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HOBBS OCD

MAY 10 2013

RECEIVED

SURFACE USE PLAN
ICA Energy Operating LLC
ICA Federal 31 # 1
660'S & 660'E
Sec 31 T8S, R34E
Roosevelt Co., NM

1. Existing Roads and Maps:

1. **C-102**, Survey Plat, shows the proposed well site as staked.
2. **The 600's Arch Map** and access roads anticipated the well location. The survey has directions to location as well as: From the intersection of State Hwy # 206 and Co Road #170 aka Carrol Road west at Crossroads, NM, go west on Carrol Road (Co. Rd. 170), approx. 9.6 miles. At the point where Carrol Road curves to the right, follow curve road to the north approx. 0.5 miles, continue north onto lease road approx. 1.7 miles. Turn right and go approx. 0.3 miles. Turn left and go 0.6 miles. Turn left and go north approx. 0.6 miles to a proposed road survey. Follow road survey west 396 feet to this location stake.
All existing roads will be maintained in a condition to or better than the current conditions.
Any new roads will be constructed to BLM specifications.
3. **Location Verification Map.**
4. **Vicinity Map:** Indicating direction north, T. 08 S., R.34 E., the well's surface location SE/SE of Section 31.
5. **Driving Directions Map** showing county roads, lease roads, distance.
6. **1-Mile Radius Map. Exhibit 4.0**

2. New or Reconstructed Access Roads:

There is 397' of proposed access road bearing east/west from the north/south lease dirt road ending at the south east corner of the drilling pad location. All roads utilized will be improved or maintained in a condition the same as or better than before operations began. The new road will be 14ft wide (driving surface) and no more than 20 ft. wide and crowned with an average grade of 2% and the sides of the road will be bladed with 3 ft of shoulder/ditch with a 3:1 slope for drainage. The material is basically packed caliche to prevent erosion. There are no plans for cattleguards, fences or turnouts.

3. Locations of Existing Wells in a One-mile radius:

1. Water Wells – None known within the 1 mile radius by the New Mexico State's Engineer Office
2. Disposal wells – None known.
3. Drilling wells – Unit I, no public information available
4. Producing wells- See 1-Mile Radius Map or BLM GIS source.
5. Abandoned wells- See 1-Mile Radius Map or BLM GIS source.

MAY 20 2013

4. Location of Existing and/or Proposed Production Facilities:

A new 300'x300' well pad for drilling will be constructed. There are no facilities or equipment in the field at this time. The area will be leveled with caliche brought in to build the foundation of the pad. As required by the BLM, any top soil remaining after leveling the area will be stacked about 1 ft high as far around the perimeter of the well site as quantities permit. Should the well be commercial, the pad size will remain 300'x300' in order use the location as a production facility for at least two wells. A pumpjack with a fence around it will be put on location. Production from this well will be pumped and stored on this location. Sales from this well shall be trucked off of location. If an adjacent anticipated well becomes commercial, then a pipeline will be constructed to transport product to this well facility for storage and sales. Electrical lines will be run on poles along the side of the access road, then buried once the line reaches the pad location. The underground placement of the electrical will not be determined until the contractor inspects the property.

5. Location and Type of Water Supply:

Water will be provided by commercial services as needed and will be trucked by the local Hwy routes and over the anticipated constructed or existing access roads. The sources of water from commercial services are: 1) Wasserhund Inc., POB 2140, Lovington, NM 88260, 2) Crocker Water Station POB 5102, Hobbs, NM 88241 (575) 393-3194, 3) Satellite Rentals Inc., POB 2, Eunice, NM 88231 (575) 394-0886

6. Source of Construction Material:

The material will be furnished by Tatum Backhoe Service. It is anticipated that the material will come from a caliche pit located in the N2/SE4 of Section 31, T-8-S, R-34-E, of Roosevelt, County, NM. Material will be transported over the access routes as shown on attached surveys and maps.

7. Methods of Handling Waste Material:

Drill cuttings will be separated by a series of solids removal equipment and stored in steel containment pits and then hauled to a state- approved disposal facility.

All trash, junk and other waste material will be contained in trash cages or bins to prevent scattering. When the job is completed all contents will be removed and disposed of in an approved sanitary land fill.

Sewage from any living quarters will drain into holding tanks and be cleaned out periodically. A house trailer changing quarters, water and toilet will be provided for the rig crews. This equipment will be properly maintained during the drilling operations and removed upon completion of the well.

Drilling fluids will be contained in the steel pits in a closed circulating system. Fluids will be cleaned and reused. Water produced during testing will be contained in the steel pits and disposed of at a state approved disposal facility. The primary anticipated disposal site is Gandy Marley Disposal, Crossroads, NM, Permit No. 711-01-020. Any oil or condensate produced will be stored in test tanks until sold and hauled from the site.

8. Ancillary Facilities:

None is anticipated.

9. Well Site Layout:

SEE: • 600' x 600' John West Surveying Company's Arch Map with location
• Exhibit 1.0 Rig Layout
• Exhibit 5.0 Production Facilities

10. Plans for Restoration of Surface:

Interim reclamation will begin within 6 months after drilling and completions cease in accordance with Onshore Order No. 01 and will consist of reusing the topsoil from the stockpile. It will be spread over the disturbed area to the extent possible.

When the hole becomes a dry hole, the pad and road area will be re-contoured to match the existing terrain. Topsoil will be spread to the extent possible. Reclamation will begin within 6 months after plugging and abandon procedures. Surface material will be removed from the pad and access road. Once the caliche is removed, the entire area will be recontoured to match the surrounding area. The area will be ripped to loosen the compaction. Drainage systems, if any may need to be modified in certain circumstances to prevent inundation of the location's pad and surface facilities. All infrastructures (tanks, surface pipelines, electric lines, etc) will be removed from the site. Reclamation and re-vegetation will comply with BLM standards.

However, *Regarding Interim Restoration*, ICA Energy LLC, anticipates to drill additional well or wells on this lease depending on the performance of this well and payout period. Therefore, we wish to keep this initial original pad size 300' x 300' to accommodate additional production storage and facilities.

We have no immediate plans for interim restoration regarding the removal of pad base material or caliche at this time. The plans are to maintain the dimensions in order to sufficiently operate this well and an additional well on this lease. This location shall be the central battery for both wells.

Utilizing a single battery production facility location for two or more wells will significantly reduce surface disturbance. Final restoration will be held at a minimum and prove more efficient for the operator and BLM as well. By consolidating production facilities and minimizing surface disturbance would be in the best interest to public lands and efficiency for operations and future restoration.

11. Surface and Mineral Ownership:

The minerals are owned by the U.S.A. and managed by the BLM, Roswell, NM (575). The lease is NMNM 108475.

There is a surface use agreement between the operator and the surface owner.

The surface ownership is private and owned by Shannon Kizer, POB 56 Pep, NM, 88216. (575) 760-9100.

Other Information:

Topography consists of shallow rise and fall loose tan sands, with scattered areas of flat plains.

Vegetation is sparsely mesquite, shinnery oak, yucca and grasses.

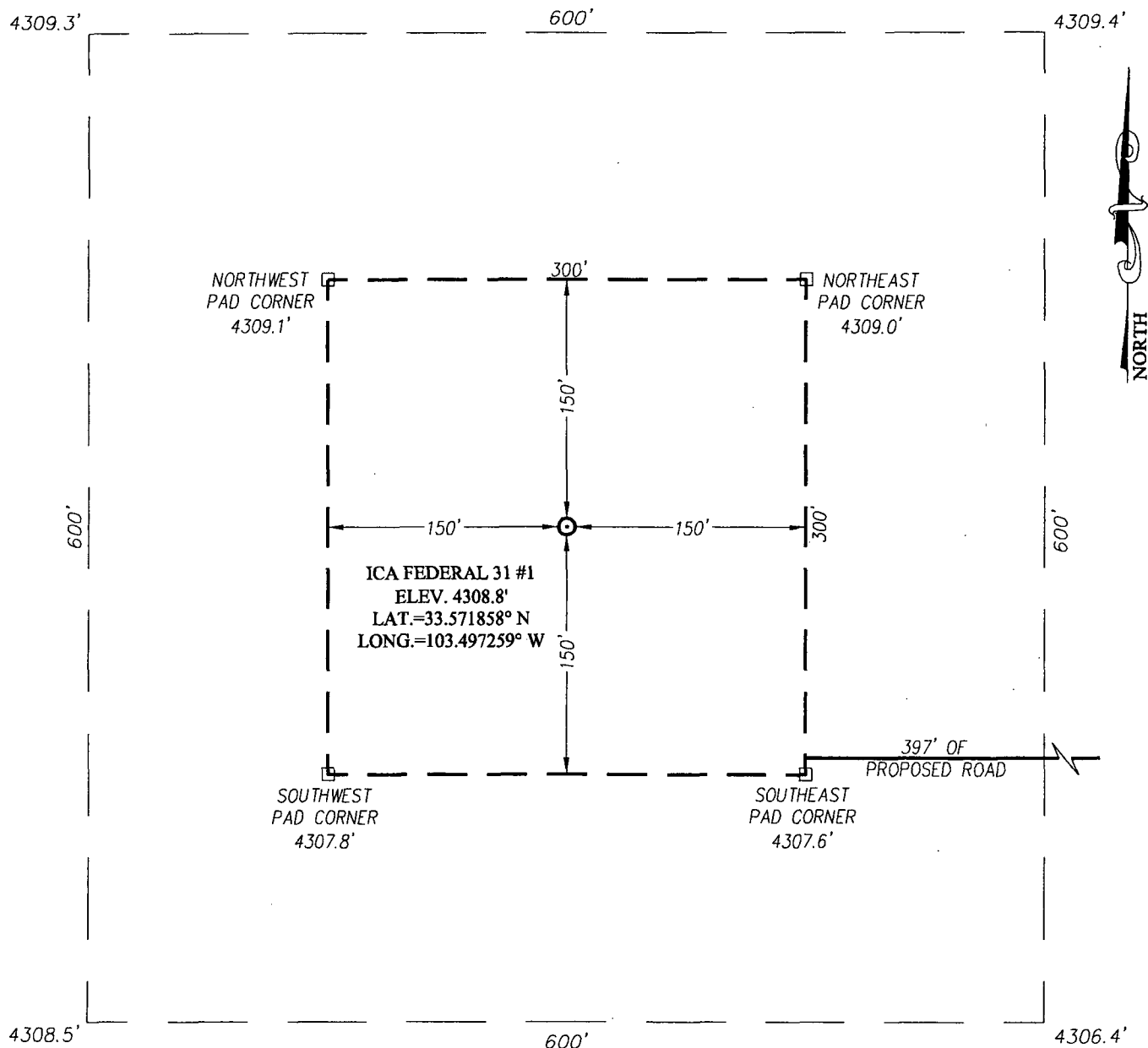
The well site is on privately owned surface. See part 11.

The land is used mainly for cattle ranching, horse grazing and oil and gas production.

An archaeological survey will be conducted on the location and proposed roads, and this report will be filed with the Bureau of Land Management in the Roswell BLM office.

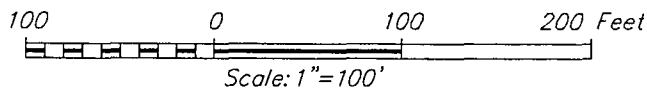
There is no residential dwelling within 1 ½ miles of this location.

SECTION 31, TOWNSHIP 8 SOUTH, RANGE 34 EAST, N.M.P.M.
ROOSEVELT COUNTY **NEW MEXICO**



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF ST. HWY. #206 AND CO. RD. #170 (CARROL) GO WEST ON CO. RD. #170 APPROX. 9.6 MILES. AT THE POINT WHERE CARROL ROAD CURVES TO THE RIGHT. FOLLOW CURVE ROAD TO THE NORTH APPROX. 0.5 MILES; CONTINUE NORTH ONTO LEASE ROAD APPROX 1.7 MILES. TURN RIGHT AND GO EAST APPROX. 0.3 MILES. TURN LEFT AND GO NORTH APPROX. 1.3 MILES. TURN RIGHT AND GO EAST APPROX. 0.6 MILES. TURN LEFT AND GO NORTH APPROX. 0.6 MILES TO A PROPOSED ROAD SURVEY. FOLLOW ROAD SURVEY WEST 396 FEET TO THIS LOCATION STAKE.



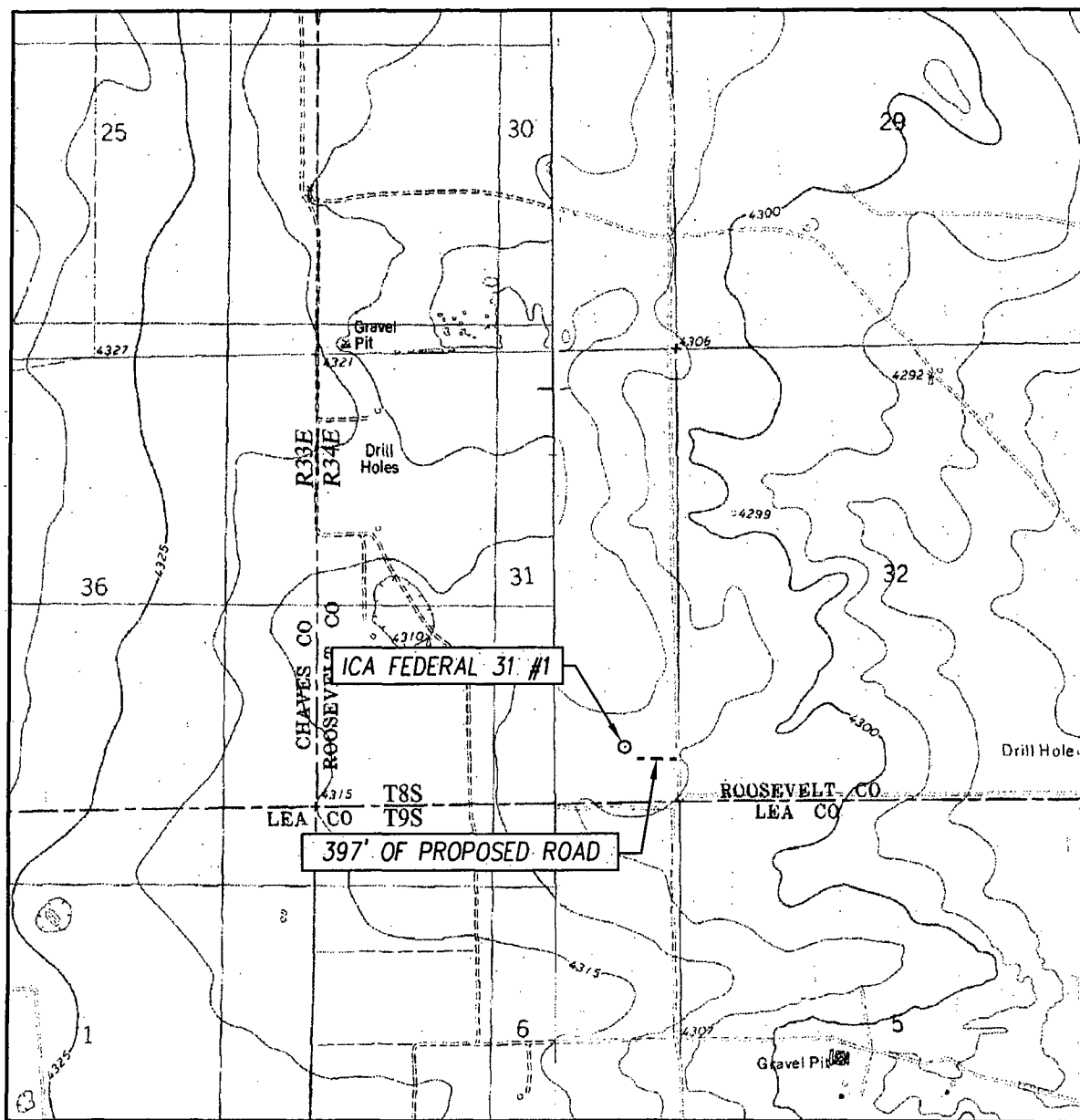
ICA ENERGY OPERATING, LLC

ICA FEDERAL 31 #1 WELL
 LOCATED 660 FEET FROM THE SOUTH LINE
 AND 660 FEET FROM THE EAST LINE OF SECTION 31,
 TOWNSHIP 8 SOUTH, RANGE 34 EAST, N.M.P.M.,
 ROOSEVELT COUNTY, NEW MEXICO

PROVIDING SURVEYING SERVICES
 SINCE 1946
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (575) 393-3117 www.jwsc.biz

Survey Date: 9/24/12	CAD Date: 10/4/12	Drawn By: AF
W.O. No.: 12111574	Rev: .	Rel. W.O.: Sheet 1 of 1

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

SEC. 31 TWP. 8-S RGE. 34-E

SURVEY N.M.P.M.

COUNTY ROOSEVELT STATE NEW MEXICO

DESCRIPTION 660' FSL & 660' FEL

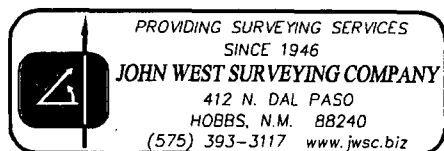
ELEVATION 4309'

OPERATOR ICA ENERGY OPERATING, LLC

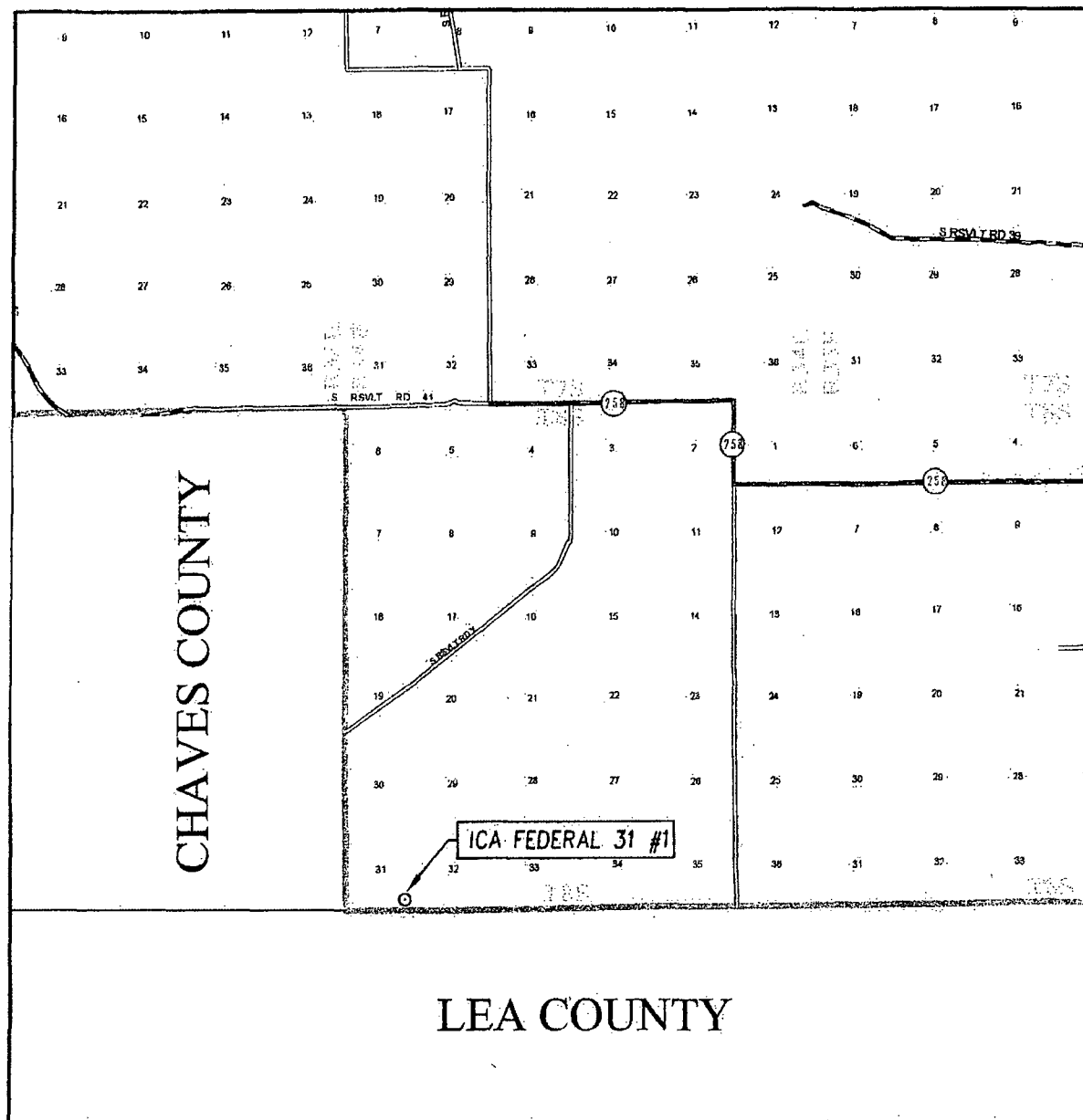
LEASE ICA FEDERAL 31

U.S.G.S. TOPOGRAPHIC MAP
MILNESAND SW, N.M.

CONTOUR INTERVAL:
MILNESAND SW, N.M. - 5'
FLYING M RANCH, N.M. - 5'

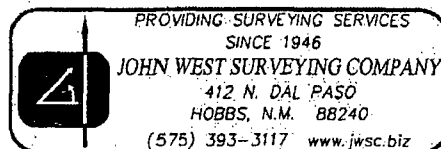


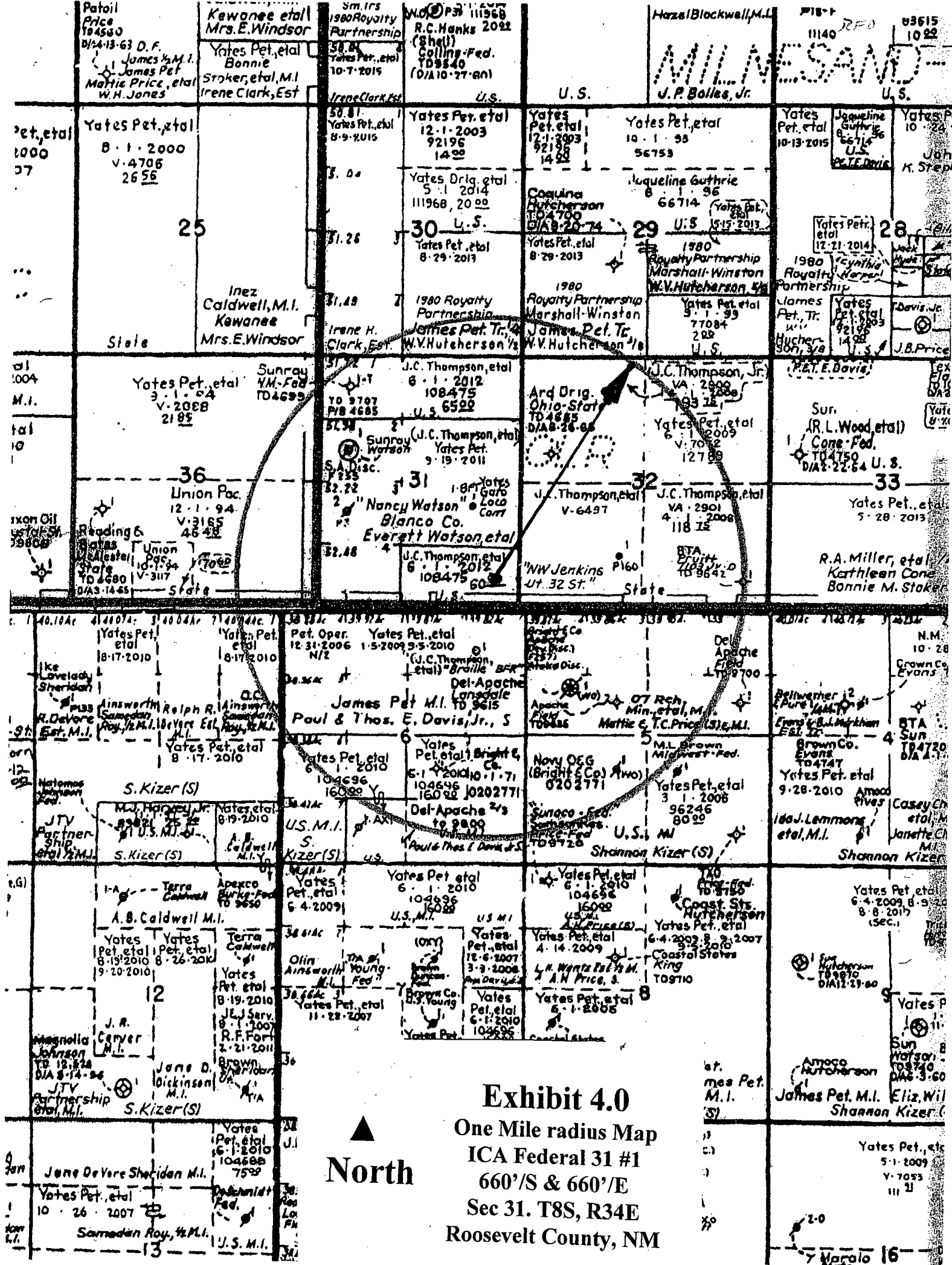
VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 31 TWP. 8-S RGE. 34-E
 SURVEY N.M.P.M.
 COUNTY ROOSEVELT STATE NEW MEXICO
 DESCRIPTION 660' FSL & 660' FEL
 ELEVATION 4309'
 OPERATOR ICA ENERGY OPERATING, LLC
 LEASE ICA FEDERAL 31





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When the hole becomes a dry hole, the pad and road area will be re-contoured to match the existing terrain. When the road is abandoned, it will be ripped at least sixteen inches deep, including turnouts. The caliche will be reclaimed for re-use before ripping, if so desired. All culverts or other structures will be removed. All fill material will be replaced into cut areas; barrow and lead-off ditches, drainage dips, or other erosion control earthwork will be filled or smoothed; and the an abandoned road returned to the natural contours, as closely as possible. Traffic barriers will be installed at all vehicular access points to prevent further use of the road. Topsoil will be spread to the extent possible. Reclamation will begin within 6 months after plugging and abandon procedures. Surface material will be removed from the pad and access road. Once the caliche is removed, the entire area will be re-contoured to match the surrounding area. The area will be ripped to loosen the compaction. Drainage systems, if any may need to be modified in certain circumstances to prevent inundation of the location's pad and surface facilities. All infrastructures (tanks, surface pipelines, electric lines, etc) will be removed from the site. Reclamation and re-vegetation will comply with BLM standards.

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There is no residential dwelling within 1 ½ miles of this location.

Plan of Development
ICA Energy Operating LLC
ICA Federal 31 # 1

Re: Lease NMNM 108475

Location: S/2SE/4, N/2NE/4 and Lot 1

211.72 acres

Section 31, T-8-S, R-34-E, Roosevelt County, New Mexico.

The subject APD submitted is for the SE/4SE/4 (Unit P) being a 40 acre proration. The location of the well is based on the present geological and geophysical information available to ICA Energy Operating, LLC. ICA Energy Operating has received a Farmout (or Sublease) Agreement from the present operating rights owners for the S/2SE/4. Our plan of development shall concern the eighty (80) acres, Unit letters O and P. Should this initial well become commercial, ICA shall drill an offset based on further data from this well. It will be based on production data and geological information.

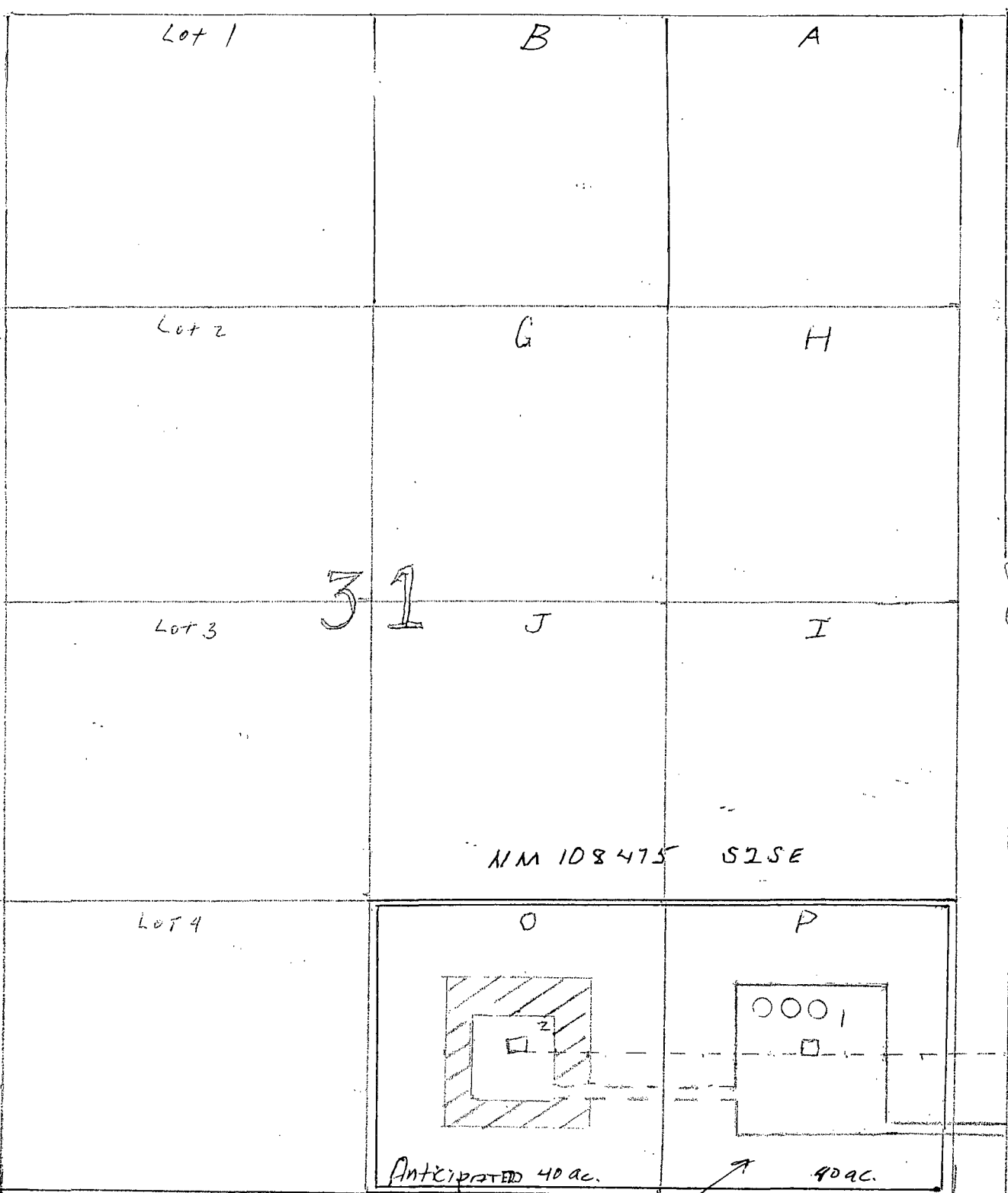
Under the Farmout Agreement, if an additional well is deemed feasible, it is anticipated to be drilled within 180 days, pending an approved APD, due west on the adjacent 40 acres (U/L O). To minimize surface disturbance, the access road to the additional location would run from the west or SW corner of this location approximately 1100 ft to the west, where the next pad may be anticipated to exist. An additional drilling pad would be reduced from a 300 x 300 ft pad to a 200 x 200 ft during the interim reclamation period. Production from a second well would be pumped via a pipeline from the anticipated U/L O to P.

When the hole becomes a dry hole, the pad and road area will be re-contoured to match the existing terrain. When the road is abandoned, it will be ripped at least sixteen inches deep, including turnouts. The caliche will be reclaimed for re-use before ripping, if so desired. All culverts or other structures will be removed. All fill material will be replaced into cut areas; barrow and lead-off ditches, drainage dips, or other erosion control earthwork will be filled or smoothed; and the an abandoned road returned to the natural contours, as closely as possible. Traffic barriers will be installed at all vehicular access points to prevent further use of the road.

Topsoil will be spread to the extent possible. Reclamation will begin within 6 months after plugging and abandon procedures. Interim and final reclamation would follow the same guidelines and proposals in the Surface Use Plan of Operations and per the Onshore Orders by removing all unused road construction material and equipment. Any disturbed surface would be rehabilitated regarding vegetation and soil requirements by the Bureau of Land Management and accomplished as expeditiously as possible.

It is anticipated to incorporate an Ajax gas engine to power the pump and therefore no source of electricity is sought at this time.

Any and all facility equipment with open venting exhaust stacks shall be fixed to prevent any perching, nesting or roosting of birds or bats from getting into the vents or any areas that may cause an obvious harm to them.



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COUNTY ROAD

NM 108475 S2SE

Anticipated 40 ac.

40 ac.

ICA Energy 31-1

Anticipated Road and a second well location.

PLAN OF DEVELOPMENT MAP

ICA ENERGY OPERATING LLC
POB 2712
Odessa, TX 79760-2712
March 11, 2012

I, ED LASATER, as officer of ICA Energy Operating, authorize Vernon D.
Dyer to approve and sign regulation documents, applications, sundries, letters and
all other related necessary forms requiring a signature prior to acceptance of the agency's
forms (I.e. Bureau of Land Management and NMOCD).

Ed Lasater, EVP

_____, _____

BUREAU OF LAND MGMT
ROSWELL OFFICE

2013 MAR 11 PM 3:21

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