30-025-410572

PAGE 6

HOBBS OCD

MAY 1 0 2012

Surface Use Plan

VPR Operating LLC

Harrier 35 Federal Com 1H

SHL: 1980' FNL & 1500' FEL Section 35

BHL: 1980' FNL & 2310' FEL Section 34

T. 25 S., R. 32 E., Lea County, NM

RECEIVED

1. DIRECTIONS & EXISTING ROADS (See PAGES 14 - 17)

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

Go West ≈28 miles on paved NM 128 to the equivalent of Mile Post 22.7 Then turn left & go South 8.2 miles on paved Lea County Road 1 to wire gate Then turn left & go East 6,866.4' on a jeep trail ≈25' north of new pipelines Then bear left away from the pipes and go ENE & ESE 3,542.2' on a jeep trail Then bear right and go southeast 129.4' on a new pipeline Then bear right and go South 1,845.7' on the west side of an Agave pipeline Then turn right and go West cross country 1,286.6' to the pad

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

2. ROAD TO BE BUILT OR UPGRADED (See PAGES 16 & 17)

Agave Energy Co. and Yates Petroleum Corp. will be notified before construction starts so that they can mark their pipelines. The pipelines are $\approx 25^{\circ}$ from VPR's staked centerline. A cattle guard will be installed in each of the two fences that are crossed. The 13,670.3' of upgraded or new road will be crowned, have an $\approx 18^{\circ}$ wide driving surface, and be surfaced with caliche. No culverts or turn outs are planned. Existing county road needs no upgrade.

This APD is also a BLM road right-of-way application. The right-of-way will be 30' x \approx 8,871.6' (=6.11 acres) and crosses the SESW & S2SE4 Section 26 (\approx 3,671.6') and N2N2 Section 35 (\approx 5,200'); T. 25 S., R. 32 E., Lea County.

3. EXISTING WELLS

Two oil wells and seven plugged and abandoned wells are within a mile radius of the well bore. No gas, injection, disposal, or water well is within one mile.

4. PROPOSED PRODUCTION FACILITIES (See PAGES 17 & 21)

A \approx 210' x \approx 225' area will be used for production. A separator, heater treater, meter run, and four \approx 400 barrel oil or water tanks will be installed on the north side of the pad. All

will be painted a flat shale green color. A gas pipeline will be laid along the road ≈1,300' east to Agave's existing 12" Bobcat gas pipeline. No power line is planned for this wildcat well.

5. WATER SUPPLY

Water will be trucked from private land in Loving, Jal, or Texas.

6. CONSTRUCTION MATERIALS & METHODS (See PAGES 17 - 20)

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

A \approx 300' x \approx 300' pad will be bladed and rocked with caliche. The top 6" of soil and brush will be stockpiled south of the well site. V-door (lay down) will be to the north. 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.

A 330' x 330' lined frac pond will be built in the NWNW 35-25s-32e. Pond will be accessed by 77.4' of new road. Road will built as described on the preceding page. Topsoil and brush will be stockpiled on south side of pond. Water will be trucked to the pond. Water will be piped from the pond to the well via a temporary surface pipeline laid along the road.

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, mud logger, etc.

9. WELL SITE LAYOUT (See PAGES 17 & 18)

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PAGE 7

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

10. RECLAMATION (See PAGE 21)

Interim reclamation will consist of removing the liner, pulling back the caliche, reclaiming two sides of the pad and reducing the 300' x 300' pad to \approx 210' x \approx 225'. Enough space will be left un-reclaimed 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 BLM approved seed mix will be sown. Enough topsoil will be retained and seeded for final reclamation. Once the well is plugged, then the road and remainder of the pad will be similarly reclaimed.

11. SURFACE OWNER

All construction will be on BLM. 12. OTHER INFORMATION

The nearest hospital (an hour drive west) is Carlsbad Medical Center on 2430 West Pierce. Its phone number is (575) 887-4396.

On site inspection was made by Trish Bad Bear (BLM) on February 23, 2012.

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 2nd day of March, 2012.

Brian Wood, Consultant Permits West, Inc. 37 Verano Loop, Santa Fe, NM 87508 FAX: (505) 466-9682 (505) 466-8120

Cellular: (505) 699-2276

Field representative will be: **Donnie Tibbitts** T & S Petroleum Consultants, Inc. 600 Fisk St., Suite 126 Brownwood, TX 76801 (325) 646-3400

or

John Maxey Maxey Engineering, LLC P. O. Box 1361 Roswell, NM 88202-1361 (575) 623-0438

12. OTHER INFORMATION

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1406 Camp Craft Road • Suite 106 Austin, Texas 78746 Office: 512.327 8776 • Fax: 512.327.8784

DESIGNATION OF AGENT

February 2, 2012

Bureau of Land Management Carlsbad Field Office 620 E. Greene Street Carlsbad NM 88220

-Gentlemen:

Please be informed that Brian Wood with Permits West, Inc. is an Agent employed by VPR Operating, LLC. He is authorized to prepare and submit APD's, Right of Way applications and other BLM required forms.

Permits West Inc. address is as follows:

37 Verano Loop Sante Fe NM 87,508 505-466-8120 Office 505-466-9682 Fax 505-699-2276 Cell

Should you have any questions or require any additional information, contact Robert Pullen at 512-327-8776 or e-mail <u>bob@vproperating.com</u>.

Sincerely, VPR Operating, LLC 1406 Camp Craft Rd., Suite 106

Austin, Texas 78746

Robert Pullen, Sr. President



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PAGE 14











