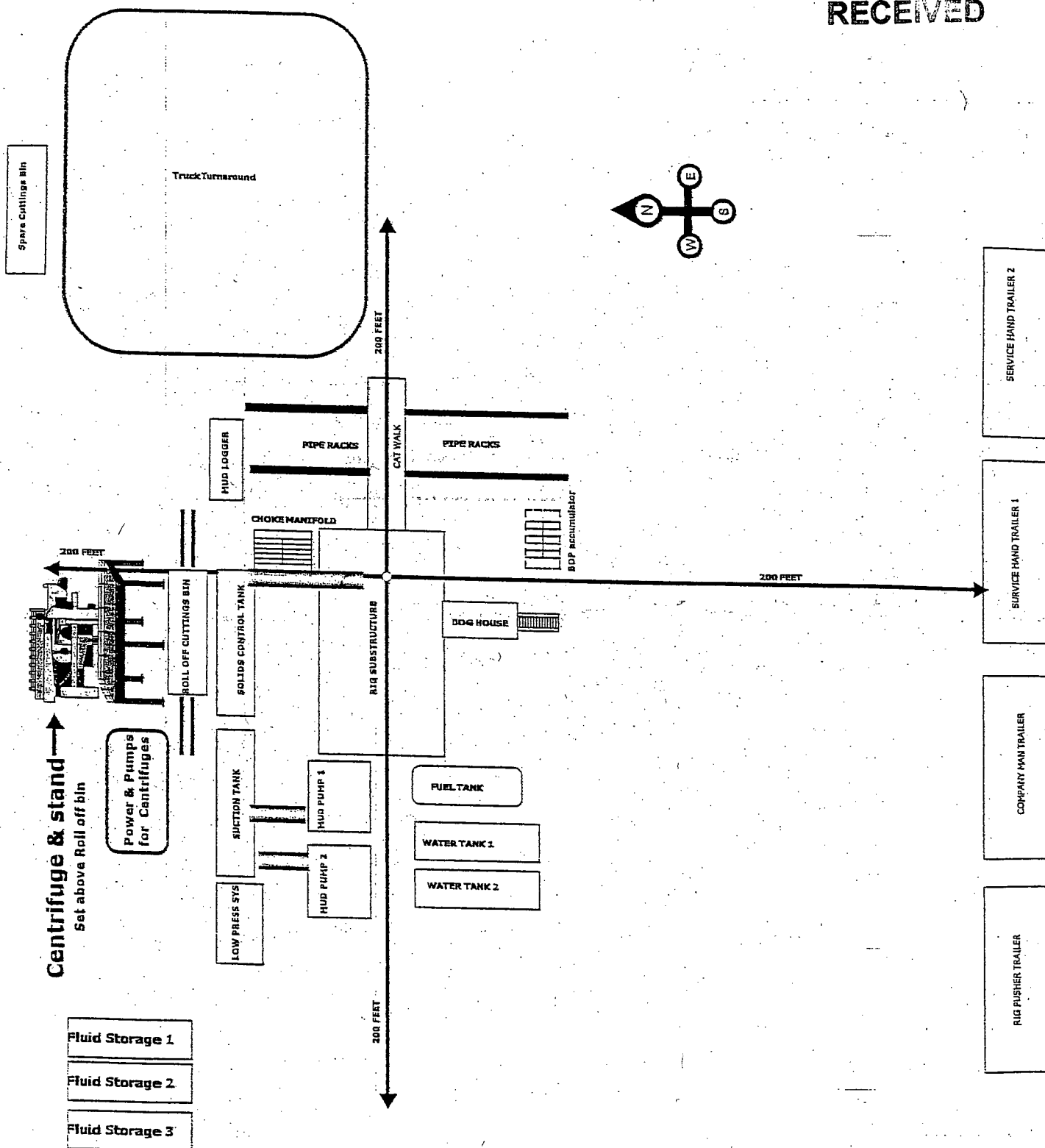


HOBBS OCD

Closed Loop Oil Well

APR 04 2016

RECEIVED

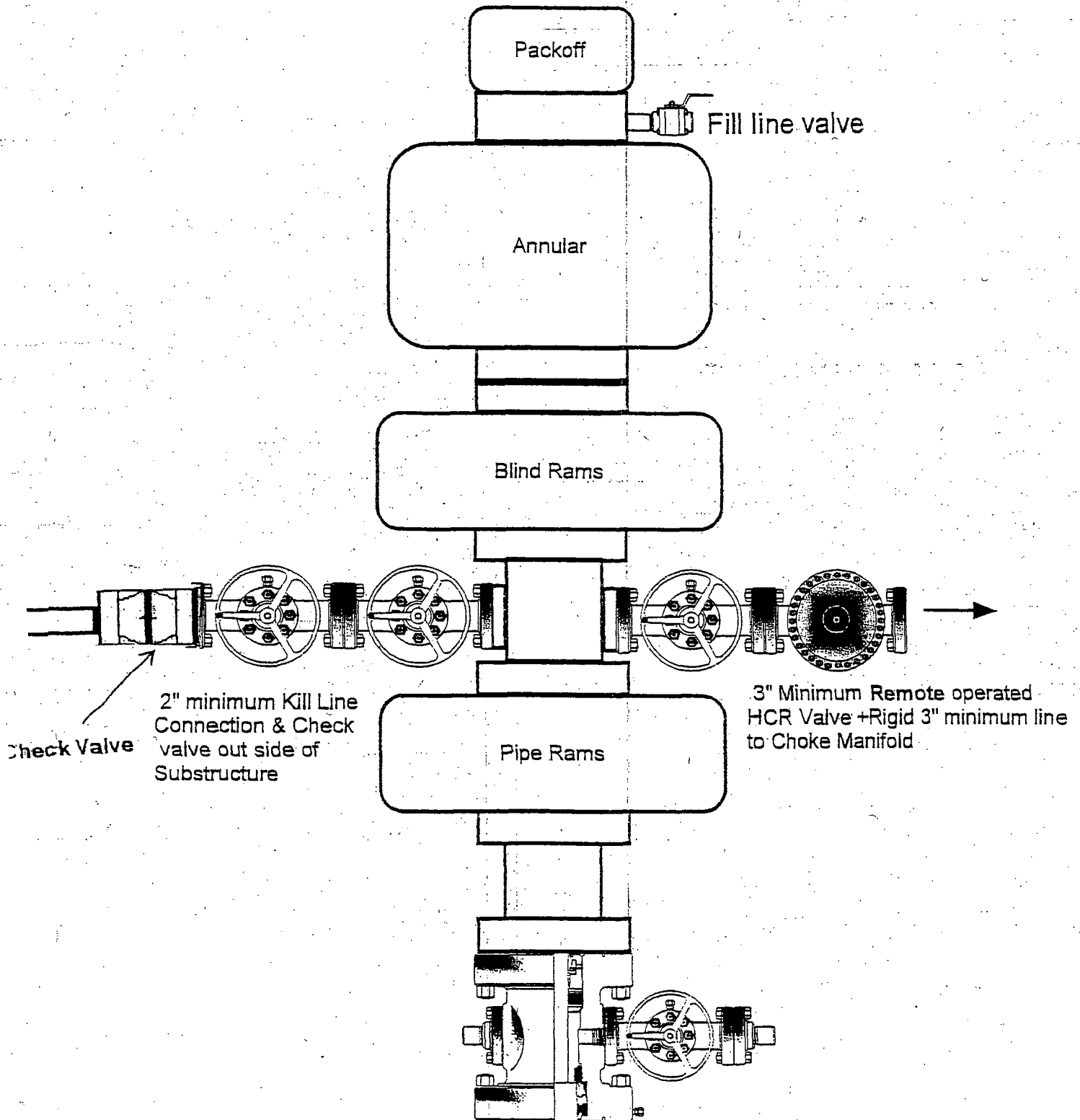


Note: The Rig and Closed System Company for this well have not been selected thus the set up shown is simply generic.

APR 14 2016

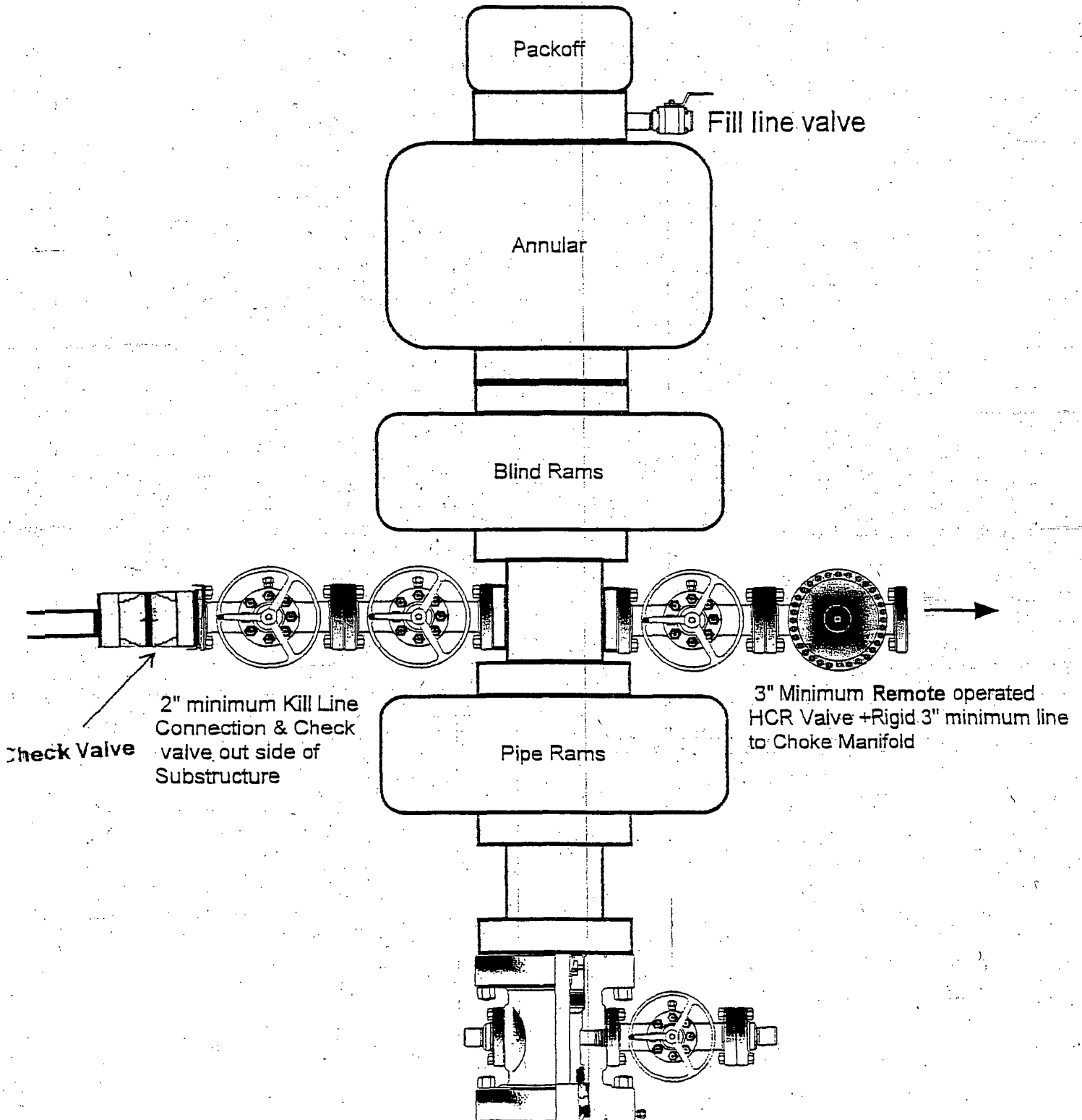
McELVAIN ENERGY, INC.

13 5/8" 3000 PSI



McELVAIN ENERGY, INC.

11" 5000 PSI



5,000 psi Manifold Equipment- Configuration of chokes may vary.

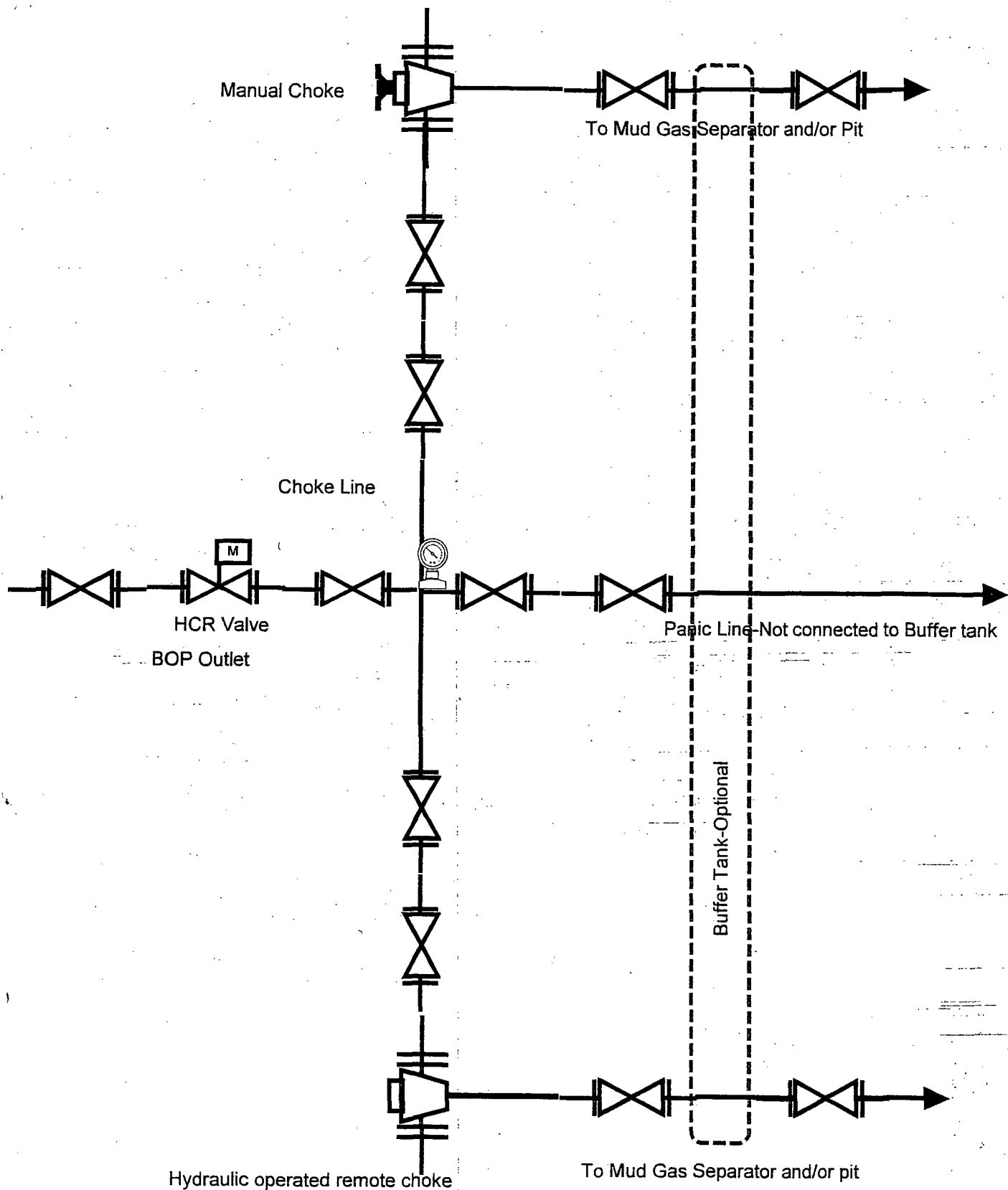


EXHIBIT "E-1"

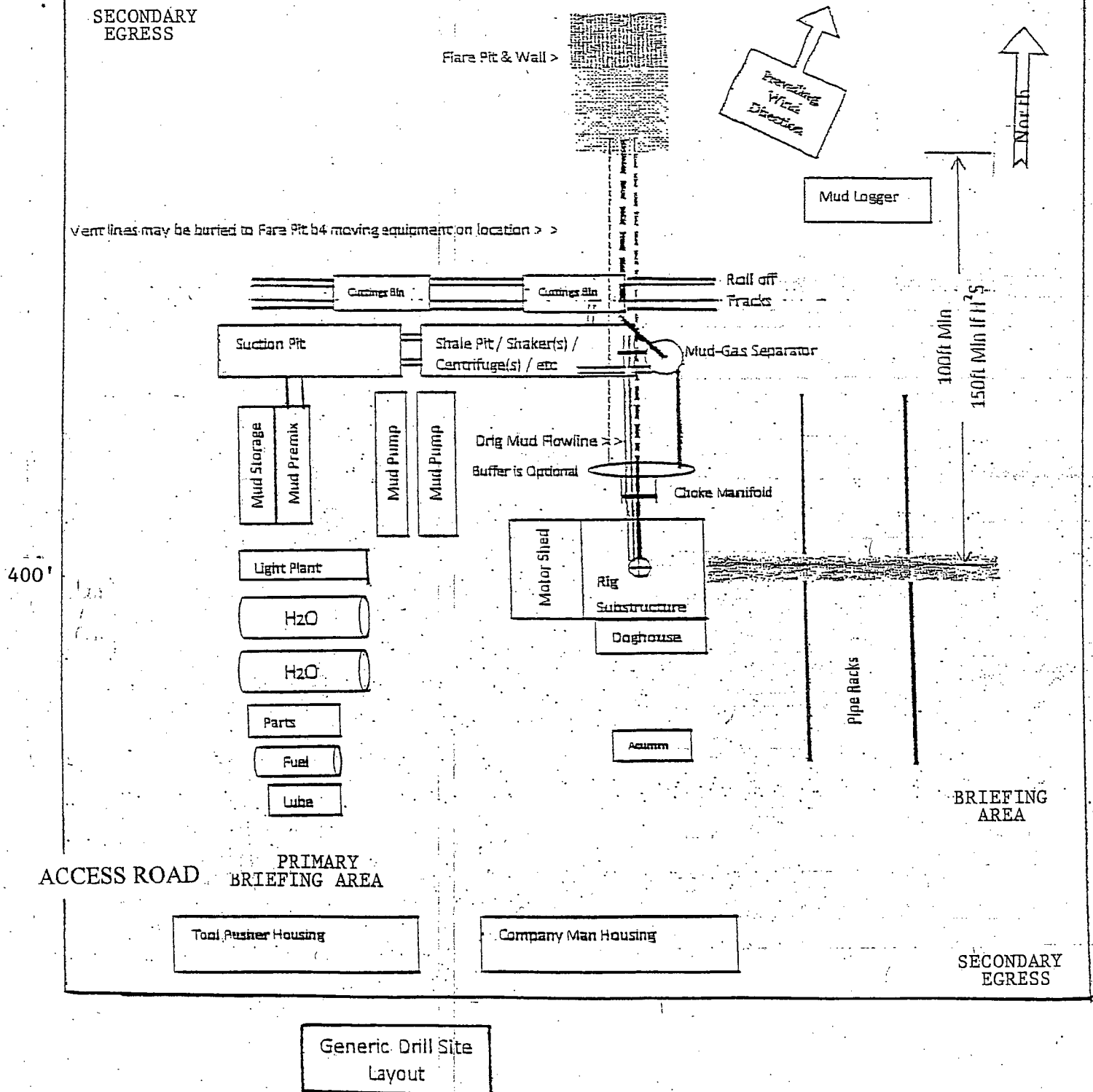
## Operations and Maintenance Plan

Closed Loop equipment will be inspected and monitored closely on a daily basis by each drilling rig Tour and by those hired specifically to operate the equipment. Any leak or release detected will be repaired immediately and the proper NMOCD official will be notified within the 48 hr requirement. A large release will require McELVAIN ENERGY, INC. representatives to contact BLM immediately at the Carlsbad office "575 234 5972" Hobbs "575 393 3612" as well as the NMOCD @ 575 393 6161 as stated by NMOCD rule 116.

## Closure Plan

During and after drilling operations, liquids (which apply), all drill cuttings and drilling fluids will be hauled and disposed of at the R-360 disposal (permit number NM 01-0006) located about 30 miles East of Carlsbad, New Mexico. An alternate approved disposal site has been selected Parabo disposal "Sundance" which is 4 miles East of Eunice (permit number NM 01-0003). The Second site would be used in the event of economics or physical problems with R-360 disposal.

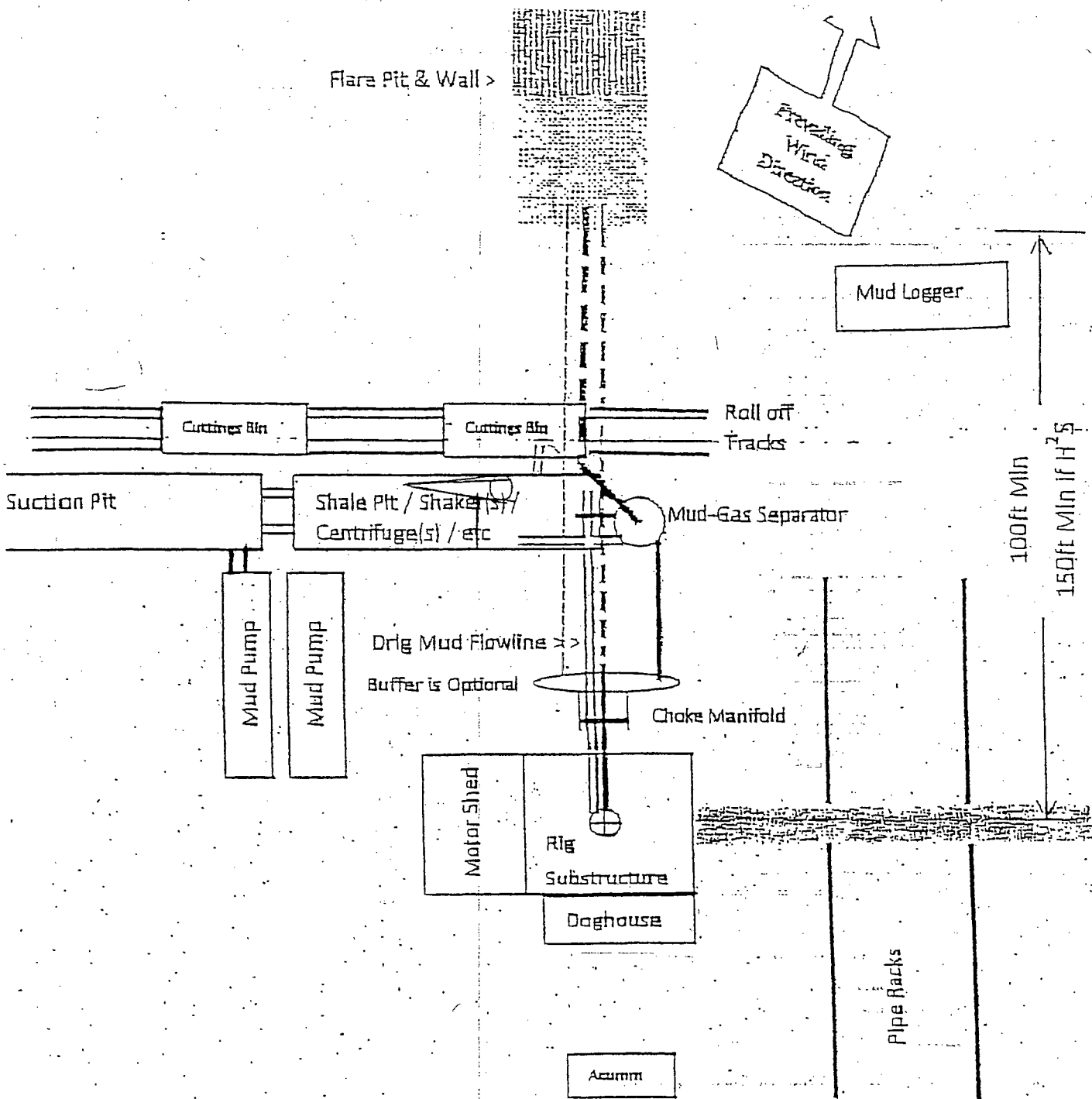
TOP SOIL 400'



Preplanning reasonable spacing accommodations for a useable "Closed Loop" drillsite layout is challenging. Particular site specific conflicts need to be resolved. This generic APD plat was prepared to demonstrate several necessary elements. The plat should include: a north arrow, prevailing wind direction, spacing access for truck removal of cutting bins, flare pit location, and piping provision to vent all combustible gas to the flare pit. Include the choke manifold and mud-gas separator location and their connection routing.

### EXHIBIT "D" RIG LAYOUT PLAT

McELVAIN ENERGY, INC.  
EK-31 BS2 FEDERAL COM. #3H  
UNIT "D" SECTION 31  
T18S-R34E LEA CO. NM



EXPANDED VIEW OF  
RIG LAYOUT PLAT  
FLOWLINES TO MUD-GAS  
SEPERATOR AND BLOWDOWN  
LINES TO FLARE PIT