30-025-09623 HOBBS OCD

DEC 0 6 2011

RECEIVED

* Shown in NMOCD records at 1980 FSL & 660 FEL. Well has not moved. Change reflects new GPS survey technology. Well was plugged and abandoned in 1995.

Surface Use Plan

1. DIRECTIONS & EXISTING ROADS

From the junction of NM 18 and NM 128 in Jal ...

Go North 6.3 miles on NM 18 to the equivalent of Mile Post 15.2

Then turn left and go West 1.0 mile on paved County Road J-7

Then turn left and go South 0.6 mile on a caliche road

Then turn right and go West 0.1 mile on a dirt road to the proposed well

Roads will be maintained to a standard at least equal to their present condition.

2. ROAD TO BE BUILT OR UPGRADED

The proposed pad overlaps three existing roads and the original pad. No new road will be built. (Only 1 well (#132) will be blocked while the 213 is being drilled.) Upgrading of the existing road will consist of surfacing with caliche.

3. EXISTING WELLS

There are 52 oil or gas wells, 26 water injection or disposal wells, 13 plugged & abandoned wells, and no water wells within a one mile radius.

4. PROPOSED PRODUCTION FACILITIES

The only planned production equipment will be a well head. It will be painted a

Page 1 of Surface Use Plan



flat shale green color. The well will be connected to the existing injection pipeline that previously served the well. No off pad pipeline is planned. No power line is planned.

5. WATER SUPPLY

Water will be trucked from private land in Jal.

6. CONSTRUCTION MATERIALS & METHODS

NM One Call (1-800-321-ALERT) will be notified before construction starts.

A \approx 200' x \approx 200' pad will be bladed and rocked with caliche. The top 6" of soil and brush will be stockpiled north and/or west of the pad. V-door (lay down) will be to the east. A closed loop drilling system will be used. Caliche will be bought and hauled from an existing approved caliche pit. Dirt contractor will be responsible for the caliche.

7. WASTE DISPOSAL

All trash will be placed in a portable trash cage. It will be hauled to a county landfill. There will be no trash burning. Contents of the mud tanks will be hauled to state approved disposal sites. Human waste will be disposed of in chemical toilets and hauled to an approved dump station.

8. ANCILLARY FACILITIES

There will be no air strip or camp. Camper trailers will be on location for the company man, tool pusher, or mud logger.



9. WELL SITE LAYOUT

See attached pages for depictions of the well pad, trash cage, access onto the location, parking, living facilities, and rig orientation.

10. RECLAMATION

Interim reclamation will consist of reclaiming 3 sides of the pad and reducing the pad footprint to the area inside the anchors. Enough space will be left unreclaimed for safe work overs. Disturbed areas will be contoured to a natural shape. Soil and brush will be evenly spread over disturbed areas. Seeded areas will be ripped and/or harrowed. A land owner approved seed mix will be sown. Once the well is plugged, then the remainder of the pad will be similarly reclaimed.

11. SURFACE OWNER

All construction will be on RRR Land & Cattle Company surface. Their address is 2205 Bedford Dr., Midland, TX 79701. Their phone number is (806) 752-6725. Resaca has a surface use agreement with the surface owner. A copy of this surface use plan has been provided to the surface owner.

12. OTHER INFORMATION

The nearest hospital (Nor-Lea General) is a $\approx 3/4$ hour drive away in Hobbs at 2827 North Dal Paso Street. Its phone number is (575) 392-1449.

An on site inspection was conducted by Trishia Bad Bear (BLM) and Charlie Black (Permits West) on May 11, 2011.



13. REPRESENTATION

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 30th day of May, 2011.

Brian Wood, Consultant

Permits West, Inc.

37 Verano Loop, Santa Fe, NM 87508

(505) 466-8120

FAX: (505) 466-9682

Cellular: (505) 699-2276

Field representatives will be:

Marc Neatherlin

or

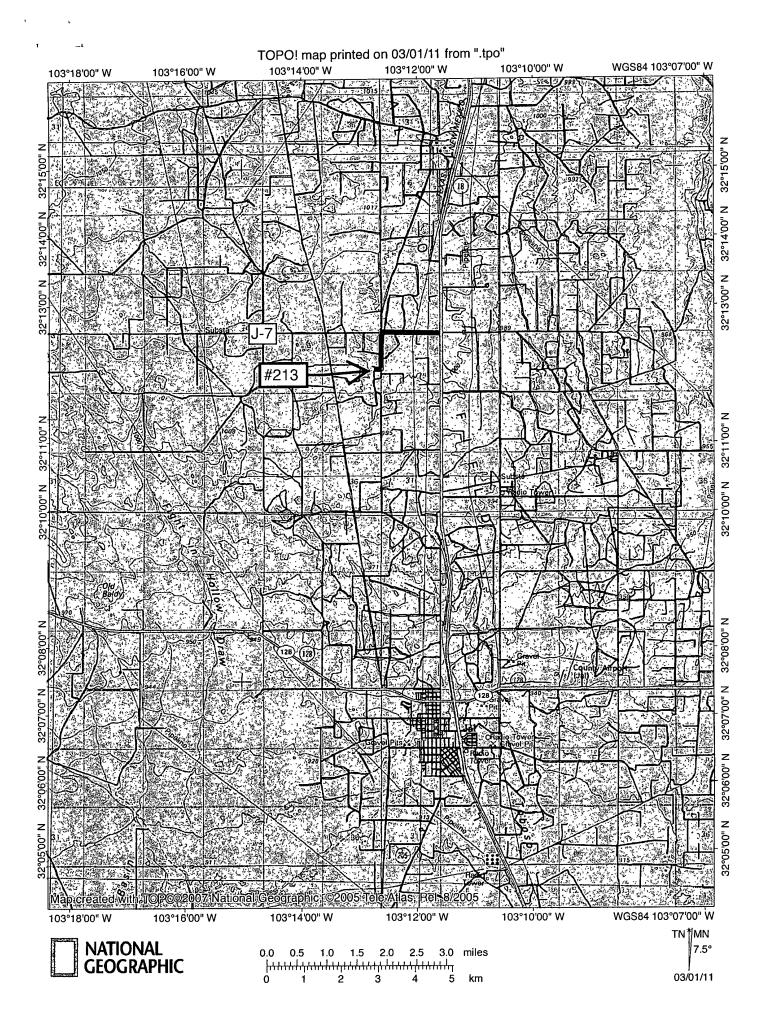
Randy McAnally

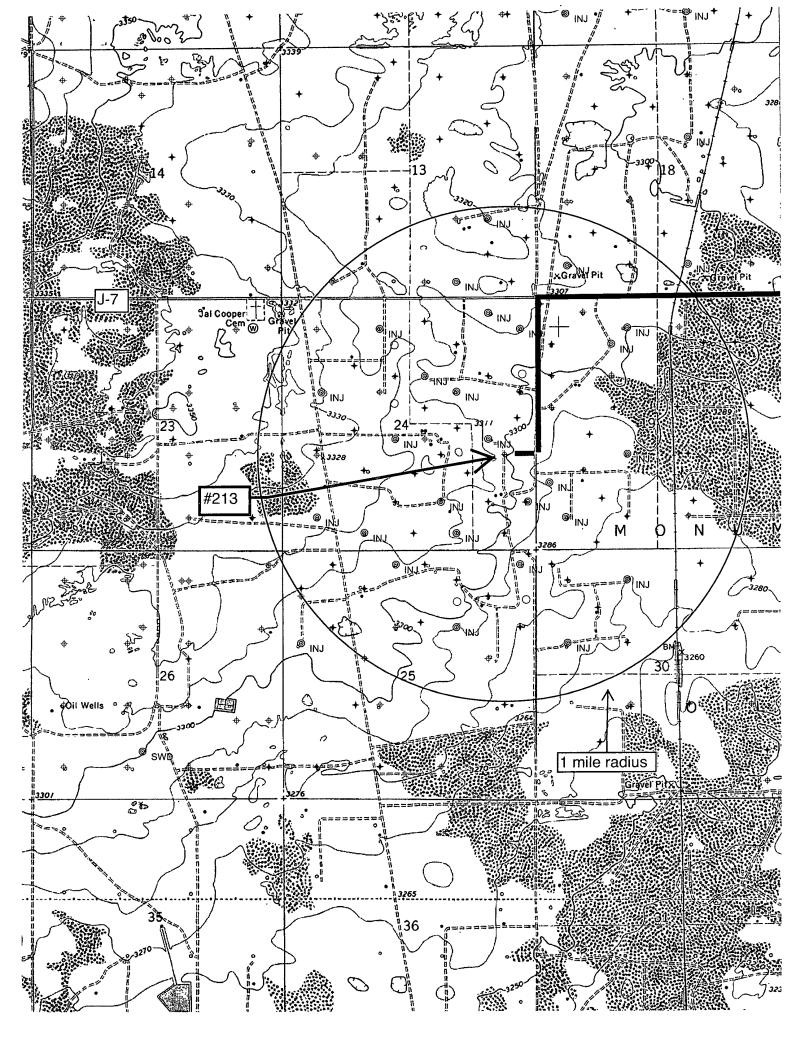
mobile: (432) 557-9430

mobile: (432) 634-4717

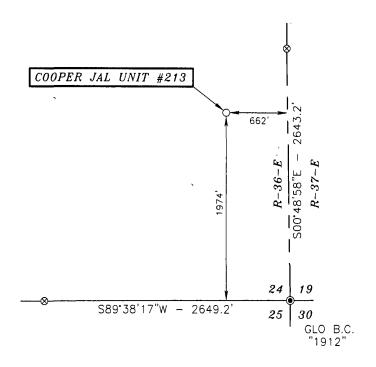
Resaca Operating Company 2509 Maurice Road Odessa, TX 79763-4800 (432) 580-8500

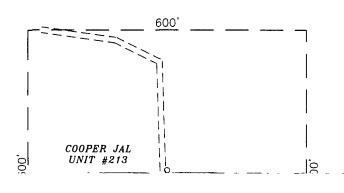






SECTION 24, TOWNSHIP 24 SOUTH, RANGE 36 EAST, N.M.P.M., LEA COUNTY NEW MEXICO





DRIVING DIRECTIONS:
BEGINNING IN JAL AT THE INTERSECTION
OF STATE HWY. #128 AND STATE HWY
#18, GO NORTH ON STATE HWY. #18 FOR