

HOBBS OCD

OCT 01 2012

RECEIVED

**Manzano, LLC**  
**MULTI-POINT SURFACE USE AND OPERATIONS PLAN**

**Gay Nineties Fed Com 1H**  
**Surface Location**  
**1547' FSL & 2280' FEL**  
**Section 36, T19S, R32E**  
**Bottom Hole Location**  
**330' FSL & 1980' FEL**  
**Section 1, T20S, 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 well are reflected on the well site layout; Form C-102. The well was staked by Basin Surveys Company.
- b. Page 3 of the plat is a portion of a topo map showing the well and roads in the vicinity of the proposed location. The proposed wellsite and the access route to the location are indicated on the plat also.
- c. 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.

**DIRECTIONS:**

From Maljamar road and Dry Lake road turn east on lease road. Go 4.2 miles and take a right (south). Go 2.1 miles and take a right (west) and proceed 1.5 miles. Turn left (south) and go 1.2 miles to location.

2. **PLANNED ACCESS ROAD:** The planned access roads are all existing state roads. No new road construction will be needed for this well.

3. **LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:**

- A. In the event the well is found productive, the Gay Nineties Fed Com 1H tank battery would be utilized and the necessary production equipment will be installed at the well site. A Site Facilities Diagram will be submitted upon completion of facility.
- B. All flowlines will adhere to API standards
- C. If electricity is needed, power will be obtained from Xcel Electric. Xcel Electric will apply for ROW for their power lines.
- D. If the well is productive, rehabilitation plans are as follows:
  - i. The original topsoil from the well site will be returned to the location. The drill site will then be contoured as close as possible to the original state.

4. **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 using the existing and proposed roads shown. On occasion, water will be obtained from a pre-existing water well, running a pump directly to the drill rig

5. **CONSTRUCTION MATERIALS:**

All Caliche utilized for the drilling pad and proposed access road will be obtained from an existing approved pit or from prevailing deposits found under the location. All roads will be constructed of 6" rolled and compacted caliche.

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 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.
- b. The supplier, including broken sacks, will pick up slats remaining after completion of well.

- 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.
- d. Disposal of fluids to be transported by an approved disposal company.

**8. ANCILLARY FACILITIES:**

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

**9. WELLSITE LAYOUT:**

- a. Exhibit 1 shows the proposed well site layout with dimensions of the pad layout.
- b. This exhibit indicates proposed location of reserve and sump pits if utilized and living facilities.
- c. Mud pits in the active circulating system will be steel pits and a closed loop system will be utilized.

**10. 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 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 be contoured, as close as possible, to match the original topography.

**11. SURFACE OWNERSHIP:**

The surface is owned by the State of New Mexico and is administered by the NMOCD. The surface is multiple use with the primary uses of the region for the grazing of livestock and the production of oil and gas.

**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, some mesquite bushes and shinnery oak. No wildlife was observed but it is likely that deer, rabbits, coyotes, and rodents traverse the area.

K2

- b. There is no permanent or live water in the general proximity of the location.
- c. There are no dwellings within 2 miles of location.

**12. OPERATOR'S REPRESENTATIVE:**

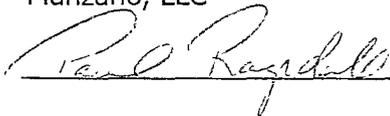
**CERTIFICATION:**

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Manzano, LLC and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

6-26-2012

Date

Manzano, LLC




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Paul Ragsdale  
 Operations Engineer  
 Manzano, LLC

## STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below:

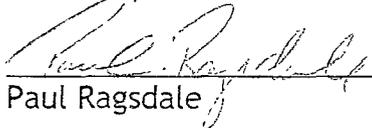
Date:

Lease #:

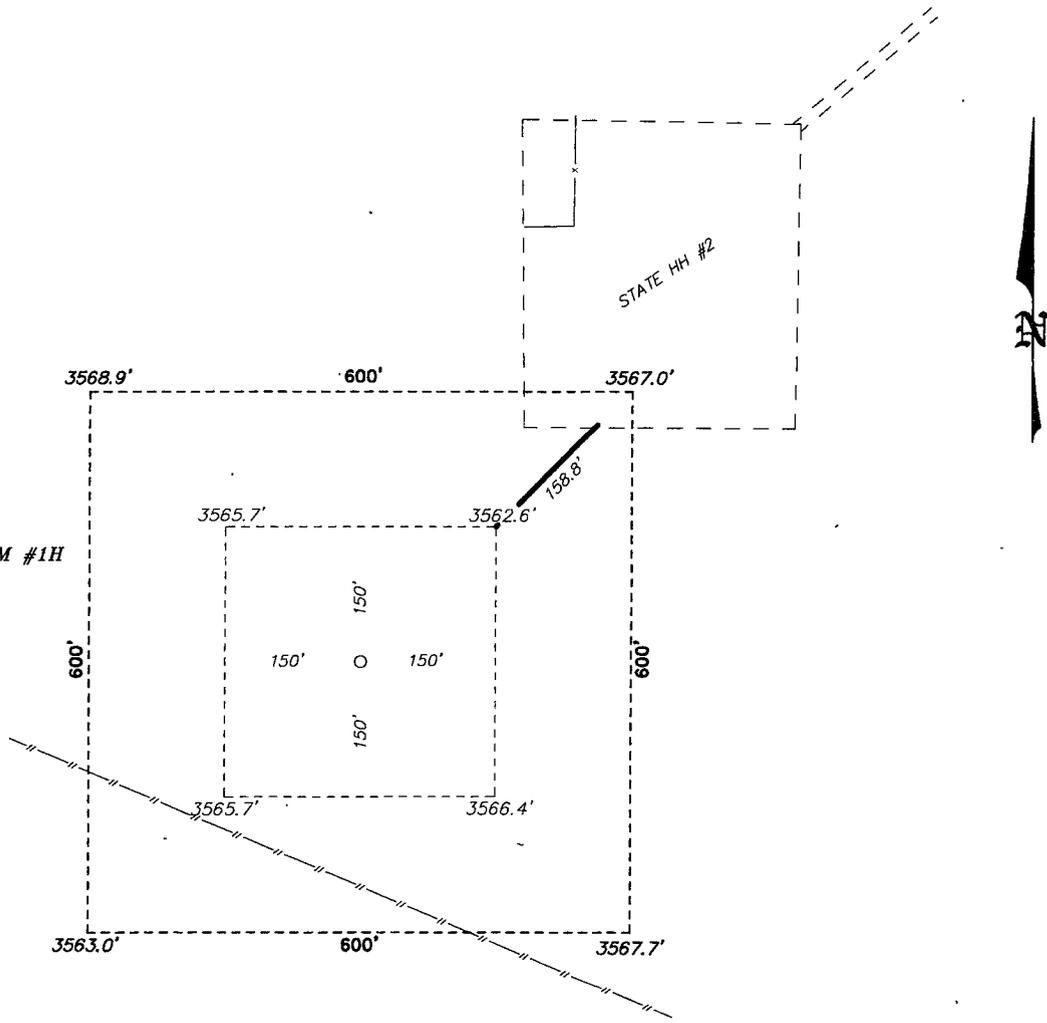
Legal Description: Section 1-T20S-R32E  
Lea County, New Mexico

Formation(s): Permian  
Bond Coverage: Statewide  
BLM Bond File #: NM-2567

Manzano, LLC

  
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Paul Ragsdale

SECTION 36, TOWNSHIP 19 SOUTH, RANGE 32 EAST, N.M.P.M.,  
LEA COUNTY, NEW MEXICO.



MANZANO, LLC  
GAY NINETIES FEDERAL COM #1H  
ELEV. - 3563'

Lat - N 32°36'50.07"  
Long - W 103°43'06.67"  
NMSPCE - N 587618.208  
E 730643.044  
(NAD-83)

Directions to Location:

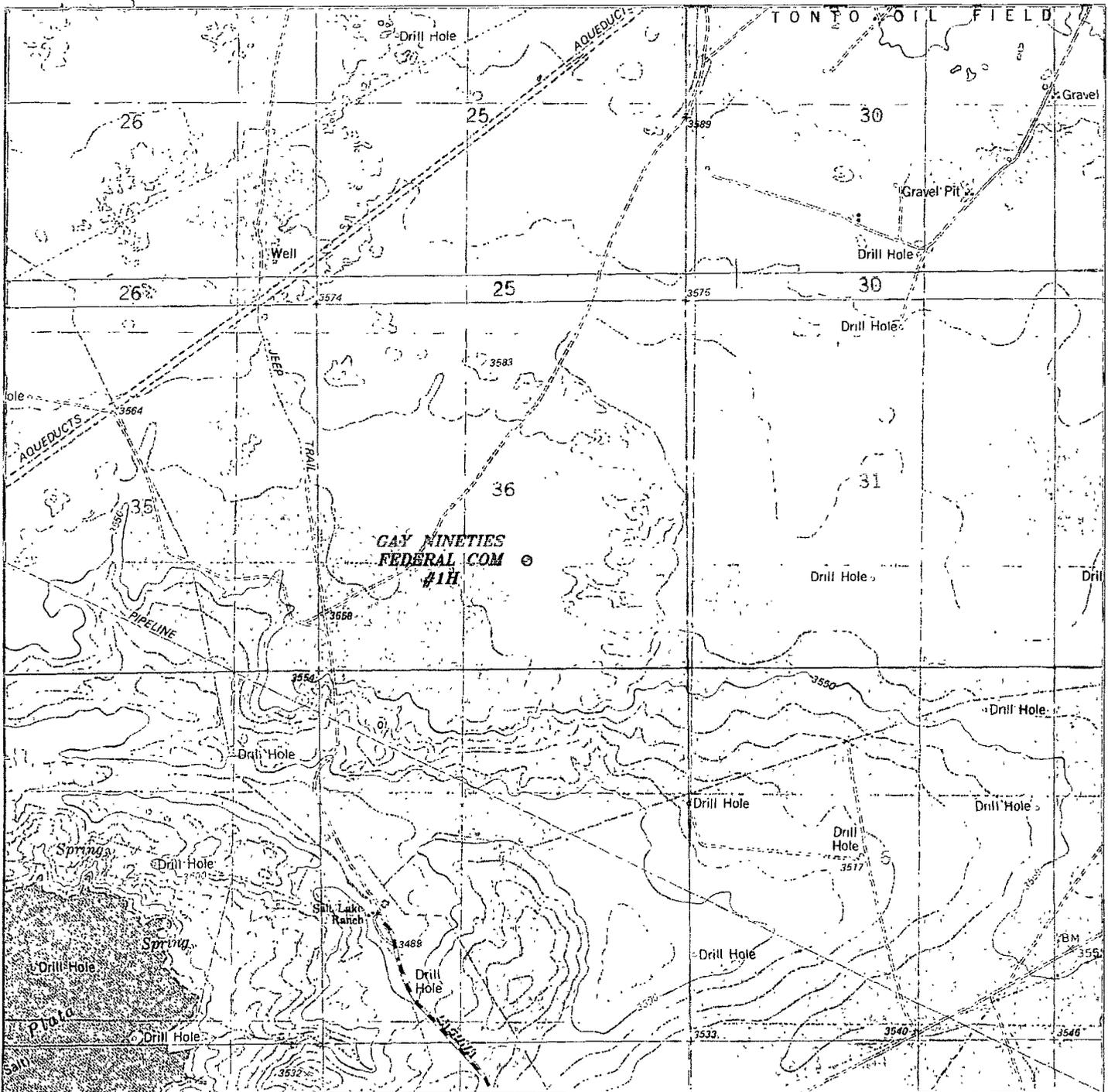
FROM THE JUNCTION OF HWY 62-180 AND SMITH RANCH, GO NORTH 2.0 MILES TURNING LEFT ON LEASE ROAD FOR 3.2 MILES TO LEASE ROAD, ON LEASE ROAD GO NORTH 1.1 MILES TURNING NORTHWEST 2.0 MILES TO LEASE ROAD, ON LEASE ROAD GO 0.8 MILES SOUTHWEST TURNING WEST 0.5 MILE THENCE SOUTHWEST 0.1 MILES TURNING SOUTH AGAIN 0.6 MILES TO WELL LOCATION, GO SOUTHWEST 0.3 MILES TO PROPOSED LOCATION.

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

W.O. Number. 26633	Drawn By: J. SMALL
Date: 04-24-2012	Disk: JMS 26633

<b>MANZANO, LLC</b>
REF: GAY NINETIES FEDERAL COM #1H / WELL PAD TOPO
THE GAY NINETIES FEDERAL COM #1H LOCATED 1547'
FROM THE SOUTH LINE AND 2280' FROM THE EAST LINE OF
SECTION 36, TOWNSHIP 19 SOUTH, RANGE 32 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.
Survey Date: 04-18-2012
Sheet 1 of 1 Sheets

#2 Plat



**GAY NINETIES FEDERAL COM #1H**  
 Located 1547' FSL and 2280' FEL  
 Section 36, Township 19 South, Range 32 East,  
 N.M.P.M., Lea County, New Mexico.



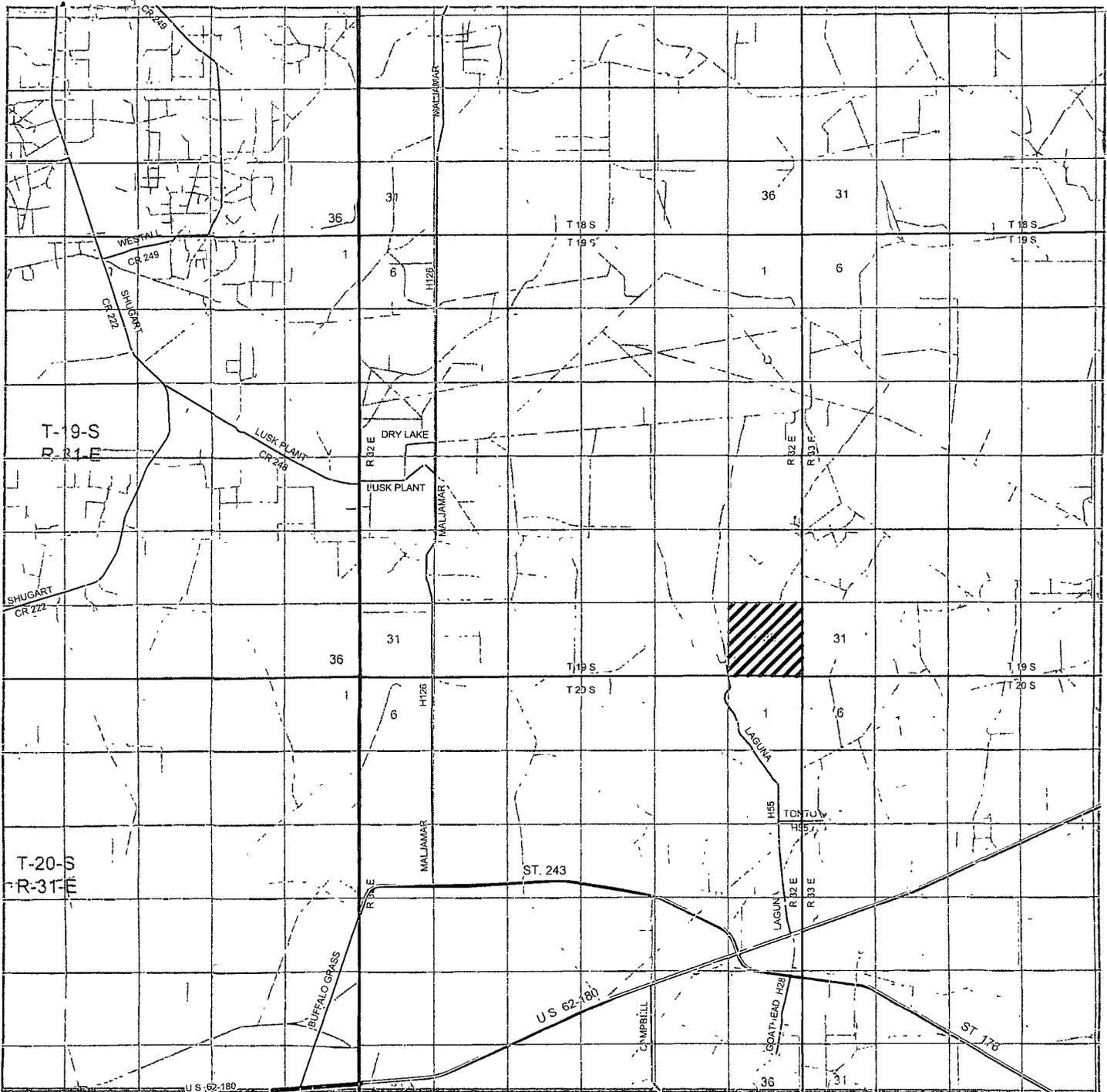
P.O. Box 1786  
 1120 N. West County Rd.  
 Hobbs, New Mexico 88241  
 (575) 393-7316 - Office  
 (575) 392-2206 - Fax  
 basinsurveys.com

W.O. Number: JMS 26633  
 Survey Date: 04-18-2012  
 Scale: 1" = 2000'  
 Date: 04-24-2012



**MANZANO, LLC**

#3 plat



**GAY NINETIES FEDERAL COM #1H**  
 Located 1547' FSL and 2280' FEL  
 Section 36, Township 19 South, Range 32 East,  
 N.M.P.M., Lea County, New Mexico.

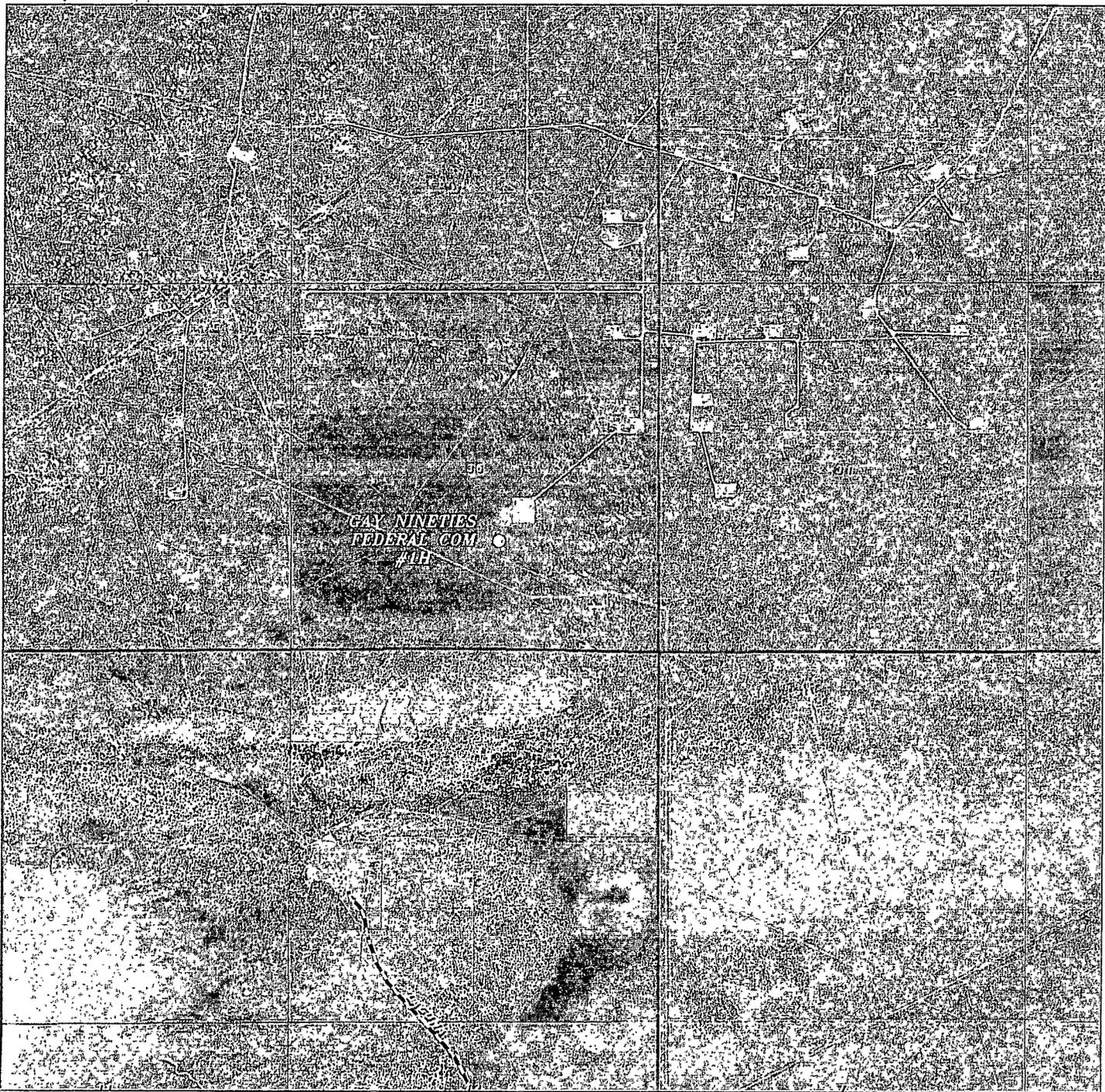
**basin surveys**  
 focused on excellence  
 in the oilfield

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

W.O. Number: JMS 26633
Survey Date: 04-18-2012
Scale: 1" = 2 Miles
Date: 04-24-2012

**MANZANO, LLC**

#4 plat



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 Section 36, Township 19 South, Range 32 East,  
 N.M.P.M., Lea County, New Mexico.

 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 26633	 MANZANO, LLC
		Scale: 1" = 2000'	
		YELLOW TINT - USA LAND BLUE TINT - STATE LAND NATURAL COLOR - FEE LAND	

#5 plat