

## **Coleman Oil & Gas, Inc.**

**Coleman La Plata 34-7 33 #1 Well**  
**232' FSL x 749' FEL**  
**SE/4SE/4-Section 33, T-34-N, R-7W N.M.P.M.**  
**La Plata Co., CO**

**Lease # 14-20-151-54**

### **SURFACE USE PLAN**

#### **A. Existing Roads: (see attached Survey Plat A)**

The entrance to the lease road is a graveled road being approximately 20 feet wide. The distance along this existing access road is 50 feet in length, more or less, to the point of intersection with the proposed new access road 140.94 feet in length (see New Access Road below). Access to the lease road is off of County Road 334. The existing access is located on lands owned by Lon Parmiter and a right of way has been secured with the private land owner.

The existing lease road described above, used to access the well, shall be properly maintained in the same or better condition than presently found. If necessary, additional base material and/or pulling of material from slopes back onto existing running surface to maintain crowning for off road drainage of precipitation run off will be done. Drainage turnouts or culverts will be installed along the existing access road where necessary.

Access: From the junction of Hwy 172 and Highway 151 in Ignacio, CO, travel East on State Hwy 151 for 0.5 miles. Turn left (North) on C.R. 521 for 0.3 miles. Go right (Northeast) on County Road 334 for 2.2 miles. Go left (North) on existing road for 50 feet.

#### **B. New Access Road: (See attached Survey Plat B)**

Per the attached survey and metes and bounds description found in Item B, a new access road with a sixteen (16) foot wide running surface using the 20 feet surveyed right of way width will be constructed beginning at the edge of the existing road, approximately 50 feet from its intersection with County Road 334. From that point the new road bears to the right (Northeast) following the flagged access for 140.9 feet to the staked well location. The 140.9 foot access is described by metes and bounds on the attached survey referred to as Item B1. This portion of new access is located on lands owned by Lon Parmiter and a right of way has been secured with the private land owner. The road will be constructed by hauling in 6 – 8 inches of 1 -3 inch road base and capped with 4 – 6 inches of ¾ inch road base. Compaction will be accomplished by rubber tired trucks and maintainer. Running surface will be crowned to drain precipitation run off to sides of road. Drainage will follow road shoulders to the existing access road. Drainage turnouts or culverts will be installed along new access where necessary. There will be soil and vegetation removal associated with this construction. Road base will come from the Gosney & Sons, Inc., La Boca quarry located in the NE/4 of Section 21, T32N, R7W, NMPM.

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Any necessary culverts or additional drainage diversions for the new access road will be installed pursuant to the attached Stormwater Management Plan Biological Assessment Plan guidelines.

**C. Location of Existing Wells**(see attached Plat C for details of existing gas well and water well locations and CDWR Well cards 1-31 for domestic wells within 1 mile radius)

**D. Location of Existing or Proposed Facilities:**(See attached survey plats, Plat D-1 – Pad Drawing and D-2 – Proposed Pipeline)

1.) The proposed well is to be located on a new well pad. The proposed facilities may consist of a wellhead, pumping unit with natural gas engine, production separator, meter house, two 500 barrel steel water tanks, wellhead compressor, pipeline riser, electric meter pole, cathodic protection rectifier, cathodic ground bed. All permanent equipment will be painted as required.

Any production equipment designed to contain fluids will be encompassed by a dirt berm, adequately fenced and properly maintained in order to safeguard wildlife and livestock.

2.) The pipeline will begin in the vicinity of the wellhead and tie-in to a new pipeline Southwest of the wellpad, a distance of 1464.29 ft x approximately 50' wide.

**E. Location and Type of Water Supply:**

Any water for the project will be obtained from the City of Ignacio. Water will be trucked to the site using the same roads described above. It is estimated that 5,000 barrels of water may be used during the drilling phase of the project and another 7,000 barrels of water used during completion. The total anticipated number of truck trips is approximately 75.

**F. Construction Materials:**

All of the construction materials for the proposed wellsite (fill dirt, road base, battery construction material(s), etc) will be obtained onsite or trucked from commercial facilities. Three quarter inch road base may be installed on level pad surface if construction is done in monsoon season. The construction material for the new access road will be 1-3 inch road base with a 3 inch minus gravel cap hauled from the Gosney & Sons, Inc., La Boca quarry located in the NE/4 of Section 21, T32N, R7W, NMPM. The construction contractor for the well location, and road will be Gosney & Sons, Inc. The pipeline construction contractor has not yet been determined.

**G. Methods for Handling Waste:**

1.) The drilling operation will utilize a closed loop mud system with all make-up fluids and mud return cuttings and fluids contained in above ground steel pits. All drill cuttings and non-recycled drill fluids will be transported off site to approved commercial disposal facilities. Where possible, fluids will be recycled during the drilling operation.

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- 2.) The completion and work-over operation(s) will also utilize steel tanks to capture, contain and control all return fluids until these fluids are transported off site to approved commercial disposal facilities. Where possible, fluids will be recycled during completion or work-over operations.
- 3.) All garbage and trash will be contained in a cage and hauled away by Coleman to an approved landfill.
- 4.) Chemical toilets will be provided and maintained during construction, drilling and completion operations.
- 5.) Prior to commencement of location leveling all brush or shrubs within the edge of disturbance area (E.D. on well pad drawing) will be pushed to the toe of the fill slopes on the north side of the location for erosion control during the drilling and completion phase. They will be pulled back onto the re-contoured slopes established during interim reclamation for erosion control.
- 6) Any tanks used to handle or store any material other than fresh water will be lined with a 24 mm liner and have berms.
- 7) Drilling Mud will be mixed on site in the steel mud tank. Fresh water will be mixed with dry additives to make up the drilling mud. The dry additives will be stored in pallets until used. The dry additives will be stored in the shrink wrap plastic until used. A plastic tarp will be placed over them and be securely fastened. Any drilling mud left after drilling the well will be disposed of at a properly licensed facility.
- 8) The completion fluid will utilize fresh water as a base material. The water will be stored in 400 bbl. frac tanks. Any fracturing additives will be pumped “on-the-fly” by the hydraulic fracturing company. The fracturing chemicals will be brought to the location by truck in either drums, “totes”, or in the case of any dry materials in bags stored on pallets. Any fracturing fluid chemical left after the treatment(s) will be removed by the hydraulic fracturing company and returned to their warehouse.

**H. Ancillary Facilities:**

Camper trailers will be on location for the company man, tool pusher, mud logger and drilling engineers during drilling and completion operations.

**I. Well Site Layout:**(see Plat I-1 – Proposed Drilling Site Layout, Plat I-2 – Pad Cross Section Detail, and Plat I-3 – Visible Improvement Detail)

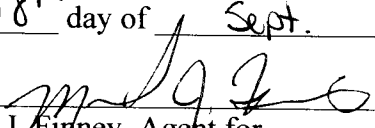
The attached drawing depicts the layout of the proposed well pad utilizing a closed loop mud/returns system during the drilling and completion operation phases. If the well is completed as a producer, production facilities will be constructed on location and the equipment will be painted as required.

**OPERATOR CERTIFICATION:**

I certify that I, or someone under my supervision, have inspected the drillsite 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 this 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.

Executed this 18<sup>th</sup> day of Sept., 2014.

Name

  
Michael J. Finney, Agent for  
Coleman Oil & Gas, Inc.  
PO Box 2471  
Durango, Colorado 81302  
(970) 259-5691

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**J. Plans for Surface Restoration:**

Construction areas will be cleared and grubbed using adequate equipment and appropriate processes. Stockpile areas will be cleared, grubbed, and leveled before stockpiling. Topsoil will be stockpiled in the Northeast corner of the construction zone for later use in reclamation and, if necessary, supplemented with soil amounts sufficient to complete interim reclamation obligations. Mixing of the subsoil and topsoil will be kept to a minimum through the appropriate selection of equipment and construction methods. Removal and stockpiling of topsoil will be performed under conditions that do not degrade the integrity of the stockpiles. Topsoil stockpiles will be protected from erosion and proper drainage control will be installed as necessary on and around all stockpiles.

It is anticipated that spoils dirt will be used on the location for site leveling.

In all instances, Coleman will try to minimize the size of the disturbed areas.

Stormwater best management practices will be utilized to prevent erosion and runoff. Please see attached Ecosphere Environmental Services Stormwater Management Plan and Biological Assessment Plan.

Contouring will match the form and line of existing terrain.

Standard redistribution of topsoil will be accomplished using standard industry methods. The topsoil will be returned to reclamation areas with adequate depth and uniformity. Care will be taken not to compact the topsoil unnecessarily. All surfaces (not including all weather surfaces needed for production and safety will have topsoil redistributed within a few feet of production facilities. Care will be taken not to contaminate or mix topsoil with subsoil or other foreign matter during the redistribution. The subsoil or subsurface will be prepared to accept topsoil before topsoil is redistributed.

Standard location seeding will be accomplished following best industry practices. The site will be evaluated for plant community. In place topsoil will be tilled, ripped, or disked dependent upon need. Recommendations for the season to plant, the seed mix to use, and the re-vegetation methods will be followed. Seeding will be performed in conditions that are conducive to successful re-vegetation.

**K. Surface Ownership:**

Lon Parmiter, 36111 CR 160, Bayfield, Colorado 81122,

**L. Other Information:**

Contact the following person for operations, engineering and/or regulatory issues:

Mike Hanson

Coleman Oil & Gas, Inc.

P.O. Drawer 3337

Farmington, NM 87499

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