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SURFACE USE PLAN MATADOR OPERATING COMPANY Red Hills SWD #1 660' FSL, 660' FWL Sec 28, T25S, R33E Lea County, New Mexico

- 1. EXISTING ROADS Area map, Exhibit "A", is a reproduction of the appropriate part of the U.S.G.S. New Mexico 7-1/2 minute quadrangle. Existing roads are shown on the exhibit and the road to be used on the referenced well is marked. All roads shall be maintained in a condition equal to that which existed prior to start of construction.
 - A. Exhibit "A" shows the proposed well site as staked.
 - B. Direction: From the junction of state highway 128 and state highway 18 in Jal, go west 14.3 miles on state highway 128 then southwest & west 13.4 miles on county road, turn right at stop sign and go through cattleguard. Keep to the right at the "Y" and continue west for 2.4 miles, then north for 1.3 miles to Red Hills #5 wellsite. Continue north 0.5 miles on new lease road to location.
- 2. PLANNED ACCESS ROADS One-half mile new road extension will be constructed from Red Hills Unit #5 well.
- 3. LOCATION OF EXISTING WELLS ON A ONE-MILE RADIUS
 - A. Water wells <u>NA</u>.
 - B. Disposal wells <u>NA</u>.
 - C. Drilling wells <u>NA</u>.
 - D. Producing wells As shown on Exhibit "C".
 - E. Abandoned wells-As shown on Exhibit "C".
- 4. If completed, Matador Operating Company will furnish maps or plats showing On Well Pad Facilities and Off Well Pad Facilities (if needed) on a Sundry Notice before construction of these facilities starts.
- 5. LOCATION AND TYPE OF WATER SUPPLY Water will be purchased locally from a private source and trucked over the access road or piped in flexible lines laid on top of the ground.

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6. SOURCE OF CONSTRUCTION MATERIALS

If needed, construction materials will be obtained from the drill site's excavations, or from a local source. These materials will be transported over the access route as shown in Exhibit "A".

7. METHODS FOR HANDLING WASTE DISPOSAL.

- A. 1. Drill cuttings will be disposed of in the reserve pit.
 - 2. Trash, waste paper, and garbage will be contained in a fenced trash trailer to prevent wind-scattering during storage. When the rig moves out, all trash and debris will be hauled to an approved land-fill site.
 - 3. Salts remaining after completion of the well will be picked up by the supplier, including broken sacks.
 - 4. Sewage from trailer houses will drain into holes with minimum depth of 10'00". These holes will be covered during drilling and back-filled upon completion. A "porta-john" will be provided for the rig crews. This will be properly maintained during the drilling operations and removed upon completion of the well.
 - 5. Chemicals remaining after completion of the well will be stored in the manufacturer's containers and picked up by the supplier.
- B. Remaining drilling fluids will be allowed to evaporate in the reserve pit until the pit is dry enough for back-filling. In the event drilling fluids will not be evaporated in a reasonable period of time, they will be transported by a tank truck to a state approved disposal site.

If necessary, any water produced during testing of the well will be disposed of in the reserve pit. Oil produced during testing of the well will be stored in test tanks until sold and hauled from the site.

8. ANCILLARY FACILITIES

No camps or airstrips will be constructed.

9. WELL SITE LAYOUT

- A. Exhibit "B" shows the proposed well site layout.
- B. This exhibit indicates proposed location of the reserve pits and trash trailer.

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- C. Mud pits in the active circulating system will be steel pits and the reserve pit is proposed to be unlined, unless subsurface conditions encountered during pit construction indicate that lining is needed for lateral containment of fluids.
- D. If needed, the reserve pit is to be lined with a poly-ethylene liner. The pit liner will be a minimum of 6 mils thick. The pit liner will extend a minimum of 2'00" over the reserve pit dikes where the liner will be anchored down.
- E. The reserve pit will be fenced on three sides with four strands of barbed wire during drilling and completion phases. The fourth side will be fenced after all drilling operations have ceased. If the well is completed, the reserve pit fence will be torn down. The reserve pit and those areas of the location not essential to production facilities will be reclaimed and seeded per BLM requirements.

10. PLANS FOR RESTORATION OF SURFACE

Rehabilitation of the location and reserve pit will start in a timely manner after all drilling operations cease. The type of reclamation will depend on whether the well is completed or abandoned as a dry hole.

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In either event, the reserve pit will be allowed to dry properly, and fluid removed and disposed of in accordance with Article 7.B as previously noted. The pit area will then be leveled and contoured to conform to the original and surrounding area as closely as is possible. Drainage system, if any, will be reshaped to the original configuration with provisions made to alleviate erosion. These may need to be modified in certain circumstance to prevent inundation of the location pad and surface facilities. After the area had been shaped and contoured, topsoil from the soil pits will be placed over the disturbed area to the extent possible. Revegetation procedures will comply with BLM standards.

Should the well be completed, the previously noted procedures will apply to those areas which are not required for production facilities.

11. OTHER INFORMATION

- F. The area around the wellsite is gently undulating and rolling with snakeweed, mesquite, shin oak, Mormon tea, yucca & assorted grasses.
- G. Surface use is grazing and the lessee is Dinwiddie Cattle Company, P. O. Box 602, Jal, NM 88252.

- An archaeological study has been conducted for the location and road. H. Archaeological survey submitted under separate cover.
- There are no buildings in the area. I.

OPERATOR'S REPRESENTATIVE 12.

Matador Operating Company's field representative for contact regarding compliance with the Surface Use Plan is:

> Before, during, and after construction: Jim Kramer 8340 Meadow Road #158 Dallas, TX 75231 Office: 214-987-7128 915-553-3542 Mobile: 972-377-3281 Res:

CERTIFICATION 13.

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Matador Operating Company and its contractors/ subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

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Name: <u>fin Kramer</u> Sr. Drilling Engineer ____

Date: 3 12 01

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APPLICATION FOR PERMIT TO DRILL

MATADOR OPERATING COMPANY Red Hills SWD #1 660' FSL; 660' FWL Sec 28, T25S, R33E Lea County, New Mexico

In conjunction with Form 3160-3, Application for Permit to Drill, Matador Operating Company submits the following items of pertinent information in accordance with Onshore Oil and Gas Order Nos. 1 & 2, and with all other applicable federal and state regulations.

1. Geological Name of Surface Formation: Permian

2. Estimated Tops of Important Geological Markers:

	Subsea	Measured Depth
T/ Evaporite Section	+2130'	1250'
Upper Permian Delaware Fm	-1520'	4900'

3. Estimated Depth of Anticipated Fresh Water, Oil or Gas:

Upper Permian Sands	0-300'	Fresh Water	*
Delaware	4900'	Oil/Water	**

* Grounc water will be protected by 8-5/8" surface casing with cement circulated to surface.

** Potentially permeable horizons in the 7-7/8" hole section to be protected by the 5-1/2" casing with cement at least 500' above the top of the Delaware formation.

4. Proposed Casing Program:

Hole Size	Interval	Casing OD	Description
16"	0-40'	14"	Conductor, if necessary
12-1/4"	0-1000'	8-5/8"	24#, J-55 ST&C New, R-3
7-7/8"	0-6500'	5-1/2"	15.5# J-55 LT&C, New, R-3

Proposed Cementing Program:

14" Conductor:

Ready-mix poured to surface.

8-5/8" Surface Casing:	Cement w/275 sx Class "C" Lite + .25 pps Flocele (12.5 ppg, 2.06 yield). Tail w/ 200 sx Class "C" + 2% CaCl2 (14.8 ppg, 1.34 yield). Float Equipment: Texas pattern shoe w/ insert float valve, 3 centralizers.
5-1/2" Production Casing:	Cement w/ 250 sx Super "H" Mod + 1 pps salt + .3% CFR-3 + .4% Halad-344 (13.0 ppg, 1.65 yield). Tail w/ 350 sx Interfill "C" + .25 pps Flocele (11.5 ppg, 2.77 yield).

Note: Depending on hole conditions, the 5-1/2" casing may change to a 2-stage design to insure cement is tied into the 8-5/8" surface casing. If necessary, the DV tool will be placed above the Delaware (±4800").

5. Pressure Control Equipment:

The blowo it preventer equipment (BOPE) shown in Exhibit D will be utilized for the 7-7/8" hole section. The assembly will consist of a 3000 psi WP double ram-type preventer (4-1/2" pipe and blind rams) and a 1500 psi WP annular preventer (API RP53 Fig 2.c.5). This BOPE assembly will be nippled up on the surface casing and used continuously until setting the 5-1/2" casing at total depth of $\pm 6,500$ ". All BOPE will be tested as follows:

• Prior to drilling out from surface casing – test all BOPE to 500 psi using rig pump.

All BOP's will be hydraulically operated. Pipe rams will be operationally checked each 24 hour period. Blind rams will be operationally checked on each trip out of hole. The kill line will be 2" minimum and will include a remote connection. The choke line will be 3" minimum. A complete choke manifold schematic is shown in Exhibit E.

6. Proposed Mud System:

The proposed mud system will be a combination of fresh water and brine water. The depth and mud properties of the mud system are listed below.

		Weight	Viscosity	Waterloss	
Depth	Туре	(ppg)	(sec)	(cc)	ph
0-1000'	Fresh Water	8.3-8.8	28-30	N.C.	9-10
1000'-6500'	Brine Water	10.0-10.2	28-33	N.C.	9-10

Sufficient mud materials to maintain the above mentioned mud properties and meet minimum lcst circulation and weight increase requirements will be kept at the location at all times.

- 7. Auxiliary 'Well Control and Monitoring Equipment:
 - A Kelly cock will be kept in the drill string at all times.
 - A full opening drill pipe stabbing valve (inside BOP) with proper drill pipe connections will be on the rig floor at all times.
- 8. Drillstem Testing, Logging and Coring Programs:
 - Drillstem tests: None planned.
 - Electric logs: CNL-LDT-DLL-MSFL-GR: TD to 4500' (GR-CNL to surface.
 - Coring: None planned.
- 9. Abnormal Conditions, Pressures, Temperatures, & Potential Hazards:

No abnormal pressure or temperature is expected to the proposed depth. No hydrogen sulfide or other hazardous gases or fluids are known to exist in the zones that will be encountered.

10. Anticipated Starting Date and Duration of Operations:

The anticipated start date will be April 25, 2001. Once commenced, drilling operations should be completed in approximately 14 days. If the well is completed, another 30 days will be required for completion work and facility installation.

VICINITY MAP



TOPOGRAPHIC LAND SURVEYORS

Surveying & Mopping for the Oil & Gas Industry

1307 N. HOBART PAMPA, TX. 79065 (800) 658-6382 6709 N. CLASSEN BLVD. OKLAHOMA CITY, OK. 73116 (800) 654-3219

2903 N. BIG SPRING MIDLAND, TX. 79705 (800) 767-1653 Matador Operating Company Red Hills SWD #1 660' FSL; 660' FWL Sec 28, T25S, R33E Lea County, New Mexico

> Exhibit B Wellsite Plan



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WORKING PRESSURE

Matador Operating Company Red Hills SWD #1 660' FSL; 660' FWL Sec 28, T25S, R33E Lea County, New Mexico

Exhibit D BOP Schematic



Matador Operating Company Red Hills SWD #1 660' FSL; 660' FWL Sec 28, T25S, R33E Lea County, New Mexico

> Exhibit E Choke Manifold



3M Choke Manifold Depth Interval: 700' – 12,900' Hole Size: 12-1/4'' & 8-3/4''

LOCATION __ ELEVATION VERIFICATION MAP



TOPOGRAPHIC LAND SURVEYORS

Surveying & Mapping for the Oil & Gas Industry

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2903 N. BIG SPRING MIDLAND, TX. 79705 (800) 767-1653





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United States Department of the Interior

Bureau of Land Management Roswell Office 2909 West Second Street Roswell, New Mexico 88201

Statement of Accepting Responsibility for Operations

Operator name:Matador Operating CompanyStreet of box:8340 Meadow Road, #158City, State:Dallas, TXZip Code:75231

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the eased land or portion thereof, as described below:

Lease No. NM 43562

Legal Description of land: W/2 of Section 28, T25S, R33E, Lea County, NM

Formation (s) (if applicable):

Bond Coverage: (state if individually bonded or another's bond)

Statewide

BLM Bond File No.: 29403

Authorized Signature:

Title:

Date:

Prenthenton

Brent Robertson Landman

March 13+, 2001

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