

30-025-41700

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HOBBS OCD

FEB 28 2014

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1. Existing Roads:

Area maps: Exhibit "B" - reproduction of Eddy Co. General Highway Map. Exhibit "C" - reproduction of a USGS Topographic Map. Exhibit "C-1" - well site layout map. Exhibits "C," "C-1" - existing roads map.

- A. The maximum width of the driving surface will be 14.' The road will be crowned and ditched with a 2% slope from the tip of the crown to the edge of the driving surface. The ditches will be 1' deep with 3:1 slopes. The driving surface will be made of 6" rolled and compacted caliche.
- B. Existing access road route to the proposed project is depicted on the public access point map if applicable. Improvements to the driving surface will be done where necessary. No new surface disturbance will be done, unless otherwise noted in the New or Reconstructed Access Roads section of the surface use plan.
 - 1. Driving Directions: From Hwy 176 and Marathon Rd go North on Marathon Rd 1 mile, turn West travel 1 mile, turn North travel 1 mile, turn East travel 1702' to proposed location.
- C. If existing roads are used, the operator will improve or maintain existing roads in a condition the same as or better than before the operations began. The operator will repair pot holes, etc. All existing structures on the entire access route such as cattleguards, other range improvement projects, culverts, etc. will be properly repaired or replaced if they are damaged or have deteriorated beyond practical use.
- D. The operator will prevent and abate fugitive dust as needed, whether created by vehicular traffic, equipment operations, or other events.

2. New or Reconstructed Access Roads:

A new road will be constructed for this project.

- A. Nearburg Producing Company plans to construct 501.9' of new on-lease access road to service the well. The planned access road does not cross lease boundaries, a right of way grant will not be acquired from the BLM.
- B. The maximum width of the driving surface will be 14.' The road will be crowned and ditched with a 2% slope from the tip of the crown to the edge of the driving surface. The ditches will be 1' deep with 3:1 slopes. The driving surface will be made of 6" rolled and compacted caliche.
- C. New access road route to the proposed project is depicted on the public access point map and Exhibit C-1. Improvements to the driving surface will be done where necessary. No new surface disturbance will be done without prior approval from the BLM.
- D. The operator will prevent and abate fugitive dust as needed, whether created by vehicular traffic, equipment operations, or other events.

3. Planned Electric Line:

Nearburg Producing Company plans to construct a new on lease electric line to service the well.

- A. Nearburg Producing Company plans to install and overhead electric line from the proposed well to an existing overhead electric line located in SW of section sec. 23. The proposed electric line will be 810' in length, 3-40 poles, 480 volt, 4 wire, 3 phase. The electric line will exist off the West side of the well location and travel West 810' until it would intercept the existing electric line.
 - 1. The electric line will be routed on the South side of lease road and 10-30' from and parallel to lease road.
- B. Route is within lease boundaries, a right of way grant will not be acquired from the BLM. Please see Exhibit G. Any changes to E-Line route will be submitted via sundry notice.

4. Location of Existing Wells in a One-Mile Radius - Exhibit A

- A. Water wells - None known
- B. Disposal wells - None known
- C. Drilling wells - None known
- D. Producing wells - As shown on Exhibits "A"
- E. Abandoned wells - As shown on Exhibits "A"

5. Location of Existing or Proposed Production Facilities:

Nearburg Producing Company plans to construct flowlines to service the well.

If on completion this well is a producer, a tank battery will be used and the necessary production will be installed at the Laguna 23 Federal Com #1H. Nearburg Producing Company proposes to install two 4 inch buried HP polylines down existing lease road to the Laguna 23 Federal Com #1H.

Specifications of Polyline: 1 HP polyline for oil, gas, and water production. 1 HP polyline for gas lift.
Length: 1815.'

MAOP: 1500 psi. Anticipated working pressure: 200-300 psi.

Allocation will be based on well test. Route is within lease boundaries, please see Exhibit G. Any changes to flowline route will be submitted via sundry notice.

5. Location and Type of Water Supply:

Water will be purchased locally from a commercial source and trucked over the access roads.

6. Source of Construction Material:

If possible, native caliche will be obtained from the excavation of drill site. The primary way of obtaining caliche will be by "turning over" the location. This means caliche will be obtained from the actual well site. A caliche permit will be obtained from BLM prior to pushing up any caliche. 2400 cu yds is the max amount of caliche needed for pad and roads. Amount will vary for each pad. The procedure below has been approved by BLM personnel:

- A. The top 6 inches of topsoil is pushed off and stockpiled along the side of the location.
- B. An approximate 120' x 120' area is used within the proposed well site to remove caliche.
- C. Subsoil is removed and piled alongside the 120' by 120' area within the pad site.
- D. When caliche is found, material will be stockpiled within the pad site to build the location and road.
- E. Then subsoil is pushed back in the hole and caliche is spread accordingly across entire location and road.
- F. Once well is drilled, the stockpiled top soil will be used for interim reclamation and spread along areas where caliche is picked up and the location size is reduced. Neither caliche nor subsoil will be stockpiled outside of the well pad. Topsoil will be stockpiled along the edge of the pad as depicted in Exhibit D - Rig Layout Diagram.

In the event that no caliche is found onsite, caliche will be hauled in from a BLM-approved caliche pit.

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7. Ancillary Facilities:

- A. No camps or airstrips to be constructed.

8. Well Site Layout:

- A. Exhibit "D" shows location and rig layout.
- B. Mud pits in the closed circulation system will be steel pits and the cuttings will be stored in steel containment pits.
- C. Cuttings will be stored in steel pits until they are hauled to a state-approved disposal facility.
- D. If the well is a producer, those areas of the location not essential to production facilities will be reclaimed and seeded

9. Plans for Restoration of Surface:

Rehabilitation of the location will start in a timely manner after all drilling operations cease. The type of reclamation will depend on whether the well is a producer or a dry hole.

In areas planned for interim and final reclamation, surfacing materials will be removed and returned to a mineral pit or recycled to repair or build roads and well pads.

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's pad and surface facilities. After the area has been shaped and contoured, topsoil from the spoil pile will be placed over the disturbed area to the extent possible. Revegetation procedures will comply with BLM standards.

If the well is a dry hole, the pad and road area will be recountoured to match the existing terrain. Topsoil will be spread to the extent possible. Revegetation will comply with BLM standards.

Should the well be producer, those areas of the location not essential to production facilities and operations will be reclaimed and seeded per BLM requirements. Please see Production Facilities Layout Diagram, exhibit D-1

10 Methods of Handling Waste

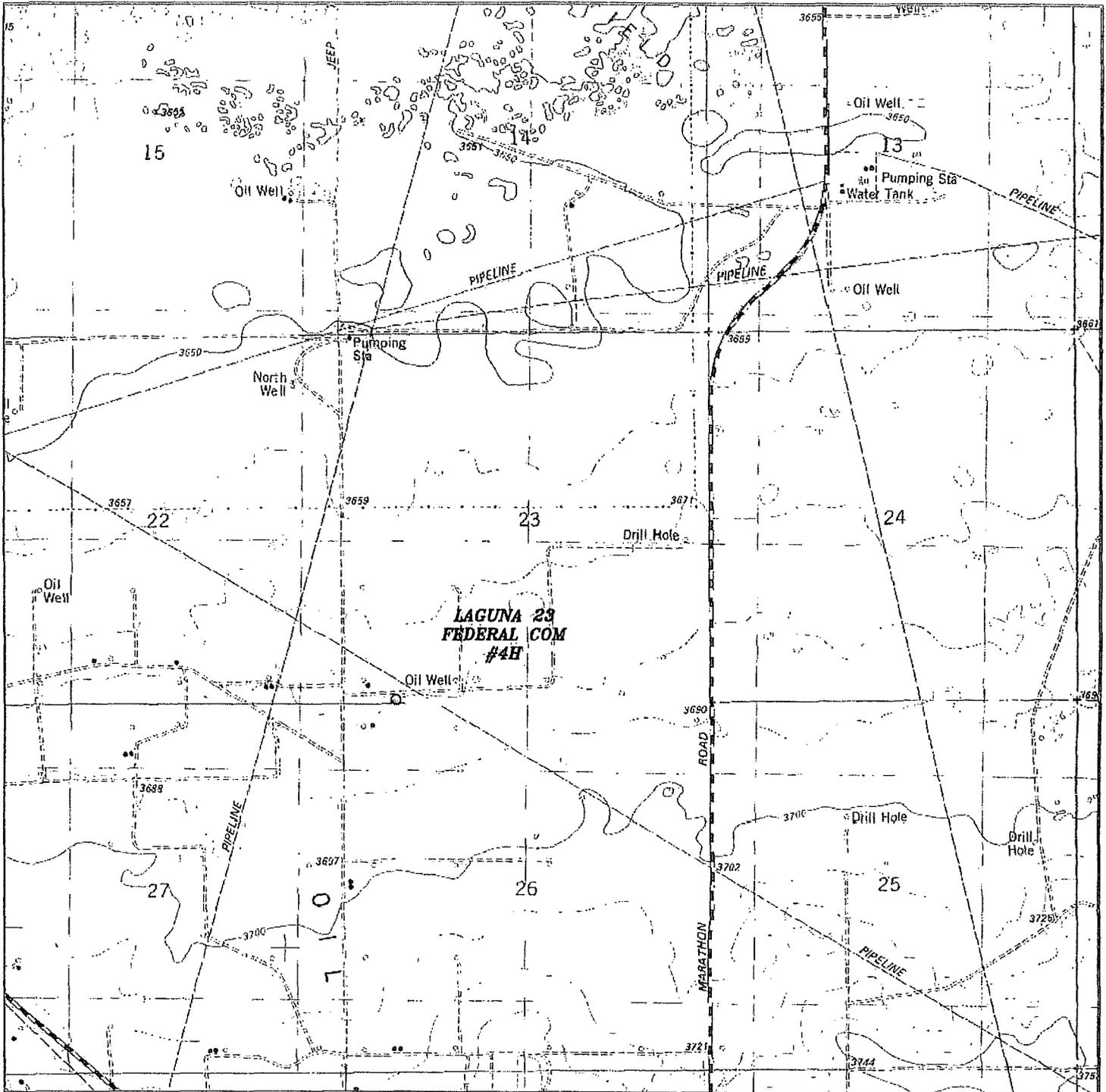
- A. Drilling fluids, produced oil, and water from the well during drilling and completion operations will be stored safely and disposed of properly in a NMOCD approved disposal facility.
- B. Garbage and trash produced during drilling and completion operations will be collected in a trash container and disposed of properly at a state approved disposal facility. All trash on and around well site will be collected for disposal.
- C. Human waste and grey water will be properly contained and disposed of properly at a state approved disposal site.
- D. After drilling and completion operations, trash, chemicals, salts, frac sand and other waste will be removed and disposed of properly at a state approved disposal site.
- E. The well will be drilled utilizing a closed loop system. Drill cuttings will be properly disposed of into steel tanks and taken to an NMOCD approved disposal facility.

11 Other Information

- A. Topography consists of a sloping plane with loose tan sands. Vegetation is mainly yucca, mesquite and shin oak.
- B. The wellsite is on surface owned by Department of the Interior, Bureau of Land Management. The land is used mainly for farming, cattle ranching, recreational use, and oil and gas production.
- C. An archaeological survey will be conducted on the location and proposed roads and this report will be filed with the Bureau of Land Management in the Carlsbad BLM office.
- D. There are no known dwellings within 1½ miles of this location.

12. On Site Notes and Information:

On April 23, 2013, a BLM onsite meeting was held with Barry Hunt, Cimarex representative, Tim Green, Nearburg Producing Company, and Basin Suveys. Trish Badbear was notified of staking. V-Door North. Top soil north. Interim reclamation: North, east, south. Access off of the 1H.



LAGUNA 23 FEDERAL COM #4H

Access road

Located 50' FSL and 810' FWL

Section 23, Township 20 South, Range 34 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

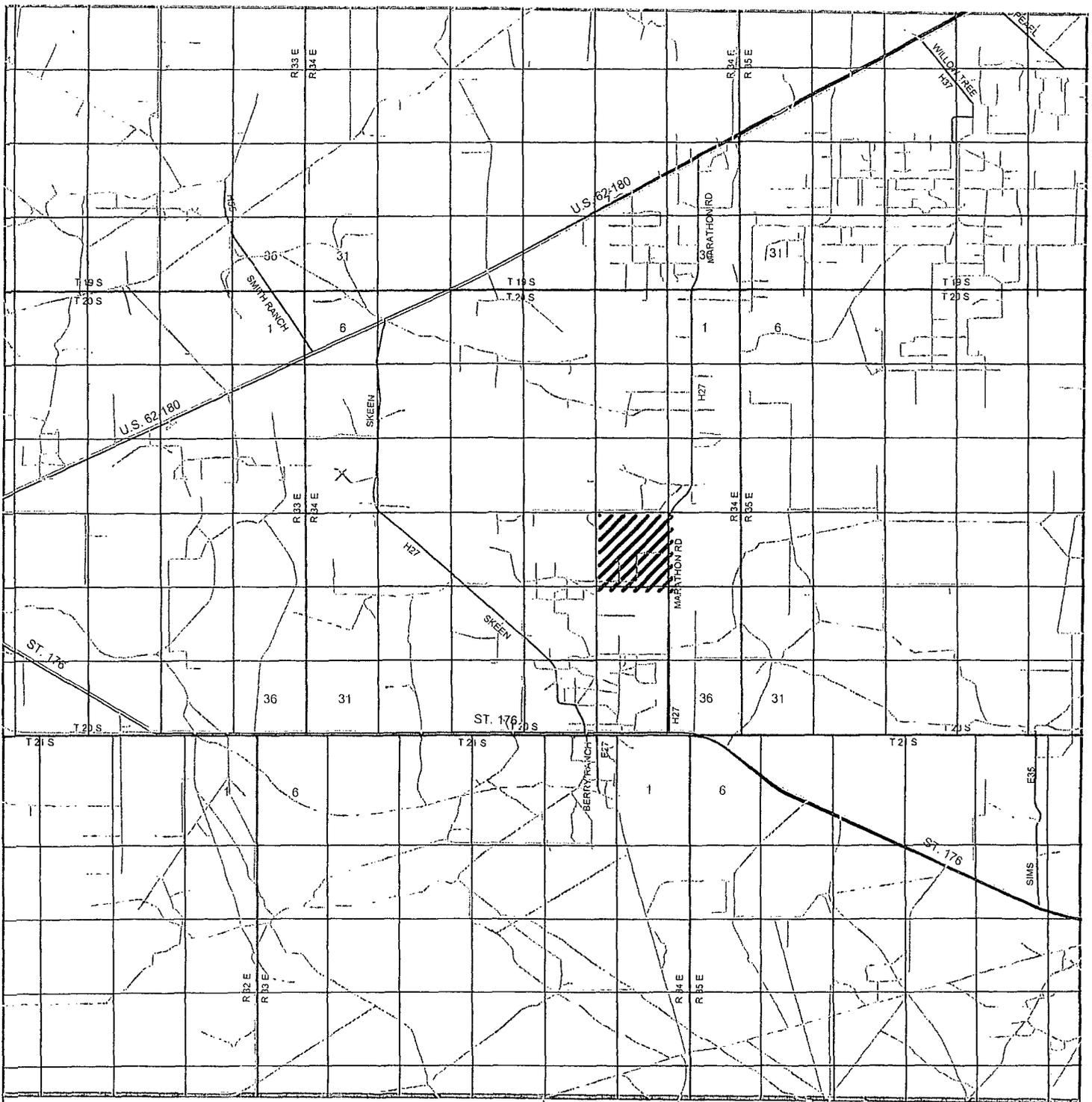
W.O. Number: DAJ 28576

Survey Date: 04-23-2013

Scale: 1" = 2000'

Date: 04-25-2013

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COMPANY**



LAGUNA 23 FEDERAL COM #4H
 Located 50' FSL and 810' FWL
 Section 23, Township 20 South, Range 34 East,
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W.O. Number: DAJ 28576

Survey Date: 04-23-2013

Scale: 1" = 2 Miles

Date: 04-25-2013

**NEARBURG
 PRODUCING
 COMPANY**

Exhibit B

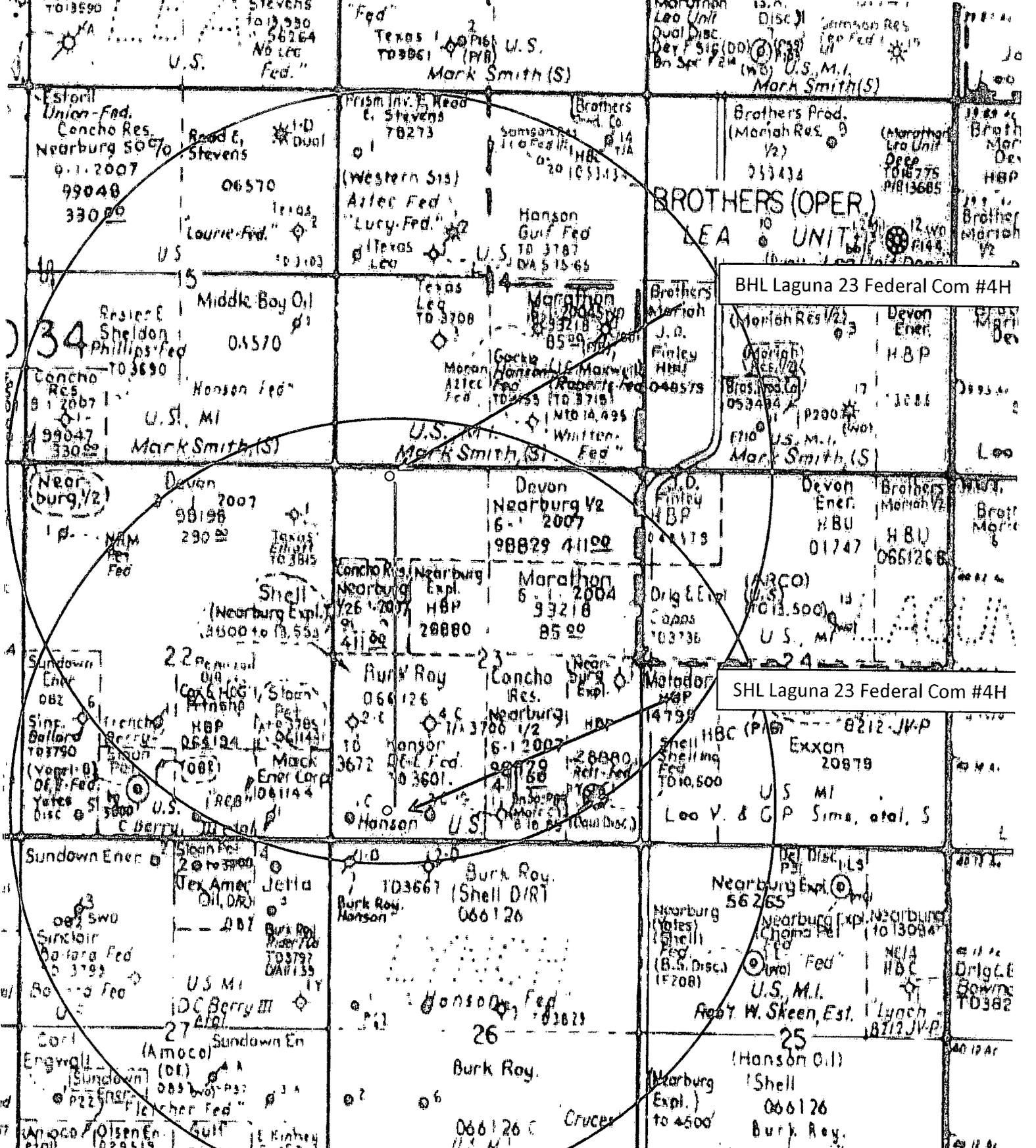


Exhibit A – One-Mile Radius Map
 Laguna 23 Federal Com #4H
 Nearburg Producing Co.
 23-20S-34E
 SHL 50 FSL & 810 FWL
 BHL 330 FNL & 810 FWL
 Lea County, NM



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Located 50' FSL and 810' FWL
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W.O. Number: DAJ 28576

Scale: 1" = 2000'

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

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