

SURFACE USE PLAN

READ & STEVENS, INC.
LUCY FEDERAL # 2
UNIT "L" SECTION 14
T20S-R34E LEA CO. NM

30-025-40055

1. EXISTING AND PROPOSED ROADS:

- A. Exhibit "B" is a reproduction of a County General Hi-way map showing existing roads. Exhibit "C" is a reproduction of a USGS topographic map showing existing roads and proposed roads. All existing roads will be maintained in a condition equal to or better than current conditions. All new roads will be constructed to BLM specifications.
- B. Exhibit "A" shows the proposed well site as staked.
- C. Directions to location: From Hobbs New Mexico take U. S. Hi-way 62-180, west toward Carlsbad, go 25 miles to Marathon Road, turn Left (South) go 4.5 miles to Lynch road, turn Right (West) go .7 miles, turn Left (South) go .4 miles, to pump station turn Right (West) .7 miles, turn Right (North) go .4 miles to location on the East side of road.
- D. Exhibit "C" is a topographic map showing existing roads, proposed roads. A tank battery will be constructed on location, a route for a possible power-line is shown on the map.

2. PLANNED ACCESS ROADS:

- A. The access roads will be crowned and sitched to a 14' wide travel surface, within a 30' R-O-W.
- B. Gradient of all roads will be less than 5%.
- C. Turn-outs will be constructed where necessary.
- D. If require new access roads will be surface with a minimum of 4-6" of caliche. this material will be obtained from a local source.
- E. Center line for new roads will be flagged, road construction will be done as field conditions require.
- F. Culverts will be placed in the access road as drainage conditions require. Roads will be constructed to use low water crossings for drainage as required by the topographic conditions.

3. LOCATION OF EXISTING WELLS WITHIN A ONE MILE RADIUS: EXHIBIT "A-1"

- A. Water wells - 2, one approximately 1000' North one approximately 1/2 mile South Southwest of location.
- B. Disposal wells - None known
- C. Drilling wells - None known
- D. Producing wells - as shown on Exhibit "A-1"
- E. Abandoned wells - As shown on Exhibit "A-1"

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4. If on completion this well is a success the operator will complete it as a producer. The operator will construct production facilities and tank battery on location. If power lines will be required to produce this well they may be constructed along existing R-O-W's as shown on Exhibit "C".

5. LOCATION AND TYPE OF WATER SUPPLY:

Water will be purchased locally from a commercial source and transported by transport or piped to location by flexible flowlines laid on top of the ground.

6. SOURCE OF CONSTRUCTION MATERIAL:

If possible construction material will be obtained from the excavation of the drill site. If additional material will be required it will be obtained from a local source and transported over access roads shown on Exhibit "C".

7. METHODS OF HANDLING WASTE MATERIAL:

- A. In case this well is drilled using a closed mud system the cuttings will be collected in containers and disposed of in a state approved disposal site. Drilling fluids likewise will be contained in tanks and disposed of in state approved disposal sites.
- B. All trash, junk and other waste material will be contained in trash cages or trash bins to prevent scattering. When job is complete all contents will be taken from location and disposed of in a state approved disposal site.
- C. Salts and other mud material remaining after completion of the well will be collected by the supplier and be removed from the location.
- D. Waste water from living quarters will be directed into an onsite sewage treatment unit and when well is completed residue will be removed and disposed of in a state approved disposal site. Porto-johns will be on location for rig crews, completion crews and other contract personnel, this equipment will be properly maintained during drilling and completion. When all operations are complete the residue will be removed and disposed of in a state approved disposal site and the equipment removed by supplier.
- E. Any fluids produced during the completion phase will be separated and the oil sold and water will be disposed of in an approved disposal site.

8. ANCILLARY FACILITIES:

- A. No camps, airstrips, or staging areas will be constructed on location.

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9. WELL SITE LAYOUT:

- A. Exhibit "D" shows a generic well site for a well drilled using a closed mud system.

10. PLANS FOR RESTORATION OF SURFACE:

Rehabilitation of the surface will start after the well has been completed, if the well is completed as a producer production facilities may be constructed on the location. What area is not required for the operation of this project will be reclaimed and restored as near as possible to the original grade and vegetation.

If in case this well is unsuccessful and is a dry hole the drilling pad and the access roads will be reclaimed according to specifications provided by The Bureau of Land Management. Caliche or other road material will be removed for the possible use in another location or deposited in an approved reclamation site.

Drill cuttings and mud used to drill this well will be removed and disposed of at an approved disposal site. All trash and any other debris will be collected disposed of as the above.

11. ADDITIONAL INFORMATION:

- A. Topography consists of low sand dunes with shallow blowouts. Exposure is open and drainage is internal. Soils consists of tan loamy silty sands with a few nodules of caliche. Vegetation consists of shinnery oak, sage, snake-weed, native grasses and mesquite.
- B. The surface is owned by Kenneth Smith 276 Smith Ranch Road Hobbs, New Mexico 88240. The surface is used for grazing of livestock and for the production of oil and gas. The minerals are owned by The U. S. Department of Interior and is administered by The Bureau of Land Management.
- C. There are no dwellings within 2 miles of this location.
- D. An agreement has been made with Mr. Kenneth Smith for surface damages that may result by drilling this well.

Operator 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.

OPERATOR'S REPRESENTATIVES:

BEFORE CONSTRUCTION

TIERRA EXPLORATION, INC
P. O. BOX 2188
JOE JANICA
OFFICE PH 575-391-8503
CELL 575-390-1598

DURING & AFTER CONSTRUCTION

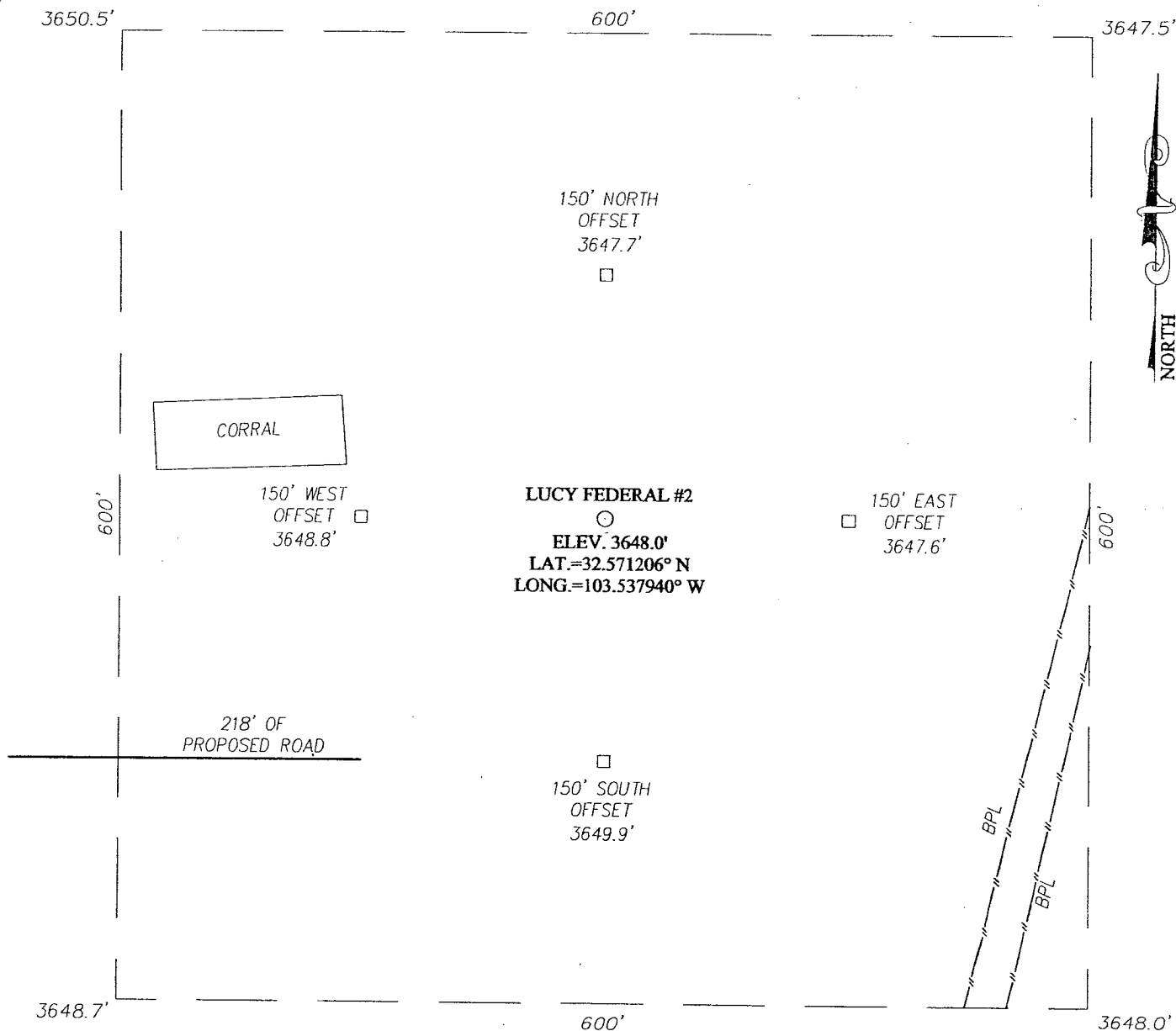
DAVID LUNA
READ & STEVENS, INC.
400 PENN PLAZA
SUITE 1000
ROSWELL NEW MEXICO 88201
OFFICE 575-622-3770 EXT.305
CELL 575-626-9395

NAME Joe T. Janica

TITLE Permit Eng,

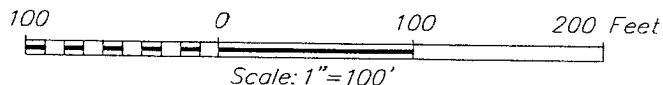
DATE 11/09/10

SECTION 14, TOWNSHIP 20 SOUTH, RANGE 34 EAST, N.M.P.M.
LEA COUNTY NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF U.S. HWY. #62-180 AND CO. RD. #H-27 (MARATHON RD.), GO SOUTH ON MARATHON ROAD APPROX. 4.3 MILES. TURN RIGHT AND GO WEST APPROX. 0.6 MILES. TURN LEFT AND GO SOUTH APPROX. 0.4 MILES. TURN RIGHT AND GO WEST APPROX. 0.6 MILES. TURN RIGHT AND GO NORTH APPROX. 0.3 MILES TO A PROPOSED ROAD SURVEY. FOLLOW PROPOSED ROAD EAST 300 FEET TO THIS LOCATION.



READ & STEVENS, INC.

LUCY FEDERAL #2 WELL
LOCATED 1980 FEET FROM THE SOUTH LINE
AND 330 FEET FROM THE WEST LINE OF SECTION 14,
TOWNSHIP 20 SOUTH, RANGE 34 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO

Survey Date: 10/19/10	Sheet 1 of 1 Sheets
W.O. Number: 10.11.1542	Dr. By: LA Rev 1:
Date: 10/27/10	10111542 Scale: 1"=100'

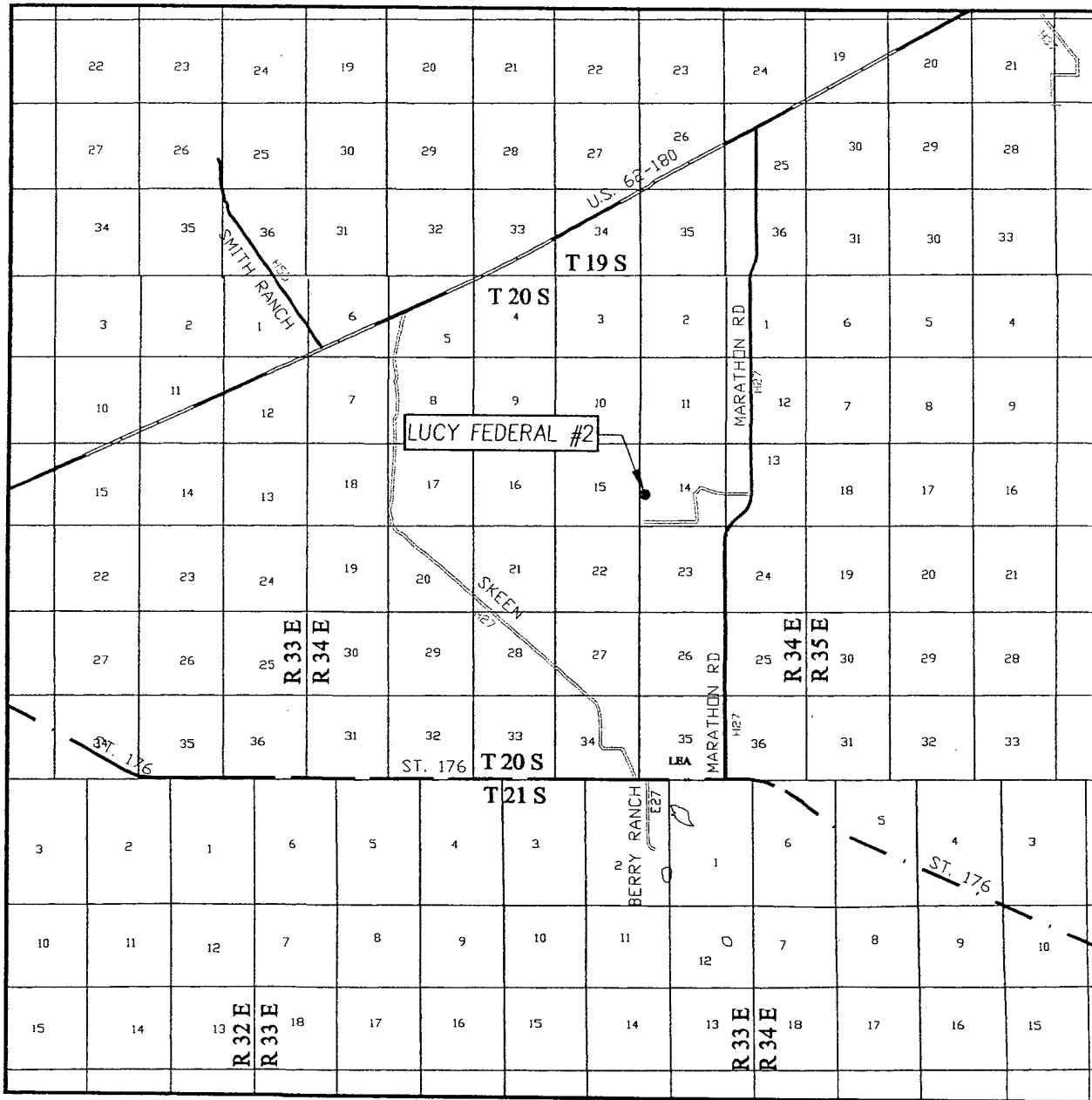


PROVIDING SURVEYING SERVICES
SINCE 1946

JOHN WEST SURVEYING COMPANY

412 N. DAL PASO
HOBBS, N.M. 88240
(575) 393-3117

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 14 TWP. 20-S RGE. 34-E

SURVEY N.M.P.M.

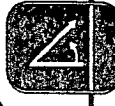
COUNTY LEA STATE NEW MEXICO

DESCRIPTION 1980' FSL & 330' FWL

ELEVATION 3648'

OPERATOR READ & STEVENS, INC.

LEASE LUCY FEDERAL

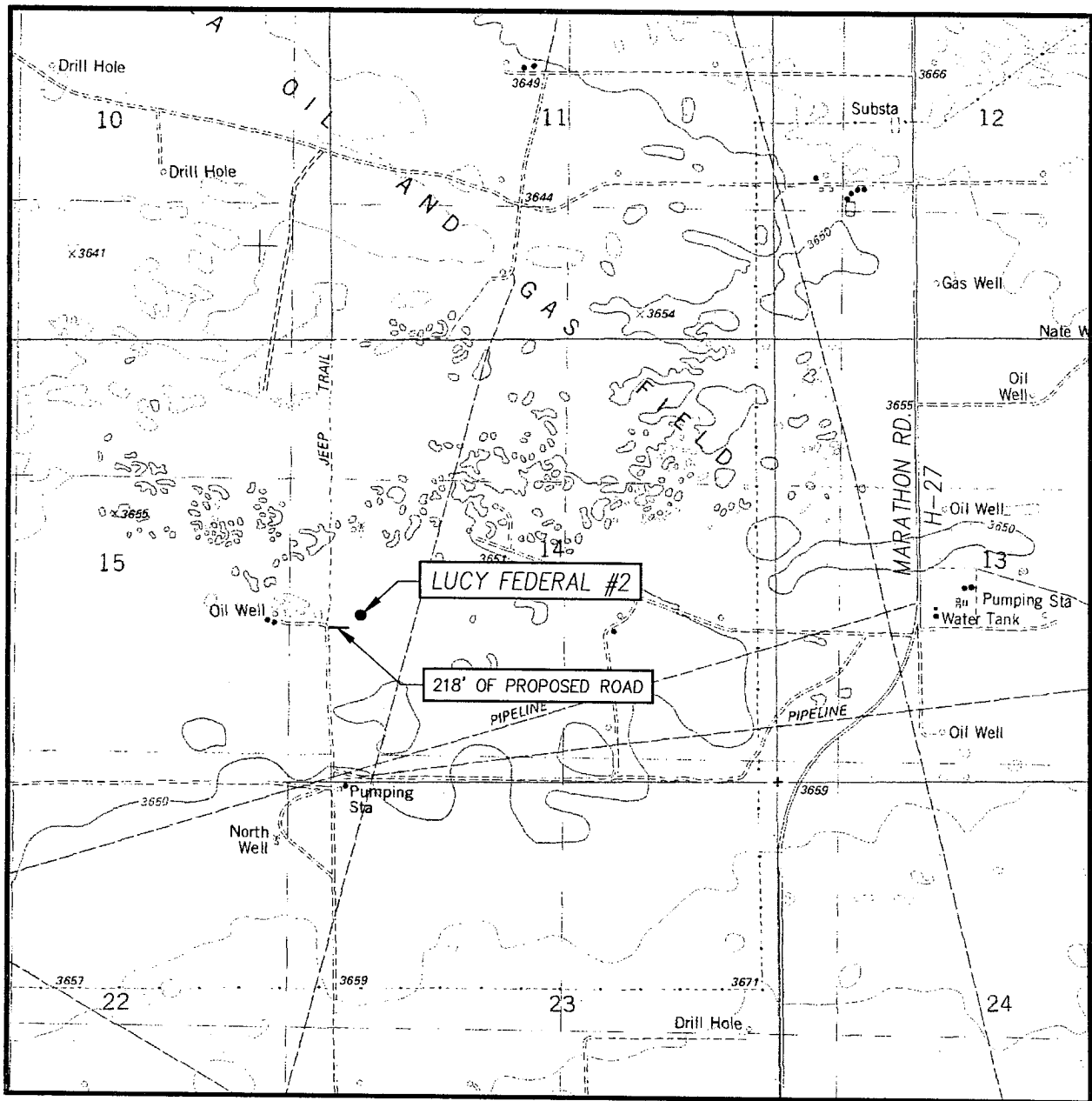


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SINCE 1946

JOHN WEST SURVEYING COMPANY

412 N. DAL PASO
HOBBS, N.M. 88240
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LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
LEA, N.M. - 10'

SEC. 14 TWP. 20-S RGE. 34-E

SURVEY N.M.P.M.

COUNTY LEA STATE NEW MEXICO

DESCRIPTION 1980' FSL & 330' FWL

ELEVATION 3648'

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LEASE LUCY FEDERAL

U.S.G.S. TOPOGRAPHIC MAP
LEA, N.M.



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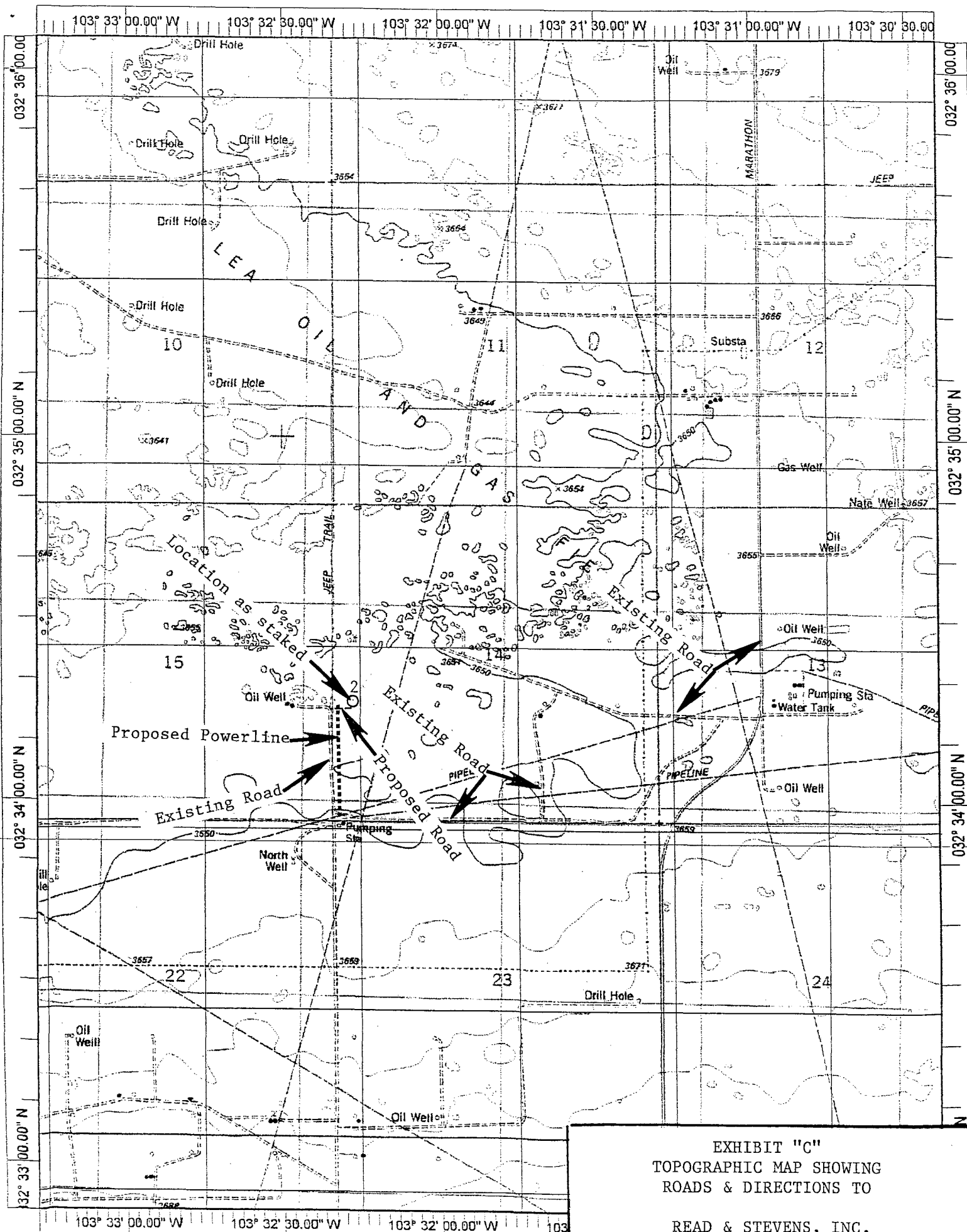


EXHIBIT "C"
TOPOGRAPHIC MAP SHOWING
ROADS & DIRECTIONS TO

READ & STEVENS, INC.
LUCY FEDERAL # 2
UNIT "L" SECTION 14