

Surface Use Plan

(10/28/15) 05/12/16

Red Ruby 35 Federal SWD1

Energen Resources Corporation
Sec 35, T23S, R32E
1100 FNL, 830 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: ref. exhibit 1.1, 1.2, 1.3

- 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 caliche road (Alisha Lane) for 4.6 miles. Turn left (west) on existing lease road for 0.3 mile, turn left (south) go 620' to the Red Ruby 35 Federal SWD1 well pad.

2. Access Road: ref. exhibit 2.1 and 1.2

- A. The access road for the subject well is the 620' existing road for the old drill site that will be upgraded. The road leading to the old drill site is an existing two track road that will be upgraded to "BLM Gold Book Standards".
- B. The access road will be upgraded and constructed to be 14' wide with adequate contour to permit proper draining.
- C. The surface will be rolled with 6" of caliche, and the sides ditched for proper drainage.

3. Location of Existing Wells: ref. exhibit 3.1, 3.2, 3.3

This is a re-entry of an existing well drilled by Patterson. A 1 mile radius map of existing wells is attached.

4. Location of Proposed SWD Facilities: ref. exhibit 4.1

A diagram depicting the planned location of disposal facilities will be provided for the subject well, Red Ruby 35 Federal SWD1. SWD facilities will be constructed on this well site; see attached diagram of 'Proposed Facility Layout'. The water gathering line will be within the proposed easement boundaries (see attached map by Watson Professional Group, Inc.) and will be SDR-7 for the receiving of produced water, 4" or less, 125# or less. This line will be laid on the surface and remain. Expected length of this line is approximately 4,500'. 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. Water to be contained in closed tanks.
- B. Fresh Water – 500 bbls fresh water will be trucked in and stored in 500 bbl frac tank. **Potential sources: Outlaw Fresh Water LLC, Carlsbad NM (575-499-6486); 31 Water Sales, Loving NM (575-887-9240); 243 Fresh Water LLC, Carlsbad, NM (575-499-6486).**
- C. Approximately 3-500 bbl mobile frac tanks will be used for re-entry/completion. **A fresh water 'frac pond' will NOT be used. If fresh water is needed all fresh water will be trucked in and stored in above ground tank at the site or truck.**

6. **Construction Materials:**

All materials used to upgrade the existing site/pad 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 for the re-entry procedure.
- B. Fluids and cuttings will be hauled off location once re-entry procedure is completed and the rig is released **by transporter R360.**
- C. Current laws pertaining to the storage and disposal of human waste will be observed.
- D. 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 Red Ruby 35Federal SWD 1.

9. **Wellsite Layout:** **ref. 4.1, 9.1, 9.2, site plat**

- A. The planned well pad size is 200' x 260'. A closed-loop system will be used.
- B. The disposal battery will be placed on this planned re-entry well pad **(4.1).**
- C. An accompanying NMOC form C-102 **(9.1)** along with well pad layout **(9.2)**, and surveyors maps **(site plat)** have been included within the APD pkg for reference.

10. **Reclamation of Surface:**

- A. **There is basically no interim surface reclamation. Initial and final size of the pad is the same. A minimized pad was planned to put all equipment and facilities on during both the re-entry procedures and future use of the disposal wellsite. Material will be removed by conventional methods and the topsoil stockpiled on the lower SW corner of the well pad. Unused portions of the well pad 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) land 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, NMB000747.