Surface Use Plan
Lea South 25 Federal Com #10H
Nearburg Producing Co. Agent: Cimarex Energy Co.
UL: N, Sec. 25-20S-34E
Lea Co., NM

1. **Existing Roads:** Area maps: Exhibit "B" is a reproduction of Eddy Co. General Highway Map. Exhibit "C" is a reproduction of a USGS Topographic Map, and Exhibit "C-1" is a well site layout map, showing proposed road to location and existing road. Existing road shown on Exhibits "C," C"-1," will be maintained in a condition equal to or better than current conditions.

   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. From the Junction of Hwy 176 and Marathon Rd, go north on Marathon Rd for 1.3 miles to lease road. On lease road go east 0.4 miles to lease road, turn south for 0.4 miles turning east 0.3 miles to proposed lease road.

2. **Planned Access Roads:** No new road planned.

3. **Planned Electric Line:**
   The well is sharing a well site pad with the Lea South 25 Federal Com #6H well. The planned electric line has been proposed in the APD for the #6H well, please see Exhibit H for proposed route.

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 Proposed Production Facilities:**
   If on completion this well is a producer, the tank battery at the Lea South 25 Federal Com 5H will be used and the necessary production equipment will be installed. Cimarex proposes to install two (2) 4" buried HP poly lines down existing lease road to carry oil, gas, water to the Lea South 25 Fed 5H tank battery approximately 1320' to the west. The route of the flowlines will be buried 25' to 35' south of the access road. MAOP 1500 psi anticipated working pressure 200-300 psi. Gas lift will be provided by HP poly line buried in the same trench along access road. Allocation will be based on well test. Route is within lease boundaries, please see Exhibit G & Exhibit H. Any changes to flowline route will be submited 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.

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 per BLM requirements.

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 porduction 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 Carsbad BLM office.
   D. There are no known dwellings within 1½ miles of this location.

12 **On Site Notes and Information:**
   On March 27, 2013 an onsite meeting was held with Barry Hunt, Cimarex representative, Tim Green, Nearburg Producing Co. and Basin Surveys. The location was approved. V-door north. Top soil north. Access road from wouthwest corner of 6H west and from southeast corner of the 10H, east, following a rancher two-track road that starts near these two wells.

Operator Certification Statement
Lea South 25 Federal Com #10H
Nearburg Producing Co. Agent: Cimarex Energy Co.
UL: N, Sec. 25-20S-34E
Lea Co., NM

Operator's Representative
Nearburg Producing Company
3300 N. A Street, Bldg 2, Ste 120
Midland, TX 79705
Office Phone: (432) 818-2940

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 14th day of October, 2013

NAME: Tim Green

TITLE: Marketing and Production Services Manager

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Field Representative: Same as above

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.
600 N. Marienfeld Street, Suite 600
Midland, Texas 79701
Attn: Mark Compton & Terri Stathem