SURFACE USE PLAN

Fasken Oil and Ranch, Ltd.

Baetz "23" Federal No. 3H
SHL: 163' FNL & 700' FEL, Sec. 26, T20S, R32E
BHL: 394' FSL & 2321' FEL, Sec. 22, T20S, R32E
Lea County, New Mexico

1. EXISTING ROADS

A. DIRECTIONS: From the intersection of Highway 62/180 and Highway 176 go approximately 0.25 miles southwest along Highway 62/180, then turn left (south) onto a caliche lease road and go approximately 0.2 miles, the proposed well is 250' to the northwest.

B. See attached plats and maps provided by Harcrow Surveying of Artesia.

C. The access routes from Highway 62/180 to the well location is depicted on Exhibit C.

D. Existing roads on the access route will be improved and maintained to the standard set forth in Section 2 of this Surface Use Plan.

2. NEW or RECONSTRUCTED ACCESS ROADS

A. There will be 23' of new road constructed from the SE corner of the proposed pad to the existing road running from Cimarex Energy's Snoddy Federal pad to Highway 62/180'.

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" of rolled and compacted caliche.

C. Surface material will be native and hauled caliche. The average grade of the entire road will be approximately 3".

D. Fence cuts: None required.

E. Cattle guards: None required.

F. Turnouts: None.

G. Culverts: None.

H. Cut and fill: Not significant.

I. Approximately 6" of topsoil will be stripped from the proposed access road and prior to any further construction activity. The topsoil will be spread along the edge of the road

and within the ditch. The topsoil will be seeded with the proper seed mix designated by the BLM.

J. The access road will be constructe and maintained as necessary to prevent soil erosion and accommodate all-weather traffic. The road will be crowned and ditched with water turnouts installed as necessary to provide for proper drainage alon the access road route.

K. The access road and associated drainage structures will be constructed and maintained in accordance with road guidelines contained in the joint BLM/USFS publication: Surface Operating Standards for Oil and Gas Exploration and Development, The Gold Book, Fourth Edition, and/or BLM Manual Section 9113 concerning road construction standards on projects subject to federal jurisdiction.

3. LOCATION OF EXISTING WELLS IN A ONE-MILE RADIUS.

A. Water wells-None known.

B. Producing wells - As shown on Exhibit "E" and listed on Exhibit "F"

C. Abandoned wells –Also shown on Exhibit "E" and listed on Exhibit "F"

4. PROPOSED PRODUCTION FACILITIES

A. In the event this well is found to be productive, a battery will be placed on our Baetz "23" Federal No. 1 location, located across Highway 62/180 from this location. On that location we will construct 8 steel oil storage tanks, 4 fiberglass water storage tanks, 4 separators, 2 gas scrubbers, and a heater treater. The flow lines, will leave the NW corner of the pad, go under new bores under 62/180, and across to the Baetz "23" Federal No. 1 location as outlined in the "Baetz Flowline" plat.

B. All permanent above ground structures will be painted to BLM specifications.

C. Containment berms will be constructed completely around production facilities designed to hold fluids. The containment berms will be constructed of compacted subsoil, be sufficiently impervious, hold 1-1/2 times the capacity of the largest tank and away form cut or fill areas.

5. LOCATION AND TYPE OF WATER SUPPLY

Fresh and Brine water will be purchased locally from a private source and trucked over the access roads.

6. SOURCE OF CONSTRUCTION MATERIALS

If needed, construction materials will be obtained from the drill sites excavations or from a local source. These materials will be transported over the access roads as shown on Exhibit "C". Topsoil will be stockpiled as depicted on Exhibit "D".

7. METHOD FOR HANDLING WASTE DISPOSAL

A. 1. Trash, waste paper, and garbage will be contained in a trash trailer and disposed of in an approved public landfill.

2. Chemicals remaining after completion of the well will be stored in the manufacturer containers and picked up by the supplier.

3. If trailers houses are utilized during the drilling or completion process, the sewage from these units will be stored in a tank on location and hauled away to an approved disposal facility as needed. A "Porta John" will be provided for the rig crews. This will be properly maintained and removed after drilling operations are completed.

4. Drilling fluids will be contained in steel pits in a closed circulating system. Fluids will be cleaned and re-used. Water produced during testing will be contained in steel pits and disposed of at a state approved disposal facility. Any oil or condensate produced will be stored in test tanks until sold and hauled from site.

5. Drilling cuttings will be separated by solids removal equipment, stored in steel containment pits, and hauled away to a state approved disposal facility.

8. ANCILLARY FACILITIES

No camps or airstrips will be constructed.

9. WELL SITE LAYOUT

Exhibit "G" illustrates the pad dimensions and the layout of the sight during the drilling phase of the project. Mud pits will be steel and all mud and cuttings will be stored in steel pits. If the well is a producer, those areas of the location not essential to production facilities will be reclaimed and reseeded as per BLM requirements.

10. PLANS FOR RESTORATION OF SURFACE

Rehabilitation of the location will start in a timely manner after all drilling operations cease.

The interim reclaimed area (the hatched area illustrated in Exhibit "H") will be reclaimed by being reshaped to it's natural contour, topsoil from the spoils reapplied, and seeded and revegetated as per BLM requirments.

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 pad and surface facilities. After the area has been shaped and

contoured, top soil from the spoil pile (if any) will be placed over the disturbed area to the extent possible. Revegetation procedures will comply with BLM standards.

11. SURFACE OWNERSHIP

The surface is used for livestock grazing. The surface is owned by the United States Department of the Interior.

12. OTHER INFORMATION

A. The topography is of sandy desertscape with vegetation of mesquite, and very little native grasses.

B. There are no buildings of any kind in the area.

13. OPERATOR'S REPRESENTATIVE - Field representative for contact regarding compliance with the Surface Use Plan is:

Before, during & after Construction:

Cory Frederick
6101 Holiday Hill Road
Midland, Texas 79707
(432) 687-1777

CERTIFICATION

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access road proposed herein; that I am familiar with the conditions that presently 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 Fasken Oil & Ranch, Ltd. 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 4th. day of December 2014.

Signed: Barry W. Hunt

Printed Name: Barry Hunt
Position: Agent for Faskin Oil & Ranch, Ltd.
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