

Surface Use Plan of Operations  
Laguna 23 Federal Com #3H  
Nearburg Producing Company  
UL: N; Sec 23-20S-34E  
Lea County, NM

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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 15.' 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:**

No new access road planned. Well shares pad with the Laguna 23 Fed Com #1 well.

3. **Planned Electric Line:**

No new electric lines are planned. Well shares pad with the Laguna 23 Fed Com #1 well.

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:**

If on completion this well is a producer, a tank battery will be used and the necessary production equipment will be installed at the wellsite. Any changes to the facility 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.

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**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. When caliche is found, material will be stockpiled within the pad site to build the location and road.
- 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.

**7. Ancillary Facilities:**

- A. No camps or airstrips to be constructed.

**8. Well Site Layout:**

- A. Exhibit "D" shows location and rig layout.
- B. Exhibit "C-1", Exhibit "D", and Exhibit "D-1" shows the well pad dimensions, well pad orientation, proposed access road, frac tank farm, and top soil stock pile. Exhibit "C-1" is drawn to scale.
  1. Proposed and existing structures within the 600' X 600' surveyed area.
- C. Mud pits in the closed circulation system will be steel pits and the cuttings will be stored in steel containment pits.
- D. Cuttings will be stored in steel pits until they are hauled to a state-approved disposal facility.
- E. If the well is a producer, those areas of the location not essential to production facilities will be reclaimed and seeded per BLM requirements. See Exhibit "D-1".
- F. A ditch and berm will be constructed around the north and east portion of the pad to divert water off of pad.

**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.

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 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 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.

**11. 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.

**Nearburg Producing Company**

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August 26, 2013

Bureau of Land Management  
Carlsbad Field Office  
620 E. Green Street  
Carlsbad, New Mexico 88220

Re: Marie/Lea, South & Lynch 23 Prospects  
Lea County, New Mexico

**Agent Authorized to Sign BLM Regulatory Forms; Conduct Operations**

W/2 of Sec. 23 and All of Sec. 25, T-20-S, R-34-E, N.M.P.M.

Federal Lse Serial No's: LC-066126, NM-28880, NM-124662, NM-78273 (Sec. 23)

Federal Lse Serial No's: NM-56265, LC-066126, NM-20979, LC-066126 (Sec. 25)

To Whom It May Concern:

This letter is to provide notice that representatives from Cimarex Energy Co. are authorized to sign as agent for Nearburg Producing Company for submissions of Applications for Permits to Drill and other regulatory filings with the Bureau of Land Management as to the above captioned Federal Leases and Lands. Cimarex Energy Co. will be conducting oil and gas activities and operations on behalf of Nearburg Producing Company under such permits and other regulatory filings, including the drilling and operating of oil and gas wells. This authorization is valid until December 1, 2013, but may be canceled at an earlier time by written notification from Nearburg Producing Company.

Yours very truly,

Nearburg Producing Company



Tim Green

Marketing & Production Services Manager

cc: Cimarex Energy Co.

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Attn: Mark Compton & Terri Stathem