

Mesquite SWD, Inc.  
Paduca Federal Unit Com #1  
1980' FNL & 660' FEL  
Sec. 22, T25S-R32E Lea Co., NM

API 30-025-27616

**Mesquite SWD, Inc.**  
**MULTI-POINT SURFACE USE AND OPERATIONS PLAN**

**Paduca Federal Com #1**  
**1980' FNL and 660' FEL**  
**Section 22, T25S-R32E**  
**Lea County, New Mexico**

This plan is submitted with Form 3160-3, Application for Permit to Drill, covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of the surface disturbance involved and the procedures to be followed in rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effect associated with the operations.

**1. Existing Roads:**

- a. The well site and elevation plat for the proposed re-entry are shown on the well site layout, Form C-102, originally staked by John W. West, Professional Engineer and Surveyor.
- b. The following SPOT and topographic plot show the existing roads into the site.
- c. Routine grading and maintenance of the existing access roads will be conducted as necessary to maintain their condition as long as any operations continue on this lease.

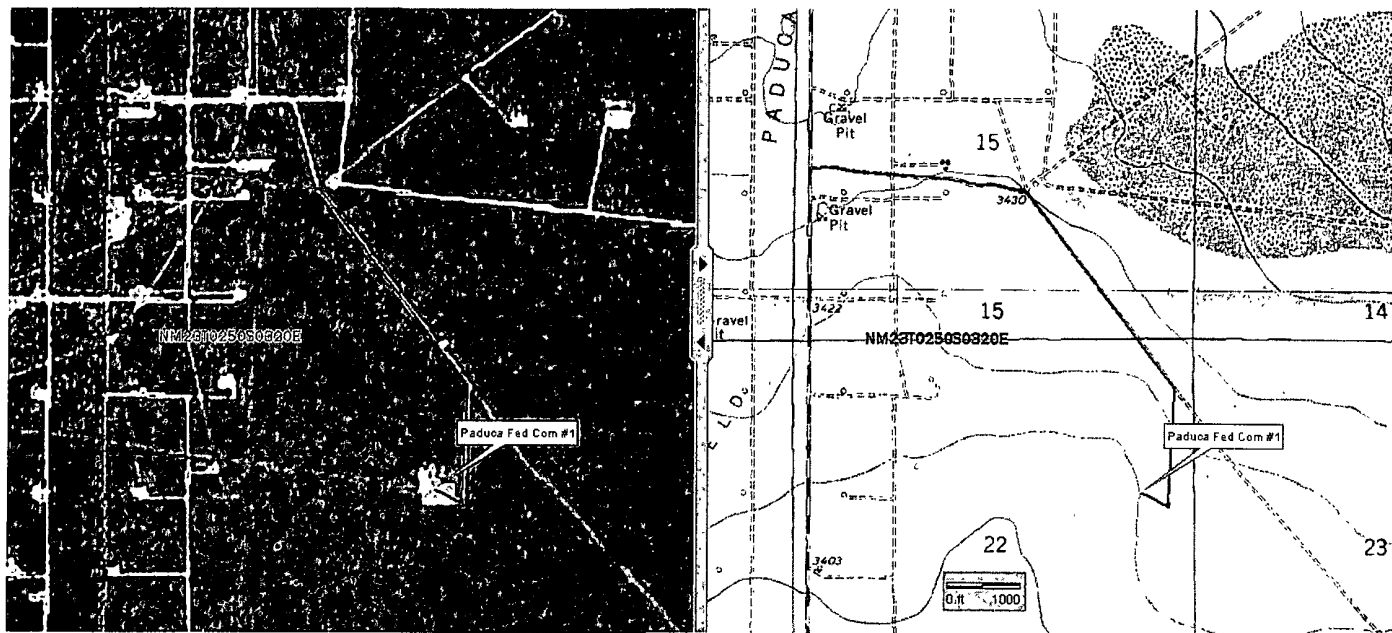


Exhibit 1. DeLorme Xmap topography and road access.

JUN 22 2011

**Directions:**

From Carlsbad south on US-285 to NM-31 then east to NM-128. On NM-128 just east of Lea County line and Buck Jackson Rd continue east 3.0 miles to CR-1. Turn south on CR-1 and go 5.95 miles to dirt road on east (N32° 7' 46.4", W103° 40' 14.9" WGS84). Turn east for 2944' (0.56 mi) to dirt multiple intersection (N32° 7' 43.1", W103° 39' 41.4") and turn SE. Proceed SE 3244' (0.61 mi) at (N32° 7' 17.5', W103° 39' 18.6") where road splits to due south. Continue south 1560' (0.30 mi) onto the SE corner of the pad. Well marker is about 425' to NW at approximately N32° 7' 4.20, W 103° 39' 23.73".

**2. Access Road and Pad:**

Mesquite will caliche/resurface the last 1,600' of access road to the southeast edge of the original pad and that portion of the original pad as required.

**3. Location of Existing or Proposed Facilities:**

- a. No facilities exist and none are proposed, except electric supply and an injection pump. Upon successful completion of the SWD well water will be piped from a SWD station expected to be located adjacent to Lea County CR-1.
- b. All flow lines will adhere to API standards.
- c. The current surface material is sand and caliche. The drill site will be contoured as close as possible to the original state.

**4. Location and Types of Water Supply:**

This re-entry will be drilled using a fresh water mud systems (outlined in the Drilling Program). The water will be obtained from commercial water stations in the area and hauled to location by transport truck using the existing roads shown in the diagram above.

**5. 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 location. All roads will be constructed of 6" rolled and compacted caliche. Will use BLM recommended use of extra caliche from other locations close-by for roads, if available.

**6. Methods of Handling Waste Material:**

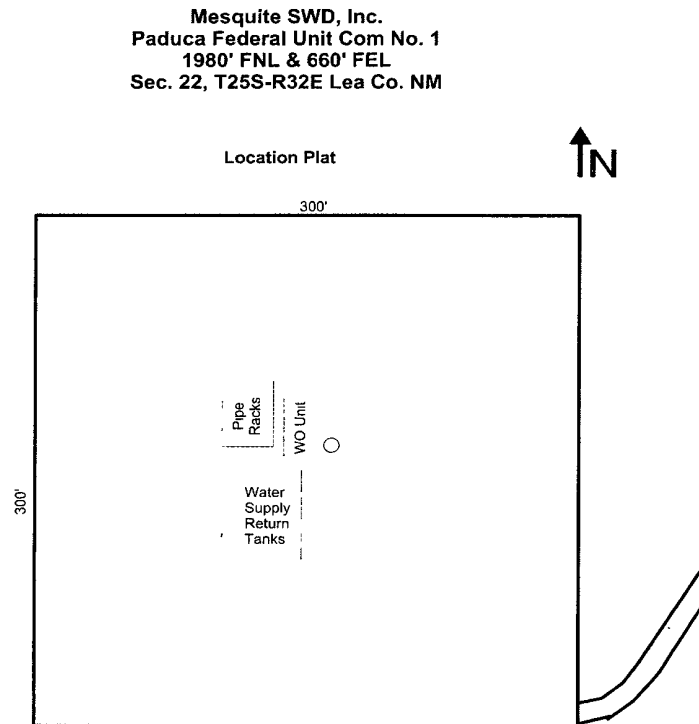
- a. All trash, junk and other waste material will be removed from the wellsite within 30 days after finishing drilling and/or completion operations. All waste materials will be contained in trash cages or trash bins to prevent scattering. When the job is completed, all contents will be removed and disposed of in an approved sanitary landfill.
- b. The supplier, including broken sacks, will pick-up slats remaining after well completion.
- c. 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.

## 7. Ancillary Facilities:

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

## 8. Wellsite Layout:

- a. Exhibit 2 below shows the proposed well site layout with dimensions.
- b. Mud pits in the active circulating system will be steel pits and closed loop.



Not to scale

**Exhibit 2** Well layout for re-entry

Note: The original drilling pad is excessively larger than required for this re-entry. Only that space actually required for workover rig and support equipment will be utilized.

## **9. Plans for Surface Reclamation:**

- a. After finishing drilling and/or completion operations, if the well is found non-commercial, the caliche will be removed from the pad and transported to the original caliche pit or used for other drilling locations. The road will be reclaimed as directed by the BLM. The original top soil will be again be returned to the pad and contoured, as close as possible, to the original state.
- b. The location and road will be rehabilitated as recommended by the BLM.
- c. If the well is deemed commercially productive, the reserve pit will be restored as described in 10(A) within 120 days subsequent to the completion date. Caliche from areas of the pad site not required for operations will be reclaimed. The original top soil will be returned to the area of the drill pad not necessary to operate the well. These unused areas of the drill pad will contoured, as close as possible, to match the original topography.

## **10. Surface Ownership:**

The surface is owned by the US Government and is administered by the Bureau of Land Management. The surface is multiple use with the primary uses of the region for the grazing of livestock and the production o oil and gas. The proposed road routes and the surface location will be restored as directed by the BLM.

## **11. Other Information:**

- a. The area surrounding the well site is grassland. The topsoil is very sandy in nature. The vegetation is moderately sparse with native prairie grass, some mesquite bushes and shinnery oak. No wildlife was observed, but it is likely that deer, rabbits, coyotes, and rodents traverse the area.
- b. There is no permanent or live water in th general proximity of the location.
- c. There are no dwellings within 2 miles of the location.

## **12. Operator's Representative:**

Kay Havenor  
904 Moore Ave.  
Roswell, NM 88201-1144  
(575) 626-4518

## Operator Certification

Operator: Mesquite SWD, Inc.  
P.O. Box 1479  
Carlsbad, NM 88221  
575-706-1840

Field Representative: Kay Havenor  
904 Moore Ave.  
Roswell, NM 88201-1144  
575-626-4518

I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently 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 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 false statements.

Executed this 21st Day of January, 2011:



Name: Kay Havenor  
Position Title: Agent for Mesquite SWD, Inc.  
Address: 904 Moore Ave. Roswell, NM 88201-1144  
Telephone: 575-626-4518  
Email: KHavenor@georesources.com

**HOBBS OCD**

**JUN 20 2011**

**RECEIVED**

Mesquite SWD, Inc.  
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Sec. 22, T25S-R32E Lea Co., NM

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### NOTICE OF STAKING

NOTICE OF STAKING Not to be used in place of Application for Permit to Drill (Form 3160-3)	
1. Name Address, and Telephone of Operator:  Mesquite SWD, Inc. P.O. Box 1479m Carlsbad, NM 88221	3. Lease Number:  NMLC <u>123918</u>  NMNM <u>SWD-1264</u>
2. Name & Phone # of Contact Person:  Kay Havenor 575-626-4518	
4. Well Name and Number Paduca Federal Unit Com1  Surface Location of Well SHL: <u>1980' FNL &amp; 660' FEL</u>  (Anticipated) BHL: <u>Same</u>	5. Section, Township, Range  Sec. 22, T25S-R32E
Attach: (a) Sketch showing road entry onto pad, pad dimensions, and reserve pit (b) Topographical or other acceptable map (e.g. a USGS 7 1/2" Quadrangle) showing location, access road, and lease boundaries	6. County  Lea
	7. Field Name or Wildcat:
8. Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other (Specify) <u>SWD</u>	9. Agreement Number:
10. Estimated Well Depth:  Original TD 15,848'	11. # of Acres Dedicated to this well:  NA
12. Name and Depth of Formation Objective(s)  Bell Canyon and Cherry Canyon 4,722-6964'	13. Operator Bond #  NMB000612
14. Estimated Well Depth	15. API # (if available):  30-025-27616
17. Additional Information (as appropriate; include surface owner's name, address & phone #).  This is a re-entry utilizing original road and location	
18. Signed <u>Kay Havenor</u> Title <u>Agent</u> Date <u>1/27/11</u>	

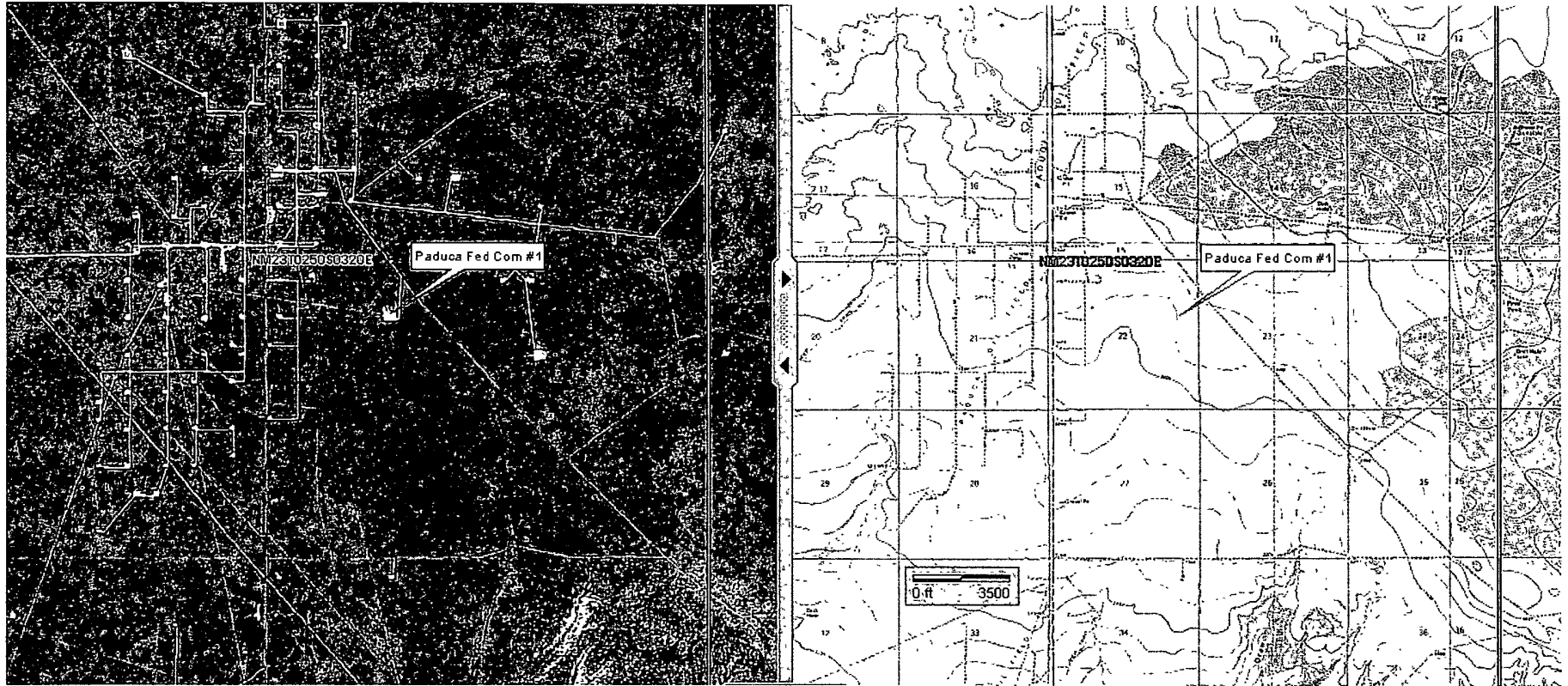
Note: When the Bureau of Land Management receives this Notice, the agency will schedule the date of the onsite inspection. You must stake the location and flag the access road before the onsite inspection. Operators should consider the following before the onsite inspection and incorporate these considerations into the Notice of Staking Option, as appropriate:

- (a) H<sub>2</sub>S Potential;
- (b) Cultural Resources (Archaeology); and
- (c) Federal Right-of-Way or Special Use Permit.

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Exhibit A-1



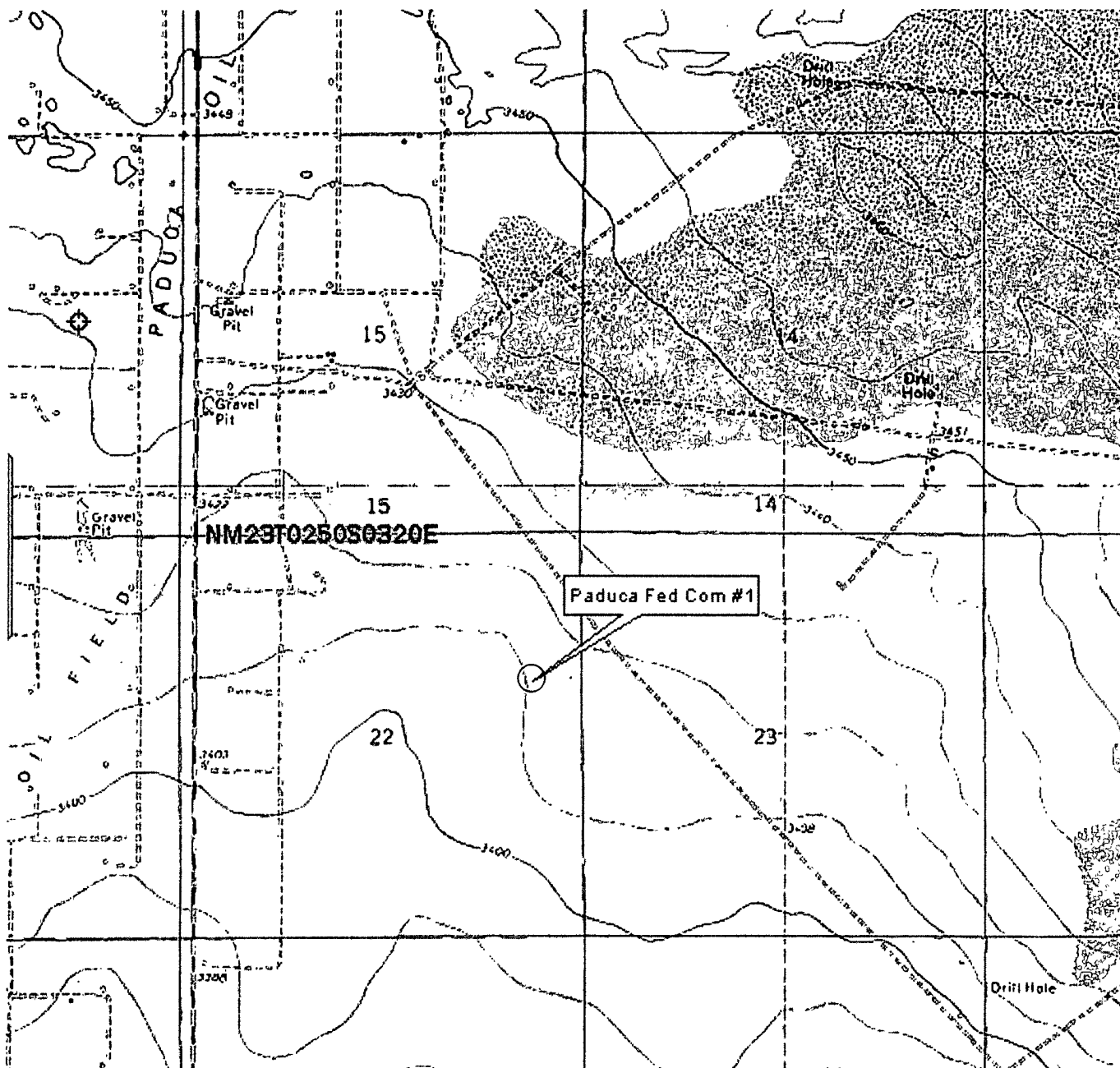
Delorme Xmap6

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From Carlsbad south on US-285 to NM-31 then east to NM-128. On NM-128 just east of Lea County line and Buck Jackson Rd continue east 3.0 miles to CR-1. Turn south on CR-1 and go 5.95 miles to dirt road on east (N32° 7' 46.4", W103° 40' 14.9" WGS84). Turn east for 2944' (0.56 mi) to dirt multiple intersection (N32° 7' 43.1", W103° 39' 41.4") and turn SE. Proceed SE 3244' (0.61 mi) at (N32° 7' 17.5', W103° 39' 18.6") where road splits to due south. Continue south 1560' (0.30 mi) onto the SE corner of the pad. Well marker is about 425' to NW at approximately N32° 7' 4.20, W 103° 39' 23.73".

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Delorme Xmap6



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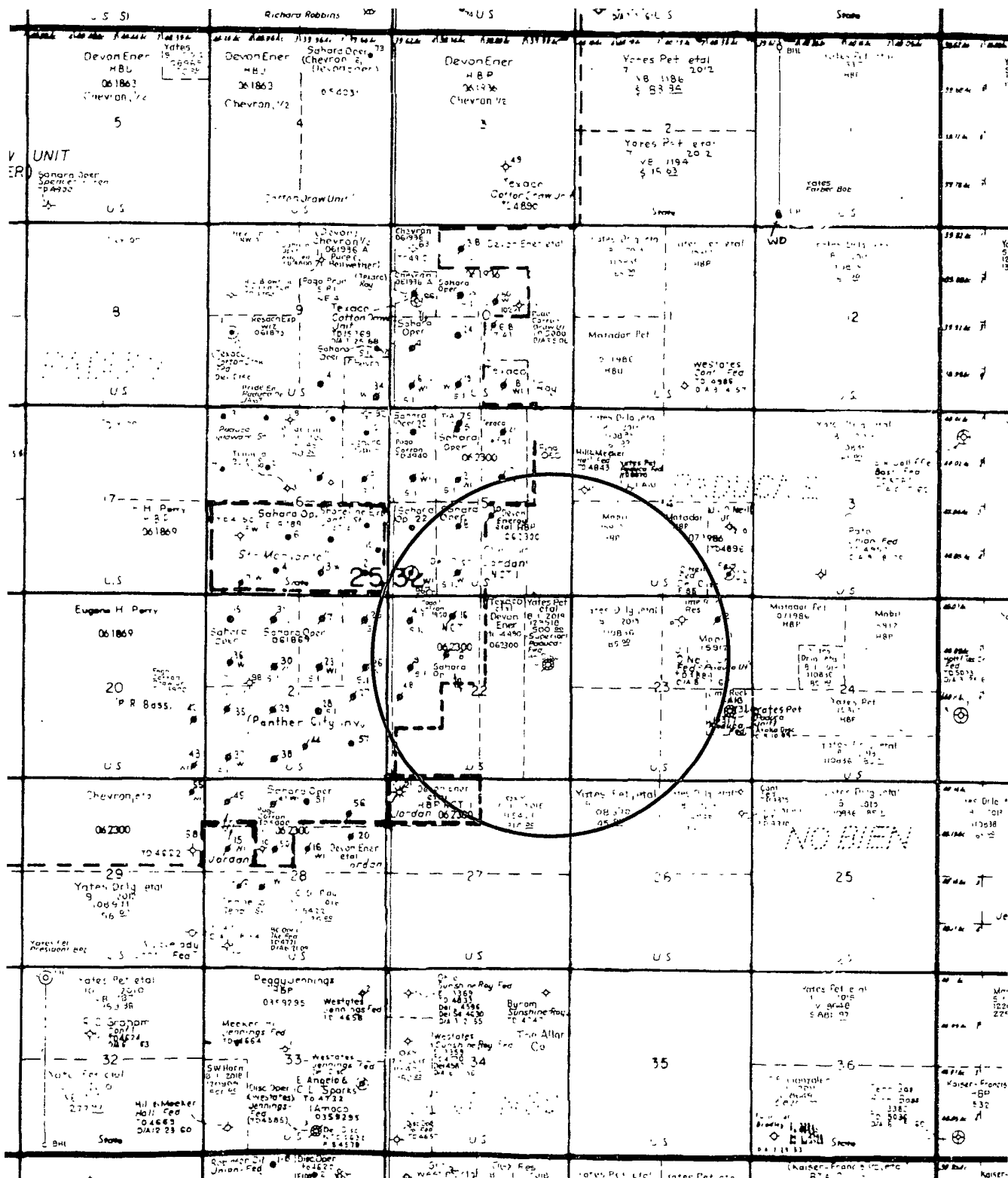
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Exhibit D 1-mile AOR



**Mesquite SWD, Inc.**  
**RE-ENTRY PROGRAM**

**Paduca Federal Com #1 API: 30-025-27616**  
**Sec. 22, T25S-R32E Lea Co., NM**

Supplemental to Form 3160-3, Application for Permit to Re-enter the subject well, Mesquite SWD, Inc submits the following information as per Bureau of Land Management requirements.

**1. Geologic Name of Surface Formation**

Surface is Quaternary eolian and piedmont deposits (Qep) Holocene to middle Pleistocene. (New Mexico Bureau of Geology and Mineral Resources, 2003, Geologic Map of New Mexico, 1:500,000)

Soil map attached below with legend.

Lea County, New Mexico (NM025)			
Map Unit Symbol	Map Unit Name	Acres in AOI	Percent of AOI
PT	Pyote loamy fine sand	110.2	36.2%
PU	Pyote and maljamar fine sands	91.1	29.9%
SE	Simona fine sandy loam, 0 to 3 percent slopes	54.0	17.7%
TF	Tonuco loamy fine sand	49.2	16.1%
Totals for Area of Interest		304.5	100.0%

