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ENDURANCE RESOURCES LLC

MULTIPOINT SURFACE USE AND OPERATIONS PLAN

STRATOCASTER 20 FED #2H

SHL: 330' FSL & 1980' FWL

BHL: 330' FNL & 1980' FWL

SEC 20-T23S-R34E

LEA COUNTY, NM

This plan is submitted with Form 3160-3, Application for Permit to Drill, covering the above mentioned 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 surface disturbance involved and the procedures to be followed in rehabilitating the surface after the completion of operations, so that a complete appraisal can be made of the environment effect associated with these operations.

Directions:

From the intersection of State Highway 128 and CR 21 (Delaware Basin) go north on CR 21 approx. 5.1 miles. Go southeast on caliche road approx. 0.75 of a mile. Veer northeast and go approx. 0.1 of a mile to begin road lath. Follow road laths east approx. 0.2 of a mile to southwest corner of pad. Location is northeast approx. 267 ft.

1. Existing Roads:

- The well site and elevation plat for the proposed well are reflected on the well site layout; Form C-102, page 1. This well was staked by Madron Surveying Inc. from Carlsbad, NM.
- Page 4 of the C-102 packet contains is a Vicinity map showing the well and roads in the vicinity
 of the proposed location. The proposed well site and the access route are labeled in orange &
 blue. The proposed well site and the access route to location are indicated on the Site map
 (page 2) of C-102 packet. ROW using this existing route is being requested if necessary.
- 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:

 Endurance Resources LLC will be using the existing access road that runs through the proposed Telecaster 30-4H location (15' wide) up near the Stratocaster 20 Fed 1H (formally Paloma Blanco 20 Fed #1) location. This planned access road is ~1,146ft in length to access the Stratocaster 20-2H. This access road will also provide access to the planned Stratocaster 20-3H & Stratocaster 20-4H (formally Back Basin #1). See attached C-102 packet page 4 for more details. This access road





will have a max width of 15' & follow along the south side of the section. It will be crowned and made of 6" rolled and compacted caliche. This road will be used as a multi-use ROW for flow lines & power lines.

- This proposed access road will be of native caliche. This material will be obtained from a BLM approved pit nearest in proximity to the location. Water will be deflected, as necessary, to avoid accumulation and prevent surface erosion. The average grade will be approx. 1%.
- No cattle guards, gates, or fence cuts will be required. No turnouts are planned.

3. Location of Existing Wells:

 A one mile radius map shows all existing/proposed wells within a one-mile radius of the proposed location. See attached radius plat for more details. Endurance Resources LLC is willing to work with outside operators (ex Caza Operating) to allow access to their new drill wells in Sec 29-23S-34E through Endurance's existing & proposed access road (s). This will allow less of a surface disturbance on federal, state, & private lands in this area. This option was discussed with Trish Badbear during the onsite.

4. Location of Existing and/or Proposed Facilities:

- This location is in a relatively flat area. Well site will be constructed by way of a 350'x420' pad. Pad dimensions could change based on the type of rig secured. Topsoil pile will be placed on the north side of location. V-door will be facing east.
- In the event this well is found productive, production will be taking via flow line following the existing & proposed access road to the Stratocaster 20 Fed 1H Battery (formally the Paloma Blanco 20 Fed #1). A strip of land 30 ft wide crossing BLM land in Sec 20-T23S-R-34E & being 15' on each side is being requested for multi-use ROW. Total distance of this flow line will be ~1,724' in length. Endurance Resources requests to lay three buried 4" poly flex flow lines within this distance to the existing battery. These lines are expected to carry 800 BOPD, 600 MCFPD, & 1200 BWPD at 125 psi respectively. These three lines will carry production from the proposed Stratocaster 20 Fed 2H, 3H, & 4H wells. See attached plat labeled "Flowline to connect the Stratocaster 20 Federal #1H, #2H, #3H, & #4H" for more details (contains 3 pages).
- All flow lines will adhere to API standards.
- Power will be supplied by way of existing electrical line running from CR-21 along the existing road into the Stratocaster 20 Fed 1H (formally Paloma Blanco 20 Fed #1) location. This is an Endurance owned power line. Endurance Resources' electric line will need to be routed along the proposed access road & proposed flow line route mentioned above. A strip of land 30 ft wide crossing BLM land in Sec 20-T23S-R34E being that of 15ft wide of each side is being requested for multi-use ROW. This electrical line will be ~1,362' in length. This line will also power the proposed Stratocaster 20 Fed 3H & 4H wells. See attached plat labeled "An electrical line to connect the Stratocaster 20 Fed #1H, 2H, 3H, & #4H" for more details (contains 3 pages).
- 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.

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 using existing roads. On occasion, water will be obtained from a preexisting water well, running a pump directly to the drilling rig. In these cases where a poly line is used to transport water for drilling or completion purposes, the existing and proposed road into location will be utilized.

6. Construction Materials:

• All caliche utilized for the drilling pad and access road will be obtained from an existing BLM approved pit or from prevailing deposits found under the location. All roads will be constructed of 6" rolled and compacted caliche. Will use BLM recommended use of extra caliche from other locations close by for roads, if available.

7. Methods of Handling Waste Material:

- All trash, junk, & other material will be removed from the well site within 30 days after finishing drilling/completion operations. All waste material will be contained in trash bins to prevent scattering. When the job is completed, all contents will be removed and disposed of in an approved sanitary landfill.
- The supplier, including broken sacks, will pick up slats remaining after completion of the well.
- A porto-john will be utilized for handling all gray water waster material. The equipment will be
 properly maintained during the drilling and completion operations, and will be removed when all
 operations are completed.
- Disposal of fluids are to be transported by an approved disposal company.

8. Ancillary Facilities:

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

9. Wellsite Layout:

- Attached is the proposed well site layout with dimensions of the pad layout. Endurance Resources LLC is providing the layout of McVay Rig #4.
- This exhibit indicates proposed location of reserve and sump pits if utilized. Living facilities will be placed on the south side of location.
- Mud pits in the active circulating system will be steel pits and a closed loop system will be utilized. Endurance Resources LLC will comply with the NMOCD requirements 19.15.17 and submit a form C-144 to the appropriate NMOCD district office.
- This location is in a relatively flat area. Well site will be constructed by way of a 350'x420' pad. Pad dimensions could change based on the type of rig secured. Topsoil pile will be placed on the north side of location. V-door will be facing east.

10. Plans for Surface Reclamation:

- After concluding the 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 or roads. The road will be reclaimed as directed by the BLM. The original topsoil will again be returned to the pad and contoured, as close as possible, to the original topography.
- The location and road will be rehabilitated as recommended by the BLM.



- If the well is deemed commercially productive, caliche from areas of the drill pad not required for safe operations, will be reclaimed. The original topsoil will be returned to the area of the drilling 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.
- See attached site reclamation diagram for more details.

11. Surface Ownership:

 The surface is owned by the BLM and is administered by the BLM. The surface is multiple use with primary uses of the region for the grazing of livestock, as well as oil & gas production. Endurance Resources has had onsite with grassing lessee Bill Angle (rancher) and is fully aware of the operations planned in this area.

12. Other Information:

- The area surrounding the well site is made up of grassland & mesquite trees. The topsoil is packed soils and caliches. No wildlife was observed, but free range cattle, deer, dove/quail, & small rodents are likely to traverse the area.
- There is no permanent or live water in the general proximity of this location.
- There are no dwellings within 1 mile of this location.



Operators Representative:

Endurance Resources LLC representatives responsible for ensuring compliance of the surface use plan are listed below.

Kale Jackson Sr Completions Engineer Endurance Resources LLC 11382 Lovington Highway Artesia, NM 88211 575.914.3355 Manny Sirgo VP Operations Endurance Resources LLC 203 W. Wall St, Suite 1212 Midland, TX 79701 432.413.0085

Certification:

I hereby certify that I, or persons under my district 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 Endurance Resources 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.

5/16/13

Date

Kale Jackson Sr Completions Engineer Endurance Resources LLC <u>kale@enduranceresourcesllc.com</u>













Endurance Proposed Locations











