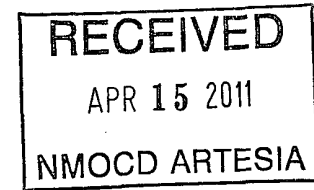


30-015-38988

SURFACE USE PLAN



1. Existing Roads:

Exhibit 1.0: The NMOCD Form C-102, Survey Plat, shows the proposed well site as staked.

Exhibit 2.0: The 600's Arch Map and access roads anticipated the well location. The survey has directions to location as well as: Traveling 16 miles north of Carlsbad, NM on HWY 249, the Artesia HWY, turn off to the well site on County Road # 23, i.e. Rock Daisy Road, go west on County Rd #23 approx. 2.9 miles, then go north approx. 0.6 miles, then go north 0.3 miles, then go southeast approx. 0.2 miles, then east approx. 0.3 miles. The location is staked approx. 250 feet north. All existing roads will be maintained in a condition to or better than the current conditions. Any new roads will be constructed to BLM specifications.

Exhibit 3.0: Location Vicinity Map.

Exhibit 4.0: Indicating township, range Rock Daisy Road and U.S. Hwy 285 (Seven Rivers Hwy) running north from Carlsbad, NM to Artesia, NM. Rock Daisy Road is approximately 15 miles north of Carlsbad, NM.

Exhibit 5.0: 1-mile radius map encompasses the relation to a horizontal wellbore.

2. **Planned Access Roads:** There is 106' of proposed access road onto the arch-survey location.

3. Locations of Existing Wells in a One-mile radius –

1. Water Wells – None known.
2. Disposal wells – None known.
3. Drilling wells – The Peacemaker 25 1H drilled 1500' to the west.
4. Producing wells- See 1-Mile Radius Map.
5. Abandoned wells – See 1-Mile Radius Map.

4. **If a completion on this well is a producer, Marshall & Winston Inc.** will furnish maps or plats showing on site facilities or off site facilities if needed. This will be accompanied by a Sundry Notice.

5. Location and Type of Water Supply:

Water will be purchased from the rancher's water wells trucked over the access roads. Other sources of water may be needed, if so, the route access roads will be used.

6. Source of Construction Material:

Construction material may be obtained from Marshall and Winston's surface. If additional material is needed, it will be purchased from a local source. Material will be transported over the access routes as shown on attached surveys and maps.

7. Methods of Handling Waste Material:

A. Drill cuttings will be separated by a series of solids removal equipment and stored in steel containment pits and then hauled to a state- approved disposal facility.

B. All trash, junk and other waste material will be contained in trash cages or bins to prevent scattering. When the job is completed all contents will be removed and disposed of in an approved sanitary land fill.

C. Salts remaining after completion of well will be picked up by supplier including broken sacks.

D. Sewage from any living quarters will drain into holding tanks and be cleaned out periodically. A Porta-John will be provided for the rig crews. This equipment will be properly maintained during the drilling operations and removed upon completion of the well.

E. Drilling fluids will be contained in the steel pits in a closed circulating system. Fluids will be cleaned and reused. Water produced during testing will be contained in the steel pits and disposed of at a state approved disposal facility. The primary anticipated disposal site is Gandy Marley Incorporated, Route 45 Crossroads, Hwy 380. Any oil or condensate produced will be stored in test tanks until sold and hauled from the site.

8. Ancillary Facilities:

A. No camps or airstrips to be constructed.

9. Well Site Layout:

A. The drilling rig layout diagram is attached.

B. Mud pits in the closed circulating system will be steel pits and the cuttings will be stored in steel containment pits.

C. Cuttings will be stored in steel pits until they are hauled to a state-approved disposal facility

D. If the well is a producer, those areas of the location not essential top production facilities will be reclaimed and seeded per BLM requirements.

10. Plans for Restoration of Surface:

Rehabilitation of the location will start in a timely manner after all drilling operations cease. The type of reclamation will depend on whether the well is a producer or a dry hole.

Drainage systems, if any, will be reshaped to the original configuration with provisions made to alleviate erosion. These may need to be notified in certain circumstances to prevent inundation of the location's pad and surface facilities.

After the area has been shaped and contoured, topsoil from the spoil pile will be loaded over the disturbed area to the extent possible. Re-vegetation procedures will comply with BLM standards.

If the well is a dry hole, the pad and road area will be re-contoured to match the existing terrain. Topsoil will be spread to the extent possible. Re-vegetation will comply with BLM standards.

Should the well be a producer, the previously noted procedures will apply to those areas which are not required from production facilities.

11. Other Information:

A. Topography consists of a sloping plane with loose tan sands. Vegetation is mainly Yucca, Mesquite and Shin Oak.

B. The well site is on the surface owned by Marshall and Winston Incorporated. The land is used mainly for cattle ranching, horse grazing and oil and gas production.

C. An archaeological survey will be conducted on the location and proposed roads, and this report will be filed with the Bureau of Land Management in the Carlsbad BLM office.

D. There is no residential dwelling within 1 ½ miles of this location.

- 12. Surface and Mineral Ownership:** The surface is owned by Marshall and Winston Incorporated, P.O. Box 50880, Midland, TX, 79710-0880, (432) 684-6373. The minerals are owned by the United States and is managed by the BLM.

COMPANY PERSONNEL:

Shorty Sweeden (Wellsite Supervisor) 432-634-8722 (c)

Gabe Herrera (Marshall & Winston – Engineer) 432-684-6373 (o)
432-260-8650 (c)

Tom Brandt (Marshall & Winston – Operations) 432-684-6373 (o)
432-553-9747 (c)

George Watters (Marshall & Winston – Geologist) 432-684-6373 (o)
432-631-2051 (c)

Brent May (Marshall & Winston – Geologist) 432-684-6373 (o)
432-254-3525 (c)

Marshall & Winston, Inc.
P.O. Box 50880
Midland, Tx. 79710-0880

432-684-6373 Office
432-687-2684 Fax

DIRECTIONS TO LOCATION:

From Carlsbad take HWY 285 north towards Artesia. Go north on HWY 285 for about 16 miles, then turn left (west) on Co. Rd. 23 (Rock Daisy Rd). Go west on Rock Daisy Rd. for about 2.1 miles, then turn north approx. 3019 feet. This location is staked approx. 212 feet to the northeast.

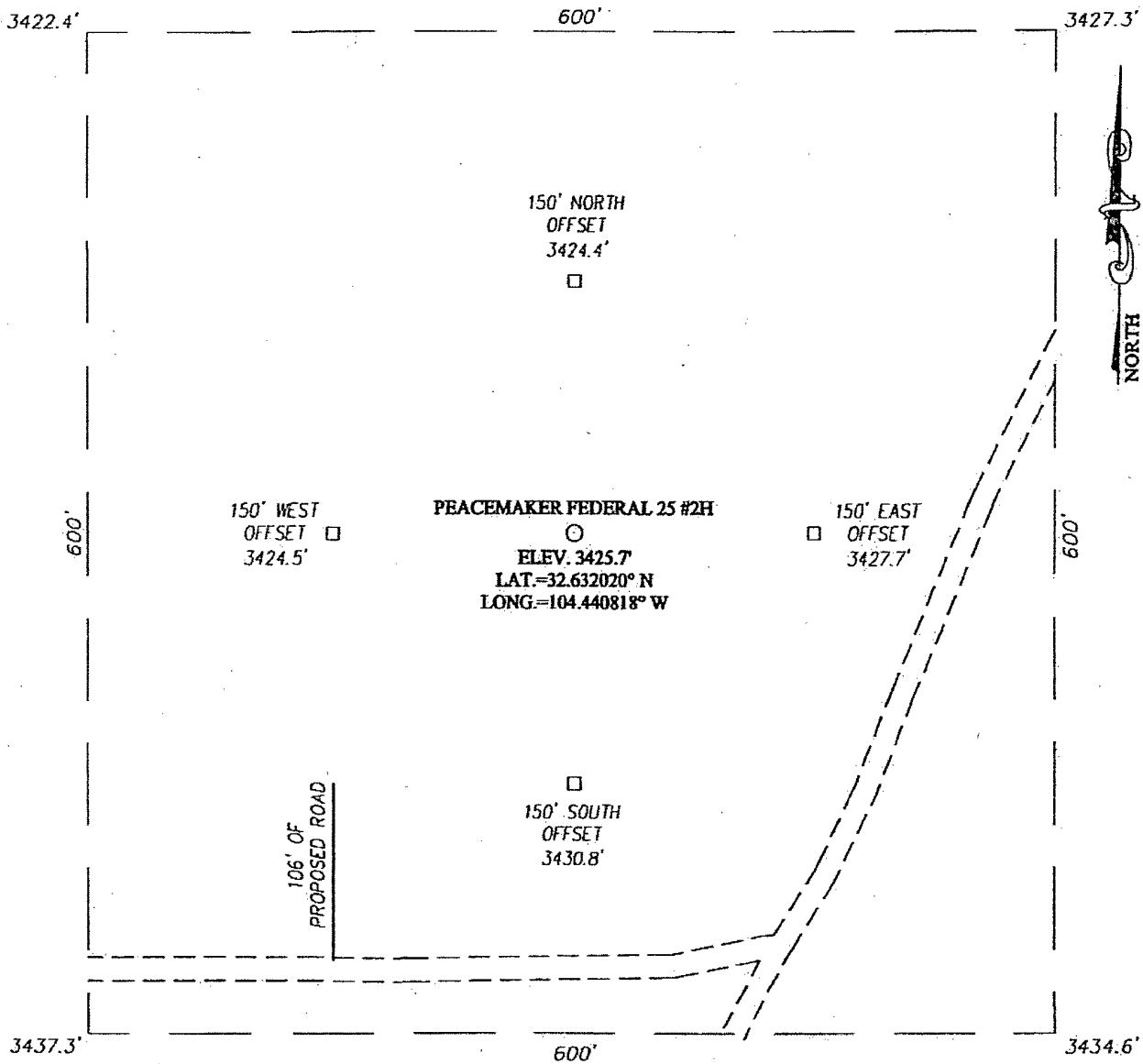
Lessee's or Operator's Representative and Certification

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: Theron D. Dyer Agent Dated: 2-7-2011

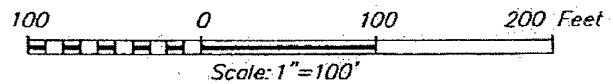
RE: Peacemaker 25 Fed 2 H.

SECTION 25, TOWNSHIP 19 SOUTH, RANGE 25 EAST, N.M.P.M.
EDDY COUNTY NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF HWY. #285 AND CO. RD. #23 (ROCK DAISEY RD.), GO WEST ON CO. RD. #23 FOR APPROX. 2.9 MILES. THEN GO NORTH APPROX. 0.6 MILES. THEN GO EAST APPROX. 0.2 MILES. THEN GO NORTHEAST APPROX. 0.3 MILES. THEN GO SOUTHEAST APPROX. 0.2 MILES. THEN GO EAST APPROX. 0.3 MILES. THE LOCATION STAKE IS APPROX. 250 FEET NORTH.



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

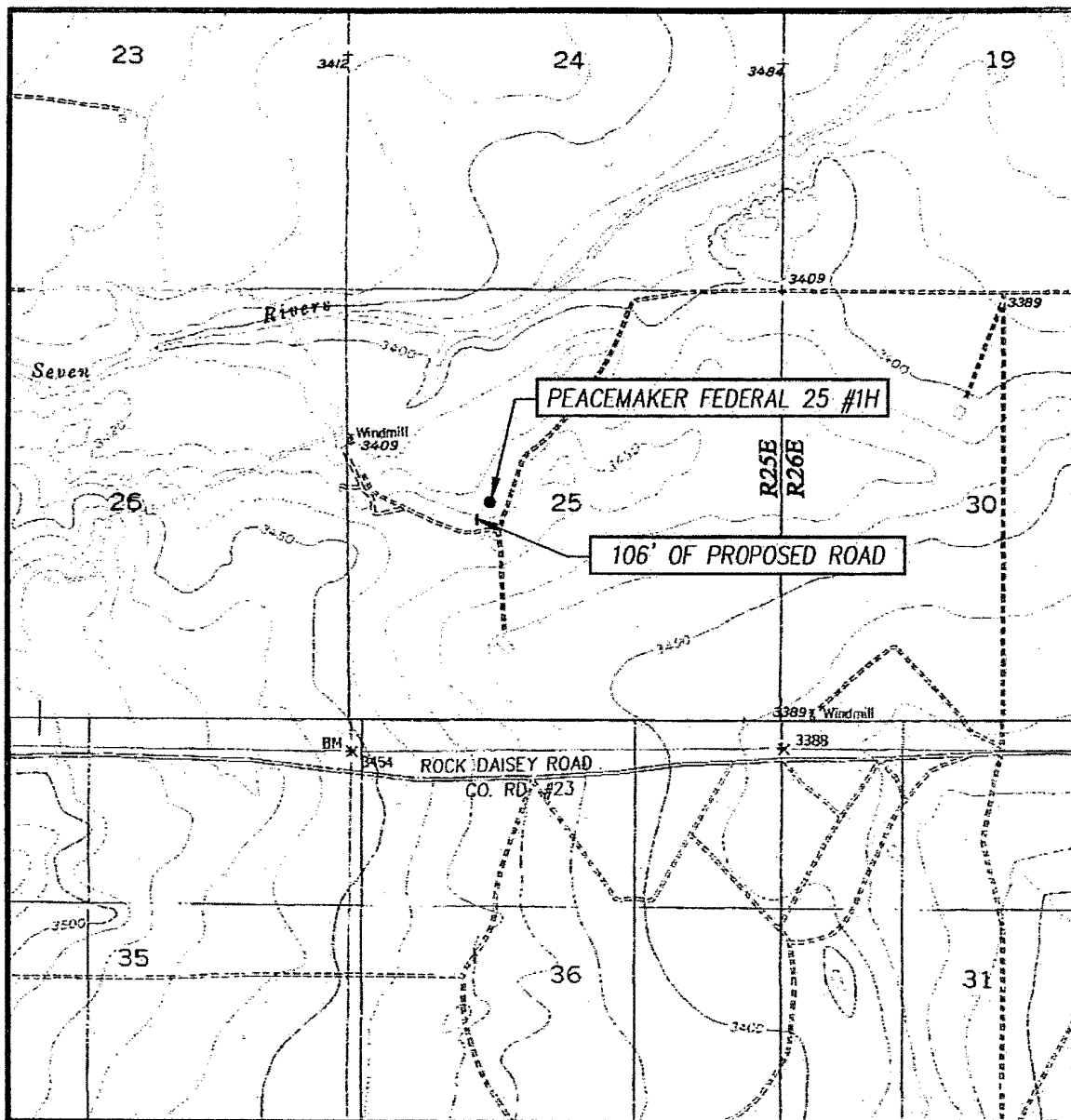
MARSHALL & WINSTON, INC.

PEACEMAKER FEDERAL 25 #2H WELL
LOCATED 2480 FEET FROM THE NORTH LINE
AND 1700 FEET FROM THE WEST LINE OF SECTION 25,
TOWNSHIP 19 SOUTH, RANGE 25 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO

Survey Date: 12/9/10	Sheet 1 of 1 Sheets
W.O. Number: 10.11.1760	Dr. By: LA
Date: 12/14/10	Rev 1:
Rel. W.O.:	10111760
	Scale: 1"=100'

Exhibit 2.0

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
DAYTON, N.M. - 10'
SEVEN RIVERS, N.M. - 10'

SEC. 25 TWP. 19-S RGE. 25-E

SURVEY N.M.P.M.

COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 2480' FNL & 1700' FWL

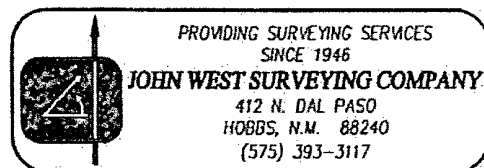
ELEVATION 3426'

OPERATOR MARSHALL & WINSTON, INC.

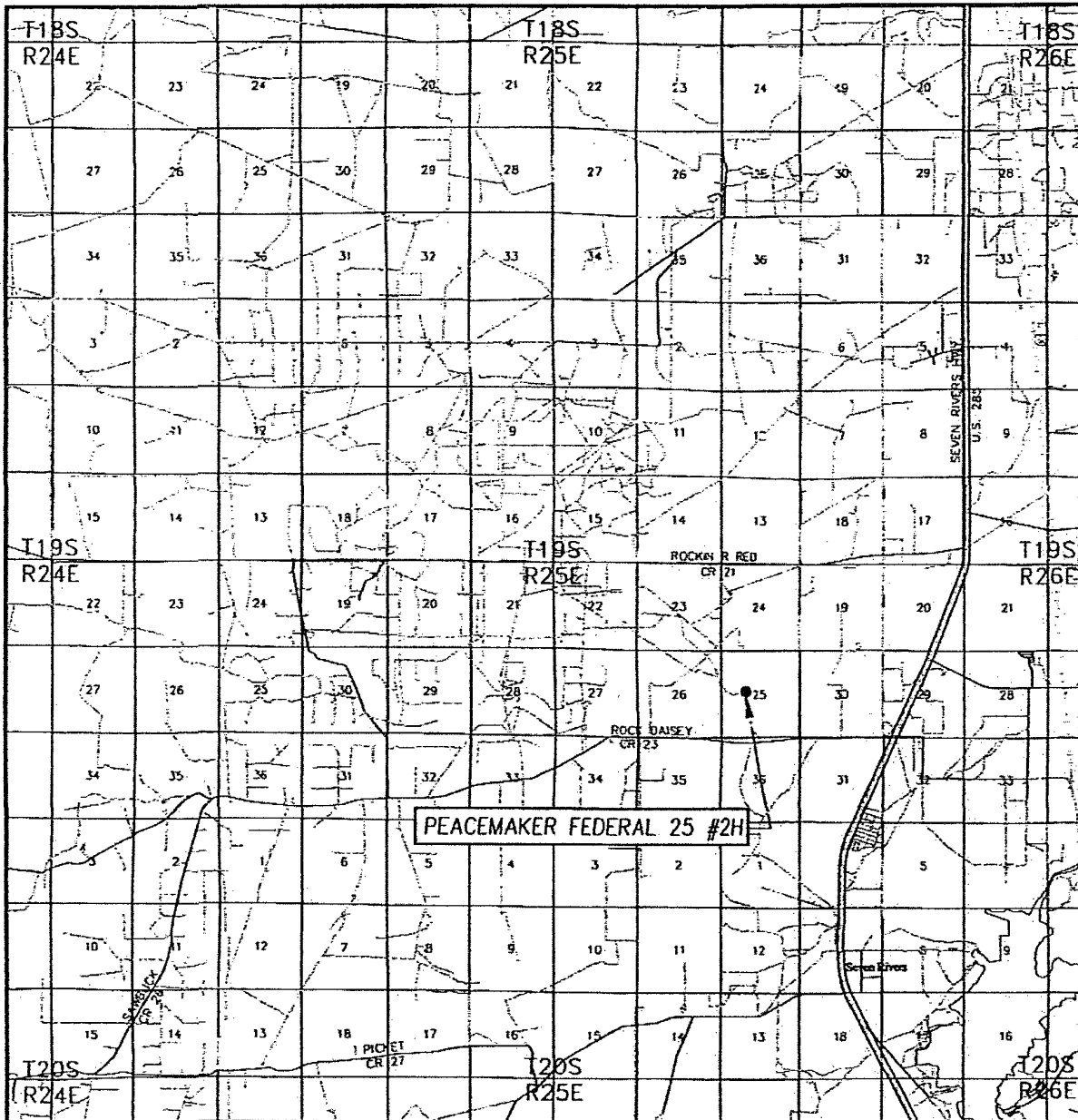
LEASE PEACEMAKER FEDERAL 25

U.S.G.S. TOPOGRAPHIC MAP

DAYTON, N.M.



VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 25 TWP. 19-S RGE. 25-E

SURVEY N.M.P.M.

COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 2480' FNL & 1700' FWL

ELEVATION 3426'

OPERATOR MARSHALL & WINSTON, INC.

LEASE PEACEMAKER FEDERAL 25

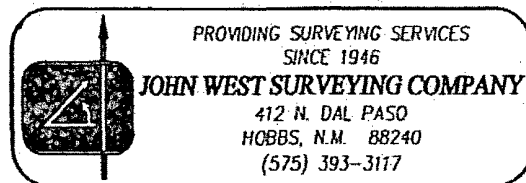


Exhibit 4.0

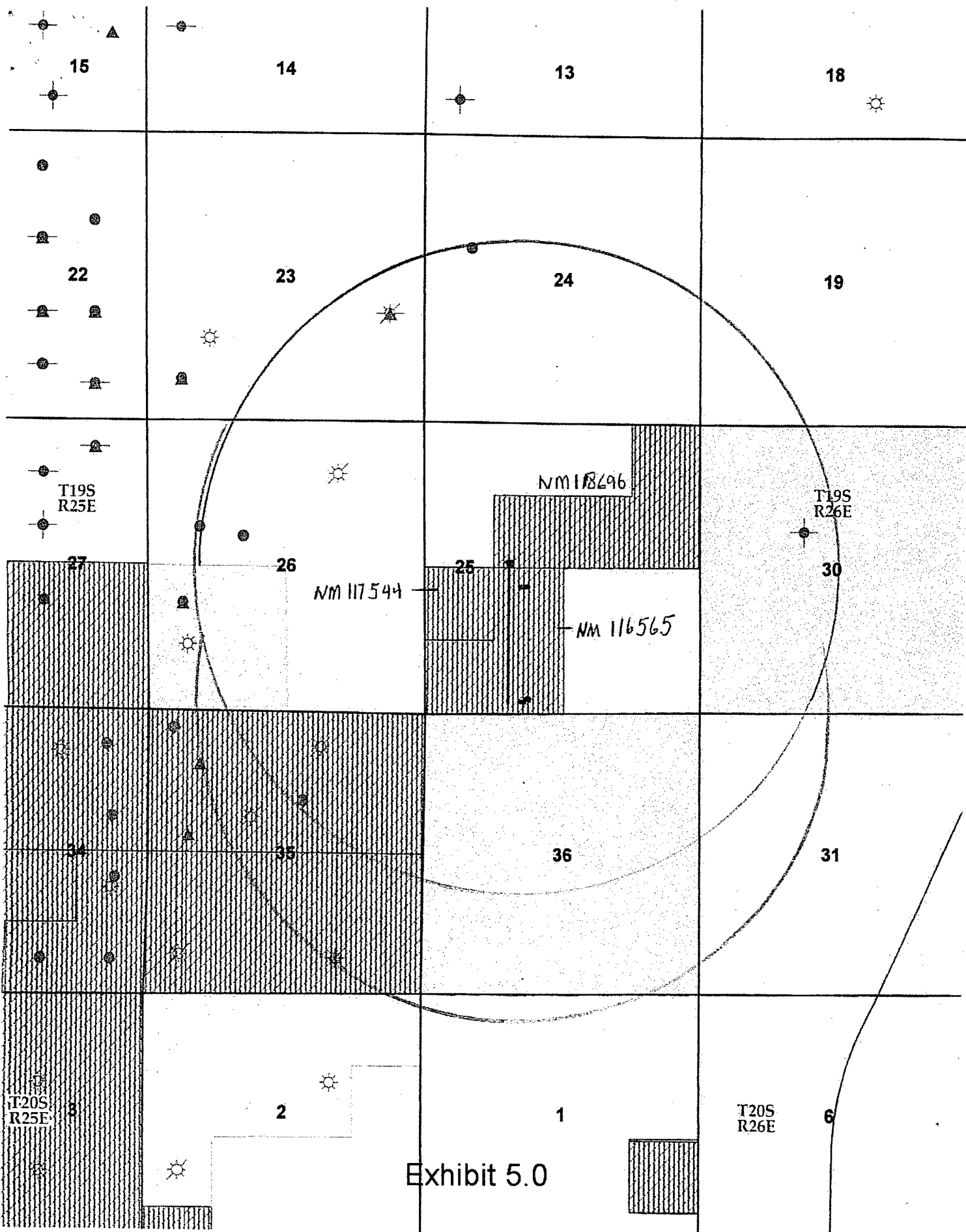


Exhibit 5.0

W N
S E

Flare Line Area, a min. 150 ft from wellbore

The Flare Line is buried from the Gas
Seperator to outlet point. The Panic line
utilizes the flare line beyond the seperator.

RIG 101

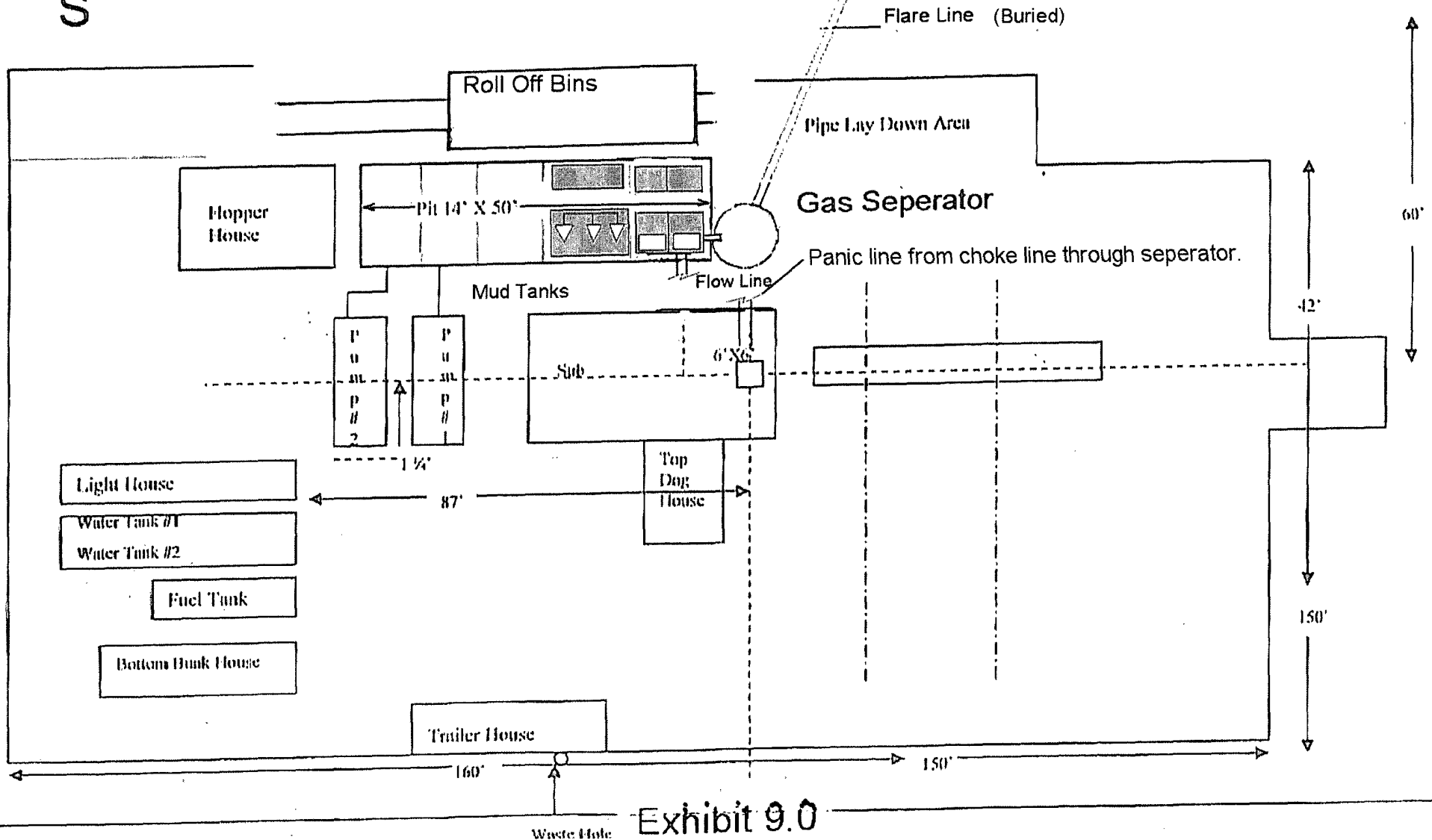


Exhibit 9.0

