

ARIZONA STATE LAND DEPARTMENT
MINERALS SECTION

ENERGY MINERAL DRILLING
SURFACE USE PLAN

The following information must be submitted to and approved by the Department prior to initiating oil & gas related activities on Trust land. Any changes or additions to the operations described herein must first be approved in writing by the Department. Plan evaluation and approval may require 30 to 60 days.

Lease Number(s) 13-115995 STATE OF ARIZONA 2-22
Lessee(s) GUSHER STATE LLC
Name of Operator GUSHER STATE LLC Telephone 816 223 3112
Address of Operator 11 NORTH SAINT JAMES PLACE, EASTBOROUGH KS 67206
Name of Field Representative CARMON BONANNO AND CHRISTOPHER SLOCUM
(If different from operator include address and telephone)

1. Period of Operation

This Surface Use Plan will not be approved for a term of more than one year from the date of approval. If proposed operations exceed one year, an addendum to this plan must be filed prior to the plan expiration date.

The operation is proposed to begin after 12/2013 and end before 06/2014.
Further, the Operator will notify the Department at least five (5) days prior to the commencement of surface work under this plan as well as before the actual commencement of drilling operations.

2. Location

Attach an Index Map (8½"X11") at an appropriate scale as an exhibit to this plan showing the referenced property in relation to the nearest town or other prominent feature, the nearest public road and the access route from the public road to the well site. SEE ATTACHED ARCHAEOLOGICAL SURVEY

County COCHISE Township 22S Range 27E Section(s) 22

3. Existing Wells

Identify all existing wells in the area of the proposed well, within a distance of one mile at a minimum. Provide operator name, lease and well name, location, type, formation tops, etc. Show locations on an attached map at a scale no less than 1:24,000. This may be shown on the map as used for Item No. 2.

N/A

Operator GUSHER STATE LLC

Date OCTOBER 24, 2013

4. **Access**

The attached Access Route Map shows the details of existing and proposed routes extending from the nearest public road to the proposed well site. The maps are at a suitable scale to clearly show the features requested herein. A scale of 1:24,000 is recommended. Describe below in detail the extent of all proposed road maintenance, improvements and new construction, including well sites. Indicate any landmarks which may assist in locating the property and note any locked gates.

SEE ATTACHED ARCHAEOLOGICAL SURVEY

5. **Well Site Location**

On an attached topographic map at scale not smaller than 1:24,000, indicate the location of each proposed well site in relation to lease boundaries and access or provide a surveyed plat. **SEE ATTACHED**

6. **Well Site Layout**

Provide a sketch of the proposed well site at an appropriate scale (no less than 1"=50 feet) showing proposed surface disturbance and site layouts, including dimensions, orientation, scale, locations of a drill hole, drill rig position, pits, pull out area for well service units, turn around areas, tanks, trailers, access, trash waste collection areas, etc. **SEE ATTACHED**

7. **Surface Ownership**

Surface ownership and/or management authority is to be shown on an attached map. This information may be shown separately or on the Access Route Map prepared for Item No. 4. The name and contact information for any non-state owned surface crossed should be listed below, and the grazing operator or lessee should be identified for all parcels. The Operator should obtain written agreements or waivers for any private surface land used for access. Copies may be included as an appendix to this application.

STATE LAND

8. **Use of Water and Construction Materials**

Identify the source of water or construction materials to be used and estimate the quantity to be used if the source is on Trust land.

PRIVATE WATER SOURCE

9. **Compliance with Other Agencies**

Operator agrees to determine and comply with all permitting requirements of other governmental agencies having jurisdiction over Operator's activities related to this Surface Use Plan. The Operator should provide the Department with copies of all applications submitted to regulatory agencies and of all responses and permits received in order to expedite the processing of the Plan. **SEE ATTACHED**

10. **Antiquities**

Archaeological clearance must be obtained from the State Historic Preservation Office (SHPO) before a Surface Use Plan can be approved and prior to the disturbance of land surfaces affected by the proposed activities, including access roads. Upon receipt of a Surface Use Plan the Land Department will contact SHPO and advise the operator of their recommendations when received. Alternatively, the Operator may contact SHPO directly, providing copies to the Department of all documents sent and received. SHPO may request the Operator to conduct archaeological surveys over areas of proposed operations. Based on the findings of the survey SHPO may make recommendations which may be made conditions for approval of the Plan. **SEE ATTACHED**

Operator GUSHER STATE LLC

Date OCTOBER 24, 2013

11. Protected Native Plants

Pursuant to A.R.S. §3-905, if the destruction or removal of protected native plants is necessary to enjoy the privileges of the lease the Operator agrees to notify the Arizona Department of Agriculture at least 60 days prior to removal or destruction. For plants on State land, Operator will identify protected plants to be removed by submitting a written inventory to the Land Department and either salvage the plants for use in reclaiming the property or purchase them from the Arizona State Land Department. It is recommended that the Operator write to the Arizona Department of Agriculture identifying the areas of proposed surface activity and disturbance. The Department of Agriculture may request the Operator to conduct a survey of protected native plant species over areas of proposed operations. The Operator should submit copies of these letters and any agency responses to the Land Department in order to expedite Department approval.

NO PROTECTED PLANTS OBSERVED

12. Wildlife

The Operator will make a written request to the Arizona Game and Fish Department for a check of the Heritage Data Management System to identify species of special concern in the area of proposed operations. The Operator will also write to the U.S. Fish and Wildlife Department to obtain a list of endangered, proposed and candidate species. Copies of the Operators letters and the responses received will be provided to the Land Department in order to expedite Department approval.

TO BE FORWARDED TO ASLD

13. Waste Disposal

Describe methods and locations proposed for containment and disposal of each type of waste material (i.e., cuttings, drilling fluids/mud, brine, garbage, salts & chemicals, trash, sewage, etc.).

CONTAINED MUD + WATER SYSTEMS, COMMERCIAL GARBAGE + SEWAGE SYSTEMS TO BE RENTED. MUD + DRILLING FLUIDS DISPOSED OFF-SITE PER STATE REGULATIONS

14. Surface Reclamation Plans

Describe reclamation plans for all disturbed areas. Include removal of equipment, drilling fixtures, waste materials, backfilling, erosion control, recontouring, roads, top soil, reseeding, etc. Unless otherwise approved in writing by the Department, reclamation is to be completed within the approved plan period of one year.

DRILLING LOCATION TO BE COMMERCIALY RESTORED + RESEEDED PER STATE REGULATIONS

15. Anticipated Bonding Requirements by AOGCC

Depending on circumstances, the Land Department may request a separate surface reclamation bond in addition to the performance bond that is required by the Arizona Oil and Gas Conservation Commission (AOGCC). Please provide the following information, if available, pertaining to AOGCC bonding requirements for this drill hole: dollar amounts, form of the bond (surety bond, certificate of deposit, etc.), and coverage (single well or blanket). The applicant should also identify any other outstanding plugging or reclamation obligations including wells already permitted by AOGCC or previously drilled and not plugged and abandoned under this bond or under other bonds, and an estimated total cost for plugging and surface reclamation for each well.

\$26,000 CASH BOND POSTED WITH THE AOGCC

Operator GUSHER STATE LLC Date OCTOBER 24, 2013

16. Drilling Well Prognosis

Describe the drilling operation. Identify ground elevation, projected total depth, hole diameter, projected formation tops, proposed target formations and depth, drilling medium, casing program etc. Provide a generalized description of the completion or plugging and abandonment procedures and schedules. Operator may use the space provided below or use the Drilling Well Prognosis form available from AOGCC.

SEE APPLICATION FOR PERMIT TO DRILL
DRILLING WELL PROGNOSIS WILL BE FORWARDED TO ASLD

The Operator agrees to abide by the methods and extent of the operations described herein.

LESSEE: Christopher Allen Sporn DATE 10-24-13

Plans must be signed by the lessee, statutory agent, holders of a power of attorney on file with the Department, or by a duly authorized representative of the company.

CONDITIONS OF APPROVAL: _____

Operator also agrees to abide by the above listed CONDITIONS OF APPROVAL.

LESSEE: _____ DATE _____

Following the Department's evaluation of this plan, two copies of the Conditions of Approval will be sent to the Operator noting any conditions which may be required by the Department. To accept the conditions, the Operator shall sign and return one copy to the Department which will be attached to, and become a part of, the permit.

Operator GUSHER STATE LLC Date OCTOBER 24, 2013

FOR DEPARTMENT USE ONLY

Plan Number: _____

Bond Amount: _____

Approved for the period: Beginning: _____ Expiring: _____

Approved/Denied By: _____ Date: _____

Date of Lease Issue: _____ Date Last Plan Submitted: _____

Plan Number: _____

Remarks: _____

Commencement of surface work notification received: _____ Date: _____

Commencement of drilling notification received: _____ Date: _____

Completion and reclamation notification received: _____ Date: _____

APPLICATION FOR PERMIT TO DRILL OR RE-ENTER

APPLICATION TO DRILL

RE-ENTER OLD WELL

NAME OF COMPANY OR OPERATOR

GUSHER STATE LLC

Address

City

State

Phone Number

11 NORTH SAINT JAMES PLACE EASTBOROUGH KS 67206 PH 816 223 3712

Drilling Contractor

OSO DRILLING LLC

Address

5527 E. CAMELBACK ROAD, PHOENIX AZ 85018

DESCRIPTION OF WELL AND LEASE

Federal, State or Indian Lease Number, or if fee lease, name of lessor

13-115995

Well number

STATE OF ARIZONA 2-22

Elevation (ground)

4203.05

Nearest distance from proposed location to property or lease line:

460

feet

Distance from proposed location to nearest drilling, completed or applied-for well on the same lease:

N/A

feet

Number of acres in lease

1.960

Number of wells on lease, including this well, completed in or drilling to this reservoir:

1

If lease purchased with one or more wells drilled, from whom purchased.

Name

Address

N/A

Well location (give footage from section lines)

660' from south and west lines

Section - Township - Range or Block and Survey

Section 22, T22S, R27E

Dedication per A.A.C. R12-7-104(A)(3)

Field and reservoir (if wildcat, so state)

WILDCAT

County

Cochise County

Distance in miles and direction from nearest town or post office

11.25 miles north of Douglas Arizona post office

Proposed depth:

Rotary or cable tools

ROTARY

Approximate date work will start

Bond status

CASH BOND

Organization Report

Filing Fee of \$25.00

Amount

\$25,000

On file

Or attached

Attached

Remarks

CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the _____ of the _____ (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

Signature

Date

Mail completed form to:
Oil and Gas Program Administrator
Arizona Geological Survey
415 W. Congress, #100
Tucson, AZ 85701-1315

Permit Number: _____

Approval Date: _____

Approved By: _____

NOTICE: Before sending in this form be sure that you have given all information requested. Much unnecessary correspondence will thus be avoided.

**STATE OF ARIZONA
OIL & GAS CONSERVATION COMMISSION**

Application to Drill or Re-enter
File Two Copies

Form No. 3

816-223-3712

