

SURFACE USE PLAN

Fasken Oil and Ranch, Ltd.
Shell Federal #2 SWD Re-Entry
3300' FSL & 660' FWL
Sec. 5, T21S, R24E
Eddy County, New Mexico

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1. EXISTING ROADS – This well will be a re-entry. Exhibit "C" shows the route that will be taken to get to the wellsite from White Pine Road (County Road No. 28). Exhibit "B" is a close up of this route. The location and road will be constructed along routes in to the original wellsite. A little more than a mile of existing road will be utilized to access this site. The existing road will be upgraded from it's present condition, the road will be bladed, watered, and resurfaced with 6" of compacted caliche.
2. NEW or RECONSTRUCTED ACCESS ROADS -- About 250' of new access road will need to be built. This road will be crowned and ditched with a 14' running surface, having a 2% slope from the tip of the crown to the edge of the driving surface. The ditches will be 1' deep with a 3:1 slope. Given the short length of this road turnouts will not be necessary. Any area disturbed outside of the road will be reseeded and reclaimed when the 1st stage of reclamation is done on the well site.
 - A. Exhibit "A" shows the proposed re-entry well site as staked.
 - B. From Carlsbad, NM: Travel North on Highway 285. Turn left on White Pine Road (County Road No. 28). Travel 7.4 miles and take slight right onto caliche road. Travel South/Southwest .4 miles, then West .4 miles along existing oilfield road. Turn left and head South .25 miles. Turn left here, access road will begin here and travel East 250' to re-entry location.
3. LOCATION OF EXISTING WELLS IN A ONE-MILE RADIUS.
 - A. Water wells – None Known.
 - B. Disposal wells – None Known.
 - C. Drilling wells – None Known.
 - D. Producing wells - As shown on Exhibit "I"

Shell Gas Com. No. 1	Fasken Oil and Ranch, Ltd.
Shell Federal No. 1	Depco Incorporated
Shell Federal Com. No. 1	Durham Incorporated
Shell Federal Com. No. 5	Fasken Oil and Ranch, Ltd.
Federal No. 1-6	Shell Oil Company
Ross Federal No. 2	Fasken Oil and Ranch, Ltd.

 - E. Abandoned wells –Also shown on Exhibit "I"

Federal No. 1-7	Shell Oil Company
Jerris No. 1	George D Riggs
Shell Fed. Com. No. 4	David Fasken
4. PROPOSED PRODUCTION FACILITIES – Exhibit "H" illustrates the wellsite with production facilities along with the portion of the location that will be reclaimed. On site facilities will include 1-750 bbl storage tank, 4-500 bbl storage tanks, and 1-triplex pump.

POWERLINE AND PIPELINE – This well is being re-entered to be utilized as a salt water disposal well for Fasken Oil and Ranch, Ltd. producing wells in the area. On December 23rd, 2010 a ROW was applied for and subsequently approved to install water, electric, and gas lines in this system. The waterline that is being routed to this well will be a buried 8" poly line rated to 125 psi and will transport produced water to this wellsite for injection. The route of the waterline is attached in a survey plat labeled Exhibit "J". A 3-phase, 12,400 volt overhead electric line is also included in the above mention right of way to supply power to this SWD site. A plat outlining the route of this powerline in this section is attached in a survey plat labeled Exhibit "K". An overview of the entire system can be seen on Exhibit "L", which is two pages and outlines the beginning and endpoints of the lines.

5. LOCATION AND TYPE OF WATER SUPPLY

Fresh and Brine water will be purchased locally from a private source and trucked over the access roads. Since this well is a re-entry and very little new hole will be drilled very little fresh or brine water will be needed.

6. SOURCE OF CONSTRUCTION MATERIALS

If needed, construction materials will be obtained from the drill sites excavations or from a local source. These materials will be transported over the access roads as shown on Exhibit "C".

7. METHOD FOR HANDLING WASTE DISPOSAL

- A.
 - 1. Trash, waste paper, and garbage will be contained in a trash trailer and disposed of in an approved public landfill.
 - 2. Chemicals remaining after completion of the well will be stored in the manufacturer containers and picked up by the supplier.
 - 3. If trailers houses are utilized during the drilling or completion process, the sewage from these units will be stored in a tank on location and hauled away to an approved disposal facility as needed. A "Porta John" will be provided for the rig crews. This will be properly maintained and removed after drilling operations are completed.
- B. This will be a SWD well. No hydrocarbons will be produced while testing the injection potential for this well.

8. ANCILLARY FACILITIES

No camps or airstrips will be constructed.

9. WELL SITE LAYOUT

Exhibit "F" illustrates the pad dimensions. Exhibit "G" illustrates the pad dimensions and the layout of the site during the drilling phase of the project. Exhibit "H" illustrates the proposed production facilities, and that 50' of the pad will be reclaimed on the Eastern side of the location. 50' of the Western side of location will be reclaimed as well, except for an area to allow adequate ingress and egress of trucks at the access road entry point in the SW corner of the pad. Production facilities will consist of a triplex pump, 4-500 bbl tanks, and one 750 bbl tank.

During the drilling phase of this project mud pits in the active circulation system will be steel pits, there will be no reserve pit, this will be drilled with a "closed loop" system.

10. PLANS FOR RESTORATION OF SURFACE

Rehabilitation of the location will start in a timely manner after all drilling operations cease.

The interim reclaimed area (the hatched area illustrated in Exhibit "H") will be reclaimed by being reshaped to its natural contour, topsoil from the spoils reapplied, and seeded and revegetated as per BLM requirements.

Drainage systems, if any, will be reshaped to the original configuration with provisions made to alleviate erosion. These may need to be modified in certain circumstances to prevent inundation of the location pad and surface facilities. After the area has been shaped and contoured, top soil from the spoil pile (if any) will be placed over the disturbed area to the extent possible. Revegetation procedures will comply with BLM standards.

Should the well be a successful SWD, the previously noted procedures will apply to those areas which are not required for SWD facilities.

11. SURFACE OWNERSHIP

The surface is used for livestock grazing. The surface is owned by the United States and is leased by:
Richard and Shirley Howell
P.O. Box 94
Lakewood, NM 88256
575-457-2602

12. OTHER INFORMATION

- A. The topography is of rocky hills with vegetation of sagebrush and native grasses. The soils are very shallow.
- C. There are no buildings of any kind in the area

13. OPERATOR'S REPRESENTATIVE - Field representative for contact regarding compliance with the Surface Use Plan is:

Before, during & after Construction:

Cory Frederick
303 W. Wall Ave., Suite 1800
Midland, Texas 79701-5116
(432) 687-1777