

**SURFACE USE PLAN****Fasken Oil and Ranch, Ltd.**

Baetz 23 Federal No. 2H  
 SHL: 1980' FSL & 1830' FWL  
 Sec. 23, T20S, R32E  
 BHL: 1980' FSL & 330' FWL  
 Sec. 22, T20S, R32E  
 Lea County, New Mexico

**HOBBS OCD****SEP 25 2012****RECEIVED**

1. **EXISTING ROADS** – Area maps, Exhibit "A" shows the proposed well site as staked. Exhibit "B" is a reproduction of Lea County General highway Map. Exhibit "C" is a reproduction of a USGS Topographic Map, and Exhibit "C-1" is a well site layout map, showing proposed road to location and existing road.
2. **NEW or RECONSTRUCTED ACCESS ROADS** – No new access roads will be built, as this well is being drilled from an existing drilling pad. All roads will be crowned and ditched with a 14' running surface, having a 2% slope from the tip of the crown to the edge of the driving surface. The ditches will be 1' deep with a 3:1 slope.
  - A. From the junction of 62-180 and Highway 253 go northwest .7 miles to lease road, on lease road go south .4 miles to well pad and location.
3. **LOCATION OF EXISTING WELLS IN A ONE-MILE RADIUS.**
  - A. Water wells – None Known.
  - B. Disposal wells – None Known.
  - C. Drilling wells – None Known.
  - D. Producing wells - As shown on Exhibit "F"
  - E. Abandoned wells –Also shown on Exhibit "F"
4. **PROPOSED PRODUCTION FACILITIES** – If on completion this well is a producer the production equipment already present on this pad will be modified as needed to accommodate the production. See production facilities layout diagram Exhibit "G". Any changes to the facilities or off-site facilities will be accompanied by a Sundry Notice.
5. **LOCATION AND TYPE OF WATER SUPPLY**

OCT 15 2012

Fresh and Brine water will be purchased locally from a private source and trucked over the access roads.

#### 6. SOURCE OF CONSTRUCTION MATERIALS

If needed, construction materials will be obtained from the drill sites excavations or from a local source. These materials will be transported over the access roads as shown on Exhibit "C". Topsoil will be stockpiled as depicted on Exhibit "D".

#### 7. METHOD FOR HANDLING WASTE DISPOSAL

- A. 1. Trash, waste paper, and garbage will be contained in a trash trailer and disposed of in an approved public landfill.
2. Chemicals remaining after completion of the well will be stored in the manufacturer containers and picked up by the supplier.
3. If trailers houses are utilized during the drilling or completion process, the sewage from these units will be stored in a tank on location and hauled away to an approved disposal facility as needed. A "Porta John" will be provided for the rig crews. This will be properly maintained and removed after drilling operations are completed.
4. Drilling fluids will be contained in steel pits in a closed circulating system. Fluids will be cleaned and re-used. Water produced during testing will be contained in steel pits and disposed of at a state approved disposal facility. Any oil or condensate produced will be stored in test tanks until sold and hauled from site.
5. Drilling cuttings will be separated by solids removal equipment, stored in steel containment pits, and hauled away to a state approved disposal facility.

#### 8. ANCILLARY FACILITIES

No camps or airstrips will be constructed.

#### 9. WELL SITE LAYOUT

Exhibit "D" illustrates the pad dimensions and the layout of the site during the drilling phase of the project. Mud pits will be steel and all mud and cuttings will be stored in steel pits. If the well is a producer, those areas of the location not essential to production facilities will be reclaimed and reseeded as per BLM requirements.

#### 10. PLANS FOR RESTORATION OF SURFACE

Rehabilitation of the location will start in a timely manner after all drilling operations cease.

The interim reclaimed area (the hatched area illustrated in Exhibit "G") will be reclaimed by being reshaped to its natural contour, topsoil from the spoils reapplied, and seeded and revegetated as per BLM requirements.

Drainage systems, if any, will be reshaped to the original configuration with provisions made to alleviate erosion. These may need to be modified in certain circumstances to prevent inundation of the location pad and surface facilities. After the area has been shaped and contoured, top soil from the spoil pile (if any) will be placed over the disturbed area to the extent possible. Revegetation procedures will comply with BLM standards.

11. SURFACE OWNERSHIP

The surface is used for livestock grazing. The surface is owned by the United States Department of the Interior.

12. OTHER INFORMATION

A. The topography is of sandy desert landscape with vegetation of yucca, mesquite, and native grasses.

C. There are no buildings of any kind in the area.

13. OPERATOR'S REPRESENTATIVE - Field representative for contact regarding compliance with the Surface Use Plan is:

Before, during & after Construction:

Cory Frederick  
303 W. Wall Ave., Suite 1800  
Midland, Texas 79701-5116  
(432) 687-1777

Operator Certification Statement

Fasken Oil and Ranch, Ltd.  
Baetz 23 Federal No. 2H  
SHL: 1980' FSL & 1830' FWL  
Sec. 23, T20S, R32E  
BHL: 1980' FSL & 330' FWL  
Sec. 22, T20S, R32E  
Lea County, New Mexico

Operator's Representative  
Fasken Oil and Ranch, LTD.  
303 W. Wall Street, Suite 1800  
Midland, TX 79701  
Office Phone: (432) 687-1777

**CERTIFICATION:** 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 U.S.C. 1001 for the filing of false statements.

Executed this 28<sup>th</sup> day of February, 2012

Name: Cory Frederick

Cory Frederick

Title: Drilling Engineer

Address: 303 W. Wall Street, Suite 1800

Midland, TX 79701

Telephone: (432) 687-1777

Field Representative: Same as above

FASKEN OIL AND RANCH, LTD.

303 WEST WALL AVENUE, SUITE 1800  
MIDLAND, TEXAS 79701-5116

(432) 687-1777  
jimmyc@forl.com

Jimmy D. Carlile  
Regulatory Affairs Coordinator

March 7, 2012

Ms. Katie Keller  
Intrepid Potash, Inc.  
707 17<sup>th</sup> Street, Suite 4200  
Denver, CO 80202

Dear Ms. Keller,


Re: Fasken Oil and Ranch, Ltd.  
Application for Permit to Drill  
Baetz 23 Federal No. 2H  
Section 23, T20S, R32E  
Lea County, New Mexico

Fasken is filing an Application for Permit to Drill (APD) with the Bureau of Land Management in Carlsbad for the Baetz 23 Federal No. 2H. The surface location is 1980' FSL and 1830' FWL of Section 23, T20S, R32E, Lea County, New Mexico. The No. 2H will be a horizontal Bone Spring test with a proposed bottom hole location of 1980' FSL and 330' FWL of Section 22, T20S, R32E. The proposed No. 2H is located 150' west of our Baetz 23 Federal No. 1 wellbore, an existing producing well that penetrated the potash. The existing pad will be extended to the west and north to accommodate the rig and mud pits.

BLM requires that notice be given to potash lessees in the area of this request for a permit. According to BLM records, you hold the potash leases shown on the attached map.

Should you have any questions concerning this application please give me a call at (432) 687-1777 or email me at [jimmyc@forl.com](mailto:jimmyc@forl.com).

Yours truly,



Jimmy D. Carlile  
Regulatory Affairs Coordinator



PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT  
OF THE RETURN ADDRESS, FOLD AT DOTTED LINE  
**CERTIFIED MAIL™**



7007 2560 0003 3657 7743  
7007 2560 0003 3657 7743

**U.S. Postal Service™  
CERTIFIED MAIL™ RECEIPT**

(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at [www.usps.com](http://www.usps.com)

**OFFICIAL USE**

Postage	\$ 0.45
Certified Fee	2.95/
Return Receipt Fee (Endorsement Required)	2.35/
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.75/

Postmark  
Here

Sent To

Street, Apt. No.,  
or PO Box No.

City, State, Zip+

**KATIE KELLER  
INTREPID POTASH INC  
707 17<sup>TH</sup> ST STE 4200  
DENVER CO 80202-3432**

PS Form 3800, August 2006

See Reverse for Instructions

FASKEN OIL AND RANCH, LTD.

303 WEST WALL AVENUE, SUITE 1800  
MIDLAND, TEXAS 79701-5116

(432) 687-1777  
[jimmyc@forl.com](mailto:jimmyc@forl.com)

Jimmy D. Carlile  
Regulatory Affairs Coordinator

March 7, 2012

Mr. Dan Morehouse  
Mosaic Potash Carlsbad Inc  
P.O. Box 71  
Carlsbad, NM 88220

Dear Mr. Morehouse,

Re: Fasken Oil and Ranch, Ltd.  
Application for Permit to Drill  
Baetz 23 Federal No. 2H  
Section 23, T20S, R32E  
Lea County, New Mexico

Fasken is filing an Application for Permit to Drill (APD) with the Bureau of Land Management in Carlsbad for the Baetz 23 Federal No. 2H. The surface location is 1980' FSL and 1830' FWL of Section 23, T20S, R32E, Lea County, New Mexico. The No. 2H will be a horizontal Bone Spring test with a proposed bottom hole location of 1980' FSL and 330' FWL of Section 22, T20S, R32E. The proposed No. 2H is located 150' west of our Baetz 23 Federal No. 1 wellbore, an existing producing well that penetrated the potash. The existing pad will be extended to the west and north to accommodate the rig and mud pits.

BLM requires that notice be given to potash lessees in the area of this request for a permit. According to BLM records, you hold the potash leases shown on the attached map.

Should you have any questions concerning this application please give me a call at (432) 687-1777 or email me at [jimmyc@forl.com](mailto:jimmyc@forl.com).

Yours truly,



Jimmy D. Carlile  
Regulatory Affairs Coordinator





PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT  
OF THE RETURN ADDRESS, FOLD AT DOTTED LINE

**CERTIFIED MAIL™**



7007 2560 0003 3657 7736  
7007 2560 0003 3657 7736

**U.S. Postal Service™**  
**CERTIFIED MAIL™ RECEIPT**  
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at [www.usps.com](http://www.usps.com)

**OFFICIAL USE**

Postage	\$ 0.45
Certified Fee	2.95
Return Receipt Fee (Endorsement Required)	2.35
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.75

Postmark  
Here

Sent To **DAN MOREHOUSE**  
Street, Apt. No. or PO Box No. **MOSAIC POTASH CARLSBAD INC**  
City, State, ZIP+ **PO BOX 71**  
**CARLSBAD NM 88221-5602**

PS Form 3800, August 2006

See Reverse for Instructions

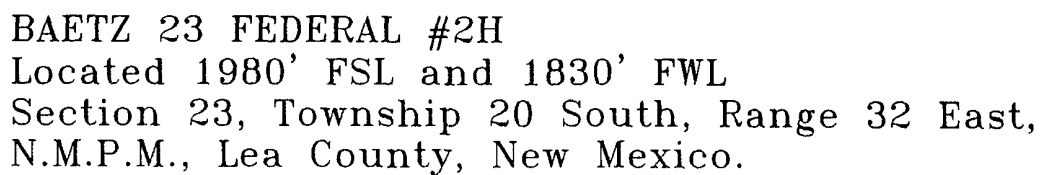
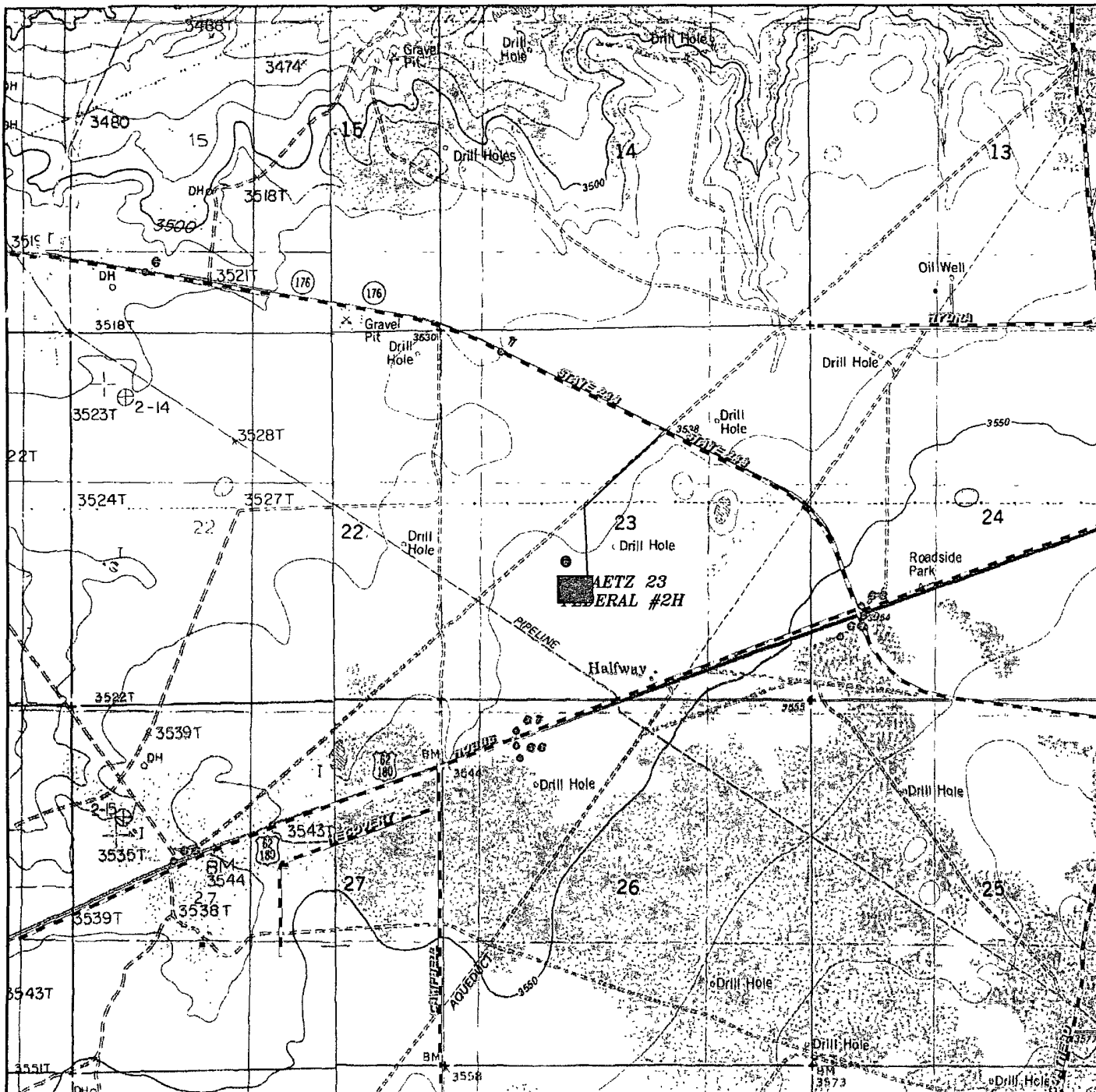


Exhibit "B"



**BAETZ 23 FEDERAL #2H**  
 Located 1980' FSL and 1830' FWL  
 Section 23, Township 20 South, Range 32 East,  
 N.M.P.M., Lea County, New Mexico.

■ Battery

**basin**  
**surveys**  
 focused on excellence  
 in the oilfield

P.O. Box 1786  
 1120 N. West County Rd.  
 Hobbs, New Mexico 88241  
 (575) 393-7316 - Office  
 (575) 392-2206 - Fax  
 basinsurveys.com

W.O. Number: JMS 26223

Survey Date: 02-16-2012

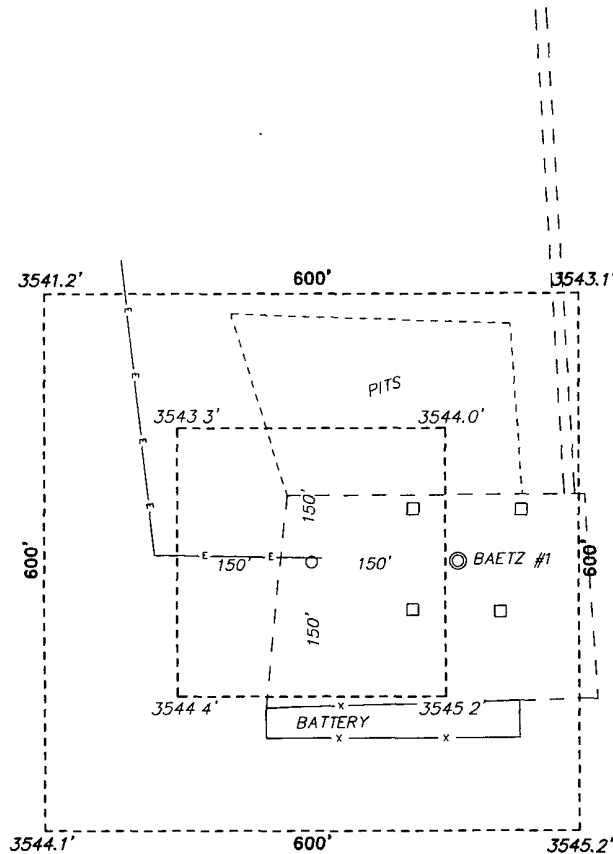
Scale: 1" = 2000'

Date: 02-23-2012

**FASKEN OIL  
 AND RANCH,  
 LTD**

Exhibit "C"

SECTION 23, TOWNSHIP 20 SOUTH, RANGE 32 EAST, N.M.P.M.,  
LEA COUNTY, NEW MEXICO.



FASKEN OIL AND RANCH, LTD  
BAETZ 23 FEDERAL #2H  
ELEV. - 3545'

Lat - N 32°33'24.70"  
Long - W 103°44'22.32"  
NMSPCE- N 566826.835  
E 724288.765  
(NAD-83)

Directions to Location

FROM THE JUNCTION OF 62-180 AND HWY 253, GO  
NORTHWESTERLY 0.7 MILES TO LEASE ROAD, ON LEASE  
ROAD GO SOUTHERLY 0.4 MILES TO WELL PAD AND  
PROPOSED LEASE ROAD.

200 0 200 400 FEET  
SCALE: 1" = 200'

**FASKEN OIL AND RANCH, LTD**

REF: BAETZ 23 FEDERAL #2H / WELL PAD TOPO

THE BAETZ 23 FEDERAL #2H LOCATED 1980'

FROM THE SOUTH LINE AND 1830' FROM THE WEST LINE OF

SECTION 23, TOWNSHIP 20 SOUTH, RANGE 32 EAST,

N.M.P.M., LEA COUNTY, NEW MEXICO.

**BASIN SURVEYS** P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number. 26223 Drawn By: J. SMALL

Date: 02-23-2012 Disk: JMS 26223

Survey Date: 02-16-2012

Sheet 1 of 1 Sheets

Exhibit "C-1"

## PI/Dwights PLUS on CD Map Report

Baetz "23" Federal No. 2H proposed wellsite, drilled wells, and dry holes located in a 1 mile radius.

Fasken Oil and Ranch, Ltd.

Baetz Federal No. 2H

SHL: 1980' FSL & 1830' FWL, Sec. 23, T20S, R32E

BHL: 1980' FSL & 330' FSL, Sec. 22, T20S, R32E

Exhibit "F"

