

D.J. SIMMONS INC.
Pinto No. 1-7
2,840' FSL & 2,832' FEL
Lot 11 (SE/NW) Sec. 7 T39N R19W
Dolores County, CO

COPY

Surface Use Plan of Operation

1) Existing Roads

Beginning just west of Dove Creek Colorado at the intersection of State Highway 491 and County road "H", travel west approximately 1.35 miles, turn south on County road "6" and travel approximately 5.75 miles. Turn west remaining on County road "P" and travel approximately 2.60 miles. Turn south on County Road "4" and travel approximately 2 miles. Then turn north follow well access road 61 feet to well location. As shown on Map #1 and Well Pad Survey / Cross-Sections. The newly constructed access road will consist of a bladed two-track road that will be maintained.

2) New or Reconstructed Access Roads

The Pinto 1-7 well is located in Lot 11 (SE / NW) of Section 7, T39N, R19W, NMPM with a new access road and pipeline tie, as shown on Map #1, Survey #1 and Survey #2. The well pad is 225' x 300' and would disturb 1.55 acres as shown on Survey #3, along with a 50' Construction Buffer zone around the well pad. The access road and well tie pipeline enter the well pad from the south, 105 feet long, 40' wide and will disturb 0.10 acres, as shown on Surveys #1 and #2.

3) Location of Existing Wells

Map #2 shows existing oil and gas wells within a one mile radius of the proposed well. Map #3 shows the following water well permits within a one mile radius of the proposed well:

Permit #83355
Depth: 18'
Static: N/A

Permit #93488
Depth: 185'
Static: N/A

4) Location of Existing and/or Proposed Production Facilities

In the event of production, anticipated production facilities are shown Exhibit #1. The proposed production facilities will be located on the drill pad.

5) Location and Types of Water Supply

Water for drilling and completion operations will be hauled by truck from Dove Creek municipal water department (approximately 5,000 bbl.'s). Transport route will follow route outlined in Item #1 above.

6) Construction Materials

Sandstone base will be used for the access road and the well pad; otherwise no additional construction materials will be required to build the proposed location.

7) Methods for Handling Waste

Drilling mud will consist of freshwater and will not be salt saturated or oil-based. The drill cuttings, fluids and completion fluids will be placed in the reserve pit. Reserve pits will be lined according to Colorado Oil and Gas Commission Rule 904 and all will be constructed to prevent leakage from occurring and will not be located on a natural drainage. The reserve pit will be allowed to dry, and materials remaining in the reserve pit buried. The reserve pit will be backed filled, leveled and contoured so as to prevent any materials being carried into watershed. Upon completion, the pad will be leveled, contoured, and reseeded with the appropriate seed mixture.

All garbage and trash materials will be contained on location in an industry approved trash container and will be removed from the site for proper disposal. Generation of hazardous waste is not anticipated. Federal regulations will be adhered to regarding handling and disposal of such waste if it is generated.

Industry approved chemical toilets will be provided and maintained during drilling operations.

8) Ancillary Facilities

No ancillary facilities are planned.

9) Well site Layout

Location of drilling equipment, rig orientation, and access road approach and well tie location are shown on Exhibit #2.

10) Plans for Surface Reclamation

The Pinto 1-7 well is located in a Conservation Reserve Program (CRP). D. J. Simmons, Inc. will work with the surface owner in regards to Interim and Final Reclamation of the site. Topsoil will be excavated, separated and stored inside the Construction Zone Buffer area as shown on Exhibit #1 and Exhibit #2. All stockpiled soils shall be protected from degradation due to contamination, compaction, and to the extent practicable, from wind and water erosion during drilling and production operations. Best management practices to prevent weed establishment and to maintain soil microbial activity shall be implemented.

Interim reclamation will consist of replacing all removed topsoil to its original relative position and contour as practicable to achieve erosion control and long-term stability, and it shall be tilled adequately in order to establish a proper seedbed. The disturbed area shall then be reseeded in the first favorable season following rig demobilization. D. J. Simmons will consult with the surface owner as to the seed mix to be replanted. During drilling, production and reclamation operations, all disturbed areas shall be kept as free of all undesirable plant species designated to be noxious weeds as practicable. Weed control measures shall be conducted in compliance with Colorado Noxious Weed Act C.R.S. §35-5.5-115 and the current rules pertaining to the administration and enforcement of the Colorado Noxious Weed Act. The Working Area of the well pad will be reduced to approximately 1.15 acres (205' x 245' +/-) after interim reclamation is completed.

After completion or final abandonment of this well, the location and access road will be reclaimed and restored as close to the original topographical contours as possible, reseeded according to the surface owners' specifications, and kept weed free until the final abandonment notice (FAN) is approved.

11) Surface Ownership

The surface ownership is fee and includes the following surface owners:

Debbie Gordon

P.O. Box 53366

Albuquerque, NM 87153

Phone: (505) 818-2182

Jeff Tingley

1421 Boatright NE

Albuquerque, NM 87112

Phone: (505) 294-5448

Ann R. Jones

11600 Singing Arrow Rd., SE

Albuquerque, NM 87123-3475

Phone: (505) 296-2343

Alan K. Nelson

P.O. Box 235

Adin, CA 96006-0235

12) Other Information

Environmental stipulation as outlined by the responsible governmental agency will be adhered to. In order to reduce soil loss, storm water will be diverted away from the well location with ditches, berms, or water bars above the cut slopes. To trap well location runoff and sediments on or near the location, sediment fences or water retention ponds will be constructed as shown on Exhibits #1 and #2.

13) Lessee's or Operator's Representative

DJ Simmons, Inc

1009 Ridgeway Place, Suite 200

Farmington, NM 87401

14) Surface Agreement / SUPO Certification

I hereby certify that I, or someone under my direct supervision, have notified the surface owner prior to entry; that a good faith effort has been made to obtain a surface agreement with the surface owner(s) has failed; and that a copy of this SUPO has been provided to the surface owner and/or surface owner's representative.



Walter Parks

Senior Landman

Date: 12-28-12