

30-D25-40104

## MULTI POINT SURFACE USE AND OPERATIONS PLAN

### SHACKELFORD OIL CO.

Charles S Loomis A Federal, Well No. 3  
1730' FSL & 1980' FWL, Sec. 23-T20S-R33E  
Lea County, New Mexico  
Lease No.: NM-070335  
(Development Well)

This plan is submitted with the Application for Permit to Drill the above described well. The purpose of the plan is to describe the location of the proposed well, the proposed construction activities and operations plan, to be followed in rehabilitating the surface environmental effects associated with the operations.

#### 1. EXISTING ROADS:

- A. Exhibit "A" is a portion of a USGS/BLM Topo map showing the location of the proposed well as staked. The well site location is approximately 37 road miles northeast of Carlsbad, New Mexico. Traveling east from Carlsbad there will be approximately 34 miles of paved highway and 2.5 miles of gravel ranch/oilfield roads.
- B. Directions: Travel east from Carlsbad, NM on U.S. Highway 62/180 for approximately 29 miles to the Halfway Bar. Continue east for 5 miles on Highway 62/180 to a caliche road turnoff to the south. Turn south for .3 mile, then east for .4 mile then south for 1.8 to the well site on the south side of the road as it makes a sharp turn west. The well site marker is approximately 150 feet south of the road. The proposed access road will access the northeast corner of the proposed Charles S. Loomis A Federal, Well No. 3 well pad.

#### 2. PLANNED ACCESS ROAD:

- A. Length and Width: The proposed access road is on the northeast corner of the proposed well pad will run south on the east side to the southeast corner of the pad and will be part of the pad.
- B. Construction: The proposed access road will be built as part of the pad by grading and topping with compacted caliche and will be properly drained.
- C. Turnouts: None required.
- D. Culverts: None required.
- E. Cuts and Fills: None required.
- F. Gates, Cattle guards: None required.
- G. Off-Lease R/W: Shackelford has an off lease ROW for the existing road to service their other wells on the lease.

#### 3. LOCATION OF EXISTING WELLS:

- A. Existing wells within a two-mile radius are shown on Exhibit "C".

#### 4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

- A. There are production facilities on the lease at this time.
- B. If the well proves to be commercial, the necessary production facilities, gas production-process equipment will be installed on the drilling pad. A 3" SDR 7 flow line will run north, buried under the road, then on the surface to the tank battery on the Charles S Loomis A Federal, Well No. 2 well pad.

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**5. LOCATION AND TYPE OF WATER SUPPLY:**

- A. It is planned to drill the proposed well with fresh water that will be obtained from private or commercial sources and will be transported over the existing access roads.

**6. SOURCE OF CONSTRUCTION MATERIALS:**

- A. Caliche will be obtained from a Federal pit in the SE4NW4 of Sec 14-T20S-R33, 1.4 miles north of the location. No surface materials will be disturbed except those necessary for actual grading and clearing of the drill site.

**7. METHODS OF HANDLING WASTE DISPOSAL:**

- A. Drill cuttings and liquids will be stored in steel tanks of the closed loop mud system during the drilling operation. Drill cuttings will be delivered to CRI, Permit No. R-9166, as needed, and at closure. Drilling liquids will be hauled to a separate approved disposal system.
- B. There are no mud pits to be fenced.
- C. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or a separate disposal application will be submitted to the BLM for approval.
- D. Oil produced during operations will be stored in tanks until sold.
- E. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- F. Trash, waste paper, garbage and junk will be contained in trash bins to prevent scattering by the wind and will be removed for deposit in an approved sanitary landfill within 30 days after finishing drilling and/or completion operations.

**8. ANCILLARY FACILITIES:**

- A. None required.

**9. WELL SITE LAYOUT:**

- A. Exhibit "D" shows the relative location and dimensions of the well pad, closed loop system, and major rig components of the drilling rig.
- B. Mat Size: 250' X 230', including rig and closed mud system.
- C. Cut & Fill: A slight leveling of 5" on the west with fill to the north, south and east.
- D. The existing surface will be cleared of brush and soil to be stored on the southwest corner of the pad for future rehabilitation and then will be topped with compacted caliche.

**10. PLANS FOR RESTORATION OF THE SURFACE:**

- A. After completion of drilling and/or completion operations, all equipment and other material not required for operations will be removed. The location will be cleaned of all trash and junk to leave the well site in an aesthetically pleasing a condition as possible
- B. All produced mud and fluids of the closed mud system will be removed to authorized disposal sites.
- C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management will be complied with and will be accomplished as expeditiously as possible. .

**11. OTHER INFORMATION:**

- A. Topography: The proposed well site and access road is located in a relatively level surface with a northwesterly slope of .007% from an elevation of 3619'.
- B. Soil: The topsoil around the well site is light brown colored loamy fine sand. The soil is of the Pyote soils and dune land complex.
- C. Flora and Fauna: The vegetation cover is a good to fair grass cover of three-awn, grama, dropseed, bluestem and other miscellaneous native grasses along with plants of mesquite, yucca, creosote bush, sage, shinny oak, buckwheat, cacti and miscellaneous weeds and wildflowers. The wildlife consists of rabbits, coyotes, rattlesnakes, lizards, dove, quail and other wildlife typical of the semi-arid desert land.
- D. Ponds and Streams: None in the area.
- E. Residences and Other Structures: None, but existing oil field facilities.
- F. Land Use: Cattle grazing.
- G. Surface Ownership: The proposed well site and access roads are on Federal surface.
- H. There is no evidence of archaeological, historical or cultural sites on the drill site and access road area. Archaeological Survey Consultants, P.O. Box 2285, Roswell, NM 88202 has conducted an archaeological survey and their report will be submitted to the appropriate government agencies.

**12. OPERATOR'S REPRESENTATIVE:**

- A. The field representative responsible for assuring compliance with the approved surface use and operations plan is as follows:


Don Shackelford  
Shackelford Oil Company  
3510 N. A St., Bldg B-100  
Midland, TX 79705  
Office Phone: (432) 682-9784

Bob Shackelford  
Shackelford Oil Company  
3510 N. A St., Bldg B-100  
Midland, TX 79705  
Office Phone: (432) 682-9784  
Cell Phone: (432) 813-7090

**CERTIFICATION:**

I hereby certify that I have inspected the proposed drill site and access route proposed herein; that I am familiar with the conditions which currently exist; that I have 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 a false statement.

Executed this 16<sup>th</sup> day of November, 2010.

  
George R. Smith

POA agent for V-F Petroleum  
P.O. Box 458  
Roswell, NM 88202  
575-623-4940

Bob Shackelford, Field Representative  
3510 N. A St., Bldg. B-100  
Midland, TX 79705  
432-682-9784  
432-813-7090—Cell#

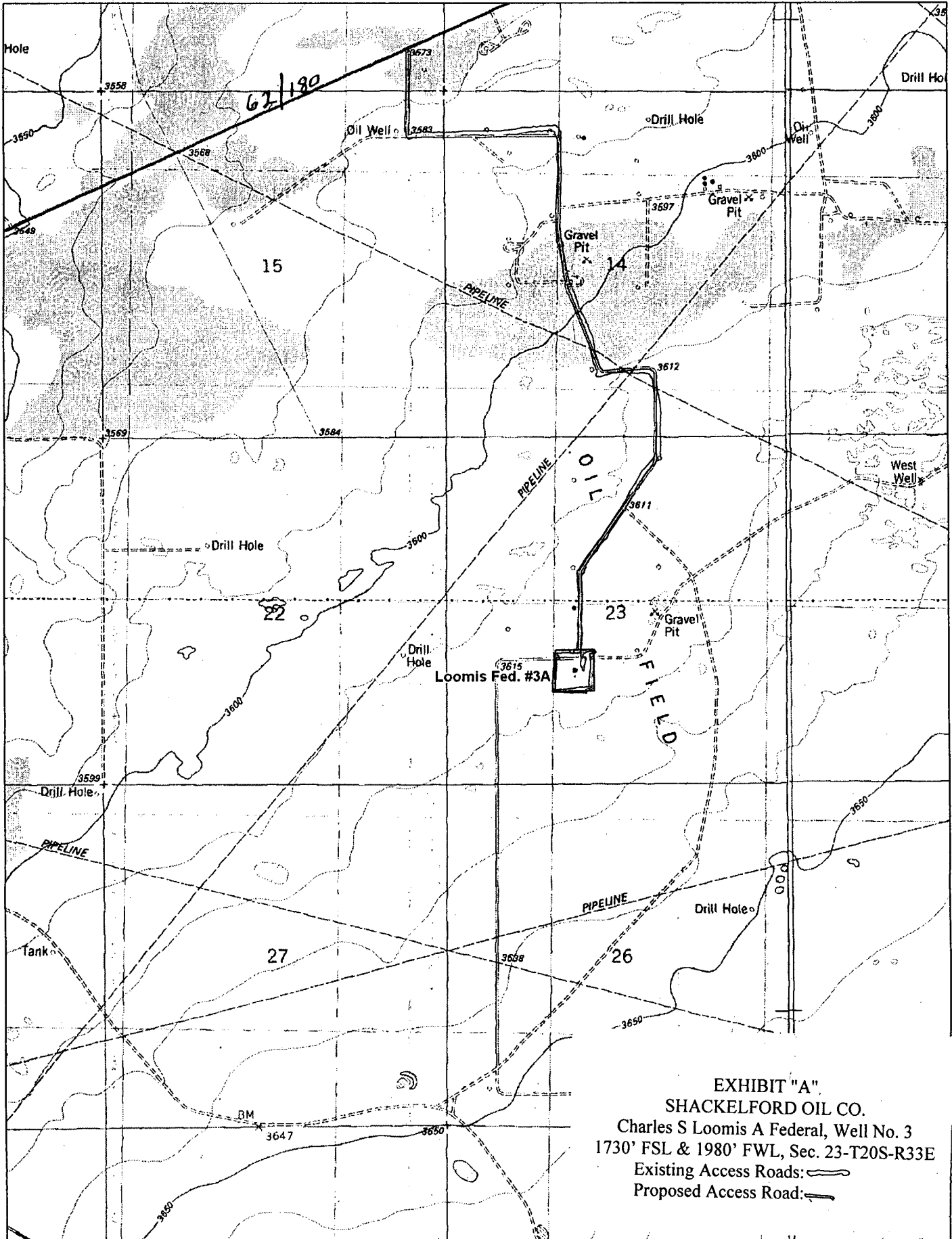


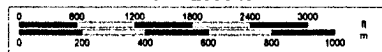
EXHIBIT "A".  
SHACKELFORD OIL CO.  
Charles S Loomis A Federal, Well No. 3  
1730' FSL & 1980' FWL, Sec. 23-T20S-R33E  
Existing Access Roads: ———  
Proposed Access Road: ———

**DeLORME**

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Scale 1 : 24,000

1" = 2000 ft

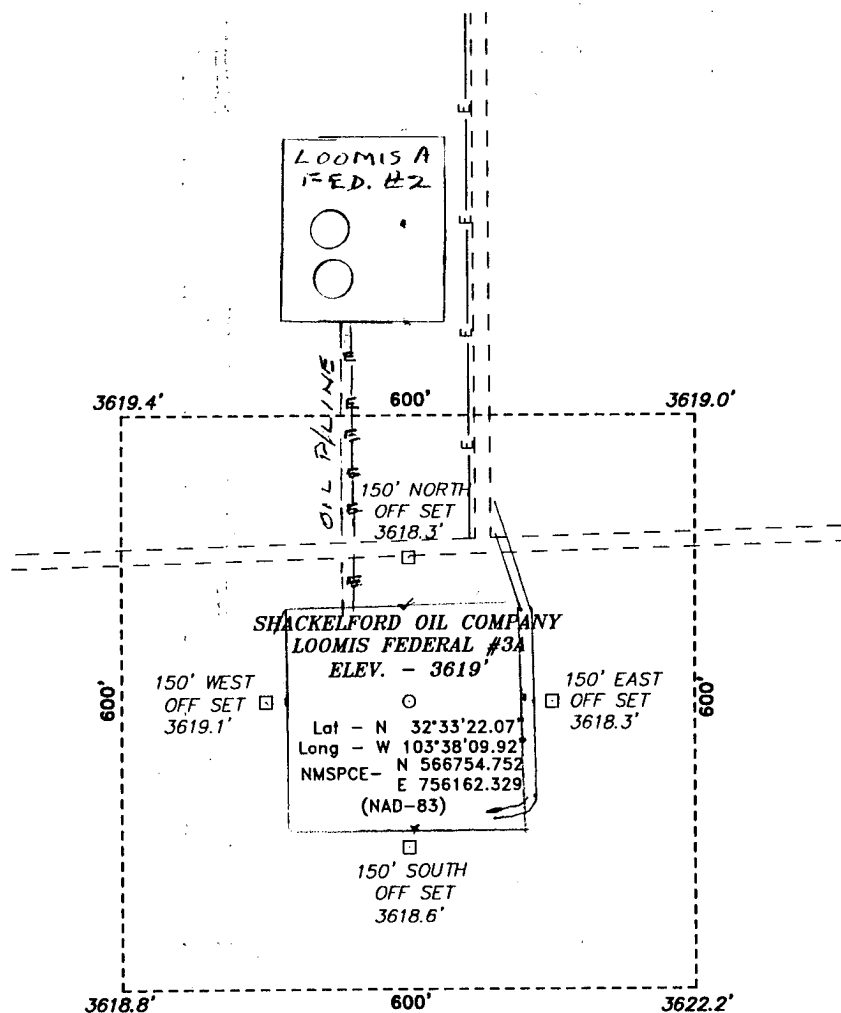


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SECTION 23, TOWNSHIP 20 SOUTH, RANGE 33 EAST, N.M.P.M.,  
LEA COUNTY, NEW MEXICO.



Directions to Location:

FROM THE JUNCTION OF CURRY COMB AND OLD LOCO, GO NORTH ON OLD LOCO FOR 0.7 MILES TO LEASE ROAD, ON LEASE ROAD GO NORTHWESTERLY 0.3 MILES TO PROPOSED LEASE ROAD.

**BASIN SURVEYS** P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 23244

Drawn By: J. SMALL

Date: 08-18-2010

Disk: JMS 23244

**SHACKELFORD OIL COMPANY**

REF: LOOMIS FEDERAL #3A / WELL PAD TOPO

THE LOOMIS FEDERAL #3A LOCATED 1730'

FROM THE SOUTH LINE AND 1980' FROM THE WEST LINE OF

SECTION 23, TOWNSHIP 20 SOUTH, RANGE 33 EAST,

N.M.P.M., LEA COUNTY, NEW MEXICO.

Survey Date: 08-17-2010

Sheet 1 of 1 Sheets

## POWER OF ATTORNEY

### DESIGNATION OF AGENT

SHACKELFORD OIL COMPANY, hereby names the following person as its agent

Name of Agent: George R. Smith d/b/a Energy Administrative Services Company

Agents Address: P.O. Box 458, Roswell, NM 88202

Agent's Telephone Number: (575) 623-4940

### GRANT OF SPECIAL AUTHORITY

SHACKELFORD OIL COMPANY, grants its agent the authority to act for it with respect to the following only:

1. Executing forms required to be filed with the Bureau of Land Management of the Department of Interior of the United States of America.
2. Executing forms required to be filed with the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department.

### EFFECTIVE DATE

This power of attorney is effective immediately.

### RELIANCE ON THE POWER OF ATTORNEY

Any person, including the agent, may rely upon the validity of this power of attorney or a copy of it unless that person knows it has terminated or is invalid.

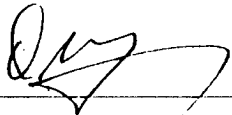


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SIGNATURE AND ACKNOWLEDGMENT



By: DON SHACKELFORD

Title: PRESIDENT

Date: 5-27-10

Address: 3510 N. A ST. BLDG B STE. 100  
MIDLAND, TX. 79705

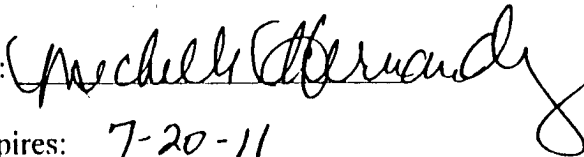
Telephone: 432-682-9784

STATE OF

COUNTY OF

This instrument was acknowledged before me on 5-27-10 by  
DON SHACKELFORD of SHACKELFORD OIL COMPANY  
, acting on behalf of said corporation.

Signatory of notary:



My commission expires: 7-20-11

