

Robert L. Bayless, Producer LLC

Weaver Ridge 14-15H

SHL: 39' FSL & 1564' FEL (SWSE) Section 14, T1S R104W
BHL: 2040' FSL & 2246' FWL (NESW) Section 13, T1S R104W
Rio Blanco County, Colorado
Federal Lease: COC-058704

SURFACE USE PLAN

(Attachment to Form 3160-3)

WELL LOCATION AND INTRODUCTION

The surface location of this proposed horizontal well is 39' FSL & 1564' FEL (SWSE) Section 14, of T1S R104W with bottom-hole location at 2040' FSL & 2246' FWL (NESW) Section 13, of T1S R104W. The well site was surveyed and staked on December 15, 2011 by Tri State Land Surveying and Consulting for Robert L. Bayless, Producer LLC (Bayless), at a site that was geologically, legally and topographically acceptable. Onsite meetings with BLM occurred on March 15, 2012. Present were Jay Johnson – BLM, David Kubeczko and Jacob Davidson – COGCC, Jeff Heinle – ETC, Rex Allen – EnCana, Paul Hawkes – Tri State Land, Bill Buniger – Buniger Construction, Tom McCarthy and Habib Guerrero – Bayless.

The White River Resource Area Manager will be notified 24 hours prior to commencing construction of the drillsite, 24 hours notice prior to commencing completion operations and 24 hours prior to commencing reclamation work.

DIRECTIONS TO LOCATION

Begin at the west end of Rangely, Colorado at the intersection of Highway 64 and County Road 2 (River Road), and travel southerly on County Road 2 for approximately 8.1 miles to the end of pavement. Stay on county road 2 for another 3.9 miles, cross the bridge and turn left. Travel 6.8 miles and veer left. Travel 3.6 miles and turn right at the intersection. Travel 0.8 miles up the hill to the proposed location. There are two gates located on private land, both of which must be passed through during route. Both are shown on exhibit 1B.

1) EXISTING ROADS

- A) The proposed well is a development/confirmation well. The proposed well has been staked and reference stakes are present. Please refer to sheets P1 to P3 for location photos and proposed well as staked. All existing roads in the area of the drill site are shown on exhibit 1B (Topographic maps "A & B").
- B) (+/- 514 ft) of the existing BLM access road 1220B will be re-routed to the east and incorporated as part of the new wellpad as shown in exhibit 1A and 1C. (+/- 525 ft) of the existing 4" surface gas pipeline owned and operated by EnCana will be relocated to the south west of the re-routed portion. Bayless and EnCana have an agreement to move the pipeline. Exhibit 1A and 5 show the proposed relocation of the BLM road 1220B and 4" pipeline. Any portions of the road and pipeline that remain following the move will be reclaimed as described in Section 10 of this document.
- C) All existing roads within 1.0 mile of the drill site consist of BLM existing dirt and gravel resource road to the edge of the proposed location which will provide access.
- D) All existing county roads use for access the subject well will be coordinated with Rio Blanco County road department. Non-county roads will be maintained to BLM Manual 9113 standards. Maintenance will be done prior to the commencement of operations and will continue until final abandonment and reclamation of the wellpad location. Improvement and/or maintenance plans may include grading, watering for compaction/dust control, ditch maintenance, erosion control, slope stabilization and ROW treatment for noxious weeds, and road closures during periods of excessive soil moisture. Weed control will be performed by certified applicator and conform to the Pesticide Use Proposals (PUP) filed with BLM.

- E) BLM Best Management Practices (BMP's) as outlined in the "Surface Operating Standards and Guidelines for Oil and Gas Exploration and Development" (the Gold Book) will be utilized for all construction and operational activity related to this facility.
- F) Erosion control (wattles, straw bales and ditches) for the re-routed access road and wellpad will be used and placed to control drainage where needed. No culverts are required.

2) **NEW or RECONSTRUCTED ACCESS ROADS**

- A) As per BLM, the subject location has been shifted to the east to incorporate the existing BLM road 1220B and the existing 4" surface gas pipeline owned and operated by EnCana as part of the new wellpad. Exhibit 1A shows the existing and proposed access road and pipeline.
- B) (+/- 514 ft) of the existing BLM road 1220B and (+/- 525 ft) of the existing 4" surface gas pipeline will be re-routed to the east edge of the new wellpad. This 4" surface gas pipeline will be relocated and buried to a depth of 4 ft minimum to the SW side of the re-routed portion of the access road.

+/- 300 feet (0.06 miles) Re-routed portion incorporated to the wellpad

 +/- 214 feet (0.04 miles) Additional re-routed portion
 +/- 514 feet (0.10 miles) Total new/relocated access road

This application for Permit to Drill will serve as a request for the BLM to initiate a Right-of-Way (ROW) application for access roads and water haul routes, if necessary. This ROW can continue up to the wellhead. The width of ROW requested is 40 feet.

- c) No additional access roads are planned or will be constructed to access the existing wellpad or production facilities in this well site.

Road Design Criteria

- D) New access roads will be designed to BLM Manual section 9113 standards for road shape and drainage features at all the times during construction, drilling and production. The new access road will feature a cleared width of approximately 40 ft with an 18 ft travel/running surface. Road will be crowned with 2% cross-slope.
 - i. +/- 300 ft of new/relocated access road will be part of the wellpad.
 - ii. The maximum grade for the access road will not exceed 6%.
 - iii. No turnouts will be required for the new relocated access road.
 - iv. No significant drainages are crossed with the new/ relocated access road.
 - v. No culvert will be installed.
 - vi. No fence crossing /cattle guards are required for this access road.
 - vii. The proposed new/relocated access road will be staked prior to construction.
- E) Dust control measures will be implemented during dry weather when necessary.
- F) Road will be surfaced to provided "all-weather" access using 6" compacted road base aggregate for road surfacing in Rio Blanco county (ie. Connell Gravel Pit, Urie Rock Company and Maybell Enterprises).

Road Construction and Maintenance

- G) The re-routed access road will be designed, constructed and maintained to BLM Manual section 9113 standards for "local Road" classification.
- H) Available topsoil will be removed from the disturbed area and stored in low profile stockpiles at the ROW limits as shown on the typical cross section and Location layout diagrams, Exhibits 5A & 5B. Following construction of the main wellpad/production facilities access road, the topsoil will be respread on the disturbed area (ditch and road slopes) and reseeded with an approved seed mixture #3. ROW reclamation will conform to the description provided in Section 10 of this document.

- I) Bayless assumes the responsibility of maintenance of the access road. The use of access road shall be limited to BLM personnel, Bayless and its authorized representatives, contractors, and subcontractors and shall be limited to business purposes. Bayless shall be responsible for all persons authorized by Bayless to use such roads and shall be responsible for any damage, the proximate cause of which is occasioned by such use, whether damage occurs through the use of Bayless, its personnel, agents, contractors, or subcontractors.
- J) Road maintenance will be performed on a “level 4” standard as defined under BLM handbook. During active operations, roads will be inspected, at minimum, each 30 days and measures taken to address any noted issues. Frequency of inspection will be increased following major precipitation/runoff events or during periods of high traffic activity. Maintenance will include :
 - i. Grading and shaping of the roadway surface to maintain a distinct crown to move water rapidly off the road surface. Replace aggregate surfacing as necessary.
 - ii. Cleaning /reshaping ditches when necessary to maintain adequate flow capacity.
 - iii. Repair of slope protection, energy dissipation or other storm water control by BMP’s.
 - iv. Trimming roadside vegetation for sight distance and traffic safety.
 - v. Repair/replacement of damaged road safety and regulatory signs.
 - vi. Watering for compaction/dust control, ditch maintenance and ROW treatment for noxious weeds.
- K) Noxious weed control will be performed by certified subcontractor. The pesticides use will conform to applicable Pesticide Use Proposal (PUP) filed with the BLM for the Piceance Field Area.

3) **LOCATION OF EXISTING WELLS WHITIN A 1-MILE RADIUS OF THE PROPOSED LOCATION**

The topographic map “C” (Exhibit 4B) shows all existing water, drilling, abandoned disposal, injection, shut-in, producing, observation wells and production facilities within a 1 mile radius of the proposed location.

| | | |
|----------------------------------|------|----------------|
| Water Wells: | None | |
| Abandoned wells: | 2 | |
| Temporary abandoned wells: | None | |
| Disposal wells: | None | |
| Drilling Wells: | None | |
| Producing Wells: | 8 | See Topo Map C |
| Shut-in Wells: | None | |
| Injection Wells: | None | |
| Monitoring or Observation Wells: | None | |

4) **LOCATION OF EXISTING AND/OR PROPOSED PRODUCTION FACILITIES**

- A) The production facilities shall initially consist of four 400 barrel production tanks, pump jack, separator and a meter house will be located on the northwest side of wellpad as per the attached exhibit 5C. Unused areas of the wellpad will be reclaimed, as described in Section 10 of this document, following drilling and completion operations.
- B) The gas gathering line for natural gas production purposes will be a 2” steel pipe. This pipeline will be owned and operated by Energy Transfer (ETC). The length of this surface pipeline will be approximately +/- 1,938 ft and it will tie into the existing 2” gathering line that currently services the Weaver Ridge 23-10 well. Exhibit 1D shows the proposed pipeline.

Production Facilities Description:

- C) The wellpad has been designed to accommodate at least 4 future wells. Dimensions of the proposed pad is 300' x 400' = 120,000 ft² = 2.75 acres for drilling and completion operations.
- i. The proposed facilities will consist of an underground flowline from each wellhead to a manifold system. The manifold system will allow a full well stream from each well to flow to the production separator. The 3-phase production separator will be used to separate gas, condensate and water from individual wells. The daily production from each well will be allocated back based on individual gas meters to each well.
 - ii. Gas will flow from the production separator to the sales measurement unit through a buried 2" flowline before leaving the wellpad. Condensate production rates of individual wells will be allocated back based on condensate production measurements taken via the production separator and tank gauging. Condensate from the pad will be sold via trucking.
 - iii. The gas measurement facilities will be installed on the well location. Gas meter will be calibrated in place prior to any deliveries. A copy of the meter calibration reports will be submitted to the BLM Field Office upon request. All meter measurement facilities will conform to the API standards for liquid hydrocarbons and the AGA standard for natural gas measurements.
 - iv. The flowline will be buried in a common trench with minimum 3' of cover. BMPs will be utilized to minimize potential impacts from the pipeline construction. Woody debris material will be cleared and rolled to the downgradient side of the right-of-way where feasible to act as brush barrier. Topsoil will be stored on one side of the proposed trench (the upgradient side where feasible) and will be kept within the existing right-of-way. Topsoil will be kept separate from the spoils. Spoil stockpiles from trench excavation will either be stored between the topsoil and the trench or on the opposite side of the trench from the topsoil. Wattles may be installed on the downgradient boundary of stockpiles when there is potential for sediment to leave the pipeline right-of-way. Once the flowline has been installed, the trench will be backfilled with the excavated spoils and compacted as required by the specifications. The topsoil will then be spread back across the disturbed area.
 - v. A metal containment will be placed around production tanks. This containment will be able to contain at least 100% of the volume of the largest production tank.
- D) Production facilities may vary according to actual reservoir discovered and will be engineered upon completion of well tests. If a tank battery is constructed on this lease, it will be surrounded by a dike of sufficient capacity to contain 1½ times the storage capacity of the largest tank. All loading lines and valves will be placed inside the berm surrounding the tank battery. All liquid hydrocarbons production and measurement will conform to the provisions of 43 CFR 3162.7-3 and Onshore Oil and Gas Orders No. 4 & 5.
- E) No facilities will be constructed off location.
- F) Production equipment will be painted light reflective colors to limit evaporation and waste of liquid hydrocarbons. All above ground permanent structures including production equipment will be painted to blend with the surrounding landscape. The color Juniper Green was specified by the BLM at the onsite. All above ground equipment will be painted and maintained through the life of the wells.
- G) All undesirable events (fires, accidents, blowouts, spills) as specified in Notice to Lessees (NTL-3A) will be reported to the White River BLM Field Office. Major events will be reported verbally within 24 hours, followed by a written report within 15 days. "Other than major events" will be reported in writing within 15 days. "Minor Events" will be reported on the Monthly report of the Operations and Production.

- H) All production facilities will comply with federal rules regarding noise. Regardless of whether the operation is at the construction, drilling or production phase, adequate muffling techniques, if necessary, will be applied.
- I) (+/- 525 ft) of the existing 4" surface gas pipeline owned and operated by EnCana will be relocated and buried to a depth of 4 ft minimum to the SW side of the re-routed portion of the access road. There is no rock at this location that would cause excessive trenching.
- J) Bayless will contract with a State Certified applicator licensed to work on public land, and treat all state and county identified noxious weed species at least annually, on all facilities associated with this well. Approval shall be documented in writing by the BLM Authorized Officer (AO). The applicator must operate under an approved and approved pesticide use proposal (PUP) application from the BLM. Use of pesticides and herbicides will comply with the applicable Federal and State laws.
- K) The disturbed area will be reseeded, as part of final reclamation using a BLM approved seed mixture. Seeding success will be periodically evaluated. Successful vegetation is expected within two growing seasons. In the event that seeding does not appear to germinate, areas will be reseeded.

5) LOCATION AND TYPE OF WATER SUPPLY

Fresh water to be used for the drilling of this well will be hauled by truck over the existing access roads in the area, from the Rangely City water supply which is approximately 22 miles northeast of the proposed location. Humboldt Incorporated and RN Industries will haul water for Bayless. Exhibit 9 shows the anticipated water sources and volumes.

- i. Water will be hauled to the location using existing roads as shown on exhibit 1B
- ii. No new roads will be constructed for purpose of water haulage.
- iii. No water supply pipelines will be laid for this or future wells.
- iv. Water for construction, drilling, dust suppression and completion operations will be utilized from the Rangely City water supply under existing permits.

6) CONSTRUCTION MATERIALS

- A) Wellpad sub-grade will be constructed by normal cut and fill methods. Cut has been balanced to meet fill requirements. No offsite borrow will be required to construct the sub-grade. Construction techniques are described in section 9 of this document.
- B) Construction materials will consist of native materials from borrow ditches and location areas.
- C) No construction materials will be removed from BLM lands.
- D) In the event of production, if gravel is required, a small amount of gravel needed for facilities will be hauled in by truck over existing access roads from a local gravel pit or commercial sources in Rio Blanco County, such as Connell gravel pit or Urie's Rock Companies and Maybell Enterprises.
- E) The use of materials will conform to 43 CFR 3610.2-3.

7) METHODS FOR HANDLING WASTE

- A) Drilling fluids will be contained utilizing either method.
 - a. Closed Loop drilling system (primary method)
 - b. Lined reserve pit (secondary method).

Bayless primary method is to utilize a closed-loop drilling system to contain drilling fluids as shown on exhibit 6. In this case a lined reserve pit (secondary method) will not be necessary. If it is determined that the closed loop system is inadequate Bayless will notify the White River Resource Area Manager by sundry notice that a reserve pit will be used including a revised drilling rig layout diagram as shown on exhibit 6A.

- B) The closed loop drilling system will include a cuttings catch pit, dewatering system, centrifuge system and additional fluid storage. The cuttings pit will be approximately 11 feet wide, 10 feet deep and 50 ft long with a 45 deg slope (ramp) and drilling fluids including salts and chemicals will be contained within the pit and closed loop system. Cuttings will be treated to meet the requirements of the COGCC table 910-1 before being buried onsite with a minimum of 3 ft of fill to as per COGCC guidelines. Upon termination of drilling and completion operations, the mud will be transferred to another drilling location for recycling/reuse as per COGCC RULE 903. If the mud is not needed elsewhere, all drilling fluids will be treated or disposed as COGCC Rule 325 guidelines.
- C) If it is determined by Bayless to use a lined reserve pit it will be constructed to BLM Gold book, Onshore Order # 1 standards and to meet Colorado Oil and Gas conservation Commission (COGCC) requirements on the wellpad during drilling operations.
The reserve and dry cuttings pit/trenches will be lined using synthetic liner with thickness of 24 mil. If needed to dry the cuttings and accelerate the pit closure process, the cuttings may be solidified by mixing a drying agent. Excess pit liner above “free board” elevations will be removed and disposed as trash (see item F below).
- D) Drilling fluids will be removed by vacuum truck to another active location and /or will be allowed to evaporate in the reserve pit until the pit is dry enough for back filling. Water produced during test will be disposed of in the reserve pit as per Onshore order 7. Oil produced during tests will be stored in test tanks until sold, at which time it will be hauled from the site. In the event fluids in the pit do not evaporate in a reasonable time, the fluids will be hauled to a state approved disposal site or will be mechanically evaporated. Currently disposal sites on our approved list in the area are: On-site/Peacocks disposal or RN Industries disposal in Rangely, CO. Pits containing water that would provide a medium for breeding mosquitoes will be treated to control mosquito larvae. Treatment will include application of mosquito larvacide.
- E) The reserve pit will be lined with synthetic liner with thickness of 24 mil. The reserve pit liner will be sufficiently reinforced to withstand normal wear and tear associated with the installation and pit use and will be chemically compatible with all substances that will be put into the pit. A minimum of not less than 2 feet freeboard will be maintained in the pit at all the times. All oil or floating debris will be removed from the pit immediately after the drilling phase of the well.
- F) The reserve pit will be fenced “stock tight” on three sides with a 4 strand barbed or woven wire fence during drilling operations and on the fourth side at time of rig release. The pit will remain fenced until backfilled. In order to prevent use by migratory birds, reserve pits that store or are expected to store fluids which may pose a risk to such birds, during completion and after completion activities have ceased, shall be netted. If any other means than netting are used BLM will be notify prior to beginning completion activities.
- G) All mud cuttings will meet the requirements of the COGCC Table 910-1 before being buried on-site. All cuttings will have all harmful properties of the waste reduced or removed and the mobility of leachate constituents reduced or eliminated.
- H) Sewage from the trailer houses will be disposed of in a manner meeting the Rio Blanco County Regulation, as under the guidance of Colorado Water Quality Control Commission, Department of Public Health and Environment. Sewage will not be buried on location or put in a borehole as per Colorado Department of Public Health and Environmental (CDPHE) Regulations unless a CDPHE Permit is obtained. Sewage will normally be stored, on-site, in above ground septic tanks. Contents are periodically hauled to municipal water treatment plants at Meeker and Craig,

Colorado for disposal. Chemical portable toilets will be furnished for human waste and their contents hauled to an approved disposal site. Bayless will have a service agreement with Redi Services of Meeker Colorado for septic removal. Septic is transported by vacuum truck to Meeker Sanitation District at 1150 Market Street for treatment by their facility.

- E) Trash, waste paper and other non-flammable waste will be contained in a portable trash cage which will be totally enclosed. No trash will be placed in the reserves pit. The cage and contents will be transported by a third party contract trucking and dumped to the Rio Blanco County landfill or other CDPHE approved Sanitary Landfill as necessary or upon completion of operations.
- F) Salts that are not used in the drilling fluid will be removed from the location by the supplier. Empty sacks are placed in the trash for disposal to Rio Blanco County landfill.
- G) Chemicals that are not used in the drilling and completion of the well will be removed from the location by the supplier. Used drums are returned to the vendor for reuse.
- H) The producing fluids (produced water, frac fluids and possibly condensate), while testing the well will be flowed back to a frac tank or reserve lined pit. Any condensate will be skimmed and transferred to production tanks. Sand and produced fluids other than condensate will be transferred to the reserve pit until such time as the well is cleaned up sufficiently to produce pipeline quality gas.

Hazardous Material Statement: No chemicals subject to reporting under SARA Title III (hazardous materials) in an amount greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the substances, as defined in 40 CFR 355, in threshold planning quantities, will not be used, produced, stored, transported, or disposed of in association with the drilling, testing or completion of the well

8) **ANCILLARY FACILITIES**

No ancillary facilities will be necessary.

9) **WELLSITE LAYOUT (NARRATIVE & DIAGRAM)**

- A) The White River Resource Area Manager shall be notified 24 hours in advanced before any construction begins on the proposed location site.
- B) The wellpad has been designed to accommodate at least 4 future wells. Dimension of proposed facility is approximately 300 ft x 400 ft. Pad size will be reduced to minimum size necessary to conduct safe operations. Any additional area will be approved in advanced. Exhibits 5A and 5B provide the proposed wellsite layout and earthwork requirements. Overall disturbance limits of the wellpad, including BMP installation, are estimated to be at 4.99 acres. Disturbance areas are shown on exhibit 5C.
- C) Roads and well production equipment, such as tank, separators, and others will be placed on location so as to permit maximum interim reclamation of disturbed areas, so proper re-contouring and re-vegetation can occur. The total reclaimed area has been estimated to be 2.41 acres, exhibit 5C.
- D) All equipment and vehicles will be confined to the existing access road and wellpad area outlines in exhibit 1A and 1B.
- E) A final diagram showing the proposed production facilities layout will be submitted to the Authorized Officer via Sundry Notice (form 3160-5) for approval of subsequent operations.
- F) During wellpad construction, if snow is encountered, the snow will be removed before construction begins or the topsoil is disturbed and placed downhill of the topsoil stockpile location.

- All available topsoil will be stripped on well locations and access roads, prior to construction, and stockpiled for use reclamation of the site. Topsoil stockpile will be clearly segregated from any spoil pile and placed in location as shown on Exhibit 5A. Topsoil depth at this site is estimated at 3". If necessary, topsoil will be temporarily seeded and covered with a wildlife friendly biodegradable erosion control blanket. Additionally, wattles will be installed on the downgradient end of the topsoil pile.
 - When appropriate in the growing season, any weeds in the topsoil pile should be treated prior redistribution of the topsoil during construction/expansion of the proposed pad.
 - Wellpad sub-grade will be constructed using cut/fill methods to achieve the required site profile. Embankments may be layer placed or constructed by side casting/ end dumping. No offsite borrow will be required for subgrade construction at this site. Excess cut will be stockpiled in areas as shown on Exhibit 5A.
 - Aggregate surfacing (road base material) will be hauled, placed and compacted to achieve necessary thickness to provide "all weather" surface. If needed, aggregate will be obtained from commercial sources in Rio Blanco County (ie. Connell Gravel Pit, Urie Rock Company and Maybell Enterprises).
- G) The reserve pit size will be capable of holding the TD hole volumes for this and future wells. This pit might be used for testing, but only after the drilling is completed and the drilling equipment and personnel are off the well site location.
- H) The reserve pit will be designed to prevent the collection of surface runoff. The design, size and capacity of the reserve pit have been increased to allow for additional completion fluids.
- I) If needed, flare pits must be located a sufficient distance from the reserve pit to prevent the liner from being damage during flaring operations.
- J) Compaction and construction of the berms surrounding production tanks will be designed to conform with SPCC plans to prevent lateral movement of fluids through the berm, prior to any storage of fluids.
- K) All surface disturbing activities will be supervised by a qualified, responsible company representative who is aware of the terms and conditions of the APD and specifications in the approved plans.
- L) BMP's associated with stormwater management / erosion control will be applied to the site during and after construction and drilling/completions operations. Straw wattles, and or dirt berms will be used where needed for perimeter runoff control around of the wellpad and stockpiles. In order to prevent the discharge of sediments from disturbed slopes associated with the access road or wellpad, water containments will be constructed where needed along the side of the road to keep the water running down. Erosion control barriers such as straw wattles or excelsior logs will be also constructed, if necessary.

10) PLANS FOR SURFACE RECLAMATION

- A) Immediately upon completion of the drilling and well completion, the well location and surrounding area(s) will be cleared of all debris, material, trash and junk not required for production.
- B) Interim restoration applicable to all areas of disturbance on the pad and access road not needed for production or access will be rehabilitated. Rehabilitation of these previously disturbed areas will consist of backfilling and contouring, back sloping and contouring all cut & fill slopes and re-seeding. Wellpad size will be reduced to minimum size necessary to conduct safe operations and cuts and fill will be reduced to 3:1 or less slope, whenever practicable.

- C) If it is determined by Bayless to use a lined reserve pit will be allowed to dry prior to the commencement of backfilling work. The cuttings pit will be emptied as previously describe in item 7. The pit will be backfilled and re-contoured to blend with the existing environment as soon as practical after the cuttings have dried.
- D) Unneeded disturbed surfaces remaining after drilling and completion operations will be shaped to match the surrounding terrain and seeded as specified by the BLM. Site specific BMP's associated with interim reclamation will be applied per the approved ISWMP permit for this site.
 - a. Regrading will consist of cut/fill operations to return disturbed areas not required for production to approximate original contour. Stockpile spoil will be incorporated into the regarded area in locations which will be available for final re-contouring upon well abandonment.
 - b. The stockpiled topsoil material will be evenly distributed over the disturbed area for surface restoration. Following the topsoil placement, the area will be revegetated using a certified and an approved seed mixture #3 as prescribed by the BLM. Seed will be certified and free of noxious weeds. Seed certification tags will be submitted to the area manager within 30 days of seeding. Revegetation is generally scheduled for the fall planting season, September 15th through the first frost, unless instructed otherwise. If necessary, a BLM certified weed applicator will be used for weed control.
- E) Once all wells planned for the pad have been drilled, completed and hooked up to production equipment, interim reclamations will take place, see exhibit 5C. Restoration of un-needed portions of the pad will commence as soon as practical after the installation of production facilities but no later than 6 months.
- F) If needed, immediately after interim reclamation is concluded, livestock grazing will be excluded from all reclaimed wellpad areas by installation of a four-strand BLM Type D barbed wire fence, unless otherwise instructed by the BLM. No cattle guards are expected for this location.
- G) Cut and fill slopes no actively used during the production phase (generally that area outside the rig anchors) will be reduced to 3:1 slope and the surface will be roughened on the contour.
- H) Salvaged topsoil from the location will be evenly redistributed over the cut and fill surfaces. Upon final reclamations at the end of the project life, topsoil spread on these surfaces will be used for the overall reclamation effort. Any materials temporarily stockpile will receive short term stabilization using seed mixture #3 approved by the BLM.
- I) Plans for implementation of specific BMP's on the wellpad, access road and pipeline during interim and final reclamation are described in detail on the BMP (Exhibit 7).
- J) Once the last well on the pad is P&A'd, the well site and access road will be restored to their approximate original contours. For the well pad, this will consist of pushing fill material into the cuts and up over the back slope. For the access road, culverts and ditch topsoil will be redistributed over all disturbed areas and seed applies as required by the BLM.
- K) Upon final abandonment of the well, Bayless will return all remaining disturbed areas to approximate original contour and rehabilitate the road and location to a satisfactorily revegetated, safe and stable condition per BLM specifications.
 - i. Topsoil will be removed from remaining sideslopes and temporarily regraded areas (interim reclamation) and stockpiled for redistribution on final graded areas.
 - ii. All disturbed areas, including roads, pipelines, pads, production facilities, and interim reclaimed areas will be re-contoured to the contour existing prior to initial construction or a contour that blends indistinguishably with the surrounding landscape.

- iii. Natural drainage patterns will be restored and stabilized by an application of BMP's per approved SWMP for this site. These BMP's include surface roughening, seeding and erosion control wattles following regarding operations. Storm runoff from re-graded areas will continue to be controlled at the perimeter of the disturbed area using straw wattles or dirt berm or other appropriate BMP's. These measures will continue to be maintained around the perimeter of the site until stabilization of the reclaimed areas has been achieved, see exhibit 5C.
- iv. A seed mixture # 3 previously approved by the BLM will be used to reclaim and reseed the access road, wellpad, pipeline and all disturbed areas. Seed will be applied with a drill at the prescribed rate unless slopes or other impediments preclude such work. If broadcast, seed will be applied at double the prescribed drill rate. Refer to BMP (Exhibit 7) for reseeding procedures on interim and final reclamation.

| Native Seed Mix #3 | |
|---|----------------------|
| Common Name | LBS PLS/acre* |
| Western Wheatgrass (Rosana) | 4 |
| Indian Ricegrass (Rimrock) | 3 |
| Bluebunch Wheatgrass (Whitmar) | 3.5 |
| Needle and Thread Grass | 2.5 |
| Lewis Flax (Maple Grove) | 1 |
| Scarlet Globemallow | 0.5 |
| *Application rate is drill seed rate. Should seed be broadcast, apply at two times the rate | |

- L) Rehabilitation operations (both interim and final) will start in a timely manner following the completion of operations per Onshore Order #1. Site specific BMP's will be applied as described above. Additional reclamation efforts will be undertaken if, after the first growing season, there are no positive indicators of successful establishment of seeded species (i.e. germination). Reclamation efforts will continue so as to ensure a sufficient vegetative ground cover from reclaimed plant species within (3) growing seasons after the application of seed.

11) SURFACE OWNERSHIP

Surface and minerals ownership at the wellpad is the:

Bureau of Land Management,
White River Resource Area
220 E. Market Street
Meeker, CO 81641

970-878-3800

12) ADDITIONAL INFORMATION

- A) An archeological cultural and historical survey of the area has been performed on February 06, 2012 and submitted separately by the Grand River Institute to the BLM White River office. Raptors and Sensitivity plant surveys are expected to be done on June 1st, 2006 by West Water engineering and submitted separately to the BLM.
- B) The well site and lease is located entirely on Federal surface, exhibit 4A. Surface access will be via county and BLM roads, exhibit 1B.

- C) The project area is situated in the uplands of the northwest edge of the Piceance Basin. The topographic and geologic features include a moderate relief area which is well drained. The area has slight sand and silt deposition and is surrounded by rock outcrops with moderately eroded drainages. The major soil type is a clay/loam.
- D) The Flora in the area consists of Juniper, Pinon pine, Matchbrush, Mountain Mahogany, Phlox, Rubber rabbitbrush, Shadscale saltbrush, Penstemon, Mormon tea, Snowberry, Basin wildrye, Cheatgrass, and Indian ricegrass.
- E) No Fauna was observed in the area. Assumed Fauna are mule deer, elk, coyotes, rabbits, raptors, and rodents.
- F) The proximity of water is an unnamed intermittent drainage 374 feet northeast of location that flows into Weaver Canyon. There are no occupied dwellings or other features in the vicinity of this location.
- G) The concurrent surface use in the area is grazing and petroleum production.
- H) Total surface maximum surface disturbance is estimated at 4.99 acres including the drilling/production facility pad, new access road, re-routed road access road, associated flowlines and installation of storm water management BMP's Maximum Disturbed are is indicated on exhibit 5C.

12) REPRESENTATIVES (LESSEE'S OR OPERATOR'S) & CERTIFICATION

Robert L. Bayless, Producer LLC
P.O. Box 168
Farmington, NM 87499

Habib Guerrero – Operations Engineer
Phone: (505) 326-2659
Fax: (505) 326-6911

13) CERTIFICATION:

I hereby certify that Robert L. Bayless, Producer LLC is responsible under the terms and conditions of the lease to conduct lease operations in conjunction with the application. Bond coverage pursuant to 43 CFR 3104 for lease activities is being provided by Robert L. Bayless, Producer LLC under their nationwide surety bond, BLM Bond #CO0833.

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 Robert L. Bayless, Producer LLC and its contractors and sub-contractors 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.

Habib J. Guerrero
Operations Engineer
Robert L. Bayless, Producer LLC

March 30, 2012
Date