

HOBBS OCD

JUN 06 2016

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Surface Use Plan

Energen Resources Corporation
Cox Federal 35-003H
Sec 35, T23S, R32E
200 FSL, 450 FEL
Lea County, NM

This plan is submitted as the partial requirements of an Application for Permit to Drill as outlined in Onshore Order 1 covering the above referenced well.

1. Existing Roads:

- A. A map depicting county roads and topography will be used showing access to the proposed location. All access roads will be labeled for points of reference. Any plans for improvement and/or maintenance of existing roads will be provided upon direction of the regulatory agency as identified during on-site meeting discussion. Roads will be maintained, if necessary, according to the 'BLM Gold Book Standards'.
- B. Directions: Travel west on Highway 128 from the intersection of Highways 18 and 128 in Jal 26 miles. Turn right (northwest) on CR XX for 4.6 miles. Turn left (west) on existing lease road for 0.8 miles. Turn left (south) on new construction road for 1 mile. Turn left (east) on new road for 1373 feet to the Cox Federal 35-1H wellpad. (see attached map by Watson Professional Group, Inc.)

2. Proposed Access Road:

The access road will be the previously approved BLM access road to the Cox 35 Federal 1H. No modification will need to be made. This well (3H) will be drilled off the pad of the 1H.

3. Location of Existing Wells:

The nearest well will be the Cox 35 Federal 1H. A map indicating existing wells will be shown if within a 1 mile radius of the proposed location.

4. Location of Proposed Production Facilities:

The production facilities located on the Cox 35 Federal 2H will be utilized for the Cox 35 Federal 3H. A separator, 3 phase, will be set on the well pad to measure oil, gas and water before piping it to the Cox 35 Federal 2H facility for polishing, transportation, storage and sales. The produced water and oil will be transported via a 4" poly SDR-7 line and the gas will be transported via a 4" line. High pressure 2" Fiberspar line will return gas from the Cox 35 Federal 2H facility for gas lift. All 3 lines are buried. The gas pipeline company is DPC. See attached Pipeline Route Plat.

5. Water Supply for Drilling/Completion:

Water sources will be as follows:

- A. Brine Water – Wassurhund Water Station in Buckeye or Eagle Water Station in Hobbs.

- B. Fresh Water – Arkansas Junction (2 mi east of 529 on 62/180) or Marathon Water Station (Marathon Road west of junction of 529 and 62/180).
- C. Approximately 35 500 bbl mobile Frac Tanks will be used for completion. A 'Frac Pond' will not be used.

6. **Construction Materials:**

All materials used will be from a native borrow source or as otherwise permitted by the regulatory agency and coordinated by Energen and Construction Contractor representatives.

7. **Methods of Handling Waste:**

- A. A closed loop system is anticipated to be used for the storage of drill fluids and drill cuttings.
- B. Fluids and cuttings will be hauled off location once TD is reached and the drilling rig is released.
- C. Flowback tanks will be used during the completion portion of the well with all fluids being hauled off location.
- D. Current laws pertaining to the storage and disposal of human waste will be observed.
- E. All other waste such as paper, plastic, and "junk" will be stored in a container on the wellsite and hauled to the nearest approved landfill area.

8. **Ancillary Facilities:** No other campsite, airstrip, or other facilities will be constructed for the drilling operations of the Cox Federal 35-003H.

9. **Wellsite Layout:**

- A. The wellpad size is 375' X 375'. A closed-loop system will be used.
- B. A 600' X 600' area has been staked and flagged.
- C. An accompanying NMOCD form C-102 along with wellpad layout, cut & fill diagrams, and surveyors maps have been included within the APD pkg for reference.

10. **Reclamation of Surface:**

- A. Material will be removed by conventional methods and the topsoil stockpiled on the upper NW corner of the wellpad. Unused portions of the wellpad during production operations will be adequately reclaimed and monitored as outlined in the Interim Reclamation Plan and COA's. Remaining topsoil and caliche will be placed and/or stored within the confines of the interim reclamation area for final reclamation of surface. A portion of the topsoil and caliche will be used for material in the interim reclamation process and will be placed to reclaim to the original or near original contour.
- B. When production operations cease, all equipment will be removed, the well plugged and abandoned, and all original caliche and topsoil restored and to natural contour of landscape.
- C. Reclamation seed mix as outlined in the COA's will be placed, up to and including but may vary, Seed Mix 2 and Seed Mix 3.
- D. Access roads will be reclaimed as outlined in the COA's.
- E. Attached Interim Reclamation Plat and Plan to show proposed area.

11. **Surface Ownership:**

The surface of the proposed wellpad location is located on Bureau of Land Management (BLM) located in Lea County, NM Carlsbad Field Office.

12. **Other Information:**

The topography in general consists of small rolling hills to flat terrain with Creosote, Mesquite, Javelina Brush, and native grass. Cultural resource management is conducted and directed out of the BLM CFO.

13. **Bond Coverage:**

Bond Coverage is NM2707.

Proposed Interim Reclamation:

Cox Federal 35-003H

During production operations, interim reclamation will be done according to the plan approved by the Carlsbad BLM Field Office. Energen Resources will submit Sundry Notices and Reports on Wells (NOI) on Form 3160-5 prior to conducting these operations.

A plat depicting the planned area of reclamation during production operations will be provided showing any dimensions in relation to the reclaimed area(s) and production facilities.

If any disturbance is required for wellwork or recompletion operations, appropriate protocol will be followed as outlined in the Interim Reclamation Plan and Carlsbad BLM Field Office.

During reclamation, removed caliche will be used for the repair and maintenance of roads, fire walls, etc. to aide in the re-vegetating efforts of reclamation. Topsoil will be placed in reclamation areas to facilitate seed germination. The topsoil will be place to or as near as possible the natural landscape/topography.

A photo record will be made prior to reclamation and after reclamation has begun. An updated photo record will be made after each growing season for 3 years after the reclamation start date at the end of each growing season. After the first three years, a photo record will be made each 5th year after reclamation began up to the abandonment of the well. Points of transect will be determined during the interim reclamation onsite in order to identify the points of photography for the record.

Planned Seed Mix is 2 and 3, unless directed otherwise by the Carlsbad BLM Field Office. Seed Mix 2 will be used in sandy soils. Seed Mix 3 will be used for shallow soils.

Seed will be evenly and uniformly distributed over disturbed area. A depth regulator and drill will be used to ensure proper depth of seed placement. Where drilling is not possible and broadcast method will be used, the soil raked or chained to cover seed. When broadcasting, the lb/acre will be increased by 100%. Seeding will continue until a satisfactory cover is established.

Seed Mix 2 (sandy sites):

Sand Dropseed (<i>Sporobolus cryptandrus</i>)	1.0 lb/acre
Sand Love Grass (<i>Eragrostis trichodes</i>)	1.0 lb/acre
Plains Bristlegrass (<i>Setaria macrostachya</i>)	2.0 lb/acre

Seed Mix 3 (shallow sites):

Plains Bristlegrass (<i>Setaria macrostachya</i>)	1.0 lb/acre
Green Spangletop (<i>Leptochloa dubia</i>)	2.0 lb/acre
Side Oats Grama (<i>Bouteloua curtipendula</i>)	5.0 lb/acre



Operator Certification

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 17 day of April 2014
Name Boyd Holmes Boyd Holmes
Position Title Completion Superintendent
Address 3300 North A Street Bldg. 4, Suite 100 Midland, TX 79705
Telephone (432) 687-1155
Field Representative (if not above signatory) _____
Address (if different from above) _____
Telephone (if different from above) _____
E-mail (optional) _____

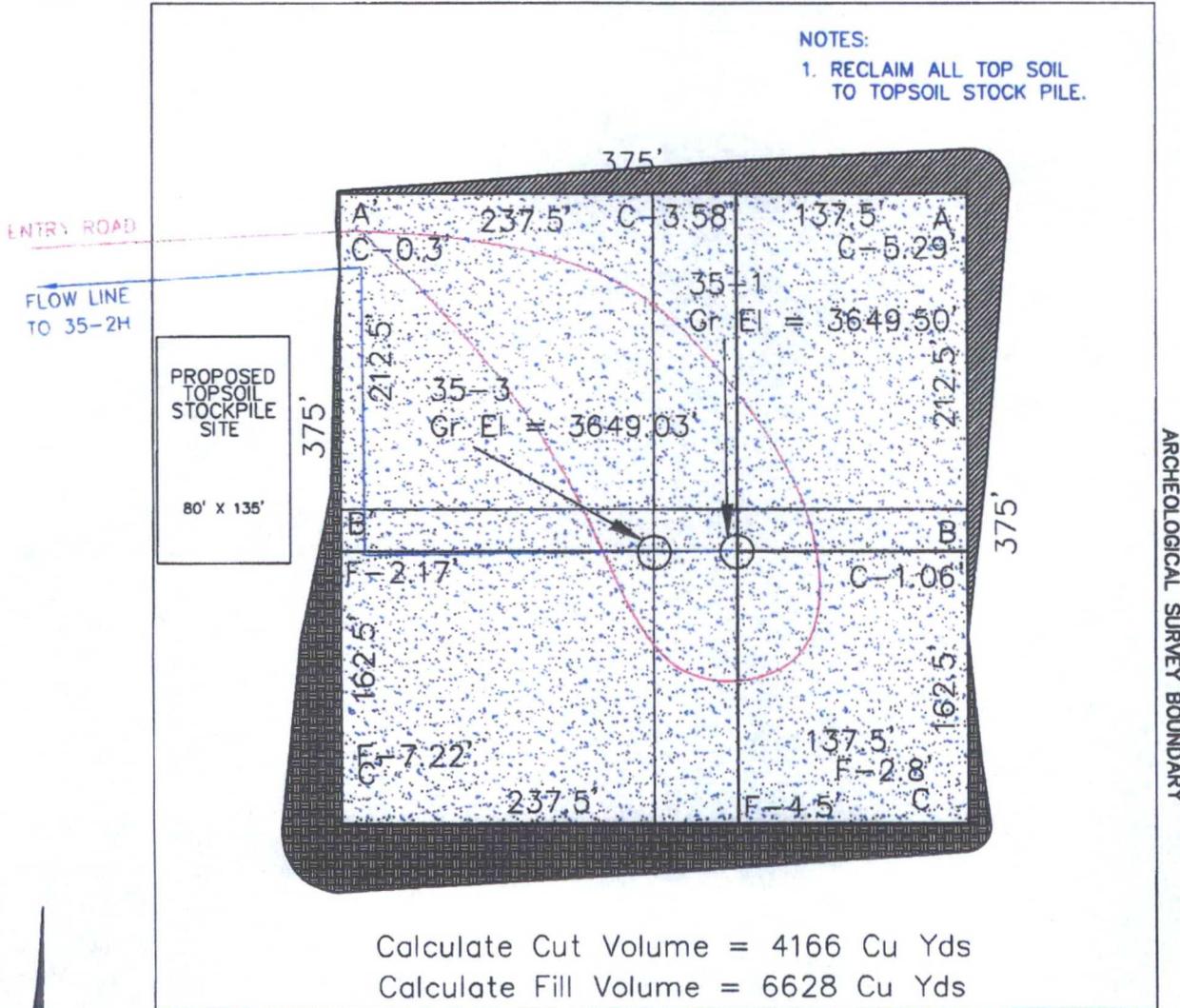
SKETCH PLAT

WELL FLAG
 LAT: 32°15'16.058"
 LON: 103°38'17.956"

ENERGEN RESOURCES CORPORATION
 COX-FEDERAL 35-3H
 200 FSL & 450 FEL
 SECTION 35
 T-23-S, R-32-E
 LEA COUNTY, NEW MEXICO

NOTES:
 1. PIT IS A PROPOSED PIT. LOCATION IS NOT EXACT.
 FINISHED PAD ELEVATION; (3649.5') ACTUAL 3649.03'
 GROUND ELEVATION (3649.5) NAVD 88

NOTES:
 1. RECLAIM ALL TOP SOIL TO TOPSOIL STOCK PILE.



SECTION 35
 T-23-S
 R-32-E

LEGEND

CONSTRUCTION ZONE
 600' X 600' AREA
 PROPOSED LEASE ROAD

TOTAL LENGTH OF NEW ROAD = 2832.75'

Basis of Bearing is SPC NAD 83 NEW MEXICO EAST

0 500' 1000'
 WD/14-1072-00
 FILE/T/PROJECTS/NEW MEXICO/LEA/1235 R32E.DWG

PRE-CONSTRUCTION AS SURVEYED IN 2013 REVISED DATE 3/14/14



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CONSULTING ENGINEERS, LAND SURVEYORS & PLANNERS

DIRT WORK CALCULATIONS

ENERGEN RESOURCES CORPORATION

COX FEDERAL 35-1H & 35-3H

Location Pad Calculations
 T-23-S, R-32-E
 LEA COUNTY, NEW MEXICO.