

SM Energy Company
East Shugart Delaware Unit 37
SHL: 996' FSL & 443' FWL
BHL: 966' FSL & 553' FWL
Sec. 18, T. 18 S., R. 32 E., Lea County, NM

SURFACE PLAN PAGE 1

HOBBS OCD

AUG 31 2015

Surface Use Plan

RECEIVED

1. ROAD DIRECTIONS & DESCRIPTIONS (See MAPS 1-4)

From Maljamar...

Go South 4.6 miles on paved Lea County Road 126 to a stop sign on NM 529
Then continue South 4.4 miles on paved Lea County Road 126
Then turn right and go Northwest 1.1 miles on a caliche road
Then turn left and go South 0.1 mile on a caliche road
Then turn right and go West directly onto the pad

Roads will be maintained to a standard at least equal to or better than their present condition. Off unit portion of access is authorized via NMNM-130640.

2. ROAD TO BE BUILT OR UPGRADED

No new road will be built. The proposed pad borders an existing road. Upgrading of existing roads will consist of filling potholes with caliche.

3. EXISTING WELLS (See MAP 2)

Existing oil, gas, injection, and P & A wells within a mile are shown on MAP 2. There are no water or disposal wells within a mile radius.

4. PROPOSED PRODUCTION FACILITIES (See MAPS 3 & 5-8)

Production will be piped via a 3,637.3' long surface \approx 4 O. D. HDPE line south to SM Energy's existing battery in Lot 1 Section 19. Entire route parallels existing roads. Operating pressure will be \approx 50 psi. A 1,090.6' long overhead raptor safe power line will be built south.

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5. WATER SUPPLY (See MAPS 1-4)

Water will be trucked from the Gregory Rockhouse Ranch water station (NMNM-131541) in NWNW Section 20.

6. CONSTRUCTION MATERIALS & METHODS

NM One Call (1-800-321-ALERT) will be notified before construction starts. The top 6" of soil and brush will be stockpiled south and north of the pad. Area east of the road will not be built. A closed loop drilling system will be used. Caliche will be bought and hauled from an existing approved caliche pit. Dirt contractor will be responsible for caliche.

7. WASTE DISPOSAL

All trash will be placed in a portable trash cage. It will be hauled to a county landfill. There will be no trash burning. Contents (drill cuttings, mud, salts, and other chemicals) of the mud tanks will be hauled to state approved disposal sites. Human waste will be disposed of in chemical toilets and hauled to an approved dump station.

8. ANCILLARY FACILITIES

There will be no airstrip or camp. Camper trailers will be on location for the company man, tool pusher, or mud logger.

9. WELL SITE LAYOUT

See MAP 4 and the rig diagram for depictions of the well pad, trash cage, access onto the location, parking, living facilities, and rig orientation.

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10. RECLAMATION

Interim reclamation will consist of removing the caliche from at least a 50' wide swath on the north and south sides of the pad. A $\approx 200'$ x $\approx 270'$ area will be left open for operations. Disturbed areas will be contoured to a natural shape and no steeper than 3:1. Soil and brush will be evenly spread over disturbed areas. Seeded areas will be ripped or harrowed. A BLM approved seed mix will be sown in a BLM approved manner. Enough stockpiled topsoil will be retained to cover the remainder of the pad when the well is plugged. Once the well is plugged, then the remainder of the pad will be similarly reclaimed. Noxious weeds will be controlled.

11. SURFACE OWNER

All construction will be on BLM.

12. OTHER INFORMATION

An on site inspection was held June 12, 2014 with Indra Dahal (BLM).

SM Energy is contributing to the cultural resource mitigation fund.

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REPRESENTATION

I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently exist; that I have full knowledge of state and Federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U. S. C. 1001 for the filing of false statements. Executed this 26th day of October, 2014.



Brian Wood, Consultant
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