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Surface Use Plan of Operations

Introduction

The following surface use plan of operations will be followed and carried out once the APD is approved. No other disturbance will be created other than what was submitted in this surface use plan. If any other surface disturbance is needed after the APD is approved, a BLM approved sundry notice or right of way application will be acquired prior to any new surface disturbance.

Before any surface disturbance is created, stakes or flagging will be installed to mark boundaries of permitted areas of disturbance, including soils storage areas. As necessary, slope, grade, and other construction control stakes will be placed to ensure construction in accordance with the surface use plan. All boundary markers will be maintained in place until final construction cleanup is completed. If disturbance boundary markers are disturbed or knocked down, they will be replaced before construction proceeds.

If terms and conditions are attached to the approved APD and amend any of the proposed actions in this surface use plan, we will adhere to the terms and conditions.

1. Existing Roads

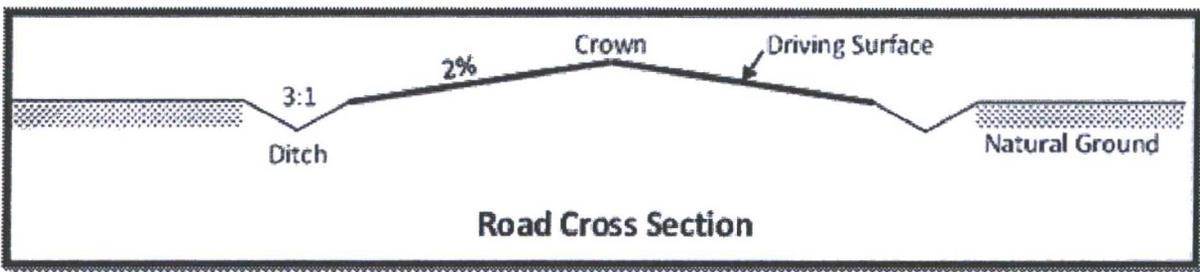
- a. The existing access road route to the proposed project is depicted on Access Road Map, Topo A and Access Road Map, Topo B. Improvements to the driving surface will be done where necessary. No new surface disturbance will be done, unless otherwise noted in the New or Reconstructed Access Roads section of this surface use plan..
- b. The existing access road route to the proposed project does not cross lease or unit boundaries, so a BLM right-of-way grant will not be acquired for this proposed road route.
- c. The operator will improve or maintain existing roads in a condition the same as or better than before operations begin. The operator will repair pot holes, clear ditches, repair the crown, etc. All existing structures on the entire access route such as cattleguards, other range improvement projects, culverts, etc. will be properly repaired or replaced if they are damaged or have deteriorated beyond practical use.
- d. We will prevent and abate fugitive dust as needed, whether created by vehicular traffic, equipment operations, or wind events. BLM written approval will be acquired before application of surfactants, binding agents, or other dust suppression chemicals on roadways.

2. New or Reconstructed Access Roads

- a. An access road will be needed for this proposed project. See the survey plat for the location of the access road.
- b. The length of access road needed to be constructed for this proposed project is about 33 feet.
- c. The maximum driving width of the access road will be 20 feet. The maximum width of surface disturbance when constructing the access road will not exceed 25 feet. All areas outside of the driving surface will be revegetated.
- d. The access road will be constructed with 6 inches of compacted caliche.
- e. When the road travels on fairly level ground, the road will be crowned and ditched with a 2% slope from the tip of the road crown to the edge of the driving surface. The ditches will be 3 feet wide with 3:1 slopes. See Road Cross Section diagram below.

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- f. The access road will be constructed with a ditch on each side of the road.
- g. The maximum grade for the access road will be 0 percent.
- h. No turnouts will be constructed on the proposed access road.
- i. No cattleguards will be installed for this proposed access road.
- j. No BLM right-of-way grant is needed for the construction of this access road.
- k. No culverts will be constructed for this proposed access road.
- l. No low water crossings will be constructed for the access road.
- m. Since the access road is on level ground, no lead-off ditches will be constructed for the proposed access road.
- n. Newly constructed or reconstructed roads, on surface under the jurisdiction of the Bureau of Land Management, will be constructed as outlined in the BLM "Gold Book" and to meet the standards of the anticipated traffic flow and all anticipated weather requirements as needed. Construction will include ditching, draining, crowning and capping or sloping and dipping the roadbed as necessary to provide a well-constructed and safe road.
- o. One of the rig components has a wider wheel base of about 15.5'. Travel surface of 20' width is needed to accommodate the current rig.

3. Location of Existing Wells

- a. Well Proximity Map, Topo C of the APD depicts all known wells within a one mile radius of the proposed well.
- b. There is no other information regarding wells within a one mile radius.

4. Location of Existing and/or Proposed Production Facilities

- a. All permanent, lasting more than 6 months, above ground structures including but not limited to pumpjacks, storage tanks, barrels, pipeline risers, meter housing, etc. that are not subject to safety requirements will be painted a non-reflective paint color, Shale Green, from the BLM Standard Environmental Colors chart, unless another color is required in the APD Conditions of Approval.
- b. If any type of production facilities are located on the well pad, they will be strategically placed to allow for maximum interim reclamation, recontouring, and revegetation of the well location.
- c. Production from the proposed well will be transported to the production facility named MCA Station 2 - 2A Injection Header. The location of the facility is as follows: NW Qtr, Sec. 29, T17S, R32E.
- d. A pipeline to transport production will be installed from the proposed well to the existing production facility.
 - i. We plan to install a 5 inch buried Fiberspar pipeline from the proposed well to the offsite production facility. The proposed length of the pipeline will be 4003 feet. The working pressure of the pipeline will

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be about 2100 psi. A 20 feet wide work area will be needed to install the buried pipeline. In areas where blading is allowed, topsoil will be stockpiled and separated from the excavated trench mineral material. Final reclamation procedures will match the procedures in Plans for Surface Reclamation. When the excavated soil is backfilled, it will be compacted to prevent subsidence. No berm over the pipeline will be evident.

ii. MCA 564 Trunk Line Pipeline Plan and Profile, and Pipeline R-O-W depicts the proposed production pipeline route from the well to the existing production facility.

iii. The proposed pipeline does not cross lease boundaries, so a right of way grant will not need to be acquired from the BLM.

If any plans change regarding the production facility or other infrastructure (pipeline, electric line, etc.), we will submit a sundry notice or right of way (if applicable) prior to installation or construction.

Electric Line(s)

a. We plan to install an overhead electric line for the proposed well. The proposed length of the electric line will be 291 feet. Power Line R-O-W and Power Line Map, Topo E depicts the location of the proposed electric line route. The electric line will be construction to provide protection from raptor electrocution.

b. The proposed electric line does not cross lease boundaries, so a right of way grant will not need to be acquired from the BLM.

5. Location and Types of Water

a. The location of the water well is as follows: MorWest Corporation well(s) located in Loco Hills or source 3 mi NE of Maljamar NM and Wasserhund water well located in Lovington NM.

b. The operator will use established or constructed oil and gas roads to transport water to the well site. The operator will try to utilize the identified access route in the surface use plan.

6. Construction Material

a. Clean caliche will be from BLM or third party source.

7. Methods for Handling Waste

a. Drilling fluids and produced oil and water from the well during drilling and completion operations will be stored safely and disposed of properly in an 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 the 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 facility.

d. After drilling and completion operations, trash, chemicals, salts, frac sand and other waste material will be removed and disposed of properly at a state approved disposal facility.

e. The well will be drilled utilizing a closed loop system. Drill cutting will be properly disposed of into steel tanks and taken to an NMOCD approved disposal facility.

8. Ancillary Facilities

- a. No ancillary facilities will be needed for this proposed project.

9. Well Site Layout

- a. The following information is presented in the well site survey plat or diagram:
- i. reasonable scale (near 1":50')
 - ii. well pad dimensions
 - iii. well pad orientation
 - iv. drilling rig components
 - v. proposed access road
 - vi. elevations of all points
 - vii. topsoil stockpile
 - viii. reserve pit location/dimensions if applicable
 - ix. other disturbances needed (flare pit, stinger, frac farm pad, etc.)
 - x. existing structures within the 600' x 600' archaeological surveyed area (pipelines, electric lines, well pads, etc)
- b. The proposed drilling pad was staked and surveyed by a professional surveyor. The attached survey plat of the well site depicts the drilling pad layout as staked.
- c. The submitted survey plat does depict all the necessary information required by Onshore Order No. 1.
- d. Topsoil Salvaging
- i. Grass, forbs, and small woody vegetation, such as mesquite will be excavated as the topsoil is removed. Large woody vegetation will be stripped and stored separately and respread evenly on the site following topsoil respreading. Topsoil depth is defined as the top layer of soil that contains 80% of the roots. In areas to be heavily disturbed, the top 6 inches of soil material, will be stripped and stockpiled on the perimeter of the well location and along the perimeter of the access road to control run-on and run-off, to keep topsoil viable, and to make redistribution of topsoil more efficient during interim reclamation. Stockpiled topsoil should include vegetative material. Topsoil will be clearly segregated and stored separately from subsoils. Contaminated soil will not be stockpiled, but properly treated and handled prior to topsoil salvaging.

10. Plans for Surface Reclamation

Reclamation Objectives

- i. The objective of interim reclamation is to restore vegetative cover and a portion of the landform sufficient to maintain healthy, biologically active topsoil; control erosion; and minimize habitat and forage loss, visual impact, and weed infestation, during the life of the well or facilities.
- ii. The long-term objective of final reclamation is to return the land to a condition similar to what existed prior to disturbance. This includes restoration of the landform and natural vegetative community, hydrologic systems, visual resources, and wildlife habitats. To ensure that the long-term objective will be reached through human and natural processes, actions will be taken to ensure standards are met for site stability, visual quality, hydrological functioning, and vegetative productivity.
- iii. The BLM will be notified at least 3 days prior to commencement of any reclamation procedures.
- iv. If circumstances allow, interim reclamation and/or final reclamation actions will be completed no later than 6 months from when the final well on the location has been completed or plugged. We will gain written permission from the BLM if more time is needed.

v. Interim reclamation will be performed on the well site after the well is drilled and completed. Reclamation Diagram, Figure #4 depicts the location and dimensions of the planned interim reclamation for the well site.

Interim Reclamation Procedures (If performed)

1. Within 30 days of well completion, the well location and surrounding areas will be cleared of, and maintained free of, all materials, trash, and equipment not required for production.
2. In areas planned for interim reclamation, all the surfacing material will be removed and returned to the original mineral pit or recycled to repair or build roads and well pads.
3. The areas planned for interim reclamation will then be recontoured to the original contour if feasible, or if not feasible, to an interim contour that blends with the surrounding topography as much as possible. Where applicable, the fill material of the well pad will be backfilled into the cut to bring the area back to the original contour. The interim cut and fill slopes prior to re-seeding will not be steeper than a 3:1 ratio, unless the adjacent native topography is steeper. Note: Constructed slopes may be much steeper during drilling, but will be recontoured to the above ratios during interim reclamation.
4. Topsoil will be evenly respread and aggressively revegetated over the entire disturbed area not needed for all-weather operations including cuts & fills. To seed the area, the proper BLM seed mixture, free of noxious weeds, will be used. Final seedbed preparation will consist of contour cultivating to a depth of 4 to 6 inches within 24 hours prior to seeding, dozer tracking, or other imprinting in order to break the soil crust and create seed germination micro-sites.
5. Proper erosion control methods will be used on the area to control erosion, runoff and siltation of the surrounding area.
6. The interim reclamation will be monitored periodically to ensure that vegetation has reestablished and that erosion is controlled.

Final Reclamation (well pad, buried pipelines, etc.)

1. Prior to final reclamation procedures, the well pad, road, and surrounding area will be cleared of material, trash, and equipment.
2. All surfacing material will be removed and returned to the original mineral pit or recycled to repair or build roads and well pads.
3. All disturbed areas, including roads, pipelines, pads, production facilities, and interim reclaimed areas will be recontoured to the contour existing prior to initial construction or a contour that blends indistinguishably with the surrounding landscape. Topsoil that was spread over the interim reclamation areas will be stockpiled prior to recontouring. The topsoil will be redistributed evenly over the entire disturbed site to ensure successful revegetation.
4. After all the disturbed areas have been properly prepared, the areas will be seeded with the proper BLM seed mixture, free of noxious weeds. Final seedbed preparation will consist of contour cultivating to a depth of 4 to 6 inches within 24 hours prior to seeding, dozer tracking, or other imprinting in order to break the soil crust and create seed germination micro-sites.
5. Proper erosion control methods will be used on the entire area to control erosion, runoff and siltation of the surrounding area.
6. All unused equipment and structures including pipelines, electric line poles, tanks, etc. that serviced the well will be removed.

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7. All reclaimed areas will be monitored periodically to ensure that revegetation occurs, that the area is not redisturbed, and that erosion is controlled.

11. Surface Ownership

- a. The surface ownership of the proposed project is BLM.

12. Other Information

a. Onsite was conducted 3/31/15. Hydraulic Frac submittal will be provided at a later date. Please review these applications together; MCA 550, MCA 556, MCA 557, MCA 561, MCA 564, MCA 565, MCA 580 and MCA 583. The blade and level area for the flare, as depicted on the Location Layout, may not be necessary depending on drilling rig to be used. This well shares the location with two other wells. The injection line for this well will be 5" or less in diameter and function as a trunk line. Sections will be bored as agreed upon at the 7-30-15 onsite. The pipeline proposal is for an estimated 4003' to be shared with other wells. Existing access roads will be the temporary work space for pipeline installation. An additional plat, titled "Flow Line Re-Route R-O-W" is included because there are flow lines that may need to be re-routed around the perimeter of the proposed well location, for which we request approval. We request a waiver of the three-day BLM notification of interim reclamation activities.

13. Maps and Diagrams

Access Road Map, Topo A and Access Road Map, Topo B - Existing Road
Well Proximity Map, Topo C - Wells Within One Mile
MCA 564 Trunk Line Pipeline Plan and Profile, and Pipeline R-O-W - Production Pipeline
Power Line R-O-W and Power Line Map, Topo E - Electric Line
Reclamation Diagram, Figure #4 - Interim Reclamation

Operator Certification

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CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed 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 with bond coverage provided by Nationwide Bond ES0085. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.

Susan B. Maunder

Susan B. Maunder
Senior Regulatory Specialist

Date: 6/29/15