch Survey

DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF HWY. #62-180 AND H-55 ROAD GO NORTHWEST ON SMITH RANCH ROAD APPROX. 2.2 MILES. TURN LEFT AND GO SOUTHWEST APPROX. 0.75 MILES. TURN LEFT AND GO SOUTH APPROX. 0.1 MILES. TURN LEFT AND GO EAST APPROX. 0.5 MILES. FOLLOW ROAD SURVEY SOUTHEAST 802 FEET TO THIS LOCATION.



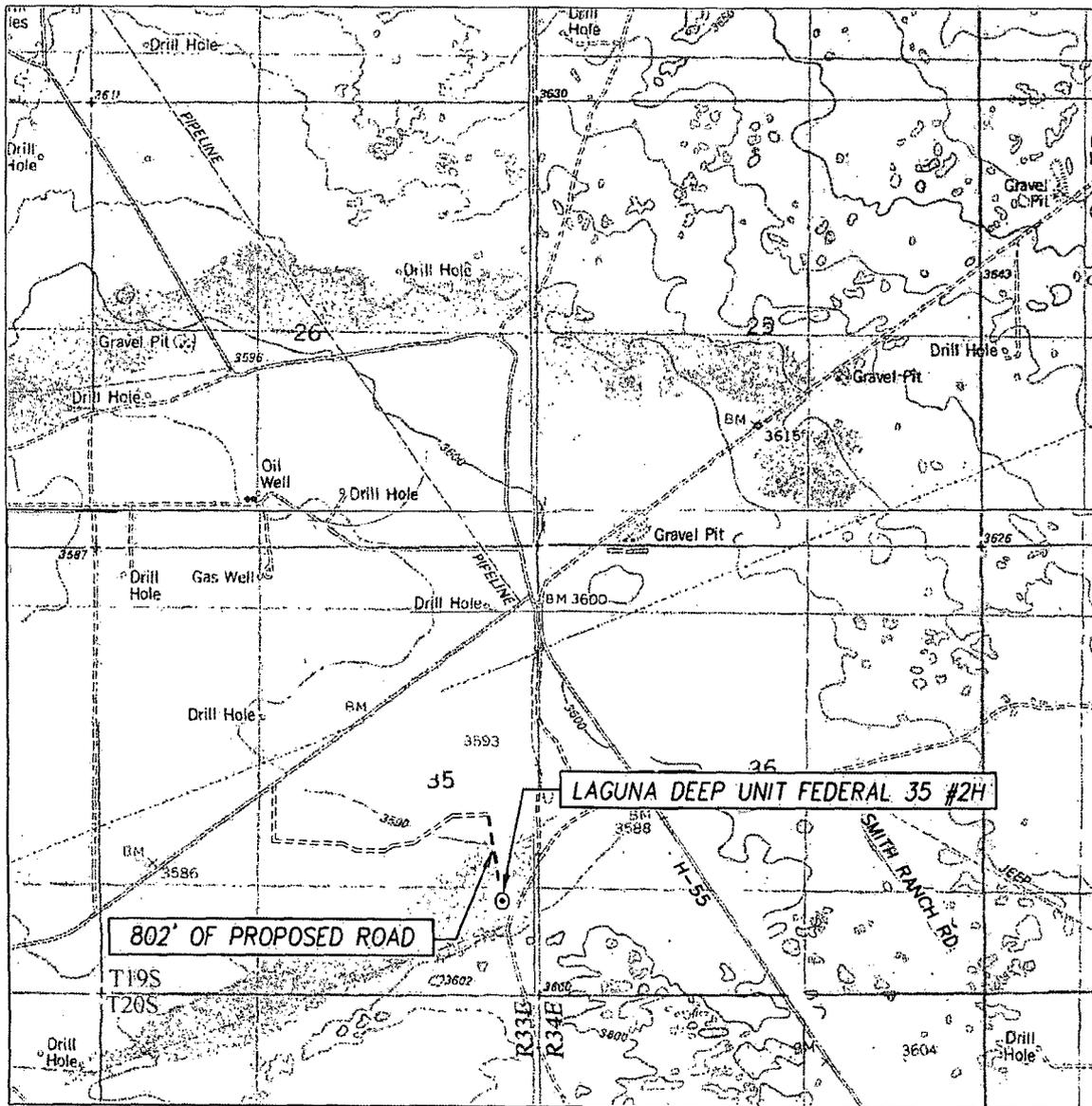
PROVIDING SURVEYING SERVICES SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(575) 393-3117

MARSHALL AND WINSTON, INC

LAGUNA DEEP UNIT FEDERAL 35 #2H WELL LOCATED 1140 FEET FROM THE SOUTH LINE AND 436 FEET FROM THE EAST LINE OF SECTION 35, TOWNSHIP 19 SOUTH, RANGE 33 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO

Survey Date: 12/2/11	Sheet 1 of 1 Sheets
W.O. Number: 11.11.2494	Dr. By: AF Rev 1:
Date: 12/16/11 Rel. W.O.:	11112494 Scale: 1"=100'

LOCATION VERIFICATION MAP



SEC. 35 TWP. 19-S RGE. 33-E
 SURVEY _____ N.M.P.M. _____
 COUNTY LEA STATE NEW MEXICO
 DESCRIPTION 1140' FSL & 436' FEL
 ELEVATION _____ 3593' _____
 OPERATOR MARSHALL AND WINSTON, INC
 LEASE LAGUNA DEEP UNIT FEDERAL 35
 U.S.G.S. TOPOGRAPHIC MAP
 LAGUNA GATUNA, N.M.

0" 1000' 2000'
 SCALE: 1" = 2000'

CONTOUR INTERVAL:
 LAGUNA GATUNA, N.M. - 10'
 LAGUNA GATUNA NW, N.M. - 10'
 IRONHOUSE WELL, N.M. - 10'
 LEA, N.M. - 10'

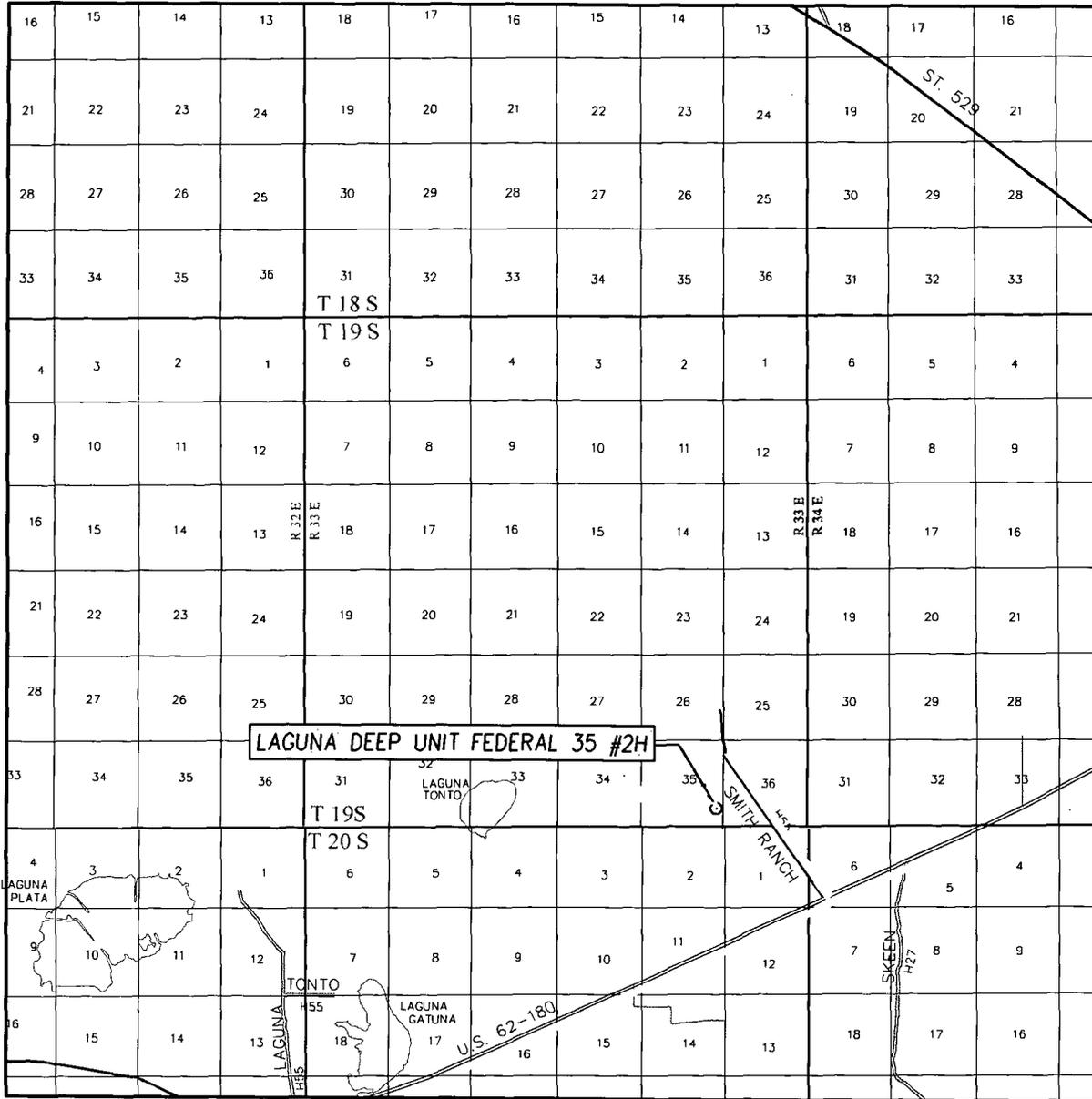
Exhibit -B Location Verification

From the intersection of US HWY 62/180 and CR.H-55 (Smith Ranch Rd.) Go northwest 2.2 miles. Turn left and go southwest 0.75 miles. Turn left and go south 0.1 miles. Turn left and go east 0.5 miles, Follow road survey southeast 802 ft. to this location.

(Route)


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VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 35 TWP. 19-S RGE. 33-E
 SURVEY _____ N.M.P.M. _____
 COUNTY LEA STATE NEW MEXICO
 DESCRIPTION 1140' FSL & 436' FEL
 ELEVATION 3593'
 OPERATOR MARSHALL AND WINSTON, INC
 LEASE LAGUNA DEEP UNIT FEDERAL 35

Exhibit C
 VICINITY MAP

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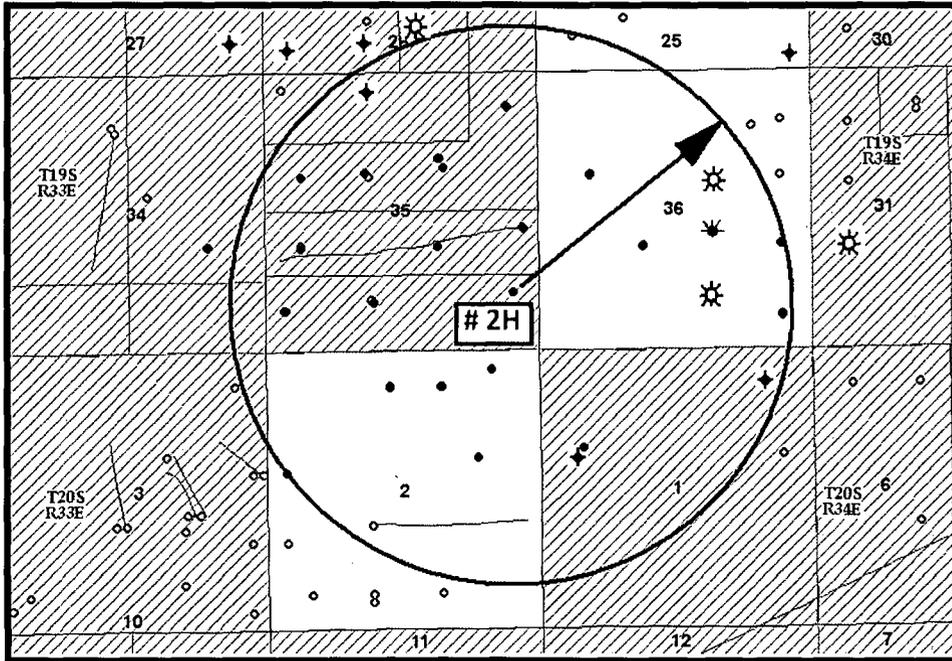
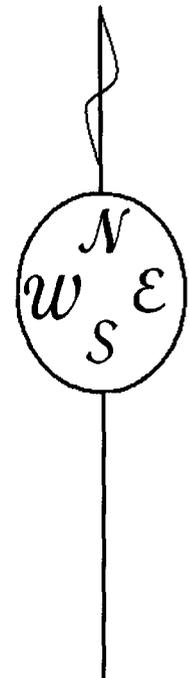


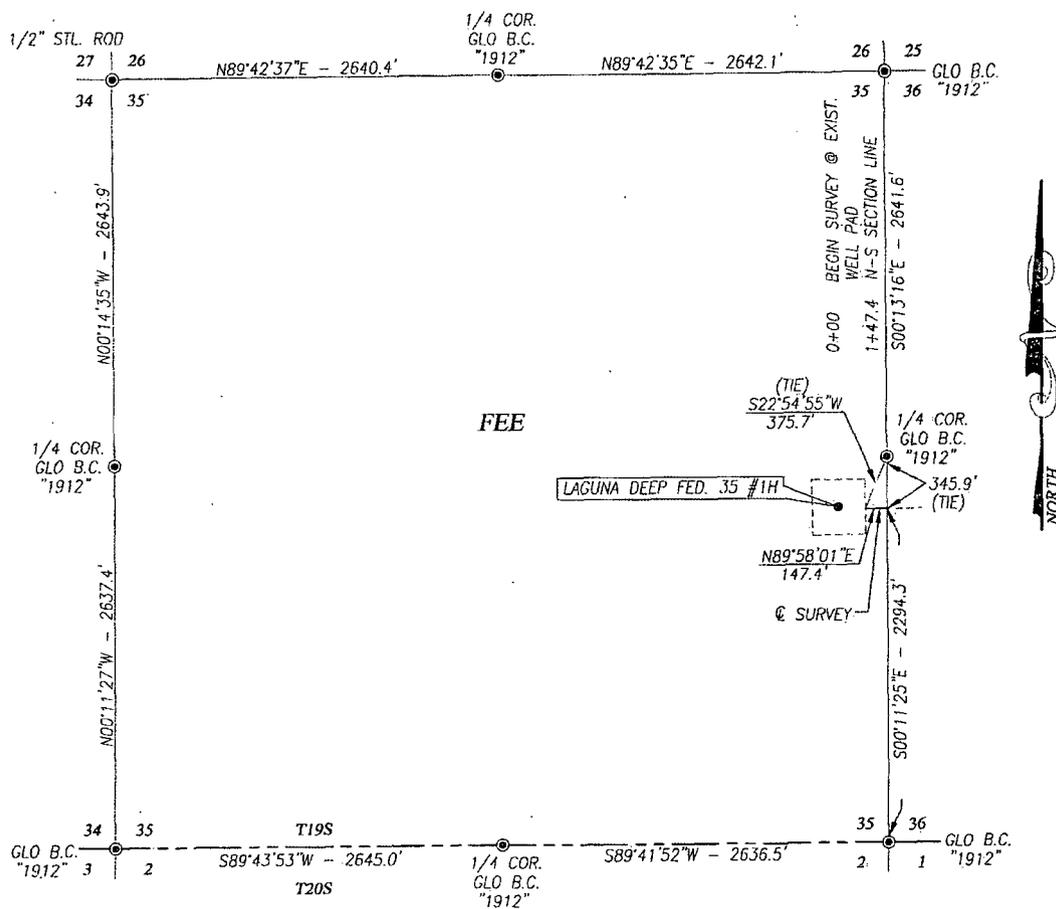
EXHIBIT D

1-Mile Radius Map
Marshall & Winston Inc.
Laguna Deep Federal Unit 35-2H
1140'/S & 436'/E
Sec 35, T-19-S, R-33-E
Lea County, NM

◆ P&A'd	△ Injection	● Oil/Gas Well
● Oil Well	☀ Gas Well	— Wellbore Path



SECTION 35, TOWNSHIP 19 SOUTH, RANGE 33 EAST, N.M.P.M.
LEA COUNTY NEW MEXICO



DESCRIPTION

SURVEY OF A PIPELINE CROSSING SECTION 35, TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM, LEA COUNTY, NEW MEXICO AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER, WHICH LIES S22°54'55"W 375.7 FEET FROM THE EAST QUARTER CORNER; THEN N89°58'01"E 147.4 FEET TO A POINT ON THE EAST LINE WHICH LIES S00°11'25"E 345.9 FEET FROM THE EAST QUARTER CORNER.

TOTAL LENGTH EQUALS 147.4 FEET OR 8.93 RODS

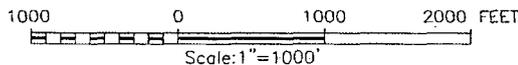
EXHIBIT G: Pipeline Survey
page 1 of 3

NOTE

BEARINGS SHOWN HEREON ARE MERCATOR GRID AND CONFORM TO THE NEW MEXICO COORDINATE SYSTEM "NEW MEXICO EAST ZONE" NORTH AMERICAN DATUM 1983. DISTANCES ARE SURFACE VALUES.

LEGEND

● DENOTES FOUND CORNER AS NOTED



I, RONALD J. EIDSON, NEW MEXICO PROFESSIONAL SURVEYOR No. 3239, DO HEREBY CERTIFY THAT THIS SURVEY PLAT AND THE ACTUAL SURVEY ON THE GROUND UPON WHICH IT IS BASED WERE PERFORMED BY ME OR UNDER MY DIRECT SUPERVISION; THAT I AM RESPONSIBLE FOR THIS SURVEY; THAT THIS SURVEY MEETS THE MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO; AND THAT IT IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

RONALD J. EIDSON *Ronald J. Eidson* 9/30/2011
DATE: _____

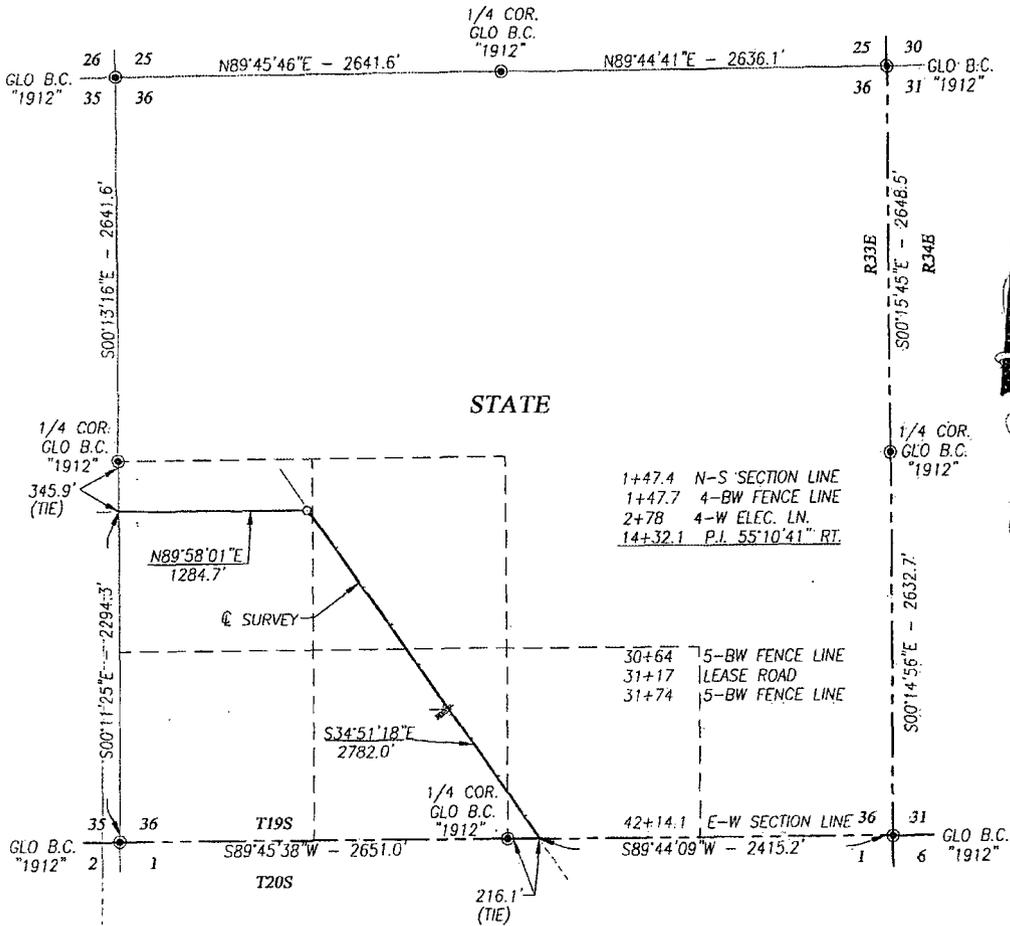
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JOHN WEST SURVEYING COMPANY
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(575) 393-3117

MARSHALL & WINSTON, INC.

SURVEY OF A PIPELINE CROSSING SECTION 35, TOWNSHIP 19 SOUTH, RANGE 33 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO

Survey Date: 9/14/11	Sheet 1 of 1 Sheets
W.O. Number: 11.11.1806	Drawn By: LA
Date: 9/28/11	CAD File: 11111806

SECTION 36, TOWNSHIP 19 SOUTH, RANGE 33 EAST, N.M.P.M.
LEA COUNTY NEW MEXICO



DESCRIPTION

A STRIP OF LAND 30.0 FEET WIDE CROSSING STATE OF NEW MEXICO LAND IN SECTION 36, TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM, LEA COUNTY, NEW MEXICO AND BEING 15.0 FEET RIGHT AND 15.0 FEET LEFT OF THE FOLLOWING DESCRIBED CENTERLINE SURVEY:

BEGINNING AT A POINT ON THE WEST LINE, WHICH LIES S00°11'25"E 345.9 FEET FROM THE WEST QUARTER CORNER, THEN N89°58'01"E 1284.7 FEET; THEN S34°51'18"E 2782.0 FEET TO A POINT ON THE SOUTH LINE WHICH LIES N89°44'09"E 216.1 FEET FROM THE SOUTH QUARTER CORNER.

SAID STRIP OF LAND BEING 4066.7 FEET OR 246.47 RODS IN LENGTH, CONTAINING 2.801 ACRES MORE OR LESS AND BEING ALLOCATED BY FORTIES AS FOLLOWS:

NW/4 SW/4 81.93 RODS OR 0.931 ACRES
NE/4 SW/4 66.69 RODS OR 0.758 ACRES
SE/4 SW/4 74.04 RODS OR 0.841 ACRES
SW/4 SE/4 23.81 RODS OR 0.271 ACRES

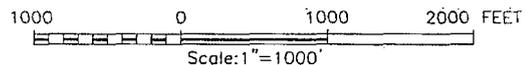
EXHIBIT G: Pipeline Survey
page 2 of 3

NOTE

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LEGEND

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RONALD J. EIDSON

DATE: 9/30/2011

PROVIDING SURVEYING SERVICES
SINCE 1946

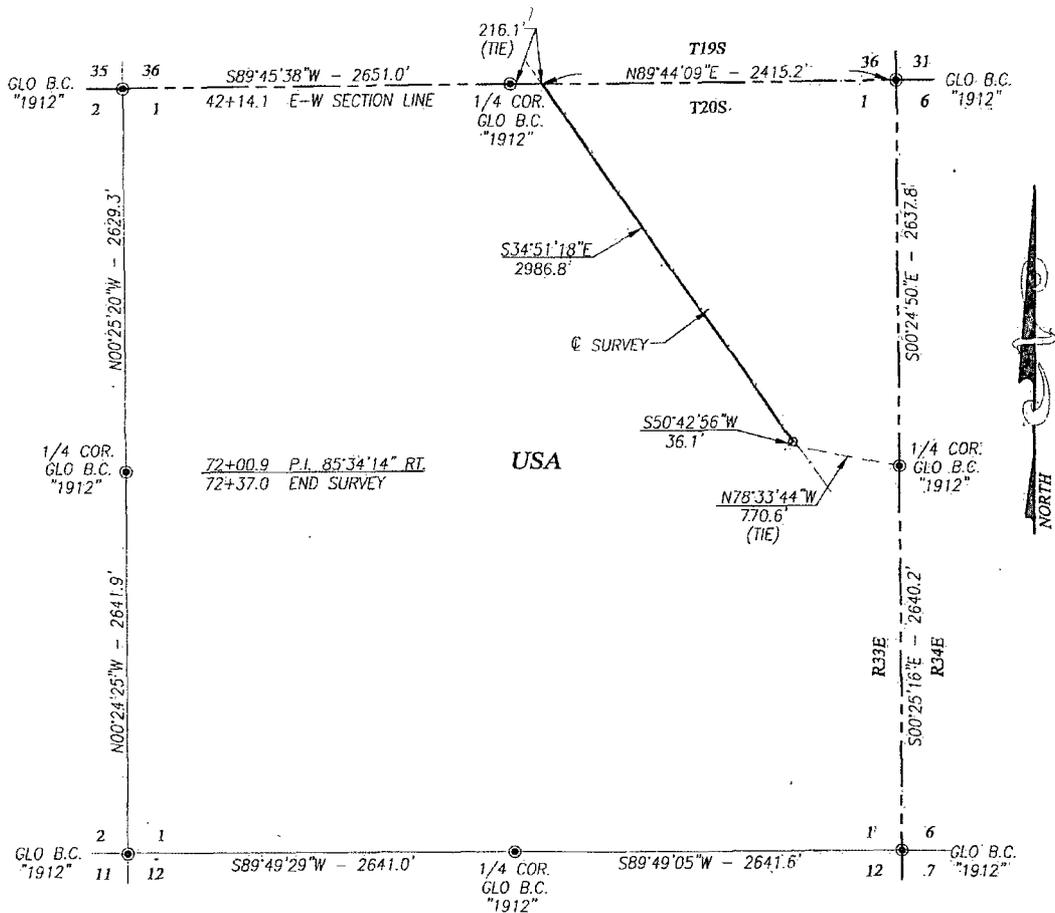
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(575) 393-3117

MARSHALL & WINSTON, INC.

SURVEY OF A PIPELINE CROSSING
SECTION 36, TOWNSHIP 19 SOUTH,
RANGE 33 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO

Survey Date: 9/14/11	Sheet 1 of 1 Sheets
W.O. Number: 11.11.1806	Drawn By: LA
Date: 9/28/11	CAD File: 11111806

SECTION 1, TOWNSHIP 20 SOUTH, RANGE 33 EAST, N.M.P.M.
LEA COUNTY NEW MEXICO



DESCRIPTION

A STRIP OF LAND 50.0 FEET WIDE AND 3022.9 FEET OR 0.573 MILES IN LENGTH CROSSING USA LAND IN SECTION 1, TOWNSHIP 20 SOUTH, RANGE 33 EAST, NMPM; LEA COUNTY, NEW MEXICO AND BEING 25.0 FEET LEFT AND 25.0 FEET RIGHT OF THE ABOVE PLATTED CENTERLINE SURVEY.

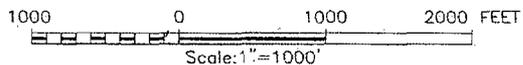
EXHIBIT G: Pipeline Survey
Page 3 of 3

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RONALD J. EIDSON

DATE:

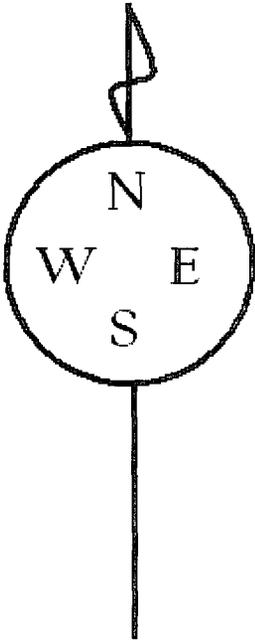
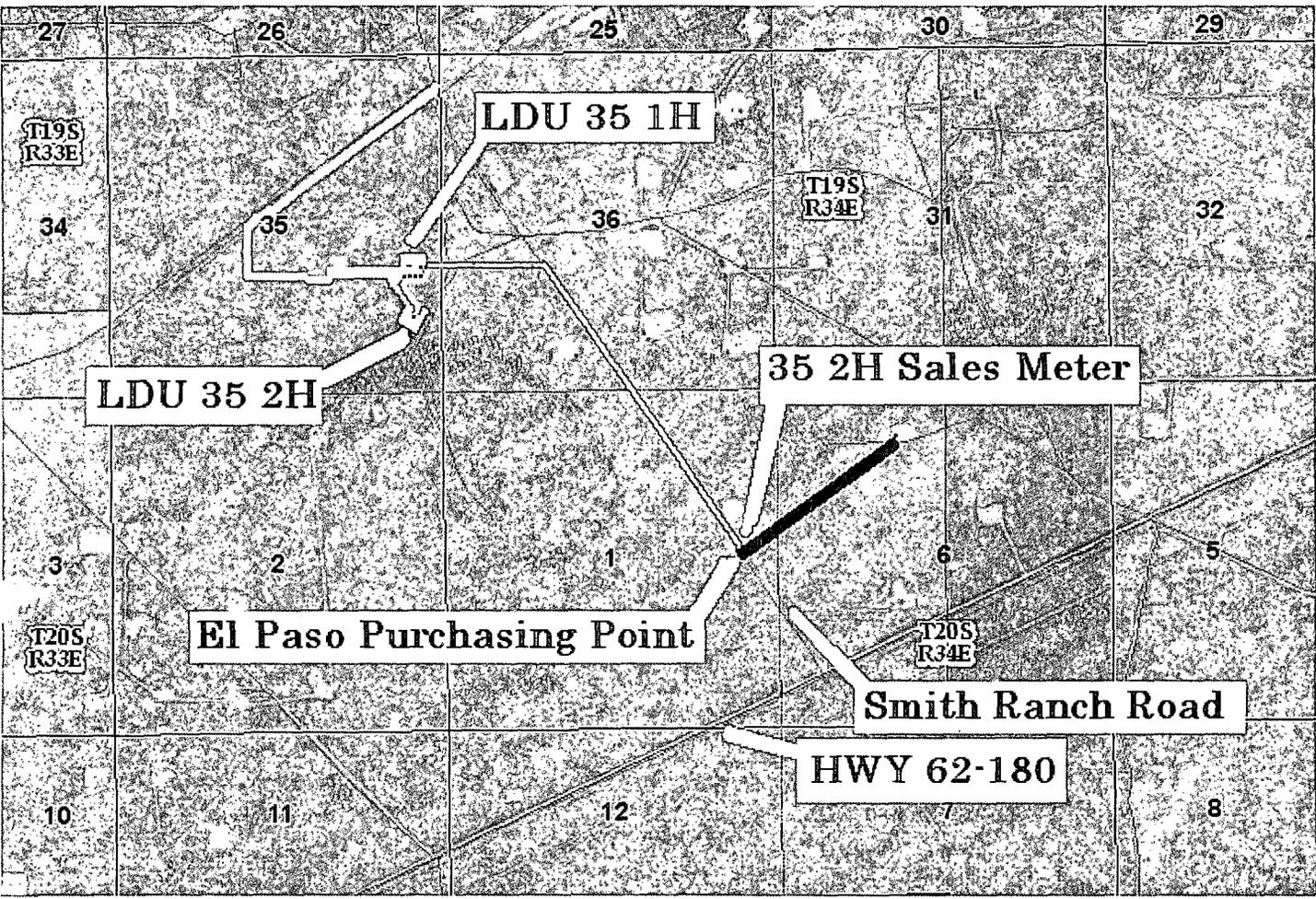
Ronald J. Eidson
3239
9/30/2011

PROVIDING SURVEYING SERVICES SINCE 1946
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MARSHALL & WINSTON, INC.

SURVEY OF A PIPELINE CROSSING
SECTION 1, TOWNSHIP 20 SOUTH,
RANGE 33 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO

Survey Date: 9/14/11	Sheet 1 of 1 Sheets
W.O. Number: 11.11.1806	Drawn By: LA
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*Central Facilities are located on the LDU 35 1H.
The LDU 2H runs a poly line from well head to
the central battery.*

Exhibit H.2.
Areal Map of Pipeline

Marshall & Winston Inc.
LDU Federal 35 2H
Sec. 35, T-19-S, R-33-E
Lea County, NM