

30-025-40775

HOBBS OCD

SEP 21 2012

## **SURFACE USE PLAN**

RECEIVED

SandRidge Exploration and Production, LLC

### **Parcell Federal #7**

Surface Location: 1405' FSL, 1265' FEL, Unit I, Sec 8, T21S, R38E, Lea Coutny, New Mexico

Bottom Hole Location: 900' FSL, 765' FEL, Unit P, Sec 8, T21S R38E, Lea County, New Mexico

#### **1. Existing Roads:**

- a. The well site and elevation plat for the proposed well are reflected on the well site layout, Form C-102. The well was staked by John West Engineering.
- b. All roads into the location are depicted on the surveyor plats.
- c. Directions to Location: From the intersection St. Hwy #18 and St. Hwy #207, Go south on Hwy #18 approximately 1.3 miles. Turn left and go east approximately 0.3 miles. Turn left and go north appx 0.5 miles. Turn right and go East appx 2.7 miles. Turn right and go south appx 0.5 miles. Turn right and go SW appx 0.4 miles. Turn left and go South appx 0.6 miles. This location stake is appx. 318' east of road.
- d. Routine grading and maintenance of existing roads will be conducted as necessary to maintain their condition as long as any operations continue on this lease.
- e. If existing road is shared with other operators, SandRidge will share in its cost to maintain the road as required by the BLM.

#### **2. New or Reconstructed Access Roads:** No new roads will be constructed.

#### **3. Location of Existing Wells:**

One-mile Radius Plat shows all existing and proposed wells within a one-mile radius of this proposed location. See attached.

#### **4. Location of Existing and/or Proposed Production Facilities:**

- a. In the event the well is found productive, the Parcell Federal #8 tank battery will be utilized and the necessary production equipment will be installed at the well site.
- b. If necessary, the well will be operated by means of an electric prime mover.
- c. If the well is productive, rehabilitation plans are as follows:
  - i. A closed-loop system will be utilized.
  - ii. The original topsoil from the well site will be returned to the location. The drill site will then be contoured as close as practical to the original state.

#### **5. Location and Types of Water Supply:**

This location will be drilled using a combination of 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.

#### **6. Construction Materials:**

The caliche utilized for the drilling pad will be from minerals that are located onsite or will be used onsite. If minerals are not available onsite, then an established mineral pit will be used to build the location.

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

- a. Drill cuttings will be disposed of in a closed loop system and hauled to CRI Holdings.
- b. All trash, junk and other waste material 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.
- c. The supplier will pick up salts remaining after completion of well, including broken sacks.
- d. A Porto-john will be provided for the rig crews. This equipment will be properly maintained during well operations and will be removed when all operation are complete.
- e. Remaining drilling fluids will be sent to a closed-loop system. Water produced during completion will be put into a closed-loop system. Oil and condensate produced will be put into a storage tank and sold.
- f. Disposal of fluids to be transported by the following companies:
  1. Parabo Disposal Facility
  2. Controlled Recovery, Inc.

**8. Ancillary Facilities:** No campsite or other facilities will be constructed as a result of this well.

**9. Well Site Layout:**

- a. The rig layout diagram shows the proposed well site layout with dimensions of the pad layout.
- b. A closed-loop system will be utilized.
- c. If a pit or closed-loop system will be utilized, SandRidge will comply with the NMOCD requirements 19.15.17. and submit form C-144 CLEZ to the appropriate NMOCD District Office. An unapproved copy of the pit permit is provided within this APD.
- d. Topsoil Stockpiling:

Standard practice is topsoil will be pushed to the high side of the location to prevent water from running across location to control erosion. If a cutout is done and there are two or three high sides, we will use those there.

**10. Plans for Surface Reclamation**

At the conclusion of oil and gas operations, Sandridge Exploration and Production, LLC, will restore the lands to original conditions as nearly as practical in accordance with BLM standards.

**11. Surface Ownership**

- a. The surface is State owned and is currently under a grazing lease with Mr. Paige McNeill. Known address is McNeill Ranch, POB 1058, Hobbs NM 88241. The surface is multiple use with the primary uses of the region for the grazing of livestock and the production of oil and gas.
- b. Roads and surface location will be restored as directed by the BLM.

**12. 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, sagebrush, yucca and miscellaneous weeds. 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 the general proximity of the location.
- c. There are no dwellings within 2 miles of well location.

- d. A Cultural Resources Examination has been completed by Southern New Mexico Archaeological Services, Inc. and forwarded to the BLM office in Carlsbad, New Mexico.

**13. Bond Coverage:**

- a. Nationwide Lease Bond #B005997, written with U.S. Specialty Insurance Co.
- b. Statewide Bond #B006211, written with U.S. Specialty Insurance Co. and specific to Lea and Eddy Counties.

**OPERATOR'S REPRESENTATIVE:**

SandRidge Exploration and Production, LLC, representatives responsible for ensuring compliance of the surface use plan are listed below:

Fred Garbrecht  
Operations Manager  
123 Robert S. Kerr Ave.  
OKC OK 73102-6406

(405) 429-5664 (office)

Raul Rodriguez  
Completions Superintendent  
1101 E. Pool Rd.  
Odessa TX 79766

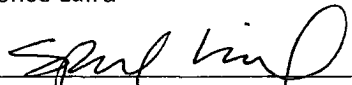
(432) 290-1392 (Cell)

**Certification**

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access road proposed herein; that I am familiar with the conditions that presently exist; that I have full 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 SandRidge Exploration and Production, LLC, 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.

I hereby also certify that I, or SandRidge Exploration and Production, LLC, have made a good faith effort to provide the surface owner with a copy of the Surface Use Plan of Operations and any Conditions of Approval that are attached to the APD.

Executed this 21<sup>st</sup> day of May  
Printed Name: Spence Laird

Signed Name:   
Position Title: Regulatory Analyst  
Address: 123 Robert S. Kerr Ave., OKC OK 73102-6406  
Telephone: (405) 429-6518

**Southern New Mexico Archaeological Services, Inc.**  
**Post Office Box 1 Bent, New Mexico 88314**  
**Office 575-671-4797 Fax 575-671-0060**

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May 4, 2012

Sandridge Energy, Inc.  
Mr. Spence Laird  
123 Robert S. Kerr Avenue  
Oklahoma City, Oklahoma 73102-6406

RE: The Elliott Federal Number 2, Number 3 and Number 5 and the Parcell Federal Number 5, Number 6 and Number 7 Proposed Well Locations, Lea County, New Mexico  
SNMAS-12NM-3928-3929-3930-3931-3932-3933

Research of records at the Bureau of Land Management, Carlsbad Field Office shows that the mentioned proposed well locations are all located within previously inventoried areas. The previous inventoried areas are listed under BLM Report Number 11-0548. Consultation with BLM Archaeologist, Jim Renn on April 24, 2012, indicated that no fieldwork was required and therefore, no abstract is necessary.

**Legal Location:**

Section 9, T.21S, R.38E, Lea County, New Mexico:

Elliott Federal Number 2: 1,175 ft FSL and 545 ft FEL (SE  $\frac{1}{4}$  of the SW  $\frac{1}{4}$ )

Elliott Federal Number 3: 1,285 ft FSL and 680 ft FEL (SE  $\frac{1}{4}$  of the SW  $\frac{1}{4}$ )

Elliott Federal Number 5: 1,175 ft FSL and 645 ft FEL (SE  $\frac{1}{4}$  of the SW  $\frac{1}{4}$ )

Section 8, T.21S., R.38E, Lea County, New Mexico

Parcell Federal Number 5: 1,515 ft FSL and 1,275 ft FEL (NW  $\frac{1}{4}$  of the SE  $\frac{1}{4}$ )

Parcell Federal Number 6: 1,375 ft FSL and 1,375 ft FEL (NW  $\frac{1}{4}$  of the SE  $\frac{1}{4}$ )

Parcell Federal Number 7: 1,405 ft FSL and 1,265 ft FEL (NW  $\frac{1}{4}$  of the SE  $\frac{1}{4}$ )

Map Reference: USGS Eunice NE; TX (1969, Photo Revised 1979) 7.5' Topo Map  
USGS Code 32103-D1

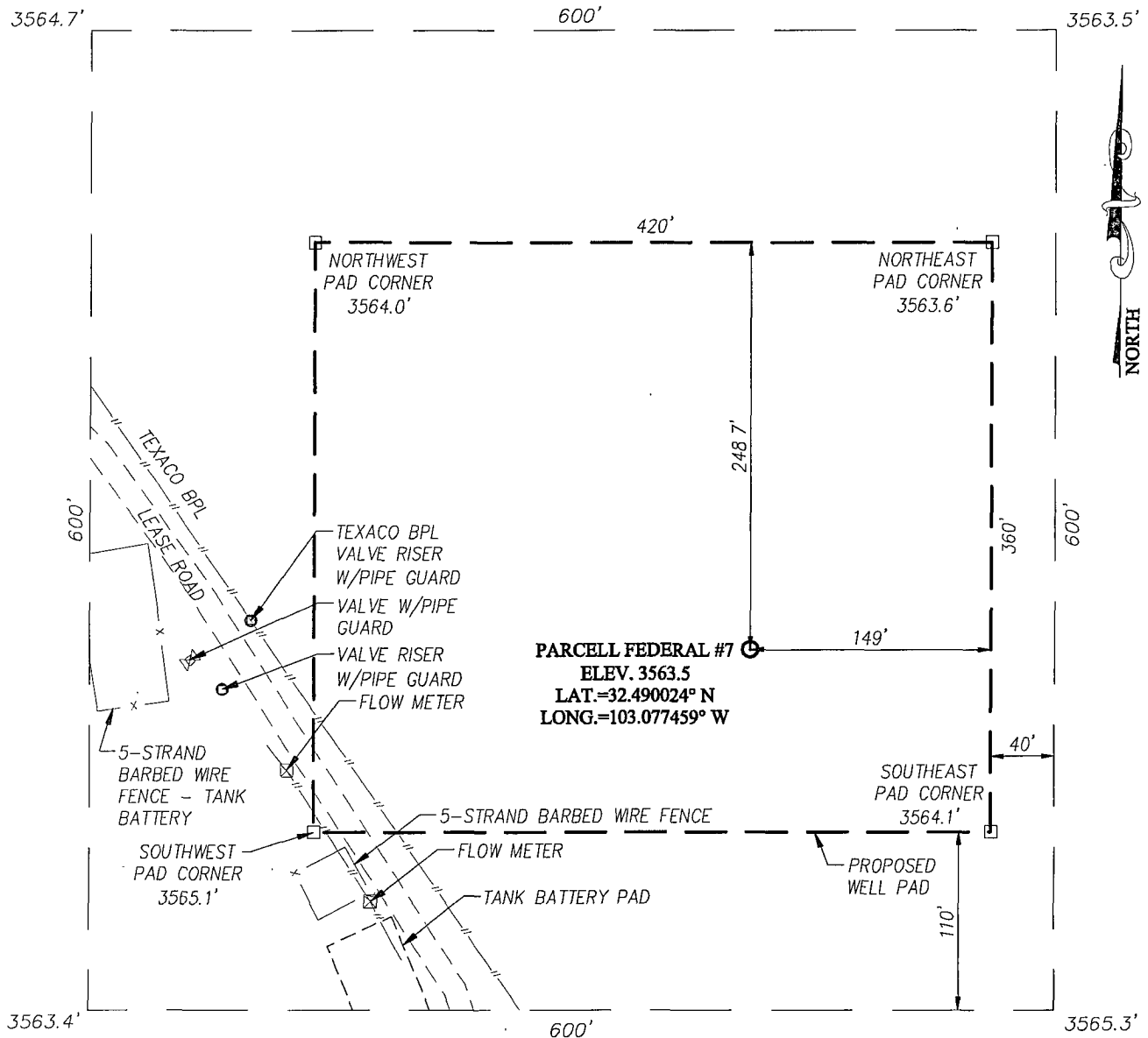
Archaeological clearance of the mentioned well locations is recommended. Location map and survey plats are attached to this report. A copy will be forwarded via email to the BLM, Carlsbad Field Office reviewing Archaeologist.

Sincerely,

**/S/Doralene Sanders**  
Vice President

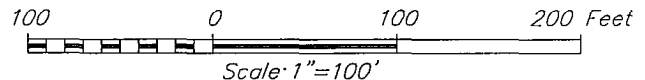
Enclosures (24)

**SECTION 8, TOWNSHIP 21 SOUTH, RANGE 38 EAST, N.M.P.M.**  
LEA COUNTY NEW MEXICO



**DIRECTIONS TO LOCATION**

FROM THE INTERSECTION OF HWY #207 AND HWY. #18, GO SOUTH ON HWY. #18 APPROX 1.3 MILES. TURN LEFT AND GO EAST APPROX. 0.3 MILES. TURN LEFT AND GO NORTH APPROX. 0.5 MILES. TURN RIGHT AND GO EAST APPROX. 2.7 MILES. TURN RIGHT AND GO SOUTH APPROX. 0.5 MILES. TURN RIGHT AND GO SOUTHWEST APPROX. 0.4 MILES. TURN LEFT AND GO SOUTH APPROX. 0.6 MILES. THIS LOCATION STAKE IS APPROX. 318 FEET EAST OF ROAD



**SANDRIDGE ENERGY, INC.**

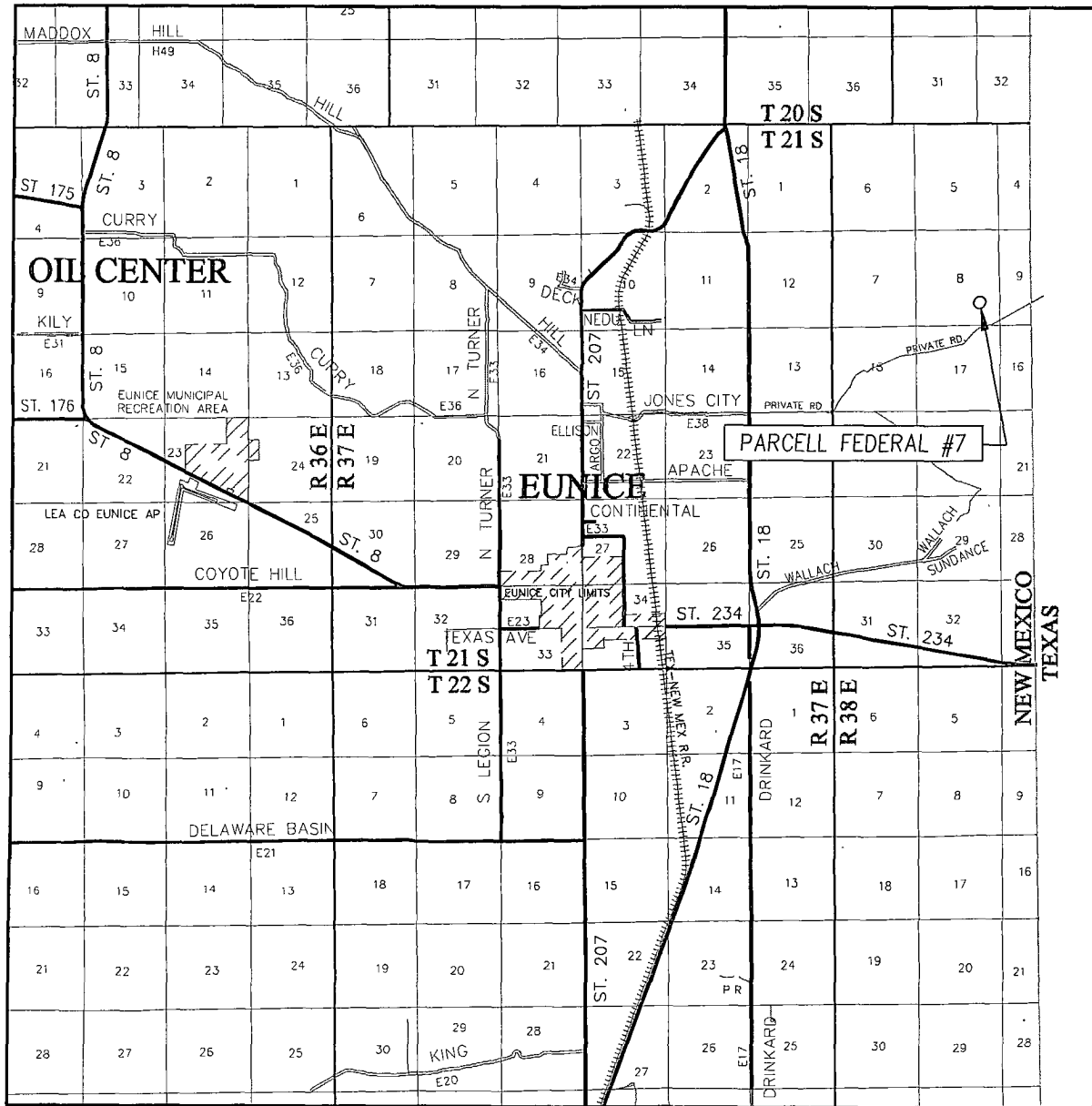
PARCELL FEDERAL #7 WELL  
LOCATED 1405 FEET FROM THE SOUTH LINE  
AND 1265 FEET FROM THE EAST LINE OF SECTION 8,  
TOWNSHIP 21 SOUTH, RANGE 38 EAST, N.M.P.M.,  
LEA COUNTY, NEW MEXICO

Survey Date: 5/31/11	Sheet 1 of 1 Sheets
W.O. Number: 11.11.0924	Dr. By: DSS
Date: 6/9/11	Rel. W.O.:
11110924	Scale: 1"=100'

PROVIDING SURVEYING SERVICES  
SINCE 1946

**JOHN WEST SURVEYING COMPANY**  
412 N. DAL PASO  
HOBBS, N.M. 88240  
(575) 393-3117

# VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 8 TWP. 21-S RGE. 38-E

SURVEY N.M.P.M.

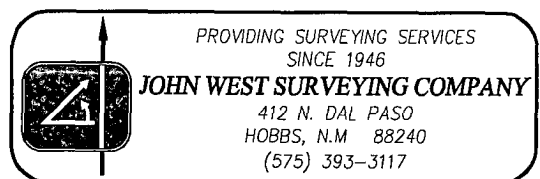
COUNTY LEA STATE NEW MEXICO

DESCRIPTION 1405' FSL & 1265' FEL

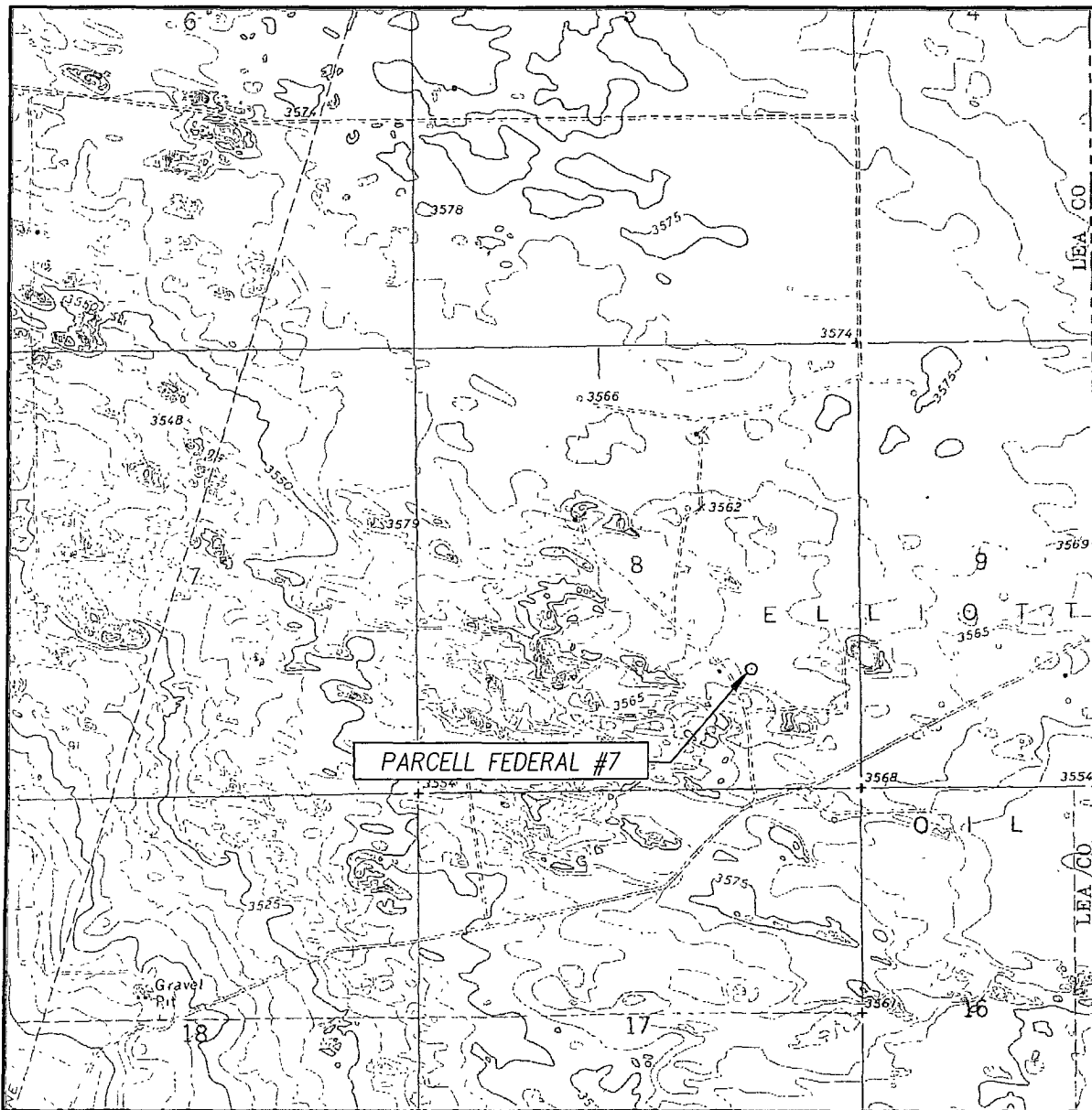
ELEVATION 3563'

OPERATOR SANDRIDGE ENERGY, INC.

LEASE PARCELL FEDERAL



# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:

SEC 8 TWP. 21-S RGE. 38-E

EUNICE NE, N.M. - 5'

SURVEY N.M.P.M.

HOBBS SE, N.M. - 5'

COUNTY LEA STATE NEW MEXICO

DESCRIPTION 1405' FSL & 1265' FEL

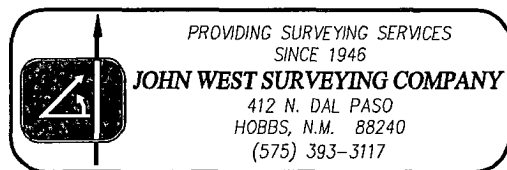
ELEVATION 3563'

OPERATOR SANDRIDGE ENERGY, INC.

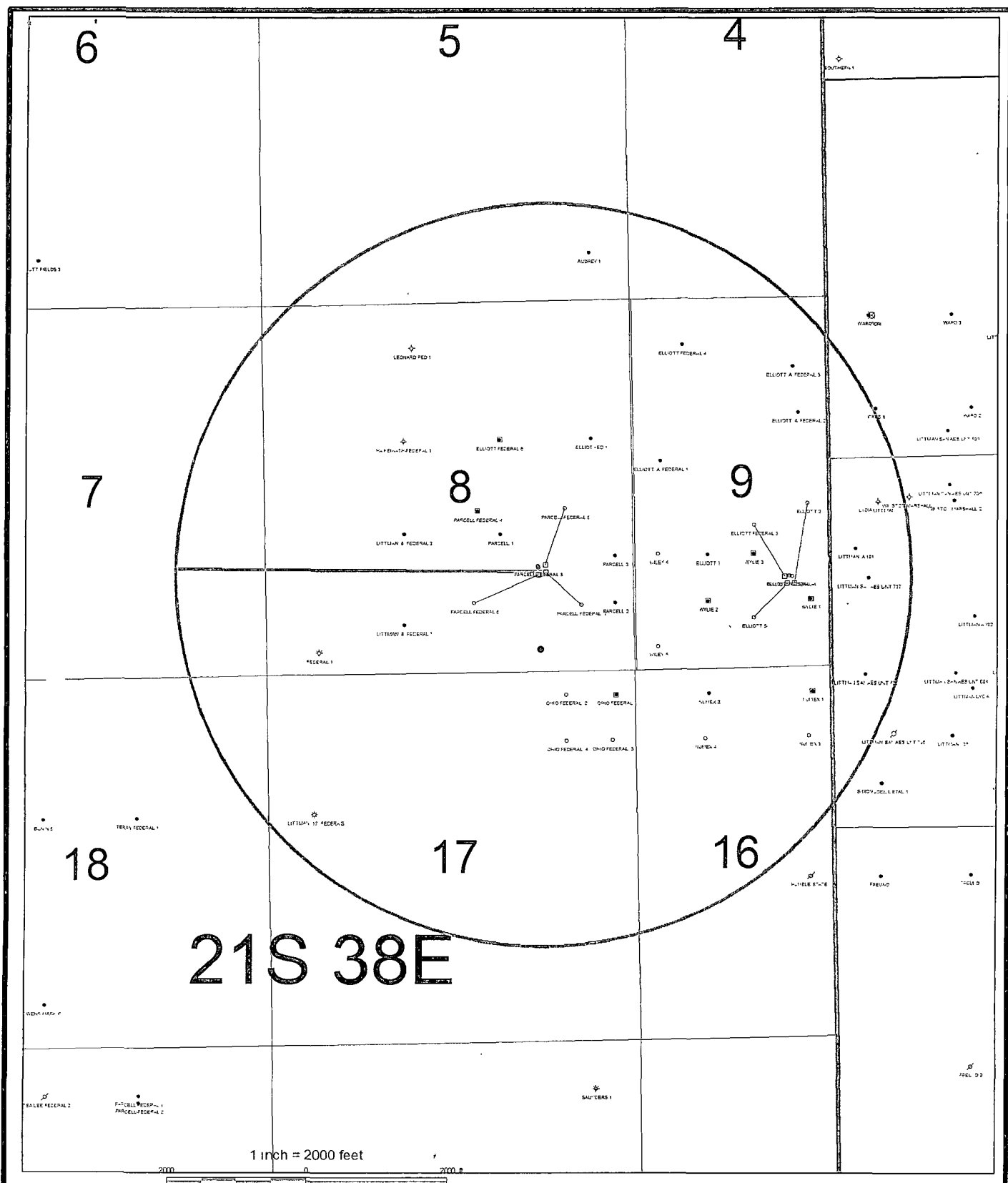
LEASE PARCELL FEDERAL

U.S.G.S. TOPOGRAPHIC MAP

EUNICE NE, N.M.







PERMIAN DIVISION  
LEA CO., NEW MEXICO  
**Parcell Federal 7**  
1 mile radius Map

Parcell Federal\_7\_1\_mile radius gmp

Date: 9 May, 2012

Geotech: N. Veleva