

Manzano, LLC
MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Green Frog Café Fed #1H
Surface Location
810 FNL & 2310 FEL
Section 18-T20S- R33E
Bottom Hole Location
810 FNL & 2310 FWL
Section 17-T20S-R33E
Lea County, New Mexico

HOBBS OCD

OCT 11 2012

RECEIVED

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.

DIRECTIONS:

Take US 62-180 from Carlsbad east to the intersection of Laguna Road and US 62-180, turn north on Laguna 1.6 miles to Tonto Road then east on Tonto 0.6 miles the turn south 0.2 mile to location.

1. EXISTING ROADS:

- a. The well site and elevation plat for the proposed well are reflected on the well site layout; Form C-102, page 1. The well was staked by Basin Surveys, Inc from Hobbs, NM.
- b. Page 2 is a Vicinity map showing the well and roads in the vicinity of the proposed location. The proposed well site and the access route to the location are indicated on page 3.
- 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.

2. PLANNED ACCESS ROAD:

- a. The proposed access road is shown in on page 3 of the Well Location package. There are existing roads that provide access to other wells in the area that will be utilized for access to this new location. These roads are in good condition and

should not need a lot of work to be able to bring a rig in and drill the well. Pot holes will be filled with caliche and the road will be watered, packed and bladed.

- b. The well site layout is a plat of the location required for Patriot Rig #4 when utilizing a closed loop system. This well will be drilled with a closed loop system so no reserve pits will be constructed.
- c. The average width of the ROW for road will be 25' with a driving surface of 14'. It is an existing lease road into the Conoco Fed #1. The road will be rebladed and caliche will be placed into the holes and then the entire road will be watered and compacted.
- d. Surface material will be native caliche. This material will be obtained from a BLM, Fee or State approved pit nearest in proximity to the location. The average grade will be approximately 1%
- e. Top soil will be stock piled on the location, and 100% of this material will be used for the reclamation after the well is completed and production facilities are installed..

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

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

- a. In the event the well is found productive, a tank battery will be constructed with three or four 500 bbl oil storage tanks, a 500 bbl water tank, a separator, a heater treater and a gas sales meter.
- b. The well should be a producing oil well and will be produced with conventional rods and pump or with a submersible pump.
- c. All flowlines will adhere to API standards
- d. Electricity is close to the location and will be supplied by XCEL Energy.

5. INTERIM RECLAMATION:

- a. If the well is productive, Interim Reclamation plans will be to reduce the pad size by removing the caliche on the side of location away from the access road which is the west side. A strip of caliche parallel to the "barbed wire" fence approximately 50 feet wide and 100 feet long will be removed and used on the road. The original top soil will be returned to the location. Then this area will be ripped and seeded.
- b. A plat indicating the Interim Reclamation plan is included with this plan.
- c. If the well is not productive, a dry hole marker will be installed, the caliche will be removed from the location, the top soil returned to the location and spread out evenly and then the location will be ripped and seeded, if it ever rains.

6. LOCATION AND TYPES OF WATER SUPPLY:

- a. 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

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.

7. 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:

- a. 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. Mud pits in the active circulating system will be steel pits and a closed loop system will be utilized.

10. SURFACE OWNERSHIP:

- a. The surface is owned by the BLM and is administered by the BLM. The surface is multiple use with the primary uses of the region for the grazing of livestock and the production of oil and gas.

11. OTHER INFORMATION:

- a. The area surrounding the well site is grassland. The topsoil is packed soils and caliches. 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.
- 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.

8-6-2012
Date

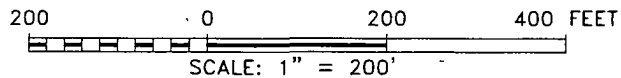
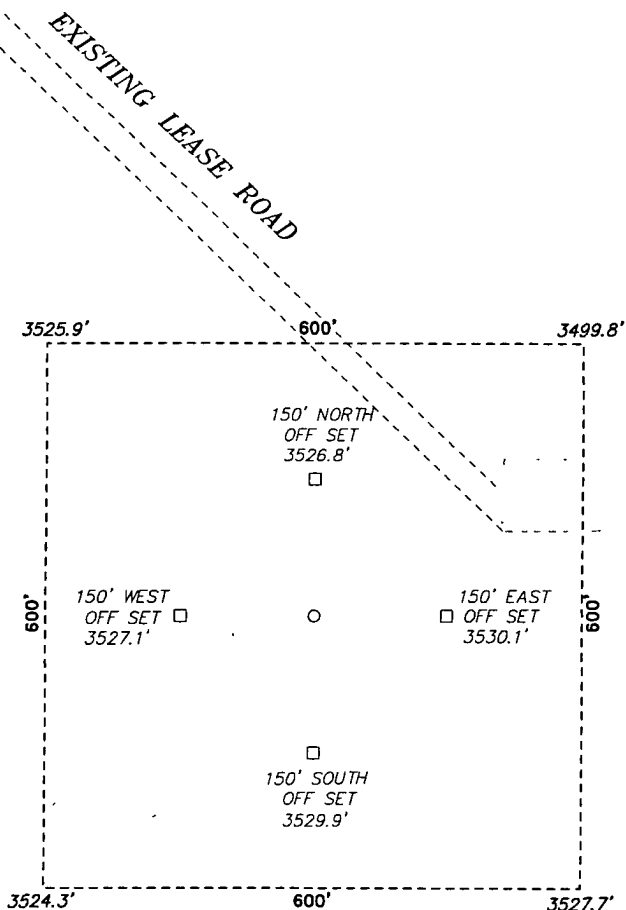
Manzano, LLC



Paul Ragsdale
Operations Engineer
Manzano, LLC

SECTION 18, TOWNSHIP 20 SOUTH, RANGE 33 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.

MANZANO, LLC
GREEN FROG CAFE FEDERAL #1H
ELEV. - 3529'
SURFACE LOCATION
Lat - N 32°34'41.47"
Long - W 103°42'05.48"
NMSPCE- N 574653.17
E 735953.40
(NAD-83)



Directions to Location:

FROM THE JUNCTION OF ST. HWY. 62-180 AND
HWY.55 LAGUNA GO NORTH ON LAGUNA 1.6 MILES
TO TONTO THEN EAST ON TONTO 0.6 MILES TO
BEGIN ROAD AT EXISTING ROAD.

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

W.O. Number: 27013 Drawn By: D. JONES

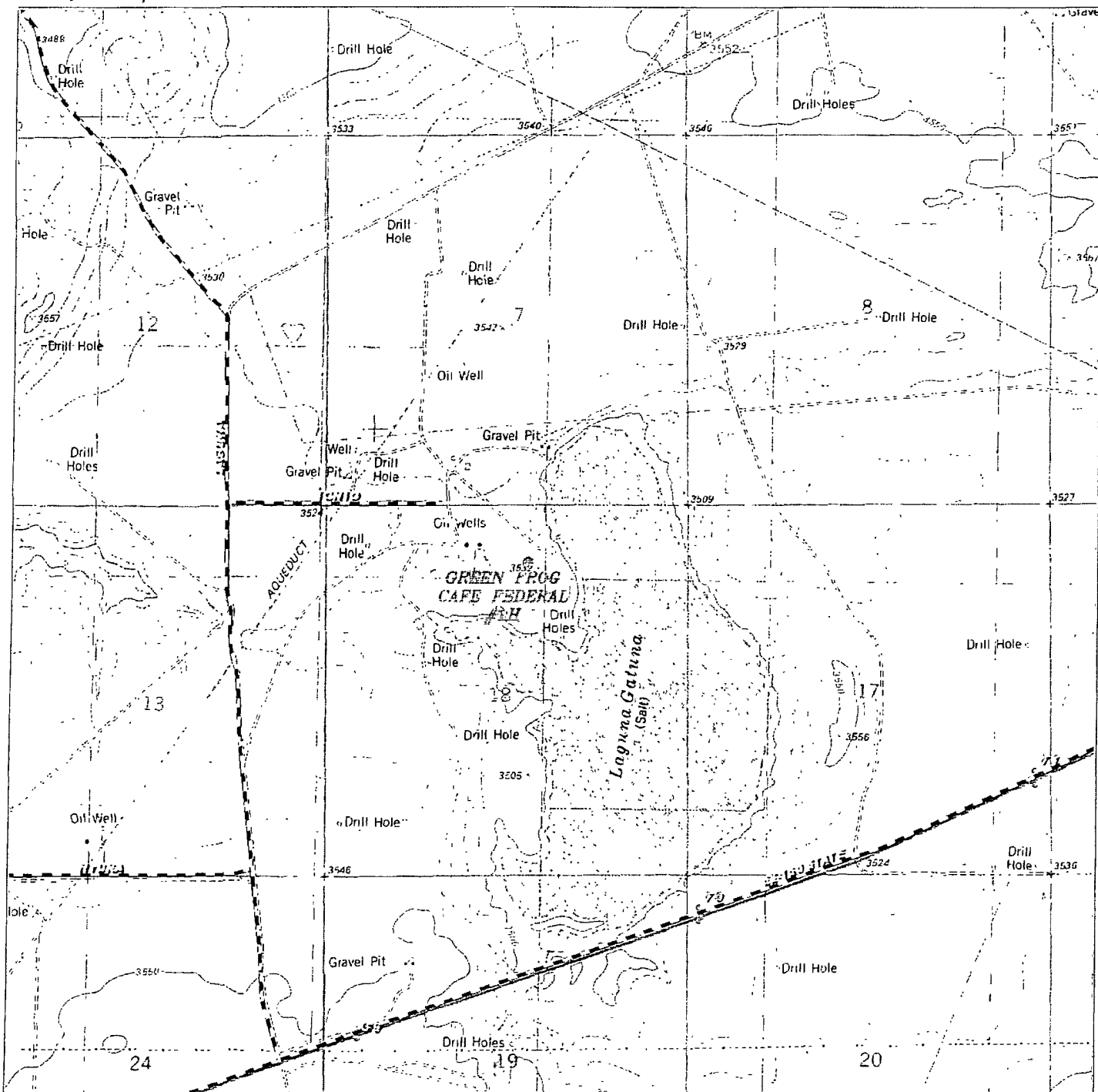
Date: 07-10-2012 Disk: DAJ 27013

MANZANO, LLC

REF: GREEN FROG CAFE FEDERAL #1H / WELL PAD TOPO

THE GREEN FROG CAFE FEDERAL #1H LOCATED 810'
FROM THE NORTH LINE AND 2310' FROM THE EAST LINE OF
SECTION 18, TOWNSHIP 20 SOUTH, RANGE 33 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

Survey Date: 07-09-2012 Sheet 1 of 1 Sheets



GREEN FROG CAFE FEDERAL #1H
 Located 810' FNL and 2310' FEL
 Section 18, Township 20 South, Range 33 East,
 N.M.P.M., Lea County, New Mexico.



focused on excellence
in the oilfield

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

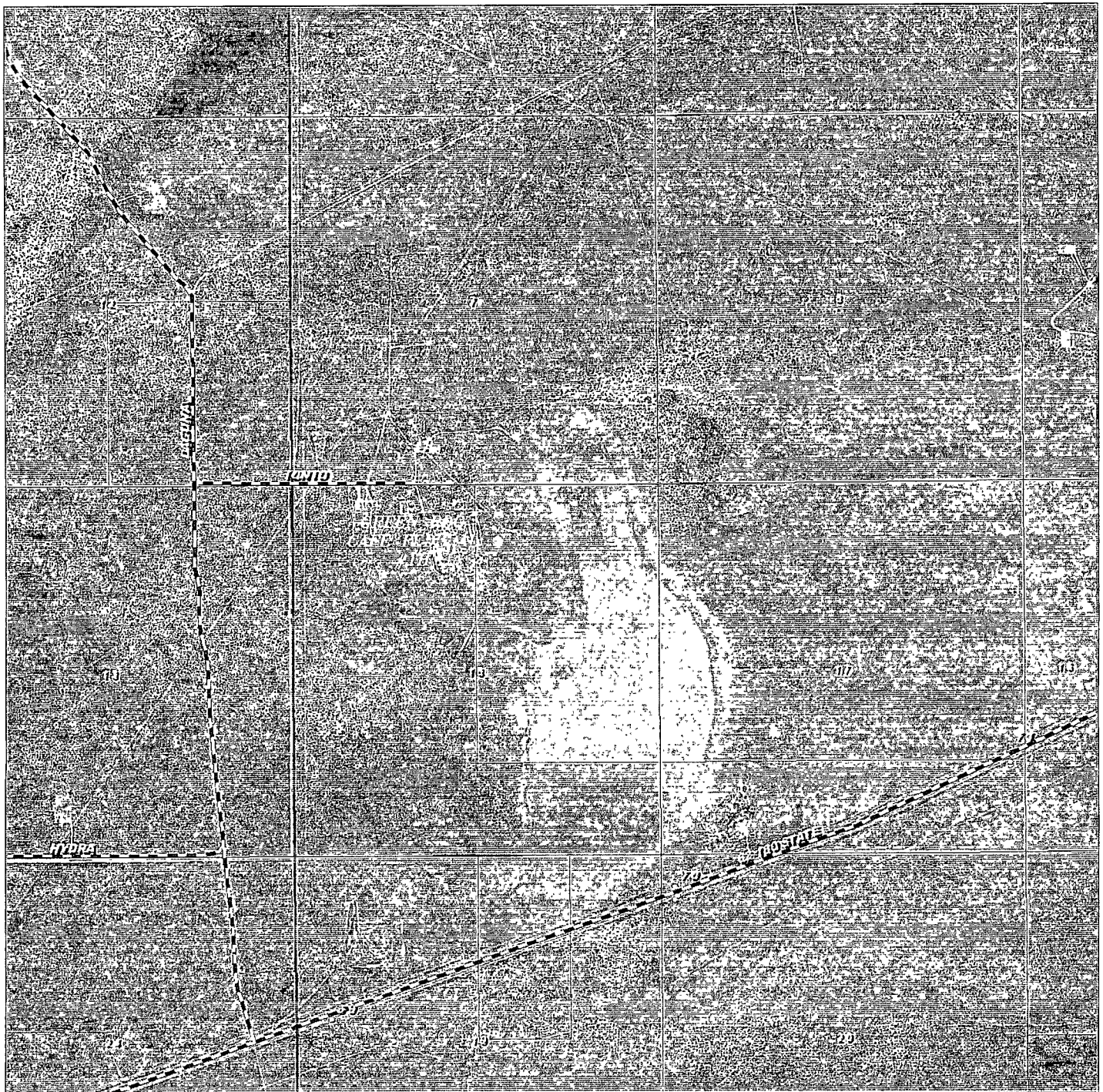
W.O. Number DAJ 27013

Survey Date 07-09-2012

Scale 1" = 2000'

Date 07-10-2012

MANZANO, LLC



GREEN FROG CAFE FEDERAL #1H
 Located 810' FNL and 2310' FEL
 Section 18, Township 20 South, Range 33 East,
 N.M.P.M., Lea County, New Mexico.

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Scale: 1" = 2000'

YELLOW TINT - USA LAND
 BLUE TINT - STATE LAND
 NATURAL COLOR - FEE LAND



MANZANO, LLC

MANZANO, LLC
GREEN FROG CAFE' Fed #1 H

WEST TEAS (YATES-SEV. RIVS) UT.
CHESAPEAKE (OPER.)

Rich & Bass
E-5231
HBP

State
Kenneth Smith (S)

Phillips
Grace Pet'
HBP
13280

Barber
S/R
Yates
HBP
107610

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