



ENDURANCE RESOURCES LLC

MULTIPOINT SURFACE USE AND OPERATIONS PLAN

Talco 9 26 35 Fed 3H

SHL: 2440' FNL & 2280' FEL (G) – Sec 9

BHL: 330' FNL & 2280' FEL (B) – Sec 4

26S - 35E

Lea Co, NM

HOBBS OCD
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This plan is submitted with Form 3160-3, Application for Permit to Drill, covering the above mentioned well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of surface disturbance involved and the procedures to be followed in rehabilitating the surface after the completion of operations, so that a complete appraisal can be made of the environment effect associated with these operations.

Directions:

From the intersection of NM highway 129 and CR 2, go east on NM highway 128 0.35 mile to a caliche road. Turn right on caliche road and follow road south 4.3 miles. Turn left and go east and southeast approximately 1.2 miles. Bend right and go south approximately 0.8 mile, road turns left (east) and go east approximately 2.4 miles. Turn right and go south approximately 2.8 miles to a "T" intersection. From the south side of the "T", follow proposed road survey south approximately 0.5 mile. Turn right and follow road survey west approximately 0.85 mile (4650') to southeast pad corner for this location.

1. Existing Roads:

- The well site and elevation plat for the proposed well are reflected on the well site layout; Form C-102, page 1. This well was staked by Madron Surveying Inc. from Carlsbad, NM.
- Page 4 of the C-102 packet contains is a vicinity map showing the well and roads in the vicinity of the proposed location. The proposed well site and the access route is labeled in orange & blue (page 3). The proposed well site and the access route to location are indicated on the Site map (page 2) of C-102 packet. ROW using this existing route is being requested if necessary.
- Routine grading and maintenance of roads will be conducted as necessary to maintain their condition as long as any operations continue on this lease.

2. Planned Access Road:

- Endurance Resources LLC will be using 4650' access road from that turns off a 2-track road to the SE corner of the planned Talco 3H wellsite is being requested for ROW.
- This existing access road will have a maximum width of 14 feet of driving surface. The road will be crowned & ditched with a 2% slope from the tip of the crown to the edge of the driving



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surface. The ditches will be 3ft wide with 3:1 slopes. The driving surface will be made of 6" rolled & compacted caliche.

- This road will be bladed & caliche will be placed into existing holes which will be watered and compacted to prevent surface erosion. The average grade will be approx. 1%. Surface material will be of native caliche. This material will be obtained from a BLM approved pit nearest in proximity to the location.
- No cattle guards, gates, or fence cuts will be required. No turnouts are planned.

3. Location of Existing Wells:

- A one mile radius map shows all existing/proposed wells within a one-mile radius of the proposed location. See attached radius plat for more details.

4. Location of Existing and/or Proposed Facilities:

- This location will require "cut & fill" from the south to the north. Well site will be constructed by way of a 625'x450' location. Topsoil pile will be placed on the east and north sides of location. V-door will be facing north.
- In the event this well is found productive, the production will go to a tank battery with (4) 500 bbl oil tanks, (2) 500 bbl water tanks, a separator, a heater treater, a free water knockout, and a gas sales meter on this site on the Talco 9 26 35 Federal Battery location (see attached). Necessary production equipment is subject to change once offsetting horizontal production is analyzed. Tank battery equipment will be placed on the north side of location, while treating facility equipment will be placed on the west side of location. Note: a distance of 100' is required between fired vessels and any combustibles for safety purposes. This battery will potential handle one more additional horizontal well if area is successful.
- All flow lines will adhere to API standards.
 - Oil Lines: 4" steel, buried 36" and covered
 - Water Lines: 8" poly, buried 36" and covered
 - Gas Lines: 8" poly, buried 36" and covered
- Power will be supplied by way of existing electrical line running along the proposed multi-use ROW. A multi-use ROW for this electrical line is being requested to follow the proposed access road into location. Please see attached.

5. Location and Types of Water Supply:

- This location will be drilled using a combination of water mud systems (outlined in the Drilling program). The water will be obtained from commercial water stations in the area and hauled to location by transport truck using existing roads. On occasion, water will be obtained from a pre-existing water well, running a pump directly to the drilling rig. In these cases where a poly line is used to transport water for drilling or completion purposes, the existing and proposed road into location will be utilized.

6. Construction Materials:

- All caliche utilized for the drilling pad and access road will be obtained from an existing BLM approved pit or from prevailing deposits found under the location. If deposits are found underneath the proposed location, topsoil will be pushed back from the drill site & existing caliche will be ripped and compacted. Then topsoil will be stockpiled on location as depicted on



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the rig layout All roads will be constructed of 6" rolled and compacted caliche. Will use BLM recommended use of extra caliche from other locations close by for roads, if available.

7. Methods of Handling Waste Material:

- All trash, junk, & other material will be removed from the well site within 30 days after finishing drilling/completion operations. All waste material will be contained in trash bins to prevent scattering. When the job is completed, all contents will be removed and disposed of in an approved sanitary landfill.
- The supplier, including broken sacks, will pick up slats remaining after completion of the well.
- A porto-john will be utilized for handling all gray water waster material. The equipment will be properly maintained during the drilling and completion operations, and will be removed when all operations are completed. Contents will be removed and disposed of in an approved sanitary land fill. Sewage from living quarters will drain into holding tanks & be cleaned out periodically and hauled to a waste disposal facility.
- Drill cuttings will be separated by a series of solids removal equipment and stored in steel containment pits and then hauled to a state approved disposal facility.
- Drilling fluids will be contained in steel pits in a closed loop circulating system. Fluids will be cleaned and reused. Water produced during testing will be contained in the steel pits & disposed of at a state approved disposal facility. Any oil or condensate produced will be stored in test tanks until sold & hauled from site.

8. Ancillary Facilities:

- No campsites or other facilities will be constructed as a result of this well.

9. Wellsite Layout:

- Attached is the proposed well site layout with dimensions of the pad layout & topsoil pile.
- Mud pits in the active circulating system will be steel pits and a closed loop system will be utilized.
- This location will require "cut & fill" from the south to the north. Well site will be constructed by way of a 625'x450' pad. Topsoil pile will be placed on the south side of location. V-door will be facing north.
- If the well is a producer, those areas of the location not essential to production facilities will be reclaimed & seeded per BLM requirements.

10. Plans for Surface Reclamation:

- After concluding the drilling and/or completion operations, if the well is found non-commercial, the caliche will be removed from the pad and transported to the original caliche pit or used for other drilling locations or roads. The road will be reclaimed as directed by the BLM. The well site will be properly contoured, as close as possible, to the original topography. Topsoil from the spoil pile will be placed over the distributed area. Revegetation procedures will comply with BLM standards.
- The location and road will be rehabilitated as recommended by the BLM.
- If the well is deemed commercially productive, caliche from areas of the drill pad not required for *safe* operations, will be removed. These unused areas of the drill pad will be contoured as close



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as possible to match the original topography. The original topsoil will be returned to the area of the drilling pad not necessary to operate the well. These areas will then be seeded per BLM requirements.

- See attached site reclamation diagram for more details.
- Reclamation will be completed 6 months after abandonment.

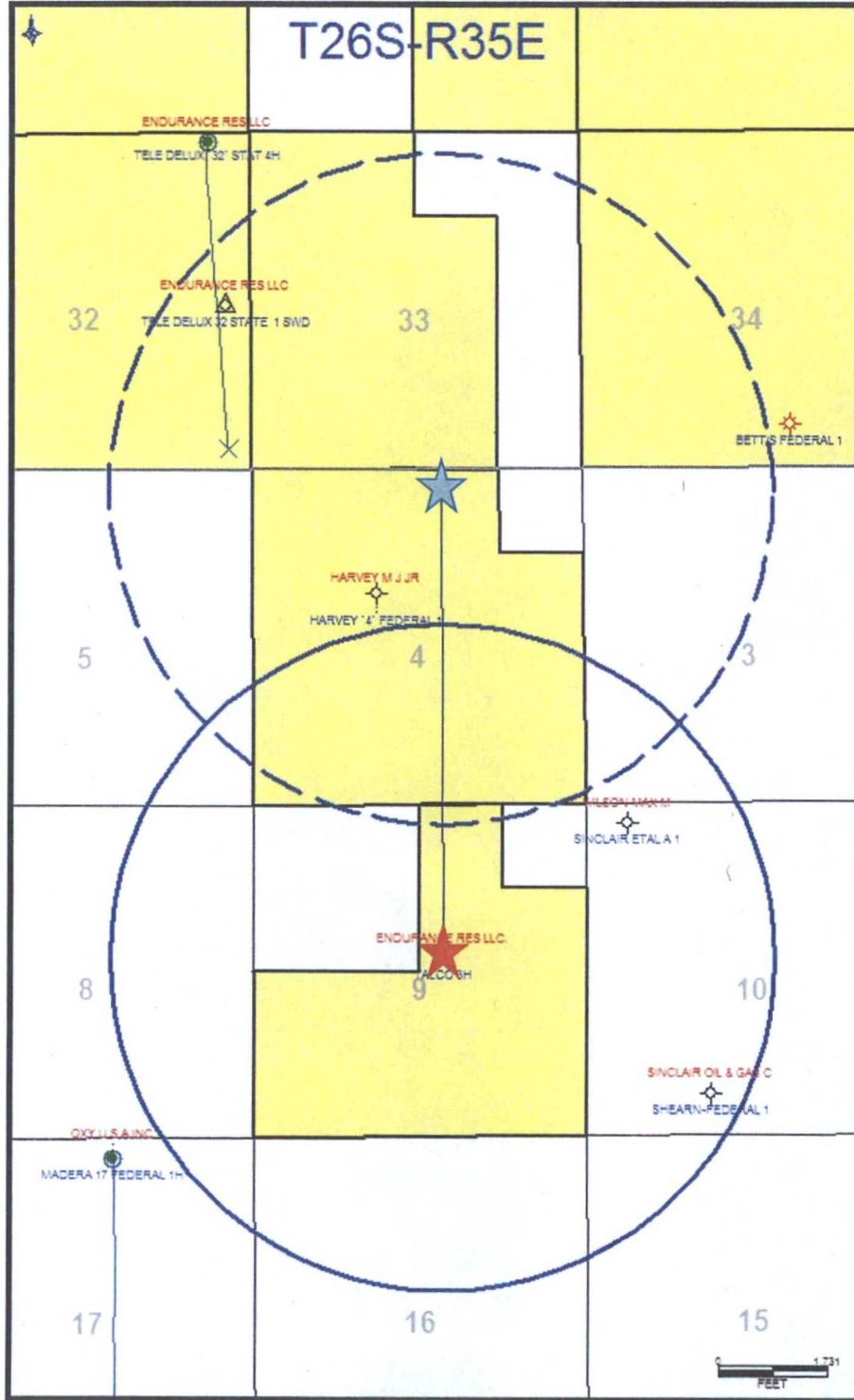
11. Surface Ownership:

- The surface is owned by the Bureau of Land Management (BLM) and is administered by the BLM. The surface is multiple use with primary uses of the region for the grazing of livestock, as well as oil & gas production.

12. Other Information:

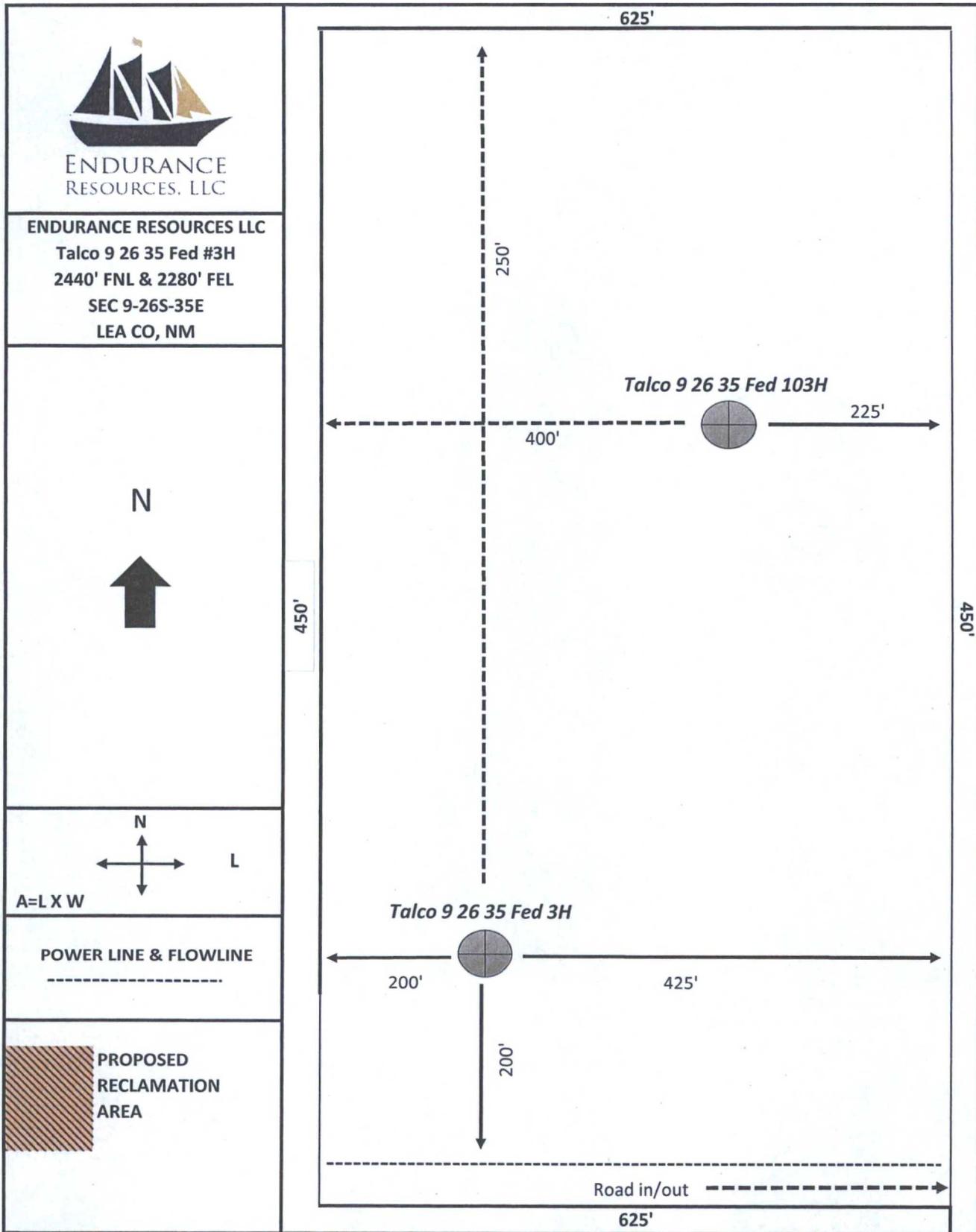
- The area surrounding the well site is made up of grassland & mesquite trees. The topsoil is packed soils and sand. No wildlife was observed, but free range cattle, deer, dove/quail, & small rodents are likely to traverse the area.
- There is no permanent or live water in the general proximity of this location.
- There are no dwellings within 1 mile of this location.

Talco - 3H 1 Mile Radius Map



- ★ Surface Location
- ★ Bottom Hole Location
- Surface 5280' Radius
- Bottom Hole 5280' Radius

PROPOSED INTERIM SITE RECLAMATION



BLM has authorized multi-well (2 and 3 well pads) in lieu of single well pads, in conjunction with a centralized tank battery for the Talco 9 26 35 Fed productive wells. No reclamation is proposed at this time. Tank battery and wellsite will be constructed as needed by operations.



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Operator's Certification:

Endurance Resources LLC representatives responsible for ensuring compliance of the surface use plan are listed below.

Tinlee Tilton

Sr Drilling Engineer

Endurance Resources LLC

203 W. Wall St, Suite 1000

Midland, TX 79701

512.755.6018

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 the 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.

8/5/2016

Date



Tinlee Tilton

Engineer

Endurance Resources LLC

tinlee@enduranceresourcesllc.com



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ATTN. Mr. Christopher Walls (via email)

Bureau of Land Management

620 E. Greene Street

Carlsbad, NM 88220-6292

8-19-2016

RE: Endurance Resources

Pending APD-Talco 9 26 35 Federal #3H

Section 9-T26S-R35E Lea County ,NM

Mr. Walls,

Endurance has negotiated with Devon and Chevron to spud the referenced well in Section 9-26s-35e Lea County, NM prior to the Lease expiration of November 29,2016. Chevron and Devon currently own the Operating rights under the referenced lease 50/50 and will assign Endurance their earned interest upon completion of the referenced well.

In that regard Endurance respectfully request the BLM process the referenced APD to afford the maintenance of the subject lease in a timely manner.

If you need any additional information please do not hesitate to contact me.

Sincerely,

M.A. (Manny) Sirgo III

VP-Operations

Endurance Resources LLC