

Surface Use Plan – RMR Operating, LLC

Madera "25" Federal Com #4H
Unit A, Section 25, T26S, R34E
Lea County, New Mexico

HOBBS OCD

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1. **EXISTING ROADS AND PROPOSED ROADS:** The proposed well site is located approximately 18 miles southwest of Jal, New Mexico. Exhibit "A" is a reproduction of a USGS Topographic Map, showing existing and proposed roads. All existing roads will be maintained in a condition equal to or better than current conditions. Any new roads will be constructed to BLM specifications. Exhibit "B" shows the proposed well site as staked.

Directions: From the intersection of Highway #128 and 3rd Street in Jal, New Mexico, go south on 3rd Street approximately 1.6 miles. Veer right and go southwest on Highway #205 approximately 8.2 miles. Turn right on Caliche road (Beckham Ranch Road) and go west 5.2 miles. Turn right and go north then northwest 4.3 miles. Turn left and go south 0.5 miles, turn right for 0.3 miles and turn onto Madera 24 Federal #2H well site the new road will go off the south east corner of this well pad for 71' to proposed new location.

2. **PLANNED ACCESS ROAD:** Will be 71' of newly constructed road off the south east corner of the Madera 24 Federal #2H well site
 - a. The access road will be crowned and ditched to a 12' wide travel surface with 40' Right-of-way.
 - b. Gradient of the roads will be less than 5.00%
 - c. If turn-outs are necessary they will be constructed.
 - d. If needed, the roads will be surfaced with a minimum of 4 inches of caliche. This material will be obtained from a local source.
 - e. Center-line for the road is flagged. Earth-work will be done as field conditions require.
 - f. Culverts will be placed in the access road if they are necessary. The road will be constructed to utilize low water crossing for drainage as required by topography.
3. **LOCATION OF EXISTING WELLS IN A ONE MILE RADIUS**
 - a. The Exhibit "C" shows existing wells within a one-mile radius of the proposed well site.
4. **LOCATION OF EXISTING AND/OR PROPOSED FACILITY:**
 - a. There are no production facilities on this lease at the present time.
5. **SOURCE OF CONSTRUCTION MATERIALS:**
 - a. The dirt contractor will be responsible for finding a source of material for construction of road and pad and will obtain any permits that may be required.
6. **METHODS OF HANDLING WASTE DISPOSAL:**
 - a. This well will be drilled with a closed loop system.

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- b. The closed loop system will be constructed, maintained, and closed in compliance with the State of New Mexico, Energy and Natural Resources Department, Oil Conservation Division—The “Pit Rule” 19.15.17 NMAC.
- c. Drilling fluids will be removed after drilling and completions are completed.
- d. Water produced during operation will be collected in tank until hauled to an approved disposal system, or separate disposal application will be submitted.
- e. Oil produced during operation will be stored in tanks until sold.
- f. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- g. All trash, junk and other waste materials will be contained in trash cages or bins to prevent scattering and will be removed and depositing in an approved sanitary landfill. Burial on site is not approved.

7. ANCILLARY FACILITIES:

- a. There are no ancillary facilities on this lease at the present time.

8. WELLSITE LAYOUT:

- a. Exhibit “D” shows the relative location and dimensions of the well pad, closed loop mud system, location of the drilling equipment, pulling unit orientation and access road approach. NOTE: V-Door will be to the South
- b. The closed loop system will be constructed, maintained, and closed in compliance with the State of New Mexico, Energy and Natural Resources Department, Oil Conservation Division—The “Pit Rule” 19.15.17 NMAC.
- c. A 600’ x 600’ area has been staked and flagged.

9. PLANS FOR RESTORATION

- a. After finishing drilling and/or completion operations, all equipment and other material not needed for further operations will be removed. The location will be cleaned of all trash and junk to leave the well site in as aesthetically pleasing a condition as possible.
- b. If the proposed well is plugged and abandoned, all rehabilitation and/or vegetation requirements of the Bureau of Land Management will be complied with and will be accomplished as expeditiously as possible.
- c. Unguarded pits, if any, containing fluids will be fenced until they have dried and have been leveled.
- d. Plans for Interim and Final Surface Reclamation
 - i. Well location will be contoured to resemble the original topography as closely as possible. Surface reclamation measures will be taken to avoid new erosion on the well location and the area surrounding the well location. These measures will be overseen by RMR personnel following a structured plan for the reclamation of each individual site.
 - ii. Major drainage systems will be avoided as determine at the onsite with the BLM. Minor drainages may be rerouted around the well site within the 600’ x600’ cleared are to avoid moving the well location.
 - iii. Segregation of topsoil will by collected to the south side of the location if needed.
 - iv. RMR will use prudent oil field practices when constructing well location and related facilities. RMR personnel will determine the size of the well

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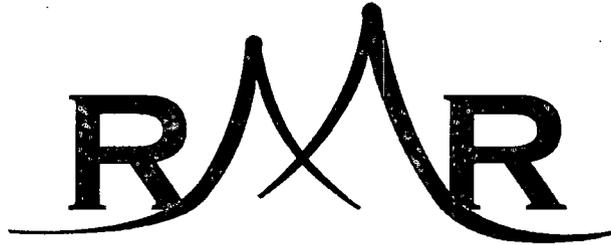
- location needed for safe working conditional for personnel during all aspects on the drilling and production process.
- v. Backfill requirements for above ground reserve pits will be met by using cut, fill and contouring of available topsoil and like soils for the pit area. Should additional material be needed it will be brought in from a BLM approved source.
 - vi. All topsoil will be spread over the area reclaimed during the interim reclamation using a front end loader. For final reclamation enough topsoil will be evenly distributed between the interim reclaimed area and the final reclaimed area. This method of soil stabilization should help maintain the productivity and viability of the topsoil.
 - vii. Soil treatments will be determined at the time of final reclamation by RMR designated personnel to meet BLM final reclamation goals.
 - viii. Reseeding of disturbed areas will be in accordance with the seed mixtures attached to the approved APD as Condition of Approval. Planting and soil preparation will be done during the rainy season between June 1st and September 1st.
 - ix. RMR's personnel will control weeds during the productive period through final abandonment of the well. RMR may also use the option to hire a third party to be in charge of weed control or participate in the Chaves Soil and Water District program to pool monies of weed control.
 - x. Well pads, roads and related facilities with caliche or other surfacing material will be picked up or turned over at the time of final abandonment. These materials may be used on other projects in the area if possible or placed back in the caliche pit or other designated site. Buried pipelines will be left in place after being bled down and purged. Above surface support equipment will be removed or cut down below plow depth and removed. Pipeline right-of-ways will be reseeded according to BLM Best Management Practices.

10. SURFACE OWNERSHIP:

Surface Estate: Bureau of Land Management
620 E. Greene Street, Carlsbad, NM 88220
575.234.5972

Mineral Estate: Bureau of Land Management
620 E. Greene Street, Carlsbad, NM 88220
575.234.5972

BLM Bond No.: NMB 000780



Operator Certification- RMR Operating, LLC

Madera "25" Federal Com #4H
Section 25, T24S, R36E
Lea County, New Mexico

I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; 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 the company I represent is 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 _____ day of _____, 2013

Printed Name: Tommy W. Folsom _____

Signature: _____

Title: Executive VP & Director of Exploration & Production

Address: 2515 McKinney Avenue Ste 900, Dallas, TX 75201

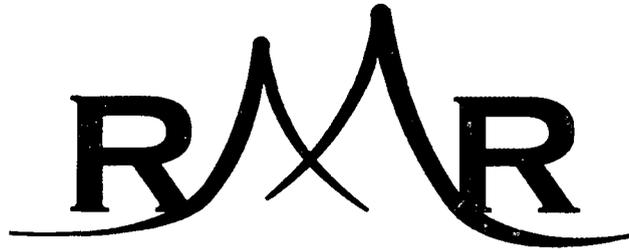
Telephone: 214-871-0400

Email: tommy@redmountainresources.com

Field Representative: Danny Velo

Telephone: 575-706-5589

2515 MCKINNEY AVENUE, SUITE 900 · DALLAS, TX · 75201
PH: 214.871.0400 · FX: 214-871-0406
WWW.REDMOUNTAINRESOURCES.COM



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Executed this 30 day of July, 2013

Printed Name: Tommy W. Folsom

Signature: 

Title: Executive VP & Director of Exploration & Production

Address: 2515 McKinney Avenue Ste 900, Dallas, TX 75201

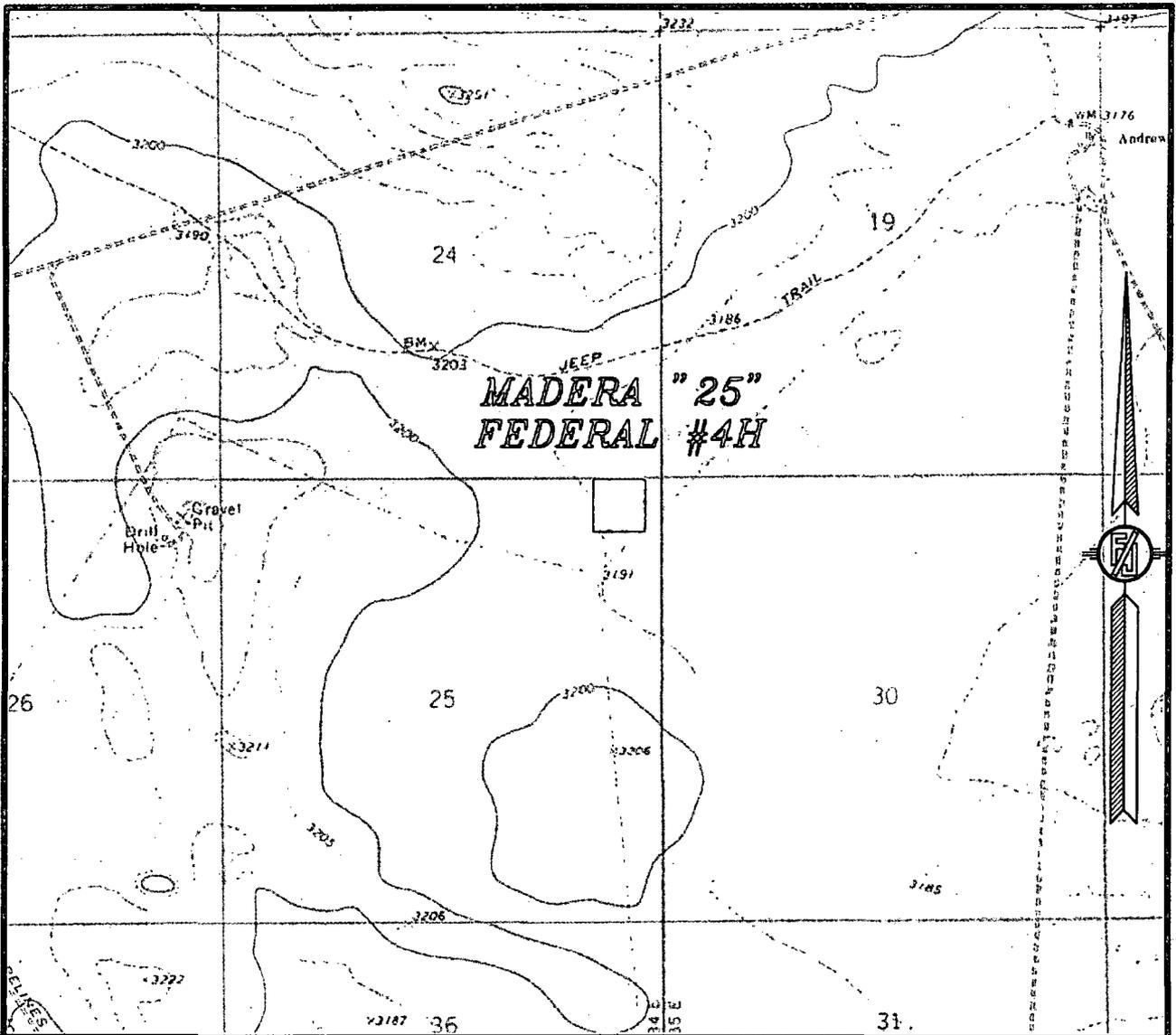
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SECTION 25, TOWNSHIP 26 SOUTH, RANGE 34 EAST, N.M.P.M.
LEA COUNTY, STATE OF NEW MEXICO
LOCATION VERIFICATION MAP



USGS QUAD MAP:
ANDREWS PLACE

NOT TO SCALE

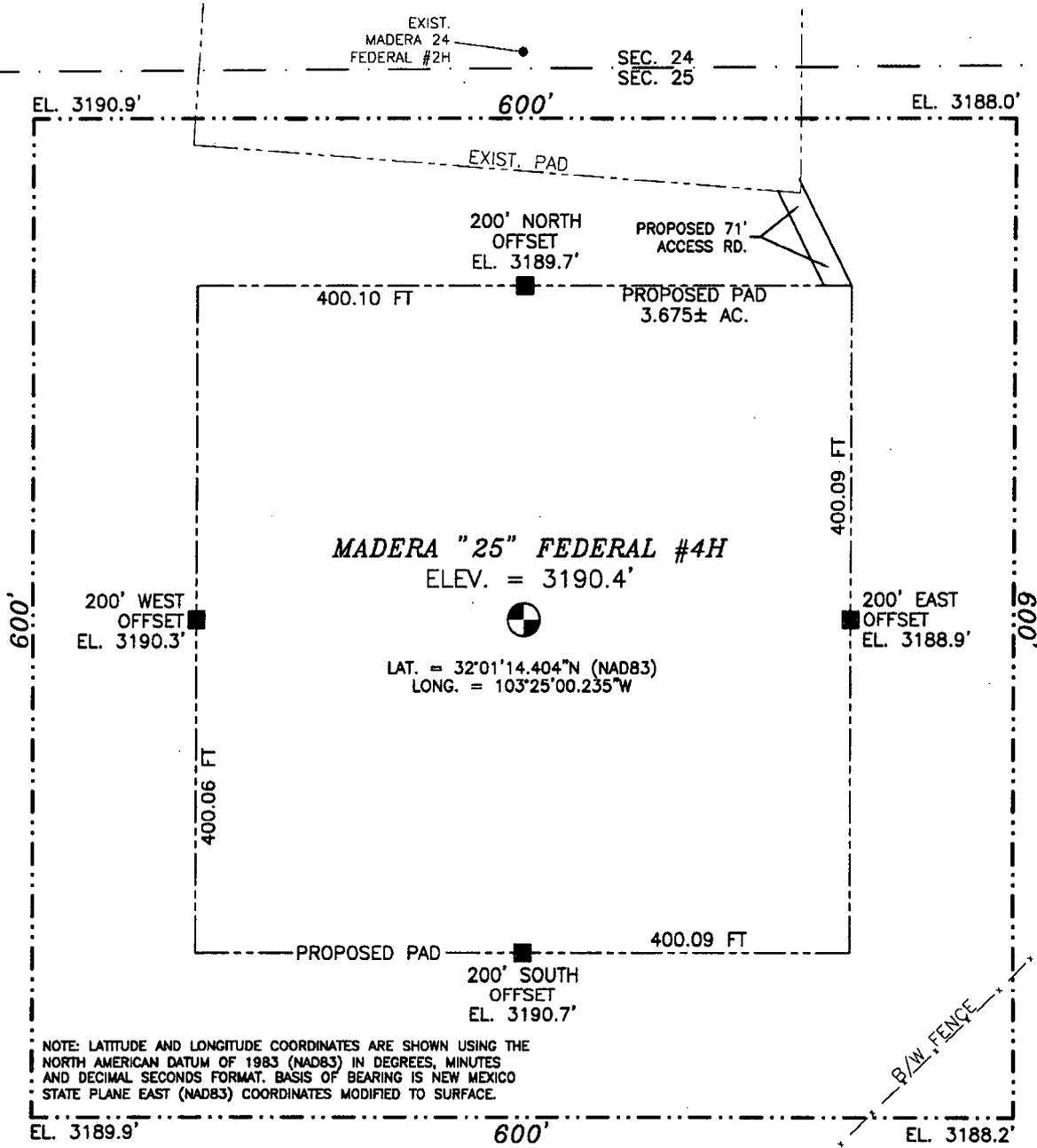
RMR OPERATING, LLC
MADERA "25" FEDERAL #4H
LOCATED 330 FT. FROM THE NORTH LINE
AND 500 FT. FROM THE EAST LINE OF
SECTION 25, TOWNSHIP 26 SOUTH,
RANGE 34 EAST, N.M.P.M.
LEA COUNTY, STATE OF NEW MEXICO

MARCH 1, 2013

SURVEY NO. 1647

MADRON SURVEYING, INC. 301 SOUTH CANAL CARLSBAD, NEW MEXICO
(575) 234-3341

SECTION 25, TOWNSHIP 26 SOUTH, RANGE 34 EAST, N.M.P.M.
LEA COUNTY, STATE OF NEW MEXICO



NOTE: LATITUDE AND LONGITUDE COORDINATES ARE SHOWN USING THE NORTH AMERICAN DATUM OF 1983 (NAD83) IN DEGREES, MINUTES AND DECIMAL SECONDS FORMAT. BASIS OF BEARING IS NEW MEXICO STATE PLANE EAST (NAD83) COORDINATES MODIFIED TO SURFACE.

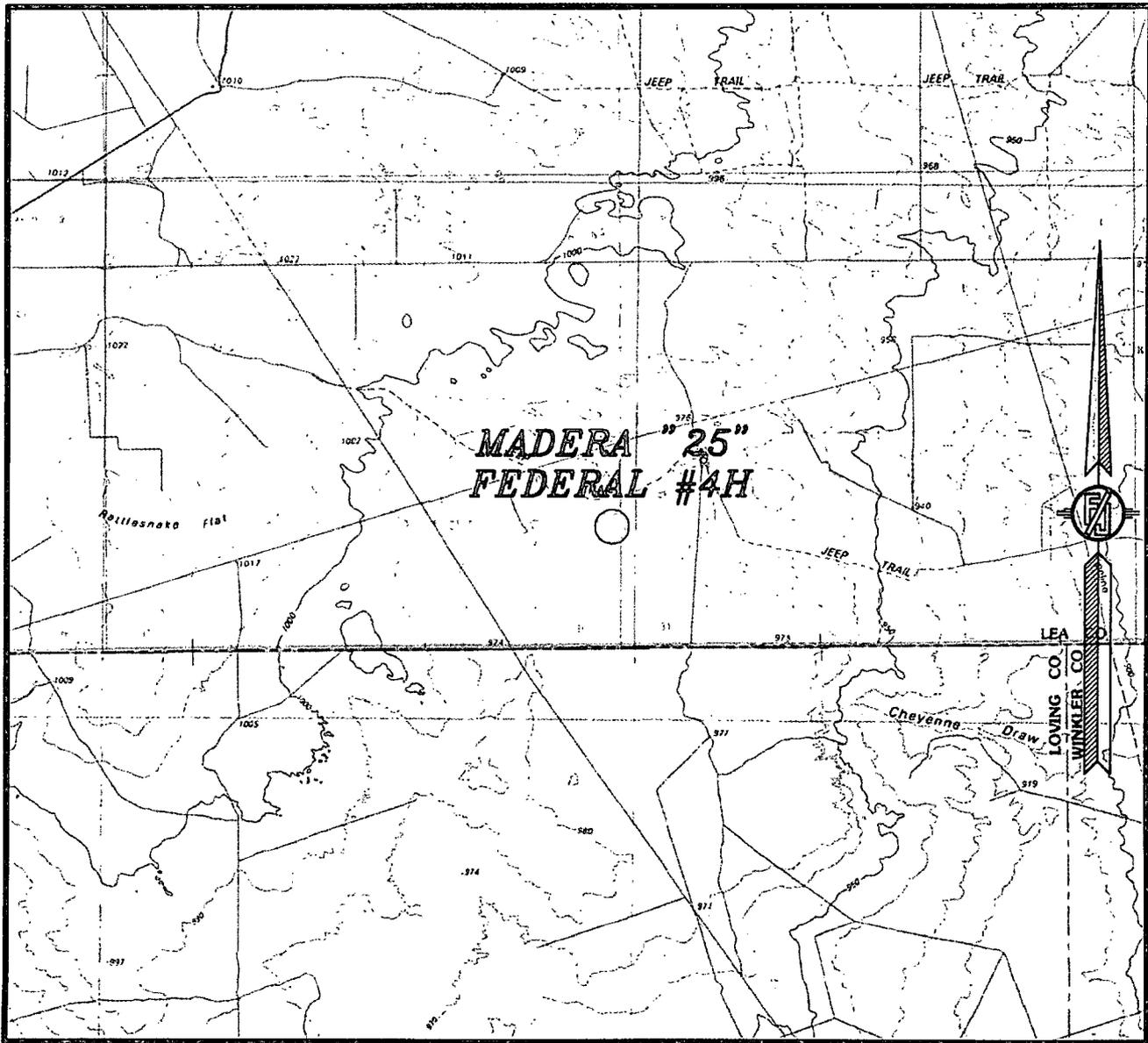
010 50 100 200
SCALE 1" = 100'

DIRECTIONS TO LOCATION
IN JAL NM FROM STATE HWY. 128 AND STATE ROAD 205 (THIRD STREET) GO SOUTH ON STATE ROAD 205 8.2 MILES TURN RIGHT ON CALICHE ROAD (BECHEM ROAD) AND GO WEST 5.2 MILES, TURN RIGHT AND GO NORTH THEN NORTHWEST 4.3 MILES TURN LEFT AND GO SOUTH 0.39 MILES, TURN RIGHT AND GO WEST 0.14 MILES, TURN LEFT AND GO SOUTH 370' TO THE NE. PAD CORNER FOR THE MADERA "24" FEDERAL #2H WELL AND FROM THIS WELL, THE LOCATION IS 340' SOUTH.

RMR OPERATING, LLC
MADERA "25" FEDERAL #4H
LOCATED 330 FT. FROM THE NORTH LINE
AND 500 FT. FROM THE EAST LINE OF
SECTION 25, TOWNSHIP 26 SOUTH,
RANGE 34 EAST, N.M.P.M.
LEA COUNTY, STATE OF NEW MEXICO

MARCH 1, 2013
SURVEY NO. 1647

SECTION 25, TOWNSHIP 26 SOUTH, RANGE 34 EAST, N.M.P.M.
LEA COUNTY, STATE OF NEW MEXICO
VICINITY MAP



NOT TO SCALE

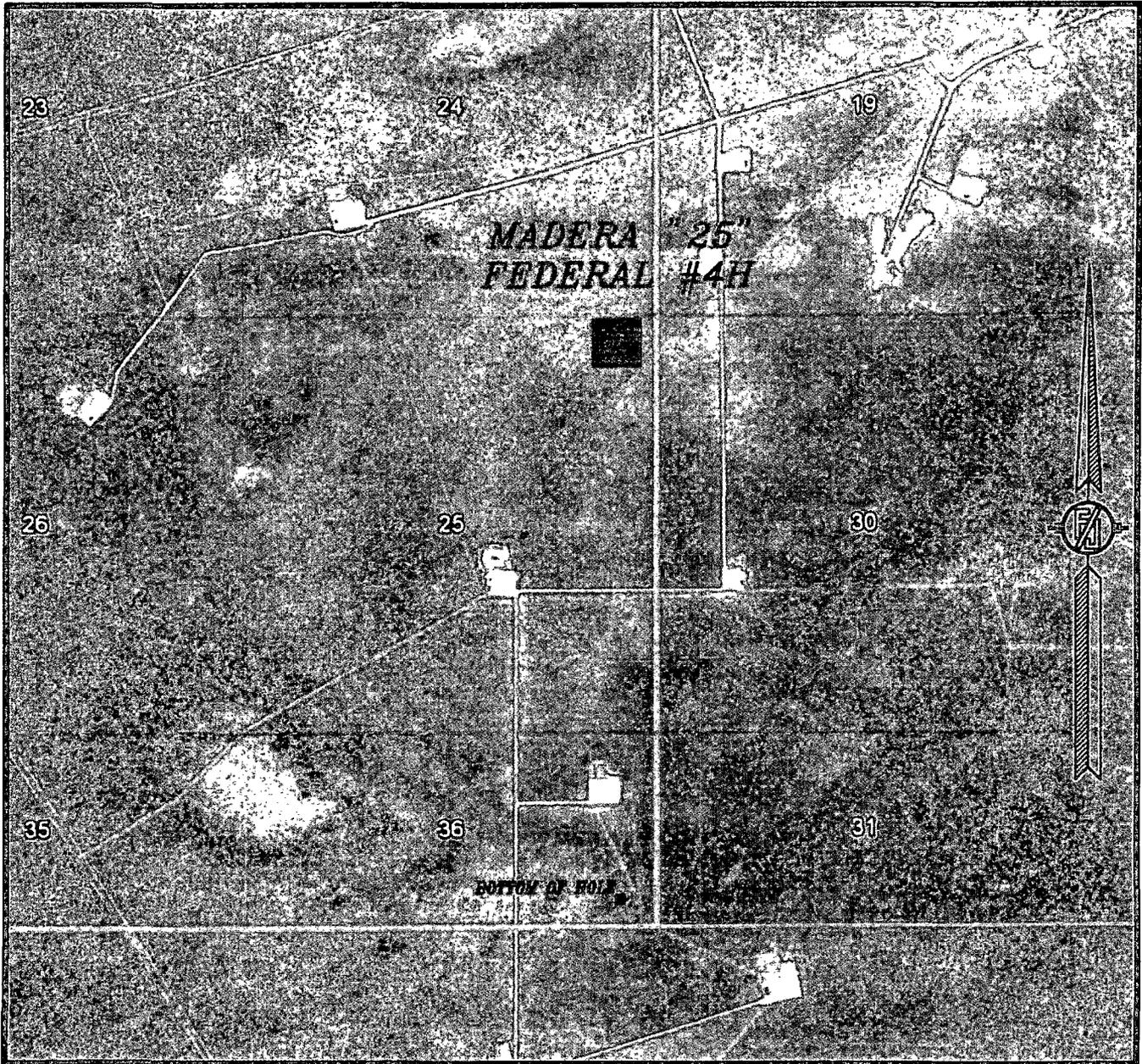
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LEA COUNTY, STATE OF NEW MEXICO

MARCH 1, 2013

MADRON SURVEYING, INC. 301 SOUTH CANAL (575) 234-3341 CARLSBAD, NEW MEXICO

SURVEY NO. 1647

SECTION 25, TOWNSHIP 26 SOUTH, RANGE 34 EAST, N.M.P.M.
LEA COUNTY, STATE OF NEW MEXICO
AERIAL PHOTO



NOT TO SCALE
AERIAL PHOTO:
GOOGLE EARTH
MAY 2011

RMR OPERATING, LLC
MADERA "25" FEDERAL #4H
LOCATED 330 FT. FROM THE NORTH LINE
AND 500 FT. FROM THE EAST LINE OF
SECTION 25, TOWNSHIP 26 SOUTH,
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LEA COUNTY, STATE OF NEW MEXICO

MARCH 1, 2013

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