

30-015-39076

SURFACE USE PLAN

Unit Petroleum Company

HB3 FEDERAL # 3H

Surface Location: 2,170' FSL & 330' FEL, Section 3, T24S-R29E

Bottom Hole Location: 1,800' FSL & 330' FWL, Section 3, T24S-R29E

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.
- b. All roads to the drill site are depicted on Exhibit 3.
- c. Driving directions to the Drill Site: Go 3.5 miles South of Loving, NM on Hwy 283, turn East on Ogden Rd, go .5 mile turn right on CR 731, go ¼ mile turn left onto CR 743, go 1 mile and intersect with CR 745, continue East 1.9 miles, turn right on CR 788, go 1.2 mile to fork in road, take left fork go ½ mile, turn right, go 1.2 mile, take left across cattle guard, go 7/10 mi, take left follow lease road approximately 1 mile to proposed lease road.

2. New Constructed Access or Lease Road:

- a. The well site layout, Form C 102 shows the proposed lease road.
- b. The new access road begins or intersects the existing lease road located at the approximate center of the East line of Section 3. Proposed lease or access will be less than 1% grade, a possible low water crossing of aggregate at the beginning of a 14 ft. top caliche road or recommendations of the BLM. Top soil to be removed from road way and used on sides and back slopes of access road to aid in establishing vegetation to the disturbed areas.
- c. Base material for the access road will be native caliche, this material will be obtained from a BLM approved pit nearest in proximity to the access road.
- d. No cattle guards, gates or fences will be required, no turnouts planned.

3. Location of Existing Wells:

One Mile Radius Plat (aerial) shows all existing and proposed wells within a one-mile radius of the proposed drill site. See Attached Plat.

4. Location of Proposed Production Facilities:

- a. In the event the well is found productive, a tank battery will be utilized and the necessary production equipment will be installed at the well site. See Enclosed Production Facilities Layout diagram.
- b. If necessary, the well will be operated by means of electricity. Electric power poles will be run over head adjacent the access road.
- c. Flow line direction has not been determined at this time, all flow lines will follow and adhere to guide lines of API Standards, proper authorization and procedure will be secured from the BLM by Sundry notice when a market or transporter is determined.

d. If the well is productive, rehabilitation plans are as follows:

1. A production pad to accommodate production equipment and tank battery will be retained, all unused areas of the drill pad will be reclaimed, topsoil replaced and reseeded by recommendations of the BLM.

5. Location and Types of Water Supply:

This well 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 the drill site by transport truck using the existing and proposed roads chosen by the BLM. On occasion, water will be obtained from a pre-existing water well, running a pump directly to the drilling rig. In these cases where a poly line is used to transport water for drilling purposed, proper authorizations will be secured. If a poly line is used, the size, distance, and map showing route will be provided the BLM by sundry notice.

6. 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 drill site during construction of the drill pad. All roads will be constructed of compacted and rolled caliche. Will use BLM recommended use of caliche from other locations close by for roads, if available.

7. Methods of Handling Waste Materials:

- a. Drill cuttings and fluids will be disposed at an authorized disposal site.
- b. All trash, junk and other 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.
- c. The supplier, including broken sacks, will pick up salts remaining after completion of the well.
- d. 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.
- e. Water produced during completion will be disposed of at an authorized disposal site. Oil and condensate produced will be put in a storage tank and sold.
- f. Disposal of fluids to be transported by the following companies:
Basic Energy Services, Carlsbad, NM
Standard Oilfield Service, Carlsbad, NM
L & E Service LLC, Loco Hill, NM
Jims Water Service of Co. Inc, Artesia, NM.

8. Ancillary Facilities:

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

9. Well Site Layout:

- a. Exhibit D shows the proposed well site layout with dimensions of the pad layout, placement of drilling equipment, and living quarters. A BMP approved by the BLM to control erosion and for construction of the drill pad and access road using proper equipment and qualified personnel to level and grade a stable, safe, and useable drill site.
- b. A closed pit or loop system will be utilized, Unit Petroleum Co. will comply with the NMOCD requirements 19.15.17 and submit a form C-144 CLEZ to the appropriate NMOCD District Office.

10. Plans for Surface Reclamation:

- a. After concluding the drilling and/or completion operations, if the well is found to be non-commercial, the caliche will be removed for the pad and transported to the original caliche pit or used for other drilling locations. The road and drill site will be reclaimed as directed by the BLM.
- c. If the well is deemed commercially productive, caliche from the areas of the pad site not required for operations will be used to build berms around the production equipment or returned to a site chosen by the BLM. The unused areas of the drill pad will be contoured, as close as possible to match the existing or original topography. The original stockpiled top soil will be returned to the reclaimed areas, all disturbed areas re-seeded and use BMP to enhance seed germination and control erosion.

11. Surface Ownership:

- a. The surface is owned by the U.S. Government and is administered by the Bureau of Land Management. The surface is multiple use, sparse grass allows limited grazing of livestock and the production of oil and gas.
- b. The proposed road routes and the surface location will be restored as directed by the BLM.

12. Other Information:

- a. The area surrounding the well site is sparse grassland. The topsoil is very sandy in nature. The vegetation is moderately sparse with native grass, sagebrush, yucca and miscellaneous weeds. No wildlife was observed but it is likely that deer, rabbits, coyotes, bobcats 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 the location.
- d. A Cultural Resources Examination has been completed by Boone Archaeological Services, and forwarded to the BLM office in Carlsbad, New Mexico.

13. Bond Coverage:

Bond Coverage is Nationwide; Bond # is MTB000027-Nationwide

Operators Representatives:

Unit Petroleum Company representatives responsible for ensuring compliance of the surface use plan are as listed below:

Brent A. Keys
Drilling Engineer
Unit Petroleum Company
7130 South Lewis
Tulsa, Oklahoma 74136

Office (918) 477-4512
Cell (918) 645-8812

Larry O. Miller
Production Engineer
Unit Petroleum Company
7130 South Lewis
Tulsa, Oklahoma 74136

Office (918) 477-5746
Cell (918) 629-5246



UNIT PETROLEUM COMPANY

A Subsidiary of Unit Corporation®
A New York Stock Exchange Company

Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access road proposed herein; that I am familiar with the conditions that presently 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 I, or Unit Petroleum Company, am 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.

I hereby also certify that I, or Unit Petroleum Company have made a good faith effort to provide the surface owner with a copy of the Surface Use Plan of Operations and any Conditions of Approval that are attached to the APD.

Executed this 3rd day of December, 2010

Printed Name: Carl Hansen

Signed Name:

Position Title: East Division V.P.

Address: 7130 South Lewis, Suite 1000, Tulsa, Oklahoma 74136

Telephone: (918) 477-4517

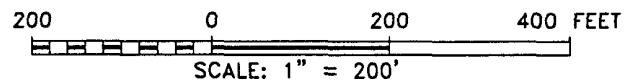
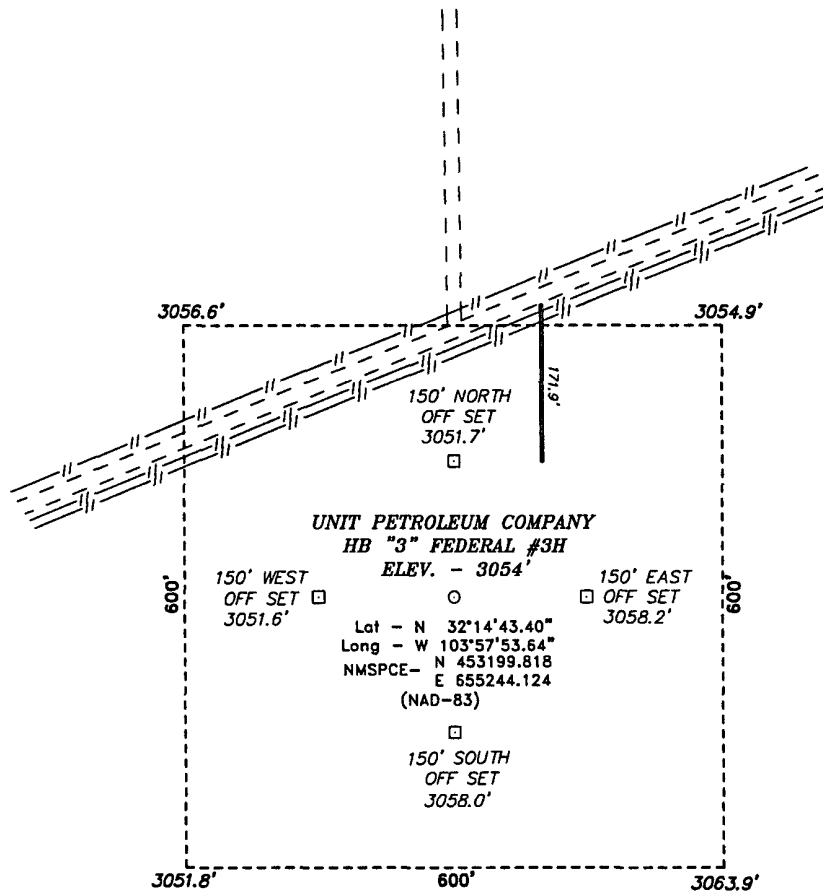
Field Representative (if not above Signatory):

Address (if different from above)

Telephone (if different from above)

E-mail (optional):

SECTION 3, TOWNSHIP 24 SOUTH, RANGE 29 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



Directions to Location:

FROM THE JUNCTION OF HARRELIN AND DOG TOWN,
GO SOUTHEAST FOR 1.2 MILES TO LEASE ROAD, ON
LEASE ROAD GO EAST WINDING SE 2.1 MILES TO
CATTLEGUARD, GO THROUGH CATTLE GUARD AND
TURN NORTHEASTERLY 0.6 MILES TO LEASE ROAD,
ON LEASE ROAD GO NORTH 0.6 MILES TURNING
NORTHEAST 0.7 MILES TO PROPOSED LEASE ROAD.

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

W.O. Number: 22764

Drawn By: J. SMALL

Date: 05-25-2010

Disk: JMS 22764

UNIT PETROLEUM COMPANY

REF: HB "3" FEDERAL #3H / WELL PAD TOPO

THE HB "3" FEDERAL #3H LOCATED 2170'

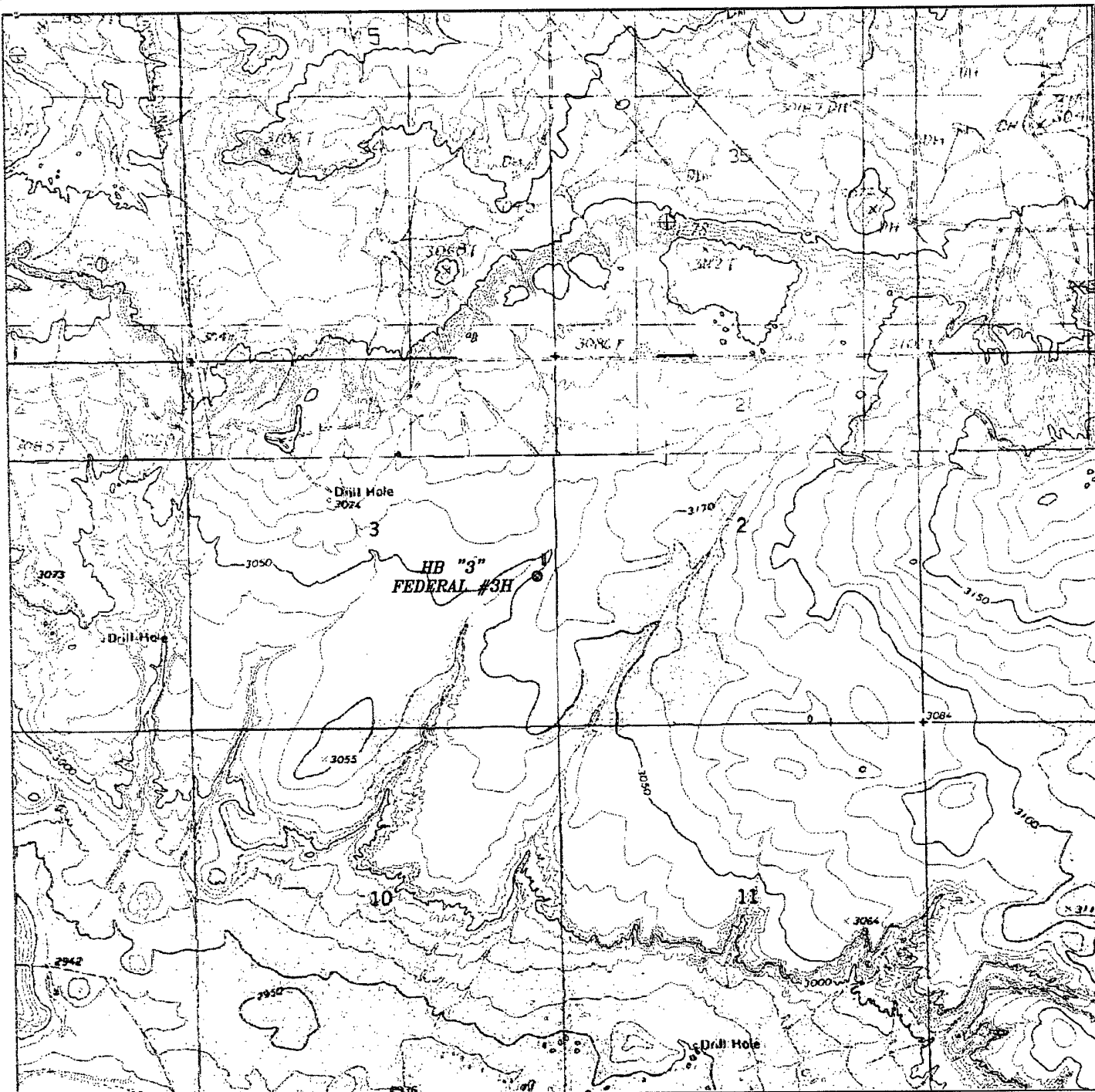
FROM THE SOUTH LINE AND 330' FROM THE EAST LINE OF

SECTION 3, TOWNSHIP 24 SOUTH, RANGE 29 EAST,

N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 05-20-2010

Sheet 1 of 1 Sheets



HB "3" FEDERAL #3H

Located 2170' FSL and 330' FEL

Section 3, Township 24 South, Range 29 East,
N.M.P.M., Eddy County, New Mexico.



P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(575) 393-7316 - Office
(575) 392-2206 - Fax
basinsurveys.com

W.O. Number: JMS 22764

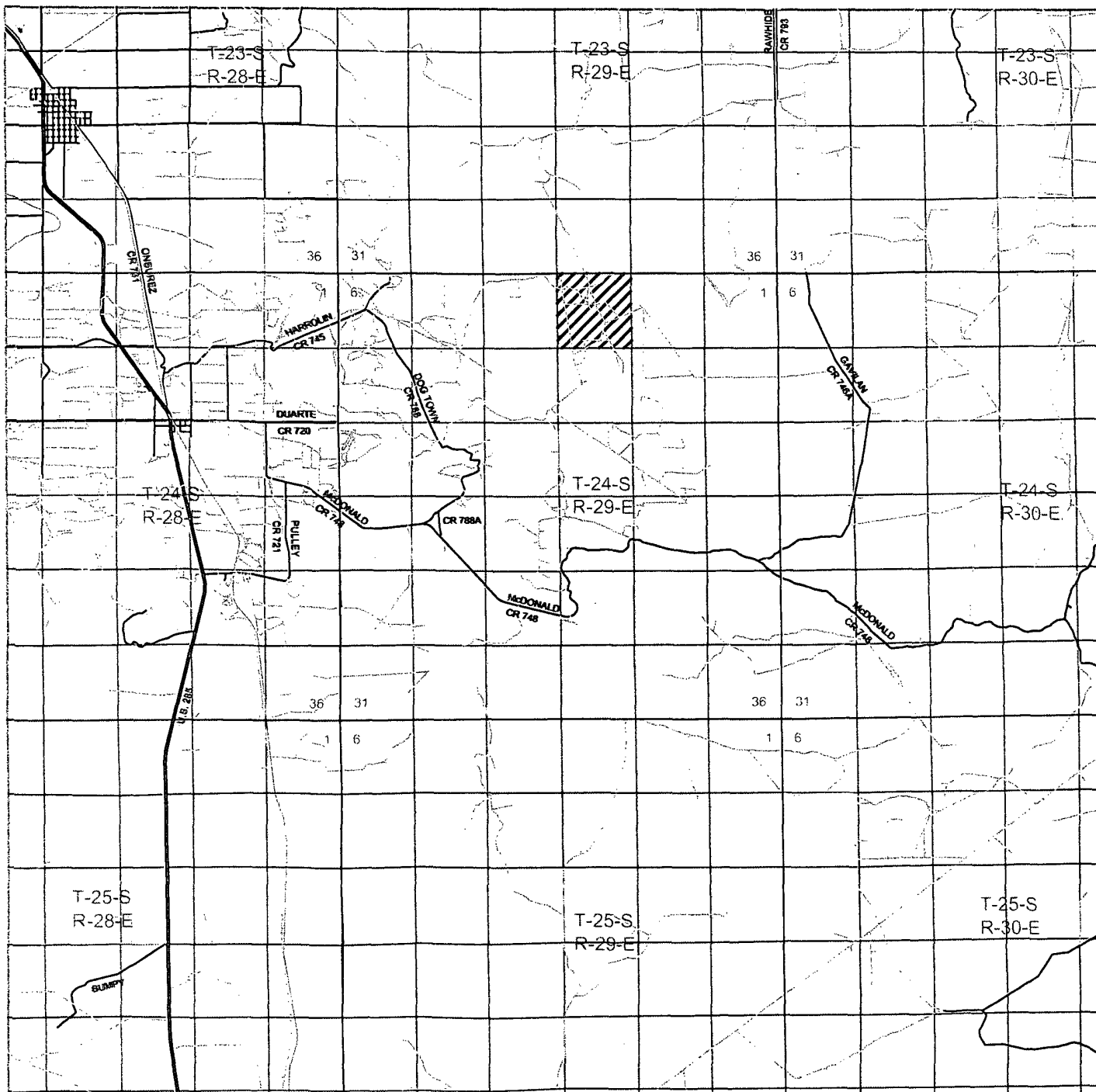
Survey Date: 05-20-2010

Scale: 1" = 2000'

Date: 05-25-2010



UNIT
PETROLEUM
COMPANY



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Located 2170' FSL and 330' FEL

Section 3, Township 24 South, Range 29 East,
N.M.P.M., Eddy County, New Mexico.

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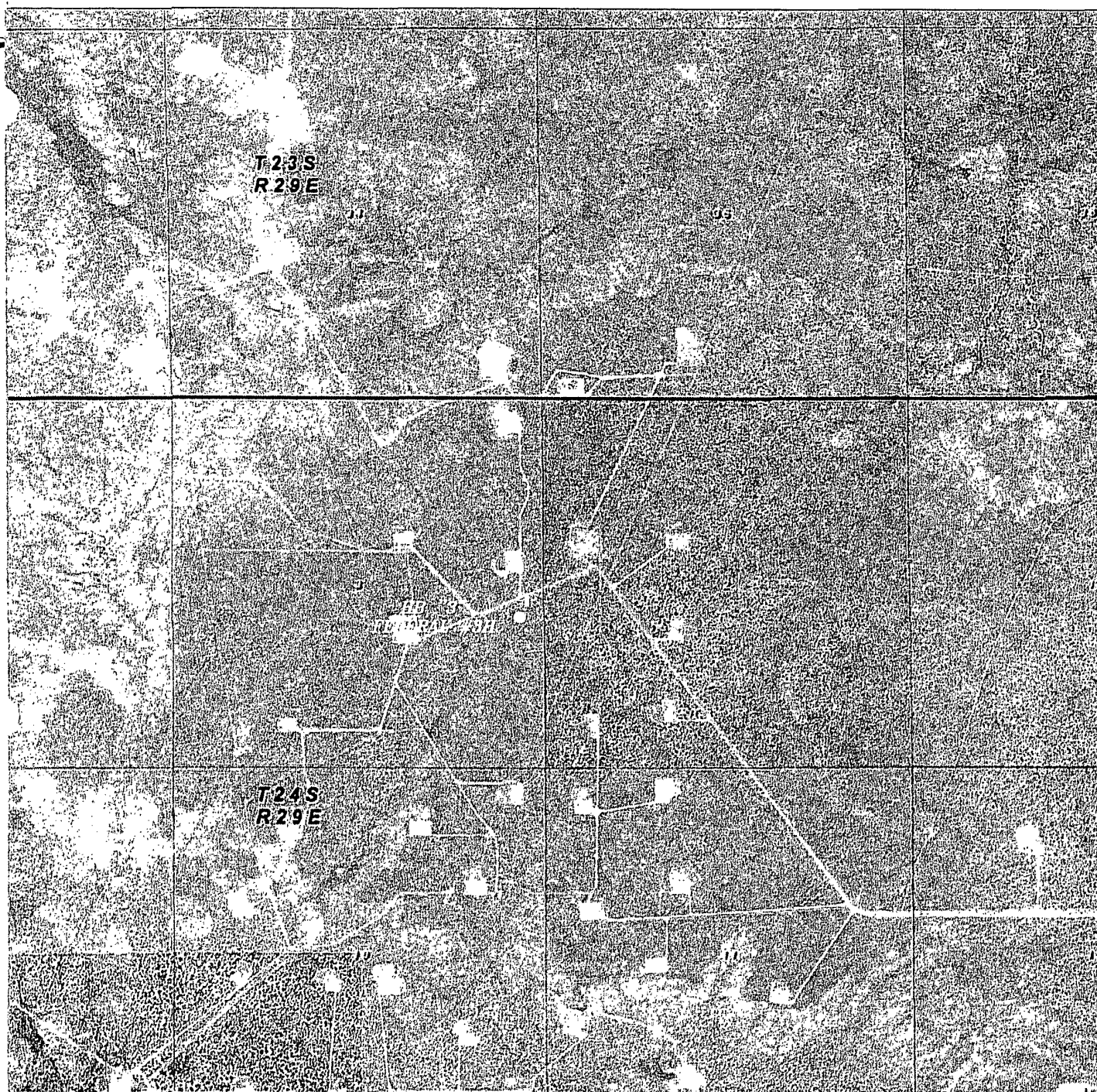
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Scale: 1" = 2 Miles

Date: 05-25-2010



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 Section 3, Township 24 South, Range 29 East.
 N.M.P.M., Eddy County, New Mexico



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 basin-surveys.com

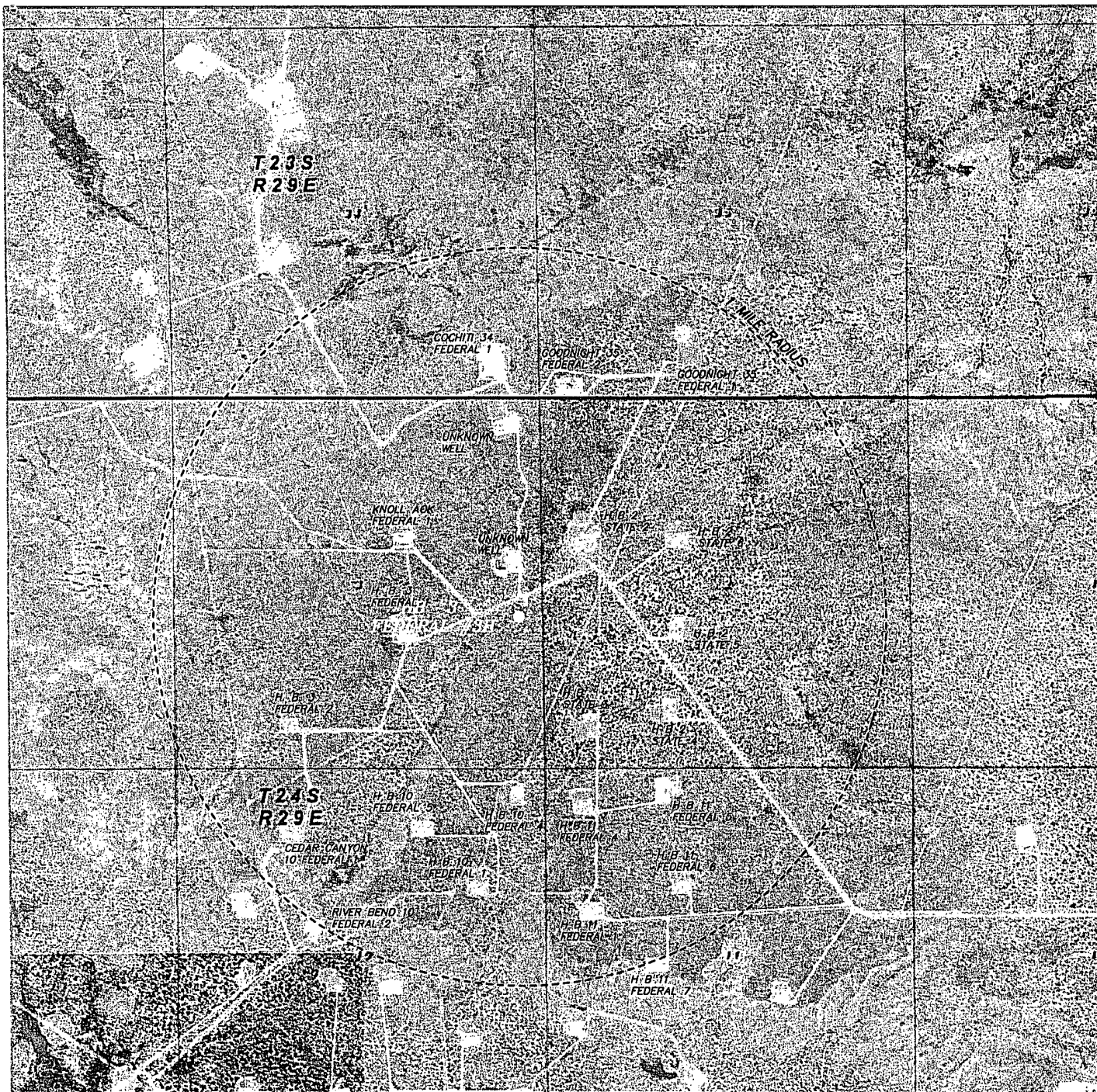
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Scale 1" = 2000'

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



**UNIT
 PETROLEUM
 COMPANY**



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W.O. Number: JMS 22764

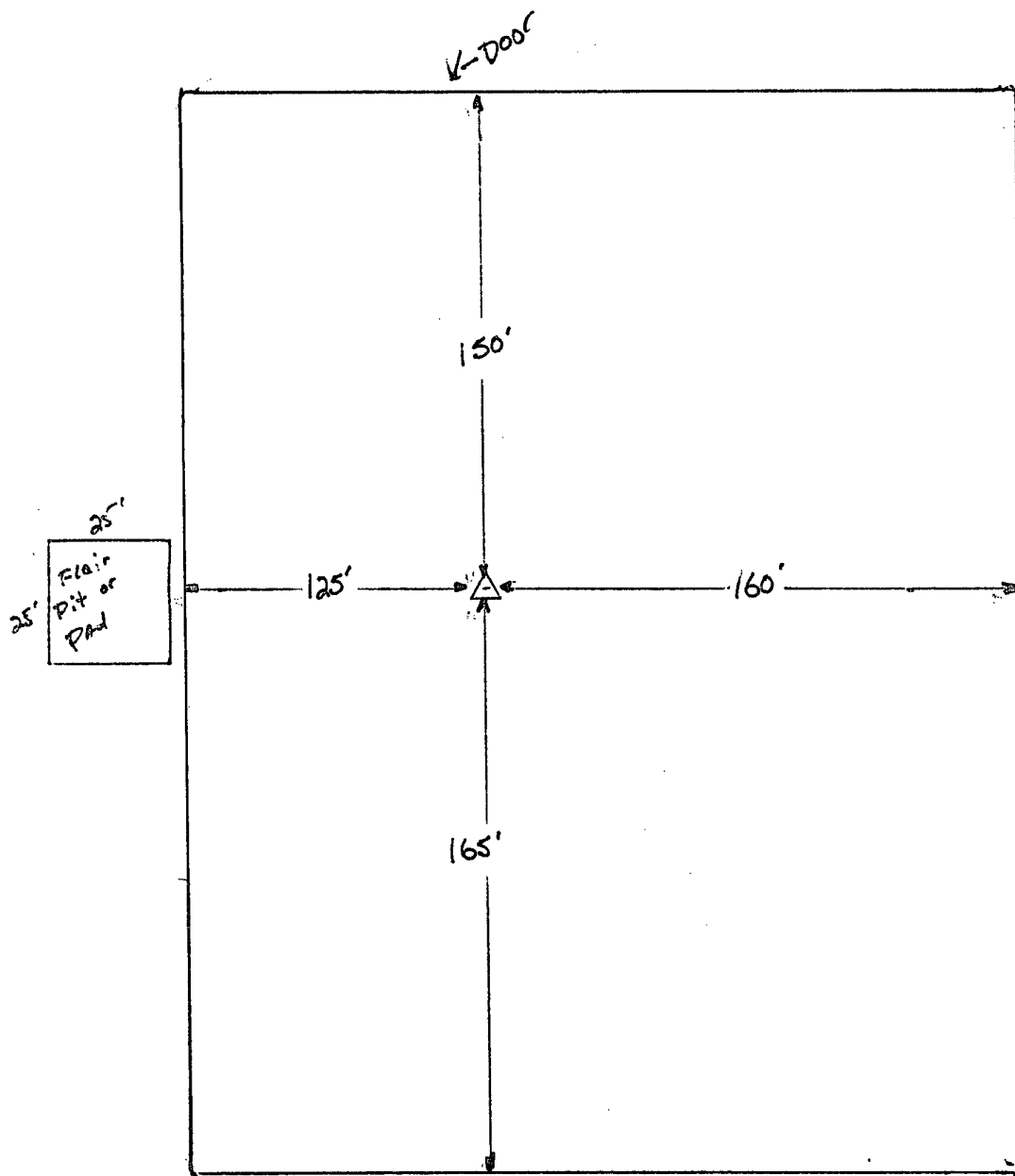
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YELLOW TINT - USA LAND
BLUE TINT - STATE LAND
NATURAL COLOR - FEE LAND



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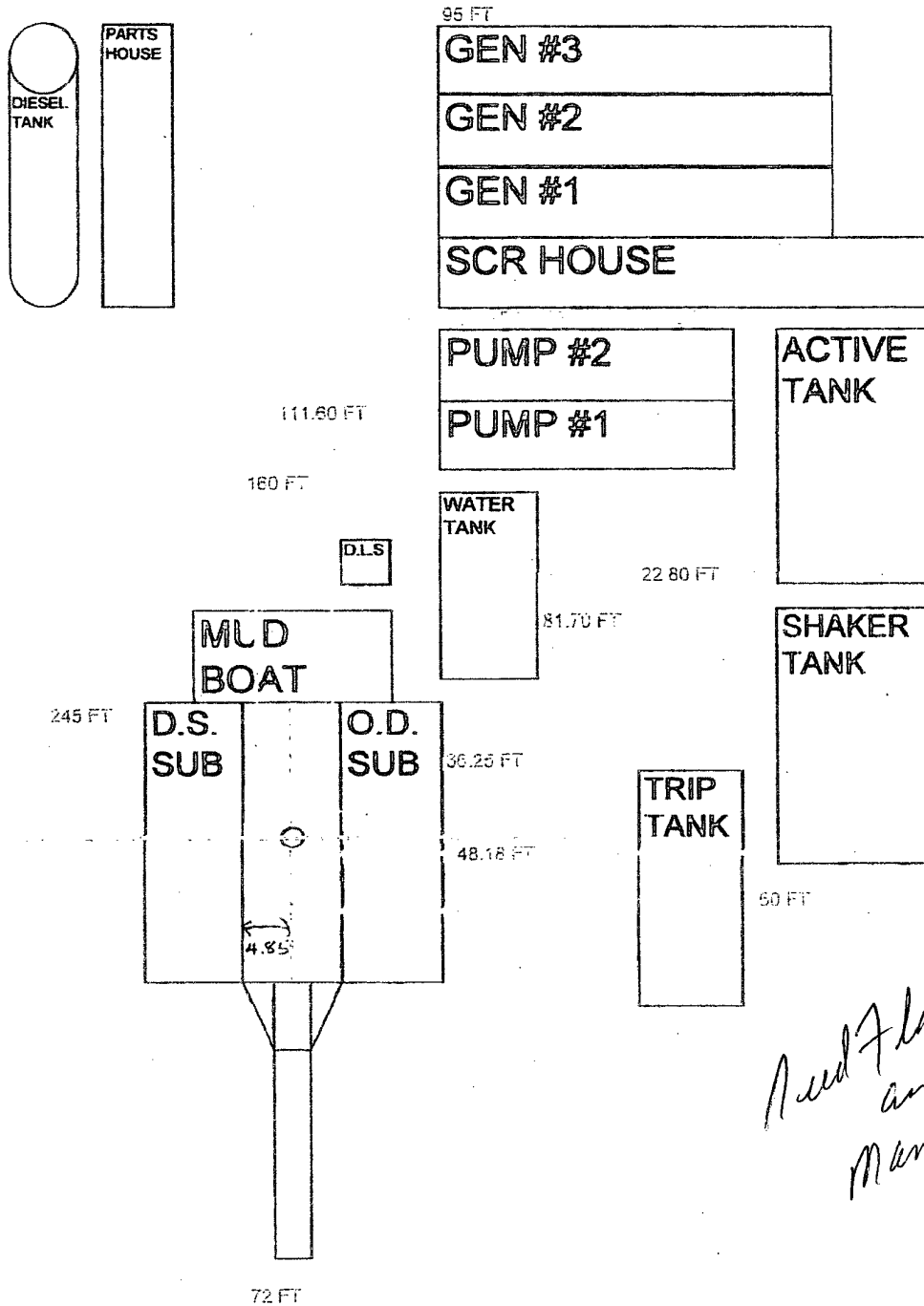
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Well Pad Lay Out

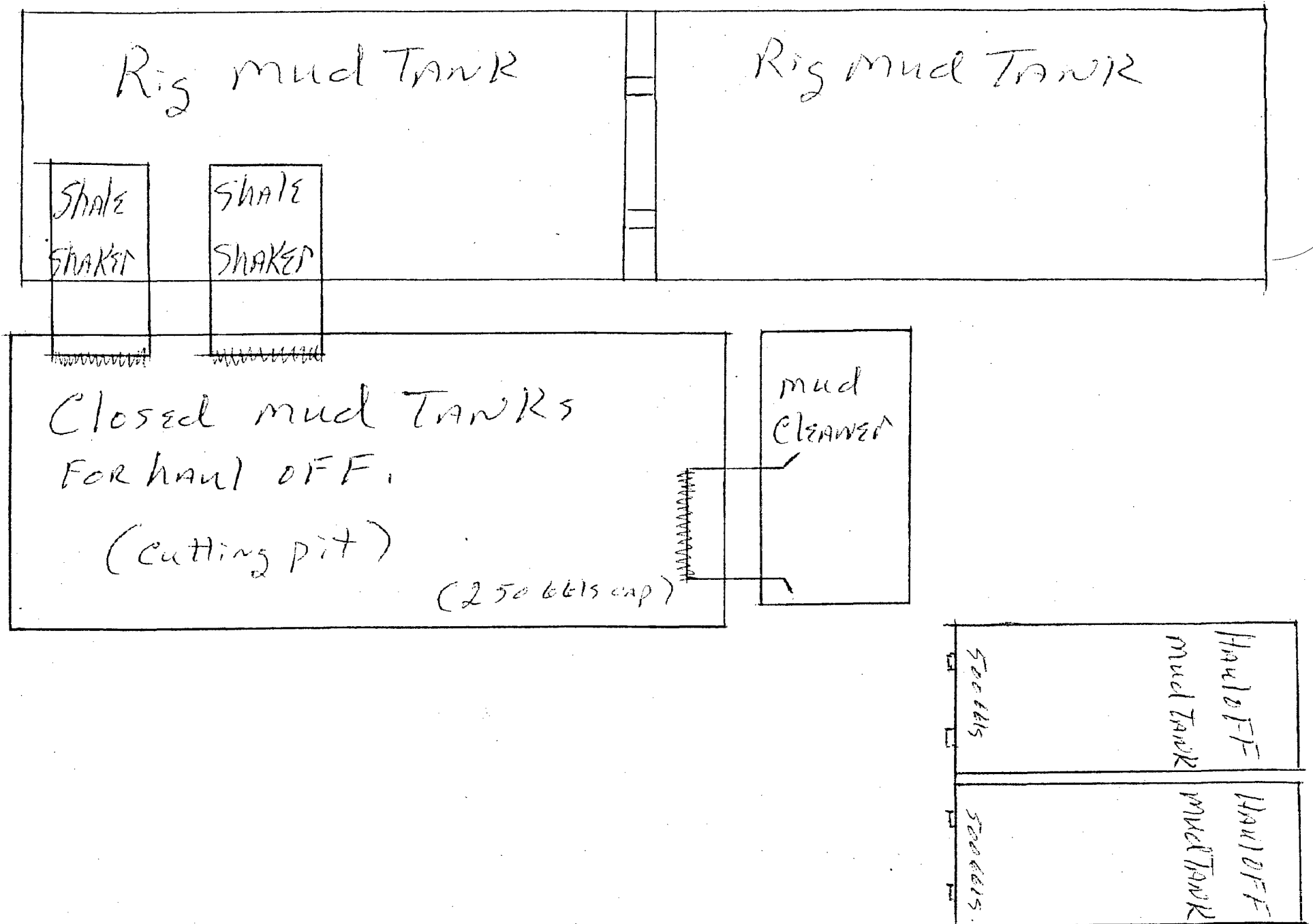
Unit Petroleum Company
HB3 Federal # 3H
330' FEL - 2170' FSL
Section 3, T44S - R29E
Eddy Co. Nm.

UDI RIG 224

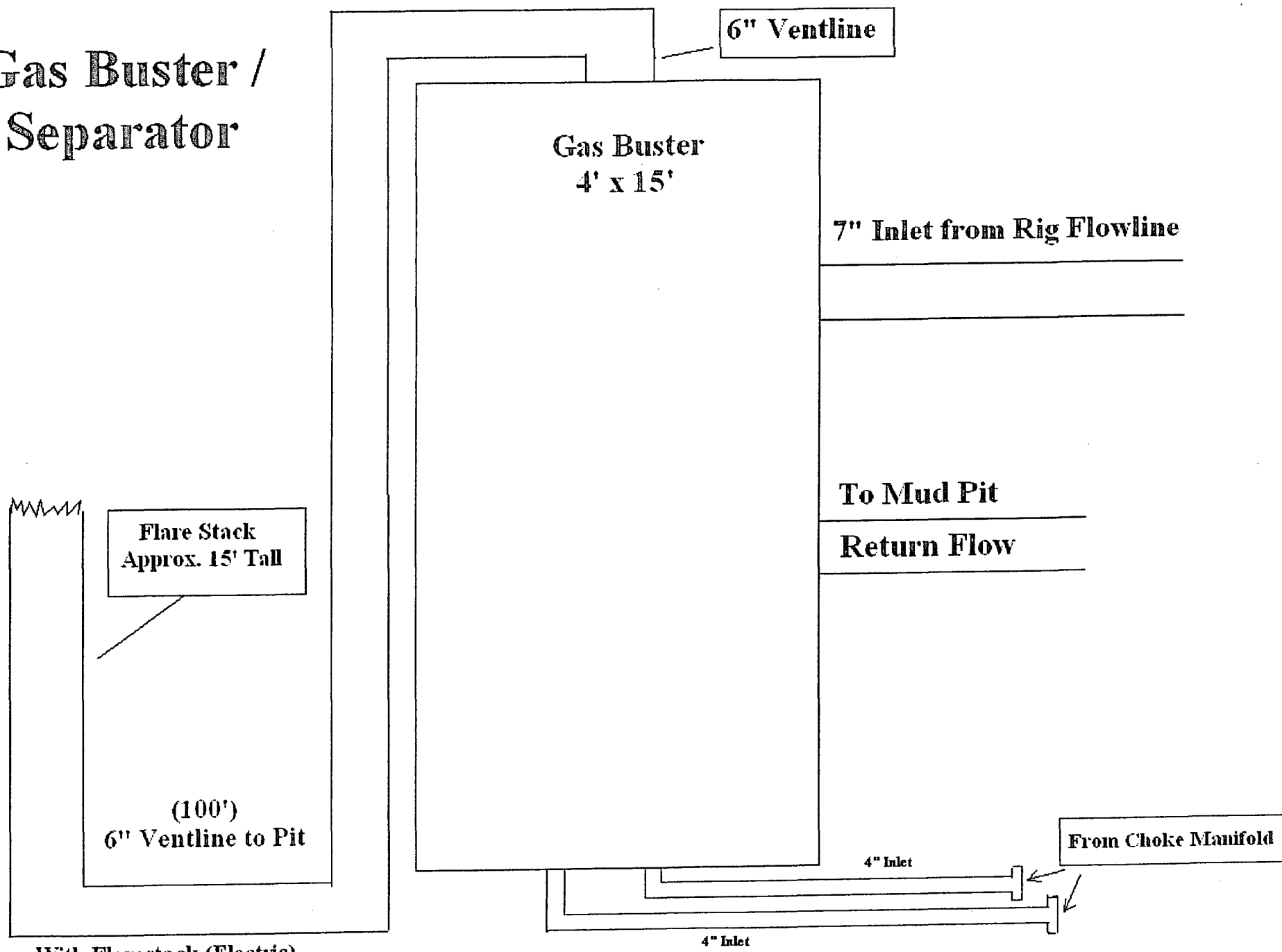


*Need Flare Pit
and
Manifold*

Closed Loop Schematic

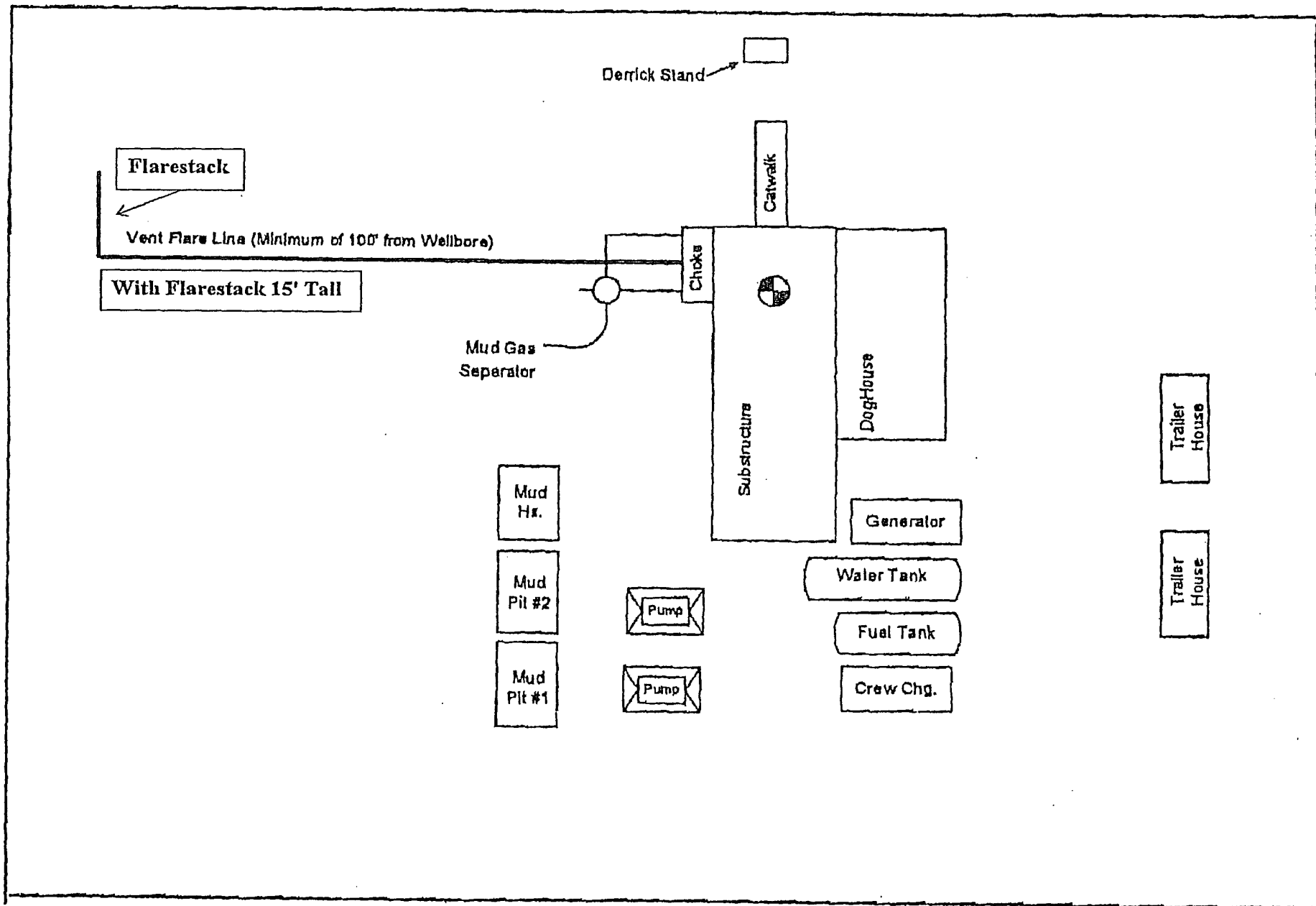


Gas Buster / Separator



With Flarestack (Electric)

Edge of Pad



Edge of Pad

Edge of Pad



#7-369 30 SHEETS 5 SQUARE
#1-362 100 SHEETS 4 SQUARE
#1-389 200 SHEETS 5 SQUARE

10/14/2010 14:25 FAX 918 493 7735

Unit Gascon/Prod

016

DIAGRAM OF PRODUCTION FACILITIES

HB 3 FEDERAL

N

PROPOSED ROAD

EQUIPMENT

- 3- 400 Bbl OIL TANKS
- 1- 500 Bbl H₂O TANK
- 1- 30'x10' 2" SEP.
- 1- 4'x10' 2" FWKO
- 1- 6'x20' 3" H-T

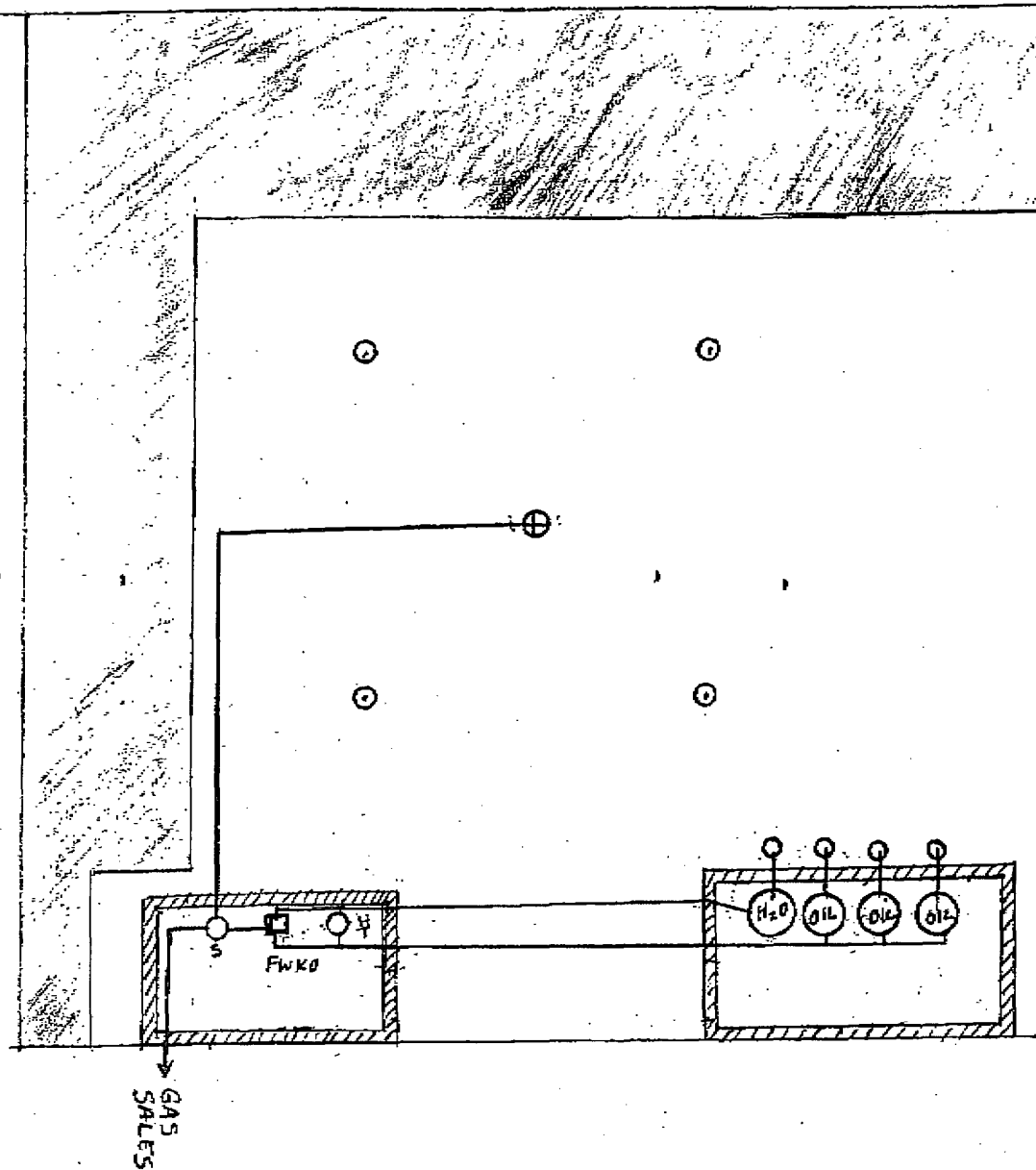
1"=50'

⊠ BURM WALL

■ RECLAIMED
LOCATION

⊕ WELL

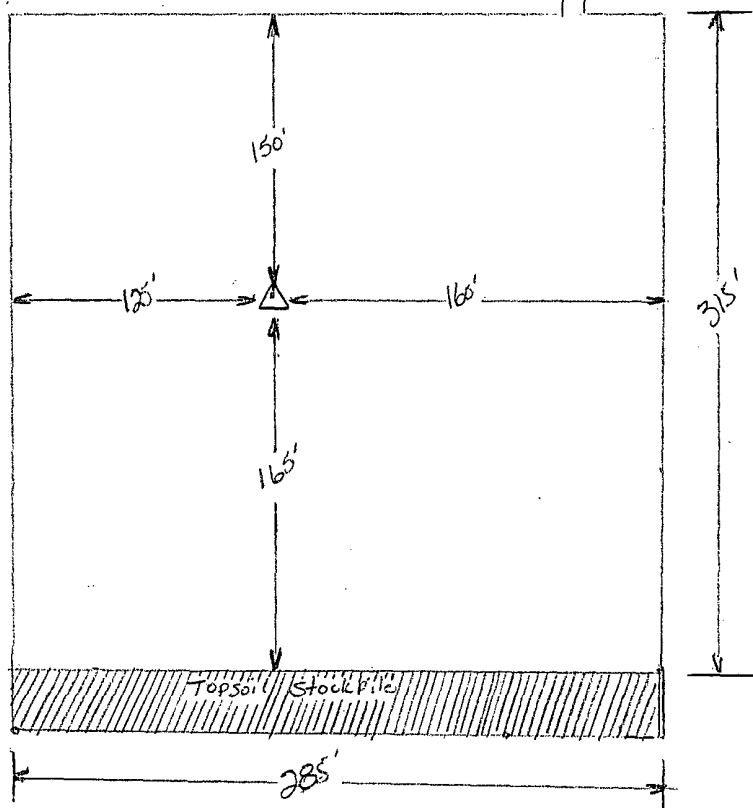
○ ANCHORS



N



Existing Use Road



Unit Petroleum Company

H33 Federal # 3H

2170' FSL- 330' FSL

Section 3, T24S-R29E

Eddy Co. N.M.