

30-015-39190

MULTI POINT SURFACE USE AND OPERATIONS PLAN

READ & STEVENS, INC.
Hot Dog 23 Federal, Well No. 3
2310' FSL & 1650' FWL, Sec. 23-T16S-R27E
Eddy County, New Mexico
Lease No.: NMNM-93469
(Development Well)

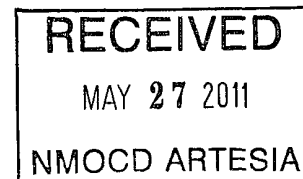
This plan is submitted with the Application for Permit to Drill the above described well. The purpose of the plan is to describe the location of the proposed well, the proposed construction activities and operations plan to be followed in rehabilitating the surface and environmental effects associated with the operations.

1. EXISTING ROADS:

- A. Exhibit "A" is a portion of a BLM topo map showing the location of the proposed well as staked. The well site location is approximately 20 road miles northeast of Artesia, NM. Traveling east of Artesia on U.S. Hwy 82 there will be approximately 9 miles of existing paved road and 8 miles of gravel oil field roads
- B. Directions: Travel east of U.S. Hwy 285 in Artesia on U.S. 82 for 9 miles to CR 202, at the power station. Turn north for 2.9 miles and then turn right, northeast, for 1.2 miles to a pipeline road running northwest. Continue northwest for 3.6 miles, to the access road on the right to the Hot Dog 23 Federal, Well No. 2 well site. The proposed access road will run northeast from the southeast corner of this well site for 800 feet to the southwest corner of the proposed well pad.

2. PLANNED ACCESS ROAD:

- A. Length and Width: The proposed new access road will be approximately 805 feet long and 12 foot width. The proposed and existing roads are color coded on Exhibits "A".
- B. Construction: The proposed access road will be constructed by grading and topping with compacted caliche. The surface will be properly drained.
- C. Turnouts: No turnouts will be required.
- D. Culverts: None.
- E. Cuts and Fills: None required.
- F. Gates, Cattle guards: No cattle guard will be required.
- G. Off lease right of way: None required. Both State and Federal ROW's are in force.



3. LOCATION OF EXISTING WELLS:

- A. Existing wells within a two-mile radius are shown on Exhibit "C".

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES;

- A. Read & Stevens, Inc. will have production and storage facilities on the lease, at the No. 2 well, by the time this well is completed
- B. If the well proves to be commercial, the necessary production facilities, gas separation-process equipment will be installed on the drilling pad. A 3" SDR flow line will be run parallel to the access road to the Hot Dog 23 Federal, Well, No. 2 tank battery.

READ & STEVENS, INC.

Hot Dog 23 Federal, Well No. 3

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*In there suppose
to be a
statement
saying that
this is
Federal land?
NO
- Phil*

5. LOCATION AND TYPE OF WATER SUPPLY:

- A. It is planned to drill the proposed well with fresh water that will be obtained from private commercial sources and will be transported over the existing and proposed access roads.

6. SOURCE OF CONSTRUCTION MATERIALS:

- A. Caliche for surfacing the proposed access road and well site pad will be obtained from the well pad of the Hot Dog 23 Federal, Well No. 1 located 1980' FNL & 660' FEL. This will be a clean up of the P/A well and access road. No surface materials will be disturbed except those necessary for actual grading and leveling of the drill site and access road.

7. METHODS OF HANDLING WASTE DISPOSAL:

- A. Drill cuttings and liquids will be stored in steel tanks of the closed loop mud system during the drilling operation. Drill cuttings will be delivered to CRI, Permit No. R-9166, as needed, and at closure. Drilling liquids will be hauled to a separate approved disposal system.
- B. There are no mud pits to be fenced.
- C. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or a separate disposal application will be submitted to the BLM for approval.
- D. Oil produced during operations will be stored in tanks until sold.
- E. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- F. Trash, waste paper, garbage and junk will be contained in trash bins to prevent scattering by the wind and will be removed for deposit in an approved sanitary landfill within 30 days after finishing drilling and/or completion operations.

8. ANCILLARY FACILITIES:

- A. None required.

9. WELL SITE LAYOUT:

- A. Exhibit "D" shows the relative location and dimensions of the well pad, closed loop system, and major rig components. The pad and pit area has been staked and flagged, 300' X 300' and 600' X 600' for archaeological survey.
- B. Mat Size: 180' X 185', including closed loop system on the north.
- C. Cut & Fill: The location is relatively level with no dune surface but will require a 2.0' cut on the northeast with fill to the southwest.
- D. The surface will be topped with compacted caliche.

CERTIFICATION:

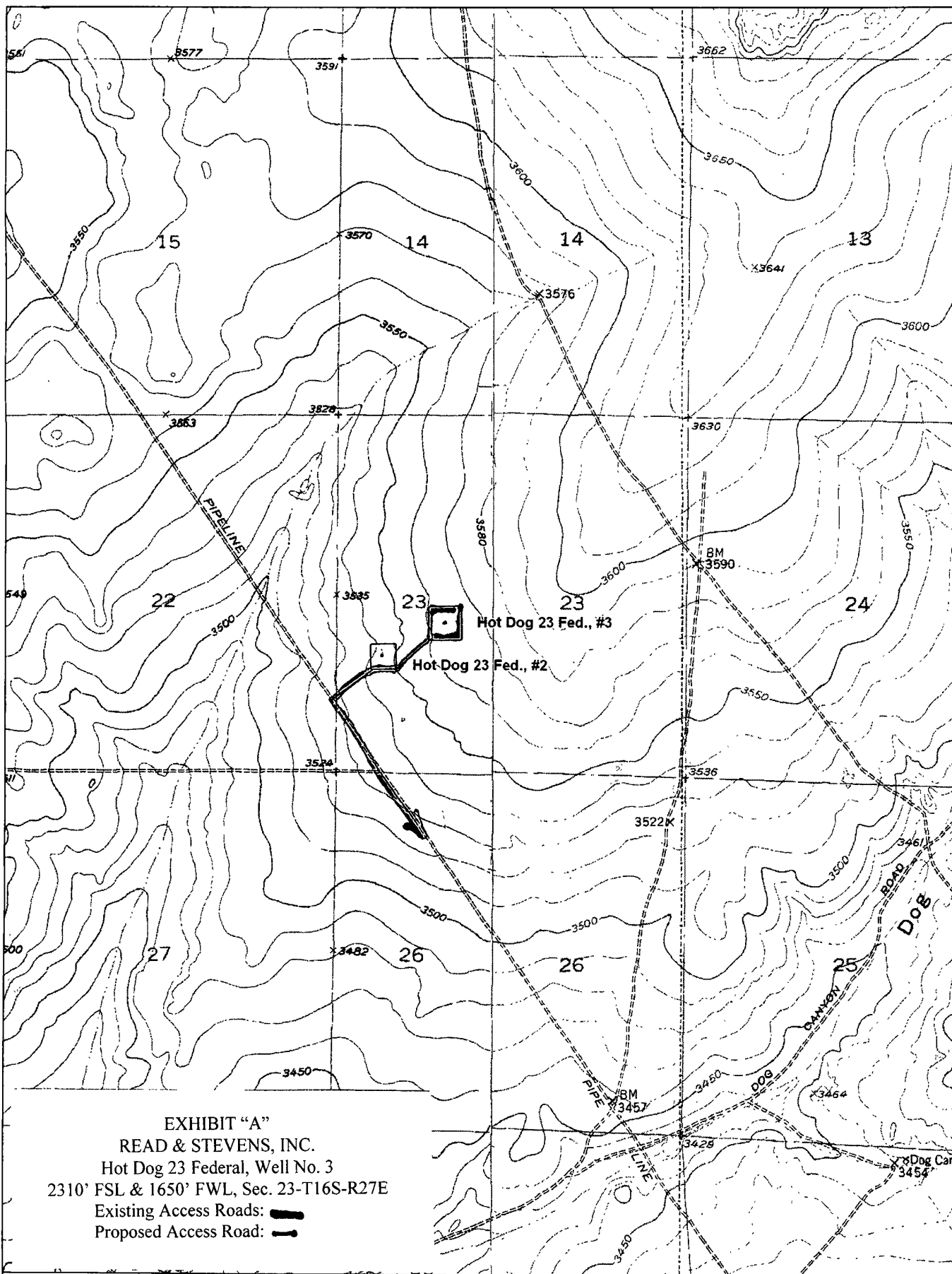
I hereby certify that I have inspected the proposed drill site and access route proposed herein; that I am familiar with the conditions which currently exist; that I have knowledge of state and Federal laws applicable to this operation; that the statements made in the APD package are, to the best of 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 the company I represent, 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 a false statement.

Executed this 24th day of March, 2011


George R. Smith

POA agent for Read & Stevens, Inc.
P.O. Box 458
Roswell, NM 88202
575-623-4940

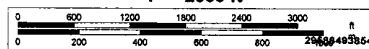
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Scale 1 : 24,000

1" = 2000 ft



MN

TN

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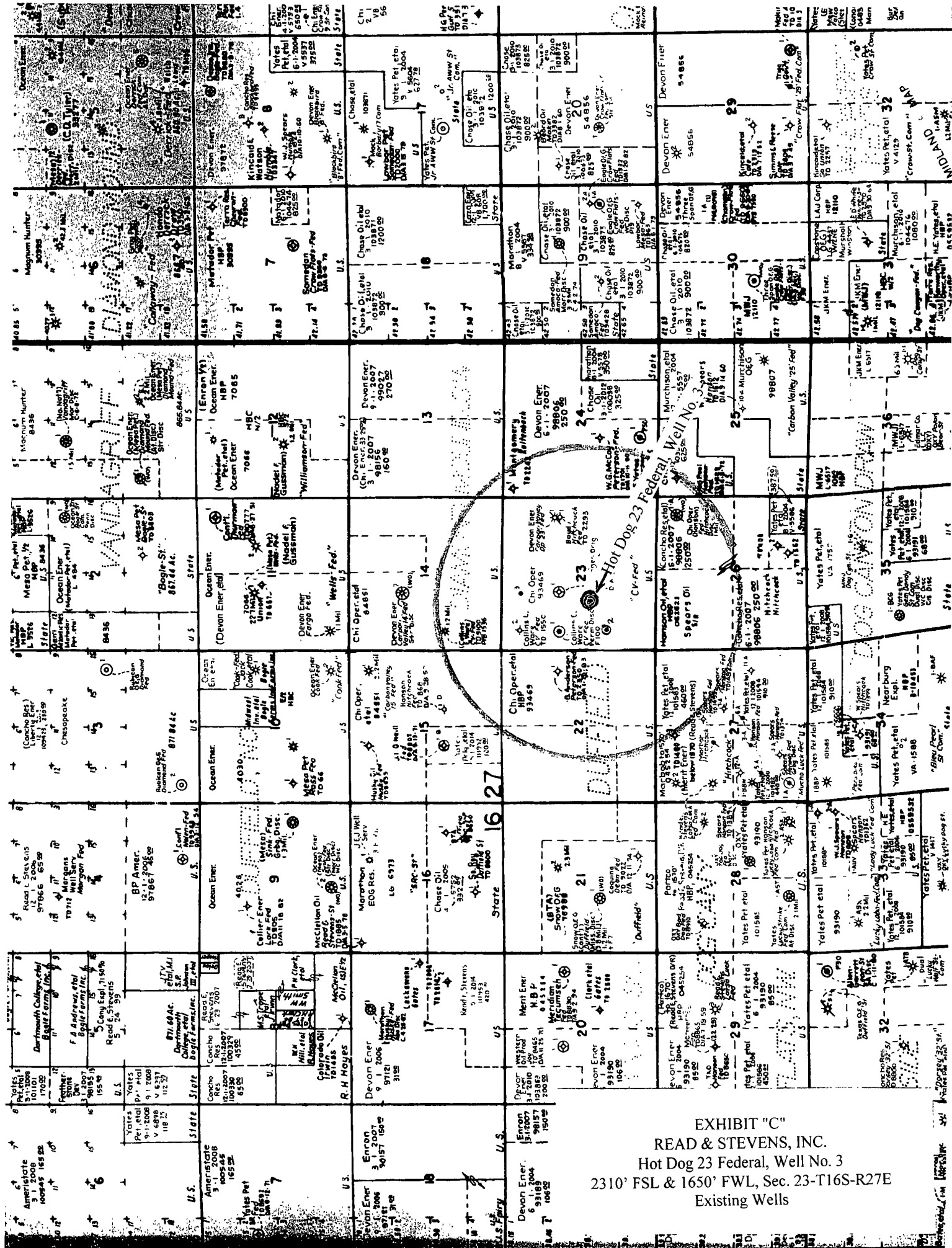


EXHIBIT "C"
 READ & STEVENS, INC.
 Hot Dog 23 Federal, Well No. 3
 2310' FSL & 1650' FWL, Sec. 23-T16S-R27E
 Existing Wells

Location Plat

EXHIBIT "D"
READ & STEVENS, INC..
Hot Dog 23 Federal, Well No. 3
Pad & Closed Loop Layout

