

SURFACE USE PLAN

Sundance Oil Company: Cone-Federal 31 No.1
660' FNL and 660' FBL of Section 31, T-7S, R-32E
Roosevelt County, New Mexico

This plan is to accompany "Application for Permit to Drill" the subject well which is located approximately 15 $\frac{1}{2}$ miles SSE of Kenna, New Mexico. The following is a discussion of pertinent information concerning possible effect which the proposed drilling of the well may have on the environment of the well and road sites and surrounding acreage.

1. Existing Roads:

- A. The proposed well site is 660' FNL and 660' FBL of Section 31, T.7S, R.32E, Roosevelt County, New Mexico.
- B. Exhibit "A" is a portion of a map showing existing roads with directions to the location from Kenna, New Mexico. The route to the location is marked in red along side of roads to be used. The well location is approximately 15 $\frac{1}{2}$ miles SSE of Kenna, New Mexico.
- C., D., & E. Access roads are shown on Exhibit "A".
- F. No improvement or maintenance is anticipated for the existing roads.

2. Planned Access Roads:

- A. Width and Length: New road required will be 12 feet wide and 3,750' long. This new road is labeled and color coded on Exhibits "A" and "B". (staked)
- B. Turnouts: None.
- C. Drainage Design: New road will have a drop of 6 inches from center line on each side.
- D. Culverts, Cuts and Fills: Culverts-None. The location and pits will be constructed as shown on Exhibit "C". Maximum cut will be 3' on the East and maximum fill will be 3' on the West of the location.
- E. Surfacing Material: Six inches of caliche, bladed, watered and compacted.
- F. Gates, Cattleguards, Fences: One cattleguard will be required at the location shown on Exhibit "B". Existing fence is shown on Exhibit "B".
- G. The proposed road is staked.

3. Location of Existing wells: See Exhibit "B".

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4. Location of Existing and/or Proposed Facilities:

- A. There are no existing tank batteries, production facilities or lines owned by the lessee/operator on this lease.
- B. If commercial production is established, facilities and lines will be constructed as shown on Exhibit "C". Pads for equipment will be made with caliche. Facilities will be fenced and/or covered to protect livestock and wildlife.
- C. All unused areas disturbed by construction will be restored to natural terrain profile after construction is completed.

5. Location and Type of Water Supply:

- A. water will be obtained from wells at Kenna and/or Crossroads.
- B. Water will be transported by truck.

6. Source of Construction Materials:

Caliche will be obtained from a new pit to be opened in the NW NE Section 32, T.7S, R.32E on State of New Mexico land. The new pit will be located adjacent to existing road.

7. Methods For Handling Waste Disposal:

Waste Disposal-well cuttings will be disposed in reserve pit. Barrel trash containers to be in accessible locations within drill site area during drilling and completion procedures. All detrimental waste will be hauled away, burned or buried with a minimum cover of 24" of dirt. See Exhibit "C" for location of pits. If well is productive, maintenance waste will be placed in special trash cans and hauled away periodically. Any produced water will be collected in tanks until hauled to an approved disposal system, or separate disposal applications will be submitted to the survey for appropriate approval.

8. Ancillary Facilities: None.

9. Well Site Layout:

Exhibit "C" shows the relative location and dimensions of the well pad, mud pit, reserve pit, trash barrel, etc. The reserve pit will be lined with plastic. The pad and pits are staked.

10. Plans for Restoration of Surface:

Pits will be backfilled and leveled as soon as practical to original condition. Commencement of rehabilitation operations will immediately follow removal of drilling and completion equipment from location and rehabilitation of the surface is planned to be completed within 45 days from commencement.

11. Other Information:

- A. Terrain:-Low rolling sand hills.
- B. Soil-Sandy.
- C. Vegetation-Scruboak, beargrass and very sparse vegetation.

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D. Surface Use-Grazing

E. Ponds and Streams-None within one mile.

F. Water Wells-1 1/2 miles northwest of location.

G. Residences and Buildings-1/2 miles northwest of location.

H. Arroyos, Canyons, Etc.-Caprock escarpment approximately 1 1/2 miles west of location.

I. Well Sign-Sign identifying and locating well will be maintained at drill site with the spudding of the well.

J. Open Pits-All pits containing mud or other liquids will be fenced.

K. Archaeological Resources-None observed.

L. Lessee's or Operator's Representative:

L. A. Carrell
Sundance Oil Company
1776 Lincoln Street, Suite 510
Denver, Colorado 80203

Business Phone (303) 825-7657
Home Phone (303) 773-3120

M. 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 SUNDANCE OIL COMPANY and its contractors and sub-contractors in conformity with this plan and the terms and conditions under which it is approved.

2-11-11
Date

L. A. Carrell
L. A. Carrell
Chief Engineer

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